

Financials 2015

Interim Rai and Consolidated Financial Statements
as at **30 June 2015**



**Interim
Financial Statements
as at 30 June 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
		<i>from 4 August 2015</i>
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 Liana Meucci

General Manager

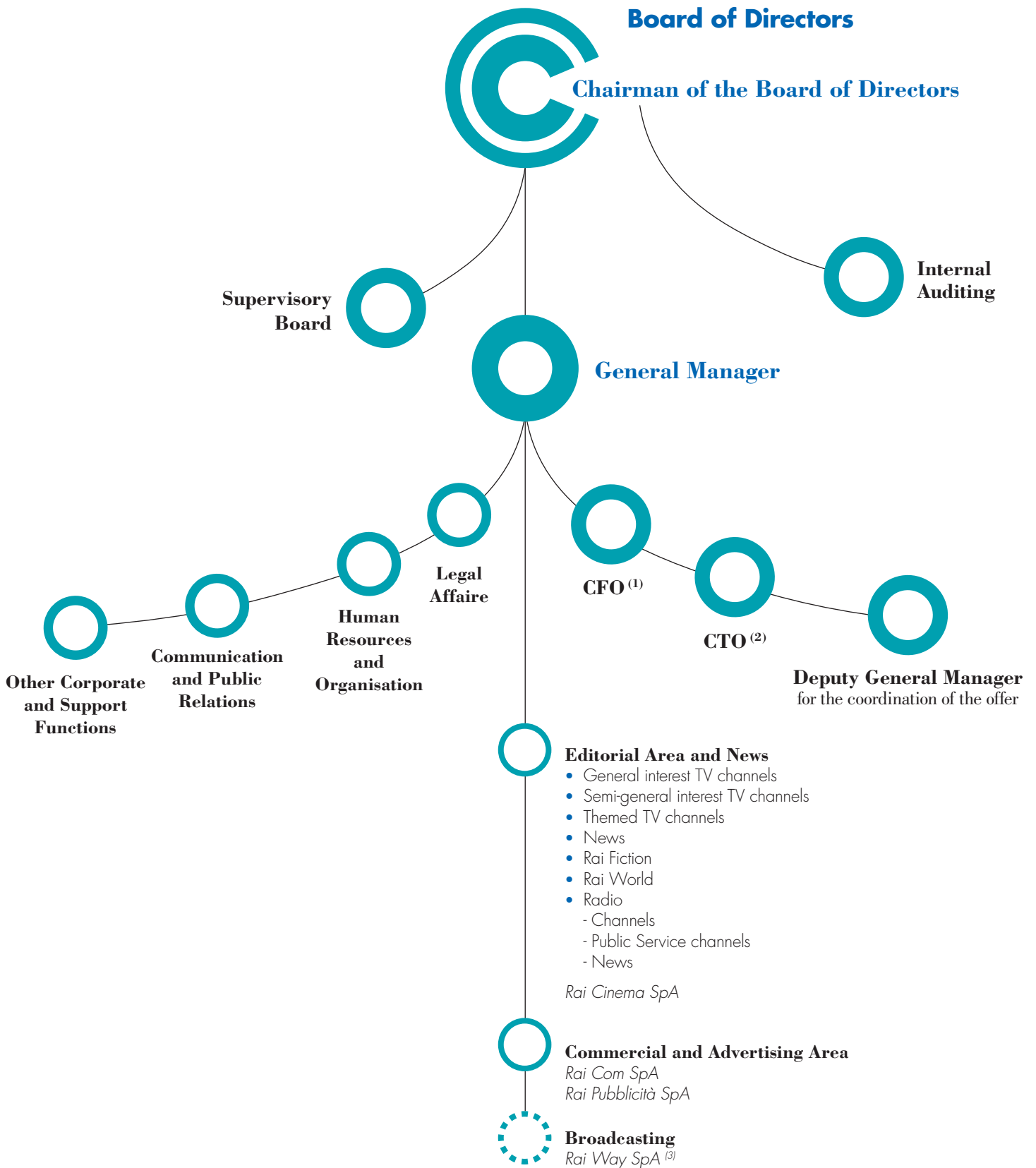
	<i>until 5 August 2015</i>	<i>from 6 August 2015</i>
	Luigi Gubitosi	Antonio Campo dall'Orto

Independent Auditors

	PricewaterhouseCoopers
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Organisational Structure

(chart)

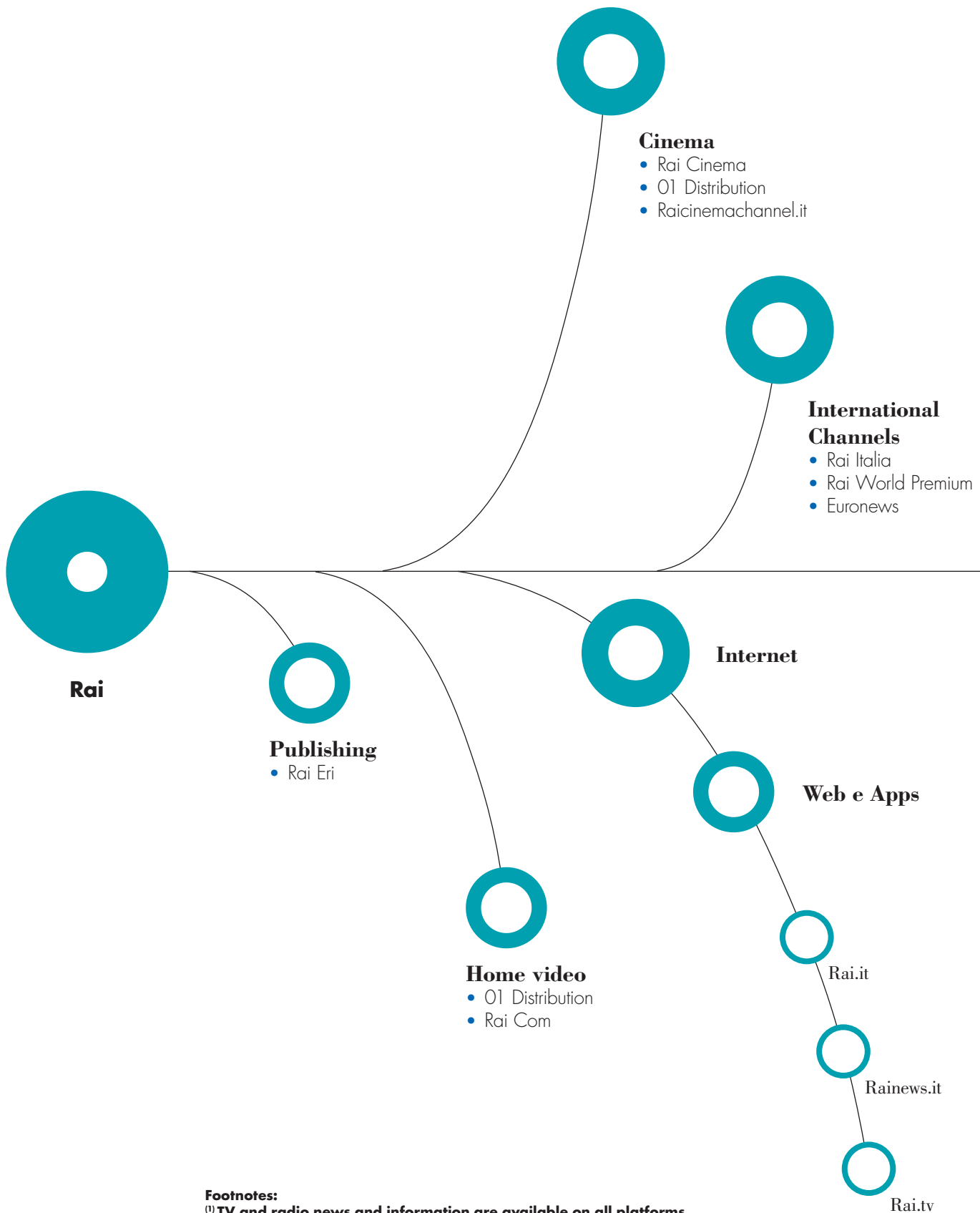


⁽¹⁾ Finance, Management Planning and Budgeting, Administration, Real Estate and General Services, Licence Fee functions report to the Chief Financial Officer.

⁽²⁾ TV Production, Technology Strategy, ICT, Web and Digital Terrestrial TV 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.

Map of Rai's offer



Footnotes:

⁽¹⁾ TV and radio news and information are available on all platforms.

⁽²⁾ Only viewable by satellite on the Tivù Sat platform.

⁽³⁾ Viewable on DTT.

⁽⁴⁾ Viewable on Tivù Sat.

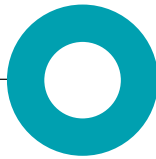
⁽⁵⁾ Viewable on DTT in the areas reached by multiplex 5 and Tivù Sat.



Radio

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

Television



General interest channels

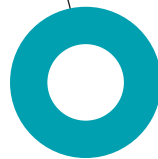
- Rai 1
- Rai 2
- Rai 3
- Rai HD ⁽³⁾
- Rai 1 HD ⁽⁴⁾
- Rai 2 HD ⁽⁵⁾
- Rai 3 HD ⁽⁵⁾

Semi-general interest channels

- Rai 4
- Rai 5 ⁽²⁾
- Rai Movie ⁽²⁾
- Rai Premium ⁽²⁾

Themed channels

- Rai News
- Rai Storia
- Rai Scuola
- Rai Sport 1 HD
- Rai Sport 2
- Rai Gulp
- Rai YoYo



News and Information ⁽¹⁾

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

Highlights

(in millions of Euros)

Rai SpA				Rai Group		
1 st half of 2015	FY 2014	1 st half of 2014		1 st half of 2015	FY 2014	1 st half of 2014
1,183.3	2,355.4	1,205.3	Revenues	1,280.3	2,534.7	1,290.6
1,166.4	2,354.0	1,214.9	Operating costs	1,057.0	2,109.7	1,113.1
26.3	15.2	(2.1)	EBITDA	237.7	446.8	187.9
(86.5)	(257.2)	(120.6)	Operating result	(10.8)	(128.1)	(63.7)
(25.5)	47.9	(78.4)	Net profit (loss)	(17.8)	57.9	(77.9)
320.9	346.4	220.0	Equity	368.6	398.1	218.3
217.6	(224.9)	95.5	Net financial position	28.6	(315.1)	(170.1)
(275.0)	(254.1)	(446.0)	Average liquidity (debt)	(35.9)	(401.0)	(549.0)
128.4	243.3	101.3	Investments	264.6	518.0	245.3
10,902	10,754	10,566	Number of employees (units)	12,077	11,929	11,741
11,776	11,635	11,654	Average number of employees (units)	13,050	12,857	12,869

Introduction

Economic activity is recovering gradually in Italy, driven by domestic demand. Investments rose after having been at a standstill almost uninterruptedly since 2008. There is a slight increase in jobs and the unemployment rate has stabilised. Monetary expansion is seeping through to lending conditions; the reduction in the cost of lending to business is continuing and lending is being extended, no longer being restricted merely to companies with the highest credit ratings.

Risks for growth could arise from the global and European scene and particularly from a slowdown in the emerging economies which is sharper and more long lasting than had been assumed, from the possibility of US monetary policy bringing fresh turbulence to currency markets and capital flows and from tension building up in the financial markets again.

As regards the Rai licence fee, the first half year of 2015 was affected by the adoption of a measure in the 2015 Stability Law (Law 190 of 23 December 2014) which lays down a 5% reduction in the amount to pay the Public Radio and Television Service Concession Holder. The effect of this measure was heightened by the facts that the standard single licence fee is unchanged and that the number of persons paying the fee is lower both because of fewer users and an increase in evasion.

In addition to these difficulties regarding public funds, the advertising market is still fragile: the trend is still downward, even if to a lesser extent, because although there is general agreement on signs of improvement in the overall economic climate – even though they are still weak -, this market is responding late to these signals. The absence of big sports events compared with the same period in the previous financial year was a significant factor in Rai's revenue performance.

Particularly important during the half year was the issue of unsecured bonds on 28 May 2015, which were reserved for institutional investors listed on the Irish Stock Exchange. The bonds, with a five-year term, amount to Euro 350 million with full redemption on maturity. This is the first time Rai has operated on the regulated market and the transaction is advantageous for the Company's financial position and profitability because the repayment time is longer and there is a structural reduction in the borrowing cost.

As a result of the measure that has been mentioned, i.e. the pro rata allocation of the effects of Law 190/2014 on the period ended 30 June 2015, the **Group** recorded, at a consolidated level, a **loss equal to Euro 17.8 million** against a loss of Euro 77.9 million in the same period of 2014. Likewise, the **Parent Company** recorded a **loss of Euro 25.5 million against a loss of Euro 78.4 million** in the same period of 2014.

The Group and Rai SpA's performances were noticeably better than in the corresponding period of 2014, significantly influenced by the absence of big sports events in 2015.

In greater detail, the following trends were seen at consolidated level;

- revenues fell by Euro 10.3 million (against a total of Euro 1,280.3 million as at 30 June 2015). The fall of approximately 9% in advertising revenues was partly offset by the increase in licence fee income caused by the different impact of the rules governing the quota payable to Rai (Euro 40.7 million in 2015 compared to Euro 72.1 million in 2014);
- operating costs recorded an overall decrease of Euro 56.1 million, coming to Euro 1,057 million. The reduction was due to the absence of costs of big sports events in the financial years that end on odd dates (Euro 67.8 million in 2014). Final personnel costs recorded an increase of 1.6% (Euro 8 million), owing to targeted early retirement incentives, an increase in the number of staff members and also partly to automatic pay rises provided for in labour agreements.

Again with reference to public funds, we must stress that the fight against the evasion of the licence fee, which is structurally higher than the European average, is not supported by efficient collection systems, deterrence or sanctions for the non-payment of this duty.

As at 30 June 2015 the staff was made up of 12,077 people, with a net increase of 336 units. Most of this increase is due to 253 temporary workers having been hired under permanent contracts in accordance with appropriate union agreements.

As a result of the above described performance, consolidated EBITDA, equal to Euro 237.7 million, increased by Euro 49.8 million compared to 2014. At the Parent Company level, the financial trends showed EBITDA of Euro 26.3 million against a loss of Euro 2.1 million in the first half of 2014, up by Euro 28.4 million.

A substantially similar trend was recorded at the operating result level.

The consolidated Net Financial Position posted a positive value of Euro 28.6 million, showing an improvement of Euro 198.7 million compared to 2014, during which it had posted a negative value of Euro 170.1 million.

Medium/long-term sources of finance were consolidated as a result of the abovementioned bond issue of Euro 350 million and of the additional payment of Euro 40 million of the amortising credit facility of Rai Way.

The cash flow in the first half of 2015 posted a positive value of about Euro 343 million against Euro 271 million in 2014.

The improved performance was mainly due to lower expenditure by the Parent Company and Subsidiaries which managed more than to make up for lower advertising revenues.

At the Parent Company level, the net financial position posted a positive value of Euro 217.6 million, showing a sharp improvement compared to Euro 95.5 million in the same period of 2014.

For the sake of completeness, the separate financial statements for the period 2005-2013 show that the cost of the general interest public radio and television service was well above the income from licence fees.

The deficit accumulated in the abovementioned period amounted in fact to about Euro 2.3 billion.

This Report continues with a brief description of the Group's activities in its business areas and a detailed examination of issues relating to human resources management, R&D and the management of inter-company transactions.

This Report is followed by the separate financial statements relating to the Parent Company and the consolidated financial statements, as well as by the related notes to the financial statements, appendices and analysis.

Report on the Rai Group's operations

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Television

Reference scenario

The evolution of the media system is tending to evolve more and more rapidly owing to changes in consumer behaviour following each other in quick succession, the expansion and innovation of the range encouraged by technological progress and questioning of the business models, all accentuated by the persistence of the economic crisis. In this scenario, Rai has reinforced the importance of its role as a Public Service operator, continuing with its process of transformation from a broadcaster to a multi-platform Media Company.

With the passage to the digital terrestrial system and the consolidation of satellite TV, the number of channels available to users quintuplicated (considering both free and on-payment services). Many of the digital terrestrial channels can also be seen on the free TivùSat satellite platform. To these are to be added a high number of TV channels (linear and non-linear) on the web. This multiplication of channels has led both to the expansion of the range of historical broadcasters with a diversification of the portfolio among highly specialised and expert networks and the introduction into the TV scene of new players from other editorial sectors, platforms or different markets.

Almost all the free channels are also broadcast unencrypted by satellite so that they may be received through any decoder or platform; some Rai and almost all the Mediaset specialist channels can only be viewed by satellite through the free TivùSat platform, while other channels are only visible on the Sky platform.

The free TivùSat satellite platform continues to grow: in the period considered it had 2.4 million activated cards and about 2 million user families. The number of households subscribing to Sky remained stable at 4.7 million while Mediaset has stopped publishing figures on the number of subscribers and active Premium cards but according to the latest information to hand, about 1.7 million households subscribed to this service.

There were the following changes in the competitive scenario during the first half of 2015:

- in February Sky launched a semi-general interest digital terrestrial version of its Sky TG 24 news channel on LCN 27 (in Class TV's place) on which it broadcasts the simulcast of the satellite channel of the same name, alternating between documentaries and serials;
- Sky also bought Mtv and its LCN 8 (in July 2015). The announced repositioning of the Channel as a general interest vehicle is bound to lead to heightened competition among the different players;

- at the beginning of the year DeeJay TV, broadcast on LCN 9, moved from the L'Espresso publishing group to Discovery Italy and started on a slow transformation of its range including much Discovery group content;
- at the end of June the Premium Sport pay-TV channel was launched on the Mediaset Premium digital terrestrial platform: this channel broadcasts news and sports features in a similar way to Sky Sport 24, but also the most important sports events on the platform such as Champions League and postponed Italian Serie A top division football matches;
- the RCS Media Group launched the unencrypted Gazzetta Tv channel (in June 2015), run by the editorial team of La Gazzetta dello Sport (LCN 59);
- three years after its launch, the Vera TV channel closed down (in June 2015).

As regards audience behaviour, the trends continued in the first half of 2015, which had begun to appear in previous years in terms of increases and shifts in TV consumption. There was an average daily audience of almost 11 million users (up compared to the first half of 2014) with consumption per head reaching 5 hours 31 minutes (this data also showed an increase compared to 2014).

In the first half of 2015 the seven general interest networks achieved a total share of 60.6%, down by 0.3% over the same period in 2014, mostly to the advantage of the free semi-general interest and themed channels, whose overall share rose from 39.1% to 39.4%.

Rai held on to its position at the centre of the increasingly fragmented and competitive radio and television market, keeping its leadership both at prime time (38.5% share) and over the whole day (37.3% share).

The economic picture is practically unchanged: advertising investments continued with their negative trend, with an overall reduction of 2.8% compared to the first half of 2014, contrary to the trend for revenues from web advertising, which will soon reach Euro 2.1 billion in Italy, equal to 26.5% of total investments, with an increase of 1.7% compared to 2014.

The TV advertising sector also declined (-3.0%). All the main publishing companies were in decline (Rai, -8.2%; Mediaset, -0.7%; Sky, -10.6%; Cairo, -9.8%), except for Discovery (+18.1%) and Mtv (+14.1%).

Dynamic developments are increasingly evident in online environments, in which all the main TV operators are present (Rai, Mediaset, Sky, Discovery, Cairo, Fox), so much so that in the first half of 2015 there were more commercial agreements between TV operators and telecommunications companies (Sky/Telecom Italia; Mediaset- Infinity/Vodafone).

Rai continued to enhance services offering access live and on demand to TV and video content in general through the various devices that can be connected to Internet and there were signs of growing interest in these services on the part of the public exactly as has happened in other countries.

The most important new developments in this segment are:

- the entry into the market of Sky On Line Tv Box (in May 2015), which allows users the same services as Sky On Line from their home TV set;
- Discovery's decision to concentrate on streaming on line, launching the Dplay service in Italy (in June 2015); through this service users can see all the main programmes of its free to air portfolio free of charge and everywhere;
- the entry of non-TV operators (Telecom, Google, Fastweb, Apple), acting as aggregators of third-party content and services by means of extremely complex and diverse supply and business models, such as, for example, the agreement between Telecom Italia and Sky (Tim Sky), which was signed for the fibre optic pay-TV network in May 2015;
- the challenge constituted by the imminent arrival of Netflix and possibly of other players (OTT).

Audience data

In the first half of 2015 the average number of viewers constantly remained at maximum levels: 11 million over the whole day (100,000 more viewers than the corresponding period in 2014) with 27 million at prime time, the same number as last year. The semi-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 60.6% share on a daily basis (-0.3% compared to the first half of 2014) and to 64.4% at prime time (-0.6% compared to 2014).

On the average day Rai was again the market leader by a long way with a 37.3% share (-0.1% compared to the first half of 2014) against 32.5% of Mediaset (+0.1%).

The general interest Rai channels retained their market share over the 24 hours above all thanks to the growth of Rai 2, while there was quite a substantial overall drop in prime time, with a -1.2% share. Specifically:

- Rai 1, with a 17.2% share over 24 hours (a -0.3% share compared to the first half of 2014), was again the most viewed channel in absolute terms, holding on to a fair margin over the Mediaset flagship channel (Canale 5 achieves a 15.3% share, +0.4%);
- Rai 2, also over 24 hours, had a 6.8% share (+0.3%), coming up level with Rai 3 in third place after the two Rai and Mediaset flagship channels;
- Rai 3 with 6.8% (-0.1%) was again in third place.

A decisive contribution to the Rai Group's performance, however, was made by the specialist networks ("Rai Specialist Channels"), which together obtained a 6.6% share over the whole day (the same share as that recorded in the first half of 2014), mainly owing to the performances of the pre-school children's Rai Yoyo channel, as well as of Rai Movie, Rai Premium and Rai 4, all four in the ranking of the ten most viewed specialist channels during the year; Rai Yoyo even overtook Real Time (Discovery group) as the most popular specialist channel during the first half of 2015.

With its completely free range of services, Rai therefore is again the leading broadcaster of specialist channels (6.6%), ahead of Mediaset (6.4%), Discovery (5.6%), Sky (5.0%), Fox (1.4%) 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 38.5% share (-0.9% compared to the first half of 2014) against a 34.8% share recorded by Mediaset (+0.9%).

As regards the individual channels:

- Rai 1 is the most popular Channel with an 18.6% share (-0.8% compared to 2014), ahead of Canale 5 by 1.6% (17.4%, +1.5);
- Rai 2 and Rai 3 keep their places as the most viewed networks after the flagship channels, achieving a share of 7.1% (-0.1%) and 6.8% (-0.4%), respectively.

The Rai Specialist channels have a share of over 6% net (+0.4% compared to 2014), coming after Mediaset's specialist range at 6.8% (-0.1%), a result which it achieved partly owing to its scheduling of premium football matches.

Information on the general interest channels and on Rai News

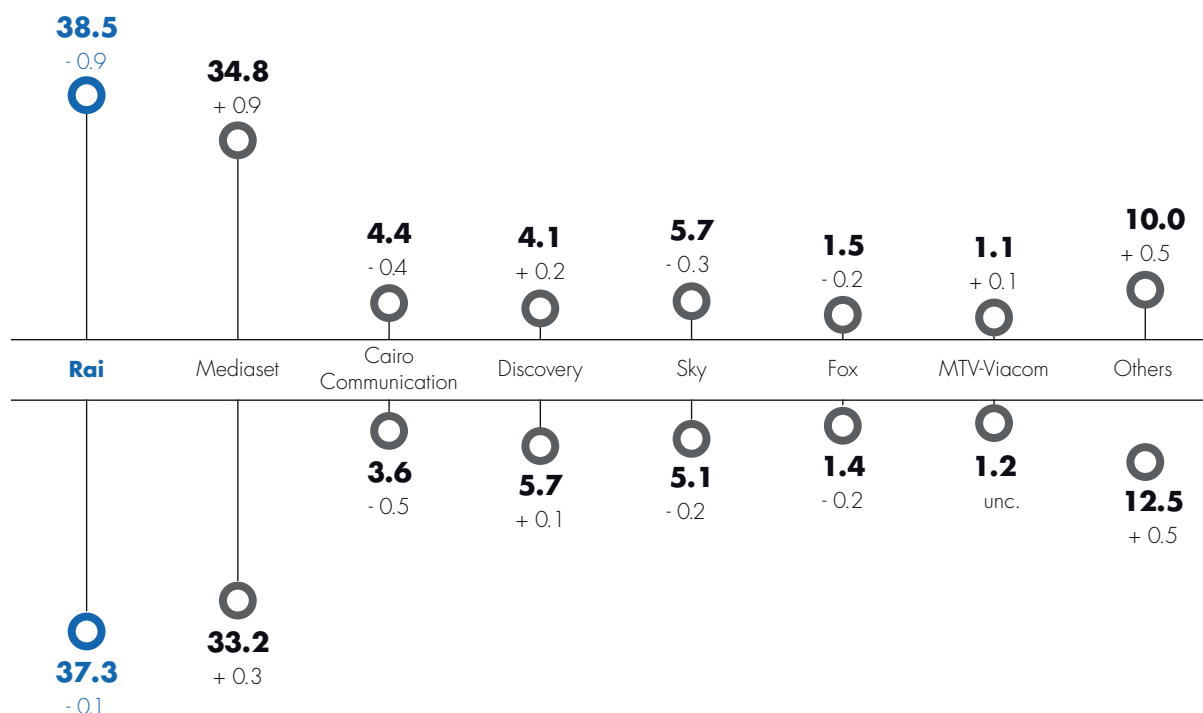
Information and analysis have always played a major role in Rai programmes, a policy which the public appreciates in spite of the proliferation of online services which report on events before the more traditional media.

Tg1 is the leading Rai information product both in terms of highest audience and authority. Its image, institutional standard, pluralism, wide-ranging view of the world and never-ending search for excellence make Tg1 the first choice of millions of viewers.

The main editions, which last 30 minutes, span the day's Rai 1 programme schedule and cover all the main events of national importance.

Audience data

(1 January - 30 June, in %, source: Auditel)



	<i>Prime time</i> (08:30 p.m. – 10:30 p.m.)			<i>Day time</i> (02:00 a.m. – 02:00 a.m.)		
	June 2015	June 2014	change	June 2015	June 2014	change
(data in % - the totals may differ from the individual figures owing to rounding-offs)						
Rai 1	18.6	19.4	-0.8	17.2	17.5	-0.3
Rai 2	7.1	7.1	-0.1	6.8	6.5	0.3
Rai 3	6.8	7.2	-0.4	6.8	6.9	-0.1
Rai Specialist channels	6.0	5.6	0.4	6.6	6.6	0.0
Rai	38.5	39.3	-0.9	37.3	37.4	-0.1
Canale 5	17.0	15.5	1.5	16.2	15.6	0.6
Italia 1	6.1	6.4	-0.3	5.7	5.9	-0.2
Rete 4	4.9	5.1	-0.2	4.9	5.0	-0.1
Mediaset specialist channels	6.8	6.9	-0.1	6.4	6.3	0.1
Mediaset	34.8	33.8	0.9	33.2	32.9	0.3
La 7	3.9	4.3	-0.4	3.1	3.6	-0.5
La 7d	0.5	0.5	0.0	0.5	0.5	0.0
Cairo Communication	4.4	4.8	-0.4	3.6	4.1	-0.5
Real Time	0.9	0.9	0.1	1.4	1.5	-0.1
Dmax	1.0	1.1	-0.1	1.3	1.4	-0.1
Other Discovery channels	2.2	2.0	0.2	3.0	2.8	0.3
Discovery	4.1	3.9	0.2	5.7	5.6	0.1
Cielo	1.2	1.1	0.1	1.3	1.3	0.0
Other Sky channels	4.6	4.9	-0.3	3.8	4.0	-0.2
Sky	5.7	6.0	-0.3	5.1	5.3	-0.2
Fox	1.5	1.7	-0.2	1.4	1.6	-0.2
Mtv	0.8	0.6	0.1	0.7	0.7	0.0
Other Mtv-Viacom channels	0.3	0.3	0.0	0.5	0.6	0.0
Mtv-Viacom	1.1	1.0	0.1	1.2	1.3	0.0
Other TV channels	10.0	9.5	0.5	12.5	11.9	0.5

The 8 p.m. edition is the leading source of Italian TV information and one of the most watched daily programmes, with an average audience of 5,763,000 during the first half of 2015, a 24.7% share higher than in the same period the preceding year. The 1:30 p.m. Tg1 is seen by an average of 4,058,000 viewers, with a 23.1% share.

Furthermore, among the many features created by Tg1, particularly important is the analysis in *Tg1 Economia*, broadcast at the end of the midday news on weekdays, *Tv7* on Fridays, *Billy*, *Dialogo*, *Doreciackgulf*, *Fai la cosa giusta*, *L'intervista*, *Medicina*, *Motori* and *Persone*, in addition to *Speciale Tg1* for an hour late on Sunday evening. Finally, Tg1 shares *Uno Mattina* with Rai 1, works with *Porta a Porta* and broadcasts more than forty live broadcasts of important events.

Tg2 increased its audience for the two main editions (at 1 p.m. and 8:30 p.m.), in the first half of 2015 as well. It is increasingly seen as the TV news programme of innovation and analysis, factors which give it standing in the Public Service scenario.

Tg2 is a general interest news programme with characteristics that give it its own special identity on the TV scene.

The thirteenth feature, *Tutto il bello che c'è*, was launched in the second half of 2015. After an experimental phase in which it was included in the 6:15 p.m. news once a week and a summer trial among the features at 1:30 p.m., in view of the audience results and the appreciation of the public it was promoted to among the 1:30 p.m. features on Thursdays, bringing the weekly instalments of *Costume e Società* up to three.

Tg2 is a new programme of excellence which has always focused on the most important events once a week: even if is cutting its costs, *Tg2 Dossier* with its thirty-year history is still a product which is liked and appreciated.

In addition to *Dossier*, which is broadcast late on Saturday evening, Tg2 puts on *Storie*, *Mizar*, *Achab libri* and *Cinematinée* every night between Saturday and Sunday, *Tg2 Punto di Vista* on Thursdays after the Tg2 night news, *Si Viaggiare* and *Eat Parade* on Friday at 1:30 p.m., *Tg2 Motori* on Sundays at 1:30 p.m., *Costume e Società* on Monday, Tuesday and Wednesday and *Medicina 33* from Monday to Thursday.

Finally, *Tg2 Insieme*, a daily filler from Monday to Friday, was moved from 9:30 a.m. to 10:30 a.m. when the autumn schedules started.

Tg3 kept its place as the third most popular TV news programme in the first half of 2015 as well: its style is different from those of the other general interest network information programmes.

The 7 p.m. edition had a share of 10.48% during the first half of the year, with an average audience of over 1,880,000.

The audience levels were in line with those of 2014, including the 2 p.m. edition, with a share of 11.04% and over 1,800,000 viewers.

The 12 noon Tg3 is the only Rai news programme produced in and broadcast from Milan.

This edition is seen by about 10% of the TV watching public with over a million viewers.

Tg3's traditional strong points are analysis and a direct approach to narrating events, its choice of themes, its propensity to giving a voice to the weak and excluded and its non-neutral point of view of social problems or the effects of the economic crisis.

Tg3 has always tried to be a news programme that heeds developments in society, with an eye to politics but not to the political establishment, sensitive to the issues which condition everyday life. It is a product for a public which appreciates live information with many interviews of people with central roles, analyses and special running commentary editions.

Special broadcasts were also dedicated to big events like Expo, news of emergencies and international crises.

Tg3 is not only a news channel. It also produces live analyses in *Fuori tg*, broadcast at 12 noon, and *Linea Notte*, which has a share of nearly 5% even if it comes on after midnight.

There is ample space for features such as *Agenda nel Mondo*, produced by the foreign desks in collaboration with Rai correspondents, and *Fuori Linea*, edited by the cultural affairs team, with interviews and reports on the most interesting cultural events.

Pixel is a technology and innovation feature and *Persone* offers life stories told in the first person, both produced by the news team.

Chi è di scena deals with theatre and dance.

Tg3 produces a particularly important broadcast in sign language for the hearing impaired. Tg3 is also on the web with thousands of pages. All the TV news editions and features can be watched again on line.

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.

In the first half of 2015 the **TGR** regional TV news stations went carrying out their digitalisation plan, bringing the number of local editorial newsrooms up to 12, and the benefits in terms of quality and increased efficiency that have been achieved as a result of the new production methods can already clearly be seen.

Most watched programmes

(1 January – 30 June, source: Auditel
the audience figure for serials is that of the most watched episode)

Rai 1

Programme	Date	Time	Audience (,000)	Share (%)
Daytime				
L'Arena	15 February	02:01 p.m.	5,843	28.8
L'eredità	9 February	06:45 p.m.	5,690	25.5
Monaco F1 Grand Prix	24 May	01:55 p.m.	5,586	31.1
Domenica In... Sanremo	15 February	04:37 p.m.	4,598	22.6
Pope's benediction Urbi et Orbi	5 April	11:59 a.m.	4,219	34.6
TG1: inaugural ceremony Expo2015	1 May	11:00 a.m.	4,207	32.5
Primetime				
65th Sanremo Music Festival: inaugural evening	10 February	09:14 p.m.	11,784	49.0
65th Sanremo Music Festival	13 February	08:46 p.m.	9,966	33.6
Italian Football Cup: Juventus v Lazio	20 May	08:48 p.m.	9,205	33.5
Un passo dal cielo: Il figlio delle stelle	8 January	09:26 p.m.	7,718	28.6
L'angelo di Sarajevo	20 January	09:24 p.m.	7,548	27.0
European Football Cup qualifying round: Bulgaria vs Italy	28 March	08:45 p.m.	7,537	29.9

Rai 2

Programme	Date	Time	Audience (,000)	Share (%)
Daytime				
New Year's Day Concert	1 January	02:16 p.m.	2,879	16.6
Monaco F1 Grand Prix trials	23 May	01:53 p.m.	2,390	13.0
N.C.I.S Unità anticrimine	13 January	07:42 p.m.	2,257	8.6
90° minuto	1 February	06:16 p.m.	2,231	10.6
Mezzogiorno in famiglia	22 February	11:29 a.m.	1,989	12.8
Primetime				
Italian Football Cup: Inter v Sampdoria	21 January	09:02 p.m.	3,750	12.7
The voice of Italy	25 March	09:24 p.m.	3,322	14.3
Eurovision song contest	23 May	08:59 p.m.	3,294	16.3
N.C.I.S unità anticrimine: Uccidi il messaggero	1 March	09:46 p.m.	3,017	10.1
Boss in incognito	5 January	09:11 p.m.	2,885	10.5

Rai 3

Programme	Date	Time	Audience (,000)	Share (%)
Daytime				
Un posto al sole	30 April	08:19 p.m.	1,936	7.8%
Cycling: 98th Tour of Italy	30 May	03:00 p.m.	1,793	14.0%
Sconosciuti, la nostra personale ricerca della felicità	13 March	08:23 p.m.	1,708	6.4%
Aspettando Geo&Geo	1 January	04:24 p.m.	1,453	8.6%
Cycling: Milan - Sanremo	22 March	03:38 p.m.	1,695	9.2%
Primetime				
Chi l'ha visto?	4 February	09:17 p.m.	3,741	15.2%
Che tempo che fa	8 March	08:08 p.m.	3,648	12.9%
Ulisse il piacere della scoperta: Le due Sicilie	23 February	09:22 p.m.	2,340	8.2%
Report	3 May	09:41 p.m.	2,278	8.9%
La tigre e la neve	5 January	09:10 p.m.	2,240	8.4%
Presa diretta	1 February	09:49 p.m.	2,199	8.2%

A shorter production chain with greater journalist involvement in the creation of the programmes.

This newsroom's social campaigns have increased in the attempt to narrate and analyse the themes of great interest to the public: schools and immigration, the worlds of older people and business, a new way of describing the country in all its facets.

The project for the restyling of this channel has commenced; its image is now decidedly more modern and more in keeping with the new TV scenario.

The two main editions of the news again had good audiences and *Buongiorno Italia* and *Buongiorno Regione* performed excellently.

Rai Parlamento is the new 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 in the first half of 2015 in addition to 13 editions of *Speciale Parlamento*, broadcast live from the Chamber of Deputies and the Senate, and 24 live broadcasts of *Question Time*, in which Deputies ask questions and receive immediate answers.

23 instalments of the weekly *Settegiorni* were also devoted to current Parliamentary activities and there were 22 broadcasts of the weekly *Punto Europa*, which reports European Parliament proceedings.

Rai Parlamento also edited 6 political debates for the 2015 Regional Elections and produced 72 instalments of *Spaziolibero* on the world of associations.

Keeping up with viewers' times: **Rai News** is the all-news channel most watched by Italians who want immediate information at any time all round the clock. Substantial investments in infrastructures and production systems are bringing Rai News into line with the most modern Italian and international competitors in the all-news information sector.

During the period in question Rai completed the process of integrating the three cores which make up Rai's all round the clock information service Rai News multi-platform. This was made possible by the creation of a single editorial unit which, suitably organised and transversally, provides content for **Rai News** (the all-news TV channel), **Rainews.it** (the Rai information portal) and **Televideo** (the teletext platform which has over 16,000 pages of news and services on air for visually and hearing impaired persons every day). Rai News has thus intensified its commitment to the all-news service, providing information more

promptly and covering an ever increasing number of domestic and international events with live broadcasts, services, analyses and reports.

One of the factors which made it possible to boost the production of original content, further enriched with analytic services, was larger use of Rai correspondents all over the world.

The Rainews.it portal also benefited from this change of gear as it grew in full integration and coordination with the TV channel.

Rainews.it hosts the best of Rai's information production and accompanies each news item with linked multimedia texts, photos and products which provide free, detailed and all-rounded information.

General interest channels

Rai 1 remained leader 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: 40.4 million viewers a week, 70% of the population; 26 million switch on to Rai 1 every day (corresponding to 45% of Italians), who each devote 104 minutes a day to this channel, 1.9 million average viewers over the whole day (110,000 more than its direct competitor) with a share of 17.3% (+1%). An average audience of 5.2 million at prime time (over 450,000 more than Canale 5) with an 18.7% share (+1.7%) shows the force of aggregation that Rai's flagship network has brought to bear, even in an increasingly competitive and fragmented context. The figures in online and social network environments are also compelling and rising strongly.

Rai 1's programming continued on a road of a suitable mix of information and entertainment and between TV drama and comedy and services in a never-ending quest for content that fits in ever more closely with its mission as a Public Service. It was certainly a great satisfaction to meet with the public's approval of events built around important themes for the memory, future and culture of our country: *Viva il 25 aprile*, *Expo – The opening*, *La mafia uccide solo d'estate*, *Stanotte al museo egizio* were the perfect marriage of quality and appeal which went in the direction of a renewal that is consistent with a refined editorial approach in the spirit of service.

As regards information, in addition to the continuation of journalistic analysis of news, politics and manners in the late evening *Porta a Porta* programme, the reinforcement of *Petrolio*, the inquests of *L'arena* and the daily live *Uno Mattina* and *La Vita in Diretta* features, Rai 1 devoted great attention to the main domestic and international events, promptly modifying its prime time schedules to make room for live analyses and updates: the 5 special editions of *Porta a Porta*

in prime time during the first half of 2015, which were devoted to the resignation of President of the Republic Napolitano, the election of the new Head of State, Mattarella, and the Charlie Hebdo, Tunis and Black Friday attacks.

The TV drama and comedy season was particularly successful with a number of winning products like the second series of *Braccialetti rossi* (with an average share of 23.8%), which became a cult phenomenon for young people, the third series of *Un passo dal cielo* (26.3%) and mini-series based on real life events such as *L'angelo di Sarajevo* (25.5%) e *Pietro Mennea la freccia del sud* (22.6%).

The season was also marked by experiments which tested the potential of some products in order to expand the network's library: completely new programmes, such as *Forte Forte Forte* and *Senza Parole*, the second edition of *Si può fare* and programmes revived after past successes, such as *Notti sul ghiaccio*.

Of course there was no shortage of great events that were outstandingly successful: *Signore e Signori Al Bano e Romina Power* (24.3%), *Wind Music Awards* (26.3%) and obviously the *Sanremo Music Festival* directed and compered for the first time by Carlo Conti, which succeeded in hitting a record for the last ten years (with an average share of 48.6%) and winning the biggest audience among young people from 15 to 24 (53%).

Also very favourable were the results of the quiz and game genre: *Affari tuoi*, *L'eredità* and *Reazione a catena* increased their rates substantially strongly confirming Rai 1's lead over its direct competitors thanks, in this case too, to constant changes to the language of entertainment.

The presence of Rai 1 was also felt in the schedule of serials, with the second season of *Velvet* and films with a preponderance of Italian comedy, which appeared to meet the preferences of the public.

Classic Disney films during the Christmas period were again offered successfully: *Peter Pan* and *The Brave*.

Sports fans were not denied the usual exclusive HD appointments with the Tim Cup and National Football Team matches.

Rai 1 also broadcast the Italian national team matches in the Under-21 European Football Championships: these too attracted big audiences and were well received.

Cultural education is one of the strong points in this network's schedule.

In addition to prime time explorations of the world of science, history and archaeology by Piero and Alberto Angela, the documentaries of *Passaggio a Nord-Ovest*, *Quark atlante* and *Fuori luogo*, the voyages of discovery of our country

in *Easy Driver*, *Linea Blu*, *Linea Bianca* and *Linea Verde* and the travels beyond the borders of Italy in *Overland*, *Dreams Road* and *Q.B.* remained staples of the daytime and late evening programmes.

To conclude, Rai 1's leadership is based on a schedule which covers various TV genres and stands out for the quality and universality of its content, which make the programmes suitable for enjoyment by the whole family.

A distinctive factor of this channel is that it is continuously evolving and keeping up with the country and the world that it recounts: fundamental assets of value such as welcome, solidarity, integration, the meeting of generations, aware citizenship and the construction of the future are presented incisively in various contemporary language styles for the widest possible public.

Rai 2 continued to take advantage of its aptitude for experimentation and innovation in the first half of 2015, in terms of both languages and content. In addition to this policy gaining the network third place among TV channels behind Rai 1 and Canale 5, Rai 2 lowered the average age of its audience considerably: those who watched the entertainment productions were rejuvenated by an average of four and a half years and programmes like *Made in Sud* and *The Voice* attracted viewers with an average age of between 44 and 45, with an average share of 10.5% and 11.84%, respectively.

Still as regards entertainment on Rai 2, during the period between December 2014 and March 2015 the channel put on the second season of *Boss in incognito* (with a share of 8.16%, up by additional 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, there was an excellent performance by the final evening of the *Eurovision Song Contest*, scheduled at the end of May, which obtained a gratifying 16.25% share.

As regards the information range, established productions like *Virus* (the political talk show which has the youngest audience on the crowded prime time general interest TV scene) and *2Next Economia* consolidated their positions.

Important factors in this programme are innovation and linguistic contamination, the capacity to handle hard subjects during such a delicate viewing time slot and an innovative vision of programme scheduling. These qualities merged triumphantly determining the success of the operation, which created the only feature in general interest programmes at this time which

deals with pure economy. *2Next Economy* draws the interest of an appreciable audience share (about 5%) with an average age of 49, considerably lower than the average for the genre.

The range of acquired serials presented the usual popular mix of established titles such as *NCIS*, *NCIS LA*, *Criminal Minds*, *Cobra 11*, *Rex*, *Hawaii Five 0*, *The Good Wife*, *Castle* and *Elementary* on one hand and new entries, among which *CSI Cyber* stood out, on the other hand. The new prime time schedule established itself with short modular programmes whose purposes are to make it possible for Rai 2 prime time programmes to start at more or less the same time as the other general interest channels while keeping the public's level of appreciation high, and to try out programmes which can also be watched on other platforms.

Particularly important are *LoL* and *Vicini di Casa*, two acquired TV sketch comedies, and the *Zio Gianni* Rai Fiction productions, innovative comedy products which fall within the scope of this channel's mission to try out new forms of language astride the classic linear range and the new models.

In the late evening programmes were present-day affairs with *2Next-Economia*, which has already been mentioned, *Senza peccato* and, in June, the experimental *Il Verificatore*, musical entertainment (with *Emozioni*, *Party people Italia*) and comic entertainment (with *Razzo Laser*, scheduled in June).

To complete the late evening range were the nature documentaries *Obiettivo Pianeta* and *Experia*, the latter linked to Expo 2015 themes.

In June Rai 2 pushed the innovation button experimenting with little used languages in the general interest prime time slot, for example with factual and docufiction programmes.

The experiments were the two prime time *Detto Fatto* programmes, in which the product was presented in gala form, and a cycle of a docureality, *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.

In the **Rai 3** schedules for the first half of 2015, the network's historical brands strengthened their positions while new formats and editorial projects were introduced at the same time. This was done in spite of the fact that the channel was going through a complex phase of reduced funding: Rai 3 followed a policy of making the most out of its budget in spite of this and the channel achieved good results on the average day, an important achievement since its audience is the one that is most attracted away by themed channels.

In accordance with its mission, in the half-year the channel strengthened its talent for describing reality in the manner which comes naturally to

it, opening up to the contemporary world also by means of the coverage of unique events of significance for the country's cultural history. In fact the main characteristic of this period was the insertion of news flash programmes at prime times and in the late evenings on the occasions of anniversaries of national and international importance.

Rai 3 devoted a special prime time news report to the tragic terrorist attack on the Charlie Hebdo offices, deploying *Agorà* with a programme entitled *Attacco alla libertà* compered by journalist Gerardo Greco.

A prime time report, *Italiani a Miami*, was shown during the holiday period; this was a sociological analysis of the habits and manners of our fellow-citizens on pilgrimage to one of the biggest tourist destinations on the other side of the Atlantic Ocean.

The network also decided to commemorate a great sporting hero, Marco Pantani, at the beginning of 2015 with a prime time special feature entitled *Sfide*, a prestigious brand name in the sports sector.

Furthermore, the documentary *Night Will Fall* was broadcast during the week that Rai dedicates to the Memorial Day; the programme was warmly received by the public in spite of the complexity of the subject.

While the new President of the Republic was being elected, Rai 3 produced a live special edition in prime time regarding the past Presidents of the country, in which there equal room for information and history.

Attention to social matters was at the basis of the evening event on the World Autism Awareness Day with a live prime time programme in which a film on this delicate subject was shown with a view to trying out the film/debate combination. The same course of action was taken on World Book Day, when leading personalities in culture, literature and film took part in the programme. Other special prime time events were devoted to the Beatles to commemorate the twenty-fifth anniversary of their first Italian tour, to Ilaria Alpi with a TV drama on the anniversary of her tragic death and obviously to the usual big concert on 1 May, Labour Day.

While the films on the programmes ranged, as always, over various genres and styles, some stood out owing to their high quality and some were shown on special evenings, such as Walter Veltroni's *Quando c'era Berlinguer*, broadcast on the anniversary of this statesman's death.

In addition to the special events, the real novelty of in the half-year was linguistic and visual experimentation: as regards films, the *Gomorra* series was broadcast and immediately became a cult, bringing the general interest TV public, too, into contact with an innovative, experimental language.

A new brand devoted to the environment was also introduced into one of this channel's core genres, scientific education, with international content brought in from reports abroad, hosted magisterially by meteorologist Luca Mercalli. Scheduling strategies which had to be adopted in order to optimise resources led to surprising results with the re-runs of *Ulisse* in prime time, whose eight instalments were seen by an audience almost as numerous as the first showing on a different day from the usual place taken by this TV programme.

Another new programme tried out in prime time was dedicated to the 70th anniversary of the end of World War II, entitled *D-Day*, a contemporary attempt to present history paying particular attention to the conflicts which have shaken the country. In the rest of the schedule, long-lived Rai 3 brand names remained in prime time, supporting their strength with innovation: *Ballarò*, *Chi l'ha visto*, *Presa Diretta*, *Report*, *Chetempocheffa* in its double weekend version, *Amore Criminale* and *Ulisse*. The same applied to late evening programmes with the continuation of successful formats such as *Sfide*, *Un giorno in pretura*, *Stelle nere*, *Visionari* and *Nemico pubblico* and the repeat performances of the *News Room* and *Scandal* TV series.

Some important new programmes appeared during the day: *Cooking show*, a daily feature broadcast from the Milan Expo with the participation of Italian and foreign chef ambassadors, *Il posto giusto*, produced by agreement with the Ministry of Labour and devoted to the world of jobs, and *Tre3*, a new pre-evening filler produced with material from the archives celebrating the history of Rai 3.

Semi-general interest and themed channels

Rai Gold

Rai 4

Rai 4 is the channel for cult international genres: science fiction, epics, action, crime films and thrillers in the form of serials and long films. This channel cultivates a young age group of active viewers by constant dialogue on the social networks; the schedules also include some events which this channel's audience is especially attracted to, above all *Emmy Awards*, the American TV serial awards.

At the end of the first half of 2015 the average shares out of persons of all ages and out of the 15-44 year-old target group tended to meet the channel's objectives in both quantitative and qualitative terms; it is useful to make some observations on the most watched programmes.

At the top of the table for the first half-year was the second semi-final of the *Eurovision Song Contest* with about 800,000 viewers for a round 3% share, the fourth best result in the channel's history. Although the figures are much lower, the 6,700 Twitter users who watched the event live are also worthy of mention, hurling the hashtag #ESCLta to the top of the evening's trending topics. The following twenty leading places were all taken by films and prime time showings. The channel showed a mix of original and library products, both independent and mainstream, owing to budget limitations, but the careful editorial policy adopted ensured that the result was balanced and successful.

The fantasy macro-genre included films which had already been shown on general interest channels such as *Viaggio al centro della terra* (2.61%) or *Armageddon* (2.36%), but also a hitherto unshown series, *Dominion* (with a peak audience of 1.86%), 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: the symbolic, trail blazing series, *Game of Thrones'* best audience (1.55%) was nearly caught up with by the hitherto unshown *Vikings* (1.41%) while, talking of films, two Hollywood productions from the Rai Cinema catalogue, *The Eagle* (2%) and *Conan the Barbarian* (1.94%) were surprisingly overtaken by two original independent productions, one Norwegian and the other New Zealander: *Escape* (2.59%) and *The Dead Lands* (2.13%).

In the last decade books of urban fantasy and young adult literature, film sagas and its super heroes and TV epic serials have brought the general public closer to narrative genres which have previously remained on the outskirts of mainstream cinema and TV production; Rai 4's attention to certain cult genres seeks to intercept this new audience, which plays a leading part in the great present cultural transition towards postmodern imagination.

Finally, there have been two technological modifications which are essential for a channel of this type: experiments with double audio commenced and the materials were prepared for the shortcoming change to broadcasting in HD.

Rai Premium

Rai Premium can now be considered the Rai digital channel with the most general interest content. It is an eclectic channel that has found how to blend elements of the most diverse kind and obtain excellent audiences at the same time.

