DAVIDE CAMPARI-MILANO S.p.A.

ANNUAL REPORT
AT 31 DECEMBER 2014

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Disclaimers

This document contains forward-looking statements relating to future events and the operating, economic and financial results of Gruppo Campari. These statements contain an element of risk and uncertainty since, by their very nature, they depend on future events and developments. Actual results may vary significantly from those forecast for a number of reasons, most of which are beyond the Group's control

The official text is the Italian version of the document. Any discrepancies or differences arisen in the translation are not binding and have no legal effect. In case of any dispute on the content of the document, the Italian original shall always prevail.

Highlights

	31 December 2014	31 December 2013	change	
			total	at constant exchange rates
	€ million	€ million	%	%
Net sales	**1,560.0**	**1,524.1**	**2.4%**	**6.5%**
Contribution margin	570.9	561.2	1.7%	5.8%
EBITDA before non-recurring items	337.5	339.1	-0.5%	3.3%
EBITDA	**294.4**	**328.8**	**-10.5%**	**-6.7%**
Result from recurring activities	298.2	299.6	-0.5%	3.5%
Operating result	**255.0**	**289.3**	**-11.9%**	**-7.9%**
Operating margin (operating result/net sales)	**16.3%**	**19.0%**		
Profit before tax	194.2	230.2	-15.7%	
Group net profit	**128.9**	**149.8**	**-13.9%**	
Basic earnings per share (€)	0.22	0.26		
Diluted earnings per share (€)	0.22	0.25		
Average number of employees	4,229	3,996		
Free cash flow	177.9	105.9		
Business combinations	236.1	13.6		
Net debt	978.5	852.8		
Shareholders' equity - Group and non-controlling interests	1,579.9	1,396.1		
Fixed assets	2,331.9	1,997.6		
Working capital and other assets and liabilities	226.5	251.3		
ROI % (operating result/fixed assets)	**10.9%**	**14.5%**		

Information on the figures presented

For ease of reference, all figures in this annual report, in both the report on operations and the consolidated financial statements, are expressed in millions of Euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousands of Euro.
Similarly, all percentages that relate to changes between two periods, rather than figures shown as a percentage of sales or other indicators, are always calculated on the basis of the original data in thousands of Euro.
The use of values expressed in millions of Euro may therefore result in apparent discrepancies in both absolute values and percentage changes.

The alternative performance indicators are summarised in the subsequent section of the Report on operations.

Corporate officers

Board of Directors[1]

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Stefano Saccardi	Managing Director and General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee [4][5]
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4][5][6]
Karen Guerra	Director [6]
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[4][5][6]
Marco P. Perelli-Cippo	Director

Board of Statutory Auditors[2]

Pellegrino Libroia	Chairman
Enrico Colombo	Standing Auditor
Chiara Lazzarini	Standing Auditor
Giovanni Bandera	Alternate Auditor
Graziano Gallo	Alternate Auditor
Piera Tula	Alternate Auditor

Independent auditors[3]

PricewaterhouseCoopers S.p.A.

[1] The nine members of the Board of Directors were appointed on 30 April 2013 by the shareholders' meeting and will remain in office for the three-year period 2013-2015. At the same shareholders' meeting, Luca Garavoglia was appointed Chairman and granted powers in accordance with the law and the Company's articles of association.

At a meeting held on the same date, the Board of Directors gave Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi the following powers for three years until approval of the 2015 financial statements:

- individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

[2] The Board of Statutory Auditors was appointed on 30 April 2013 by the shareholders' meeting for the three-year period 2013-2015.

[3] On 30 April 2010, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. as its independent auditors for the nine-year period 2010-2018.

[4][5] The Control and Risks Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 30 April 2013 for the three-year period 2013-2015.

[6] Independent director.

Report on operations

Significant events during the year

Acquisitions and creations of companies, brands and distribution rights

Acquisition of Forty Creek Distillery Ltd.

On 2 June 2014, Gruppo Campari completed the acquisition of 100% of Forty Creek Distillery Ltd.

The acquired company is an independent market leader in the Canadian spirits market. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, distilleries and manufacturing facilities and a hospitality centre located in Grimsby, Ontario (Canada).

This transaction has enabled the Group to build its critical mass in key North American markets and marks its first move into the important Canadian whisky segment. Moreover, it adds a high-end premium brand to its current portfolio of brown spirits, a high-potential strategic category, especially in the US market.

The product portfolio includes whisky, vodka, brandy, rum and liqueurs, with Forty Creek Canadian whisky as its core brand. The Forty Creek Canadian whisky family includes Barrel Select, Copper Pot Reserve and Forty Creek Cream Whisky and offers high-end limited releases, including Forty Creek Confederation Oak, Double Barrel and a special John K. Hall Reserve. Forty Creek is the fastest-growing brand in the Canadian whisky category in Canada, and is well-positioned in the high-potential US market.

The total price of the transaction was € 132.4 million, which includes a total price of CAD 198.2 million agreed upon closing (€ 133.7 million at the exchange rate on the closing date), post-closing contractual price adjustments of CAD 1.8 million (€ 1.2 million) and financial cash and cash equivalents at the closing date of € 0.1 million. The transaction price was based on a multiple of 14.5 times EBITDA for the financial year ended 31 March 2014.

In the financial year ended 31 March 2014, the acquired company recorded net sales of CAD 40.3 million and EBITDA of CAD 13.7 million.

Acquisition of Fratelli Averna S.p.A. and sale of non-core businesses

On 3 June 2014, Gruppo Campari completed the acquisition of 100% of Fratelli Averna S.p.A. (hereinafter 'Averna Group').

Fratelli Averna S.p.A. has its head office in Caltanissetta (Sicily). It is a leading company in the spirits market in Italy, and the owner of Averna, the bitters with the second-highest sales in Italy and one of the best-known and popular Italian liqueurs in the world. In addition, Averna Group owns a portfolio of products characterised by their premium positioning, high profitability and leadership in the categories concerned, including Braulio, a herb-based bitters that is particularly popular in northern Italy, Limoncetta, a naturally sweet liqueur obtained from lemon peel, and Grappa Frattina.

The acquisition of Averna Group is an opportunity to leverage the direct distribution structure in key markets for brands acquired in order to accelerate their profitable growth in keeping with the growth strategy through acquisitions.

The total purchase price for 100% of Fratelli Averna S.p.A. was € 103.7 million, consisting of a cash payment of € 98.0 million and the assumption of financial net debt of € 5.7 million and corresponding to a multiple of 9.2 times pro-forma EBITDA for the year ended 31 December 2013.

In the year ended 31 December 2013, Averna Group generated total net sales of € 61.8 million, an increase of 3.1% over the previous year. About 48% of sales were from the Averna and Braulio brands. The remaining sales came from a spirits portfolio that includes the Limoncetta di Sorrento and Grappa Frattina brands. In terms of geographical distribution, Italy represents about 65% of the total revenues of the business acquired, while the remaining 35% of sales are generated mainly in Germany and Austria.

An agreement was signed on 22 December 2014 for the sale of the non-core business Limoncetta di Sorrento, a natural liqueur made from Sorrento lemons, to Lucano 1894 S.r.l., an Italian company known for its Amaro Lucano brand. The sold business includes the brand and 100% of the share capital of Alimenta S.r.l., which was purchased as part of the Averna Group and owns the factory where the lemon concentrate is produced. The consideration for the transaction, on a cash- and debt-free basis, was € 7.0 million. The closing of the transaction took place on 30 January 2015, with no price adjustments. In accordance with the sale agreement, Gruppo Campari will continue to manage the Limoncetta di Sorrento bottling business on behalf of Lucano 1894 S.r.l. from its own factory in Finale Emilia until December 2015.

Consolidation and strengthening of the sales organisations in Spain, Canada and the UK

On 1 April 2014, the Group launched distribution in the Spanish market through Campari España S.L., which had been created in the previous year.

The Group brand distribution businesses in Canada and the UK will instead be transferred to subsidiaries Forty Creek Distillery Ltd. and Glen Grant Ltd. on 1 January 2015.

The sales forces of these companies are currently being strengthened, with the aim of capitalising on the growth opportunities for the Group's entire portfolio in their respective markets.

Acquisition of the distribution of Molinari Sambuca in Germany and the duty-free channel
On 1 April 2014, the Group began to distribute Molinari Sambuca Extra in Germany and some selected markets based on agreements entered into with the Molinari family, which also include the distribution of Molinari Caffè in Germany.

Creation of Campari Peru S.A.C.
On 18 August 2014, the Group created Campari Peru S.A.C., a company that has been operational since October 2014, and is responsible for all marketing and coordination activities for countries in South America, except Brazil and Argentina, in order to ensure a more comprehensive oversight of these markets and to support the growth of the Group's brands.

Creation of Campari Singapore Pte. Ltd.
On 8 December 2014, the Group set up Campari Singapore Pte. Ltd., a services company that will commence operations in 2015 with the aim of supporting customer services activities in Asia (excluding China).

Sales of companies and brands, and terminations of distribution agreements

Sale of CISC 'Odessa Sparkling Wine Company' in Ukraine
The sale of CISC 'Odessa Sparkling Wine Company', brand-owner of Odessa sparkling wine, was completed on 24 April 2014.
At 31 December 2013, the Group had already adjusted the company's asset values to the estimated sale value, resulting in a total write-down of € 4.1 million.
In Ukraine, the Group's products are now distributed by Campari Ukraine LLC, a company established in 2013.

Sale of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.
The sale of Société Civile du Domaine de Lamargue and Lamargue S.a.r.l, manufacturing and commercial companies operating in the wines sector, was completed on 1 August 2014.
This transaction formed part of the Group's streamlining process and included the sale of all the companies' assets except for all Lamargue-branded products in China.

Sale of non-core businesses and termination of non-core distribution agreements in Jamaica
The Group continued to streamline its activities in Jamaica and completed the following transactions in relation to non-core businesses.

- In February 2014, the agreements to distribute Kimberly-Clark consumer products were terminated. The decision is consistent with the Group's desire to maintain only sufficiently profitable distribution agreements. The impact on the Group's annual sales, based on revenue generated in 2013, is around 0.5%.
- The 'Clean Clean' detergent brand production and sale business, which generated insignificant net revenues for the Group in 2013, was sold on 30 June 2014. The transaction resulted in a loss of € 0.2 million.
- On 22 December 2014, an agreement was signed for the sale of the Federated Pharmaceutical division to Kirk Distributors Limited. The consideration for the transaction, on a cash- and debt-free basis, was USD 14.4 million (€ 11.8 million at the transaction exchange rate). The transaction is expected to close in March 2015.
- On 23 December 2014, an agreement was signed for the sale of the Agri-Chemicals division to Caribbean Chemicals and Agencies Limited. The consideration for the transaction, on a cash- and debt-free basis, was USD 8.2 million (€ 6.7 million at the transaction exchange rate). The transaction is expected to close in March 2015. The agreement provides for several post-closing price adjustments based on the values of stock and other assets and liabilities.

The Federated Pharmaceutical and Agri-Chemicals businesses, of which the sales are yet to be finalised at the reporting date, have been reclassified to assets held for sale. No write-down is considered necessary on the basis of the prices agreed for these sales. The perimeter effect of the sale of these businesses, in terms of net sales, is expected to be less than 1% on an annual basis.

The above-mentioned streamlining process resulted in the recognition of restructuring costs of € 3.4 million during the year.

Termination of the distribution of Cachaça 51 and Santa Teresa rum in Italy

In the first few months of 2014, the agreements to distribute Cachaça 51 and Santa Teresa rum in Italy were terminated in order to promote the distribution of the Group's own products, Sagatiba and Appleton.
The impact on the Group's sales is not significant.

Termination of the distribution of Flor de Caña in the US

In the first few months of 2014, the agreements to distribute Flor de Caña in the US were terminated in order to focus on the distribution of the Appleton rum portfolio.
In 2013, Flor de Caña sales represented around 1% of the Group's turnover.

Termination of the distribution of products under the Suntory brand

Following the acquisition of Beam Inc. by Suntory Holdings Ltd. and the subsequent change in Suntory's distribution and marketing presence on the US market, Suntory announced that, as of the second half of 2014, it would terminate its agreement with Gruppo Campari for the distribution in the US of products under the Suntory brand. The portfolio includes Midori, Yamazaki, Hibiki, Hakashu, Bowmore, Glen Garioch, McClelland's and Auchentoshan.
In 2013, US sales of Suntory-branded products represented around 1% of Group sales.

Innovation and new product launches

Launch of Crodino Twist

A new product comprising two varieties of the Crodino brand - Crodino Twist Agrumi and Crodino Twist Frutti Rossi, both in larger sizes than the current Crodino product - was launched in Italy in January 2014.

Launch of the new Green Apple flavour of SKYY liqueurs

The Green Apple flavour of SKYY liqueurs was launched in Italy in early 2014, with the aim of expanding the distribution of these products.

Launch of Mondoro vermouth

In early 2014, the line extension in the premium vermouth segment of Mondoro was launched in Russia. The new product aims to increase the brand's presence in the premium segment of the Russian market.

Launch of the new Cinzano vermouth drink

In the first few months of 2014, the new Cinzano 1757 drink was launched in the premium segment in Argentina, Italy and North America. This red vermouth takes its name from the year the brand was created.

Launch of flavoured sparkling wine in Germany and Belgium

Naturally flavoured varieties of Cinzano and Riccadonna were introduced, in Germany and Belgium respectively, during the second quarter of 2014.

Launch of Wild Turkey Diamond

In July 2014, the Group launched the limited-edition Wild Turkey Diamond to celebrate master distiller Jimmy Russell's 60th anniversary at the Lawrenceburg distillery.

Other significant events

Continuation of the restructuring process and the refocusing of the products portfolio

Following the completion of the acquisition of Fratelli Averna S.p.A., it became necessary to begin a restructuring process to bring the business more into line with Gruppo Campari's strategies.

In Italy, the programme entailed a redundancy procedure, launched on 16 September 2014 and defined on 3 November 2014 with the trade unions, which has affected a total of 45 members of staff from the production, sales, administrative and business support structure, 35 of whom are based in the Caltanissetta production facility and ten in the offices of Finale Emilia. Under the procedure, staff could be reassigned within Gruppo Campari, or be provided with outplacement support and financial incentives.
Meanwhile, distribution of the Averna and Braulio bitters in Italy, and in the main international markets such as Germany and Austria, was transferred from Fratelli Averna S.p.A. on 1 January 2015 to the Group's sales organisations in these individual markets.

The Group has decided to refocus the Wines business unit in order to make the management of its own-brand product portfolio more efficient. The growth strategy will focus on products with higher margins, with the objective of developing in more profitable markets so as to achieve a progressive improvement in the product and geographical mix.
With regard to the still wines business, several impairment indicators were identified during the year, meaning that the recoverability of the values recorded in the consolidated financial statements had to be verified. The results of these tests showed that the carrying amounts were greater than the recoverable amounts of the business. Since the difference in question was not due to contingent or temporary circumstances, goodwill impairment of € 16.1 million was charged to the Italy CGU (cash-generating unit) as at 30 September 2014. No further losses needed to be recorded in the wake of the impairment tests performed as at 31 December 2014.

In addition to the goodwill impairment, the above-mentioned processes resulted in the recognition in the income statement of € 7.9 million of restructuring costs during the year.

In order to reorganise its wine production activities, in the second half of 2014 the Parent Company created three companies - Zedda Piras S.r.l, Enrico Serafino S.r.l. and Teruzzi & Puthod S.r.l. - to which specific production activities were transferred following a demerger of Sella & Mosca S.p.A.

Sponsorship agreement between Aperol and Manchester United
Aperol is the official global spirits partner of Manchester United from 1 January 2014 until the end of the 2016-2017 season. The brand appears on the Old Trafford digital advertising boards during Premier League, FA Cup and Capital One Cup matches. A brand launch program has also been activated in the key markets, with above-the-line and below-the-line communications, which includes on-trade, digital and public relations activities.

Opening of visitor centre in Lawrenceburg, Kentucky
The new visitor centre in Lawrenceburg, Kentucky, the site of one of the Group's distilleries, opened on 15 April 2014. Thanks to the Kentucky Bourbon Trail, which provides visibility and information on the art of producing bourbon, the Group expects to receive some 80,000 visitors annually.

Group operating and financial results

Sales performance

Overall performance

Consolidated net sales totalled € 1,560.0 million in 2014, an increase of 2.4% on the previous year. This result was achieved on the back of organic growth and a perimeter effect of 3.4% and 3.1% respectively, partially offset by a negative exchange rate effect of 4.1%, as shown in the table below.

	€ million	% change on 2013
Net sales 2014	1,560.0	
Net sales 2013	1,524.1	
Total change	**35.8**	**2.4%**
of which:		
organic change	52.2	3.4%
perimeter effect	46.5	3.1%
exchange rate effect	-62.9	-4.1%
Total change	**35.8**	**2.4%**

The changes shown above are analysed below.
The following section, 'sales by region', provides comments on trends in organic growth for the key regions.
Finally, we report on the global growth of the Group's main categories and brands.

Organic change

Consolidated organic growth in the year was 3.4%, with an increase in the fourth quarter to 4.2%, compared with a rate of 3.1% in the first nine months. The rather slow start to the year, with a drop of 3.0% in the first quarter, was steadily reversed over the next three quarters, which posted results of +9.4%, +1.7% and +4.2% respectively.

In the fourth quarter, the main brand and market trends that confirmed the positive results for the year were the following:

- in the US, the positive trend in consumption, and the resulting reversal of the slowdown in shipments for the major franchises, in particular Wild Turkey, recorded in the first half of the year, allowed the 12-month period to close in line with the previous year, with organic growth of 0.9% (+2.1% in just the fourth quarter);
- the solid growth and development of the Group's business continued in the other countries of the Americas, particularly in Argentina thanks to Campari, but also in Brazil thanks to premium brands such as SKYY and Campari, in Jamaica thanks to the positive performance of the portfolio of rums, and in many other countries of Central America and the Caribbean;
- in Italy, a positive fourth quarter (+2.0%), led by growth in Aperol and Campari, contributed to growth of 3.5% in the 12 months, making up for a negative third quarter (-5.1%) that had been impacted by a mix of negative effects, including weather conditions and an unfavourable basis of comparison with 2013;
- in the rest of Europe, an overall positive trend in the major markets allowed the region to close with a performance of +3.2% for the year (+7.2% in the fourth quarter). The country that contributed most to this growth was Russia. Despite persistent macroeconomic instability, the country closed the year with organic growth of 11.0% (+20.6% in the fourth quarter), led by the continued growth of Mondoro and Cinzano sparkling wines. In Germany, a steady fourth quarter (+0.9%) allowed the slowdown accumulated during the year to be reduced. The country closed the year with a fall of 3.3%. The excellent trend continued in the other markets of central Europe, including France, Austria, Switzerland and Belgium, thanks mainly to the growth of Aperol;
- the rest of the world recorded slight growth of 1.5% in the year. The fourth quarter showed persistent signs of weakness in Australia (-7.3%), which was in line with expectations, and stability in Japan. Meanwhile, other markets, such as Nigeria and South Africa, showed continued growth trends. The duty free channel also continued to record positive sales growth.

Perimeter effect

External growth of 3.1% in the 12 months (+3.7% in the fourth quarter) was attributable to the net effect of acquisitions, company or brand disposals, and the start or sale of distribution agreements.

Regarding company acquisitions, 2014 included the first-time consolidation of Forty Creek Distillery Ltd. and Averna Group, the acquisitions of which were completed by the Group in June.

The changes to distribution contracts were:
- the distribution, starting from 1 July 2013, of the entire William Grant & Sons portfolio in Germany, including the Glenfiddich, Grant's and Balvenie Scotch whiskies, Sailor Jerry rum and Hendrick's gin;
- the distribution of other third-party brands, including Bulldog gin from 1 January 2014 and Molinari Sambuca from 1 April 2014 in Germany and in other selected markets;
- the termination during the year of several distribution agreements, including Flor de Caña and the Suntory brand products in the US, Kimberley Clark in Jamaica, Russian Standard vodka in Germany and Lavazza in Russia.

The impact of these factors on sales in the period is analysed in the table below:

Breakdown of perimeter effect	€ million	% change on 2014
Acquisitions		
Averna Group	38.2	2.5%
Forty Creek Distillery Ltd.	16.7	1.1%
Bottling business in Australia	7.6	0.5%
Total acquisitions	62.5	4.1%
Distribution contracts		
distribution of William Grant & Sons in Germany (*)	8.8	0.6%
other third-party brands distributed	9.9	0.7%
discontinued third-party brands	-30.8	-2.0%
other	-3.9	-0.3%
Total distribution contracts	-16.0	-1.1%
Total perimeter effect	46.5	3.1%

(*) Excluding Tullamore DEW Irish whiskey previously distributed by the Group in the market since 2012

Exchange rate effects

The negative impact of exchange rates was 4.1% for 2014. This was lower than that shown in the previous quarters, with a negative impact on the fourth quarter limited to 1.9% (-5.1% in the first nine months). The strengthening of the US dollar, which closed 2014 with an average exchange rate in line with the previous year, made a significant contribution to this improvement.

As regards the Group's other functional currencies, the significant weakening in the previous quarters was absorbed to a certain extent, particularly in the case of the Jamaican Dollar, the Argentinian Peso, the Australian Dollar and the Brazilian Real, while the Russian Rouble is still feeling the effects of the serious instability that caused further weakening during the fourth quarter.

The table below shows exchange rates for 2014, average and spot, at 31 December as well as the percentage changes for the corresponding exchange rates in 2013.

	Average exchange rates		Spot exchange rates	
	2014	change compared with 2013	31 December 2014	change compared with 31 December 2013
	: 1 Euro	%	: 1 Euro	%
US Dollar (USD)	1.329	-0.1%	1.214	13.6%
Canadian Dollar (CAD)	1.467	-6.7%	1.406	4.3%
Jamaican Dollar (JMD)	147.294	-9.5%	138.802	5.3%
Mexican Peso (MXN)	17.664	-4.0%	17.868	1.1%
Brazilian Real (BRL)	3.123	-8.2%	3.221	1.1%
Argentine Peso (ARS)	10.778	-32.5%	10.276	-12.5%
Russian Rouble (RUB)	51.031	-17.1%	72.337	-37.3%
Australian Dollar (AUD)	1.472	-6.5%	1.483	4.0%
Chinese Yuan (CNY)	8.188	-0.3%	7.536	10.8%
UK Pound (GBP)	0.806	5.3%	0.779	7.0%
Swiss Franc (CHF)	1.215	1.3%	1.202	2.1%

Sales by region

The split by business area shown in the table below is the same as that for 2013, with a slight increase in Italy's proportion versus the Americas region, thanks both to organic growth and to a positive contribution from acquisitions. The Americas were negatively impacted by exchange rates in the South American and Jamaican markets, which more than offset the positive organic growth. Furthermore, in the Americas, with regard to perimeter effects, the reduction in sales resulting from the termination of distribution contracts more than offset the positive effects generated by company acquisitions.

Group € million	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Americas	605.1	38.8%	623.3	40.9%	(18.2)	-2.9%	25.1	4.0%	(2.9)	-0.5%	(40.4)	-6.5%
Italy	411.9	26.4%	376.4	24.7%	35.5	9.4%	13.3	3.5%	22.3	5.9%	(0.0)	0.0%
Rest of Europe	382.0	24.5%	368.3	24.2%	13.7	3.7%	11.6	3.2%	17.7	4.8%	(15.6)	-4.2%
Rest of the world	161.0	10.3%	156.2	10.3%	4.7	3.0%	2.3	1.5%	9.3	6.0%	(6.9)	-4.4%
Total	**1,560.0**	**100.0%**	**1,524.1**	**100.0%**	**35.8**	**2.4%**	**52.2**	**3.4%**	**46.5**	**3.1%**	**(62.9)**	**-4.1%**

The table below shows, by area, organic change for each quarter of the year, as well as the cumulative figures.

Organic change	Q1	Q2	6M	Q3	9M	Q4	full year
Americas	-4.8%	5.8%	0.9%	8.0%	3.1%	6.5%	4.0%
Italy	5.2%	11.2%	8.7%	-5.1%	4.2%	2.0%	3.5%
Rest of Europe	0.4%	3.5%	2.2%	-1.4%	0.8%	7.2%	3.2%
Rest of the world and duty free	-18.0%	43.2%	7.7%	2.4%	5.7%	-7.3%	1.5%
Total	**-3.0%**	**9.4%**	**3.8%**	**1.7%**	**3.1%**	**4.2%**	**3.4%**

- **Americas**

After the excellent performance of the Americas region in the third quarter (+0.8%), which made up for the weak first half of the year (+0.9% in the first half), the fourth quarter closed with an equally positive performance of +6.5%, resulting in total annual growth of +4.0%.
The following changes occurred in the area's main markets:

Americas € million	% of Group total	2014		2013		change total		organic change		perimeter effect		exchange rate effect	
US	19.6%	305.3	50.5%	312.6	50.2%	(7.3)	-2.3%	2.8	0.9%	(9.9)	-3.2%	(0.2)	-0.1%
Jamaica	6.5%	101.5	16.8%	124.7	20.0%	(23.1)	18.6%	(5.4)	-4.4%	(7.0)	-5.6%	(10.7)	-8.5%
Brazil	5.2%	81.7	13.5%	82.7	13.3%	(1.0)	-1.2%	6.3	7.6%	0.0	0.1%	(7.3)	-8.9%
Canada	2.5%	38.8	6.4%	29.7	4.8%	9.0	30.3%	(2.2)	-7.4%	13.0	43.6%	(1.7)	-5.9%
Argentina	2.3%	36.0	6.0%	37.8	6.1%	(1.8)	-4.7%	15.6	41.2%	0.0	0.0%	(17.3)	-45.9%
Other countries	2.7%	41.7	6.9%	35.8	5.7%	6.0	16.7%	8.0	22.5%	1.0	2.9%	(3.1)	-8.7%
Total Americas	**38.8%**	**605.1**	**100.0%**	**623.3**	**100.0%**	**(18.2)**	**-2.9%**	**25.1**	**4.0%**	**(2.9)**	**-0.5%**	**(40.4)**	**-6.5%**

At organic level, the US, still the second biggest market in the Group, closed the year with annual growth of 0.9%. This was due to a recovery in consumption in the second half of the year, which benefited the main franchises, especially Wild Turkey, the Jamaican rums, Aperol, Campari and tequila. This offset the contraction in X-Rated, as well as the difficulties experienced by SKYY and American Honey due to the current pressure in the vodka and flavoured whiskey markets.

Jamaica continued the positive performance already shown in the third quarter into the fourth quarter (which closed at +1.8%); this made up for the decrease in the first half of the year, reducing to -4.4% for the full year. Positive results in this market were delivered by Jamaican rums and Campari.

In **Canada**, where distribution activities were to transfer on 1 January 2015 to Forty Creek Distillery Ltd., whose sales organisation is currently being strengthened, despite the positive performance of Jamaican rums in the fourth quarter, results for the year showed a drop of 7.4%, due to a slowdown in sales of Carolans ahead of the change in distributor.

Organic growth in the fourth quarter, and, more generally, in the full year, was concentrated in Argentina, Brazil and in a number of markets in Central and South America.

Argentina (+41.2% in the full year and +44.0% in the fourth quarter) saw the continuing excellent performance of Campari, a brand which for the country has become the third largest by volume and the fourth largest by value at global level. Despite significant exchange rate weakening, an increase in prices and an improvement of the mix more than made up for the increase in costs deriving from high inflation. The Group's strategy of progressively localising production for the top franchises in this market is generating, and will continue to generate, a corresponding increase in profitability, as well as rapidly meeting a level of demand that is constantly growing.
In addition to Campari, SKYY Vodka recorded an excellent performance, with double-digit growth in both volumes and values. Moreover, work has started on repositioning the Cinzano brand.

Brazil closed the year with growth of 7.6%, thanks to a fourth quarter that recorded a result of +7,2%. The Group's premium portfolio continues to achieve good results, in particular for Campari, SKYY Vodka and Aperol (with the latter still in its launch phase). The weakness of admix whiskies persists, in line with the category, made up for by good results from Dreher, for which a price positioning strategy is currently under way, with the aim of improving profitability.

As regards the other countries in the region, Campari performed positively in many South American and Caribbean countries. In Mexico, the Group started distribution of Jamaican rums, following the termination of the contract with the previous distributor.

In the Americas region, changes by product category break down as follows:

Americas € million	% of Group total	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Top 6 franchises [1]	21.9%	341.1	56.4%	338.7	54.4%	2.3	0.7%	21.7	6.4%	0.0	0.0%	(19.3)	-5.7%
High-potential brands[2]	5.8%	91.0	15.0%	86.3	13.8%	4.7	5.4%	(4.5)	-5.3%	12.5	14.5%	(3.3)	-3.8%
Key local brands[3]	5.1%	80.1	13.2%	79.5	12.7%	0.7	0.8%	3.7	4.7%	4.1	5.2%	(7.2)	-9.0%
Agency brands	2.0%	31.0	5.1%	45.1	7.2%	(14.2)	-31.4%	3.0	6.6%	(12.6)	28.0%	(4.5)	-9.9%
Non-core brands	4.0%	61.9	10.2%	73.6	11.8%	(11.7)	-15.9%	1.3	1.8%	(6.8)	-9.3%	(6.2)	-8.4%
Total	**38.8%**	**605.1**	**100.0%**	**623.3**	**100.0%**	**(18.2)**	**-2.9%**	**25.1**	**4.0%**	**(2.9)**	**-0.5%**	**(40.4)**	**-6.5%**

[1] These include Campari, Aperol, SKYY, Wild Turkey, the Jamaican rum portfolio and Cinzano.
[2] These include the tequilas (Espolòn and Cabo Wabo), Scotch whiskies (including GlenGrant) and liqueurs and speciality drinks (including Frangelico and Carolans)
[3] These include single-serving aperitifs in Italy and local Brazilian brands.

The **top 6 franchises** closed the year with a performance of +6.4% thanks to fourth-quarter growth of 13.4%, making up for a less impressive first half.

SKYY, which accounted for 85% of consolidated sales in the Americas region, closed the full year broadly in line with 2013 (+0.6%), thanks to volume and sales growth in Argentina, Brazil and Chile, making up for the slight slowdown in the US (-0.8%), where the fourth quarter was flat.
As regards the US market, the sales performance in the second half of the year was impacted by the realignment of orders with the trend in consumption for the brand, which partly made up for shipment delays in the first half of the year.

The **Wild Turkey** franchise, including Wild Turkey straight bourbon and American Honey, and which accounts for half the sales of the Americas region, enjoyed a positive fourth quarter (+8.1%) and closed the year at -1.0%, recovering from the slowdown in orders recorded in the first half in the US, the main market for this brand.
As concerns the breakdown between Wild Turkey and American Honey, the recovery of Wild Turkey is clearer and led to organic growth of 12.3% in the fourth quarter, closing the year at +0.2%, while American Honey closed the year at -3.3% (+1.0% in the fourth quarter), evidencing an increase in competition in its sector.
Brazil and Canada, the other two major markets in the region, showed respectively, a satisfactory growth even though it is a developing market, and the postponement of orders due to the reorganisation of the distribution structure in the country.

Jamaican rums, consisting principally of Appleton and Wray & Nephew White Overproof, achieved a positive result for the full year of 1.9%, thanks to a continuation in the final quarter (+20.4%) of the good results already seen in the third quarter. In particular, in the three core markets of the franchise, namely Jamaica, Canada and the US, there are early positive signals from the strategy to reposition prices and the portfolio.

The **Campari** and **Aperol** franchises continue to benefit from the positive trend of aperitifs and Italian speciality drinks, which recorded growth in almost all markets in the Americas region.
The region accounts for a significant portion of Campari sales (approximately one third), while for Aperol, sales are still marginal, but growing strongly at triple-digit rates in many markets.
Campari recorded organic growth of 32.7% for the full year (+41.0% in the fourth quarter), mainly driven by the continued improvement in Argentina and Brazil, while Aperol's triple-digit growth of around 130% is chiefly thanks to the US, as well as the development of new markets such as Brazil, Canada, Argentina, and to a lesser extent, other countries in the region.

The **Cinzano** franchise, which suffered an organic decline of 1.4% at consolidated level, continues to show satisfactory growth in the Americas region, particularly in the US.

Sales of **high-potential brands** declined by 5.3% in the year due to the negative performance of Frangelico and X-Rated in the US, which was not fully offset by the positive performances of Carolans and Espolòn in the same market.

Key local brands recorded overall positive results of 4.7% for the year. Among the Brazilian brands, Dreher continues to achieve excellent results, partly offset by the decline in sales of admix whiskies.

- **Italy**

Italy remains the Group's number one market with 26.4% of consolidated sales and recorded annual organic growth of 3.5%.
The performances of the various product categories break down as follows:

Italy € million	% of Group total	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Top 6 franchises	8.9%	139.4	33.8%	133.9	35.6%	5.5	4.1%	5.5	4.1%	0.0	0.0%	-	-
High-potential brands	3.2%	50.6	12.3%	38.2	10.1%	12.5	32.7%	(0.6)	-1.6%	13.1	34.3%	-	-
Key local brands	10.5%	163.3	39.7%	152.6	40.5%	10.7	7.0%	7.7	5.1%	3.0	2.0%	-	-
Agency brands	3.1%	49.1	11.9%	48.9	13.0%	0.2	0.4%	0.8	1.7%	(0.6)	-1.3%	-	-
Non-core brands	0.6%	9.5	2.3%	2.9	0.8%	6.6	-	(0.2)	-7.5%	6.9	-	-	-1.7%
Total	**26.4%**	**411.9**	**100.0%**	**376.4**	**100.0%**	**35.5**	**9.4%**	**13.3**	**3.5%**	**22.3**	**5.9%**	**(0.0)**	**0.0%**

The **top 6 franchises** grew by 4.1% and benefited from the excellent performance of **Aperol**, which, due to Spritz, remains the most popular drink in Italy, closing at 5.4% annual growth on the back of continuing increases in volumes. **Campari** made up for a temporary slowdown in the first nine months and, thanks to an acceleration in sales in the last quarter, closed the year slightly down (-1.0%). In addition, the first positive signs following the launch of Jamaican rums were noted.

High-potential brands, which do not make up a significant percentage of this market, closed with a fall of 1.6%. Most of the decline was attributable to Riccadonna in the Christmas desert wines sector, while still wines grew by 1.8% on 2013.

Among the **key local brands**, with growth for the year of 5.1%, the single-serving aperitifs **Campari Soda** and **Crodino** grew by 5.6% and 15.0% respectively, with the latter benefiting from the launch of Crodino Twist at the beginning of the year.
The Lemonsoda range of soft drinks closed the year with a negative performance (-5.0%), despite a fourth quarter in line with the previous year that was not sufficient to offset the negative impact in the third quarter of adverse weather conditions during the peak sales period.

- **Rest of Europe**

The Rest of Europe, which accounts for 24.5% of consolidated sales, saw mixed performances during the year in individual countries. The region saw overall organic growth of 3.2% and closed the fourth quarter with growth of 7.2% .
The region's main markets break down as follows:

Rest of Europe € million	% of Group total	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Germany	10.8%	167.9	27.7%	158.0	25.4%	9.9	6.3%	(5.1)	-3.3%	15.1	9.5%	(0.0)	0.0%
Russia	4.5%	70.5	11.6%	79.5	12.8%	(9.0)	-11.3%	8.7	11.0%	(3.3)	-4.1%	(14.5)	-18.2%
Other countries	9.2%	143.6	23.7%	130.8	21.0%	12.8	9.8%	8.0	6.1%	6.0	4.6%	(1.1)	-0.9%
Total rest of Europe	**24.5%**	**382.0**	**86.9%**	**368.3**	**80.1%**	**13.7**	**3.7%**	**11.6**	**3.2%**	**17.7**	**4.8%**	**(15.6)**	**-4.2%**

Germany closed the year with a decline of 3.3%, despite a recovery in the last quarter which ended with slight growth of 0.9%. Despite satisfactory results in the fourth quarter, Aperol and Campari declined over the year, due to continuing price competition in this market. Cinzano's difficulties continued for the same reason, with the brand suffering a double-digit fall in volumes in both the sparkling wines and vermouth sectors. In contrast, SKYY has seen growth and enjoys positive brand development.

Russia, which in the first half of the year was hit heavily by the consequences of economic and political crises, recorded organic growth in the 12 months of 11%, due primarily to the positive performances of the Mondoro and Cinzano sparkling wines. Riccadonna, wild Turkey and Aperol have also contributed to organic growth in this market, albeit to a lesser extent.

The other countries in the rest of Europe grow by 6.1% in the period thanks to good results from France (+44.1%), Austria (+6.7%), Switzerland (+3.7%) and Belgium (+5.8%), led by Aperol and Campari in all markets and by Riccadonna mainly in France.

The main product categories in this area break down as follows:

Rest of Europe € million	% of Group total	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Top 6 franchises	12.4%	194.1	50.8%	206.6	56.1%	(12.5)	-6.0%	(5.5)	-2.7%	0.0	0.0%	(6.9)	-3.4%
High-potential brands	5.9%	92.1	24.1%	80.4	21.8%	11.7	14.5%	14.6	18.2%	5.4	6.7%	(8.3)	-10.3%
Key local brands	0.9%	14.2	3.7%	17.3	4.7%	(3.1)	-18.0%	0.9	5.1%	(3.7)	-21.6%	(0.3)	-1.6%
Agency brands	4.2%	66.0	17.3%	55.8	15.1%	10.3	18.4%	(0.2)	-0.3%	10.8	19.4%	(0.4)	-0.7%
Non-core brands	1.0%	15.6	4.1%	8.2	2.2%	7.4	89.6%	1.8	22.2%	5.3	64.6%	0.2	2.9%
Total	**24.5%**	**382.0**	**100.0%**	**368.3**	**100.0%**	**13.7**	**3.7%**	**11.6**	**3.2%**	**17.7**	**4.8%**	**(15.6)**	**-4.2%**

The **top 6 international franchises**, representing around half of the region's sales, declined 2.7% in the year, mainly on the back of the negative performance of Cinzano in Germany, the effect of which was not completely offset by the solid recovery of Cinzano sparkling wine in Russia.
Campari and Aperol continue to show growth in France, Austria, Switzerland and Belgium, offset by the negative performance in the German market and, for Campari, in the Spanish market due to the reorganisation of distribution.

High-potential brands show growth of 18.2%, driven by the positive performances of Riccadonna in Russia and France, Mondoro in Russia and Ukraine, Frangelico in Germany and Carolans in various European markets.

- **Rest of the world and duty free**

The Rest of the world area, which includes the duty free channel, has posted growth of 1.5%, broken down as follows:

Rest of the world € million	% of Group total	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Australia	4.9%	75.8	12.5%	76.6	12.3%	(0.8)	-1.1%	(3.9)	-5.1%	7.8	10.1%	(4.7)	-6.2%
Other countries	5.5%	85.2	52.9%	79.6	51.0%	5.6	7.0%	6.2	7.7%	1.6	2.0%	(2.1)	-2.7%
Total	**10.3%**	**161.0**	**100.0%**	**156.2**	**100.0%**	**4.7**	**3.0%**	**2.3**	**1.5%**	**9.3**	**6.0%**	**(6.9)**	**-4.4%**

The trends for the first nine months were confirmed for the full year, with weak performances in Australia (-5.1%), attributable, as expected, to continuing price competition in that market, Japan (-13.6%) and New Zealand (-22.2%), offset by continuing development in Nigeria (+18.4%), South Africa (+12.1%) and many other countries in the region, resulting in overall growth of 1.5%.

Products categories break down as follows:

Rest of the world € million	% of Group total	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Top 6 franchises	7.6%	118.4	73.6%	121.1	77.5%	(2.6)	-2.2%	2.8	2.3%	0.0	0.0%	(5.4)	-4.5%
High-potential brands	1.3%	19.8	12.3%	19.8	12.7%	(0.0)	-0.1%	0.1	0.5%	0.6	2.8%	(0.7)	-3.5%
Key local brands	0.2%	3.7	2.3%	3.2	2.0%	0.5	15.1%	0.5	14.3%	0.2	6.7%	(0.2)	-5.8%
Agency brands	0.3%	3.9	2.4%	3.2	2.1%	0.7	21.9%	(0.1)	-3.5%	0.9	27.8%	(0.1)	-2.4%
Non-core brands	1.0%	15.1	9.4%	8.9	5.7%	6.2	69.8%	(0.9)	-10.3%	7.6	85.7%	(0.5)	-5.6%
Total	**10.3%**	**161.0**	**100.0%**	**156.2**	**100.0%**	**4.7**	**3.0%**	**2.3**	**1.5%**	**9.3**	**6.0%**	**(6.9)**	**-4.4%**

The **top 6 international franchises**, which account for approximately 75% of the region's sales, registered almost all the organic growth for the region, attributable to the improving performance of **Campari** driven by Nigeria, **SKYY** in the South African and Chinese markets, and **Aperol,** particularly in the duty free channel, while the Wild Turkey franchise and Jamaican rums performed poorly in Australia, New Zealand and Japan.

Sales by major brands at consolidated level

Changes at global level are summarised below, broken down into product categories and, for the main brands in each category, the total change of sales and organic growth is shown.

€ million	2014		2013		total change		organic change		perimeter effect		exchange rate effect	
Top 6 franchises	793.0	50.8%	800.3	52.5%	-7.2	-0.9%	24.4	3.0%	0.0	0.0%	-31.6	-4.0%
High-potential brands	253.4	16.2%	224.7	14.7%	28.8	12.8%	9.6	4.3%	31.5	14.0%	-12.3	-5.5%
Key local brands	261.3	16.7%	252.5	16.6%	8.8	3.5%	12.8	5.1%	3.6	1.4%	-7.6	-3.0%
Agency brands	150.0	9.6%	153.0	10.0%	-3.0	-2.0%	3.5	2.3%	-1.6	-1.0%	-4.9	-3.2%
Non-core brands	102.2	6.5%	93.6	6.1%	8.5	9.1%	2.0	2.1%	13.0	13.9%	-6.5	-6.9%
Total	**1,560.0**	**100.0%**	**1,524.1**	**100.0%**	**35.8**	**2.4%**	**52.2**	**3.4%**	**46.5**	**3.1%**	**-62.9**	**-4.1%**

	percentage of Group sales	change total	organic change
	%	%	%
Top 6 franchises	**50.8%**	**-0.9%**	3.0%
Campari	10.0%	4.4%	9.8%
Aperol	9.8%	6.6%	7.0%
Skyy	10.1%	0.0%	1.3%
Wild turkey	8.8%	-6.0%	-3.2%
Jamaican rums	5.7%	-1.6%	4.4%
Cinzano	6.5%	-11.4%	-1.4%
High-potential brands	**16.2%**	**12.8%**	4.3%
Carolans and Frangelico	3.1%	-5.1%	-3.3%
Tequila (Cabo Wabo and Espolòn)	1.4%	5.2%	6.7%
GlenGrant and Old Smuggler	1.8%	-0.2%	8.3%
Other sparkling wines (Riccadonna and Mondoro)	3.2%	2.3%	18.4%
Still wines (Sella & Mosca, Teruzzi & Puthod and Serafino)	1.7%	1.6%	1.8%
Key local brands	**16.7%**	**3.5%**	5.1%
Campari soda	4.0%	5.8%	5.8%
Crodino	3.9%	14.2%	14.2%
Lemonsoda drinks	2.0%	-0.6%	-0.7%
Brazilian brands (Dreher, Old Eight and Drury's)	2.7%	-4.7%	3.7%

The **top 6 franchises** confirmed the positive trend at organic level, equal to +3.0% for the full year. A short summary of the performances of the major brands is provided below, and has already been analysed for the main markets in the comments on the regions reported above.

Campari and **Aperol** maintained solid volume growth and good price positioning in all the major markets, growing by 9.8% and 7.0% respectively, with a significant contribution from Campari in Argentina, the United States and Nigeria, and from Aperol in France and the US.

The **SKYY** franchise closed slightly up on the previous year (+1.3%), thanks most of all to the positive performance of the Brazilian market, the second largest at global level, and of other regions, such as South Africa and China, in which the brand is still in a developmental phase. The international markets more than made up for the slight decline of the franchise in the US, in its main market, due most of all to the competitiveness of the vodka segment and the time scale for realigning orders with demand trends.

Jamaican rums, Appleton Estate, Wray & Nephew White Overproof and Coruba produced a positive performance of 4.4%, thanks to good results in the US and also in new markets such as Italy. In Jamaica and Canada, in the last quarter of the year there were positive signs following the repositioning of the products.

The **Wild Turkey** franchise recorded an organic decline of 3.2% as a result of the performance of its three main markets, the US, Australia and Japan. Within the franchise, the performance of Wild Turkey Straight bourbon in the US and in Australia does not make up for the current weakness of American Honey, which resulted from increased competition in the flavoured whiskey category in the US and in Australia.

Jamaican rums, Appleton Estate, Wray & Nephew White Overproof and Coruba produced a positive performance of 4.4%, thanks to good results in the US and also in new markets such as Italy. In Jamaica and Canada, in the last quarter of the year there were positive signs following the repositioning of the product pricing.

Cinzano closed the year with a fall in sales of 1.4%. In particular, Cinzano sparkling wine achieved good results in Russia in the fourth quarter, which offset the decline recorded in Germany, while for Cinzano vermouth the positive performance of Argentina, its second-largest market, did not make up for the negative performances of Russia and Germany.

Organic growth of 4.3% in the **high-potential brands** was driven by a strong performance from Carolans and Espolòn in their main market of the US, and by GlenGrant, Mondoro and Riccadonna in Europe.
Frangelico remains stalled in its main market, the US, and therefore closed with a total decline of 8.8%.

Key local brands closed with organic growth of 5.1%. The category, which includes Campari Soda, Crodino, Lemonsoda soft drinks and the Brazilian brands, was driven by the excellent performances of Campari Soda (+5.8%), Crodino (+14.2%), including the launch of Crodino Twist, and the Brazilian brands (+3.7%), while the Lemonsoda range remained broadly flat (-0.7%).

The agency brand category closed the 12 months with growth of 2.3%, due to the continuing positive performances of Jack Daniel's, and the William Grant & Sons and Bols brands in the main markets in which they are distributed by the Group (in Italy, Germany and Argentina respectively).

Income statement

In absolute terms, the Group's operating performance in 2014 compared with the previous year showed that both sales and gross profit grew overall, increasing by 2.4% and 2.6% respectively. The operating result before non-recurring items was unchanged on 2013 (-0.5%), despite a 4.6% increase in advertising and promotional investments. Therefore, overall profitability, which showed an increase of 10 basis points in terms of gross profit, decreased by 50 basis points due to the result from recurring activities.

Analysing just the organic component of the business, in 2014 sales growth of 3.4% led to an increase in gross profit of 3.3% and a dilution of profitability of 10 basis points. The result from recurring activities was in line with the previous year, with an organic dilution of 60 basis points. This dilution is attributable to higher advertising and promotion investments, which caused a dilution of 30 basis points, as well as higher overheads, which also brought a dilution of 30 basis points. Half of this was due to new routes-to-market of the Group in Spain, UK and Canada.
The perimeter effect was positive overall, at 3.1% on sales and 3.4% on the result from recurring activities, and includes perimeter growth resulting from the acquisitions of Forty Creek Distillery Ltd. and the Averna Group, as well as changes in agency brand distribution contracts.

Exchange rates again had a negative effect over the period, eroding sales by 4.1% and the result from recurring activities by 3.9%.

The table below shows the income statement for 2014 and a breakdown of the total change by organic growth, external growth and exchange rate effects.

	31 December 2014		31 December 2013		change, of which							
					total		organic change		perimeter change		exchange rate effect	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	1,560.0	100.0	1,524.1	100.0	35.8	2.4%	52.2	3.4%	46.5	3.1%	(62.9)	-4.1%
Cost of goods sold	(728.3)	-46.7	(713.7)	-46.8	(14.6)	2.0%	(25.4)	3.6%	(21.3)	3.0%	32.1	-4.5%
Gross profit	**831.7**	**53.3**	**810.5**	**53.2**	**21.2**	**2.6%**	**26.9**	**3.3%**	**25.2**	**3.1%**	**(30.9)**	**-3.8%**
Advertising and promotional costs	(260.8)	-16.7	(249.2)	-16.4	(11.6)	4.6%	(13.1)	5.3%	(6.2)	2.5%	7.7	-3.1%
Contribution margin	**570.9**	**36.6**	**561.2**	**36.8**	**9.7**	**1.7%**	**13.8**	**2.5%**	**19.1**	**3.4%**	**(23.1)**	**-4.1%**
Overheads	(272.7)	-17.5	(261.6)	-17.2	(11.1)	4.3%	(13.7)	5.2%	(8.8)	3.4%	11.3	-4.3%
Result from recurring activities	**298.2**	**19.1**	**299.6**	**19.7**	**(1.5)**	**-0.5%**	**0.1**	**0.0%**	**10.3**	**3.4%**	**(11.8)**	**-3.9%**
Non-recurring income (charges)	(43.2)	-2.8	(10.3)	-0.7	(32.9)	0.0%						
Operating result	**255.0**	**16.3**	**289.3**	**19.0**	**(34.4)**	**-11.9%**						
Net financial income (charges)	(60.3)	-3.9	(58.9)	-3.9	(1.3)	2.3%	-	-	-	-	-	-
Non-recurring financial income (charges)	(0.8)	-0.1	(0.2)	0.0	(0.7)	-	-	-	-	-	-	-
Portion of profit (loss) relating to companies valued at equity	(0.2)	0.0	(0.2)	0.0	0.0	0.0%	-	-	-	-	-	-
Put option income (charges)	0.5	0.0	0.2	0.0	0.3	0.0%	-	-	-	-	-	-
Profit before tax and non-controlling interests	**194.2**	**12.4**	**230.2**	**15.1**	**(36.0)**	**-15.7%**	**-**	**-**	**-**	**-**	**-**	**-**
Taxes	(64.6)	-4.1	(79.8)	-5.2	15.2	-19.1%	-	-	-	-	-	-
Net profit	129.5	8.3	150.4	9.9	(20.8)	-13.9%	-	-	-	-	-	-
Non-controlling interests	(0.6)	0.0	(0.6)	0.0	(0.0)	7.2%	-	-	-	-	-	-
Group net profit	**128.9**	**8.3**	**149.8**	**9.8**	**(20.9)**	**-13.9%**	**-**	**-**	**-**	**-**	**-**	**-**
Total depreciation and amortisation	(39.4)	-2.5	(39.5)	-2.6	0.1	-0.3%	1.5	-3.9%	(2.5)	6.4%	1.1	-2.8%
EBITDA before other non-recurring income and charges	337.5	21.6	339.1	22.3	(1.6)	-0.5%	(1.5)	-0.4%	12.8	3.8%	(12.9)	-3.8%
EBITDA	294.4	18.9	328.8	21.6	(34.5)	-10.5%						

The resulting changes in profitability, calculated in basis points, are as follows.

