Companies' Register and Tax Code 07258710586
Economic and Administrative Repository (R.E.A.) of Rome 604174

Mondo TV S.p.A.

Share Capital Euro 13,212,414 - fully paid-in

Registered Office	Via Brenta 11- Rome
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Annual financial report as at 31 December 2015

Draft: Board of Directors' Meeting of 29 March 2016
Approval: General Meetings of 29 April 2016

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1. REPORT ON OPERATIONS AS AT 31 DECEMBER 2015

1.1 GENERAL COMMENTARY

Dear Shareholders,

The annual and consolidated financial statements of Mondo TV S.p.A. ("Group" or "Mondo TV Group") as at 31 December 2015, which we submit for your examination and approval, have been prepared in accordance with the International Financial Reporting Standards (IFRS).
This report has been prepared in accordance with art. 2428 of the Italian Civil Code; it provides the most significant information on the economic, equity, financial situation and management of Mondo TV S.p.A. and the Group, as defined below.
For the purpose of preparing the annual and consolidated financial statements, Mondo TV S.p.A. has exercised the option granted by current legislation on financial statements, of presenting a single report on operations that accompanies both the individual and consolidated financial statements of the Parent, giving more prominence, unless otherwise indicated, to the phenomena at Group level.

The Group operated in 2015 in a context of economic stagnation, both in Italy and in most of Europe; in this context, the sales strategy of the Group companies was successful, based on penetration in countries not impacted by the economic crisis, such as the United Arab Emirates, China and Asia.
In addition, the disappearance in recent years of a number of operators on the animation market in particular has allowed the Parent to acquire new customers due to reduced competition.

Compared to the previous year, the significant increase in Group revenues from sales of Euro 3.7 million in absolute value and about 27% in percentage terms was due to the resumption of production, for the significant order portfolio related to international productions, mainly in Asia, the United States and the United Arab Emirates acquired by the subsidiary Mondo TV Suisse S.A., and the production of which is realized by the Parent Mondo TV S.p.A. and sales contracts of the Library in China.

As a result of the above, production revenues went from Euro 3.9 million the previous year to the current Euro 5.6 million, while the sale of licenses went from Euro 6.9 million the previous year to the current Euro 9.6 million.

Capitalized costs related to animated series produced internally amounted to Euro 1.6 million in 2015 compared to Euro 4.6 million in 2014; the decrease is due to the completion of the 2 productions of the subsidiary Mondo TV France in early 2015, while two new productions are currently in development.

Operating costs decreased by 1.1 million compared to 2014; this net decrease is mainly determined by the decrease of Euro 1.5 million in production costs due to lower work of Mondo TV France and an extraordinary provision for risks and charges of Euro 0.7 million operated by the Parent following the transaction signed with former the Moviemax shareholders.

EBITDA increased significantly compared to the previous year; the increase of Euro 1.8 million in absolute value and about 24% in percentage terms was determined by the increase in operating revenues.

Amortisation, depreciation, impairment and provisions amounted to Euro 3.7 million compared to 5.3 million in 2014, due to lower amortisation and depreciation of the subsidiary Mondo TV France, while they are essentially stable at parent company level.

Operating profit, in light of the above, shows a positive value of Euro 5.6 million, compared to a value of Euro 2.2 million in 2014, with an increase of Euro 3.4 million in absolute values and 152% in percentage terms.

Net finance costs amounted to Euro 0.1 million, compared with net costs of Euro 0.4 million in 2014.

In the year, the total expense for taxes amounted to Euro 2.2 million, of which 0.5 million of expenses are an adjustment of deferred tax assets recorded in the financial statements of the parent company due to the rate change envisaged by the legislature as of 1 January 2017.

The Group's net financial position has become positive during the year, going from a net debt of Euro 3.5 million as at 31 December 2014 to cash and cash equivalents of Euro 0.1 million as at 31 December 2015.

The net financial position of the Parent improved significantly, from a net debt of Euro 2.7 million as at 31 December 2014 to a net debt of Euro 0.2 million as at 31 December 2015.

1.2 DESCRIPTION OF THE COMPANY'S OPERATING CONDITIONS

The Group has historically been operating in the business of producing and marketing television series and full-length animated movies. For more than five years now, the Company has been focusing on sectors related with its core business, chief among them, especially in perspective, the exploitation of its rights for merchandising purposes. Moreover, starting from the previous year, the Group and in particular the Parent Mondo TV S.p.A. has changed its production and sales strategy, focusing efforts and investments mainly on new productions with high licensing potential, co-produced with third parties, and on the distribution of third-party libraries.

In 2015, the economic context of reference was characterized by stagnation. The weak advertising sales have, in fact, adversely affected the volume of new investments by general television and sales of licensing and merchandising, especially in Europe, while there is a recovery of interest for the creation of new productions.
The economic crisis has led to a selection of operators, for which interesting prospects open up for companies today still on the market.

Below is a brief description of the business of the Parent and of the subsidiaries, as well as of the relevant strategic missions:

The Parent **Mondo TV S.p.A.** emphasised its vocation as a company dedicated to the production of animation series and, to a lesser extent, the acquisition thereof on the market, for exploitation in both the television sector and in licensing and merchandising.

Mondo TV France S.A. produces and coproduces animated television series for French broadcasters and, from a strategic point of view, allows the Mondo TV Group to expand its operations to France and French-speaking countries. The company is listed at the AIM Italy - Alternative Capital Market (hereinafter, "AIM Italy") organized and managed by Borsa Italiana S.p.A. (Italian Stock Exchange); the shareholding percentage of Mondo TV S.p.A. amounts to about 40%.

Mondo TV Suisse S.A. realizes productions and co-productions of animated television series for clients in the USA, the Middle East, Asia and Russia.
In particular, we highlight, among others, the agreement with Abu Dhabi Media for the realization in a three-year period of nine animated series for a total of at least USD 14.1 million.
In 2015, the company initiated the listing process at AIM Italy - Alternative Capital Market (hereinafter, "AIM Italy") organized and managed by Borsa Italiana S.p.A., which was finalized in April 2015. The percentage of investment of Mondo TV S.p.A. is approximately 67%.

The mission of **Mondo TV Spain S.L.** is to sell the television rights of the Group's Library in Spain, Portugal, and South America and to produce and coproduce animated television series in Spanish and Portuguese for TV broadcasters. The percentage of investment of Mondo TV S.p.A. is 100%.

The table below summarises the sectors into which Mondo TV Group's business is broken down, indicating the relevant companies:

The Mondo TV Group	
Company	**Sectors**
Mondo TV S.p.A.	*Production, Distribution, Licensing*
Mondo TV Suisse S.A.	*Production, Distribution*
Mondo France S.A.	*Production*
Mondo TV Spain S.L.	*Distribution*

The television distribution business consists in the selling and/or licensing of television rights relating to the series and full-length animated movies in the Group's Library.
The main buyers are coproducers, distributors, and over-the-air, cable, and satellite TV broadcasters, either public or private, in Italy and abroad.
Furthermore, the development of new technologies in the multimedia communication field opens new and interesting markets and/or market niches for the Group.
The Group carries out production on its own behalf or, as customary in this business, in partnership with third-party companies that participate in production, bearing part of the costs and/or organisational and production expenses, while the Group is responsible for creative development and governs, *de facto*, the entire production process.
Production is carried out under the direction and supervision of the Group's management, which uses, in whole or in part and as per standard industry practice, external artists, screenwriters and directors, as well as animation studios entrusted with the production of the series and of the full-length animated movies.

In short, the steps in producing a television series are as follows:

Pre-production	Story and characters
	Screenplay
	Basic drawings
	Storyboard
Production	Drawings
	Direction
Post-production	Verification and completion of compositing
	Final editing
	Dialogue track and sound track
	Synchronisation and mixing

In 2015, the Group started to implement the strategic development line already traced in the two previous years which envisages:

1. relaunching the animated cartoon production business through the acquisition of new highly marketable co-productions;
2. expanding the range of third parties' products, both in the historical business of cartoons and in relation to the so-called "live action" products for the young audience;
3. strengthening the foreign markets where the Group already operates, and developing new markets, in particular the Chinese and, more in general, the East Asian markets, in order to increase their sales ;
4. optimising synergies in the audiovisual, licensing and merchandising businesses for the acquisition of new property and for product sales;
5. reorganising internal work, in particular in the production business, for cost reduction and efficiency purposes.

The line of strategic development traced out is that of a gradual growth of the Library accompanied by an increasingly intense and widespread exploitation, both in the conventional sector of the granting of TV rights and in the 'newer' (for the Group) field of related sectors.

1.3 KEY DATA OF THE GROUP AND OF THE PARENT

1.3.1 MONDO TV GROUP

The Mondo TV Group's reclassified financial position, financial performance and cash flows are shown below in comparison with the data of the previous year.

Reclassified condensed consolidated statement of financial position		
(Euro thousands)	**31.12.2015**	**31.12.2014**
Non-current fixed assets	**24,712**	**19,484**
Current assets	29,340	27,046
Current liabilities	(13,168)	(11,544)
Net working capital	**16,172**	**15,502**
Non-current liabilities	**(509)**	**(394)**
Invested capital	**40,375**	**34,592**
Net financial position	106	(3,453)
Shareholders' Equity	**40,481**	**31,139**
Non-controlling interests	1,387	984
Group Shareholders' Equity	**39,094**	**30,155**

Reclassified condensed consolidated income statement		
(Euro thousands)	**2015**	**2014**
Revenue	17,345	13,635
Capitalisation of internally produced animated series	1,574	4,626
Operating costs	(9,624)	(10,743)
EBITDA	**9,295**	**7,518**
Amortisation and depreciation, impairment, and provisions	(3,712)	(5,302)
EBIT	**5,583**	**2,216**
Net finance income (costs)	(134)	(382)
Profit (loss) of the period before tax	**5,449**	**1,834**
Income tax expense	(2,170)	(48)
Net profit for the period	**3,279**	**1,786**
Profit (loss) for the year attributable to non-controlling interests	189	68
Profit (loss) attributable to owners of the Parent	**3,090**	**1,718**
Losses/Earnings per share (basic and diluted)	**0.12**	**0.07**

Consolidated net financial position

(Euro thousands)	**31.12.2015**	**31.12.2014**
Cash and cash equivalents	2,869	423
Current financial payables due to banks	(2,529)	(2,973)
Current payables due to COFILOISIR	(324)	(879)
Net current financial position	**16**	**(3,429)**
Non-current payables due to banks	(217)	(169)
Net non-current financial position	**(217)**	**(169)**
Net financial debt as per comm. Consob DEM/6064293	**(201)**	**(3,598)**
Non-current receivables due from third parties	307	145
Consolidated net financial position	**106**	**(3,453)**

Financial ratios		
	2015	**2014**
ROI (EBIT / invested capital)	13.83%	6.41%
ROS (EBIT / revenue)	32.19%	16.25%
ROE (profit for the year / equity of the Group)	7.90%	5.70%
Equity to non-current assets ratio (cons. equity+equity / NCA)	1.66	1.62
NFP / equity	0.00	0.11

Management uses the items indicated in the above reclassified Group's statements in assessing the company's performance. These measures are in part taken from the statutory financial statements and reported further on in this document, and are in part the result of aggregations; as required by recommendation CESR/05 – 178 b, the composition of each measure and the references to the items in the statutory financial statements are shown below.

Fixed assets: the sum of intangible assets, tangible assets, investments and deferred tax assets.
Current assets: the sum of trade receivables, tax assets, and other assets.

Current liabilities: the sum of trade payables, tax liabilities, and other short-term liabilities and provisions.
Non-current liabilities: the sum of provisions for risks and charges, deferred tax liabilities, and post-employment benefits.
Net financial position: the sum of current and non-current financial receivables, cash and cash equivalents, current and non-current financial payables.
Revenues: the sum of revenues from sales and services and other income.
Operating costs: the sum of raw materials, consumables and goods, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the sum of amortisation and impairment of intangible assets, depreciation and impairment of tangible assets, and the allowance for doubtful debts.
Current financial payables to banks and Current payables to Cofiloisir: these two items are shown as an aggregate in the statutory financial statements; their composition is detailed in note 10.
Non-current payables to banks: their composition is detailed in note 10.

The items mentioned above, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the Italian Civil Code, and therefore may not be comparable with items of the same name reported by other companies. Please refer to the general commentary for more details on the net financial position.

All the indexes outlined above show an economic and financial improvement of 2015 operations compared to the previous year.

1.3.2 MONDO TV S.P.A. PARENT

The reclassified financial position, financial performance and cash flows of the Parent Mondo TV S.p.A. (hereinafter also "Mondo TV" or the "Company") are shown below reclassified and in comparison with the data of the previous year:

Condensed statement of financial position		
(Euro thousands)	**31.12.15**	**31.12.14**
Non-current fixed assets	**24,379**	**17,218**
Current assets	28,803	26,329
Current liabilities	12,959	9,941
Net working capital	**15,844**	**16,388**
Non-current liabilities	**1,171**	**1,055**
Invested capital	**39,052**	**32,551**
Net financial position	(182)	(2,697)
Shareholders' Equity	**38,870**	**29,854**

Condensed statement of comprehensive income		
(Euro thousands)	**2015**	**2014**
Revenue	13,799	9,089
Capitalisation of internally produced animated series	1,138	870
Operating costs	(7,970)	(6,221)
EBITDA	**6,968**	**3,737**
Amortisation and depreciation, impairment, and provisions	(1,841)	(1,853)
EBIT	**5,127**	**1,885**
Net finance income (costs)	(39)	(415)
Profit (loss) before tax	**5,088**	**1,470**
Income tax expense	(2,083)	-
Profit (loss) for the year	**3,005**	**1,470**

Net financial position		
(Euro thousands)	**31.12.2015**	**31.12.2014**
Cash and cash equivalents	1,656	223
Short-term financial payables	(1,928)	(2,896)
Net short-term financial position	**(272)**	**(2,673)**
Long-term financial receivables	307	145
Medium/long-term portion of loans payable	(217)	(169)
Net medium/long-term financial position	**90**	**(24)**
Net financial position	**(182)**	**(2,697)**

Financial ratios		
	2015	**2014**

ROI (EBIT/invested capital)	13.13%	5.79%
ROS (EBIT/revenue)	37.15%	20.74%
ROE (profit for the year/equity)	7.73%	4.92%
Equity to non-current assets ratio (cons. equity+equity/NCA)	1.64	1.80
NFP/equity	0.00	0.09

Management uses the items indicated in the above reclassified statements in assessing the Company's performance. These measures are in part taken from the statutory financial statements and reported further on in this document, and are in part the result of aggregations; as required by recommendation CESR/05 – 178 b, the composition of each measure and the references to the items in the statutory financial statements are shown below.

Current assets: the sum of trade receivables, tax assets, and other assets.
Current liabilities: the sum of trade payables, tax liabilities, and other short-term liabilities and provisions.
Non-current liabilities: the sum of provisions for risks and charges, deferred tax liabilities, and post-employment benefits.
Net financial position: the sum of financial receivables, cash and cash equivalents, current and non-current financial payables.
Revenues: the sum of revenues from sales and services and other revenues.
Operating costs: the sum of raw materials, consumables and goods, personnel costs and other operating costs.
Amortisation, depreciation, impairment and provisions: the sum of amortisation and impairment of intangible assets, depreciation and impairment of tangible assets, and the allowance for doubtful debts.
Short-term financial payables and Short-term payables to shareholders: these two items are shown as an aggregate in the statutory financial statements; their composition is detailed in par. 2.7.10.
Long-term financial payables and Long-term payables to shareholders: these two items are shown as an aggregate in the statutory financial statements; their composition is detailed in par. 2.7.10.

The items mentioned above, such as EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), EBIT, and net financial position are usually identified without having a consistent definition in the accounting standards or in the Italian Civil Code, and therefore may not be comparable with items of the same name reported by other companies. Please refer to the general commentary for more details on the net financial position.

All the indexes outlined above show an economic and financial improvement of 2015 operations compared to the previous year.

1.4 SIGNIFICANT EVENTS OF 2015

1.4.1. INVESTMENTS IN THE LIBRARY

The Parent Mondo TV S.p.A.'s typical production activities, as well as the acquisition activities carried out by the other Group companies, continued in 2015, as summarised in the table below.

Investments in Library (Euro thousands)		
Category	**31.12.2015**	**31.12.2014**
Animated movies	5	194
Animated series	8,676	3,736
Sub-total of investments in new productions	***8,681***	***3,930***
Temporary licenses – animation	768	1,060
Temporary licenses – live	155	835

TOTAL	**9,604**	**5,825**

The most significant investments under way concern "Drakers", the series set in the world of car races, and made in co-production with Ferrari, and the Marcus Level co-production, as well as the animated series Beastkeepers and Partidei.

1.4.2 ACQUISITION AND ESTABLISHMENT OF NEW COMPANIES

No new companies were acquired or established in 2015.

1.4.3 SIGNIFICANT EVENTS OF 2015

In April, the listing process at the AIM Italy/Alternative Capital Market organized and managed by Borsa Italiana S.p.A. of the subsidiary Mondo TV Suisse S.A. ended, through the distribution of 18.87% of the capital of the subsidiary to the shareholders of Mondo TV S.p.A.

In June 2015, the subsidiary Mondo TV Suisse S.A. and XrisP Co., a leading South Korean company owner and developer of the original property for the toy, have concluded an agreement for the co-production and distribution of an animated TV series based on the property toy called *Nori*, for which XrisP owns the intellectual property rights.
The series will consist of 52 episodes of about 11 minutes each and will be produced with 3D CGI technique with the aim of presenting it for distribution to MipTV in Cannes in April 2016.
In addition to the division of the activities in the project implementation and financial participation in production by XrisP with a contribution of USD 2.875 million, the agreement also envisages the participation of the Parties in the revenues from the distribution of the series and related licensing and merchandising, according to variable percentages depending on the market and exploitation territories. In particular, the agreement involves the participation of Mondo TV Suisse of 50% of revenues from the exploitation of the series on media and merchandising channels (excluding some areas of the Far East where a heavily minority share is recognized) and of 20% of revenues arising from the toy line (excluding some areas of the Far East where a heavily minority share is recognized). The task of creating the working stages of production is entrusted by Mondo TV Suisse S.A. to Mondo TV S.p.A. by virtue of the agreements signed between the two companies.

In August, the Parent signed a distribution agreement of the products of the "Classic Library" in China. The distributor, with sales license of all audiovisual rights (TV, New Media and Home Video) is the company Nan Jing Phoenix Media Ltd., based in Nanjing (Nanking) and operating since 1997 in the Media sector and in particular in the animation sector in China.
The distribution agreement envisages a comprehensive and lump sum amount of about USD 18.1 million, which will be paid by the distributor to Mondo TV in several instalments over the nearly three years of the license period, which will end 31 December 2018.

On 5 November 2015, the new 2016-2020 five-year business plan was approved; the revision of the previous plan approved by the Directors was imperative due to the events and contracts outlined above with particular reference to the signed contracts.

At consolidated level, the new Business Plan envisages:

- a production value from approximately Euro 32.8 million in 2016 to approximately Euro 66.7 million in

2020, with a cumulative growth rate over the period of about 103%;
- a gross operating margin (EBITDA) from approximately Euro 18.8 million in 2016 to approximately Euro 44.3 million in 2020, with a cumulative growth rate of about 135%;
- the operating result (EBIT) from approximately Euro 9.8 million in 2016 to approximately Euro 27.3 million in 2020 with a growth rate above 178%;
- compared to the previous plan, approved in May 2014, EBITDA in 2020 is higher by 65% and EBIT in 2020 is higher by 71%.

In December, an agreement was signed with the companies Suzhou Tian Rum and Harmony Technology Co. Ltd. of the Chinese animation group HeNan York Animation ("York"), a leading Chinese group in the animation sector listed on the Shenzhen stock exchange, for the assignment to Mondo TV of some work related to the realization by York of 520 episodes of the animated series called "Invention Story".
More specifically, Mondo TV is entrusted with some phases of pre-production and post-production. In particular, with respect to pre-production, Mondo TV will realize the subjects and screenplays, the *concept art*, the 2D models of the main elements and the storyboards of all 520 episodes. With regard instead to post-production, Mondo TV will realize the soundtracks, and thus dubbing in English, the international soundtrack (including the initial theme song) and the sound effects of all the episodes.
The project, according to the producer's plan, involves the realization of 520 episodes over the next four years from 2016 ending in 2019.
All the work carried out by Mondo TV will be under the creative control of the producer, which will hold, for itself or for third parties, all the property and exploitation rights of the series in progress of realization.
The contract sum envisaged in favour of Mondo TV for the realization of the contract work is set at USD 25 million, of which USD 20 million for pre-production work and USD 5 million for post-production work. The sum will be paid by the clients over the production period and thus in the years 2016, 2017, 2018 and 2019 from January 2016 in increasing instalments.

Definition of proceedings former shareholders Moviemax

With a sentence published on 18 December 2015, the Parent Mondo TV S.p.A., Orlando Corradi and Matteo Corradi were sentenced by the Court of Milan to pay a total amount of Euro 2 million, plus interest and costs, for a total of Euro 2.4 million by way of damages, against a total request of the plaintiffs amounting to Euro 30 million.
On 2 February 2016, a settlement agreement was signed, which envisages a total amount by way of compensation by Mondo TV S.p.A., Orlando Corradi and Matteo Corradi amounting to Euro 2,050 thousand, with a discount therefore of about Euro 350 thousand with respect to the first instance sentence and with reciprocal waiver of appeal.
The overall expense for Mondo TV S.p.A. is equal to a third of the amount transacted, and thus about Euro 685 thousand, which was fully allocated to the provision for risks and charges as at 31 December 2015.

Revenue Agency Assessment in respect of the general audit of the Guardia di Finanza (financial police) on FY 2010

In the year 2014, the Parent had a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.
The formal notice of assessment highlights several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the company received two assessment notices:

- The first notice relates to IRES for 2010 and was notified on 9 October 2015. The higher IRES ascertained amounted to Euro 1.1 million plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for about Euro 4 million.

The company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward.

On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined for IRES purposes for the year 2010, which therefore closed without any charge for Mondo TV S.p.A.

- The second notice of assessment refers to IRAP and VAT for the year 2010 and was notified on 9 October 2015. The higher IRAP ascertained is equal to Euro 0.2 million plus interest and the higher VAT ascertained is equal to approximately Euro 0.8 million plus interest. The penalties amount to approximately Euro 1.2 million.

  The company filed an appeal against the notice of assessment on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for about Euro 4 million and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 4 million. In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the Notice of Assessment, the directors also comforted by the judgement of specially appointed consultants deem scarcely likely that the company may succumb in this dispute, the residual value of around Euro 2.2 million and therefore no provision was made in the financial statements as at 31 December 2015.

1.5 INFORMATION ON SHAREHOLDERS AND THE SHARE PRICE

Mondo TV S.p.A.'s shareholding structure as at 31 December 2015 was as follows:

Largest Shareholders		
	no. of shares	**%**
Orlando Corradi	12,014,600	45.47%
Yin Wei	2,642,441	10.00%
Kabouter Management LLC	1,083,278	4.10%
Sub-total	**15,740,319**	**59.57%**
Other shareholders	10,684,509	40.43%
	26,424,828	100.00%

The issuer is unaware of the existence of shareholders' agreements as described in art. 122 of the Consolidated Law on Finance (TUF, Testo Unico sulla Finanza); the general meeting did not delegate any powers to increase the share capital, issue bonds, or purchase treasury shares. No agreements exist between the Company and the directors regarding any severance pay for the corporate bodies in case of resignation or dismissal without just cause or termination of employment following a takeover bid.

As for the trend of the share price, it has grown significantly, resulting in the fastest growing stock of the Italian Stock Exchange in 2015; in the last 12 months, it recorded over 38% growth from about 3.19 cents to about Euro 4.41 at the date of this report.

The statement below shows the shareholdings of the members of the Parent's Administration and Control bodies and key management personnel:

Directors' and statutory auditors' shareholdings				
first and last name	shares as at 31 Dec. 2014	shares purchased	shares sold	shares as at 31 Dec. 2015
Orlando Corradi	11,305,659	708,941	-	12,014,600
Matteo Corradi	10,000	3,500	-	13,500
Carlo Marchetti	-	4,962	-	4,962

1.6 BUSINESS OUTLOOK, MAIN RELEVANT RISKS

The Group is implementing the strategic line, through the acquisition of new productions oriented to the group's licensing and internationalization.
To this end, the establishment of Mondo TV Suisse S.A., a company focused on international productions that acquired a production portfolio of over USD 20 million in a few months, has been functional to the strategy.

On 22 February 2016, the Parent Mondo TV signed an investment agreement with GEM Global Yield Fund Limited LCS SCS and GEM Investments America LLC, which provides a reserved capital increase, with the exclusion of option rights, for a maximum of Euro 35 million, through the use of a Share Subscription Facility. Mondo TV will also issue a global warrant for a total value of Euro 20.2 million.

Management believes that through this agreement, it is possible to anticipate to 2019 the results expected for 2020: in fact, the capital increase, as stated above, is intended to allow an acceleration and extension of the investments underlying the Company's business plan for the period 2016-2020 by strengthening the capital and financial structure.

The possibility to recover more quickly and, if necessary, with higher volume the resources useful for development of the plan, may allow anticipating investments as well as in the core sector of audiovisual production and distribution also in additional sectors such as those of "game on-line" and "toy" and should therefore allow the Company to accelerate the achievement of the objectives referred to in the aforementioned business plan.

In conformity with art. 154-*ter*, par.4, of the Consolidated Law on Finance, it should be noted that the main risks associated with the Company's business that could affect its outlook are as follows:

Credit risk

Credit risk represents the Group companies' exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
Already in previous years, the Group Companies adopted appropriate procedures, such as the verification of debtors' solvency, to minimise the exposure to this risk.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
The positions for which a risk of partial or total non-collectability is noted, are subject to individual impairment.

As at 31 December 2015, the Group's trade receivables amounted to Euro 24,116 thousand; Euro 6,313 thousand of which past due by more than 12 months; an allowance for doubtful debts of Euro 5,907 thousand was recognised in relation to these receivables, up by Euro 416 thousand compared to the previous year.

As at 31 December 2015, the Parent's trade receivables amounted instead to Euro 23,584 thousand; Euro 5,875 thousand of which past due by more than 12 months; an allowance for doubtful debts of Euro 5,734 thousand was recognised in relation to these receivables, up by Euro 416 thousand compared to the previous year.

Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account both the reliability of the individual customers, and the high distribution of credit risk.

Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected.
In this regard, in order to be best protected against these risks, the Mondo TV Group adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.

The following table shows the breakdown of Mondo TV Group's credit lines, expressed in millions of Euro, made available by banks as at 31 December 2015:

Banking institution	Cash	Trade	Loans	Total
UBS	0	1	0	1
Credit Suisse	0	0.25	0	0.25
Cofiloisir	0	0	0.3	0.3
Unicredit	0	0	0.3	0.3
BNL	0	0.4	0.1	0.5
CREDEM	0	0.4	0	0.4
Banca Sella	0	0	0.16	0.16
CREDEM FACTORING	0	1	0	1
Veneto Banca	0.1	0.6	0	0.7
Total	0.1	3.65	0.86	4.61

The following table shows instead the breakdown of the credit lines, expressed in millions of Euro, of the Parent Mondo TV S.p.A., made available by banks as at 31 December 2015:

Banking institution	Cash	Trade	Loans	Total
Unicredit	0	0	0.3	0.3
BNL	0	0.4	0.1	0.5
CREDEM	0	0.4	0	0.4
Banca Sella	0	0	0.16	0.16
CREDEM FACTORING	0	1	0	1
Veneto Banca	0.1	0.6	0	0.7
Total	0.1	2.4	0.56	3.06

As at 31 December 2015, with respect to the credit lines mentioned above, there are some past due positions for which the conditions were renegotiated for some in the first months of 2016 and for others negotiations are still ongoing with financial institutions to reach a renegotiation.

Exchange rate risk

The Group has an exposure arising from currency transactions (US dollars). Such exposure is generated

mainly by Library sales, production contracts and licenses purchases.
The exchange rate risk is managed by keeping part of cash in US dollars, normally enough to settle the debts and commitments in dollars.

As at 31 December 2015, the Group had net assets denominated in US dollars totalling USD 12,683 thousand; if the Euro/Dollar exchange rate as at 31 December 2015 had been 10% lower, foreign currency gains of Euro 1,163 thousand would have been recorded, while if the exchange rate had been 10% higher, a foreign currency loss of Euro 1,163 thousand would have been recorded.