It has developed its relationship with its public by careful diversification of the genres offered while keeping its competitiveness intact on a Digit Free platform which is being continuously developed, expanded and strengthened by all the broadcasters.

This channel, which has a faithful audience, transformed itself remaining true to its brand, which always looks to the Italian family, with a particular leaning towards a young and adult female public. The unswerving loyalty of Premium's audience, together with minor strategic changes to the schedules, enabled the channel brilliantly to beat off various attacks from other networks which made a number of attempts to aim at the same target and offer the same product.

As well as repeats of major Rai TV drama serials or almost exclusively European products such as the TVM Father Brown collection from the BBC, Rai Premium shows re-runs of the most successful general entertainment programmes. Not only does this enable products to be better exploited with a consequent reduction in the Company's costs and a very favourable optimisation of production costs, but with the adoption of a careful, attentive coordination strategy, the channel's range can be more diverse than that of Rai 1.

Rai Movie

In the first half of 2015 Rai Movie held a steady course among the most diverse film genres – comedy and action, western and drama, sentimental and thriller, again timing the main prime time and late evening programmes to build on audience loyalty. Two prestigious late evening cycles continued: *Italiana* for Italian products on Tuesdays and *Articolo 3 – Il cinema civile* on Friday evening, which, among other films, showed two TV premières, *L'industriale* and *Gli equilibristi*; a new series to mention was the *War Movie* cycle during prime time on Saturdays.

Westerns have been the most popular genre on this channel since 2011; this year too it alternated film classics with a quality TV production like the multi-award winning cult series, *Deadwood*. The channel also continued to show TV serials late on Sunday evenings, offering the first two seasons of the acclaimed *The Newsroom*, followed by *I Sopranos* and *Bates Motel*.

The schedule did not fail to put on programmes devoted to special events or dates: between 5 and 15 March Women's Day was celebrated with a selection of 17 films grouped under a cycle named *Storie di donne*, slotted into various time bands, while the 27 January Memorial Day was the occasion for broadcasting *Good – La banalità del male*, an apologia for an intellectual who let himself be co-opted by Nazism.

Among the channel's own productions, *MovieXtra* continues to search for rarities and gems in the Rai archives while *Movie Mag* held on to its line as a weekly magazine for current cinematography.

Rai Cultura

Rai Cultura oversees the Rai 5 general interest channel and themed channels Rai Storia and Rai Scuola. It represents the new wave of commitment to culture and education in the Public Service through producing, approving, disseminating and promoting cross-media long-term value content whose basic theme is quality education. The projects in the first half of 2015 were carried out in close collaboration with the main institutions and other organisations which operate in the field of culture and education, such as the Ministry of Education, Universities and Research, the Ministry for Cultural Heritage and Activities and Tourism, the Ministry of Defence, but also with other important entities in the world of independent schools and universities and with regional governments, museums, foundations and institutions occupying an important place in Italian cultural and scientific life of our country, such as the Accademia dei Lincei, the La Scala Opera House in Milan, the Accademia di Santa Cecilia in Rome, the Central National Archives, the Venice Biennale, the Turin Book Fair, the Bank of Italy, the National Research Council, the Italian Space Agency and, at European level, CERN. The editorial team engages in planning a coordinated offer regarding themes, anniversaries and events of national significance with the intention of improving the effectiveness, visibility and authoritativeness of its products, boosting the Company's cultural range and rationalising and harmonising the various spaces available in order to assert the new brand and build an organic project which speaks to the country as a whole.

Accordingly, during the first half of 2015 programmes devoted to a number of anniversaries and events were offered: the 70th anniversary of the Liberation, the Legality Week, the Centenary of Italy's entry into World War I and the 750th anniversary of the birth of Dante Alighieri. Other special programmes were prepared and included in the three channels' daily programmes and in the programmes of the general interest channels and on internet.

The multimedia area increased its cross-media range substantially in the first half of 2015 and built on its activities in 2014.

The themed and channel web portals were also restyled (Rai Storia, Rai Scuola, Rai Letteratura, Rai Arte, Rai Economia, Grande portale della Lingua Italiana, Portale della Grande Guerra, Rai Media, Rai Scienze and Rai Filosofia).

Rai 5

The role of Rai 5, which was conceived as a cultural entertainment channel, is to place the performing arts as the essential nucleus of its schedules. Of all the unencrypted channels, it is the only one which shows live performances. Broadcasting live, when possible, is one of this channel's distinctive features.

The editorial team plans to devote prime time on each day of the week to a genre of excellence: nature and literature, classic plays, films by great directors, art, opera, concerts, ballet, docufilms and contemporary theatre.

Dwelt on more than once during the weekly daytime schedules, prime time themes are not the only products within the range of this channel, which is semi-general interest by definition and position. During the day it devoted a time slot (2 p.m. to 4 p.m.) to nature documentaries and late at night from Tuesday to Saturday it broadcast the *David Letterman Show*, which ended in the first half of 2015. At night from Tuesday to Saturday Rai 5 showed *Ghiaccio bollente*, a jazz, rock and world music programme and during the night there were musical documentaries.

Other 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 2015.

In May Rai 5 also offered two live concerts of the *Viaggio in Italia* by the great Chinese pianist, Lang Lang.

Rai Storia

Rai Storia is one of the linchpins of the Rai Cultura project: based on a painstaking and rigorous study and interpretation of the country's past, this channel provides food for thought and brings various fields of knowledge closer and better known to its audience, helping viewers to acquire a deeper understanding of the complex world we live in today.

Rai Scuola

In the first half of 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.

Rai Ragazzi

Rai Ragazzi runs the Rai Yo Yo and Rai Gulp digital channels and creates products such as cartoons, children's drama and TV programmes. At present Rai's range for minors is mainly to be seen in themed portals www.raiyoyo.rai.it and www.raigulp.rai.it.

In 2015 the range for young people was enriched and reorganised. Most of the work was put into:

- upgrading the two Rai Ragazzi portals and their programme sites and creating new projects;
- upgrading the Rai YoYo and Rai Gulp portals;
- starting up the new *Replay Tv service for the Rai Gulp channel*;
- conceiving and constructing new sites for cartoon series bought from Rai Cinema for the two themed channels.

Rai YoYo

Rai YoYo is the channel for pre-school age children (4 to 7 years old) and their families. 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.

Rai Yo Yo today is an excellence on the Italian and international scene and has become the most popular network among Italian children and their families.

Among the Channel's strong points are both the concentration of editorial work on the most important and successful programmes and constant investments in programmes for studio productions which boost the reputation and appeal of Rai Yo Yo in addition to rendering it a highly valuable Public Service compared with its competitors' range, which is mainly based on acquisitions.

Rai Gulp

Rai Gulp is the channel for school age children (from 8 to 14 years old), which also addresses the 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. Rai Gulp continues to perform an important function liaising between those of Rai Yo Yo's pre-school programmes and proposals which also appeal to the teens, trying to keep small children and young people loyal to the Rai brand over the years.

Finally, Rai Gulp has succeeded in launching a very competitive cross-media range, creating a young website and its own online community, with projects which aim to strengthen the bond between Rai and young adolescents.

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).

It is, therefore, 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.) which Rai Italia takes from the Rai channels (specifically Rai 1, Rai 2, Rai 3, RaiStoria, Rai5).

A "Best of Rai" which is also directed at fellow-Italians abroad.

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.

Original programmes have also been included in its schedule for years, specifically planned and produced to satisfy the requirements of Italian communities all over the world.

Highlights in the schedules in the first half of 2015 were:

- *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 della 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.

Finally, an important aspect is that Rai Italia was able to offer *Community* on Rai 3 too, putting the feedback into effect that our communities abroad had been expecting for a long time. So Italians abroad play their parts with their stories and with the tales of the other Italy that lives beyond the borders of the country.

Rai Sport

There was an abundance of important and enthralling events in Rai Sport's activities during the first half of 2015.

Rai again showed the *Tour of Italy* under one of its many exclusive rights to important cycling races: live afternoon programmes with commentaries and reports from our reporters and correspondents with the enviable moving shots taken from the helicopters and motor cycles following the cyclists. Discussion features starting from the historic *Processo alla Tappa* followed by the usual morning and evening reports.

The TV audience figures were always high, with peaks for the mountain legs.

Rai Sport also broadcast all the finest international cycling events from the Milan-Sanremo, the Tour of Flanders, the Paris-Roubaix and the Liege-Bastogne-Liege.

The Tyrrhenian-Adriatic and the World Track Championships broadcasts also obtained a good audience.

Another important event shown during this period was the World F1 Championship, which Rai scheduled live and recorded as regards Grand Prix races, with big audience figures; the features connected to the event also strengthened their appeal: *Pole Position*, *Pit Lane* and *Numero Uno*.

As regards football, Rai Sport broadcast the Italian National team's matches, the friendlies with England and Portugal and the 2016 European Cup qualifiers exclusively.

Rai Sport 1 showed the feature *Diretta Azzurra*, covered Conte's National Team's training session at Coverciano and the journeys to the localities where the matches were played.

Rai Sport also produced the traditional Italian Football Championship features, *La Domenica Sportiva*, *Sabato Sprint*, *90° minuto*, *90° minuto serie B*, *Stadio Sprint* and *Dribbling*, on the general interest channels.

The appointments on Rai Sport 1, on the other hand, were with *Il Processo del Lunedì* and *Zona 11 p.m.*

Two other events that Rai Sport broadcast exclusively were the Alpine World Ski Championships at Beaver Creek and the Nordic World Ski Championships at Falun; for these, Rai Sport produced hours of live commentaries and round-ups.

The Alpine and Nordic World Ski Championships events were broadcast exclusively as were events in all winter sports disciplines. Among other events of a certain importance were Tennis Fed Cup and World Basketball League matches.

Rai TV drama and comedy production

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 the first half of 2015 was very favourable.

New works were broadcast in prime time on 50 evenings and the average audience was over 5.5 million with a 20.7% share.

The ten 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 Sarajevo* 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 6.6 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).

All the top positions in the rankings of audiences in the satellite pay-TV sector are occupied by Rai TV drama and comedy.

Braccialetti rossi 2 is first with a 22.2% share of Sky audiences followed by the mini-series *L'angelo*

di Sarajevo (21.4%) e *Pietro Mennea – La freccia del Sud* (19.7%).

These data show that Rai TV drama and comedy productions even gather mass audiences in the rich field of satellite pay-TV.

While producing drama and comedy for Rai 1, Rai Fiction reinforced its commitment to producing for the other networks, experimenting with different languages and formats.

For Rai 3, in addition to the soap opera *Un Posto al Sole*, Rai Fiction worked on more innovative productions such as the docufiction *Ilaria Alpi – L'ultimo viaggio* and the sketch comedy *Il candidato – Zucca Presidente*, conceived by La Buoncostume (with a 9% share 9% and over 1 million viewers at 11:50 p.m.).

On Rai 2 the sketch comedy *Zio Gianni*, created by The Pills, played a decisive part in reviving prime time access taking a significant step towards the return of TV drama and comedy to early evening schedules.

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

Although it is still in an experimental phase (beta version), RAY's results in this period were more than encouraging and constantly improving.

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 Yo Yo 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.

Cinema

In the first half of 2015 **Rai Cinema** continued with its activity of acquiring films and TV dramas and comedies in order to enrich the Rai's programmes both qualitatively and quantitatively. Rai Cinema also retains its role at the forefront of Italian and European film production and in the products' commercial exploitation through the 01 Distribution department.

Acquisition

As regards the procurement of rights to products for scheduling on Rai channels, the long-lasting scenario of reduced economic capacity was

aggravated by a Euro to Dollar exchange rate which was strongly disadvantageous for the first time in many years.

Three of the best new series presented at the Los Angeles Screenings 2015 will enter Rai Cinema's storeroom from its strategic American partners (Disney and CBS), while among European partners a substantial number of first rights to TV products was bought from the German ZDF (new series seasons, TV Movie Collection, renewal of evergreen series).

Among the TV Movies, a genre on which Rai 1 and Rai 2 relies to a great extent for its summer schedules, a number of films were acquired that correspond to the time slots to be filled.

Film rights were bought for both medium- and long-term and short-term utilisation from distributors such as Eagle Pictures, Koch Media and Indie Pictures in packages, some of which on the basis of multi-year agreements.

As regards the procurement of international products for distribution, the first half of 2015 was one in which international relations were strengthened as a result of participation in the most important markets in the world, the Paris Unifrance Rendez-vous, Berlin EFM and Cannes. Contacts with all the most important operators in the sector were reinforced on these occasions and arrangements were made for the procurement of films in 2016.

A film that stands out among the others is *The Free State of Jones*, a great American production directed by Oscar award winner Oscar Gary Ross with Oscar actor Matthew McConaughey. Other acquisitions that have been concluded are Quentin Tarantino's next film, *The Hateful Eight*, which will enable Rai Cinema next year to show one of the most prestigious productions, and one of the most expected by the public and by critics all over the world, *Southpaw*, by Antoine Fuqua with Jake Gyllenhaal, Rachel McAdams and Forest Whitaker, and an animated film called *Escape from Planet Earth* by Cal Bruner.

Film production

The following films may be considered completed and thus waiting to be shown in cinemas and possibly to be entered for festivals:

L'Ultimo vampiro by Marco Bellocchio, *Alaska* by Claudio Cupellini, *Asino Vola* by Marcello Fonte and Paolo Tripodi; *La prima luce* by Vincenzo Marra with Riccardo Scamarcio and Daniela Ramirez, the story of a father in a desperate search for his son, *Arianna* by Carlo Lavagna about the first love experiences of a young girl; *Lo chiamavano Jeeg Robot* by Gabriele Mainetti, *Banat* by Adriano Valerio, *La notte è piccola per noi* by Gianfrancesco Lazotti, *Suburra* by Stefano Sollima and *Non essere cattivo* by Claudio Caligari.

In the post-production phase are *Italian Race* by Matteo Rovere, *Era d'estate* by Fiorella Infascelli, *Fräulein* by Caterina Carone, *La felicità è un sistema complesso* by Gianni Zanasi with Valerio Mastandrea, Giuseppe Battiston, Hadas Yaron, Filippo De Carli and Chiara Martini, a sophisticated film about a cynical financial advisor who finds himself confronted with the case of two young people who have succeeded to the leadership of an industrial empire; *La pazza gioia* by Paolo Virzi, with Valeria Bruni Tedeschi and Micaela Ramazzotti, a sentimental on-the-road TV comedy, *Tutte lo vogliono* by Alessio Maria Federici, with Enrico Brignano and Vanessa Incontrada, an ironic sentimental comedy; the new Giuseppe Tornatore film, *La corrispondenza*, with Jeremy Irons and Olga Kurylenko, a tender love story between an astrophysics teacher and one of his students; *Dobbiamo parlare* by Sergio Rubini with Fabrizio Bentivoglio, Maria Pia Calzone and Isabella Ragonese, an amusing comedy about life in two.

Among the projects in the pipeline are *Professor Cenerentolo* by and with Leonardo Pieraccioni with Laura Chiatti, Massimo Ceccherini and Flavio Insinna, in which the Tuscan comedian plays the part of a prison convict; *Summertime – L'estate addosso* by Gabriele Muccino, the story of four young people in search of their identity with Brando Pacitto (*Braccialetti rossi*) and Matilde Lutz (*Ring*) in the principal Italian roles together with the young American actors Joseph Haro (*Glee*, *Welcome to Family*) and Taylor Frey (*Gossip Girl*, *G.B.F.*); *Questi giorni* by Giuseppe Piccioni in which four inseparable friends decide to go away to Hamburg; *Nemiche per la pelle* by Luca Lucini, a comedy which leaves room for sentiment in which two women who are initially rivals learn to respect each other and become friends; *Al posto tuo* by Max Croci, an amusing comedy in which the two main characters change places for a few days; *The Start-up* by Alessandro D'Alatri and *Tutto quello che vuoi* by Francesco Bruni, *Bianco* by Daniele Vicari, *Tarda primavera* by Michelangelo Frammartino, *Le ultime cose* by Irene Dionisio, *Festa di una famiglia allargata* by Simona Izzo, the new Bellocchio film, *Fai bei sogni* and the one by Roberto Andò, *Le confessioni*, *Un bacio* by Ivan Cotroneo, *Il centro del mondo* by Kim Rossi Stuart, *Io che amo solo te* by Marco Ponti, *Pericle il nero* by Stefano Mordini and *Gli ultimi saranno gli ultimi* by Massimiliano Bruno.

Among the other new films are *Occhi Blu* by Michela Cescon, Marco Lodoli and Maurizio Braucci, a dark thriller with a serial robber as the main character; *The Voice* by Harald Swartz and Pal Sparre Enger, the story of an Italian dubber who meets the Hollywood idol whose

voice he has been for years, and *L'uomo che comprò la luna* by Paolo Zucca and *Caro Dio* by Alessandro Angelini.

Many new themes were explored, clearly with obvious differences, but there was one approach taken by many writers, that of films of social and civil commitment strongly rooted in contemporary life (it is no coincidence that many of the authors come from the world of documentaries). Among these were 40% by Andrea Segre, *Nico, 1988* by Susanna Nicchiarelli, *Sembra mio figlio* by Costanza Quatriglio, *La questione* by Leonardo di Costanzo, *Assandira* by Salvatore Mereu, *Diciamo che c'è* (ex *Allenatori*) by Daniele Gaglianone, *Il contagio* by Matteo Botrugno and Daniele Coluccini, *Nato a Casal di Principe*, written by Maurizio Braucci for direction by Bruno Oliviero.

Finally, the project *Dalla canzone al film*, commenced by Scuola Holden in the second half of 2014, led to the completion of *In absentia*, a psychological and generational film written by Carlo D'Acquisto, Lorenzo Donati, Martina Filippi, Valentina Luca, by Redibis Film.

Rai Cinema produced 15 documentaries continuing with its editorial policies, supported by independent producers and authors.

Among the various projects were those of young emerging directors such as *Strane Straniere* by Elisa Amoruso, *La gente resta* by Maria Tili, *I ricordi del fiume* by the De Serio brothers, *Filmstudio mon amour* by Tony D'Angelo, *La nostra scuola* by Stefano Collizzolli, and new documentaries by already known authors like Andrea Segre (*I sogni del lago salato*), Elisabetta Sgarbi (*Gli italiani non sono autosufficienti*), Giovanna Gagliardo (*Passeggiate romane*).

Among the successes during the first half of 2015 were *Faber*, a sensational theatrical performance in Sardinia by Gianfranco Cabiddu and the excellent audiences obtained on the flagship channel by various documentaries co-produced by Rai Cinema (*Sbarre*, *Tutte le scuole del regno*, *I ragazzi di via Giulia*, *I giganti*).

Promotion and participation in festivals

Rai Cinema went on with the promotion of its cinematographic products by participating strongly in the most important international festivals.

At the Berlinale, it submitted *Vergine Giurata* by Laura Bispuri, in addition to *Cloro* by Lamberto Sanfelice and *Torneranno i prati* by Ermanno Olmi in the Generation section and Berlinale Special section, respectively.

Il racconto dei racconti by Matteo Garrone and *Mia madre* by Nanni Moretti, on the other hand, did well in the Cannes Festival competition with

the documentary *Louisiana* by Roberto Minervini in the *Un certain regard* section.

During the first half of the year, Rai Cinema was also given a number of awards: 18 David di Donatello, as many as nine of which to *Anime nere* by Francesco Munzi, pronounced the best film of the year; 7 Golden Globes awarded by the foreign press in Italy; and 16 Nastri d'Argento awards and a Special Award from the Italian Film Journalists' Union granted at the recent Taormina Festival.

Il giovane favoloso by Mario Martone triumphed as the best film both with the Golden Globes and the Nastri d'Argento awards.

Distribution and Home video

Rai Cinema did as well as in previous years with its film distribution in the first half of 2015, also thanks to the top performance of Alessandro Siani's film *Si accettano miracoli*, which collected almost Euro 16 million. The Company obtained a 12% market share collecting about Euro 40 million and retained its place as the fourth biggest distributor. The most important films sent out were *Non sposate le mie figlie!* (Euro 4 million); *Se Dio vuole*, Edoardo Galeone's debut as a director (about Euro 4 million) and *Mia madre* by Nanni Moretti (Euro 3.5 million).

Rai Cinema is the fifth distributor on the home video market (the leading Italian firm) with a 5.9% market share of new issues.

The best performances in home entertainment during the first half of 2015 were achieved by *The Wolf of Wall Street* and *Il giovane favoloso*.

Commercial agreements and activities

In the first half of 2015 commercial processes were reorganised in the Rai Group with a view to synergy and optimisation.

These changes also affected the Rai Cinema sales area, which, however, continued to handle procurement, selection and direct sales in some channels (pay-TV distribution, newsagents, exploitation of sound tracks, etc.).

In a market which is preparing its strategy for the advent of Netflix, which leaves it to be assumed that there will be a rise in SVOD rights values, agreements with big platforms such as Sky, iTunes, Chili and Telecom meant that revenues remained satisfactory, while an important development was Rai Com's new agreement with Google Play.

Thanks to the present arrangements with Mondadori, revenues from sales by newsagents were substantial owing to the steady presence of Rai Cinema films like *Si accettano miracoli*, *Scusate se esisto*, *Hungry Hearts*, *John Wick*, *Oculus*, *Pasolini* and library films *Malizia* and *Peccato veniale*.

An agreement was entered into with the L'Espresso Group for the distribution of *Il giovane favoloso* by newsagents, while another agreement for the distribution of Nanni Moretti's *Mia madre* and *Habemus Papam* is being concluded.

By arrangement with the executive producers, the foreign sales of some of the year's successes have been entrusted to some big international distributors, including two films entered for the 2015 Cannes Festival, *Mia madre* by Nanni Moretti, whose international rights have been sold in 30 countries, and *Il Racconto dei Racconti*, by Matteo Garrone, in 37 countries.

All Rai Cinema's films are presented and promoted through its institutional portals, Raicinema.it and Raicinemachannel.it, with the tried and tested system of web channels which specialise in producing and distributing Rai Cinema activities content.

A prestigious collaboration agreement with the most important online publishing portal in Italy, Condé Nast Italia, was also concluded in the half year and was presented at the Cannes Festival. Other important activities on the Rai Cinema portals were support of social initiatives such as *Telethon*, *Doppia Difesa Onlus*, *Medicinema*, *Tulipani di Seta Nera*, *Fondazione Rava* and *Convivio*.

Radio

RadioRai is one of the pillars of Rai's mission as a Public Service and pursues a hybrid model on all analogic and digital platforms. Its aim is to affirm and improve its fundamental role in the market and with its listeners.

Range and Production

The main lines of action are:

- innovation in programme range extended to the web and social networks;
- providing new web and digital products;
- broadcasting using digital techniques (DAB+);
- better knowledge of the competition;
- developing new radio commercials formats;
- developing an effective corporate cross-promotion plan;
- organisational action to improve operational and responsibility flows;
- technology investments targeted at production innovation;
- cost cutting, improvement of the effectiveness of the Public radio service and enhancement of the perception of its value.

The overall objective is a public radio service divided into 10 channels and incorporated in Rai's Media Company, in preparation for the expiry of the present concession in 2016.

The objectives in planning and managing programmes are to improve scheduling schemes to enhance their consistency with the channels' editorial missions, to implement products for the web and social media and to expand the on-air bouquet with a series of web and digital channels which take the place of the web radio model.

Among the priority actions to take:

- stimulate product renewal, improve the perceptions and the repute of RadioRai programmes, increase listener loyalty and profitability;
- strengthen innovative commercial formats (product placement, brand content etc.), local media partnerships, special initiatives and radio/TV cross-promotion.

All the channels were involved in the implementation of digitalisation, from theme-based products in audio/video streaming to the exceptional results achieved by RadioRai podcasting (about 80 million downloads a year), from examples of hybridisation among radio, TV, the web and social networks to the debut of Radio4 (ex Fd4), Radio5 (ex Fd5), Radio7 Live (ex WR7), Radio8 Opera (ex VWR8), operating on the web and on the DAB+ network, completely renewed, including their brand names.

Audience

Audience measurement, carried out through a telephone interview survey (Radiomonitor Eurisko) has not yet been certified by AGCOM (the Italian telecommunications regulator), which, nevertheless, is making an important contribution by renewing its efforts in board of experts' meetings to re-form a Joint Industries Committee (JIC) and introduce another method of measurement also using innovative methods (meters).

Meanwhile, at radio company meetings directed by Rai there is growing consensus on an organic research system checked by Upa, the association for users of advertising, and validated by AGCOM.

The audience figures during the half-year show that consumption of this medium is rising slightly (+1.9% a year) and allocate the following results to RadioRai:

- Radio1, 4,203,000 listeners on the average day (5.4% share);
- Radio2, 3,023,000 listeners (4.0% share);
- Radio3, 1,386,000 listeners (2.3% share).

All the channels recorded substantial increases over the first half of 2014; Isoradio, not measured in 2014, was listened to by 766,000 persons on the average day.

The online listening trend, documented in periodical reports on portals, live streaming, podcasting, RadioRai on iTunes and RadioRai apps, shows that there is still unfulfilled potential starting from podcasting, which was the most significant phenomenon in terms of quantity and continuity of downloading.

RadioRai was also present at Milan Expo 2015 from the day of its inauguration on 1 May with all its Channels and with special features, DJ sets and other contributions on air from the Rai Media Center.

In June it enhanced its image with **RadioBox's** exclusive location opposite the Italian Pavilion near the Tree of Life, symbol of the Expo and meeting point for visitors from all over the world. From the transparent RadioRai studio, Radio 1, Radio2, Radio3 and Isoradio broadcast information, music, features and entertainment every day, continuously interacting with the crowds of visitors passing by or resting, only separated from the speakers and musicians on air by a pane of glass.

Radio7 Live, one of the new web and digital Channels, made its debut on RadioBox with a series of exclusive playlists.

RadioRai's RadioBox is a project conceived in collaboration with the Environment Ministry and the Italian Pavilion, which provided a powerful vehicle for the image of the Public Service; this transparent parallelepiped was allowed to be installed in the heart of the exhibition area and was inaugurated on 13 July.

Channels and News

Radio1 – GiornaleRadioRai – Gr Parlamento

Rising number of listeners, brand repositioning, a network focused on information and sport, with more music, entertainment and an established presence on the web and in the social networks. In the first half of 2015 Radio1's audience rose considerably, exceeding 4,200,000 listeners on the average day.

Radio1 is a modern information provider, 24 hours live, with the news every half hour, 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: Facebook, Twitter, Instagram, Periscope live-streaming video app, the new Twitter app.

But Radio1 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.

The network's flagship programmes go to the local populations and hand the microphone to the listeners, strengthening and confirming Radio1 position as a real community with which people identify, a reliable, authoritative channel with less establishment and more news coverage: *Radio anch'io* with Giorgio Zanchini, *La radio ne parla* with Ilaria Sotis, *Restate scomodi* with Noemi Giunta and Francesco Graziani, *Italia sotto inchiesta* with Emanuela Falcetti, *Bianco e Nero* with Giancarlo Loquenzi, *Zapping* with Ruggero Po, guests, inquiries, features, analyses, meetings with leading Italian and international personalities.

Highlights from the news programmes from all over the world, posted on Twitter, video assists from the sports team, photo stories from correspondents on Instagram are only some of the extras which accompany the linear schedules every day.

Some non-stop live broadcasts were memorable events during the first half of 2015: the attack on the Charlie Hebdo satirical magazine offices in Paris, as well as the opening of Expo, trade union demonstrations and the mass concerts in Taranto and Piazza San Giovanni in Rome on 1 May.

Also programmes for the closure of the half-year Italian Presidency of the European Union, the Auschwitz Memorial Day, RadioDays, the gathering of all the European radios, the election of the President of the Republic, the local elections, the massacre at the Bardo Museum in Tunis, just to mention the main events which Radio1 recounted live with hours and hours of programmes with the news at 30-minute intervals and press reviews at dawn, at 7:30 a.m. and after midnight, in an almost uninterrupted flow of information.

In February Paolo Salerno's *Voci del mattino* started a new daily international press review repeated on the network's Twitter profile. There was 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 and the Spanish CCTV, Radio1 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.

Tweets by just one player allow listeners to find out what is happening in the most diverse corners of the world in a matter of three minutes, often even with different interpretations of the same event. Particular attention was paid to TVs in Arabic: AL JAZEERA, AL ARABIYA, AL MAYADEEN and the Iranian channel, AL-ALAM.

In short, a press review which has the widest range of all European public services. Again as regards programmes in Arabic, headlines and reports from MEDI1, the Moroccan TV and the

Tunisian NESSMA; of course there are also the big American networks, CNN, CBS, FOX and NBC.

During Expo *Eta Beta*, a programme devoted to innovation, start-ups, new technologies, the web, science, economy, the digital society, culture and language, played its role as an observatory of themes associated with the Exhibition.

Expo, in fact, was the opportunity for this programme to give an account of a great event seen from a different point of view every day. *Eta Beta*, *Bianco e Nero*, *Italia sotto inchiesta* and *News Economy*, only to mention some, succeeded each other from 1 May, the day of the exhibition's inauguration, followed by a Radio1 news special.

Radio1 is also the radio for sport above all others. At a time when sports on TV are to a great extent parcelled out and mostly on payment, all the sport is to be found on Radio1, from football to F1, from volleyball to Grand Prix motor cycling, with the football commentaries of *Tutto il calcio minuto per minuto*, the analyses of *A tutto campo* and *Zona Cesarini*, *Radio anch'io Sport* in which listeners have their say, the stories, even if they are not so important, of *Extratime* and the comments of opinion leaders and qualified experts.

Radio1 is also the channel for great music with programmes of all the now established genres. The return of *Stereonotte*, after a thorough restyling, is a part of a musical project which goes against the current of the big commercial networks: theme tunes, jingles and network signature tunes created by *Calibro 35*, sound tracks among the most innovative in the country and two outstanding programmes, *King Kong* with Silvia Boscherio and Music club with John Vignola. A common thread through new trends, fine music, exclusive interviews and a kind of music encyclopaedia, the story of the great personalities and the artistic ferments of the 50s and 60s up to these days.

Latin sounds and cultures are not overlooked with *Brasil*.

Radio1 also gives room to writing, which becomes interactive making use of the potential of social networks.

Radio1 Plot Machine, compered by Vito Cioce, ended the season with the presentation of the first e-book of the programme at the Turin Book Fair, a Rai Eri and Mondadori co-production consisting of 15 tales observing a limit of 1,500 key strokes which obtained the highest number of "likes" on the programme's Facebook page.

Radio1's editorial range also encompasses programmes on specific themes such as medicine and well-being with Annalisa Manduca's *Life*, information from the European Union with *Manuale d'Europa* compered by Tiziana Di Simone and Michele Cucuzza and Oliviero Toscani and Nicolas Ballario's counter current reflections in *Non sono obiettivo*.

Then there are features on books, cinema, cars, agricultural policies, diet, fashion, customs and good humour with Dario Ballantini in the new programme *RidiRai*, which presents variety limelight: a voyage in Italian comic genius and shows from after the war up to these times using the vast historical heritage of the Rai Archives.

Radio2

Radio2's range is based on the contamination of genres, formats and platforms for a radio that is listened to, seen and shared, conceived for specific time slots and targets, with a musical schedule which exploits contemporary pop-rock and a Top 50 model.

The weekday programmes in the first half-year kept to the new formats introduced in the autumn of 2014 with the intention of keeping schedules stable, making it easier to recognise the products and acquiring listener loyalty.

At weekends it was decided to experiment with some major innovations.

Every Saturday and Sunday morning (from 10:35 to 11:30 a.m.) Antonello Dose and Marco Presta with the new *Coniglio Relax* were at listeners' sides as they went about their usual weekend affairs.

The objective is also to make full use of non-working day mornings with one of the most popular brands in the network, *Ruggito del coniglio*.

In the early evenings *Una vita* from 7 to 7:30 p.m. is half an hour of story-telling with Matteo Caccia, an experiment with a product based on a form of life story with participation by the main real life characters.

Many different stories regarding the crucial phases of our existence – birth, adolescence, first love, first job, adult life, etc. – with an English language version written by the author-host himself, created for the programme's website and promoted on Radio2's home page with a blog for social interaction open throughout the week.

Another radio format and language innovation was Radio2's *Radiobattle*: on air on Sunday evenings in February and March, twelve public and private broadcasting companies from as many European countries took part in this first European Radio Championship transmitting live in English from four EU capitals, with live tweets on a unified hashtag, giving life to a community extending all over the continent united by passion for radio as a craft.

Another weekend programme was the new experiment with football told on air in *Radio2 a O* (Saturday from 1:45 to 3 p.m.) and the first radio magazine on Italians scattered around the world, *Italiani in continenti* (on Sunday from 1:45 to 3 p.m.).

Radio2's live schedules are enriched by local events thanks to powerful media partnerships which support Radio2's brand visibility and boost its talent for entertaining but good quality accounts of contemporary Italy.

In January Radio2 broadcast *Caterpillar* and *Mu* live from the 39th edition of *ArteFiera Bologna*, in February *Ovunque6*, *Che Ci Faccio Qui*, *Refresh* and *Share* told listeners about *Expo delle Idee* from the Hangar Bicocca in Milan.

February was also the month of the 65th edition of the *Sanremo Music Festival*.

Radio2 was the Festival's official radio, describing this musical kermesse live from the enormous red truck in front of the entrance to the Ariston Theatre.

This was thirty hours of live programmes for a cross-promotion project agreed with Rai 1, including the pre-festival specials *Aspettando Sanremo* with Carlo Conti on Saturday and Sunday morning about the young people selected for the competition.

Also on air in February was the now famous *Energy Saving Day*, *M'illumino di meno*, launched by *Caterpillar*, preceded by a massive awareness campaign on the rationalisation of energy consumption. For the tenth edition, the symbolic "energy silence" put off the lighting of monuments, squares, shop windows, offices, classrooms and private dwellings. The 2015 edition particularly addressed the world of schools, which were asked to show their attention to the environment with special initiatives as the heart of the educational process and of the very contemporary issue of the spending review as it affects improvements to school buildings.

For nearly a whole week (from 10 to 13 February) *Caterpillar*, exceptionally, was broadcast in the morning hours too, in order to enter classrooms physically and tell students live how to "put off waste and put on ingenuity".

Radio2 also animated the first edition of *Radio City*, a choral initiative by the Italian music radios, hosted in Milan and opened by Mayor Giuliano Pisapia on the eve of the inauguration of Milan Expo 2015 (in March); in April it was the turn of comics and videogames to be described by Radio2 with a full immersion in role games, in the previews and in the particular showbiz of the drawn and digitalised toons of *Romics* live from the Rome Fair.

In May Radio2 had a leading role in the Turin International Book Fair with *Caterpillar*, *Radio2 Social Club*, *I Provinciali* and *Coniglio Relax*, and, with *Caterpillar*, it took part live from the new Milan Docks in *Piano City*, the brilliant Milanese programme of itinerant concerts in metropolitan environments.

The half year closed with a special edition of *I Provinciali*, compered by Pif and Michele Astori live from the Taormina Film Festival.

Meanwhile the Radio2 brand went far and wide through the provinces and regional capitals of Italy with *Decanter*, taking a journey through taste, wine and gastronomy from *Identità Golose* in Milan to *Vinitaly* in Verona.

Radio2 is very strong in EU projects, which, in the half year, took the form of the 60th edition of the *Eurovision Song Contest*, entrusted in Italy to the historic *Caterpillar* AM voices, Filippo Solibello and Marco Ardemagni (21 and 23 May), and the three live *Sonar 2015* programmes from Barcelona, the most important international appointment with electronic music, covered exclusively for Italy by Lele Sacchi and his *Radio2 In The Mix*.

Radio2 succeeded in presenting a multifarious range, an increasingly broader spectrum of genres and artists broadcast at the right times spread out during the day, distinctive and contained in a schedule with a specific, recognisable sound, like a sound track that accompanies the daily lives of the active population, informed, curious, in search of quality, stories and contemporary style.

Three key words: denser playlists, more mainstream, more recognisable by time slot during working days and at weekends.

Radio2's web and social network range is proverbially substantial.

The historic cycles of *Alle 8 della Sera*, a ten-year archive devoted to a vast variety of themes and personalities, has now migrated to the podcast bouquet, and is one of the most downloaded programmes; *Gran Varietà Vintage*, with about 800 period sketches; *Pezzi da 90*, a repertory created to celebrate the 90 years of radio, broadcasts, with fresh selection and editing concepts, the most elevated, the finest, the most curious and the most intense radio episodes of all times. Radio2's social network strategy aims at enhancing the brand with viral content specially created for the site and for the social network pages. Some examples are:

- *Keep Calm*, from *Ruggito del Coniglio*;
- *Il Beato del Giorno*, an ad hoc product of *610 - Sei Uno Zero*;
- *Buonanotte*, a musical good night to listeners with the songs with the finest lyrics in Italian music;
- *Video Backstage*, discovering Radio2's guests: stolen images, backstage, video postcards, etc. The video of Nek singing the Police repertory obtained 1.2 million "likes" on Facebook.

Radio3

In the first half of 2015 Radio3 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 the first aspect, mention must be made of the series of broadcasts (under the slogan of "more culture less fear") that followed the bloody attack on Charlie Hebdo's Paris headquarters in January, but also a large number of programmes marking the 70th anniversary of the Liberation in different genres: history and literature (with

the reading of the novels *Il sentiero dei nidi di ragno* by Calvino, *I 23 giorni della città di Alba* and *Una questione privata* by Fenoglio, *I piccoli maestri* di Meneghello, *Il giardino dei Finzi Contini* by Bassani), theatre and music with a final live programme from Auditorium A in Via Asiago named *Festa d'Aprile*.

The spring broadcasts devoted, for the second year running, to the 100th anniversary of Italy's entry into the Great War took the same approach, with two drama evenings, *Quattordicidiciotto* on 12 May and *Milite Ignoto quindicidiciotto* on 24 May.

A cycle of programmes for the 750th anniversary of Dante's birth, called *Dante 7.5.0.*, was also presented, in an innovative style.

Other special events were broadcast for Memorial Day on 27 January, which Radio3 always covers from a different Italian city from which to narrate the fortunes of the Jewish communities, and not only these (after the big cities of the previous years, this year Radio3 called at Ancona) and the Centenary of the Armenian genocide, commemorated with a series of broadcasts and an intense theatrical event on the evening of 24 April. Among the cultural events covered live or in special features, apart from the musical events to be reported below, were the Rome Festival of Science and the Bologna Arte Fiera in January, the *Day of Remembrance* (which commemorates mass killings of Italians by Yugoslav partisans) and the Berlin Film Festival in February, *Libri Come*, a book and reading festival, in April, the Turin Book Fair, Cannes Film Festival and Venice Art Biennale in May and the Economy Festival in June.

In the first week of June Radio3 organised an *Art, Labour and Culture* festival in Forlì, with various programmes and live performances including a concert by the multi-ethnic Orchestra di Piazza Vittorio.

In May and June a series of programmes presented the first days of the Milan Expo, including live broadcasts from the site of the event preceding the opening of RadioRai's space at the Italian Pavilion.

Music programmes included live broadcasts from the La Scala Opera House, both of operas and symphony concerts, the Turin Royal Palace and the Bologna Comunale, Venice La Fenice, Rome 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.

Radio3's *concerts at the Quirinale* continued: this is a prestigious series of musical events produced live by Rai 3 every Sunday morning from the Cappella Paolina in the President of the Republic's Quirinale palace, now in its fifteenth year.

Other contemporary music events were festivals like the Venice *Biennale Musica* and *Milano Musica*. Euroradio concerts enriched the morning and Sunday afternoon schedules.

Programmes from famous orchestras such as the Wiener Philharmoniker, the Berlin Philharmoniker and the Lucerne Festival Orchestra were broadcast and 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 the first half-year a total of 442 concerts were broadcast (236 in the evening programmes, 135 in *Concerti del mattino*, 25 in *Ritorni di Fiamma*, 23 for *Domenica in Concerto*, 20 for the series of *Concerti del Quirinale* and, finally, 3 for *Festa di Radio3 in Forlì*), 122 of them live.

Various musical genres were presented (31 operas, 28 jazz concerts, 19 Rai productions in Auditorium A in Via Asiago and 15 Euroradio circuit concerts, among evening concerts).

Other musical genres which did not come under the category of classical or serious music but could be defined as products of a particular quality intended for a younger audience were included especially in the live concerts of *Alza il volume*, which presented concerts by Klezematics, Lee Field & The Expressions, Billy Bragg, Lenine, Dr. John, Tony Allen, Iron & Wine, Ana Moura, Arto Lindsay, Ibrahim Maalouf, John De Leo, My Brightest Diamond, Haushka, Radicanto, Roberto Ottaviano and Orange Blossom on an exclusive basis for Italy in the first half of 2015, in addition to many others from the most interesting European festivals.

The same type of music was broadcast by *I viaggi sonori del fine settimana*, produced by *Files Urbani*, giving listeners the opportunity of hearing the musical panoramas of Goa, Dresden, La Plata, Barcelona, Bologna, Lomè, Zaragoza, Bogotà, La Valletta, São Tomé, Mumbai, Rotterdam, Frankfurt, Calvi, Johannesburg, Lucerne, Krakow, Lyon, Trieste, Zurich, Tirana and Amiens.

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.

Finally, the channel's important web page: from the beginning of the year all its broadcasts were transmitted to the Rai portal, which enabled listeners to enjoy multimedia content without difficulty, above all by podcasting and listening to recorded programmes.

This is only one stage in a process of a thoroughgoing change in Radio3's schedules, diffusion and reception.

While the results of the three Radio3 products intended solely for the Web (*Classica-Radio*,

MemoRadio, *PiccolaRadio*) continue to be good, the range of films, images and other content which is not traditional for a radio channel is becoming wider, especially video streaming and this especially with the channel's special initiatives. There seem to be substantial signs of a different kind of public for Web programmes which appear to attract a particular type of audience; to mention two examples, a programme that is already traditional, *Wikiradio*, which has always been conceived for utilisation in two ways, on air and on the web, but also the pedagogical cycle *La musica spiegata ai miei figli*, which found another big audience on the web after being put on air the Christmas beforehand.

Public service channels

Isoradio

In the first half of 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. As usual during holiday rush days and weekends, links with the highway police, the Italian Motorways Company (Autostrade per l'Italia), the National Highways Agency (ANAS), Harbourmasters' Offices, the Italian Civil Aviation Agency (ENAC) and the State Railways were strengthened in order to give continuous and accurate information on traffic conditions and the roads in general.

Some new programmes were included in the schedule in the first half of 2015 with a view to providing an increasingly effective and complete service regarding safety and road education themes, such as the *Motivi di sicurezza* information campaign produced in collaboration with ASAPS (an association of supporters and friends of the Highway Police), on air from 18 May 2015.

The voices of actors Emanuela Rossi, Massimo Ghini, Francesco Pannofino and Giulio Scarpati, offered to Rai free of charge, accompany motorists and truck drivers every day during the 24 hours of programmes with a series of spots on safe driving and the Highway Code.

Viaggiare in sicurezza ("Safe Journey") has been on air since January 2015 with Isoradio and the Highway Police.

Every week live from Isoradio microphones Highway Police officers inform travellers of the provisions of the Highway Code, tell drivers how to behave at the wheel, give information about traffic offence fines and also answer listeners' questions. Another innovation is the space that has been occupied in collaboration with different State Police headquarters since February 2015, broadcast live every Saturday. This programme, which is named *Pronto 113*, talks about the work done all over Italy and the work carried out for

the safety of the population and informs listeners about all the duties of the State Police.

Another weekly programme is *Sulla Buona Strada*, on the schedule since June 2015, produced in collaboration with the Infrastructures and Transport Ministry Directorate-General for Road Safety, an initiative for students with road education projects specially constructed for schools by the Ministry.

Every week from Isoradio, Ministry experts describe the various projects and invite teachers and parents to take part.

Also on the schedule from May were programmes devoted to Milan Expo 2015; every Saturday information on traffic in the area was given in collaboration with the Milan Municipal Police and interviews were conducted regarding Expo events and with Expo personalities.

Isoradio also took part as media partner in all the legs of *Velocità e Lentezza*, a Città dei Motori tour for Expo promoted by the Italian Municipalities Association (ANCI) and the Highway Police, with link-ups and local correspondents.

This project was created to promote the country's historical, artistic, enological, gastronomical and environmental heritage and the observance of good road safety and environmental sustainability behaviour.

During the day, at times of less intense traffic, the usual analyses of subjects related to the channel's content were conducted during the half-year: territory, environment, alternative inner city and out-of-town routes and cultural and gastronomic events in various places, large and small, along the Italian peninsula.

The other weekly programmes also continued during this half-year, both live and recorded: *Fumetti con le ruote*, *Radiovignetta*, meetings with students at Isoradio, school visits to the Saxa Rubra studios every Wednesdays with the young people taking part live and *Viaggiare in salute*, a space for medicine. Among the new programmes, in collaboration with the Rai Archives, was the twice-weekly *Corda pazza*, *Nota la nota* on the history of music and the features *Giovedì: vinile* and *Italia on the road*.

Finally, a special feature on the Sanremo Music Festival was broadcast in February 2015 too, under the title *Le cinque giornate di Sanremo*, with Isoradio working live from Sanremo itself and from the Rome Studios to broadcast all the evening performances of the Italian Song Festival.

Internet

The new Rai web range, with the new Rai News portal and its multi-platform versions, with Rai.tv and increasingly device-oriented utilisation, is putting users at centre stage because they

no longer wheel laboriously around the content on offer but the content itself orbits within their spheres of interest and comes to them with ease. Rai is progressively designing a unique, clear and easily accessible range of products, presenting its services and range distinctively and attractively, segmented by targets.

In this manner the offer for spenders is also more attractive and not only makes it simpler for Rai to sell advertising spaces which generate large volumes of business, but enables the Company to sell more of them.

This is a complex transformation but one which is vital for planning Rai's future; the change from a radio and television broadcaster, with the widest range of products in Italy and Europe, to a Media Company in the round, with the web playing a central role as original medium and aggregator.

With digital terrestrial television, the web plays a central part as a platform in Rai's editorial and business strategy, both owing to its increasing presence in Italian households (85.4% of persons) and its capacity to determine profound changes in supply, consumption and business models. In the first half of 2015 Rai's web range essentially consisted of:

- **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, radio channels, as well as to information and multimedia content from all the news mastheads. Rai.it also offers a series of services of great importance and interest to users, such as the guide to the Rai programmes and the community that allows interaction with users' favourite personalities and programmes and with other fans who share this passion;
- **Rai.tv:** the environment for access, through a sophisticated graphical interface to Rai's entire audio and video offer available on internet. This service consists of live streaming of 15 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; and access on demand to almost all the general interest channels' TV programmes and news mastheads' range, in addition to much content exclusive to the web from the Rai Archives and Rai 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.

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 Smart TV Samsung, an app which 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.

The last seven days' programmes of Rai 1, Rai 2, Rai 3, Rai Premium, Rai 5, Rai Gulp and Rai Yoyo can be watched again with Rai Replay.

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

Rai continued to boost its official presence on the main social networks (Facebook and Twitter), opening profiles/accounts for TV and radio channels and programmes, increasingly integrating interaction with the public in its editorial planning.

An average of 28.9 million Italians connected to Internet at least once a month during the first half of 2015. 23.3 million of these (81%) saw video content.

Overall, the Rai Group's offer generated a traffic of almost 1.2 billion pages seen in these six months, with a monthly average of 198.3 million pages and 20 million single users on a monthly basis (+17% compared to the same period in 2014). Specifically, Rai.it's offer generated an overall traffic of 275.5 million pages seen in these six months, with a monthly average of 45.9 million pages and 7.1 million single users on a monthly basis (+5% compared to the same period in 2014).

The Rai.tv multimedia portal generated an overall traffic of almost 547 million pages seen in these six months, with a monthly average of 91.2 million pages (+12% compared to the same period in 2014) and 10 million single users on a monthly basis (+25% compared to the same period of 2014).

RaiNews.it generated an overall traffic of 281.5 million pages seen in these six months, with a monthly average of 46.9 million pages (+4% compared to the same period in 2014) and 5.4 million single users on a monthly basis (+3% compared to the same period of 2014).

Rai boosted its presence on the main social networks: over 12 million fans followed Rai TV and radio products on Facebook and almost 2.5 million on Twitter in the first half of 2015.

Rai's presence on mobile devices, already rich and varied, further diversified in order to be available on the different operating systems. The three most successful applications were Rai.tv, RadioRai and Rai News:

- there have been 7.2 million downloads from the first application since the launching date, 860,000 of which during the first half of 2015;
- there have been 1.3 million downloads from the second application since the launching date, more than 140,000 of which during the first half of 2015;
- there have been almost 630,000 downloads from the third application since the launching date, 150,000 of which during the first half of 2015.

Commercial activities

Commercial activities, carried out by associated company Rai Com, continued to focus in the first half of 2015 on marketing both Rai-owned and third-party owned rights in the various business areas.

Among the significant events in the first months of the current period were the conception of *Italiana*, a new international commercial project created with the aim of finding new lines of business related to Italy's main assets (culture, food, tourism) in response to the constant rise in demand for editorial content regarding the country based on Italian traditions and culture but also with an eye to the global market. *Italiana* is a brand which can be utilised in various genres: a TV format, a Magazine and a series of events. For the TV version of the project, in April 2015 Rai Com entered into a commercial agreement worth Euro 800,000 with Abu Dhabi Media, an UAE publishing group for the production of the *Italiana* Magazine in 28 instalments, which is planned to start broadcasting in prime time on Friday, from 9 May, on the national channel, Al Emarat, and to be transmitted to 23 countries in the area.

The Magazine will be shown in China, Russia and Canada starting on 1 October.

The financing model for the distribution of the Magazine in these other countries will be based on advertising revenues by inserting branded content in the programmes, i.e. Company profiles in the form of three-minute long TV features.

The activities in the traditional business areas are described below.

Marketing of Rai channels abroad

The marketing of Rai channels abroad has been one of Rai Com's missions since 1 January 2015. During the first half of the year, at the end of a careful feasibility study, a commercial distribution strategy was worked out in order to attain new increased profitability and wider TV and radio channel distribution.

According to the business model, the partner no longer pays a flat fee nor is it entrusted with the commercial and technical management of the rebroadcast.

Unlike what happened in the past under the extra-European agreement with Albaraka, which also handled the technical aspects together with its activities of transporting and delivering the signals, with the new strategy there is real and direct knowledge of the business and technical and qualitative control over the signals. Under the new arrangements, in fact, a technical partner and commercial distributors are selected which operate on the basis of an absolutely transparent system in accordance with Rai Com's market strategies ensuring that contracts with individual local operators are fully visible.

Accordingly, during the first half of 2015 new commercial agreements were concluded in Australia, the USA and South America.

In Europe, Rai Com proceeded by analysing the existing network of relations with local operators, distributors and collecting societies, selecting the areas in which it was advisable to modify the structure of the agreements and those in which the presence of both the general interest and themed Rai Channels could be boosted.