Dilution in basis points (*)	total	of which:		
		organic change	perimeter change	exchange rate effect
Cost of goods sold	10	-10	0	20
Gross profit	**10**	**-10**	**0**	**20**
Advertising and promotional costs	-40	-30	10	-20
Contribution margin	**-20**	**-30**	**10**	**0**
Overheads	-30	-30	0	0
Result from recurring activities	**-50**	**-60**	**10**	**0**

(*) It should be noted that there could be rounding effects given that the basis points from the dilution have been rounded to the nearest ten basis points

Net sales for the year were € 1,560.0 million, up by 2.4%, due to a strong organic component of 3.4% and an external growth effect of 3.1% that more than made up for the negative impact of 4.1% from exchange rates.
For more details on these effects and on sales by region and business area, please refer to the 'Sales performance' section above.

Gross profit, recalculated on a same perimeter basis as in 2013, excluding external growth and exchange rate effects, grew overall by 3.3% compared with 2013, resulting in a dilution in profitability of around 10 basis points.
This was the result of contrasting effects in the various regions relating to the sales mix, in terms of both market and product, and is analysed in the next paragraph 'Analysis of profitability and segment reporting'.
At the end of the year, the impact of external growth and exchange rates on gross profit translated into a dilution in profitability of 20 basis points, which was mainly due to exchange rate effects, which had a particularly strong impact on emerging markets, which have narrower profit margins.

Advertising and promotional costs were 16.7% of sales, a slight increase on 2013 (16.4% of sales). These costs grew by 4.6% in absolute terms, due to organic growth of 5.3% and external growth of 2.5%, which made up for the negative impact of exchange rates of 3.1%. The increase in advertising pressure in some regions in the second half of the year, analysed in the next paragraph, resulted in organic dilution of around 30 basis points at Group level.

The **contribution margin** was € 570.9 million in 2014, representing an increase in absolute terms of 1.7% compared with the previous year, and a total dilution in profitability of 20 basis points.
Stripping out negative exchange rate effects of 4.1% and the positive perimeter effects of 3.4%, organic growth was 2.5%.
As a result of the increase in advertising and promotional costs, organic dilution compared with 2013, almost zero for gross profit (-10 basis points), increased by 30 basis points in terms of contribution margin.

Overheads in 2014 grew overall by 4.3%, due to organic growth of 5.2% deriving from costs incurred by the Group relating to new sales structures, in particular in Spain, the UK and Canada, which represent approximately half of the organic growth recorded. Growth deriving from companies acquired during the year was 3.4%, while the negative effect of exchange rates was 4.3%.
The dilution from this at organic level was around 30 basis points.

The result from recurring activities was € 298.2 million, a decrease of 0.5% compared with 2013. This was 19.1% as a percentage of sales, compared with 19.7% in the previous year, and led to a decrease in profitability of 50 basis points.
Net of the impact of perimeter effects (3.4%) and negative exchange rate differences (3.9%), the result from recurring activities grew by +0.1% on an organic basis, with a dilution around 60 basis points, due to:
- a dilution in gross profit (around 10 basis points);
- an increase in advertising and promotional costs (around 30 basis points);
- an increase in overheads (around 30 basis points).

With reference to the perimeter effect of 3.4%, the positive change attributable to Forty Creek Distillery Ltd and the Averna Group was 4.7% (or € 13.5 million). This positive change was partly offset by the negative effect attributable to the termination of the distribution of some third-party brands.

Non-recurring income and charges showed a net negative balance of € 43.2 million, compared with a net negative balance of € 10.3 million in 2013, due to:
- impairment of goodwill and brands of € 23.7 million, discussed in the paragraph 'Significant events during the period'; these charges do not, and will not, have any effect on cash flow and are therefore adjusted for the purposes of the cash flow statement;
- other charges of € 12.0 million relating to the restructuring and refocusing of the Group's product portfolio, also discussed in the paragraph 'Significant events during the period' (see below); with regard to these charges, the positive effect in 2015 deriving from the completion of the three projects was estimated to total over 1% of the result for recurring items for 2014, corresponding to a payback of around three years;
- charges incurred of € 1.5 million relating to acquisitions made during the year; and
- other net charges of € 6.0 million.

As a result of the significant non-recurring charges recorded in the year, the **operating result** for 2014 was € 255.0 million, a decrease of 11.9% compared with 2013.
In summary, ROS (return on sales, i.e. operating result as a percentage of net sales) was 16.3%, a slight decrease on the 19.0% recorded in the previous year.

Total **depreciation and amortisation** were € 39.4 million, broadly in line with 2013 with a slight fall of 0.3%.
EBITDA before non-recurring income and charges showed a slight decrease of 0.5% (a decline of 0.4% at organic level) to € 337.5 million, including an organic component of -0.4%, external growth of 3.8% and a negative exchange rate effect of 3.8%. With reference to the perimeter effect of 3.4%, it should be noted that growth attributable to the acquisitions of Forty Creek Distillery Ltd and the Averna Group was 4.8% (or € 15.7 million).
EBITDA after non-recurring charges for the period was € 294.4 million, a decrease of 10.5%.

Net financial charges were € 60.3 million, an increase of € 1.3 million compared with the € 58.9 million recorded in 2013.
Average debt for the period was € 958.1 million, compared with € 898.3 million in 2013. It should be noted that average debt includes the acquisitions made in the period (Forty Creek Distillery Ltd. and Averna Group) from the closing date for both transactions in June 2014.

The average cost of debt, at 6.3%, was in line with the previous year. This cost includes the effects of the negative carry on interest generated by high levels of cash and cash equivalents, held in the early months of the year, partly to pay for the acquisitions in the period, compared with the interest paid on medium-/long-term debt.

In 2014, the Group also recorded **non-recurring financial charges** of € 0.8 million relating to acquisitions during the year.

As a result of the events described above, **profit before tax and non-controlling interests** was € 194.2 million, a decrease of 15.7% compared with 2013.

Income taxes for the period were € 64.6 million, with a total nominal tax rate of 33.4%. This is slightly lower than the rate in 2013 (34.7%).
This item also includes deferred taxes of € 23.1 million in 2014 (€ 22.2 million in 2013), reported for the purposes of offsetting the effect of the tax-deductibility of amortisation of goodwill and brands, permitted under local legislation. Excluding the impact of these deferred taxes, and of all the extraordinary components in the year, on tax and on profit before tax, the normalised tax rate is 25.0% (25.9% in 2013).

Non-controlling interests for the period were low, at € 0.6 million, and the same as in the previous year.
Group net profit was € 128.9 million in 2014, a decrease of 13.9% compared with 2013 Net profit as a percentage of sales was 8.3% in 2014, a decrease on the 9.8% recorded in 2013.

Net profit, adjusted to take into account all the non-recurring components for the period (€ 43.2 million) as well as the related tax effects of positive non-recurring tax components (€ 17.7 million), came to € 154.4 million, down 0.7% compared with the corresponding profit for 2013, also adjusted for extraordinary components.
Basic and diluted earnings per share, which were € 0.22, would have come to € 0.27 when adjusted for these extraordinary components, up 0.3%, and € 0.8 (diluted earnings per share) compared with the 2013 data, also adjusted.

Analysis of profitability and segment reporting

In 2014, the four regions Americas, Italy, Rest of Europe and Rest of the world (including duty free) contributed to the operating result of the Group, before non-recurring items, by 33.9%, 30.4%, 27.1% and 8.6% respectively, with a higher percentage for the Rest of Europe and a decrease for the Americas region compared with 2013.
A detailed analysis of sales and the operating result by segment in the two periods under comparison is shown below.

	2014				2013			
	Net sales	% of Group total	Result from recurring activities	% of Group total	Net sales	% of Group total	Result from recurring activities	% of Group total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	605.1	38.8%	101.1	33.9%	623.3	40.9%	104.1	34.8%
Italy	411.9	26.4%	90.7	30.4%	376.4	24.7%	77.2	25.7%
Rest of Europe	382.0	24.5%	80.8	27.1%	368.3	24.2%	82.8	27.6%
Rest of the world	161.0	10.3%	25.6	8.6%	156.2	10.2%	35.5	11%
Total	**1,560.0**	**100.0%**	**298.2**	**100.0%**	**1,524.1**	**100.0%**	**299.6**	**100.0%**

At organic level, the change in profitability for each region, calculated as the change in profitability in basis points, was the following for the full year and its two component halves.

Organic change in profitability (*)	1H					2H					Full year				
	Group	of which:				Group	of which:				Group	of which:			
(basis points)		Americas	Italy	Rest of Europe	Rest of world		Americas	Italy	Rest of Europe	Rest of world		Americas	Italy	Rest of Europe	Rest of world
Cost of goods sold	(20)	(210)	210	60	(100)	-	(60)	150	60	(120)	(10)	(130)	180	60	(110)
Gross profit	**(20)**	**(210)**	**210**	**60**	**(100)**	**-**	**(60)**	**150**	**60**	**(120)**	**(10)**	**(130)**	**180**	**60**	**(110)**
Advertising and promotional costs	30	60	30	50	(130)	(80)	40	(260)	-	(300)	(30)	40	(120)	20	(230)
Contribution margin	**10**	**(150)**	**240**	**100**	**(230)**	**(70)**	**(20)**	**(110)**	**70**	**(420)**	**(30)**	**(90)**	**60**	**80**	**(340)**
Overheads	-	(10)	200	(150)	(40)	(60)	-	20	(210)	(90)	(30)	(10)	110	(190)	(80)
Result from recurring activities	**10**	**(160)**	**430**	**(50)**	**(270)**	**(130)**	**(20)**	**(90)**	**(140)**	**(510)**	**(60)**	**(90)**	**170**	**(100)**	**(420)**

(*) It should be noted that there could be rounding effects given that the basis points from the dilution have been rounded to the nearest ten basis points

The most significant effects overall are the following:

- At consolidated level, the dilution of gross profit recorded in the first half of the year halved to 10 basis points, due to a solid recovery in the Americas region, which had suffered a serious delay in shipments to its main franchises in the first half; Italy continued the positive trend already shown in the first half of the year for core brands in that market.
- Advertising and promotional costs were not considerably different at Group level, but the second half showed strong advertising pressure in Italy due to innovation activity, in particular the launch of Crodino Twist, and a general recovery in investment that benefited aperitifs in general; in the Rest of the world region, levels of investment remained high, both in Australia and for the duty-free channel, to support brand growth, even at a time of high competitive pressure, and despite the decrease in sales recorded.
- Overheads, like advertising costs, did not change significantly at consolidated level, but in the second half experienced a big increase in impact in the Rest of Europe region, as a result of the increases already announced in the countries where the Group has begun distribution, namely Spain and the UK.

The tables below show the income statement of each region and a breakdown of the effects that determined their profitability.

Income statement-Americas

The Group's main markets in the Americas are the US, Jamaica, Brazil, Argentina and Canada, which represent around 90% of the region's sales. The region experienced an overall fall both in sales as well as the result from recurring activities of 2.9%, as shown in the following tables.

Americas	2014		2013		Change, of which:							
					total		organic		perimeter		exchange rate effect	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**605.1**	**100.0**	**623.3**	**100.0**	**(18.2)**	**-2.9%**	**25.1**	**4.0%**	**(2.9)**	**-0.5%**	**(40.4)**	**-6.5%**
Cost of goods sold	(300.8)	-49.7	(312.0)	-50.1	11.2	-3.6%	(21.1)	6.8%	8.0	-2.6%	24.2	-7.8%
Gross profit	**304.2**	**50.3**	**311.3**	**49.9**	**(7.0)**	**-2.2%**	**3.9**	**1.3%**	**5.2**	**1.7%**	**(16.1)**	**-5.2%**
Advertising and promotional costs	(105.4)	-17.4	(108.1)	-17.3	2.7	-2.5%	(1.4)	1.3%	(1.8)	1.7%	6.0	-5.5%
Contribution margin	**198.9**	**32.9**	**203.2**	**32.6**	**(4.3)**	**-2.1%**	**2.5**	**1.3%**	**3.4**	**1.7%**	**(10.2)**	**-5.0%**
Overheads	(97.8)	-16.2	(99.0)	-15.9	1.3	-1.3%	(4.3)	4.4%	(1.7)	1.7%	7.4	-7.4%
Result from recurring activities	**101.1**	**16.7**	**104.1**	**16.7**	**(3.0)**	**-2.9%**	**(1.8)**	**-1.8%**	**1.6**	**1.6%**	**(2.8)**	**-2.7%**

Analysing the organic part of the business separately - i.e. stripping out the external component and the negative exchange rate effects - sales growth was 4.0%, while the result from recurring activities fell by 1.8%, for the reasons described below:

The resulting effects on organic profitability, calculated in basis points, are summarised below for the Americas region only.

Americas	1H	2H	full year
Organic change in profitability (*)	basis points	basis points	basis points
Cost of goods sold	(210)	(60)	(130)
Gross profit	**(210)**	**(60)**	**(130)**
Advertising and promotional costs	60	40	40
Contribution margin	**(150)**	**(20)**	**(90)**
Overheads	(10)	-	(10)
Result from recurring activities	**(160)**	**(20)**	**(90)**

(*) It should be noted that there could be rounding effects given that the basis points from the dilution have been rounded to the nearest ten basis points

In terms of gross profit, results showed an organic increase of 1.3%, which resulted in a dilution of profitability of 130 basis points. However, there have been positive signs in the second half with dilution at 60 basis points, a significant improvement on the first-half figure of 210 basis points.

The main dilutive effects of the period were the following:

- The gradual start-up of the new bottling plant in Kentucky, which in the early months of 2014 involved residual costs for external co-packing;
- The delay registered in the first half of the year in the US by the main franchises, in particular SKYY and Wild Turkey, was partially recovered in the second half;
- The concentration of organic growth for the period in the less profitable countries such as Brazil and Argentina, which diluted profitability; the Group is following a strategy of focusing on the more profitable brands and of gradually re-locating production in these countries, with the objective of improving profitability.

Advertising spending did not change significantly, increasing by 1.3% on an organic basis, resulting in an increase in profitability of 40 basis points.

Overheads increased by 4.4%, and, as an organic percentage of sales, are in line with 2013, with a dilution of 10 basis points, owing to the major costs incurred by the Group in launching a new route-to-market in Canada in 2015.

In summary, at an organic level there was a decrease in final profitability (result from recurring activities) for the region of 90 basis points, with a strong recovery from the dilution of 160 basis points shown in the first half, which reduced to 20 basis points in the second half of the year.

In terms of the external component, net sales decreased by 0.5% and the result from recurring activities increased by 1.6%, in that the effect of the acquisition of Forty Creek Distillery Ltd. in June more than made up, at profitability level, for the termination of some distribution agreements, including Kimberly Clark in Jamaica and other third-party brands in the US.

Exchange rate effects of -6.5% on sales and -2.7% on result were almost exclusively due to the weakening of the Argentinian, Brazilian and Jamaican currencies.

Income statement-Italy

Italy was again the second-largest region of the Group after the Americas in terms of sales and profitability, contributing percentages of 26.4% and 30.4% respectively. Changes during 2014 break down as follows:

Italy	2014		2013		Change, of which							
					total		organic		perimeter		exchange rate effect	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**411.9**	**100.0**	**376.4**	**100.0**	**35.5**	**9.4%**	**13.3**	**3.5%**	**22.3**	**5.9%**		
Cost of goods sold	(164.0)	-39.8	(155.6)	-41.3	(8.4)	5.4%	1.7	-1.1%	(10.1)	6.5%		
Gross profit	**248.0**	**60.2**	**220.8**	**58.7**	**27.2**	**12.3%**	**14.9**	**6.8%**	**12.2**	**5.5%**		
Advertising and promotional costs	(63.8)	-15.5	(55.0)	-14.6	(8.8)	16.0%	(6.7)	12.1%	(2.2)	3.9%		
Contribution margin	**184.2**	**44.7**	**165.8**	**44.1**	**18.3**	**11.1%**	**8.3**	**5.0%**	**10.0**	**6.0%**		
Overheads	(93.5)	-22.7	(88.7)	-23.6	(4.8)	5.5%	1.0	-1.1%	(5.9)	6.6%		
Result from recurring activities	**90.7**	**22.0**	**77.2**	**20.5**	**13.5**	**17.5%**	**9.3**	**12.1%**	**4.2**	**5.4%**		

In organic terms, Italy's sales and result from recurring activities increased by 3.5% and 12.1% respectively.
The resulting effects on organic profitability, calculated in basis points, are summarised below for the Italy region only.

Italy organic change in profitability (*)	1H basis points	2H basis points	full year basis points
Cost of goods sold	210	150	180
Gross profit	**210**	**150**	**180**
Advertising and promotional costs	30	(260)	(120)
Contribution margin	**240**	**(110)**	**60**
Overheads	200	20	110
Result from recurring activities	**430**	**(90)**	**170**

(*) It should be noted that there could be rounding effects given that the basis points from the dilution have been rounded to the nearest ten basis points

Gross profit improved by 6.8% at organic level, while profitability improved by 180 basis points due to higher sales volumes, the positive sales mix and the ongoing policy to reduce the fixed costs of production and logistics.
The pressure of advertising and promotional investment increased and, at organic level, rose by 120 basis points as a percentage of sales, with an especially intense second half in line with expectations, in which the percentage increased by 260 basis points. This increase was due to innovation activities, in particular the launch of Crodino Twist, and a general recovery in investments compared with the previous year, which benefited CampariSoda and more generally aperitifs.
Overheads, enjoying good operating leverage thanks to the positive sales trend, fell 1.1% at organic level, resulting in a decrease in percentage of sales of 110 basis points.

Despite the sharp increase of advertising pressure in the second half, the solid recovery of gross profit and the reduction in the contribution of overheads led to a considerable improvement in profitability which, at the level of result from recurring activities, improved by 170 basis points.

As regards external growth, which accounted for 5.9% of sales and 5.4% of the result from recurring activities, it should be noted that this results almost entirely from the acquisition of the Averna Group, completed in June, whose main market is Italy.

Income statement - Rest of Europe

The Group's core markets in this region are those controlled directly by the Group, i.e. Germany and Russia, which represent 60% of the region's sales; the other significant markets are Switzerland, Austria, Belgium and Ukraine and, recently, the UK and Spain, while France is covered by a third-party distributor.
The region's sales grew by 3.7% while its result from recurring activities fell by 2.5%. The changes break down as follows:

Rest of Europe	2014		2013		Change, of which							
					total		organic		perimeter		exchange rate effect	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**382.0**	**100.0**	**368.3**	**100.0**	**13.7**	**3.7%**	**11.6**	**3.2%**	**17.7**	**4.8%**	**(15.6)**	**-4.2%**
Cost of goods sold	(185.4)	-48.5	(177.8)	-48.3	(7.6)	4.3%	(3.3)	1.8%	(10.7)	6.0%	6.3	-3.6%
Gross profit	**196.6**	**51.5**	**190.5**	**51.7**	**6.1**	**3.2%**	**8.3**	**4.4%**	**7.1**	**3.7%**	**(9.3)**	**-4.9%**
Advertising and promotional costs	(58.7)	-15.4	(57.4)	-15.6	(1.3)	2.3%	(0.9)	1.6%	(2.0)	3.4%	1.6	-2.7%
Contribution margin	**137.9**	**36.1**	**133.1**	**36.1**	**4.8**	**3.6%**	**7.4**	**5.6%**	**5.1**	**3.9%**	**(7.8)**	**-5.8%**
Overheads	(57.1)	-15.0	(50.3)	-13.7	(6.8)	13.6%	(8.7)	17.3%	(0.9)	1.8%	2.7	-5.5%
Result from recurring activities	**80.8**	**21.1**	**82.8**	**22.5**	**(2.1)**	**-2.5%**	**(1.3)**	**-1.5%**	**4.2**	**5.1%**	**(5.0)**	**-6.1%**

Overall, the financial results achieved in the region in 2014 were satisfactory in terms of contribution margin, while its result from recurring activities suffered from the Group's investment in new sales structures.
Looking at the organic part of the business only, sales growth for the whole area was 3.2%, while the result from recurring activities fell by 1.5%.

The resulting effects on organic profitability, calculated in basis points, are summarised below for the Rest of Europe region only.

Rest of Europe Organic change in profitability (*)	1H basis points	2H basis points	full year basis points
Cost of goods sold	60	60	60
Gross profit	**60**	**60**	**60**
Advertising and promotional costs	50	-	20
Contribution margin	**100**	**70**	**80**
Overheads	(150)	(210)	(190)
Result from recurring activities	**(50)**	**(140)**	**(100)**

(*) It should be noted that there could be rounding effects given that the basis points from the dilution have been rounded to the nearest ten basis points

As a result of the positive mix of products, with Campari and Aperol experiencing growth in many markets, the gross margin increased by 4.4% at organic level, and profitability improved by 60 basis points.
Spending on advertising and promotions was broadly stable, with a slight increase at organic level (1.6%); this led to an increase of 20 basis points as a percentage of sales in organic terms. This was caused by greater pressure in some western European markets (Spain, UK and France), which was largely offset by seeking efficiencies in view of the competitive pressure in Germany and volatility in Russia.
Overheads for the area, however, increased by 17.3% at organic level. As a percentage of sales, these costs rose by 190 basis points due to the effect of developing the new sales organisations in Spain and the UK (equating to a change of around 100 basis points) and of upgrading Russia's existing structure.

In summary, as a result of the increase in overheads, the result from recurring activities in the Rest of Europe showed an organic decline of 1.5% in 2014, diluting the result from recurring activities by 100 basis points.

As regards the external component, net sales increased by 4.8% and the result from recurring activities by 5.1%, due to the positive impact of the acquisition of Averna, for which Germany represents the second-largest market, and distribution agreements, including the portfolio of William Grant & Sons in Germany on 1 July 2013 and Bulldog gin on 1 January 2014.

Income statement - Rest of the world and duty free

The Rest of the world and duty free is the smallest of the Group's regions, representing just over 10% of total sales and 8% of overall profitability. The main markets, which represent around 95% of the region's total sales are - in addition to duty free - Australia, Japan, China, New Zealand, South Africa and Nigeria, with the latter countries experiencing strong growth.
Overall, the region’s sales increased by 3.1%, while profitability decreased by 28.0%; a breakdown is shown below.

Rest of the world	2014		2013		Change, of which							
					total		organic		perimeter		exchange rate effect	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**161.0**	**100.0**	**156.2**	**100.0**	**4.8**	**3.1%**	**2.3**	**1.5%**	**9.3**	**6.0%**	**(6.9)**	**-4.4%**
Cost of goods sold	(78.1)	-48.5	(68.3)	-43.7	(9.8)	14.3%	(2.7)	4.0%	(8.5)	12.5%	1.4	-2.1%
Gross profit	**82.9**	**51.5**	**87.9**	**56.3**	**(5.0)**	**-5.7%**	**(0.4)**	**-0.4%**	**0.8**	**0.9%**	**(5.4)**	**-6.2%**
Advertising and promotional costs	(33.0)	-20.5	(28.8)	-18.4	(4.2)	14.6%	(4.1)	14.4%	(0.3)	0.9%	0.2	-0.7%
Contribution margin	**49.9**	**31.0**	**59.1**	**37.8**	**(9.2)**	**-15.5%**	**(4.5)**	**-7.6%**	**0.5**	**0.9%**	**(5.2)**	**-8.8%**
Overheads	(24.4)	-15.1	(23.6)	-15.1	(0.8)	3.3%	(1.7)	7.1%	(0.3)	1.4%	1.2	-5.3%
Result from recurring activities	**25.6**	**15.9**	**35.5**	**22.7**	**(10.0)**	**-28.0%**	**(6.2)**	**-17.4%**	**0.2**	**0.6%**	**(4.0)**	**-11.2%**

Analysing the organic component of the business, we can see that the year was positive in terms of sales (+1.5%), but the result from recurring activities fell by 17.4%.
The resulting effects on organic profitability, calculated in basis points, are summarised below for the Rest of the world region only.

Rest of the world Organic change in profitability (*)	1H basis points	2H basis points	full year basis points
Cost of goods sold	(100)	(120)	(110)
Gross profit	**(100)**	**(120)**	**(110)**
Advertising and promotional costs	(130)	(300)	(230)
Contribution margin	**(230)**	**(420)**	**(340)**
Overheads	(40)	(90)	(80)
Result from recurring activities	**(270)**	**(510)**	**(420)**

(*) It should be noted that there could be rounding effects given that the basis points from the dilution have been rounded to the nearest ten basis points

Gross profit showed an organic contraction of 0.4%, corresponding to profit erosion of 110 basis points. This negative effect was due to the mix of sales and the different business regions, which partially penalised the region's performance. Specifically, the profitability of Wild Turkey, the largest of the Top 6 franchises in the region, was adversely affected by the ready-to-drink market, which has lower profit margins than Wild Turkey straight bourbon, and which grew more rapidly than the rest of the portfolio. Moreover, competitive pressure in Japan and Australia generated a contraction in the sales of the main brands.

Advertising costs and overheads had a negative impact on final profitability, increasing more than sales, by 14.4% and 7.1% respectively, at organic level. Investment in advertising suffered from the Group's decision to keep investment levels high both in Australia and the duty free channel to support growth in the brands, even in highly pressured periods. The decline in sales generated an increase in the percentage of both advertising costs and overheads, which are both difficult to contain in absolute terms.

Due to the effects explained above, the result from recurring activities of the Rest of the world and duty free region reported an organic decline of 17.4%, equating to a dilution of 420 basis points.

External growth was almost entirely due to the Copack bottling business acquired in Australia in September 2013. The acquired business diluted both the Group and the region's profitability, leading to an increase in the region's result from recurring activities of only 0.6% compared with sales growth of 6.0%, diluted by approximately 80 basis points.
Consequently, the region's overall profitability, which also includes the effects of organic dilution and the negative exchange rate impact, was diluted by 690 basis points.

Reclassified statement of cash flows

The table below shows a simplified and restated version of the statement of cash flows in the financial statements.
The main reclassification is the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities: in this way, the total cash flow generated (or used) in the period corresponds to the change in net debt.

	31 December 2014 € million	31 December 2013 € million	Change € million
EBITDA	**294.4**	**328.8**	**(34.5)**
Goodwill and brands write-downs	23.7	0.0	23.7
Other non-cash items	4.9	7.5	(2.6)
Changes in non-financial assets and liabilities	20.3	(4.0)	24.2
Taxes paid	(53.0)	(75.8)	22.8
Cash flow from operating activities before changes in working capital	**290.2**	**256.6**	**33.6**
Change in net operating working capital	(6.9)	(36.0)	29.1
Cash flow from operating activities	**283.3**	**220.6**	**62.7**
Net interest paid	(57.5)	(55.9)	(1.7)
Cash flow used for investment	(47.9)	(58.9)	10.9
Free cash flow	**177.9**	**105.9**	**72.0**
Business combinations	(236.1)	(13.6)	(222.6)
Purchase and sale of brands and rights, and put option and earn-out payments	(6.2)	(15.4)	9.2
Dividend paid out by Parent Company	(46.1)	(39.8)	(6.2)
Other changes	(6.1)	(25.2)	19.1
Total cash flow used in other activities	**(294.6)**	**(94.0)**	**(200.5)**
Exchange rate differences and other changes	(9.2)	(0.2)	(9.0)
Change in net debt due to operating activities	(125.9)	11.7	(137.6)
Payables for put options and earn-out payment (*)	0.2	5.3	(5.0)
Total net cash flow for the period = change in net debt	**(125.7)**	**16.9**	**(142.6)**
Net debt at the start of the period	(852.8)	(869.7)	16.9
Net debt at the end of the period	(978.5)	(852.8)	(125.7)

(*) This item, which is a non-cash item, is included in order to reconcile the change in net debt due to operating activities with the overall change in net debt.

In 2014, **net cash flow** reflected the net use of cash of € 125.7 million, compared with positive cash flow of € 16.9 million in the previous year. The change was due to the outlay incurred for the acquisitions of Forty Creek Distillery Ltd and the Averna Group, of € 236.1 million.

More specifically, **free cash flow** of € 177.9 million was generated in 2014; cash flow from operating activities was € 290.2 million, which was partly absorbed by the payment of net financial interest of € 57.5 million and net investment in tangible and intangible assets of € 47.9 million.

A comparison of free cash flow in 2014 with the figure a year earlier (€ 105.9 million) shows some contrasting factors that led to greater cash generation, totalling € 72.0 million:

- EBITDA decreased significantly by € 34.5 million compared with 2013, due to the non-recurring costs discussed in the 'Income statement' and 'Significant events during the period' sections above;
- Conversely, write-downs of goodwill and brands, non-cash items and changes in non-financial assets and liabilities led to increases of € 23.7 million, € 4.9 million and € 20.3 million respectively compared with the previous year;
- Income tax paid in the year decreased by € 22.8 million, generating a positive effect on free cash flow; this reduction was mainly due to the use made by some Group companies of tax credits to offset liabilities for the period;
- Working capital showed an organic negative change of € 6.9 million, which, compared with the negative change of € 36.0 in 2013, improved free cash flow by € 29.1 million. Please see the 'Operating working capital' section below for more details on this item;
- Net interest paid was slightly higher than in 2013, by €1.7 million;
- Moreover, spending on investment was € 10.9 million less than in the previous year; this was because spending in 2014 related mainly to the maintenance of existing fixed assets, given that the major extraordinary projects on the Group's premises had been completed in the last few years. Please see the 'Investments' section for more details.

Cash flow used in other activities was € 294.6 million, compared with € 94.0 million in 2013, generating a greater cash requirement of € 200.5 million.
In 2014, the largest item related to the cost of the companies acquired during the period, Forty Creek Distillery Ltd. and the Averna Group. Including price adjustments and the payables purchased, this item totalled € 236.1 million (of which € 132.4 million related to Forty Creek Distillery Ltd. and € 103.7 million to the Averna Group).
The other businesses also generated a cash requirement due to the dividend of € 46.1 million paid by the Parent Company, as well as payments to purchase distribution rights in Spain and Mexico, of € 6.2 million.
The 'other changes' item includes payments for the purchase of own shares, net of sales for the exercise of stock options. In 2013, this net amount had been significant due to the vesting of the right to exercise one of the stock option assignments granted by the Parent Company, involving a net cash outlay of € 25.2 million. However, in 2014, it had a net effect of € 6.1 million on cash.

Exchange rate differences and **other changes** had a negative impact of € 9.2 million on the net flow in 2014. This was due to exchange rate effects on operating working capital (€ -3.4 million), the conversion of shareholders' equity in other currencies (€ -6.9 million) and other positive changes of € 1.1 million.

Financial payables relating to put options and earn-out payments, which relate solely to the residual earn-out payments on the acquisition of Sagatiba and the purchase of the non-controlling interests in J. Wray & Nephew Ltd, recorded minimum changes compared with 2013. These related to payments made during the period and exchange rate effects.

As a result of the flows described above, a **net cash flow** of € 125.7 million had been absorbed at 31 December 2014, corresponding to the increase in Group financial debt compared with 31 December 2013.

Investments

Net investment in 2014 was € 47.9 million and includes purchases of fixed assets for € 55.5 million, net of sales of € 6.9 million and other positive changes in payables of € 0.7 million.
Investment relates to the following categories:
- € 46.0 million was spent on tangible assets;
- € 1.1 million on biological assets;
- € 8.4 million on intangible assets with a finite life.

The following real estate projects were carried out during the year:
- in Jamaica, environmental recovery work totalling € 5.8 million and the refurbishment of premises, production facilities and the head office in Kingston, totalling € 10.4 million;
- improvements to the efficiency and production capacity of the Group's facilities in North America (€ 6.5 million), South America (€ 2.9 million), Italy (€ 5.4 million) and other European premises (€ 1.6 million);
- the purchase of barrels for the maturing inventory of bourbons, whiskies and rums for € 11.7 million;
- other interventions which are insignificant individually but together amount to € 1.7 million, supported by recurring maintenance work at the Group's sites.

Investments in biological assets totalling €1.1 million were made by Sella & Mosca S.p.A., mainly on vineyards.
Lastly, investment in intangible assets with a finite life during the year, totalling € 8.4 million, mainly related to projects to streamline and upgrade the IT systems currently in use, and the integration into the Group of the systems of new companies such as J. Wray & Nephew Ltd and Campari RUS OOO.

Breakdown of net debt

At 31 December 2014, consolidated net debt stood at € 978.5 million, an increase of € 118.9 million on the figure of € 125.7 million registered at 31 December 2013.
The events during the year and the cash flows that impacted the level of net debt have been addressed in detail in the 'Statement of cash flows' section above.
The table below shows the changes in the structure of debt between the start and the end of the year, compared to that for the previous year.

	31 December 2014	31 December 2013	Change
	€ million	€ million	€ million
Cash and cash equivalents	230.9	441.6	(210.8)
Payables to banks	(36.7)	(122.3)	85.6
Real estate lease payables	(0.1)	(0.0)	(0.1)
Private placement and bond	(86.0)	(28.9)	(57.1)
Other financial receivables and payables	(5.2)	21.5	(26.7)
Short-term net cash position	103.0	311.9	(208.9)
Payables to banks	(9.0)	(0.6)	(8.4)
Real estate lease payables	(1.3)	(1.3)	(0.0)
Private placement and bond (*)	(1,097.1)	(1,167.7)	70.6
Other financial receivables and payables	30.5	9.6	20.9
Medium-/long-term net debt	(1,076.9)	(1,159.9)	83.0
Debt relating to operating activities	(973.9)	(848.0)	(125.9)
Payables for put options and earn-out	(4.6)	(4.8)	0.2
Net debt	(978.5)	(852.8)	(125.7)

(*) Including the relevant derivatives.

The increase in debt compared with 31 December 2013 was due to two acquisitions completed in the first half of 2014: Forty Creek Distillery Ltd. and the Averna Group. These were settled in June 2014 for a total amount of € 236.1 million.

In terms of structure, the net financial position at 31 December 2014 continued to be marked by a positive split between short- and medium-/long-term debt.
The short-term net cash position was € 103.0 million, consisting of cash and cash equivalents of € 230.9 million, offset by payables to banks totalling € 36.7 million. The decrease in cash is due to the outlay mentioned above for the acquisitions of Forty Creek Distillery Ltd and the Averna Group.
With regard to changes in the short-term debt items, the USD 40 million first tranche of the private placement issued by Campari America in 2009 was extinguished in June 2014.
At 31 December 2014, the first tranche of the bond issued by the Parent Company in 2003 and maturing in July 2015 (€ 86.0 million) was reclassified as short-term debt.
The remaining tranches of the Parent Company's bonds and Campari America's private placement are all classified as medium-/long-term debt since they mature more than 12 months after the date of this Report.

Medium-/long-term debt, almost exclusively comprising existing bonds, decreased mainly as a result of the reclassification described above, with a remaining balance, at the date of this Report, of € 1,076.9 million.

Currency fluctuations between 31 December 2013 and 31 December 2014, particularly in the US dollar, had a considerable effect on consolidated net debt, causing it to rise by € 20.2 million.

Furthermore, the Group’s net debt shows a financial payable of € 4.6 million that includes the residual payable for the Sagatiba earn-out and the purchase of non-controlling interests in relation to the Jamaican acquisition. No significant changes took place over the period.

Finally, the agreements relating to Parent Company bond issues and the Campari America private placement include negative pledges and covenants. If the Group does not comply with the clauses described below, after an observation period in which any breach has not been rectified, it may be served with notice to repay the residual debt. The ratios are monitored constantly by the Group.
The negative pledge clauses are intended to limit the Group’s ability to grant significant rights over the Group’s assets to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Group’s obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests interests, pro-rated to take account of acquisitions in the past 12 months.
At 31 December 2014, this multiple was 2.9, compared with 2.5 at 31 December 2013.

Reclassified statement of financial position

The Group's summary balance sheet is shown in the table below in reclassified format, to highlight the structure of invested capital and financing sources.

	31 December 2014	31 December 2013	Change
	€ million	€ million	€ million
Fixed assets	2,331.9	1,997.6	334.2
Other non-current assets and liabilities	(272.2)	(213.4)	(58.8)
Operating working capital	571.5	537.5	34.0
Other current assets and liabilities	(72.9)	(72.9)	0.0
Total invested capital	558.4	2,248.9	309.5
Shareholders' equity	1,579.9	1,396.1	183.8
Net financial position	978.5	852.8	125.7
Total financing sources	2,558.4	2,248.9	309.5

Invested capital at 31 December 2014 was € 2,558.4 million, € 309.5 million higher than at 31 December 2013.
This increase was mainly due to the acquisitions of Forty Creek Distillery Ltd. and the Averna group. The following items were recognised at first consolidation:

- fixed assets of € 235.7 million, including recognition of goodwill and brands for € 206.3 million;
- non-current liabilities, net of non-current assets, of € 33.5 million, including net deferred tax liabilities of € 22.1 million;
- operating working capital of € 30.8 million;
- other current liabilities, net of other current assets, of € 10.9 million, including income tax payables of € 7.5 million relating to the acquisition agreements for Forty Creek Distillery Ltd. Note however that in the second half of 2014, tax payables relating to the acquisition mentioned above were settled.

For more details on the figures recorded in relation to the acquisitions, please see note 8-Business combinations of the consolidated financial statements.

The other effects that affected invested capital relate to investments and recurring movements in the period, including exchange rate effects that had a significant impact on goodwill and brands, for a total of € 113.2 million.

The acquisitions entailed the assumption of financial payables of € 5.6 million, which are reflected in the financial position.
The Group’s financial structure shows a ratio of debt to own funds at the end of the period of 61.9%, compared with 61.1% at 31 December 2013.
For further details, please see the previous sections 'Statement of cash flows' and 'Breakdown of net debt', and in relation to changes in net working capital, please see the section 'Operating working capital' below.

Operating working capital

The breakdown of the total change compared with 31 December 2013, divided into organic change, exchange rate effects and perimeter effect, is as follows:

	31 December 2014	31 December 2013	change, of which				
			total	organic	perimeter effect, of which:		exchange rate
					acquisitions	disposals	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Receivables from customers	313.6	288.5	25.1	21.1	21.3	(1.5)	(15.8)
Inventories, of which:							
- maturing inventory	*243.5*	*195.3*	*48.2*	*20.6*	*7.1*	*0.0*	*20.5*
- other inventory	*237.7*	*251.8*	*(14.1)*	*(27.4)*	*17.1*	*(6.2)*	*2.4*
Total inventories	481.2	447.1	34.0	(6.9)	24.2	(6.2)	22.9
Payables to suppliers	(223.2)	(198.1)	(25.1)	(7.3)	(15.0)	0.9	(3.7)
Operating working capital	**571.5**	**537.5**	**34.0**	**6.9**	**30.5**	**(6.7)**	**3.4**
Sales in the previous 12 months	1,560.0	1,524.1	35.8				
Working capital as % of sales in the previous 12 months	36.6	35.3					
Operating working capital as % of sales in the previous 12 months, adjusted for the perimeter effect	36.0						

Operating working capital at 31 December 2014 was € 571.5 million, an increase of € 34.0 million on 31 December 2013.
Of the perimeter effect, € 30.5 million is due to the acquisitions of Forty Creek Distillery Ltd. and the Averna Group. Disposals, totalling € 6.7 million, include the deconsolidation of CISC 'Odessa Sparkling Wine Company', of Société Civile du Domaine de Lamargue and of Lamargue S.a.r.l., sold over the year, as well as the reclassification under assets held for sale of the Agri-Chemicals and Federated Pharmaceutical businesses in Jamaica, expected to be transferred in March 2015.
Net of this perimeter effect (positive overall at € 23.7 million) and the exchange rate effect (positive at € 3.4 million), working capital registered net organic growth of € 6.9 million. This increase includes movements in the opposite direction in individual components. Specifically, the decrease in the value of inventories of € 6.9 million was offset by an increase in trade receivables of € 21.1 million, and an increase in payables to suppliers of € 7.3 million.
As regards inventories, the decrease of € 6.9 million was due to a fall in finished product stocks and other merchandise of the Group in the amount of € 27.4 million, while stocks of maturing inventory rose by € 20.6 million.

Operating working capital as a percentage of net sales in the last 12 months was 36.6% at 31 December 2014.
Since the acquisitions of Forty Creek Distillery Ltd. and the Averna Group took place in June 2014, the statement of financial position data at 31 December 2014 include the working capital of the acquired companies, while the sales reported for the previous 12 months include sales from the acquired brands for the second half of 2014 only. However, if the statement of financial position data and income statement data is adjusted to take account of the consolidation of the acquired companies, operating working capital would be reduced from 36.6% to 36.0 of net sales, compared with 35.3% at 31 December 2013.

Investor information

Global economy

After a setback in the first few months of the year, the expansion of global economic activity began to recover in the second quarter, albeit with only moderate and varied intensity in the main regions. The recovery remains uncertain and burdened by continuing geopolitical tension.
As regards the economic performance of the main regions of Gruppo Campari, Italian economic activity indicated an uncertain outlook for internal demand, albeit in a context of recovering disposable income and moderate growth in consumption. The recovery in disposable income recorded in the summer, supported by measures introduced by the government for medium-low income households, led to an increase in the propensity to save. Household consumption continued to improve, albeit at a very limited rate of growth, confirming the trend under way since summer 2013. The contribution of consumption to economic growth was, however, offset by the fall in investments, which were burdened by a highly uncertain outlook for demand and high levels of spare capacity. On the other hand, the brake deriving from financial restrictions has eased significantly compared with the situation in previous years, and business confidence has stabilised since the fall that occurred in the summer. Foreign trade, the main support to GDP in the first quarter, suffered a fall due to stagnating demand in the other countries of the Eurozone. Economic indicators paint an uncertain picture of the outlook for exports. Continuing weak economic activity and the fall in energy prices have impacted price trends, as shown by low inflation. Overall, in the fourth quarter of 2014, GDP remained unchanged on the previous quarter, while for the year it fell by 0.3% (source: ISTAT).

The Eurozone's recovery has continued, although it is moderate and uneven with very low inflation. After cutting official rates in June and taking new unconventional measures, the Governing Council of the ECB loosened monetary policy still further: in September, the ECB cut official rates once again and, in September and December, carried out two long-term refinancing operations directed at stimulating the supply of credit to the economy. In the third quarter of 2014, Eurozone GDP continued to expand, up 0.2% on the previous period, on the back of a rise in consumption. Economic activity improved slightly in Germany, thanks to modest support from household and public spending, and returned to growth in France, benefiting from increased public and private consumption. On the basis of the information available, economic growth in the Eurozone will remain limited in the fourth quarter and will vary from country to country (source: Bank of Italy).

As regards other international markets, in the US, GDP grew in the second quarter, making up for the fall in the first quarter. It continued to rise in the third quarter (5.0%), benefiting from an improvement in domestic demand. Employment continued to increase rapidly and in September, unemployment fell to 5.9%, its lowest level since September 2008. However, GDP stagnated again in the fourth quarter due to the fall in exports and investments, which was partially offset by continuing growth in consumption, leading to overall growth for the year of 2.4% (source: International Monetary Fund). As concerns the main emerging economies, in Russia, GDP continued to slow in the third quarter (0.6% in the corresponding period), and fell in November due to the rapid deterioration of the economic and financial situation. The sanctions imposed by the EU and US in July, the sharp fall in the price of oil and the announcement in November that the Rouble would no longer be pegged to the Euro and the Dollar, led to the collapse of the Rouble and a further fall in consumer and business confidence, already burdened by the worsening crisis in Ukraine. GDP growth also dipped in other major emerging markets, including Brazil, whose central bank is continuing to tighten monetary policy to counter inflationary pressure. In China, GDP grew by 7.3% in the third quarter, supported by measures to stimulate infrastructure investment and strengthen demand from the advanced economies.

Financial markets

Following an improvement in the first half of 2014, in the fourth quarter the financial markets of the advanced economies began to experience renewed volatility, as a result of the deterioration of the international macroeconomic situation, and that of the Eurozone which was affected by the announcement of new elections in Greece. The fall in European stock markets was accompanied by broadly stable government bond spreads, with the exception of Greece, as well as stable risk premiums for the bond segment containing companies considered to be the safest, which benefited from expectations of expansionary measures by the ECB. However, the bond segment of securities denominated in Dollars experienced an increase in risk premiums.
From September, emerging markets experienced increased volatility, following the sharp fall in oil prices and increased capital outflows.
Italian financial markets experienced increased volatility during the fourth quarter, due to political uncertainty in Greece and the sharp drop in oil prices. These factors had only a marginal impact on financial markets, with government bonds, which had benefited from expectations that the ECB would support price stability, remaining unchanged. After a positive

start to the first half of 2014, share prices fell due to the higher risk premiums required by investors because of increased macroeconomic uncertainty and growing geopolitical tensions. The drop affected all sectors, and to a greater extent, oil products, services, industry and telecommunications. In 2014, the FTSE MIB and FTSE Italia All Shares indices recorded changes of 0.2% and -0.3% respectively. The MSCI Europe index closed with a gain of 3.6%, while in the US, the S&P500 advanced by 11.4%.

On the exchange rate front, the first few months of the year saw the Euro go through a phase of appreciation, especially against the US Dollar, with support coming in part from portfolio inflows associated with the reduction in sovereign risk. The Euro stopped appreciating in early May when the ECB announced the loosening measures it subsequently introduced in June. In the fourth quarter of 2014, the Euro fell significantly against the US Dollar, reflecting the divergence between the expansive monetary policy of the ECB and that of the Federal Reserve, which ceased the purcases of mortgage-backed and treasury securities. During 2014, all the major currencies used by Gruppo Campari depreciated against the Euro, apart from UK Pound and the Swiss Franc. Compared with 31 December 2013, the US Dollar lost 0.1% on average against the Euro and the Australian Dollar 6.5%, while UK Pound gained 5.3%. In this environment of further international capital outflows, the currencies of the main emerging countries also weakened against the Euro. The Argentine Peso lost on average 32.5% against the Euro, the Brazilian Real 8.2%, the Russian Rouble 17.1% and the Jamaican Dollar 6.7%.

Spirits sector

In 2014, the Stoxx Europe 600 Food&Beverage index rose by 11.2%, outperforming the MSCI Europe market index by 7.5%.

In the first half of 2014, the performance of a number of major companies in the spirits sector signalled a slowdown in some of the major emerging markets; this included China, where the government's introduction of austerity measures led to a sharp contraction in sales in certain categories of imported premium spirit products (mainly cognac and Scotch whisky). This resistance appears to have eased slightly at the end of the year, given that the Chinese government did not increase austerity measures. Despite this market situation and the fact that the timing of the recovery is still uncertain, the spirits sector continues to show overall growth in demand, driven by the ongoing rise in demand for premium products. In the US market, brown spirits continued to drive growth in volume and price. Specifically, the categories showing the strongest growth include American whiskey and bourbon, thanks to the rediscovery of Canadian whisky and Scotch whisky, as well as strong growth in flavoured whisky. The other categories showing growth are tequila, aged rum, and bitter aperitifs, the latter driven by a return of interest in traditional cocktails. Furthermore, with regard to the US market, it should be noted that the important category of vodka, although continuing to grow, is still under significant price pressure due to fierce competition, while flavoured vodka is experiencing a deceleration. In other developed markets, such as the UK and continental Europe, consumption of brown spirits has continued to grow, albeit in a more mature environment than in North America. Moreover, emerging markets, such as China, India, Africa and Latin America, are witnessing growing demand for premium spirits, which has been generated by ongoing improvements in socio-economic conditions at local level. Recent trends include the development of craft spirits - products distilled and bottled locally by independent distilleries. This phenomenon originated in the US, resulting in the expansion of the other mature markets and in emerging markets for the whisky, vodka and gin categories.

Medium-to-long-term expectations regarding the performance of sector companies remain positive. Spirits stocks continue to benefit from better growth expectations than other consumer goods sectors; this is also reflected in valuations, which are at a premium to market indices. In addition, the positive expectations regarding future M&As in the spirits industry, which underwent further consolidation at the beginning of the year with the acquisition of Beam Inc. by Suntory Holdings Ltd., continue to positively impact stock prices.

Davide Campari-Milano S.p.A. stock

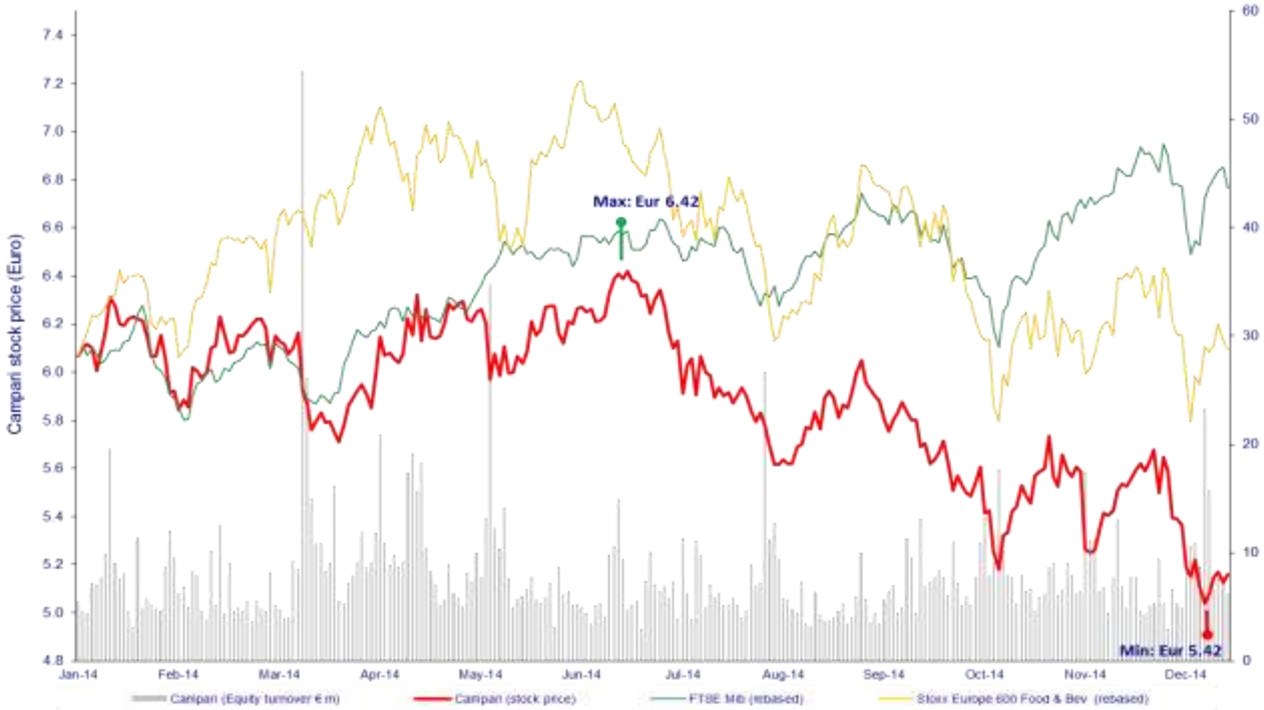
Against the economic, industry and financial market backdrop described above, in 2014, the Campari stock price, having initially been impacted by unfavourable exchange rates and a range of contingent factors, recovered during the first half thanks to the improved medium-term outlook for business. In addition, the stock price was positively impacted by the announcement of the acquisitions of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A.; these demonstrate Gruppo Campari's ongoing commitment to growth through acquisitions, in full compliance with the financial and strategic criteria adopted. However, for the rest of the year the share price performance was negatively affected by difficult trading conditions in stock markets experiencing high volatility, deriving from political uncertainty in Greece and the sharp fall in oil prices. The climate of political and macroeconomic uncertainty in some of the Group's markets, as well as the prospect of continuing competition in some of the Group's other regions in the last part of the year have, however, led to a renewed climate of volatility as far as the short-term outlook is concerned.