As at 31 December 2015, the Parent had instead net assets denominated in US dollars totalling USD 11,745 thousand; if the Euro/Dollar exchange rate as at 31 December 2015 had been 10% lower, foreign currency gains of Euro 1,077 thousand would have been recorded, while if the exchange rate had been 10% higher, a foreign currency loss of Euro 1,077 thousand would have been recorded.

Interest-rate risk

The interest rate fluctuations influence the cash flows, the market value of the Company's financial assets and liabilities, and the level of the net financial income / expenses.
The Group's loans are at floating rates, in particular the Euribor plus a variable spread from 1.5% as regards Mondo France S.A. and up to Euribor +7% for some of the Parent's marginal lines.
In consideration of the low financial exposure, the Group Companies are marginally subject to interest rate risk.

Risks associated with dependency on key managers

Some members of the Corradi family and Eve Baron Charlton, CEO of Mondo TV France S.A., whose revenues have a significant impact on total Group revenues, have strategic importance for the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.
In fact, some members of the Corradi family have a significant role in the management of the business of the Company Mondo TV S.p.A. and in the development of its products.
Eve Baron Charlton has a key role within Mondo TV France S.A.'s operations, as she is a highly professional manager with a proven track record as an executive at national French TV broadcasters. The wealth of experience acquired in the television business, as well as the broad network of contacts she developed in this industry, has allowed and still allows Mondo TV France to produce TV animated series with an educational and informative content, as well as a high level of quality, thus helping to broaden the Mondo TV Group's product offerings.
Neither the members of the Corradi family nor Eve Baron have entered into sole-agency or non-compete agreements with the Group's companies.

Risks associated with litigation

As for the case with former Moviemax shareholders, as explained in paragraph 1.4.3 Significant Events of 2015, following the signed transaction and the consequent recognition in the financial statements as at 31 December 2015, any additional risk in relation to this dispute no longer apply.

The Parent is currently involved in two disputes, while the subsidiaries are not involved in any dispute:

- dispute against Clan Celentano S.r.l., which convened Mondo TV S.p.A. before the Court of Milan on 15 May 2012 for alleged breaches and the termination of a contract entered into between the parties for the production of an animated TV series with the tentative name of "Adrian". On 16 April 2013, the expert witness (CTU) was appointed, whose technical report was filed at the end of 2013; the outcome is substantially unfavourable with regard to the claim for compensation formulated by Mondo TV.
  At the hearing on 13 May 2014, Clan Celentano S.r.l. reported to have found an agreement with Sky, on which the series was to air, in order to interrupt the contract between Sky and Clan Celentano, and requested to produce copy of said agreement.

Mondo TV opposed and the Court reserved a decision adjourning the proceedings to the hearing of 11 November 2014.
At that hearing, the Judge admitted the filing of the transaction and adjourned the proceedings for final judgement to 16.2.2016. Said hearing was adjourned until 19 July 2016.

The negative results of the office technical consultant do not allow at the time formulating a positive forecast on the request for compensation made by Mondo TV S.p.A., while the possibility that Mondo TV may be forced to a disbursement by way of damages is today judged by the directors as possible.
Regarding the amount of said potential compensation for damages, no request has been formulated to date by Clan Celentano nor have any preliminary investigations been carried out during the proceedings and therefore it is currently not possible to quantify the actual amount of compensation to which the Company may be condemned.

- dispute against Pegasus Distribuzione S.r.l., which requested the condemnation of the Company, to pay a total amount of Euro 463 thousand for reimbursement of costs incurred for the purchase of products in relation to two sale contracts, and reimbursement of the missed quantifiable gain from a minimum of Euro 101 thousand to a maximum of Euro 169 thousand, in addition to damage to image. With the first-instance ruling on 21 January 2010, the Court of Rome rejected the petition of Pegasus Distribuzione, which challenged the aforementioned ruling. The proceedings were adjourned to 23 April 2014: no one appeared at said hearing and the proceedings were further adjourned to 23 November 2016. At present, the risk of losing is believed to be remote.

For additional information on pending litigation, reference should be made to the specific paragraph in the notes to the financial statements as at 31 December 2015.

Risks associated with the Group companies' tax position

In the year 2014, the Parent had a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.
The formal notice of assessment highlights several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the Company received two assessment notices:

- The first notice relates to IRES for 2010 and was notified on 9 October 2015. The higher IRES ascertained amounted to Euro 1.1 million plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for about Euro 4 million.

  The company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined for IRES purposes for the year 2010, which therefore closed without any charge for Mondo TV S.p.A.

- The second notice of assessment refers to IRAP and VAT for the year 2010 and was notified on 9 October 2015. The higher IRAP ascertained is equal to Euro 0.2 million plus interest and the higher VAT ascertained is equal to approximately Euro 0.8 million plus interest. The penalties amount to approximately Euro 1.2 million.

  The company filed an appeal against the notice of assessment on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for about Euro 4 million and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 4 million.

In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the Notice of Assessment, the directors also comforted by the judgement of specially appointed consultants deem scarcely likely that the Company may succumb in this dispute, the residual value of around Euro 2.2 million and therefore no provision was made in the financial statements as at 31 December 2015.

1.7 HUMAN RESOURCES AND RESEARCH AND DEVELOPMENT ACTIVITIES

As at 31 December 2015, the Group had 31 employees, of which 3 executives, 28 white-collar workers and middle managers, compared with 30 employees as at 31 December 2014. The breakdown of employees by company is as follows: Mondo TV S.p.A. 24 employees, Mondo TV France S.A. 4 employees, Mondo TV Suisse S.A. 2 employees and Mondo TV Spain S.L. 1 employee. The Group has a moderate turnover rate; no serious work accidents occurred and no charges for occupational illness or mobbing were reported in any company of the Group during the year.

The group conducts research and development activities for the purpose of launching new products, selecting and developing stories and characters also by means of tests carried out in partnership with childhood sociologists.

TREASURY SHARES

The Parent does not hold treasury shares, either directly or through subsidiaries, trust companies or nominees

1.8 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2016, the Parent Mondo TV S.p.A. established Mondo TV Toys S.A., based in Lugano and with share capital of CHF 100,000, which will be active in the Toys sector.

On 22 February 2016, the Parent Mondo TV S.p.A. signed an investment agreement with GEM Global Yield Fund Limited LCS SCS and GEM Investments America LLC, which provides a reserved capital increase, with the exclusion of option rights, for a maximum of Euro 35 million, through the use of a Share Subscription Facility. Mondo TV will also issue a global warrant, exercisable within three years of issue, in favour of GEM for the subscription of 500,000 Mondo TV shares at the price of Euro 6.50 per share, 1,500,000 Mondo TV shares at the price of Euro 8,00 per share and 500,000 Mondo TV shares at the price of Euro 10 per share, for a total value of Euro 20.25 million.

Management believes that through this agreement, it is possible to anticipate to 2019 the results expected for 2020: in fact, the capital increase, as stated above, is intended to allow an acceleration and extension of the investments underlying the Company's business plan for the period 2016-2020 by strengthening the capital and financial structure.

The possibility to recover more quickly and, if necessary, with higher volume the resources useful for development of the plan, may allow anticipating investments as well as in the core sector of audiovisual production and distribution also in additional sectors such as those of "game on-line" and "toy" and should therefore allow the Company to accelerate the achievement of the objectives referred to in the aforementioned business plan.

On 9 March 2016, the Board of Directors of Mondo TV sent the first subscription request related to the investment agreement with GEM; in particular, the First Request relates to the subscription of 2,642,480 ordinary shares.

Regarding the performance of the main disputes pending, reference is made to as outlined above.

1.9 RELATED PARTY AND INTRAGROUP TRANSACTIONS

1.9.1 RELATED PARTIES OF THE GROUP

The Mondo TV Group engages in significant transactions with related parties, the complete list of which is reported in annex 3.5.
These transactions are at arm's length and substantially have three different origins:

- payment of consideration for service rendered;
- payments for leases and other services;
- sundry transactions with shareholders.

The table below shows the costs and financial payables associated with the above-mentioned transactions.

(Euro thousands)	**Receivables as at 31 Dec. 2015**	**Cost 2015**	**Payables as at 31 Dec. 2015**	**Nature of the transactions**
Remuneration of directors and executives				
Orlando Corradi	-	80	203	Director
Matteo Corradi	15	190	-	Director
Monica Corradi	-	83	-	Director
Francesco Figliuzzi	-	18	-	Independent Director
Marina Martinelli	-	13	13	Independent Director
Carlo Marchetti	-	117	10	Director
Totals	**15**	**501**	**226**	
Real-estate and service companies				
Trilateral Land S.r.l.	156	397	-	Office leasing
Totals	**171**	**898**	**226**	

The information relating to intra-group transactions have been provided in compliance with the provisions of CONSOB Regulation concerning related parties approved with resolution no. 17221 of 12 March 2010, subsequently amended by resolution no. 17389 of 23.06.2010. For further details, reference is made to the Notes.

1.9.2 INTRAGROUP TRANSACTIONS AT GROUP LEVEL

As for the transactions between the Parent and the other companies of the Mondo TV Group, and also those between the latter without the involvement of the Parent, first it should be noted that the various subsidiaries' operations tend to be integrated, as in this industry companies belonging to the same media Group typically pursue common policies in terms of production, acquisition, and exploitation of rights. These groups, indeed, tend to structure themselves into separate entities specialised in the exploitation of different rights, and, at the same time, they attempt to pursue common strategies for the procurement and marketing of rights, in order to exploit the synergies and greater contractual strength deriving from acting in concert.

All the transactions between the various Group companies were at arm's length, and involved Governance procedures specific for the relevant implementing decision.

Based on the provisions of the Consob Regulation of 12 March 2010, no. 17221, the Board of Directors of Mondo TV S.p.A., following the favourable opinion of the Independent Committee, has adopted a regulation on transactions with related parties. It entered into force on 1 December 2010.
The main transactions which became effective during 2015 are described below (eliminated in the consolidated financial statements):

Transactions with Mondo TV France
During the year, the Company bought for Euro 500 thousand distribution rights in certain territories of the animated series Lulù Vroumette third season, co-produced by Mondo TV France. Also from the subsidiary Mondo TV France, it acquired the distribution rights in certain territories of the Marcus Level animated series for an amount of Euro 32.5 thousand. Finally, the subsidiary distributed dividends on the profit for the year 2014 for an amount of competence of Mondo TV S.p.A. of Euro 42 thousand.

Transactions with Mondo Spain
During the year, the Company paid to the subsidiary a compensation of Euro 467 thousand regarding the activity carried out in the acquisition and sale to RAI of the animated series "Grachi".

Transactions with Mondo TV Suisse
Mondo TV S.p.A. realizes the executive productions for contracts acquired by the subsidiary. The relations are governed by a specific framework contract that basically envisages a production cost for Mondo TV Suisse of 85% of the amount paid by the final customer.

Transactions as at 31 December 2015:

Euro/000

Description	Receivables	Payables	Costs	Revenue
Financial statements as at 31 December 2015	3,888	335	306	3,821

1.9.3 RELATED PARTIES OF THE PARENT

The Company engages in significant transactions with related parties, the complete list of which is reported in Annex 3.5. These transactions are at arm's length, are carried out to benefit the Company and substantially have three different origins:

- payment of consideration for service rendered;
- payments for leases and other services;
- sundry transactions with shareholders.

In detail:

- Orlando Corradi, Chairman of the Board of Directors;
- other members of the Corradi family, such as Matteo Corradi, Chief Executive Officer and Investor Relator, Monica Corradi, Member of the Board of Directors;
- Trilateral Land S.r.l., a company directed by Matteo Corradi, the owner of the buildings located in Rome, Milan, and Guidonia used by the Mondo TV Group's companies.

The main transactions with the above related parties are as follows:

- Orlando Corradi, founder of the Company and Chairman of the Board of Directors;
- Matteo Corradi, the son of Orlando, provides managerial services as part of his job with Mondo TV;
- Monica Corradi, the daughter of Orlando, provides managerial services as part of his job with Mondo TV;
- the transactions with Trilateral Land S.r.l. refer to the payments for the lease of the buildings where the Company's operations are based to Trilateral Land S.r.l.

The table below shows the costs and financial payables of Mondo TV S.p.A. associated with the above-mentioned transactions:

Remuneration of directors			
(Euro thousands)	**Receivables**	**Payables**	**Costs**
Orlando Corradi	-	203	80
Monica Corradi	-	-	83
Matteo Corradi	15	-	45
Francesco Figliuzzi	-	-	18
Martinelli	-	14	14
Carlo Marchetti	-	10	107
Total for directors	**15**	**227**	**347**

Other related parties			
(Euro thousands)	**Receivables**	**Payables**	**Costs**
Trilateral Land S.r.l.	156	-	397
TOTAL	**171**	**227**	**744**

1.9.4 INTRAGROUP TRANSACTIONS AT PARENT LEVEL

As for the transactions between the Parent and the other companies of the Mondo TV Group, and also those between the latter without the involvement of the Parent, first it should be noted that the various subsidiaries' operations tend to be integrated, as in this industry companies belonging to the same media Group typically pursue common policies in terms of production, acquisition, and exploitation of rights. These groups, indeed, tend to structure themselves into separate entities specialised in the exploitation of different rights, and, at the same time, they attempt to pursue common strategies for the procurement and marketing of rights, in order to exploit the synergies and greater contractual strength deriving from acting in concert.

All transactions between the various Mondo TV Group companies were at arm's length, and involved Governance procedures specific for the relevant implementing decision. The main transactions which became effective during 2015 are described below:

Transactions with Mondo TV France
During the year, the Company bought for Euro 500 thousand distribution rights in certain territories of the animated series Lulù Vroumette third season, co-produced by Mondo TV France. Also from the subsidiary Mondo TV France, it acquired the distribution rights in certain territories of the Marcus Level animated series for an amount of Euro 32.5 thousand. Finally, the subsidiary distributed dividends on the profit for the year 2014 for an amount of competence of Mondo TV S.p.A. of Euro 42 thousand.

Transactions with Mondo Spain
During the year, the Company paid to the subsidiary a compensation of Euro 467 thousand regarding the activity carried out in the acquisition and sale to RAI of the animated series "Grachi".

Transactions with Mondo TV Suisse
Mondo TV S.p.A. realizes the executive productions for contracts acquired by the subsidiary. The relations are governed by a specific framework contract that basically envisages a production cost for Mondo TV Suisse of 85% of the amount paid by the final customer.

Transactions with subsidiaries

(Euro thousands)	**Loans**	**Trade Receivables**	**Payables**	**Costs**	**Revenue**
Mondo TV France	-	-	483	95	-
Mondo TV Suisse	-	3,887	335	306	3,821
Mondo TV Spain	-	919	-	-	-
TOTAL	**-**	**4,806**	**818**	**401**	**3,821**

The table below shows total transactions with directors, related parties and subsidiaries in 2015.

Transactions with subsidiaries and related parties

(Euro thousands)	**Trade Receivables**	**Payables**	**Costs**	**Revenue**
Transactions with directors	15	227	347	-
Transactions with other related parties	156	-	397	-
Transactions with subsidiaries	4,806	818	401	3,821
Total	**4,977**	**1,045**	**1,145**	**3,821**

1.10 STATEMENT OF RECONCILIATION OF CONSOLIDATED EQUITY AND ECONOMIC RESULT WITH THE PARENT

The reconciliation of the Parent's equity as at 31 December 2015 to the Group's equity as at the same date is summarised in the table below:

(Euro thousands)	**Income statement**	**Shareholders' equity**
Mondo TV S.p.A. Separate financial statements	**3,005**	**38,870**
Individual data of the subsidiaries	602	2,739
Eliminations of the carrying amount of net equity investments	-	(500)
Elimination of capitalized intra-group revenues and deferrals	(286)	(629)
Elimination dividends Mondo TV France	(42)	-
Attribution of subsidiaries' equity to non-controlling interests	(189)	(1,387)
Consolidated financial statements	**3,090**	**39,093**

1.11 PROPOSAL FOR THE ALLOCATION OF PROFIT (LOSS) FOR THE YEAR

With reference to the profit for the year of Euro 3,005,072, we propose the distribution to shareholders of a dividend of 4 cents per share, thus equivalent to a total value of Euro 1,056,993, and to carry forward the remaining amount of Euro 1,948,079.

Rome, 29 March 2016

On behalf of the Board of Directors

Chief Executive Officer
Matteo Corradi

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AS AT 31 DECEMBER 2015

2. FINANCIAL STATEMENTS AND NOTES

2.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Statement of financial position

(Euro thousands)	**Notes**	**31.12.15**	**31.12.14**
Non-current assets			
- Intangible rights	2.8.4	*16,116*	*9,635*
- Other intangible assets	2.8.4	*33*	*35*
Intangible assets	2.8.4	16,149	9,670
Property, plant and equipment	2.8.4	336	283
Equity investments		20	54
Deferred tax assets	2.8.5	8,054	9,446
Receivables	2.8.6	461	176
		25,020	**19,629**
Current assets			
Trade receivables	2.8.6	22,292	18,392
Tax assets	2.8.5	6,694	8,439
Other assets	2.8.7	353	215
Cash and cash equivalents	2.8.8	2,869	423
		32,208	**27,469**
Total assets		**57,228**	**47,098**
Non-current liabilities			
Provision for post-employment benefits	2.8.9	346	329
Provisions for risks and charges	2.8.9	23	23
Deferred tax liabilities	2.8.5	141	42
Financial payables	2.8.10	217	169
		727	**563**
Current liabilities			
Provisions for risks and charges	2.8.9	717	32
Trade payables	2.8.10	10,881	10,192
Financial payables	2.8.10	2,853	3,852
Tax liabilities	2.8.5	73	72
Other liabilities	2.8.11	1,496	1,248
		16,020	**15,396**
Total liabilities		**16,747**	**15,959**
- Share capital		*13,212*	*13,212*
- Share premium		*12,563*	*13,599*
- Legal reserve		*2,642*	*2,642*
- Other reserves		*8,593*	*1,709*
- Retained earnings (accumulated losses)		*(1,007)*	*(2,725)*
- Profit (loss) for the year		*3,090*	*1,718*
Group Shareholders' Equity		39,093	30,155
Non-controlling interests		1,388	984
Total equity	2.8.12	**40,481**	**31,139**

Total liabilities + equity	**57,228**	**47,098**

2.2 SEPARATE AND CONSOLIDATED INCOME STATEMENT 2015

Separate income statement			
(Euro thousands)	**Notes**	**2015**	**2014**
Revenue from sales and services	2.8.16	16,802	11,316
Other income	2.8.16	543	2,319
Capitalisation of internally produced animated series	2.8.17	1,574	4,626
Raw materials, consumables and goods	2.8.18	(96)	(108)
Personnel costs	2.8.19	(2,102)	(3,013)
Amortisation and impairment of intangible assets	2.8.20	(3,137)	(4,619)
Depreciation and impairment of tangible assets	2.8.20	(133)	(148)
Allowance for doubtful debts	2.8.6	(442)	(535)
Other operating costs	2.8.21	(7,426)	(7,622)
EBIT		**5,583**	**2,216**
Finance income	2.8.22	457	154
Finance costs	2.8.22	(591)	(536)
Profit (loss) of the period before tax		**5,449**	**1,834**
Income tax expense	2.8.23	(2,170)	(48)
Net profit for the period		**3,279**	**1,786**
Profit (loss) for the year attributable to non-controlling interests		189	68
Profit (loss) attributable to owners of the Parent		**3,090**	**1,718**
Earnings per share (basic and diluted)		**0.12**	**0.07**

2.3 CONSOLIDATED COMPREHENSIVE INCOME STATEMENT 2015

(Euro thousands)	**2015**	**2014**
Profit (loss) for the year	**3,090**	**1,786**
Other items of comprehensive income:		
Components that will not be subsequently reclassified in profit (loss) for the year:		
- Evaluation of defined-benefit plans - revaluation	5	(35)
Components that will or may be subsequently reclassified in profit (loss) for the year:	-	-
Total other components of the comprehensive income statement, net of tax effects:	5	(35)
Total profits (losses)	**3,095**	**1,751**

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Changes in Equity

(Euro thousands)	**Share capital**	**Legal reserve**	**Retained earnings (accumulated losses)**	**Share premium**	**Other reserves**	**Profit (loss) for the year**	**Attributable to owners of the Parent**	**Non-controlling interests**	**Total equity**
Balance as at 31 Dec. 2013	**13,212**	**2,642**	**(1,276)**	**19,232**	**44**	**(7,082)**	**26,772**	**(784)**	**25,988**
Transactions with shareholders recognised in Equity:									
TFR actuarial adjustment	-	-	-	-	(48)	-	(48)	-	(48)
Items of comprehensive income for the year:									
Allocation of loss for the year 2013	-	-	(1,449)	(5,633)	-	7,082	-	-	**-**
Sale of Mondo France					1,712		1,712	301	2,013
MIM deconsolidation								1,396	1,396
Other changes					1		1	3	4
Result for the period	-	-	-	-	-	1,718	1,718	68	1,786
Balance as at 31 Dec. 2014	**13,212**	**2,642**	**(2,725)**	**13,599**	**1,709**	**1,718**	**30,155**	**984**	**31,139**
Transactions with shareholders recognised in Equity:									
Distribution in kind Mondo TV Suisse shares	-	-	-	(15)	-	-	(15)	-	(15)
Dividends to third parties Mondo TV France								(61)	(61)
Items of comprehensive income for the year:									
Shareholders' Meeting of 17 March 2015				(1,021)	**1,021**				
Allocation of profit (loss) for the year 2014	-	-	1,718		-	(1,718)	-	-	**-**
Disposal of shares of subsidiaries					5,853		5,853	278	6,131
Translation reserve Mondo TV Suisse					31		31		31
Other changes					(21)		(21)	(2)	(23)

Result for the period	-	-	-	-	-	3,090	3,090	189	3,279
Balance as at 31 Dec. 2015	**13,212**	**2,642**	**(1,007)**	**12,563**	**8,593**	**3,090**	**39,093**	**1,388**	**40,481**

For further information on equity, reference should be made to note no. 12.

2.5 CONSOLIDATED STATEMENT OF CASH FLOWS 2015

Consolidated statement of cash flows		
(Euro thousands)	**2015**	**2014**
A. CASH AND CASH EQUIVALENTS AT 1 JANUARY	**423**	**1,017**
Group profit (loss) of the period	3,090	1,718
Profit (loss) for the year attributable to non-controlling interests	189	68
Total profit (loss) of the period	3,279	1,786
Depreciation, amortisation and impairment	3,712	5,302
Net change in provisions	702	(214)
Cash flow from (used in) operating activities before changes in working capital	**7,693**	**6,874**
(Increase) / decrease in trade receivables	(4,465)	(5,710)
(Increase) / decrease in tax assets	3,137	1,278
(Increase) decrease in other assets	(138)	(8)
Increase (decrease) in trade payables	689	1,586
Increase (decrease) in tax liabilities	100	(136)
Increase (decrease) in other liabilities	248	212
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	**7,264**	**4,096**
(Acquisition) / Disposal of		
- Intangible assets	(9,616)	(7,253)
- Property, plant and equipment	(186)	(27)
- Financial assets	34	-
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	**(9,768)**	**(7,280)**
Changes in capital	6,063	3,365
(Increase) decrease in financial receivables and securities	(162)	(70)
Increase (decrease) in financial payables	(727)	(417)
Interest paid	(224)	(288)
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**4,950**	**2,590**
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	**2,446**	**(594)**
F. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**2,869**	**423**

2.6 CONSOLIDATED FINANCIAL STATEMENTS PROVIDING RELATED PARTY DISCLOSURES

In compliance with Consob Resolution 15519 of 28 July 2006 “Provisions on financial statements”, in addition to mandatory disclosure, separate income statement and statement of financial position have been provided with the significant transactions with related parties shown separately from the relevant item.

Consolidated statement of financial position				
(Euro thousands)	**31.12.2015**	**related parties**	**31.12.14**	**related parties**
Non-current assets				
- Intangible rights	*16,116*		*9,635*	
- Other intangible assets	*33*		*35*	
Intangible assets	16,149		9,670	
Property, plant and equipment	336		283	
Equity investments	20		54	
Deferred tax assets	8,054		9,446	
Receivables	461		176	
	25,020		**19,629**	
Current assets				
Trade receivables	22,292	171	18,392	147
Tax assets	6,694		8,439	
Other assets	353		215	
Cash and cash equivalents	2,869		423	
	32,208		**27,469**	
Total assets	**57,228**		**47,098**	
Non-current liabilities				
Provision for post-employment benefits	346		329	
Provisions for risks and charges	23		23	
Deferred tax liabilities	141		42	
Financial payables	217		169	
	727		**563**	
Current liabilities				
Provisions for risks and charges	717		32	
Trade payables	10,881	226	10,192	267
Financial payables	2,853		3,852	
Tax liabilities	73		72	
Other liabilities	1,496		1,248	
	16,020		**15,396**	
Total liabilities	**16,747**		**15,959**	
- Share capital	*13,212*		*13,212*	
- Share premium	*12,563*		*13,599*	
- Legal reserve	*2,642*		*2,642*	
- Other reserves	*8,593*		*1,709*	
- Retained earnings (accumulated losses)	*(1,007)*		*(2,725)*	
- Profit (loss) for the year	*3,090*		*1,718*	
Group Shareholders’ Equity	39,093		30,155	

Non-controlling interests	1,388	984
Total equity	**40,481**	**31,139**
Total liabilities + equity	**57,228**	**47,098**

Consolidated income statement

(Euro thousands)	2015	of which with related parties	2014	of which with related parties
Revenue from sales and services	16,802		11,316	30
Other income	543		2,319	
Capitalisation of internally produced animated series	1,574		4,626	
Raw materials, consumables and goods	(96)		(108)	
Personnel costs	(2,102)	(96)	(3,013)	(92)
Amortisation and impairment of intangible assets	(3,137)		(4,619)	
Depreciation and impairment of tangible assets	(133)		(148)	
Allowance for doubtful debts	(442)		(535)	
Other operating costs	(7,426)	(802)	(7,622)	(764)
EBIT	**5,583**		**2,216**	
Finance income	457		154	
Finance costs	(591)		(536)	
Profit (loss) of the period before tax	**5,449**		**1,834**	
Income tax expense	(2,170)		(48)	
Net profit for the period	**3,279**		**1,786**	
Profit (loss) for the year attributable to non-controlling interests	189		68	
Profit (loss) attributable to owners of the Parent	**3,090**		**1,718**	

Consolidated statement of cash flows with related parties

(in thousands of Euro)	2015	related parties	2014	related parties
A. CASH AND CASH EQUIVALENTS AT 1 JANUARY	423		1,017	
Group profit (loss) of the period	3,090	-	1,718	-
Profit (loss) for the year attributable to non-controlling interests	189	-	68	-
Total profit (loss) of the period	3,279	-	1,786	-
Depreciation, amortisation and impairment	3,712	-	5,302	-
Net change in provisions	702	-	(214)	-
Cash flow from (used in) operating activities before	7,693		6,874	

changes in working capital				
(Increase) / decrease in trade receivables	(4,465)	(24)	(5,710)	26
(Increase) / decrease in tax assets	3,137	-	1,278	-
(Increase) decrease in other assets	(138)	-	(8)	-
Increase (decrease) in trade payables	689	(41)	1,586	27
Increase (decrease) in tax liabilities	100	-	(136)	-
Increase (decrease) in other liabilities	248	-	212	-
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	7,264		4,096	
(Acquisition) / Disposal of				
- Intangible assets	(9,616)	-	(7,253)	-
- Property, plant and equipment	(186)	-	(27)	-
- Financial assets	34	-	-	-
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(9,768)		(7,280)	
Changes in capital	6,063	-	3,365	-
(Increase) decrease in financial receivables and securities	(162)	-	(70)	-
Increase (decrease) in financial payables	(727)	-	(417)	-
Interest paid	(224)	-	(288)	-
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,950		2,590	
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	2,446		(594)	
F. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	2,869		423	

2.7 OPERATING SEGMENTS

No segment other than the animation segment can be considered as a reportable segment at this time, nor does management use additional reporting with the characteristics applied to "segments" as provided for by IFRS 8.
The table below provides, comparative for 2015 and for 2014, the breakdown of Group revenues by geographical area. The allocation of revenue to a specific geographical area solely on the basis of the purchaser's nationality. Thus, the geographical distribution of rights sold was not taken into account.