Library Area and Consumer Product

There was an Agreement between Rai Com and Rai Cinema for the distribution of Rai Cinema and other producers' films to be distributed on digital platforms (including iTunes, Google, Cubo Vision and Sony).

Licensing

Co-publishing business intensified with cases of direct distribution on the Newsagent network starting from the second half of 2015.

Sports Rights

In addition to the renewal of AS Roma's mandate for the distribution of the *Roma TV* theme-based channel, during the first six months of 2015 the international distribution rights for the *Lazio Style Channel* and, in some geographical areas, of

Inter Channel, were bought from S.S. Lazio and Infront.

A commercial agreement was concluded with Abu Dhabi Media for the distribution of the Juventus, Roma and Lazio themed channels in 23 countries; a similar agreement was concluded with MCS for some areas concerning the distribution of JTV.

Work also continued on the sale of Italian National and Under-21 team football friendlies abroad in certain geographic areas, as well as on the sale of archive material and footage in addition to minor sports events.

Agreements

During the first six months of 2015 Rai Com continued to handle agreements with central and local Public Authorities, as well as with private non-profit institutions and entities for institutional communications, thus expanding its commercial range with products that were increasingly tailored to and suitable to meet the client's requirements.

This led to an increase in clientele and the selection of new partners with which to enter into active forms of collaboration while implementing the necessary synergies with the other Group departments and companies.

Specifically, the first half of the year saw the activities connected with the agreement for Milan Expo 2015.

Furthermore, work continued on the formalisation of agreements with the Ministry of the Interior, the Institute for Development of Workers' Professional Training (ISFOL) and the Ministry of Infrastructures. The many radio projects continued and the arrangements regarding the Italian Symphony Orchestra were formalised, as were those for the concession of the Turin Auditorium for third-party projects.

Finally, Rai Com continued handling the arrangements made under the existing agreements with the President of the Council of Minister's Office for the production of programmes for the safeguarding of linguistic minority rights and for Italians abroad.

Publishing

Rai Eri published nine new books during the first half of 2015: *Arrivederci a Berlino Est*, *Missione d'onore*, *Non è adesso*, *Storie Vere*, *Maradona*, *Il sogno di un bambino*, *Il fighter d'Italia*, *Ricette d'autore*, *Il segno del telecomando* and *100 colpi di Hollywood Party*.

As regards sales, *Volare*, published at the end of 2014, a book celebrating the experience of astronaut Luca Parmitano, achieved excellent figures.

Co-publishing agreements for nine new books were also concluded with various publishing houses including Mondadori and RCS.

Rai Eri also continued to scout for new young narrative talents throughout the country for the *La Giara* literary competition, now in its fifth edition, in addition to its activity of *Laboratorio di scrittura creativa*, which consists of two sessions of twelve meetings each per year.

As usual Rai Eri attended the Turin Book Fair, making arrangements for twenty Eri book presentations with good attendances.

Musical Publications

In the sphere of its activities as a music publisher, the original sound tracks of about ten TV drama and comedy series were produced in the first half of 2015. Among the titles were *Anna e Yusef*, ranked among the hundred most downloaded pieces on iTunes, *Condominio Occidentale*, *La Catturandi*, *Una grande famiglia 3*, *Questo nostro amore 70'*, *Fuori classe 3*, *Max & Helene*, *La strada dritta* and *Ilaria Alpi*, in addition to original documentary tracks such as *Superquark*, *Passaggio a Nord Ovest*, *Ulisse*, *Radici* and *La grande avventura del cibo* for Expo 2015 and an animated series, *Orfani*.

As regards original music for programmes, 32 new TV layouts were produced, 28 of which for general interest TV channels, including *Il Caffè*, *La Vita in Diretta*, *Linea Verde*, *Torto o Ragione*, *Mi manda RAI 3* and *Presa Diretta*, while the Brand Identity of some Rai channels was restyled (Rai Premium, Rai Sport, Rai Italia) in addition to the music project for the 2015 Licence Fee campaign.

The rights to the sound tracks of *Made in Sud*, *Ballando con le stelle*, *Gazebo* and *Forte, forte, forte* were acquired.

122 pieces were composed for network and institutional promotions, original music for seven Radio1 programmes and for ten Radio2 programmes.

As regards **Serious music and plays**, rights were acquired and the production was coordinated for 24 concerts, 12 theatrical performances, a ballet and a documentary.

Broadcasting activities

Rai has always been known for the work which it is its duty to carry out and which, in practice, make it the leading editorial group in Italy.

This, however, entails making an effort which is far from negligible, even if it is one which is often not perceived by those who are not aware of the business activities typical of the biggest broadcasters, in order to make it possible to carry out editorial work in a multi-platform and multi-channel scenario.

The effort, however, is made possible above all by the human and infrastructural assets and the technical and technological experience which Rai has built up at the same time as the development of languages and editorial productions, equally successfully.

Techniques and technology, therefore, are assets of such strategic importance that a dedicated department was created for them with a now fully operational Chief Technology Officer. Thus, for the first time a Parent Company annual report handles the phenomenon of technology in detail, including R&D work and describes it organically in the following part of the *Report on Operations*.

Research & Development

Rai is constantly engaged in experimenting and implementing technological broadcasting, telecommunications and TV production platforms. Following the trends which have intensified in the recent past, 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 Company's transformation from a broadcaster to a Media Company in a radio and television market that is unpredictable and in a continuous state of ferment.

In compliance with the Company's *Technical Activities Planning Document*, the main lines of development are the evolution of the systems of producing and codifying audio and video, the study of new multi-platform services and the evolution of fixed and mobile distribution networks.

The main spheres of action are:

- **Transition towards Full HD** and future formats by studying and evaluating new technologies and the appliances which allow very high quality video signals along the whole production and distribution chain. Specifically, the contribution to the standardisation of the formats necessary

for transition to IP technology continued, while work is being done on the requirements of future "beyond HD" video formats, paying particular attention to the problems of compatibility with the present formats.

In this context, the study of high dynamic range (HDR) formats is in progress; these formats generate images with a strong visual impact at the cost of a slight increase in the flow of the data being transmitted;

- **Experimental Ultra HD 4K productions**, i.e. the evolution of Rai's entire production, broadcasting and distribution chain. For this, experiments continued with content in very high 4K resolution consisting of artistic subjects building on the experience gained with the TV document *Roma, Napoli, Venezia... in un crescendo rossiniano* directed by Lina Wertmüller, which received the Eutelsat Award. The production and distribution chain is further tested for the importation, exchange and viewing of 4K products in the different standards and a live 4K UHD coding system is being designed for distribution on satellite and/or IP platforms;
- With the digitalisation of the **Teca Master**, the analogical archive will be transformed into a digital master file archive by means of the automated digitalisation of tapes, using robotics to handle the mediums and the manual preparation and copying of films, while most of the checking and finalisation operations on the master file will be carried out automatically with software tools. In order to facilitate the use of Archive material a system for the management of the rights associated with the programmes will be integrated in the Multimedia Catalogue, based on the data model implemented by Rai within the Presto-Prime European project;
- the project for the development of the **DAB+ Network** will allow a new extremely high quality digital network, non-fading (even in tunnels), to take its place beside the present FM radio system, which will also be able to tune into Rich Radio. This new network will be extended starting from the existing installations on all the Italian motorways;
- as regards **Interactivity and multi-platform services**, in line with the strategy of evolution towards the Media Company, the development of applications and services directed at improving and enriching the supply of Rai programmes on connected TV sets (SmartTV). Among the various projects was the creation of the Tivùlink portal on Channel 100 of the Tivùsat satellite platform, which groups various broadcasters' interactive programmes together, simplifying access;
- the **Evolution of terrestrial distribution networks** in order to make more efficient use of terrestrial television frequencies; particularly important were the experiments in the field conducted in Valle d'Aosta both with the second generation digital terrestrial standard (DVB-T2) and with

technologies compatible with sophisticated 4G-LTE mobile telephone terminals;

- **Financed projects:** work is in progress on the European BRIDGET project, in which technologies have recently been validated to facilitate the creation of links between multimedia objects and TV programmes; work is also progressing on the ESA HEVC 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;
- **Interactive Task Force**, whose objective is technological experimentation with interactive services to apply to Rai programmes, also in multi-screen mode, in order to create products for the formats and technological standards of the various platforms used by audiences;
- important aspects related to the **technical quality of services**, which is a distinguishing factor of the Public Service, are monitoring, technological benchmarking, the detection and management of disruptions (EVA system) and the monitoring of technical operating rules in general.

Technology and Broadcasting

The industrial processes of product creation and distribution on the various platforms are carried out by the **Technology and Production Area**, which is responsible for TV Production, Quality and Planning, the Research and Technological Innovation Centre, ICT, the New Media Platform, Frequency Planning and Spectrum Management, Satellite Structure.

Planning

Intense and fruitful work conducted by the Planning function resulted in the implementation of a Technical Activities Planning Document which, within the framework of the Company's Strategic Plan, 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.

The projects which have been designated as having priority are as follows.

TV Production:

- development of the Single National TV News Infrastructure also as a new business and organisational model;
- starting to take measures, made possible by digitalisation, to improve efficiency;
- improvement of the quality of the products and services delivered by the operational areas and extension of HD production;

- commencement of a study for the rationalisation and modernisation of the Production Centre's value chain and specialisation;
- enhancement of in-house customer satisfaction (networks, mastheads, TV drama and comedy) and of the relationships between editorial and industrial areas;
- rendering safe certain difficult technological aspects.

Web development:

- decided expansion of Rai's presence on the web;
- rationalisation of the existing situation, with aggregation of websites and web services;
- pilot development of multi-platform/cross-media natives;
- supporting production applying digital technology;
- finding services, content and products for young people and millennials;
- supporting Rai Pubblicità with solutions to increase revenues;

Technology Innovation and Quality:

- development of expertise with fixed and mobile IP Networks to support Media Company products;
- proposing solutions for interactivity among Clients, Terminals and Products;
- evolution of the terrestrial and satellite digital network to increase efficiency in the use of the spectrum;
- evolution from HD to 4K;
- Cloud systems for the management of services and products;
- definition of end-to-end monitoring procedures for all platforms.

The aspects of Business Continuity and Disaster Recovery are also included in the new vision of Rai's infrastructure as a Media Company, represented by the Technical Activities Planning Document.

In fact, Rai is aware of the importance of these issues for its role as a Public Service and is taking steps to strengthen the infrastructural and procedural measures which are to be taken to handle emergency situations effectively and efficiently to a precise pre-established plan.

In line with technology activities envisaged in the Technical Activities Planning Document, the most important actions are described below, which were taken during the first half of 2015.

TV Production

The TV Production Department's priorities during the first half of 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, more TV drama and comedy productions, enrichment and improvement of programmes with shots in movement), also aiming at optimising the use of internal production resources and minimising external costs;

- 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 the first half of 2015.

T-Cube

After creating the software and technical infrastructure of the TCube - Transition to Tapeless project and conducting the relative trials and final tests at the end of 2014, at the beginning of 2015 a new production process was put into service for a first group of 16 editorial products. 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 RAIEXPO facility; starting (in May 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 continued; the installations in the Trieste, Trento, Genoa, Florence and Bari offices were renewed during the first half of 2015 and works are expected to be completed during 2016.

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*; *Rai Parlamento*), in support of the strategic project for the reorganisation of Rai's information programmes named *15 - Dicembre*.

Outside filming – Action at Institutional Offices

As a part of the process of renewing and completing the HD digitalisation of the present production equipment during the first half of 2015, work commenced/continued on upgrading/renewing equipment at the following Institutional Offices:

- Rai Vaticano: the HD digitalisation of the equipment continued (control booth, studio, 3 editing stations linked to the web with a videosever) at Borgo Sant'Angelo;
- Quirinale: after the agreement recently concluded with Rai, a tender was called to

construct a new HD control booth in place of the present analogical room, also to avoid the use of filming equipment to cover events at the President's 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

Work began on up modifying the broadcasting stations for the emission of the three general interest channels' HD signals. The new Turin Production Centre HD digital installation for broadcasting the themed channels also came into service.

Rai Sport's programmes in HD

The technical and production work necessary to support the launching of Rai Sport's programmes in HD was commenced and concluded in the first half of 2015. The new system was to be launched on 14 September 2015.

Among the production work during the first half of the year were:

- preparations, from April 2015, and production for Milan Expo 2015, for which the TV Production department was engaged in the following activities:
 - support in deciding on the content of the programmes under the agreement with the Milan Expo 2015 offices and for fulfilling the obligations laid down in the agreement;
 - producing programmes and link-ups for Rai features and news stories using an average number of about 80 staff members per day (including those engaged in other facilities and supporting staff);
 - designing and fitting out a multi-functional studio (fly-case control booth with 4/6 TV cameras, dedicated backdrop with viewing equipment and a theatre with a capacity of 160 members of the public with accessories (dressing rooms, make-up rooms, editorial rooms and other facilities);
 - hosting broadcasting with features on National Days (including live transmissions) and minor events to offer to third parties and to Expo for their documentary purposes; hospitality on stand-up booking basis, editing rooms, workstations, technical and logistic assistance to foreign broadcasters;
 - production support to Rai News programmes (rooms for editors, troupes and post-production work) to provide information regarding events in the Expo area;
 - filming and supporting the production of programmes on important communication events such as those in Milan Bicocca University, Palazzo Vecchio in Florence, Pompei and Piazza Duomo in Milan and providing the Rai Expo 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 Rome TV production centre (CPTV), the filming of a new production, *È arrivata la felicità*, which consolidated the process of developing professional expertise which had started previously with *Un Medico in Famiglia*, the ninth edition of which was produced in 2014 with the next series due to come into production in July 2015;
 - 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;
- 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 works. Replacement studios had to be found externally to Rai and acquired in order to produce some important Rai programmes scheduled during the day and at prime time from the beginning of the autumn season (*La Prova del Cuoco*, *Tale e Quale Show*, *L'Eredità*, *L'Arena* and *Domenica In*). The preparations for and the commencement of work on these programmes raised some particularly difficult issues;
- supporting the evolution of RaiNews24 by making use of professionals whom Rai had not previously made use of (especially directors, assistant directors and filming operators); an increase in the technical equipment and human resources to create link-ups with ultra-light apparatus and to provide more editing room personnel;
- taking moving shots of the 2015 Tour of Italy using exclusively in-house resources;
- completing the insourcing of the graphics and editing of a substantial portion of Promotion and Images Department products by fitting out a farm at Rai's Via Teulada studios to meet the requirements of this sector of activity;
- revising the method of production of serious music and drama (concerts, operas, ballets and plays), paying particular attention to the need to film in HD in order to satisfy the Company's editorial and commercial expectations.

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. Fulfilling its mission, the ICT Department takes part in the construction of the evolution scenario imposed by product digitalisation and thus in the transition to the Media Company model.

These commitments made it necessary to draw up a roadmap for process renewal and technological innovation over the medium/long-term and to conceive plans of action strongly focused on "thinking digitally".

The ICT Department operated in the following areas in the first half of 2015:

- planning and executing the Rai's Portfolio of Business Projects in conformity to the Company's lines of strategy in order to collaborate in the innovation of models and processes. The Portfolio contains far-reaching projects, some of which are to be realised in conformity to long-term programmes;
- digitalisation of News programmes which, now that this has been done for the national *Tg1*, *Tg2* and *Tg3* news programmes, now focuses on upgrading Rai News and the regional offices:
 - Full Digital, whose objectives for the first half-year were storing and registering, legally valid electronic storage, electronic invoicing and company intranet (new RaiPlace);
 - programme schedules for the management of broadcasting plans and integration with the media asset management area;
 - Economic Planning System (SIP), which has found solutions for the governance of broadcasting and production plans;
 - collaborators, as regards contracts;
 - rights, for which a solution has been designed for the management of exploitation rights to audiovisual works;
 - Production Resource Planning, for the governance of production resources, which is waiting for the outcome of the tender procedure;
 - Social CRM, aimed at monitoring information on the main social networks;
 - Rai Expo, which provided Rai services at the Expo facility in the low-latency IP network;
 - Rai Cloud, which is being analysed for the consolidation of the Rai data centre;
 - integrated communication and collaboration, which brought to a conclusion the infrastructure for making information accessible in a unified manner regardless of location and the technology used;
 - evolution of the IP network, which, directed at facilitating the use of new transport data models, consolidated the internet services infrastructure during the half year;
- planning and executing management projects involving understanding and satisfying the needs of the various business lines with the objective of assuring continuous improvement in the services delivered;

- planning and executing the Portfolio of infrastructural development projects to create technological platforms which enable the Company's innovation processes to be completed;
- delivering services, taking such actions on an equal basis, as are necessary to assure the functioning of the applications, processing and communication infrastructure.

Satellite activities and frequencies

The following activities were carried out during the first half of 2015:

- management of the Rai-Rai WWay Contract and setting the procedures as laid down therein;
- taking part in national and international meetings regarding the radio-electric spectrum policy: talks with AGCOM and the Ministry of Economic Development for the new Procedural Agreement, participation in CEPT and ITU working groups;
- preparation of the tender for the acquisition of the fourth satellite transponder;
- insertion of the new Rai Sport 1 HD channel on DTT and SAT;
- progress of works for the tivùon application within the scope of tivùsat;
- participation in the project for broadcasting Rai News 24 on Trenitalia rail services.

Technical Quality Development

Continuous improvement in the technical quality of Rai's products and services is an aspect which distinguishes the Company in its capacity as Concession Holder of the Public Service concession, as specified in the Rai-State Service Contract.

Hence the technical quality of the entire production and distribution chain continued to be monitored during the first half of 2015. Quality control involved both investigations conducted through tools and objective methods and by ascertaining Clients' perceptions. 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 EVALuators), technological quality benchmarking, the coordination of the management of Disruptions (in order to take the appropriate infrastructural counter-measures and action), laying down guidelines to handle systematic disruptions as well as possible, the coordination of operational rules and their benchmarking.

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.

It provides the Company's Management with rapid and effective information regarding technical disruptions which have a visible impact on users of radio and television programmes broadcast through digital terrestrial and digital satellite platforms.

Regular meetings also continued to be held to discuss the improvement of the technical quality of TV drama and comedy products, together with other similar Rai meetings which provide users with the highest technical quality standards (such as HD and UHD). Technical quality measurable by instruments also continued to be monitored and evaluated, including in collaboration with the CRIT (Research and Technology Innovation Centre) and Rai-WWay units (e.g. Radio, Fiction, Sport, etc.).

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-WWay was also further upgraded.

Action was 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.

Work commenced on making the appropriate modifications to the EVA technical quality evaluation system in order to prepare it for the advent of digital radio, with the new DAB+ system.

For this purpose, specific probes were acquired for receiving and measuring the DAB+ standard, which will be installed at the sites of the Rai Regional Offices.

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

The first half of the current financial year saw successful broadcasting activities, within the scope of the work carried out in favour of the Group as a whole, the most important of which included the management of all broadcasting activities on the occasion of the Milan Expo 2015 event.

In order to help with production requirements, **Rai Way** designed and constructed the optical fiber link from Expo to the Milan production centre (CPTV), including coordination and advice on planning frequencies, the above ground installation of the radio camera antennas and the broadband wireless cover services.

These, owing to the particular versatility of the technology Rai Way chose, gave the TV operators access to the internal contribution network by radio with standard backpack TV camera equipment and also overcame the problems of setting up ad hoc emergency link-ups. As regards other areas of activity, the preliminary analyses commenced for a new Rai Sport HD channel on the satellite network and DTT, expected to start up in mid-September 2015.

Rai Way also set up connections for the 2015 World Swimming Championships in Kazan (Russia) and the 2015 World Athletics Championships in Beijing, having developed and proposed technological solutions for making connections for the transport of television signals in HD and connectivity.

Rai Way developed a technological solution adopted in the distribution of Rai channels to the Americas and Australia which entailed the commencement of the Head End service (coding, multiplexing and encryption) and the transport of signals by means of agreements with optical fiber and satellite operators on 1 May 2016.

The commencement of the Head End service alone, however, including the provision of satellite signals, was brought forward to 1 May 2015.

Rai Way, as the owner of the network which is necessary, among other things, for the transmission and broadcasting of Rai and other operators' audio and video content in Italy and abroad, promoted a new 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 particular, activities started during the first half of 2015 for the renegotiation of one of the main contracts in place with the four mobile radio operators.

Some new television and radio stations for broadcasting customers were activated, including some using digital technology in order to provide value added services.

As regards international activities, the second and last phase was successfully completed, which related to the contract with one of the main Indonesian commercial broadcasters for the design and implementation of a trial using DVB-T2 Lite technology in the area of Jakarta for mobile TV services.

Other activities and events during the period

Issue of bonds listed on the Irish regulated market

Following the approval by the Shareholders' Meeting held on 25 March 2015, Rai launched an issue of bonds listed on the Irish regulated market since 28 May 2015, choosing Ireland as the 'Member State of Origin' for the purposes referred to in Directive 2003/71/EC (Prospectus Directive) and Directive 2004/109/EC (Transparency Directive).

Rai is also required to comply with the Market Rules adopted by the Irish Stock Exchange (Irish Stock Exchange Rules or Listing Rules) and the Italian and Irish regulations issued in the implementation of Directive 2003/6/EC (Market Abuse Directive).

Cost of delivery of the general interest radio and TV public service and calculation of licence fees

Law no. 89 of 23 June 2014 (article 21, paragraph 4) provided, for the year 2014, for a reduction of Euro 150 million in the sums to be paid to the holder of the radio and TV public service concession to cover the cost of delivery of the service.

After this, Law no. 190 of 23 December 2014 (article 1, paragraph 293) stated that the amount of the licence fee in 2015 could not be higher than the amount set in 2014.

Under this law, the sums to be paid to Rai to cover the cost of delivery of the public service would have to be reduced by 5% starting from the year 2015.

By an extraordinary appeal to the Head of State, which was submitted in 2015, Rai requested the cancellation of the orders whereby the sums to be paid to the concession holder had been reduced by Euro 150 million in 2014, also submitting a plea regarding the constitutional legality issues involving Article 21, paragraph 4, of Law no. 89 of 23 June 2014, referred to above.

Rai then brought a civil action against the Ministry of Economic Development requesting the confirmation of its right to receive the entire amount payable and applying for a consequent order for the Ministry to pay the concession holder the sum of Euro 150 million, also submitting a plea regarding the constitutional legality of Article

21, paragraph 4, as amended by the Stability Act, both with reference to the provision whereby the licence fee was reduced by Euro 150 million in 2014, and with regard to the ordered 5% reduction in the sums to be paid to Rai.

A Ministry of Economic Development decree of 29 December 2014 kept the amount of the TV and radio licence fee unchanged in 2015 with respect to 2014. By two extraordinary appeals submitted to the President of the Italian Republic, Rai requested the cancellation of the aforesaid decree, stating that it was unlawful, as a result of both the failure to comply with the criteria set for the calculation of licence fees and the constitutional illegality of the abovementioned rule of the Stability Act.

AGCOM contribution

Under Article 5 of Law no. 115 of 29 July 2015, the amount of the administrative fee to cover the overall administration costs incurred by AGCOM, in order to perform the regulatory and supervisory functions, to settle disputes and to levy fines, duties for which it is legally responsible, is determined in proportion to the revenues obtained by the companies concerned from the conduct of the activities that are the object of a general authorisation or the concession of a user right. By an extraordinary appeal submitted to the head of State, Rai challenged the AGCOM Resolution no. 567/14/CONS of 6 November 2014, which had provided for to different rates for 2015, for the purposes of contribution, one of which was set for the companies that have received a concession of user rights (1.15% of revenues), and another rate for the entities operating in the remaining markets (2% of revenues). The appeal was also submitted to challenge order file no. 0040247 of 29 April 2015, whereby the Authority invited Rai to take steps to pay the additional amount of the sums due, by recalculating the contribution, given the performance by the concession holder of content provider services (subject to a contribution of 2%).

Concession fee

By Resolution no. 494/14/CONS of 30 September 2014, in the implementation of Article 3-*quinquies* of Law no. 44 of 26 April 2012, and Article 35 of Legislative Decree 259 of 1 August 2003, AGCOM laid down the criteria for the calculation of the contributions for the utilisation of terrestrial TV band frequencies. The regulatory Authority abandoned the criterion adopted in the past of measuring the fee on the basis of the turnover of the Company holding the right to use the frequencies, which it also considered to be outdated at EU level, and took the figure that the Ministry of Economic Development

set as the base price in the tender for the allocation of the rights to make use of the frequencies as the basis to refer to for the calculation, as referred to in Resolution no. 277/13/CONS.

A Ministry of Economic Development decree of 29 December 2014 provisionally set the amount of the advance on the contribution for the utilisation of terrestrial TV band frequencies for the year 2014 as 40% of the amount paid in 2013. Rai paid this sum within the time limit laid down, 31 January 2015.

In 2015 Rai challenged the decree before the Lazio Regional Administrative Court (TAR) to ask the Court to cancel the decree.

Human Resources

The rationalisation of existing human resources continued in the first half year of 2015, prioritising internal mobility, also through targeted recourse to **job posting** and changing job descriptions; the recruitment of 150 young people, which was planned to take place during the two years 2014 and 2015, was completed using the contractual instrument of apprenticeship. 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 the Company 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.

While analysing the breakdown of numbers, the Parent Company's staff passed from 10,754 people at the beginning of the year to 10,902 in June 2015.

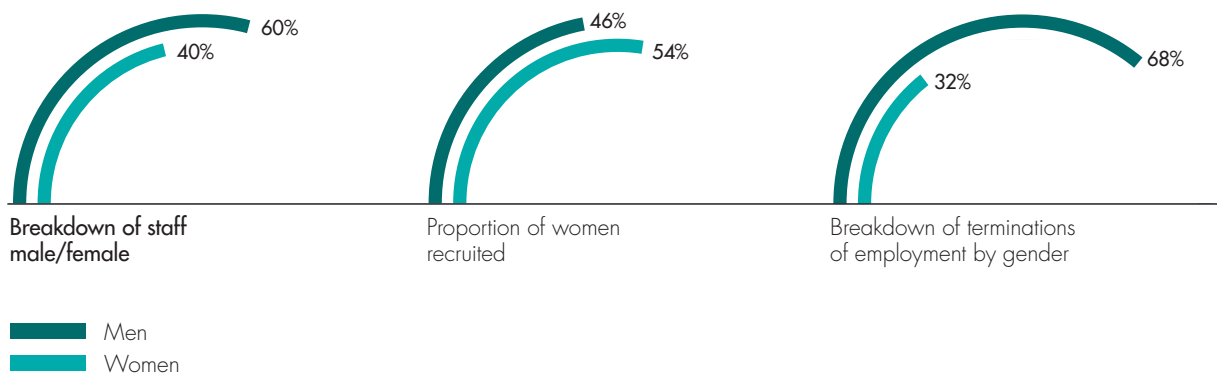
The various reasons for the recruitment of new human resources were: 164 as a result of applying labour agreements applicable in the areas concerned, 11 intra-group mobility, 2 filling vacancies in the National Symphony Orchestra in Turin, 9 reinstatements as a result of labour disputes and 36 new entries (33 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**, the main measures that Rai took in continuing to cut the costs of external collaborators during the first half of 2015 were:

- it maintained the reductions in the number of fees above Euro 100 in daily programmes as it had done in 2014;

Breakdown of employees by type - Rai SpA

(in units)	30.06.2015	31.12.2014	30.06.2014
Managers and similar positions			
Managers	260	264	266
Journalists	297	305	310
	557	569	576
Journalists	1,295	1,313	1,267
Middle managers	1,097	1,093	1,046
Office workers (including healthcare staff)	2,524	2,461	2,452
Production office workers	1,648	1,623	1,574
Camera crews	782	765	772
Control booth staff	1,808	1,755	1,730
Technicians	152	147	137
Blue collar workers	918	908	898
Orchestra members and other artists	121	120	114
Personnel on permanent contracts	10,902	10,754	10,566

Breakdown of Human Resources by gender (source: Rai)

- 5-10% reduction (negotiable) in fees over Euro 450/500 for weekly programmes, series of engagements or contracts involving more than one engagement, provided that they have not yet been reduced in the previous year.

Also as regards reductions, cuts of from 2% to 10% were also made to fees that had already been reduced in previous years, while the fees of artists whose fame has decreased substantially were agreed starting on a new basis without taking the amounts of previous fees into account.

As regards **Internal Communications** activities, in order to expand and increase the efficiency of RaiPlace, the tool for communication between the Company and its employees, a new intranet portal is being created which will have more content and will be better integrated with the Company's information systems.

The portal has also been designed to provide operational support to the new human resources appraisal and development systems.

As far as **organisational aspects** are concerned, work continued on revising and enhancing the efficiency of the organisational structure, reducing and optimising the number of persons who report to Top Management.

In detail, the principal measures taken during the first half of 2015 were:

- structural changes to the Technology and Production Area and the offices and departments which come under it, raising the status of R&D by arranging for the Research and Technology Innovation Centre Department to report directly to the Chief Technology Officer, attention to technical quality (the Quality and Planning Department took over the responsibilities of the previous Technological Strategies Department, reinforcing them as above) and attention to

frequency planning (formation of the Frequency Planning and Spectrum Management Department). The Digital Terrestrial function was suppressed and the Satellite Function was formed at the same time with different aims;

- planning and optimising the internal organisation of a number of Company Departments (Rai Cultura, Sports Rights, Communication and Public Relations, Radio).

Changes continued to be made to some corporate activities (such as Fiction (drama and comedy), Product Placement and Branded Content, TV promotions and Sponsorship) and precise instructions regarding procedures for carrying out important activities were drawn up (such as new hires of collaborators on contracts, the preparation of programme schedules, monitoring of the main cost elements of the programmes, etc.).

In the field of **Industrial Relations** and in that of relations with journalists and news development in particular, intense discussions continued with USIGRAI, the Rai journalists' trade union, on the project for the reform of information which, as is generally known, involves the creation of two newsrooms, the first of which would unify *Tg1*, *Tg2* and *Rai Parlamento* and the second *Tg3*, the regional news programmes (TGR) and Rai News in order to improve quality, specialise the offer, optimise resources and cut costs. The trade union's concern regarding the Company's proposal led, in April 2015, to its presenting an alternative proposal to that of the Company, whereby there would be a single newsroom for all the News departments combined.

A union agreement was signed at the end of 2014 for employees covered by the collective labour agreement for middle managers, office and blue collar workers whereby, on an experimental basis, employees combined the duties associated with more than one job description: this arrangement affected news production unit technical staff who use light technologies of filming, editing and broadcasting and administrative staff who use information technologies for research, cataloguing and the first stages in the processing of audio and video material. Support was given to the competent Department functions in determining and commencing the operational phases for the gradual implementation of the new arrangements. During the half year taxing discussions began to take place with the Trade Unions representing middle managers, office and blue collar 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, the 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.

About 130 cases potentially requiring the Company to take **disciplinary action** were examined and investigated as a result of reports from the offices of the persons concerned. After the necessary investigations had been conducted, it was decided to proceed with disciplinary action in 50 cases.

Furthermore, all the activities were carried out, which were related to the preliminary investigations and Company representatives within the scope of conciliation and arbitration procedures set out under Article 7, paragraph 6, of Law no. 300/70, as well as those set out under the Rai/USIGRAI agreement of 21 May 2007.

Assistance was given, as usual, to the Company functions or associate companies involved if a disciplinary measure was appealed against in court.

During the first half of 2015 **recruitment work** involved the process of appraising candidates for various positions.

The structure of the recruitment tests was again, for each position, an overall appraisal after practical, technical and assessment tests, some of which with initial tests in anonymous mode.

During this period, Rai completed the project for the selection and recruitment of Apprentices which had commenced in 2014.

The objective of the selection process was to engage 20 law graduates (out of 7,000 applications received); 29 suitable candidates were found.

The procedures also commenced during the half year for choosing the consulting firm to appoint to carry out a part of the work of selecting Professional Journalists and for choosing the venue for the first selection test (about 5,000 applications were expected).

On the basis of a policy to bring business closer to the Italian educational system, 103 interns from the main University Faculties and Schools of Journalism recognised by the Italian Journalists' Association were taken into the Company.

Furthermore, in order to support young people not in employment, training or education (NEETs), 10 post-graduate traineeships were awarded to young people of under 29 years of age, using the European Youth Guarantee Plan.

The project, which is in an experimental phase, consisted of putting the trainees in the multi-platform areas of Networks and Departments, supporting the Rai Social Media Manager.

The **Training area** worked on a large number of different projects during the first half of 2015. Continuing the initiatives launched in 2014 to support the change management process and Rai's innovation and development guidelines, the second edition of the PER.FOR.MA management training courses for executives was launched for a second group of about 40 colleagues, the objective being to develop shared expertise and methods for carrying out managerial activities. Apart from further editions of the *Welcome to Rai* project, consisting of one-day meetings at which Company staff members (radio and TV hosts, journalists, authors, directors and managers) gave first-hand accounts of their experiences, having the purpose of giving newly recruited staff an inside view of the life of the Company, other events were arranged following the same formula but directed at the grade of the "FSuper" category (i.e. semi-executives), in the framework of a broader-based training project devoted to these members of staff which was to commence during the second half of the year.

As regards training activities aimed at the Regional Offices, in the first half of the year the plan in support of digitalisation of news programmes (TGR) involved the offices located in Genoa, Florence, Bari, Aosta and Potenza.

Language training also took off again with the distribution of 120 personalised English language course packages, while training activities continued in the area of office automation, graphics, web development, as well as in support of the introduction of internal applications, involving some hundreds of users.

Basic training continued to be given to over 160 members of staff under apprenticeship contracts, also supporting the tutors in special workshops to heighten their awareness of their roles with respect to these newly recruited employees. Finally, extra efforts were put into the management of the search for funding from inter-professional funds which covered a part of the direct expenses.

As regards **environmental safety and protection**, 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; in this framework, measures having the object of obtaining a certificate for the safety management system for the Turin headquarters were in the completion phase. The certificate is expected to be obtained in November 2015.

The steps that were taken proved to have progressively reduced the relative Accident Rate, which, with other features of the system taken as a whole, 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 six-month 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 2,350 medical examinations, both preventive and periodic, at the various Rai sites throughout the country in addition to performing other duties. As regards other preventive measures to protect workers' health, 111 persons who were to go abroad for the Company (including for big sports events) were also seen for medical examinations and vaccinations at the Occupational Medicine operating units in Rome and Milan. 9 plans for medical centres at major production events in various parts of the country were also prepared.

Intercompany transactions

In the first half year of 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.

Some services, such as accounting and administrative, personnel and real estate management, legal aid, R&D, IT system management are provided by Rai at centralized level for some companies.

An arrangement providing for a bank cash-pooling mechanism is in place between Rai and its subsidiaries - except for Rai Way, which, following its listing process, is now fully independent in financial terms - , which regulates treasury management, in order to allow the fulfilment of financial requirements and optimisation of cash flows.

With reference to Rai Way, the following agreements are also in force:

- an intercompany current account contract, which is required to provide Rai with the necessary funds to settle mutual credit and debit positions arising from some residual payment services set out in the service contract of Rai towards Rai Way;
- a mandate contract appointing Rai to make payments and collect receipts, respectively, relating to any receivables and payables arising from the settlement of some intra-group items, mainly within the scope of activities for the setoff, through Rai, of credit and debit positions between the Group companies (netting); it is understood that these activities do not include payments arising from the Service Contract and that the mandate will not be applied to authorise hedging transactions.

Rai Cinema

(in millions of Euros)	June 2015	December 2014	June 2014	% Change June 2015 vs June 2014
Revenues	187.2	397.9	180.8	3.5
EBITDA	145.5	315.0	136.3	6.7
Operating result	36.1	70.6	28.9	24.9
Net result for the period	26.3	46.6	19.0	38.4
Equity	261.2	279.1	251.5	3.9
Net financial position	(162.2)	(78.8)	(186.0)	- 12.8
Investments	124.1	246.0	136.2	- 8.9
Workforce (in units)	115	114	111	

Rai Com (formerly RaiNet)

(in millions of Euros)	June 2015	December 2014	June 2014	% Change June 2015 vs June 2014
Revenues	51.4	112.5	7.7	567.5
EBITDA	7.9	9.8	0.1	7,800.0
Operating result	3.3	4.0	(0.4)	- 925.0
Net result for the period	2.0	6.8	4.3	- 53.5
Equity	108.6	113.1	110.6	- 1.8
Net financial position	60.7	48.3	12.3	393.5
Investments	4.6	4.9	0.5	820.0
Workforce (in units)	93	88	91	

Rai Pubblicità

(in millions of Euros)	June 2015	December 2014	June 2014	% Change June 2015 vs June 2014
Revenues	344.8	680.4	377.4	- 8.6
EBITDA	4.9	13.4	6.7	- 26.9
Operating result	3.8	12.0	6.4	- 40.6
Net result for the period	2.5	7.9	4.3	- 41.9
Equity	34.5	39.9	36.3	- 5.0
Net financial position	(14.6)	6.6	(1.7)	758.8
Investments	0.8	1.8	0.8	==
Workforce (in units)	348	350	372	

The subsidiaries, with their missions within the Rai Group, are:

- **Rai Cinema**: acquisition of rights to broadcast films, production and distribution of Italian and foreign films and sale of their rights;
- **Rai Com**: marketing radio and TV channels and rights to utilise audiovisual, library and book works; making audiovisual products for marketing; acquisitions for marketing rights to audiovisual works; publishing and producing musical and theatrical works, books and

magazines; management of agreements with Entities and Institutions.

- **Rai Pubblicità**: Rai concession holder for the management of advertising revenues;
- **Rai Way**: transmission and broadcasting of Rai radio and TV channels, programme production services and hosting other broadcasters on its equipment, environmental impact assessments and other technical services.

The main results concerning the subsidiaries' financial position, performance and cash flows are reported below.

Rai Way

(in millions of Euros)	Data reported in the financial statements of the Company prepared under international standards		Data in line with national standards			
	June 2015	December 2014	June 2015	December 2014	June 2014	% Change June 2015 vs June 2014
Revenues	105.0	167.3	115.3	223.2	109.5	5.30
EBITDA	53.8	62.9	53.3	93.7	45.7	16.63
Operating result	30.5	37.0	31.8	42.7	16.8	89.29
Net result for the period	19.8	24.6	21.0	30.5	10.8	94.44
Equity	140.4	153.8	143.8	156.3	136.6	5.27
Net financial position	(72.5)	(65.5)	(72.9)	(66.2)	(100.3)	- 27.32
Investments	7.1	21.0	7.1	22.2	6.6	7.58
Workforce (in units)	619	623	619	623	597	

Transactions between Rai and the Group companies

(thousands of Euros)	Commercial and Other Transactions				Financial Transactions				Memorandum Accounts		
	Receivables	Payables	Costs ^(a)	Revenues	Receivables	Payables	Expenses	Income	Guarantees given	Commitments	Others
Rai Cinema	14,480	30,264	144,207	3,031	166,171	3,896	-	1,648	-	45,046	-
Rai Corporation	-	35	-	-	-	3,707	-	-	-	-	-
Rai Com	95,540	49,300	6,278	32,376	-	60,742	20	-	-	-	-
Rai Pubblicità	191,075	7,859	439	308,364	13,258	-	107	3	34,907	-	-
Rai Wway	14,680	59,653	98,561	6,679	-	425	4	-	1,979	-	-
Audiradio	-	-	-	-	-	-	-	-	-	-	-
Auditel	-	-	2,987	-	-	-	-	-	2,582	-	-
San Marino RTV	112	-	-	89	615	-	-	1	-	-	516
Tivù	859	449	898	284	-	-	-	-	-	-	-
Total	316,746	147,560	253,370	350,823	180,044	68,770	131	1,652	39,468	45,046	516

^(a) of which: subject to capitalisation or suspended under advances:

Rai Com	92
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Significant post-period events

With regard to information circulated by some media regarding judicial investigations in progress into contractual relations between the Company and a supplier, the Company wishes to state that the Rome Public Prosecutor's Office has obtained some documents from the Company but, at the same time, has not taken any measures which could, in the present state of affairs, have any effect on the Company's profitability or financial position as of 30 June 2015.

Outlook

On the basis of the latest data and trends to hand, it is estimated that the consolidated losses

for the 2015 financial year will be of more or less the same amount as that reported in the interim financial statements.

This forecast is based on the combined effects of various factors.

The positive signals from the market are becoming firmer and make it reasonable to assume that the performance of advertising revenues in the second half of the year will neutralise, even if only partially, the decline in the first half, so that the result will come closer to meeting the budget forecast.

As regards costs, in addition to the difference in the proportion of expenses to business performance in the second half of the year,

measures will continue to be taken to rationalise and optimise the operating costs of all the Group's activities. This, with action on organisation and processes, will mean that the savings forecast and achieved will become structural. Finally, the 2015 result will be positively affected by the consolidation of the effects of the recent bond issue which ensures a reduction in average costs of borrowing.

Additional information

It is informed that the Company does not hold treasury shares, either through trust companies or third parties, and that in the period under examination the Company did not carry out any purchase or sale of the aforesaid shares.

Appointment of the Financial Reporting Officer

Following the issue of the Ministry of Economic Development Decree of 10 April 2015, the new Articles of Association of Rai came into force, which contain the clause on the "Financial Reporting Officer", as approved by a resolution passed by the Shareholders' Meeting of 19 February 2015.

Accordingly, the Board of Directors' Meetings of 7-8 May 2015 took steps to appoint the Financial Reporting Officer.

Updating of the Organisational, Management and Control Model

As a result of some regulatory amendments (finally, Law 68 of 22 May 2015, "Provisions governing environmental crimes" and Law 69 of 27 May 2015, "Provisions governing crimes against Public Administrations, organised crime and false financial statements"), the issue of new Guidelines on the part of Confindustria, as updated in 2014 and of the changes in the organisational and corporate structure of Rai, the Board of Directors' meeting held on 2 July 2015 approved the updating of the Organisational, Management and Control Model, pursuant to Legislative Decree 231/2001.

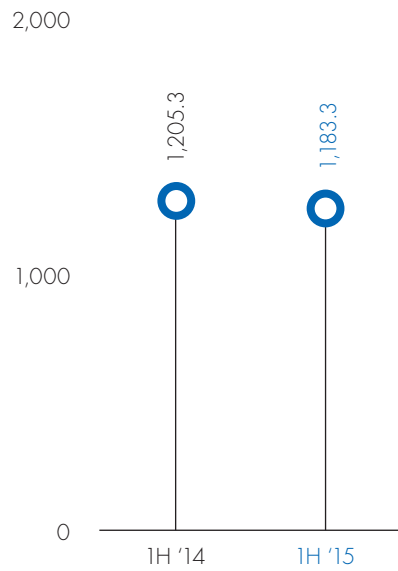
Interim financial statements of Rai as at 30 June 2015

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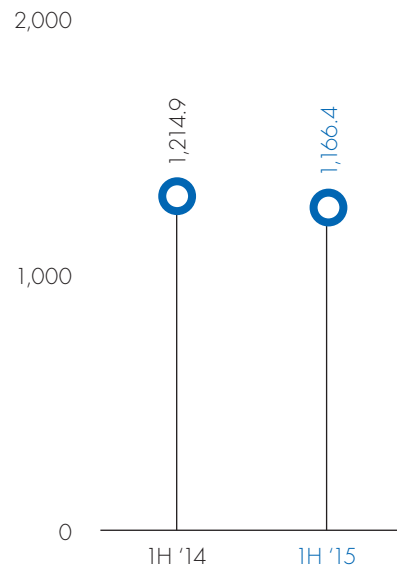
Highlights

(in millions of Euros)

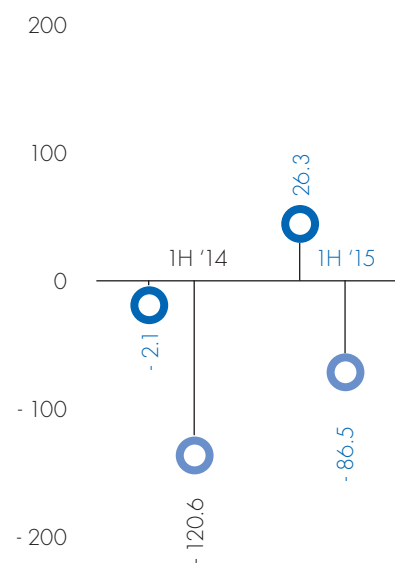
Revenues



Operating costs

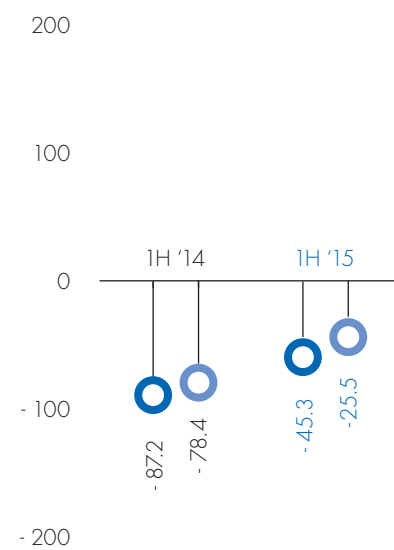


EBITDA - Operating result

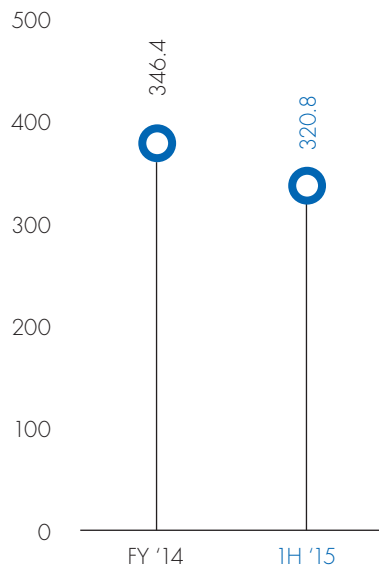


Result before tax

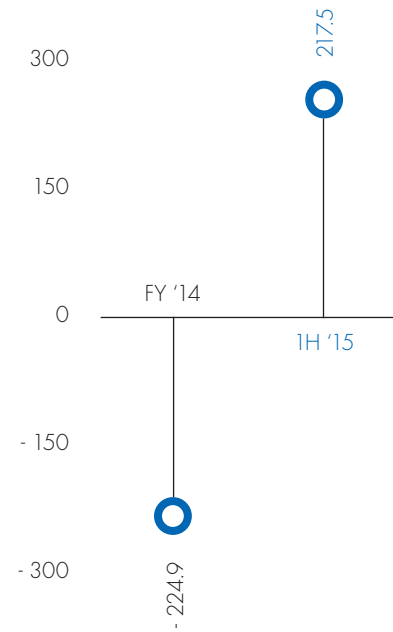
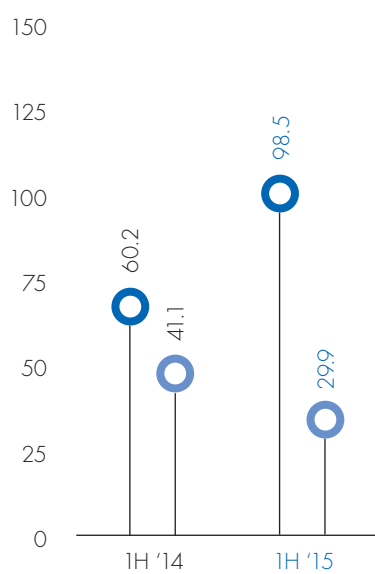
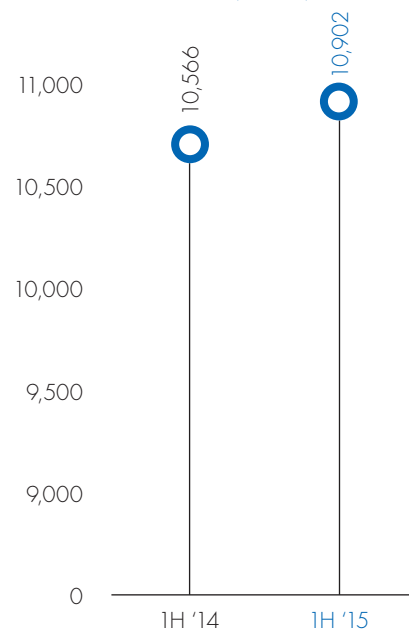
Net profit (loss) for the year



Equity



Net Financial Position

Investments
in programmes and othersNumber of employees
as at 30 June (units)

Rai SpA / **Reclassified financial statements**

Reclassified financial statements

Income Statement

(in millions of Euros)	June 2015	June 2014	Change
Revenues from sales and services	1,183.3	1,205.3	(22.0)
Capitalisation of internal construction costs	9.4	7.5	1.9
Total revenues	1,192.7	1,212.8	(20.1)
External costs for significant sports events	0.0	(67.8)	67.8
Other costs of materials and external services	(704.6)	(691.8)	(12.8)
Personnel costs	(461.8)	(455.3)	(6.5)
Total operating costs	(1,166.4)	(1,214.9)	48.5
EBITDA	26.3	(2.1)	28.4
Amortisation of programmes	(62.8)	(66.9)	4.1
Other amortisations and depreciations	(38.4)	(33.9)	(4.5)
Other net expenses	(11.6)	(17.7)	6.1
Operating result	(86.5)	(120.6)	34.1
Net financial expense	(4.8)	(8.0)	3.2
Income from equity investments	45.6	42.4	3.2
Result before non-recurring items	(45.7)	(86.2)	40.5
Extraordinary income (expense)	0.4	(1.0)	1.4
Result before tax	(45.3)	(87.2)	41.9
Income taxes	19.8	8.8	11.0
Profit (loss) for the period	(25.5)	(78.4)	52.9

Balance Sheet

(in millions of Euros)	30.06.2015	31.12.2014	Change
Non-current assets	1,296.6	1,314.8	(18.2)
Working capital	(946.4)	(493.7)	(452.7)
Provision for staff severance pay	(246.9)	(249.8)	2.9
Net invested capital	103.3	571.3	(468.0)
Equity	320.9	346.4	(25.5)
Net financial position	(217.6)	224.9	(442.5)
	103.3	571.3	(468.0)

Review of results and financial position as at 30 June 2015

Income Statement

Rai SpA's income statement for the first half of 2015 shows a net loss of Euro 25.5 million (against a loss of Euro 78.4 million as at 30 June 2014).

The result reflects the provisions of Law no. 190 of 23 December 2014 (Stability Act), 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 Euro 150 million reduction in the licence fees to be paid to Rai as set out by Law no. 89 of 23 June 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 noted that, during 2014, certain operations were completed which had the effect of reorganising the Company's structure and business. These include acquisition of the 'internet' business unit from RaiNet (now Rai Com) and transfer of the 'commercial' business unit to Rai Com, both effective from 30 June 2014, and the merger of Rai World into Rai on 31 December 2014. The following comments clearly highlight where such structural changes undermine meaningful comparison of figures with those from the previous year.

The result for the first half-year should not be regarded as an indication of the economic result for the entire financial year.