In 2014, the Campari stock price fell 15.1% in absolute terms, with total shareholder return (TSR) of -14.0%. The Campari share price underperformed the FTSE MIB by 15.4%. The stock underperformed the STOXX Europe 600 Food&Beverage

index by 26.3% in the period from 1 January to 31 December 2014, and underperformed the MSCI Europe sector index by 18.8%.
For 2014, the minimum and maximum closing prices of € 5.04 and € 6.42 were recorded on 18 December 2014 and 24 June 2014 respectively. An average of 1.4 million Campari shares were traded daily on the market managed by Borsa Italiana S.p.A. in 2014, with an average daily value of € 8.0 million. At 31 December 2014, Campari's market capitalisation was € 3.0 billion.

From the date of the initial public offering (IPO) to 31 December 2014, the price of the Campari stock has increased in absolute terms by 232.9% (an average of 9.3% per year), with the total shareholder return (TSR) up 283.3% (an average of 10.5% per year). The Campari stock gained 282.4% against the FTSE MIB. The stock outperformed the STOXX Europe 600 Food&Beverage index by 117.8% in the period from listing to 31 December 2014, and outperformed the MSCI Europe sector index by 238.0%.

The performance of the Campari stock and the main benchmark indices from 1 January 2014 to 31 December 2014



The performance of the Campari stock and the main benchmark indices since listing (2001) at 31 December 2014

Notes:
Figures up to 2009 have been adjusted to reflect the changes in share capital between 2005 and 2009.
The STOXX Europe 600 *Food&Beverage Price Index* is a capitalisation-weighted index which includes European companies operating in the food and beverage industry.

Shareholder base

The table below shows the major shareholders at 31 December 2014.

Shareholder[1]	Number of ordinary shares	% of share capital
Alicros S.p.A.	296,208,000	51.00%
Cedar Rock Capital[2]	62,936,560	10.84%
Morgan Stanley Investment Management Limited	11,868,704	2.04%
Independent Franchise Partners LLP	11,754,665	2.02%

[1] Shareholders who have notified Consob and Davide Campari-Milano S.p.A. that they have investments greater than 2% (pursuant to article 117 of Consob regulation 11971/99 on notification of significant investments).
[2] Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd., informed Consob in accordance with article 120 of Legislative Decree 58/1998 (TUF).

Proposed dividend

The Board of Directors has voted to propose to the Shareholders' meeting a full year dividend per share of € 0.08 for 2014 (in line with 2013 level). The cash dividend will be payable on May 20, 2015 (the detachment date of the coupon n. 12 will be 18 May 2015 pursuant to the Borsa Italiana calendar, with a record date 19 May 2015). The Board of Directors has therefore agreed to convene the Annual Shareholders Meeting on 30 April 2015 to approve the consolidated results for the full year ending 31 December 2014.

Loyalty shares

After the closing of the year to 31 December 2014, it should be noted that on 28 January 2015, as mentioned in the section relating to events taking place after the end of the year, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved by a large majority a proposal to amend the articles of association to introduce loyalty shares. The proposal was approved with a vote in favour of 76.1% of the share capital represented at the shareholders' meeting, corresponding to 61.8% of the share capital of Davide Campari-Milano S.p.A.

The vote in favour not only greatly exceeded the simplified quorum (an absolute majority of share capital represented at the shareholders' meeting), set as an exception by the legislator for the introduction of loyalty shares by 31 January 2015, but also the quorum that normally applies to the amendment of articles of association (two-thirds of share capital represented at the shareholders' meeting). The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, define the terms and conditions for registration on the list and for requesting removal from it.
For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulation on the special list for double voting rights, which is published on the Company's website (http://www.camparigroup.com/en/governance/loyalty-shares).

Information on the Campari stock and valuation indicators

The table below shows the performance of the Campari stock and the main valuation indicators used by Gruppo Campari since the IPO.

Year	Minimum price	Maximum price	Average price	Price at 31 December	Change in Campari stock	Change in FTSE MIB	Average daily trading volume	Average daily trading value	Stock market capitalisation at 31 December
	€	€	€	€	%	%	millions of shares	€ million	€ million
2001 [1]	1.09	1.55	1.36	1.32	-14.9%	-14.1%	1.4	2.1	767
2002	1.27	1.89	1.58	1.50	+13.8%	-27.3%	1.1	1.7	871
2003	1.37	1.93	1.65	1.93	+28.2%	+14.4%	0.8	1.3	1,118
2004	1.79	2.39	2.02	2.37	+22.9%	+14.9%	0.9	1.7	1,374
2005	2.24	3.39	2.86	3.12	+32.0%	+15.5%	1.0	2.8	1,812
2006	3.14	4.05	3.66	3.76	+20.5%	+16.0%	1.2	4.4	2,183
2007	3.25	4.21	3.77	3.28	-12.8%	-7.0%	1.5	5.8	1,904
2008	1.93	3.30	2.78	2.40	-26.8%	-49.5%	1.3	3.7	1,394
2009	1.94	3.71	2.82	3.65	+52.1%	+19.5%	1.6	4.5	2,118
2010	3.51	4.99	4.15	4.87	+33.5%	-13.2%	1.9	7.6	2,828
2011	4.44	5.94	5.17	5.15	+5.6%	-25.2%	2.0	10.6	2,988
2012	5.08	6.50	5.55	5.80	+12.7%	+7.8%	1.7	9.6	3,369
2013	5.46	6.64	6.00	6.08	+4.8%	+17.6%	1.3	7.9	3,531
2014	5.04	6.42	5.89	5.16	-15.1%	+0.2%	1.4	8.0	2.997

[1] Listing on the Italian Stock exchange (MTA) took place on 6 July 2001. Average daily volume and average daily trading value excluding first week of trading

The table below shows information on dividends paid on the Campari stock since the IPO.

Year	Number of shares authorised and issued at 31 December	Number of adjusted shares at 31 December [1]	Number of shares with dividend rights [2]	Gross dividend per share (€) [3]	Total dividend (€ million) [4]
2001	29,040,000	580,800,000	560,800,000	0.044	24.7
2002	29,040,000	580,800,000	560,800,000	0.044	24.7
2003	29,040,000	580,800,000	560,800,000	0.044	24.7
2004	29,040,000	580,800,000	562,096,180	0.050	28.1
2005	290,400,000	580,800,000	562,712,026	0.050	28.1
2006	290,400,000	580,800,000	580,798,906	0.050	29.0
2007	290,400,000	580,800,000	578,711,092	0.055	31.8
2008	290,400,000	580,800,000	576,380,506	0.055	31.7
2009	290,400,000	580,800,000	576,380,506	0.060	34.6
2010	580,800,000	580,800,000	576,672,284	0.060	34.6
2011	580,800,000	580,800,000	578,636,980	0.070	40.5
2012	580,800,000	580,800,000	569,257,224	0.070	39.8
2013	580,800,000	580,800,000	576,009,862	0.080	46.1
2014	580,800,000	580,800,000	577,827,385	0.080	46.2

[1] Stock information prior to the dates on which changes were made to the amount of share capital has been adjusted to take account of the new composition of share capital as described below:

- Ten-for-one share split effective as at 9 May 2005;
- Bonus share issue via the issue of 290,400,000 new shares with a nominal value of € 0.10 each to be provided free of charge to shareholders in the ratio of one new share for each share held, which came into effect on 10 May 2010.

[2] Excluding own shares held by Davide Campari Milano S.p.A. For 2014, the number of shares as of the Board of Directors meeting on 10 March 2015 is to be recalculated based on the total number of shares outstanding as of the dividend ex-date.
[3] For 2014, the dividend proposed by the Board of Directors will be submitted for the approval of the shareholders' meeting on 30 April 2015.
[4] For 2014, the total dividend was calculated on the basis of shares outstanding as of the Board of Directors meeting on 10 March 2015; this figure is to be recalculated based on the total number of shares outstanding as of the dividend ex-date.

The table below shows information on the main valuation indicators for the Campari stock since the IPO.

Year	Earnings per share[1]	Price/ Shareholders' equity	Price/ Net profit	Dividend/ net profit [2]	Dividend/ price per share [2]
2001	0.11	1.78	12.1	38.9%	3.3%
2002	0.15	1.82	10.1	30.9%	2.9%
2003	0.14	2.04	14.0	35.6%	2.3%
2004	0.17	2.20	13.7	29.0%	2.1%
2005	0.21	2.61	14.9	23.8%	1.6%
2006	0.21	2.74	18.3	24.8%	1.3%
2007	0.22	2.17	15.2	25.4%	1.7%
2008	0.22	1.46	11.0	25.1%	2.3%
2009	0.24	2.02	15.3	25.2%	1.6%
2010	0.27	2.26	18.0	22.1%	1.2%
2011	0.27	2.19	18.7	25.4%	1.4%
2012	0.27	2.35	21.4	25.4%	1.2%
2013	0.26	2.53	23.6	30.8%	1.3%
2014	0.22	1.90	23.1	35.7%	1.6%

[1] Up to 2004, Italian Accounting Standards; from 2005 IAS/IFRS.
[2] For 2014, the dividend proposed by the Board of Directors will be submitted for the approval of the shareholders' meeting on 30 April 2015.

Investor relations

Campari has adopted a communications policy aiming at providing financial market operators with complete, accurate and timely information on its results, corporate initiatives and strategies, while complying with the relevant confidentiality requirements for certain types of information.

During 2014, the Company continued to communicate information to institutional investors and financial analysts, through numerous meetings organised in Milan and at the main stock exchanges in Europe and outside Europe, including in the US and Canada.

The investors website, a key tool for distributing information on the Company, including financial results, corporate governance, stock market listing and the calendar of events, can also be viewed using new interactive tools. A new Governance section provides all the information relating to the Company's corporate governance system, corporate bodies and shareholders' meetings. Specifically, following approval of the proposed changes to the articles of association in order to introduce loyalty shares, a dedicated section was created, containing all documentation relating to this topic. The new website was developed to be compatible with any electronic communications device, in order to allow increasingly wider and immediate access through new technologies.

Information of interest to shareholders and investors is available on the website, and may also be requested by sending an email to investor.relations@campari.com.

Gruppo Campari and corporate social responsibility

Sustainable Campari[1]

Gruppo Campari has always acted according to criteria focused on responsibility and sustainability, which it considers of fundamental importance for company growth. In light of this conviction, and taking into account the feedback it has received from an external environment that is becoming increasingly sensitive to these issues, in the last few years, the Group has matured the need to structure a project dedicated to sustainability, also in order to share its results in this area with its stakeholders.
The project, which was officially launched in 2011 and reported for the first time in the financial report for 2012, is called 'Sustainable Campari', and is intended to make sustainability a strategic lever for Group growth.
2014 proved to be a crucial year, marked by the launch of an extended process of dialogue with internal stakeholders on the issue of corporate social responsibility. Firstly, the dialogue enabled the Group to identify the issues considered to be material (i.e. relevant to Campari's sustainable development), offering, at the same time, a structured matrix into which to insert the activities undertaken by the five key areas that make up the project (our people; responsible marketing and practices; quality, health, safety, security and the environment; responsible sourcing, and lastly, a commitment to the communities in which the Group operates).
In this regard, the CEO further defined Campari's strategic guidelines in the area of sustainability, identifying, through a scale of priorities, the macro-issues that the company considers most important for its development. There followed numerous interviews with department heads to discuss the issues classified as material by the CEO in more detail. These issues were broken down into specific areas of action, and an internal reporting system based on a set of Key Performance Indicators ('KPIs') was created, in order to monitor the results and the related improvements.
A number of international standards were placed at the centre of this detailed assessment, such as the GRI-G4 sustainability reporting guidelines, and, together with certain industry benchmarks, these constituted the foundations for internal dialogue, acting as a reference point and basis of comparison throughout the analysis. The approved matrix therefore includes both indicators contained in the GRI-G4 guidelines, and specific KPIs that combine the unique features of Campari with the progress of the Sustainable Campari project.
The materiality study that resulted from the dialogue conducted in 2014 is therefore mainly based on internal inputs, but may be further enriched by external stimuli in the future.
Furthermore, in 2014, the Group decided to create a dedicated team to better coordinate the development of Sustainable Campari, thereby establishing a sustainability function that reports directly to the CEO. The Head of Sustainability is responsible for developing Sustainable Campari at global level, working closely with the many functions taking part in the project. All areas of competency are managed at global level by the relevant functional teams located at the headquarters in Sesto San Giovanni, with coordination and executive responsibilities delegated at local level.
The efforts undertaken in 2014 therefore created a solid framework for the future development of *Sustainable Campari*, with the prospect of further enriching reporting both in quantitative and qualitative terms in the next few years.

Our guidelines

Integrity, **passion**, **pragmatism** and **performance orientation** are the four values that guide Campari's daily activities. Together with general principles such as **correctness**, **impartiality**, **confidentiality**, **transparency** and **completeness of information**, these values define a modus operandi inspiring conduct that respects the people who work in the Group, consumers and the communities in which the Group operates.
These principles are laid down in the Code of Ethics, which the Group first adopted in 2004. The document consists of 16 articles, and defines and governs the Group's relations with its employees, the surrounding environment and the general public. The Code, which was approved by the Board of Directors, was revised and expanded in 2009 and 2012.
To instil these concepts into the working lives of Campari employees (Camparistas), the Code of Ethics was accompanied by the **Business Conduct Guidelines**, an operational document made available to employees that clarifies Campari's approach to issues such as confidentiality, the use of social media and rules for accepting donations and gifts, defining inappropriate conduct that is not tolerated by the Group.
Another key document is the **Corporate Governance and Ownership Structure Report**. This Report, which is approved every year by the Board of Directors and published with the annual financial statements, summarises the governance system adopted by the Parent Company Davide Campari-Milano S.p.A., indicating the composition and duties of its corporate bodies, particularly the Board of Directors and its internal committees. The Report enables stakeholders to check that Campari is in compliance with the recommendations contained in the Code of Conduct for Listed Companies.

[1] As the Group completed two important acquisitions in 2014, those of the Averna Group and Forty Creek Distillery Ltd., sustainability data for the companies acquired have not been included in the reporting scope of the data provided here.

The Report also contains a description of the general remuneration policies for directors, and the internal control and risk management system.
Furthermore, given the unique features of the sector in which the Group operates, communication and responsible marketing are defined as one of the most important issues within the industry. Consequently, since 2010, Campari has adopted a Code of Commercial Communications that sets out the principles for good communication. In 2014, the document was further expanded with an appendix on digital communication. More information is provided in the 'Responsible marketing and practices' section.

Risk management
In the last few years, Gruppo Campari has implemented a system of risk analysis and management to ensure the profitability and continuity of its business in a constantly changing socio-political and environmental context. In relation to risk management, since 2012, Internal Audit has supported the global development of an activity involving all Group business units, intended to identify and monitor potential risks that could have an impact on the business. This involvement takes the form of direct dialogue between Internal Audit and the managing directors who head Campari's various sites worldwide. A summary of this analysis is available in the Risk Management section of these financial statements.
Moreover, to increase the effectiveness of the codes mentioned above, in 2014, the Group conducted a further analysis of issues related to **Fraud Risk Assessment** and **Whistleblowing**.
The **Fraud Risk Assessment** provides the Group's senior management with a further tool with which to assess exposure to the fraud risks. Over the year, the assessment was conducted by 74% of Group companies, further extending the analysis conducted by Internal Audit in 2013, which assessed compliance with Law 231/2001 of the Organisation, Management and Control Model of the Group's Italian companies in relation to offences against the public administration.
Since the end of 2014, Campari has also expanded its **whistleblowing** procedures, in place since 2009, by activating the 'Campari Safe Line', about which it informed Camparistas via the Group intranet. An external channel has therefore been made available to Camparistas, enabling them to report behaviour potentially in conflict with the guidelines defined by the Code of Ethics and the Business Conduct Guidelines. The line supplements the listening tools already available, codified and listed in article 17 of the Code of Ethics, including management, the Human Resources team and the Internal Audit department.

Our people, the Camparistas
Gruppo Campari has always highly valued and nurtured its employees (Camparistas) with passion, considering them the most valuable resource to ensure sustainable growth of the Company's business. Camparistas are the truest ambassadors of the Group around the world and help the Company tackle, with a can-do attitude, the challenges and opportunities presented by the market.
In the last few years, the Group has become increasingly global as a result of the growth strategies and numerous acquisitions made, bringing a cultural variety that daily enriches the working life of every Camparista. Today, the Group employs approximately 4,000 people of 50 nationalities in 24 countries, mainly in the Americas (62%) and Europe (33%).
The internal dialogue that marked 2014 was therefore key to identifying the areas on which to focus the Group's attention, to enable the Camparistas to play an active role in a constantly evolving environment. Specifically, the following areas of intervention were identified, in which the Human Resources department intensified its efforts during 2014:
- the well-being of resources within the organisation, and their relative state of integration;
- continuous training for the personal and professional growth of Camparistas.

Campari and Camparistas
As in 2008, 2010 and 2012, in 2014 the Group again conducted an analysis of the state of integration and well-being of Camparistas, using a questionnaire. The data was analysed by Bocconi University, Milan, in order to ensure the impartiality of the results and to respect the privacy of each individual Camparista. The feedback was very positive, with a participation rate of approximately 90%, well above the target of 85%.
It investigated a number of important issues for the well-being of Camparistas, such as workers’ active involvement in company life and adherence to key values.
This edition showed the extent to which Camparistas feel actively involved in company life. Parameters such as work satisfaction, confidence in the future and a feeling of belonging obtained an average score of 5.5, on a scale of 1 to 7. The questionnaire also checked the extent to which Camparistas were in line with the key values mentioned above. This aspect also achieved an average score of 5.5. These figures, which are very positive in absolute terms, assume greater importance if compared with the targets defined by Campari in both these areas, for which the Group had set an objective of an average score of 5.

In light of the projects launched to disseminate increasingly sustainable behaviour and habits, this edition of the questionnaire was expanded to include indicators to assess Camparistas' knowledge of and interest in sustainability issues. The Group achieved an average score of 5.1, a figure that shows that Camparistas have a positive perception of the social responsibility policies rolled out in the last few years.
The questionnaire was submitted to all Camparistas around the world who have a permanent contract with the company, with the exception of those working in Jamaica. Given the importance of the acquisition completed at the end of 2012, which almost doubled the Group's headcount, like 2013, 2014 proved to be an important year for the integration process. In this regard, the One Company programme was launched, with a view to integrating the Jamaican employees within Campari. The project also led to a reduction in the local workforce, following the sale, at the end of 2014, of certain non-strategic businesses. The Group therefore chose to create an extraordinary edition of the survey, which will be given to the Camparistas of J. Wray & Nephew Ltd. in the first half of 2015. This will enable Campari to pay due attention to the Jamaican environment, and thereby better understand how the integration is progressing.
Voluntary turnover is another indicator that enables the company to assess the well-being of Camparistas. In 2014, the Group had set a target that average turnover should not exceed 7%, which was fully met. During the year, 6.6% of people voluntarily left the company, which shows that the objective was met.
Campari also makes use of some tools to encourage long-term relationships with its staff, including the allocation of stock options that may be exercised 5-7 years after they were granted. In 2014, 60% of the Group's managers benefited from this tool. The percentage is slightly down on 2013, owing to the inclusion of Jamaica, and the senior managers who work there, in the reporting scope.
As noted above, Gruppo Campari has recorded significant and balanced growth in its business over the last few years, through both organic and external channels. The organisational structure was therefore reviewed in 2014, in order to optimise the use of resources and leverage existing synergies. In light of this analysis, some restructuring measures were necessary, and these involved a number of the Camparistas from two companies acquired in the last two years: the Averna Group and J. Wray & Nephew Ltd. The Group has identified solutions intended to reduce the number of redundancies as much as possible, including internal placements, as well as identifying solutions to mitigate the social impact of the procedures on the workers affected.

Employee training and professional development

As set out in the Code of Ethics, it is of primary importance for Gruppo Campari to create a working environment in which Camparistas can best fulfil their potential, in accordance with their individual personalities. This also means offering attractive training courses and career paths that enable staff to grow professionally over the years, while, at the same time, ensuring business continuity.
The training programmes described in the 2013 financial statements continued in 2014, including **Passion for Learning** and **Campari Way of People management**. In addition, the Group launched other training courses at global level, intended to increase Camparistas' professional and personal skills. One of the most significant projects in this regard was the launch of the **Lead to Succeed** programme, intended to identify and train the staff that will form Campari's management class in the next few years. In its first year, the programme involved more than 25 managers from all Group companies.
Partly thanks to the launch of this course, in 2014, 73% of the positions vacant for senior management roles or higher were filled by promoting internal staff, well exceeding the target of 65%.
Lead to Succeed has joined a series of already active training programmes, which notably include the **Marketing Academy**, which has been in operation since 2011. This is dedicated to Camparistas working in marketing, and offers specific training and refresher courses. The courses are led by internal staff, supported by external trainers. In the same context, it is worth mentioning the **Finance Academy**, which was planned and designed in 2014, and which will be introduced from the second half of 2015.
The Group has also launched numerous local training programmes. These included the project created by Campari Mexico at the Arandas distillery, following its acquisition in 2008. At the time, the level of education of some Camparistas was very low, with a 10% illiteracy rate among workers and a further 12% without a primary school certificate. For this reason, the Human Resources Department signed an agreement with the Mexican Ministry of Education to help new Camparistas attain an appropriate level of education, with a view to subsequently offering these people opportunities for growth within the company. Since 2011, Camparistas taking part in the project have been given two working hours a week in which to attend school courses. The project has significantly improved education levels: in the last three years, ten Camparistas have obtained their primary school certificate (including three in 2014), while 20 have graduated from first-grade secondary school.
The training of Camparistas is not solely linked to the attainment of professional skills, but is also intended to provide them with the tools to preserve their health and psychological and physical well-being. In 2014, the Group therefore provided 5,913 hours of training on food safety and quality, 17,928 hours on worker health and safety, and 1,387 hours on the protection of the environment, making a total of 25,228 hours of QHSE training.

Again in 2014, the target of providing an average of four hours of training per Camparista was well exceeded, with approximately ten hours provided, although this represents a fall from the highs of 2012 and 2013 owing to system certification training. The QHSE training target for 2015 is an average of six hours per Camparista*,* an increase of two hours on 2014.

Camparistas' training and personal growth

The Group furthermore believes it has a role in educating Camparistas to make informed decisions in everyday life, including outside the working environment. 2014 saw the worldwide launch of *EcoCampari*, a worthy project created in Brazil to raise awareness of environmental issues among Camparistas. The basic idea was remodelled to make it applicable to all sites, and a variety of activities were planned to raise Camparistas' awareness of environment-related issues, introducing virtuous behaviour to reduce the use of resources both at the office and at home. *EcoCampari* has so far been launched in the offices of the following countries: Italy, Germany, Austria, Belgium, Switzerland, the UK, Spain, South Africa, Mexico, Jamaica, Australia, China and New Zealand. The project will be rolled out to the remaining sites in 2015, and will involve Group-owned production and bottling plants, with the aim of reaching all Camparistas and, at the same time, creating a shared culture.

Lastly, the charitable activities undertaken in certain locations, particularly in the US, are worthy of note. These were intended to promote socially responsible behaviour among Camparistas. In 2014, the Camparistas of Campari America donated a total of 680 working hours, equivalent to 85 working days, to supporting a number of local associations. For example, 200 hours were spent supporting the association *Habitat for Humanity*, with 25 Camparistas helping to build social housing for the poorest residents of San Francisco. Employees also spent a number of hours at the Food Bank, preparing and serving meals for the city's people in need. Meanwhile, in Jamaica, ***Reading Days*** were held in three primary schools of the community. Twenty-five Camparistas took part in the initiative, each donating two hours of their working time.

Fondazione Campari

Since 1957, ***Fondazione Campari*** has played an important role in promulgating the value and importance of solidarity. The organisation, created to support Camparistas and their families in Italy, has gradually been adapted to the Group's international growth. In 2013, ***Fondazione Campari*** therefore extended its scope of operations to include Camparistas working outside of Italy. In 2014, the organisation funded various activities totalling approximately € 288,000, approving 96% of the eligible applications sent to it. Specifically, ***Fondazione Campari*** approved 97% of eligible applications from Italy, and 80% of those from other countries in which the Group operates.

The process was further enriched in 2014, in recognition of the socio-cultural diversity that is a feature of the environment in which Campari operates. The governing council of the organisation therefore identified five countries (Jamaica, Argentina, Brazil, Mexico and Russia) that will benefit from dedicated funds to promote training and support programmes in the coming years. The first funds, totalling € 70,000, were allocated in 2014, to support an education programme in Jamaica.

An autonomous fund, the J. Wray & Nephew Foundation, was established to receive the funds provided by ***Fondazione Campari***. This new fund will become a point of reference for the charitable and voluntary activities undertaken in Jamaica.

Responsible marketing and practices

As noted at the beginning, over the years, responsible marketing has become a particularly important issue in the sector in which Campari operates. For some time, the Group has been promoting a 'Mediterranean' style of consumption, which encourages a moderate approach to drinking and the combination of the Campari products with food so as to associate them with happy times, joyful experiences and celebrations; at the same time, it condemns the excessive, inappropriate and illegal consumption of alcoholic beverages. Gruppo Campari is also of the firm conviction that family life and institutions play a key role in educating people to take a responsible approach. In order to encourage a productive conversation with responsible institutions, the Group participates in numerous trade associations through which it disseminates the above principles on a broad scale. During the year, Campari also took another step forward on a related issue concerning the consumption of alcoholic beverages by pregnant women. In fact, starting in 2014, the company chose to add the 'pregnancy logo' to the label on the back of all the Group's proprietary alcoholic products with the aim of increasing awareness that pregnant women should not drink alcohol.

At the same time, Campari also believes it is essential to promote responsible consumption through the development of marketing activities. This commitment is being put to the test with the advent of social media, which have transformed advertising into a 360-degree experience, in which consumers play an increasingly active role. Thus, Campari was forced to take another look at these tools, and in 2014, the Group continued the line of internal thinking begun in 2013, also developing on these media communications encouraging responsible consumption.

Responsible communications

Since 2010, Campari has relied on its Code of Commercial Communications to develop advertisements that adhere to a high degree of integrity and responsibility towards end consumers. Thus, the Code aims to ensure that such advertisements do not encourage the excessive, irresponsible and illegal consumption of alcoholic beverages. In 2014, the Code was further amended to clarify and improve the effectiveness of the role of the internal assessment committee (the 'committee') charged with approving new commercial communications activities. Representatives from the Group Strategic Marketing, Corporate Legal, Public Affairs and Communications & Sustainability units make up the committee.
In addition, to reinforce what was already established in 2013 in the Code of Commercial Communications concerning digital issues, in 2014, Global Digital Guidelines covering this area were developed and distributed. With regard to digital matters, to date 100% of the Group's websites have a system in place for verifying the legal age for the consumption of alcoholic beverages (Age Affirmation Process).
In order to make the Code of Commercial Communications as effective as possible, the committee requested that all Campari employees who work in marketing, sales and public relations sign the document. To date, 99% of Camparistas in marketing and public relations units and 98% of the sales force have signed the code. In 2015, Campari will carry forward the process already begun in Austria, Australia and Spain and gradually disseminate the document to outside agencies that assist the Group in its marketing activities. The latter are strategic partners in the development of campaigns aligned with these principles.
In 2014, the Company also moved forward with its commitment to promote the responsible consumption of alcoholic beverages in accordance with the code's provisions. To date, 99% of above-the-line ('ATL') advertising campaigns carry a responsible drinking message ('RDM'). A message stressing the importance of moderate drinking is also carried on 95% of the Group's profiles and by its brands on social media with the aim of achieving 100% coverage in this area. Campari America has also placed additional emphasis on this concept through dedicated posts published on the social media pages of some of the largest brands such as SKYY, Cabo Diablo, Espolòn and Aperol Spritz.
The same commitment was also formalised for below-the-line ('BTL') communications, for which the Group has encouraged, where possible, the transmission of this concept (given the large amount of activity carried out and the objective difficulty in inserting the message on certain materials, dissemination is, out of necessity, only partial). In this regard, in 2014, the Group maintained the goal of inserting the RDM on 80% of its below-the-line communications, thereby broadly achieving the target with a result of 97%.
Moreover, at the time the procurement unit was being reorganised, the Group initiated a process to review the procurement of merchandising materials ('POS'), which will also lead to inserting an RDM on certain gadgets produced to reiterate the message during specific periods of consumption as well.
In certain countries, measures have also been taken to discourage the consumption of alcoholic beverages by young people below the legal drinking age. For example, in Jamaica the Group has moved forward with the 'I am legal' programme aimed at ensuring that alcoholic products are only served to those legally authorised to consume them. As a part of this programme, a group of volunteers participated in several promotional events aimed at ensuring compliance with the guidelines dictated by the Group during these events.
In addition, Gruppo Campari adheres to local self-regulating advertising principles in the countries in which it operates. As a result, on 1 January 2015, Campari Australia will sign the ABAC principles (Alcoholic Beverages Advertising Code), a local code that delineates general rules for responsible marketing.

Responsible serving

The Group has also elected to leverage one of the key resources in promoting a culture of responsible drinking: bartenders, who play an essential role in promoting proper drinking habits and educating consumers by their example. In fact, bartenders have the opportunity and responsibility to offer their customers the best drinking experience by focusing on the quality of the mixed drink rather than the quantity. In this regard, the Group offers several training courses worldwide that may be attended by employees and connoisseurs with the aim of teaching the proper portions to create excellent cocktails. In addition, two in-house units have been created to dispense this training: the Campari Academies in Sesto San Giovanni and Munich. In 2014, these entities provided 135 training days involving some 1,800 people, including 650 bartenders. In other countries, the Group relies on its collaboration with external partners.
In keeping with its educational goal, in mid-2014 the Responsible Serving Guidelines were shared with all marketing managers and the Academies. This document consisted of six points that propose a service based on responsibility. These guidelines have now been distributed to bartenders who represent the Group and its brands in ten of the 19 countries in which Campari has its own distribution network, with the natural goal of gradual expansion. The Group's efforts in Jamaica are particularly noteworthy, with the training of 50 bartenders, who continually work to support Campari events.

Gruppo Campari and trade associations

In line with its general strategy of establishing and strengthening its presence in the key markets in which it has reached a considerable critical mass, by the end of 2014, the Group increased the number of countries in which it has its own distribution network to 19. The Group has also developed links with the biggest trade organisations in these markets, with a view to creating synergies that will facilitate harmonious growth with respect for local communities. In keeping with this approach, in 2014 the Group joined FEBE after the launch of Campari España. At global level, Gruppo Campari is currently a member of 18 trade associations with which it has undertaken to promote, among other things, the responsible consumption of products. Various managers of the Group hold key positions in many of these associations, including DISCUS, ABRABE, Federvini and BSI.

QHSE - Quality, health, safety and environment

Another key element of Sustainable Campari's foundation is the quality and food safety of the beverages produced, the health and safety of Camparistas and respect for the ecosystem in which Campari operates, all of which are of increasing importance for stakeholders.

Gruppo Campari recognises that it is essential:

- to offer end consumers a product made according to good manufacturing practices and always in compliance with standards;
- to ensure that the workplace is a safe environment that protects the health and psychological and physical well-being of Camparistas;
- to optimise the use of resources in areas where the Group operates.

This commitment was formalised in 2013 through the creation of a global QHSE policy, which is essential for the development of management systems that comply with international standards. As a result, management and technical guidelines were developed and implemented worldwide to ensure a standardised approach and obtain comparable, reliable and consistent data. The indicators reported in the following section comply with the instructions contained in the GRI-G4 guidelines, but at the moment still do not cover the complete list of required parameters. In addition, other indicators were developed that are unique to Campari's situation.

QHSE perimeter

The results reported in this document relate to the Group's production sites, with a change in the perimeter since 2013 to reflect the inclusion of Jamaican sites. In addition, the Australian site was consolidated for the Food Safety area.

Note that, in 2014, no penalties were applied within this perimeter for non-compliance with current regulations or in the areas of quality, health, safety and environment.

Certification

Campari initiated a triple certification process in keeping with standard **ISO 22000** (food safety), **OHSAS 18001** (health and safety) and **ISO 14001** (environment) that involves all the Group's production sites. Certain plants also obtained **ISO 9001** (quality), **BRC, IFS, FSSC22000 and WQA** (food safety) certifications.

In 2014, the percentage of certifications obtained relative to the product volume produced at the Group's sites was as follows: 83% of bottles were produced on sites with **ISO22000**, **BRC**, **IFS**, **FSSC22000** and **WQA** certifications; 84% of bottles were produced on sites with **OHSAS 18001** certification, and 91% of bottles were produced on sites with **ISO 14001** certification. The continual upward trend of food safety certifications is due to the addition of sites in North America (Jamaica) and the Asia Pacific area. The significant growth compared with 2013 for health, safety and environmental certifications was due to the European (Italy) and North American (Jamaica) regions.

In 2014, Gruppo Campari sites were also subject to several audits and operating controls. Overall, there were 92 site audits broken down as follows: internal audits (52%), certification audits (29%), audits by monitoring authorities (16%), customer audits (2%) and insurance company audits (1%).

Quality and food safety

The product quality index is measured indirectly by assessing market complaints which are categorised as critical, major or minor depending on their severity.

The product defect index is calculated in ppm (parts per million) in relation to the number of bottles produced annually. In 2014, this figure was 203 ppm, an increase over the 2013 level, largely due to a single complaint related to North America.

Overall complaints were down by 5.3%. Total justified complaints were also down by 26%, and critical complaints declined by 60%.

Health and safety of Camparistas

In 2014, Campari reported a total of 78 injuries with absence from work, and another 74 events not classified as injuries' by international standards, such as events with no absence from work and while travelling to work.

The decision to also track this statistic is aimed at closely analysing each type of event that has occurred and determining the appropriate corrective and preventative measures to avoid a repeat of these situations. Therefore, the injury frequency rate, which is calculated on the basis of 152 events, taking into account events with no absence from work, stood at 31.11 (number of injuries per million hours worked), an increase over 2013. This growth was mainly the result of the increased awareness of employees in reporting events with no absence from work; this figure was 49% of total injuries reported.
In recent years, the sites have also started tracking events affecting external staff (contractors, carriers and visitors) at Campari production sites (28 events).
The main types of injuries that occurred in 2014 included:

- colliding and bumping into fixed objects or moving mechanical parts (35%);
- exposure and contact with materials at a high temperature (15%);
- incorrect movements or positions of employees (12%).

In 2014, 755 days were lost due to injury, which corresponds to a severity rate of 0.15 (lost days per thousand hours worked); this figure improved significantly in Europe and North America, but declined at Headquarters, South America and in the Wine Business Unit. Accidents while travelling to work were one of the causes that contributed to an increase in these indices. Forty-three days were lost due to accidents experienced by external staff while working at Campari's production sites.
Interesting data is related to ‘near misses’. In order to identify hazardous situations before an accident occurs, Camparistas have been trained and encouraged to report situations that are unsafe for the health and safety of workers and for the protection of the environment. In 2014, 54 near misses were reported by Camparistas; this figure rises to 61 if reports made by contractors, carriers and visitors are also included. It is essential to analyse these events to determine prevention and protection measures to preclude their occurrence.
Three per cent of Camparistas participate in health and safety committees at various production sites. This trend was stable in 2013 and 2014, but a higher number is expected in future years as the Group implements measures to involve employees in their health and safety.
Gruppo Campari has also developed specific guidelines and documents that collate information to preserve the health of Camparistas outside the company's premises.

Safeguarding the environment

In 2014, the Group focused on reporting specific indicators related to certain macro areas: energy and water usage, discharges and waste produced.
One per cent of Campari workers voluntarily participate in the environmental committees at the various production sites. The focus on the 'Environmental' area by Camparistas is a more recent phenomenon than existing 'Health and Safety' activities. The trend has been positive since 2013, with a 68% increase in participation, but this number is expected to rise in future years due in part to the EcoCampari project, the goal of which is to engage and raise the awareness of employees in the environmental area.

Energy

In 2014 the company consumed a total of 3,447,430 GJ (Giga Joules). This number is not comparable to the 2013 figure following the inclusion of Jamaica in the scope of reporting; the latter country is the site of two distilleries and a sugar factory which are known for their high energy consumption. Thus, 93% of the Group's energy consumption is concentrated at sites with distilling and sugar production operations.
Total energy consumption can also be expressed as the quantity of energy used, equivalent to 5.52 MJ (megajoules) per litre produced. Energy indicators for 2014 are higher than in 2013 due to the above-mentioned change in the sites included in the scope of the report and the consolidation of energy-intensive activities such as distillation and sugar production. On the other hand, in 2014, energy consumption for the production of spirits alone, excluding distillate products, was 0.4 MJ per bottle produced, which was down by 1% from 2013 following a previous reduction of 4% in 2013 from 2012. The comparison highlights the significant energy optimisation initiated in recent years, which will be a part of the environmental goals of the Group's individual production plants in future years.
In 2014, production plants took several steps that will continue in 2015 and will lead to an improvement in energy performance indices. Projects aimed at reducing energy consumption and improving its efficiency include the following:

- creation of **'Energy' committees** with the collaboration of the heads of production areas in order to identify activities, equipment and the operating organisation aimed at reducing and improving energy consumption;
- installation of **measuring devices and meters** on bottling lines, machines and equipment that use the most energy, in order to identify specific measures to reduce consumption;
- **organisational and procedural measures** that involve employees, starting with the EcoCampari project.

At present, this document does not contain measurements of atmospheric emissions. Gruppo Campari is a member of Spirits Europe, and through this association it participates in the technical committee for the determination of a model to calculate the CO_2 emissions for the spirits sector. The application of the model being developed will allow companies in the sector to produce consistent and comparable data in future years.

Water

Water is one of the resources most used by Gruppo Campari, both as an ingredient, and in production and irrigation. In 2014, the Group used 18,979,000 cubic metres of water, 85% of which was used for irrigation and distillation. In Jamaica, the Group owns 5,000 hectares of sugar cane plantations, the irrigation of which has a significant impact on water consumption. In 2014, the water consumption for plants with a distillery was 22 litres per bottle produced, while for other spirits plants, the figure was 2 litres per bottle produced.

In 2014, 10,116,000 cubic metres of water, equivalent to 53% of the total, came from river water; 7,369,000 cubic metres, or 40% of the water consumed, came from groundwater through wells under licence; and 1,015,000 cubic metres of water, 5% of the total, came from municipal water systems. The remaining 2% of supplies comprise water from lakes and lagoons, and water supplied through tanks.

Source	Quantity (m^3)	Percentage of total
River water	10,116,000	53%
Groundwater through wells under licence	7,369,000	40%
Municipal water	1,015,000	5%
Other sources (lakes, lagoons and supplied water)	479,000	2%
TOTAL	18,979,000	

In 2014, the Suape site in Brazil won an environmental sustainability award (*IV prêmio de sustentabilidade ambiental*) promoted by the State of Pernambuco Federation of Industries, with a project that enables rainwater to be used in cooling processes, and which has led to a saving of 5,420,000 litres in one and a half years. Also worthy of note is the programme launched in the Italian plant of Novi Ligure, in partnership with the University of Genoa. With the same volumes produced, this project enabled the water used in production processes to be reduced by more than 20% (equal to approximately 80,000 cubic metres), while, at the same time, reducing water discharged by more than 20% (equivalent to approximately 65,000 cubic metres).

Water discharge and waste

In 2014, water discharges relating to Campari's production activities totalled 3,627,000 cubic metres, of which 47% is waste water[2] from production processes and water used to wash machines and equipment. As the Group wishes to maintain the same discharge differentiation criteria by production plant type as it does for water consumption, an important target is represented by the performance figures of the spirits plants, which in 2014 recorded discharges of 0.7 litres per bottle produced.

The total values of waste water per bottle relating to process water alone for all types of production plant were on average 2.7 litres per bottle produced.

More than 1,200 waste water samples were taken for analysis in both 2013 and 2014, which highlights Campari's focus on this significant environmental aspect. The parameters monitored most frequently include pH, temperature, BOD (Biochemical Oxygen Demand), suspended and dissolved solids, chlorites, nitrates, phosphates, sulphites, the presence of hydrocarbons, pesticides and coliforms.

Waste production is another indicator monitored by the Group, and its management is very important to sustainable development. In 2014, Campari produced 1,110,420 tonnes of special waste, almost all of which (99.6%) was classified as non-hazardous waste. This figure is also not comparable with the data released in 2013, owing to the significant change in the reporting scope.

In volume terms, most waste produced comprises waste from packaging, especially paper and cardboard, plastic and glass. Other waste produced by Campari, albeit comprising a very low percentage of the total, comprises metal material and metal packaging, and wooden pallets.

The figures show that the production of waste is not a significant environmental issue for Campari; the production in 2014 of 0.005 kg of waste per bottle produced has in fact been constant for the last three years. The Group nevertheless pays a great deal of attention to this issue.

[2] Waste water meters are not installed at all production sites, especially as regards white and grey water (rainwater, cooling water, sanitary water collected in the town's supply system, for which it is not possible to make a specific comparison with the figures for previous years.

Campari's objective is to send 100% of recoverable waste for recovery, a target that, to date, has been reached at most production sites. The Group has also implemented specific processes to dispose of certain organic waste. These notably include processes to dispose of bagasse[3]: the product left over from the operations of the Jamaican sugar refinery is used in its entirety in the cogeneration plant on the same site, making it self-sufficient in terms of energy consumption. The bagasse produced in Mexico as a left-over product from distillation at the Arandas distillery is instead composted through a dedicated process, and the final product is donated to the Local Authority Garden Center as a fertiliser.

Management systems

Camparistas may access all guidelines relating to the issues covered in this section through the section on the intranet dedicated to QHSE topics. The section also serves as a place to exchange best practices and ideas, and to ask questions, thereby promoting internal dialogue and the sharing of information.

As well as the activities already mentioned, the QHSE function also includes the **Lean Six Sigma** project, a methodology intended to promote continuous improvement in performance. This was launched in Italy in 2011, and extended to Europe and South America from 2013. It was launched in Jamaica in 2014, and will be completed in the next year, including at the distilleries located in this country. In 2015, the sites in North America (Lawrenceburg in Kentucky and Arandas in Mexico) and the Australian site in Derrimut will also be integrated into the training project. The *Lean Six Sigma* projects, which will cover all the geographical regions of the Group's supply chain in 2015, have generated significant savings for Campari in the last four years, which has then been re-invested in establishing new Green Belt[4] roles in other parts of the organisation.

The Group's data accounting activities are supported by the application of a number of specific IT tools developed at global level[5]. The application and implementation of the main tools mentioned in the 2013 report also continued. These notably included: **Siemens SIMATIC IT Interspec**; **Interspec Reporting Documents Maker**; **Interspec Reporting Bill of Materials GPSC**; **FootPrints Quality Ticketing System** and **SIMATIC IT Unilab.**

Responsible Sourcing

Gruppo Campari's responsible approach to business translates into a commitment that goes beyond the Group's direct activities, but also takes into account the impact generated by its numerous suppliers, with the ultimate aim of offering the highest quality to consumers by responsibly conducting its activities.

Confirming the strategic importance of the Global Procurement function, which is responsible for the supply of resources, in 2014, Gruppo Campari reviewed the organisation of the function in order to improve the management of its suppliers at global level. A profitable dialogue was immediately established with the Sustainability function, which together undertook a screening of current and potential future activities.

The internal dialogue, which will be continued in 2015, highlighted the importance of the issue, while, at the same time, recognising the need to focus, initially, on the internal situation.

Relationships with suppliers are governed by the ***Supplier Code***, a document approved in 2012 that brings together the Group's founding values and constitutes a matrix on which to model business relationships, in compliance with the rights of the various entities involved. In 2014, coverage of the code was extended to include not only suppliers of raw materials and packaging, but also some of the producers of POS material. In addition, the document was sent during the year to all grape suppliers with which the Group cooperates in Italy.

96% of suppliers of raw materials, packaging and POS material have now signed the Supplier Code in the three regions considered in 2013 (North America, South America and Europe), a figure well above the target set (90%). As also mentioned in previous sections, 2014 was an important year for the process of integrating the Jamaican companies, which inevitably also involved the Global Procurement function. Extending the reporting scope to this geographical region and to the Asia-Pacific region, the Group asked a further 1,600 suppliers located in these areas to sign the code, almost doubling the number of suppliers taken into consideration. The total figure relating to the signing of the code may therefore be reformulated in light of this change: to date, 72% of raw material, packaging and POS material suppliers have signed the code, and the Group has set a target of 90% for 2015.

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[3] Bagasse is the material remaining after sugar cane is crushed.

[4] *Green Belt* roles are defined as Camparistas trained in the application of the DMAIC methodology, who, in addition to their specific responsibilities and roles, spend part of their time carrying out *Six Sigma* projects.

[5] As reported in the 2013 financial statements, the QHSE function implements global IT applications: **Siemens SIMATIC IT Interspec**, a management system for product specifications to develop, configure and manage all product specifications (raw materials, intermediate and finished products, packaging materials); **Interspec Reporting Documents Maker**, a tool for generating official documents for communicating with suppliers, distributors and customers regarding products and their components; **Interspec Reporting Bill of Materials GPSC**, which makes it possible to view and print useful information about the product composition for communicating with clients and consumers; **FootPrints Quality Ticketing System**, a web application for collating and managing complaints about Gruppo Campari's finished products and products distributed by the Group over the whole complaints process; **SIMATIC IT Unilab**, a management system for laboratory information in line with the most commonly-used quality standards that allows data to be collected and managed in one centralised database, and flows and analysis to be configured in laboratories.

Moreover, the Group asks every counterparty that receives the **Supplier Code** to complete and sign a **Self Assessment Form**, which maps each of the counterparties involved, and enables the Group to periodically check that they meet high quality, technical and financial stability standards. In 2014, the Self Assessment Form was further supplemented to assess raw material and packaging suppliers also in relation to their compliance with the sustainability parameters defined by Campari, and will, in future, be submitted to all suppliers.

Community involvement

Over the years, Gruppo Campari has developed strong ties with the communities in which it operates. At the end of 2014, Campari was present in 19 countries, each of which has a different economic and socio-cultural environment. For this reason, the Group coordinates activities in communities in which it is involved at local level. This decision springs from an awareness that needs, demands and opportunities are better understood *in situ*. In Italy, for example, the Group has for years focused on making the most of the historic and artistic heritage related to Campari. Conversely, the Group has placed particular stress on training the new generation in Jamaica, on environmental issues in Brazil and on education in Mexico.

In 2014, the Group gave a total of € 200,000 to charitable[6] and social utility activities in the numerous countries in which it is present. Some of the most significant initiatives are reported below.

Italy

As noted in 2013, one of the biggest initiatives financed by the Group in Italy is **Galleria Campari**, a display space housing some of the company's artistic and cultural heritage, to which entry is free and open to all. In 2014, it received more than 9,000 visitors, including approximately 1,500 Italian and international students, also thanks to its participation in and organisation of numerous events. These included *Giornate Europee del Patrimonio* (European Heritage Days), *La Notte dei Musei* (Museum Night) and *Settimana della Cultura d'Impresa* (Business Culture Week). **Galleria Campari** is part of the Museimpresa circuit. Thanks to a partnership with prestigious art galleries, 2014 saw the continuation of the ***Campari Wall*** initiative, a wall devoted to the temporary display of works by leading contemporary artists. The works of four artists were exhibited over the year, including three sketches by Bruno Munari.

Through the loan of artworks from its collection, Campari has also taken part in important exhibitions in international museums, including the Guggenheim in New York, which hosted the temporary exhibition: '*Italian Futurism, 1909-1944: Reconstructing the Universe*' and the *Fundacion Juan March* in Madrid, with the exhibition 'Depero Futurista 1913-1950'.

2014 also saw the 110th anniversary of the historic building that housed the first Campari plant in Sesto San Giovanni, which is now part of the Group's new headquarters complex. To celebrate this milestone, Campari supported an urban regeneration project called 'Redvolution 2.0', in which 11 contemporary artists revisited 11 masterpieces related to Campari. The final result is a 110 metre-long mural near the headquarters, which recalls the main historical events of the last 110 years. During the event, Galleria Campari supported the exhibition *1904-2014: La fabbrica del Campari-110 anni di innovazione e successo per migliorare la città*' ('1904-2014: The Campari Plant - 110 years of innovation and success to improve the city'), presenting examples of innovation in architecture and building that set the Campari plant apart, through a collection of valuable material from the archives.

North America

Gruppo Campari also launched numerous community support activities in the region of North America, with a particular focus on the US, Jamaica and Mexico.

These included *Negroni week*, a week-long event held in June in cooperation with the magazine IMBIBE. Over the week, which involved more than 1,300 bars in 18 countries, for every Negroni sold, a dollar was donated to charities by the bars that signed up to the initiative. The fund-raising activity raised USD 120,000, which was then passed on to numerous local charities. In addition, Campari America provided further support to *Genesis Women's Shelter & Support* an association that supports battered women and children, which was able to raise more money and was thus awarded an additional USD 10,000 donation. Given the huge participation in the event in 2014, from 2015, Campari will promote the initiative at international level, with a particular focus in the countries in which the Group has its own distribution network. This will give the fund-raising initiative greater visibility, mobilising the numerous fans that have always followed the Negroni cocktail and the Campari brand world-wide.

Campari America supported the rights of same-sex couples by promoting, through the SKYY brand, the '**Toast to Marriage**' initiative and donating USD 50,000 to the '**Freedom to Marry**' association. It continued its partnership with *Boot Campaign*, an association that helps war veterans, supported by the Wild Turkey brand, with a donation of around USD 100,000.

[6] The figure does not include spending on cultural activities (e.g. Galleria Campari) and that donated through initiatives linked to the marketing of individual brands.

Campari Mexico also had a positive impact on the local community in 2014. As well as the training of employees at the San Nicolas distillery mentioned in the 'Our People' section, it undertook initiatives to support the local population, including collecting Christmas presents for the poorer children.
As we have said before, Jamaica is an important centre of activity for Campari worldwide. Honouring J. Wray & Nephew Ltd.'s traditional focus on education-related issues, Campari chose to continue existing activities in support of the local community, further contributing through the funds given by *Fondazione Campari*. In 2014, J. Wray & Nephew Ltd. donated approximately € 22,000 to causes in support of local organisations, for projects dedicated to the development of the community and educational activities. Over the year, the Group therefore continued to subsidise deserving students through scholarships, which were given to 47 young people.
Moreover, the J. Wray & Nephew Foundation was established in December, due to the funding provided by *Fondazione Campari*. These funds will help support Camparistas with particular needs, and help finance the *Appleton Basic School*, a primary school in which the children of numerous Camparistas of J. Wray & Nephew Ltd. are enrolled.