Distribution/ allocation of revenue by geographical area						
(Euro thousands)	2015		2014		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	2,538	15%	4,384	32%	(1,846)	(42%)
Europe	4,185	24%	6,228	46%	(2,043)	(33%)
Asia	9,564	55%	2,380	17%	7,184	302%
Americas	942	5%	580	4%	362	62%
Africa	116	1%	63	0%	53	84%
Total revenue	**17,345**	**100%**	**13,635**	**100%**	**3,710**	**27%**

The table below shows the breakdown of the Group's Library by geographical area:

Breakdown of the Library by geographical area						
(Euro thousands)	2015		2014		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	14,617	91%	6,341	66%	8,276	131%
France	778	5%	2,680	28%	(1,902)	(71%)
Spain	606	4%	614	6%	(8)	(1%)
Switzerland	115	1%	0	0%	115	0%
Total Library	**16,116**	**100%**	**9,635**	**100%**	**6,481**	**67%**

2.8 NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

2.8.1 INTRODUCTION

The Group's Companies are Mondo TV S.p.A., the Parent, which is a joint-stock company registered with the Companies Register of Rome, listed on the Italian Stock Exchange (STAR segment), Mondo TV France S.A., listed on the AIM Italy/Alternative Capital Market (hereinafter, "AIM Italy") organized and managed by Borsa Italiana S.p.A., Mondo TV Suisse S.A., also listed on the AIM Italy/Alternative Capital Market and Mondo TV S.p.A. S.L.

At the close of the stock market of 29 March 2016, the price of the Parent Company's shares stood at Euro 4.41, equivalent to a capitalization of Euro 116.5 million. In the last 12 months, the value of the stock increased by about 40%.

These financial statements are subject to audit by BDO Italia S.p.A. pursuant to Italian Legislative Decree 39/2010 and were approved by the Board of Directors' meeting of 29 March 2016, which authorised their publication on that same date and convened the General Meeting for relevant approval on 29 April 2016 (single call).

The consolidated financial statements (the "financial statements") of the Mondo TV Group (hereafter also the "Group") have been prepared on a going concern basis, as the Directors of the Parent have verified that no significant financial, operating or other indicators of issues concerning the Group's ability to meet its obligations in the foreseeable future, and in particular within the 12 months from the end of the reporting period, exist. How the Company manages financial risks, including liquidity risk and capital risk, is described in the paragraph 2.7.26 "Financial Risk Management".

The main activities of the Group's companies and subsidiaries are described in the Report on operations. Amounts included in these financial statements are denominated in Euro being the currency in which most of the Mondo TV Group's transactions are made. Operations abroad are included in these financial statements in compliance with the standards indicated in the following notes. All the amounts included in these financial statements are expressed in thousands of Euro, unless otherwise indicated.

In compliance with Regulation (EC) no. 1606/2002 of 19 July 2002 and Legislative Decree no. 38 of 28 February 2005, the consolidated financial statements of the Mondo TV Group as at 31 December 2015 have been prepared in accordance with International Accounting Standards IAS/IFRS (hereinafter IFRS) approved by the European Commission pursuant to Regulation (EC) no. 1606/2002, integrated by the relative interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) issued by the International Accounting Standards Board (IASB) and in force at year-end.

The consolidated financial statements consist of the consolidated separate income statement, the consolidated comprehensive income statement, the consolidated statement of financial position, the consolidated cash flow statement, statement of changes in consolidated shareholders' equity and the related notes.

They are consistent with the Company accounts, which fully reflect the transactions carried out in the year, and comply with the applicable accounting standards. Specifically, they are prepared:

- on an accrual basis: events and transactions are recognised when they occur regardless of when the related receipts and payments take place;
- on a going concern basis: the continuity of operations is assumed to be maintained in the next twelve months;
- based on the substance over form principle: when operating events are recognised in the statements, priority is given to the principle of substance over form.

The asset and liability items were measured by applying, wherever necessary, assumptions based on reliable items, past experience, and information available at the date of preparation of these financial statements.

The accounting standards and policies applied to these financial statements are consistent with those used in preparing the financial statements as at 31 December 2014. As from 1 January 2015, certain amendments were applied to international accounting standards. The main amendments are shown in the next paragraph "Recently issued accounting standards".

In preparing these financial statements the cost method was applied, except for the derivative instruments and some financial assets for which IAS 39 requires or, limited to financial assets, allows measurement at fair value.

The consolidated statement of financial position, separate income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity show the Group's results compared to those belonging to the year ended 31 December 2014.

FORMAT OF FINANCIAL STATEMENTS

As regards the format adopted for these financial statements, the Company has resolved to present the following types of financial statements.

Consolidated Statement of Financial Position
The statement of financial position as at 31 December 2015 is presented in opposite sections, keeping separate Assets, Liabilities and Equity. In addition, the asset and liability items are classified as current and non-current.

Consolidated Separate Income Statement
Items in the income statement for the year 2015 are classified by nature.

Consolidated Comprehensive Income Statement
The comprehensive income statement is presented as a separate statement with respect to the consolidated separate income statement as allowed by IAS 1 Revised.

Consolidated Cash Flow Statement
The statement of cash flows was prepared using the indirect method.

Consolidated Statement of Changes in Shareholders' Equity
The statement of changes in equity was prepared in compliance with IAS 1 Revised.

2.8.2 CONSOLIDATION

(a) Scope of consolidation

The Mondo TV Group's consolidated financial statements as at 31 December 2015 include the financial statements of the Parent Mondo TV S.p.A. and the financial statements of all its subsidiaries.

For the preparation of the consolidated financial statements as at 31 December 2015, use has been made of the financial statements as at 31 December 2015 of the consolidated companies approved by the respective Boards of Directors. The consolidated income statements, balance sheet and financial reports prepared by the subsidiaries were adjusted, where necessary, by the Directors of the Parent to make them adherent to IFRS.

Annex no. 3.4 of this Report lists the companies included in the scope of consolidation; all companies are consolidated on a line-by-line basis.

(b) Subsidiaries

Subsidiaries are all the companies (including "special purpose entities") in relation to which the Group has the power to govern the financial and operating policies so as to obtain benefits.
Generally, control exists when the Group, directly or indirectly, holds more than half of the voting rights, also taking into account the potential voting rights that are currently exercisable or convertible, or when there is *de facto* control over the Shareholders' Meeting.
The subsidiaries are consolidated starting from the date when the Group acquires control. They will be deconsolidated on the date when such control is lost.

Business combinations are accounted for by applying the acquisition method in which the buyer records the assets and liabilities of the acquired entity at their fair value at the acquisition date.

The cost is based on the fair value at the acquisition date, of the assets acquired, the liabilities assumed and any equity instruments issued by the subsidiary and on all other ancillary expenses. The fair value is also applied in the valuation of assets/liabilities purchased pertaining to third parties.
Any difference between the cost and fair value of the operation at the acquisition date of the net assets and liabilities acquired is allocated to goodwill on a residual basis and is subject to impairment tests as follows. If the acquisition price allocation process results in a negative differential, it is recognized immediately in the income statement at the acquisition date. In the case of the purchase of non-totalitarian controlling interests, goodwill is recognized only for the portion attributable to the Parent. The values resulting from transactions between consolidated companies have been eliminated, in particular related to receivables and payables at the end of the period, the costs and revenues as well as other expenses and income recorded in the income statements of the same. The gains and losses realized between consolidated companies have also been eliminated, with the related tax adjustments. Gains and losses from transactions with minority third parties are recognized, when significant, in the income statement according to the approach envisaged by the parent theory for such operations. Mergers between Group companies are recognized in continuity of values with the consolidated figures of the previous year.

(c) Equity investments in other companies
Investments in other companies are equity investments where the amount of the shares or units held do not allow exercising either dominant or significant influence over the management of the Company, but which however represent a lasting investment by choice of the economic entity. This type of investment is not included in the consolidation and is included among the financial assets available for sale.

(d) Change in the scope of consolidation

Compared to 31 December 2014, there were no changes in the scope of consolidation in 2015; the only changes are those relating to the shareholding percentage in Mondo TV France and Mondo TV Suisse, both already controlled and consolidated using the line-by-line method.

(e) Translation of accounting data of the companies denominated in currencies other than the functional currency

The balance sheet as at 31 December 2015 of the foreign subsidiary Mondo TV Suisse S.A. has been converted at the Euro/Swiss Franc exchange rate at year-end; the income statement, instead, was converted at the annual average exchange rate. The exchange difference emerging from the conversion was recognized in “Other reserves” for the portion attributable to the Group and in “Non-controlling interests” for the portion attributable to third parties.

2.8.3 ACCOUNTING POLICIES AND MEASUREMENT BASES

The most significant measurement bases adopted for drafting the consolidated financial statements are detailed below.

Intangible rights and other intangible assets
Intangible assets are identifiable non-monetary items without physical substance, and a resource that is controlled by the entity and from which future economic benefits are expected. These items are recognised at the acquisition and/or production cost, including all directly attributable costs of preparing the asset for its intended use, net of cumulative amortisation and any impairment losses. Any interest payable accrued during and for the development of intangible assets is considered part of the acquisition cost.

If availability of and payment for an intangible asset acquired are deferred beyond normal terms, the purchase price and the corresponding payable are discounted by recognising the finance costs implicit in the original price.
Rights on films and animated series, that make up the Companies’ “Library”, are amortised under the individual-film-forecast-computation method, based on the percentage ratio, determined on the date of preparation of the financial statements for each title in the “Library”, between revenue earned on the

reference date, and the total expected revenue based on the sales plan drafted by the Directors over 10 years from the title's release date. Amortisation starts as soon as the title is completed and feasible for commercial use.
This measurement method is deemed to be more suitable to amortise film rights.
The costs incurred for the production of intangible assets in currencies other than the Euro are translated based on the exchange rate applicable on the date of the transaction.
In compliance with IAS 36, considering their significant amount and intangible nature, these costs are tested for impairment annually or more frequently if there is an indication of impairment, in order to assess if the recoverable value is at least equal to the carrying amount.
Other intangible assets have an estimated 5-year useful life.

Property, plant and equipment

Property, plant and equipment are accounted for at the acquisition or production cost, net of accumulated depreciation and any impairment losses. The cost of tangible assets also includes any directly attributable costs of preparing the asset for its intended use, as well as any cost for destruction and removal incurred in compliance with contractual obligations of restoring the asset to its original conditions.
The finance costs directly attributable to the acquisition, creation, or production of an asset are capitalised on the asset as part of its cost. The costs incurred for repair and maintenance are recognised in profit or loss as incurred. The capitalisation of costs relating to the expansion, modernisation, or improvement of facilities, whether owned or used by third parties, is possible if they satisfy the requirements for separate classification as an asset or part of an asset.
They are depreciated on a straight-line basis each year at specific depreciation rates based on the future economic benefits expected by the Company.
The rates adopted for the industrial equipment cover a period of 5 years.
Other assets include furniture, fittings and electronic equipment with a 5-to-7-year useful life.

Impairment of intangible and tangible assets

Intangible and tangible assets that are not fully amortised/depreciated are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. Any impairment loss with respect to the carrying amount is recognised in profit or loss. The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use (i.e. the present value of future cash flows expected to be derived from the asset). If an asset that does not generate largely independent cash flows, the realisable value is determined based on the cash generating unit to which the asset belongs. In order to determine the value in use, the expected future cash flows are discounted based on a discount rate that reflects the current market value of the cost of money, in relation to the investment period and asset's specific risks. An impairment loss is recognised in profit or loss when the carrying amount of the asset is greater than the recoverable amount. If the reasons for the previously recognised impairment no longer exist, the impairment is reversed and the carrying amount that the asset would have had if the impairment had not been made and if depreciation and amortisation had been performed is recognised in profit or loss.

Trade and other receivables

The fair value of trade receivables does not diverge from the carrying amounts as at 31 December 2014 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.

The trade and other receivables are included among current assets, except for receivables due after 12 months from the reporting date, which are classified under non-current assets.
Impairment losses on receivables are recorded when there is objective evidence that the companies will not be able to recover the receivable due from the counterparty based on the contract obligations. The objective evidence includes events such as:

a) significant financial difficulty of the obligor;
b) litigation against the obligor in relation to receivables;
c) likelihood that the borrower will declare bankruptcy or other financial reorganisation.

The impairment is measured as the difference between the asset's carrying amount and the present value of the future cash flows and is recorded in the separate income statement under the item "Other operating costs". If the reasons for the previously recognised impairment no longer exist in subsequent periods, the impairment loss is reversed to the extent of the amount measured at amortised cost.
Impairments, which are based on the most recent information available and on the directors' best estimates, are performed in such a way that assets subject to impairment are reduced as to be equal to the discounted value of cash flows expected in the future. The allowance for doubtful debts is classified as a deduction from "Trade receivables".
Allocations to the allowance for doubtful debts are classified in the income statement under the item "Allowance for doubtful debts". The same classification applies to any use thereof and to impairment of trade receivables.

Financial assets

Investments in other companies are measured at fair value or, if the development plans of their assets are not available, at cost adjusted for impairment, if any.
During the year, no impairment indicators were identified and for this reason, no impairment test was carried out.
Therefore, based on the information held by the Group, in this case there are no indications that the cost deviates significantly from their fair value.

Cash and cash equivalents

They include cash, bank and postal deposits, which have the requirements of availability on demand, successful outcome and the absence of expenses for collection. "Cash and cash equivalents" are recorded at fair value.

Trade payables

The fair value of trade payables, recorded under the "current" items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts as at 31 December 2014 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.

Payables to banks and other lenders

Payables to banks and other lenders are initially recognised at fair value, net of direct ancillary costs. Payables to banks and other lenders are classified under current liabilities, except for those amounts falling due after twelve months from the reporting date and those for which the Companies have an unconditional right to defer their payment for at least twelve months from the reporting date.

Tax assets and liabilities

"Tax assets" and "Tax liabilities" include all those assets and liabilities due from/to Tax Authorities, associated with direct taxes only, that can be collected or offset in the short-term. Tax liabilities arising from indirect taxes are classified under the item "Other liabilities".

Provisions for risks and charges

Allocations to the provisions are recognised when: (i) a present, legal or implicit, obligation deriving from a past event exists; (ii) it is probable that the fulfilment of the obligation will result in a future cash disbursement; (iii) the amount of obligation can be reliably estimated. Allocations are recorded at the value representing the best estimate of the amount the Company would pay to fulfil the obligation or transfer it to third parties. The provisions are periodically updated to reflect the changes of the cost estimates, time, and discount rate; adjustments to provision estimates are classified under the same income-statement item under which the previous allocation was classified or, when the liability relates to assets, they are recognised as an increase or decrease in the carrying amount of the related asset.
The notes to these financial statements provide information on contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events that are not fully under the Company's control; (ii) present obligations deriving from past events, the amount of which may not be reliably estimated or the fulfilment of which most likely does not involve any consideration.

Post-employment benefits

The liabilities related to defined benefit plans (such as post-employment benefits) are calculated net of any assets servicing the plan on the basis of actuarial assumptions and on an accruals basis in line with the work service necessary to obtain the benefits; the liability valuation is verified by independent actuaries. The methodology applied for the determination of these benefits is defined as "credit unit projection method" with recognition of the present value of obligations to employees arising from actuarial calculations. The value of the liability recognized in the financial statements is, therefore, aligned with that resulting from the actuarial valuation of the same with full and prompt recognition of the actuarial gains and losses in the period in which they occur in the overall income statement through a specific equity reserve. In the calculation of liabilities, account is taken of regulatory amendments in accordance with Law 27 December 2006 no. 296 (2007 Finance Act) and subsequent Decrees and Regulations issued in 2007, which introduced, as part of the social security system reform, significant changes to the allocation of accruing portions of the severance pay provision (TFR).

Recognition of revenue and income

Revenue from sales and services is recognised when the actual transfer of the relevant risks and benefits of ownership or arising from the rendering of services take place. In the case of rights, the risks and benefits are understood to be transferred upon delivery of media, in light of the contractual provisions.
Revenues related to production are recorded upon achievement of certain contractual phases and are generally dependent on the delivery of materials or the recognition of the state of progress on the part of the client.
Revenue is recorded net of returns, discounts, rebates, and premiums, as well of any directly related taxes.
Revenue is also recorded including royalties or other types of costs for the use of the rights in the cases in which the risks underlying the transfer (in particular counterparty risk, price risk, and credit risk) remain essentially incumbent upon the Company. For these reasons, recognised revenue from sales and services represents the gross amount invoiced to the end customers, and costs incurred to compensate the various principals are classified under the cost of production.
The interest income is recognised on an accrual basis, based on the loan amount and on the applicable effective interest rate, representing the rate that discounts the future cash collection estimated over the expected life of the financial asset to make it equal to the carrying amount of the asset.
Dividends are recognised when the shareholders are entitled to receive payment.

Lease transactions
Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.
Leased assets are recorded as Companies' assets at their fair value on the date of execution of the agreement, or, if lower, at present value of the minimum payments due for leases.

The corresponding liability due to the lessor is recognised as a liability due to finance leases in the statement of financial position. Lease payments consist of principal and interest in order to achieve a constant interest rate on the residual liability. The finance costs are directly recognised in profit or loss, unless they are not attributable to specific assets. For operating leases, lease payments are recorded on a straight-line basis over the lease term. Benefits received or to be received as incentive to enter into operating lease agreements are also recorded on a straight-line basis over the lease term.

Foreign exchange transactions

In preparing the financial statements of the individual entities, the transactions in currencies other than Euro are initially recognised at the exchange rates applicable on the dates they occurred. On the reporting date, the monetary assets and liabilities denominated in the above-mentioned currencies are expressed at the exchange rates applicable on that date. The exchange differences arising from the adjustment of the monetary items to the exchange rates applicable at the end of the year are recognised in profit or loss.

Taxes

The tax expense of the Group is given by current and deferred taxes. If referring to items recognized in the income and expenses recognized in equity in the comprehensive income statement, said taxes are recognized with a balancing under the same item.

Current taxes are calculated based on the tax regulations applicable in the countries in which the Group operates and in force at the reporting date; possible risks related to different interpretations of positive or negative income components, as well as disputes with the tax authorities, are valued at least quarterly in order to adjust the allocations recognized in the financial statements.

Deferred taxes are calculated based on temporary differences arising between the carrying amount of assets and liabilities and their value for tax purposes as well as on tax losses. The valuation of deferred tax assets and liabilities are calculated by applying the tax rate expected in force at the time when the temporary differences reverse; said forecast is made on the basis of current tax law or substantially in force at the reference date of the period. Deferred tax assets, including those arising from tax losses, are recognized to the extent in which, based on the business plans approved by the directors, the existence is probable of a future taxable income against which said assets can be used.

Main assumptions used in relation to accounting standards

The preparation of the financial statements also requires the use of estimates and assumptions that may have a significant impact on the items recognised in the statement of financial position and income statement, as well as on disclosure relating to contingent assets and liabilities recognised in the financial statements. The formulation of these estimates involves using available information and subjective assessments also based on historical data, in order to make reasonable assumptions for the recognition of operating events. By their nature, the estimates and assumptions that are used may vary from one period to the next and therefore it is not to be excluded that in subsequent periods, the current figures of the financial statements may be significantly different, following changes in the subjective assessments applied thereto.
The estimates and assumptions are periodically reviewed and the effects of each change are immediately recognised in profit or loss.
The main assumptions used in relation to the accounting standards are as follows:

- estimate of the future sales plan of the Library for the purpose of defining the amortisation plan in accordance with the "individual-film-forecast-computation method" considering the absence of past data for the Company;
- estimate of the recoverability of the receivables;
- the evaluation of pending litigation and the possible quantification of provisions for risks and charges;
- estimates and assumptions regarding recoverability of deferred tax assets.

Earnings (loss) per share

The basic earnings per share are calculated by dividing the share of profit (loss) attributable to the Company by the weighted average of the shares outstanding during the year.

The diluted earnings per share are calculated taking into account, both for the share of profit (loss) attributable to the Company and for above-mentioned weighted average, the effects associated with the total conversion/subscription of all the potential shares that could be issued by exercising any outstanding options and are determined as a ratio between the profit (loss) for the year and the average number of shares outstanding during the period.

RECENTLY ISSUED ACCOUNTING STANDARDS

In preparing these financial statements, the same accounting standards and preparation criteria adopted in preparing the financial statements as at 31 December 2014 have been applied, except as outlined below.

New standards and interpretations endorsed by the EU and in force from 1 January 2015

For completeness of disclosure, we note the amendments, interpretations and modifications listed below, applicable from 1 January 2015, however which have not yet had a significant impact on the financial statements of Mondo TV:

- Annual Cycle of Improvements to IFRS 2010-2012 adopted with Regulation (EU) no. 28/2015 as part of the annual improvement and general revision of the international accounting standards. In particular, the following are noted:
  - IFRS 2 - “Share-based payments” (Definition of vesting condition): the amendment clarifies the definition of “vesting condition” by separately defining “performance conditions” and “service conditions”;
  - IFRS 3 - “Business Combinations” (Accounting of the “potential amount” in a business combination): the amendment clarifies the method for classification and valuation of a possible “potential amount” stipulated in a business combination;
  - IFRS 8 - “Operating sectors” (Aggregation of operating sectors and reconciliation of the total assets of the sectors subject to reporting with the entity’s assets): the amendment introduces additional disclosure to be presented in the financial statements. In particular, a brief description must be provided of the way in which the sectors were aggregated and what economic indicators were considered in determining whether the operating sectors have similar economic characteristics;
- Annual Cycle of Improvements to IFRS 2011-2013 adopted with Regulation (EU) no. 1361/2014 as part of the annual improvement and general revision of the international accounting standards. In particular, the following are noted:
  - “Amendment to IFRS 3 - Business Combinations”: the amendment clarifies that IFRS 3 does not apply in accounting the establishment of an agreement for joint control (IFRS 11) in the financial statements of the same;
  - “Amendment to IFRS 13 - Fair value valuation”: the amendment clarifies that the exception envisaged by the principle to value financial assets and liabilities based on the net exposure of the portfolio also applies to all contracts that fall within the scope of application of IAS 39 even if they do not meet the requirements of IAS 32 to be classified as financial assets/liabilities;
  - “Amendment to IAS 40 - Property Investments”;
- IAS 19 - “Employee benefits - Defined benefit plans”: employee contributions adopted by Regulation (EU) no. 29/2015. The amendment clarifies the application of IAS 19 to defined benefit plans that require contributions by employees or third parties other than voluntary contributions. These contributions reduce the entity’s cost of providing benefits. The amendment allows contributions related to the service, but not related to years of service, to be deducted from the cost of the benefits obtained in the period in which the service is provided, rather than spreading them over the employee’s working life;
- IFRIC 21 - Levies, adopted by Regulation (EU) no. 634/2014. The interpretation covers the recognition of a liability for the payment of a levy if said liability falls within the application of IAS 37.

New standards and interpretations endorsed by the EU, but not yet in force

The following accounting standards, interpretations and amendments endorsed by the EU will instead be applicable from 1 January 2016.

- Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets). On 2 December 2015, EU Regulation no. 2015/2231 was issued, which endorsed some amendments, limited in scope, to IAS 16 and IAS 38 at EU level. Both IAS 16 and IAS 38 envisage, as a principle basis for amortisation and depreciation, the expected consumption of the future economic benefits of an asset. The amendment clarifies that it is considered inappropriate to adopt a method of amortisation and depreciation based on revenues. Limited to intangible assets, this indication is considered a relative presumption that can be overcome only upon the occurrence of any of the following circumstances:

  (i) the right of use of an intangible asset is related to the achievement of a predetermined threshold of revenues to be produced;
  (ii) or when it can be shown that the achievement of revenues and the use of the asset's economic benefits are highly correlated.

  These amendments must be applied prospectively starting from 1 January 2016. Said amendments are expected to generate some effects on the separate and Group financial statements that are currently under study and evaluation.

- Amendments to IFRS 11 - accounting of acquisitions of interests in joint operations. On 24 November 2015, EU Regulation no. 2015/2173 was issued, which endorsed some amendments, limited in scope, at EU level. IFRS 11 governs the accounting of investments in Joint Ventures and Joint Operations. The amendments in question add new guidelines on the method of accounting the acquisition of an investment in a Joint Operation that constitutes a business (as defined in IFRS 3 - Business Combinations). The amendments in question specify the appropriate accounting for said acquisitions. These amendments must be applied prospectively starting from 1 January 2016. Said amendments are not expected to generate effects on the Group's consolidated financial statements.

- Improvements to IFRS (2012-2014 cycle) - On 15 December 2015, EU Regulation no. 2015/2343 was issued, which transposed at EU level a collection of improvements to IFRS for the period 2012-2014; with respect to said amendments, the following are noted:

  - IFRS 5 Non-current assets held for sale and discontinued operations: these amendments relate to changes in disposal methods (from the sales plan to the distribution plan to the shareholders and vice versa);
  - IFRS 7 Financial Instruments: Disclosures: these amendments relate to the disclosure on servicing contracts, in terms of continuing involvement and the applicability of the disclosure required by IFRS 7 concerning offsetting of financial assets and liabilities in the interim financial statements;
  - IAS 19 Employee Benefits: the amendment concerns the discount rate (with reference to the market area); IAS 34 Interim financial statements: the amendment clarifies that the information included in the interim financial statements may be supplemented by other available information also contained in other sections of the Interim Report (ex. Report on operations) through the incorporation by reference technique.

  These amendments must be applied starting from 1 January 2016. Said amendments are not expected to generate significant effects on the Group's separate and consolidated financial statements.

- Amendments to IAS 1 (Presentation of Financial Statements) - Initiatives on financial statement disclosures. On 18 December 2015, EU Regulation no. 2015/2406 was issued, which endorsed some amendments, limited in scope, to IAS 1 at EU level. In particular, the amendments, which are part of a broader initiative to improve the presentation and disclosure of financial statements, include updates in the following areas:

- materiality: it is specified that the concept of materiality applies to the financial statements as a whole and that the inclusion of intangible information may affect the usefulness of financial information;
- disaggregation and subtotals: it is clarified that the specific items of the separate income statement, comprehensive income statement and financial position can be disaggregated. Moreover, new requirements are introduced for the use of subtotals;
- notes structure: it is specified that the companies have a certain degree of flexibility regarding the order of presentation of the notes to the financial statements. In establishing said order, the Company must take into account the understandability and comparability of financial statements;
- investments accounted for using the equity method: the portion of Other Comprehensive Income (OCI) relating to investments in associates and joint ventures accounted for using the equity method must be divided between the reclassifiable and non-reclassifiable part in the separate income statement.

These amendments must be applied starting from 1 January 2016. Said amendments are not expected to generate significant effects on the Group's separate and consolidated financial statements.

New standards and interpretations issued by the IASB but not yet endorsed by the EU

- IFRS 9 - Financial instruments;
- IFRS 14 - Regulatory deferral accounts - Deferred accounting of regulated activities;
- IFRS 15 - Revenues from contracts with customers;
- IFRS 16 - Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities - application of the exception to consolidation;
- Amendments to IFRS 10 and IAS 8 - Sale or contribution of assets between an investor and associate or joint venture thereof;
- Exposure Draft "IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36", concerning the valuation at fair value of quoted investments in subsidiaries, joint ventures and associates;
- Exposure Draft "IAS 12 – Income taxes" concerning recognition of deferred tax assets for unrealized losses.

The potential impact that the accounting standards, amendments and interpretations to be applied may have on the financial reporting of Mondo TV are being examined and assessed.

2.8.4 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The breakdown of changes in intangible rights and other intangible assets is shown in the table below.

Changes in intangible assets

(Euro thousands)	**Intangible rights**	**Other intangible assets**	**TOTAL**
Cost as at 31 Dec. 2013	140,238	1,200	141,438
Amortisation and impairment as at 31 Dec. 2013	(133,254)	(1,148)	(134,402)
Net value as at 31 Dec. 2013	**6,984**	**52**	**7,036**
Year 2014			
Increases in the period	5,825	1	5,826
Amortisation and impairment in the period	(4,601)	(18)	(4,619)
MIM deconsolidation	1,427	0	1,427
Cost as at 31 Dec. 14	147,490	1,201	148,691

Amortisation and impairment as at 31 Dec. 2014	(137,855)	(1,166)	(139,021)
Net value as at 31 Dec. 2014	**9,635**	**35**	**9,670**
Year 2015			
Increases in the period	9,604	12	9,616
Amortisation and impairment in the period	(3,123)	(14)	(3,137)
Cost as at 31 Dec. 15	157,094	1,213	158,307
Amortisation and impairment as at 31 Dec. 2015	(140,978)	(1,180)	(142,158)
Net value as at 31 Dec. 2015	**16,116**	**33**	**16,149**

All the costs recorded are reasonably related to the assets' useful life over the years and are amortised/depreciated on a straight-line basis in accordance with the principles described in paragraph 2.8.3.