Revenues from sales and services

Revenues from sales and services consist of license fees, advertising revenues and other commercial income. In aggregate, they amount to Euro 1,183.3 million, showing a decrease of Euro 22.0 million (-1.8%) as detailed below.

License fees (Euro 817.3 million). The license 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 22.9 million (+2.9%), 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 license fees payable to Rai, in an amount equal to Euro 40.7 million in 2015 and Euro 72.1 million in 2014.

Net of this effect, there was a reduction in income determined, in a context characterised by a unit license 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.

Advertising. The advertising market is still experiencing some difficulties; in the first half-year, in fact, net investments (source: Nielsen) recorded a decrease of 2.8% compared to the same period in 2014; television advertising, though confirming its leading position, with a share of approximately 60% of the market, showed a decline of 3.0%. The other media also showed negative changes, except for Radio advertising, which reported an increase of 7.5%.

Revenues from sales and services

(in millions of Euros)	June 2015	June 2014	Change	Change %
License fees	817.3	794.4	22.9	2.9
Advertising	304.8	332.2	(27.4)	-8.2
Other revenues	61.2	78.7	(17.5)	-22.2
Total	1,183.3	1,205.3	(22.0)	-1.8

License fees

(in millions of Euros)	June 2015	June 2014	Change	Change %
Fees for the period - ordinary subscribers	769.4	747.6	21.8	2.9
Fees for the period - special subscribers	38.9	38.8	0.1	0.3
Fees recovered through enforcement procedures	9.0	8.0	1.0	12.5
Total	817.3	794.4	22.9	2.9

Rai SpA / Review of results and financial position

In these market conditions, the Rai's advertising revenues (Euro 304.8 million), as detailed in the table below, showed a decrease of Euro 27.4 million compared to the first half of 2014 (-8.2%), when they had benefited from the broadcasting of the Football World Cup matches.

There are no comparative figures for Web advertising as in 2014 it was recognised in the accounts of RaiNet (now Rai Com).

Other revenues (Euro 61.2 million) showed a reduction of Euro 17.5 million (-22.2%) compared to 30 June 2014, as detailed in the table below.

In relation to the trend in the item, it is recalled that, following the transfer of the 'commercial' business unit to Rai Com, which took place from 30 June 2014, entailed a reduction in the revenues recognised by the Parent Company. Actually, the outsourcing of the commercial business entails that Rai Com retains a portion of the revenues it achieves, on account of remuneration for the mandate it performs. This also entails reduced costs as a result of the outsourcing of commercial activities.

Furthermore, it should be also noted that as a result of the merger of Rai World into Rai, certain

Advertising

(in millions of Euros)	June 2015	June 2014	Change	Change %
TV advertising on general interest channels:				
- commercials	202.6	229.9	(27.3)	-11.9
- promotions, sponsorships and special events	55.0	54.2	0.8	1.5
- product placement	2.4	2.3	0.1	4.3
	260.0	286.4	(26.4)	-9.2
On specialised channels	28.8	32.1	(3.3)	-10.3
	288.8	318.5	(29.7)	-9.3
Radio advertising	12.9	13.1	(0.2)	-1.5
Web advertising	2.8	0.0	2.8	=
Other advertising	0.3	0.6	(0.3)	-50.0
Total	304.8	332.2	(27.4)	-8.2

Other revenues

(in millions of Euros)	June 2015	June 2014	Change	Change %
Special services under agreements	23.2	26.4	(3.2)	-12.1
Service and other services to subsidiaries	15.6	14.2	1.4	9.9
Sale of rights and musical publications	5.5	15.5	(10.0)	-64.5
Sundry services, mainly rendered to public entities	3.0	3.7	(0.7)	-18.9
Recovery of emoluments and costs of seconded staff	2.4	4.6	(2.2)	-47.8
Digital terrestrial broadcasting services	1.5	1.9	(0.4)	-21.1
Agreements with telephone operators	0.9	1.5	(0.6)	-40.0
Others	9.1	10.9	(1.8)	-16.5
Total	61.2	78.7	(17.5)	-22.2

% of revenues

	June 2015	June 2014
License fees	69.1	65.9
Advertising revenues	25.8	27.6
Other revenues	5.1	6.5
Total	100.0	100.0

intercompany revenues which were recognised in 2014 no longer exist.

Net of these inconsistent figures, no significant differences are reported compared to 2014. With reference to the revenue trends set forth above, licence fees accounted for approximately 69% of revenues, up by about 3% compared to 30 June 2014.

Operating costs

This item includes both internal and external costs, incurred in the ordinary course of business, except for those related to financial operations

They totalled Euro 1,166.4 million, showing a decrease of Euro 48.5 million compared to the same period in 2014, the reasons for which are outlined below.

Costs of materials and external services – They amounted to Euro 704.6 million and include 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 and other operating costs (indirect taxes and duties, contribution to Supervisory Authorities, etc.).

This item showed a reduction of Euro 55.0 million (-7.2%), due to the absence of costs relating to big Sports Events (such as the Football World Championship and Winter Olympics), which had accounted for Euro 678 million in 2014. Specifically, the Football World Championship, which took place mostly in the first half of 2014, accounted for Euro 65.8 million (Euro 63.4 of which for the acquisition of filming rights only).

Net of the impact of the big Sports Events, external costs recorded an increase of Euro 12.8 million, as a result of different, partly offsetting, factors.

Such factors, on the negative side, include:

- the acquisition of the rights to the National football team friendlies and European Championship qualification matches (Euro +8.8 million);

- the acquisition of viewing rights to films and serials from Rai Cinema (Euro +7.7 million);
- signal broadcasting and transport services delivered by Rai Way (Euro +6.4 million).

On the positive side:

- the effects of the corporate reorganisation carried out in 2014 (Euro -8.4 million);
- the cancellation of the concession fee for which, pending the regulation determining the relevant settlement procedure, a provision was allocated to the item Other net expenses (Euro -1.5 million).

Personnel costs – They amounted to Euro 461.8 million, up by Euro 6.5 million (+1.4%).

This increase reflects partly the costs of early retirement incentives incurred during the first half-year, which had an impact on personnel costs (few cases dealt with individually and not linked to any extraordinary measure), and partly the transformation of fixed-term contracts into permanent contracts, as well as a normal increase in personnel costs as a result of automatic pay rises provided for in labour agreements and remuneration policies.

The **average number of employees** in service during the year, including those on fixed-term contracts, was 11,776, with an increase of 122 people compared to the same period in 2014. The change reflects an increase of 284 employees on permanent contracts and a reduction of 162 employees on fixed-term contracts.

The **total number of employees** as at 30 June 2015 was 10,902 (including 167 employees on apprenticeship contracts), with an increase of 336 people compared to 30 June 2014. The change was due to exits for 142 people, 29 of which took advantage of early retirement incentives, and new hires for 478 people. Of the new hires, 228 involved the transformation of fixed-term contracts into permanent contracts, in accordance with union agreements, 33 involved reinstatements following legal disputes and 47 involved hires from Group companies.

Operating costs

(in millions of Euros)	June 2015	June 2014	Change	Change %
Costs of materials and external services	704.6	759.6	(55.0)	-7.2
Personnel costs	461.8	455.3	6.5	1.4
Total	1,166.4	1,214.9	(48.5)	-4.0

Costs of materials and external services

(in millions of Euros)	June 2015	June 2014	Change	Change %
Purchases of materials	8.2	9.8	(1.6)	-16.3
External services:				
Freelance services	68.3	68.4	(0.1)	-0.1
Services for acquisition and production of programmes	84.0	84.3	(0.3)	-0.4
Signal broadcasting and transport - Rai Way	98.2	91.8	6.4	7.0
Daily allowances, travel expenses and additional personnel costs	20.4	20.9	(0.5)	-2.4
Maintenance, repairs, transport and similar costs	18.8	20.5	(1.7)	-8.3
Documentation and assistance for IT systems services	20.2	20.5	(0.3)	-1.5
Other external services (telephone systems, supply services, cleaning, post, insurance, etc.)	50.8	64.5	(13.7)	-21.2
	360.7	370.9	(10.2)	-2.8
Use of third party assets:				
Leases and rentals (mainly for production)	26.9	25.9	1.0	3.9
Acquisition of viewing rights from Rai Cinema	144.2	136.5	7.7	5.6
Acquisition of viewing rights from Rai Com	4.9	0.0	4.9	=
Filming rights (mainly rights to sports events and Sanremo Music Festival)	80.3	134.7	(54.4)	-40.4
Rights of use	52.2	52.6	(0.4)	-0.8
	308.5	349.7	(41.2)	-11.8
Concession fee	0.0	1.5	(1.5)	-100.0
Other operating costs	21.2	22.1	(0.9)	-4.1
Others	6.0	5.6	0.4	7.1
Total	704.6	759.6	(55.0)	-7.2

Personnel costs

(in millions of Euros)	June 2015	June 2014	Change	Change %
Wages and salaries	329.1	326.1	3.0	0.9
Social security contributions	91.8	92.9	(1.1)	-1.2
Provision for Staff severance Pay	22.0	21.7	0.3	1.4
Pension and similar costs	6.6	6.5	0.1	1.5
Other	12.3	8.1	4.2	51.9
Total	461.8	455.3	6.5	1.4

EBITDA

As a result of the events described above, EBITDA posted a positive value of Euro 26.3 million, showing an increase of Euro 28.4 compared to the first half of 2014.

Amortisation of programmes

This item relates to the investments in programmes made in previous years and in the current period.

Investments in the first half of 2015 amounted to Euro 98.5 million, up by Euro 38.3 million (+38.6%) compared to 2014, mainly relating to the

drama and comedy (fiction) genre, as reported in the table below.

Amortisation and depreciation for Euro 62.8 million, showed a reduction of Euro 4.1 million (-6.1%) compared to the previous period, mainly due to the Serious music and plays genre, the ownership of which was transferred to Rai Com following the corporate reorganisation carried out in 2014 in relation to commercial activities.

Investments in programmes

(in millions of Euros)	June 2015	June 2014	Change	Change %
Programmes:				
- Drama and comedy	91.8	53.0	38.8	73.2
- Other programmes	6.7	7.2	(0.5)	-6.9
. Cartoons and comic movies	6.7	3.5	3.2	91.4
. Serious music and plays	0.0	3.3	(3.3)	-100.0
. Other	0.0	0.4	(0.4)	-100.0
Total	98.5	60.2	38.3	63.6

Amortisation of programmes

(in millions of Euros)	June 2015	June 2014	Change	Change %
Programmes:				
- Drama and comedy	54.6	55.2	(0.6)	-1.1
- Other programmes	8.2	11.7	(3.5)	-29.9
. Cartoons	4.6	4.2	0.4	9.5
. Serious music and plays	0.0	3.6	(3.6)	-100.0
. Rights of use to the library	3.4	3.7	(0.3)	-8.1
. Other	0.2	0.2	0.0	0.0
Total	62.8	66.9	(4.1)	-6.1

Other amortisation and depreciation

They relate to the investments, made during the current financial year and in previous financial years, in tangible and intangible assets other than programmes; the latter are mainly made of purchase of frequencies for developing the digital network, software user licenses and long-term costs.

Investments in the period amounted to Euro 29.9 million, with a decrease of Euro 11.2 million (-27.3%) compared to 30 June 2014, as shown in the table below. The reduction was mainly due to the digitisation process of the production plants, which was particularly significant in 2014.

Amortisation and depreciation for the period relating to the items mentioned above amounted to Euro 38.4 million, up by Euro 4.5 million, as shown in the table below.

Other net expenses

This item, which is made up of provisions for write-downs and risks and income and expenses not directly related to the Company's core business, showed net expenses of Euro 11.7 million (Euro 17.7 million as at 30 June 2014).

More specifically, this item includes provisions for risks and charges and for bad debts (Euro 17.2

Other investments

(in millions of Euros)	June 2015	June 2014	Change	Change %
Tangible assets	26.1	38.2	(12.1)	-31.7
Other intangible assets	3.8	2.9	0.9	31.0
Total	29.9	41.1	(11.2)	-27.3

Amortisation and depreciation of other non-current assets

(in millions of Euros)	June 2015	June 2014	Change	Change %
Tangible assets	31.4	28.8	2.6	9.0
Other intangible assets	7.0	5.1	1.9	37.3
Total	38.4	33.9	4.5	13.3

million, against Euro 5.9 million as at 30 June 2014), costs for repeated-use programmes which are not expected to be used, repeated or commercially exploited (Euro 10.6 million, against Euro 12.7 million as at 30 June 2014), the provision for the Company's supplementary pension fund for former employees (Euro 3.2 million, against Euro 2.2 million as at 30 June 2014), net contingent assets (Euro 19.3 million, against Euro 3.1 million as at 30 June 2014).

Operating result

The trend in operating revenues and costs as described above determined a negative operating result of Euro 86.5 million, showing an improvement of Euro 34.1 million compared to 30 June 2014.

Net financial expense

Net financial expense amounted to Euro 4.8 million, showing an improvement compared to 30 June 2014 (Euro 8.0 million). The table below provides a breakdown of this item.

Specifically, there was a decrease of Euro 3.6 million in net bank interest expense against a lower average debt to third parties, in addition to interest

of Euro 0.6 million arising from the bond issue launched in May.

Exchange differences were positive, showing an improvement of Euro 2.2 million, as a result of the hedging transactions that had been entered into in previous years, which mitigated the effects of the Euro depreciation on the purchase of rights denominated in US Dollars.

Other net financial expense was affected by the termination of interest rate swap hedging transactions on medium-term loans raised from a pool of banks following the early repayment of the related credit facilities.

The average cost of borrowing was 2.7%, showing a reduction compared to 3.0% in the first half of 2014. The bond issue launched in May, at an effective rate of 1.65%, to replace the more expensive medium-term loans, will result in a further reduction in interest expense starting from the second half of the year.

Income from equity investments

This item amounts to Euro 45.6 million (Euro 42.4 million as at 30 June 2014) as shown in the table below.

Net financial expense

(in millions of Euros)	June 2015	June 2014	Change
Net bank interest expense	(5.1)	(8.7)	3.6
Net interest income from subsidiaries and associated companies	1.6	1.5	0.1
Interest and discount on bond issue	(0.6)	0.0	(0.6)
Net exchange gains (losses)	2.0	(0.2)	2.2
Other net financial expense	(2.7)	(0.6)	(2.1)
Total	(4.8)	(8.0)	3.2

Income from equity investments

(in millions of Euros)	June 2015	June 2014	Change
Revaluations (Write-downs)			
- Rai Cinema	26.2	21.6	4.6
- Rai Way	13.7	10.8	2.9
- Rai Pubblicità	2.7	4.5	(1.8)
- Rai World	0.0	0.8	(0.8)
- Rai Com	2.1	4.3	(2.2)
- Rai Corporation	0.3	0.0	0.3
- Tivù	0.7	0.7	0.0
- San Marino	(0.1)	(0.2)	0.1
- Euronews	0.0	(0.1)	0.1
Total	45.6	42.4	3.2

Net extraordinary income (expense)

Net income of Euro 0.4 million (against expenses of Euro 1.0 million as at 30 June 2014) relates to contingent assets from income taxes. The 2014 figure relates to the additions to the charges allocated for the early retirement incentive plan reserved for staff members (Euro 1.3 million), net of contingent tax assets.

No amount was booked with regard to IRES (Corporate Income) tax as the result for the year was negative for tax purposes.

IRAP (Regional Production Activity) tax was set to zero (compared to Euro 8.7 million as at 30 June 2014), as a result of the full deductibility of personnel costs for permanent employment from taxable base introduced by the 2015 Stability Act.

Income taxes

Income taxes posted a positive value of Euro 19.8 million (compared to Euro 8.8 million in the first half of 2014) and represent the balance between current and deferred taxes as detailed in the table below.

Deferred tax liabilities had a positive effect of Euro 0.3 million (Euro 0.1 as at 30 June 2014), as a result of the reversal for tax purposes of temporary differences in relation to higher amortisation and depreciation charged in prior years.

Deferred tax assets, which were positive for Euro 19.5 million (Euro 17.4 million as at 30 June 2014), were determined by the recognition of new IRES tax credits arising from the setoff of a portion of the tax loss for the period with the income produced by subsidiaries, which were transferred to the Group's tax consolidation accounts.

Income taxes

(in millions of Euros)	June 2015	June 2014	Change
IRES tax	0.0	0.0	0.0
IRAP tax	0.0	(8.7)	8.7
Deferred tax liabilities	0.3	0.1	0.2
Deferred tax assets	19.5	17.4	2.1
Total	19.8	8.8	11.0

Balance Sheet

Non-current assets

The table below provides a breakdown of non-current assets, which amounted to Euro 1,296.6 million, down by Euro 18.2 million compared to 31 December 2014.

Tangible assets, which are broken down in the table below, recorded a decrease of Euro 5.4 million, due to the balance between investments and depreciation for the period.

Investments in programmes, which are broken down in the table below, are represented mostly by the Drama and Comedy genre, which attracted the majority of the investments in the half-year.

The value of **equity investments** showed a reduction of Euro 35.3 million, as a result of an increase in the investments from subsidiaries and associates for economic results for the period, net of dividends paid. The table below provides the related breakdown.

Non-current assets

(in millions of Euros)	30.06.2015	31.12.2014	Change
Tangible assets	368.3	373.7	(5.4)
Investments in programmes	397.6	372.0	25.6
Equity investments	502.4	537.7	(35.3)
Other non-current assets	28.3	31.4	(3.1)
Total	1,296.6	1,314.8	(18.2)

Tangible assets

(in millions of Euros)	30.06.2015	31.12.2014	Change
Land and buildings	154.5	159.6	(5.1)
Plant and machinery	136.7	142.0	(5.3)
Industrial and commercial equipment	3.2	3.2	0.0
Other assets	27.6	27.2	0.4
Tangible assets under construction and payments on account	46.3	41.7	4.6
Total	368.3	373.7	(5.4)

Investments in programmes

(in millions of Euros)	30.06.2015	31.12.2014	Change
Drama and Comedy	283.4	256.8	26.6
Other	114.2	115.2	(1.0)
Total	397.6	372.0	25.6

Other non-current assets, which are broken down in the table below, showed a reduction of Euro 3.1 million, which was due to the balance between investments and amortisation and depreciation for the period.

Working Capital

The table at the bottom of the page provides a breakdown of working capital, reporting the various components of the item.

Equity investments

(in millions of Euros)	30.06.2015	31.12.2014	Change
In subsidiaries:			
Rai Cinema SpA	261.2	279.2	(18.0)
Rai Corporation in liquidation	3.6	3.3	0.3
Rai Com SpA	108.7	113.2	(4.5)
Rai Way SpA	93.6	101.7	(8.1)
Rai Pubblicità SpA	26.1	31.3	(5.2)
	493.2	528.7	(35.5)
In associated companies:			
Auditel Srl	0.7	0.7	0.0
Euronews	2.8	2.8	0.0
San Marino RTV SpA	2.0	2.1	(0.1)
Tivù Srl	3.0	2.7	0.3
	8.5	8.3	0.2
Other	0.7	0.7	0.0
Total	502.4	537.7	(35.3)

Other non-current assets

(in millions of Euros)	30.06.2015	31.12.2014	Change
Non-current receivables	1.9	1.8	0.1
Options on commercial agreements	6.3	6.4	(0.1)
Alterations and improvements to leased properties	5.8	6.3	(0.5)
Software	7.2	7.6	(0.4)
Digital terrestrial frequencies	2.8	4.5	(1.7)
Ancillary charges on loans	1.9	2.4	(0.5)
Securities	2.3	2.3	0.0
Other	0.1	0.1	0.0
Total	28.3	31.4	(3.1)

Working Capital

(in millions of Euros)	30.06.2015	31.12.2014	Change
Inventories	0.3	0.4	(0.1)
Trade receivables	360.3	374.8	(14.5)
Other assets	266.3	287.8	(21.5)
Trade payables	(649.3)	(588.7)	(60.6)
Provisions for risks and charges	(343.2)	(357.7)	14.5
Other liabilities	(580.8)	(210.3)	(370.5)
Total	(946.4)	(493.7)	(452.7)

Rai SpA / Review of results and financial position

The most significant changes compared to 31 December 2014 are related to the following items:

Other assets showed a decrease of Euro 21.5 million, also as a result of reduced credit exposure to the Government for the Group VAT.

Trade payables showed an increase of Euro 60.6 million, mainly as a result of increased debt exposure to suppliers and subsidiaries (in particular Rai Cinema and Rai Com).

Other liabilities showed an increase of Euro 370.5 million, due to the recognition of deferred income on license fees, generated by the difference between the amounts settled by the Ministry of Economy and Finance during the half-year and the economic value accrued in the period, the payment of which will occur in the second half-year.

Net financial position

The first half of 2015 closed with a positive net financial position of Euro 217.6 million, comprised of a net credit position towards banks and other lenders of Euro 106.3 million and a net credit balance towards subsidiaries of Euro 111.3 million.

The net financial position as at 30 June 2015, which, for the purposes of providing a more significant analysis, is compared to that of the same period in the previous year (Euro 95.5 million), showed an improvement of about Euro 122 million, thanks to a lower indebtedness that had already been recognised at the beginning of the year.

More specifically:

- there was a consolidation of the medium/long-term sources of finance, achieved by means of a bond issue of Euro 350 million (due May 2020), through which the syndicated loan of

Euro 295 million, due within the next two years, was repaid;

- a consequent increase in net short-term cash and cash equivalents (about Euro 273 million);
- a decrease of more than Euro 150 million in the intercompany credit balance, mainly due to the cancellation of a credit facility granted to Rai Way (about Euro 100 million as at 30 June 2014).

In the first half of 2015, cash flows showed a positive balance of about Euro 443 million against Euro 470 million in 2014, and benefitted, as in the previous year, from the collection of two advance instalments of license fees for an aggregate of Euro 1,200 million. The decrease of Euro 37 million in cash flows was mainly due to considerable amounts credited for past intercompany items, which had affected the figures reported in the first half of 2014.

As at 30 June 2015 the two financial ratios (covenants) in relation to the EIB loan, to be calculated on the data reported in the consolidated financial statements, had been complied with.

The improved financial profile during the year entailed a reduction in average indebtedness down to Euro -275 million (Euro -446 million in 2014).

It should be noted that 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 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 0.32 (1.65 as at 31 December 2014);

Net financial position

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014	Change
Net receivables from (payables to) banks and other lenders				
- medium/long-term	(400.0)	(345.0)	(394.2)	(5.8)
- short-term - net	506.3	102.8	227.9	278.4
	106.3	(242.2)	(166.3)	272.6
Net financial position with subsidiaries				
- payables	(68.8)	(64.6)	(25.6)	(43.2)
- receivables	180.1	81.9	287.4	(107.3)
	111.3	17.3	261.8	(150.5)
Net financial position	217.6	(224.9)	95.5	122.1

- 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 1.01 (0.98 as at 31 December 2014);
- a **non-current asset coverage ratio**, defined as the ratio of equity to non-current assets, equal to 0.25 (0.26 as at 31 December 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 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; this policy is also managed on behalf of the Group companies (except for Rai Way).

Specifically:

- **Exchange risk** relates to the exposure in USD generated by the acquisition of rights to sports events. In the first half of 2015, such commitments generated payments of approximately USD 18 million. Risk management activities, which start on the date the commitment is entered into and often last several years, are aimed at fixing the Euro value of commitments estimated at the budget or order stage. As appropriate, hedging strategies are implemented by means of derivative financial instruments - such as forward purchases, swaps and options - and are never intended for financial speculation purposes. The Company

policy sets out multiple operating restrictions that must be applied to hedging activities;

- **Interest rate risk** is also managed in accordance with the Company policy, and specifies operating limits, particularly as regards medium/long-term exposure. The financial structure following the bond issue, and the maintenance of the loan from the European Investment Bank only, both at a fixed rate, led to the elimination of such risk;
- **Credit risk** in relation to cash surpluses is limited insofar as the Company policy requires investment in low-risk financial instruments and with highly-rated counterparties. During the first half of 2015, only time deposits and sight deposits were used;
- As regards the **liquidity risk**, the Company's financial structure was further strengthened through a bond issue of Euro 350 million, with the following features:
 - Issue reserved for institutional investors;
 - Annual coupon of 1.5%, with an effective rate equal to 1.65%;
 - Unsecured bonds listed on the Irish Stock Exchange.

During the year, the performance of the net financial position was characterised by significant volatility as a consequence of the payment by the Ministry of Economy and Finance of the licence fees in quarterly instalments, which mainly took place in the first nine months of the year.

For this purpose, Rai entered into revolving bank facilities for an aggregate of Euro 170 million and short-term uncommitted facilities of more than Euro 380 million.

The credit facilities as a whole are considered to provide sound cash margins.

Financial statements of Rai SpA

Balance Sheet and Income Statement as at 30 June 2015 (Statutory Statements)

Rai SpA / **Balance Sheet and Income Statement****Balance Sheet - Assets**

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
A) SUBSCRIBED CAPITAL UNPAID	-	-	-
B) NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3.- Industrial patents and intellectual property rights	203,038	188,974	188,140
4.- Concessions, licenses, trademarks and similar rights	2,838	4,523	6,198
5.- Goodwill	-	-	13
6.- Intangible assets under development and payments on account	207,694	196,341	171,451
7.- Others	8,031	9,318	10,060
TOTAL INTANGIBLE ASSETS	421,601	399,156	375,862
II. TANGIBLE ASSETS			
1.- Land and buildings	154,493	159,587	159,384
2.- Plant and machinery	136,682	142,042	131,328
3.- Industrial and commercial equipment	3,236	3,207	3,462
4.- Other assets	27,647	27,178	27,473
5.- Tangible assets under construction and payments on account	46,292	41,727	54,129
TOTAL TANGIBLE ASSETS	368,350	373,741	375,776
III. FINANCIAL ASSETS			
1.- Equity investments in			
a) subsidiaries	493,211	528,627	538,440
b) associated companies	8,522	8,377	10,204
d) other companies	745	745	740
	502,478	537,749	549,384
2.- Receivables			
d) from others	1,891	1,843	12,113
	1,891	1,843	12,113
3.- Other securities	2,310	2,335	2,360
TOTAL NON-CURRENT FINANCIAL ASSETS	506,679	541,927	563,857
TOTAL NON-CURRENT ASSETS	1,296,630	1,314,824	1,315,495

continues

Balance Sheet - Assets

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
C) CURRENT ASSETS			
I. INVENTORIES			
1.- Raw materials, supplies and consumables	253	361	404
TOTAL INVENTORIES	253	361	404
II. RECEIVABLES			
1.- from customers	42,736	65,630	88,972
2.- from subsidiaries	494,988	389,786	545,038
3.- from associated companies	1,586	297	933
4.bis - tax receivables	73,170	94,221	40,793
4.ter - deferred tax assets	30,804	43,967	31,410
5.- from others	144,562	122,526	129,083
TOTAL RECEIVABLES	787,846	716,427	836,229
III. CURRENT FINANCIAL ASSETS	-	-	-
IV. CASH AND CASH EQUIVALENTS			
1.- Bank and postal accounts	513,749	113,488	241,908
2.- Cheques	-	-	6
3.- Cash and cash equivalents on hand	431	313	426
TOTAL CASH AND CASH EQUIVALENTS	514,180	113,801	242,340
TOTAL CURRENT ASSETS	1,302,279	830,589	1,078,973
D) ACCRUED INCOME AND PREPAID EXPENSES	18,772	28,077	17,176
TOTAL ASSETS	2,617,681	2,173,490	2,411,644

Rai SpA / **Balance Sheet and Income Statement****Balance Sheet - Liabilities**

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
A) SHAREHOLDERS' EQUITY			
I. SHARE CAPITAL	242,518	242,518	242,518
IV. LEGAL RESERVE	11,553	9,160	9,160
VII. OTHER RESERVES	92,258	46,787	46,787
IX. PROFIT (LOSS) FOR THE YEAR	(25,517)	47,864	(78,402)
TOTAL SHAREHOLDERS' EQUITY	320,812	346,329	220,063
B) PROVISIONS FOR RISKS AND CHARGES			
1.- for pension and similar liabilities	139,692	141,853	139,680
2.- current and deferred taxes	1,783	2,115	2,016
3.- others	201,697	213,744	185,566
TOTAL PROVISIONS FOR RISKS AND CHARGES	343,172	357,712	327,262
C) PROVISION FOR STAFF SEVERANCE PAY	246,859	249,804	252,540
D) PAYABLES			
1.- Bonds	350,000	-	-
4.- Due to banks	57,974	355,968	408,522
6.- Advances	39,680	35,131	1,571
7.- Suppliers	462,126	441,216	458,624
9.- Subsidiaries	215,820	176,170	125,494
10.- Associated companies	449	913	5,265
12.- Tax payables	45,855	67,137	39,679
13.- Welfare and social security institutions	59,045	74,197	50,529
14.- Other payables	51,126	48,686	64,288
TOTAL PAYABLES	1,282,075	1,199,418	1,153,972
E) ACCRUED EXPENSES AND DEFERRED INCOME	424,763	20,227	457,807
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,617,681	2,173,490	2,411,644

Memorandum Accounts

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
1.- Unsecured guarantees issued			
a) Sureties:			
- for subsidiaries	36,886	36,959	45,046
- for associated companies	2,582	2,582	2,582
Total unsecured guarantees issued	39,468	39,541	47,628
2.- Collaterals issued			
b) for own commitments other than payables	2,271	2,271	2,271
Total collaterals issued	2,271	2,271	2,271
3.- Purchase and sale commitments	45,047	60,649	54,740
4.- Other memorandum accounts	261,048	258,597	256,249
	347,834	361,058	360,888

Rai SpA / **Balance Sheet and Income Statement****Income Statement**

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
A) PRODUCTION VALUE			
1.- Revenues from sales and services	1,149,026	2,280,335	1,171,198
2.- Changes in inventories of work in progress, semi-finished and finished products	-	(39)	(39)
4.- Capitalisation of internal construction costs	9,464	13,857	7,577
5.- Other earnings and proceeds			
a) operating grants	3,125	8,461	4,325
b) capital gains on disposals	494	-	-
c) others	53,464	93,132	36,663
	57,083	101,593	40,988
TOTAL PRODUCTION VALUE	1,215,573	2,395,746	1,219,724
B) PRODUCTION COSTS			
6.- Raw materials, supplies, consumables and goods for resale	(8,244)	(15,993)	(9,810)
7.- Services	(360,684)	(695,193)	(370,958)
8.- Leases and rentals	(308,567)	(685,063)	(349,682)
9.- Personnel			
a) wages and salaries	(329,108)	(650,802)	(326,104)
b) social security contributions	(91,805)	(184,405)	(92,893)
c) staff severance pay	(21,999)	(42,928)	(21,685)
d) pension and similar costs	(6,572)	(12,101)	(6,542)
e) other costs	(12,270)	(14,728)	(8,034)
	(461,754)	(904,964)	(455,258)
10.- Amortisation, depreciation and write-downs			
a) amortisation of intangible assets	(75,650)	(165,169)	(77,410)
b) depreciation of tangible assets	(31,425)	(61,434)	(28,782)
c) other write-downs of non-current assets	(10,551)	(22,512)	(12,681)
d) write-down of current receivables and of cash and cash equivalents	(342)	(1,479)	(40)
	(117,968)	(250,594)	(118,913)
11.- Changes in inventories of raw materials, supplies, consumables and goods for resale	(108)	(186)	(143)
12.- Provisions for risks	(13,981)	(13,834)	(5,141)
13.- Other provisions	(2,791)	(26,846)	(800)
14.- Other operating costs			
a) capital losses on disposals	(75)	(357)	(78)
b) concession fee	-	-	(1,500)
c) others	(27,928)	(59,885)	(28,032)
	(28,003)	(60,242)	(29,610)
TOTAL PRODUCTION COSTS	(1,302,100)	(2,652,915)	(1,340,315)
Difference between production value and costs	(86,527)	(257,169)	(120,591)

continues

Income Statement

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
C) FINANCIAL INCOME AND EXPENSES			
15.- Income from equity investments	-	-	-
16.- Other financial income			
a) from non-current receivables			
. others	-	10	-
b) from non-current securities other than equity investments	42	85	42
d) financial income other than the above			
. interest and commissions from subsidiaries	1,650	4,629	1,931
. interest and commissions from associated companies	1	2	1
. interest and commissions from others and miscellaneous income	718	2,025	1,206
	2,369	6,656	3,138
	2,411	6,751	3,180
17.- Interest and other financial expenses			
a) interest and commissions payable to subsidiaries	(131)	(480)	(390)
b) interest and commissions payable to associated companies	-	(1)	(1)
d) interest and commissions payable to others and miscellaneous charges	(9,135)	(19,239)	(10,650)
	(9,266)	(19,720)	(11,041)
17 bis.- Foreign exchange gains and losses	2,018	(271)	(173)
TOTAL FINANCIAL INCOME AND EXPENSES	(4,837)	(13,240)	(8,034)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
18.- Revaluations			
a) of equity investments	45,729	82,840	42,767
	45,729	82,840	42,767
19.- Write-downs			
a) of equity investments	(115)	(2,254)	(289)
	(115)	(2,254)	(289)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	45,614	80,586	42,478
E) EXTRAORDINARY INCOME AND EXPENSE			
20.- Extraordinary income			
a) capital gains relating to operations with significant effects on the Company's structure	-	236,297	-
e) income relating to previous years	543	313	272
	543	236,610	272
21.- Extraordinary expense			
a) costs and capital losses relating to operations with significant effects on the Company's structure	(70)	(13,185)	(1,328)
g) taxes relating to previous years	(1)	(359)	(10)
	(71)	(13,544)	(1,338)
TOTAL EXTRAORDINARY INCOME AND EXPENSE	472	223,066	(1,066)
Result before tax	(45,278)	33,243	(87,213)
22.- Current income taxes for the year; deferred tax assets and liabilities	19,761	14,621	8,811
23.- Profit (loss) for the year	(25,517)	47,864	(78,402)

Rai SpA

Notes to the Financial Statements

1) Activity of the Company

Rai-Radiotelevisione Italiana SpA (hereinafter Rai) is exclusively assigned the public service broadcasting of radio and television programmes.

The Company, which is assisted by subsidiaries in carrying out its assigned mandate, may also, whether in its own right or through associated companies, perform commercial and publishing activities associated with the broadcasting of pictures, sound and data and other related activities, so long as such activities contribute to sound management of the Company do not impact negatively on performance of its public service mandate.

Rai must comply with relevant legislation and regulations including Law no. 103 of 14 April 1975 ("New regulations governing radio and television broadcasting"), Law no. 223 of 6 August 1990 ("Regulation of the public and private radio and television system"), the "Measures governing the concession holder for the public radio and television broadcasting service" issued with Law no. 206 of 25 June 1993 and subsequent amendments, Law no. 249 of 31 July 1997 on the "Establishment of the Communications Authority and regulations governing telecommunications and the radio and television system" and Law no. 112 of 3 May 2004 ("Regulations establishing principles for the organization of the radio and television system and Rai-Radiotelevisione Italiana SpA, as well as granting authority to the Government to issue a consolidated radio and television law"). The "Consolidated Law governing Radio and Television" was approved by Legislative Decree 177 of 31 July 2005 and was then subsequently amended and renamed the "Consolidated Broadcasting Law" by Legislative Decree 44 of 15 March 2010, which includes additional clauses, amendments and cancellations necessary for co-ordination and implementation. The Consolidated Law also contains the provisions of Law no. 112/04, relating to the radio and television general public service and, consequently, articles 3 and 5 of Law no. 206/93 not repealed by Law no. 112/04.

In accordance with article 49 of the Consolidated Law as issued with Legislative Decree 177 of 31 July 2005, the general public radio and television service concession is assigned to Rai until 6 May 2016.

Article 45 of the same Consolidated Law foresees that the general public radio and television service be provided by the concession holder in accordance with a three-year National Service Contract, entered into with the Italian Ministry of Communications, setting out the rights and obligations of the concession holder.

The 2010-2012 service contract signed by the Ministry of Economic Development and Rai on 6 April 2012 was approved by ministerial decree on 27 April 2012, as published in the Official Gazette on 27 June 2012: negotiations for its renewal are currently underway.

The rationale for the regulatory framework described above lies in the public interest functions entrusted to the concession holder. As required by the relevant legislation and regulations, Rai has particular institutional characteristics and operating constraints, in addition to specific obligations under the Service Contract.

2) Introduction

Rai's financial statements as at 30 June 2015 have been prepared in accordance with the relevant the provisions of the Italian Civil Code and comply with the accounting principle OIC 30 (Interim Financial Statements) issued by the Italian Accounting Board (OIC, *Organismo Italiano di Contabilità*).

Reclassified statements including a reclassified balance sheet and income statement and cash flow statement are attached as supplementary schedules to these financial statements.

The interim financial statements, as well as the related notes and detailed schedules are expressed in Euro.

Rai's financial statements have been subject to limited audit by PricewaterhouseCoopers SpA.

3) Accounting principles

Before proceeding to review of the individual items, the following paragraphs describe the principal accounting principles and criteria adopted. The consolidated financial statements have been prepared on a going-concern basis and comply with the provisions of Articles 2423 et seq. of the Civil Code. Such principles are substantially unchanged from those applied in the previous year and there are no exceptional cases requiring derogation from the requirements of Article 2423-bis et seq. of the Civil Code.

a) Industrial patents and intellectual property rights:

Programme acquisition and production costs, which comprise the external costs that can be allocated directly to each production and the cost of the internal resources used in the creation of individual programmes, are accounted for as follows:

- 1) Costs for repeat-use television productions are capitalised and reported as intangible assets. If such productions are usable at period-end, the costs are reported as industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such productions are not yet usable at period-end, the costs are reported as intangible assets under development and payments on account.

In view of objective difficulties encountered in establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of rights, (difficulties which are then further complicated by the many ways in which programmes can be used), the useful life of repeat-use programmes, such as television drama (fiction), cartoons and comedy shows is considered to be 3 years and the useful life of football library exploitation rights is considered to be 4 years.

Costs for concession rights with a shorter duration are amortised over the period they are available.

In addition, an impairment provision has been established for programmes for which transmission, re-broadcasting or commercial exploitation is at risk.

- 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 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.
 - *Documentaries, classical music and theatre.* Costs are charged in a single amount at the time the programmes are ready for broadcasting or the rights are usable.

- b) Software licences are reported under industrial patents and intellectual property rights, net of amortisation, and are amortised over three years from the year they enter service.
- c) Costs incurred for the construction of the digital terrestrial network are capitalised under intangible assets 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 enter service.
- e) If so approved by the statutory auditors, goodwill acquired for payment or other valuable consideration is accounted for as an intangible asset in accordance with Article 2426, para. 6 of the Civil Code, and amortised over a maximum period of five years.
- f) Long term costs relating to third party property are reported under other intangible assets, net of accumulated amortisation. They relate to improvements to leased or licensed property and accessory charges on loans. Amortisation of such improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period that the improvements will provide benefit, calculated using amortisation rates which reflect the rate of economic deterioration of the relative assets. Accessory charges on loans are amortised in relation to the duration of the loan.
- g) Tangible assets – reported net of accumulated depreciation – are recorded at cost as increased by any internal personnel costs incurred in preparing them to enter service and the effects of any revaluations carried out in accordance with relevant legislation. The costs of tangible assets, so determined, are depreciated in accordance with Article 2426 (2) of the Civil Code. Ordinary maintenance costs are expensed in the period in which they are incurred.

Rai SpA / Notes to the Financial Statements

- h) Investments in non-consolidated subsidiaries and associated companies are valued using the full equity method. Under this method investments are reported at a value equal to the corresponding share of the Shareholders' equity resulting from the last financial statements, minus any dividends and after any adjustments required by the principles used in the preparation of the consolidated financial statements. The profit or loss for the year of the non-consolidated subsidiary or associated company, duly adjusted, is booked to the income statement in the year to which the result refers, on line D18 Revaluation a) of equity investments or on line D19 Write-downs a) of equity investments. For companies with negative Shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Any net profit is posted to a specific non-distributable reserve until its realisation.
- i) Investments in other companies and shares in consortia are at cost, adjusted as appropriate for permanent losses in value. For companies with negative Shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Adjustments for permanent losses in value are reversed in the event that such losses are subsequently recovered through operating earnings by the investee company.
- j) Fixed-income securities are reported as non-current financial assets and valued at purchase cost. Positive or negative differences between purchase cost and redemption value are taken to income in the amount accruing for the year.
- k) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value are reported at the lower value. Should the reasons for the write-down made in previous years no longer apply, the assets are revalued within the limits of the amount of the write-down.
- l) Other securities included within current financial assets are valued at the lower of purchase cost determined as the weighted average cost – and estimated realisable value, which is given by market value.
- m) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, determined on a weighted average cost basis, written down as appropriate to reflect market trends and any estimated non-use due to obsolescence and/or slow turnover. Inventories of finished products and merchandise intended for resale are reported at the lower of purchase cost, determined on a weighted average cost basis, and estimated realisable value as determined by market price.
- n) Receivables are shown at their expected realisable value, net of the provision for bad debts as determined on the basis of a case-by-case assessment of the solvency risks of individual debtors.
- o) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis with reference to the individual cases.
- p) Provisions for pension and similar liabilities, which comprise the provision for supplementary seniority benefits, the retirement fund and the supplementary company pension fund as well as the supplementary indemnity and merit indemnity reserves for agents, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.
- q) The provision for taxes includes probable tax liabilities arising from the settlement of tax disputes and also includes deferred tax liabilities to reflect timing differences which have resulted in lower current taxes. Where there is reasonable certainty that they will be recovered in the future, deferred tax assets relating to charges which are tax-deductible on a deferred basis and to tax losses are reported under Current Assets item 4 ter ("Deferred tax assets").
- r) Other provisions for risks and charges include provisions to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set up on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that such positions could generate.
- s) The provision for staff severance pay is determined in conformity with relevant legislation and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date, net of advances already paid.
- t) Payables are shown at nominal value.

- u) Payables and receivables denominated in currencies other than the Euro – with the exception of hedged positions, which are valued at the rate applying to the financial instrument – are recorded at the exchange rates applying at the balance sheet date. Profits and losses ensuing from such conversion are taken to the income statement as components of financial income or expense. Any net profit is taken to a specific non-distributable reserve until the profit is realised.
- v) Payments on account include advances paid by customers for services that have not yet been performed.
- w) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- x) Income taxes are recorded on the basis of an estimate of taxable income in conformity with applicable regulations, taking account of deferred tax positions. The tax liability to be settled on presentation of the tax declaration is reported under tax payables, together with liabilities relating to taxes already assessed and due.
The Company has opted to be taxed on a Group basis and is responsible, as Parent Company, for meeting all requirements regarding the settlement and payment of IRES tax for all companies included within the tax group. The procedure for the consolidation of the Group's taxable amounts is regulated by a specific agreement between the Parent Company and the subsidiaries.
The fundamental standards that regulate this agreement are neutrality (absence of negative effects on the single companies), proportionality in the use of losses and their integral remuneration on the basis of the rate of IRES in force at the time of effective use, offsetting the incomes booked.
- y) In order to hedge interest rate and exchange rate risk, the Company uses derivative contracts to hedge specific transactions. Interest differentials to be collected or paid on interest rate swaps are taken to the income statement on an accruals basis over the duration of the contract. Accrued interest differentials that have not been settled at the end of the year or which have been settled before they actually accrue are taken to accrued income and prepaid expenses, or accrued expenses and deferred income, as the case may be. Derivative contracts hedging exchange rate risks are used to cover contractual commitments in foreign currencies and entail adjusting the value of the underlying item. Gains and losses arising from differences between the spot and future exchange rates for hedging transactions carried out through forward purchase of foreign exchange and premiums paid in relation to options are taken to the income statement over the duration of the contract.

If the market value of contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.
- z) Collections are recorded by bank transaction date; payments are accounted for on the basis of the payment instruction date, as well as deferred taxes calculated with reference to the temporary differences that result in lower current taxes.

4) Balance Sheet

Assets

Non-current assets

Intangible assets

They include the cost of non-physical factors of production with lasting utility, net of amortisation and write-downs in the event of permanent impairment of value.

Industrial patents and intellectual property rights. This item, as broken down in Schedule 1, amounts to Euro 421,601 thousand and is made up of:

- Euro 198,239 thousand, which reflect costs for TV and film products available for use, with a net increase of Euro 13,715 thousand compared to 31 December 2014. Specifically, the aforementioned increase corresponds to the balance between additions (Euro 92,903 thousand, Euro 53,841 thousand of which transferred from intangible assets under development and payments on account for rights that became available during the period) and decreases from write-down, made for the purpose of taking account of the effects arising from the risk arising from the impossibility to transmit, replicate or exploit some productions (Euro 10,551 thousand) and the amortisation rates for the period (Euro 68,637 thousand);
- Euro 4,799 thousand reflect software licenses, compared to Euro 4,450 thousand as at 31 December 2014, with a net increase of Euro 349 thousand.
- The aforementioned increase corresponds to the balance between additions (Euro 2,084 thousand, Euro 1,356 thousand of which transferred from intangible assets under development and payments on account for licences that became available during the period) and the amortisation rates for the period (Euro 1,735 thousand).

With reference to television and film products available for use, the aggregate value of the item, before write-downs, is broken down into:

- rights for proprietary television programmes or programmes licenced on an unlimited basis for Euro 194,980 thousand (against Euro 188,330 thousand as at 31 December 2014);
- rights for third party's television programmes licenced on a temporary basis for Euro 32,726 thousand (against Euro 25,661 thousand as at 31 December 2014).

Overall, investments in programmes made in the first half of 2015 amounted to Euro 104,807 thousand, including Euro 65,745 thousand related to investments in television and film programmes not yet available as at 30 June 2015, recognised under intangible assets under development and payments on account.

The breakdown of investments by type as at 30 June 2015 shows that, in this period, investments were made in the drama and comedy genre (series, miniseries, TV movies, telenovelas, soap operas, etc.) for Euro 30,266 thousand, in documentaries for Euro 5,296 thousand, in cartoons and comic movies for Euro 3,461 thousand and in other genres for Euro 39 thousand.

Concessions, licences, trademarks and similar rights, which are stated net of accumulated amortisation, include costs incurred for the acquisition of licences for digital terrestrial frequencies and own trademarks. They amount to Euro 2,838 thousand, of which Euro 2,802 thousand refer to digital terrestrial network frequencies.

Intangible assets under development and payments on account amount to Euro 207,694 thousand, as broken down in Schedule 1, and include:

- Euro 199,367 thousand for the cost of television programmes and films which are not yet available-for-use and therefore not subject to amortisation, representing a net increase of Euro 11,904 thousand compared to the figure as at 31 December 2014. In particular, such increase reflects the balance of additions (Euro 65,745 thousand), reclassification of items to Industrial patents and intellectual property rights as they relate to productions and/or purchases that became usable during the period (Euro 53,84 thousand);
- Euro 2,014 thousand relating to software licences, representing a net decrease of Euro 621 thousand compared with the figure as at 31 December 2014. In particular, such decrease reflects the balance of additions (Euro 725 thousand), reclassification of items to Tangible assets (Euro 10 thousand) and to Industrial patents and intellectual property rights as they relate to licences that became usable during the period (Euro 1,356 thousand);
- Euro 312 thousand relating to alterations and improvements to property held under leasehold or concession, representing a net decrease of Euro 70 thousand compared with the figure as at 31 December 2014. Such decrease reflects the balance of additions (Euro 143 thousand) and reductions for amounts reclassified to Other intangible assets (Euro 73 thousand);

- Euro 6,001 thousand relating to the purchase cost of options on agreements for the commercial exploitation of products held in football libraries, whose figure remained unchanged compared to 31 December 2014.

With regard to television programmes and films that have not yet become available-for-use, the total of Euro 199,367 thousand includes:

- Euro 104,874 thousand relating to television programmes owned by the Company that were not yet ready as at 30 June 2015 or for which usage rights began later than 30 June 2015 (Euro 98,491 thousand as at 31 December 2014). This amount includes costs of Euro 9,039 thousand relating to the production of a long-running television drama (fiction) series which has been momentarily interrupted following problems with the production company. It is noted, in this regard, that a similar amount has been prudently included in the provision for risks of non-usability of non-current assets;
- Euro 94,493 thousand relating to third-party television programmes held under fixed-term concession, with rights commencing after 30 June 2015 (Euro 88,972 thousand as at 31 December 2014).

Other intangible assets amount to Euro 8,031 thousand and include:

- Euro 5,497 thousand for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (Euro 6,030 thousand as at 31 December 2014);
- Euro 358 thousand for software (Euro 437 thousand as at 31 December 2014). The increase of Euro 40 thousand was due to new acquisitions for the period; while the amortisation charges accrued in the period decreased by Euro 119 thousand;
- Euro 1,884 thousand of charges, net of amortisation rates, to be distributed over the term of the same, relate to the bond issue launched in May 2015 and to a long-term loan agreement (Euro 2,428 thousand as at 31 December 2014);
- Euro 292 thousand, relating to the purchase cost of options on agreements for the commercial exploitation of products held in football libraries, net of amortisation rates (Euro 423 thousand as at 31 December 2014).

Rai SpA / Notes to the Financial Statements

Intangible assets

Schedule no. 1

(thousands of Euros)	31.12.2014(a)			Changes during the period				30.06.2015		
	Costs	Amortisation	Book value	Increase and capitalisation	Reclassification	Write-downs, eliminations and disposal	Amortisation	Costs	Amortisation	Book value
Industrial patents and intellectual property rights:										
programmes	(b) 421,874	(207,883)	213,991	39,062	53,841	-	(79,188)	514,777	(287,071)	227,706
provision for impairment of programmes being amortised	(29,467)	-	(29,467)	-	-	(10,551)	10,551	(40,018)	10,551	(29,467)
	392,407	(207,883)	184,524	39,062	53,841	(10,551)	(68,637)	474,759	(276,520)	198,239
software licenses	(c) 9,510	(5,060)	4,450	728	1,356	-	(1,735)	11,594	(6,795)	4,799
	401,917	(212,943)	188,974	39,790	55,197	(10,551)	(70,372)	486,353	(283,315)	203,038
Digital terrestrial	40,537	(36,053)	4,484	-	-	-	(1,682)	40,537	(37,735)	2,802
Concessions, licenses, trademarks and similar rights	(d) 70	(31)	39	-	-	-	(3)	70	(34)	36
	40,607	(36,084)	4,523	-	-	-	(1,685)	40,607	(37,769)	2,838
Intangible assets under development and payments on account:										
programmes	(e) 187,463	-	187,463	65,745	(53,841)	-	-	199,367	-	199,367
software	2,635	-	2,635	725	(1,346) (h)	-	-	2,014	-	2,014
long-term costs relating to third-party property	242	-	242	143	(73)	-	-	312	-	312
other rights	6,001	-	6,001	-	-	-	-	6,001	-	6,001
	196,341	-	196,341	66,613	(55,260)	-	-	207,694	-	207,694
Others										
long-term costs relating to third-party property	(f) 39,857	(33,827)	6,030	325	73	(17) (i)	(914)	39,842	(34,345)	5,497
software	656	(219)	437	40	-	-	(119)	696	(338)	358
accessory charges on loans	(g) 5,240	(2,812)	2,428	1,885	-	-	(2,429)	7,125	(5,241)	1,884
other rights	985	(562)	423	-	-	-	(131)	985	(693)	292
	46,738	(37,420)	9,318	2,250	73	(17)	(3,593)	48,648	(40,617)	8,031
Total	685,603	(286,447)	399,156	108,653	10	(10,568)	(75,650)	783,302	(361,701)	421,601

(a) Includes only values which, as at 31 December 2014, are not fully amortised except for "provision for impairment of programmes being amortised", reported net of the amount used and "Others", which include long-term charges on third-party assets which are fully amortised with leasing agreement in progress (note (f)).