South America
In 2014, as permitted by Brazilian law, Campari do Brasil Ltda. donated a portion of its taxation to a variety of movements and cultural organisations, including the art gallery in Sorocaba. For a number of years, Campari do Brasil has also been particularly sensitive to environmental pollution issues, and in 2014 it therefore continued the EcoCampari project, expanding its educational scope to offer employees general information, including that relating to the adoption of a balanced and healthy lifestyle.
Over the year, Camparistas collected toys and sanitary products, to be donated, respectively, to children suffering from cancer and clinics specialising in the care of the elderly.
In Argentina, the Group continued its partnership with the non-governmental organisation '*Hogar pequeño Exaltación de la Cruz*', a shelter for children who are victims of abuse, where members of the Campari Argentina S.A. team volunteer. In 2014, Campari made a financial contribution to the refurbishment of some communal areas, such as the kitchen, changing rooms and the laundry, as well as the children's rooms. Campari Argentina S.A. also supported the '*Club Honor y Patria'* association, which helps children with disabilities, and signed an agreement with the '*Robles'* professional school to launch a training project for students by offering a number of work placements.

Report on corporate governance and ownership structure

In accordance with legal obligations, the Board of Directors annually approves the report on corporate governance and ownership structure.
As well as the information pursuant to Article 123-ter of Legislative Decree 58 of 24 February 1998, the report contains a general description of the corporate governance system adopted by the Group, featuring information on compliance with the principles and recommendations of the Code of Conduct for Listed Companies, including specific reasons why certain recommendations have not been applied.
The report also contains a description of the features of the Group's internal control and risk management system, including in relation to the financial reporting process.
The report is available online at www.camparigroup.com, in the Corporate Governance section.

Organisation, Management and Control Model pursuant to Legislative Decree 231 of 8 June 2001

From 1 January 2009, the Parent Company decided to adopt an Organisation, Management and Control Model pursuant to Legislative Decree 231 of 8 June 2001 on the administrative responsibility of legal entities, for the purposes of ensuring ethical and transparent conduct as an appropriate way to reduce the risk of the offences specified in the legislative decree being committed. The Parent Company also established a supervisory body charged with the task of monitoring compliance with the Model and proposing any changes that might be necessary following amendments to the relevant legislation.
For a more detailed description of the Model and the activities undertaken in 2014, please see the report on corporate governance and ownership structure published on www.camparigroup.com, in the Investors section.

Transactions with related parties

The procedures for transactions with related parties approved by the Parent Company's Board of Directors on 11 November 2010, which came into force on 1 January 2011, can be viewed at www.camparigroup.com, in the Investors section.
An overview of these procedures is provided in the report on corporate governance and ownership structure.

Risk management

Risks relating to international trade and operations in emerging markets

In line with its international growth strategy, the Group currently operates in numerous markets, and plans to expand in certain emerging countries, especially in Eastern Europe, Asia and Latin America.
Operating in emerging markets means that the Group is vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment, exchange rate fluctuations (and related hedging difficulties), export and import quotas, and limits or curbs on investment, advertising or limitations on the repatriation of dividends.

Risks relating to the Company's dependence on licences for the use of third-party brands and licences granted to third parties for use of the Group's brands

At 31 December 2014, 11.0% of the Group's consolidated net sales came from production and/or distribution under licence of third-party products.
Should any of these licensing agreements be terminated or not renewed for any reason, this could have a negative effect on the Group's activities and operating results.

Risks relating to market competition

The Group is part of the alcoholic and non-alcoholic beverage segment, where there is a high level of competition and a large number of operators.
The main competitors are large international groups involved in the current wave of mergers and acquisitions, which are operating aggressive strategies at global level.
The Group's competitive position vis-à-vis the most important global players, which often have greater financial resources and benefit from a more highly diversified portfolio of brands and geographic locations, means that its exposure to market competition risks is particularly significant.

Risks relating to the Company’s dependence on consumer preference and propensity to spend

An important success factor in the beverage industry is the ability to interpret consumer preferences and tastes – particularly those of young people – and to continually adapt sales strategies to anticipate market trends and strengthen and consolidate the product image.

If the Group’s ability to understand and anticipate consumer tastes and expectations and to manage its own brands were to cease or decline significantly, this could considerably affect its activities and operating results.

Moreover, the unfavourable economic situation in certain markets is dampening the confidence of consumers, making them less likely to buy drinks.

Risks relating to legislation in the beverage industry

Activities relating to the alcoholic and soft drinks industry – production, distribution, export, import, sales and marketing – are governed by complex national and international legislation, often drafted with somewhat restrictive aims.

The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could in the future lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories.

Any tightening of regulations in the main countries in which the Group operates could lead to a fall in demand for its products.

Tax risks

At the reporting date, two tax-related disputes were pending with the Brazilian legal authorities.

No provisions have been made for these tax risks based on current assumptions.

With reference to the Parent Company, a number of lawsuits were pending in relation to the 2004 tax period. Some concern incorporated companies, for which sufficient risk provisions have already been made.

For additional details, see note 41-Provisions for risks and future liabilities, in the consolidated financial statements, and note 35-Provisions for risks and future liabilities, in the Parent Company's financial statements.

Risks relating to environmental policy

The Group’s industrial activities do not carry any specific risks relating to environmental policy; however, its industrial management has implemented dedicated procedures relating to safety and qualitative controls in the area of environmental pollution and the disposal of solid waste and waste water.

These activities are carried out in compliance with the regulations in force in the countries in which the Group operates.

Risks relating to product compliance and safety

The Group is exposed to risks relating to its responsibility to ensure that its products are safe for consumption.

It has therefore put in place procedures to ensure that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with the laws and regulations in force, and voluntary certification standards.

In addition, the Group has defined guidelines to be implemented if quality is accidentally compromised, such as withdrawing and recalling products from the market.

Risks relating to employees

In the various countries where the Group has subsidiaries, its dealings with employees are regulated and protected by collective labour agreements and the regulations in force locally.

Any reorganisation or restructuring undertaken, where this becomes essential for strategic reasons, is defined on the basis of plans agreed with employee representatives.

Moreover, the Group has implemented specific procedures to monitor safety in the workplace, and it is worth noting that the accident rate at Group plants is very low and that any accidents that do happen tend to be minor.

Exchange rate and other financial risks

Around 55.7% of the Group’s consolidated net sales in 2014 came from outside the European Union.

With the growth in the Group’s international operations in areas outside the Eurozone, a significant fluctuation in exchange rates could hit the Group’s activities and operating results, particularly in relation to the US Dollar, Australian Dollar and Brazilian Real.

For more information about financial risks, see note 48 - Nature and extent of risks arising from financial instruments.

Other information

Structure of the Group

For information on changes to the Group’s structure in 2014, see note 2 - Basis of consolidation, in the consolidated financial statements.

Holding and purchase of own shares and shares of the ultimate shareholder

At 31 December 2014, the Parent Company held 3,881,283 own shares, equivalent to 0.67% of the share capital.
The Company purchased 3,704,964 own shares, at an average price of € 5.70, and sold 4,940,505 own shares during the year.
These own shares are to be used in stock option plans as described in detail in later sections of these annual financial statements.
Furthermore, after 31 December 2014 and until the publication of financial statements was authorised, the Company purchased an additional 2,740,418 own shares, at an average price of € 5.64, and sold total own shares of 3,649,086 for the exercise of stock options. Thus, the number of own shares on the date this report was approved was 2,972,615.

However, during the period, Group companies did not hold, and do not currently hold, either directly or indirectly, any shares of the controlling shareholder.

Adaptation plan pursuant to articles 36 and 39 of the 'Market Regulations'

In accordance with articles 36 and 39 of Consob Regulation 16191 of 29 October 2007 and subsequent amendments concerning ‘conditions for listing shares of companies that control companies established and governed by laws of non-EU countries’, the Parent Company has identified the significant subsidiaries defined in accordance with Article 36, paragraph 2 of the above-mentioned Regulation, and verified that the conditions set out in paragraphs a), b) and c) of Article 36 have been met.

Personal data protection code

The Parent Company complies with Legislative Decree 196 of 30 June 2003, the Personal Data Protection Code, and specifically declares that it has established appropriate preventive security measures including with regard to information obtained as a result of technological advancements, the nature of the data and specific handling procedures in order to minimise risks associated with the intentional or unintentional destruction or loss of the data, unauthorised access or handling, or use of the data for purposes other than those for which it was collected.
The Company has prepared a Security Planning Document.

Other information

In accordance with Article 70, paragraph 8, and Article 71, paragraph 1-*bis*, of Consob Regulation 11971 of 14 May 1999, the Board of Directors has decided to take advantage of the option to derogate from the obligations to make available to the public the information documents prescribed in relation to significant mergers, spin-offs and capital increases through contributions in kind, acquisitions and disposals.

Research and development activities

Group companies carried out research and development activities solely in relation to ordinary manufacturing and trading activities; costs were therefore fully expensed during the period.

Operating and financial results of the Parent Company Davide Campari-Milano S.p.A.

Financial performance

	2014		2013		Change
	€ million	%	€ million	%	%
Net sales	**546.5**	**100.0%**	**542.3**	**99.2%**	**0.8%**
Cost of goods sold	(247.0)	-45.2%	(255.7)	-46.8%	-3.4%
Gross profit	**299.5**	**54.8%**	**286.6**	**52.4%**	**4.5%**
Advertising and promotional costs	(59.6)	-10.9%	(51.9)	-9.5%	14.8%
Contribution margin	**240.0**	**43.9%**	**234.7**	**42.9%**	**2.2%**
Overheads	(97.6)	-17.9%	(73.7)	-13.5%	32.4%
Operating result	**142.4**	**26.0%**	**161.0**	**29.5%**	**-11.6%**
Financial income and charges	(54.1)	-9.9%	(49.3)	-9.0%	9.7%
Dividends	44.3	8.1%	112.7	20.6%	-60.7%
Profit before tax	**132.6**	**24.3%**	**224.4**	**41.1%**	**-40.9%**
Taxes	(33.9)	-6.2%	(39.4)	-7.2%	-14.1%
Profit for the year	**98.7**	**18.1%**	**185.0**	**33.9%**	**-46.6%**

The year ending 31 December 2014 closed with an operating result of € 142.4 million, a decrease of 11.6% compared with the previous year.
Net profit for the year, totalling € 98.7 million, was lower than in 2013, mainly due to lower dividend income.

More specifically, net sales totalled € 546.5 million, a slight increase compared with 2013. They include sales to third-party customers on the Italian market for € 359.7 million, an increase compared with the 2013 figure on a same-perimeter basis, and € 186.8 million in sales to Group companies that conduct most of their operations in international markets, a decrease compared with the previous year.
Gross profit was higher than in 2013 due to higher sales and lower purchase prices for commodities, resulting in a 240 basis-point increase as a percentage of sales.
The contribution margin improved as a percentage of sales by 100 basis points, despite the increased investment in advertising and promotions.

Overheads increased by 32.4% in absolute terms, mainly due to non-recurring costs of € 17.4 million. Excluding these, the increase was 6.8%. In particular, general and administrative costs rose as a result of reinforcements made in certain specific parts of the organisation.

Financial charges increased compared with the previous year, mainly due to higher financial charges on the income statement as a result of the unfavourable exchange rate on the sale of products on the Russian market and to a lower return on deposits as a result of lower interest rates.
For more detailed information on the financial position, please refer to the notes to the annual financial statements of Davide Campari-Milano S.p.A on financial income and charges, cash and cash equivalents and the reconciliation with net debt.
Taxes for 2014 were lower than the previous year mainly due to the lower taxable income generated during the year.

Financial position

	31 December 2014	31 December 2013	change
	€ million	€ million	€ million
Fixed assets	1,978.2	1,895.0	83.2
Other non-current assets and liabilities	(19.8)	(21.2)	1.4
Operating working capital	94.5	108.3	(13.8)
Other current assets and liabilities	(5.5)	(10.3)	4.9
Total invested capital	**2,047.4**	**1,971.8**	**75.6**
Shareholders’ equity	989.6	936.8	52.8
Net debt	1,057.8	1,035.0	22.8
Total financing sources	**2,047.4**	**1,971.8**	**75.6**

The overall increase in invested capital (and in total financing sources) was € 75.6 million at 31 December 2014.

Fixed assets increased by a total of € 83.2 million, mainly due to the acquisition of Fratelli Averna S.p.A. in June 2014.

Other non-current assets and liabilities showed a net liability balance of € 19.8 million at 31 December 2014, compared with a liability of € 21.2 million at 31 December 2013; this was mainly due to higher deferred tax assets.

Operating working capital decreased by € 13.8 million, mainly due to a contraction of commercial loans, while there was a slight increase in inventory and payables to suppliers.

Other current assets and liabilities showed a net liability balance of € 5.5 million, a decrease of € 4.9 million on the previous period.

The company's **financial position** showed a € 22.8 million increase in total net debt compared with the previous year. Cash and cash equivalents was lower than on 31 December 2013, although current financial receivables were higher. For more detailed information on the financial position, please refer to the notes to the annual financial statements of Davide Campari-Milano S.p.A on cash and cash equivalents and reconciliation with net debt.

The € 52.8 million increase in **shareholders' equity** was linked mainly to the change in profit for the year.

Reconciliation of the Parent Company and Group net profit and shareholders' equity

Pursuant to the Consob communication of 28 July 2006, the table below shows a reconciliation between the net profit for the period and shareholders' equity for the Group and the Parent Company Davide Campari-Milano S.p.A.

-	31 December 2014		31 December 2013	
-	Shareholders’ equity	Profit	Shareholders’ equity	Profit
	€ million	€ million	€ million	€ million
Figures from the annual financial statements of Davide Campari-Milano S.p.A.	**989.6**	**98.7**	**936.9**	**185.0**
Derecognition of carrying amount of consolidated investments:				
Difference between carrying amount and pro rata value of shareholders’ equity of investments	621.1		473.3	
Pro rata results of subsidiaries		118,3		97,7
Portion of Group net profit attributable to non-controlling interests	(5.1)	(0.6)	(4.5)	(0.6)
Derecognition of the effects of transactions between consolidated companies:				
Derecognition of intra-group dividends		(79.9)		(130.6)
Derecognition of intra-group profits and capital gains	(30.8)	(7.6)	(14.1)	(1.8)
Figures from the consolidated financial statements (figures attributable to the Group)	**1,574.8**	**128.9**	**1,391.6**	**149.8**
Shareholders’ equity and net profit attributable to non-controlling interests	5.1	0.6	4.5	0.6
Consolidated shareholders’ equity and net profit	**1,579.9**	**129.5**	**1,396.1**	**150.4**

Subsequent events

Introduction of shares with increased voting rights (loyalty shares)

On 28 January 2015, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. voted by a large majority to adopt the resolution proposing changes to the articles of association in order to introduce loyalty shares.

The proposal was approved with a vote in favour of 76.1% of the share capital represented at the shareholders' meeting, corresponding to 61.8% of the share capital of Davide Campari-Milano S.p.A.

It is hoped that loyalty shares will create a more stable and loyal shareholder structure in view of changes introduced by Article 20 of Legislative Decree 91 of 24 June 2014.

In accordance with the aforementioned changes to the articles of association, shareholders who wish to exercise their option to purchase loyalty shares, which give their holders two votes for every share held, must request registration of the shares in the appropriate shareholder register of the Company for at least 24 months from the registration date, subject to compliance with the requirements of law and of the articles of association.

The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, define the terms and conditions for registration on the list and for requesting removal from it.

For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulation on the special list for double voting rights, which is published on the Company's website (www.camparigroup.com/it/governance/loyalty-shares).

Revolving credit facility

During February, the Parent Company took advantage of favourable conditions on the financial markets to agree a five-year, € 450 million committed revolving credit facility with a pool of six leading banks. The Company may draw down on the credit line as required in order to fulfil any financial obligation that may arise.

Sale of non-strategic investment in Jamaica

During March, the stake of 33.33% held by J. Wray & Nephew Ltd. in Jamaica Joint Venture Investment Co. Ltd., deemed non-strategic by the Group, was sold for USD 0.9 million. The carrying amounts of the equity investment have already been aligned with this amount in the statement of financial position as at 31 December 2014.

Conclusions on 2014 and outlook

Key performance indicators in 2014 were in line with expectations. The organic sales performance was solid, with acceleration in the fourth quarter, and doubled compared to the previous year. Thanks to the acceleration of organic sales growth and the strong accretion in gross margin in the fourth quarter, organic EBIT pre one-offs was flat on a full-year basis. This result was achieved despite enhanced advertising and promotion spending and significant investments in new route-to-markets. Looking forward, we expect that the volatility in some emerging markets and the price competition in some core regions for the Group will continue also in 2015, thus limiting the visibility at this stage. However, we expect the business overall and margins to be positively impacted by the positive performance of the top 5 spirit franchises, in particular the aperitifs business, the rum portfolio and the American whiskies, also thanks to the positive contribution from acceleration in innovation. In addition, we believe that the business overall and margins will benefit from the expected return on recent route-to-market initiatives and production investments, more favourable trends in input costs and a positive contribution from forex.

Alternative performance indicators

This annual financial report presents and comments upon certain financial indicators and restated financial statements (in relation to the statement of financial position and statement of cash flows) that are not defined by the IFRS.
These indicators, which are described below, are used to analyse the Group's business performance in the 'Highlights' and 'Report on operations' sections.

- Financial indicators used to measure Group operating performance.

Contribution margin: calculated as the difference between net sales, the cost of goods sold (in its materials, production and distribution cost components) and advertising and promotional costs.
Result from recurring activities: the operating result for the period before non-recurring income and charges, as defined in the Consob Communication of 28 July 2006 (DEM 606423), which include, for example, capital gains/losses from equity investment disposals and restructuring costs.
EBITDA: the operating result before depreciation and amortisation of tangible and intangible fixed assets.
EBITDA before non-recurring income and charges: EBITDA as defined above, calculated before non-recurring income and charges as described above.
ROS (return on sales): the ratio between the operating result and net sales for the period.
ROI (return on investment): the ratio between the operating result for the period and fixed assets at the end of the period (see the definition of fixed assets below).

- Reclassified statement of financial position

The items included in the restated statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:
Fixed assets: calculated as the algebraic sum of:
- Net tangible fixed assets
- Biological assets
- Investment property
- Goodwill and brands
- Intangible assets with a finite life
- Non-current assets held for sale
- Investments in affiliates and joint ventures

Other non-current assets and liabilities: calculated as the algebraic sum of:
- Deferred tax assets
- Other non-current assets, net of financial assets (classified under net debt)
- Deferred tax liabilities
- Defined benefit plans
- Provision for risks and charges
- Other non-current liabilities, net of financial liabilities (classified under net debt)

Operating working capital: calculated as the algebraic sum of:
- Inventories
- Trade receivables
- Payables to suppliers

Other current assets and liabilities: calculated as the algebraic sum of:
- Current tax receivables
- Other current receivables, net of financial assets (classified under net debt)
- Current payables to tax authorities
- Other current payables, net of financial liabilities (classified under net debt)

Net financial position: calculated as the algebraic sum of:
- Cash and cash equivalents
- Non-current financial assets, posted to other non-current assets
- Current financial assets, posted to other receivables
- Payables to banks
- Other financial payables
- Bonds
- Non-current financial liabilities, posted to other non-current liabilities
-

- Reclassified statement of cash flows

Free cash flow: a cash flow that measures the Group's self-financing capacity calculated on the basis of cash flow from operations, adjusted for net interest paid and cash flow used in investments, net of income from realising fixed assets.

Gruppo Campari

Consolidated financial statements at 31 December 2014

Financial statements

Consolidated income statement

	Notes	2014	*of which: related parties*	2013	*of which: related parties*
		€ million	€ million	€ million	€ million
Net sales	11	**1,560.0**		**1,524.1**	
Cost of goods sold	12	(728.3)		(713.7)	
Gross profit		**831.7**		**810.5**	
Advertising and promotional costs		(260.8)		(249.2)	
Contribution margin		**570.9**		**561.2**	
Overheads	13	(315.9)	-	(271.9)	0.1
of which: non-recurring	14	(43.2)		(10.3)	
Operating result		**255.0**	**-**	**289.3**	**0.1**
Financial income (charges)	19	(61.1)		(59.1)	
of which: non-recurring		(0.8)		(0.2)	
Portion of profit (loss) of companies valued at equity		(0.2)	(0.2)	(0.2)	(0.2)
Put option income (charges)		0.5		0.2	-
Profit before tax		**194.2**	**(0.2)**	**230.2**	**(0.1)-**
Taxes	21	(64.6)		(79.8)	
Profit for the period		**129.5**	**(0.2)**	**150.4**	**(0.1)-**
Profit attributable to:					
Parent Company shareholders		128.9		149.8	
Non-controlling interests		0.6		0.6	
		129.5		**150.4**	
Basic earnings per share (€)	22	0.22		0.26	
Diluted earnings per share (€)	22	0.22		0.25	

Consolidated statement of comprehensive income

	31 December 2014	31 December 2013
	€ million	€ million
Profit for the period (A)	**129.5**	**150.4**
B1) Items that may be subsequently reclassified to profit or loss		
Cash flow hedge:		
Profit (loss) for the period	(1.4)	1.7
Less: profits (losses) reclassified to the separate income statement	0.5	1.3
Net gains (losses) from cash flow hedge	(1.9)	0.4
Tax effect	0.5	(0.1)
Cash flow hedge	(1.4)	0.3
Conversion difference	101.5	(128.0)
Total: items that may be subsequently reclassified to profit or loss (B1)	**100.1**	**(127.7)**
B2) Items that may be subsequently reclassified to profit or loss		
Remeasurement reserve for defined benefit plans		
Profit (loss) for the period	(0.6)	(2.4)
Tax effect	0.1	0.1
Remeasurement reserve for defined benefit plans	(0.5)	(2.3)
Total: items that may not be subsequently reclassified to profit or loss (B2)	**(0.5)**	**(2.3)**
Other comprehensive income (expense) (B=B1+B2)	99.6	(130.0)
Total comprehensive income (A+B)	**229.1**	**20.4**
Attributable to:		
Parent Company shareholders	228.6	19.8
Non-controlling interests	0.6	0.6

Consolidated statement of financial position

	Notes	31 December 2014 € million	*of which: related parties* € million	31 December 2013 € million	*of which: related parties* € million
ASSETS					
Non-current assets					
Net tangible fixed assets	23	441.5		396.6	
Biological assets	24	17.5		17.3	
Investment property	25	1.5		0.5	
Goodwill and trademarks	26	1,841.0		1,556.4	
Intangible assets with a finite life	28	29.8		26.0	
Investments in affiliates and joint ventures		0.7		0.9	
Deferred tax assets	21	19.1		12.4	
Other non-current assets	29	56.7	2.2	33.7	2.2
Total non-current assets		**2,407.7**	**2.2**	**2,043.7**	**2.2**
Current assets					
Inventories	30	477.0		442.6	
Current biological assets	30	4.1		4.5	
Trade receivables	31	313.6		288.5	
Current financial receivables	32	22.8		34.1	
Cash and cash equivalents(*)	34	230.9		441.6	
Income tax receivables	33	13.0	0.2	17.0	2.5
Other receivables	31	26.7	0.0	29.4	
Total current assets		**1,088.2**	**0.2**	**1,257.8**	**2.5**
Assets held for sale	35	21.9		1.0	
Total assets		**3,517.7**	**2.5**	**3,302.5**	**4.7**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	36				
Share capital	36	58.1		58.1	
Reserves		1,516.8		1,333.6	
Group shareholders' equity		1,574.8		1,391.6	
Non-controlling interests	37	5.1		4.5	
Total shareholders' equity		**1,579.9**		**1,396.1**	
Non-current liabilities					
Bonds	38	1,086.9		1,127.0	
Other non-current liabilities	38	25.8		48.7	
Defined benefit obligations	40	9.4		8.6	
Provision for risks and charges	41	37.9		32.4	
Deferred tax liabilities	21	266.2		204.7	
Total non-current liabilities		**1,426.1**		**1,421.4**	
Current liabilities					
Payables to banks	39	36.7		122.3	
Other financial liabilities	39	117.4		44.4	
Payables to suppliers	42	223.2		198.1	
Income tax payables	44	4.9	1.0	7.2	1.3
Other current liabilities	42	127.8	3.8	113.1	2.7
Total current liabilities		**509.9**	**4.7**	**485.0**	**3.9**
Liabilities held for sale	35	1.7			
Total liabilities		**1,937.8**	**9.5**	**1,906.4**	**3.9**
Total liabilities and shareholders' equity		**3,517.7**	**4.7**	**3,302.5**	**3.9**

(*) For information on reclassifications at opening book values, see note 7 - Reclassifications at opening book values

Consolidated statement of cash flows

	Notes	2014 € million	2013 € million
Operating result		255.0	289.3
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortisation	15	39.4	39.5
Gains on sales of fixed assets	14	(0.7)	(6.6)
Write-downs of tangible fixed assets	14	0.8	0.6
Accruals of provisions		4.7	8.8
Utilisation of provisions		(5.7)	(2.0)
Write-downs of goodwill and brands		23.7	
Other non-cash items		5.8	6.7
Change in net operating working capital		(6.9)	(36.0)
Other changes in non-financial assets and liabilities		20.3	(4.0)
Income taxes paid		(53.0)	(75.8)
Cash flow from (used in) operating activities		**283.3**	**220.6**
Purchase of tangible and intangible fixed assets	23-28	(55.6)	(64.7)
Capital grants received	43	0.3	0.7
Capitalised interest expenses			(1.3)
Proceeds from disposals of tangible fixed assets		6.9	6.5
Changes in receivables and payables from investments		0.5	(0.1)
Business combinations(1)	8	(216.7)	(13.6)
Cash and cash equivalents at acquired companies(2)	8	32.2	
Payment of tax payables relating to acquisitions		(7.5)	
Purchase and sale of brands and rights		(6.0)	(11.2)
Put option and earn-out payments		(0.2)	(4.2)
Interest income received		5.3	6.4
Net change in securities	34	13.1	10.0
Dividends received		0.4	0.7
Cash flow from (used in) investing activities		**(227.0)**	**(70.8)**
Parent Company Eurobond issue			
Payable for future exercise of put option		0.0	
Repayment of Campari America private placement		(32.9)	
Other repayment of medium- and long-term debt		(6.2)	(0.3)
Net change in short-term payables to banks and loans		(112.0)	1.2
Interest expenses paid		(62.9)	(62.2)
Change in other financial payables and receivables		(15.9)	(9.2)
Purchase and sale of own shares	45	(6.5)	(25.9)
Dividends paid out by Parent Company	36	(46.1)	(39.8)
Cash flow from (used in) financing activities		**(282.8)**	**(136.3)**
Effect of exchange rate differences on net operating working capital		(3.4)	40.9
Other exchange rate differences and other changes in shareholders' equity		19.1	(52.7)
Exchange rate differences and other changes in shareholders' equity		**15.7**	**(11.8)**
Net change in cash and cash equivalents: increase (decrease)		**(210.8)**	**1.8**
Cash and cash equivalents at start of period(3)	34	441.6	442.5
Cash and cash equivalents at end of period	34	230.9	444.2

(1) It should be noted that as well as the amount paid, the overall cost of acquisitions includes a non-interest-bearing payable (purchase price holdback) to the sellers of Forty Creek Distillery Ltd. of € 6.3 million (at the exchange rates at the time of the acquisition); see note 8-Business Combinations for more information.
(2) It should be noted that the cash acquired, which relates almost exclusively to Averna group, is to be considered net of financial liabilities acquired, of € 37.8 million; net debt from the acquisition of € 5.6 million is therefore recorded; see note 8-Business Combinations for more information.
(3) For information on reclassifications at opening book values, see note 7 -Reclassifications at opening book values.

Statement of changes in shareholders' equity

	Notes	Attributable to Parent Company shareholders: Share capital € million	Legal reserve € million	Retained earnings € million	Other reserves € million	Total € million	Total net attributable to minorities € million	Total net Shareholders' equity € million
Balance at 31 December 2013		**58.1**	**11.6**	**1,453.8**	**(131.9)**	**1,391.6**	**4.5**	**1,396.1**
Dividend payout to Parent Company shareholders	36	-	-	(46.1)	-	(46.1)	(0.3)	(46.4)
Own shares acquired	45	-	-	(21.1)	-	(21.1)	-	(21.1)
Own shares sold	45	-	-	14.6	-	14.6	-	14.6
Stock options	36	-	-	3.2	4.9	8.1	-	8.1
Change in basis of consolidation	8	-	-	-	-	-	0.3	0.3
Other changes		-	-	(0.9)	-	(0.9)	-	(0.8)
Profit for the period		-	-	128.9	-	128.9	0.6	129.5
Other comprehensive income (expense)		-	-	-	99.6	99.6	-	99.6
Total comprehensive income		-	-	128.9	99.6	228.6	0.6	229.1
Balance at 31 December 2014		**58.1**	**11.6**	**1,532.5**	**(27.3)**	**1,574.8**	**5.1**	**1,579.9**

	Attributable to Parent Company shareholders: Share capital € million	Legal reserve € million	Retained earnings € million	Other reserves € million	Total € million	Total Net amount attributable to minorities € million	Net total € million
Balance at 31 December 2012	**58.1**	**11.6**	**1,364.4**	**(5.3)**	**1,428.9**	**4.2**	**1,433.1**
Reimbursement of share capital to minorities	-	-	-	-	-	(0.3)	(0.3)
Dividend payout to Parent Company shareholders	-	-	(39.8)	-	(39.8)	-	(39.8)
Own shares acquired	-	-	(49.1)	-	(49.1)	-	(49.1)
Own shares sold	-	-	23.2	-	23.2	-	23.2
Stock options	-	-	5.0	3.4	8.4	-	8.4
Other changes			0.3	-	0.3		0.3
Profit for the period	-	-	149.8	-	149.8	0.6	150.4
Other comprehensive income (expense)	-	-	-	(130.0)	(130.0)	-	(130.0)
Total comprehensive income	-	-	149.8	(130.0)	19.8	0.6	20.4
Balance at 31 December 2013	**58.1**	**11.6**	**1,453.8**	**(131.9)**	**1,391.6**	**4.5**	**1,396.1**

Notes to the consolidated financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, with registered office at Via Franco Sacchetti 20, 2099 Sesto San Giovanni (Milan), Italy.
The Company is recorded in the Milan companies register and REA (business administration register) under no. 1112227.
Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A.
Founded in 1860, the Group is the sixth largest in the beverage industry with an extensive product portfolio in three business lines: spirits, wines and soft drinks. Internationally recognised brands include Aperol, Appleton Estate, Campari, Cinzano, SKYY Vodka and Wild Turkey.
The Group operates in 190 countries with prime positions in Europe and the Americas. It has 16 production plants and three wineries around the world, a distribution network in 19 countries, and employs around 4,000 people.
The consolidated financial statements of Gruppo Campari for the year ending 31 December 2014 were approved on 10 March 2015 by the Board of Directors of the Parent Company Davide Campari-Milan S.p.A., which has authorised their publication.
The Board of Directors reserves the right to amend the financial statements should any significant events occur that require changes to be made, up to the date of the shareholders' meeting of the Parent Company.
The financial statements are presented in euro, the reference currency of the Parent Company and many of its subsidiaries.

2. Preparation criteria

The consolidated accounts for the year ending 31 December 2014 were prepared in accordance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union. These also include all the revised international accounting standards (International Accounting Standards - IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).
The accounts were prepared on a cost basis, with the exception of financial derivatives, biological assets and new acquisitions, which were reported at fair value.
The carrying amount of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.
Unless otherwise indicated, the figures reported in these notes are expressed in million euro.

Consolidation principles

The consolidated financial statements include the financial statements of the Parent Company and the Italian and foreign subsidiaries.
These accounting statements, based on the same financial year as the Parent Company and drawn up for the purposes of consolidation, have been prepared in accordance with the international accounting standards adopted by the Group.
Joint ventures are consolidated according to the equity method.

Form and content

In accordance with the format selected by the Group, the income statement is classified by function, and the statement of financial position shows current and non-current assets and liabilities separately.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.
In the income statement (classified by function), the operating result line is shown before and after non-recurring income and charges such as capital gains/losses on the sale of equity investments, restructuring costs and any other non-recurring income/expenses.
The definition of "non-recurring" conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064293).
In 2014, the Group did not carry out any atypical and/or unusual transactions, which are defined in the Consob communication as significant/major transactions that are atypical and/or unusual because the counterparties, the object of the transaction, the method used to determine the price and timing of the transaction (proximity to year end) could give rise to doubts over the accuracy or completeness of the information provided in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of non-controlling interests.
The cash flow statement was prepared using the indirect method.

Basis of consolidation

The following changes in the basis of consolidation, resulting from company creations, acquisitions and sales, described in the Report on operations in the section 'Significant events':

- the acquisitions of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A. were completed on 2 and 3 June 2014; the effects of these are detailed in Note 8 - Business combinations;
- on 18 August 2014, the Group established the trading company Campari Peru SAC, which became operational in October 2014;
- in 2014, the Parent Company created three companies - Zedda Piras S.r.l, Enrico Serafino S.r.l. and Teruzzi & Puthod S.r.l. - to which specific production activities were transferred following a demerger of Sella&Mosca S.p.A.;
- on 8 December 2014, the Group established trading company Campari Singapore Pte Ltd.;
- on 24 April 2014, an agreement was finalised to sell CISC 'Odessa Sparkling Wine Company';
- on 1 August 2014, an agreement was finalised to sell Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.

The tables below list the companies included in the basis of consolidation at 31 December 2014.

Name, activity	Head office	Share capital at 31 December 2014			% owned by Parent Company		
		Currency	Amount		Direct	Indirect	Direct shareholder
Parent Company							
Davide Campari-Milano S.p.A., holding and manufacturing company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	58,080,000				
Fully consolidated companies							
Italy							
Campari International S.r.l., trading company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	700,000		100.00		
Campari Services S.r.l., services company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	160,000		100.00		
Sella&Mosca S.p.A., manufacturing, trading and holding company	Località I Piani, Alghero	€	6,180,000		100.00		
Campari Wines S.r.l., trading company	Località I Piani, Alghero	€	100,000			100.00	Sella & Mosca S.p.A.
Zedda Piras S.r.l., manufacturing company	Località I Piani, Alghero	€	90,440		100.00		
Enrico Serafino S.r.l., manufacturing company	Corso Asti 5, Canale	€	90,440		100.00		
Teruzzi&Puthod S.r.l., manufacturing company	Località Casale 19, San Gimignano	€	90,440		100.00		
Fratelli Averna S.p.A., manufacturing and trading company	Via Xiboli, 345, Caltanisetta	€	3,900,000		100.00		
Casoni Fabbricazione Liquori S.p.A., manufacturing and trading company	Via Venezia, 5/A, Finale Emilia	€	929,594			100.00	Fratelli Averna S.p.A.
Alimenta S.r.l., manufacturing company	Traversa Bagnulo 12, Piano di Sorrento	€	100,000			100.00	Casoni Fabbricazione Liquori S.p.A.
Europe							
Campari Austria GmbH, trading company	Naglergasse 1/Top 13 A, Vienna	€	500,000			100.00	DI.CI.E. Holding B.V.
Campari Benelux S.A., finance and trading company	Avenue de la Méterologie, 10, Brussels	€	246,926,407		61.00	39.00	Glen Grant Ltd.
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000			100.00	DI.CI.E. Holding B.V.
Campari España S.L., holding and trading company	Calle de la Marina 16-18, planta 28, Barcelona	€	3,272,600		100.00		
Campari International S.A.M., trading company	14 Boulevard des Moulins, Monaco	€	70,000,000	(1)		100.00	DI.CI.E. Holding B.V.
Campari RUS OOO, trading company	2nd Yuzhnoportoviy proezd 14/22, Moscow	RUB	2,010,000,000			100.00	DI.CI.E. Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	500,000			100.00	DI.CI.E. Holding B.V.
Campari Ukraine LLC, trading company	8, Illinska Street, 5th Floor, Block 8 and 9, Kiev	UAH	35,598,759			100.00	DI.CI.E Holding B.V. (99%), Campari RUS OOO (1%)
DI.CI.E. Holding B.V., holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam	€	15,015,000		100.00		
Glen Grant Ltd., manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	24,949,000			100.00	DI.CI.E. Holding B.V.
J. Wray&Nephew (UK) Ltd. trading company	82, St. John Street, London	GBP	10,000			100.00	Glen Grant Ltd.
Kaloyiannis-Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos	€	6,811,220			75.00	DI.CI.E. Holding B.V.
TJ Carolan & Son Ltd., trading company	Ormond Building, Suite 1,05, 31-36 Upper Ormond Quay, Dublin	€	2,600		76.92	23.08	DI.CI.E Holding B.V.
Stepanow S.R.O., manufacturing and trading company	07651 Pribenik 111, Slovakia	€	1,334,605			100.00	Casoni Fabbricazione Liquori S.p.A. (83.28%), non-controlling interests (16.72%)

Name, activity	Head office	Share capital at 31 December 2014		% owned by Parent Company		
		Currency	Amount	Direct	Indirect	Direct shareholder
Americas						
Campari America (Skyy Spirits, LLC), manufacturing and trading company	1255 Battery Street, Suite 500, San Francisco	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Avenida Corrientes, 222 - 3rd Floor, Buenos Aires	ARS	184,006,830		100.00	DI.CI.E. Holding B.V. (96,28%), Campari do Brasil Ltda. 3.72%
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP	BRL	239,778,071	100.00		
Campari Mexico S.A. de C.V., manufacturing and trading company	Avenida Americas 1592 3er Piso ol. Country Club, Guadalajara, Jalisco	MXN	665,332,900		100.00	DI.CI.E. Holding B.V.
Campari Peru SAC, trading company	Avenida Santo Toribio 115, Edificio Tempus, Piso 5, San Isidro, Lima	PEN	2,906,753		100.00	Campari Espãna S.L. (99,00%), Campari do Brasil Ltda. 1.00%
Gregson's S.A., brand owner	Andes 1365, Piso 14, Montevideo	UYU	175,000		100.00	Campari do Brasil Ltda.
J. Wray&Nephew Ltd., manufacturing and trading company	234, Spanish Town Road, Kingston	JMD	600,000		100.00	Campari Espãna S.L.
J. Wray y Sobrino de Costa Rica S.A., dormant company	Bulevard Multiplaza, Edificio KPMG, Fifth Floor, San José	CRC	1,000,000 (1)		100.00	J. Wray & Nephew Ltd. (Jamaica)
Red Fire Mexico, S. de R.L. de C.V., trading company	Camino Real Atotonilco 1081, Arandas, Jalisco	MXN	1,254,250		100.00	DI.CI.E. Holding B.V. (99,80%), Campari Mexico S.A. de C.V. 0.20%
Wray&Nephew (Canada) Ltd., trading company	5770, Timberlea Blvd, Suite 103, Mississauga	CAD	50,000,100		100.00	DI.CI.E. Holding B.V.
Forty Creek Distillery Ltd., manufacturing and trading company	297 South Service Road West, Grimsby	CAD	107,282,611		100.00	Wray & Nephew (Canada) Ltd.
Other						
Campari (Beijing) Trading Co. Ltd., trading company	Xingfu Dasha Building, Block B, Room 511, 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	65,300,430		100.00	DI.CI.E. Holding B.V.
Campari Australia Pty Ltd., manufacturing and trading company	Level 10, Tower B, 207 Pacific Highway, St Leonards, Sydney	AUD	21,500,000		100.00	DI.CI.E. Holding B.V.
Campari Japan Ltd., trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00	DI.CI.E. Holding B.V.
Campari South Africa Pty Ltd., trading company	12th Floor, Cliffe Deker Hofmeyr 11 Buitengracht street, Cape Town	ZAR	5,747,750		100.00	DI.CI.E. Holding B.V.
Campari New Zealand Ltd., trading company	C/o KPMG 18, Viaduct Harbour Av., Maritime Suar	NZD	10,000		100.00	Campari Australia Pty Ltd.
Campari Singapore Pte Ltd., services company	16 Raffles Quay # 10-00, Hong Leong Building, Singapore	SGD	1		100.00	Campari Australia Pty Ltd.

Other investments		**Share capital at 31 December 2013(2)**		**% owned by Parent Company**		
Name, location, activity		Currency	Amount	Indirect	Direct shareholder	Valuation method
Jamaica Joint Venture Investment Co. Ltd., property company	234, Spanish Town Road, Kingston	JMD	450,000	33.33	J. Wray & Nephew Ltd.	Shareholders' equity
Manhart Properties Ltd., property company	7, North Street, Kingston	JMD	4,891,032	100.00	Jamaica Joint Venture Investment Co. Ltd.	Shareholders' equity
City Properties Ltd., property company	7, North Street, Kingston	JMD	370,000	100.00	Jamaica Joint Venture Investment Co. Ltd.	Shareholders' equity

(1) Company in liquidation.
(2) Last approved financial statements; it should be noted that the share held in the joint venture was sold in March 2015. For further information, see 'Events taking place after the end of the year'.

Definition of control

Control is determined when the Group is exposed or has a right to variable returns resulting from its involvement with the investee, and, at the same time, has the ability to use its power over the investee to affect these returns.
Specifically, the Group controls a subsidiary if, and only if, it has:
- power over the investee (or holds valid rights that give it the current ability to manage significant activities of the investee);
- exposure or rights to variable returns resulting from its involvement with the investee;
- the ability to use its power over the investee to affect the size of its returns.

Control is assumed to exist when the Group possesses a majority of the voting rights. In support of this assumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances in assessing whether it controls the investee, including contractual arrangements with other holders of voting rights, rights arising from contractual arrangements, and the Group's voting rights and potential voting rights.
The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that one or more of the three significant elements defining control have been subject to change. Consolidation of a subsidiary begins when the Group obtains control of a subsidiary, and ceases when the Group loses control thereof. The assets, liabilities, revenues and costs of the subsidiary acquired or disposed of over the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.
The profit (loss) for the year and all other components of the statement of comprehensive income are attributed to the shareholders of the Parent Company and to non-controlling interests, even if this results in non-controlling interests having a negative value. When necessary, appropriate adjustments are made to subsidiaries' financial statements to bring them into line with the Group's accounting policies. All intra-group assets and liabilities, shareholders' equity, revenues, costs and cash flow relating to transactions between Group entities are derecognised completely on consolidation.

Subsidiaries

All subsidiaries are consolidated on a line-by-line basis.
Under this method, all assets and liabilities, and expenses and revenues for consolidated companies are fully reflected in the consolidated financial statements. The carrying amount of the equity investments is derecognised against the corresponding portion of the shareholders' equity of the subsidiaries. Individual assets and liabilities are assigned the value attributed to them on the date control was acquired.
Any positive difference is recorded under the asset item Goodwill, and any negative amount is taken to the income statement (see also 'Business combinations' below).
Non-controlling interests in shareholders' equity and profit are reported under the appropriate items in the financial statements; non-controlling interests in shareholders' equity are determined on the basis of the present values assigned to assets and liabilities on the date control was assumed, both in the case that the components of non-controlling interests give holders the right to receive a proportional share of the subsidiary's net assets in the event of liquidation, and in the case that the components of non-controlling interests do not give holders the right to receive a proportional share of the subsidiary's net assets in the event of liquidation.
Changes in investments in subsidiaries that do not result in the acquisition or loss of control are recorded under changes in shareholders' equity.
If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity are derecognised, while any profit or loss is posted to the income statement. Any ownership interest maintained is recorded at fair value.

Associates and joint ventures

An associate is a company over which the Group exercises significant influence. Significant influence means the power to contribute to determining the associate's financial and management policies, without having control or joint control over it.
A joint venture is a joint-control agreement in which the parties that hold joint control have rights to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control of an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all parties sharing control.
The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.
These companies are reported in the consolidated financial statements using the equity method, starting on the date when significant influence or joint control begins and ending when such influence or control ceases.
If there is a significant loss of influence or joint control, the holding and/or investment is valued at fair value with the difference between fair value and carrying amount being recorded in the income statement.
If the Group's interest in any losses of affiliates exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognised, and the Group's portion of further losses is not reported, unless, and to the extent to which, the Group has a legal or implicit obligation to cover such losses.
The Group assesses the existence of any impairment indicators on an annual basis by comparing the value of the investment measured at equity with the recoverable value; any impairment value is allocated to the investment as a whole with an offsetting entry in the income statement.

Transactions derecognised during the consolidation process

When preparing the consolidated financial statements, unrealised profits and losses resulting from intra-group transactions are derecognised, as are the entries giving rise to payables and receivables, and costs and revenues between the companies included in the basis of consolidation.
Unrealised profits and losses generated on transactions with affiliated companies or joint ventures are derecognised to the extent of the Group's percentage interest in those companies.
Dividends collected from consolidated companies are derecognised.

Currency conversion criteria and exchange rates applied to the financial statements

Figures expressed in currencies other than the accounting currency (euro) are converted as follows:
- income statement items are converted at the average exchange rate for the year, while statement of financial position items are converted at year-end exchange rates; exchange rate differences resulting from the application of the different methods for conversion to euro of income statement and statement of financial position items are recorded under the currency translation reserve in shareholders' equity, until the investment in question is sold;
- any difference between the value of shareholders' equity at the beginning of the year, as converted at the exchange rate at the end of the year, and the value of shareholders' equity converted at the year-end rate for the previous year, is also recorded under the currency translation reserve.

When preparing the consolidated statement of cash flows, average exchange rates were used to convert the cash flows of subsidiaries outside the Eurozone.
The exchange rates used for conversion transactions are shown below.

	31 December 2014		31 December 2013	
	average rate	end-of-period rate	average rate	end-of-period rate
US Dollar	1.329	1.214	1.328	1.379
Canadian Dollar	1.467	1.406	1.368	1.467
Swiss Franc	1.215	1.202	1.231	1.228
Brazilian Real	3.123	3.221	2.867	3.258
Uruguayan Peso	30.840	29.586	27.210	29.546
Chinese Renminbi	8.188	7.536	8.165	8.349
UK Pound	0.806	0.779	0.849	0.834
Japanese Yen	140.369	145.230	129.642	144.720
Argentine Peso	10.778	10.276	7.277	8.989
Mexican Peso	17.664	17.868	16.964	18.073
Australian Dollar	1.472	1.483	1.377	1.542
Ukrainian Hryvnia	15.864	19.206	10.788	11.329
Russian Rouble	51.031	72.337	42.325	45.325
South African Rand	14.408	14.035	12.831	14.566
Jamaican Dollar	147.294	138.802	133.304	146.176
New Zealand Dollar	1.600	1.553	1.620	1.676

3. Summary of accounting principles

Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company and capable of producing future benefits, as well as goodwill when purchased for consideration.
Intangible assets acquired are posted to assets, in accordance with IAS 38 - Intangible Assets, when it is likely that the use of the assets will generate future economic benefits, and when the cost can be reliably determined.
If acquired separately, these assets are reported at acquisition cost including all allocable ancillary costs on the acquisition date.
Intangible assets acquired through business combinations are reported separately from goodwill, at fair value, where this can reliably be measured, on the acquisition date.
Subsequently, intangible assets are recorded at cost net of accumulated amortisation and any impairment losses.
Assets produced internally, excluding development costs, are not capitalised and are reported in the income statement for the financial year in which they are incurred.
Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, generally three years, taking into account losses due to a reduction in accumulated value.
The period of amortisation of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which if identified will be considered as changes in estimates.

The costs of development projects and studies are recorded in the income statement in full in the year in which they are incurred.
Advertising and promotional costs are recorded in the income statement when the Company has received the goods or services in question.
Costs relating to industrial patents, concessions, licences and other intangible fixed assets are listed on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortised according to the period of use, if this can be defined, or according to contract duration.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees or internal personnel costs necessary for development. These costs are recorded in the year in which the internal or external costs are incurred for training personnel and other related costs.
Goodwill and brands, which result from acquisitions and qualify as intangible assets with an indefinite life, are not amortised. The possibility of recovering their reported value is ascertained at least annually, and in any case, when events occur leading to the assumption of a reduction in value using the criteria indicated in the section entitled Impairment.
For goodwill, a test is performed on the smallest cash-generating unit to which the goodwill relates. On the basis of this, management directly or indirectly assesses the return on investment including goodwill. See also 'Business combinations' below.
Write-downs in goodwill cannot be recovered in future years. When control of the previously acquired company is transferred, the capital gain or loss from the transfer takes into account the corresponding residual value of the previously recorded goodwill.

Business combinations

Business combinations are recorded using the acquisition method.
The cost of an acquisition is determined by the sum of the payments transferred as part of a business combination, measured at fair value, on the date of acquisition and the value of the minorities' portion of shareholders' equity, measured at fair value or as a pro-rata share of the net assets recognised for the acquired entity.
Ancillary costs relating to the transaction are recognised in the income statement at the time they are incurred.
In the case of business combinations achieved in stages, the interest previously held by the Group in the acquired business is revalued at fair value on the date control is acquired, and any resulting gains or losses are recognised in the income statement.
Conditional payments are measured at fair value at the acquisition date and are included among the transferred payments for the purposes of calculating goodwill.
Any changes in fair value occurring once more information is available during the measurement period are included retrospectively in goodwill.
Goodwill acquired in business combinations is initially measured at cost, as the excess of the sum of payments transferred as part of a business combination, the value of the minorities' portion of shareholders' equity and the fair value of any interest previously held in the acquired business over the Group's portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.
If the value of the net assets acquired and liabilities assumed on the acquisition date exceed the sum of the transferred payments, the value of the non-controlling interests' portion of shareholders' equity and the fair value of any interest previously held in the acquired business, this excess value is recorded in the income statement as income from the transaction.
After the initial entry, goodwill is measured at cost less cumulative impairment.
To establish whether impairment has occurred, the goodwill acquired in a business combination is allocated from the date of the acquisition to the individual cash-generating units or to the groups of cash-generating units likely to benefit from merger synergies, whether or not other assets or liabilities from the acquisition are assigned to these units or groups of units.
When the goodwill is part of a cash-generating unit (or group of cash-generating units) and some of the internal assets of the unit are sold, the goodwill associated with the assets sold is included in the carrying amount of the assets in order to establish the profit or loss generated by the sale.
Goodwill sold in this way is measured according to the value of the assets sold and the value of the remaining portion of the unit.
Business combinations prior to 1 January 2010 have been reported on the basis of the previous version (2007) of IFRS 3; this means that costs directly attributable to the acquisitions have been included in the cost of the acquisition; non-controlling interests have been measured as a pro-rata share of the net assets recognised for the acquired business; in the case of business combinations achieved in stages, each additional stake acquired has not changed the goodwill previously recognised; conditional payments have been recorded only if the Group had a current obligation.

Tangible fixed assets

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses, and are not revalued.

Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses.

Any costs incurred after purchase are capitalised provided that they increase the future financial benefits generated by using the asset.

The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the income statement; other costs are expensed in profit and loss when the expense is incurred.

The financial charges incurred in respect of investments in assets which take a substantial period of time to be prepared for use or sale (qualifying assets as defined in IAS 23 – Borrowing Costs) are capitalised and depreciated over the useful life for the class of assets to which they belong.

All other financial charges are posted to the income statement when incurred.