Impairment test on the Library

If there is an indication of impairment, the Mondo TV S.p.A. Group checks if the recoverable value is at least equal to the carrying amount, in compliance with IAS 36.
Rights on films and animated series, that make up the Companies' "Library", are amortised under the individual-film-forecast-computation method, based on the percentage ratio, determined on the date of preparation of the financial statements for each title in the "Library", between revenue earned on the reference date, and the total expected revenue based on the sales plan drafted by the Directors over 10 years from the title's release date. Amortisation starts as soon as the title is completed and feasible for commercial use. This measurement method is deemed to be more suitable to amortise film rights.

In 2015, the group operated in an economic context of stagnation, both in Italy and in much of Europe.
In particular, the animation business has been hard hit in these countries due to a contraction in the advertising market which has forced TV broadcasters to drastically reduce their investment budget; therefore the purchase price of new licences tended to decrease and a considerably stricter purchase selection process was implemented that increasingly favours products with a licensing potential capable of attracting investments, including toy manufacturers, and companies operating in the licensing sector.
The group has also demonstrated significant commercial strength in the countries that now have significant growth rates, such as the United Arab Emirates, China and Taiwan.

In addition, on 31 December 2015, the Directors of the Parent Mondo TV S.p.A. subjected intangible rights to impairment tests pursuant to IAS 36 in order to account for any additional impairment losses. The test was conducted by comparing the book value of the assets tested with the recoverable value, estimated in terms of value in use. In particular, the value in use was determined using the method of discounted cash flows, in the "unlevered" version. The cash flows used are those that are expected to be generated by the assets subject to analysis based on past experiences and expectations of developments in the markets in which the Company operates.
The resulting cash flows are discounted using a discounting rate (WACC) determined by applying the Capital Asset Pricing Model of 8.2%.

Consistently with the other years, based on the Company's specific experience and the well-established practice in the sector, the cash flow has been calculated over a ten-year period (2016-2025) in light of the following aspects:

- the Company retains full ownership of most of the Library for an unlimited period of time;
- the Company considers the period of economic life of rights to last for ten years, i.e. the same amortisation period used for the Library (the Library's value becomes equals zero on the tenth year after the title's release).

The considerations mentioned above and the Company's particular type of business, intrinsically characterised by the potential to benefit from a long-term exploitation of the licenses acquired, allow us to conclude that the ten-year period used to test the Library's carrying amount for impairment appears reasonable.

The impairment test did not reveal any significant impairment losses.

The breakdown of changes in tangible assets is presented in the table below.

Changes in tangible assets

(Euro thousands)	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**TOTAL**
Cost as at 31 Dec. 2013	2,236	1,243	740	4,219
Amortisation and impairment as at 31 Dec. 2013	(2,169)	(1,043)	(603)	(3,815)
Net value as at 31 Dec. 2013	**67**	**200**	**137**	**404**
Year 2014				
Increases in the period	18	-	17	35
Disposals in the period		(2)		(2)
Amortisation and impairment in the period	(40)	(71)	(43)	(154)
Use of provisions in the period				
Cost as at 31 Dec. 14	2,254	1,241	757	4,252
Amortisation and impairment as at 31 Dec. 2014	(2,209)	(1,114)	(646)	(3,969)
Net value as at 31 Dec. 2014	**45**	**127**	**111**	**283**
Year 2015				
Increases in the period	131	-	55	186
Amortisation and impairment in the period	(37)	(51)	(45)	(133)
Use of provisions in the period				
Cost as at 31 Dec. 15	2,385	1,241	812	4,438
Amortisation and impairment as at 31 Dec. 2015	(2,246)	(1,165)	(691)	(4,102)
Net value as at 31 Dec. 2015	**139**	**76**	**121**	**336**

The Parent Mondo TV S.p.A. acquired equipment through finance lease agreements.
The table below shows the acquisition cost, the changes in tangible assets during 2015, and the change in financial payables (amounts in Euro thousands):

Breakdown of leases

Asset acquired	IT equipment	Miscellaneous audio/video equipment	IT equipment	TOTAL
Year of acquisition	**2010**	**2011**	**2012**	
Amount funded	66	141	151	357
Net carrying amount as at 31 Dec. 2011	**46**	**98**	**0**	144
Acquisitions in 2012	0	0	151	151
Depreciation in 2012	(13)	(28)	0	(41)
Net carrying amount as at 31 Dec. 2012	**33**	**70**	**151**	254
Depreciation in 2013	(13)	(28)	(15)	(56)
Net carrying amount as at 31 Dec. 2013	**20**	**42**	**136**	**198**
Depreciation in 2014	(13)	(28)	(30)	(71)
Net carrying amount as at 31 Dec. 2014	**7**	**14**	**106**	**127**
Depreciation in 2015	(7)	(14)	(30)	(51)
Net carrying amount as at 31 Dec. 2015	**0**	**0**	**76**	**76**

Amount outstanding as at 31 Dec. 2011	**45**	**96**	**0**	**141**
2012 payables for new agreements	0	0	91	91
Payments made in 2012	(11)	(23)	0	(33)
Amount outstanding as at 31 Dec. 2012	**34**	**73**	**91**	**199**
Tot. interest expense year 2012	1	3	0	4
Payments made in 2013	(11)	(25)	(28)	(65)
Amount outstanding as at 31 Dec. 2013	**23**	**48**	**63**	**134**
Tot. interest expense year 2013	1	2	4	7
Payments made in 2014	(11)	(26)	(28)	(65)
Amount outstanding as at 31 Dec. 2014	**12**	**22**	**35**	**69**
Tot. interest expense year 2014	1	1	3	5
Payments made in 2015	(12)	(22)	(29)	(63)
Amount outstanding as at 31 Dec. 2015	**0**	**0**	**(6)**	**6**
Tot. interest expense year 2015	**1**	**1**	**2**	**4**

There are no restrictions on ownership and title of tangible assets and intangible assets.

2.8.5 TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular the recognition of deferred tax assets reflects the assessments made by the Board of Directors with regards to taxable income generated by Group operations in the near future so as to allow the recovery.

The deferred tax assets and liabilities recognised in the consolidated financial statements are shown in the table below.

Breakdown of deferred tax assets and liabilities

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Accumulated losses and other temporary differences	8,054	9,446	(1,392)
Total assets	**8,054**	**9,446**	**(1,392)**
Other temporary differences	141	42	99
Total liabilities	**141**	**42**	**99**
Net deferred tax assets	**7,913**	**9,404**	**(1,491)**

Changes in deferred tax assets and liabilities

(Euro thousands)	**31.12.2014**	**Increases**	**Decreases**	**Changes in tax rate**	**31.12.2015**
Assets	9,446	527	(1,373)	(546)	8,054
Liabilities	42	99	-	-	141
Net deferred tax assets	**9,404**	**428**	**(1,373)**	**(546)**	**7,913**

In the course of 2015, deferred tax assets decreased by Euro 1,919 thousand, of which Euro 1,373 thousand for uses and Euro 546 thousand following the adjustment of the rate provided for by the Italian legislature as of 1 January 2017.
Deferred tax assets mainly arising from temporary differences amounting to Euro 527 thousand were recognised.

The recoverability of deferred tax assets recognised in the financial statements in the next ten years is strictly related to the actual achievement of the objectives set in the 2016-2020 Plan, approved by the Parent's Board of Directors on 5 November 2015, characterised by the uncertainties typical of a forecast Business Plan.

Breakdown of current tax assets and liabilities

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
IRES (Corporate Income Tax)	63	71	(8)
IRAP (Regional Business Tax)	189	11	178
Tax assets	6,442	8,357	(1,915)
Total tax assets	**6,694**	**8,439**	**(1,745)**
IRES (Corporate Income Tax)	0	38	(38)
Income taxes due abroad	73	34	39
Total tax liabilities	**73**	**72**	**(1)**

Tax receivables attributable to the Parent, consist of receivables arising from the transformation of a portion of deferred tax assets in receivables in accordance with Law no. 214 of 22 December 2011.

2.8.6 CURRENT AND NON-CURRENT RECEIVABLES

The breakdown of receivables is shown in the table below.

Breakdown of non-current trade receivables			
(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Financial receivables due from third parties	307	145	162
Other receivables	154	31	123
TOTAL	**461**	**176**	**285**

The breakdown of trade and other current receivables is shown in the table below.

Breakdown of trade and other receivables			
(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Due from customers	16,130	13,367	2,763
Due from customers for invoices to be issued	7,986	4,928	3,058
Due from tax authorities for tax other than income tax	323	559	(236)
Other receivables	3,760	5,000	(1,240)
Allowance for doubtful debts	(5,907)	(5,462)	(445)
TOTAL	**22,292**	**18,392**	**3,900**

The allowance for doubtful debts, recognised as a deduction from trade receivables and deemed to be adequate to cover the risk of bad debts showed the following changes during the year (in thousands of Euro):

Breakdown of the allowance for doubtful debts		
(Euro thousands)	**31.12.2015**	**31.12.2014**
Allowance for doubtful debts as at 1 January	**5,462**	**5,186**
Allowance for the period	458	535
Used in the year	(15)	(259)
Other changes	2	-
Allowance for doubtful debts as at 31 December	**5,907**	**5,462**

Allocations for the year, amounting to Euro 458 thousand, were recognised based on a thorough analysis of all outstanding receivables and represent the best estimate, which takes into account the information available as at the date of the preparation of these financial statements and the risk of customers not fulfilling their obligations.

Receivables due from customers for invoices to be issued refer to contracts which do not satisfy the conditions for issuing invoices yet, although part of the revenue for the year has been earned. Part of the invoices was issued in the early months of 2016.

Receivables from tax revenue relating to tax other than income tax are broken down in the table below:

Breakdown of tax assets relating to tax other than income tax			
(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Italian VAT receivables	71	47	24
Other tax assets	252	512	(260)
TOTAL	**323**	**559**	**(236)**

Receivables due from others can be broken down as follows:

Breakdown of receivables due from others			
(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Due from suppliers for advances	27	10	17
Due from employees	23	16	7
Coproduction in progress	2,957	4,510	(1,553)
Other receivables	753	464	289
TOTAL	**3,760**	**5,000**	**(1,240)**

Euro 2,957 thousand of receivables due from customers for coproductions in progress represent the disbursements made for the acquisition of services required to fulfil the obligations vis-à-vis the coproducers. Upon completion of production, these advances will offset revenue from customers for progress in productions (revenue totalled Euro 1,692 thousand on 31 December 2015 and is recognised under current payables).

2.8.7 OTHER ASSETS

The item under review, equal to Euro 353 thousand (Euro 215 thousand as at 31 December 2014), mainly includes costs pertaining to future years.

2.8.8 CASH AND CASH EQUIVALENTS

The item's breakdown is shown in the table below.

Breakdown of cash and cash equivalents			
Description	**31.12.2015**	**31.12.2014**	**change**
Bank and postal deposits	2,868	422	2,446
Cash and other cash assets	1	1	-
TOTAL	**2,869**	**423**	**2,446**

Cash and cash equivalents mainly consist of deposits held with banks.
The statement of the Group's consolidated net financial position is shown in paragraph 1.3 of the Report on operations.

2.8.9 POST-EMPLOYMENT BENEFITS AND PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows.

Post-employment benefits and Provisions for risks and charges			
(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Provision for post-employment benefits	**346**	**329**	**17**
Provision for tax risks and charges	32	32	-
Provision for returns on sales	23	23	-
Other provisions	685	-	685
PROVISION FOR RISKS AND CHARGES	**740**	**55**	**685**
beyond 12 months	23	23	-
within 12 months	717	32	685
TOTAL PROVISION FOR RISKS AND CHARGES	**740**	**55**	**685**

Changes in Post-employment benefits and Provisions for risks and charges				
(Euro thousands)	**31.12.2014**	**allocations**	**uses**	**31.12.2015**
Provision for post-employment benefits	329	59	(42)	346
Provision for tax risks and charges	32			32
Provision for returns on sales	23			23
Other provisions	-	685		685
TOTAL	**384**	**744**	**(42)**	**1,086**
beyond 12 months	352			369
within 12 months	32			717
TOTAL	**384**			**1,086**

The increase in other current risks provisions is determined by the provision made in relation to the case Moviemax Shareholders, which was defined with a total cost for the Parent Mondo TV S.p.A. of Euro 685 thousand entirely allocated.

As regards the risks related to ongoing disputes, not reflected among the Risks Provisions as the risk of an unfavourable outcome is not considered probable and/or the amount cannot be determined, the following is noted:

Pegasus Distribuzione S.r.l.

The Parent is involved in a dispute against Pegasus Distribuzione S.r.l. regarding claims for damages filed by the plaintiff due to an alleged breach of contract by Mondo TV S.p.A. in relation to two sales contracts.

Pegasus Distribuzione S.r.l. requested that Mondo TV S.p.A. be forced to pay an overall sum of Euro 463 thousand to reimburse the costs incurred for the purchase of the products and to reimburse the loss of earnings, which can be set at a minimum of Euro 101 thousand and a maximum of Euro 169 thousand. Damages were also claimed for reputational harm.

Mondo TV S.p.A. objected and requested first the rejection due to lack of grounds, and secondly, verification of the lower amount owed, taking into account the non-refunding of the merchandise sold and of the non-payment on the part of Pegasus Distribuzione S.r.l. of the agreed consideration, in addition to the possibility to offset the amount with a receivable due to Mondo TV S.p.A. by Pegasus Distribuzione S.r.l. for excess merchandise delivered and used by the counterparty (Euro 69 thousand).

With the first-instance ruling on 21 January 2010, the Court of Rome rejected Pegasus Distribuzione S.r.l.'s petition; Pegasus Distribuzione S.r.l. challenged the aforementioned ruling with a notice of appeal dated 11 October 2010. The proceedings were adjourned until 23 April 2014.
At that hearing, no one appeared and the proceedings were adjourned in accordance with art. 309 Code of Civil Procedure to the hearing of 11 June 2014, at 9:30 am; said latter hearing was further adjourned to **23 November 2016.** Before the next hearing, it will be assessed whether to appear or, in case of further failure to appear by appellant, to let the proceedings lapse.

Management deems the risk of losing to be remote also based on the outcome of the first-instance ruling.

Clan Celentano S.r.l.

As regards the dispute against Clan Celentano S.r.l., which convened the Parent Mondo TV S.p.A. before the Court of Milan in relation to alleged breaches and termination of a contract concluded between the parties for the realization of a TV cartoon series with the provisional title "Adrian", on 16 April 2013, the expert witness (CTU) was appointed, whose technical report was filed at the end of 2013; the outcome is substantially unfavourable with regard to the claim for compensation formulated by Mondo TV.
At the hearing on 13 May 2014, Clan Celentano S.r.l. reported to have found an agreement with Sky, on which the series was to air, in order to interrupt the contract between Sky and Clan Celentano, and requested to produce copy of said agreement.

Mondo TV opposed and the Court reserved a decision adjourning the proceedings to the hearing of 11 November 2014.
At that hearing, the Judge admitted the filing of the transaction and adjourned the proceedings for final judgement to 19 July 2016.

The negative results of the office technical consultant do not allow at the time formulating a positive forecast on the request for compensation made by Mondo TV S.p.A., while the possibility that Mondo TV may be forced to a disbursement by way of damages is today judged by the directors as possible.

Regarding the extent of said possible compensation for damages, to date no request has been made by Clan Celentano and no preliminary investigation was conducted during the proceedings.

2.8.10 CURRENT AND NON-CURRENT PAYABLES

The breakdown of the Group's payables, classified by type and by due date, is reported in the tables below.

Breakdown of non-current financial payables

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Payables to banks	217	163	54
Payables for financial leasing	-	6	(6)
Total	**217**	**169**	**48**

Breakdown of trade payables

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**

Due to suppliers	8,059	6,253	1,806
Due to tax authorities for tax other than income tax	243	250	(7)
Other payables	2,580	3,689	(1,109)
Total trade payables	**10,882**	**10,192**	**690**

Payables to suppliers mainly refer to the provision of services necessary for the production and sale of film rights, as well as to the activities performed by consultants to the benefit of the Group during 2015.

Breakdown of tax liabilities relating to tax other than income tax

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
VAT payables	55	46	9
Payables for withholding tax on third-party remuneration	188	202	(14)
Other tax liabilities	-	2	(2)
Total liabilities due to tax authorities for tax other than income tax	**243**	**250**	**(7)**

Breakdown of other payables

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Payables for wages, salaries and fees	253	422	(169)
Due to social security institutions	364	448	(84)
Advances from customers	106	1,567	(1,461)
Advances from coproducers	1,692	1,244	448
Other payables	165	8	157
Total other payables	**2,580**	**3,689**	**(1,109)**

The item “Advances from coproducers” is mainly represented by the advances received from RAI in relation to the animated series “Isola del Tesoro”.
The item “Advances from customers”, mainly relating to Mondo TV France S.A., includes amounts invoiced for advances provided for by contract based on the progress made in the production of animated cartoons.

As for financial payables, the breakdown is shown in the table below.

Breakdown of current financial payables

(Euro thousands)	**31.12.2015**	**31.12.2014**	**Change**
Cofiloisir funding for production	324	879	(555)
Due to banks for leases	6	62	(56)
Bank overdrafts and loans	2,523	2,911	(388)
Total	**2,853**	**3,852**	**(999)**

Cofiloisir, a public institution under French law, gave the subsidiary Mondo TV France S.A. funds in relation to the production of animation works.

The item "Bank overdrafts and loans" consists of current account overdrafts, bank advances on invoices, and on the portion of loans received, due within the next year. The portion of these loans payable after the next year is instead classified under the item "Due to banks for loans" among non-current payables.

Reference is made to note 2.8.26 for further details regarding payables due to credit institutions.

The due dates of the liabilities as at 31 December 2015 are detailed below.

The Mondo TV Group					
Worst case repayment date	**on demand**	**due within 12 months**	**between 12 and 36 months**	**after 36 months**	**Total**
Non-current financial payables	**-**	**-**	**217**	**-**	**217**
Medium/long-term financial payables due to shareholders	-	-	-	-	**-**
Medium/long-term financial payables due to banks	-	-	217	-	**217**
Current financial payables net of cash	**-**	**-**	**-**	**-**	**-**
Short-term financial payables due to third parties	-	-	-	-	**-**
Trade and other payables	**-**	**9,190**	**-**	**-**	**9,190**
Total as at 31 December 2015	**-**	**9,190**	**217**	**-**	**9,407**

Trade payables are recorded net of the advances from coproducers, whereas the other amounts are directly taken from the net financial position.
In particular, current financial payables net of cash and cash equivalents were considered to be zero because the short-term net financial position is positive.

2.8.11 OTHER LIABILITIES

The item "Other liabilities" refers to deferred income, i.e. portions of revenue for royalty rights invoiced at the end of the year but deemed, pursuant to the revenue recognition principle adopted, to accrue in future years since the relevant media have not been delivered yet.

They amount to Euro 1.5 million as at 31 December 2015 compared to Euro to 1.2 million as at 31 December 2014.

2.8.12 SHAREHOLDERS' EQUITY

The share capital is composed as follows:

Description	Number of shares	Par value in Euro
Ordinary shares	26,424,828	0.5
TOTAL	**26,424,828**	**€13,212,414**

The number of the shares outstanding was unchanged during the year.
No shares having different categories, nor rights, privileges or restrictions exist for any category of shares. The Parent owns no treasury shares, nor do the Mondo TV Group's subsidiaries hold shares of the Parent.

Equity reserves are broken down as follows:

Equity reserves		
(Euro thousands)	**31.12.2015**	**31.12.2014**
- Share premium	12,563	13,599
- Legal reserve	2,642	2,642
- Other reserves	8,593	1,709
- Retained earnings (accumulated losses)	(1,007)	(2,725)
- Profit (loss) for the year	3,090	1,718
TOTAL	**25,881**	**16,943**

The decrease in the share premium provision is attributable to the use to cover negative equity reserves, as resolved by the Shareholders' Meeting of 17 March 2015, while the relevant increase in the item Other reserves is attributable to the gains arising on the sale of minority portions of Mondo TV Suisse and Mondo TV France; lastly, the decrease in the retained profits (losses) is due to the carry forward of 2014 profits.

Equity items are broken down according to origin, the potential for use, and availability for distribution:
- all of the share capital and legal reserve may only be used for covering losses;
- the entire amount of share premium may be used for capital increase, for covering losses, and may also be distributed among the shareholders;
- no revaluation reserves exist;
- there are no reserves or other provisions, which, in case of distribution, do not contribute to form the corporate taxable income, regardless of the period of creation;
- there are no reserves or other provisions incorporated in the share capital.

2.8.13 TAX POSITION

The Mondo TV Group companies are not involved in litigation and tax disputes, except as follows in relation to the Parent Mondo TV S.p.A.

The tax periods for which Parent is still liable to audit by tax authorities are those from 2011 onward as concerns direct taxes and VAT.

In the year 2014, the Company had a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.

The formal notice of assessment highlights several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the analysis of changes also to the following years - 2011 - 2012, limited to said item.

In relation to 2010, the Company received two assessment notices:

- The first notice relates to IRES for 2010 and was notified on 9 October 2015. The higher IRES ascertained amounted to Euro 1,127 thousand plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for Euro 3,980 thousand.

  The Company, while not agreeing in any way with the findings, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the existing losses that can no longer be carried forward of the year 2005. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined for IRES purposes for the year 2010, which therefore closed without any charge for Mondo TV.

- The other notice refers to IRAP and VAT for the year 2010 and was notified on 9 October 2015. The higher IRAP ascertained is equal to Euro 204 thousand plus interest and the higher VAT ascertained is equal to Euro 797 thousand plus interest. Penalties amounted to Euro 1,195 thousand.

  The Company filed an appeal against the Revenue Agency on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for Euro 3,980 thousand and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 3,980 thousand. In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the Notice of Assessment, the Directors also comforted by the judgement of their tax consultants deem scarcely likely that the Company may succumb in this dispute, the residual value of around Euro 2,200 thousand and therefore no provision was made for this dispute.

In consideration of the tenor of findings contained in the Formal Notice of Assessment of 31 July 2014, for which there are additional positive components of income not declared for 2011, an additional assessment is deemed possible with reference to IRES, IRAP and VAT taxes for the year 2011. As anticipated for the year 2010 and in view of the lack of any foundation of the findings, it is considered unlikely that any of these assessments can generate liabilities in the future.

2.8.14 CONTINGENT LIABILITIES

Directors believe that there are no significant contingent liabilities that must be recorded or described other than those recognised in paragraph 2.8.9 relative to the Provision for Risks and Charges.

2.8.15 COMMITMENTS

Commitments undertaken by the Group and not recognised under payables or provisions for risks and charges refer to:

- a surety of Euro 371 thousand issued in favour of RAI for the production of the animated series “Isola del Tesoro”;
- a guarantee of Euro 480 thousand issued by Eurofidi in favour of Veneto Banca for a short-term credit line to be used as a self-liquidating loan;
- a guarantee issued by Eurofidi equal to 50% of the outstanding amount of the 36-month loan of Euro 500 thousand issued by Banca Sella;

- a guarantee of Euro 150 thousand (50% credit line) issued by Eurofidi for a short-term credit line issued by Banca Sella;
- a guarantee of Euro 80 thousand for a short-term credit line issued by Veneto Banca to be used as a temporary credit line for current account overdrafts.

2.8.16 REVENUE FROM SALES AND OTHER INCOME

Revenue from sales and services			
(Euro thousands)	**2015**	**2014**	**Change**
Revenue from sales of rights	9,597	6,896	2,701
Revenue from licensing	632	504	128
Revenue from production services	5,627	3,901	1,726
Other income	947	15	932
Total	**16,803**	**11,316**	**5,487**

Revenues went from Euro 11,316 thousand in 2014 to Euro 16,803 thousand in 2015; the significant increase in revenues of Euro 5,487 thousand was due to the resumption of production, for the significant order portfolio related to international productions, mainly in Asia, the United States and the United Arab Emirates acquired by the subsidiary Mondo TV Suisse S.A., and the production of which is realized by Mondo TV S.p.A. and sales contracts of the Library in China.

As a result of the above, production revenues went from Euro 3,901 thousand the previous year to the current Euro 5,627 thousand, while the sale of licenses went from Euro 6,896 thousand the previous year to the current Euro 9,597 thousand.

2.8.17 CAPITALISATION OF INTERNALLY PRODUCED ANIMATED SERIES

The Group produces animated series in-house, incurring, in addition to external costs of direction, screenplay, animation studies and music, the internal costs as well, concerning both the pre-production and post-production phases. These costs are recognised and attributed to the series in progress. Directors recognise the series produced in-house as assets in the statement of financial position when they satisfy the definition of intangible assets in compliance with IAS 38.
The Group capitalises these costs only when the costs incurred for the production of animated series refer to the development phase: until then, expense incurred is recognised in profit or loss.
The capitalisation of internally produced animated series mainly concerns the capitalisation of costs incurred by the subsidiary Mondo France S.A. and concerning the development of the third season of the animated series Lulu Vroumette and Marcus Level, and for the remainder, certain series of the Parent. The production budget of the two French series has already been essentially covered by the pre-purchases made by the television channels (the most important contracts are with France 5 for Lulu Vroumette and TF1 for Marcus Level) and by the subsidies provide for under French law. For both series, all episodes will be completely delivered in 2015.
The capitalisation carried out in the year, amounting to Euro 1,574 thousand, is attributable for Euro 425 thousand to the subsidiary Mondo TV France (of which Marcus Level for Euro 395 thousand), and other series of the Parent for a total of Euro 1,149 thousand.
The capitalised costs consist of approximately Euro 845 thousand in labour costs and of approximately Euro

729 thousand in operating costs due to third parties.

2.8.18 RAW MATERIALS, CONSUMABLES AND GOODS

This item, equal to Euro 96 thousand (Euro 108 thousand in 2014), represents the cost incurred by the Group for consumables.

2.8.19 PERSONNEL COSTS

The breakdown of this item is specified in the table below.

Personnel costs			
(Euro thousands)	**2015**	**2014**	**Change**
Salaries and wages	1,575	2,072	(497)
Social security costs	457	873	(416)
Post-employment benefits	70	55	15
Other personnel costs	-	13	(13)
Total	**2,102**	**3,013**	**(911)**

The Group's human resources are detailed by category in the table below.

Group's human resources (average figure)		
	31.12.2015	**31.12.2014**
White-collar workers	25	23
Middle-managers	3	3
Executives	3	4
Total	**31**	**30**

2.8.20 DEPRECIATION, AMORTISATION AND IMPAIRMENT

The breakdown of the item is shown below:

Breakdown of depreciation, amortisation and impairment			
(Euro thousands)	**2015**	**2014**	**Change**
Proprietary rights	2,821	4,526	(1,705)
Temporary licenses	301	75	226
Other intangible assets	15	18	(3)
Sub-total of intangible assets	***3,137***	***4,619***	***(1,482)***
Sub-total of tangible assets	***133***	***148***	***(15)***
Total depreciation, amortisation and impairment	**3,270**	**4,767**	**(1,497)**

For further details and information, reference is made to the related section of the balance of these notes.

2.8.21 OTHER OPERATING COSTS

The item "Other operating costs" is broken down in the table below.

Other operating costs			
(Euro thousands)	**2015**	**2014**	**Change**
Production costs	2,708	4,217	(1,509)
Marketing and commercialisation costs	611	446	165
Consulting services	419	361	58
Remuneration to corporate bodies	422	423	(1)
Other services	1,779	1,578	201
Total service costs	**5,939**	**7,025**	**(1,086)**
Equipment hire and rents	586	491	95
Total costs associated with leased assets	**586**	**491**	**95**
Sundry operating costs	**216**	**106**	**110**
Allocated	**685**	**0**	**685**
Total other operating costs	**7,426**	**7,622**	**(196)**

Lower operating costs are due to lower production costs (Euro 1,509 thousand) following the conclusion of the two productions realized by Mondo TV France. Other items of service costs are substantially unchanged compared to the previous year. In particular, the item Other services mainly refers to costs related to the management of offices and corporate formalities.

Allocations for Euro 686 thousand are attributable to the Parent Mondo TV S.p.A. and in particular to the definition of the dispute with the former Moviemax shareholders.

2.8.22 FINANCE INCOME AND COSTS

The table below provides a breakdown of finance income and costs.

Finance income and costs			
(Euro thousands)	**2015**	**2014**	**Change**
Finance income			
Gains	-	34	(34)
Other finance income	-	4	(4)
subtotal finance income	*-*	*38*	*(38)*
Finance costs			
Bank interest payable	(224)	(288)	64
Bank fees	(80)	(61)	(19)
Other finance costs	(43)	(49)	6
subtotal finance costs	*(347)*	*(398)*	*51*
exchange rate gains and losses			
Exchange rate gains	457	116	341
Exchange rate losses	(210)	(138)	(72)
subtotal exchange rate gains and losses	*247*	*(22)*	*269*
imp/reval investments	*(34)*	*-*	*(34)*
TOTAL	**(134)**	**(382)**	**248**

Exchange rate gains and losses mainly originated from changes in the exchange rate between the Euro and the US Dollar, in relation to commercial relations held in foreign currencies with customers and suppliers and bank accounts.