(b) With book values:

. not fully amortised	421,874	(207,883)	213,991
. fully amortised	188,685	(188,685)	-
	610,559	(396,568)	213,991

(c) With book values:

. not fully amortised statements	9,510	(5,060)	4,450
. fully amortised	2,905	(2,905)	-
	12,415	(7,965)	4,450

(d) With book values:

. not fully amortised	70	(31)	39
. fully amortised	10	(10)	-
	80	(41)	39

(e) Costs for the right to use intellectual property under production as at 31 December 2014 and not yet transferred by the end of June 2015 to non-current assets under amortisation, refer to rights becoming valid after 30 June or still to be defined, as well as internal productions of programmes still to be completed on such date. In any case, these are costs referring to programmes which are expected to be used in the future.

(f) Long-term costs relating to third-party property, with book values:

. not fully amortised	32,225	(26,195)	6,030
. fully amortised – with contract in place	7,632	(7,632)	-
	39,857	(33,827)	6,030
. fully amortised – with contract terminated	-	-	-
	39,857	(33,827)	6,030

(g) With book values:

. not fully amortised	5,240	(2,812)	2,428
. fully amortised	-	-	-
	5,240	(2,812)	2,428

(h) Reclassification:

- to other non-current assets	costs	(1,356)
- from tangible assets	costs	10
		(1,346)

(i) of which

costs	(413)
amortisation	396
	(17)

Tangible assets

Tangible assets comprise the costs and related revaluations of owned non-current tangible assets with a useful life of several years. They are reported net of standard depreciation and write-downs, as appropriate, for any lasting value impairments.

The standard depreciation rates applied are as follows:

- Buildings and light structures
 - offices in industrial buildings 3%
 - other industrial buildings and roads 6%
 - light structures 10%
- Plant and machinery
 - general and radio technical systems 12.5%
 - transmission and television systems 19%
 - recording systems and fitted vehicles 25%
- Industrial and commercial equipment 19%
- Other assets:
 - standard equipment 19%
 - office furniture and equipment 12%
 - electronic office equipment 20%
 - transport vehicles 20%
 - motor cars, motor vehicles and the like 25%

As at 30 June 2015, tangible assets amount to Euro 368,350 thousand, representing a net reduction of Euro 5,391 thousand compared to 31 December 2014. Such reduction reflects the balance of additions (Euro 26,102 thousand) and disposals (Euro 31,493 thousand), as specified in Schedule 2.

Tangible assets and accumulated depreciation

Schedule no. 2

(thousands of Euros)	31.12.2014					Changes during the period					30.06.2015				
	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value	Increases and capitals.	Reclassific.	Net eliminations (a)	Depreciat.	Costs	Revaluat.	Write-downs	Accumulated depreciation	Book value	
Land and buildings	534,971	561,907	(36,529)	(900,762)	159,587	775	616	(9)	(6,477)	536,284	561,711	(36,529)	(906,973)	154,493	
Plant and machinery	1,320,312	8,093	-	(1,186,363)	142,042	9,181	7,393	(20)	(21,913)	1,332,353	8,021	-	(1,203,692)	136,682	
Industrial and commercial equipment	66,395	2,143	-	(65,331)	3,207	469	170	-	(610)	65,977	2,140	-	(64,881)	3,236	
Other assets	113,067	958	-	(86,847)	27,178	1,624	1,270	(1)	(2,425)	115,484	958	-	(88,795)	27,647	
Tangible assets under construction and payments on account	41,727	-	-	-	41,727	14,053	(9,459)	(28)	-	46,292	-	-	-	46,292	
Total	2,076,472	573,101	(36,529)	(2,239,303)	373,741	26,102	(10)	(b)	(58)	(31,425)	2,096,390	572,830	(36,529)	(2,264,341)	368,350
(a) including:															
. Costs - tangible assets									(6,174)						
. Revaluations - tangible assets									(271)						
. Depreciation - tangible assets									6,387						
									(58)						
(b) including:															
Costs - tangible assets															(10)

It should be noted that additions, which reflect capital expenditure made during the period, include Euro 2,897 thousand in relation to the capitalisation of the cost of internal personnel engaged in the construction of property, plant and machinery.

The gross value of tangible asset revaluations, analysed in terms of relevant legislation is as follows:

- Euro 35,232 thousand in implementation of Law no. 576 of 2 December 1975 and Law no. 72 of 19 March 1983, applied to property with a purchase cost of Euro 43,259 thousand. These figures relate to property acquired prior to 31 December 1946, the gross value of which (Euro 424 thousand) includes revaluation pursuant to Law no. 74 of 11 February 1952;
- Euro 52,140 thousand in implementation of Law no. 413 of 30 December 1991;
- Euro 485,458 thousand in implementation of Decree Law no. 263 of 29 April 1994, the effects of which were ratified by Law no. 650 of 23 December 1996.

Rai SpA / Notes to the Financial Statements

Financial assets

Financial assets represent the cost of long-term financial investments and related revaluations, net of any write-downs as described in the comments below on the individual items.

Equity investments amount to Euro 502,478 thousand and include investments in shares or other forms of equity in companies, including consortiums. They are reported separately in the balance sheet and ordered by decreasing levels of ownership.

Schedule 3 provides details of the component parts of individual equity investments and changes during the period. Schedule 4 lists investments in subsidiaries and associated companies in accordance with Article 2427, para 5, of the Civil Code.

Non-current financial assets – Equity investments*Schedule no. 3*

(thousands of Euros)	31.12.2014				Changes during the period				30.06.2015			
	Costs	Revaluation	Write-downs	Book value	Acquisitions Subscriptions	Disposals	Dividends	Value adjustment	Costs	Revaluation	Write-downs	Book value
In subsidiaries												
Rai Cinema SpA	200,103	79,043	-	279,146	-	-	(44,193)	26,292	200,103	61,142	-	261,245
Rai Com SpA	142,016	-	(28,861)	113,155	-	-	(6,507)	2,101	142,016	-	(33,267)	108,749
Rai Corporation in liquidation	8,713	-	(5,429)	3,284	-	-	-	279	8,713	-	(5,150)	3,563
Rai Pubblicità SpA	11,114	20,200	-	31,314	-	-	(7,890)	2,670	11,114	14,980	-	26,094
Rai Way SpA	45,710	56,018	-	101,728	-	-	(21,842)	13,674	45,710	47,850	-	93,560
	407,656	155,261	(34,290)	528,627	-	-	(80,432)	45,016	407,656	123,972	(38,417)	493,211
In associated companies												
Audiradio Srl in liquidazione	1,428	-	(1,428)	-	-	-	-	-	1,428	-	(1,428)	- (a)
Auditel Srl	10	661	-	671	-	-	-	-	10	661	-	671
Euronews	850	2,015	-	2,865	-	-	-	-	850	2,015	-	2,865
San Marino RTV SpA	258	1,838	-	2,096	-	-	-	(115)	258	1,723	-	1,981
Tivu Srl	483	2,262	-	2,745	-	-	(450)	710	483	2,522	-	3,005
	3,029	6,776	(1,428)	8,377	-	-	(450)	595	3,029	6,921	(1,428)	8,522
In other companies												
Almoviva SpA	324	-	-	324	-	-	-	-	324	-	-	324
Banca di Credito Cooperativo di Roma	1	-	-	1	-	-	-	-	1	-	-	1
Int. Multimedia University Umbria Srl	52	-	(52)	-	-	-	-	-	52	-	(52)	-
Ist. Enciclopedia Treccani SpA	513	-	(93)	420	-	-	-	-	513	-	(93)	420
	890	-	(145)	745	-	-	-	-	890	-	(145)	745

(a) A sum equal to Rai's share of the capital deficit, amounting to Euro 53 thousand as at 31 December 2014, has been recognized in a special provision for charge.

List of equity investments in subsidiaries and associated companies

Schedule no. 4

(thousands of Euros)

Company name	Registered Office	Share capital	Equity	Profit (Loss)	Shareholding %	Corresponding share of net equity	Book Value
Subsidiaries							
Rai Cinema SpA	Rome	200,000	261,245	26,292	100.00	261,245	261,245
Rai Com SpA	Rome	10,320	108,578	2,009	100.00	108,578	108,749 ⁽¹⁾
Rai Corporation in liquidation	New York (USA)	447 ⁽²⁾	3,563 ⁽³⁾	-	100.00	3,563	3,563
Rai Pubblicità SpA	Turin	10,000	34,493	2,499	100.00	34,493	26,094 ⁽⁴⁾
Rai Way SpA	Rome	70,176	140,366	19,784	65.07353	91,341	93,560 ⁽⁵⁾
							493,211
Associated companies							
Audiradio Srl in liquidation	Milan	258	(196) ⁽⁶⁾	12 ⁽⁶⁾	27.00	(53)	- ⁽⁷⁾
Auditel Srl	Milan	300	2,033 ⁽⁶⁾	477 ⁽⁶⁾	33.00	671	671
Euronews	Ecully (F)	4,033	13,936 ⁽⁶⁾	(10,456) ⁽⁶⁾	20.56	2,865	2,865
San Marino Rtv SpA	S. Marino (RSM)	516	3,963	(229)	50.00	1,981	1,981
Tivù Srl	Rome	1,002	6,237	1,474	48.16	3,005	3,005
							8,522

(1) The difference of Euro 171 thousand between book value and equity is due to adjustments to intercompany transactions, as required by the accounting principles applied in preparing the consolidated financial statements for valuation at equity.

(2) USD 500,000 at the 30 June 2015 exchange rate of Euro/USD 1.1189.

(3) USD 3,986,381 at the 30 June 2015 exchange rate of Euro/USD 1.1189.

(4) The difference of Euro 8,399 thousand between book value and equity is due to adjustments to intercompany transactions, as required by the accounting principles applied in preparing the consolidated financial statements for valuation at equity.

(5) The difference of approximately Euro 2,219 thousand between book value and equity is due to adjustments to align the net equity figure with the accounting principles adopted by the RAI Group in preparing the consolidated financial statements for valuation at equity.

(6) As per financial statements as at 31 December 2014.

(7) The capital deficit has been recognised in a provision for charges.

The following points relating to equity investments during 2014 are noted in order of their significance and consequent impact on the Rai financial statements:

Equity investments in subsidiaries

- *Rai Cinema SpA* (100% Rai): the share capital of Euro 200,000 thousand is represented by 38,759,690 shares with a par value of Euro 5.16 each. As at 30 June the value of the investment had been increased by Euro 26,292 thousand, in recognition of the profit earned by the Company in the first half of 2015. During the first half of 2015, a dividend of Euro 44,193 thousand was paid and accounted for under equity investments in subsidiaries as a reduction in the aforementioned revaluation of the investment.
- *Rai Com SpA* (100% Rai): the share capital, equal to Euro 10,320 thousand, is represented by 2,000,000 shares with a par value of Euro 5.16 each. As at 30 June 2015, the gross value of the investment amounting to Euro 142,016, which had been written down by Euro 28,861 thousand as at 31 December 2014, has been increased by Euro 2,101 thousand in recognition of the profit earned during the first half of 2015, adjusted as a result of intercompany transactions as required to reflect the accounting principles applied in preparing the consolidated financial statements. During the first half of 2015, a dividend of Euro 6,507 thousand was paid and accounted for under equity investments in subsidiaries as a decrease in the value of the investment.
- *Rai Corporation in liquidation* (100% Rai): the share capital of USD 500,000 thousand is represented by 50,000 shares with a par value of 10 USD each. The investment is valued at Euro 8,713 thousand, in recognition of the payment on account of share capital of USD 10,000,000 made during 2005. As at 30 June 2015, the value of the investment, which had been written down by Euro 5,429 thousand as at 31 December 2014, has been increased by Euro 279 thousand to bring it into line with the value of Shareholders' equity, drawn up on the basis of the Italian accounting standards, at the exchange rate in force on 30 June 2015.

Rai SpA / Notes to the Financial Statements

- *Rai Pubblicità SpA* (100% Rai): the share capital of Euro 10,000 thousand is represented by 100,000 shares with a par value of Euro 100 each. Valuation of the investment using the equity method has resulted in its value being increased by Euro 2,670 thousand in recognition of the profit earned during the first half of 2015 (Euro 2,499 thousand) and further adjustments required to reflect the accounting principles applied in preparing the consolidated financial statements. During the first half of 2015, a dividend of Euro 7,890 thousand was paid and accounted for under equity investments in subsidiaries as a reduction in the aforementioned revaluation of the investment.
- *Rai Way SpA* (65.07353% Rai): the share capital of Euro 70,176 thousand is represented by 272,000,000 ordinary shares with no par value. As at 30 June 2015, the value of the investment has been increased by Euro 13,674 thousand in recognition of Rai's share of the profit earned during the first half of 2015, equal to Euro 19,784 thousand adjusted by an amount of Euro 1,228 thousand following alignment of the Company's financial statements with the accounting principles adopted by the Rai Group. During the first half of 2015, a dividend of Euro 33,565 thousand was paid out of the 2014 result. The amount due to Rai, equal to Euro 21,842 thousand, has been accounted for under equity investments in subsidiaries as a reduction in the aforementioned revaluation of the investment.

Equity investments in associated companies

- *Audiradio Srl in liquidation* (27% Rai): the share capital of Euro 258 thousand is represented by 258,000 shares with a par value of Euro 1 each. The gross/original value of the investment of Euro 1,428 thousand is fully written down based on the financial statements as at 31 December 2014, which show a negative Shareholders' equity of Euro 196 thousand. Rai's share of the capital deficit amounting to Euro 53 thousand has been recognized in a special provision for charges.
- *Auditel Srl* (33% Rai): the share capital of Euro 300 thousand is represented by 300,000 shares with a par value of Euro 1 each. The company has not prepared any economic and financial position for the first half of 2015.
- *Euronews - Société Anonyme* (20.56% Rai): the share capital of Euro 4,033 thousand is represented by 268,856 shares with a par value of Euro 15 each. The company has not notified any economic and financial position for the first half of 2015.
- *San Marino Rtv SpA* (50% Rai): this company was established in 1991 by Rai and E.R.A.S. - Ente di Radiodiffusione Sammarinese - , each with an equal holding in the company. It was set up pursuant to Law 99 of 9 April 1990 ratifying the collaboration treaty between the Republic of Italy and the Republic of San Marino concerning radio and television. The company has a share capital of Euro 516 thousand consisting of 1,000 shares with a par value of Euro 516.46 each. In relation to the negative result achieved by the company during the first half of 2015, equal to Euro 230 thousand, the revaluation, relating to previous years, was decreased by Euro 1,838 thousand, for the amount pertaining to Rai equal to Euro 115 thousand.
- *Tivù Srl* (48.16% Rai): the share capital of Euro 1,002 thousand is held by Rai and R.T.I. - Reti Televisive Italiane SpA - each with equal holdings of 48.16%, by TI Media - Telecom Italia Media S.p.A. - with a share of 3.5% and by two associations - FRT and Aeranti Corallo - each with a 0.09% share. During the first half of 2015, a dividend of Euro 935 thousand was paid in relation to the 2014 results and Rai's share of Euro 450 thousand has been accounted for under equity investments in associated companies as a reduction in the aforementioned revaluation of the investment. In relation to the positive result achieved by the company during the first half of 2015, equal to Euro 1,474 thousand, the investment was revalued for the amount pertaining to Rai equal to Euro 710 thousand.

Equity investments in other companies

- *Almaviva - The Italian Innovation Company SpA* (0.83% Rai): the value of the holding is unchanged from 2014 and amounts to Euro 324 thousand. The share capital is represented by 107,567,301 ordinary shares with a par value of Euro 1.00 each.
- *Banca di Credito Cooperativo di Roma S.c.p.a.* (an open-end company with non-significant percentage held by Rai): the investment is valued at Euro 1 thousand, reflecting the amount paid on 16 January 2009 for the purchase of 100 shares.
- *International Multimedia University Umbria Srl* (1.533% Rai): the investment has been fully written off since there is no longer any certainty that the amounts paid in can be recovered.
- *Istituto Enciclopedia Treccani SpA* (0.87% Rai): the value of the investment, which was initially recorded at Euro 513 thousand and subsequently written down by Euro 93 thousand to align it with Rai's share of net equity as reported in the latest approved financial statements. The share capital is represented by 41,245,128 shares with a par value of Euro 1.00 each.

Receivables

Receivables amount to Euro 1,891 thousand (net of a bad debt provision of Euro 399 thousand), showing an increase of Euro 48 thousand compared to 31 December 2014, as shown in Schedule 5. Schedule 9 provides details in relation to maturity.

Non-current financial assets - Receivables

Schedule no. 5

(thousands of Euros)	31.12.2014			Changes during the period			30.06.2015		
	Nominal value	Provision for bad debts	Book value	Disbursements	Refunds/ recoveries	Write-downs (-) Write-backs (+)	Nominal value	Provision for bad debts	Book value
Due from others:									
- guarantee deposits	1,691	-	1,691	63	(6)	-	1,748	-	1,748
- employees	331	(179)	152	24	(33)	-	322	(179)	143
- Ponteco	220	(220)	-	-	-	-	220	(220)	-
Total	2,242	(399)	1,843	87	(39)	-	2,290	(399)	1,891

Other securities. This item amounts to Euro 2,310 thousand and is comprised entirely of securities provided as collateral; Schedule 6 reports their composition and breakdown.

Non-current financial assets - Other securities

Schedule no. 6

(thousands of Euros)	31.12.2014				Changes during the period				30.06.2015			
	Costs	Revaluation (a)	Write-downs (a)	Book Value	Acquisitions	Refunds	Revaluation (a)	Write-downs (-) Write-backs (+) (a)	Costs	Revaluation (a)	Write-downs (a)	Book Value
Fixed-income securities:												
- B.T.P.	2,392	-	(57)	2,335	-	-	-	(25)	2,392	-	(82)	2,310
	2,392	-	(57)	2,335	-	-	-	(25)	2,392	-	(82)	2,310
(a) issue and trading discounts.												

Current assets

Inventories

Inventories amount to Euro 253 thousand (Euro 361 thousand as at 31 December 2014), net of a write-down provision of Euro 12,497 thousand.

This item relates to inventories of raw materials, supplies and consumables which consist entirely of supplies and spare parts for maintenance and the operation of equipment and are considered as consumables since they are not directly incorporated into products.

Inventories

Schedule no. 7

(thousands of Euros)	31.12.2014	Changes during the period		30.06.2015
		Increases (+) Decreases (-)	Balance of the provisions made (-) and released (+)	
Raw materials, supplies and consumables	361	(101)	(7)	253

Rai SpA / Notes to the Financial Statements

Receivables

Receivables amount to Euro 787,846 thousand, showing an increase of Euro 71,419 thousand compared to 31 December 2014. Schedule 8 provides a breakdown of receivables and Schedule 9 provides further details in relation to maturity and type.

Current assets - Receivables

Schedule no. 8

(thousands of Euros)	Changes during the period				30.06.2015
	31.12.2014	Balance of entries (+) repayments (-)	Use/release	Allocation to Provisions	
Due from customers					
. Government and other public entities for public broadcasting services	21,706	(4,687)	-	-	17,019
. balance due from the Ministry of Finance for licence fees	-	-	-	-	-
. other receivables	51,787	(18,304)	-	-	33,483
<i>less</i>					
. provisions for bad debts	(7,863)	-	72	25	(7,766)
	65,630	(22,991)	72	25	42,736
Due from subsidiaries					
. Rai Pubblicità SpA	206,376	(2,043)	-	-	204,333
. Rai Way SpA	16,773	(2,179)	-	-	14,594
. Rai Com SpA	57,983	37,557	-	-	95,540
. Rai Cinema SpA	108,783	71,867	-	-	180,650
. Rai World SpA	-	-	-	-	-
<i>less</i>					
. fondo svalutazione crediti (Rai Com)	(129)	-	-	-	(129)
	389,786	105,202	-	-	494,988
Due from associated companies					
. Tivù Srl	232	627	-	-	859
. San Marino RTV	65	662	-	-	727
	297	1,289	-	-	1,586
Tax receivables	94,221	(21,051)	-	-	73,170
Deferred tax assets	43,967	(13,163)	-	-	30,804
Due from others					
. future sports events	49,805	23,172	-	-	72,977
. payments on account to suppliers, collaborators, agents	26,755	(9,205)	-	-	17,550
. welfare and social security institutions	20,182	(4,249)	-	-	15,933
. personnel	10,521	3,135	-	-	13,656
. advances on commercial activities	11,369	(207)	-	-	11,162
. advances on frequency usage fees	-	10,519	-	-	10,519
. European Union for subsidies and grants	960	83	-	-	1,043
. other	8,587	(2,197)	-	-	6,390
<i>less</i>					
. provisions for bad debts	(5,653)	-	1,154	(169)	(4,668)
	122,526	21,051	1,154	(169)	144,562
Total	716,427	70,337	1,226	(144)	787,846

Receivables, accrued income and prepaid expenses by maturity and type *Schedule no. 9*

(thousands of Euros)	30.06.2015				31.12.2014			
	within the following year	from 2 to 5 following years	after 5 years	Book value	within the following year	from 2 to 5 following years	after 5 years	Book value
Non-current financial receivables								
from others	236	781	874	1,891	172	825	846	1,843
	236	781	874	1,891	172	825	846	1,843
Current receivables								
Financial receivables								
from subsidiaries	179,429	-	-	179,429	81,887	-	-	81,887
from associated companies	615	-	-	615	-	-	-	-
	180,044	-	-	180,044	81,887	-	-	81,887
Trade and other receivables								
from customers	41,010	1,726	-	42,736	63,611	2,019	-	65,630
from subsidiaries	315,559	-	-	315,559	307,899	-	-	307,899
from associated companies	971	-	-	971	297	-	-	297
tax receivables	56,346	16,824	-	73,170	77,397	16,824	-	94,221
deferred tax assets	30,804	-	-	30,804	43,967	-	-	43,967
due from others:								
- advances on commercial activities	-	11,162	-	11,162	-	11,369	-	11,369
- future sports events	33,622	39,355	-	72,977	10,853	38,952	-	49,805
- other	57,753	2,670	-	60,423	55,380	5,972	-	61,352
	536,065	71,737	-	607,802	559,404	75,136	-	634,540
Total current receivables	716,109	71,737	-	787,846	641,291	75,136	-	716,427
Accrued income and prepaid expenses								
Issue discounts	2,501	-	-	2,501	-	-	-	-
Accrued income	25	-	-	25	19	-	-	19
Prepaid expenses	16,246	-	-	16,246	28,058	-	-	28,058
	18,772	-	-	18,772	28,077	-	-	28,077
Total	735,117	72,518	874	808,509	669,540	75,961	846	746,347

Receivables due from customers: relate to trade receivables other than those due from subsidiaries and associated companies, which are reported separately. They amount to Euro 42,736 thousand, representing a nominal value of Euro 50,502 thousand which has been written down by Euro 7,766 thousand to bring them to their estimated realisable value. Receivables from customers are Euro 22,894 thousand lower than at 31 December 2014.

Receivables due from customers may be further analysed as follows:

- *receivables for public broadcasting services to central government and other public entities* amounting to Euro 17,019 thousand, showing a decrease of Euro 4,687 thousand with respect to 31 December 2014. These relate wholly to amounts due from the Ministry of the Economy and Finance for management of television license fee collection, of which Euro 10,768 thousand relating to 2014 and Euro 6,251 thousand relating to the first half of 2015;
- *other receivables* amounting to Euro 33,483 thousand, showing a decrease of Euro 18,304 thousand compared to 31 December 2014. These represent receivables due for the sale of rights and provision of various services.

Receivables due from subsidiaries: amounting to Euro 494,988 thousand (Euro 389,786 thousand as at 31 December 2014). As detailed in Schedule 8, these represent period-end balances with subsidiaries and include financial receivables of Euro 179,429 thousand (Euro 81,887 thousand as at 31 December 2014) and other receivables amounting to Euro 315,559 thousand (Euro 307,899 thousand as at 31 December 2014).

Rai SpA / Notes to the Financial Statements

Receivables from associated companies: amounting to Euro 1,586 thousand (Euro 297 thousand as at 31 December 2014). As detailed in Schedule 8, these represent the balances with associated companies and include financial receivables of Euro 615 thousand (zero as at 31 December 2014) and other receivables amounting to Euro 971 thousand (Euro 297 thousand as at 31 December 2014).

Tax receivables: amounting to Euro 73,170 thousand (Euro 94,221 thousand as at 31 December 2014). These relate to Group VAT (Euro 32,941), the IRES tax of the Company and subsidiaries included within the tax group deriving from the deductibility of IRAP tax in relation to personnel costs and similar costs (Euro 21,791 thousand), a VAT reimbursement requested (Euro 13,400 thousand), an IRAP tax credit (Euro 3,141 thousand) and other tax reimbursements requested (Euro 1,897 thousand).

Deferred tax assets: amounting to Euro 30,804 thousand relating to timing differences in the tax deductibility of certain costs, as explained more fully in the section dealing with "Income taxes".

Details of deferred tax assets, including movements during the first half of 2015, are provided in the following table:

Deferred tax assets

(thousands of Euros)	Amount of IRES tax temporary differences	IRES tax 27.5%
Balance as at 31 December 2014:		
- Negative taxable income	118,669	32,634
- Write-down of programmes	28,594	7,863
- Difference on statutory/tax amortisation of programmes	12,620	3,471
- Other temporary differences	-	-
Receivable for deferred tax assets at the beginning of the period	159,883	43,968
Changes during the period:		
- Negative taxable income: adjustment from previous year	(149)	(41)
- Negative taxable income in the period	70,800	19,470
- Write-down of programmes	-	-
- Difference on statutory/tax amortisation of programmes	-	-
- Other temporary differences	-	-
Changes through profit or loss	70,651	19,429
Setoff of taxable income as a result of tax consolidation	(118,520)	(32,593)
Transformation into tax credits	-	-
Contribution of the "commercial activities" business unit	-	-
Changes through equity only	(118,520)	(32,593)
Total changes during the period	(47,869)	(13,164)
Balance as at 30 June 2015:		
- Negative taxable income	70,800	19,470
- Write-down of programmes	28,594	7,863
- Difference on statutory/tax amortisation of programmes	12,620	3,471
- Other temporary differences	-	-
Receivable for deferred tax assets at the end of the period	112,014	30,804

Receivables from others: amounting to Euro 144,562 thousand (Euro 122,526 thousand as at 31 December 2014) net of a bad debt provision of Euro 4,668 thousand. These include:

- *receivables from suppliers* amounting to Euro 72,977 thousand. These relate to advance payments made for filming rights at future sports events;
- *receivables from suppliers* for other advances amounting to Euro 17,550 thousand;
- *receivables from social security institutions* amounting to Euro 15,933 thousand. These relate to advance payments made against contributions payable in relation to artistic and other activities;

- *receivables from personnel* amounting to Euro 13,656 thousand. For the main part, these include amounts receivable in relation to employment disputes (Euro 4,359 thousand), travel advances (Euro 3,810 thousand), and advances for production expenses (Euro 2,234 thousand). This item includes receivables measured at their presumed realisable value, arising from the application of Law 89/2014;
- *receivables from suppliers* amounting to Euro 11,162 thousand. These relate to guaranteed minimums advanced in relation to commercial initiatives;
- *receivables from the Ministry for Economic Development* amounting to Euro 10,519 thousand, for advances on the contribution for the use of frequencies relating to the 2014 financial year;
- *receivables from the European Union for subsidies and grants* amounting to Euro 1,043 thousand, consisting entirely of receivables relating to research projects;
- *receivables from others* amounting to Euro 6,390 thousand.

Cash and cash equivalents

Cash and cash equivalents are detailed in Schedule 10 and include:

- *Bank and postal deposits*: amounting to Euro 513,749 thousand (Euro 113,488 thousand as at 31 December 2014). These represent available balances, at sight or in the short-term, on deposit or current accounts with banks and the Post Office;
- *Cash and cash equivalents on hand*: amounting to Euro 431 thousand (Euro 313 thousand as at 31 December 2014). These include liquid funds in the form of cash and equivalent instruments (revenue stamps, cashier's cheques or bank-guaranteed cheques etc.) held at the Company.

The sums held by banks or the post office which are unavailable as a result of seizure orders amount to Euro 1,290 thousand.

Cash and cash equivalents

Schedule no. 10

(thousands of Euros)	Changes during the period		30.06.2015
	31.12.2014	Balance of movements	
Bank and postal accounts	113,488	400,261	513,749
Cash and cash equivalents on hand	313	118	431
Total	113,801	400,379	514,180

Accrued income and prepaid expenses

Accrued income and prepaid expenses total Euro 18,772 thousand. Details are provided in Schedule 11.

Accrued income and prepaid expenses*Schedule no. 11*

(thousands of Euros)	Changes during the period		30.06.2015
	31.12.2014	Balance of movements	
Issue discounts:			
. on bond issues	-	2,501	2,501
Prepaid expenses:			
. FASI contribution	-	3,184	3,184
. software licences	3,614	(855)	2,759
. contributions to the Supervisory Authorities	-	2,500	2,500
. filming rights to sports events	23,158	(21,471)	1,687
. auxiliary services for personnel	-	1,563	1,563
. INAIL	-	1,262	1,262
. FASDIR contribution	-	1,225	1,225
. rent and hire costs	455	403	858
. commissions on sureties	244	125	369
. sundry production services	8	158	166
. Rai Way service contract costs	-	87	87
. membership fees	24	2	26
. data processing, documentation services	116	(95)	21
. maintenance and repairs	150	(150)	-
. others	288	251	539
	28,057	(11,811)	16,246
Accrued income:			
. bank interest on current accounts	1	5	6
. interest income from guarantee deposits	18	-	18
. premiums payable on currency hedges	-	1	1
	19	6	25
Total	28,076	(9,304)	18,772

Liabilities**Shareholders' equity**

Shareholders' equity amounts to Euro 320,812 thousand.

A breakdown of Shareholders' equity and the effects of operations carried out in the current period and in the previous year are shown in Schedule 12.

Schedule 13 provides a breakdown of the various equity items based on their origin, options regarding utilisation and availability for distribution, as well as their actual use during the past three years.

The following notes provide further details on the contents of the individual items.

Share capital

As at 30 June 2015, Share Capital was represented by 242,518,100 ordinary shares with a par value of Euro 1 each, owned by the Ministry of the Economy and Finance (241,447,000 shares, equal to 99.5583% of total share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of total share capital).

Legal reserve

The legal reserve amounts to Euro 11,553 thousand.

Shareholders' equity

Schedule no. 12

(thousands of Euros)	Changes during the period				Changes during the period				30.06.2015
	31.12.2013	Allocation of profit for the period	Release for collection of dividend	Profit for the period	31.12.2014	Allocation of profit for the period	Release for collection of dividend	Loss for the period	
Share Capital (a)	242,518	-	-	-	242,518	-	-	-	242,518
Legal reserve	8,944	216	-	-	9,160	2,393	-	-	11,553
Other reserves:									
- merger surplus	5,314	-	-	-	5,314	-	-	-	5,314
- non-distributable reserve from revaluation of investments	-	4,101	(4,101)	-	-	45,197	(45,197)	-	-
- distributable reserve from revaluation of investments	-	-	4,101	-	4,101	-	45,197	-	49,298
- restricted reserve on exchange differences	-	-	-	-	-	274	-	-	274
- other reserves	37,372	-	-	-	37,372	-	-	-	37,372
Profit/(Loss) for the period	4,317	(4,317)	-	47,864	47,864	(47,864)	-	(25,517)	(25,517)
	298,465	-	-	47,864	346,329	-	-	(25,517)	320,812
(a) number of ordinary shares	242,518,100				242,518,100				242,518,100
unit value	1 Euro				1 Euro				1 Euro

Availability of Shareholders' equity

Schedule no. 13

(thousands of Euros)				
Nature - Description	Amount	Possible uses	Available share	Uses made in the three previous years
				for loss coverage
Share Capital	242,518	-	-	
Legal reserve	11,553	2	11,553	
Other reserves:				
- merger surplus	5,314	1-2-3	5,314	-
- restricted reserve on exchange differences	274	1-2	274	-
- distributable reserve from revaluation of investments	49,298	1-2-3	49,298	-
- other reserves	37,372	1-2-3	37,372	-
- loss for the period	(25,517)		(25,517)	
Total available share			78,294	-
Non-distributable share:				
Legal reserve			(11,553)	
Profits from exchange differences			(274)	
Total distributable share			66,467	

Key: 1: for capital increase – 2: for loss coverage– 3: for distribution to Shareholders.

Other reserves

Other reserves total Euro 92,258 thousand and include:

- a merger surplus of Euro 5,314 thousand;
- a distributable reserve from revaluation of investments of Euro 49,298 thousand;
- a restricted reserve on exchange differences of Euro 274 thousand;
- other reserves amounting to Euro 37,372 thousand.

Loss for the period

It amounts to Euro 25,516,833.31.

Rai SpA / Notes to the Financial Statements

Provisions for risks and charges

Provisions for risks and charges amount to Euro 343,172 thousand, with a net decrease of Euro 14,540 thousand compared to 31 December 2014. Schedule 14 provides a breakdown of this item and details of the aforementioned decrease.

Provisions for risks and charges

Schedule no. 14

(thousands of Euros)	31.12.2014	Provisions	Direct uses	Reversals through P&L	Reclassifications	30.06.2015
Provision for pension and similar liabilities:						
- provision for supplementary seniority benefits	632	6 (a)	(5)	-	-	633
- ISC ICM Agents	1,407	51 (b)	-	(169) (h)	-	1,289
- retirement fund	113	1 (a)	-	-	-	114
- supplementary Company pension fund	139,701	3,216 (c)	(5,261)	-	-	137,656
	141,853	3,274	(5,266)	(169)	-	139,692
Provision for taxes	2,115	-	(332)	-	-	1,783
Others:						
- legal disputes	94,000	14,894 (d)	(16,634)	(8,260) (h)	-	84,000
- risks for losses on the Rai share of receivables of the concession holder Rai Pubblicità	11,500	996 (e)	(496)	-	-	12,000
- reclamation and renovation of properties	16,306	-	(304)	-	-	16,002
- litigation with social security institutions	12,000	-	(457)	(6,543) (h)	-	5,000
- costs of accrued commissions	5,045	-	-	-	-	5,045
- disputes on leases	3,636	110 (e)	-	-	-	3,746
- disputes with supervisory bodies	1,500	25 (e)	(25)	-	-	1,500
- charges for risks of non-usability of non-current assets (*)	11,029	-	-	-	-	11,029
- 2014-2015 concession fee	25,333	1,542 (f)	-	-	-	26,875
- use of rights acquired from football teams	11,171	4,889 (e)	-	-	-	16,060
- others:						
. for charges	10,670	1,250 (e)	(946)	-	-	10,974
. for risks	11,554	3 (g)	(760)	(1,331) (h)	-	9,466
	213,744	23,709	(19,622)	(16,134)	-	201,697
Total	357,712	26,983	(25,220)	(16,303)	-	343,172
(*) of which:						
- programmes under development	9,039					9,039
- technical	1,990					1,990

(a) contra-entry :	item B 9 d) provision for pension	(e) contra-entry :	item B 12 provision for risks
(b) contra-entry:	item B 7 production costs - services	(f) contra-entry :	item B 13 other provisions
(c) contra-entry:	item B 14 c) other operating charges	(g) contra-entry :	item C 17 d) other financial expenses
(d) contra-entries:	item B 9 e) other personnel costs	(h) contra-entry :	item A 5 c) other earnings and proceeds
	item B 12 provision for risk		
	6,933		
	7,961		

The following notes provide additional information on the individual provisions.

Provision for pension and similar liabilities: this amounts to Euro 139,692 thousand and comprises the supplementary seniority benefits provision, the retirement benefits provision, the Company supplementary pension fund, the supplementary clientele indemnity and merit clientele indemnity reserves for agents.

- The *provision for supplementary seniority benefits* amounts to Euro 633 thousand (Euro 632 thousand as at 31 December 2014). It represents sums owed in respect of indemnities in lieu of notice to employees hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year in line with the consumer price index applicable to the families of workers and employees. In the

event of early termination of employment, or change in the nature of employment, the amounts accrued are released.

- The *retirement fund* amounts to Euro 114 thousand (Euro 113 thousand as at 31 December 2014). It includes amounts accrued up to 31 December 1988 and related annual revaluations accounted for in subsequent periods to protect the real value of the provision for eligible Rai employees in accordance with the terms of the national Collective Labour Agreement. Since 1 January 1989 retirement benefits paid by Rai and withholdings from employees have been paid into the CRAIPI (supplementary retirement fund for Rai employees) and the FIPDRAI (supplementary retirement fund for Rai managers), associations responsible for managing retirement funds under the agreements entered into between Rai and the trade unions. Following the agreement entered into on 25 October 2001, the provision for retirement benefits for non-executive staff was completely liquidated (with relevant amounts being disbursed to employees or to the CRAIPI). In the case of Rai managers, upon retirement, the funds accumulated by Rai and FIPDRAI are paid out unless, on maturing pension rights, the managers opt to obtain equivalent life annuities. In this case, any funds held by Rai and FIPDRAI remain with FIPDRAI to finance such life annuities.
- The *supplementary Company pension fund* amounts to Euro 137,656 thousand (Euro 139,701 thousand as at 31 December 2014). Its function is to cover supplementary pension benefits being paid to those employees who, in the past, had opted for the supplementary pension plan under the relevant trade union agreements in force at the time. The fund is kept at an adequate level, with reference to an actuarial calculation, to ensure said benefits in future.
- The *supplementary clientele indemnity reserve for agents* (ISC) includes provisions for amounts to be paid to agents on termination of their agency contracts, whether at the natural contract termination date or other date decided by the Company. The amount is based on total commissions due to the agent at the contract termination date.
- The *merit clientele indemnity reserve for agents* (ICM) includes provisions for amounts to be paid to agents in addition to the supplementary clientele indemnity reserve and is based on development of the customer portfolio or increase in business with the existing customer base.

Provision for taxes: the provision for taxes amounts to Euro 1,783 thousand (Euro 2,115 thousand as at 31 December 2014). Details of the provision for taxes, including movements during the first half of 2015, are provided in the following table.

Deferred tax provision

(thousands of Euros)	Amount of IRES tax temporary differences	IRES tax 27.5%	Total
Balance as at 31 December 2014:			
- Tax assessment 1975			521
- Tax charges on long-term loan	504	139	139
- Neutralisation of exchange differences	273	75	75
- Accelerated depreciation for tax purposes - tangible assets	5,017	1,380	1,380
Deferred tax provision at the beginning of the period	5,794	1,594	2,115
Movements in the period:			
- Tax assessment 1975			-
- Tax charges on long-term loan	(504)	(139)	(139)
- Neutralisation of exchange differences	(273)	(75)	(75)
- Accelerated depreciation for tax purposes - tangible assets	(429)	(118)	(118)
Total changes during the period	(1,206)	(332)	(332)
Balance as at 30 June 2015:			
- Tax assessment 1975			521
- Tax charges on long-term loan	-	-	-
- Neutralisation of exchange differences	-	-	-
- Accelerated depreciation for tax purposes - tangible assets	4,588	1,262	1,262
Deferred tax provision at the end of the period	4,588	1,262	1,783

Other provisions: other provisions total Euro 201,697 thousand (Euro 213,744 thousand as at 31 December 2014) and represent provisions for costs or losses, the existence of which is certain but the amount of which cannot be exactly determined, or which are probable and the amount of which can be reasonably estimated. The most significant items are detailed in Schedule 14. As regards pending litigation with employees and third parties, the amount included in the provisions for risks and charges is considered to be the best estimate of the likely liability based on the most up-to-date information available.

Provision for staff severance pay

The provision for staff severance pay amounts to Euro 246,859 thousand (Euro 249,804 thousand as at 31 December 2014). The provision is determined at individual level in compliance with the provisions of Art. 2120 of the Italian Civil Code, complemented by Budget Law 2007 (Law 296 of 27 December 2006), which established the entry into force of the new legislation on pension funds (Legislative Decree 252 of 5 December 2005) as of 1 January 2007.

In accordance with such legislation, amounts provided for staff severance pay are credited to pension funds outside the Company, unless employees request that their severance pay continue to mature within the Company. In this latter case, amounts provided are paid into a reserve managed by the INPS, which is then required, as provided by Article 2120 of the Civil Code, to refund the Company for any benefits disbursed in advance or in the case of termination of the employment contract. Schedule 15 provides a breakdown of the item and changes during the year.

Provision staff severance pay

Schedule no. 15

(thousands of Euros)		Changes during the period					30.06.2015
31.12.2014	Provisions	Severance pay disbursed	Transfers of staff	Transfer to INPS supplementary pension funds	Other movements		
249,804	21,999	(5,628)	(35)	(19,172)	(109)	246,859	

Payables

Payables amount to Euro 1,282,075 thousand, showing an increase of Euro 82,657 thousand compared to 31 December 2014.

In particular, financial payables due to banks total Euro 57,974 thousand, showing a net decrease of Euro 297,994 thousand compared to the figure in the 2014 financial statements.

None of the payables are secured against Company assets.

Schedule 16 provides a breakdown of payables, while Schedule 79 provides further details of payables by maturity and type.

The following notes provide further details in relation to the individual items.

Bonds: the amount, equal to Euro 350,000 thousand, refers to unsecured bonds, issued on 28 May 2015, reserved for institutional investors and listed on the Irish Stock Exchange, with repayment in full on 28 May 2020.

The main financial parameters are:

- issue price 99.272%;
- annual coupon 1.5%;
- effective rate 1.65%.

Due to banks. Payables to banks amount to Euro 57,974 thousand (Euro 355,968 thousand as at 31 December 2014) and include:

- Euro 50,000 thousand, relating to a loan agreement entered into with the European Investment Bank. The loan is covered by a bank guarantee and will be used to finance investments in DTT. Repayment will commence in 2016 with the final instalment payable in June 2021;
- Euro 7,974 thousand in current account overdrafts with certain banks.

Payables*Schedule no. 16*

(thousands of Euros)	Changes during the period		30.06.2015	
	31.12.2014	Balance of new positions (+) repayments (-)		
Bonds	-	350,000	350,000	
Due to banks	355,968	(297,994)	57,974	
Advances	35,131	4,549	39,680	
Due to suppliers	441,216	20,910	462,126	
Due to subsidiaries (a)	(a)	176,170	39,650	215,820
Due to associated companies	(b)	913	(464)	449
Tax payables	67,137	(21,282)	45,855	
Due to social security institutions	74,197	(15,152)	59,045	
Other payables	48,686	2,440	51,126	
	1,199,418	82,657	1,282,075	
(a) including:				
- Rai Way SpA	59,561	517	60,078	
- Rai Cinema SpA	15,089	19,072	34,161	
- Rai Com SpA	81,352	28,648	110,000	
- Rai Pubblicità SpA	16,711	(8,872)	7,839	
- Rai Corporation in liquidation	3,457	285	3,742	
	176,170	39,650	215,820	
(b) including:				
- San Marino RTV SpA	354	(354)	-	
- Tivù Srl	559	(110)	449	
	913	(464)	449	

Advances: advances received total Euro 39,680 thousand (Euro 35,131 thousand as at 31 December 2014) and relate to:

- television license fees, amounting to Euro 38,002 thousand;
- digitalisation and transfer of materials held in Rai Archives, amounting to Euro 1,4000 thousand;
- miscellaneous, amounting to Euro 278 thousand.

Due to suppliers: payables to suppliers amount to Euro 462,126 thousand (Euro 441,216 thousand as at 31 December 2014) and relate entirely to trade payables.

Due to subsidiaries: payables due to subsidiaries amount to Euro 215,820 thousand (Euro 176,170 thousand as at 31 December 2014) and include Euro 68,770 thousand in financial payables (Euro 64,333 thousand as at 31 December 2014) and other payables of Euro 147,050 thousand (Euro 111,837 thousand as at 31 December 2014). Details by subsidiary company are provided in Schedule 16.

Due to associated companies: payables due to associated companies amount to Euro 449 thousand (Euro 913 thousand as at 31 December 2014) and include other payables (Euro 561 thousand as at 31 December 2014). Financial payables amounted to Euro 352 thousand as at 31 December 2014. Details by associated company are provided in Schedule 16.

Payables and accrued expenses and deferred income by maturity and type *Schedule no. 17*

(thousands of Euros)	30.06.2015				31.12.2014			
	Amounts due				Amounts due			
	Within 1 year	from 2 to 5 years	beyond 5 years	Book value	Within 1 year	from 2 to 5 years	beyond 5 years	Book value
Medium/long-term financial payables:								
Bonds	-	350,000	-	350,000	-	-	-	-
due to banks	-	40,000	10,000	50,000	98,333	231,667	15,000	345,000
	-	390,000	10,000	400,000	98,333	231,667	15,000	345,000
Short-term financial payables:								
due to banks	7,974	-	-	7,974	10,968	-	-	10,968
due to subsidiaries	68,770	-	-	68,770	64,333	-	-	64,333
due to associated companies	-	-	-	-	352	-	-	352
	76,744	-	-	76,744	75,653	-	-	75,653
Trade and other payables:								
advances	39,680	-	-	39,680	35,131	-	-	35,131
due to suppliers	462,126	-	-	462,126	441,216	-	-	441,216
due to subsidiaries	143,021	4,029	-	147,050	107,808	4,029	-	111,837
due to associated companies	449	-	-	449	561	-	-	561
Tax payables	45,855	-	-	45,855	67,137	-	-	67,137
due to social security institutions	59,045	-	-	59,045	74,197	-	-	74,197
other payables	51,126	-	-	51,126	48,686	-	-	48,686
	801,302	4,029	-	805,331	774,736	4,029	-	778,765
Total payables	878,046	394,029	10,000	1,282,075	948,722	235,696	15,000	1,199,418
Accrued expenses and deferred income								
Accrued expenses	760	-	-	760	305	-	-	305
Deferred income	424,003	-	-	424,003	19,922	-	-	19,922
	424,763	-	-	424,763	20,227	-	-	20,227
Total	1,302,809	394,029	10,000	1,706,838	968,949	235,696	15,000	1,219,645

Tax payables: tax payables amount to Euro 45,855 thousand (Euro 67,137 thousand as at 31 December 2014) and comprise:

(thousands of Euros)	June 2015	December 2014
- IRES tax from tax consolidation	19,084	32,479
- Withholding taxes on income from subordinate and self-employment	24,192	32,071
- VAT subject to relief	2,248	2,314
- Other withholdings and substitute taxes	331	273
Total	45,855	67,137

With regard to the IRES tax payable, as explained in the accounting principles, the Company has opted to be taxed on a Group basis and is responsible, as Parent Company, for meeting all requirements regarding the settlement and payment of IRES tax for Rai Cinema, Rai Way, Rai Com and Rai Pubblicità which are all included within the tax consolidation Group. The national tax consolidation option has been renewed for all the companies for tax years up to the year ending 31 December 2015, with the exception of Rai Pubblicità, for which the option has been exercised until 31 December 2016.

Due to welfare and social security institutions: payables due to social security institutions amount to Euro 59,045 thousand (Euro 74,197 thousand as at 31 December 2014). They relate to contributions due on remuneration paid to employees and free-lance workers and are due for payment on scheduled dates. They include:

(thousands of Euros)	June 2015	December 2014
- INPGI	13,207	18,189
- INPS formerly ENPALS	19,096	18,010
- CRAIPI	5,190	11,496
- FCPGI	4,406	8,973
- Contributions on assessed remuneration	9,044	7,189
- INPS	5,821	6,857
- Others	2,281	3,483
Total	59,045	74,197

Other payables: other payables amount to Euro 51,126 thousand (Euro 48,686 thousand as at 31 December 2014) and comprise:

(thousands of Euros)	June 2015	December 2014
- Employees	40,437	35,772
- Other assessment items for the period	6,076	7,721
- Others	4,613	5,193
Total	51,126	48,686

Accrued expenses and deferred income

Accrued expenses and deferred income amount to Euro 424,763 thousand. Further details of balances and changes during the year are provided in Schedule 18.

This item includes grants totalling Euro 14,805 thousand (net of the amount already recognised as income) disbursed by the Ministry for Communications between 2007 and 2011 in support of activities performed to accelerate the switch-over to digital terrestrial broadcasting. Such activities have 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 the necessary investments is entrusted to the subsidiary company, Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution to income each year is accounted for on the basis of depreciation that would have been recognized had the investment been made by Rai, taking into account both the level of grants received and total sums incurred in support of the related projects.

Accrued expenses and deferred income*Schedule no. 18*

(thousands of Euros)	Changes during the period		30.06.2015
	31.12.2014	Balance of entries (+) repayments (-)	
Deferred income:			
. ordinary subscriptions	-	379,801	379,801
. special subscriptions	881	28,249	29,130
. grant for switchover to digital terrestrial broadcasting	17,811	(3,006)	14,805
. interest income on delayed payments	218	(50)	168
. teletext services	-	26	26
. broadcasting and related rights on own productions	1,003	(986)	17
. others	9	47	56
	19,922	404,081	424,003
Accrued expenses:			
. commitment fee on credit facilities	273	(2)	271
. interest expense on bonds	-	489	489
. interest on medium/long-term loans	27	(27)	-
. interest expense on interest rate hedges	5	(5)	-
	305	455	760
Total	20,227	404,536	424,763

5) Memorandum accounts

Memorandum accounts amount to Euro 347,834 thousand and are as presented in the schedule attached to the Balance Sheet.

Schedule 19 provides details of financial derivative hedge contracts entered into in relation to specific company commitments (or commitments assumed on behalf of Rai Cinema SpA) and their related fair values. The fair value of these derivative financial instruments is based on the market value on the closing date of the period under assessment; in the case of unlisted instruments, fair value is determined using commonly used financial valuation techniques.

In line with Group policy, the overall value of hedge contracts entered into is reasonable in relation to the full extent of commitments subject to such risks.

As at 30 June 2015, other than as shown in the memorandum accounts, there were no particularly significant commitment relating to the purchase or sale of goods and services (beyond those entered into in the normal course of business) that would require specific disclosure to provide a better understanding of the Company's financial position and results of operations.