Ordinary maintenance and repair expenses are expensed in profit and loss in the period in which they are incurred.

If there are current obligations for dismantling or removing assets and cleaning up the related sites, the assets' reported value includes the estimated (discounted to present value) costs to be incurred when the structures are abandoned, which are reported as an offsetting entry to a specific reserve.

Assets held under finance lease contracts, which essentially assign to the Group all the risks and benefits tied to ownership, are recognised as Group assets at their current value, or the present value of the minimum lease payments, whichever is lower.

The corresponding liability to the lessor is reported in the financial statements under financial payables.

These assets are depreciated using the policies and rates indicated below.

Leasing arrangements in which the lessor retains substantially all the risks and benefits relating to the ownership of the assets are classified as operating leases, and the related costs are reported in the income statement over the term of the contract.

Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and technological obsolescence, and the likely estimated realisable value net of disposal costs.

When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.

The amount to be depreciated is represented by the reported value less the estimated net market value at the end of its useful life, if this value is significant and can be reasonably determined.

Land, even if acquired in conjunction with a building, is not depreciated, nor are available-for-sale tangible assets, which are reported at the lower of their recorded value and fair value less disposal costs.

Rates are as follows:

- major real estate assets and light construction:	3%
- plant and machinery:	10%
- furniture, and office and electronic equipment:	10%-20%
- motor vehicles:	20%-25%
- miscellaneous equipment:	20%-30%

Depreciation ceases on the date when the asset is classified as available for sale, in accordance with IFRS 5, or on the date on which the asset is derecognised for accounting purposes, whichever occurs first.

A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal.

Any profits or losses are included in the income statement in the year of this derecognition.

Capital grants

Capital grants are recorded when there is a reasonable certainty that all requirements necessary for access to such grants have been met and that the grant will be disbursed.

This generally occurs at the time the decree acknowledging the benefit is issued.

Capital grants that relate to tangible fixed assets are recorded as deferred income and credited to the income statement over the whole period corresponding to the useful life of the asset in question.

Impairment

The Group ascertains, at least annually, whether there are indicators of potential impairment of intangible and tangible assets. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset.

Moreover, intangible assets with an indefinite useful life or not yet available for use and goodwill are subject to impairment tests every year or more frequently, whenever there is an indication that the asset may be impaired.

The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market, or based on the best information available to determine the amount that could be obtained from selling the asset.
The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life.
Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to outside information.
The discount rate applied takes into account the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the unit that incorporates the asset and generates cash flows.
Impairment is reported if the recoverable value of an asset is lower than its carrying amount.
This loss is posted to the income statement unless the asset was previously written up through a shareholders' equity reserve.
In this case, the reduction in value is first allocated to the revaluation reserve.
If, in a future period, a loss on assets, other than goodwill, does not materialise or is reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of recoverable value, and may not exceed the value that would have been determined if no loss from a reduction in value had been reported.
The recovery of impairment is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the recovery in value is first allocated to the revaluation reserve.

Investment property

Property and buildings held to generate lease income (investment property) are valued at cost less accumulated depreciation and impairment losses.
The depreciation rate for buildings is 3%, while land is not depreciated.
Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

Biological assets

Biological assets are valued, when first reported and at each subsequent reporting date, at their fair value, less estimated point-of-sale costs.
If the fair value cannot be reliably determined, biological assets are measured at cost and depreciated over 20 years.
The agricultural produce is valued at cost, which is approximately the fair value less estimated point-of-sale costs at harvest.

Financial instruments

Financial instruments held by the Group are categorised in the items below.
Financial assets include investments in affiliated companies and joint ventures, short-term securities, financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that can be quickly converted into cash, and which carry an insignificant risk of a change in value.
The maturity of deposits and securities in this category is less than three months.
Short-term securities include securities maturing in one year or less, and liquid securities representing a temporary investment of cash that do not meet the requirements for classification as cash equivalents.
Financial liabilities include financial payables, which in turn include the negative fair value of financial derivatives, trade payables and other payables.
Financial assets and liabilities, other than equity investments, are recorded in accordance with IAS 39 - Financial Instruments: Recognition and Measurement in the following categories:

- Financial assets at fair value with changes recorded in the income statement

This category includes all financial instruments held for trading and those designated at the initial reporting at fair value with changes recorded in the income statement.
Financial assets held for trading are all instruments acquired with the intention of sale in the short term; this category also includes derivatives that do not satisfy the requirements set out by IAS 39 for consideration as hedging instruments.

These instruments measured at fair value with changes recorded in the income statement are recorded in the statement of financial position at fair value, while the related profits and losses are reported in the income statement.

- Investments held to maturity

Current financial assets and securities to be held until maturity are reported on the basis of the trading date, and, at the time they are first reported, they are valued at acquisition cost, represented by the fair value of the initial consideration given in exchange plus transaction costs (e.g. commissions, consulting fees, etc).
The initial reported value is then adjusted to take into account repayments of principal, any write-downs and the amortisation of the difference between the repayment amount and the initial reported value. Amortisation is applied on the basis of the effective internal interest rate represented by the rate which, at the time of initial reporting, would make the present value of expected cash flows equal to the initial reported value (known as the amortised cost method).
The profits and losses are entered in the income statement when the investment is derecognised for accounting purposes or when impairment occurs beyond the amortisation process.

- Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market.
After the initial reporting, these instruments are valued according to the criterion of amortised cost using the effective discount rate method net of any provision for impairment.
Profits and losses are recorded in the income statement when loans and receivables are derecognised for accounting purposes or when there are impairment indications beyond the amortisation process.

- Financial assets available for sale

Financial assets available for sale, excluding derivatives, are those designated as such or not classified under any of the three previous categories.
After the first reporting, the financial instruments available for sale are valued at fair value.
If the market price is not available, the present value of financial instruments available for sale is measured using the most appropriate valuation methods, such as the analysis of discounted cash flows performed using market information available on the reporting date. In the absence of reliable information, they are held at cost.
Profits and losses on financial assets available for sale are recorded directly in shareholders' equity up to the time the financial asset is sold or written down. At that time the accumulated profits and losses, including those previously posted to shareholders' equity, are included in the income statement for the period.

Impairment of a financial asset

The Group assesses, at least annually, whether there are any indicators that a financial asset or a group of financial assets could be impaired.
A financial asset or group of financial assets is written down only if there is objective evidence of impairment caused by one or more events that occurred following the initial reporting date of the asset or group of assets and which had an impact that can be reliably estimated on the future cash flows that may be generated by the asset or group of assets.

Derecognition of financial assets and liabilities

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:

- the rights to receive income from financial assets are no longer held;
- the Group reserves the right to receive income from financial assets, but has taken on a contractual obligation to pay such income in full and without delay to a third party;
- the Group has transferred the right to receive income from financial assets and (i) has transferred substantially all the risks and benefits relating to the ownership of the financial asset, or (ii) has neither transferred nor retained all the risks and benefits relating to the ownership of the financial asset, but has transferred control of the asset.

When the Group has transferred the rights to receive financial income from an asset, and it has neither transferred nor retained all the risks and benefits, or it has not lost control of the same, the asset is reported in the statement of financial position to the extent of the Group's remaining involvement in the asset.
A financial liability is derecognised from the financial statements when the underlying obligation of the liability is no longer held or has been cancelled or settled.
In cases where an existing financial liability is replaced by another with the same lender under different conditions, or where the conditions of an existing liability are changed, the replacement or change is treated in the financial statements as a derecognition of the original liability, and a new liability is reported, with any difference in the accounting values allocated to the income statement.

Financial derivatives and hedging transactions

Financial derivatives are used solely for hedging purposes to reduce exchange and interest rate risk.

In accordance with IAS 39, financial derivatives may be recorded using hedge accounting procedures only if, at the beginning of the hedge, a formal designation has been made and the documentation for the hedge relationship exists.

It is assumed that the hedge is highly effective: it must be possible for this effectiveness to be reliably measured, and the hedge must prove highly effective during the accounting periods for which it is designated.

All financial derivatives are measured at their fair value pursuant to IAS 39.

Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge - if a financial derivative is designated to hedge exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact in the income statement, the profits or losses resulting from the subsequent valuations of the fair value of the hedging instrument are reported in the income statement. The gain or loss on the hedged entry, which is attributable to the hedged risk, is reported as a portion of the carrying amount of this entry and as an offsetting entry in the income statement
- cash flow hedge - if a financial instrument is designated as a hedge of exposure to fluctuations in the future cash flow of an asset or liability reported in the financial statements, or of a highly likely expected transaction that could have an impact on the income statement, the effective portion of the profits or losses on the financial instrument is reported in the statement of comprehensive income. Accumulated profits or losses are removed from shareholders' equity and recorded in the income statement in the same period in which the transaction being hedged has an impact on the income statement. The profit or loss associated with a hedge or the portion of a hedge that has become ineffective is posted to the income statement when the ineffectiveness is reported.

If a hedge instrument or hedge relationship is closed out, but the transaction being hedged has not been carried out, the accumulated profits and losses, which, until that time had been posted to shareholders' equity, are reported in the income statement at the time the related transaction is carried out.

If the transaction being hedged is no longer considered likely to take place, the pending unrealised profits or losses in shareholders' equity are recorded in the income statement.

If hedge accounting cannot be applied, the profits or losses resulting from the valuation of the financial derivative at its present value are posted to the income statement.

IAS 39 (Financial Instruments: Recognition and Measurement) allows the foreign currency risk of a highly probable intra-group transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the consolidated financial statements are exposed to exchange rate risk.

In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognised directly in the statement of comprehensive income, in accordance with the rules of IAS 39, must be reclassified in the income statement in the same period in which the currency risk of the hedged transaction affects the consolidated income statement.

Own shares

Own shares are reported as a reduction in respect of shareholders' equity.

The original cost of the own shares and the economic effects of any subsequent sales are reported as movements in shareholders' equity.

Inventories

Inventories of raw materials and semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method, and market value.

Work in progress is recorded at the acquisition cost of the raw materials used including the actual production costs incurred at the point of production reached.

Inventories of raw materials and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully written down.

Low-value replacement parts and maintenance equipment not used in connection with a single asset item are reported as inventories and recorded in the income statement when used.

Non-current assets held for sale

Non-current assets classified as held for sale include non-current assets (or disposal groups) whose carrying amount will be recovered primarily from their sale rather than their ongoing use, and whose sale is highly probable in the short term (within one year) and in the assets' current condition.

Non-current assets classified as held for sale are valued at the lower of their net carrying amount and present value, less sales costs, and are not amortised.

Employee benefits

Post-employment benefit plans

Group companies provide post-employment benefits for staff, both directly and by contributing to external funds.
The procedures for providing these benefits vary according to the legal, fiscal and economic conditions in each country in which the Group operates.
Group companies provide post-employment benefits through defined contribution and/or defined benefit plans.

- Defined benefit plans
  The Group's obligations and the annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method.
  The net cumulative value of actuarial profits and losses is recorded directly on the statement of comprehensive income and is not subsequently recognised in the income statement.

  The costs associated with an increase in the present value of the obligation, resulting from the approach of the time when benefits will be paid, are included under financial charges. Service costs are posted to the income statement. The liability recognised represents the present value of the defined benefit obligation, less the present value of plan assets. In the event of a modification to the plan that changes the benefits deriving from past service, the costs arising from past service are expensed in profit and loss at the time the change to the plan is made. The same treatment is applied if there is a change to the plan that reduces the number of employees or that varies the terms and conditions of the plan (treatment is the same regardless of whether the final result is a profit or a loss).

- Defined contribution plans
  Since the Group fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, the Company records its contributions to the fund in respect of employees' service, without making any actuarial calculation.
  Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options

The Group pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly do work for one or more Group companies.
Pursuant to IFRS 2 - Share-Based Payment, the total fair value of the stock options on the allocation date is to be reported as a cost in the income statement, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly do work for one or more Group companies become fully entitled to receive the stock options.
Changes in the present value following the allocation date have no effect on the initial valuation, while in the event of changes to the terms and conditions of the plan, additional costs are recorded for every change in the plan that determines an increase in the present value of the recognised option.
No cost is recognised if the stock options have not been vested; if an option is cancelled, it is treated as if it had been vested on the cancellation date and any cost that has not been recognised is recorded immediately.
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions.
The stock options are recorded at fair value with an offsetting entry under the stock option reserve.
The Group applied the transitional provisions of IFRS 2, and therefore applied the standard to allocations of stock options approved after 7 November 2002 that had not accrued on the effective date of IFRS 2 (1 January 2005).
The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

Provision for risks and charges

Accruals to the provision for risks and charges are reported when:
- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

Accruals are reported at a value representing the best estimate of the amount the Company would reasonably pay to discharge the obligation or transfer it to third parties on the reporting date.
Where the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted. The change in the related provision over time is allocated to the income statement under Financial income (charges).

Provisions are periodically updated to reflect changes in cost estimates, collection periods and discount rates. Estimate revisions made in respect of provisions are allocated to the same item in the income statement where the accrual was previously reported, or, if the liability relates to tangible assets (e.g. dismantling and restoration), these revisions are reported as an offsetting entry to the related asset.
When the Group expects that all or part of the provisions will be repaid by third parties, the payment is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the income statement.

Restructuring provisions

The Group reports restructuring provisions only if there is an implicit restructuring obligation and a detailed formal restructuring programme that has led to the reasonable expectation by the third parties concerned that the Company will carry out the restructuring, either because it has already started the process or because it has already communicated the main aspects of the restructuring to the third parties concerned.

Recording of revenues, income and charges in the income statement

Revenues are reported to the extent to which it is likely that economic benefits will flow to the Group and in respect of the amount that can be reliably determined.
Revenues are reported at the fair value of the sum received, net of current and deferred discounts, allowances, excise duties, returns and trade allowances.
Specifically:
- sales revenues are recorded when the risks and benefits associated with owning the items are transferred to the buyer, and the revenue amount can be reliably determined;
- service revenues are reported when services are rendered; allocations of revenues related to partially performed services are reported on the basis of the percentage of the transaction completed on the reporting date, when the revenue amount can be reliably estimated;
- financial income and charges are recorded in the period to which they relate;
- capital grants are credited to the income statement in proportion to the useful life of the related assets;
- lease income from investment property is recorded on a straight-line basis for the duration of the existing leasing contracts.

Costs are recognised in the income statement when they relate to goods and services sold or consumed during the period, as a result of systematic apportionment or when the future utility of such goods and services cannot be determined.
Personnel and service costs include stock options (given their largely remunerative nature) that were allocated to employees, directors and individuals who regularly do work for one or more Group companies.
Costs incurred in studying alternative products or processes, or in conducting technological research and development are considered current costs and allocated to the income statement in the period when they are incurred.

Taxes

Current income taxes are calculated on estimated taxable income, and the related payable is recorded under Tax payables.
Current tax payables and receivables are recorded in the amount expected to be paid to/received from tax authorities by applying the tax rates and regulations in force or effectively approved on the reporting date.
Current taxes relating to items posted directly to shareholders’ equity are included in shareholders’ equity.
Other non-income taxes, such as property and capital taxes, are included in operating expenses.
Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the accounts and the corresponding values recognised for tax purposes using the liability method.
Provisions for taxes that could be incurred from the transfer of undistributed profit from subsidiaries have been made only where there is a genuine intention to transfer that profit.
Deferred tax assets are reported when their recovery is likely.
Deferred tax assets and liabilities are determined on the basis of tax rates projected to be applicable under the respective laws of the countries in which the Group operates, in those periods when the temporary differences are generated or derecognised.
Current and deferred tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that realisation of the asset and settlement of the liability take place simultaneously.
The balance of any set-off is posted to deferred tax assets if positive and deferred tax liabilities if negative.

Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign currency transactions are reported at the exchange rate in force on the date the transaction is completed.
Monetary assets and liabilities in foreign currencies are converted to euro at the exchange rate in effect on the reporting date with any related impact posted to the income statement.

Earnings per share

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding any own shares held.
For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted.
The Group's net profit is also adjusted to take into account the impact of the conversion, net of taxes.

Use of estimates

The preparation of the financial statements and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the value of assets and liabilities in the statement of financial position and on disclosures concerning contingent assets and liabilities at the reporting date.
The actual results could differ from these estimates.
Estimates are used to identify the fair value of assets and liabilities recorded following business combinations, provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring provisions and other provisions, and reserves.
Figures for the individual categories are set out in the notes to the financial statements.
Estimates and assumptions are reviewed periodically, and the effects of each change are reflected in the income statement in the period in which the review of the estimate occurred if such review had an impact on that period only, or additionally in subsequent periods if the review had an impact on both the current and future years.
Goodwill is subject to annual impairment tests to verify any losses in value.
The calculations are based on the financial flows expected from the cash-generating units to which the goodwill is attributed, as inferred from the budget and multi-year plans.

4. Changes in accounting standards

a. Accounting standards, amendments and interpretations applied since 1 January 2014

IAS 39-Novation of Derivatives and Continuation of Hedge Accounting

The amendment clarifies that derivatives may continue to be designated as hedging instruments (hedge accounting) where the instrument is subject to novation, provided certain conditions are met. This amendment will also be made in IFRS 9 - Financial Instruments. This amendment did not affect the Group's financial position or profitability.

IAS 36-Recoverable Amount Disclosures for Non-Financial Assets

The amendment clarifies that the disclosure required on the recoverable amount of assets subject to an impairment loss only concerns the assets whose recoverable amount is based on fair value net of sales costs. This amendment did not affect the Group's financial position or profitability.

IFRS 10-12 and IAS 27-Investment Entities: Exception to Consolidation

The amendment introduces an exemption to the obligation to consolidate a subsidiary if the parent company is an investment fund. This standard does not apply to the Group.

IFRS 10-Consolidated Financial Statements

The new standard identifies the concept of control as the determining factor for including a company in the basis of consolidation of the parent company. The objective of IFRS 10 is to provide a single model according to which control is the basis of consolidation for all types of entity. The provisions of IFRS 10 provide a new definition of control to be applied in a uniform manner to all companies (including SPEs). According to this new definition, a company controls an investee if it is exposed or has rights to the returns (positive and negative) of the investee, and if it has the ability to affect these returns by exercising its power. The standard provides some indicators to be considered for the purposes of assessing the existence of control, which include potential rights, merely protective rights and the existence of agency or franchise relationships. The new provisions also recognise the possibility of exercising control over a subsidiary even in the absence of a majority share of the voting rights, if other shareholders' interests are sufficiently dispersed or they have a passive interest in the investee. IFRS 10 will replace SIC 12 and part of IAS 27, from which any reference to the consolidated financial statements has been removed. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

IAS 27 (revised)-Separate Financial Statements

The document, issued in May 2011, partially modifies the old IAS 27 - Consolidated and Separate Financial Statements, as published in 2003, following the introduction of the new IFRS 10 standard. The document, which incorporates the standards dealing solely with the drafting of separate financial statements, is not applicable to the consolidated financial statements.

IFRS 11-Joint Arrangements

The new document establishes the financial reporting principles for entities that are parties to joint control agreements and replaces IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities – Non-monetary Contributions by Venturers. The standard provides a more realistic reflection of the definition of joint arrangements, focusing on the rights and obligations contained in the agreement, rather than on its legal form. Based on the rights and obligations pertaining to the participants, the standard identifies two types of agreement, joint operations and joint ventures, and governs their consequent accounting treatment in the financial statements. The new provisions establish that joint ventures must be accounted for using the equity method, removing the option to use proportional consolidation. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

IAS 28 (revised)-Investments in Associates and Joint Ventures

The document, published in May 2011, partially modifies the old IAS 28 – Investments in Associates, as published in 2003, and incorporates the new standards established for joint ventures, introducing some amendments discussed by the IASB and approved with Exposure Draft 9. The document also defines the accounting treatment to be adopted in the event of a total or partial sale of a shareholding in a jointly controlled or affiliated company. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

IFRS 12-Disclosure of Interests in Other Entities

The new document defines the information to be provided relating to all forms of holdings in other entities, including joint ventures, associates, SPEs and all other forms of interest, including off-balance-sheet interests. This amendment relates purely to the presentation of the financial statements and did not therefore have any effect on the Group's financial position or profitability.

IAS 32-Financial Instruments: Presentation

The amendment, published on 29 December 2012, clarifies some of the requirements (with particular emphasis on quantitative aspects) for offsetting the financial receivables and payables of the company and its affiliates in the Group's financial position. Specifically, the document establishes that, in order to offset items, the offsetting right must be legally enforceable in any circumstances, both in the normal course of business and in the event of insolvency, default or bankruptcy of one of the counterparties. Under certain conditions, the simultaneous gross settlement of financial assets and liabilities, with the resulting elimination or significant reduction in credit and liquidity risks, may be considered equivalent to net settlement. The amendment is related to document IFRS 7 - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities, which correspondingly harmonised the information to be disclosed in the financial statements. This amendment relates purely to the presentation of the financial statements and did not therefore have any effect on the Group's financial position or profitability.

IFRIC 21-Levies

The standard is an interpretation of IAS 37, and clarifies when an entity must recognise a liability for the payment of levies imposed by the government, except those already governed by other standards.

The interpretation clarifies that the obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

Transition guidance for IFRS 10, 11 and 12

The amendment clarifies the type of comparative information to be provided following the application of the new IFRS 10 standard and the consequent identification of the date on which an entity assumes control over another. Specifically, the document clarifies the type of information to be included in the financial statements in the event that the date on which a company takes control of an entity is different under IFRS 10 from that under the previous IAS 27 and SIC 12 standards. This amendment relates purely to the presentation of the financial statements and did not therefore have any effect on the Group's financial position or profitability.

IAS 19-Employee benefits (IFRS effective from accounting periods beginning on or after 1 July 2014)
The amendment, which was published in November 2013, provided clarification on the accounting treatment to be applied in respect of pension plans involving a contribution from employees or third parties. The amendment sets out the different treatments to be applied depending on whether or not the contribution relates to the employee's period of service. The adoption of the new standard did not have a significant impact on the Group's consolidated financial statements.

b. Accounting standards, amendments and interpretations not yet ratified that have not been adopted in advance

IFRS 9-Financial Instruments (applicable from 1 January 2018)
The new document represents the first part of a process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their relative classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets based exclusively on the following categories: assets measured at amortised cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognised in the income statement. Where such investments are not held for trading purposes, changes to fair value may be highlighted in the statement of comprehensive income, keeping only the impact of paying out dividends for the income statement. When the investment is sold, the amounts recorded in the statement of comprehensive income should not be allocated to the income statement. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, when a financial liability is measured at fair value and recognised in the income statement, changes in fair value relating to changes in the issuer's own credit risk are recorded under other comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.
In addition, an amendment was published in November 2013 which introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonise accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately and directly recognise the effects of changes in own credit risk on the statement of comprehensive income. The Group is still assessing the potential impact of the new standard and related amendment on its financial assets and liabilities.

IFRS 14-Regulatory Deferral Accounts (applicable from 1 January 2016)
Under the new standard, only first-time adopters of IFRS are allowed to continue to recognise amounts relating to the rate regulation according to the previous accounting principles adopted. In order to improve comparability with entities that already apply IFRS and hence do not recognise such amounts, the standard requires the rate regulation effect to be presented separately from the other items. The new standard is not applicable to the consolidated financial statements.

IFRS 15-Revenue from Contracts with Customers (applicable from 1 January 2017)
The aim of the new standard is to improve the quality and uniformity of revenue recognition and of the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition may no longer be based on the 'earnings' method but on the 'assets-liabilities' method, which focuses on the date that control of the sold asset was transferred. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IAS 16-IAS 38-Clarification of Acceptable Methods of Depreciation and Amortisation (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify that depreciation calculated according to the 'revenue-based method' is not considered appropriate as it reflects only the revenue generated by the asset and not the consumption of the expected future economic benefits embodied in the asset. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IFRS 11-Accounting for Acquisitions of Interests in Joint Operations (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify the accounting treatment for the acquisition of interests in a joint operation that constitutes a business. The amendment requires investors to apply the principles of IFRS 3 relating to business combinations. Specifically, at the time of acquisition of a joint operation, an investor will need to measure the acquired assets and liabilities at fair value, expense the acquisition-related costs, recognise deferred tax arising from the

price paid on the values acquired, and recognise the residual from this purchase price allocation as goodwill. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IAS 16-IAS 41-Amendments to the standard applicable to assets represented by bearer plants (applicable from 1 January 2016)

The amendment, published in June 2014, changes the measurement method for assets represented by bearer plants, such as grapevines, rubber trees and oil palms. The amendment applies the same accounting method used for property, plant and equipment, and therefore abandons the fair value model pursuant to IAS 41 originally applied to all biological assets. Bearer plants are accounted for in the same way as other productive assets or plant. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IFRS 10-IAS 28–Sales or contributions of assets between an investor and its associate/joint venture (applicable from 1 January 2016)

The amendment, published in September 2014, is intended to resolve a conflict between the requirements of IFRS 10 and IAS 28 in the event that an investor sells or contributes a business to an associate or joint venture. The main change introduced by the amendment is that the gain or loss resulting from the loss of control must be recognised in full at the time of the sale or contribution of the business. A partial gain or loss is only recognised in the event of a sale or contribution involving individual assets only. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IAS 1-Clarification on disclosure (applicable from 1 January 2016)

The amendment, published in December 2014, introduces a series of clarifications on the concepts of materiality and aggregation, on ways to present partial results in addition to those provided for by IAS 1, on the structure of the notes and on disclosure on significant accounting policies. This amendment relates purely to the presentation of the financial statements and will not therefore have any effect on the Group's financial position or profitability.

IFRS 10-12-IAS 28–Investment Entities: Applying the Consolidation Exception (applicable from 1 January 2016)

The amendment, published in December 2014, provides that entities meeting the definition of 'investment entity' established by the standard are exempt from presenting consolidated financial statements, and should rather measure subsidiaries at fair value as provided for in IFRS 9.

The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

5. Seasonal factors

Sales of some Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.

In particular, soft drink consumption tends to be concentrated in the hottest months of the year (May-September), and summer temperature variations from one year to the next may have a substantial effect on comparative sales figures.

For other products, such as sparkling wines, sales in some countries are concentrated in certain periods of the year, mainly around Christmas.

While external factors do not affect sales of these products, the commercial risk for the Group is higher, since the full-year sales result is determined in just two months.

In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales, help to reduce substantially any risks relating to seasonal factors.

6. Default risk: negative pledges and debt covenants

The agreements relating to the Parent Company's US bond issue in 2003 (in USD) and the private placement of Campari America in 2009 include negative pledges and covenants.

The negative pledge clauses are intended to limit the Group's ability to grant significant rights over the Group's assets to third parties, in particular by establishing specific restrictions on selling or pledging assets.

The covenants include the Group's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests, pro-rated to take account of acquisitions in the past 12 months. At 31 December 2014, this multiple was 2.9 (compared with 2.5 at 31 December 2013).

7. Reclassifications at opening book values

In 2014, the opening balances of restricted bank deposits, reclassified from cash and cash equivalents to current financial receivables, were restated, as detailed in the following table.
The reclassification described above is shown separately in the notes on the asset items affected.

Information on the Report on Operations

	31 December 2013		
	Published figures € million	Reclassifications € million	Post-reclassification figures € million
Breakdown of net debt			
Cash and cash equivalents	444.2	(2.6)	441.6
Payables to banks	(122.3)	-	(122.3)
Real estate lease payables	(0.0)	-	(0.0)
Private placement and bond	(28.9)	-	(28.9)
Other financial receivables and payables	18.9	2.6	21.5
Short-term net cash position	**311.9**	**-**	**311.9**
Payables to banks	(0.6)	-	(0.6)
Real estate lease payables	(1.3)	-	(1.3)
Private placement and bond	(1,167.7)	-	(1,167.7)
Other financial receivables and payables	9.6	-	9.6
Medium-/long-term net financial position	**(1,159.9)**	**-**	**(1,159.9)**
Debt relating to operating activities	**(848.0)**	**-**	**(848.0)**
Payables for put options and earn-out	(4.8)	-	(4.8)
Net financial position	**(852.8)**	**-**	**(852.8)**

Information on the notes to the consolidated financial statements

	31 December 2013		
	Published figures € million	Reclassifications € million	Post-reclassification figures € million
Current financial receivables - note 32			
Securities and term deposits	25.2	-	25.2
Net accrued interest income/expense from swap on bonds	0.7	-	0.7
Valuation at fair value of forward contracts	0.7	-	0.7
Other financial assets and liabilities	4.9	-	4.9
Restricted deposits	-	2.6	2.6
Total current financial receivables	**31.5**	**2.6**	**34.1**
Cash and cash equivalents - note 34			
Bank current accounts and cash	241.0	(2.6)	238.4
Term deposits maturing within 3 months	203.2	-	203.2
Total cash and cash equivalents	**444.2**	**(2.6)**	**441.6**

8. Business combinations (acquisitions)

As fully detailed in the Significant events section of the Report on Operations, Gruppo Campari completed the acquisitions of Forty Creek Distillery Ltd. and Averna Group on 2 and 3 June 2014.
The total cost of both acquisitions was € 236.1 million (€ 132.4 million for Forty Creek Distillery Ltd. and € 103.7 million for Averna Group), and comprised the following:

- the price paid for both transactions totalled € 216.7 million (of which € 118.7 million relates to Forty Creek Distillery Ltd. and € 98.0 million to Averna Group), which includes a total price of € 217.9 million paid in cash upon closing, and post-closing contractual price adjustments of € 1.2 million;
- as part of its acquisition of Forty Creek Distillery Ltd., the Group must still pay the sellers an amount of € 6.3 million, as a guarantee, which is included under the Group's other financial payables;
- also in relation to the acquisition of Forty Creek Distillery Ltd., current income tax payables of € 7.5 million were paid in 2014;
- the impact of the liability relating to the financial payables of the acquired companies totals € 5.6 million (of which € 5.7 million relates to Averna Group) and is part of the total cost of acquisitions.

The following table gives a breakdown of the costs of the transactions.

Summary of total cost of acquisitions	Averna Group € million	Forty Creek Distillery Ltd.(*) € million	Total € million
Payment on closing date of transaction	**(98.0)**	**(119.9)**	**(217.9)**
Post-closing contractual price adjustment		1.2	1.2
Purchase Price Holdback		(6.3)	(6.3)
Acquired income tax payables relating to acquisition		(7.5)	(7.5)
Total price of acquisitions	**(98.0)**	**(132.5)**	**(230.5)**
Cash and cash equivalents	31.6	0.6	32.2
Other net financial payables	(37.3)	(0.5)	(37.8)
Acquired net debt	**(5.7)**	**0.1**	**(5.6)**
Total cost of acquisitions	**(103.7)**	**(132.4)**	**(236.1)**

(*)At exchange rate on closing date of transaction.

Acquisition of Forty Creek Distillery Ltd.

On 2 June 2014, the Group acquired Forty Creek Distillery Ltd., leader in the Canadian spirits market. The acquired business includes the full brand portfolio of Forty Creek Distillery Ltd., the stocks, distilleries and manufacturing facilities and a hospitality centre located in Grimsby, Ontario (Canada).
The total cost of the transaction was € 132.4 million.
At 31 December 2014, the amount still to be paid to the sellers was € 6.3 million (equivalent to CAD 9.3 million at the exchange rate in force on the closing date of the transaction) and relates to the amount pledged as a guarantee on the basis of the purchase price holdback clause stipulated in the contract. On the acquisition date, this amount was recorded under other non-current financial liabilities. Current income tax payables of € 7.5 million were also paid in respect of the contractual agreements with the seller.

The ancillary costs attributable to the acquisition amounted to € 1.0 million and were classified in the income statement under non-recurring overheads for the period.

The provisional allocation of the purchase price at the fair values of the assets acquired is shown below.
It should be noted that this allocation is provisional and based on the information made available and on the recognition and restatement of same, carried out in part with the support of an independent expert.
The provisional values recorded may therefore be subject to adjustments following the receipt of additional information on the estimates made at the date of this report.
Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating these brands into the Group’s commercial structure. This goodwill is not tax-deductible based on the relevant local regulations.

The values shown here are explained in the following notes to the accounts, where they are highlighted in the financial statements as external growth. The values were converted at the exchange rate on the closing date of the transaction.

Provisional fair value on the acquisition date € million	Published at 30 June 2014	Adjustments and reclassifications	Published at 31 December 2014
ASSETS			
Non-current assets			
Net tangible fixed assets	10.1	0.2	10.3
Brands	64.1	6.3	70.4
Equity investments in other companies	0.2	-	0.2
Total non-current assets	**74.4**	**6.5**	**81.0**
Current assets			
Inventories	10.8	0.3	11.2
Trade receivables	3.4	-	3.4
Cash and cash equivalents	0.6	-	0.6
Other receivables	0.3	-	0.3
Total current assets	**15.2**	**0.3**	**15.5**
Total assets	**89.6**	**6.9**	**96.5**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1.8	1.8	3.6
Payables to sellers (purchase price holdback*)*	6.3	-	6.3
Total non-current liabilities	**8.1**	**1.8**	**9.9**
Current liabilities			
Payables to banks	0.5	-	0.5
Payables to suppliers	1.3	-	1.3
Current payables to tax authorities	8.0	-	8.0
Other current liabilities	0.7	-	0.7
Total current liabilities	**10.5**	**-**	**10.5**
Total liabilities	**18.6**	**1.8**	**20.4**
Net assets acquired	**71.0**	**5.1**	**76.0**
Goodwill generated by acquisition	**48.9**	**(6.3)**	**42.6**
Total cost, of which:	**133.6**	**(1.2)**	**132.4**
Price paid in cash, excluding ancillary costs	*119.9*		*118.7*
Payables to sellers (purchase price holdback)	*6.3*		*6.3*
Tax payables acquired	*7.5*		*7.5*
Net cash position acquired, of which:	*(0.1)*		*(0.1)*
- Cash acquired	*(0.6)*		*(0.6)*
- Financial debt acquired	*0.5*		*0.5*

In 2014, from the acquisition date, the business contributed to the Group's results in the amount of € 16.7 million to net sales and € 5.3 million to EBITDA before non-recurring items.
It should be noted that if the business had been consolidated from the start of the year, the effect on net sales and EBITDA for the period would have been around € 10.0 million and € 3.3 million respectively.

Acquisition of Fratelli Averna S.p.A.

On 3 June 2014, Gruppo Campari completed the acquisition of Fratelli Averna S.p.A., a company headquartered in Caltanissetta (Sicily). A leading company in the spirits market in Italy, it owns the Averna brand and a portfolio of products characterised by premium positioning, high profitability and leadership in the categories concerned, including Braulio, Limoncetta di Sorrento and Frattina grappa.

Gruppo Campari acquired 100% holdings in Fratelli Averna S.p.A., Casoni Fabbricazione Liquori S.p.A. and Alimenta S.r.l., all headquartered in Italy, and a 16.72% non-controlling interest in Stepanow S.R.O., headquartered in Slovakia.
The total purchase price was € 103.7 million, consisting of a cash payment of € 98.0 million and financial net debt on the acquisition date of € 5.7 million.

Ancillary costs attributable to the acquisition and classified in the income statement amounted to € 0.8 million, of which € 0.5 million was classified as non-recurring overheads and € 0.3 million as non-recurring financial charges.

The provisional allocation of the purchase price at the fair values of the assets acquired is shown below.

It should be noted that this allocation is provisional and based on the information made available and on the recognition and restatement of same, carried out in part with the support of an independent expert.
The provisional values recorded may therefore be adjusted following receipt of further information on the preliminary fair value estimates made at the date of this report.
Goodwill was deemed to be fully reportable due to the synergies expected to be generated by integrating these brands into the Group's commercial structure. This goodwill is not tax-deductible based on the relevant local regulations.

The values shown here relate to the four companies acquired and are explained in the following notes to the financial statements, where they are highlighted in the statement of financial position as the perimeter effect.

On 22 December 2014, an agreement was signed for the sale of Limoncetta di Sorrento. The business, which the Group considered non-strategic, includes the brand and 100% of the share capital of Alimenta S.r.l., which owns the lemon concentrate production plant. The consideration for the transaction, on a cash- and debt-free basis, was € 7.0 million. The closing of the transaction took place on 30 January 2015, with no price adjustments. The business in question was therefore reclassified under net assets held for sale, described under note 35 - Net assets held for sale (see below).

Provisional fair value on the acquisition date € million	Published at 30 June 2014	Adjustments and reclassifications	Published at 31 December 2014
ASSETS			
Non-current assets			
Net tangible fixed assets	18.3	(0.3)	18.1
Investment property	1.1	-	1.1
Brands	67.6	(0.8)	66.9
Deferred tax assets	2.6	-	4.2
Other non-current financial assets	5.0		5.0
Other non-current assets	1.4	-	1.4
Total non-current assets	**96.0**	**0.6**	**96.7**
Current assets			
Inventories	12.7	0.7	13.3
Trade receivables	21.1	(3.2)	17.9
Cash and cash equivalents	31.6	-	31.6
Other receivables	2.3	-)	2.2
Total current assets	**67.7**	**(2.6)**	**65.1**
Total assets	**163.7**	**(1.9)**	**161.8**
LIABILITIES			
Non-current liabilities			
Defined benefit plans	2.5	-	2.5
Provision for risks and charges	1.8	2.0	3.8
Deferred tax liabilities	21.3	1.4	22.7
Non-current financial liabilities	15.6	-	15.6
Non-controlling interests	0.3	-	0.3
Total non-current liabilities	**41.5**	**3.4**	**44.9**
Current liabilities			
Payables to banks	25.5	-	25.5
Other financial payables	1.3	-	1.3
Payables to suppliers	14.4	(0.7)	13.7
Current payables to tax authorities	0.5	-	0.5
Other current liabilities	3.7	0.6	4.3
Total current liabilities	**45.4**	**(0.2)**	**45.3**
Total liabilities	**86.9**	**3.2**	**90.1**
Net assets acquired	**76.8**	**(5.1)**	**71.7**
Goodwill generated by acquisition	**21.2**	**5.1**	**26.3**
Total cost, of which:	**103.7**		**103.7**
Price paid in cash, excluding ancillary costs	*98.0*		*98.0*
Net cash position acquired, of which:	*5.7*		*5.7*
- Cash acquired	*(36.6)*		*(36.6)*
- Financial debt acquired	*42.3*		*42.3*

In 2014, from the acquisition date, the business contributed to the Group's results in the amount of € 38.2 million to net sales and € 9.3 million to EBITDA before non-recurring items.
If the business had been consolidated from the start of the year, the effect on net sales and EBITDA for the period would have been around € 26.0 million and € 5.0 million respectively.

9. Investments in joint ventures and affiliated companies

At 31 December 2014, investments in joint ventures and affiliated companies exclusively included Jamaica Joint Venture Investments Company Ltd, a company based in Jamaica (in which the Group holds a 33.33% stake). The joint venture manages two buildings that it owns in Kingston, Jamaica. These investments were sold after the date of this report, leading to a write-down at 31 December 2014 of € 0.2 million in the income statement under the portion of profit (loss) relating to companies valued at equity.

10. Operating segments

The Group's reporting is based mainly on geographical regions; the four regions identified as operating segments and for which profitability is analysed are: Italy, Rest of Europe, Americas and Rest of the World and duty-free.

Profitability is analysed at the level of profit before recurring activities, equivalent to the operating result before non-recurring income and charges.
In addition, the profitability of each region reflects the profit generated by the Group in sales to third parties made in that region, thereby neutralising the effects of inter-company margins.

2014 € million	Americas	Italy	Rest of Europe	Rest of the World	Total allocated	Non-allocated items and adjustments	Consolidated
Net sales to third parties	605.1	412.2	382.3	160.4	1,560.0		1,560.0
Net sales between segments	32.5	184.9	39.1	0.3	256.8	(256.8)	-
Total net sales	**637.6**	**597.1**	**421.4**	**160.6**	**1,816.8**	**(256.8)**	**1,560.0**
Segment result	**101.2**	**90.9**	**81.1**	**25.0**	**298.2**		**298.2**
Non-recurring income (charges)	-	-	-	-	-	(43.2)	(43.2)
Operating result	-	-	-	-	-		**255.0**
Financial income (charges)	-	-	-	-	-	(61.1)	(61.1)
Portion of profit (loss) of companies valued at equity	-	-	-	-	-	(0.2)	(0.2)
Put option income (charges)	-	-	-	-	-	0.5	0.5
Taxes	-	-	-	-	-	(64.6)	(64.6)
Non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
Group profit for the period	-	-	-	-	-	-	**128.9**
Other items included in the income statement:							
Depreciation/amortisation	-	-	-	-	-	(39.4)	(39.4)

2013 € million	Americas	Italy	Rest of Europe	Rest of the World	Total allocated	Non-allocated items and adjustments	Consolidated
Net sales to third parties	623.3	376.4	368.3	156.2	1,524.1		1,524.1
Net sales between segments	32.2	194.1	38.2	0.2	264.7	(264.7)	-
Total net sales	**655.5**	**570.5**	**406.5**	**156.3**	**1,788.9**	**(264.7)**	**1,524.1**
Segment result	**104.1**	**77.2**	**82.8**	**35.5**	**299.6**		**299.6**
Non-recurring income (charges)	-	-	-	-	-	(10.3)	(10.3)
Operating result	-	-	-	-	-		**289.3**
Financial income (charges)	-	-	-	-	-	(59.1)	(59.1)
Portion of profit (loss) of companies valued at equity	-	-	-	-	-	(0.2)	(0.2)
Put option income (charges)	-	-	-	-	-	0.2	0.2
Taxes	-	-	-	-	-	(79.8)	(79.8)
Non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
Group profit for the period	-	-	-	-	-	-	**149.8**
Other items included in the income statement:							
Depreciation/amortisation	-	-	-	-	-	(39.5)	(39.5)

11. Net sales

	2014 € million	2013 € million
Sale of goods	1,544.0	1,514.0
Provision of services	16.0	10.1
Total net sales	**1,560.0**	**1,524.1**

For more detailed analysis of net sales, please refer to the information in the Report on operations in the 'Sales performance' section. The provision of services relates to bottling the products of third parties.

12. Cost of goods sold

A breakdown of the cost of goods sold is shown by function and by nature in the table below.

	2014 € million	2013 € million
Materials and manufacturing costs	642.0	629.6
Distribution costs	86.3	84.1
Total cost of goods sold	**728.3**	**713.7**
Breakdown by type:		
Raw materials and finished goods acquired from third parties	485.8	489.1
Inventory write-downs	6.3	5.9
Personnel costs	65.0	58.8
Depreciation and amortisation(*)	27.6	29.0
Utilities	20.5	22.6
External production and maintenance costs	31.0	22.3
Variable transport costs	62.0	59.7
Other costs	30.1	26.2
Total cost of goods sold	**728.3**	**713.7**

(*) Depreciation and amortisation is net of € 2.5 million (€ 4.1 million in 2013) pending for final stocks of maturing inventory

The increase in the cost of goods sold is commented upon in the Report on operations, where the change in the percentage of net sales accounted for by these costs is analysed.
Depreciation and amortisation included in the cost of goods sold is reported net of € 2.5 million (€ 4.1 million in 2013) for depreciation of the tangible assets of Campari America that was entirely pending on stock during the year, since the liquid produced undergoes a maturing process; on average, the product is matured for between five and seven years.
For a breakdown of personnel costs, see note 16 - Personnel costs.

13. Overheads

A breakdown of overheads is shown by function and by nature in the two tables below.

	2014 € million	2013 € million
Sales costs	122.2	121.3
General and administrative expenses	193.7	150.5
Total overheads	**315.9**	**271.9**
Agents and other variable sales costs	20.7	19.6
Depreciation/amortisation	11.3	10.2
Personnel costs	149.5	141.4
Travel, business trips, training and meetings	21.0	21.6
Utilities	1.8	2.0
Services, maintenance and insurance	38.3	34.7
Operating leases and rental expenses	11.2	10.7
Other	18.9	21.4
Non-recurring (income) and charges	43.2	10.3
Total overheads	**315.9**	**271.9**

The increase in overheads, before non-recurring costs, was due mainly to the first consolidation of Forty Creek Distillery Ltd. and Averna group.
For a breakdown of personnel costs, see note 16 - Personnel costs.
The increase in the item Services, maintenance and insurance is largely attributable to costs for the outsourcing of services, various consultancy services and IT services associated with ongoing business management projects.
A breakdown of non-recurring income and charges is provided in the next section.

14. Non-recurring overheads

The operating result for the year was affected by the following non-recurring income and charges:

	2014 € million	2013 € million
Capital gains on the sale of buildings	-	0.3
Other capital gains on the sale of fixed assets	0.2	1.9
Capital gains on the sale of intangible assets	-	4.5
Income from settlement of tax disputes	-	3.9
Income for the termination of distribution relationships	2.1	-
Total non-recurring income	**2.3**	**10.6**
Impairment loss of goodwill and brands	(23.7)	(0.4)
Personnel restructuring costs	(8.9)	(6.7)
Accruals for staff restructuring provision	(4.7)	(0.7)
Penalty for the termination of distribution relationships	(3.7)	(0.6)
Acquisition costs	(1.5)	(1.5)
Capital losses on sale of fixed assets	(0.4)	-
Accrual of provision for risks and charges	-	(6.7)
Write-downs of Group company assets	-	(3.7)
Write-downs of tangible fixed assets	-	(0.6)
Other non-recurring charges	(2.4)	(0.1)
Total non-recurring charges	**(45.5)**	**(20.9)**
Total (net)	**(43.2)**	**(10.3)**

Non-recurring items include total income of € 2.3 million, mainly due to income from the termination of distribution rights on the US market for € 2.1 million.

Non-recurring costs incurred in the year are due in the amount of € 23.7 million to losses resulting from impairment in the value of goodwill and brands, of € 16.1 million and € 7.6 million respectively (for more details, see note 27 – Impairment).
Restructuring costs of € 13.6 million, of which € 4.7 million was allocated to the provision for risks and charges, are mainly due to the reorganisation in progress both in Jamaica (€ 3.4 million) and Italy (€ 5.1 million). For more information, see 'Significant events during the year'.
The Group also incurred costs relating to the closure of distribution contracts of € 3.7 million, which again mainly relate to the reorganisation in progress, and in particular € 2.1 million attributable to Averna group, € 0.6 million to the still wines business and € 0.7 million to Forty Creek Distillery Ltd.

Acquisition costs of € 1.5 million included legal and consultancy fees relating to the acquisition of Forty Creek Distillery Ltd. and Fratelli Averna S.p.A., which were charged to the income statement, as required by IFRS 3 - Business combinations.

15. Depreciation/amortisation

The following table shows details of depreciation and amortisation, by nature and by function, included in the income statement.

	2014 € million	2013 € million
- Tangible fixed assets	(25.2)	(28.1)
- Intangible fixed assets	(2.4)	(0.9)
Depreciation and amortisation included in cost of goods sold:	(27.6)	(29.0)
- Tangible fixed assets	(6.5)	(5.8)
- Intangible fixed assets	(4.8)	(4.5)
Depreciation and amortisation included in structure costs:	(11.3)	(10.3)
- Tangible fixed assets	(0.5)	(0.3)
Depreciation and amortisation included in advertising and promotional expenses:	(0.5)	(0.3)
- Tangible fixed assets	(32.2)	(34.2)
- Intangible fixed assets	(7.2)	(5.4)
Total depreciation and amortisation in the income statement	**(39.4)**	**(39.6)**
Depreciation and amortisation not included in the income statement (pending for final stocks of maturing inventory)	(2.5)	(4.1)
Total depreciation and amortisation	**(41.9)**	**(43.7)**

16. Personnel costs

	2014 € million	2013 € million
Salaries and wages	167.1	152.1
Social security contributions	35.5	33.2
Cost of defined contribution plans	6.5	6.1
Cost of defined benefit plans	0.1	0.8
Other costs relating to long-term benefits	(1.8)	(0.4)
Cost of share-based payments	8.1	8.6
Total personnel costs	**215.5**	**200.4**
of which:		
Included in cost of goods sold	65.0	58.8
Included in overheads:	149.5	141.4
Included in advertising and promotional expenses:	1.0	**0.1**
Total	**215.5**	**200.4**

The allocation of personnel costs to the cost of goods sold and overheads was explained in the two previous notes. Personnel costs increased by 7.5% compared with 2013, as they mainly included the impact of the first consolidation of Forty Creek Distillery Ltd. and Averna Group.

17. Research and development costs

The Group's research and development activities related solely to ordinary production and commercial activities, namely ordinary product quality control and packaging studies in various markets.
Related costs are recorded in full in the income statement for the year in which they are incurred.

18. Other costs

Minimum payments under operating leases in 2014 were € 19.5 million, and relate to contracts held by Group companies on property, IT equipment, company cars and other equipment.

19. Financial income and charges

Net financial charges for the year break down as follows:

	2014 € million	2013 € million
Bank and term deposit interest	5.3	5.0
Dividends from third parties	0.4	0.7
Other income	0.2	0.2
Total financial income	**5.9**	**5.8**
Net interest payable on bonds and private placement	(56.1)	(57.4)
Interest payable on leases	-	0.2
Interest payable to banks	(4.4)	(3.0)
Capitalised interest expenses	-	1.4
Total interest payable	**(60.5)**	**(58.8)**
Net interest on defined benefit plans	(0.2)	2.2
Bank charges	(1.6)	(1.9)
Other charges and exchange rate differences	(3.8)	(6.5)
Total financial charges	**(5.7)**	**(6.2)**
Financial charges relating to tax inspections	(0.5)	(0.2)
Acquisition costs	(0.3)	-
Non-recurring financial charges	**(0.8)**	**0.2**
Net financial income (charges)	**(61.1)**	**(59.1)**

The net financial charges for the year of € 61.1 million were up 3.4% on the figure for the previous year (€ 59.1 million).

Average debt for the period was € 959.4 million, compared with € 898.3 million in 2013. It should be noted that average debt includes the acquisitions made in the period (Forty Creek Distillery Ltd. and Averna Group) from the closing date for both transactions at the beginning of June 2014.

The average cost of debt for the year was in line with the previous year, at 6.3%. This cost includes the effects of the negative carry on interest generated by cash and cash equivalents, held partly to pay for the acquisitions in the period, compared with the interest paid on medium-/long-term debt.

The breakdown of interest payable to bondholders is shown in the table below.

	2014			2013
	Parent Company € million	Campari America, of which: € million	Total € million	Total € million
Financial charges payable to bondholders	(47.4)	(13.2)	(60.6)	(61.2)
Net financial income (charges) on swaps	2.4	-	2.4	1.9
Net cost (coupons)	**(45.0)**	**(13.2)**	**(58.3)**	**(59.4)**
Net changes in fair value and other amortised cost components	1.7	(0.4)	1.3	0.4
Cash flow hedge reserve reported in the income statement during the year	0.8	-	0.8	1.5
Net interest payable on bonds and private placement	**(42.5)**	**(13.7)**	**(56.1)**	**(57.4)**

As regards the interest rates paid during the year, Campari America paid fixed-rate coupons at an average rate of 7.68% on the private placement issued in June 2009.
The bond issued by the Parent Company in 2003 carried average rates of 3.18%. This rate is the combined result of an average fixed rate of 4.25% on € 172.0 million and an average variable rate of 1.10% on € 86.0 million.
Following the termination of the interest rate swap, as mentioned above, the Company resumed payment of the coupon rate of 5.375%.
However, the termination generated a receivable, which is collected over the duration of the issue at the same time as payment of the coupons. In 2014, it generated a receipt of € 5.0 million. The positive effect of the termination on the income statement is shown annually in the amortised debt cost components, and in 2014, the income was € 4.4 million. For more information on the effects of the termination, see note 29 – Other non-current assets.
The Parent Company paid a fixed coupon of 4.5% (€ 400.0 million) on the nominal amount of the Eurobond issued on 18 October 2012.