2.8.23 TAXES

The breakdown is shown in table below.

Breakdown of taxes

(Euro thousands)	**2015**	**2014**	**Change**
Previous years' taxes	**82**	**-**	**82**
Current taxes	**(2,038)**	**(933)**	**(1,105)**
Changes in tax rate	(547)	-	(547)
Prepaid taxes of previous years recognised in profit or loss	(45)	(87)	42
Deferred tax liabilities of previous years recognised in profit or loss	4	180	(176)
Deferred tax assets for the year	472	803	(331)
Deferred tax liabilities for the year	(98)	(11)	(87)
Prepaid (deferred) taxes	**(214)**	**885**	**(1,099)**
Taxes for the year	**(2,170)**	**(48)**	(2,122)
IRES (Corporate Income Tax)	(1,773)	108	(1,881)
IRAP (Regional Business Tax)	(310)	(108)	(202)
Taxes foreign subsidiaries	(87)	(48)	(39)
Taxes for the year	**(2,170)**	**(48)**	**(2,122)**

The table below shows the reconciliation between the Group's theoretical and effective tax rate:

Reconciliation of taxes

(Euro thousands)	**2015**	**2014**
Pre-tax income	5,449	1,834
IRES (Corporate Income Tax) at the current rate	(1,399)	(504)
Tax effect of permanent differences for IRES (Corporate Income Tax)	(68)	81
Adjustments to net deferred tax assets for IRES (Corporate Income Tax)	(388)	583
IRES (Corporate Income Tax)	**(1,855)**	**160**
IRAP (Regional Business Tax)	**(310)**	**(160)**
Foreign taxes	**(87)**	**(48)**
Adjustment of prior year taxes	**82**	**-**
Total income tax expense for the year	**(2,170)**	**(48)**

2.8.24 DIVIDENDS

In 2015, a dividend in kind was approved and distributed by means of distribution of the share premium on the shares of the subsidiary Mondo TV Suisse S.A.

2.8.25 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share attributable to the Parent's shareholders are obtained by dividing the profit (or the loss) by the number of shares.

Calculation of basic and diluted earnings (loss) per share	2015	2014
Average number of shares during the year	26,424,828	26,424,828
Profit (loss) for the year (in thousands of Euro)	3,090	1,718
Basic and diluted earnings (loss) per share	**0.12**	**0.07**

The diluted earnings (loss) per share as at 31 December 2015 correspond to the basic earnings per share since there is no dilution effect.

2.8.26 FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist in the credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Group's operations. The Group has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

1. Credit risk
2. Liquidity risk
3. Exchange rate risk
4. Interest rate risk

Credit risk

Credit risk represents the Group companies' exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
Already in previous years, the Group Companies adopted appropriate procedures, such as the verification of debtors' solvency, to minimise the exposure to this risk.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
The positions for which a risk of partial or total non-collectability is noted, are subject to individual impairment.

As at 31 December 2015, the Group's trade receivables amounted to Euro 24,116 thousand; Euro 6,313 thousand of which past due by more than 12 months; an allowance for doubtful debts of Euro 5,907 thousand was recognised in relation to these receivables, up by Euro 416 thousand compared to the previous year.

Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account both the reliability of the individual customers, and the high distribution of credit risk.

Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected.
In this regard, in order to be best protected against these risks, the Mondo TV Group adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.

The following table shows the breakdown of Mondo TV Group's credit lines, expressed in millions of Euro, made available by banks as at 31 December 2015:

Banking institution	Cash	Trade	Loans	Total
UBS	0	1	0	1
Credit Suisse	0	0.25	0	0.25
Cofiloisir	0	0	0.3	0.3
Unicredit	0	0	0.3	0.3
BNL	0	0.4	0.1	0.5
CREDEM	0	0.4	0	0.4
Banca Sella	0	0	0.16	0.16
CREDEM FACTORING	0	1	0	1
Veneto Banca	0.1	0.6	0	0.7
Total	0.1	3.65	0.86	4.61

As at 31 December 2015, with respect to the credit lines mentioned above, there are some past due positions for which the conditions were renegotiated for some in the first months of 2016 and for others negotiations are still ongoing with financial institutions to reach a renegotiation.

Exchange rate risk

The Group has an exposure arising from currency transactions (US dollars). Such exposure is generated mainly by Library sales, production contracts and licenses purchases.
The exchange rate risk is managed by keeping part of cash in US dollars, normally enough to settle the debts and commitments in dollars.

As at 31 December 2015, the Group had net assets denominated in US dollars totalling USD 12,683 thousand; if the Euro/Dollar exchange rate as at 31 December 2015 had been 10% lower, foreign currency gains of Euro 1,163 thousand would have been recorded, while if the exchange rate had been 10% higher, a foreign currency loss of Euro 1,163 thousand would have been recorded.

Interest-rate risk

The interest rate fluctuations influence the cash flows, the market value of the Company's financial assets and liabilities, and the level of the net financial income / expenses.
The Group's loans are at floating rates, in particular the Euribor plus a variable spread from 1.5% as regards Mondo France S.A. and up to Euribor +7% for some of the Parent's marginal lines.
In consideration of the low financial exposure, the Group Companies are marginally subject to interest rate risk.

Risks associated with dependency on key managers

Some members of the Corradi family and Eve Baron Charlton, CEO of Mondo TV France S.A., whose revenues have a significant impact on total Group revenues, have strategic importance for the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.
In fact, some members of the Corradi family have a significant role in the management of the business of the Company Mondo TV S.p.A. and in the development of its products.
Eve Baron Charlton has a key role within Mondo TV France S.A.'s operations, as she is a highly professional manager with a proven track record as an executive at national French TV broadcasters. The wealth of experience acquired in the television business, as well as the broad network of contacts she developed in this industry, has allowed and still allows Mondo TV France to produce TV animated series with an educational and informative content, as well as a high level of quality, thus helping to broaden the Mondo TV Group's product offerings.
Neither the members of the Corradi family nor Eve Baron have entered into sole-agency or non-compete agreements with the Group's companies.

Other information

The carrying amount of short-term financial assets and liabilities is a reasonable approximation of the fair value and therefore it was unnecessary to measure the fair value.
Information on volume and breakdown of revenue, costs, and gains or losses generated by financial instruments are provided in the table showing finance costs and income.

The table below provides the breakdown of the Mondo TV Group's net financial position:

Consolidated net financial position

(Euro thousands)	**31.12.2015**	**31.12.2014**
Cash and cash equivalents	2,869	423
Current financial payables due to banks	(2,529)	(2,973)
Current payables due to COFILOISIR	(324)	(879)
Net current financial position	**16**	**(3,429)**
Non-current payables due to banks	(217)	(169)
Net non-current financial position	**(217)**	**(169)**
Net financial debt as per comm. Consob DEM/6064293	**(201)**	**(3,598)**
Non-current receivables due from third parties	307	145
Consolidated net financial position	**106**	**(3,453)**

2.8.27 REMUNERATION TO CORPORATE BODIES

During the year ended 31 December 2015, the Parent's Board of Directors earned remuneration net of social security costs of Euro 250 thousand as resolved by the Company's Ordinary General Meeting on 30 April 2015 and by the Board of Directors' meeting of 01 October 2015. Remuneration is broken down as follows:

(Euro thousands)	**31.12.2015**	**31.12.2014**
Remuneration	250	251
Post-employment benefits	-	-
Other long-term benefits	-	-
Indemnities for the termination of employment	-	-

Stock options	-	-
TOTAL	**250**	**251**

The annual remuneration owed to the members of the Company's corporate bodies for their various roles are also detailed in the table below (amounts in Euro thousands):

Breakdown of the remuneration due to the current corporate bodies' members

Surname	Name	Office held	Annual remuneration
Corradi	Orlando	Chairman of Mondo TV S.p.A.	80
Corradi	Monica	Board Member of Mondo TV S.p.A.	83
Corradi	Matteo	Director of Mondo TV S.p.A, Chairman of Mondo France, Director of Mondo TV Suisse and Sole Director Mondo TV Spain	190
Ferrari	Marcello	Chairman of the Board of Statutory Auditors of Mondo TV S.p.A.	11
Figliuzzi	Francesco	Board Member of Mondo TV S.p.A.	18
Marchetti	Carlo*	Board Member of Mondo TV S.p.A.	117
Barra	Adele	Member of the Board of Statutory Auditors of Mondo TV S.p.A.	8
Martinelli	Marina	Board Member of Mondo TV S.p.A.	13
Romani	Vittorio	Auditor of Mondo TV	8
			528

* of which Euro 97 thousands as executive compensation, Euro 10 thousand as a director of Mondo TV, and Euro 10 thousand as a director of Mondo France.

It is hereby specified, as required by Consob Communication of 24 February 2011, that no indemnity shall be granted to Directors in case of early termination of the employment relationship and no succession plan is envisaged for executive directors.

2.8.28 REMUNERATION OF THE INDEPENDENT AUDITOR

As required by art. 149-*duodecies* of the CONSOB Issuers' Regulation, the fees recorded by the Company in relation to the audit services during 2015 are provided below. The amounts relating to the activities performed for 2015 and the supplementary remuneration resolved are shown separately in the table by individual company. Other audit services supporting audit and certification services were provided during the year.

Type of service	Service provider	Recipient	2015 Fees
Audit	BDO	Parent Company	55
Audit	BDO	Subsidiaries	44
Certification services	BDO	Subsidiaries	20
		Total	**119**

2.8.29 INFORMATION ON THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of trade receivables and other financial assets, of trade and other payables and of other financial liabilities, recorded under the "current" items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts as at 31 December 2015 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.
Non-current financial assets and liabilities are settled at market rates and therefore their fair value is essentially deemed to be in line with the current market value. Therefore, there are no differences between their fair value and their carrying amount.

2.8.30 ATYPICAL OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication DEM/6064293 of 28 July 2006 "Disclosure for listed issuers and issuers of financial instruments widely distributed among the public pursuant to art. 116 of the Consolidated Law on Finance (TUF, Testo Unico sulla Finanza) – Requirements pursuant to art. 114, par.5, of Italian Legislative Decree 58/98", it is noted that:

- no non-recurring transactions or non-recurring events, or transactions or events that do not recur frequently in the normal performance of operations took place;
- no atypical and/or unusual transactions were carried out.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2016, the Parent Mondo TV S.p.A. established Mondo TV Toys S.A., based in Lugano and with share capital of CHF 100,000, which will be active in the Toys sector.

On 22 February 2016, the Parent Mondo TV signed an investment agreement with GEM Global Yield Fund Limited LCS SCS and GEM Investments America LLC, which provides a reserved capital increase, with the exclusion of option rights, for a maximum of Euro 35 million, through the use of a Share Subscription Facility. Mondo TV will also issue a global warrant, exercisable within three years of issue, in favour of GEM for the subscription of 500,000 Mondo TV shares at the price of Euro 6.50 per share, 1,500,000 Mondo TV shares at the price of Euro 8,00 per share and 500,000 Mondo TV shares at the price of Euro 10 per share, for a total value of Euro 20.25 million.

Management believes that through this agreement, it is possible to anticipate to 2019 the results expected for 2020: in fact, the capital increase, as stated above, is intended to allow an acceleration and extension of the investments underlying the Company's business plan for the period 2016-2020 by strengthening the capital and financial structure.

The possibility to recover more quickly and, if necessary, with higher volume the resources useful for development of the plan, may allow anticipating investments as well as in the core sector of audiovisual production and distribution also in additional sectors such as those of "game on-line" and "toy" and should therefore allow the Company to accelerate the achievement of the objectives referred to in the aforementioned business plan.

On 9 March 2016, the Board of Directors of Mondo TV sent the first subscription request related to the investment agreement with GEM; in particular, the First Request relates to the subscription of 2,642,480 ordinary shares.

The Board of Directors' meeting of 29 March 2016 authorised the publication of these financial statements.

On behalf of the Board of Directors of Mondo TV S.p.A.
Chief Executive Officer

____

(Matteo Corradi)

Certification of the consolidated financial statements as at 31 December 2015 in compliance with art. 154-*bis*, par.5, of Italian Legislative Decree 58/1998 as subsequently amended and supplemented

1. The undersigned Matteo Corradi and Carlo Marchetti, in their respective capacities as CEO and Head of Financial Reporting of the Mondo TV Group (the "**Group**" or the "Issuer") certify, also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the adequacy in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the consolidated financial statements as at 31 December 2015.

2. No significant aspects have emerged.

3. It is also certified that:

3.1 the consolidated financial statements as at 31 December 2015:

- were drafted in accordance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2022 of the European Parliament and Council, of 19 July 2002;

- are consistent with the entries in accounting books and records;

- were drafted in compliance with art. 154-*ter* of the above-mentioned Italian Legislative Decree 58/1998 as subsequently amended and supplemented, provide a true and fair view of the financial position, financial performance and cash flows of the issuer and of the companies included in the scope of consolidation.

3.2 The Report on operations includes a reliable analysis of the performance and the results of operations, as well as of the Issuer's general situation, together with a description of the main risks and uncertainties to which it is exposed. The Report on operations also includes reliable disclosure on significant transactions with related parties.

This certification is also provided to the intents and purposes of art. 154-*bis*, par.2, of Italian Legislative Decree 58 of 24 February 1998.

Rome, 29 March 2016

______________________________	______________________________
Chief Executive Officer	Head of Financial Reporting
Matteo Corradi	Carlo Marchetti

3. ANNEXES

3.1 CORPORATE BODIES AND COMMITTEES OF THE PARENT

Board of Directors[1]

Chairman
Orlando Corradi
Chief Executive Officer
Matteo Corradi
Directors
Monica Corradi
Marina Martinelli[2]
Francesco Figliuzzi[3]
Carlo Marchetti

Internal Control Committee

Chairman
Francesco Figliuzzi
Members
Marina Martinelli

Remuneration Committee

Chairman
Marina Martinelli
Members
Francesco Figliuzzi

Investor Relator

Matteo Corradi

Board of Statutory Auditors[4]

Marcello Ferrari (Chairman)
Adele Barra
Vittorio Romani

Independent Auditors[5]

BDO Italia S.p.A.

Sponsor and Specialist

Intermonte

[1] Appointed by the Shareholders' Meeting held on 30 April 2015 and in office until approval of the financial statements as at 31 December 2017.
[2] Independent Director
[3] Independent Director
[4] Appointed by the Shareholders' Meeting held on 29 April 2014 and in office until approval of the financial statements as at 31 December 2016.
[5] Appointed for nine years by the Shareholders' Meeting on 30 April 2015, until approval of the financial statements as at 31 December 2023.

3.2 POWERS AND CORPORATE GOVERNANCE

Powers

Mondo TV S.p.A. appointed as the Chief Executive Officer Matteo Corradi, with all the powers for the ordinary and extraordinary administration of the Company, excluding only those that are strictly reserved to the Board of Directors by law, as well as the transactions having a significant impact in terms of performance, financial position and cash flows, and all transactions with related parties.

Corporate Governance

The Corporate Governance system, still being implemented, is inspired by the recommendations provided by the relevant committee of listed companies that drafted the Corporate Governance Code as well as by the subsequent legal provisions on the governance of listed Companies.
The Company is directed by a ***Board of Directors*** currently consisting of 6 members, as resolved by the General Meeting of 30 April 2015.
Mondo TV S.p.A.'s Board of Directors is the body responsible for defining the strategic, organisational, and operational policies, as well as verifying the existence and adequacy of the control systems necessary to assess the performance of the Parent and of the Subsidiaries. In particular, the Board of Directors:

- delegates powers and duties to the directors and revokes them;
- determines, having consulted the Board of Statutory Auditors, and at the proposal of the Remuneration Committee, the directors' remuneration in conformity with art. 2389 of the Italian Civil Code par.3;
- examines and approves the strategic plans of the Subsidiaries and the corporate structure of the Group;
- supervises whether operations are properly conducted and specifically approves the transactions of particular interest in terms of performance and financial position;
- assesses whether the general organisational and administrative structure is adequate;
- supervises in particular any actual or potential conflict of interest and the transactions with related parties;
- reports to the shareholders in the General Meeting.

The Articles of Association in force reserve to non-controlling interests the right to appoint a director.

The Board of Directors is quorate when the absolute majority of the directors in office is present, and resolutions are passed with the favourable vote of the majority of those present. In case of a tie vote, the Chairman of the meeting shall cast the deciding vote.
The Board of Directors' meeting of 12 May 2015 appointed both the Internal Control Committee and the Remuneration Committee.

The duties of the ***Internal Control Committee*** are as follows:

- assess the adequacy of the Company's internal control procedures;
- examine and select the proposals from Auditing Firms to be appointed as Independent Auditors, submitting a recommendation to the Board;
- submit every six months a report to the Board on its work and the internal control proposals resolved upon;

- engage in all relationships with the Independent Auditors and perform any other duty delegated to it for that purpose by the Board of Directors.

The duties of the ***Remuneration Committee*** consist in making proposals on the remuneration of the members of the Board of Directors.
All members of the Control Committee and of the Remuneration Committee are non-executives, and are also independent pursuant to the Corporate Governance Code.

The Chairman and the Chief Executive Officer define the remuneration of subordinates within the scope of their delegated powers.
The Chairman of the Board of Directors is responsible for calling the board's meetings, setting their agenda beforehand, coordinating the activities of the Board, and chairing the meetings.
During the formal and informal Board of Directors' meetings, the Chairman ensures that each member of the Board of Directors and of the Board of Statutory Auditors has as much information as possible on the Company's operations and, in particular, on the Chairman activities in carrying out his duties.
During each meeting, the Board of Directors appoints, from time to time, a minute taker.

In accordance with the Articles of Association, the ***Board of Statutory Auditors*** consists of three standing auditors and of two alternate auditors appointed by the General Meeting, which also establishes their remuneration.
The Articles of Association in force reserve to the non-controlling interest the right to appoint a standing auditor and an alternate auditor.
The board is appointed through the presentation of lists. Those shareholders who, alone or together with others, represent at least 2% of voting rights, have the right to present lists.
The lists presented must be deposited along with the curricula vitae of the candidates at the registered office at least ten days before the date scheduled for the General Meeting on first call.
The statutory auditors are aware that they must:

- act autonomously and independently also when dealing with the shareholders who appointed them;
- work only in the Company's interests;
- monitor how the Board of Directors manages the Company;
- coordinate with the Independent Auditors and the Internal Control Committee.

The current Board of Statutory Auditors was appointed by the General Meeting of 29 April 2014 and will remain in office until the General Meeting that will approve the financial statements as at 31 December 2016.

The ***Investor Relations*** department, currently headed by the Board Member Matteo Corradi, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.
The same Director is also specifically responsible for ensuring that the documents and information regarding the Company, in particular those that are price sensitive, are disclosed to the public in compliance with the instructions provided by CONSOB with regulation 11971 and by Borsa Italiana.

At least every six months, the Company arranges meetings with the financial community, during which it illustrates the results obtained and its future strategies, and it holds bilateral meetings with institutional investors whenever requested.

In the period from 1 January to 31 December 2015, the Board of Directors met 9 times. The Articles of Association do not provide for a minimum frequency of the Board of Directors' meetings. The delegated bodies have reported to the Board of Directors during the aforementioned meetings and in any case with the minimal quarterly frequency required by the Corporate Governance Code. The directors were informed on the items on the agenda with sufficient prior notice.

The current Board of Directors of Mondo TV S.p.A. will remain in office until the approval of the financial statements as at 31 December 2017, as resolved by the General Meeting of 30 April 2015.

On 28 March 2008, the Parent's Board of Directors also implemented an organisational model pursuant to Italian Legislative Decree 231/2001, which governs the administrative liability of legal entities, companies and associations, and indicates the rules and procedures to be complied with while carrying out the Company's operations for a more correct and efficient management, also with the aim of relieving the Company from any liability under the aforementioned law. The organisational model requires the adoption of a code of ethics, which is available on the Company's website. A Supervisory Body, consisting of three members of the Parent's Board of Directors, verifies the execution and implementation of the model.

3.3 CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	Board of Directors Ivano D'Andrea (Chairman) Guido Bertè Matteo Corradi Alexander Manucer
Mondo France S.A.	Directors Matteo Corradi (Chairman) Eve Baron Carlo Marchetti Fabrizio Balassone
Mondo TV Spain S.L.	Sole Director Matteo Corradi

3.4 LIST OF THE EQUITY INVESTMENTS IN THE SCOPE OF CONSOLIDATION

List of the equity investments held as at 31 Dec. 2015	
Name	**Mondo TV Suisse S.A.**
Registered Office	Lugano (Switzerland)
Share Capital	CHF 100,000
Equity as at 31 December 2015	CHF 413,132
Profit (loss) for the year 2015	CHF 145,759
Ownership interest	67%

Name	**Mondo TV France S.A.**
Registered Office	Paris (France)
Share Capital	Euro 1,100,000
Equity as at 31 December 2015	Euro 2,162,299
Profit (loss) for the year 2015	Euro 295,270
Ownership interest	40%

Name	**Mondo TV Spain S.L.**
Registered Office	Madrid (Spain)
Share Capital	Euro 100,000
Equity as at 31 December 2015	Euro 195,605
Profit (loss) for the year 2015	Euro 179,214
Ownership interest	100%

3.5 LIST OF RELATED PARTIES

Trilateral Land S.r.l.	Company managed or owned by a related party
Orlando Corradi	MTV Controlling shareholder - Director
Matteo Corradi	MTV, MFR, MSPAIN, MSUISSE Director
Monica Corradi	MTV Director
Francesco Figliuzzi	MTV Director
Marina Martinelli	MTV Director
Carlo Marchetti	MTV and MFR Director

FINANCIAL STATEMENTS AND NOTES AS AT 31 DECEMBER 2015

4.1 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(Values in Euro)	Notes	31.12.15	31.12.14
Non-current assets			
- Intangible rights		15,244,639	6,681,910
- Other intangible assets		*31,147*	*35,048*
Intangible assets	4.7.4	15,275,786	6,716,958
Property, plant and equipment	4.7.4	297,220	230,861
Equity investments	4.7.4	1,181,729	1,225,587
Deferred tax assets	4.7.5	7,624,660	9,044,143
Financial receivables	4.7.6	307,000	145,000
		24,686,395	**17,362,549**
Current assets			
Trade and other receivables	4.7.6	21,755,712	17,675,315
Tax assets	4.7.5	6,693,735	8,439,574
Other assets	4.7.7	352,957	215,354
Cash and cash equivalents	4.7.8	1,655,560	223,114
		30,457,964	**26,553,357**
Total assets		**55,144,359**	**43,915,906**
Non-current liabilities			
Provision for post-employment benefits	4.7.9	345,727	328,837
Provisions for risks and charges	4.7.9	684,401	684,401
Deferred tax liabilities	4.7.5	140,594	42,162
Financial payables	4.7.10	217,195	168,862
		1,387,917	**1,224,262**
Current liabilities			
Provisions for risks and charges	4.7.9	712,247	27,247
Trade and other payables	4.7.10	10,750,131	8,628,012
Financial payables	4.7.10	1,927,645	2,896,201
Tax liabilities	4.7.5	-	37,787
Other liabilities	4.7.11	1,496,445	1,248,418
		14,886,468	**12,837,665**
Total liabilities		**16,274,385**	**14,061,927**
- Share capital		13,212,414	13,212,414
- Share premium		12,562,489	13,598,291
- Legal reserve		2,642,483	2,642,483
- Other reserves		5,977,524	(1,069,201)
- Retained earnings (accumulated losses)		1,469,992	-
- Profit (loss) for the year		3,005,072	1,469,992
Total equity	4.7.12	**38,869,974**	**29,853,979**
Total liabilities + equity		**55,144,359**	**43,915,906**

4.2 SEPARATE INCOME STATEMENT

values in Euro	Notes	2015	2014
Revenue from sales and services	4.7.16	13,339,429	8,708,740
Other income	4.7.16	459,961	380,523
Capitalisation of internally produced animated series	4.7.17	1,138,249	869,508
Raw materials, consumables and goods	4.7.18	(94,060)	(103,309)
Personnel costs	4.7.19	(1,317,748)	(1,091,463)
Amortisation and impairment of intangible assets	4.7.20	(1,326,427)	(1,206,350)
Depreciation and impairment of tangible assets	4.7.20	(114,329)	(136,314)
Allowance for doubtful debts	4.7.6	(400,000)	(510,000)
Other operating costs	4.7.21	(6,557,924)	(5,026,534)
EBIT		**5,127,151**	**1,884,801**
Finance income	4.7.22	504,836	99,158
Finance costs		(543,534)	(513,967)
Profit (loss) of the period before tax		**5,088,453**	**1,469,992**
Income tax expense	4.7.23	(2,083,381)	-
Profit (loss) for the year		**3,005,072**	**1,469,992**

4.3 COMPREHENSIVE INCOME STATEMENT

comprehensive income statement			
Values in Euro	**notes**	**2015**	**2014**
Profit (loss) for the year (A)		**3,005,072**	**1,469,992**
Other items of comprehensive income:			
Items that may be recognised in profit or loss in future years:		-	-
Items that will not be recognised in profit or loss in future years:		4,870	(34,941)
Total other comprehensive income (loss) net of tax effect (B)		4,870	(34,941)
Total comprehensive income (loss) (A)+(B)		**3,009,942**	**1,435,051**

4.4 STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity

(Values in Euro)	Share capital	Legal reserve	Retained earnings (losses)	Share premium	Other reserves	Profit (loss) for the year	Equity
Balance as at 31 Dec. 2013	**13,212,414**	**2,642,483**	**1,975,549**	**19,231,848**	**(2,868,923)**	**(7,609,106)**	**26,584,265**
Transactions with shareholders recognised in Equity:							
Items of comprehensive income for the year:							
Other Changes	-	-	-	-	-	-	-
Allocation of profit (loss) for the year 2013	-	-	(1,975,549)	(5,633,557)	-	7,609,106	-
Sale of Mondo Tv France shares	-	-	-	-	1,847,917	-	1,847,917
TFR actuarial loss	-	-	-	-	(48,195)	-	(48,195)
Profit (Loss) for the year (+/-)	-	-	-	-	-	1,469,992	1,469,992
Balance as at 31 Dec. 2014	**13,212,414**	**2,642,483**	**0**	**13,598,291**	**(1,069,201)**	**1,469,992**	**29,853,979**
Transactions with shareholders recognised in Equity:							
Distribution in kind Mondo TV Suisse shares				(14,796)			(14,796)
Items of comprehensive income for the year:							
Shareholders' Meeting of 17 March 2015	-	-	-	(1,021,006)	1,021,006	-	-
Allocation of profit (loss) for the year 2014	-	-	1,469,992			1,469,992	-
Disposal of shares of subsidiaries	-	-	-	-	6,020,849	-	6,020,849
Other changes	-	-	-	-	4,870	-	4,870
Profit (Loss) for the year (+/-)	-	-	-	-	-	3,005,072	3,005,072
Balance as at 31 Dec. 2015	**13,212,414**	**2,642,483**	**1,469,992**	**12,562,489**	**5,977,524**	**3,005,072**	**38,869,974**

For further information on equity, reference should be made to note no. 12.

4.5 CASH FLOW STATEMENT

Cash Flow Statement		
Values in Euro	**2015**	**2014**
A. CASH AND CASH EQUIVALENTS AT 1 JANUARY	223,114	672,520
Profit (loss) for the year	3,005,072	1,469,992
Depreciation, amortisation and impairment	1,840,756	1,852,664
Net change in provisions	701,890	(172,011)
Cash flow from (used in) operating activities before changes in working capital	5,547,718	3,150,645
(Increase) / decrease in trade and other receivables	(4,480,397)	(5,209,552)
(Increase) / decrease in tax assets	3,165,322	1,263,305
(Increase) / decrease in other assets	(137,603)	(8,492)
Increase / (decrease) in trade payables	2,122,119	1,597,095
Increase / (decrease) in tax liabilities	60,645	(170,127)
Increase / (decrease) in other liabilities	248,027	212,292
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	6,525,831	835,166
(Acquisition) / disposal of:		
- Intangible assets	(9,885,255)	(2,374,639)
- Property, plant and equipment	(180,688)	(20,464)
- Financial assets	43,858	112,684
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(10,022,085)	(2,282,419)
Changes in capital	6,010,923	1,799,722
(Increase) / decrease in financial receivables and securities	(162,000)	(70,000)
Increase / (decrease) in financial payables	(744,810)	(494,610)
Interest paid	(175,413)	(237,265)
D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,928,700	997,847
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	1,432,446	(449,406)
F. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	1,655,560	223,114

4.6 FINANCIAL STATEMENTS PROVIDING RELATED PARTY DISCLOSURES PURSUANT TO CONSOB RESOLUTION 15519 OF 28/07/2006

In compliance with Consob Resolution 15519 of 28 July 2006 "Provisions on financial statements", in addition to mandatory disclosure, separate income statement and statement of financial position have been provided with the significant transactions with related parties shown separately from the relevant item.