Fair value of derivatives*Schedule no. 19*

	Notional 30.06.2015 (thousands of USD)	Fair value 30.06.2015 (thousands of Euros)
Hedging derivative financial instruments		
- on exchange rates (1):		
. forwards and swaps	600	95
. optional currency purchases strategies	27,015	3,609
	27,615	3,704
Hedging transactions on account of Rai Cinema		
- on exchange rates (2):		
. forwards and swaps	6,430	27
. optional currency purchases strategies	51,610	6,621
	58,040	6,648

(1) The transactions are carried out to hedge commercial agreements in USD, in line with Group policy.

(2) The operations are carried out on behalf of Rai Cinema in accordance with a specific mandate to hedge commercial agreements in USD, in line with Group policy.

6) Income Statement

Production value

Revenues from sales and services: amount to Euro 1,149,026 thousand (Euro 1,171,198 thousand as at 30 June 2014) and include revenues for the period relating mainly to licence fees and advertising. Schedule 20 provides a breakdown by major component.

Revenues from sales and services

Schedule no. 20

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Revenues from sales	13	255	228
Revenues from services:			
- License fees			
. private subscriptions	769,345	1,492,517	747,600
. special subscriptions	38,900	76,080	38,800
	808,245	1,568,597	786,400
- General interest TV advertising:			
. commercials	202,640	410,572	229,932
. TV promotions	4,474	8,001	4,560
. sponsorships	5,167	9,993	5,742
. product placement	2,450	3,468	2,266
. special initiatives	45,305	78,294	43,946
	260,036	510,328	286,446
- Specialist channel TV advertising	28,836	60,107	32,103
- Radio advertising:			
. commercials	11,211	20,545	11,156
. radio promotions	218	528	294
. sponsorships	1,415	2,886	1,636
. product placement	54	-	-
. special initiatives	11	-	-
	12,909	23,959	13,086
- Web advertising	2,773	2,531	-
- Other advertising	250	729	519
	304,804	597,654	332,154
- Special services under agreements	23,189	47,994	26,435
- Other services:			
. transfer of broadcasting rights, distribution of programmes and musical publications	5,508	50,516	15,440
. agreements with telephone companies	899	2,149	1,526
. production services	94	527	2,012
. television broadcasting services through digital terrestrial techniques	1,462	3,412	1,950
. teletext services	28	96	60
. others	4,784	9,135	4,993
	12,775	65,835	25,981
	1,149,013	2,280,080	1,170,970
Total	1,149,026	2,280,335	1,171,198

With regard to licence fee revenues, it is noted that the "separate accounting", mechanism (which is employed, 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 2.3 billion for the period 2005-2013. In 2011, Rai issued warnings to such effect and demanded payment of all sums owing as determined by the "separate accounting" mechanism, plus interest accrued and to be accrued.

"Separate accounting" figures for 2014 are being prepared.

Changes in inventories of work in progress, semi-finished and finished products: the zero amount (Euro 39 thousand as at 30 June 2014) reflects the change in inventories used in commercial activities.

Capitalisation of internal construction costs: amount to Euro 9,464 thousand (Euro 7,577 thousand as at 30 June 2014) and represent internal costs incurred in relation to non-current assets which have been capitalised together with the specific assets. Further details are provided in Schedule 21.

Capitalisation of internal construction costs

Schedule no. 21

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Intangible assets	6,567	7,697	4,244
Tangible assets	2,897	6,160	3,333
Total	9,464	13,857	7,577

Other earnings and proceeds: total Euro 57,083 thousand (Euro 40,988 thousand as at 30 June 2014), as detailed in Schedule 22.

Other earnings and proceeds

Schedule no. 22

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Operating grants	3,125	8,461	4,325
Capital gains on disposals	494	-	-
Others			
Recoveries and reimbursement of expenses	6,813	15,043	8,023
Contingent assets from license fees	9,025	22,039	8,003
Other contingent assets	6,007	13,697	1,786
Release of provisions	16,329	12,871	5,129
Income from investment property	100	228	110
Other income from investments:			
- Rai Way service contract	6,327	14,726	7,966
- Rai Cinema service contract	2,539	6,484	3,228
- Rai Com service contract	4,043	4,676	760
- Rai Pubblicità service contract	1,065	1,004	59
- others	757	1,514	1,109
Others	459	850	490
	53,464	93,132	36,663
Total	57,083	101,593	40,988

Production costs

Production costs include costs and losses relating to ordinary activities, excluding financial operations. Such costs do not include those relating to non-current tangible and intangible assets, which have been capitalised together with the specific assets.

Raw materials, supplies, consumables and goods for resale: costs for raw materials, supplies, consumables and goods for resale amount to Euro 8,244 thousand (Euro 9,810 thousand as at 30 June 2014) and include purchases of technical materials for inventory – excluding items used in the construction of plant, which are allocated directly to tangible assets – production materials (sets, costumes, etc.) and miscellaneous operating materials (fuel, office supplies, printed documents, etc.), net of discounts and allowances.

Services: costs for services amount to Euro 360,684 thousand (Euro 370,958 thousand as at 30 June 2014) and comprise costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 23.

They also include emoluments, compensation and expense reimbursements paid to Directors amounting to Euro 520 thousand and to Statutory Auditors amounting to Euro 91 thousand.

This item also includes fees for the annual statutory audit of accounts amounting to Euro 77 thousand, the audit of half-year accounts amounting to Euro 24 thousand and fees for other audit services provided by the independent auditors amounting to Euro 18 thousand.

Production costs - services

Schedule no. 23

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Self-employment services	68,293	121,538	68,417
Services for acquisition and production of programmes	83,972	169,164	84,270
Daily allowances, travel expenses and transfer of personnel	20,364	34,646	20,963
Maintenance and repairs	18,840	35,307	20,561
Documentation and information services	20,421	41,724	20,476
Signal broadcasting and transport under the service contract and other RayWay costs	98,218	187,753	91,781
Others	50,576	105,061	64,490
Total	360,684	695,193	370,958

Leases and rentals: amount to Euro 308,567 thousand (Euro 349,582 thousand as at 30 June 2014), and include costs for rents, leases, usage rights and filming rights, as detailed in Schedule 24.

Production costs – leases and rentals

Schedule no. 24

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Rent and hire costs	26,943	48,238	25,887
Filming rights	80,342	216,356	134,729
Usage rights	46,775	91,807	47,300
Acquisition of viewing rights from Rai Cinema	144,207	314,833	136,493
Acquisition of viewing rights for serious music and plays from Rai Com	4,842	3,705	-
Other rights	5,458	10,124	5,273
Total	308,567	685,063	349,682

Rai SpA / Notes to the Financial Statements

Personnel costs: amount to Euro 461,754 thousand (Euro 455,258 thousand as at 30 June 2014), and may be analysed as set out in the income statement. The average number of employees in the first half of 2015 was 11,776, including employees on fixed-term contracts (11,654 as at 30 June 2014), distributed as shown in Schedule 25.

*Average number of employees**Schedule no. 25*

	1H 2015			FY 2014			1H 2014		
	Staff on permanent contracts ⁽¹⁾ (average)	Staff on fixed-term contracts (average)	Total	Staff on permanent contracts ⁽¹⁾ (average)	Staff on fixed-term contracts (average)	Total	Staff on permanent contracts ⁽¹⁾ (average)	Staff on fixed-term contracts (average)	Total
- Executives	258	-	258	263	-	263	264	-	264
- Officers and Middle managers	1,095	2	1,097	1,070	1	1,071	1,054	1	1,055
- Journalists	1,591	253	1,844	1,588	294	1,882	1,580	308	1,888
- Office staff, production employees, camera staff, film director's staff, technicians	6,812	603	7,415	6,629	648	7,277	6,603	698	7,301
- Manual workers	912	115	1,027	899	112	1,011	893	123	1,016
- Orchestra members and other artistic staff	120	5	125	114	6	120	109	10	119
- Medical staff	10	-	10	11	-	11	11	-	11
Total	10,798	978	11,776	10,574	1,061	11,635	10,514	1,140	11,654
⁽¹⁾ of which:									
Apprenticeship contracts	161			52					

Amortisation, depreciation and write-downs: costs relating to amortisation, depreciation and write-downs amount to Euro 117,968 thousand (Euro 118,913 thousand as at 30 June 2014), of which Euro 75,650 thousand relates to amortisation of intangible assets (Euro 77,410 thousand as at 30 June 2014), Euro 31,425 thousand relates to depreciation of tangible assets (Euro 28,782 thousand as at 30 June 2014), Euro 10,551 thousand relates to other write-downs (Euro 12,681 thousand as at 30 June 2014) and Euro 342 thousand (Euro 15 thousand as at 30 June 2014) relates to the write-down of current receivables.

In particular, amortisation of intangible assets relates mainly to amortisation of industrial patents and intellectual property rights amounting to Euro 70,372 thousand (Euro 73,971 thousand as at 30 June 2014) while Schedules 26 and 27 provide details of depreciation of tangible assets and other write-downs in relation to non-current assets. The item also includes a write-down in the value of programmes amounting to Euro 10,551 thousand, to recognise the risk that certain programmes may not be transmitted or re-broadcast and the risk of loss of opportunity for the commercial exploitation of certain rights.

*Depreciation of tangible assets**Schedule no. 26*

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Land and buildings	6,477	12,989	6,763
Plant and machinery	21,913	41,821	18,929
Industrial and commercial equipment	609	1,371	663
Other assets	2,426	5,253	2,427
Total	31,425	61,434	28,782

*Other write-downs of non-current assets**Schedule no. 27*

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Programmes being amortised	10,551	20,789	12,026
Intangible assets under development	-	1,723	655
Total	10,551	22,512	12,681

Changes in inventories of raw materials, supplies, consumables and goods for resale: costs relating to changes in inventories amount to Euro 108 thousand (Euro 143 thousand as at 30 June 2014) and represent the decrease in net inventories under current assets compared to the previous year.

Provisions for risks: provisions for risks amount to Euro 13,981 thousand (Euro 5,141 thousand as at 30 June 2014). They represent additional allocations to provisions for risks and the most significant items are detailed in Schedule 14.

Other provisions: other provisions amount to Euro 2,791 thousand (Euro 800 thousand as at 30 June 2014) and the most significant items are detailed in Schedule 14.

Other operating costs: other operating costs amount to Euro 28,003 thousand (Euro 29,610 thousand as at 30 June 2014). They are split as reported in the income statement and further details are provided in Schedule 28.

Other operating costs

Schedule no. 28

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Capital losses on disposals	75	357	78
Concession fee	-	-	1,500
Other costs:			
- IMU (Single Municipal) tax/TASI (indivisible services) tax	4,336	8,558	4,075
- contributions to the Supervisory Authorities	2,631	3,801	1,889
- contingent and non-existent liabilities	3,511	9,359	3,764
- provision for pension fund - former employees	3,216	8,985	2,172
- others	14,234	29,183	16,142
	27,928	59,886	28,042
Total	28,003	60,243	29,620

Financial income and expenses

Other financial income: other financial income amounts to Euro 2,411 thousand (Euro 3,179 thousand as at 30 June 2014) and includes the following:

- from non-current securities other than equity investments: Euro 42 thousand relating to accrued interest;
- financial income other than the above: Euro 2,369 thousand relating mainly to interest on current receivables as shown directly in the income statement and detailed further in Schedule 29.

Other financial income

Schedule no. 29

(thousands of Euros)	1H 2015	FY 2014	1H 2014
from non-current receivables	-	10	-
from non-current securities other than equity investments	42	85	42
financial income other than the above			
- interest and commissions receivable from subsidiaries	1,650	4,629	1,931
- interest and commissions receivable from associated companies	1	2	-
- interest and commissions receivable from others and miscellaneous income:			
- interest from banks, postal accounts and other financial institutions	83	260	74
- default interest on receivables from customers	15	408	403
- interest from others	620	1,357	729
	718	2,025	1,206
	2,369	6,656	3,137
Total	2,411	6,751	3,179

Interest and other financial expenses: interest and other financial expenses amount to Euro 9,266 thousand (Euro 11,040 thousand as at 30 June 2014) and includes interest charges, costs for commission on financial services and other costs as shown directly in the income statement and detailed further in Schedule 30.

Interest and other financial expenses

Schedule no. 30

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Interest and commissions payable to subsidiaries	131	480	390
Interest and commissions payable to associated companies	-	1	-
Interest and commissions payable to others and miscellaneous charges:			
- interest and commissions payable to banks and other financial institutions	5,986	15,402	8,614
- interest expense and charges on interest rate hedges	2,128	2,756	1,496
- interest and discount on bond issue	536	-	-
- factoring interest and commissions	456	989	505
- interest to suppliers	4	25	2
- accrual to provision for risks for interest expense	3	11	5
- other interest expense and miscellaneous charges	22	56	28
	9,135	19,239	10,650
Total	9,266	19,720	11,040

Foreign exchange gains and losses: foreign exchange losses amount to Euro 2,018 thousand (Euro 173 thousand as at 30 June 2014). As shown in Schedule 31, this item comprises both forex costs and premiums on foreign currency hedge transactions as well as the effect of translating the value of foreign currency denominated payables and receivables at period-end exchange rates, or at the rate in force at the time of the hedge in the case of exchange risk hedges.

Foreign exchange gains and losses

Schedule no. 31

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Foreign exchange gains (losses) from valuation	449	274	(101)
Other foreign exchange gains (losses)	1,569	(545)	(72)
Total	2,018	(271)	(173)

Value adjustments to financial assets

Revaluations: revaluations of financial assets amount to Euro 45,729 thousand (Euro 42,767 thousand as at 30 June 2014) and relate to the income from revaluations of non-current financial assets, as a result of profits recorded by the investees in the period (Schedule 3 provides details by company).

Write-downs: write-downs of financial assets amount to Euro 115 thousand (Euro 289 thousand as at 30 June 2014) and relate to write-downs of non-current financial assets, reflecting losses incurred during the year.

Extraordinary income and expense

Extraordinary income amounting to Euro 543 thousand (Euro 272 thousand as at 30 June 2014) and extraordinary expense totalling Euro 71 thousand (Euro 1,338 thousand as at 30 June 2014), are analysed in detail in Schedule 32.

Extraordinary income

Schedule no. 32

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Surplus on sale of shares in Rai Way	-	236,297	-
Lower taxes for previous years	543	312	272
Total	543	236,609	272

Extraordinary expense

continues Schedule no. 32

(thousands of Euros)	1H 2015	FY 2014	1H 2014
Rai Way shares placement costs	-	8,071	-
Costs for early retirement incentives	-	5,114	1,328
Sundry extraordinary expense	70	-	-
Indirect taxes relating to previous years	1	359	10
Total	71	13,544	1,338

Current income taxes for the year; deferred tax assets and liabilities

The total tax charge amounted to Euro 19,761 thousand and is broken down as follows:

(thousands of Euros)	Current taxes	Deferred tax liabilities	Deferred tax asset	Total
IRES tax	-	332	19,429	19,761
IRAP tax	-	-	-	-
	-	332	19,429	19,761

The following table shows the origin of deferred tax items and their effects during the period.

(thousands of Euros)	Amount of IRES tax temporary differences	IRES tax 27.5%
Deferred tax asset		
Changes in the period:		
- Negative taxable income: adjustment from previous year	(149)	(41)
- Negative taxable income for the period	70,800	19,470
Total	70,651	19,429

(thousands of Euros)	Amount of IRES tax temporary differences	IRES tax 27.5%
Deferred tax liabilities		
Changes in the period:		
- Tax charges on long-term loan	504	139
- Neutralisation of exchange differences	273	75
- Accelerated depreciation for tax purposes on tangible assets	429	118
Total	1,206	332

Rai SpA / Notes to the Financial Statements

The following table provides a reconciliation between the result for the period in the financial statements and the taxable amounts for IRES and IRAP tax purposes (based on estimated figures), which was negative for both taxes.

(thousands of Euros)	IRES tax 27.5%	(thousands of Euros)	IRAP tax 4.88%
Profit before tax	(45,278)	Production value	1,215,572
Reversal of depreciation on tangible assets from EC framework	428	Costs for raw materials, supplies, consumables and goods for resale	(8,244)
Non-deductible portion of IMU tax	3,468	Costs for services	(360,684)
Non-deductible vehicle costs	2,700	Costs for leases and rentals	(308,567)
Non-deductible portion of telephone expenses	340	Amortisation of intangible assets	(75,650)
Non-deductible portions of depreciation on tangible assets	132	Depreciation of tangible assets	(31,425)
Non-deductible portions of amortisation on programmes	9,496	Changes in inventories of raw materials, supplies, consumables and goods for resale	(108)
Write-down on programmes – non-deductible	2,830	Other operating costs	(28,003)
Non-deductible provisions	27,274	Costs regarded as employee costs	4,488
5% dividends collected	3,627	Reversal of depreciation on tangible assets from EC framework	-
Other increases	4,381	Provision for pension fund of former employees	2,022
Uses and transfers from provisions	(39,485)	IMU (Single Municipal) tax	4,336
Deductible portion of IRAP tax on personnel costs for the period	-	Other increases	51
Revaluation of investments	(45,729)	Contingent items from personnel costs	(350)
Deductible portions of depreciation on tangible assets	(484)	Income from staff secondment and reimbursement of emoluments	(2,944)
Other decreases	(2,500)	Recovery of write-downs on programmes	(10,551)
Tax loss for the period	(78,800)	Use/release of taxed provisions	(28,887)
		Deductible portions of depreciation on tangible assets	(484)
Losses carried forward	409,957	Other decreases	-
		IRAP taxable income before deductions of personnel costs	370,572
		Deductions of costs for personnel on permanent contracts	(423,132)

7) Result for the period

The period closed with a loss of Euro 25,516,833.31.

8) Other information

With regard to transactions with related parties, it is noted that there were no significant transactions during the year other than under normal market conditions.

With regard to disclosure on relations with Group companies, see the Report on Operations.

For details on significant events that occurred after the end of the period, see the Report on Operations.

Rai SpA

Supplementary schedules

Balance Sheet reclassified in vertical form

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
A.- NON-CURRENT ASSETS			
Intangible assets	421,601	399,157	375,862
Tangible assets	368,350	373,741	375,775
Financial assets	506,679	541,927	553,731
	1,296,630	1,314,825	1,305,368
B.- CURRENT ASSETS – NET			
Inventories	253	361	404
Trade receivables	360,309	374,785	348,497
Other assets	266,265	287,830	227,690
Trade payables	(649,305)	(588,744)	(565,336)
Other liabilities	(580,789)	(210,247)	(612,301)
	(603,267)	(136,015)	(601,046)
C.- PROVISIONS FOR RISKS AND CHARGES	(343,172)	(357,712)	(327,262)
D.- WORKING CAPITAL (B+C)	(946,439)	(493,727)	(928,308)
E.- PROVISION FOR STAFF SEVERANCE PAY	(246,859)	(249,804)	(252,540)
F.- NET INVESTED CAPITAL (A+D+E)	103,332	571,294	124,520
financed by:			
G.- EQUITY			
Share capital paid up	242,518	242,518	242,518
Reserves and results brought forward	103,811	55,947	55,948
Profit (loss) for the period	(25,517)	47,864	(78,402)
	320,812	346,329	220,064
H.- MEDIUM/LONG-TERM FINANCIAL DEBT - NET	400,000	345,000	394,167
I.- NET SHORT-TERM FINANCIAL DEBT (NET AVAILABLE FUNDS)			
. short-term financial debt	76,744	75,653	39,972
. short-term financial receivables	(180,044)	(81,887)	(287,343)
	(103,300)	(6,234)	(247,371)
L.- CASH AND CAHS EQUIVALENTS	(514,180)	(113,801)	(242,340)
M.- TOTAL NET FINANCIAL DEBT (H + I + L)	(217,480)	224,965	(95,544)
N.- TOTAL, AS IN F (G+M)	103,332	571,294	124,520

Income Statement reclassified in vertical form

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
A.- REVENUES	1,183,278	2,355,360	1,205,270
Changes in inventories of work in progress, semi-finished and finished products	0	(39)	(39)
Capitalisation of internal construction costs	9,464	13,857	7,577
B.- "CORE" PRODUCTION VALUE	1,192,742	2,369,178	1,212,808
Costs of materials and external services	(704,681)	(1,449,023)	(759,584)
C.- VALUE ADDED	488,061	920,155	453,224
Personnel costs	(461,754)	(904,963)	(455,257)
D.- EBITDA	26,307	15,192	(2,033)
Amortisation of programmes	(62,760)	(142,621)	(66,920)
Other amortisation/depreciation	(38,438)	(73,001)	(33,878)
Other adjustments	(10,894)	(23,991)	(12,721)
Provisions for risks and charges	(16,772)	(40,616)	(5,941)
Miscellaneous income and charges - net	16,029	7,867	902
E.- OPERATING RESULT	(86,528)	(257,170)	(120,591)
Financial income and expense:	(4,837)	(13,239)	(8,034)
Income from equity investments	45,615	80,586	42,478
F.- RESULT BEFORE NON-RECURRING ITEMS AND TAX	(45,750)	(189,823)	(86,147)
Extraordinary income and expenses	472	223,066	(1,065)
G.- RESULT BEFORE TAX	(45,278)	33,243	(87,212)
Income taxes	19,761	14,621	8,810
H.- PROFIT (LOSS) FOR THE PERIOD	(25,517)	47,864	(78,402)

Rai SpA / **Supplementary schedules****Cash Flow Statement**

(thousands of Euros)	30.06.2015	31.12.2014	30.06.2014
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) for the period	(25,517)	47,864	(78,402)
Income taxes	(19,761)	(14,621)	(8,810)
(*) Interest expense/(interest income)	6,641	12,730	7,677
(Dividends)	0	0	0
Capital (gains)/losses from disposal of non-current assets	(419)	(235,940)	78
1. Profit (loss) for the period before income taxes, interest, dividends and capital gains/losses from disposals	(37,486)	(189,967)	(77,916)
<i>Adjustments for non-cash items with no contra-entry in Net Working Capital</i>			
Accruals to provisions	48,982	107,893	35,626
Amortisation and depreciation	101,198	215,622	100,798
Write-downs for permanent impairment losses/(Revaluations)	(35,039)	(58,023)	(29,772)
Other adjustments for non-cash items	(16,303)	(12,871)	(4,651)
2. Cash flow before charges in net working capital	98,838	252,621	102,001
<i>Changes in Net Working Capital</i>			
Decrease/(increase) in inventories	108	225	182
Decrease/(increase) in receivables from customers	14,476	60,267	83,294
Increase/(decrease) in payables to suppliers	60,561	47,898	56,953
Decrease/(increase) in accrued income and prepaid expenses	9,304	(2,149)	8,751
Increase/(decrease) in accrued expenses and deferred income	404,536	(9,041)	428,538
Other changes in net working capital	(2,703)	7,085	(17,555)
3. Cash flow after charges in net working capital	486,282	104,285	560,163
<i>Other Adjustments</i>			
(*) Interest collected/(paid)	(5,957)	(12,685)	(7,617)
(Income taxes paid)	0	(23,292)	(16,877)
Dividends collected	80,882	55,803	57,623
(Use of provisions)	(50,164)	(86,149)	(48,421)
4. Cash flow after other adjustments	23,238	(66,323)	(16,833)
CASH FLOW FROM OPERATING ACTIVITIES (A)	570,872	100,616	567,415
B. CASH FLOW FROM INVESTING ACTIVITIES			
<i>Non-current tangible assets</i>			
- (Investments)	(26,102)	(65,194)	(38,206)
- Sale proceeds from disinvestments and other changes	467	(3,799)	28
<i>Non-current intangible assets</i>			
- (Investments)	(102,324)	(178,172)	(63,104)
- Sale proceeds from disinvestments and other changes	(419)	(508)	(215)
<i>Non-current financial assets</i>			
- (Investments)	(88)	(94,381)	(94,218)
- Sale proceeds from disinvestments and other changes	39	280,606	49
<i>Current financial assets</i>			
- (Investments)	(98,157)	0	(147,706)
- Sale proceeds from disinvestments	0	57,749	0
Contribution of business units, net of cash and cash equivalents	0	98,414	98,414
Acquisition of business units, net of cash and cash equivalents	0	(148)	0
CASH FLOW FROM INVESTING ACTIVITIES (B)	(226,584)	94,567	(244,958)
C. CASH FLOW FROM FINANCING ACTIVITIES			
<i>Borrowed capital</i>			
- Increase/(decrease) in short-term debt to banks	(2,994)	(136,188)	(132,801)
- Increase/(decrease) in short-term debt to subsidiaries	4,085	(1,251)	(52,539)
- Loans	350,000	147,500	147,500
- Loan repayments	(295,000)	(98,333)	(49,167)
<i>Equity</i>			
- Capital increase against payment	0	0	0
- Sale (purchase) of treasury stock	0	0	0
- Dividends (and advances on dividends) paid	0	0	0
CASH FLOW FROM FINANCING ACTIVITIES (C)	56,091	(88,272)	(87,007)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	400,379	106,911	235,450
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	113,801	6,890	6,890
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	514,180	113,801	242,340
including: RESTRICTED CASH AND CASH EQUIVALENTS	1,290	302	646
<i>Contribution of the "commercial activities" business</i>			
a. Overall consideration for the transaction, obtained through:	0	98,414	98,414
- Equity investments;	0	94,116	94,116
- Cash settlement.	0	4,298	4,298
b. No cash and cash equivalents have been contributed.			
c. Book value of contributed assets/liabilities (net value):	0	98,414	98,414
<i>Acquisition of the internet business unit</i>			
a. Cash fees	0	148	0
b. No cash and cash equivalents have been acquired.			
c. Book value of acquired assets/liabilities (net value):	0	135	135

(*) Concerning financial receivables/payables.

Interim Consolidated Financial Statements as at 30 June 2015

Board of Directors' Report on Operations

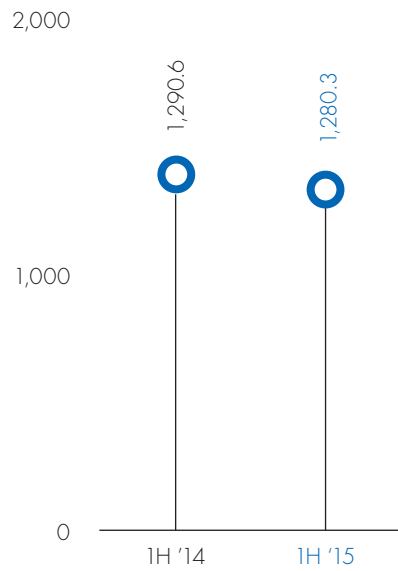
For any information regarding the activities carried out by the Rai Group, Human Resources, Research and Development, Significant events during and after the end of the financial year, and to the Outlook, reference should be made to the Board of Directors' Report on Operations accompanying the Financial Statements of the Parent Company, which are presented together with these Interim Consolidated Financial Statements.

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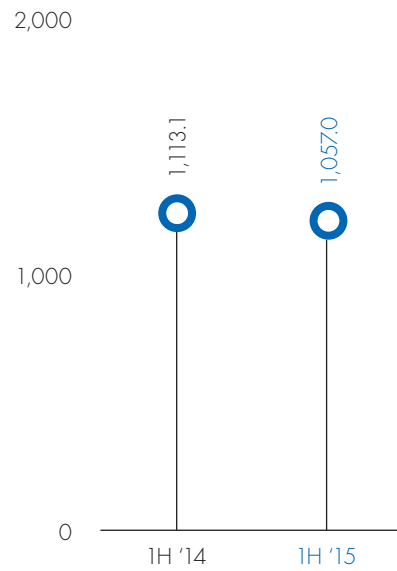
Highlights

(in millions of Euros)

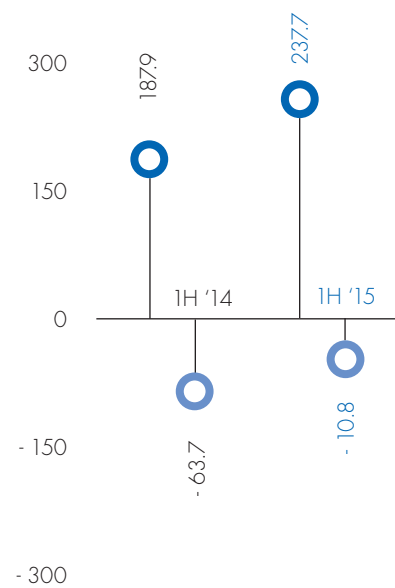
Revenues



Operating costs

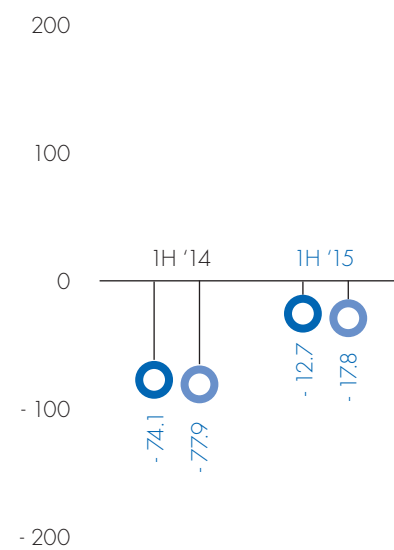


EBITDA - Operating result

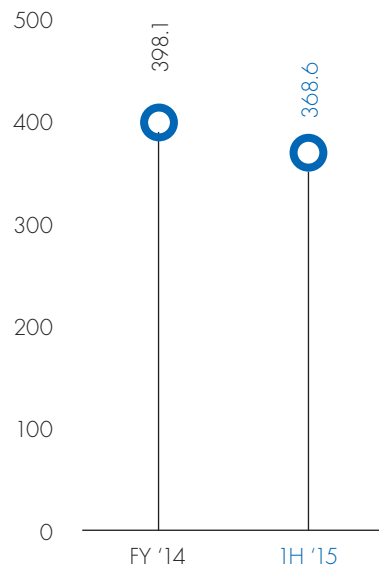


Result before tax

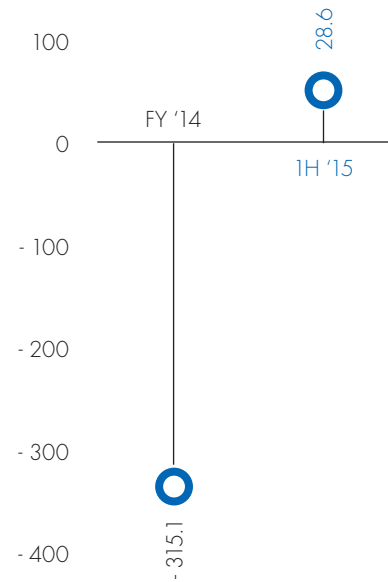
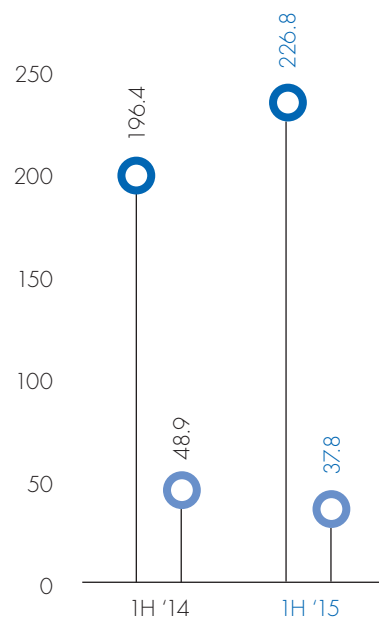
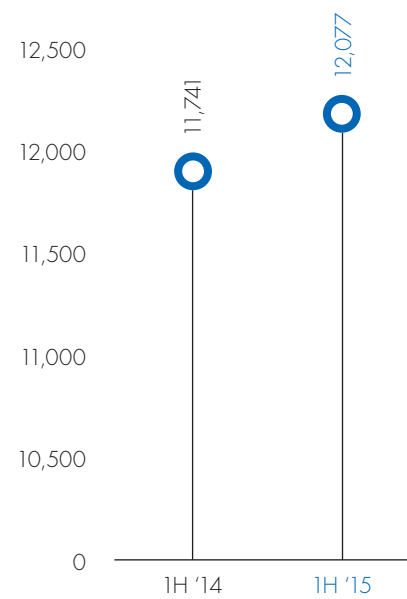
Net profit (loss) for the year



Equity



Net Financial Position

Investments
in programmes and othersNumber of employees
as at 30 June (units)

Rai Group / **Reclassified financial statements**

Reclassified financial statements

Consolidated Income Statement

(in millions of Euros)	June 2015	June 2014	Change
Revenues from sales and services	1,280.3	1,290.6	(10.3)
Changes in inventories of work in progress, semi-finished and finished products	0.0	0.0	0.0
Capitalisation of internal construction costs	14.4	10.4	4.0
Total revenues	1,294.7	1,301.0	(6.3)
External costs for significant sports events	0.0	(67.8)	67.8
Other costs of materials and external services	(549.6)	(545.9)	(3.7)
Personnel costs	(507.4)	(499.4)	(8.0)
Total operating costs	(1,057.0)	(1,113.1)	56.1
EBITDA	237.7	187.9	49.8
Amortisation of programmes	(176.4)	(173.4)	(3.0)
Other amortisation and depreciation	(62.1)	(65.3)	3.2
Other net expenses	(10.0)	(12.9)	2.9
Operating result	(10.8)	(63.7)	52.9
Net financial expense	(3.5)	(9.9)	6.4
Income from equity investments	0.9	0.5	0.4
Result before non-recurring items	(13.4)	(73.1)	59.7
Net extraordinary income (expense)	0.7	(1.0)	1.7
Result before tax	(12.7)	(74.1)	61.4
Income taxes	(5.1)	(3.8)	(1.3)
Loss for the period	(17.8)	(77.9)	60.1
<i>of which pertaining to minority interests</i>	7.3	0.0	7.3

Consolidated Balance Sheet

(in millions of Euros)	30.06.2015	31.12.2014	Change
Non-current assets	1,515.5	1,499.7	15.8
Working capital	(902.9)	(510.9)	(392.0)
Provision for staff severance pay	(272.6)	(275.6)	3.0
Net invested capital	340.0	713.2	(373.2)
Equity	368.6	398.1	(29.5)
Net financial debt	(28.6)	315.1	(343.7)
	340.0	713.2	(373.2)

Review of results and financial position as at 30 June 2015

Consolidated Income Statement

The Rai Group's income statement for the first half of 2015 shows a **net loss of Euro 17.8 million** (against a loss of Euro 77.9 million as at 30 June 2014).

The result reflects the provisions of Law 190 of 23 December 2014 (Stability Act), 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 Euro 150 million reduction in the licence fees to be paid to Rai as set out by Law no. 89 of 23 June 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. The result for the first half-year should not be regarded as an indication of the economic result for the entire financial year.

Revenues from sales and services

Revenues from sales and services consist of license fees, advertising revenues and other commercial income.

In aggregate, they amount to Euro 1,280.3 million, showing a decrease of Euro 10.3 million (-0.8%) as detailed below.

The table below provides a breakdown of revenues from sales and services by each company and net of intragroup transactions.

License fees (Euro 817.3 million). The license 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 22.9 million (+2.9%), as shown in the table below.

Revenues

(in millions of Euros)	June 2015	June 2014	Change	Change %
License fees	817.3	794.4	22.9	2.9
Advertising	341.2	374.8	(33.6)	-9.0
Other revenues	121.8	121.4	0.4	0.3
Total	1,280.3	1,290.6	(10.3)	-0.8

Revenues - By company

(in millions of Euros)	June 2015	%	June 2014	%
Rai	833.1	65.1	852.2	66.0
Rai Cinema	42.3	3.3	44.1	3.4
Rai Com	44.5	3.5	0.3	0.0
Rai Pubblicità	343.3	26.8	376.3	29.2
Rai Way	17.1	1.3	17.7	1.4
Total	1,280.3	100.0	1,290.6	100.0

License fees

(in millions of Euros)	June 2015	June 2014	Change	Change %
Fees for the period - ordinary subscribers	769.4	747.6	21.8	2.9
Fees for the period - special subscribers	38.9	38.8	0.1	0.3
Fees recovered through enforcement procedures	9.0	8.0	1.0	12.5
Total	817.3	794.4	22.9	2.9

Rai Group / **Review of results and financial position of Rai Group**

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 40.7 million in 2015 and Euro 72.1 million in 2014.

Net of this effect, there was a reduction in income determined, in a context characterised by a unit license 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.

Advertising (Euro 341.2 million). The advertising market is still experiencing some difficulties; in the first half-year, in fact, net investments (source: Nielsen) recorded a decrease of 2.8% compared to the same period in 2014; television advertising, though confirming its leading position, with a share of approximately 60% of the market, showed a

decline of 3.0%. The other media also showed negative changes, except for Radio advertising, which reported an increase of 7.5%.

In these market conditions, the Rai Group's advertising revenues, as detailed in the table below, showed a decrease of Euro 33.6 million compared to the first half of 2014 (-9.0%), when they had benefited from the broadcasting of the Football World Cup matches.

Other revenues (Euro 121.8 million) showed a slight increase of Euro 0.4 million (+0.3%) compared to 30 June 2014, as detailed in the table below.

The table below provides a breakdown of other revenues, by company and net of intra-group transactions.

Advertising

(in millions of Euros)	June 2015	June 2014	Change	Change %
TV advertising on general interest channels:				
- commercials	225.0	255.4	(30.4)	- 11.9
- promotions, sponsorships and special events	60.8	60.1	0.7	1.2
- product placement	3.1	2.8	0.3	10.7
TV advertising on specialist channels	32.0	35.6	(3.6)	- 10.1
Radio advertising	14.4	14.5	(0.1)	- 0.7
Web advertising	4.0	4.4	(0.4)	- 9.1
Cinema advertising	1.2	1.4	(0.2)	- 14.3
Other advertising	0.7	0.6	0.1	16.7
Total	341.2	374.8	(33.6)	- 9.0

Other revenues

(in millions of Euros)	June 2015	June 2014	Change	Change %
Sale of rights and musical publications	27.2	25.6	1.6	6.2
Special services under agreements	26.2	26.4	(0.2)	- 0.8
Film and home video distribution	21.8	24.6	(2.8)	- 11.4
Systems and equipment hosting fees	16.0	16.5	(0.5)	- 3.0
Signal broadcasting, circuit hire, radio link and connections	2.9	3.0	(0.1)	- 3.3
Agreements with telephone operators	1.9	1.5	0.4	26.7
Others	25.8	23.8	2.0	8.4
Total	121.8	121.4	0.4	0.3

Other revenues - By company

(in millions of Euros)	June 2015	%	June 2014	%
Rai	15.9	13.1	57.6	47.5
Rai Cinema	42.3	34.7	44.1	36.3
Rai Com	44.5	36.5	0.0	0.0
Rai Pubblicità	2.1	1.7	2.0	1.6
Rai Way	17.0	14.0	17.7	14.6
Total	121.8	100.0	121.4	100.0

With reference to the revenue trends set forth above, licence fees accounted for approximately 64% of revenues, up by about 2% compared to 30 June 2014.

% of revenues

	June 2015	June 2014
License fees	63.8	61.6
Advertising revenues	26.7	29.0
Other revenues	9.5	9.4
Total	100.0	100.0

Operating costs

This item includes both internal and external costs, incurred in the ordinary course of business, except for those related to financial operations.

They totalled Euro 1,057.0 million, showing a decrease of Euro 56.1 million compared to the same period in 2014, the reasons for which are outlined below.

Operating costs

(in millions of Euros)	June 2015	June 2014	Change	%
Costs of materials and external services	549.6	613.7	(64.1)	- 10.4
Personnel costs	507.4	499.4	8.0	1.6
Total	1,057.0	1,113.1	(56.1)	- 5.0

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Costs of materials and external services - They amounted to Euro 549.6 million and include 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 and other operating costs (indirect taxes and duties, contribution to Supervisory Authorities, etc.).

This item showed a reduction of Euro 64.1 million (-10.4%), due to the absence of costs relating to big Sports Events (such as the Football World Championship and Winter Olympics), which had accounted for Euro 67.8 million in 2014. Specifically, the Football World Championship, which took place mostly in the first half of 2014,

accounted for Euro 65.8 million (Euro 63.4 of which for the acquisition of filming rights only).

Net of the impact of the big Sports Events, external costs recorded an increase of Euro 3.7 million, as a result of different, partly offsetting, factors.

Such factors, on the negative side, include:

- the acquisition by the Parent Company of the rights to the National football team friendlies and European Championship qualification matches (Euro +8.8 million);

on the positive side:

- the cancellation of the concession fee for which, pending the regulation determining the relevant settlement procedure, a provision was allocated to the item Other net expenses (Euro -1.5 million);

Costs of materials and external services

(in millions of Euros)	June 2015	June 2014	Change	Change %
Purchases of materials	9.3	10.9	(1.6)	- 14.7
External services:				
Freelance services	69.8	69.9	(0.1)	- 0.1
Services for acquisition and production of programmes	90.0	90.2	(0.2)	- 0.2
Daily allowances, travel expenses and additional personnel costs	22.7	23.4	(0.7)	- 3.0
Maintenance, repairs, transport and similar costs	22.7	25.5	(2.8)	- 11.0
Documentation and assistance for IT systems services	22.1	22.6	(0.5)	- 2.2
Other external services (telephone systems, supply services, cleaning, post, insurance, etc.)	102.4	105.1	(2.7)	- 2.6
	329.7	336.7	(7.0)	- 2.1
Use of third-party assets:				
Leases and rentals	47.0	46.2	0.8	1.7
Filming rights (mainly rights to sports events and Sanremo Music Festival)	80.3	134.7	(54.4)	- 40.4
Rights of use	53.1	53.1	0.0	0.0
	180.4	234.0	(53.6)	- 22.9
Concession fee	0.0	1.5	(1.5)	100.0
Other operating costs	24.3	25.0	(0.7)	- 2.8
Other	5.9	5.6	0.3	5.4
Total	549.6	613.7	(64.1)	- 10.4

Costs of materials and external services - by company

(in millions of Euros)	June 2015	%	June 2014	%
Rai	455.9	83.0	519.7	84.8
Rai Cinema	34.2	6.2	36.9	6.0
Rai Com	9.2	1.7	3.9	0.6
Rai Pubblicità	17.8	3.2	19.1	3.1
Rai Way	32.5	5.9	32.7	5.3
Rai World	0.0	0.0	1.4	0.2
Total	549.6	100.0	613.7	100.0

- widespread savings on the other components of this item, resulting from cost curbing policies implemented by the Group companies (Euro -3.6 million).

The breakdown of costs for acquisition of goods and services, by company and net of infra-group transactions, is provided in the table on the opposite page.

Personnel costs – They amounted to Euro 507.4 million, up by Euro 8.0 million (+1.6%).

This increase reflects partly the costs of early retirement incentives incurred during the first half-year, which had an impact on personnel costs (few cases dealt with individually and not linked to any extraordinary measure), and partly a growth in workforce, and partly a normal increase in personnel costs as a result of automatic pay rises provided for in labour agreements and remuneration policies.

The breakdown of personnel costs by company is provided in the table at the bottom of the page.

The **average number of employees** in service during the year, including those on fixed-term contracts, was 13,050, with an increase of 181 people compared to the same period in 2014. The change reflects an increase of 362 employees on permanent contracts and a reduction of 181 employees on fixed-term contracts.

The **total number of employees** as at 30 June 2015 was 12,077 (including 205 employees on placement and apprenticeship contracts), with an increase of 336 people compared to 30 June 2014, reflecting the balance between exits for 140 people, 29 of which took advantage of early retirement incentives, and new hires for 476 people. Of the new hires, 253 involved the transformation of fixed-term contracts into permanent contracts, in accordance with union agreements, and 33 involved reinstatements following legal disputes.

EBITDA

As a result of the events described above, EBITDA recorded an increase of Euro 49.8 million, passing from Euro 187.9 million to Euro 237.7 million.

Personnel costs

(in millions of Euros)	June 2015	June 2014	Change	Change %
Wages and salaries	361.8	357.5	4.3	1.2
Social security contributions	101.2	102.1	(0.9)	- 0.9
Staff severance pay	24.3	24.0	0.3	1.3
Pension and similar costs	7.4	7.4	0.0	0.0
Other	12.7	8.4	4.3	51.2
Total	507.4	499.4	8.0	1.6

Personnel costs - by company

(in millions of Euros)	June 2015	%	June 2014	%
Rai	461.8	91.0	455.3	91.1
Rai Cinema	4.9	1.0	4.8	1.0
Rai Com	3.5	0.7	1.9	0.4
Rai Pubblicità	13.1	2.6	13.9	2.8
Rai Way	24.1	4.7	23.3	4.7
Rai World	0.0	0.0	0.2	0.0
Total	507.4	100.0	499.4	100.0

Amortisation of programmes

This item relates to the investments in programmes made in previous years and in the current period.

Investments in the first half of 2015 amounted to Euro 226.8 million, up by Euro 30.4 million (+15.5%) compared to 2014. As reported in the table below, the increase in investments relates to the drama and comedy genre only.

The related table provides a breakdown of investments in programmes by company.

Amortisation of programmes amounted to Euro 176.4 million, up by Euro 3.0 million compared to the previous year (+1.7%).

Other amortisation and depreciation

They relate to the investments, made during the current financial year and in previous financial

years, in tangible and intangible assets other than programmes; the latter are mainly made of purchase of frequencies for developing the digital network, software user licenses and long-term costs.

Investments in the first half of 2015 amounted to Euro 37.8 million, with a decrease of Euro 11.1 million (-22.7%), mostly reflecting lower investments in tangible assets, as shown in the table below.

The slowdown in investments was mainly due to the digitisation process of the production plants of the Parent Company, which was particularly significant in 2014.

The following tables provide a breakdown by type and company.

Amortisation and depreciation for the year relating to the items mentioned above amounted to Euro 62.1 million, down by Euro 3.2 million, as shown in the related table.

Investments in programmes

(in millions of Euros)	June 2015	June 2014	Change	Change %
Drama and comedy	176.4	137.4	39.0	28.4
Films	34.6	42.1	(7.5)	- 17.8
Other programmes	15.8	16.9	(1.1)	- 6.5
Total	226.8	196.4	30.4	15.5

Investments in programmes - by company

(in millions of Euros)	June 2015	%	June 2014	%
Rai	98.5	43.4	60.2	30.7
Rai Cinema	124.1	54.7	136.2	69.3
Rai Com	4.2	1.9	0.0	0.0
Total	226.8	100.0	196.4	100.0

Amortisation of programmes

(in millions of Euros)	June 2015	June 2014	Change	Change %
Drama and comedy	109.1	104.9	4.2	4.0
Films	49.0	49.9	(0.9)	- 1.8
Other programmes	18.3	18.6	(0.3)	- 1.6
Total	176.4	173.4	3.0	1.7

Other investments

(in millions of Euros)	June 2015	June 2014	Change	Change %
Tangible assets	33.1	44.7	(11.6)	- 26.0
Other intangible assets	4.7	4.2	0.5	11.9
Total	37.8	48.9	(11.1)	- 22.7

Other investments - by company

(in millions of Euros)	June 2015	%	June 2014	%
Rai	29.9	79.1	41.1	84.1
Rai Com	0.0	0.0	0.5	1.0
Rai Pubblicità	0.8	2.1	0.8	1.6
Rai Way	7.1	18.8	6.5	13.3
Total	37.8	100.0	48.9	100.0

Amortisation and depreciation of other non-current assets

(in millions of Euros)	June 2015	June 2014	Change	Change %
Tangible assets	54.2	59.3	(5.1)	- 8.6
Other intangible assets	7.9	6.0	1.9	31.7
Total	62.1	65.3	(3.2)	- 4.9

Other net expenses

This item, which is made up of provisions for write-downs and risks and income and expenses not directly related to the Company's core business, showed net expenses of Euro 10.0 million (Euro 12.9 million as at 31 June 2014).

More specifically, this item includes provisions for risks and charges (Euro 16.2 million, against Euro 5.5 million as at 30 June 2014), costs for repeated-use programmes which are not expected to be used, repeated or commercially exploited (Euro 11.0 million, against Euro 13.2 million as at 30 June 2014), the provision for the Company's supplementary pension fund for former employees (Euro 3.2 million, against Euro 2.2 million as at 30 June 2014), the accrual to the provision for bad debts (Euro 2.6 million, against Euro 1.7 million as at 30 June 2014), net contingent assets (Euro 23.0 million, against Euro 9.7 million as at 30 June 2014).

Operating result

Operating revenues and costs as described above determined an improvement in the Operating result, which passed from a loss of Euro 63.7 million as at 30 June 2014 to a loss of Euro 10.8 million as at 30 June 2015, with a change of Euro 52.9 million.

Net financial expense

Net financial expense amounted to Euro 3.5 million, showing an improvement compared to 30 June 2014 (Euro 9.9 million). The table below provides a breakdown of this item.

Specifically, there was a decrease of Euro 3.1 million in net bank interest expense against a lower average debt to third parties, in addition to interest of Euro 0.6 million arising from the bond issue launched in May.

Net financial expense

(in millions of Euros)	June 2015	June 2014	Change
Net bank interest expense	(5.7)	(8.8)	3.1
Interest and discount on bond issue	(0.6)	0.0	(0.6)
Net exchange gains (losses)	5.6	(0.2)	5.8
Other net financial expense	(2.8)	(0.9)	(1.9)
Total	(3.5)	(9.9)	6.4

Exchange differences were positive, showing an improvement of Euro 5.8 million, as a result of the hedging transactions that had been entered into in previous years, which mitigated the effects of the Euro depreciation on the purchase of rights denominated in US Dollars.

Other net financial expense was affected by the termination of interest rate swap hedging transactions on medium-term loans of Rai following the early repayment of the related credit facilities.

The average cost of borrowing was 2.4%, showing a reduction compared to 3.0% in the first half of 2014, also thanks to the loans raised by Rai Way. The bond issue launched in May, at an effective rate of 1.65%, to replace the more expensive medium-term loans, will result in a further reduction in interest expense starting from the second half of the year.

Net extraordinary income (expense)

Net income of Euro 0.7 million (against expenses of Euro 1.0 million as at 30 June 2014) relates to net contingent assets from income taxes.

Income taxes

Income taxes totalled Euro 5.1 million and represent the balance between current and deferred taxes as detailed in the table at the bottom of the page.

The tax burden for the year recorded an increase of Euro 1.3 million compared to the first half of 2014 for the following reasons:

- a higher IRES (Corporate Income) tax for Euro 5.7 million, due to higher taxable income of the Group companies;
- a lower IRAP (Regional Production Activity) tax for Euro 8.6 million, due to a reduction (down to zero in the Parent Company) in the taxable base following the full deductibility of personnel costs for permanent employment introduced by the 2015 Stability Act;
- lower deferred tax assets for Euro 4.0 million, resulting from:
 - the fact that, as from 2015, it is no longer possible to recognise deferred tax assets which will certainly be recoverable as they can be transformed into tax credits on temporary differences relating to programme-related non-current assets (Euro -4.0 million);
 - the recognition in the 2014 half-year report of Rai Com only of deferred tax assets on the tax loss of RaiNet based on the expected profits from the “commercial” business unit contributed by Rai (Euro -5.9 million);
 - the recognition of higher deferred tax assets which will certainly be recoverable in relation to the taxable income transferred to Rai SpA within the tax consolidation regime (Euro +5.9 million).