The increase in bank interest payable mainly related to acquisitions carried out during the year (Forty Creek Distillery Ltd. and Averna Group).

Net exchange rate differences were negative at € 3.8 million in 2014.

20. Income and charges relating to put options and earn-outs

The charges reported at 31 December 2014 were due to an update of the estimate of the earn-outs relating to the acquisition of Sagatiba.

21. Income taxes

Details of current and deferred taxes posted to the Group’s income statement are as follows:

	2014 € million	2013 € million
- Taxes for the year	(53.2)	(57.6)
- Taxes relating to previous years	0.2	(0.5)
Current income taxes	(53.0)	(58.0)
Deferred income tax: newly arising and elimination of temporary differences	(11.6)	(21.8)
Income tax reported in the income statement	**(64.6)**	**(79.8)**

The table below gives details of current and deferred taxes posted directly to the statement of comprehensive income.

	2014 € million	2013 € million
Current taxes relating to profits (losses) posted directly to the statement of comprehensive income	0.1	0.1
Deferred taxes on profits (losses) from cash flow hedging	0.4	(0.5)
Income tax reported in the statement of comprehensive income	**0.5**	**(0.4)**

The table below shows a reconciliation of the theoretical tax charge with the Group’s actual tax charge.

It should be noted that, in order to provide a clearer picture, IRAP has not been taken into account since, being a tax calculated on a tax base other than pre-tax profit, it would have had distortive effects.

Theoretical taxes were therefore calculated solely by applying the current tax rate in Italy for IRES i.e. 27.5%.

Reconciliation of the theoretical tax charge with the actual charge	2014 € million	2013 € million
Group profit before tax	194.2	230.2
Applicable tax rate in Italy	27.5%	27.50%
Group theoretical taxes at current tax rate in Italy	(53.4)	(63.3)
Difference in tax rate of foreign companies compared to the theoretical rate	(1.8)	(8.6)
Difference in tax rate of Italian companies compared to the theoretical rate	2.6	2.8
Permanent differences	(8.6)	(1.4)
Taxes relating to previous financial years	4.5	(0.5)
Other consolidation differences	0.3	(0.2)
IRAP	(8.3)	(8.6)
Effective tax charge	(64.6)	(79.8)
Effective tax rate	**33.3%**	**34.7%**

Details of deferred tax assets and liabilities posted to the income statement and statement of financial position are broken down by nature below.

	Statement of financial position		Income statement	
	2014 € million	2013 € million	2014 € million	2013 € million
Deferred expenses	0.3	0.6	(0.1)	-
Taxed funds	7.6	4.9	3.0	(0.2)
Past losses	5.2	5.3	(0.1)	(0.3)
Other	12.6	8.4	3.6	2.1
Reclassified deferred tax assets used to offset deferred tax liabilities	(6.6)	(6.8)	(0.6)	1.8
Deferred tax assets	**19.1**	**12.4**	**5.9**	**3.2**
Accelerated depreciation	(24.8)	(17.4)	(4.4)	(4.1)
Capital gains subject to deferred taxation	(1.4)	(1.4)	-	(0.7)
Goodwill and brands deducted locally(*)	(191.4)	(152.6)	(18.5)	(22.3)
Reserves subject to taxation in the event of a dividend distribution	-	(0.1)	(0.4)	-
Adjustment to Group accounting principles	16.7	8.3	2.8	2.2
Leasing	(2.2)	(2.2)	-	-
Allocation of values deriving from acquisitions	(89.8)	(62.2)	-	0.2
Other	20.2	16.2	2.3	1.5
Reclassified deferred tax assets used to offset deferred tax liabilities	6.6	6.8	0.6	(1.8)
Deferred tax liabilities	**(266.2)**	**(204.7)**	**(17.5)**	**(25.0)**
Total			(11.6)	(21.8)

(*) It should be noted that the impact on the income statement of goodwill and brands deductible locally, at € 18.5 million, is net of the two positive effects resulting from the change in tax rate, which led to a tax remeasurement effect of € 1.6 million, and from the release of deferred tax liabilities of € 3.0 million, following the recording of impairment for the X-Rated brand (see note 27–Impairment).

Deferred tax assets in respect of past losses are entirely attributable to Campari do Brasil Ltda.
Local legislation does not set a time limit for their use, but does set a quantitative limit for each individual year, based on declared taxable income.
The Company has also begun to use these against taxable income.

22. Basic and diluted earnings per share

Basic earnings per share are calculated as the ratio of the Group's portion of net profits for the year to the weighted average number of ordinary shares outstanding during the year; own shares held by the Group are, therefore, excluded from the denominator.

Diluted earnings per share are determined by taking into account the potential dilution effect resulting from options allocated to beneficiaries of stock option plans in the calculation of the number of outstanding shares.

Basic and diluted earnings per share are calculated as shown in the tables below.

		2014	2013
Net profit attributable to ordinary shareholders	€ million	128.9	149.8
Weighted average of ordinary shares outstanding	number	575,083,697	580,370,608
Basic earnings per share	€	**0.22**	**0.26**
Net profit attributable to ordinary shareholders	€ million	128.9	149.8
Weighted average of ordinary shares outstanding net of dilution	number	582,346,153	590,855,252
Diluted earnings per share	€	**0.22**	**0.25**

23. Net tangible fixed assets

Changes in this item are indicated in the table below.

	Land and buildings € million	Plant and machinery € million	Other € million	Total € million
Carrying value at start of period	281.8	320.8	127.1	729.6
Accumulated amortisation at start of period	(70.9)	(192.3)	(69.9)	(333.0)
Balance at 31 December 2013	**210.9**	**128.5**	**57.2**	**396.6**
Perimeter effect for acquisitions	21.0	5.9	1.5	28.4
Perimeter effect for disposals	(2.2)	(0.8)	(0.5)	(3.5)
Investments	5.1	19.6	21.3	46.0
Disposals	(2.8)	(0.2)	(3.2)	(6.2)
Reclassification as assets held for sale	(3.4)	(0.8)	-	(4.2)
Depreciation/amortisation	(8.9)	(17.0)	(7.8)	(33.7)
Reclassifications	1.6	5.5	(7.2)	(0.2)
Write-downs	(0.1)	(0.7)	-	(0.8)
Exchange rate differences and other changes	8.1	0.3	10.8	19.1
Balance at 31 December 2014	**229.5**	**140.1**	**71.9**	**441.5**
Carrying value at end of period	314.7	364.1	139.7	818.5
Accumulated amortisation at end of period	(85.1)	(224.0)	(67.7)	(376.9)

The perimeter effect for acquisitions was € 28.4 million and includes the effects of the acquisitions of Forty Creek Distillery Ltd. and Averna Group, of € 10.3 million and € 18.1 million respectively.

The perimeter effect for disposals of € 3.5 million was due to the sales during the year of CISC 'Odessa Sparkling Wine Company', Société Civile du Domaine de Lamargue and Lamargue S.a.r.l.

The following investment projects, totalling € 46.0 million, were carried out during the year:

- in Jamaica, environmental recovery work totalling € 5.8 million and the refurbishment of premises, production facilities and the head office in Kingston, totalling € 10.4 million;
- improvements to the efficiency and production capacity of the Group's facilities in North America (€ 6.5 million), South America (€ 2.9 million), Italy (€ 5.4 million) and other European premises (€ 1.6 million);
- the purchase of barrels for the maturing inventory of bourbons, whiskies and rums, for € 11.7 million;
- other interventions which are insignificant individually but together amount to € 1.7 million, supported by recurring maintenance work at the Group's sites.

Disposals, amounting to € 6.2 million, mainly related to the sale of a property in New Port West, Jamaica, by J. Wray & Nephew Ltd. for € 2.1 million, which did not generate significant financial effects, and to the sale of barrels for maturing inventory by Campari America for € 3.8 million.

The reclassification under assets held for sale relates to the sales of businesses for which contracts were signed during the year, but which will be completed at the beginning of 2015. Specifically, this includes the Federated Pharmaceutical and

Agri-Chemicals divisions, which are being sold in Jamaica, and the Limoncetta di Sorrento business, acquired during the year as part of the Averna transaction.
For detailed information on reclassified amounts, see note 35 - Net assets held for sale.

Lastly, it should be noted that, for greater clarity, fixed assets in progress of €21.9 million are included under the categories to which they relate, depending on the nature of the capital expenditure.
The following table provides a breakdown of tangible fixed assets by ownership.

	Owned		
€ million	fixed assets	under finance leases	total
Land and buildings	227.4	2.1	229.5
Plant and machinery	140.1		140.1
Other assets	71.9		71.9
Total	**439.4**	**2.1**	**441.5**

24. Biological assets

This item includes biological assets consisting of fruit-bearing and mature vines that provide grapes for wine production and pre-production vineyards.

Sella & Mosca S.p.A. owns vineyards covering approximately 540 hectares north of Alghero in Sardinia, approximately 94 hectares near San Gimignano in Tuscany and around 12 hectares near Alba in Piedmont.

As at 31 December 2014, the Group also owned around five hectares of vineyards in Saint Gilles in France, through Société Civile du Domaine de Lamargue.
In August 2014, the Group sold Société Civile du Domaine de Lamargue and Lamargue S.a.r.l, manufacturing and commercial companies operating in the wines sector. The sales agreements included the vineyards owned by these companies, which were valued at cost and fully depreciated in the financial statements.

Changes in this item are indicated in the table below.

	Assets valued at fair value € million	Assets valued at cost € million	Total € million
Opening value	2.8	24.7	27.5
Accumulated amortisation at start of period	-	(10.2)	(10.2)
Balance at 31 December 2013	**2.8**	**14.5**	**17.3**
Investments	-	1.1	1.1
Depreciation/amortisation	-	(0.9)	(0.9)
Balance at 31 December 2014	**2.8**	**14.7**	**17.5**
Closing value	2.8	25.8	28.6
Accumulated amortisation at end of period	-	(11.1)	(11.1)

The capital expenditure of € 1.1 million for the year mainly related to vineyard equipment that came on stream during the year.

As for the biological assets in Sardinia, with respect to the application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of Sella & Mosca S.p.A. vis-à-vis the territory in which it operates, it was decided to continue recording these assets at cost, less accumulated depreciation; valuation at fair value would require the following assumptions to be met, which do not apply in the context in which the company operates. For more information, see note 47 - Assets and liabilities measured at fair value.

The depreciation rate used by Sella & Mosca S.p.A. for vineyards is 5%.

Other biological assets are valued at fair value, based on expert surveys of agricultural land and the related vineyards. These vineyards, located in Piedmont and Tuscany, were measured at fair value and did not need to be revalued or devalued to bring them in line with the real market price.
At 31 December 2014, non-productive biological assets, recorded under biological assets in progress, totalled € 2.5 million, compared with € 1.5 million at 31 December 2013.

Specifically, pre-production vineyards in Tuscany are valued at € 0.3 million, and relate to those planted in 2013 and 2014, while those in Piedmont and Sardinia are valued at € 0.2 million and € 2.0 million respectively.
Agricultural output during the year totalled approximately 40,089 quintals in Sardinia, around 10,088 quintals in Tuscany and some 800 quintals in Piedmont.
Given that it was all processed, there were no inventories of this production at the year end.

25. Investment property

At 31 December 2014, investment property totalled € 1.5 million, of which € 0.5 million related to the Parent Company, and included apartments and a shop in the provinces of Milan and Verbania, and two buildings in rural locations in the district of Cuneo.
These buildings are recorded in the financial statements at their approximate fair value at the reporting date.
The increase of € 1.0 million from 2013 was due to the perimeter effect for the acquisition of Averna Group.

26. Goodwill and trademarks

Changes during the year are indicated in the table below.

	Goodwill € million	Brands € million	Total € million
Carrying value at start of period	981.5	580.0	1,561.5
Opening impairment	(5.1)	-	(5.1)
Balance at 31 December 2013	**976.4**	**580.0**	**1,556.4**
Change in basis of consolidation(*)	69.0	137.3	206.3
Impairment loss for the year	(16.1)	(8.3)	(24.4)
Reclassification as assets held for sale	(8.1)	(2.4)	(10.5)
Other changes	-	0.1	0.1
Exchange rate differences	74.3	39.9	113.2
Balance at 31 December 2014	**1,095.5**	**745.6**	**1,841.0**
Carrying value at end of period	1,115.2	753.9	1,869.1
Closing impairment	(19.7)	(8.3)	(28.0)

(*) Amounts converted at the exchange rate on the closing date of the transaction

Intangible assets with an indefinite life are represented by goodwill and brands, both deriving from acquisitions.
The Group expects to obtain positive cash flow from these assets for an indefinite period of time.
Goodwill and brands are not amortised but are subject to impairment tests. The impairment loss on the X-Rated brand is denominated in USD, and was posted to the income statement for the year in the equivalent amount in euro of € 7.6 million; in the table above, the write-down of € 8.3 million is converted at the exchange rate at the end of the period.

For information on the write-downs of € 23.7 million made during the year (net of the exchange rate effect commented on above) and the related methods of valuing impairment, see note 27 - Impairment.

For reclassifications of assets held for sale, totalling € 10.5 million, see note 35 - Net assets held for sale.

The positive exchange rate differences, of € 113.2 million, are due to the adjustment of values recorded in local currency at end-of-year exchange rates, and include:
- negative exchange rate differences on goodwill, of € 74.3 million, determined by negative differences on the US dollar of € 71.5 million, on the Jamaican dollar of € 4.1 million and on the Canadian dollar of € 2.6 million, partly offset by positive net differences on other currencies totalling € 3.9 million.
- negative exchange rate differences on brands of € 38.9 million, resulting from amounts denominated in US dollars of € 33.3 million and in Jamaican dollars of € 5.7 million.

The table below summarises the changes in values attributed to brands and goodwill generated by acquisitions during the year. For further information on the acquisition, see note 8 - Business combinations.

€ million	Goodwill	Brands	Total
Amounts generated by the acquisition of Forty Creek Distillery Ltd:			
Provisional fair values published on 30 June 2014	48.9	64.1	113.0
Change resulting from the provisional allocation of acquisition values	(6.3)	6.3	-
Provisional fair value on the acquisition date, revised at 31 December 2104	**42.6**	**70.4**	**113.1**
Exchange rate differences 2014	2.6	3.5	-
Value at exchange rates at 31 December 2014	**45.3**	**73.9**	**119.2**
- of which write-downs	-	-	-
Values generated by acquisition of Averna Group:			
Provisional fair values published on 30 June 2014	21.2	67.6	88.9
Change resulting from the provisional allocation of acquisition values	5.1	(0.7)	4.3
Provisional fair value on the acquisition date, revised at 31 December	**26.3**	**66.8**	**93.2**
Change due to reclassification of goodwill and trademarks held for sale	(4.1)	(2.4)	(6.5)
Value at exchange rates at 31 December 2014	**22.2**	**64.4**	**86.7**
- of which write-downs	-	-	-

27. Impairment

In line with the guidance in IFRS 8, the segment information relating to Gruppo Campari is based on four regions identified as operating segments: Italy, Rest of Europe, Americas and Rest of the World, which includes Duty Free.

To tie in with the segment reporting structure, Gruppo Campari has identified four cash generating units (CGUs), represented by Italy, Rest of Europe, Americas and Rest of the World and Duty Free, which it considers accurately and consistently reflect the structure of the operating segments.

Goodwill was allocated in aggregate form to the CGUs, for impairment tests to be carried out at that level. For brands, the values were tested individually.

Allocation and impairment testing of goodwill

Goodwill was allocated to each CGU at 31 December 2014 based on the first allocation made at 31 December 2012 (allocated proportionally based on the relevant recoverable value of the four CGUs, calculated on value in use), adjusted to take account of the impact of exchange rates on goodwill values and changes in the scope of consolidation. The carrying amounts of the CGUs were calculated by allocating, in addition to goodwill, the brand values assigned on the basis of the profitability achieved by the brand in each CGU, as well as the fixed assets and working capital, which were mainly allocated on the basis of the relevant sales by region.

Estimates of cash flows generated by individual CGUs were used for calculating the recoverable value of the CGUs based on value in use. Forecasts of operating cash flows come from the 2015 budget and the strategic plans prepared by the Group’s subsidiaries in 2014 for the period 2016-2019 and approved by the Board of Directors of Davide Campari-Milano S.p.A.

In addition, the five-year plan was extrapolated over ten years, factoring in medium to long-term growth rates, which do not, however, exceed the average long-term growth rates for the market in which the Group operates. The use of a ten-year period was justified by the extension of the life cycle of the brands in the spirits market, as well as the length of the maturing process of certain brands in some CGUs. The main assumptions used in calculating the value in use of the CGUs are the operating cash flows in the ten-year period covered by the estimates, the discount rate and the growth rate used to determine the terminal value. With regard to the cash flow projections, reference was made to both the Group’s historical averages and its potential growth, expressed by expected demand in the key markets for the individual CGUs.

Estimates of future cash flows were calculated based on prudent criteria in respect of growth rates and sales development. In addition, projections are based on reasonableness, prudence and consistency with respect to the allocation of future general expenses, trends in capital investment, conditions of financial equilibrium and the main macroeconomic variables. Cash flow projections relate to current operating conditions and therefore do not include cash flows connected with any one-off operations.

For the purposes of determining the terminal value, the perpetuity growth method of discounting was used. Specifically, a terminal growth rate was taken that varied according to the individual CGUs, from 1.0% for the Rest of Europe to 1.5% for Italy, Americas, and the Rest of the world and duty free, and which does not exceed the sector’s estimated long-term growth rate.

The value in use of the CGUs was calculated by discounting the estimated value of future cash flows, including the terminal value, which it is assumed will derive from the continuing use of the assets, at a discount rate (net of taxes and adjusted for risk) that reflects the average weighted cost of capital. Specifically, the discount rate used was the Weighted Average Cost of Capital (WACC) determined at 31 December 2014, which was calculated differently for the four CGUs, and determined with reference to indicators and parameters observable on the main markets that make up the individual CGUs, the present value of money and specific risks connected with the business being valued: the discount rates used on the date the valuation was performed varied for the four CGUs tested as follows: 6.5% for the Americas, 6.4% for the Rest of the world and duty free, 7.0% for Italy and 8.4% for the Rest of Europe (in 2013, the discount rates used for these CGUs were 6.4%, 6.8%, 7.8% and 8.4% respectively).

Impairment testing on brands

Impairment testing was performed on brands individually using the value in use criterion. Estimates of cash flows generated by individual brands, discounted to present value using an appropriate discount rate as described above, were used to calculate the recoverable value of brands. The carrying amounts of individual brands were determined by allocating the fixed assets and working capital based on related sales, in addition to intangible assets with an indefinite life.

Furthermore, it should be pointed out that the effects of the acquisitions of Forty Creek Distillery Ltd. and Averna Group, which were completed on 2 and 3 June 2014 respectively, are not included in the projections of the consolidated plans, as current growth forecasts are not considered to fully reflect the opportunities identified by the Group, based on which it will formulate new strategic plans for the brands acquired. Therefore, in order to test for any impairment of the brand value allocated to Forty Creek Distillery Ltd. and Averna Group (provisional values at 31 December 2014), the Group considered it more appropriate to use the method of fair value minus sales costs rather than the criterion of value in use based on forecasts of operating cash flows.

This methodology is based on the application of parameters deduced from the valuation attributed to brands that have been acquired or are comparable, in an active market, in terms of type of brand acquired and transaction structure: these are implicit parameters or multiples deduced from the ratio of the price paid for the acquisition to specific economic and financial indicators relating to those companies. Specifically, the recoverable value of the brands allocated to Forty Creek Distillery Ltd. and Averna Group was calculated using the EV/EBITDA multiple, deduced from a sample of transactions comparable to the acquisition. The use of this multiple is considered particularly effective as it avoids distortions caused by the different tax regulations and financial structures; is less sensitive to distortions caused by variations in extraordinary profit; and facilitates comparison at international level.

Results of impairment testing

During the year, as part of the reorganisation of the still wines business, several impairment indicators were identified. Consequently, the recoverable amounts were compared with the carrying values in the consolidated financial statements. The test showed that the carrying amounts of this business (including a portion of goodwill allocated according to the relative values method) were higher than the recoverable amounts. As a result, on 30 September 2014, impairment of € 16.1 million on goodwill was charged to the Italy CGU (to which this goodwill is allocated).

In relation to goodwill values, at 31 December 2014, based on the methodologies and assumptions set out above, the impairment tests revealed that the values recorded were fully recoverable.

To take into account current market volatility and uncertainty over future economic prospects, sensitivity analysis has been carried out to assess the recoverability of amounts relating to goodwill. Specifically, sensitivity analysis of recoverable values of the individual CGUs and individual brands was carried out based on the assumption of a percentage point increase in the discount rate and a percentage point reduction in the terminal growth rate. The sensitivity analysis described above confirmed that goodwill values are fully recoverable.

At 31 December 2014, impairment tests on brand values, carried out using the methodologies and assumptions set out above, revealed a loss in value for the X-Rated brand of USD 10.1 million, corresponding to a reduction of € 8.3 million in consolidated brands. Meanwhile, the non-recurring liability posted to the income statement in 2014, converted at the average exchange rate for the year, was € 7.6 million (see note 14 - Non-recurring overheads, above).

Impairment tests on other brand values revealed that the values recorded were fully recoverable. To take into account current market volatility and uncertainty over future economic prospects, sensitivity analysis was carried out on the recoverable values of these brands using methods in line with those used for goodwill values. Sensitivity analysis was also carried out on the recoverable value of the brands allocated to Forty Creek Distillery Ltd. and Averna Group, assuming a reduction of up to 20% of the financial value to which the multiplier is applied.

The sensitivity analysis described above confirmed that the values of these brands are fully recoverable.

The values for goodwill and brands at 31 December 2014 allocated by CGU are shown in the table below.

CGU	31 December 2014 € million	31 December 2013 € million
Italy	205.9	206.8
Rest of Europe	252.6	235.4
Americas	515.0	479.8
Rest of the world and duty free	58.3	54.3
Total allocated	*1,031.9*	*976.4*
Unallocated values [(1)]	*71.6*	-
Total goodwill at 31 December 2014	**1,103.5**	**976.4**
of which reclassified as assets held for sale		
Jamaican businesses	4.0	-
Limoncetta business	4.1	-
Total goodwill held for sale	**8.1**	**-**
Total goodwill recorded in the accounts	**1,095.5**	**976.4**

[(1)] The value of goodwill not allocated to a CGU at 31 December 2014, of € 71.6 million, relates to the acquisitions of Forty Creek Distillery Ltd. and Averna Group, and was calculated based on the provisional allocation at 31 December 2014 of amounts arising from the acquisition, converted at the final exchange rates of the year.

Changes in goodwill values at 31 December 2014 compared with 31 December 2013 are due to the effects arising from the allocation of the Forty Creek Distillery Ltd. and Averna Group acquisition values shown above (totalling € 67.5 million, net of the values reclassified as held for sale of € 4.1 million) and to positive exchange rate effects (€ 71.7 million), as well as to the write-down of the value of goodwill of the still wines business (€ 16.1 million), which was fully allocated to the Italy CGU and commented on above. In addition, some businesses sold by the Group in Jamaica (€ 4.0 million) were also reclassified as assets held for sale. The agreements for these sales were signed on 22 and 23 December 2014, and the transactions are expected to be completed by end-March 2015.
In relation to the Averna Group acquisition, it should be noted that on 22 December 2014, the Group signed an agreement to sell the Limoncetta di Sorrento business, which was completed on 30 January 2015. The related amounts were reclassified as assets held for sale to 31 December 2014, as shown in the goodwill and brands tables.
See note 35 – Assets held for sale, below, for more information on the businesses sold, with closing expected in 2015.

The values of brands at 31 December 2014 is shown in the table below:

	31 December 2014 € million	31 December 2013 € million
Wild Turkey	150.4	132.4
Frangelico and Carolans	116.6	116.6
GlenGrant and Old Smuggler	104.3	104.3
Cabo Wabo	58.5	51.5
X-Rated Fusion Liqueur	33.5	37.0
Riccadonna-Mondoro	11.3	12.3
Jamaican acquisition	112.0	106.4
Averna Group[(1)]	66.9	-
Forty Creek Distillery Ltd.[(1)]	73.9	-
other	20.5	19.5
Total brands at 31 December 2014	**747.9**	**580.0**
of which reclassified as assets held for sale		
Limoncetta business	2.4	-
Total brands held for sale	**2.4**	**-**
Total brands recorded in the accounts	**745.6**	**580.0**

[(1)] Amounts resulting from the Averna Group and Forty Creek Distillery Ltd. acquisitions based on the provisional allocation at 31 December 2014 and converted at the final exchange rates of the year.

The changes in brand values in 2014 are due to the effects arising from the allocation of the Forty Creek Distillery Ltd. and Averna Group acquisition values shown above (totalling € 138.4 million net of the reclassification of assets held for sale), positive exchange rate effects (€ 35.4 million) and the write-down of the X-Rated brand (€ 8.3 million).

28. Intangible assets with a finite life

Changes in this item are indicated in the table below.

	Software € million	Other € million	Total € million
Carrying value at start of period	33.1	17.3	50.5
Accumulated amortisation at start of period	(21.2)	(3.3)	(24.5)
Balance at 31 December 2012	**12.0**	**14.0**	**26.0**
Investments	8.4	-	8.4
Repurchase of distribution rights	-	2.6	2.6
Amortisation for the period	(4.8)	(2.4)	(7.2)
Reclassifications	0.1	0.2	0.3
Exchange rate differences and other changes	0.1	(0.4)	(0.2)
Balance at 31 December 2014	**15.8**	**14.0**	**29.8**
Carrying value at end of period	41.0	20.0	61.1
Accumulated amortisation at end of period	(25.2)	(6.0)	(31.3)

Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life.

Investments for the year of € 8.4 million relate to the implementation of the IT system and the integration into the Group's platform of new companies, including J. Wray & Nephew Ltd. for € 1.9 million and Campari RUS OOO for € 1.2 million. They also include the implementation of new modules and upgrades by the Parent Company totalling € 1.8 million and by subsidiaries, for € 2.9 million.
The repurchase of distribution rights relates to Spain (€ 0.8 million) and Mexico (€ 1.9 million).

29. Other non-current assets

This item breaks down as follows:

	31 December 2014 € million	*of which, perimeter € million*	31 December € million
Term deposits	25.6	-	-
Financial receivables	4.9	*5.0*	9.8
Non-current financial assets	**30.5**	*5.0*	**9.8**
Equity investments in other companies	1.3	*0.2*	1.3
Security deposits	1.3	-	1.0
Receivables from defined benefit obligation	15.8	-	14.9
Other non-current receivables from main	2.2	-	2.2
Other non-current tax receivables	5.5	*1.4*	4.4
Other non-current assets	**26.1**	***1.6***	**23.8**
Other non-current assets	**56.7**	***6.6***	**33.7**

At 31 December 2014, deposits, totalling € 25.6 million, related to a cash investment by the Parent Company maturing in 2019, which can be released on demand.
In relation to the perimeter effect, which led to an increase of € 5.0 million, it should be noted that during the year, these assets were reclassified in the amount of € 3.0 million under bank current accounts, and in the amount of € 2.0 million under current financial receivables, and were therefore zero at the end of the year.

Financial receivables relate to the value of the asset arising from the closure of the derivative contract entered into on the Eurobond 2009 issue in 2012. This asset is collected over the remaining duration of the underlying loan, and is therefore divided into a long-term component, totalling € 4.9 million (€ 9.8 million in 2013), and a short-term component, totalling € 4.9 million (€ 4.9 million in 2013), as described in note 21 - Current financial receivables.

For details on receivables from employee benefit funds, see note 40 – Defined benefit plans.

Other non-current tax receivables mainly relate to receivables due to the Group's Italian companies from the Italian tax authorities, of € 3.0 million, as well as to Campari do Brasil Ltda., of € 1.3 million, and Averna Group, of € 1.2 million (€ 1.4 million at the acquisition date).
The tax receivables recorded by the Italian companies mainly relate to the entitlement to refunds of the higher income taxes paid in previous years due to the non-deductibility of IRAP relating to personnel and similar costs following recent legislative changes introduced by article 2, para 1, of Legislative Decree 201/2011, supplemented by article 4, para 12, of Legislative Decree 16 of 2 March 2012.
Some of the receivables of the Group's Italian companies are therefore recorded as due from the ultimate main shareholder Alicros S.p.A. (€ 2.2 million) for the years from 2007 to 2011 relating to the tax consolidation scheme, with some recorded as due from the tax authorities (€ 3.0 million) relating to previous tax periods.
It should be noted that current receivables and payables of € 0.2 million and € 1.0 million respectively, relating to the tax consolidation scheme, and Group VAT payables of € 1.8 million, all of which are non-interest-bearing, are also recorded as due from the ultimate shareholder Alicros S.p.A. For further details, see note 50 - Related parties.

30. Inventories and current biological assets

This item breaks down as follows:

	31 December 2014 € million	*of which, perimeter effect* *€ million*	31 December 2013 € million
Raw materials, supplies and consumables	38.6	*2.6*	49.9
Work in progress	60.2	*10.0*	67.8
Maturing inventory	243.5	-	195.3
Finished products and goods for resale	134.7	*5.4*	129.7
Inventories	**477.0**	***18.0***	**442.6**
Current biological assets	4.1	-	4.5
Current biological assets	**4.1**	**-**	**4.5**
Total	**481.2**	***18.0***	**447.1**

It should be noted that the perimeter effect is the combined effect of the two acquisitions carried out during the year of Forty Creek Distillery Ltd. and Averna Group, for € 11.2 million and € 13.4 million respectively (for further information relating to the acquisition, see note 8 - Business Combinations) and the sale of the companies CISC 'Odessa Sparkling Wine Company', Société Civile du Domaine de Lamargue and Lamargue S.a.r.l. for € 1.1 million.
The perimeter effect also includes a decrease of € 5.5 million relating to the reclassification of assets held for sale of non-core businesses in Jamaica, and Limoncetta, for € 5.1 million and € 0.4 million respectively. For more information, see note 35 - Net assets held for sale.

Stripping out the components described above, organic growth in stock on hand was € 16.0 million, offset by positive exchange rate effects of € 22.9 million. Organic growth is attributable to a fall in finished product stocks and other merchandise of the Group in the amount of € 27.4 million, while stocks of maturing inventory rose by € 20.6 million.
Current biological assets represent the fair value of the harvest of sugar cane plantations that are not yet mature. This fair value estimate is based on the production costs incurred minus any impairment, calculated with reference to the estimate revenues from the sale of the harvest minus the costs of cultivation, harvesting and transportation to point of sale.

Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

Balance at 31 December 2013	**13.4**
Change in basis of consolidation	0.9
Accruals	3.5
Utilisations	(2.5)
Exchange rate differences and other changes	0.6
Balance at 31 December 2014	**15.8**

31. Trade receivables and other receivables

This item breaks down as follows:

	31 December 2014 € million	*of which, perimeter effect €/000*	31 December 2013 € million
Trade receivables from external customers	301.3	*19.8*	271.8
Receivables in respect of contributions to promotional costs	12.3		16.7
Trade receivables	**313.6**	***19.8***	**288.5**
Payments on account to suppliers of fixed assets			0.6
Advances and other receivables from suppliers	5.6		0.7
Other receivables from tax authorities	9.7	*2.0*	8.2
Receivables from agents and miscellaneous customers	1.4	*0.1*	1.4
Pre-paid expenses	7.1	*0.3*	7.0
Other	2.8	*0.1*	11.5
Other receivables	**26.7**	***2.5***	**29.4**

It should be noted that the perimeter effect for trade receivables is the sum of the combined effects of the two acquisitions carried out during the year of Forty Creek Distillery Ltd. and Averna Group, of € 3.4 million and € 17.9 million respectively, and the sale of the companies CISC 'Odessa Sparkling Wine Company', Société Civile du Domaine de Lamargue and Lamargue S.a.r.l., totalling € 0.8 million.
In addition, the perimeter effect is shown net of the decrease of € 0.7 million relating to the reclassification of assets held for sale of non-core businesses in Jamaica. For more information, see note 35 - Net assets held for sale.

The change in other receivables is mainly due to the perimeter effect of € 2.5 million of the acquisitions carried out in the year commented on above, of which € 2.2 million relates to Averna Group and € 0.3 million to Forty Creek Distillery Ltd.
For further information on the acquisitions, see note 8-Business combinations.

Their carrying value is considered to be close to their fair value.
Trade receivables are shown net of year-end bonuses and payables for promotional costs. This item is reported net of the related provision for write-downs, reflecting the actual risk of uncollectibility, consistent with the disclosure of revenues on the income statement.
Trade receivables are reported net of the receivables sold on a non-recourse basis by Group companies; at 31 December 2014, receivables totalling € 105.7 million had been sold (€ 92.3 million at 31 December 2013).

The increase in trade receivables, of €25.1 million, comprises € 19.8 from the perimeter effect, €6.5 million from the factoring of receivables on a non-recourse basis and €11.8 million from the combined effect of exchange rate differences and the Group's organic growth.

Other receivables from tax authorities of € 9.7 million primarily comprise € 4.4 million for VAT, € 2.2 million for excise duty and € 3.1 million for other taxes.

The table below shows receivables broken down by maturity; it should be noted that the other receivables column shows the total of receivables from agents and miscellaneous customers and the Other item, as shown in the table above. This breakdown excludes payments on account to suppliers of fixed assets, advances, tax credits and deferred charges.

31 December 2014	Trade receivables € million	Other receivables € million	Total € million
Not due and not written down	**205.2**	**10.8**	**216.0**
Due and not written down:			
Less than 30 days	69.9	1.0	70.9
30 - 90 days	17.8	0.9	18.7
Within 1 year	17.8	0.7	18.5
Within 5 years	1.7	0.1	1.8
Due after 5 years	0.0	0.1	0.1
Total due and not written down:	**107.1**	**2.8**	**110.0**
Due and written down	**18.0**	**0.4**	**18.3**
Amount written down	(16.7)	(0.4)	(17.0)
Total receivables broken down by maturity	**313.6**	**13.7**	**327.3**
Receivables not significant for analysing by maturity	-	13.0	13.0
Total	**313.6**	**26.7**	**340.3**

31 December 2013	Trade receivables € million	Other receivables € million	Total € million
Not due and not written down	146.1	11.9	158.0
Due and not written down:			
Less than 30 days	60.0	1.1	61.1
30 - 90 days	50.7	1.0	51.7
Within 1 year	21.2	0.8	21.9
Within 5 years	4.4	0.2	4.5
Due after 5 years	-	0.1	0.1
Total due and not written down:	**136.3**	**3.1**	**139.4**
Due and written down	**15.8**	**0.4**	**16.2**
Amount written down	(9.6)	(0.4)	(9.9)
Total receivables broken down by maturity	**288.5**	**15.0**	**303.6**
Receivables not significant for analysing by maturity	-	14.3	14.4
Total	**288.5**	**29.4**	**317.9**

The following table shows the changes in bad debt provisions during the period.

€ million	Provisions for doubtful receivables	
	Trade receivables	Other receivables
Balance at 31 December 2013	**8.9**	**0.1**
Change in basis of consolidation	7.9	-
Accruals	5.9	0.1
Utilisations	(4.5)	-
Releases	(0.8)	-
Exchange rate differences and other changes	(0.6)	-
Other changes	(0.2)	-
Balance at 31 December 2014	**16.7**	**0.2**

The change in the scope of consolidation, of € 7.9 million, is entirely due to the acquisition of Averna Group.

Accruals for the year of € 5.9 million mainly concern Parent Company and Italian company receivables for € 2.9 million, as well as the write-down of receivables for the Russian market in the amount of € 2.0 million and the Brazilian market in the amount of € 0.5 million.
Utilisations for the year, reflecting the settlement of lawsuits outstanding from previous years, totalling € 4.5 million, mainly concern the Parent Company and Italian subsidiaries in the amount of € 3.7 million, and Campari RUS OOO in the amount of € 0.4 million.

32. Current financial receivables

This item breaks down as follows:

	31 December 2014 € million	*of which, perimeter effect € million*	31 December 2013 € million
Securities and term deposits	**4.9**	**-**	**25.2**
Net accrued swap interest income/expense on bonds	1.3	-	0.7
Valuation at fair value of forward contracts	1.3	-	0.7
Other financial assets and liabilities	5.5	-	4.9
Restricted deposits(*)	9.8	*8.0*	2.6
Other current financial receivables	**17.9**	***8.0***	**8.9**
Current financial receivables	**22.8**	***8.0***	**34.1**

(*) For reclassifications at opening book values, see note 7 - Reclassifications at opening book values.

Securities mainly include short-term or marketable securities representing a temporary investment of cash, but which do not satisfy all the requirements for classification under cash and cash equivalents. The item includes securities that fall due within one year.
The reduction in the period in securities mainly relates to deposits received by the Parent Company (€ 25.0 million), which matured in April 2014.

The other financial assets comprise the current portion (€ 4.9 million) of the receivable arising from the termination of a number of hedging agreements on the Parent Company's bond issued in 2009 (€4.9 million at 31 December 2013). The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying issue, until 2016. The non-current portion of this receivable, of € 4.9 million (€ 9.8 million at 31 December 2013) is included in non-current financial receivables (see note 30 – Other non-current assets).

Restricted deposits at 31 December 2014 include funds earmarked to be available at any time, totalling € 3.1 million, to purchase the residual shares of J. Wray & Nephew Ltd. and € 6.7 million (converted at the end of the financial year), for the settlement of the purchase price holdback related to the acquisition of Forty Creek Distillery Ltd. Current financial payables include a liability of the same amount, as shown under note 38 - Bonds and other non-current liabilities, and note 39 - Payables to banks and other short-term financial payables.

All financial receivables are current and due within a year.

33. Current tax receivables

	31 December 2014 € million	*of which, perimeter effect € million*	31 December 2013 € million
Income taxes	12.8	-	14.5
Receivables from utlimate shareholders for tax consolidation	0.2	-	2.5
Current tax receivables	**13.0**	**-**	**17.0**

Current tax receivables can all be recovered within twelve months.
Receivables from the main shareholder relate to the tax consolidation of Sella & Mosca S.p.A. and Campari Wines S.r.l. for € 0.2 million in respect of Alicros S.p.A., to which the Group owes € 0.7 million. All receivables and payables are non-interest-bearing; for more details, see note 50 - Related parties.

34. Cash and equivalents and reconciliation with net debt

The Group's cash and equivalents break down as follows:

	31 December 2014 € million	*of which, perimeter effect € million*	31 December 2013 € million
Bank current accounts and cash(*)	206.9	*30.5*	238.4
Term deposits maturing within 3 months	24.0	-	203.2
Cash and cash equivalents	**230.9**	***30.5***	**441.6**

(*) For information on reclassifications at opening book values, see note 7 - Reclassifications at opening book values

The cash and cash equivalents item comprises bank current accounts, other sight deposits and those that can be withdrawn within a maximum period of three months from the reporting date, which are held at leading banks and pay variable interest rates based on LIBOR depending on the currency and period concerned.

The change in cash and cash equivalents in the period is due to the financial outlay of €216.7 million for the acquisitions completed in June. Note 8 - Business combinations contains more information on cash flows relating to the acquisitions.

The perimeter effect of € 30.5 million relates to the cash held by the acquired companies at the closing date, and is mainly due to Averna Group.

Cash and cash equivalents also includes securities that can be readily converted to cash consisting of short-term, highly liquid financial investments that can be quickly converted to known cash instruments, with an insignificant risk of a change in value.

The reconciliation with the Group's net debt is set out below.

	31 December 2014	31 December 2013
	€ million	€ million
Cash and cash equivalents(*)	230.9	441.6
Cash (A)	**230.9**	**441.6**
Securities	4.9	25.2
Other current financial receivables	17.9	8.9
Current financial receivables (B)	**22.8**	**34.1**
Current bank payables	(36.7)	(122.3)
Current portion of lease payables	(0.1)	(0.0)
Current portion of private placement and bonds	(86.0)	(28.9)
Other current financial payables	(28.0)	(12.6)
Current portion of payables for put options and earn-outs	(3.3)	(2.8)
Current financial payables (C)	**(154.0)**	**(166.7)**
Net current financial position (A+B+C)	**99.7**	**309.1**
Non-current bank debt	(9.0)	(0.6)
Current portion of lease payables	(1.3)	(1.3)
Non-current portion of private placement and bonds	(1,097.1)	(1,167.7)
Other non-current financial payables	0.0	(0.2)
Non-current portion of payables for put options and earn-outs	(1.3)	(1.9)
Non-current financial debt (D)	**(1,108.7)**	**(1,171.7)**
Net debt (A+B+C+D)(**)	**(1,009.0)**	**(862.6)**
Reconciliation with Group net debt, as shown in the Directors' report:		
Term deposits	25.6	0.0
non-current financial receivables	4.9	9.8
Group net debt	**(978.5)**	**(852.8)**

(*) See note 7 -Reclassifications at opening book values, for reclassifications concerning cash and cash equivalents.
(**)In accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

For all information concerning the items that make up net debt excluding liquidity, see note 32–Current financial receivables, note 29–Non-current financial receivables, and notes 38-39-Financial liabilities.

35. Net assets held for sale

The item mainly includes net assets resulting from the sales of businesses for which contracts were signed during the year, but which will be completed at the beginning of 2015. Specifically, it includes:

- the Federated Pharmaceutical division, for which a sales agreement was signed on 22 December 2014; the transaction is expected to be completed in March 2015; the business sold includes productive fixed assets and working capital;
- the Agri-Chemicals division, for which a sales agreement was signed on 23 December 2014; the transaction is expected to be completed in March 2015; the business sold includes productive fixed assets and working capital;
- the Limoncetta di Sorrento business, for which a sales agreement was signed on 22 December 2014, officially completed on 30 January 2015; the business sold includes the brand, the working capital and 100% of the share capital of Alimenta S.r.l., purchased as part of the Averna Group, which owns the lemon concentrate production plant;
- surplus real estate assets, which relate to a residual portion of the Termoli site (value unchanged from 31 December 2013), for which definitive but complex sales negotiations continue with potential buyers, with whom the difficult sales programme is being prepared.

These net assets are valued at the lower of net book value and fair value less selling costs. No write-down is considered necessary on the basis of the prices agreed for these sales.
The table below summarises the assets and liabilities held for sale, broken down by business being sold.

€ million	31 December 2014					31 December 2013
	Agri-Chemicals Business	Federated Pharmaceutical Business	Limoncetta di Sorrento Business	Surplus real estate assets	total	total
Assets						
Net tangible fixed assets	1.3	2.8	0.1	1.0	5.2	1.0
Goodwill and brands	1.4	2.5	6.5	-	10.5	-
Inventories	3.2	1.9	0.4	-	5.5	-
Trade receivables	0.5	0.1	-	-	0.7	-
Total assets held for sale	**6.5**	**7.3**	**7.0**	**1.0**	**21.9**	**1.0**
Liabilities						
Other non-current liabilities	-	-	(0.9)	-	(0.9)	-
Payables to suppliers	(0.4)	(0.3)	-	-	(0.8)	-
Other current liabilities	(0.1)	-	-	-	(0.1)	-
Total liabilities held for sale	**(0.5)**	**(0.3)**	**(0.9)**	**-**	**(1.7)**	**-**
Total net assets	**6.0**	**7.1**	**6.0**	**1.0**	**20.1**	**1.0**

36. Shareholders’ equity

The Group manages its capital structure and makes changes to it depending on the economic conditions and the specific risks of the underlying asset.
To maintain or change its capital structure, the Group may adjust the dividends paid to the shareholders and/or issue new shares.
In this context, like other groups operating in the same sector, the Group uses the net debt/EBITDA multiple as a monitoring tool.
Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortisation and non-controlling interests, pro-rated to take account of acquisitions in the past 12 months.
At 31 December 2014, this multiple was 2.9 (compared with 2.5 at 31 December 2013).

For information on the composition and changes in shareholders’ equity for the periods under review, please refer to the Statement of changes in shareholders’ equity.

Share capital

At 31 December 2014, the share capital of Davide Campari-Milano S.p.A. was € 58,080,000, comprising 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up.

Outstanding shares and own shares

The following table shows the reconciliation between the number of outstanding shares at 31 December 2014 and in the two prior years.

	No. of shares			Nominal value		
	31 December 2014	31 December 2013	31 December 2012	31 December 2014	31 December 2013	31 December 2012
				€	€	€
Outstanding shares at the beginning of the period	575,683,176	576,301,882	577,453,435	57,568,318	57,630,188	57,745,344
Purchases for the stock option plan	(3,704,964)	(8,264,835)	(4,613,817)	(370,496)	(826,484)	(461,382)
Disposals	4,940,505	7,646,129	3,462,264	494,051	764,613	346,226
Outstanding shares at the end of the period	576,918,717	575,683,176	576,301,882	57,691,872	57,568,318	57,630,188
Total own shares held	3,881,283	5,116,824	4,498,118	388,128	511,682	449,812
Own shares as a % of share capital	0.67%	0.88%	0.77%			

In 2014, 3,704,964 own shares were purchased at an acquisition price of € 21.1 million, which equates to an average price of € 5.70 per share.
In the same period, 4,940,505 shares were sold for a sum of € 14.6 million.
Furthermore, after 31 December 2014 and until publication of financial statements was authorised, the Company purchased an additional 2,740,418 own shares, at an average price of € 5.64, and own shares were sold for the exercise of stock options for a total of 3,649,086 shares. Thus, the number of own shares on the date this report was approved was 2,972,615.

Dividends paid and proposed

The table below shows the dividends approved and paid during the year and in the previous year, and the dividends subject to the approval of the shareholders' meeting to approve the accounts for the year ending 31 December 2014.

	Total amount		Dividend per share	
	31 December 2014 € million	31 December 2013 € million	31 December 2014 €	31 December 2013 €
Dividends approved and paid during the year on ordinary shares	46.1	39.8	0.08	0.07
Dividends proposed on ordinary shares	46.2	46.1	0.08	0.08

(*) Calculated on the basis of outstanding shares at the date of the Board of Directors' meeting on 10 March 2015.

Other reserves

	Stock options € million	Cash flow hedging € million	Foreign currency translation reserves € million	Remeasurement reserve for actuarial effects relating to defined benefit plans € million	Total € million
Balance at 31 December 2013	**23.0**	**(2.6)**	**(149.9)**	**(2.3)**	**(131.8)**
Cost of stock options for the period	8.1				8.1
Stock options exercised	(3.2)				(3.2)
Losses (profits) reclassified in the income statement		(0.5)			(0.5)
Profits (losses) allocated to shareholders' equity				(0.6)	(0.6)
Cash flow hedge reserve allocated to shareholders' equity		(1.4)			(1.4)
Tax effect allocated to shareholders' equity		0.5		0.1	0.6
Translation difference			101.5		101.5
Balance at 31 December 2014	**27.9**	**(4.0)**	**(48.4)**	**(2.8)**	**(27.3)**

The stock option reserve contains the provision made as an offsetting entry for the cost reported in the income statement for stock options allocated. The provision is determined based on the fair value of the options established using the Black-Scholes model.

For information on the Group's stock option plans, see note 44 - Stock option plans.

The hedging reserve contains amounts (net of the related tax effect) pertaining to changes resulting from fair value adjustments of financial derivatives recorded using the cash flow hedging methodology.

For further information, see note 46 - Financial instruments.

The translation reserve reflects all exchange rate differences relating to the conversion of the accounts of subsidiaries denominated in currencies other than euro.

The remeasurement reserve for actuarial effects relating to defined benefit plans includes the effects of changes to the actuarial assumptions used to calculate net obligations for defined benefits.

37. Non-controlling interests

The minorities' portion of shareholders' equity, which amounted to € 5.1 million at 31 December 2014 (€ 4.5 million at 31 December 2013), relates to Kaloyannis-Koutsikos Distilleries S.A. (25%) and to Stepanow S.R.O. (16.72%).

38. Bonds and other non-current liabilities

The breakdown of bonds and other non-current liabilities is as follows.

Non-current liabilities	31 December 2014 € million	*of which, perimeter* *€ million*	31 December 2013 € million
Parent Company bond (USD) issued in 2003	167.6	-	221.3
Parent Company bond (Eurobond) issued in 2009	352.4	-	360.7
Parent Company bond (Eurobond) issued in 2012	395.2	-	394.2
Private placement issued in 2009	171.7	-	150.8
Total bonds and private placements	**1,086.9**	**-**	**1,127.0**
Payables and loans due to banks	9.0	*14.2*	0.6
Property leases	1.3	*0.0*	1.3
Derivatives on Parent Company bond (USD)	10.3	-	40.8
Payables for put options and earn-outs	1.3	-	1.9
Other debt	-	*6.3*	0.2
Non-current financial liabilities	21.8	*20.6*	44.7
Other non-financial liabilities	4.0	-	4.0
Other non-current liabilities	**25.8**	***20.6***	**48.7**

Bonds

The bonds item includes three bond issues placed by the Parent Company.
The first, with a nominal value of USD 300 million, was placed on the US institutional market in 2003.
The transaction was structured in two tranches of USD 100 million and USD 200 million, maturing in 2015 and 2018 respectively, with a bullet repayment at maturity and interest paid six-monthly at a fixed rate of between 4.33% and 4.63%. The change in the value for the year mainly relates to the classification under current financial payables of the tranche of € 86.0 million (USD 100 million nominal) expiring in July 2015.
It should be noted that the hedging instruments in place on the maturing tranche of debt were also classified under current financial payables (fair value hedges and cash flow hedges for a total negative amount of € 3.0 million).

The second issue (Eurobond 2009) was launched on the European market in October 2009, and was aimed at institutional investors, with most of the bonds being placed with investors in Italy, the UK, France, Germany and Switzerland.
The nominal value of this issue is € 350 million; it matures on 14 October 2016 and was placed at an agreed price of 99.431%. The coupons are paid annually at a fixed rate of 5.375%. The gross return on the bond is therefore 5.475%.

The third bond issue (Eurobond 2012) was issued on 18 October 2012 in order to finance the acquisition of J. Wray & Nephew Ltd.
It has a duration of seven years and a nominal value of € 400.0 million, with maturity on 25 October 2019. The bond pays a fixed annual coupon of 4.5% and the issue price was 99.068% of par, corresponding to a gross yield to maturity of 4.659%.

With regard to the 2003 issue, the Parent Company has put in place various instruments to hedge the exchange rate and interest rate risks.
A cross currency swap hedging instrument has been used to neutralise the risks related to fluctuations in the US dollar and movements in interest rates, and to change the US dollar-based fixed interest rate to a variable euro rate (6-month Euribor + 60 basis points).
In addition, various interest rate swaps were put in place involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlyings of USD 50 million (maturing in 2015) and USD 150 million (maturing in 2018).