Statement of financial position				
Values in Euro	**31.12.15**	**related parties**	**31.12.14**	**related parties**
Non-current assets				
- *Intangible rights*	15,244,639		*6,681,910*	
- *Other intangible assets*	31,147		*35,048*	
Intangible assets	15,275,786		6,716,958	
Property, plant and equipment	297,220		230,861	
Equity investments	1,181,729	1,181,729	1,225,587	1,225,587
Deferred tax assets	7,624,660		9,044,143	
Receivables	307,000		145,000	
	24,686,395		**17,362,549**	
Current assets				
Trade receivables	21,755,712	4,977,310	17,675,315	3,418,813
Tax assets	6,693,735		8,439,574	
Other assets	352,957		215,354	
Cash and cash equivalents	1,655,560		223,114	
	30,457,964		**26,553,357**	
Total assets	**55,144,359**		**43,915,906**	
Non-current liabilities				
Post-employment benefits	345,727		328,837	
Provisions for risks and charges	684,401		684,401	
Deferred tax liabilities	140,594		42,162	
Financial payables	217,195		168,862	
	1,387,917		**1,224,262**	
Current liabilities				
Provisions for risks and charges	712,247		27,247	
Trade payables	10,750,131	1,044,932	8,628,012	1,151,409
Financial payables	1,927,645		2,896,201	
Tax liabilities	-		37,787	
Other liabilities	1,496,445		1,248,418	
	14,886,468		**12,837,665**	
Total liabilities	**16,274,385**		**14,061,927**	
- *Share capital*	13,212,414		*13,212,414*	
- *Share premium*	12,562,489		*13,598,291*	
- *Legal reserve*	2,642,483		*2,642,483*	
- *Other reserves*	5,977,524		*(1,069,201)*	
- *Retained earnings (accumulated losses)*	1,469,992		-	
- *Profit (loss) for the year*	3,005,072		*1,469,992*	

Total equity	**38,869,974**	**29,853,979**
Total liabilities and equity	**55,144,359**	**43,915,906**

Income statement

Values in Euro	2015	Related parties	2014	Related parties
Revenue from sales and services	13,339,429	3,820,837	8,708,740	1,728,581
Other income	459,961		380,523	
Capitalisation of internally produced animated series	1,138,249		869,508	
Raw materials, consumables and goods	(94,060)		(103,309)	
Personnel costs	(1,317,748)	(96,279)	(1,091,463)	(81,650)
Amortisation and impairment of intangible assets	(1,326,427)		(1,206,350)	
Depreciation and impairment of tangible assets	(114,329)		(136,314)	
Allowance for doubtful debts	(400,000)		(510,000)	
Other operating costs	(6,557,924)	(1,048,293)	(5,026,534)	(737,574)
EBIT	**5,127,151**		**1,884,801**	
Finance income	504,836	42,349	99,158	-
Finance costs	(543,534)		(513,967)	
Profit (loss) before tax	**5,088,453**		**1,469,992**	
Income tax expense	(2,083,381)		-	
Profit (loss) for the year	**3,005,072**		**1,469,992**	

Statement of cash flows providing related party disclosures

Values in Euro	**2015**	**related parties**	**2014**	**related parties**
A. CASH AND CASH EQUIVALENTS AT 1 JANUARY	223,114		672,520	
Profit (loss) for the year	3,005,072		1,469,992	
Depreciation, amortisation and impairment	1,840,756	-	1,852,664	-
Net change in provisions	701,890	-	(172,011)	-
Cash flow from (used in) operating activities before changes in working capital	5,547,718		3,150,645	
(Increase) / decrease in trade and other receivables	(4,480,397)	(1,558,497)	(5,209,552)	(1,614,670)
(Increase) / decrease in tax assets	3,165,322		1,263,305	
(Increase) / decrease in other assets	(137,603)		(8,492)	
Increase / (decrease) in trade payables	2,122,119	(106,477)	1,597,095	(199,858)
Increase / (decrease) in tax liabilities	60,645		(170,127)	
Increase / (decrease) in other liabilities	248,027		212,292	
B. NET CASH FROM (USED IN) OPERATING ACTIVITIES	6,525,831		835,166	
(Acquisition) / disposal of:				
- Intangible assets	(9,885,255)		(2,374,639)	
- Property, plant and equipment	(180,688)		(20,464)	
- Financial assets	43,858	43,858	112,684	112,684
C. NET CASH FROM (USED IN) INVESTING ACTIVITIES	(10,022,085)		(2,282,419)	
Changes in capital	6,010,923		1,799,722	
(Increase) / decrease in financial receivables and securities	(162,000)		(70,000)	
Increase / (decrease) in financial payables	(744,810)		(494,610)	
Interest paid	(175,413)		(237,265)	

D. NET CASH FROM (USED IN) FINANCING ACTIVITIES	4,928,700	997,847
E. NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (B+C+D)	1,432,446	(449,406)
F. CASH AND CASH EQUIVALENTS AT 31 DECEMBER	1,655,560	223,114

4.7 NOTES TO THE FINANCIAL STATEMENTS AS AT 31.12.2015

4.7.1 INTRODUCTION

Mondo TV S.p.A. is a joint-stock company registered under the Rome Companies Register. The Company is incorporated under Italian law, its registered office is located in Rome, Via Brenta 11 and it is listed on the Italian stock exchange (Borsa Italiana's STAR market). The subsidiaries Mondo TV France S.A. and Mondo TV Suisse S.A. are listed on the AIM Italy/Alternative Capital Market (hereinafter, "AIM Italy") organized and managed by Borsa Italiana S.p.A.

At the close of the stock market of 29 March 2016, the price of the shares stood at Euro 4.41, equivalent to a capitalization of Euro 116.5 million. In the last 12 months, the value of the stock increased by about 40%.

The financial statements as at 31 December 2015 were approved by the Board of Directors' meeting of 29 March 2016, which authorised their publication on that same date and convened the General Meeting for relevant approval on 29 April 2016 (single call).

These financial statements are subject to audit by BDO Italia S.p.A. pursuant to Italian Legislative Decree 39/2010.

The Annual financial statements (the "financial statements") of Mondo TV S.p.A. (hereafter also the "Company" or the "Parent") have been prepared on a going concern basis, as the Directors have verified that no significant financial, operating or other indicators of issues concerning the Company's ability to meet its obligations in the foreseeable future, and in particular within the 12 months from the end of the reporting period, exist. How the Company manages financial risks, including liquidity risk and capital risk, is described in the paragraph 4.7.26 "Financial Risk Management".

The financial statements are prepared and presented in Euro, which is the functional currency of the Company. The amounts reported in the tables included in the notes are expressed in thousands of Euro, unless otherwise indicated.

The financial statements have been prepared on the historical cost basis, except for the measurement of financial assets and liabilities, in the cases in which fair value measurement is required.

The main activities of the Company and its subsidiaries are described in the Report on operations.

4.7.2 ACCOUNTING POLICIES AND MEASUREMENT BASES

The Company's financial statements as at 31 December 2015 consist of the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and relevant notes, and are drafted pursuant to IFRSs.

The acronym IFRS refers to the "International Financial Reporting Standards" (IFRS), the "International Accounting Standards" (IAS), all interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), formerly known as the "Standing Interpretations Committee" (SIC), which, on the date of approval of these financial statements, have been endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002. In particular, it is noted that IFRSs were applied consistently to all the years examined in this Report. Furthermore, these financial statements were drafted based on the best knowledge of IFRSs and the best interpretations on the issue; any future interpretations and revisions will be taken into account in the next years, in accordance with the provisions included from time to time in the relevant accounting standards.

The accounting standards and policies applied to these financial statements are consistent with those used in preparing the financial statements as at 31 December 2014. As from 1 January 2015, certain amendments were applied to international accounting standards. The main amendments are shown in the next paragraph "Recently issued accounting standards".

In preparing these financial statements the cost method was applied, except for the derivative instruments and some financial assets for which IAS 39 requires or, limited to financial assets, allows measurement as at fair value.

These financial statements provide a true and fair view of the financial position, financial performance and cash flows. They are consistent with the Company accounts, which fully reflect the transactions carried out in the year, and comply with the applicable accounting standards. Specifically, they are prepared:

- on an accrual basis: events and transactions are recognised when they occur regardless of when the related receipts and payments take place;
- on a going concern basis: the continuity of operations is assumed to be maintained in the next twelve months as from the end of the reporting period;
- based on the substance over form principle: when operating events are recognised in the statements, priority is given to the principle of substance over form.

The asset and liability items were measured by applying, wherever necessary, assumptions based on reliable items, past experience, and information available at the date of preparation of these financial statements.

The statement of financial position, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity show the comparison with the results related to the previous year ended 31 December 2014 of Mondo TV S.p.A.

FORMAT OF FINANCIAL STATEMENTS

As regards the format adopted for these financial statements, the Company has resolved to present the following types of financial statements.

Statement of financial position
The statement of financial position as at 31 December 2015 is presented in opposite sections, keeping separate Assets, Liabilities and Equity. In addition, the asset and liability items are classified as current and non-current.

Income Statement
Items in the income statement for the year ended 31 December 2015 are classified by nature.

Statement of comprehensive income
The statement of comprehensive income is presented as a separate statement with respect to the Income statement as allowed by IAS 1 Revised.

Statement of cash flows
The statement of cash flows was prepared using the indirect method.

Statement of changes in equity
The statement of changes in equity was prepared in compliance with IAS 1 Revised.

The most significant measurement bases adopted for drafting the financial statements are detailed below.

<u>Intangible rights and other intangible assets</u>
Intangible assets are identifiable non-monetary items without physical substance, and a resource that is controlled by the entity and from which future economic benefits are expected. These items are recognised at the acquisition and/or production cost, including all directly attributable costs of preparing the asset for its intended use, net of cumulative amortisation and any impairment losses. Any interest payable accrued during and for the development of intangible assets is considered part of the acquisition cost.
If availability of and payment for an intangible asset acquired are deferred beyond normal terms, the purchase price and the corresponding payable are discounted by recognising the finance costs implicit in the original price.

Rights on films and animated series, that make up the Company's "Library", are amortised under the individual-film-forecast-computation method, based on the percentage ratio, determined on the date of preparation of the financial statements for each title in the "Library", between revenue earned on the reference date, and the total expected revenue based on the sales plan drafted by the Directors over 10 years from the title's release date. Amortisation starts as soon as the title is completed and feasible for commercial use. This measurement method is deemed to be more suitable to amortise film rights.
The costs incurred for the production of intangible assets in currencies other than the Euro are translated based on the exchange rate applicable on the date of the transaction.
In compliance with IAS 36, considering their significant amount and intangible nature, these costs are tested for impairment annually or more frequently if there is an indication of impairment, in order to assess if the recoverable value is at least equal to the carrying amount.
Other intangible assets have an estimated 5-year useful life.

Property, plant and equipment

Property, plant and equipment are accounted for at the acquisition or production cost, net of accumulated depreciation and any impairment losses. The cost of tangible assets also includes any directly attributable costs of preparing the asset for its intended use, as well as any cost for disposal incurred in compliance with contractual obligations of restoring the asset to its original conditions.
The finance costs directly attributable to the acquisition, creation, or production of an asset are capitalised on the asset as part of its cost. The costs incurred for repair and maintenance are recognised in profit or loss as incurred. The capitalisation of costs relating to the expansion, modernisation, or improvement of facilities, whether owned or used by third parties, is possible if they satisfy the requirements for separate classification as an asset or part of an asset.
They are depreciated on a straight-line basis each year at specific depreciation rates based on the future economic benefits expected by the Company.
The rates adopted for the industrial equipment cover a period of 5 years.
Other assets include furniture, fittings and electronic equipment with a 5-to-7-year useful life.

Impairment of intangible and tangible assets

Intangible and tangible assets that are not fully amortised/depreciated are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists, the asset's recoverable amount is estimated. Any impairment loss with respect to the carrying amount is recognised in profit or loss. The recoverable amount of an asset is the higher of fair value less costs of disposal and value in use (i.e. the present value of future cash flows expected to be derived from the asset). If an asset that does not generate largely independent cash flows, the realisable value is determined based on the cash generating unit to which the asset belongs. In order to determine the value in use, the expected future cash flows are discounted based on a discount rate that reflects the current market value of the cost of money, in relation to the investment period and asset's specific risks. An impairment loss is recognised in profit or loss when the carrying amount of the asset is greater than the recoverable amount. If the reasons for the previously recognised impairment no longer exist, the impairment is reversed and the carrying amount that the asset would have had if the impairment had not been made and if depreciation and amortisation had been performed is recognised in profit or loss.

Equity investments

The Company classifies its equity investments under:
- "Subsidiaries" where the investing company has the power to determine their financial and operational policies from which it derives benefits;
- "Other companies", i.e. those that do not meet any of the above requirements.

Equity investments are all valued at their acquisition or establishment cost. This cost is recognised in subsequent financial statements except in the event of an impairment loss or restatement following a change in its economic allocation or due to equity transactions. Annexed to these Notes, is a summary table of the equity investments.
In reference to the subsidiaries, it should be noted that the data contained therein is drawn from the draft financial statements as at 31 December 2015, approved by the respective Board of Directors.

The "Provision for risks in equity investments" includes any impairment losses exceeding the carrying amount, if there is an obligation to recover these losses. If the reasons for the impairment cease to exist, the equity investment value is restated to its original cost.

Trade and other receivables

The fair value of trade receivables does not diverge from the carrying amounts as at 31 December 2015 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.

The trade and other receivables are included among current assets, except for receivables due after 12 months from the reporting date, which are classified under non-current assets.

Impairment losses on receivables are recorded when there is objective evidence that the Company will not be able to recover the receivable due from the counterparty based on the contract obligations. The objective evidence includes events such as:

a) significant financial difficulty of the obligor;
b) litigation against the obligor in relation to receivables;
c) likelihood that the borrower will declare bankruptcy or other financial reorganisation.

The impairment is measured as the difference between the asset's carrying amount and the present value of the future cash flows and is recorded in the separate income statement under the item "Other operating costs". If the reasons for the previously recognised impairment no longer exist in subsequent periods, the impairment loss is reversed to the extent of the amount measured at amortised cost.

Impairments, which are based on the most recent information available and on the directors' best estimates, are performed in such a way that assets subject to impairment are reduced as to be equal to the discounted value of cash flows expected in the future. The allowance for doubtful debts is classified as a deduction from "Trade receivables".

Allocations to the allowance for doubtful debts are classified in the income statement under the item "Allowance for doubtful debts". The same classification applies to any use thereof and to impairment of trade receivables.

Financial assets

Investments in other companies are measured at fair value or, if the development plans of their assets are not available, at cost adjusted for impairment, if any.

During the year, no impairment indicators were identified and for this reason, no impairment test was carried out.

Therefore, based on the information held by the Group, in this case there are no indications that the cost deviates significantly from their fair value.

Cash and cash equivalents

They include cash, bank and postal deposits, which have the requirements of availability on demand, successful outcome and the absence of expenses for collection. "Cash and cash equivalents" are recorded at fair value.

Trade payables

The fair value of trade payables, recorded under the "current" items of the statement of financial position and measured using the amortised cost method, does not diverge from the carrying amounts as at 31 December 2015 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.

Payables to banks and other lenders

Payables to banks and other lenders are initially recognised at fair value, net of direct ancillary costs. Payables to banks and other lenders are classified under current liabilities, except for those amounts falling due after 12 months from the reporting date and those for which the companies have an unconditional right to defer their payment for at least 12 months from the reporting date.

Tax assets and liabilities
"Tax assets" and "Tax liabilities" include all those assets and liabilities due from/to Tax Authorities, associated with direct taxes only, that can be collected or offset in the short-term. Tax liabilities arising from indirect taxes are classified under the item "Other liabilities".

Provisions for risks and charges
Allocations to the provisions are recognised when: (i) a present, legal or implicit, obligation deriving from a past event exists; (ii) it is probable that the fulfilment of the obligation will result in a future cash disbursement; (iii) the amount of obligation can be reliably estimated. Allocations are recorded at the value representing the best estimate of the amount the Company would pay to fulfil the obligation or transfer it to third parties. When the passage of time is relevant and the dates of payment of the obligations can be reliably estimated, the provision is subject to discounting. The rate used in determining the present value of the liability reflects the current market values and includes the additional effects relating to the specific risk that can be associated with each liability. The increase in the provision associated with the passage of time is recognised in the income statement under "Finance income (costs)".
The provisions are periodically updated to reflect the changes of the cost estimates, time, and discount rate; adjustments to provision estimates are classified under the same income-statement item under which the previous allocation was classified or, when the liability relates to assets, they are recognised as an increase or decrease in the carrying amount of the related asset.
The notes to these financial statements provide information on contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events that are not fully under the Company's control; (ii) present obligations deriving from past events, the amount of which may not be reliably estimated or the fulfilment of which most likely does not involve any consideration.

Post-employment benefits
The liabilities related to defined benefit plans (such as post-employment benefits) are calculated net of any assets servicing the plan on the basis of actuarial assumptions and on an accruals basis in line with the work service necessary to obtain the benefits; the liability valuation is verified by independent actuaries. The methodology applied for the determination of these benefits is defined as "credit unit projection method" with recognition of the present value of obligations to employees arising from actuarial calculations. The value of the liability recognized in the financial statements is, therefore, aligned with that resulting from the actuarial valuation of the same with full and prompt recognition of the actuarial gains and losses in the period in which they occur in the overall income statement through a specific equity reserve. In the calculation of liabilities, account is taken of regulatory amendments in accordance with Law 27 December 2006 no. 296 (2007 Finance Act) and subsequent Decrees and Regulations issued in 2007, which introduced, as part of the social security system reform, significant changes to the allocation of accruing portions of the severance pay provision (TFR).

Dividends
The dividends are recognised in the period in which distribution is approved.

Recognition of revenue and income
Revenue from sales and services is recognised when the actual transfer of the relevant risks and benefits of ownership or arising from the rendering of services take place. In the case of rights, the risks and benefits are understood to be transferred upon delivery of media, in light of the contractual provisions.
Revenues related to production are recorded upon achievement of certain contractual phases and are generally dependent on the delivery of materials or the recognition of the state of progress on the part of the client.
Revenue is recorded net of returns, discounts, rebates, and premiums, as well of any directly related taxes.
Revenue is also recorded including royalties or other types of costs for the use of the rights in the cases in which the risks underlying the transfer (in particular counterparty risk, price risk, and credit risk) remain essentially incumbent upon the Company. For these reasons, recognised revenue from sales and services represents the gross amount invoiced to the end customers, and costs incurred to compensate the various principals are classified under the cost of production.

The interest income is recognised on an accrual basis, based on the loan amount and on the applicable effective interest rate, representing the rate that discounts the future cash collection estimated over the expected life of the financial asset to make it equal to the carrying amount of the asset.
Dividends are recognised when the shareholders are entitled to receive payment.

Lease transactions

Leases are classified as finance leases if they transfer substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.
Leased assets are recorded as Company's assets at their fair value on the date of execution of the agreement, or, if lower, at present value of the minimum payments due for leases. The corresponding liability due to the lessor is recognised as a liability due to finance leases in the statement of financial position. Lease payments consist of principal and interest in order to achieve a constant interest rate on the residual liability. The finance costs are directly recognised in profit or loss, unless they are not attributable to specific assets. For operating leases, lease payments are recorded on a straight-line basis over the lease term. Benefits received or to be received as incentive to enter into operating lease agreements are also recorded on a straight-line basis over the lease term.

Foreign exchange transactions

In preparing the financial statements, the transactions in currencies other than Euro are initially recognised at the exchange rates applicable on the dates they occurred. On the reporting date, the monetary assets and liabilities denominated in the above-mentioned currencies are expressed at the exchange rates applicable on that date. The exchange differences arising from the adjustment of the monetary items to the exchange rates applicable at the end of the year are recognised in profit or loss.

Taxes

The tax expense of Mondo TV S.p.A. is given by current and deferred taxes. If referring to items recognized in the income and expenses recognized in equity in the comprehensive income statement, said taxes are recognized with a balancing under the same item.

Current taxes are calculated based on the tax regulations in force at the reporting date; possible risks related to different interpretations of positive or negative income components, as well as disputes with the tax authorities, are valued at least quarterly in order to adjust the allocations recognized in the financial statements.

Deferred taxes are calculated based on temporary differences arising between the carrying amount of assets and liabilities and their value for tax purposes as well as on tax losses. The valuation of deferred tax assets and liabilities are calculated by applying the tax rate expected in force at the time when the temporary differences reverse; said forecast is made on the basis of current tax law or substantially in force at the reference date of the period. Deferred tax assets, including those arising from tax losses, are recognized to the extent in which, based on the business plans approved by the directors, the existence is probable of a future taxable income against which said assets can be used.

Business combinations and Business combinations of entities under common control

The transfer of control of a business (or of an integrated set of activities, coordinated and managed as a unit) constitutes a business combination. In compliance with the provisions of IFRS3, business combinations are accounted for by using the "acquisition method" based on which the identifiable assets acquired (including any intangible assets that were not previously recognised by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) are measured at their acquisition-date fair values. Any excess of the consideration transferred over the fair value of the identifiable assets and liabilities is recognised as goodwill and therefore allocated to the cash-generating units identified in the Company; if the consideration transferred is below the fair value, the difference is recognised in profit or loss. Business combinations of entities under common control are generally implemented for purposes other than the transfer of control, such as a simple corporate reorganization within a group and are therefore excluded from the mandatory application of IFRS 3. The accounting treatment for transactions under common control are the result of evidence or absence of economic substance, i.e. of significant influence on the future cash flows of the net assets transferred for the entities concerned.

If such business combinations do not significantly affect the future cash flows of the transferred net assets,

the governing principle is the continuity of values which entails the recognition, in the statement of financial position, of values equal to those that would have resulted if the companies subject to business combinations had always been combined. The income statement is equal to the sum of the income statements of the two combined entities, starting from the transaction date, net of inter-company eliminations and adjustments necessary to ensure data consistency and uniformity.
In the event of a merger, in the financial statements of the Company resulting from the merger, the data of the merged company is made consistent with all the same kind of transactions carried out by the entity resulting from the merger, and is based on the information available to the Directors of the entity resulting from the merger. If the figures relating to the transfer are higher than the historical values, the excess is reversed through a downward adjustment of the equity of the Company resulting from the merger, by charging the amount to a specific reserve.

Main assumptions used in relation to accounting standards
The preparation of the financial statements also requires the use of estimates and assumptions that may have a significant impact on the items recognised in the statement of financial position and income statement, as well as on disclosure relating to contingent assets and liabilities recognised in the financial statements. The formulation of these estimates involves using available information and subjective assessments also based on historical data, in order to make reasonable assumptions for the recognition of operating events. By their nature, the estimates and assumptions that are used may vary from one period to the next and therefore it is not to be excluded that in subsequent periods, the current figures of the financial statements may be significantly different, following changes in the subjective assessments applied thereto. The estimates and assumptions are periodically reviewed and the effects of each change are immediately recognised in profit or loss. The main assumptions used in relation to the accounting standards are as follows:
- estimate of the future sales plan of the Library for the purpose of defining the amortisation plan in accordance with the "individual-film-forecast-computation method" considering the absence of past data for the Company;
- estimate of the recoverability of the receivables;
- the evaluation of pending litigation and the possible quantification of provisions for risks and charges;
- estimates and assumptions regarding recoverability of deferred tax assets.

Earnings per share
The basic earnings per share are calculated by dividing the share of profit (loss) by the weighted average of the shares outstanding during the year.
The diluted earnings per share are calculated taking into account, both for the share of profit (loss) and for the above-mentioned weighted average, the effects associated with the total conversion/subscription of all the potential shares that could be issued by exercising any outstanding options and are determined as a ratio between the profit (loss) for the year and the average number of shares outstanding during the period.

Restrictions on capital
As at 31 December 2015, the Company's share capital amounted to Euro 13,212,414 consisting of 26,424,828 shares with a nominal value of Euro 0.50.
No restrictions on capital due to laws or regulations are noted.
The Company monitors the net financial position/equity ratio in order to reduce and optimise the overall cost of the capital and maximise return for shareholders in the future; the Company plans to pay a dividend to the shareholders upon achieving corporate targets in the upcoming financial years.

RECENTLY ISSUED ACCOUNTING STANDARDS

In preparing these financial statements, the same accounting standards and preparation criteria adopted in preparing the financial statements as at 31 December 2014 have been applied, except as outlined below.

New standards and interpretations endorsed by the EU and in force from 1 January 2015

For completeness of disclosure, we note the amendments, interpretations and modifications listed below, applicable from 1 January 2015, however which have not yet had a significant impact on the financial statements of Mondo TV:

- Annual Cycle of Improvements to IFRS 2010-2012 adopted with Regulation (EU) no. 28/2015 as part of the annual improvement and general revision of the international accounting standards. In particular, the following are noted:
    - IFRS 2 - “Share-based payments” (Definition of vesting condition): the amendment clarifies the definition of “vesting condition” by separately defining “performance conditions” and “service conditions”;
    - IFRS 3 - “Business Combinations” (Accounting of the “potential amount” in a business combination): the amendment clarifies the method for classification and valuation of a possible “potential amount” stipulated in a business combination;
    - IFRS 8 - “Operating sectors” (Aggregation of operating sectors and reconciliation of the total assets of the sectors subject to reporting with the entity’s assets): the amendment introduces additional disclosure to be presented in the financial statements. In particular, a brief description must be provided of the way in which the sectors were aggregated and what economic indicators were considered in determining whether the operating sectors have similar economic characteristics;
- Annual Cycle of Improvements to IFRS 2011-2013 adopted with Regulation (EU) no. 1361/2014 as part of the annual improvement and general revision of the international accounting standards. In particular, the following are noted:
    - “Amendment to IFRS 3 - Business Combinations”: the amendment clarifies that IFRS 3 does not apply in accounting the establishment of an agreement for joint control (IFRS 11) in the financial statements of the same;
    - “Amendment to IFRS 13 - Fair value valuation”: the amendment clarifies that the exception envisaged by the principle to value financial assets and liabilities based on the net exposure of the portfolio also applies to all contracts that fall within the scope of application of IAS 39 even if they do not meet the requirements of IAS 32 to be classified as financial assets/liabilities;
    - “Amendment to IAS 40 - Property Investments”;
- IAS 19 - “Employee benefits - Defined benefit plans”: employee contributions adopted by Regulation (EU) no. 29/2015. The amendment clarifies the application of IAS 19 to defined benefit plans that require contributions by employees or third parties other than voluntary contributions. These contributions reduce the entity’s cost of providing benefits. The amendment allows contributions related to the service, but not related to years of service, to be deducted from the cost of the benefits obtained in the period in which the service is provided, rather than spreading them over the employee’s working life;
- IFRIC 21 - Levies, adopted by Regulation (EU) no. 634/2014. The interpretation covers the recognition of a liability for the payment of a levy if said liability falls within the application of IAS 37.

New standards and interpretations endorsed by the EU, but not yet in force

The following accounting standards, interpretations and amendments endorsed by the EU will instead be applicable from 1 January 2016.

- Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets). On 2 December 2015, EU Regulation no. 2015/2231 was issued, which endorsed some amendments, limited in scope, to IAS 16 and IAS 38 at EU level. Both IAS 16 and IAS 38 envisage, as a principle basis for amortisation and depreciation, the expected consumption of the future economic benefits of an asset. The amendment clarifies that it is considered inappropriate to adopt a method of amortisation and depreciation based on revenues. Limited to intangible assets, this indication is considered a relative presumption that can be overcome only upon the occurrence of any of the following circumstances:

    (iii) the right of use of an intangible asset is related to the achievement of a predetermined threshold of revenues to be produced;
    (iv) or when it can be shown that the achievement of revenues and the use of the asset’s economic benefits are highly correlated.

These amendments must be applied prospectively starting from 1 January 2016. Said amendments are expected to generate some effects on the separate and Group financial statements that are currently under study and evaluation.