Income taxes

(in millions of Euros)	June 2015	June 2014	Change
IRES tax	(19.3)	(13.6)	(5.7)
IRAP tax	(3.7)	(12.3)	8.6
Deferred tax liabilities:			
- from the companies' accounts	0.3	0.4	(0.1)
- from consolidation adjustments	(0.1)	0.0	(0.1)
Deferred tax assets:			
- from the companies' accounts	17.7	21.7	(4.0)
- from consolidation adjustments	0.0	0.0	0.0
Total	(5.1)	(3.8)	(1.3)

Balance Sheet

Non-current assets

The table below provide a breakdown of non-current assets, which amounted to Euro 1,515.5 million, up by Euro 15.8 million compared to 31 December 2014.

Tangible assets, the components of which are set forth in the table below, recorded a decrease of Euro 21.2 million compared to 31 December 2014.

Investments in programmes are represented mostly by the Drama and Comedy genre, which attracted the majority of the investments in the half-year.

Other non-current assets detailed in the table below did not show any significant change.

Non-current assets

(in millions of Euros)	30.06.2015	31.12.2014	Change
Tangible assets	597.1	618.3	(21.2)
Investments in programmes	873.0	833.4	39.6
Equity investments	12.8	12.5	0.3
Other non-current assets	32.6	35.5	(2.9)
Total	1,515.5	1,499.7	15.8

Tangible assets

(in millions of Euros)	30.06.2015	31.12.2014	Change
Land and buildings	199.8	206.3	(6.5)
Plant and machinery	301.4	319.1	(17.7)
Industrial and commercial equipment	7.5	7.2	0.3
Other assets	28.7	28.3	0.4
Tangible assets under construction and payments on account	59.7	57.4	2.3
Total	597.1	618.3	(21.2)

Investments in programmes

(in millions of Euros)	30.06.2015	31.12.2014	Change
Drama and Comedy	498.2	441.9	56.3
Films	240.9	255.5	(14.6)
Other programmes	133.9	136.0	(2.1)
Total	873.0	833.4	39.6

Other non-current assets

(in millions of Euros)	30.06.2015	31.12.2014	Change
Non-current receivables	2.8	2.5	0.3
Software	9.5	9.7	(0.2)
Alterations and improvements to leased properties	6.1	6.6	(0.5)
Options on commercial agreements	6.3	6.4	(0.1)
Digital terrestrial frequencies	2.8	4.4	(1.6)
Ancillary charges on loans	2.8	3.5	(0.7)
Securities	2.3	2.3	0.0
Other	0.0	0.1	(0.1)
Total	32.6	35.5	(2.9)

Working Capital

The most significant changes compared to 31 December 2014 are related to the following items:

Other assets showed a decrease of Euro 20.2 million, also as a result of reduced credit exposure to the Government for the Group VAT.

Trade payables showed a decrease of Euro 17.5 million as a result of reduced exposure to suppliers.

Other liabilities showed an increase of Euro 369.5 million, due to the recognition by the Parent Company of deferred income on license fees, generated by the difference between the amounts settled by the Ministry of Economy and Finance during the half-year and the economic value accrued in the period, the payment of which will occur in the second half of the year.

Net financial position

The first half of 2015 closed with a positive net financial position of Euro 28.6 million, comprised of Euro 521.1 million for medium/long-term loans, Euro 552.8 million for short-term net positive positions and other financial payables for Euro 3.1 million, essentially made up of the balance of the current account held with the company Rai Corporation.

The net financial position as at 30 June 2015, which, for the purposes of providing a more significant analysis, is compared to that of the same period in the previous year (a net debt of Euro 170.1 million), showed an improvement of Euro 198.7 million, also thanks to a more favourable situation at the beginning of the year.

More specifically, there was a consolidation of the medium/long-term sources of finance, achieved by means of:

- a bond issue of Euro 350 million (due May 2020), through which syndicated credit facilities of Euro 295 million, due within the next two years, were repaid;
- a further disbursement of Euro 40 million of the amortising credit facility of Rai WWay.

The foregoing also determined an increase in net short-term amounts available to Rai and Rai WWay (totalling Euro 325 million).

Working capital

(in millions of Euros)	30.06.2015	31.12.2014	Change
Inventories	2.6	2.6	0.0
Trade receivables	486.5	486.9	(0.4)
Other assets	288.9	309.1	(20.2)
Trade payables	(719.3)	(701.8)	(17.5)
Provisions for risks and charges	(360.5)	(376.1)	15.6
Other liabilities	(601.1)	(231.6)	(369.5)
Total	(902.9)	(510.9)	(392.0)

Net financial position of the Group

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014	Change June 2014 compared to June 2013
Net receivables from (payables to) banks and other lenders				
- medium/long-term	(521.1)	(426.2)	(395.4)	(125.7)
- short-term - net	552.8	114.9	228.1	324.7
	31.7	(311.3)	(167.3)	199.0
Other financial payables	(3.1)	(3.8)	(2.8)	(0.3)
Net financial position	28.6	(315.1)	(170.1)	198.7

In the first half of 2015, cash flows showed a positive balance of about Euro 343 million against Euro 271 million in 2014, and benefitted, as in the previous year, from the collection of two advance instalments of license fees for an aggregate of Euro 1,200 million. The increase of more than Euro 70 million in cash flows was mainly due to a reduction in the outlays on the part of the Parent Company and its affiliates, which largely absorbed lower revenues from advertising.

The improved financial profile during the year entailed a reduction in **average indebtedness** down to Euro -359 million (Euro -549 million in 2014).

The loan from the European Investment Bank (Euro 50 million) to Rai requires compliance with the following financial ratios (covenants) as at 30 June 2015:

- 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 .

As at 30 June, these ratios, which are to be calculated with respect to the consolidated financial statements, had been complied with in full, and were both equal to zero, with a net financial credit position.

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.

It should be noted that 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 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 0.92 (1.79 as at 31 December 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 1.01 (0.98 as at 31 December 2014);
- a **non-current asset coverage ratio**, defined as the ratio of equity to non-current assets, equal to 0.24 (0.27 as at 31 December 2014).

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 international 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; this policy is also managed on behalf of the Group companies (except for Rai Way).

Specifically:

- **exchange risk** relates to the exposure in USD generated by the acquisition of Rai's rights to sports events and films and television broadcasting rights on the part of Rai Cinema. In the first half of 2015, such commitments generated payments of approximately USD 103 million. Risk management activities, which start on the date the commitment is entered into and often last several years, are aimed at fixing the Euro value of commitments estimated at the budget or order stage. As appropriate, hedging strategies are implemented by means of derivative financial instruments - such as forward purchases, swaps and options - and are never intended for financial speculation purposes. The Group policy sets out multiple operating restrictions that must be applied to hedging activities.
 - **Interest rate risk** is also managed in accordance with the Company policy, and specifies operating limits, particularly as regards medium/long-term exposure. The financial structure of Rai following the bond issue, and the maintenance of the loan from the European Investment Bank only, both at a fixed rate, led to the elimination of such risk. As regards Rai Way, it should be noted that, except for the loan granted by Cassa Depositi e Prestiti, the medium/long-term debt is at a variable rate of interest.
 - **Credit risk** in relation to cash surpluses is limited insofar as the Company policy requires investment in low-risk financial instruments and with highly-rated counterparties. During the first half of 2015, only time deposits and sight deposits were used.
 - As regards the **liquidity risk**, the Company's financial structure was further strengthened through a bond issue of Euro 350 million, with the following features:
 - Issue reserved for institutional investors;
 - Annual coupon of 1.5%, with an effective rate equal to 1.65%;
 - Unsecured bonds listed on the Irish Stock Exchange
- Moreover, during the half-year Rai Way requested the disbursement of the remaining amount of the "amortising" loan granted by a pool of banks (due September 2019), which, therefore, has now been fully disbursed for an aggregate amount of Euro 120 million.

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- During the year, the performance of the net financial position was characterised by significant volatility as a consequence of the payment by the Ministry of Economy and Finance of the licence fees in quarterly instalments, which mainly took place in the first nine months of the year. For this purpose, Rai entered into revolving bank facilities for an aggregate of Euro 170 million and uncommitted facilities of more than Euro 380 million. Furthermore, Rai Way entered into an amortising loan for Euro 120 million and a stand-by credit line for Euro 50 million (both of which expiring in September 2019), as well as medium/long-term credit facilities granted by Mediocredito Centrale and Cassa Depositi e Prestiti for an aggregate amount of approximately Euro 1 million. Additionally, a factoring facility of Euro 60 million was entered into out of advertising receivables. The credit facilities as a whole are considered to provide sound cash margins.

Consolidated Financial Statements of the Rai Group

**Consolidated Balance Sheet and Income Statement
as at 30 June 2015**
(Statutory Statements)

Rai Group / **Consolidated financial statements****Consolidated Balance Sheet - Assets**

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
A) SUBSCRIBED CAPITAL UNPAID	-	-	-
B) NON-CURRENT ASSETS			
I. INTANGIBLE ASSETS			
3.- Industrial patents and intellectual property rights	622.0	570.1	597.2
4.- Concessions, licenses, trademarks and similar rights	2.8	4.5	6.2
6.- Intangible assets under development and payments on account	265.2	277.7	254.7
7.- Others	10.5	11.8	11.7
TOTAL INTANGIBLE ASSETS	900.5	864.1	869.8
II. TANGIBLE ASSETS			
1.- Land and buildings	199.8	206.3	207.8
2.- Plant and machinery	301.4	319.1	316.4
3.- Industrial and commercial equipment	7.5	7.2	7.4
4.- Other assets	28.7	28.3	28.9
5.- Tangible assets under construction and payments on account	59.7	57.4	75.2
TOTAL TANGIBLE ASSETS	597.1	618.3	635.7
III. FINANCIAL ASSETS			
1.- Equity investments in			
a) non-consolidated subsidiaries	3.5	3.3	2.9
b) associated companies	8.5	8.4	10.2
d) other companies	0.8	0.8	0.7
	12.8	12.5	13.8
2.- Receivables			
d) from others	2.8	2.5	2.7
3.- Other securities	2.3	2.3	2.4
TOTAL NON-CURRENT FINANCIAL ASSETS	17.9	17.3	18.9
TOTAL NON-CURRENT ASSETS	1,515.5	1,499.7	1,524.4

continues

Consolidated Balance Sheet - Assets

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
C) CURRENT ASSETS			
I. INVENTORIES			
1.- Raw materials, supplies and consumables	1.0	1.0	1.0
3.- Contract work in progress to	0.2	0.2	0.2
4.- Finished products and goods for resale	1.4	1.4	1.4
TOTAL INVENTORIES	2.6	2.6	2.6
II. RECEIVABLES			
1.- from customers	484.4	485.5	509.2
3.- from associated companies	1.6	0.4	0.9
4.bis - tax receivables	74.1	95.2	41.6
4.ter - deferred tax assets	40.0	54.9	40.6
5.- from others	154.2	130.3	148.4
TOTAL RECEIVABLES	754.3	766.3	740.7
III. CURRENT FINANCIAL ASSETS	-	-	-
IV. CASH AND CASH EQUIVALENTS			
1.- Bank and postal accounts	561.7	128.3	242.1
3.- Cash and cash equivalents on hand	0.4	0.3	0.4
TOTAL CASH AND CASH EQUIVALENTS	562.1	128.6	242.5
TOTAL CURRENT ASSETS	1,319.0	897.5	985.8
D) ACCRUED INCOME AND PREPAID EXPENSES			
b) accruals and other deferrals	21.7	29.7	19.7
TOTAL ACCRUED INCOME AND PREPAID EXPENSES	21.7	29.7	19.7
TOTAL ASSETS	2,856.2	2,426.9	2,529.9

Rai Group / **Consolidated financial statements****Consolidated Balance Sheet - Liabilities**

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
A) SHAREHOLDERS' EQUITY			
I. PARENT COMPANY EQUITY			
I. Share Capital	242.5	242.5	242.5
IV. Legal reserve	11.6	9.2	9.2
VII. Other reserves	89.4	44.5	44.5
IX. Group profit (loss) for the year	(25.1)	47.3	(77.9)
TOTAL GROUP SHAREHOLDERS' EQUITY	318.4	343.5	218.3
II. MINORITY INTERESTS			
Minority interests' capital and reserves	42.9	44.0	-
Profit (loss) for the year pertaining to minority interests	7.3	10.6	-
TOTAL MINORITY INTERESTS	50.2	54.6	-
TOTAL SHAREHOLDERS' EQUITY	368.6	398.1	218.3
B) PROVISIONS FOR RISKS AND CHARGES			
1.- for pension and similar liabilities	141.6	143.7	142.8
2.- current and deferred taxes	5.6	5.8	5.8
3.- others	213.3	226.6	199.8
TOTAL PROVISIONS FOR RISKS AND CHARGES	360.5	376.1	348.4
C) PROVISION FOR STAFF SEVERANCE PAY	272.6	275.6	279.0
D) PAYABLES			
1.- Bonds	350.0	-	-
4.- Due to banks	178.6	436.6	409.2
5.- Due to other lenders	1.9	3.3	0.6
6.- Advances	44.3	37.2	6.7
7.- Suppliers	669.9	660.9	625.0
9.- Non-consolidated subsidiaries	3.7	3.5	3.1
10.- Associated companies	5.1	4.0	5.3
12.- Tax payables	50.1	72.8	44.3
13.- Welfare and social security institutions	64.8	80.4	67.9
14.- Other payables	58.5	57.2	62.1
TOTAL PAYABLES	1,426.9	1,355.9	1,224.2
E) ACCRUED EXPENSES AND DEFERRED INCOME			
b) accruals and other deferrals	427.6	21.2	460.0
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME	427.6	21.2	460.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,856.2	2,426.9	2,529.9

Consolidated Memorandum Accounts

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
1.- Unsecured guarantees issued			
a) Sureties:			
- for associated companies	2.6	2.6	2.6
- for others	37.0	37.0	45.0
Total unsecured guarantees issued	39.6	39.6	47.6
2.- Collaterals issued			
b) for own commitments other than payables	2.3	2.3	2.3
Total collaterals issued	2.3	2.3	2.3
3.- Purchase and sale commitments	0.4	0.2	0.3
4.- Other memorandum accounts	343.7	342.0	359.2
	386.0	384.1	409.4

Consolidated Income Statement

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
A) PRODUCTION VALUE			
1.- Revenues from sales and services	1,252.6	2,474.8	1,264.3
2.- Changes in inventories of work in progress, semi-finished and finished products	-	-	-
4.- Capitalisation of internal construction costs	14.4	21.8	10.4
5.- Other earnings and proceeds			
a) operating grants	4.4	12.4	5.8
b) capital gains on disposals	0.5	-	-
c) sundry items	49.8	85.8	34.8
	54.7	98.2	40.6
TOTAL PRODUCTION VALUE	1,321.7	2,594.8	1,315.3
B) PRODUCTION COSTS			
6.- Raw materials, supplies, consumables and goods for resale	(9.3)	(18.6)	(10.9)
7.- Services	(329.7)	(632.5)	(336.8)
8.- Leases and rentals	(180.4)	(407.4)	(233.9)
9.- Personnel			
a) wages and salaries	(361.8)	(713.8)	(357.5)
b) social security contributions	(101.2)	(202.5)	(102.1)
c) staff severance pay	(24.3)	(47.4)	(24.0)
d) pension and similar costs	(7.4)	(13.7)	(7.4)
e) other costs	(12.7)	(15.5)	(8.4)
	(507.4)	(992.9)	(499.4)
10.- Amortisations, depreciation and write-downs			
a) amortisation of intangible assets	(190.2)	(415.5)	(184.8)
b) depreciation of tangible assets	(54.2)	(116.7)	(59.3)
c) other write-downs of non-current assets	(11.0)	(25.3)	(13.2)
d) write-down of current receivables and of cash and cash equivalents	(2.5)	(4.7)	(1.7)
	(257.9)	(562.2)	(259.0)
11.- Changes in inventories of raw materials, supplies, consumables and goods for resale	-	(0.2)	(0.2)
12.- Provisions for risks	(13.4)	(14.4)	(4.7)
13.- Other provisions	(2.8)	(27.2)	(0.8)
14.- Other operating costs			
a) capital losses on disposals	(0.2)	(0.4)	(0.1)
b) concession fee	-	-	(1.5)
c) others	(31.4)	(67.1)	(31.7)
	(31.6)	(67.5)	(33.3)
TOTAL PRODUCTION COSTS	(1,332.5)	(2,722.9)	(1,379.0)
Difference between production value and costs	(10.8)	(128.1)	(63.7)

continues

Consolidated Income Statement

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
C) FINANCIAL INCOME AND EXPENSES			
16.- Other financial income			
b) from non-current securities other than equity investments	-	0.1	-
d) financial income other than the above			
. interest and commissions from others and miscellaneous income	0.8	2.1	1.2
	0.8	2.2	1.2
17.- Interest and other financial expenses			
d) interest and commissions payable to others and miscellaneous charges	(10.0)	(19.8)	(10.9)
17 bis.- Foreign exchange gains and losses	5.7	1.4	(0.2)
TOTAL FINANCIAL INCOME AND EXPENSES	(3.5)	(16.2)	(9.9)
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
18.- Revaluations			
a) of equity investments	1.0	1.3	0.8
19.- Svalutazioni			
a) of equity investments	(0.1)	(2.3)	(0.3)
TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS	0.9	(1.0)	0.5
E) EXTRAORDINARY INCOME AND EXPENSE			
20.- Extraordinary income			
a) capital gains relating to operations with significant effects on the Company's structure	-	236.4	-
e) income relating to previous years	0.8	0.7	0.6
	0.8	237.1	0.6
21.- Extraordinary expense			
a) costs and capital losses relating to operations with significant effects on the Company's structure	-	(13.3)	(1.6)
g) taxes relating to previous years	(0.1)	(0.5)	-
	(0.1)	(13.8)	(1.6)
TOTAL EXTRAORDINARY INCOME AND EXPENSE	0.7	223.3	(1.0)
Result before tax	(12.7)	78.0	(74.1)
22.- Current income taxes for the year; deferred tax assets and liabilities	(5.1)	(20.1)	(3.8)
23.- Profit (loss) for the year	(17.8)	57.9	(77.9)
Of which:			
- pertaining to the Parent Company	(25.1)	47.3	(77.9)
- pertaining to minority interests	7.3	10.6	-

Rai Group

Notes to the Consolidated Financial Statements

1) Introduction

The Rai Group's interim consolidated financial statements as at 30 June 2015 have been prepared in accordance with the provisions of the Italian Civil Code and Legislative Decree 127 of 9 April 1991, as well as with the provisions laid down under accounting principle OIC 30 (Interim Financial Statements) issued by the Italian Accounting Board (OIC, *Organismo Italiano di Contabilità*). Reclassified statements, including reclassified balance sheet, income statement and cash flow statement, are attached as supplementary schedules to the consolidated financial statements.

The consolidated financial statements, the notes to the financial statements and related schedules are expressed in millions of Euro.

The reporting date of the interim consolidated financial statements is 30 June 2015, i.e. the date on which all consolidated companies closed their half-year accounts.

The interim consolidated financial statements have been subject to limited audit by PricewaterhouseCoopers SpA.

The statement of reconciliation between Rai's result for the year and equity and the Group's result for the year and equity, for the first half of 2015, the 2014 financial year and the first half of 2014 is presented on page 169.

2) Scope of consolidation

The scope of consolidation includes Rai and all companies in which the Parent Company Rai holds - directly or indirectly - the majority of voting rights at ordinary Shareholders' Meetings.

The following companies are consolidated on a line-by-line basis (figures for share capital are as at 30 June 2015):

- *Rai Cinema SpA*; registered office in Rome, Piazza Adriana 12, share capital Euro 200,000,000.40; Shareholders: Rai 100%.
- *Rai Com SpA*; registered office in Rome, Via Novaro 18, share capital Euro 10,320,000; Shareholders: Rai 100%.
- *Rai Pubblicità SpA*; registered office in Turin, Via Cavalli 6, share capital Euro 10,000,000; Shareholders: Rai 100%.
- *Rai Way SpA*; registered office in Rome, Via Teulada 66, share capital Euro 70,176,000; Shareholders: Rai 65.07353%, others 34.92647%.

The following companies are valued using the equity method:

- *Audiradio Srl in liquidation*; registered office in Milan, Largo Toscanini 1, share capital Euro 258,000; Quotaholders: Rai 27%, others 73%.
- *Auditel Srl*; registered office in Milan, Largo Toscanini 1, share capital Euro 300,000; Shareholders: Rai 33%, others 67%.
- *Euronews - Société Anonyme*; registered office in Lyon Ecully (France), 60 Chemin des Mouilles; share capital Euro 4,032,840; Shareholders: Rai 20.56%, others 79.44%.
- *Rai Corporation - Italian Radio TV System in liquidation*; registered office c/o GC Consultants in New York, 444 Madison Avenue suite 1206; share capital US\$ 500,000; Shareholders: Rai 100%.
- *San Marino RTV SpA*; registered office in the Republic of San Marino, Viale Kennedy 13; share capital Euro 516,460; Shareholders: Rai 50%, E.Ra.S. 50%.
- *Tivù Srl*; registered office in Rome, Via di Villa Patrizi 8, share capital Euro 1,001,886; Shareholders: Rai 48.16%.

3) Consolidation principles

Consolidation principles may be summarised as follows:

- a) Investments in consolidated companies are accounted for through line-by-line consolidation of the total (regardless of percentage of ownership) assets and liabilities, costs and income of the entities to be consolidated, identifying separately within equity and net results for the period the shares due to any non-controlling interests, with any differences being taken directly to consolidated equity.
- b) Payables and receivables, income and expenditure, dividends and any other transactions between consolidated companies are eliminated.
- c) For consolidation purposes, the financial statements of consolidated companies have been brought into line with the accounting principles and methods described below.

4) Accounting principles

The following paragraphs describe the main accounting principles and criteria adopted. The consolidated financial statements have been prepared on a going-concern basis and in compliance with the provisions of Articles 2423 et seq. of the Civil Code and Legislative Decree no. 127 of 9 April 1991. Such principles are substantially unchanged from those applied in the previous year and there are no exceptional cases requiring derogation from the requirements of Article 2423-bis et seq. of the Civil Code.

- a) Industrial patents and intellectual property rights.

Programme acquisition and production costs, which comprise the external costs that can be allocated directly to each production and the cost of the internal resources used in the creation of individual programmes, are accounted for as follows:

- 1) Costs for repeated-use television productions are capitalised under intangible assets. If such productions are usable at period-end, the costs are reported as industrial patents and intellectual property rights and amortised on a straight-line basis over the period of their estimated useful life. If such productions are not yet usable at period-end, the costs are reported as intangible assets under development and payments on account.

In view of objective difficulties encountered in establishing an appropriate correlation between advertising revenues and licence fees and the amortisation of rights, (difficulties which are then further complicated by the many ways in which programmes can be used), the useful life of repeated-use programmes is estimated as follows:

- three years for television drama and comedy (fiction) productions or, more generally, for all non-film productions;
- four years for football library exploitation rights;
- five years for free TV rights acquired by Rai Cinema, except for products for which the whole range of rights has been acquired (film, television, home video etc.) the useful life of which is estimated at seven years.

Costs for concession rights with a shorter duration are amortised over the period they are available.

In addition, an impairment provision has been established for programmes for which transmission, re-broadcasting or commercial exploitation is at risk.

- 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 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.
 - *Documentaries, classical music and theatre.* Costs are charged in a single amount in the income statement at the time the programmes are ready for broadcasting or the rights are usable.

- b) Software licences are reported under industrial patents and intellectual property rights, net of amortisation, and are amortised over three years from the year they enter service.
- c) Costs incurred for the construction of the digital terrestrial network are capitalised under intangible assets 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 enter service.
- e) Long-term costs relating to third-party property are reported under other intangible assets, net of accumulated amortisation. They relate to improvements to leased or licensed property and accessory charges on loans. Amortisation of such improvements is determined on the basis of the shorter of the residual duration of the related contracts and the estimated period that the improvements will provide benefit, calculated using amortisation rates which reflect the rate of economic deterioration of the relative assets. Accessory charges on loans are amortised in relation to the duration of the loan.
- f) Tangible assets – reported net of accumulated depreciation – are recorded at cost as increased by any internal personnel costs incurred in preparing them to enter into service and the effects of any revaluations carried out in accordance with relevant legislation. The costs of tangible assets, so determined, are depreciated in accordance with Article 2426 (2) of the Civil Code. Ordinary maintenance costs are expensed in the year in which they are incurred.
- g) Investments in non-consolidated subsidiaries and associated companies are valued using the equity method. Under this method investments are reported at a value equal to the corresponding share of the Shareholders' equity resulting from the last financial statements, minus any dividends and after any adjustments required by the principles used in the preparation of the consolidated financial statements. The profit or loss for the year of the investee, duly adjusted, is booked to the income statement in the year to which the result refers, on line D18 Revaluation a) of equity investments or on line D19 Write-downs a) of equity investments. For companies with negative Shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Any net profit is posted to a specific non-distributable reserve until its realisation.
- h) Investments in other companies and shares in consortia are reported in the consolidated financial statements at cost, adjusted as appropriate for permanent losses in value. For companies with negative Shareholders' equity, the cost of the investment is set at zero and Rai's share of the deficit is specifically provided for under the provisions for risks and charges. Adjustments for permanent losses in value are reversed in the event that such losses are subsequently recovered through operating earnings by the investee company.
- i) Fixed-income securities are reported as non-current financial assets and valued at purchase cost. Positive or negative differences between purchase cost and redemption value are taken to income in the amount accruing for the year.
- j) Non-current assets which, at the balance sheet date, have suffered a permanent impairment in value are reported at the lower value. Should the reasons for the write-down made in previous years no longer apply, the assets are revalued within the limits of the amount of the write-down.
- k) Other securities included within current financial assets are valued at the lower of purchase cost – determined as the weighted average cost – and estimated realisable value, which is given by market value.
- l) Inventories of raw materials, supplies and consumables (technical materials) are valued at purchase cost, determined on a weighted average cost basis, written down as appropriate to reflect market trends and any estimated non-use due to obsolescence and/or slow turnover. Inventories of finished products and merchandise intended for resale (books, DVDs etc.) are reported at the lower of purchase cost, determined on a weighted average cost basis, and estimated realisable value as determined by market prices.
- m) Receivables are shown at their expected realisable value, net of the provision for bad debts as determined on the basis of a case-by-case assessment of the solvency risks of individual debtors.

- n) Accrued income and prepaid expenses, and accrued expenses and deferred income, are recorded on an accruals basis with reference to the individual cases.
- o) Provisions for pension and similar liabilities, which comprise the provision for supplementary seniority benefits, the retirement fund and the supplementary Company pension fund, are made in accordance with collective bargaining agreements. The Company supplementary pension fund is valued on the basis of an actuarial appraisal.
- p) The provision for taxes includes probable tax liabilities arising from the settlement of tax disputes and also includes deferred tax liabilities to reflect temporary timing differences which have resulted in lower current taxes. Where there is reasonable certainty that they will be recovered in the future, for the purposes of their calculation and recognition, deferred tax assets relating to charges which are tax-deductible on a deferred basis and to tax losses are reported under Current Assets (4ter "Deferred tax assets").
- q) Other provisions for risks and charges include provisions to cover specific losses or liabilities, the existence of which is certain or probable, but the amount or date of occurrence of which is uncertain. They are set up on a case-by-case basis in relation to specific risk positions and their amount is determined on the basis of reasonable estimates of the liability that such positions could generate.
- r) The provision for staff severance pay is determined in conformity with relevant legislation and labour contracts. It reflects the accrued entitlement of all employees at the balance-sheet date, net of advances already paid.
- s) Payables are shown at nominal value.
- t) Payables and receivables denominated in currencies other than the Euro – with the exception of hedged positions, which are valued at the rate applying to the financial instrument - are recorded at the exchange rates applying at the balance sheet date. Profits and losses ensuing from such conversion are taken to the income statement as components of financial income or expense. Any net profit is taken to a specific non-distributable reserve until the profit is realised.
- u) Payments on account include advances paid by customers for services that have not yet been performed.
- v) Costs and revenues are taken to the income statement on a consistently applied accruals basis.
- w) Income taxes are recorded on the basis of an estimate of taxable income in conformity with applicable regulations, taking account of deferred tax positions. The tax liability to be settled on presentation of the tax return is reported under tax payables, together with liabilities relating to taxes already assessed and due. The tax charge in the Group's consolidated financial statements reflects the tax charges in the individual financial statements of consolidated companies, which have been aligned on the basis of uniform accounting principles and prepared on an accruals and prudent basis. Companies consolidated using the line-by-line method have opted to be taxed on a Group consolidated basis and have transferred to the Parent Company the duty of attending to all requirements regarding the settlement and payment of IRES tax. The procedure for the consolidation of the Group's taxable amounts is regulated by a specific agreement between the Parent Company and the subsidiaries. The fundamental standards that regulate this agreement are neutrality (absence of negative effects on the single companies), proportionality in the use of losses and their full remuneration on the basis of the IRES tax rate in force at the time of effective use, offsetting the incomes booked.
- x) During the consolidation process, the tax effects of consolidation adjustments resulting in temporary timing differences on the Group's result have been recorded as deferred tax assets and liabilities.
- y) In order to hedge interest rate and exchange rate risk, the Company uses derivative contracts to hedge specific transactions. Interest differentials to be collected or paid on interest rate swaps are taken to the income statement on an accruals basis over the duration of the contract. Accrued interest differentials that have not been settled at the end of the year or which have been settled before they actually accrue are taken to accrued income and prepaid expenses, or accrued expenses and deferred income, as the case may be. Derivative contracts hedging exchange rate risks are used to cover contractual commitments in foreign currencies and entail adjusting the value of the underlying item. Gains and losses

arising from differences between the spot and future exchange rates for hedging transactions carried out through forward purchases of foreign currency and premiums paid in relation to options are taken to the income statement over the duration of the contract.

If the market value of contracts that do not fully qualify for hedge accounting is negative, a specific risk provision is set up for this value.

- z) Collections are recorded by bank transaction date; payments are accounted for on the basis of the payment instruction date.

5) Balance Sheet **Assets**

Non-current Assets

Intangible assets

They include the cost of non-physical factors of production with lasting utility, net of amortisation and write-downs in the event of permanent impairment of value.

Intangible assets totalled Euro 900.5 million, with a net increase of Euro 36.4 million compared to the previous year, representing the balance of new investments (Euro 237.8 million), the amortisation charge for the period (Euro 190.2 million), write-downs and eliminations (Euro 11.0 million) and disposals (Euro 0.2 million).

This item, as specified in schedule no. 1, is made up of:

Industrial patents and intellectual property rights. This item amounts to Euro 622.0 million and is made up of:

- Euro 616.6 million, which reflect costs for TV and film products available for use, recognised in the financial statements of the Parent Company, of Rai Cinema and Rai Com, with a net increase of Euro 51.6 million compared to 31 December 2014. Specifically, the aforementioned increase corresponds to the balance between additions of Euro 244.9 million (Euro 83.6 million of which transferred from intangible assets under development and payments on account for rights that became available during the period), the write-down, made for the purpose of taking account of the effects arising from the risk arising from the impossibility to transmit, replicate or exploit some productions, amounting to Euro 11.0 million and the amortisation rates for the period for Euro 182.3 million;
- Euro 5.4 million reflect software licenses, with a net increase of Euro 0.3 million. Specifically, the aforementioned increase is given by the balance between additions of Euro 2.2 million (Euro 1.4 million of which transferred from intangible assets under development and payments on account for licenses that became available during the period) and the amortisation rates for the period for Euro 1.9 million.

With reference to television and film products available for use, the aggregate value of the item as at 30 June 2015, before write-downs, is broken down into:

- rights for proprietary television programmes or programmes licenced on an unlimited basis for Euro 243.5 million (against Euro 236.0 million as at 31 December 2014);
- rights for third party's television programmes licenced on a temporary basis for Euro 403.9 million (against Euro 360.2 million as at 31 December 2014).

Overall, investments in programmes made in the first half of 2015 amounted to Euro 233.1 million, including Euro 71.8 million related to investments in television and film programmes not yet available as at 30 June 2015, recognised under intangible assets under development and payments on account.

The breakdown of investments by type as at 30 June 2015 shows that, in this period, investments were made in the drama and comedy genre (series, miniseries, TV movies, telenovelas, soap operas, etc.) for Euro 176.4 million, in Movies for Euro 34.6 million, in cartoons and comic movies for Euro 11.2 million, in documentaries for Euro 6.3 million, in serious music and plays for Euro 4.0 million, and in other genres for Euro 0.6 million.

Intangible assets

Schedule no. 1

(in millions of Euros)	31.12.2014 (a)				Changes in the period					30.06.2015			
	Cost	Write-downs	Amortisat.	Book value	Increase and capit.	Disposal (b)	Reclassific. (b)	Write-downs/ Eliminations	Amortisat.	Cost	Write-downs	Amortisat.	Book value
Industrial patents and intellectual property rights:													
programmes	(c) 1,204.6	(31.2)	(608.4)	565.0	161.3	-	83.6	(11.0)	(182.3) (d)	1,449.5	(30.8)	(802.1)	616.6
software	(e) 10.6	-	(5.5)	5.1	0.8	-	1.4	-	(1.9)	12.8	-	(7.4)	5.4
	1,215.2	(31.2)	(613.9)	570.1	162.1	-	85.0	(11.0)	(184.2)	1,462.3	(30.8)	(809.5)	622.0
Concessions, licenses, trademarks and similar rights													
digital terrestrial	40.5	-	(36.1)	4.4	-	-	-	-	(1.7)	40.5	-	(37.8)	2.7
others	0.2	-	(0.1)	0.1	-	-	-	-	-	0.2	-	(0.1)	0.1
	40.7	-	(36.2)	4.5	-	-	-	-	(1.7)	40.7	-	(37.9)	2.8
Intangible assets under development and payments on account													
programmes	(f) 268.4	-	-	268.4	71.8	(0.2)	(83.6)	-	-	256.4	-	-	256.4
software	2.8	-	-	2.8	0.8	-	(1.4)	-	-	2.2	-	-	2.2
long-term costs relating to third-party property	0.5	-	-	0.5	0.2	-	(0.1)	-	-	0.6	-	-	0.6
others	6.0	-	-	6.0	-	-	-	-	-	6.0	-	-	6.0
	277.7	-	-	277.7	72.8	(0.2)	(85.1)	-	-	265.2	-	-	265.2
Others:													
long-term costs relating to third-party property	(g) 42.1	-	(36.0)	6.1	0.3	-	0.1	-	(1.0)	42.1	-	(36.6)	5.5
accessory charges on loans	6.3	-	(2.8)	3.5	1.9	-	-	-	(2.6)	8.2	-	(5.4)	2.8
others	(h) 4.6	-	(2.4)	2.2	0.7	-	-	-	(0.7)	5.3	-	(3.1)	2.2
	53.0	-	(41.2)	11.8	2.9	-	0.1	-	(4.3)	55.6	-	(45.1)	10.5
Total	1,586.6	(31.2)	(691.3)	864.1	237.8	(0.2)	-	(11.0)	(190.2)	1,823.8	(30.8)	(892.5)	900.5

(a) Includes only values which, as at 31 December 2014, are not fully amortised except for "Others", which include long-term charges on third-party assets which are fully amortised with leasing agreement in progress.

(b) Of which: (0.5)

0.3

(0.2) -

(c) Programmes, with book values:

. not fully amortised 1,204.6 (31.2) (608.4) 565.0

. fully amortised 428.6 - (428.6) -

1,633.2 (31.2) (1,037.0) 565.0

(d) Net of the use of the Provision for impairment of programmes Euro 11.4 million.

(e) With book values:

. not fully amortise 10.6 - (5.5) 5.1

. fully amortised 3.3 - (3.3) -

13.9 - (8.8) 5.1

(f) Costs for the right to use intellectual property under production as at 30 June 2015 and not yet transferred by the end of June 2015 to non-current assets under amortisation, refer to rights becoming valid after 30 June 2015 or still to be defined, as well as internal productions of programmes still to be completed on such date. In any case, these are costs referring to programmes which are expected to be used in the future.

(g) With book values:

. not fully amortise 42.1 - (36.0) 6.1

. fully amortised 0.8 - (0.8) -

42.9 - (36.8) 6.1

(h) With book values:

. not fully amortise 4.6 - (2.4) 2.2

. fully amortised 1.1 - (1.1) -

5.7 - (3.5) 2.2

Concessions, licences, trademarks and similar rights, which are stated net of accumulated amortisation, include costs incurred for the acquisition of licences for digital terrestrial frequencies and own trademarks. They amount to Euro 2.8 million (Euro 4.5 million as at 31 December 2014) of which Euro 2.7 million refer to digital terrestrial network frequencies (Euro 4.4 million as at 31 December 2014).

Intangible assets under development and payments on account amount to Euro 265.2 million and include:

- Euro 256.4 million for the cost of television programmes and films which are not yet available-for-use and therefore not subject to amortisation, representing a net reduction of Euro 12.0 million compared to the figure as at 31 December 2014. In particular, such reduction reflects the balance of additions (Euro 71.8 million), reclassification of items to Industrial patents and intellectual property rights as they relate to productions and/or purchases that became usable during the period (Euro 83.6 million) and disposals (Euro 0.2 million);
- Euro 2.2 million relating to software licences, representing a net decrease of Euro 0.6 million compared with the figure as at 31 December 2014. In particular, such decrease reflects the balance of additions (Euro 0.8 million), reclassification of items to Industrial patents and intellectual property rights as they relate to licences that became usable during the period (Euro 1.4 million);
- Euro 0.6 million relating to alterations and improvements to property held under leasehold or concession, representing a net increase of Euro 0.1 million compared with the figure as at 31 December 2014. Such increase reflects the balance of additions (Euro 0.2 million) and reductions for amounts reclassified to other intangible assets (Euro 0.1 million);
- Euro 6.0 million relating to the purchase cost (accounted for in the financial statements of the Parent Company) of options on agreements for the commercial exploitation of products held in football libraries, whose figure remained unchanged compared to 31 December 2014.

With regard to television programmes and films that have not yet become available-for-use, the total of Euro 256.4 million includes:

- Euro 111.6 million relating to television programmes owned by the Company that were not yet ready as at 30 June 2015 or for which usage rights began later than 30 June 2015 (Euro 107.5 million as at 31 December 2014). This amount includes costs of Euro 9.0 million relating to the production of a long-running television drama (fiction) series which has been momentarily interrupted following problems with the production company. It is noted, in this regard, that a similar amount has been prudently included in the provision for risks of non-usability of non-current assets, with an effect on the financial statements relating to the previous year;
- Euro 144.8 million relating to third-party television programmes held under fixed-term concession, with rights commencing after 30 June 2015 (Euro 160.9 million as at 31 December 2014).

Other intangible assets amount to Euro 10.5 million and include:

- Euro 5.5 million for costs incurred, net of accumulated amortisation, on alterations and improvements to property under leasehold or concession (Euro 6.1 million as at 31 December 2014);
- Euro 2.8 million, net of accumulated amortisation, relating to charges on long-term loan agreements to be amortised over the term of the agreements (Euro 3.5 million as at 31 December 2014);
- Euro 1.9 million relating to investments in software programs and analyses (Euro 1.8 million as at 31 December 2014);
- Euro 0.3 million, net of accumulated amortisation based on the exploitation period, relating to the purchase cost (accounted for in the financial statements of the Parent Company) of options on agreements for the commercial exploitation of products held in football libraries (Euro 0.4 million as at 31 December 2014).

Tangible assets

Tangible assets comprise the costs and related revaluations of non-current tangible assets with a useful life of several years. They are reported net of standard depreciation and write-downs, as appropriate, for any lasting value impairments.

The standard depreciation rates applied are as follows:

- buildings and light structures from 3% to 10%
- plant and machinery from 9% to 33.3%
- industrial and commercial equipment from 14.3% to 19%
- other assets from 12% to 25%

As at 30 June 2015, tangible assets amount to Euro 597.1 million, with a net decrease of Euro 21.2 million from 31 December 2014, which reflects the difference between new recognitions (Euro 33.1 million), depreciations (Euro 54.2 million) and disposals (Euro 0.1 million), as specified in the detailed schedule 2.

Tangible assets and accumulated depreciation

Schedule no. 2

(in millions of Euros)	31.12.2014					Changes in the period				30.06.2015				
	Costs	Revaluations	Write-downs	Accumulated depreciation	Book value	Increases and capitalis.	Reclassific. (a)	Net eliminations (a)	Depreciation (a)	Costs	Revaluations	Write-downs	Accumulated depreciation	Book value
Land and buildings	635.0	582.9	(36.6)	(975.0)	206.3	0.9	1.4	-	(8.8)	637.1	582.7	(36.6)	(983.4)	199.8
Plant and machinery	1,995.7	8.1	(2.1)	(1,682.6)	319.1	12.1	11.8	(0.1)	(41.5)	2,012.4	8.1	(2.1)	(1,717.0)	301.4
Industrial and commercial equipment	90.0	2.1	-	(84.9)	7.2	0.6	1.0	-	(1.3)	90.5	2.1	-	(85.1)	7.5
Other assets	124.2	1.0	-	(96.9)	28.3	1.7	1.3	-	(2.6)	124.7	1.0	-	(97.0)	28.7
Tangible assets under construction and payments on account	57.4	-	-	-	57.4	17.8	(15.5)	-	-	59.7	-	-	-	59.7
Total	2,902.3	594.1	(38.7)	(2,839.4)	618.3	33.1	-	(0.1)	(54.2)	2,924.4	593.9	(38.7)	(2,882.5)	597.1
(a) including:														
. Costs									(11.0)					
. Revaluations									(0.2)					
. Depreciation									11.1					
									(0.1)					

It should be noted that additions, which reflect capital expenditure made during the period, include Euro 4.2 million in relation to the capitalisation of the cost of internal personnel engaged in the construction of property, plant and machinery.

The gross value of tangible asset revaluations, analysed in terms of relevant legislation is as follows:

- Euro 0.2 million in implementation of Law no. 823 of 19 December 1973;
- Euro 37.1 million in implementation of Law no. 576 of 2 December 1975 and Law 72 of 19 March 1983;
- Euro 57.3 million in implementation of Law no. 413 of 30 December 1991;
- Euro 499.3 million in implementation of Law no. 650 of 23 December 1996.

Financial assets

Financial assets represent the cost of long-term financial investments and related revaluations, net of any write-downs as described in the comments below on the individual items.

Financial assets amount to Euro 17.9 million and include:

Equity investments in non-consolidated subsidiaries amount to Euro 3.5 million (Euro 3.3 million as at 31 December 2014) and represent the entire Shareholders' equity of Rai Corporation at the exchange rate in force as at 30 June 2015.

Equity investments in associated companies relate to companies not falling within the scope of the consolidation in which interests of over 20% are held and over which a dominant influence is not exercised. They include:

	Shareholding (in %)		Book value (in millions of Euros)	
	30.06.2015	31.12.2014	30.06.2015	31.12.2014
Audiradio	27	27	-	-
Auditel	33	33	0.7	0.7
Euronews	20.56	20.56	2.9	2.9
San Marino	50	50	1.9	2.1
Tivù	48.16	48.16	3.0	2.7
Net Value			8.5	8.4

Equity investments in the associated companies are all held within the investment portfolio of Rai.

Equity investments in other companies amount to Euro 0.8 million and include:

(in millions of Euros)	30.06.2015	31.12.2014
Almaviva	0.3	0.3
Istituto Enciclopedia Treccani	0.5	0.5
Others	0.1	0.1
Gross value	0.9	0.9
Impairment provisions	(0.1)	(0.1)
Net Value	0.8	0.8

Receivables from others amount to Euro 2.8 million (Euro 2.5 million as at 31 December 2014) and include:

- guarantee deposits of Euro 2.6 million;
- loans granted to employees for Euro 0.2 million, net of a provision for bad debts of Euro 0.2 million;
- other receivables booked for a gross value of Euro 0.2 million and written down in full.

A breakdown of receivables from others is provided in Schedule 3. Schedules 6 provides further details in relation to maturity and type.

Other securities amount to Euro 2.3 million (Euro 2.3 million as at 31 December 2014) and are entirely composed of collateral securities.

Further details are provided in Schedule 3.

Financial assets - Receivables and other securities

Schedule no. 3

(in millions of Euros)	31.12.2014				Changes in the period				30.06.2015			
	Costs	Revaluations	Write-downs	Book value	Acquisitions Subscriptions Disbursements	Disposals Refunds (a)	Reclassificat.	Write-downs (-) Write-backs (+)	Costs	Revaluations	Write-downs	Book value
Receivables:												
Due from others:												
- guarantee deposits	2.3	-	-	2.3	0.3	-	-	-	2.6	-	-	2.6
- employees	0.4	-	(0.2)	0.2	-	-	-	-	0.4	-	(0.2)	0.2
- others	0.2	-	(0.2)	-	-	-	-	-	0.2	-	(0.2)	-
	2.9	-	(0.4)	2.5	0.3	-	-	-	3.2	-	(0.4)	2.8
Other securities	2.4	-	(0.1)	2.3	-	-	-	-	2.4	-	(0.1)	2.3
	5.3	-	(0.5)	4.8	0.3	-	-	-	5.6	-	(0.5)	5.1

Current assets

Inventories

Inventories amount to Euro 2.6 million net of the write-down provision (Euro 2.8 million as at 31 December 2013). As shown in Schedule 4, inventories include:

- *Raw materials, supplies and consumables*: these amount to Euro 1.0 million net of the write-down provision for Euro 12.5 million. They consist almost entirely of supplies and spare parts for maintenance and the operation of equipment, considered as consumables since they are not directly incorporated into products.
- *Contract work in progress*: this amounts to Euro 0.2 million (in Rai WWay's financial statements) and relates to costs incurred in the development of the Isoradio network.
- *Finished goods and goods for resale*: these amount to Euro 1.4 million and relate mainly to inventories for the books and periodicals business and the home video distribution business.

Inventories*Schedule no. 4*

(in millions of Euros)	31.12.2014	Changes during the period		30.06.2015
		Increase (+) Decreases (-)	Balance of the provisions for depreciation (-) release (+)	
Raw materials, supplies and consumables	1.0	-	-	1.0
Contract work in progress	0.2	-	-	0.2
Finished products and goods for resale	1.4	-	-	1.4
Total	2.6	-	-	2.6

Receivables

Receivables amount to Euro 754.3 million, with a decrease of Euro 12.0 million compared to 31 December 2014. Schedule 5 provides a breakdown of receivables and Schedule 6 provides further details in relation to maturity and type.

Current assets - Receivables*Schedule no. 5*

(in millions of Euros)	Changes in the period				30.06.2015
	31.12.2014	Balance of entries (+) repayments (-)	Use/release	Allocation to Provisions	
Due from customers					
. Government and other public entities for public broadcasting services	93.2	2.8	-	-	96.0
. net receivables for license fees	-	-	-	-	-
. other receivables	444.0	(3.0)	-	-	441.0
<i>less</i>					
. provisions for bad debts	(51.7)	-	1.2	(2.1)	(52.6)
	485.5	(0.2)	1.2	(2.1)	484.4
Due from associated companies					
. San Marino RTV	0.1	0.6	-	-	0.7
. Tivù	0.3	0.6	-	-	0.9
	0.4	1.2	-	-	1.6
Tax receivables	95.2	(21.1)	-	-	74.1
Deferred tax assets	54.9	(14.9)	-	-	40.0
Due from others					
. future sports events	49.8	23.2	-	-	73.0
. payments on account to suppliers, collaborators, agents	29.0	(7.1)	-	-	21.9
. advances on commercial activities	22.5	(0.2)	-	-	22.3
. welfare and social security institutions	20.3	(4.3)	-	-	16.0
. personnel	11.0	3.0	-	-	14.0
. advances on frequency usage fees	-	10.5	-	-	10.5
. other	15.1	(2.1)	-	-	13.0
<i>less</i>					
. provisions for bad debts	(17.4)	-	1.3	(0.4)	(16.5)
	130.3	23.0	1.3	(0.4)	154.2
Total	766.3	(12.0)	2.5	(2.5)	754.3

Receivables, accrued income and prepaid expenses by maturity and type *Schedule no. 6*

(in millions of Euros)	30.06.2015				31.12.2014			
	Amounts due				Amounts due			
	within the following year	from 2 to 5 following years	after 5 years	Book value	within the following year	from 2 to 5 following years	after 5 years	Book value
Non-current financial receivables								
from others	0.5	1.4	0.9	2.8	0.2	1.4	0.9	2.5
	0.5	1.4	0.9	2.8	0.2	1.4	0.9	2.5
Current receivables								
Financial receivables								
from associated companies	0.6	-	-	0.6	-	-	-	-
	0.6	-	-	0.6	-	-	-	-
Trade and other receivables								
from customers	476.4	8.0	-	484.4	479.6	5.9	-	485.5
from associated companies	1.0	-	-	1.0	0.4	-	-	0.4
tax receivables	56.9	17.2	-	74.1	78.0	17.2	-	95.2
deferred tax assets	40.0	-	-	40.0	54.9	-	-	54.9
Due from others:								
- future sports events	33.6	39.4	-	73.0	10.9	38.9	-	49.8
- advances on commercial activities	0.3	11.2	-	11.5	0.3	11.4	-	11.7
- other	63.5	6.2	-	69.7	59.3	9.5	-	68.8
	671.7	82.0	-	753.7	683.4	82.9	-	766.3
Accrued income and prepaid expenses								
Issue discounts on loans	-	2.5	-	2.5	-	-	-	-
Prepaid expenses	19.2	-	-	19.2	29.7	-	-	29.7
	19.2	2.5	-	21.7	29.7	-	-	29.7
Total	692.0	85.9	0.9	778.8	713.3	84.3	0.9	798.5

Receivables from customers are trade receivables. They amount to Euro 484.4 million, representing a nominal value of Euro 537.0 million which has been written down by Euro 52.6 million to bring them to their estimated realisable value and show a decrease of Euro 1.1. million compared to 31 December 2014.

Receivables due from customers may be further analysed as follows:

- *receivables due from Rai Pubblicità customers for sale of advertising services* amounting to Euro 252.4 million, with an increase of Euro 3.0 million compared to 31 December 2014. This item includes some 52.9 million relating to receivables sold to factoring companies with recourse;
- *receivables from the Government and other public entities for public broadcasting services*. As shown in the following table, these amount to a nominal value of Euro 96.0 million. The increase of Euro 2.8 million compared to 31 December 2014 is explained by the combined effect of the increase in invoices issued and amounts accrued for 2015 and the reduction in receipts;
- *other receivables* amounting to Euro 188.6 million, with a decrease of Euro 6.0 million compared to 31 December 2014. The most significant of these include receivables from customers of Rai for the sale of rights and various services totalling Euro 33.5 million, receivables from customers of Rai Cinema totalling Euro 46.0 million, receivables from customers of Rai Com totalling Euro 96.8 million and receivables from customers of Ray Way totalling Euro 12.3 million.