The changes in the item in 2013 relate to:
- in relation to the 2003 issue (USD), the valuation of existing hedging instruments (which have a positive effect of € 28.5 million on the fair value hedge and a negative impact of € 1.1 million on the cash flow hedge) and the effects on the bonds of the hedges and the amortised cost (negative at € 29.1 million);
- the valuation of hedging instruments relating to the Eurobond issued in 2009, which were terminated early in 2012 (the positive effect of € 4.4 million was partially realised in 2014), and the effects of the amortised cost (which were negative at € 0.7 million).
- the effects of the amortised cost (negative at € 1.0 million) of the Eurobond issued in 2012.

For more information on these changes, see note 46 - Financial instruments: disclosures.

Private placement

The private placement item includes a bond issue placed by Campari America on the US institutional market in June 2009 with a nominal value of USD 250 million.

The transaction was structured in three tranches with bullet maturities of USD 40 million, which matured and was settled in the first half of 2014, USD 100 million, maturing in 2016 and USD 110 million, maturing in 2019.
The six-monthly coupons are based on fixed rates of 7.50% and 7.99%.
Changes in value during the year were due to the strengthening of the US dollar, the subsidiary's functional currency, which led to an increase in the non-current payable of € 20.7 million.

Payables and loans due to banks

The change in perimeter generated a net increase of € 14.2 million relating to Averna Group. This relates to euro-denominated loans entered into with leading banks and maturing at the end of 2019; interest is mainly due at floating market rates. The portion falling due within 12 months (€ 12.6 million) is classified as short-term bank loans; further details are given in note 39 - Payables to banks and other short-term financial payables. It should be noted that these loans are guaranteed by mortgages on properties in Caltanissetta for an amount of € 7.6 million and that the change from the acquisition date is due to the portion of debt that matured and was settled in the second half of 2014.

Leasing

The change in perimeter includes two opposing effects which completely cancel each other out.
Specifically, Averna Group has a financial lease for various plots of industrial land and buildings in Finale Emilia, worth € 1.4 million, of which € 1.3 million falls due after 12 months. This funding is secured on the leased properties.
Financial leasing payables decreased in the period by € 1.3 million, due to the sale of CISC 'Odessa Sparkling Wine Company'.

Payable for put options and earn-outs

At 31 December 2014, the long-term portion of the item Payables for put options and earn-outs includes the best estimate of the payment of an annual earn-out agreed as part of the purchase of the Sagatiba brand, to be paid over eight years following the closing.

Other debt

At 31 December 2014, Other debt was zero, although during the year, it included debt of € 6.3 million resulting from the purchase price holdback relating to the acquisition of Forty Creek Distillery Ltd., which was reclassified under short-term liabilities at the end of the financial year. It should be noted that this liability is non-interest-bearing. For more information, see note 8 - Business combinations, and note 39 - Payables to banks and other short-term financial payables.

Interest rates and maturities

The table below shows a breakdown of the Group's main financial liabilities, together with effective interest rates and maturities.
It should be noted that, as regards the effective interest rate of hedged liabilities, the rate reported includes the effect of the hedging.
Furthermore, the values of hedged liabilities are shown here net of the value of the related derivative, whether it is an asset or liability.

	Effective interest rate at 31 December 2014	Maturity	31 December 2014 € million	31 December 2013 € million
Payables and loans due to banks	Variable Euribor + 115-200 basis points	2014-2019	35.2	122.8
Parent Company bond issues				-
- issued in 2003 (USD)	fixed rate from 4.03% to 4.37%[(1)]	2015-2018	263.7	262.0
	6-month € LIBOR + 60 basis points[(2)]			-
- issued in 2009 (Eurobond)	fixed rate 5.375%	2016	357.0	360.8
- issued in 2012 (Eurobond)	fixed rate 4.5%	2019	395.2	394.2
Private placement:				-
- issued in 2009	fixed 6.83%, 7.50%, 7.99%	2014-2019	171.6	150.7
Financial leases	Euribor +133 basis points	2015-2025	1.3	1.3

(1) Rate applied to the portion of the bond hedged by an interest rate swap, corresponding to a nominal value of € 172 million.
(2) Rate applied to the portion of the bond hedged by an interest rate swap, corresponding to a nominal value of € 85.9 million.

Other non-financial liabilities

Other non-financial liabilities, totalling € 4.0 million at 31 December 2014 (€ 4.0 million at 31 December 2013), include amounts due from the Parent Company for fines and interest of € 1.0 million payable in instalments until 2017, and long-term liabilities accrued in respect of employees of € 2.4 million.

39. Payables to banks and other current financial liabilties

	31 December 2014 € million	*of which, perimeter effect* *€ million*	31 December 2013 € million
Payables and loans due to banks	**36.7**	***26.9***	**122.3**
Short-term portion of private placement issued in 2009		-	28.9
Short-term portion of Parent Company bond (USD) issued in 2003	86.0		
Amortised cost effect on short-term loans and bonds	1.4		
Accrued interest on bonds	12.9	-	12.3
Accrued swap interest on bonds	0.1	-	-
Short-term portion of derivatives on Parent Company bond (USD)	3.0		
Property leases	0.1	*0.1*	-
Financial liabilities on hedging contracts	3.6	*0.3*	-
Non-current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.1	-	-
Payables for put options and earn-outs	3.3	-	2.8
Other debt	6.8		0.3
Total other financial payables	**117.4**	***0.4***	**44.4**

Payables to banks

Short-term payables to banks relate to short-term loans or credit facilities used by the Group to obtain additional financial resources. Perimeter effects led to the recording of a payable for bank loans of € 26.9 million, comprising:
- the recording of the current portion of Averna Group's bank loans, totalling € 12.6 million; please refer to the comments in note 38 - Bonds and other non-current liabilities;
- other short-term bank loans of € 13.4 million;
- payables to factoring companies of € 0.9 million.

Bonds

The amount shown under short-term liabilities represents the first tranche of the bond issued by the Parent Company (in USD) issued in 2003 (USD 100 million) and maturing in July 2015.

Payable for put options and earn-outs

The short term portion of these payables (€ 3.3 million) includes payables for put options (€ 3.0 million) and for earn-outs (€ 0.2 million).
As regards the put options, the payable relates to the purchase of residual shares in J. Wray & Nephew Ltd. that the Group plans to buy from the non-controlling interests for which the Group has restricted cash and cash equivalents guaranteeing the above-mentioned obligation, as described in note 34 - Cash and cash equivalents and reconciliation with net debt.
The earn-out payables relate to the fourth annual tranche to be paid to Sagatiba.
During the year, annual earn-outs of € 0.2 million were paid to Sagatiba.

Other debt

The item includes under perimeter effects the amount still to be paid to the sellers of Forty Creek Distillery Ltd. corresponding to CAD 9.3 million, relating to the purchase price holdback set out in the contract, for an amount of € 6.6 million at end-of-year exchange rates. See note 8 - Business combinations for more details on the acquisitions. It should be noted that at the end of the year, the liability was reclassified as current debt, in that it can be settled by the end of 2015 (see note 38 - Bonds and other non-current liabilities).
In addition, the Group has cash and cash equivalents to guarantee the above-mentioned obligation, as described in note 34 - Cash and cash equivalents and reconciliation with net debt.

40. Defined benefit obligations

Group companies provide post-employment benefits for staff, both directly and by contributing to external funds.
The procedures for providing these benefits vary according to the legal, fiscal and economic conditions in each country in which the Group operates.
The benefits are provided through defined contribution and/or defined benefit plans.
For defined contribution plans, Group companies pay contributions to private pension funds and social security institutions, based on either legal or contractual obligations, or on a voluntary basis.
The companies fulfil all their obligations by paying the said contributions.

At the end of the financial year, any liabilities for contributions to be paid are included in Other current liabilities; the cost for the period is reported according to function in the income statement.
Defined benefit plans may be unfunded, or fully or partially funded by contributions paid by the company, and sometimes by its employees, to a company or fund which is legally separate from the company and which pays out benefits to employees.

As regards the Group's Italian subsidiaries, the defined benefit plans consist of the employee indemnity liability (TFR), to which its employees are entitled by law.
Following reform of the supplementary pension scheme in 2007, for companies with at least 50 employees, TFR contributions accrued up to 31 December 2006 are considered to be "defined benefit plans", while for contributions accruing from 1 January 2007, which have been allocated to a fund held at the INPS or to supplementary pension funds, are considered to be "defined contribution plans".
For the portion of the TFR considered as a defined benefit plan, this consists of an unfunded plan that does not therefore hold any dedicated assets. Other unfunded defined benefit plans relate to Campari Schweiz A.G.
Campari Deutschland GmbH has in place a number of funded defined benefit plans for employees and former employees. These plans have dedicated assets.

The liability for medical insurance in place at 31 December 2014 relates to J. Wray & Nephew Ltd. and offers access to health care provided that employees stay with the company until pensionable age and have completed a minimum period of service. The cost of these benefits is spread over the employee's service period using a calculation methodology similar to that used for defined pension plans. The present value of future benefits at the date of this report is a liability of € 2.0 million.

At 31 December 2012, following the J. Wray & Nephew Ltd. acquisition, the Group had a defined benefit pension fund for current and former employees of the companies in the J. Wray & Nephew Ltd. group, for which financial and non-financial assets were recorded. This fund, "*Lascelles Henriques et al Superannuation Fund (LHSF)*", which was created in 1960, has been changed several times over the years in terms of its operation and methods of granting benefits. Since 2009, new employees have not been eligible to join the fund. These employees may join a different defined contribution fund. In 2013, it was decided to liquidate the defined benefits fund and transfer the beneficiaries' positions to third-party insurance policies that provide the same benefits, or to the defined contribution fund. At 31 December 2014, there were no longer any obligations borne by J. Wray & Nephew Ltd. The assets that service the fund are instead shown as receivables from the employee benefit fund. When the LHSF is liquidated, which is expected to be in 2015, the residual net assets will be re-allocated based on the nature and type of investment.

The liability relating to the Group's defined benefit plans, which is calculated on an actuarial basis using the projected unit credit method, is reported in the statement of financial position, net of the fair value of any dedicated assets.
In cases where the fair value of dedicated assets exceeds the value of the post-employment benefit obligation, and where the Group has the right to reimbursement or the right to reduce its future contributions to the plan, the surplus is reported as a non-current asset, in accordance with IAS 19.

The following table reports changes in the present value of defined benefit obligations, and the fair values of the assets relating to the plan in 2104 and 2013.

It should be noted that for the benefits paid, the actual cash flow should be considered net of the assets sold and therefore amounted to € 1.0 million in 2013.

€ million	Liabilities	Assets
Liabilities (assets) at 31 December 2013	**38.6**	**(40.9)**
Amounts included in the income statement		
- current service costs	0.3	0.0
- past service costs	(0.0)	0.0
- effects of reducing/changing the plan	(2.4)	0.0
- net interest	0.7	(0.1)
- gains/(losses) on regulations implemented	1.0	0.0
Total	**(0.3)**	**(0.1)**
Amounts included in the statement of comprehensive income		
- gains (losses) resulting from changes in actuarial assumptions	0.6	0.0
- changes to plan assets (excluding components already considered in net interest payable)	0.4	(0.3)
- exchange rate differences	0.3	(0.8)
Total	**1.3**	**(1.1)**
Other changes		
- benefits paid	(3.3)	0.7
- benefits transferred	(23.2)	22.2
- change in basis of consolidation	2.5	0.0
- contributions to the plan by other members	0.1	(0.1)
- contributions to the plan by employees	(0.0)	(0.2)
Total	**(24.0)**	**22.6**
Liabilities (assets) at 31 December 2014	**15.6**	**(19.6)**
Liabilities (assets) at 31 December 2012 post-reclassifications	**92.9**	**(96.8)**
Amounts included in the income statement		
- current service costs	1.3	-
- past service costs	(0.4)	-
- effects of reducing/changing the plan	(0.2)	-
- net interest	4.7	(6.9)
- gains/(losses) on regulations implemented	(0.3)	(0.1)
Total	**5.1**	**(7.0)**
Amounts included in the statement of comprehensive income		
- gains (losses) resulting from changes in actuarial assumptions	0.5	1.7
- exchange rate differences	(4.9)	6.9
Total	**(4.4)**	**8.6**
Other changes		
- benefits paid	(55.1)	54.8
- contributions to the plan by other members	-	(0.6)
Total	**(55.1)**	**54.2**
Liabilities/(assets) at 31 December 2013	**38.6**	**(40.9)**

The table below shows the total changes in obligations for defined benefit plans financed by assets that serve the plan (funded assets) and the liabilities relating to long-term unfunded benefits. It also includes benefits linked to medical cover, as described above, provided by J. Wray&Nephew Ltd. to its current and/or former employees, and the long-term benefits of the Group’s Italian companies (TFR).

Current value of obligations € million	Unfunded obligations Pension plans	 Medical cover	Funded obligations Gross value of pension plans	 Fair value of assets	 Net values
Liabilities (assets) at 31 December 2013	**8.1**	**4.0**	**26.6**	**(41.0)**	**(14.4)**
Amounts included in the income statement					
- current service costs	(0.1)	0.2	0.2	-	**0.2**
- effects of reducing/changing the plan	-	(2.4)	-	-	**-**
- net interest	0.2	0.4	0.1	(0.1)	**-**
- gains/(losses) on regulations implemented	-	-	1.0	-	**1.0-**
Total	**0.2**	**(1.8)**	**1.3**	**(0.1)**	**1.2**
Amounts included in the statement of comprehensive income					
- gains (losses) resulting from changes in actuarial assumptions	0.6	0.1	0.1	-	**0.1**
- changes to plan assets (excluding components already considered in net interest payable)	-	-	0.4	(0.3)	**0.1**
- exchange rate differences	-	0.2	-	(0.8)	**(0.8)**
Total	**0.6**	**0.4**	**0.5**	**(1.1)**	**(0.6)**
Other changes					
- benefits paid	(2.8)	-	(0.7)	0.7	**-**
- benefits transferred	-		(22.2)	22.2	**-**
- change in basis of consolidation	2.5	-	-	-	**-**
- contributions to the plan by other members	-	-	0.1	(0.1)	**-**
- contributions to the plan by employees	-	(0.1)	0.1	(0.2)	**(0.2)**
Total	**(0.2)**	**(0.1)**	**(23.8)**	**22.6**	**(1.2)**
Liabilities (assets) at 31 December 2014	**8.6**	**2.4**	**4.6**	**(19.7)**	**(15.1)**
Limits on recognition of assets					***(15.8)***
of which included under Defined benefit plans - note 40					*€ 9.4 million*
of which included under Other non-current liabilities - note 38					*€ 2.4 million*
of which included under Other non-current assets - note 29					*€ (15.8) million*

Current value of obligations € million	Unfunded obligations Pension plans	 Medical cover	Funded obligations Gross value of pension plans	 Fair value of assets	 Net values
Liabilities (assets) at 31 December 2012 post-reclassifications	**8.3**	**4.6**	**79.9**	**(96.8)**	**(16.9)**
Amounts included in the income statement					
- current service costs	0.2	0.3	0.8	-	**0.8**
- past service costs	-	(0.4)	-	-	**-**
- effects of reducing/changing the plan	-	(0.2)	-	-	**-**
- net interest	0.3	0.4	4.0	(6.9)	**(2.9)**
- gains/(losses) on regulations implemented	(0.4)	-	0.1	(0.1)	-
Total	**0.1**	**0.1**	**4.9**	**(7.0)**	**(2.1)**
Amounts included in the statement of comprehensive income					
- gains/(losses) resulting from changes in actuarial assumptions	0.4	0.1	-	1.7	**1.7**
- exchange rate differences	-	(0.7)	(4.1)	6.9	**2.8**
Total	**0.4**	**(0.6)**	**(4.1)**	**8.6**	**4.5**
Other changes					
- benefits paid	(0.4)	0.1	(54.8)	54.8	**-**
- contributions to the plan by other members	-	(0.1)	0.2	(0.6)	**(0.4)**
Total	**(0.4)**	**-**	**(54.6)**	**54.2**	**(0.4)**
Liabilities/(assets) at 31 December 2013	**8.6**	**4.0**	**26.1**	**(40.9)**	**(14.9)**
Limits on recognition of assets					***(13.6)***

The cost of work provided is classified under personnel costs, financial liabilities on obligations are classified under financial liabilities, and the effects of the recalculation of actuarial effects are included in the other items of the statement of comprehensive income.

The table below shows a breakdown of the values of assets that service the pension plans.

Type of investment	Sector/nature/type/geographic region	2014 € million	2013 € million
- cash and cash equivalents		0.2	4.7
- equity investments	Americas	2.1	2.0
- bond investments	Debt instruments issued by the Government of Jamaica Stocks & Bonds	24.8	33.2
- investment property		1.9	7.6
- other		2.4	6.9
Limits on recognition of assets		(15.8)	(13.5)
Fair value of plan assets		19.7	40.9

Obligations related to the plans described above are calculated on the basis of the following actuarial assumptions:

	Unfunded pension plans		Funded pension plans		Other plans	
	2014	2013	2014	2013	2014	2013
Discount rate	1.49%	3.17%	1.90%-2.00%	3.20%	9.50%	9.50%
Future salary increases	2.00%-2.4%	2.02%-3.50%	2.00%	0.00%	-	-
Future pension increases	-	-	-	2.00%	-	-
Growth rate of healthcare costs	-	-	-	-	7.50%	8.50%
Expected return on assets	-	-	1.00%	3.20%	-	-
Staff turnover rate	1.71%-8.70%	2.0%-3.0%	-	-	-	-
Forecast inflation rate	0.93%-0.99%	2.00%	1.00%	-	-	-

The rates relating to the costs of health benefits are not included in the assumptions used in determining the above obligations. Thus, any changes in these rates would not have any effect.

As a result of the change currently being made to J. Wray & Nephew Ltd. pension plans, there were no obligations at 31 December 2014, but only the original plan assets.

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2014 is shown below. Specifically, it shows the effects on the final net obligation arising from a positive or negative percentage change in the key assumptions used.

	Unfunded pension plans			Funded pension plans			Other plans		
	change in the assumptions	Impact of positive change	Impact of negative change	change in the assumptions	Impact of positive change	Impact of negative change	change in the assumptions	Impact of positive change	Impact of negative change
2014									
Discount rate	+/-0.5%	-4.00%	4.30%	+/-1%	-10.01%	11.90%	+/-1%	-11.26%	8.49%
Future salary increases	-	-	-	+/-0.25/0.5%	-2.31%	2.31%	-	-	-
Growth rate of healthcare costs	-	-	-	-	-	-	+/-1%	8.49%	-11.26%
2013									
Discount rate	+/- 0.5%	-3.51%	3.75%	+/-1%	-10.44%	10.74%	+/-1%	-17.50%	23.09%
Future salary increases	-	-	-	+/-0.25%	1.84%	-3.23%	-	-	-
Healthcare cost	-	-	-	-	-	-	+/-1%	23.28%	-17.50%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the net obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year.
The methodology and the assumptions made in preparing the tolerance analysis remain unchanged from the preceding financial year.

Given that pension liabilities have been adjusted on the basis of the consumer prices index, the pension plan is exposed to the inflation rate of the various countries in question, to interest rate risks and to changes in the life expectancy of former employees. Given that the assets servicing the plans mainly relate to investments in bonds, the Group is also exposed to market risk in the related sectors.

The following payments are the expected contributions that will be made in future years to provide for the net obligations of the defined benefit plans.

31 December 2014	Total	Unfunded pension plans	Funded pension plans	Other plans
	€ million	€ million	€ million	€ million
Within 12 months	0.7	0.3	0.3	0.0
Within 5 years	2.7	1.3	1.4	0.0
More than 5 years	5.6	1.6	1.5	2.4
Total	9.0	3.3	3.3	2.4
Average plan duration (years)	13.0	11.5	16.9	11.0

41. Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision € million	Restructuring provisions € million	Agent severance fund € million	Other € million	Total € million
Balance at 31 December 2013	**14.8**	**1.5**	**1.6**	**14.7**	**32.4**
Perimeter effect for acquisitions	0.7	-	0.4	2.6	3.8
Perimeter effect for disposals	-	-	-	(4.1)	-
Accruals	-	4.7	1.0	1.2	6.9
Utilisations	-	(1.2)	(0.3)	(1.1)	(6.8)
Releases	(0.1)	-	-	(0.7)	(0.9)
Balance at 31 December 2014	**16.0**	**5.2**	**2.6**	**14.1**	**37.9**
of which estimated outlay:					
- due within 12 months	2.6	5.0	2.6	4.1	14.4
- due after 12 months	13.4	0.2	-	9.9	23.5

In relation to changes in the provisions for risks and charges from that shown in the 2013 annual financial statements, it should be noted that restructuring costs of € 4.7 million relate to the estimated costs for the restructuring processes currently under way within the Group.

The perimeter effect for disposals, totalling € 4.1 million, relates to the sale of the company, CISC 'Odessa Sparkling Wine Company', in April 2014, for which provisions for miscellaneous risks had been recorded.

The perimeter effect for acquisitions, of € 3.8 million, related to the acquisitions made over the year of Forty Creek Distillery Ltd. and Averna Group. For more information, see note 8 - Business combinations.

The tax provision of € 16.0 million at 31 December 2014, includes tax liabilities, unchanged compared with 31 December 2013, of € 1.2 million that could arise for the Parent Company from tax audits for the tax periods 2004 and 2005. The fund also incorporates € 13.9 million in liabilities acquired in the J. Wray & Nephew Ltd. acquisition. The change compared with the previous year is mainly due to the exchange rate effect.

The agent severance fund covers the estimate of the probable liability to be incurred for disbursing the additional compensation due to agents at the end of the relationship. This amount was discounted using an appropriate rate.

At 31 December 2014, other funds included the recognition by the Parent Company and subsidiaries of liabilities for various lawsuits, including a legal dispute over a distribution agreement totalling € 9.9 million.

The information reported below concerns potential liabilities arising from two disputes in progress with the Brazilian tax authorities, in relation to which the Group does not however deem it necessary to make provisions as of the date of this report. There are no other significant contingent liabilities.

The first dispute related to production tax (IPI), and contested the classification of products sold by Campari do Brasil Ltda. The increase in taxes and penalties stood at BRL 117.2 million plus interest.
In March 2012, the company was officially informed of the outcome of the dispute, which was in its favour.
However, since the formulation of the ruling was not deemed sufficient to afford the company complete legal safeguards in the event of future litigation relating to the same dispute, the company's lawyers proposed to appeal in order to obtain a ruling that fully protects the company in the event of future disputes.
In view of the outcome of the case and based on the advice of its lawyers, the Group continues to believe that there is still no reason to make a specific provision.
As a result, no provisions were made for this item in the accounts for the half-year ending 31 December 2014.

The second dispute relates to a tax inspection report relating to the payment of ICMS (tax on the consumption of goods and services) in respect of sales made by Campari do Brasil Ltda to a single customer in 2007 and 2008; the company was notified of this report on 16 February 2012.
The amount stipulated, including penalties and interest, totalled BRL 53.6 million (around € 20.8 million).
The dispute is pending before the administrative court, and is not expected to be settled in the near future.
Based on evaluations conducted by external legal consultants, who have appealed against the findings of the local tax authorities, the Group believes that the outcome of the dispute will be favourable to the company. It is therefore deemed unnecessary at present to establish a specific provision.

42. Trade payables and other current liabilities

	31 December 2014 € million	*of which, perimeter effect* *€ million*	31 December 2013 € million
Trade payables to external suppliers	223.2	*14.2*	198.1
Payables to suppliers	**223.2**	***14.2***	**198.1**
Payables to staff	41.1	*3.2*	30.1
Payables to agents	3.8	*0.7*	3.4
Deferred income	6.1	-	6.3
Payables for contributions not yet certain	2.2	-	2.3
Amounts due to controlling shareholder for Group VAT	1.8	-	1.2
Value added tax	21.6	*0.2*	16.5
Tax on alcohol production	38.2	*0.1*	26.5
Withholding and miscellaneous taxes	5.3	*0.4*	6.1
Other	7.5	*0.3*	20.8
Other current liabilities	**127.8**	***4.9***	**113.1**

The change in trade payables is mainly due to the acquisitions of Forty Creek Distillery Ltd. and Averna Group during the year. For more details, see note 8 - Business combinations.

The decrease in Payables to others is mainly due to the payment made in the year of € 2.7 million for distribution rights purchased in Spain in 2013 and the exchange rate effect, partly offset by the increase in payables for excise duties of various Group companies.

Payables for capital grants and deferred income relating to these grants break down as shown in the next paragraph.

The maturities for trade payables and other current liabilities are shown below.

31 December 2014	Trade payables € million	Other payables to third parties € million	Total € million
On demand	51.5	14.1	65.7
Within 1 year	170.2	113.6	283.8
Due in 1 to 2 years	1.0	0.1	1.1
Due in 3 to 5 years	0.4	0.0	0.4
Total	**223.2**	**127.8**	**351.0**

31 December 2013	Trade payables € million	Other payables to third parties € million	Total € million
On demand	40.3	9.3	49.6
Within 1 year	157.6	100.5	258.1
Due in 1 to 2 years	0.2	-	0.2
Due in 3 to 5 years	0.1	3.3	3.4
Total	**198.1**	**113.1**	**311.2**

43. Capital grants

The following table provides details of changes in deferred income related to capital grants between one financial year and the next.
In some cases, grants are not yet certain; in these instances a liability must be recorded against the grant received.
Once the grants become certain, they are classified as deferred income and are reported in the income statement based on the useful life of the plant.
In the interests of clarity, the table below illustrates changes in both payables and deferred income.
Proceeds received in the year mainly relate to Sella & Mosca S.p.A., and the Parent Company, and chiefly reflect funds received under the agriculture programme contract for vineyard sites in Alghero. In addition, grants certain to be received amounting to € 0.6 million have been reclassified under deferred income. The amount already posted to the income statement for depreciation already recognised in the year was € 0.9 million, and relates to both Sella & Mosca S.p.A. and the Parent Company.

	Payables to tax authorities € million	Deferred income € million
Balance at 31 December 2013	**2.3**	**4.3**
Proceeds received in the period	0.3	-
Grants certain to be received	(0.3)	0.6
Amounts posted to the income statement	-	(0.9)
Balance at 31 December 2014	**2.3**	**4.0**

	Payables to tax authorities € million	Deferred income € million
Balance at 31 December 2012	**2.4**	**4.4**
Proceeds received in the period	0.7	-
Amounts posted to the income statement	-	(1.0)
Grants certain to be received	(0.9)	0.9
Balance at 31 December 2013	**2.2**	**4.3**

44. Income tax payables

This item breaks down as follows:

	31 December 2014 € million	*of which, perimeter effect* € million	31 December 2013 € million
Income taxes	3.9	8.5	5.9
Due to ultimate shareholder for tax consolidation	1.0	-	1.3
	4.9	**8.5**	**7.2**

These payables are all due within 12 months.
The corporate income tax payable is shown net of advance payments and taxes deducted at source.

Payables to the main shareholder for tax consolidation at 31 December 2014 relate to payables due to Alicros S.p.A. from the Parent Company (€ 0.3 million) and a number of Italian subsidiaries (€ 0.7 million).
Against these payables, some Italian subsidiaries have receivables for tax consolidation totalling € 0.2 million (note 32 - Current tax receivables). It should be noted that these payables and receivables are all non-interest-bearing; for further details, see note 50 - Related parties.

45. Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999 as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for the Campari Group, approved by the shareholders' meeting of 2 May 2001.
The purpose of the plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.
The recipients are employees, directors and/or individuals who regularly do work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the plan approval date and

until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.
The regulations for the Plan do not provide for loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian civil code.
The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification.
Subsequently, further options were allocated each year, governed by the framework plan approved by the shareholders' meeting on 2 May 2001.
The shareholders' meeting of 30 April 2014 approved a new stock option plan, establishing the maximum number of shares that may be assigned (specifying how many may be assigned to directors of the Parent Company and how many to any other beneficiary) and authorising the board of directors of the Parent Company to identify, within the limits established by the shareholders' meeting, the beneficiaries and the number of options that may be assigned to each.

The options were therefore assigned on 1 July 2014 to the individual beneficiaries, with the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (full or partial) exercise to the end of the sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated.

The total number of options granted for the purchase of further shares was 12,065,972, with the average allocation price at € 6.28, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

For the purpose of evaluating the plan in accordance with IFRS 2 - Share-based payment, the plan was divided into three different tranches, corresponding to a number of options equal to 80%, 10% and 10% vesting in five, six and seven years respectively. All tranches carry a vesting condition that requires assignees to remain with the Company for the whole vesting period. Furthermore, to exercise the second and third tranche, all options previously matured up to the end of the sixth year (second tranche) and seventh year (third tranche) must be maintained. For the purposes of IFRS 2, this takes the form of a non-vesting condition.
This results in a different unit fair value for each tranche, equivalent to € 1.48 for the first tranche, € 1.35 for the second and € 1.06 for the third.

The following table shows changes in stock option plans during the periods concerned.

	31 December 2014		31 December 2013	
	No. of shares	Average allocation/exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	36,571,281	4.18	44,328,942	3.96
Options granted during the period	12,065,972	6.28	965,984	5.90
(Options cancelled during the period)	(1,905,765)	5.04	(952,758)	4.74
(Options exercised during the period)(*)	(4,940,505)	2.96	(7,734,001)	3.04
(Options expiring during the period)	-	-	(36,886)	3.84
Options outstanding at the end of the period	41,790,983	4.89	36,571,281	4.18
of which those that can be exercised at the end of the period	3,946,977	2.23	6,836,492	2.85

(*) The average market price on the exercise date was € 5.97.

The average remaining life of outstanding options at 31 December 2014 was 4.1 years (3.7 years at 31 December 2013).
The average exercise price for the options allocated in each year is as follows:

	Average exercise price
Allocations: 2008	2.85
Allocations: 2009	3.02
Allocations: 2010	3.87
Allocations: 2011	5.43
Allocations: 2012	5.25
Allocations: 2013	5.90
Allocations: 2014	6.28

The average fair value of options granted during 2014 was € 1.40 (€ 1.60 in 2013).
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions.
Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.
The following assumptions were used for the fair value valuation of options issued in 2014 and 2013:

	2014	2013
Expected dividends (€)	0.08	0.07
Expected and historic volatility (%)	20%	23%
Market interest rate	1.15%	1.45%
Expected option life (years)	7.30	7.30
Exercise price (€)	6.28	5.90

Davide Campari-Milano S.p.A. has a number of own shares that can be used to cover stock option plans.
The following table shows changes in the number of own shares held during the periods considered.

	No. of own shares		Purchase price (€ million)	
	2014	2013	2014	2013
Balance at 1 January	5,116,824	4,498,118	30.8	24.6
Purchases	3,704,964	8,264,835	21.1	49.1
Disposals	(4,940,505)	(7,646,129)	(29.8)	(42.9)
Final balance	3,881,283	5,116,824	22.1	30.8
% of share capital	0.67%	0.88%		

In relation to the sales of own shares in the year, which are shown in the above table at the original purchase price (€ 29.8 million), and sales of € 14.6 million, the Parent Company recorded a loss of € 15.2 million, which was recorded under shareholders' equity and partly covered by the use of € 3.2 million from the stock option reserve.

46. Financial instruments - disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

31 December 2014 € million	Loans and receivables	Financial liabilities at amortised cost	Assets and liabilities measured at fair value with changes recognised in profit or loss	Hedging transactions
Cash and cash equivalents	230.9			
Current financial receivables	19.6			
Other non-current financial assets	30.5			
Trade receivables	313.6			
Payables to banks		(45.7)		
Real estate lease payables		(1.3)		
Bonds		(1,001.2)		
Private placement		(171.7)		
Accrued interest on bonds		(12.9)		
Other financial liabilities		(8.2)		
Put option payables		(4.6)		
Trade payables		(223.2)		
Non-current assets for hedge derivatives not reported using hedge accounting procedures			0.5	-
Current assets for hedge derivatives				2.7
Non-current liabilities for hedge derivatives				(10.3)
Financial liabilities on hedging contracts				(6.7)
Non-current liabilities for hedge derivatives, not reported using hedge accounting procedures			(0.1)	-
Total	**594.6**	**(1,468.8)**	**0.4**	**(14.3)**

31 December 2013 € million	Loans and receivables	Financial liabilities at amortised cost	Assets and liabilities measured at fair value with changes recognised in profit or loss	Hedging transactions
Cash and cash equivalents	444.2			
Short-term financial receivables	30.1			
Other non-current financial assets	9.8			
Trade receivables	288.5			
Payables to banks		(122.8)		
Real estate lease payables		(1.3)		
Bonds		(976.2)		
Private placement		(179.7)		
Accrued interest on bonds		(12.3)		
Other financial liabilities		(0.5)		
Put option payables		(4.8)		
Trade payables		(198.1)		
Current assets for hedge derivatives				1.4
Non-current liabilities for hedge derivatives				(40.8)
Total	**772.6**	**(1,495.7)**	-	**(39.4)**

Fair value hedging

The Group has in place the following contracts that meet the definition of hedging instruments based on IAS 39.

- Cross currency swap on Parent Company bond issued in 2003 (USD).
  At the reporting date, the Group held a cross currency swap totalling a notional USD 300 million on the Parent Company’s bond issue denominated in US dollars.
  This instrument has the same maturity as the underlying liability.
  The derivative is valued at fair value and any changes are reported on the income statement; having established the effectiveness of the hedging transactions, the gain or loss on the hedged item attributable to the hedged risk is used to adjust the carrying amount of the underlying liability and is immediately reported on the income statement.
  At 31 December 2014, the Parent Company's cross currency swap had a negative fair value of € 8.7 million, reported under non-current financial liabilities.
  The change in the fair value of these instruments reported on the income statement in 2014 was positive at € 29.4 million.

In relation to the hedged instrument, the valuation of the hedged risks led to the recognition of a total gain of € 6.9 million. The loss recorded on the hedged item in 2014 was € 28.7 million.

- Foreign currency hedges
  At 31 December 2014, certain Group subsidiaries held forward contracts on receivables and payables in currencies other than the euro in their accounts.
  The contracts were negotiated to match maturities with projected incoming and outgoing cash flows resulting from sales and purchases in individual currencies.
  The valuation of these contracts at the reporting date gave rise to the reporting of assets of € 1.3 million and liabilities of € 3.6 million.

In addition, in 2012, the Parent Company settled the interest rate swap on the bond issued in 2009, and thus the portion of underlying debt (€ 200.0 million) was reported at the original fixed rate.
Similarly, the amount resulting from the valuation of the contract on the settlement date was reclassified under financial receivables and will be collected over the remaining life of the underlying loan. Note 28 - Non-current financial assets and Note 32 - Current financial assets provide information on credit movements.
As regards the underlying debt, the change in fair value attributable to the risk hedged as shown at the time the cover ended is reflected in the income statement over the period of the loan. In 2014, this resulted in a gain of € 4.4 million. As the cancellation of the hedge resulted in the coupons paid to the shareholders being converted into fixed contractual rates, this positive effect is cancelled out in the income statement.

Gains and losses on the hedged and hedging instruments used in all the Group's fair value hedges, corresponding to the above-mentioned contracts, are summarised below.

€ million	31 December 2014	31 December 2013
Gains on hedging instruments	29.4	-
Losses on hedging instruments	(0.5)	(12.2)
Total gains (losses) on hedging instruments	**28.9**	**(12.2)**
Gains on hedged items	4.4	16.6
Losses on hedged items	(28.7)	-
Total gains (losses) on hedged items	**(24.3)**	**16.6**

Derivatives used for cash flow hedging

The Group uses the following contracts to hedge its cash flows.

- Interest rate swap on Parent Company bond issued in 2003 (USD)

The Group has put in place various interest rate swaps involving the payment of an average fixed rate of 3.20% on total underlyings of USD 50 million (maturing in 2015) and USD 150 million (maturing in 2018).
Since these hedging transactions met the requirements for effectiveness, an appropriate shareholders' equity reserve equal to a liability was recorded for a gross value of € 4.6 million.
As required by IAS 39, the cash flow hedge reserve for these contracts will be recycled to the income statement at the same maturity dates as the cash flows related to the liability.
During the period, an unrealised charge of € 1.1 million was posted to the reserve, together with the corresponding deferred tax effect of € 0.3 million.
Moreover, the realisation of the hedged cash flows generated the release of the cash flow hedge reserve, which had a positive impact on the income statement of the period of € 0.9 million.

- Interest rate swap on Parent Company bond issued in 2009 (Eurobond)

Just before the allocation of the Eurobond, the Parent Company negotiated interest rate hedges which, on the date that the loan was listed, generated a financial outlay of € 3.0 million that was included in shareholders' equity.
This reserve, which was released in step with the cash flows generated by the underlying debt, in 2014 produced a liability of € 0.4 million on the income statement.

- Hedging of future purchases and sales of foreign currencies

At 31 December 2014, the Group held forward currency contracts, designated as hedging instruments, on expected future sales and purchases based on its own 2015 estimates. These transactions are highly probable.
Contracts were negotiated to match maturities with projected cash inflows and outflows resulting from sales and purchases in individual currencies.

At 31 December 2014, existing hedges on sales had an insignificant nominal value. These hedges met the requirements for effectiveness, and a net asset of € 0.04 million was suspended in shareholders' equity reserves.
All cash flows concerned will materialise in 2015.

The following table shows when the Group expects to receive the hedged cash flows, as of 31 December 2014.
The breakdown includes the cash flows arising from the Parent Company's interest rate swap involving the fixed rate interest payments on the bond issued in 2003 (in USD).
These cash flows only relate to interest and have not been discounted to present value.
The breakdown also shows the cash flows arising from forward foreign exchange contracts in respect of future currency sales/purchases.

31 December 2014	Within one year	1-5 years	total
	€ million	€ million	€ million
Cash outflows	6.8	13.7	20.5
Cash inflows	7.1	14.3	21.4
Net cash flows	0.3	0.6	0.9

31 December 2013	Within one year	1-5 years	total
	€ million	€ million	€ million
Cash outflows	7.7	23.7	31.5
Cash inflows	7.1	21.7	28.8
Net cash flows	(0.7)	(2.0)	(2.7)

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

31 December 2014	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
Opening balance	(3.6)	1.0	(2.6)
Booked to the income statement during the period	(0.5)	0.1	(0.4)
Recognised in equity during the period	(1.4)	0.4	(1.0)
Amount allocated to reserves at 30 June 2014	**(5.5)**	**1.5**	**(4.0)**

31 December 2013	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
Opening balance	(4.1)	1.1	(3.0)
Booked to the income statement during the period	(1.3)	0.4	(0.9)
Recognised in equity during the period	1.7	(0.5)	1.2
Amount allocated to reserves at 31 December 2013	**(3.7)**	**1.0**	**(2.7)**

47. Assets and liabilities measured at fair value

The following information is provided in accordance with the provisions of IFRS 13 - Fair Value Measurement.
It should be noted that the models currently used by the Group to measure the fair value of financial instruments provide for the inclusion of counterparty non-performance risk rating components.
The method used for determining fair value is described below.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value at the rates in effect at the end of the year.

For commercial items and other receivables and payables, fair value corresponds to the carrying amount.

	carrying amount		*Fair value*	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	€ million	€ million	€ million	€ million
Cash and cash equivalents	230.9	444.2	230.9	444.2
Interest accrued on swaps on private placements	1.3	0.7	1.3	0.7
Assets for hedge derivatives, not reported using hedge accounting procedures	0.5		0.5	
Non-current assets for hedge derivatives	1.3	0.7	1.3	0.7
Other current financial receivables	19.6	30.1	19.6	30.1
Other non-current financial assets	30.5	9.8	30.5	9.8
Financial investments	**284.2**	**485.6**	**284.2**	**485.6**
Payables to banks	45.7	122.8	45.7	122.8
Real estate lease payables	1.3	1.3	1.3	1.3
Bond issued in 2003	250.3	221.3	258.5	230.3
Bond issued in 2009 (Eurobond)	357.0	360.7	377.0	381.1
Bond issued in 2012 (Eurobond)	395.2	394.2	454.4	421.2
Private placement issued in 2009	171.7	179.7	194.1	211.1
Accrued interest on bonds	12.9	12.3	12.9	12.3
Derivatives on bond issues	13.3	40.8	13.3	40.8
Financial liabilities on other hedging contracts	3.7	0.0	3.7	0.0
Liabilities for hedge derivatives, not reported using hedge accounting procedures	0.1		0.1	
Other financial liabilities	6.8	0.5	6.8	0.5
Payables for put options and earn-outs	4.6	4.8	4.6	4.8
Financial liabilities	**1,262.7**	**1,338.4**	**1,372.5**	**1,426.1**
Net financial assets (liabilities)	**(978.5)**	**(852.8)**	**(1,088.2)**	**(940.5)**

Fair value of non-financial instruments:

- For the biological assets in Sardinia, with respect to the application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of Sella & Mosca S.p.A. vis-a-vis the territory in which it operates, as described below, it was decided to continue recording these assets at cost, less accumulated depreciation. Valuation at fair value would require the following assumptions to be met, which do not apply in the context in which the Company operates: the existence of an active market for biological products and assets, which is not the case in Sardinia, as the market cannot absorb grapes and vines in the quantities concerned, due to a lack of available buyers, and it is not possible to set potential market prices in a scenario in which all products or biological assets are made available for sale; and the adoption of the alternative cash flow valuation method, which cannot be used as it is not possible to either set a reliable price for the biological products concerned in the quantity concerned, or define or measure projected cash flows;
- for the other biological assets measured at fair value, this value is based on surveys of agricultural land and the related vineyards carried out by an expert;
- for current biological assets (agricultural produce), the fair value is determined based on the sale price net of estimated sales costs.

Investment property is valued at cost, which is considered a reliable approximation of its fair value.
The table below details the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation methods used:
- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account various inputs from previous prices, but that can be observed on the market directly or indirectly;
- level 3: the techniques used take into account inputs that are not based on observable market data.

In 2013, no changes were made in the valuation methods applied.

Financial instruments
Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sale/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.

The most commonly applied valuation methods include the forward pricing and swap models, which use present value calculations.

The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below analyses financial instruments measured at fair value based on three different valuation levels.

31 December 2014	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Accrued interest on bond swaps		1.3	
Futures currency contract		1.3	
Hedge derivatives not reported using hedge accounting procedures		0.5	
Liabilities valued at fair value			
Interest rate and cross currency swap on bond (USD)		13.3	
Accrued interest on bond swaps		0.1	
Forward currency and interest rate contracts		3.6	
Hedge derivatives not reported using hedge accounting procedures		0.1	

The level 2 valuation for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.
In 2014, there were no reclassifications between the above-mentioned levels in the fair value hierarchies.

Non-financial instruments
The table below analyses non-financial instruments measured at fair value, which include biological assets only.

31 December 2014	Level 1	Level 2	Level 3
	€ million	€ million	€ million
Assets valued at fair value			
Biological assets	-	6.9	-

31 December 2013	Level 1	Level 2	Level 3
	€ million	€ million	€ million
Assets valued at fair value			
Biological assets	-	7.3	-

The level 2 valuation for biological assets is generally based on expected cash flows resulting from the sale of wine products. The sale prices of wine products used as a reference point relate to products that are strictly comparable with those of the Group. The parameters used are the production potential of vineyards on land with similar characteristics and the corresponding overall market value. The sale prices of sugar are linked to the official prices in the reference markets, appropriately adjusted to take account of sales costs.
In 2014, there were no reclassifications between the above-mentioned levels in the fair value hierarchies.

48. Nature and scale of the risks arising from financial instruments

The Group's main financial instruments include current accounts, short-term deposits, short and long-term bank loans, finance leases and bonds.
The purpose of these is to finance the Group's operating activities.
In addition, the Group has trade receivables and payables resulting from its operations.
The main financial risks to which the Group is exposed are market (currency and interest rate risk), credit and liquidity risk. These risks are described below, together with an explanation of how they are managed.
To cover these risks, the Group makes use of derivatives, primarily interest rate swaps, cross currency swaps and forward contracts, to hedge interest rate and exchange rate risks.

Credit risk

With regard to trade transactions, the Group works with medium-sized and large customers (mass retailers, domestic and international distributors) on which credit checks are performed in advance.

Each company carried out an assessment and control procedure for its customer portfolio, partly by constantly monitoring amounts received. In the event of excessive or repeated delays, supplies are suspended.

As a result, historical losses on receivables represent a very low percentage of revenues and annual outstanding receivables and do not require special coverage and/or insurance.

The maximum risk at the reporting date is equivalent to the carrying amount of trade receivables.

Financial transactions are carried out with leading domestic and international institutions with a high credit rating. The risk of insolvency is therefore deemed to be insignificant. The maximum risk at the reporting date is equivalent to the carrying amount of these assets.

Liquidity risk

The Group's ability to generate substantial cash flow through its operations allows it to reduce liquidity risk to a minimum. This risk is defined as the difficulty of raising funds to cover the payment of the Group's financial obligations.

The table below summarises financial liabilities at 31 December 2014 by maturity based on the contractual repayment obligations, including non-discounted interest.

For details of trade payables and other liabilities, see note 42 - Trade payables and other current liabilities.

31 December 2014	On demand € million	Within 1 year € million	Due in 1 to 2 years € million	Due in 3 to 5 years € million	Due in more than 5 years € million	Total € million
Payables and loans due to banks		36.7	6.9	2.1	-	45.7
Bonds		128.6	394.4	25.6	604.5	1,153.2
Liabilities for derivatives on bond issues		(1.1)	1.8	1.8	(6.3)	(3.8)
Private placement		13.4	92.7	7.2	101.5	214.8
Property leases		0.1	0.1	0.1	1.1	1.3
Other financial payables		8.2	-	-	-	8.2
Total financial liabilities	**-**	**185.9**	**495.9**	**36.9**	**700.8**	**1,419.5**

31 December 2013	On demand € million	Within 1 year € million	Due in 1 to 2 years € million	Due in 3 to 5 years € million	Due in more than 5 years € million	Total € million
Payables and loans due to banks		122.3	0.6	-	-	122.8
Bonds		46.7	119.2	584.1	416.5	1,166.4
Derivatives on bond issues		0.0	12.6	26.2	0.0	38.8
Private placement		41.8	11.8	97.1	86.1	236.8
Property leases		0.2	0.2	0.6	3.1	4.0
Other financial payables		0.2	0.2	-	-	0.4
Total financial liabilities	**-**	**211.1**	**144.6**	**707.9**	**505.7**	**1,569.3**

The Group's financial payables, with the exception of non-current payables with a fixed maturity, consist of short-term bank debt.

Thanks to its liquidity and close management of cash flow from operations, the Group has sufficient resources to meet its financial commitments at maturity.

In addition, there are unused credit lines that could cover any liquidity requirements.

Market risks

Interest rate risk

The Group is exposed to the risk of fluctuating interest rates in respect of its financial assets, short-term payables to banks and long-term lease agreements.

Among long-term financial liabilities, fixed rates apply to certain loans obtained by Sella & Mosca S.p.A. and one of the Parent Company's minor loans.

The Campari America private placement also pays interest at a fixed rate.

The Parent Company's bond issued in 2003 originally had a fixed interest rate in US dollars, but this became a variable rate in euro through a derivatives contract; a portion of the debt was subsequently transferred to a fixed rate in euro through an interest rate swap.

The Parent Company's 2009 and 2012 bond issues pay interest at a fixed rate. It should be noted that, at 31 December 2014, around 90% of the Group's total financial debt was fixed-rate debt.

Sensitivity analysis

The following table shows the effects on the Group's income statement of a possible change in interest rates, if all other variables are constant.

A negative value in the table indicates a potential net reduction in profit and equity, while a positive value indicates a potential net increase in these items.

The assumptions used in terms of a potential change in rates are based on an analysis of the trend at the reporting date.

The table illustrates the full-year effects on the income statement in the event of a change in rates, calculated for the Group's variable-rate financial assets and liabilities.

As regards the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the change in the underlying liability, with practically no effect on the income statement.

Net of tax, the effects are as follows:

	Increase/decrease in interest rates in basis points	Income statement	
		Increase in interest rates € million	Decrease in interest rates € million
31 December 2014	+/- 5 basis points		
Euro		(0.3)	0.3
Other currencies		0.5	(0.5)
Total effect		0.2	(0.2)
31 December 2013	+/- 5 basis points		
Euro		(0.3)	0.3
Other currencies		0.6	(0.6)
Total effect		0.4	(0.4)

Exchange rate risk

The expansion of the Group's international business has resulted in an increase in sales on markets outside the Eurozone, which accounted for 58.5% of the Group's net sales in 2014.

However, the establishment of Group entities in countries such as the United States, Brazil, Australia, Argentina, Russia and Switzerland allows this risk to be partly hedged, given that both costs and income are denominated in the same currency. In the case of the US, moreover, some of the cash flows from operations are used to redeem the US dollar-denominated private placement taken out locally to cover the acquisitions of certain companies.

Therefore, exposure to foreign exchange transactions generated by sales and purchases in currencies other than the Group's functional currencies represented an insignificant proportion of consolidated sales in 2014.

For these transactions, Group policy is to mitigate the risk by using forward sales or purchases.

In addition, the Parent Company has issued a bond in US currency, where the exchange rate risk has been hedged by a cross currency swap.

Sensitivity analysis

Analysis was performed on the economic effects of a possible change in the exchange rates against the euro, keeping all the other variables constant.

This analysis does not include the effect on the consolidated financial statements of the conversion of the financial statements of subsidiaries denominated in a foreign currency following a possible change in exchange rates.

The assumptions adopted in terms of a potential change in rates are based on an analysis of forecasts provided by financial information agencies at the reporting date.

The types of transaction included in this analysis are as follows: the Parent Company's bond issue, denominated in US dollars, and sales and purchase transactions in a currency other than the Group's functional currency.

The Parent Company's bond issue is hedged by cross currency swaps, while the other transactions are hedged by forward contracts; in both cases, therefore, a change in exchange rates would entail a corresponding change in the fair value of the hedging transaction and hedged item, but this would have no effect on the income statement.

The effects on shareholders' equity are determined by changes in fair value of the Parent Company's interest rate swap and forward contracts on future transactions, which are used as cash flow hedges.

The results of this analysis showed that the effects would not be significant.

49. Commitments and risks

The main commitments and risks of the Campari Group on the closing date of the accounts are shown below.

Non-cancellable operating leases

The following table shows the amounts owed by the Group, broken down by maturity, in future periods for leases on property.

Minimum future payments under operating leases	31 December 2014 € million	31 December 2013 € million
Within 1 year	7.8	8.1
1-5 years	17.9	17.0
More than 5 years	11.1	6.6
	36.8	**31.8**

The amount reported in the table relates to leases on cars, computers and other electronic equipment; rental fees for buildings and offices are included.

Non-cancellable financing leases

The table below shows the commitments relating to the finance leasing contract entered into for the Finale Emilia production facility.

The contract stipulates future minimum payments as set out in the table, which also shows the relationship between the payments and their present value.