- Amendments to IFRS 11 - accounting of acquisitions of interests in joint operations. On 24 November 2015, EU Regulation no. 2015/2173 was issued, which endorsed some amendments, limited in scope, at EU level. IFRS 11 governs the accounting of investments in Joint Ventures and Joint Operations. The amendments in question add new guidelines on the method of accounting the acquisition of an investment in a Joint Operation that constitutes a business (as defined in IFRS 3 - Business Combinations). The amendments in question specify the appropriate accounting for said acquisitions. These amendments must be applied prospectively starting from 1 January 2016. Said amendments are not expected to generate effects on the Group's consolidated financial statements.

- Improvements to IFRS (2012-2014 cycle) - On 15 December 2015, EU Regulation no. 2015/2343 was issued, which transposed at EU level a collection of improvements to IFRS for the period 2012-2014; with respect to said amendments, the following are noted:
  - IFRS 5 Non-current assets held for sale and discontinued operations: these amendments relate to changes in disposal methods (from the sales plan to the distribution plan to the shareholders and vice versa);
  - IFRS 7 Financial Instruments: Disclosures: these amendments relate to the disclosure on servicing contracts, in terms of continuing involvement and the applicability of the disclosure required by IFRS 7 concerning offsetting of financial assets and liabilities in the interim financial statements;
  - IAS 19 Employee Benefits: the amendment concerns the discount rate (with reference to the market area); IAS 34 Interim financial statements: the amendment clarifies that the information included in the interim financial statements may be supplemented by other available information also contained in other sections of the Interim Report (ex. Report on operations) through the incorporation by reference technique.

  These amendments must be applied starting from 1 January 2016. Said amendments are not expected to generate significant effects on the Group's separate and consolidated financial statements.

- Amendments to IAS 1 (Presentation of Financial Statements) - Initiatives on financial statement disclosures. On 18 December 2015, EU Regulation no. 2015/2406 was issued, which endorsed some amendments, limited in scope, to IAS 1 at EU level. In particular, the amendments, which are part of a broader initiative to improve the presentation and disclosure of financial statements, include updates in the following areas:
  - materiality: it is specified that the concept of materiality applies to the financial statements as a whole and that the inclusion of intangible information may affect the usefulness of financial information;
  - disaggregation and subtotals: it is clarified that the specific items of the separate income statement, comprehensive income statement and financial position can be disaggregated. Moreover, new requirements are introduced for the use of subtotals;
  - notes structure: it is specified that the companies have a certain degree of flexibility regarding the order of presentation of the notes to the financial statements. In establishing said order, the Company must take into account the understandability and comparability of financial statements;
  - investments accounted for using the equity method: the portion of Other Comprehensive Income (OCI) relating to investments in associates and joint ventures accounted for using the equity method must be divided between the reclassifiable and non-reclassifiable part in the separate income statement.

These amendments must be applied starting from 1 January 2016. Said amendments are not expected to generate significant effects on the Group's separate and consolidated financial statements.

New standards and interpretations issued by the IASB but not yet endorsed by the EU

- IFRS 9 - Financial instruments;
- IFRS 14 - Regulatory deferral accounts - Deferred accounting of regulated activities;
- IFRS 15 - Revenues from contracts with customers;
- IFRS 16 - Leases
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities - application of the exception to consolidation;
- Amendments to IFRS 10 and IAS 8 - Sale or contribution of assets between an investor and associate or joint venture thereof;
- Exposure Draft "IFRS 10, IFRS 12, IAS 27, IAS 28 and IAS 36", concerning the valuation at fair value of quoted investments in subsidiaries, joint ventures and associates;
- Exposure Draft "IAS 12 – Income taxes" concerning recognition of deferred tax assets for unrealized losses.

The potential impact that the accounting standards, amendments and interpretations to be applied may have on the financial reporting of Mondo TV are being examined and assessed.

4.7.3 OPERATING SEGMENTS

The Company produces or purchases from the market media content – animation, in particular – and subsequently distributes them through the granting of licenses. No segment other than the animation segment can be considered as a reportable segment at this time, nor does management use additional reporting with the characteristics applied to "segments" as provided for by IFRS 8.

The table below provides, comparative for 2015 and 2014, the breakdown of revenues by geographical area. The allocation of revenue to a specific geographical area solely on the basis of the purchaser's nationality. Thus, the geographical distribution of rights sold was not taken into account.

Breakdown of revenues by geographical areas Mondo TV

(Euro thousands)	2015		2014		Difference	
Geographical areas	**values**	**%**	**values**	**%**	**values**	**%**
Italy	2,538	18%	4,384	47%	(1,846)	(42%)
Europe	4,958	36%	3,395	37%	1,563	46%
Asia	6,135	44%	1,247	14%	4,888	392%
Americas	52	-%	-	-%	52	-
Africa	116	1%	208	2%	(92)	(44%)
Total revenue	**13,799**	**100%**	**9,234**	**100%**	**4,565**	**49%**

All non-current assets are located in Italy.

4.7.4 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND FINANCIAL ASSETS

The breakdown of changes in intangible rights and other intangible assets is shown in the table below.

Changes in intangible assets

(Euro thousands)	**Intangible rights**	**Other intangible assets**	**TOTAL**
Cost at the end of the period	74,094	976	75,070
Amortisation at the end of the period	(68,596)	(925)	(69,521)
Balance as at 31 December 2013	**5,498**	**51**	**5,549**
Previous year			
Acquisitions in the period	2,372	2	2,374
Ordinary amortisation	(1,188)	(18)	(1,206)
Cost at the end of the period	76,466	978	77,444
Amortisation at the end of the period	(69,784)	(943)	(70,727)
Balance as at 31 December 2014	**6,682**	**35**	**6,717**
Current year			
Acquisitions in the period	9,875	10	9,885
Ordinary amortisation	(1,312)	(14)	(1,326)
Cost at the end of the period	86,341	988	87,329
Amortisation at the end of the period	(71,096)	(957)	(72,053)
Balance as at 31 December 2015	**15,245**	**31**	**15,276**

All the costs recorded are reasonably related to the assets' useful life over the years and are amortised/depreciated on a straight-line basis in accordance with the principles described in paragraph 4.7.20.

Impairment test on the Library

At least once a year or more frequently if there is an indication of impairment, Mondo TV S.p.A. checks if the recoverable value is at least equal to the carrying amount, in compliance with IAS 36.
Rights on films and animated series, that make up the Companies' "Library", are amortised under the individual-film-forecast-computation method, based on the percentage ratio, determined on the date of preparation of the financial statements for each title in the "Library", between revenue earned on the reference date, and the total expected revenue based on the sales plan drafted by the Directors over 10 years from the title's release date. Amortisation starts as soon as the title is completed and feasible for commercial use. This measurement method is deemed to be more suitable to amortise film rights.

On 31 December 2015, the Company subjected intangible rights to impairment tests pursuant to IAS 36 in order to account for any additional impairment losses. The test focused on the relevant CGUs and the carrying amount was compared to the higher of the value in use of the CGU and the recoverable amount through disposal. In particular, the value in use was determined using the discounted cash flow method, in the "unlevered" version, applied on the cash flows resulting from the ten-year plans approved by the Directors. The cash flows used are those generated by the Company's operations, in their current form and without including the effects deriving from any future business restructuring or any future investment made to improve future performance, gross of finance costs and net of taxes, and include investments in fixed assets and changes in working capital, whereas they do not include the cash flow from financing activities, extraordinary events, or relating to the payment of dividends.

The corresponding basic macro-economic assumptions are determined, where available, based on outside sources of information, whereas the profitability and growth estimates assumed in the plans are determined by management based on past experience and forecasts regarding the development of the markets in which the Company operates.

The resulting cash flows are discounted using a discounting rate (WACC) determined by applying the Capital Asset Pricing Model.

The test was performed based on the following underlying assumptions:

- the cash generating units correspond to the individual titles of Mondo TV S.p.A.'s Library;
- for each stock, a forecast plan was made of expected revenues with a duration of 10 years;
- the sales performance trend was estimated for each title over the 10-year period;
- no terminal value was estimated;
- the WACC applied was equal to 8.2% (unchanged compared with 31 December 2014); the Capital Asset Pricing Model (CAPM) was used for the purpose of calculating the rate;

Consistently with the previous years, based on the Company's specific experience and the well-established practice in the sector, the cash flow has been calculated over a ten-year period (2016-2025) in light of the following aspects:

The Company retains full ownership of most of the Library for an unlimited period of time.

The Company considers the period of economic life of rights to last for ten years, i.e. the same amortisation period used for the Library (the Library's value becomes equals zero on the tenth year after the title's release).

The considerations mentioned above and the Company's particular type of business, intrinsically characterised by the potential to benefit from a long-term exploitation of the licenses acquired, allow us to conclude that the ten-year period used to test the Library's carrying amount for impairment appears reasonable.

The impairment test on the Mondo TV S.p.A.'s Library did not reveal any impairment losses.

The breakdown of changes in tangible assets is presented in the table below.

Changes in tangible assets				
(Euro thousands)	**Plant and machinery**	**Industrial and commercial equipment**	**Other assets**	**TOTAL**
Cost at the end of the period	2,236	692	577	3,505
Amortisation at the end of the period	(2,170)	(494)	(495)	(3,159)
Balance as at 31 December 2013	**66**	**198**	**82**	**346**
Previous year				
Acquisition	19	-	2	21
Depreciation	(40)	(71)	(25)	(136)
Cost at the end of the period	2,255	692	579	3,526
Amortisation at the end of the period	(2,210)	(565)	(520)	(3,295)
Balance as at 31 December 2014	**45**	**127**	**59**	**231**
Current year				
Acquisition	131	-	49	180
Depreciation	(37)	(51)	(26)	(114)

Cost at the end of the period	2,386	692	628	3,706
Amortisation at the end of the period	(2,247)	(616)	(546)	(3,409)
Balance as at 31 December 2015	**139**	**76**	**82**	**297**

There are no restrictions on ownership and title of tangible assets and intangible assets.

The following table provides the details of finance lease agreements effective as at 31 December 2015 (amounts in Euro thousands):

Breakdown of leases

Asset acquired	**IT equipment**	**Miscellaneous audio/video equipment**	**IT equipment**	**TOTAL**
Year of acquisition	**2010**	**2011**	**2012**	
Amount funded	66	141	151	357
Net carrying amount as at 31 Dec. 2011	**46**	**98**	**0**	144
Acquisitions in 2012	0	0	151	151
Depreciation in 2012	(13)	(28)	0	(41)
Net carrying amount as at 31 Dec. 2012	**33**	**70**	**151**	254
Depreciation in 2013	(13)	(28)	(15)	(56)
Net carrying amount as at 31 Dec. 2013	**20**	**42**	**136**	**198**
Depreciation in 2014	(13)	(28)	(30)	(71)
Net carrying amount as at 31 Dec. 2014	**7**	**14**	**106**	**127**
Depreciation in 2015	(7)	(14)	(30)	(51)
Net carrying amount as at 31 Dec. 2015	**0**	**0**	**76**	**76**

Amount outstanding as at 31 Dec. 2011	**45**	**96**	**0**	**141**
2012 payables for new agreements	0	0	91	91
Payments made in 2012	(11)	(23)	0	(33)
Amount outstanding as at 31 Dec. 2012	**34**	**73**	**91**	**199**
Tot. interest expense year 2012	1	3	0	4
Payments made in 2013	(11)	(25)	(28)	(65)
Amount outstanding as at 31 Dec. 2013	**23**	**48**	**63**	**134**
Tot. interest expense year 2013	1	2	4	7
Payments made in 2014	(11)	(26)	(28)	(65)
Amount outstanding as at 31 Dec. 2014	**12**	**22**	**35**	**69**

Tot. interest expense year 2014	1	1	3	5
Payments made in 2015	(12)	(22)	(29)	(63)
Amount outstanding as at 31 Dec. 2015	**0**	**0**	**(6)**	**6**
Tot. interest expense year 2015	**1**	**1**	**2**	**4**

The change and value of equity investments are shown in the table below:

Change in equity investments

(in thousands of Euro)	31.12.14	increases/decreases	31.12.15
equity investments in subsidiaries:			
Mondo TV France	525	(99)	426
Mondo TV Suisse	84	(11)	73
Mondo TV Spain	563	100	663
Total Subsidiaries	**1,172**	**(10)**	**1,162**
equity investments in other companies	54	(34)	20
Total equity investments	**1,226**	**(44)**	**1,182**

The following table provides a comparison between the carrying amount of equity investments and the relevant equity stake:

Comparison between carrying amount of subsidiaries and relevant equity stake

	31.12.15 Carrying Value (A)	Equity	%	Relevant equity (B)	Difference (B) – (A)
equity investments in subsidiaries:					
Mondo TV France	426	2,162	40	865	439
Mondo TV Suisse	73	413	67	277	204
Mondo TV Spain	663	196	100	196	(467)
Total Subsidiaries	**1,162**	**2,771**		**1,338**	**176**

Mondo TV Suisse was incorporated in February 2014; the Company is focused on international productions and acquired a significant portfolio of productions in a few months; in April 2015, the listing process at the AIM Italy was completed; the decrease in the carrying value is due to the sale on the market of shares of the subsidiary in order to increase the free float.
The decrease in the carrying value of Mondo TV France is due to the sale on the market of shares of the subsidiary.
In view of the difference between the carrying value of the shareholding in Mondo TV Spain and attributable equity was recorded in previous years in a specific provision for risks on investments.
Equity investments in other companies relate to unlisted minority interests of lenders and are carried at historical cost; the decrease in the year is due to the full impairment of the investment in CARIFE.

4.7.5 TAX ASSETS AND LIABILITIES

Deferred tax assets are recognised in financial statements to the extent they are likely to be recovered; in particular the recognition of deferred tax assets reflects the assessments made by the Board of Directors on 29 March 2016 with regards to taxable income generated by Company's operations in the near future so as to allow the recovery.

Tax losses starting from those recorded in the year 2006 no longer expire, and therefore they may be accumulated and used to an extent equal to 80% of the taxable income for IRES (Corporate Income Tax) of each year.

Changes in deferred tax assets and liabilities

(Euro thousands)	**31.12.14**	**Increases**	**Decreases**	**Changes in tax rate**	**31.12.15**
Assets	9,044	472	(1,345)	(546)	7,625
Liabilities	42	99	-		141
Net deferred tax assets	**9,002**	**373**	**(1,345)**	**(546)**	**7,484**

In the course of 2015, deferred tax assets decreased by Euro 2,295 thousand, of which about 1,345 thousand for uses and Euro 546 thousand for adjustment following the IRES rate change planned by the legislature as of 1 January 2017, which will go from the current 27.5% to 24%.
Deferred tax assets mainly arising from temporary differences amounting to Euro 472 thousand were recognised.
For the economic effects relating to taxes, reference is made to note 4.7.23.

The recoverability of deferred tax assets recognised in the financial statements in the next ten years is strictly related to the actual achievement of the objectives set in the 2016-2020 Business Plan, approved by the Company's Board of Directors on 5 November 2015, characterised by the uncertainties typical of a forecast Business Plan.

The breakdown of current tax assets and liabilities is shown in the table below:

Breakdown of current tax assets and liabilities

(Euro thousands)	**31.12.15**	**31.12.14**	**Change**
IRES (Corporate Income Tax)	63	71	(8)
IRAP (Regional Business Tax)	189	11	178
Tax assets	6,442	8,357	(1,915)
Total tax assets	**6,694**	**8,439**	**(1,745)**
IRES (Corporate Income Tax)	-	38	(38)
Total tax liabilities	**-**	**38**	**(38)**

Tax receivables consist of receivables arising from the transformation of a portion of deferred tax assets in receivables in accordance with Law no. 214 of 22 December 2011.

4.7.6 TRADE RECEIVABLES AND FINANCIAL RECEIVABLES

Non-current financial receivables of Euro 307 thousand concern deposits with Vittoria Assicurazioni and Banca popolare dell'Emilia Romagna.

Current trade receivables and other receivables are broken down in the table below:

Breakdown of trade and other receivables			
(Euro thousands)	**31.12.15**	**31.12.14**	**change**
Due from customers	10,792	9,739	1,053
Due from customers for invoices to be issued	7,986	4,951	3,035
Due from subsidiaries	4,806	3,248	1,558
coproductions	2,957	4,510	(1,553)
Other receivables	746	482	264
Due from tax authorities	203	63	140
Allowance for doubtful debts	(5,734)	(5,318)	(416)
TOTAL	**21,756**	**17,675**	**4,497**

Euro 2,957 thousand of receivables due from customers for coproductions represent the disbursements made for the acquisition of services required to fulfil the obligations vis-à-vis the coproducers as well as cost incurred for productions in progress. In compliance with the accounting policies indicated in note 4.7.3, upon completion of production, these advances will offset revenue from customers for progress in productions (revenue totalled Euro 1,692 thousand as at 31 December 2015 and is recognised under current payables).

The allowance for doubtful debts, recognised as a deduction from trade receivables and deemed to be adequate to cover the risk of bad debts showed the following changes during the year (in Euro thousands):

Breakdown of the allowance for doubtful debts	31.12.2015	31.12.2014
Allowance for doubtful debts as at 1 January	5,318	5,013
Allowance for the period	400	510
Used in the year	-	(205)
Other changes	16	-
Allowance for doubtful debts as at 31 December	5,734	5,318

Allocations for the year, amounting to Euro 400 thousand, were recognised based on a thorough analysis of all outstanding receivables and represent the Directors' best estimate, which takes into account the information available as at the date of the preparation of these financial statements and the risk of customers not fulfilling their obligations.

4.7.7 OTHER ASSETS

The item under review, equal to Euro 353 thousand (Euro 215 thousand as at 31 December 2014), mainly includes costs pertaining to future years.

4.7.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents mainly consist of deposits held with banks.
Approximately Euro 750 thousand are denominated in US dollars, and translated into Euro at the year-end exchange rate.

4.7.9 PROVISIONS FOR RISKS AND CHARGES AND POST-EMPLOYMENT BENEFITS

Provisions for current and non-current risks and charges			
(Euro thousands)	**31.12.15**	**31.12.14**	**change**
Post-employment benefits	**346**	**329**	**17**
Provision for returns on sales	23	23	-
Provision for losses on equity investments	661	661	-
TOTAL NON-CURRENT	**684**	**684**	**-**
Provision for tax audit risks	27	27	-
Other provisions	685	-	685
TOTAL CURRENT	**712**	**27**	**685**

The increase in other current risks provisions is determined by the provision made in relation to the case Moviemax Shareholders, which was defined with a total cost for Mondo TV S.p.A. of Euro 685 thousand entirely allocated.

Reference is made to note 4.7.14 for a description of any risks in addition to those included in the provision for risks.

Provisions for current and non-current risks and charges				
(Euro thousands)	**31.12.2014**	**Allocated**	**Used**	**31.12.2015**
Post-employment benefits	329	59	(42)	346
Provision for returns on sales	23	-	-	23
Provision for losses on equity investments	661	-	-	661
TOTAL NON-CURRENT	**1,013**	**59**	**(42)**	**1,030**
Provision for tax audit risks	27	-	-	27
Restructuring charges	-	-	-	-
Other risks and charges	-	685	-	685
TOTAL CURRENT	**27**	**685**	**-**	**712**

4.7.10 CURRENT AND NON-CURRENT PAYABLES

The breakdown of payables, classified by type and by due date, is reported in the tables below.

(Euro thousands)	**31.12.15**	**31.12.14**	**change**
Breakdown of trade payables			
Due to suppliers	7,573	5,747	1,806
Due to subsidiaries	818	884	(46)
Total trade payables	**8,391**	**6,631**	**1,760**
Breakdown of other payables			
Payables for wages, salaries and fees	203	315	(112)
Due to social security institutions	271	250	21
Coproduction – temporary balance	1,692	1,244	448
Withholding tax on third-party remuneration	171	166	5
VAT payables	22	22	-
Total other payables	**2,359**	**1,997**	**362**
Total trade and other payables	**10,750**	**8,628**	**2,122**

Payables to suppliers mainly refer to the provision of services necessary for the production and sale of film rights, as well as to the activities performed by consultants to the benefit of the Company during 2015.

As for payables due to subsidiaries, reference should be made to Report on operations's paragraph 1.9 "Related-party and intragroup transactions".

As for the "Coproduction" item, reference should be made to note 4.7.6 "Trade receivables and financial receivables".

As for financial payables, the breakdown is shown in the table below.

Breakdown of financial payables

(Euro thousands)	31.12.15			31.12.14		
Description	**Due within 12 months**	**After 12 months**	**Total**	**Due within 12 months**	**After 12 months**	**Total**
Payables for finance leases after 12 months		-	-		6	6
Due to banks for loans		217	217		163	163
Non-current payables	**0**	**217**	**217**	**0**	**169**	**169**
Bank overdrafts and loans	1,928		1,928	2,896		2,896
Current payables	**1,928**	**-**	**1,928**	**2,896**	**-**	**2,896**
Total	**1,928**	**217**	**2,145**	**2,896**	**169**	**3,065**

Non-current financial payables consist of the portion of unsecured loans and the lease fees coming due after 12 months.

The item "Bank overdrafts and loans" consists of current account overdrafts, bank advances on invoices, and on the portion of loans received, due within the next year. The portion of these loans payable after the next year is instead classified under the item "Due to banks for loans" among non-current payables.

The due dates of the liabilities as at 31 December 2015 are detailed below:

Worst case repayment date	**on demand**	**due within 12 months**	**between 12 and 36 months**	**after 36 months**	**Total**
Non-current financial payables	**-**	**-**	**217**	**-**	**217**
Medium and long-term financial payables	-	-	217	-	**217**
Current financial payables net of cash	**-**	**272**	**-**	**-**	**272**

Short-term financial payables due to third parties	-	272	-	-	**272**
Trade and other payables	**-**	**9,058**	**-**	**-**	**9,058**
Total as at 31 December 2014	**-**	**9,330**	**217**	**-**	**9,547**

Trade payables are recorded net of the advances from coproducers (Euro 10,750 thousand minus advances amounting to Euro 1,692 thousand), whereas the other amounts are directly taken from the net financial position. In particular, current financial payables net of cash consist of payables of Euro 1,928 thousand net of the cash on hand equal to Euro 1,656 thousand.

4.7.11 OTHER LIABILITIES

They amount to Euro 1,496 thousand as at 31 December 2015 compared to Euro 1,248 thousand as at 31 December 2014. They refer in their totality to revenues for the Company's royalty rights invoiced at the end of the year but deemed, pursuant to the revenue recognition principle adopted, to accrue in future years since the relevant media have not been delivered yet.

4.7.12 SHAREHOLDERS' EQUITY

The share capital is composed as follows:

Description	Number of shares	Par value in Euro
Ordinary shares	26,424,828	0.5
TOTAL	**26,424,828**	**13,212,414**

The number of the shares outstanding was unchanged during the year.
No shares other than ordinary shares exist, nor rights, privileges or restrictions for any category of shares. The Company owns no treasury shares and the Mondo TV Group's subsidiaries do not own any shares of the Parent.
Equity reserves are broken down as follows:

Equity reserves		
(Euro thousands)	**31.12.15**	**31.12.14**
- Share premium	12,562	13,599
- Legal reserve	2,642	2,642
- Other reserves	5,978	(1,069)
- Retained earnings (accumulated losses)	1,470	-
- Profit (loss) for the year	3,005	1,470
TOTAL	**25,657**	**16,642**

The decrease in the share premium provision is attributable to the use to cover negative equity reserves, as resolved by the Shareholders' Meeting of 17 March 2015, while the relevant increase in the item Other reserves is attributable to the gains arising on the sale of minority portions of Mondo TV Suisse and Mondo TV France; lastly, the decrease in the retained profits (losses) is due to the carry forward of 2014 profits.

Equity items are broken down according to origin, the potential for use, and availability for distribution:

- all of the share capital and legal reserve may only be used for covering losses;

- the entire amount of share premium may be used for capital increase, for covering losses, and may also be distributed among the shareholders without this representing taxable profit for shareholders.
- no revaluation reserves exist;
- there are no reserves or other provisions, which, in case of distribution, contribute to form the Company's taxable income, regardless of the period of creation;
- there are no reserves or other provisions, which, in case of distribution, do not contribute to form the corporate taxable income, regardless of the period of creation;
- there are no reserves or other provisions incorporated in the share capital;

- the item "Other reserves" includes: (i) the charges incurred in 2012 as a result of the share capital increase of Euro 206 thousand, (ii) the effects from the mergers that were carried out in 2013, amounting to Euro 3,154 thousand, (iii) the provision for the sale of the shares of Mondo France and Mondo TV Suisse, amounting to Euro 6,021 thousand, and iv) the TFR actuarial adjustment for Euro 43 thousand.

4.7.13 TAX POSITION

The tax periods for which the Company is still liable to audit by tax authorities are those from 2011 onward as concerns direct taxes and VAT.

In the year 2014, the Company had a tax audit on the year 2010 conducted by the Tax Police Squad of the Guardia di Finanza of Rome at the conclusion of which on 31 July 2014, it was notified the final Notice of Assessment.
The formal notice of assessment highlights several findings among which we note, by size, the alleged requalification, from a fiscal point of view, of the shareholder loans granted in 2010 and subsequent years: precisely the examination of this accounting item prompted the verifier unit to extend the tax audit also to the following years (2011 and 2012), limited to said item.

In relation to 2010, the Company received two assessment notices:

- The first notice relates to IRES for 2010 and was notified on 9 October 2015. The higher IRES ascertained amounted to Euro 1,127 thousand plus interest and penalties of the same amount and refers, at least in the main notice, to the non-declaration of positive elements for Euro 3,980 thousand.

  The company, while not agreeing in any way with the findings submitted, presented on 25 November 2015 application for tax settlement only to reset the amount due by separating the tax losses of the year 2005 that can no longer be carried forward. On 18 February 2016, the act of adhesion was signed at the offices of the Revenue Agency of Rome 1, by means of which the assessment was defined for IRES purposes for the year 2010, which therefore closed without any charge for the Company.

- The second notice of assessment refers to IRAP and VAT for the year 2010 and was notified on 9 October 2015. The higher IRAP ascertained is equal to Euro 204 thousand plus interest and the higher VAT ascertained is equal to Euro 797 thousand plus interest. Penalties amounted to Euro 1,195 thousand.

  The company filed an appeal against the Revenue Agency on 2 December 2015, filing at the Provincial Tax Commission of Rome on 23 December 2015 contesting both for IRAP purposes the main finding consisting in the non-declaration of positive components for Euro 3,980 thousand and for VAT purposes the non-declaration, invoicing and recording of taxable transactions for about Euro 3,980 thousand.

  In consideration of the lack of any basis in the judgement of the findings contained in the Formal Notice of Assessment (PVC) of the Guardia di Finanza as reported slavishly by the Revenue Agency in the Notice of Assessment, the Directors also comforted by the judgement of their tax consultants deem scarcely likely that the Company may succumb in this dispute, the residual value of around Euro 2,200 thousand and therefore no provision was made for this dispute.

In consideration of the tenor of findings contained in the Formal Notice of Assessment of 31 July 2014, for which there are additional positive components of income not declared for 2011, an additional assessment is deemed possible with reference to IRES, IRAP and VAT taxes for the year 2011. As anticipated for the year 2010 and in view of the lack of any foundation of the findings, it is considered unlikely that any of these assessments can generate liabilities in the future.

4.7.14 CONTINGENT LIABILITIES

As regards the risks related to ongoing disputes, not reflected among the Risks Provisions as the risk of an unfavourable outcome is not considered probable and/or the amount cannot be determined, the following is noted:

Pegasus Distribuzione S.r.l.

The Company is involved in a lawsuit against Pegasus Distribuzione S.r.l. regarding claims for damages filed by the plaintiff due to an alleged breach of contract by Mondo TV S.p.A. in relation to two sales contracts.

Pegasus Distribuzione S.r.l. requested that Mondo TV S.p.A. be forced to pay an overall sum of Euro 463 thousand to reimburse the costs incurred for the purchase of the products and to reimburse the loss of earnings, which can be set at a minimum of Euro 101 thousand and a maximum of Euro 169 thousand. Damages were also claimed for reputational harm.

Mondo TV S.p.A. objected and requested first the rejection due to lack of grounds, and secondly, verification of the lower amount owed, taking into account the non-refunding of the merchandise sold and of the non-payment on the part of Pegasus Distribuzione S.r.l. of the agreed consideration, in addition to the possibility to offset the amount with a receivable due to Mondo TV S.p.A. by Pegasus Distribuzione S.r.l. for excess merchandise delivered and used by the counterparty (Euro 69 thousand).