Receivables from the Government and other public entities for public broadcasting services

(in millions of Euros)	30.06.2015	31.12.2014
Prime Minister's Office:		
– Operating grant to be transferred to San Marino RTV	4.7	3.1
– Television, radio and multimedia offering for the foreign market	10.1	6.7
– Broadcasting from Trieste in Slovenian	5.7	11.4
– Radio and television broadcasts in French for the Autonomous Region of Valle d'Aosta	1.1	2.1
Ministries:		
– Economy and Finance: management of TV license fees	17.0	21.7
Regions and Provinces:		
– Autonomous Province of Bolzano: Radio and television broadcasts in German and Ladin in the Autonomous Province of Bolzano	48.8	39.2
– Autonomous Region of Valle d'Aosta; management of equipment for receiving programmes from the French-speaking area	8.6	9.0
Total	96.0	93.2

Receivables from associated companies amounting to Euro 1.6 million (Euro 0.4 million as at 31 December 2014). These represent the sum of the Parent Company's receivables from San Marino RTV and Tivù amounting to Euro 0.7 million and Euro 0.9 million, respectively. They include financial receivables amounting to Euro 0.6 million and other receivables amounting to Euro 1.0 million.

Tax receivables amounting to Euro 74.1 million (Euro 95.2 million as at 31 December 2014). These relate for the most part to tax receivables recorded in the financial statements of the Parent Company (Euro 73.2 million) for Group VAT (Euro 33.0 million), for IRES tax deriving from the deductibility of IRAP tax relating to personnel costs and similar costs (Euro 21.8 million), requests for VAT refund (Euro 13.4 million), for IRAP tax advance (Euro 3.1 million) and for requests for other tax refunds (Euro 1.9 million). The remaining amount relates to tax receivables included in the financial statements of the other Group companies.

Deferred tax assets amounting to Euro 40.0 million (Euro 54.9 million as at 31 December 2014). Such assets arise as a result of timing differences in the tax deductibility of certain costs and include deferred tax assets recorded in the financial statements of the individual companies (Euro 39.1 million) and from consolidation adjustments (Euro 0.9 million). As detailed in Schedule 7, deferred tax assets decreased by Euro 14.9 million. The most significant items are:

- Euro 30.8 million included in the financial statements of the Parent Company;
- Euro 2.6 million included in the financial statements of Rai Com;
- Euro 4.7 million included in the financial statements of Rai Way;
- Euro 0.8 million included in the financial statements of Rai Pubblicità;
- Euro 0.2 million included in the financial statements of Rai Cinema.

Receivables from others amounting to Euro 154.2 million (Euro 130.3 million as at 31 December 2014), net of a bad debt provision of Euro 16.5 million. These include:

- *receivables from suppliers* amounting to Euro 73.0 million. These relate to advance payments made for filming rights at future sports events;
- *receivables from welfare and social security institutions* amounting to Euro 16.0 million. These relate mainly to advance payments made against contributions payable in relation to artistic and other activities;
- *receivables from suppliers, collaborators and agents* amounting to Euro 21.9 million, relating to various payments on account;
- *receivables from suppliers* amounting to Euro 22.3 million. These relate to guaranteed minimums advanced in relation to commercial initiatives;
- *receivables from personnel* amounting to Euro 14.0 million. For the main part, these include amounts receivable in relation to employment disputes, travel advances and advances for production expenses;
- *receivables from the Ministry for Economic Development* amounting to Euro 10.5 million, for advances on the contribution for the use of frequencies relating to the 2014 financial year;
- *receivables from others* amounting to Euro 13.0 million.

Deferred tax assets

Schedule no. 7

(in millions of Euros)	IRES tax		IRAP tax		Total taxes
	Taxable income	Tax at 27.5%	Taxable income	(Average) Tax at 4.7% for 2014 4.7% for 2015	
Balance as at 31.12.2014:					
Negative taxable income - Parent Company	118.7	32.6	-	-	32.6
Tax losses carried forward - Rai Com	9.7	2.7	-	-	2.7
Write-down of programmes	28.9	8.0	1.7	0.1	8.1
New accruals	19.5	5.4	14.4	0.6	6.0
Difference on statutory/tax amortisation of programmes	16.4	4.5	-	-	4.5
Deferred tax assets from consolidation adjustments	3.0	0.8	3.0	0.2	1.0
Total	196.2	54.0	19.1	0.9	54.9
Changes during the period:					
Negative taxable income: adjustment from previous year	(0.1)	-	-	-	-
Negative taxable income - Parent Company	70.8	19.4	-	-	19.4
Tax losses carried forward - Rai Com	(2.5)	(0.7)	-	-	(0.7)
Write-down of programmes	(0.1)	-	(0.3)	-	-
New accruals	(0.6)	(0.2)	(2.7)	(0.1)	(0.3)
Difference on statutory/tax amortisation of programmes	(1.8)	(0.5)	-	-	(0.5)
Deferred tax assets from consolidation adjustments	(0.3)	(0.1)	(0.3)	(0.1)	(0.2)
Changes through profit or loss	65.4	17.9	(3.3)	(0.2)	17.7
Setoff of taxable income as a result of tax consolidation	(118.6)	(32.6)	-	-	(32.6)
Changes through equity only	(118.6)	(32.6)	-	-	(32.6)
Total changes	(53.2)	(14.7)	(3.3)	(0.2)	(14.9)
Position as at 30.06.2015:					
Negative taxable income - Parent Company	70.8	19.5	-	-	19.5
Tax losses carried forward - Rai Com	7.2	2.0	-	-	2.0
Write-down of programmes	28.8	7.9	1.4	0.1	8.0
New accruals	18.9	5.2	11.7	0.5	5.7
Difference on statutory/tax amortisation of programmes	14.6	4.0	-	-	4.0
Deferred tax assets from consolidation adjustments	2.7	0.7	2.7	0.1	0.8
Total	143.0	39.3	15.8	0.7	40.0

Cash and cash equivalents

Cash and cash equivalents amount to Euro 562.1 million (Euro 128.6 million as at 31 December 2014) and relate mainly to the Parent Company which manages the central treasury service. They include:

- *Bank and postal deposits* amounting to Euro 561.7 million (Euro 128.3 million as at 31 December 2014). These represent available balances at sight or in the short term, on deposit or current accounts with banks, financial institutions and the Post Office.
- *Cash and cash equivalents on hand* amounting to Euro 0.4 million (Euro 0.3 million as at 31 December 2014). These include liquid funds in the form of cash and equivalent instruments (revenue stamps, cashier's cheques or bank-guaranteed cheques etc.) held as at 30 June 2015.

The sums held by banks or the post office which are unavailable as a result of seizure orders amount to Euro 1.3 million.

Accrued income and prepaid expenses

Accrued income and prepaid expenses total Euro 21.7 million (Euro 29.7 million as at 31 December 2014) and consist of prepaid expenses of Euro 19.2 million and issue discounts on loans for Euro 2.5 million.

Further details are provided in Schedule 8.

Accrued income and prepaid expenses

Schedule no. 8

(in millions of Euros)	Changes during the period		30.06.2015
	31.12.2014	Balance of movements	
Issue discounts on loans	-	2.5	2.5
Prepaid expenses:			
. filming rights to sports events	23.2	(21.5)	1.7
. software licences	3.6	(0.8)	2.8
. contribution to the Communication Regulator Authority	-	2.6	2.6
. rent and hire costs	1.6	0.8	2.4
. maintenance and repairs	0.2	(0.1)	0.1
. services for acquisition and production of programmes	-	0.2	0.2
. others	1.1	8.3	9.4
	29.7	(10.5)	19.2
Total	29.7	(8.0)	21.7

Liabilities

Shareholders' equity

Shareholders' equity amounts to Euro 368.6 million, with a decrease of Euro 29.5 million compared to 31 December 2014, due to the loss for the period attributable to the Group of Euro 25.1 million and to the minority interests' share in the net equity in Rai Way for an amount of Euro 4.4 million (of which Euro 7.3 million is included in the positive result for the period and Euro 11.7 million relating to the distribution of dividends attributable to minority interests).

A breakdown of Shareholders' equity and the effects of operations carried out in the current and previous financial year are shown in Schedule 9.

Changes in consolidated Shareholders' equity

Schedule no. 9

(in millions of Euros)	Balance as at 31.12.2013	Transfer of result	Dividends	Other changes	Translation differences	Change in cons. area	Result for the year	Balance as at 31.12.2014	Transfer of result	Dividends	Other changes	Translation differences	Result for the period	Balance at 30.06.2015
Equity:														
Group' equity:														
Share Capital	242.5							242.5						242.5
Legal reserve	9.0	0.2						9.2	2.4					11.6
Other reserves:														
- Non-distributable reserve from revaluation of equity investments	-	4.1		(4.1)				-	45.2		(45.2)			-
- Distributable reserve from revaluation of equity investments	-			4.1				4.1			45.2			49.3
- Merger surplus	5.3							5.3						5.3
- Reserve for translation differences	(0.8)							(0.8)						(0.8)
- Other reserves	34.9	1.0						35.9	(0.3)					35.6
Group profit (loss) for the year	5.3	(5.3)					47.3	47.3	(47.3)				(25.1)	(25.1)
Total Group equity	296.2	-	-	-	-	-	47.3	343.5	-	-	-	-	(25.1)	318.4
Minority interests														
Minority interests' capital and reserves	-					44.0		44.0	10.6	(11.7)				42.9
Minority interests' profit (loss) for the year	-						10.6	10.6	(10.6)				7.3	7.3
Total equity of minority interests	-	-	-	-	-	44.0	10.6	54.6	-	(11.7)	-	-	7.3	50.2
Total Shareholders' equity	296.2	-	-	-	-	44.0	57.9	398.1	-	(11.7)	-	-	(17.8)	368.6

Share capital

As at 30 June 2015, Rai's fully paid-up and subscribed share capital was represented by 242,518,100 ordinary shares with a par value of Euro 1 each, owned by the Ministry of Economy and Finance (241,447,000 shares, equal to 99.5583% of share capital) and SIAE, the Italian Association of Authors and Publishers (1,071,100 shares, equal to 0.4417% of share capital).

Legal reserve

A legal reserve amounting to Euro 11.6 million is included in the financial statements of the Parent Company.

Other reserves

Other reserves total Euro 89.4 million and include:

- a merger surplus of Euro 5.3 million;
- a distributable reserve from revaluation of investments of Euro 49.3million;
- other reserves amounting to Euro 34.8 million.

Loss for the period attributable to the Group

It amounts to Euro 25.1 million.

Minority interests' capital and reserves

Minority interests' capital and reserves amount to Euro 42.9 million and relate to Rai Way.

Profit for the period attributable to minority interests

Profit for the period attributable to minority interests amounts to Euro 7.3 million and relates to the minority interest in Rai Way as re-stated in accordance with the accounting principles adopted by the Rai Group.

Provisions for risks and charges

Provisions for risks and charges amount to Euro 360.5 million, with a net decrease of Euro 15.6 million compared to 31 December 2014. Schedule 10 provides a breakdown of this item and details of the aforementioned decrease.

The following notes provide additional information on the individual provisions:

Provision for pension and similar liabilities: this amounts to Euro 141.6 million (Euro 143.7 million as at 31 December 2014) and comprises the supplementary seniority benefits provision, the retirement benefits provision, the Company supplementary pension fund, the supplementary clientele indemnity and merit clientele indemnity reserves for agents.

- The *provision for supplementary seniority benefits* amounts to Euro 0.7 million (Euro 0.7 million as at 31 December 2014). It represents sums owed in respect of indemnities in lieu of notice to employees of Rai, Rai Way and Rai Cinema hired before 1978 who have reached the compulsory retirement age. The amount is revalued each year in line with the consumer price index applicable to the families of workers and employees. In the event of early termination of employment, or change in the nature of employment, the amounts accrued are released.
- The *retirement fund* amounts to Euro 0.1 million (Euro 0.1 million as at 31 December 2014). It includes amounts accrued up to 31 December 1988 and related annual revaluations accounted for in subsequent periods to protect the real value of the provision for eligible Rai employees in accordance with the terms of the national collective labour agreement.
- The *supplementary Company pension fund* amounts to Euro 138.3 million (Euro 140.3 million as at 31 December 2014). Its function is to cover supplementary pension benefits being paid to those employees who, in the past, had opted for the supplementary pension plan under the relevant trade union agreements in force at the time. The fund is kept at an adequate level, with reference to an actuarial calculation, to ensure said benefits in future.
- The *supplementary clientele indemnity reserve for agents (ISC)* includes provisions for amounts to be paid to agents on termination of their agency contracts, whether at the natural contract termination date or other date decided by the Company. The amount is based on total commissions due to the agent at the contract termination date.

- The *merit clientele indemnity reserve for agents (ICM)* includes provisions for amounts to be paid to agents in addition to the supplementary clientele indemnity and is based on development of the customer portfolio or increase in business with the existing customer base.

Provisions for taxes. The provision for taxes amounts to Euro 5.6 million (Euro 5.8 million as at 31 December 2014). It reflects provisions accounted for in the financial statements of the individual Group companies, in particular Rai (Euro 1.8 million), Rai Pubblicità (Euro 2.7 million) and Rai WWay (Euro 0.6 million) and provisions arising from consolidation adjustments (Euro 0.5 million). The provision for taxes shows a decrease of Euro 0.2 million as detailed in Schedule 11.

Other provisions. Other provisions total Euro 213.3million (Euro 226.6 million as at 31 December 2014) and represent provisions for costs or losses, the existence of which is certain but the amount of which cannot be exactly determined, or which are probable and the amount of which can be reasonably estimated. Other provisions show a decrease of Euro 13.3 million as detailed in Schedule 10.

As regards pending litigation with employees and third parties, the amount included in the provisions for risks and charges is considered to be the best estimate of the likely liability based on the most up-to-date information available.

Provisions for risks and charges

Schedule no. 10

(in millions of Euros)	31.12.2014	Provisions	Direct uses	Reversals through P&L	Reclassifications and other movements	30.06.2015
Provision for pension and similar liabilities:						
- Provision for supplementary seniority benefits	0.7	-	-	-	-	0.7
- Retirement fund	0.1	-	-	-	-	0.1
- Supplementary Company pension fund	140.3	3.3	(5.3)	-	-	138.3
- ISC ICM Agents	2.6	0.1	-	(0.2)	-	2.5
	143.7	3.4 (a)	(5.3)	(0.2)	-	141.6
Provision for taxes	5.8	-	(0.2) (b)	-	-	5.6
Others:						
- legal disputes	104.5	14.9 (c)	(16.8)	(8.5)	-	94.1
- early retirement incentives	0.2	-	-	-	-	0.2
- costs of accrued commissions	8.6	0.5 (d)	(0.4)	-	-	8.7
- reclamation and renovation of properties	16.3	-	(0.3)	-	-	16.0
- litigation with social security institutions	12.0	-	(0.5)	(6.5)	-	5.0
- charges for risks of non-usability of non-current assets (*)	11.0	-	-	-	-	11.0
- disputes on leases	3.6	0.1 (e)	-	-	-	3.7
- disputes with supervisory bodies	1.5	-	-	-	-	1.5
- others:						
. for risks	31.5	5.4 (f)	(1.3)	(1.6)	-	34.0
. for charges	37.4	2.8 (g)	(1.1)	-	-	39.1
	226.6	23.7	(20.4)	(16.6)	-	213.3
Total	376.1	27.1	(25.9)	(16.8) (h)	-	360.5
(*) including:						
- programmes under development	9.0					9.0
- technical	2.0					2.0
	11.0					11.0
(a) contra-entries:						
item B 14 c) others	3.2		(e) contra-entry:	item B 12 provision for risks		
item B 7 Services	0.2		(f) contra-entry:	item B 12 provision for risks		
(b) contra-entry:			(g) contra-entry:	item B 13 other provisions		
item 22 Income taxes for the year			(h) contra-entry:	item A 5 c) other earnings and proceeds		
(c) contra-entries:						
item B 12 provision for risk	7.9					
item B 9 e) other costs	7.0					
(d) contra-entries:						
item B 9 a) wages and salaries	0.4					
item B 9 b) social security contributions	0.1					

Provision for taxes*Schedule no. 11*

(in millions of Euros)	IRES tax		IRAP tax		Total taxes
	Taxable income	Tax at 27.5%	Taxable income	(Average) Tax at 4.7% for 2014 4.7% for 2015	
Balance as at 31.12.2014					
Litigation					3.1
Capital gains	0.6	0.1	-	-	0.1
Foreign exchange valuation	-	-	-	-	-
Difference on statutory/tax amortisation of non-current assets	6.3	1.8	-	-	1.8
Deferred taxes from consolidation adjustments	2.3	0.4	2.3	0.1	0.5
Others	1.2	0.3	-	-	0.3
Total	10.4	2.6	2.3	0.1	5.8
Changes during the period:					
Litigation					0.0
Capital gains	0.0	0.1	-	-	0.1
Foreign exchange valuation	0.3	0.1	-	-	0.1
Difference on statutory/tax amortisation of non-current assets	(1.0)	(0.3)	-	-	(0.3)
Deferred taxes from consolidation adjustments	(0.9)	-	(0.9)	-	-
Others	(0.4)	(0.1)	-	-	(0.1)
Total	(2.0)	(0.2)	(0.9)	-	(0.2)
Position as at 30.06.2015:					
Litigation					3.1
Capital gains	0.6	0.2	-	-	0.2
Foreign exchange valuation	0.3	0.1	-	-	0.1
Difference on statutory/tax amortisation of non-current assets	5.3	1.5	-	-	1.5
Deferred taxes from consolidation adjustments	1.4	0.4	1.4	0.1	0.5
Others	0.8	0.2	-	-	0.2
Total	8.4	2.4	1.4	0.1	5.6

Provision for staff severance pay

The provision for staff severance pay amounts to Euro 272.6 million (Euro 275.6 million as at 31 December 2014). The provision is determined at individual level in compliance with the provisions of art. 2120 of the Civil Code, supplemented by Budget Law 2007 (Law no. 296 of 27 December 2006), which established the entry into force of the new legislation on pension funds (Legislative Decree 252 of 5 December 2005) as of 1 January 2007.

In accordance with such legislation, amounts provided for staff severance pay are credited to pension funds outside the Company, unless employees request that their severance pay continue to mature within the Company. In this latter case, amounts provided are paid into a reserve managed by the INPS, which is then required, as provided by Article 2120 of the Civil Code, to refund the Company for any benefits disbursed in advance or in the case of termination of the employment contract.

Schedule 12 provides a breakdown of the item and related changes.

Provision for staff severance pay*Schedule no. 12*

(in millions of Euros)		Changes during the period					30.06.2015
31.12.2014	Provisions	Severance pay disbursed	Advances	Transfers of staff	Transfer to INPS supplementary pension funds	Other movements	
275.6	24.3	(5.9)	-	0.1	(20.2)	(1.3)	272.6

Payables

Payables amount to Euro 1,426.9 million, showing a total increase of Euro 71.0 million compared to 31 December 2014. In particular, financial payables to banks total Euro 178.6 million, with a net decrease of Euro 258.0 million with respect to the figure in the 2014 financial statements. None of the payables are secured by collaterals on Company assets.

Schedule 13 provides a breakdown of payables, while Schedule 14 provides further details of payables by maturity and type.

The following notes provide further details in relation to the individual items.

Payables

Schedule no. 13

(in millions of Euros)	Changes during the period		30.06.2015
	31.12.2014	Balance of new positions (+) repayments (-)	
Bonds	-	350.0	350.0
Due to banks	436.6	(258.0)	178.6
Due to other lenders	3.3	(1.4)	1.9
Advances	37.2	7.1	44.3
Due to suppliers	660.9	9.0	669.9
Due to non-consolidated subsidiaries (a)	3.5	0.2	3.7
Due to associated companies (b)	4.0	1.1	5.1
Tax payables	72.8	(22.7)	50.1
Due to social security institutions	80.4	(15.6)	64.8
Other payables	57.2	1.3	58.5
	1,355.9	71.0	1,426.9
(a) including:			
- Rai Corporation	3.5	0.2	3.7
(b) including:			
- San Marino RTV SpA	3.4	1.3	4.7
- Tivù Srl	0.6	(0.2)	0.4
	4.0	1.1	5.1

Payables and accrued expenses and deferred income by maturity and type Schedule no. 14

(in millions of Euros)	30.06.2015				31.12.2014			
	Amounts due				Amounts due			
	Within 1 year	from 2 to 5 years	beyond 5 years	Book value	Within 1 year	from 2 to 5 years	beyond 5 years	Book value
Medium/long-term financial payables								
Bonds		350.0		350.0	-	-	-	-
Due to banks	15.1	145.3	10.2	170.6	98.4	311.7	15.5	425.6
Due to other lenders	0.1	0.3	0.2	0.6	0.1	0.3	0.2	0.6
	15.2	495.6	10.4	521.2	98.5	312.0	15.7	426.2
Short-term financial payables								
Due to banks	8.0	-	-	8.0	11.0	-	-	11.0
Due to other lenders	1.3	-	-	1.3	2.7	-	-	2.7
Due to non-consolidated subsidiaries	3.7	-	-	3.7	3.5	-	-	3.5
Due to associated companies	-	-	-	-	0.3	-	-	0.3
	13.0	-	-	13.0	17.5	-	-	17.5
Trade and other payables:								
Advances	44.3	-	-	44.3	37.2	-	-	37.2
Due to suppliers	669.9	-	-	669.9	660.9	-	-	660.9
Due to associated companies	5.1	-	-	5.1	3.7	-	-	3.7
Tax payables	50.1	-	-	50.1	72.8	-	-	72.8
Due to social security institutions	64.8	-	-	64.8	80.4	-	-	80.4
Other payables	58.5	-	-	58.5	57.2	-	-	57.2
	892.7	-	-	892.7	912.2	-	-	912.2
Total payables	920.9	495.6	10.4	1,426.9	1,028.2	312.0	15.7	1,355.9
Accrued expenses	1.1	-	-	1.1	0.5	-	-	0.5
Deferred income	426.5	-	-	426.5	20.7	-	-	20.7
	427.6	-	-	427.6	21.2	-	-	21.2
Total	1,348.5	495.6	10.4	1,854.5	1,049.4	312.0	15.7	1,377.1

The notes below contain additional information as regards to the contents of the individual entries.

Bonds: the amount, equal to Euro 350.0 million, refers to unsecured bonds, issued on 28 May 2015, reserved for institutional investors and listed on the Irish Stock Exchange, with repayment in full on 28 May 2020.

The main financial parameters are:

- issue price 99.272%;
- annual coupon 1.5%;
- effective rate 1.65%.

Due to banks. Payables to banks amount to Euro 178.6 million (Euro 436.6 million as at 31 December 2014) and include:

- Euro 170.6 million in medium-long term loans, broken down into:
 - Euro 50.0 million, relating to a loan agreement entered into by the Parent Company with the European Investment Bank. The loan is covered by a bank guarantee and will be used to finance investments in DTT. Repayment will commence in 2016 with the final instalment payable in June 2021;
 - Euro 120.0 million, relating to a medium-term financing entered into by Rai Way, granted by a pool of banks;
 - Euro 0.6 million relating to an ordinary business loan entered into by Rai Way, in connection with investments being financed by Law 488/92 – 31st tender;
- Euro 8.0 million in current account overdrafts with certain banks.

Due to other lenders. Payables to other lenders amount to Euro 1.9 million (Euro 3.3 million as at 31 December 2014) and relate to a subsidised loan obtained by Rai Way from the Cassa Depositi e Prestiti in connection with investments financed by Law 488/92 – 31st tender (Euro 0.6 million) and advances received from factoring companies in relation to receivables assigned with recourse by Rai Pubblicità (Euro 1.3 million).

Advances. Advances total Euro 44.3 million (Euro 37.2 million as at 31 December 2014) and relate to television license fees accounted for in the financial statements of the Parent Company (Euro 38.0 million) and miscellaneous advances (Euro 6.3 million).

Due to suppliers. Payables to suppliers amount to Euro 669.9 million (Euro 660.9 million as at 31 December 2014), with an increase of Euro 9.0 million compared to the previous year. They relate entirely to non-financial payables.

Due to non-consolidated subsidiaries. Payables to non-consolidated subsidiaries amount to Euro 3.7 million (Euro 3.5 million as at 31 December 2014) and relate to financial payables due by the Parent Company to Rai Corporation.

Due to associated companies. Payables to associated companies amount to Euro 5.1 million (Euro 4.0 million as at 31 December 2014). They relate to amounts of Euro 4.7 million and Euro 0.4 million owed by the Parent Company to San Marino RTV and Tivù respectively. They are fully made up of non-financial payables.

Tax payables. Tax payables amount to Euro 50.1 million (Euro 72.8 million as at 31 December 2014), showing a decrease of Euro 22.7 million compared to the previous year. They comprise:

(in millions of Euros)	30.06.2015	31.12.2014
- Withholding taxes on income from subordinate and self-employment	26.6	34.9
- IRES tax	19.1	32.5
- VAT	3.2	3.8
- IRAP tax	0.5	1.1
- Other withholdings and substitute taxes	0.7	0.5
Total	50.1	72.8

Due to welfare and social security institutions. Payables to welfare and social security institutions amount to Euro 64.8 million (Euro 80.4 million as at 31 December 2014). They relate to contributions due on remuneration paid to employees and self-employed workers and are due for payment on scheduled dates. They include:

(in millions of Euros)	30.06.2015	31.12.2014
- ENPALS	20.9	19.8
- INPGI	13.2	18.2
- Contributions on assessed remuneration	10.1	8.1
- INPS	7.4	8.5
- CRAIPI	5.4	12.7
- FCPGI	4.4	9.0
- FIPDRAI	0.8	1.7
- Others	2.6	2.4
Total	64.8	80.4

Other payables. Other payables amount to Euro 58.5 million (Euro 57.2 million as at 31 December 2014), showing a net increase of Euro 1.3 million compared to the previous year. They include:

(in millions of Euros)	30.06.2015	31.12.2014
- Employees for assessed remuneration	44.4	39.3
- Other assessment items for the period	8.7	11.9
- Others	5.4	6.0
Total	58.5	57.2

Accrued expenses and deferred income

Accrued expenses and deferred income amount to Euro 427.6 million (Euro 21.2 million as at 31 December 2014). Further details of balances and changes during the year are provided in Schedule 15.

Accrued expenses and deferred income

Schedule no. 15

(in millions of Euros)	Changes during the period		30.06.2015
	31.12.2014	Balance of movements	
Deferred income:			
- ordinary license fees	-	379.8	379.8
. special subscriptions	0.9	28.2	29.1
. grant for switchover to digital terrestrial broadcasting	17.8	(3.0)	14.8
. broadcasting and related rights on own productions	0.9	(0.3)	0.6
. investment properties	0.4	-	0.4
. Law 488/92, subsidised loans	0.1	-	0.1
. others	0.6	1.1	1.7
	20.7	405.8	426.5
Accrued expenses:			
. commissions	0.3	0.0	0.3
. interest	0.2	0.6	0.8
	0.5	0.6	1.1
Total	21.2	406.4	427.6

Deferred income includes grants totalling Euro 14.8 million (net of the amount already recognised as income) disbursed by the Ministry for Communications between 2007 and 2011 in support of activities performed to accelerate the switch-over to digital terrestrial broadcasting. Such activities have 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 the necessary investments is entrusted to the subsidiary company, Rai Way SpA, which is also responsible for the design, installation, construction, maintenance, implementation, development and operation of the telecommunications networks.

The contribution to income each year is accounted for on the basis of the depreciation recognized by the subsidiary, taking into account both the level of grants received and total sums incurred in support of the related projects.

6) Memorandum accounts

Memorandum accounts amount to Euro 386.0 million (Euro 384.1 million as at 31 December 2014), and are as presented in the consolidated balance sheet.

Schedule 16 provides details of financial derivative hedge contracts entered into in relation to specific Group commitments and their related fair values. The fair value of these derivative financial instruments is based on the market value on the closing date of the period under assessment; in the case of unlisted instruments, fair value is determined using commonly used financial valuation techniques.

Fair value of derivatives***Schedule no. 16***

	Notional 30.06.2015 (millions of USD)	Fair value 30.06.2015 (millions of Euro)
Hedging derivative financial instruments		
- on exchange rates ⁽¹⁾ :		
. forwards and swaps	7.0	0.1
. optional currency purchases strategies	78.6	10.2
	85.6	10.3

(1) The transactions are carried out to hedge commercial agreements in USD, in line with Group policy.

In line with Group policy, the overall value of hedge contracts entered into is reasonable in relation to the full extent of commitments subject to such risks.

As at 30 June 2015, other than as shown in the memorandum accounts, there were no particularly significant commitments relating to the purchase or sale of goods and services (beyond those entered into in the normal course of business) that would require specific disclosure to provide a better understanding of the Company's financial position and results of operations.

6) Income Statement

Production value

Revenues from sales and services amount to Euro 1,252.6 million, showing a decrease of Euro 11.7 million compared to 30 June 2014. They include revenues for the year, net of transactions between Group companies, and relate mainly to licence fees and advertising. Schedule 17 provides a breakdown by major component.

Revenues from sales and services

Schedule no. 17

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Revenues from sales	0.3	0.6	0.2
Revenues from services:			
- License fees			
. private subscriptions	769.4	1,492.5	747.6
. special subscriptions	38.9	76.1	38.8
	808.3	1,568.6	786.4
- General interest TV advertising:			
. commercials	225.0	456.1	255.4
. TV promotions	5.0	8.9	5.1
. sponsorships	5.8	11.2	6.4
. special initiatives	50.0	86.5	48.6
. product placement	3.1	4.3	2.8
	288.9	567.0	318.3
- Specialist channel TV advertising			
. commercials	28.4	60.8	32.6
. sponsorships	0.1	0.4	0.2
. special initiatives	3.5	5.6	2.8
	32.0	66.8	35.6
- Radio advertising			
. commercials	12.5	22.8	12.3
. radio promotions	0.2	0.6	0.4
. sponsorships	1.6	3.2	1.8
. special initiatives	-	-	-
. product placement	0.1	-	-
	14.4	26.6	14.5
- Web advertising	4.0	8.1	4.4
- Cinema advertising	1.2	5.6	1.4
- Other advertising	0.7	0.8	0.6
	341.2	674.9	374.8
- Special services under agreements	26.2	51.0	26.4
- Other services:			
. sale of rights, musical publications	27.2	84.2	25.6
. film and home video distribution	21.8	42.6	24.6
. fees for hosting plant and equipment	16.0	32.9	16.5
. income from broadcasting, circuit hires, radio links and connections	2.9	6.0	3.0
. agreements with telephone companies	1.9	2.6	1.5
. others	6.8	11.4	5.3
	76.6	179.7	76.5
	1,252.3	2,474.2	1,264.1
Total	1,252.6	2,474.8	1,264.3

With regard to licence fee revenues, it is noted that the “separate accounting”, mechanism (which is employed, 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 2.3 billion for the period 2005-2013. In 2011, Rai issued warnings to such effect and demanded payment of all sums owing as determined by the “separate accounting” mechanism, plus interest accrued and to accrue.

The separate annual accounts relating to 2014 are being prepared.

Capitalisation of internal construction costs amount to Euro 14.4 million (Euro 10.4 million as at 30 June 2014) and represent internal costs incurred in relation to non-current assets which have been capitalised together with the specific assets. Further details are provided in Schedule 18.

Capitalisation of internal construction costs

Schedule no. 18

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Intangible assets	10.2	13.8	6.1
Tangible assets	4.2	8.0	4.3
Total	14.4	21.8	10.4

Other earnings and proceeds total Euro 54.7 million (Euro 40.6 million as at 30 June 2014), as detailed in Schedule 19.

Other earnings and proceeds

Schedule no. 19

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Operating grants	4.4	12.4	5.8
Capital gains on disposals	0.5	-	-
Others			
Recoveries and reimbursement of expenses	12.8	22.3	10.8
Contingent assets from license fees	9.0	22.0	8.0
Other contingent assets	9.5	21.1	5.7
Release of provisions	16.9	17.2	8.6
Income from investment property	1.0	2.2	1.2
Others	0.6	1.0	0.5
	49.8	85.8	34.8
Total	54.7	98.2	40.6

Production costs

Production costs include costs and capital losses relating to ordinary business activities, excluding financial operations. Such costs do not include those relating to tangible and intangible assets, which have been capitalised together with the specific assets.

Raw materials, supplies, consumables and goods for resale amount to Euro 9.3 million (Euro 10.9 million as at 30 June 2014) and include purchases of technical materials for inventory – excluding items used in the construction of plant, which are allocated directly to tangible assets - production materials (sets, costumes etc.) and miscellaneous operating materials (fuels, office supplies, printed documents etc.), net of discounts and allowances, as shown in Schedule 20.

Production costs - raw materials, supplies, consumables and goods for resale

Schedule no. 20

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Technical materials for inventory	0.8	2.0	1.2
Miscellaneous materials for programme production	2.6	4.0	3.0
Other materials	5.9	12.6	6.7
Total	9.3	18.6	10.9

Services. Costs for services amount to Euro 329.7 million (Euro 336.8 million as at 30 June 2014) and comprise costs for freelance workers and other external services, net of discounts and allowances, as shown in Schedule 21. They also include emoluments, compensation and expense reimbursements paid by the Parent Company to Directors amounting to Euro 0.5 million and to Statutory Auditors amounting to Euro 0.1 million. This item also includes fees for the statutory audit of accounts amounting to Euro 0.1 million and fees for other audit services provided by the independent auditors amounting to Euro 0.1 million.

Production costs - services

Schedule no. 21

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Self-employment services	69.8	123.3	69.9
Services for acquisition and production of programmes	90.0	179.4	90.2
Daily allowances, travel expenses and transfer of personnel	22.7	38.9	23.4
Maintenance, repairs, transport and similar costs	22.7	46.2	25.5
Documentation and information services	22.1	45.8	22.6
Others	102.4	198.9	105.2
Total	329.7	632.5	336.8

Leases and rentals amount to Euro 180.4 million (Euro 233.9 million as at 30 June 2014), and include costs for rents, leases, usage rights and filming rights, as detailed in Schedule 22.

Production costs - leases and rentals

Schedule no. 22

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Rent and hire costs	47.0	87.9	46.1
Usage rights	53.1	92.5	47.5
Filming rights	80.3	216.4	134.7
Other rights	-	10.6	5.6
Total	180.4	407.4	233.9

Personnel costs amount to Euro 507.4 million (Euro 499.4 million as at 30 June 2014), and may be analysed as set out in the income statement. The average number of employees in the first half of 2015 was 13,050, including employees on fixed-term contracts, placement contracts and apprenticeship contracts (12,869 as at 30 June 2014). Schedule 23 provides further details including distribution by category and by company.

Average employment*Schedule no. 23*

(in units)	1H 2015			FY 2014			1H 2014		
	Permanent	Fixed-term	Total	Permanent	Fixed-term	Total	Permanent	Fixed-term	Total
By company									
Rai	10,798	978	11,776	10,574	1,061	11,635	10,514	1,140	11,654
Rai Cinema	115	21	136	107	27	134	100	30	130
Rai Com	90	22	112	67	20	87	45	22	67
Rai Pubblicità	375	12	387	367	8	375	379	6	385
Rai Way	623	16	639	600	26	626	597	27	624
Rai World	-	-	-	-	-	-	4	5	9
	12,001	1,049	13,050	11,715	1,142	12,857	11,639	1,230	12,869
By category									
Executives	320	-	320	321	-	321	323	-	323
Journalists	1,591	253	1,844	1,588	294	1,882	1,580	308	1,888
Middle managers	1,317	2	1,319	1,271	1	1,272	1,247	1	1,248
Office workers	7,697	674	8,371	7,476	729	8,205	7,441	788	8,229
Manual workers	946	115	1,061	934	112	1,046	928	123	1,051
Orchestra members and other artistic staff	120	5	125	114	6	120	109	10	119
Medical staff	10	-	10	11	-	11	11	-	11
	12,001	1,049	13,050	11,715	1,142	12,857	11,639	1,230	12,869

Amortisation, depreciation and write-downs. Costs relating to amortisation, depreciation and write-downs amount to Euro 257.9 million (Euro 259.0 million as at 30 June 2014), of which Euro 190.2 million relates to amortisation of intangible assets (Euro 184.8 million as at 30 June 2014), Euro 54.2 million relates to depreciation of tangible assets (Euro 59.3 million as at 30 June 2014), Euro 11.0 million relates to other write-downs of non-current assets (Euro 13.2 million as at 30 June 2014) and Euro 2.5 million (Euro 1.7 million as at 30 June 2014) relates to the write-down of current receivables as detailed in Schedules 1, 2 and 5. This item includes the write-down in the value of programmes amounting to Euro 11.0 million, to recognise the risk that certain programmes may not be transmitted or re-broadcast and the risk of loss of opportunity for the commercial exploitation of certain rights (Euro 12.5 million as at 30 June 2014).

Changes in inventories of raw materials, supplies, consumables and goods for resale were recognised for a non-significant value in millions of Euro (Euro 0.2 million as at 30 June 2014) and represent the decrease in net inventories recognised under current assets as at 30 June 2015 compared to the previous year.

Provisions for risks amount to Euro 13.4 million (Euro 4.7 million as at 30 June 2014). They represent additional allocations to provisions for risks. The most significant items are detailed in Schedule 10 and relate mainly to provisions made by the Parent Company (Euro 13.0 million).

Other provisions amount to Euro 2.8 million (Euro 0.8 million as at 30 June 2014). The most significant items are shown in Schedule 10 and relate mainly to provisions included in the financial statements of Rai.

Other operating costs amount to Euro 31.6 million (Euro 33.3 million as at 30 June 2014). They are split as reported in the income statement and further details are provided in Schedule 24. For the most part they refer to costs disclosed in the financial statements of the Parent Company (Euro 27.2 million).

Other operating costs*Schedule no. 24*

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Capital losses on disposals			
Intangible assets	0.2	0.3	0.1
Tangible assets	-	0.1	-
	0.2	0.4	0.1
Concession fee	-	-	1.5
Other costs:			
- IMU (Single Municipal) tax	5.3	10.4	5.0
- contributions to the Supervisory Authorities	3.1	4.2	2.4
- contingent and non-existent liabilities	3.8	11.1	4.5
- provision for pension fund - former employees	3.2	9.0	2.2
- others	16.0	32.4	17.6
	31.4	67.1	31.7
Total	31.6	67.5	33.3

Financial income and expenses

Other financial income. Other financial income amounts to Euro 0.8 million (Euro 1.2 million as at 30 June 2014). Details are provided in Schedule 25.

Financial income*Schedule no. 25*

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Other financial income:			
From non-current securities other than equity investments	-	0.1	-
Financial income other than the above:			
- interest and commissions receivable from others and miscellaneous income			
. interest from banks, postal accounts and other financial institutions	0.1	0.3	0.1
. default interest on receivables from customers	0.1	0.5	0.4
. others	0.6	1.3	0.7
	0.8	2.1	1.2
Total	0.8	2.2	1.2

Interest and other financial expenses amount to Euro 10.0 million (Euro 10.9 million as at 30 June 2014) and includes interest expense, costs for commission on financial services and other operating costs as detailed in Schedule 26.

Interest and other financial expenses*Schedule no. 26*

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Interest and commissions payable to others and miscellaneous charges:			
- interest and commissions payable to banks and other financial institutions	7.3	16.9	9.4
- interest expense and charges on interest rate hedges	2.1	2.8	1.5
- interest on amounts due to suppliers	-	-	-
- other costs	0.6	0.1	-
Total	10.0	19.8	10.9

Foreign exchange gains and losses show a profit of Euro 5.7 million (against a loss of Euro 0.2 million as at 30 June 2014). As shown in Schedule 27, this item comprises both foreign exchange losses and premiums on foreign currency hedge transactions, as well as the effect of translating the value of foreign currency denominated payables and receivables at period-end exchange rates, or at the rate in force at the time of the hedge in the case of exchange risk hedges.

Foreign exchange gains and losses

Schedule no. 27

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Foreign exchange gains/(losses) from valuation	0.8	0.3	(0.1)
Other foreign exchange gains/(losses)	4.9	1.1	(0.1)
Total	5.7	1.4	(0.2)

Value adjustments to financial assets

Revaluations of financial assets amount to Euro 1.0 million (Euro 0.8 million as at 30 June 2014) and relate solely to the equity value of investments in non-consolidated subsidiaries and associated companies.

Write-downs of financial assets amount to Euro 0.1 million (Euro 0.3 million as at 30 June 2014) and relate to the charge arising from write-downs of non-current financial assets, reflecting losses incurred by investee companies.

Extraordinary income and expense

Extraordinary income and expense include income amounting to Euro 0.8 million (Euro 0.6 million as at 30 June 2014) and expense totalling Euro 0.1 million (Euro 1.6 million as at 30 June 2014), are analysed in detail in Schedule 28.

Extraordinary income and expense

Schedule no. 28

(in millions of Euros)	1H 2015	FY 2014	1H 2014
Extraordinary income			
a) capital gains relating to operations with significant effects on the Company's structure			
- capital gains from disposals of equity investments	-	236.3	-
- others	-	0.1	-
e) income components relating to previous years			
- lower taxes for previous years	0.8	0.7	0.6
	0.8	237.1	0.6
Extraordinary expense			
a) costs and capital losses relating to operations with significant effects on the Company's structure			
- costs early retirement incentives	-	(5.3)	(1.6)
- Rai Way shares placement costs	-	(8.0)	-
g) taxes for previous years	(0.1)	(0.5)	-
	(0.1)	(13.8)	(1.6)
Total	0.7	223.3	(1.0)

Current income taxes for the year; deferred tax assets and liabilities

The total tax charge of Euro 5.1 million (Euro 3.8 million as at 30 June 2014) is composed of current and deferred taxes for the year as reported in the financial statements of the individual companies, and the tax effects of consolidation adjustments. The following table provides further details:

(in millions of Euros)	Charged in the accounts of the individual companies	From consolidation adjustments	Total
Current taxes			
– IRES tax	(19.3)	-	(19.3)
– IRAP tax	(3.7)	-	(3.7)
Deferred tax asset	17.7	-	17.7
Deferred tax liabilities	0.3	(0.1)	0.2
Total	(5.0)	(0.1)	(5.1)

8) Result for the period

The period closed with a negative result of Euro 17.8 million (against a loss of Euro 25.1 million attributable to the Group and a profit of Euro 7.3 million attributable to minority interests).

9) Reconciliation between Rai financial statements and consolidated financial statements as at 30 June 2015, 31 December 2014 and 30 June 2014

The following table provides a reconciliation between the result for the period and shareholders' equity as reported in the financial statements of the Parent Company and as reported in the consolidated financial statements:

Reconciliation between Rai Financial Statements and Consolidated Financial Statements

(in millions of Euros)	Profit/(Loss)			Equity		
	1H 2015	FY 2014	1H 2014	1H 2015	FY 2014	1H 2014
Rai financial statements	(25.5)	47.9	(78.4)	320.8	346.3	220.0
Ray Way result attributable to minority interests	7.3	10.6	-	50.2	54.6	-
Other consolidation adjustments:	0.4	(0.6)	0.5	(2.4)	(2.8)	(1.7)
Consolidated financial statements	(17.8)	57.9	(77.9)	368.6	398.1	218.3

10) Other information

With regard to transactions with related parties, it is noted that there were no significant transactions between Group companies during the period other than under normal market conditions.

For details of significant events after the end of the period and the nature of the Group's activity, see the Report on Operations.

Rai Group

Consolidated supplementary schedules

Consolidated Balance Sheet reclassified in vertical form

(in millions of Euros)		30.06.2015	31.12.2014	30.06.2014
A. NON-CURRENT ASSETS - NET				
Intangible assets		900.5	864.1	869.8
Tangible assets		597.1	618.3	635.7
Financial assets		17.9	17.3	18.9
		1,515.5	1,499.7	1,524.4
B. CURRENT ASSETS - NET				
Inventories		2.6	2.6	2.6
Trade receivables		486.5	486.9	510.7
Other assets		288.9	309.1	249.4
Trade payables		(719.3)	(701.8)	(637.0)
Other liabilities		(601.1)	(231.6)	(634.3)
		(542.4)	(134.8)	(508.6)
C. PROVISIONS FOR RISKS AND CHARGES		(360.5)	(376.1)	(348.4)
D. WORKING CAPITAL (B+C)		(902.9)	(510.9)	(857.0)
E. PROVISION FOR STAFF SEVERANCE PAY		(272.6)	(275.6)	(279.0)
F. NET INVESTED CAPITAL (A+D-E)		340.0	713.2	388.4
financed by:				
G. EQUITY				
Parent Company equity		318.4	343.5	218.3
Minority interests		50.2	54.6	-
		368.6	398.1	218.3
H. MEDIUM/LONG-TERM FINANCIAL DEBT		521.1	426.2	395.4
I. NET SHORT-TERM FINANCIAL DEBT				
- short-term financial debt		13.0	17.5	17.5
- short-term financial receivables		(0.6)	-	(0.3)
		12.4	17.5	17.2
L. CASH AND CASH EQUIVALENTS		(562.1)	(128.6)	(242.5)
M. TOTAL NET FINANCIAL DEBT (H+I+L)		(28.6)	315.1	170.1
N. TOTAL, AS IN F (G+M)		340.0	713.2	388.4

Consolidated Income Statement reclassified in vertical form

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
A. REVENUES	1,280.3	2,534.7	1,290.6
Changes in inventories of work in progress, semi-finished and finished products	-	-	-
Capitalisation of internal construction costs	14.4	21.8	10.4
B. "CORE" PRODUCTION VALUE	1,294.7	2,556.5	1,301.0
Costs of materials and external services	(549.6)	(1,116.8)	(613.7)
C. VALUE ADDED	745.1	1,439.7	687.3
Personnel costs	(507.4)	(992.9)	(499.4)
D. EBITDA	237.7	446.8	187.9
Amortisation of programmes	(176.4)	(390.7)	(173.4)
Other amortisation/depreciation	(62.1)	(130.5)	(65.3)
Other adjustments	(13.5)	(30.0)	(14.9)
Provisions for risks and charges	(16.2)	(41.5)	(5.5)
Miscellaneous income and charges - net	19.7	17.8	7.5
E. OPERATING RESULT	(10.8)	(128.1)	(63.7)
Financial income and expenses:	(3.5)	(16.2)	(9.9)
Income from equity investments	0.9	(1.0)	0.5
F. RESULT BEFORE NON-RECURRING ITEMS AND TAX	(13.4)	(145.3)	(73.1)
Extraordinary income and expenses:	0.7	223.3	(1.0)
G. RESULT BEFORE TAX	(12.7)	78.0	(74.1)
Income taxes	(5.1)	(20.1)	(3.8)
H. PROFIT (LOSS) FOR THE PERIOD	(17.8)	57.9	(77.9)
including:			
- pertaining to the Parent Company	(25.1)	47.3	(77.9)
- pertaining to minority interests	7.3	10.6	-

Rai Group / Consolidated supplementary schedules

Consolidated Cash Flow Statement

(in millions of Euros)	30.06.2015	31.12.2014	30.06.2014
A.- CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) for the period	(17.8)	57.9	(77.9)
Income taxes	5.1	20.1	3.8
(*) Interest expense/(interest income)	8.3	17.3	8.7
(Dividends)	0.0	0.0	0.0
Capital (gains)/losses from disposal of non-current assets	(0.3)	(235.9)	0.1
1. Profit (loss) for the period before income taxes, interest, dividends and capital gains/losses from disposals	(4.7)	(140.6)	(65.3)
<i>Adjustments for non-cash items with no contra-entry in Net Working Capital</i>			
Accruals to provisions	51.4	116.0	37.5
Amortisation and depreciation	238.5	521.2	238.7
Write-downs for permanent impairment losses/(Revaluations)	10.2	26.4	12.7
Other adjustments for non-cash items	(16.8)	(18.5)	(9.4)
2. Cash flow before charges in net working capital	283.3	645.1	279.5
<i>Changes in Net Working Capital</i>			
Decrease/(increase) in inventories	0.0	0.2	0.2
Decrease/(increase) in receivables from customers	0.4	3.9	(19.9)
Increase/(decrease) in payables to suppliers	17.5	30.3	(34.5)
Decrease/(increase) in accrued income and prepaid expenses	8.0	(1.2)	8.8
Decrease/(increase) in accrued expenses and deferred income	406.4	(9.0)	429.8
Other changes in net working capital	(26.4)	(29.1)	(5.5)
3. Cash flow after charges in net working capital	405.9	(4.9)	378.9
<i>Other Adjustments</i>			
(*) Interest collected/(paid)	(8.4)	(16.9)	(9.7)
(Income taxes paid)	(3.5)	(28.1)	(20.4)
Dividends collected	0.2	0.4	0.2
(Use of provisions)	(53.2)	(92.7)	(47.9)
4. Cash flow after other adjustments	(64.9)	(137.3)	(77.8)
CASH FLOW FROM OPERATING ACTIVITIES (A)	619.6	362.3	515.3
B.- CASH FLOW FROM INVESTING ACTIVITIES			
<i>Non-current tangible assets</i>			
- (Investments)	(33.1)	(85.7)	(44.7)
- Sale proceeds from disinvestments and other changes	0.4	0.8	0.3
<i>Non-current intangible assets</i>			
- (Investments)	(231.5)	(432.3)	(200.6)
- Sale proceeds from disinvestments and other changes	(0.2)	0.4	0.3
<i>Non-current financial assets</i>			
- (Investments)	(0.3)	(0.4)	(0.3)
- Sale proceeds from disinvestments and other changes	0.5	280.7	0.5
<i>Current financial assets</i>			
- (Investments)	(0.6)	0.0	(0.3)
- Sale proceeds from disinvestments	0.0	0.0	0.0
<i>Acquisition of subsidiaries, net of cash and cash equivalents</i>	0.0	0.0	0.0
CASH FLOW FROM INVESTING ACTIVITIES (B)	(264.8)	(236.5)	(244.8)
C.- CASH FLOW FROM FINANCING ACTIVITIES			
<i>Borrowed capital</i>			
- Increase/(decrease) in short-term debt to banks	(4.5)	(133.3)	(133.3)
- Loans	390.0	227.5	147.5
- Loan repayments	(295.1)	(98.5)	(49.3)
<i>Net equity</i>			
- Capital increase against payment	0.0	0.0	0.0
- Sale (purchase) of treasury stock	0.0	0.0	0.0
- Dividends (and advances on dividends) paid	(11.7)	0.0	0.0
CASH FLOW FROM FINANCING ACTIVITIES (C)	78.7	(4.3)	(35.1)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	433.5	121.5	235.4
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	128.6	7.1	7.1
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	562.1	128.6	242.5
including: RESTRICTED CASH AND CASH EQUIVALENTS	1.3	0.3	0.6

(*) Concerning financial receivables/payables.

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Rai - Radiotelevisione Italiana SpA

Parent Company

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