With the first-instance ruling on 21 January 2010, the Court of Rome rejected Pegasus Distribuzione S.r.l.'s petition; Pegasus Distribuzione S.r.l. challenged the aforementioned ruling with a notice of appeal dated 11 October 2010. The proceedings were adjourned until 23 April 2014.
At that hearing, no one appeared and the proceedings were adjourned in accordance with art. 309 Code of Civil Procedure to the hearing of 11 June 2014, at 9:30 am; said latter hearing was further adjourned to **23.11.2016.** Before the next hearing, it will be assessed whether to appear or, in case of further failure to appear by appellant, to let the proceedings lapse.

Management deems the risk of losing to be remote also based on the outcome of the first-instance ruling.

Clan Celentano S.r.l.

As regards the dispute against Clan Celentano S.r.l., which convened Mondo TV S.p.A. before the Court of Milan in relation to alleged breaches and termination of a contract concluded between the parties for the realization of a TV cartoon series with the provisional title "Adrian", on 16 April 2013, the expert witness (CTU) was appointed, whose technical report was filed at the end of 2013; the outcome is substantially unfavourable with regard to the claim for compensation formulated by Mondo TV.
At the hearing on 13 May 2014, Clan Celentano S.r.l. reported to have found an agreement with Sky, on which the series was to air, in order to interrupt the contract between Sky and Clan Celentano, and requested to produce copy of said agreement.

Mondo TV opposed and the Court reserved a decision adjourning the proceedings to the hearing of 11 November 2014.
At that hearing, the Judge admitted the filing of the transaction and adjourned the proceedings for final judgement to 19.7.2016.

The negative results of the office technical consultant do not allow at the time formulating a positive forecast on the request for compensation made by Mondo TV S.p.A., while the possibility that Mondo TV may be forced to a disbursement by way of damages is today judged by the directors as possible.

Regarding the amount of said potential compensation for damages, no request has been formulated to date by Clan Celentano nor have any preliminary investigations been carried out during the proceedings and therefore it is currently not possible to quantify the actual amount of compensation to which the Company may be condemned.

4.7.15 COMMITMENTS

Commitments undertaken by the Company not recognised under payables or provisions for risks and charges refer to:

- a surety of Euro 371 thousand issued in favour of RAI for the production of the animated series "Isola del Tesoro";
- a guarantee of Euro 480 thousand issued by Eurofidi in favour of Veneto Banca for a short-term credit line to be used as a self-liquidating loan;
- a guarantee issued by Eurofidi equal to 50% of the outstanding amount of the 36-month loan of Euro 500 thousand issued by Banca Sella;
- a guarantee of Euro 160 thousand issued by Banca Popolare dell'Emilia Romagna in favour of Simest;
- a guarantee of Euro 80 thousand for a short-term credit line issued by Veneto Banca to be used as a temporary credit line for current account overdrafts.

4.7.16 REVENUES FROM SALES AND OTHER OPERATING REVENUES

Revenues for sales, services and other revenues			
(Euro thousands)	**2015**	**2014**	**Change**
Revenue from sales of rights	7,363	4,637	2,726
Revenue from licensing	632	504	128
Revenue from production services	5,344	3,568	1,776
Total revenues for sales and services	**13,339**	**8,709**	**4,630**
Other income	**460**	**380**	**80**
Total revenues for sales, services and other revenues	**13,799**	**9,089**	**4,710**

Compared to the previous year, the significant increase in revenues from sales of Euro 4,630 thousand in absolute value and about 53% in percentage terms, was due to the resumption of productions as a result of the significant order portfolio related to international productions, mainly in Asia, the United States and the United Arab Emirates, amounting to more than USD 23 million, acquired by the subsidiary Mondo TV Suisse S.A., and the production of which is realized by Mondo TV S.p.A. and sales contracts of licenses stipulated mainly in China.
As a result of the above, production revenues went from Euro 3,568 thousand in the previous year to the current Euro 5,344 thousand.
There was an increase in sales of licenses of 59% over the previous year, which went from Euro 4,637 thousand in the previous year to the current Euro 7,363 thousand.

4.7.17 CAPITALISATION OF INTERNALLY PRODUCED ANIMATED SERIES

The Company produces animated series in-house, incurring, in addition to external costs of direction, screenplay, animation studies and music, the internal costs as well, concerning both the pre-production and post-production phases. These costs are recognised and attributed to the series in progress. Directors

recognise the series produced in-house as assets in the statement of financial position when they satisfy the definition of intangible assets in compliance with IAS 38. The Company capitalises these costs only when the costs incurred refer to the actual start of production of animated series: until then, expense incurred is recognised in profit or loss.
The item “Capitalisation of internally generated animated series” amounts to Euro 1,138 thousand for the year ended 31 December 2015.

4.7.18 RAW MATERIALS, CONSUMABLES AND GOODS

Costs for purchases of raw materials, consumables and goods amounted to Euro 94 thousand as at 31 December 2015, in line with 2014 costs.

4.7.19 PERSONNEL COSTS

The breakdown of this item is specified in the table below.

Personnel costs			
(Euro thousands)	**2015**	**2014**	**Change**
Salaries and wages	977	780	197
Social security costs	271	243	28
Post-employment benefits	70	55	15
Other personnel costs	0	13	(13)
Total	**1,318**	**1,091**	**227**

Post-employment benefits are recognised as a defined benefit. In order to calculate this complex liability, the Company is required to estimate the expected date of employment termination, also taking into account the demographic and financial variables that will influence the value of the obligation taken on by the Company.

The Company’s human resources are detailed by category in the table below.

	Company’s human resources (units)		
	31.12.15	**31.12.14**	**Average figure**
White-collar workers	23	22	22
Executives	1	1	1
Total	**24**	**23**	**23**

4.7.20 DEPRECIATION, AMORTISATION AND IMPAIRMENT

The breakdown of the item is shown below.

Breakdown of depreciation and amortisation			
(Euro thousands)	**2015**	**2014**	**Change**
Proprietary rights	780	1,074	(294)

Temporary licenses	532	114	418
Software licenses	-	4	(4)
Leasehold improvements	14	14	-
Amortisation of intangible assets	***1,326***	***1,206***	***120***
Plant and machinery	37	40	(3)
Industrial and commercial equipment	51	71	(20)
Other assets	26	25	1
Depreciation of tangible assets	***114***	***136***	***(22)***
Total	**1,440**	**1,342**	**98**

For further details and information, reference is made to the related section of the balance of these notes.

4.7.21 OTHER OPERATING COSTS

The item "Other operating costs" is broken down in the table below.

Other operating costs			
(Euro thousands)	**2015**	**2014**	**Change**
Production costs	2,446	2,131	315
Marketing and commercialisation costs	549	446	103
Consulting services	380	361	19
Remuneration to corporate bodies	332	372	(40)
Other services	1,402	1,132	270
Total service costs	**5,109**	**4,442**	**667**
Equipment hire and rents	547	491	56
Total costs associated with leased assets	**547**	**491**	**56**
Sundry operating costs	**217**	**94**	**123**
Allocated	**685**	**-**	**685**
Total	**6,558**	**5,027**	**1,531**

Higher operating costs are attributable for Euro 315 thousand to higher production costs, due to the increase in productions acquired and elaborated during the year, and for Euro 685 thousand to the allocation to the risks provision made following the definition of the litigation with former Moviemax shareholders.
The "Marketing and commercialisation costs" include the marketing costs associated with the promotion and the sale of the property rights.

4.7.22 FINANCE INCOME AND COSTS

The table below provides a breakdown of finance income and costs.

Finance income and costs			
(Euro thousands)	**2015**	**2014**	**Change**
Dividends from Mondo TV France	42	-	42
Total finance income	*42*	-	*42*
Short-term bank interest payable	(175)	(237)	62
Discounts and bank fees	(78)	(61)	(17)
Other finance costs	(42)	(49)	7
Total finance costs	***(295)***	***(347)***	***52***

Exchange rate gains	462	99	363
Exchange rate losses	(214)	(138)	(76)
Exchange rate gains and losses	**248**	**(39)**	**287**
Impairment on equity investments	**(34)**	**(29)**	**(5)**
Total finance income/(costs)	**(39)**	**(415)**	**376**

Exchange rate gains and losses mainly originated from changes in the exchange rate between the Euro and the US Dollar, in relation to commercial relations held in foreign currencies with customers and suppliers and bank accounts.

4.7.23 TAXES

The breakdown is shown in table below.

Breakdown of taxes		
(Euro thousands)	**2015**	**2014**
Previous years' taxes	82	-
Current taxes	(1,977)	(886)
Deferred tax assets and liabilities - change in rate	(547)	-
Tax assets of previous years recognised in profit or loss	(15)	(86)
Deferred tax liabilities of previous years recognised in profit or loss	-	180
Deferred tax assets for the year	472	803
Deferred tax liabilities for the year	(98)	(11)
Prepaid (deferred) taxes	(188)	886
Taxes for the year	**(2,083)**	**-**
IRES (Corporate Income Tax)	(1,773)	160
IRAP (Regional Business Tax)	(310)	(160)
Taxes for the year	**(2,083)**	**-**

Reconciliation of taxes		
(Euro thousands)	**2015**	**2014**
Pre-tax income	5,088	1,470
IRES (Corporate Income Tax) at the current rate	(1,399)	(404)
Tax effect of permanent differences for IRES (Corporate Income Tax)	(68)	(41)
Adjustments to net deferred tax assets for IRES (Corporate Income Tax)	(388)	605
IRES (Corporate Income Tax)	**(1,855)**	**160**
IRAP (Regional Business Tax)	**(310)**	**(160)**
Adjustment of prior year taxes	**82**	**0**
Total income tax expense for the year	**(2,083)**	**(0)**

4.7.24 DIVIDENDS

In 2015, a dividend in kind was approved and distributed by means of distribution of the share premium on the shares of the subsidiary Mondo TV Suisse S.A.

4.7.25 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share attributable to the Company's shareholders are obtained by dividing the profit (or the loss) by the number of shares.

Calculation of basic and diluted earnings (loss) per share	**2014**	**2014**
Average number of shares during the year	26,424,828	26,424,828
Profit (loss) for the year (in thousands of Euro)	3,005	1,470
Basic and diluted earnings (loss) per share	**0.11**	**0.06**

The diluted earnings per share as at 31 December 2015 corresponds to the basic earnings per share since there are no dilution effects.

4.7.26 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist in credit lines and bank loans, finance leases and on-demand bank deposits.
Such instruments are aimed at financing the Company's operations. The Company has various other financial instruments, such as trade payables and trade receivables deriving from operations. The main risks generated by the Company's financial instruments are:

1. Credit risk
2. Liquidity risk
3. Exchange rate risk
4. Interest rate risk.

Credit risk

Credit risk represents the exposure to potential losses arising from the non-fulfilment of the obligations assumed by the counterparties.
Already in previous years, Mondo TV adopted appropriate procedures, such as the verification of debtors' solvency, to minimise the exposure to this risk.
The management of this risk consists, first of all, in the selection of customers based on reliability and solvency and in limiting exposure to individual customers.
If significant, the positions, for which a risk of partial or total non-collectability is noted, are subject to individual impairment.

As at 31 December 2015, trade receivables amounted to Euro 23,584 thousand; Euro 5,875 thousand of which past due by more than 12 months; an allowance for doubtful debts of Euro 5,734 thousand was recognised in relation to these receivables, up by Euro 416 thousand compared to the previous year.

Performing trade receivables have not been impaired since no significant indication of impairment emerged, based on an analysis conducted that took into account both the reliability of the individual customers, and the high distribution of credit risk.

Liquidity risk

Liquidity risk represents the risk that the financial resources might not be available or may be available at a cost so high that profit (loss) for the year may be affected.

In this regard, in order to be best protected against these risks, the Company adopts a policy for the optimization of the debt mix between short and medium/long-term and, as part of the short-term lines, a policy for diversification of the banking lines and institutions.

The following table shows the breakdown of Mondo TV's credit lines made available by banks as at 31 December 2015:

Banking institution	Cash	Trade	Loans	Total
Unicredit	0	0	0.3	0.3
BNL	0	0.4	0.1	0.5
CREDEM	0	0.4	0	0.4
Banca Sella	0	0	0.16	0.16
CREDEM FACTORING	0	1	0	1
Veneto Banca	0.1	0.6	0	0.7
Total	0.1	2.4	0.56	3.06

As at 31 December 2015, with respect to the credit lines mentioned above, there are some past due positions for which the conditions were renegotiated for some in the first months of 2016 and for others negotiations are still ongoing with financial institutions to reach a renegotiation.

Exchange rate risk

The Company is exposed to the exchange rate risk due to the recognition of currency transactions (in United States dollars) generated by investments and sales.
The exchange rate risk is managed by keeping part of cash in US dollars, normally enough to settle the debts and commitments in dollars.

As at 31 December 2015, Mondo TV S.p.A. had net assets denominated in US dollars totalling USD 11,745 thousand; if the Euro/Dollar exchange rate as at 31 December 2015 had been 10% lower, foreign currency gains of Euro 1,163 thousand would have been recorded, while if the exchange rate had been 10% higher, a foreign currency loss of Euro 1,163 thousand would have been recorded.

Interest-rate risk

The interest rate fluctuations influence the cash flows, the market value of the Company's financial assets and liabilities, and the level of the net finance income (costs).

The loans are at floating rates, in particular the Euribor plus a variable spread from 1.5% up to Euribor +7% for some marginal lines.
Considering its financial exposure, Mondo TV is subject to the interest rate risk to a modest extent.

Risks associated with dependency on key managers

Some members of the Corradi family have strategic importance for the Company and the Group. The possible lack of their professional contribution could undermine the competitiveness of the Mondo TV Group and have negative repercussions on the economic, capital and financial situation.
In fact, some members of the Corradi family have a significant role in the management of the business of the Company Mondo TV S.p.A. and in the development of its products.
The members of the Corradi family have not entered into sole-agency or non-compete agreements with the Company.

Risks associated with litigation

Reference is made as outlined in the Report on operations and paragraphs on the fiscal position and contingent liabilities of these notes.

4.7.27 REMUNERATION TO CORPORATE BODIES AND EXECUTIVES

During the year ended 31 December 2015, the Board of Directors earned remuneration net of social security costs of Euro 250 thousand as resolved by the Company's Ordinary General Meeting on 30 April 2015 and by the Board of Directors' meeting of 01 October 2016. Remuneration is broken down as follows:

(Euro thousands)	**31.12.2015**	**31.12.2014**
Remuneration	250	251
Post-employment benefits	-	-
Other long-term benefits	-	-
Indemnities for the termination of employment	-	-
Stock options	-	-
TOTAL	**250**	**251**

The annual remuneration owed to the members of the Company's corporate bodies for their various roles and to other managers holding key positions is also detailed in the table below in Euro thousands; the impact on profit or loss for the relevant period is shown in the paragraph regarding transactions with related parties.

Breakdown of the remuneration due to the current corporate bodies' members			
Surname	**Name**	**Office held**	**Annual**
Corradi	Orlando	Chairman of Mondo TV S.p.A.	80
Corradi	Monica	Board Member of Mondo TV S.p.A.	83
Corradi	Matteo	Board Member of Mondo TV S.p.A.	45
Figliuzzi	Francesco	Board Member of Mondo TV S.p.A.	18
Martinelli	Marina	Board Member of Mondo TV S.p.A.	14
Marchetti	Carlo*	Board Member of Mondo TV S.p.A.	107
Ferrari	Marcello	Chairman of the Board of Statutory Auditors of Mondo TV S.p.A.	11
Barra	Adele	Member of the Board of Statutory Auditors of Mondo TV S.p.A.	8
Romani	Vittorio	Member of the Board of Statutory Auditors of Mondo TV S.p.A	8
TOTAL			**374**

*Of which Euro 97,000 as executive compensation and Euro 10,000 as director

Such remuneration includes the fees and any other sum due for the performance of the roles of Director or Statutory Auditor in the Parent, that represented a cost for the Company.

It is hereby specified that no indemnity shall be granted to Directors in case of early termination of the employment relationship.

No succession plan is envisaged for executive directors.

There are no managers with strategic responsibilities.

4.7.28 REMUNERATION OF THE INDEPENDENT AUDITOR

As required by art. 149-*duodecies* of the CONSOB Issuers' Regulation, the fees recorded by the Company in relation to the audit services during 2015 and amounting to Euro 55 thousand, are shown below. Not only audit services were provided during the year.

Type of service	Service provider	Recipient	Remuneration	Period
Audit	BDO Italia S.p.A.	Mondo TV S.p.A.	55	2015
Total remuneration			**55**	

4.7.29 INFORMATION ON THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of trade receivables and other financial assets, of trade and other payables and of other financial liabilities does not diverge from the carrying amounts as at 31 December 2015 since it mainly refers to assets underlying commercial dealings which are expected to be settled in the short term.
Non-current financial assets and liabilities are settled at market rates and therefore their fair value is essentially deemed to be in line with the current market value. Therefore, there are no differences between their fair value and their carrying amount.

4.7.30 ATYPICAL OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication DEM/6064293 of 28 July 2006 "Disclosure for listed issuers and issuers of financial instruments widely distributed among the public pursuant to art. 116 of the Consolidated Law on Finance (TUF, Testo Unico sulla Finanza) – Requirements pursuant to art. 114, par.5, of Italian Legislative Decree 58/98", it is noted that:

- no non-recurring transactions or non-recurring events, or transactions or events that do not recur frequently in the normal performance of operations took place;
- no atypical and/or unusual transactions were carried out.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2016, the Company established Mondo TV Toys S.A., based in Lugano and with share capital of CHF 100,000, which will be active in the Toys sector.

On 22 February 2016, it signed an investment agreement with GEM Global Yield Fund Limited LCS SCS and GEM Investments America LLC, which provides a reserved capital increase, with the exclusion of option rights, for a maximum of Euro 35 million, through the use of a Share Subscription Facility. Mondo TV will also issue a global warrant, exercisable within three years of issue, in favour of GEM for the subscription of 500,000 Mondo TV shares at the price of Euro 6.50 per share, 1,500,000 Mondo TV shares at the price of Euro 8,00 per share and 500,000 Mondo TV shares at the price of Euro 10 per share, for a total value of Euro 20,250,000.

Management believes that through this agreement, it is possible to anticipate to 2019 the results expected for 2020: in fact, the capital increase, as stated above, is intended to allow an acceleration and extension of the investments underlying the Company's business plan for the period 2016-2020 by strengthening the capital and financial structure.

The possibility to recover more quickly and, if necessary, with higher volume the resources useful for development of the plan, may allow anticipating investments as well as in the core sector of audiovisual production and distribution also in additional sectors such as those of “game on-line” and “toy” and should therefore allow the Company to accelerate the achievement of the objectives referred to in the aforementioned business plan.

On 9 March 2016, the Company’s Board of Directors sent the first subscription request related to the investment agreement with GEM; In particular, the First Request relates to the subscription of 2,642,480 ordinary shares.

The Board of Directors’ meeting of 29 March 2016 authorised the publication of these financial statements.

On behalf of the Board of Directors of Mondo TV S.p.A.
Chief Executive Officer

____

(Matteo Corradi)

Certification of the Separate Financial Statements as at 31 December 2015 in compliance with art. 154-*bis*, par.5, of Italian Legislative Decree 58/1998 as subsequently amended and supplemented

1. The undersigned Matteo Corradi and Carlo Marchetti, in their respective capacities as CEO and Head of Financial Reporting of Mondo TV S.p.A. (the "**Company**" or the "**Issuer**") certify, also taking into account the provisions of art. 154-*bis*, paragraphs 3 and 4, of Legislative Decree 24 February 1998, no. 58:

- the adequacy in relation to the characteristics of the Company, and
- the effective implementation of the administrative and accounting procedures for the preparation of the Separate financial statements as at 31 December 2015.

2. No significant aspects have emerged.

3. It is also certified that:

3.1 the financial statements as at 31 December 2015:

– were prepared in accordance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) 1606/2022 of the European Parliament and Council, of 19 July 2002;

- are consistent with the entries in accounting books and records;

- were drafted in compliance with art. 154-*ter* of the above-mentioned Italian Legislative Decree 58/1998 as subsequently amended and supplemented, provide a true and fair view of the financial position, financial performance and cash flows of the Issuer and of the companies included in the scope of consolidation.

3.2 The Report on operations includes a reliable analysis of the performance and the results of operations, as well as of the Issuer's general situation, together with a description of the main risks and uncertainties to which it is exposed. The Report on operations also includes reliable disclosure on significant transactions with related parties.

This certification is also provided to the intents and purposes of art. 154-*bis*, par.2, of Italian Legislative Decree 58 of 24 February 1998.

Rome, 29 March 2016

Chief Executive Officer	Head of Financial Reporting
Matteo Corradi	Carlo Marchetti

5. ANNEXES

5.1 CORPORATE BODIES AND COMMITTEES OF THE PARENT

Board of Directors

Chairman
Orlando Corradi
Chief Executive Officer
Matteo Corradi
Directors
Monica Corradi
Marina Martinelli - Independent Director
Francesco Figliuzzi - Independent Director
Carlo Marchetti

Internal Control Committee

Chairman
Francesco Figliuzzi
Members
Marina Martinelli

Remuneration Committee

Chairman
Marina Martinelli
Members
Francesco Figliuzzi

Investor Relator

Matteo Corradi

Board of Statutory Auditors

Marcello Ferrari (Chairman)
Adele Barra
Vittorio Romani

Independent Auditors

BDO Italia S.p.A.

Sponsor and Specialist

Intermonte

5.2 POWERS AND CORPORATE GOVERNANCE

Powers

Mondo TV S.p.A. appointed as the Chief Executive Officer Matteo Corradi, with all the powers for the ordinary and extraordinary administration of the Company, excluding only those that are strictly reserved to the Board of Directors by law, as well as the transactions having a significant impact in terms of performance, financial position and cash flows, and all transactions with related parties.

Corporate Governance

The Corporate Governance system, still being implemented, is inspired by the recommendations provided by the relevant committee of listed companies that drafted the Corporate Governance Code as well as by the subsequent legal provisions on the governance of listed Companies.
The Company is directed by a ***Board of Directors*** currently consisting of 6 members, as resolved by the General Meeting of 30 April 2015.
Mondo TV S.p.A.'s Board of Directors is the body responsible for defining the strategic, organisational, and operational policies, as well as verifying the existence and adequacy of the control systems necessary to assess the performance of the Parent and of the Subsidiaries. In particular, the Board of Directors:

- delegates powers and duties to the directors and revokes them;
- determines, having consulted the Board of Statutory Auditors, and at the proposal of the Remuneration Committee, the directors' remuneration in conformity with art. 2389 of the Italian Civil Code par.3;
- examines and approves the strategic plans of the Subsidiaries and the corporate structure of the Group;
- supervises whether operations are properly conducted and specifically approves the transactions of particular interest in terms of performance and financial position;
- assesses whether the general organisational and administrative structure is adequate;
- supervises in particular any actual or potential conflict of interest and the transactions with related parties;
- reports to the shareholders in the General Meeting.

The Articles of association in force reserve to non-controlling interests the right to appoint a director.

The Board of Directors is quorate when the absolute majority of the directors in office is present, and resolutions are passed with the favourable vote of the majority of those present. In case of a tie vote, the Chairman of the meeting shall cast the deciding vote.
The Board of Directors' meeting of 12 May 2015 appointed both the Internal Control Committee and the Remuneration Committee.

The duties of the ***Internal Control Committee*** are as follows:

- assess the adequacy of the Company's internal control procedures;
- examine and select the proposals from Auditing Firms to be appointed as Independent Auditors, submitting a recommendation to the Board;
- submit every six months a report to the Board on its work and the internal control proposals resolved upon;
- engage in all relationships with the Independent Auditors and perform any other duty delegated to it for that purpose by the Board of Directors.

The duties of the ***Remuneration Committee*** consist in making proposals on the remuneration of the members of the Board of Directors.
All members of the Control Committee and of the Remuneration Committee are non-executives, and are also independent pursuant to the Corporate Governance Code.

The Chairman and the Chief Executive Officer define the remuneration of subordinates within the scope of their delegated powers.
The Chairman of the Board of Directors is responsible for calling the board's meetings, setting their agenda beforehand, coordinating the activities of the Board, and chairing the meetings.
During the formal and informal Board of Directors' meetings, the Chairman ensures that each member of the Board of Directors and of the Board of Statutory Auditors has as much information as possible on the Company's operations and, in particular, on the Chairman activities in carrying out his duties.
During each meeting, the Board of Directors appoints, from time to time, a minute taker.

In accordance with the Articles of Association, the ***Board of Statutory Auditors*** consists of three standing auditors and of two alternate auditors appointed by the Shareholders' Meeting, which also establishes their remuneration.
The Articles of Association in force reserve to the non-controlling interest the right to appoint a standing auditor and an alternate auditor.
The board is appointed through the presentation of lists. Those shareholders who, alone or together with others, represent at least 2% of voting rights, have the right to present lists.
The lists presented must be deposited along with the curricula vitae of the candidates at the registered office at least ten days before the date scheduled for the General Meeting on first call.
The statutory auditors are aware that they must:

- act autonomously and independently also when dealing with the shareholders who appointed them;
- work only in the Company's interests;
- monitor how the Board of Directors manages the Company;
- coordinate with the Independent Auditors and the Internal Control Committee.

The current Board of Statutory Auditors was appointed by the General Meeting of 29 April 2014 and will remain in office until the General Meeting that will approve the financial statements as at 31 December 2016.

The ***Investor Relations*** department, currently headed by the Board Member Matteo Corradi, was set up to facilitate the dialogue between the Company, shareholders and institutional investors.
The same Director is also specifically responsible for ensuring that the documents and information regarding the Company, in particular those that are price sensitive, are disclosed to the public in compliance with the instructions provided by CONSOB with regulation 11971 and by Borsa Italiana.

At least every six months, the Company arranges meetings with the financial community, during which it illustrates the results obtained and its future strategies, and it holds bilateral meetings with institutional investors whenever requested.

In the period from 1 January to 31 December 2015, the Board of Directors met 9 times. The Articles of Association do not provide for a minimum frequency of the Board of Directors' meetings. The delegated bodies have reported to the Board of Directors during the aforementioned meetings and in any case with the minimal quarterly frequency required by the Corporate Governance Code. The directors were informed on the items on the agenda with sufficient prior notice.

The current Board of Directors of Mondo TV S.p.A. will remain in office until the approval of the financial statements as at 31 December 2017, as resolved by the General Meeting of 30 April 2015.

On 28 March 2008, the Parent's Board of Directors also implemented an organisational model pursuant to Italian Legislative Decree 231/2001, which governs the administrative liability of legal entities, companies and associations, and indicates the rules and procedures to be complied with while carrying out the Company's operations for a more correct and efficient management, also with the aim of relieving the Company from any liability under the aforementioned law. The organisational model requires the adoption of a code of ethics, which is available on the Company's website. A Supervisory Body, consisting of three members of the Parent's Board of Directors, verifies the execution and implementation of the model.

5.3 CORPORATE BODIES OF THE SUBSIDIARIES

Mondo TV Suisse S.A.	Board of Directors Ivano D'Andrea (Chairman) Guido Bertè Matteo Corradi Alexander Manucer
Mondo France S.A.	Directors Matteo Corradi (Chairman) Eve Baron Carlo Marchetti Fabrizio Balassone
Mondo TV Spain S.L.	Sole Director Matteo Corradi

5.4 LIST OF THE EQUITY INVESTMENTS IN THE SCOPE OF CONSOLIDATION

List of the equity investments held as at 31 Dec. 2015

Name	**Mondo TV Suisse S.A.**
Registered office	Lugano (Switzerland)
Share capital	CHF 100,000
Equity as at 31 December 2015	CHF 413,132
Profit (loss) for the year 2015	CHF 145,759
Ownership interest	67%

Name	**Mondo TV France S.A.**
Registered office	Paris (France)
Share capital	Euro 1,100,000
Equity as at 31 December 2015	Euro 2,162,299
Profit (loss) for the year 2015	Euro 295,270
Ownership interest	40%

Name	**Mondo TV Spain S.L.**
Registered office	Madrid (Spain)
Share capital	Euro 100,000
Equity as at 31 December 2015	Euro 195,605
Profit (loss) for the year 2015	Euro 179,214
Ownership interest	100%

5.5 LIST OF RELATED PARTIES

Trilateral Land S.r.l.	Company managed or owned by a related party
Orlando Corradi	MTV Controlling shareholder - Director
Matteo Corradi	MTV, MFR, MSPAIN, MSUISSE Director
Monica Corradi	MTV Director
Francesco Figliuzzi	MTV Director
Marina Martinelli	MTV Director
Carlo Marchetti	MTV and MFR Director