Finance leases	31 December 2014		31 December 2013	
	Future minimum payments € million	Present value of future payments € million	Future minimum payments € million	Present value of future payments € million
Within 1 year	0.2	0.1	0.3	0.1
1-5 years	0.8	0.4	0.8	0.3
More than 5 years	1.1	0.9	3.2	0.3
Total minimum payments	2.0	1.4	4.3	0.6
Financial charges	(0.6)		(3.6)	
Present value of minimum future payments	**1.4**	**1.4**	**0.6**	**0.6**

Existing contractual commitments for the purchase of goods or services

These commitments total € 173.3 million, of which € 135.4 million mature by the end of the year, and € 38.0 million mature within five years.

Commitments mainly relate to the purchase of raw materials, semi-finished goods and merchandise (€ 43.6 million), the purchase of A&P and sponsorship services (€ 26.5 million), the purchase of wine and grapes (€ 44.1 million, of which € 29.4 million within five years), the purchase of packaging and habillage (€ 37.3 million) and the purchase of copacking services (€ 6.0 million, of which € 3.4 million within five years).

Existing contractual commitments for the purchase of property, plant and equipment

These commitments totalled € 13.3 million, and all expire within the year.

They mainly relate to the purchase of maturing barrels for the Wild Turkey distillery in Kentucky (about € 5.3 million) and investments for environmental recovery and rehabilitation and for the renewal of the production facilities of the distillery in Jamaica (€ 4.6 million).

Restrictions on the title and ownership of property, plant and equipment pledged to secure liabilities

The Group has several existing loans, with a current balance of € 7.6 million, secured by mortgages on land and buildings and liens on machinery and equipment for an original amount of € 9.2 million.

Other guarantees

The Group has issued other forms of security in favour of third parties such as customs bonds for excise taxes totalling € 69.3 million at 31 December 2014, € 6.5 million for the promotion of wines and € 10.7 million to the Italian tax authorities.

50. Related parties

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A.
Davide Campari-Milano S.p.A. and its Italian subsidiaries have adopted the national tax consolidation scheme governed by articles 117 *et seq* of the consolidated law on income tax (TUIR), for 2013, 2014 and 2015.
The tax receivables and payables of each individual Italian company are therefore recorded as payables to the ultimate shareholder, Alicros S.p.A.
At 31 December 2014, the overall position of the Italian subsidiaries of Davide Campari-Milano S.p.A. and of the Parent Company in respect of Alicros S.p.A., in relation to the tax consolidation scheme, is a non-interest-bearing net payable of € 0.7 million.

Moreover, Alicros S.p.A., Davide Campari-Milano S.p.A. and some of its Italian subsidiaries have joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72.
At 31 December 2014, the Parent Company and its Italian subsidiaries owed Alicros S.p.A. € 1.8 million.
The table below shows the net debit balance.

The receivables and payables arising as a result of the tax consolidation scheme are non-interest-bearing.

Dealings with related parties and joint ventures form part of ordinary operations and are carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allow for the recovery of costs incurred and a return on invested capital.
All transactions with related parties were carried out in the Group's interest.

The amounts for the various categories of transaction entered into with related parties are set out below.

	Receivables (payables) for tax consolidation € million	Receivables (payables) for Group VAT € million	Other non-current tax receivables € million	Other receivables (payables) € million
31 December 2014				
Alicros S.p.A.	(0.7)	(1.8)	2.2	-
Payables to directors	-	-	-	(2.0)
Total	**(0.7)**	**(1.8)**	**2.2**	**(2.0)**
Balance sheet percentage of related item	4%	1%	4%	1%
31 December 2013				
Alicros S.p.A.	1.2	(1.2)	2.2	-
Payables to directors	-	-	-	(1.5)
Total	**1.2**	**(1.2)**	**2.2**	**(1.5)**
Balance sheet percentage of related item	5%	1%	7%	1%

	Sale of merchandise € million	Trade allowances € million	Other income and charges € million	Profit (loss) of joint ventures € million
2014				
Alicros S.p.A.	-	-	0.1	-
Jamaica Joint Venture Investment Co. Ltd.				(0.2)
Total	**-**	**-**	**0.1**	**(0.2)-**
Balance sheet percentage of related item	-	-	-	100%
2013				
Alicros S.p.A.	-	-	0.1	-
International Marques V.O.F.	-	-	-	(0.2)
Total	**-**	**-**	**0.1**	**(0.2)**
Balance sheet percentage of related item	-	-	-	100%

Remuneration paid to the Parent Company's directors who held management positions in the Group with strategic responsibility was as follows:

	2014 € million	2013 € million
Short-term benefits	4.9	4.7
Stock options	1.3	1.2
	6.2	**5.9**

It should be noted that, at the date of this report, a payable to directors of € 2.0 million was recorded in the accounts.

51. Employees

The following tables indicate the average number of employees at the Group, broken down by business sector, category and region.

Business segment	**2014**	**2013**
Production	1,949	1,864
Sales and distribution	1,496	1,444
General	783	688
Total	4,229	3,996
Category	**2014**	**2013**
Managers	181	167
Office staff	2,231	2,063
Manual workers	1,816	1,766
Total	4,229	3,995
Region	**2014**	**2013**
Italy	950	812
Abroad	3,278	3,183
Total	**4,229**	**3,996**

52. Subsequent events

Introduction of shares with increased voting rights (loyalty shares)

On 28 January 2015, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. voted by a large majority to adopt the resolution proposing changes to the articles of association in order to introduce loyalty shares.

The proposal was approved with a vote in favour of 76.1% of the share capital represented at the shareholders' meeting, corresponding to 61.8% of the share capital of Davide Campari-Milano S.p.A.

It is hoped that loyalty shares will create a more stable and loyal shareholder structure in view of changes introduced by Article 20 of Legislative Decree 91 of 24 June 2014.

In accordance with the above-mentioned changes to the articles of association, shareholders who wish to exercise their option to purchase loyalty shares, which give their holders two votes for each share held, must request registration of the shares in the appropriate shareholder register of the Company for at least 24 months from the registration date, subject to compliance with the requirements of law and of the articles of association.

The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, define the terms and conditions for registration on the list and for requesting removal from it.

For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulation on the special list for double voting rights, which is published on the Company's website (www.camparigroup.com/it/governance/loyalty-shares).

Revolving credit facility

In March, the Parent Company took advantage of the favourable conditions on the financial markets to agree a five-year, € 450 million committed revolving credit facility with a pool of six leading banks. The Company may draw down on the credit line as required in order to fulfil any financial obligation that may arise.

Sale of non-strategic investment in Jamaica

In March, the stake of 33.33% in Jamaica Joint Venture Investment Co. Ltd. held by J. Wray & Nephew Ltd. in Jamaica, deemed non-strategic by the Group, was sold for USD 0.9 million. The carrying amounts of the equity investment have already been aligned with this amount in the statement of financial position at 31 December 2014.

Sesto San Giovanni (MI), 10 March 2015

Chairman of the Board of Directors

Luca Garavoglia

Certification of the consolidated financial statements pursuant to article 81-ter of Consob regulation 11971 of 14 May 1999 and subsequent revisions and amendments

1. We, Robert Kunze-Concewitz, Stefano Saccardi, managing directors, and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, TUF:

• the appropriateness, in relation to the nature of the business, and

• the effective application of the administrative and accounting procedures used to prepare the consolidated financial statements for 2014.

2. We further certify that

2.1. The consolidated financial statements at 31 December 2014:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the financial position of the issuer and the group of companies included in the basis of consolidation.

2.2. The report on operations contains an accurate assessment of the company's performance and operating results, and on the position of the issuer and the group of companies included in the basis of consolidation, together with a description of the main risks and uncertainties to which it is exposed.

Sesto San Giovanni (MI), Tuesday 10 March 2015

Chief Executive Officer
Robert Kunze-Concewitz

Chief Executive Officer
and director responsible for preparing
the company's accounting statements
Paolo Marchesini

Chief Executive Officer
Stefano Saccardi

Davide Campari-Milano S.p.A.

Separate financial statements at 31 December 2014

Financial statements

Income statement

	Notes	2014	*of which: related parties*	2013	*of which: related parties*
		€	€	€	€
Net sales	7	**546,519,624**	*186,846,246*	**542,333,623**	*195,686,191*
Cost of goods sold	8	(246,988,329)	*(16,327,596)*	(255,700,445)	*(9,813,448)*
Gross profit		**299,531,295**		**286,633,178**	
Advertising and promotional costs	9	(59,556,458)	*4,823,159*	(51,880,840)	*4,602,869*
Contribution margin		**239,974,837**		**234,752,338**	
Overheads	10	(97,609,500)	*6,460,433*	(73,720,904)	*6,187,641*
of which: non-recurring		*(17,410,545)*		*1,354,456*	
Operating result		**142,365,337**		**161,031,434**	
Financial income and charges	16	(54,071,842)	*(8,295,997)*	(49,312,605)	*(8,187,874)*
of which: non-recurring		*(803,187)*		*(160,653)*	
Dividends		44,290,911	*44,290,911*	112,718,584	*112,718,584*
Profit before tax		**132,584,406**		**224,437,413**	
Taxes	17	(33,851,573)		(39,431,120)	
Profit for the year		**98,732,833**		**185,006,293**	

Statement of comprehensive income

	2014	2013
	€	€
Net profit (A)	**98,732,833**	**185,006,293**
B1) Items that may be subsequently reclassified to profit or loss		
Cash flow hedge:		
- Profit (loss) for the period	(1,213,935)	1,404,621
Less: profits (losses) reclassified to the separate income statement	(389,523)	(1,115,932)
- Net gains (losses) from cash flow hedge	(1,603,458)	288,689
- Tax effect	440,951	(386,271)
Cash flow hedge	(1,162,507)	(97,582)
Total: items that may be subsequently reclassified to profit or loss (B1)	**(1,162,507)**	**(97,582)**
B2) Items that may be subsequently reclassified to profit or loss		
Pension funds remeasurement reserve		
- Profit (loss) for the period	(313,489)	(329,239)
- Tax effect	86,210	90,541
Pension funds remeasurement reserve	(227,279)	(238,698)
Total: items that may be subsequently reclassified to profit or loss (B2)	**(227,279)**	**(238,698)**
Other comprehensive income (expense) (B=B1+B2)	**(1,389,786)**	**(336,280)**
Total comprehensive income (A+B)	**97,343,047**	**184,670,013**

Statement of financial position

	Notes	31 December 2014	*of which: related parties*	31 December 2013	*of which: related parties*
		€	€	€	€
ASSETS					
Non-current assets					
Net tangible fixed assets	18	102,252,632		106,523,240	
Investment property	19	412,849		429,815	
Goodwill and trademarks	20	427,624,072		427,624,072	
Intangible assets with a finite life	22	13,201,503		13,626,183	
Investments in subsidiaries	23	1,433,672,560		1,345,684,563	
Other non-current assets	24	35,599,057	*1,936,479*	14,889,219	*1,936,479*
Total non-current assets		**2,012,762,673**	**1,936,479**	**1,908,777,092**	**1,936,479**
Current assets					
Inventories	25	80,009,286		75,385,085	
Trade receivables	26	96,192,030	*47,806,412*	112,415,227	*58,826,388*
Current financial receivables	28	132,240,186	*122,892,467*	102,474,613	*71,778,167*
Cash and cash equivalents	29	49,215,530		120,627,913	
Tax receivables	27	525,063	-	2,222,426	*2,222,426*
Other receivables	26	18,717,662	*13,754,590*	13,978,323	
Total current assets		**376,899,757**	**184,453,469**	**427,103,587**	**142,540,164**
Assets held for sale	30	1,022,246		1,022,246	
Total assets		**2,390,684,676**	**186,389,948**	**2,336,902,925**	**144,476,643**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	31	58,080,000		58,080,000	
Reserves	31	931,560,846		878,790,584	
Total shareholders' equity		**989,640,846**	**-**	**936,870,584**	**-**
Non-current liabilities					
Bonds	32	915,207,560		976,181,354	
Other non-current financial liabilities	32	210,263,662	*200,000,000*	240,954,404	*200,000,000*
Defined benefit obligations	34	6,134,968		6,931,158	
Provision for risks and charges	35	3,008,145		2,923,390	
Deferred tax liabilities	17	14,297,422		16,197,956	
Other non-current liabilities	33	1,405,367	187,647		187,647
Total non-current liabilities		**1,150,317,124**	**200,187,647**	**1,243,375,909**	**200,187,647**
Current liabilities					
Payables to banks	32	9,321,534		7,787,526	
Other financial liabilties	32	135,020,354	*31,874,257*	42,952,335	*30,985,305*
Payables to suppliers	36	81,694,712	*3,850,014*	79,422,982	*1,552,663*
Income tax payables	37	602,913	*329,036*	2,590,913	
Other current liabilities	36	24,087,193	*4,462,773*	23,902,676	*3,747,191*
Total current liabilities		**250,726,706**	**40,516,080**	**156,656,432**	**36,285,159**
Total liabilities and shareholders' equity		**2,390,684,676**	**240,703,727**	**2,336,902,925**	**236,472,806**

Statement of cash flows

	Notes	2014	2013
		€	€
Operating result		**142,365,337**	**161,031,434**
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortisation	11	12,845,303	14,172,065
Net capital losses (gains) on the sale of fixed assets		(11,837)	(52,544)
Write-downs of tangible fixed assets		67,392	127,898
Write-downs of investments	10	14,512,000	
Accruals for provisions		3,095,680	2,832,596
Utilisation of provisions		(1,700,882)	(979,379)
Net financial charges		(580,294)	(231,206)
Other non-cash items	31	3,706,635	4,332,039
Change in net operating working capital	25/26/36	(5,169,434)	6,645,077
Change in receivables from related parties	42	7,418,716	(3,853,870)
Change in payables to related parties	42	(1,308,370)	(4,561,747)
Income taxes paid	17	(35,367,590)	(46,224,434)
Other changes in non-financial assets and liabilities		4,553,544	13,227,278
Cash flow from operating activities		**144,426,200**	**146,465,207**
Purchase of tangible and intangible fixed assets	18/22)	(8,133,049)	(3,739,908)
Income from sales of fixed assets and brands	10/20)	(55,555)	(4,525,354)
Disposals (investments) in affiliated companies	23	(98,000,000)	(4,723,099)
Interest income		976,534	2,178,268
Interest received from related parties		326,672	241,245
Dividends received from related parties	42	44,299,938	6,161,900
Net change in securities		(2,289,717)	10,000,000
Cash flow used in investing activities		**(62,875,177)**	**5,593,052**
Repayment of medium / long-term payables	32	(188,691)	(182,188)
Net change in short-term payables and loans to banks	32	1,534,008	(534,241)
Net change in financial receivables from related parties	42	(51,114,299)	(30,878,233)
Net change in financial payables to related parties	42	888,951	(27,270,299)
Interest expenses		(45,742,362)	(39,112,883)
Interest paid to related parties		(8,551,913)	(6,635,545)
Change in other financial payables and receivables		2,810,316	(8,793,998)
Purchase and sale of own shares	31	(6,518,627)	(25,852,350)
Dividend payout	31	(46,080,789)	(39,848,006)
Cash flow from (used in) financing activities		**(152,963,406)**	**(179,107,743)**
Net cash flow for the period		**(71,412,383)**	**(27,049,484)**
Cash and cash equivalents at start of period	29	120,627,913	147,677,397
Cash and cash equivalents at end of period	29	49,215,530	120,627,913

Statement of changes in shareholders’ equity

	Notes	Share capital	Own shares at nominal value	Legal reserve	Extraordinary reserve	Reserve for VAT deductions 6% - 4% various laws	Reserve for grants (Law 696/83)	Equity investment transfer reserve (Leg. Decree 544/92)	Other reserves	Retained earnings	Shareholders’ equity
		€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2014		58,080,000	(511,682)	11,616,000	243,221,990	1,086,287	25,823	3,041,357	22,823,448	597,487,361	936,870,584
Dividend payout	31	-	-	-	-	-	-	-	-	(46,080,789)	(46,080,789)
Purchase of own shares	31	-	(370,496)	-	-	-	-	-	-	(20,754,097)	(21,124,593)
Use of own shares	31	-	494,050	-	-	-	-	-	-	14,111,916	14,605,966
Stock options	31	-	-	-	-	-	-	-	4,844,387	3,182,245	8,026,632
Other changes	31	-	-	-		(1)			803,808	(803,807)	-
Profit for the year - 2014		-	-	-	-	-	-	-	-	98,732,833	98,732,833
Other comprehensive income (expense)		-	-	-	-	-	-	-	(1,389,787)	-	(1,389,787)
Total comprehensive income		-	123,554	-	-	-	-	-	(1,389,787)	98,732,833	97,343,046
Balance at 31 December 2014		58,080,000	(388,128)	11,616,000	243,221,990	1,086,286	25,823	3,041,357	27,081,856	645,875,662	989,640,846

	Notes	Share capital	Own shares at nominal value	Legal reserve	Extraordinary reserve	Reserve for VAT deductions 6% - 4% various laws	Reserve for grants (Law 696/83)	Equity investment transfer reserve (Leg. Decree 544/92)	Other reserves	Retained earnings	Shareholders’ equity
		€	€	€	€	€	€	€	€	€	€
Balance at 1 January 2013		58,080,000	(449,812)	11,616,000	243,221,990	1,086,287	25,823	3,041,357	19,787,363	473,141,841	809,550,849
Dividend payout	31	-	-	-	-	-	-	-	-	(39,848,006)	(39,848,006)
Purchase of own shares	31	-	(826,483)	-	-	-	-	-	-	(48,251,158)	(49,077,641)
Use of own shares	31	-	764,613	-	-	-	-	-	-	22,460,678	23,225,291
Stock options	31	-	-	-	-	-	-	-	3,372,365	4,977,712	8,350,077
Profit for the year - 2013		-	-	-	-	-	-	-	-	185,006,294	185,006,294
Other comprehensive income (expense)		-	-	-	-	-	-	-	(336,280)	-	(336,280)
Total comprehensive income		-	- 61.870	-	-	-	-	-	(336,280)	185,006,294	184,670,014
Balance at 31 December 2013		58,080,000	(511,682)	11,616,000	243,221,990	1,086,287	25,823	3,041,357	22,823,448	597,487,361	936,870,584

Notes to the financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, with registered office at Via Franco Sacchetti 20, 20099 Sesto San Giovanni (MI), Italy.
The Company is recorded in the Milan companies register and REA (business administration register) under no. 1112227.
The Company is 51%-owned by Alicros S.p.A.
Davide Campari-Milano S.p.A. is the Parent Company of Gruppo Campari. It operates directly on the national market, and through its subsidiaries, on the international markets of alcoholic and non-alcoholic drinks.

Founded in 1860, the Group is the sixth largest in the beverage industry with an extensive product portfolio in three business lines: spirits, wines and soft drinks. Internationally recognised brands include Aperol, Appleton Estate, Campari, Cinzano, SKYY Vodka and Wild Turkey.
The Group operates in 190 countries with prime positions in Europe and the Americas. It has 16 production plants and three wineries around the world, a distribution network in 19 countries, and employs round 4,000 people.

These financial statements are presented in euro while the relevant notes to the financial statements are prepared in thousands of euro, unless otherwise stated.
As the Parent Company, Davide Campari-Milano S.p.A. has also drawn up the consolidated financial statements of Gruppo Campari for the year ending 31 December 2014.
The financial statements of Davide Campari-Milano S.p.A. for the year ending 31 December 2014 were approved on 10 March 2015 by the Board of Directors, which has authorised their publication.
The Board of Directors reserves the right to amend the results should any significant events occur that require changes to be made, up to the date of the shareholders’ meeting.

2. Preparation criteria

The financial statements were prepared on a cost basis, with the exception of financial derivatives, which are reported at fair value.
The carrying amount of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.

Compliance with IFRS

The annual financial statements of Davide Campari-Milano S.p.A. (which represent the 'separate financial statements') for the years ending 31 December 2014 and 2013, were prepared in accordance with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union, including all the revised international accounting standards (International Accounting Standards - IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).
No exceptions to the application of the international accounting standards were made in the preparation of these separate accounts.

Form and content

In accordance with the format chosen by the Campari Group, and also adopted for the financial statements of the Parent Company, the income statement is classified by function, and the balance sheet shows current and non-current assets and liabilities separately.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Company’s results and its balance sheet and financial position.
In the income statement (classified by function), income and charges from non-recurring transactions such as sales of fixed assets, restructuring costs and any other non-recurring income/expenses are shown separately.
The definition of 'non-recurring' conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064293).
During the year, the Parent Company did not carry out any atypical or unusual transactions, as defined in the same communication.
Lastly, in accordance with Consob Resolution 15519 of 27 July 2006, transactions with related parties are shown separately, in the statement of financial position and income statement, as also required by IAS 24.
The cash flow statement was prepared using the indirect method.

3. Summary of accounting principles

Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company and capable of producing future economic benefits, as well as goodwill when purchased for consideration.
Intangible assets acquired are posted to assets, in accordance with IAS 38 - Intangible Assets, when it is likely that the use of the assets will generate future economic benefits, and when the cost can be reliably determined.
If acquired separately, these assets are reported at acquisition cost including all allocable ancillary costs.
Assets produced internally, excluding development costs, are not capitalised and are reported in the income statement for the financial year in which they are incurred.
Intangible assets with a finite life are amortised on a straight-line basis in relation to their remaining useful life, taking into account losses due to a reduction in accumulated value.
The period of amortisation of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which if identified, will be considered as changes in estimates.
The costs of development projects and studies are recorded in the income statement in full in the year in which they are incurred.
Advertising and promotional costs are recorded in the income statement when the Company has received the goods or services in question.
Costs relating to industrial patents, concessions, licences and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortised according to the period of use, if this can be defined, or according to contract duration.
Software licences represent the cost of purchasing licences and, if incurred, external consultancy fees or internal personnel costs necessary for development. These costs are recorded in the year in which the internal or external costs are incurred for training personnel and other related costs.
Costs recorded under intangible assets are amortised over their useful life, generally taken to be three years.
Goodwill and brands, which result from acquisitions and qualify as intangible assets with an indefinite life, are not amortised. The possibility of recovering their reported value is ascertained at least annually, and in any case, when events occur leading to the assumption of a reduction in value using the criteria indicated below in the section entitled 'Impairment'.
For goodwill, a test is performed on the smallest cash-generating unit to which the goodwill relates. On the basis of this, management directly or indirectly assesses the return on investment including goodwill.
Write-downs in goodwill can no longer be recovered in future years. When control of the previously acquired company is transferred, the capital gain or loss from the transfer takes into account the corresponding residual value of the previously recorded goodwill.

Tangible fixed assets

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses, and are not revalued.
Subsequently, tangible fixed assets are recorded at cost net of accumulated depreciation and any impairment losses.
Any costs incurred after purchase are only capitalised if they increase the future financial benefits generated by using the asset.
The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the income statement; other costs are expensed in profit and loss when the expense is incurred.
The financial charges incurred in respect of investments in assets which take a substantial period of time to be prepared for use or sale (qualifying assets as defined in IAS 23 – Borrowing Costs) are capitalised and depreciated over the useful life for the class of assets to which they belong. All other financial charges are posted to the income statement when incurred.
Ordinary maintenance and repair expenses are expensed in profit and loss in the period in which they are incurred.
If there are current obligations for dismantling or removing assets and cleaning up the related sites, the assets' reported value includes the estimated (discounted to present value) costs to be incurred when the structures are abandoned, which are reported as an offsetting entry to a specific reserve.
The impact of revising the estimate of these costs is explained in the 'Provisions for risks and charges' section.
Assets held under finance lease contracts, which essentially assign to the Company all the risks and benefits tied to ownership, are recognised as Company assets at their current value, or the present value of the minimum lease payments, whichever is lower.
The corresponding liability to the lessor is reported in the financial statements under financial payables.
These assets are depreciated using the policies and rates indicated below.

Leasing arrangements in which the lessor, in essence, retains all the risks and benefits tied to the ownership of the assets, are classified as operating leases, and the related costs are reported in the income statement over the term of the contract.
Depreciation is applied using the straight-line method, based on each asset's estimated useful life as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and the superseding of technology, and the likely estimated realisable value net of disposal costs.
When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually.
The amount to be depreciated is represented by the reported value less the estimated net market value at the end of its useful life, if this value is significant and can be reasonably determined.
Land, even if acquired in conjunction with a building, is not depreciated, nor are available-for-sale tangible assets, which are reported at the lower of their recorded value and fair value less disposal costs.
Rates are as follows:

Property	
Buildings	3%
Light buildings	10%
Plant and machinery	
Plant and machinery	10%
Tanks	10%
Industrial and commercial equipment	
Various equipment	20%
Commercial equipment	20%
Other tangible fixed assets	
Furniture	12%
Office equipment	12%
Electronic equipment	20%
Miscellaneous minor equipment	20%
Goods vehicles	20%
Cars	25%

Depreciation ceases on the date THAT the asset is classified as available for sale, in accordance with IFRS 5, or on the date on which the asset is derecognised for accounting purposes, whichever occurs first.
A tangible asset is derecognised from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal.
Any profits or losses are included in the income statement in the year of this derecognition.

Capital grants

Capital grants are recorded when there is a reasonable certainty that all requirements necessary for access to such grants have been met and that the grant will be disbursed.
This generally occurs at the time the decree acknowledging the benefit is issued.
Capital grants that relate to tangible fixed assets are recorded as deferred income and credited to the income statement over the whole period corresponding to the useful life of the asset in question.

Impairment

The Company ascertains, at least annually, whether there are indicators of a potential loss in value of intangible and tangible assets. If the Company finds that such indicators exist, it estimates the recoverable value of the relevant asset.
Moreover, intangible assets with an indefinite useful life or not yet available for use, and goodwill are subject to impairment tests every year or more frequently, whenever there is an indication that the asset may be impaired.
The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market, or based on the best information available to determine the amount that could be obtained from selling the asset.
The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life.

Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to outside information.
The discount rate applied takes into account the implicit risk of the business segment.
When it is not possible to determine the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs.
Impairment is reported if the recoverable value of an asset is lower than its carrying amount.
This loss is posted to the income statement unless the asset was previously written up through a shareholders' equity reserve.
In this case, the reduction in value is first allocated to the revaluation reserve.
If, in a future period, a loss on assets, other than goodwill, does not materialise or is reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of recoverable value, and may not exceed the value that would have been calculated if no impairment had been reported.
The reversal of impairment is posted to the income statement, unless the asset was previously reported at its revalued amount.
In this case, the reversal of the impairment is first allocated to the revaluation reserve.

Investment property

Property and buildings held to generate lease income (investment property) are valued at cost less accumulated depreciation and losses due to a reduction in value.
The depreciation rate for buildings is 3%, while land is not depreciated.
Investment property is derecognised from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

Equity investments

Investments in subsidiaries are recorded at cost and adjusted for any loss in value.
The positive difference arising at the time of the acquisition between the acquisition cost and the current value of the Company's stake is included in the carrying amount of the holding; any write-downs of this positive difference are not reinstated in subsequent periods, even if the reasons for the write-down no longer apply.
If the Company's portion of the subsidiary's losses exceeds the carrying amount of the holding, the carrying amount is eliminated and the portion of any further losses is posted to liabilities as a specific reserve to the extent to which the Parent Company is required to fulfil legal or implicit obligations with respect to the subsidiary or in any event to cover its losses.
Investments in subsidiaries are subject to impairment tests on an annual basis, or more frequently if necessary.
If the tests show evidence of impairment, the loss in value must be recorded as a write-down in the income statement.
Investments in other companies that are not held for trading (available for sale) are recorded at fair value, if determinable, and this value is allocated to shareholders' equity up to the date of sale or the identification of a loss in value, at which time the effects previously booked to shareholders' equity are recorded in the income statement for the period.
When the fair value cannot be reliably determined, investments are valued at cost, adjusted for any impairment.
Dividends received are recognised in the income statement when the right to receive payment is established, in cash or in kind, only if they arise from the distribution of profits subsequent to the acquisition of the subsidiary.

Financial instruments

Financial instruments held by the Company are categorised as follows:
Financial assets include holdings in subsidiaries, affiliates and joint ventures, short-term securities and financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables and cash and cash equivalents.
Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that can be quickly converted into cash, and which carry an insignificant risk of a change in value.
The maturity of deposits and securities in this category is less than three months.
Current securities include short-term securities or marketable securities representing a temporary investment of cash that do not meet the requirements for classification as cash equivalents.
Financial liabilities include financial payables, which in turn include the negative fair value of financial derivatives, trade payables and other payables.
Financial assets and liabilities, other than equity investments, are recorded in accordance with IAS 39 - Financial Instruments: Recognition and Measurement in the following categories:

Financial assets at fair value with changes recorded in the income statement

This category includes all financial instruments held for trading and those designated at the time they were initially reported at fair value with changes recorded in the income statement.
Financial instruments held for trading are all those instruments acquired with the intention of sale in the short term.
This category also includes derivatives that do not meet the hedging criteria set out in IAS 39.
These instruments measured at fair value with changes recorded in the income statement are reported in the statement of financial position at fair value, while the related profits and losses are reported in the income statement.

Investments held to maturity

Current financial assets and securities to be held until maturity are reported on the basis of the trading date, and, at the time they are first reported, are valued at acquisition cost, represented by the fair value of the initial consideration given in exchange plus transaction costs (e.g. commissions, consulting fees, etc.).
The initial reported value is then adjusted to take into account repayments of principal, any write-downs and the amortisation of the difference between the repayment amount and the initial reported value. Amortisation is applied on the basis of the effective internal interest rate represented by the rate which, at the time of the initial reporting, would make the present value of expected cash flows equal to the initial reported value (known as the amortised cost method).
The profits and losses are recorded on the income statement when the investment is derecognised for accounting purposes or when impairment occurs beyond the amortisation process.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market.
After the initial reporting, these instruments are valued according to the amortised cost method using the effective discount rate net of any provision for impairment.
Profits and losses are recorded in the income statement when loans and receivables are derecognised for accounting purposes or when an impairment occurs beyond the amortisation process.

Financial assets available for sale

Financial assets available for sale, excluding derivatives, are those designated as such or not classified under any of the three previous categories.
After the first reporting, financial instruments available for sale are valued at fair value.
If the market price is not available, the present value of financial instruments available for sale is measured using the most appropriate valuation methods, such as the analysis of discounted cash flows performed using market information available on the reporting date. In the absence of reliable information, they are held at cost.
Profits and losses on financial assets available for sale are recorded directly in comprehensive income or expense up to the time the financial asset is sold or written down. At that time, the accumulated profits and losses, including those previously posted to comprehensive income or expense, are included in the income statement for the period.

Impairment of a financial asset

The Company assesses, at least annually, whether there are any indicators that a financial asset or a group of financial assets could have lost value.
A financial asset or group of financial assets is written down only if there is objective evidence of impairment caused by one or more events that occurred following the initial reporting date of the asset or group of assets, and which had an impact that can be reliably estimated on the future cash flows that may be generated by the asset or group of assets.

Derecognition of financial assets and liabilities

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:
- the rights to receive income from financial assets are no longer held;
- the Company reserves the right to receive income from financial assets, but has taken on a contractual obligation to pay such income in full and without delay to a third party;
- the Company has transferred the right to receive income from financial assets and (i) has substantially transferred all the risks and benefits relating to ownership of the financial asset, or (ii) has neither substantially transferred nor retained all the risks and benefits relating to ownership of the financial asset, but has transferred control of the asset.

When the Company has transferred the rights to receive financial income from an asset, and has neither substantially transferred nor retained all the risks and benefits, or has not lost control of the same, the asset is reported on the balance sheet to the extent of the Company’s remaining involvement in the asset.
A financial liability is derecognised from the financial statements when the underlying obligation of the liability is no longer held or has been cancelled or settled.

In cases where an existing financial liability is replaced by another of the same lender under different conditions, or where the conditions of an existing liability are changed, the replacement or change is treated in the financial statements as a derecognition of the original liability, and a new liability is reported, with any difference in the accounting values allocated to the income statement.

Financial derivatives and hedging transactions

Financial derivatives are used solely for hedging purposes to reduce exchange and interest rate risk.
In accordance with IAS 39, financial derivatives are recorded using hedge accounting procedures only if, at the beginning of the hedge, a formal designation has been made and the documentation for the hedging relationship exists, and if it is assumed that the hedge is highly effective; it must be possible for this effectiveness to be reliably measured, and the hedge must prove highly effective during the accounting periods for which it is designated.
All financial derivatives are measured at their fair value pursuant to IAS 39.
Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge - if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact in the income statement, the profits or losses resulting from the subsequent valuations of the fair value of the hedging instrument are reported in the income statement. The gain or loss on the hedged item,, which is attributable to the hedged risk, is reported as a portion of the carrying amount of this item and as an offsetting entry in the income statement.
- cash flow hedge - if a financial instrument is designated as a hedge against exposure to fluctuations in future cash flows arising from an asset or liability reported in the accounts, or against a highly likely expected transaction that could have an impact on the income statement, the effective portion of the profits or losses on the financial instrument is reported in the statement of comprehensive income.

Accumulated profits or losses are removed from comprehensive income or expense and recorded in the income statement in the same period in which the transaction being hedged has an impact on the income statement.
The profit or loss associated with a hedge, or the portion of the hedge that has become ineffective, is posted to the income statement when the ineffectiveness is reported.
If a hedging instrument or hedging relationship is closed out, but the transaction being hedged has not been carried out, the accumulated profits and losses, which, until then had been posted to comprehensive income or expense, are reported in the income statement at the time the related transaction is carried out.
If the transaction being hedged is no longer considered likely to take place, the unrealised profits or losses suspended in comprehensive income or expense are recorded in the income statement.
If hedge accounting cannot be applied, the profits or losses resulting from the valuation of the financial derivative at its present value are posted to the income statement.

Own shares

Own shares are reported as a reduction to shareholders’ equity.
The original cost of the own shares and the financial effects of any subsequent sales are recognised directly in shareholders’ equity.

Inventories

Inventories of raw materials and semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method, and market value.
Work in progress is recorded at the acquisition cost of the raw materials used including the actual production costs incurred up to the point of production reached.
Inventories of raw materials and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully written down.
Low-value replacement parts and maintenance equipment not used in connection with a single asset item are reported as inventories and recorded in the income statement when used.

Non-current assets held for sale

Non-current assets classified as available for sale include fixed assets (or asset disposal groups) whose carrying amount will be recovered primarily from their sale rather than their ongoing use, and whose sale is highly probable in the short term (within one year) and in the assets’ current condition.
Non-current assets classified as held for sale are valued at the lower of their net carrying amount and present value, less sale costs, and are not amortised.

Employee benefits

Post-employment benefit plans

The Company provides post-employment benefits through defined contribution and/or defined benefit plans.

- Defined benefit plans.

  The Company's obligation and annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method.

  The net cumulative value of actuarial profits and losses is recorded directly on the statement of comprehensive income and is not subsequently recognised in the income statement.

  The costs associated with an increase in the present value of the obligation, resulting from the approach of the time when benefits will be paid, are included under financial charges. Service costs are recorded on the income statement.

  The liability recognised represents the present value of the defined benefit obligation. In the event of a modification to the plan that changes the benefits accruing from past service, the costs arising from past service are expensed in profit and loss at the time the change to the plan is made. The same treatment is applied if there is a change to the plan that reduces the number of employees or that varies the terms and conditions of the plan (treatment is the same regardless of whether the final result is a profit or a loss).

- Defined contribution plans.

  Since the Company fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, it records its contributions to the fund in respect of employees' service, without making any actuarial calculation.

  Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options

The Company pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly do work for one or more Group companies.

Pursuant to IFRS 2 - Share-Based Payment, the total fair value of the stock options on the allocation date is reported as a cost in the income statement, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly do work for one or more Group companies become fully entitled to receive the stock options.

Changes in the present value following the allocation date have no effect on the initial valuation, while in the event of changes to the terms and conditions of the plan, additional costs are recorded for each change in the plan that determines an increase in the present value of the recognised option.

No cost is recognised if the stock options have not been vested; if an option is cancelled, it is treated as if it had been vested on the cancellation date and any cost that has not been recognised is recorded immediately.

The fair value of the stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and risk-free rate, while also considering the non-vesting conditions.

The stock options are recorded at fair value with an offsetting entry under the stock option reserve.

The Company applied the transitional provisions of IFRS 2, and therefore applied the principle to allocations of stock options approved after 7 November 2002 that had not accrued on the effective date of IFRS 2 (1 January 2005).

Provision for risks and charges

Accruals for the provision for risks and charges are reported when:

- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

Accruals are reported at a value representing the best estimate of the amount the Company would reasonably pay to discharge the obligation or transfer it to third parties on the reporting date.

Where the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted to present value. The change in the related provision over time is allocated to the income statement under financial income (charges).

Provisions are periodically updated to reflect changes in estimates of cost, timescales and discount rates. Revisions to estimates of provisions are allocated to the same item in the income statement where the accrual was previously reported, or, if the liability relates to tangible assets (e.g. dismantling and restoration), these revisions are reported as an offsetting entry to the related asset.

When the Company expects that all or part of the provisions will be repaid by third parties, the payment is recorded under assets only if it is virtually certain, and the accrual for the provision is posted to the income statement net of the related repayment.

Restructuring provisions

The Company reports restructuring provisions only if there is a legal or implicit obligation and a detailed formal restructuring programme that has led to the reasonable expectation by the third parties concerned that the Company will carry out the restructuring, either because it has already started the process or because it has already communicated the main aspects of the restructuring to the third parties concerned.

Recording of revenues, income and expense in the income statement

Revenues are reported to the extent to which it is likely that the financial benefits will accrue to the Company and in respect of the amount that can be reliably determined.
Revenues are reported at the fair value of the sum received, net of current and deferred discounts, allowances, excise duties, returns and trade allowances.
Specifically:
- sales revenues are recorded when the risks and benefits associated with owning the items are transferred to the buyer, and the revenue amount can be reliably determined;
- service revenues are reported when services are rendered; allocations of revenues related to partially performed services are reported on the basis of the percentage of the transaction completed on the reporting date, when the revenue amount can be reliably estimated;
- financial income and charges are recorded in the period to which they relate;
- capital grants are credited to the income statement in proportion to the useful life of the related assets;
- dividends are reported on the date the shareholders' meeting passes the related resolution;
- lease income from investment property is recorded on a straight-line basis for the duration of the existing leasing contracts.

Costs are recognised in the income statement when they relate to goods and services sold or consumed during the period, or as a result of systematic apportionment or when the future utility of such goods and services cannot be determined.
Personnel and service costs include stock options (in keeping with their largely remunerative nature) that were allocated to employees, directors and individuals who regularly do work for the Company. The cost is determined in relation to the fair value of the option assigned. The portion applicable to the period is determined proportionally over the period to which the incentive applies (known as the vesting period).
Costs incurred in studying alternative products or processes, or in conducting technological research and development are considered current costs and charged to the income statement in the period in which they are incurred.

Taxes

Current income taxes are calculated on the basis of estimated taxable income.
Current tax payables and receivables are recorded in the amount expected to be paid to/received from tax authorities by applying the tax rates and regulations in force or effectively approved on the reporting date.
Current taxes relating to items posted directly to comprehensive income or expense are recorded in comprehensive income or expense.
Other non-income taxes, such as property and capital taxes, are included in operating expenses.
Deferred tax assets and liabilities are calculated on temporary differences between the asset and liability values recorded in the accounts and the corresponding values recognised for tax purposes using the liability method.
Deferred tax assets are reported when their recovery is likely.
Deferred tax assets and liabilities are determined on the basis of tax rates that are expected to apply in those periods when the temporary differences are generated or eliminated.
Current and deferred tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that realisation of the asset and settlement of the liability take place simultaneously.
The balance of any set-off is posted to deferred tax assets if positive and deferred tax liabilities if negative.
Deferred tax assets and liabilities are classified under non-current assets and liabilities.
The Company has also opted for the national tax consolidation procedure, governed by article 117 *et seq* of the consolidated law on corporate income tax (TUIR) for 2013, 2014 and 2015, pursuant to the regulation drawn up by Alicros S.p.A, the direct controlling entity of the Company.
The decision to adopt this procedure is reflected in the accounting entries.

Transactions in foreign currencies (not hedged with derivatives)

Revenues and costs related to foreign currency transactions are reported at the exchange rate in force on the date the transaction is completed.

Monetary assets and liabilities in foreign currencies are converted to euro at the exchange rate in effect on the reporting date with any related impact posted to the income statement.

Use of estimates

The preparation of the accounts and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the value of balance sheet assets and liabilities and on disclosures concerning contingent assets and liabilities at the reporting date.
The actual results could differ from these estimates.
Estimates are used to identify provisions for risks in respect of receivables, obsolete inventory, depreciation and amortisation, asset write-downs, employee benefits, taxes, restructuring provisions and provisions for other risks and related accruals.
Figures for the individual categories are set out in the notes to the financial statements.
Estimates and assumptions are reviewed periodically, and the effects of each change are reflected in the income statement in the period in which the review of the estimate occurred if such review had an impact on that period only, or additionally in subsequent periods if the review had an impact on both the current and future years.
Goodwill is subject to an annual impairment test to check for any loss in value.
The calculations are based on the financial flows expected from the cash-generating units to which the goodwill is attributed, as inferred from multi-year budgets and plans.

4. Changes in accounting principles

a. Accounting standards, amendments and interpretations applied since 1 January 2014

IAS 39–Novation of OTC Derivatives and Continuing Designation for Hedge Accounting.

The amendment clarifies that derivatives may continue to be designated as hedging instruments (hedge accounting) where the instrument is subject to novation, provided certain conditions are met. This amendment will also be included in IFRS 9 - Financial Instruments. This amendment did not affect the Company's financial position or profitability.

IAS 36–Recoverable Amount Disclosures for Non-Financial Assets

The amendment clarifies that the disclosure required on the recoverable amount of assets that have suffered an impairment loss only concerns the assets whose recoverable amount is based on fair value net of sales costs. This amendment did not affect the Company's financial position or profitability.

IFRS 10-12 and IAS 27–Exceptions from Consolidation for Investment Entities

The amendment introduces an exemption to the obligation to consolidate a subsidiary if the parent company is an investment fund. This document does not apply to the Company.

IFRS 10–Consolidated Financial Statements

The new standard identifies the concept of control as the determining factor for including a company in the basis of consolidation of the parent company. The objective of IFRS 10 is to provide a single model according to which control is the basis of consolidation for all types of entity. The provisions of IFRS 10 provide a new definition of control to be applied in a uniform manner to all companies (including SPEs). According to this new definition, a company controls an investee if it is exposed or has rights to the returns (positive and negative) of the investee, and if it has the ability to affect these returns through its power over the investee. The standard provides some indicators to be considered for the purposes of assessing the existence of control, which include potential rights, merely protective rights and the existence of agency or franchise relationships. The new provisions also recognise the possibility of exercising control over a subsidiary even in the absence of a majority share of the voting rights, if other shareholders' interests are sufficiently dispersed or they have a passive interest in the investee. IFRS 10 will replace SIC 12 and part of IAS 27, from which any reference to the consolidated financial statements has been removed. The adoption of the new standard did not have a significant impact on the Company's financial statements.

IFRS 11–Joint Arrangements

The new document establishes the financial reporting principles for entities that are parties to joint control agreements and replaces IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities – Non-monetary Contributions by Venturers. The standard provides a more realistic reflection of the definition of joint arrangements, focusing on the rights and obligations contained in the agreement, rather than on its legal form. Based on the rights and obligations pertaining to the participants, the standard identifies two types of agreement, joint operations and joint ventures, and governs their consequent accounting treatment in the financial statements. The new provisions establish that joint ventures must be accounted for using the equity method only, removing the option to use proportional consolidation. The adoption of the new standard did not have a significant impact on the Company's financial statements.

IAS 28 (revised)–Investments in Associates and Joint Ventures

The document, published in May 2011, partially amends the old IAS 28 – Investments in Associates, as published in 2003, and incorporates the new standards established for joint ventures, introducing some amendments discussed by the IASB and approved with Exposure Draft 9. The document also defines the accounting treatment to be adopted in the event of the total or partial sale of a shareholding in a jointly controlled or affiliated company. The adoption of the new standard did not have a significant impact on the Company's financial statements.

IFRS 12–Disclosure of Interests in Other Entities

The new document defines the information to be provided relating to all forms of holdings in other entities, including joint ventures, associates, SPEs and all other forms of interest, including off-balance-sheet interests. This amendment relates purely to the presentation of the financial statements and did not therefore have any effect on the Company's financial position or profitability.

IAS 32–Financial Instruments: Presentation

The amendment, published on 29 December 2012, clarifies some of the requirements (with particular emphasis on quantitative aspects) for offsetting the financial receivables and payables of the Company and its affiliates in the Group's financial position. Specifically, the document establishes that, in order to offset items, the offsetting right must be legally enforceable in any circumstances, both in the normal course of business and in the event of insolvency, default or bankruptcy of one of the counterparties. Under certain conditions, the simultaneous gross settlement of financial assets and liabilities, with the resulting elimination or significant reduction in credit and liquidity risks, may be considered equivalent to net settlement. The amendment is related to IFRS 7 - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities, which harmonised the disclosure to be provided in the financial statements accordingly. This amendment relates exclusively to the presentation of the financial statements and did not therefore affect the Company's financial position or profitability.

IFRIC 21–Levies

The standard is an interpretation of IAS 37, and clarifies when an entity must recognise a liability for the payment of levies imposed by the government, except those already governed by other standards.

The interpretation clarifies that the obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. The adoption of the new standard did not have a significant impact on the Company's financial statements.

Transition guidance for IFRS 10, 11 and 12

The amendment clarifies the type of comparative information to be provided following the application of the new IFRS 10 standard and the consequent identification of the date on which an entity assumes control over another. Specifically, the document clarifies the type of information to be included in the financial statements in the event that the date on which a company takes control of an entity is different under IFRS 10 than under the previous IAS 27 and SIC 12 standards. This amendment relates exclusively to the presentation of the financial statements and did not therefore affect the Company's financial position or profitability.

IAS 19–Employee benefits (IFRS effective from annual periods beginning on or after 1 July 2014)

The amendment, which was published in November 2013, provided clarification on the accounting treatment to be applied in respect of pension plans involving a contribution from employees or third parties. The amendment sets out the different treatment to be applied depending on whether or not the contribution relates to the employee’s period of service. The adoption of the new standard did not have a significant impact on the Company's financial statements.

b. Accounting standards, amendments and interpretations not yet harmonised that have not been adopted in advance

IFRS 9–Financial Instruments (applicable from 1 January 2018)

The new document represents the first part of a process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their related classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets based exclusively on the following categories: assets measured at amortised cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognised in the income statement. Where such investments are not held for trading purposes, changes to fair value may be reported in the statement of comprehensive income, with only the effects of paying out dividends recognised in profit or loss. When the investment is sold, the amounts recorded in the statement of comprehensive income should not be recognised in profit or loss. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, when a financial liability is measured at fair value and recognised in profit or loss, changes in fair value relating to changes in the issuer’s own credit risk are recorded in the statement of comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.

In addition, an amendment was published in November 2013 which introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonise accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately and directly record the effects of changes in own credit risk on the statement of comprehensive income. The Company is still assessing the potential impact of the new standard and related amendment on its financial assets and liabilities.

IFRS 14–Regulatory Deferral Accounts (applicable from 1 January 2016)

Under the new standard, only first-time adopters of IFRS are allowed to continue to recognise amounts relating to the rate regulation according to the previous accounting principles adopted. In order to improve comparability with entities that already apply IFRS and hence do not recognise such amounts, the standard requires the rate regulation effect to be presented separately from the other items. The new standard is not applicable to the Company's financial statements.

IFRS 15–Revenue from Contracts with Customers (applicable from 1 January 2017)

The aim of the new standard is to improve the quality and uniformity of revenue recognition and of the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition may no longer be based on the 'earnings' method but on the 'assets-liabilities' method, which focuses on the date that control of the sold asset was transferred. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IAS 16-IAS 38–Clarification of Acceptable Methods of Depreciation (applicable from 1 January 2016)

The amendment was issued in May 2014 to clarify that depreciation calculated according to the 'revenue-based method' is not considered appropriate as it reflects only the revenue generated by the asset and not the consumption of the expected future economic benefits embodied in the asset. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IFRS 11–Accounting for Acquisitions of Interests in Joint Operations (applicable from 1 January 2016)

The amendment was issued in May 2014 to clarify the accounting treatment for the acquisition of interests in a joint operation that constitutes a business. The amendment stipulates that the principles of IFRS 3 relating to business combinations must be applied. Specifically, at the time of acquisition of a joint operation, an investor will need to measure the acquired assets and liabilities at fair value, determine the acquisition-related costs, define the deferred tax effects arising from the allocation of the price paid on the values acquired, and identify the residual element after exercising the purchase price allocation as goodwill. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IFRS 10-IAS 28–Sales or contributions of assets between an investor and its associate/joint venture (applicable from 1 January 2016)

The amendment, published in September 2014, is intended to resolve a conflict between the requirements of IFRS 10 and IAS 28 in the event that an investor sells or contributes a business to an associate or joint venture. The main change introduced by the amendment is that the gain or loss resulting from the loss of control must be recorded in full at the time of the sale or contribution of the business. A partial gain or loss is only recorded in the event of a sale or contribution involving individual assets only. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IAS 1–Clarifications on Presentation of Financial Statements (applicable from 1 January 2016)

The amendment, published in December 2014, introduces a series of clarifications on the concepts of materiality and aggregation, ways to present partial results in addition to those provided for by IAS 1, the structure of the notes and disclosure on significant accounting policies. This amendment relates purely to the presentation of the financial statements and will not therefore have any effect on the Company's financial position or profitability.

IFRS 10-12-IAS 28–Investment Entities: Applying the Consolidation Exception (applicable from 1 January 2016)

The amendment, published in December 2014, stipulates that entities meeting the definition of 'investment entity' established by the standard are exempt from presenting consolidated financial statements, and should rather measure subsidiaries at fair value as provided for in IFRS 9. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

5. Default risk: negative pledges and debt covenants

The agreements relating to the Company's US bond issue of 2003 (in USD) include negative pledges and covenants.
The negative pledge clauses are intended to limit the Company's ability to grant significant rights to the assets of the Company and the companies it directly or indirectly controls to third parties, in particular by establishing specific restrictions on selling or pledging assets.
The covenants include the Company's obligation to attain particular levels for certain financial indicators, most notably the ratio of net debt to measures of Company profitability.
These indicators are calculated at consolidated level, i.e. taking into account all the companies directly or indirectly controlled by the Company.
The Company therefore monitors both the restrictions and the levels of the financial indicators, as it is also the guarantor of the private placements issued by Campari America (Skyy Spirits, LLC), whose agreements include the same covenants.
If the Company fails to fulfil these obligations, after an observation period in which any breach has not been rectified, it could be served with notice to repay the residual debt.
These ratios are monitored by the Company on a regular basis, and have so far been a long way from reaching the thresholds that would constitute non-compliance.

6. Segment reporting

Segment information is provided in detail in the notes to the consolidated accounts.

7. Net sales

Net sales totalled € 546,520 thousand, an increase of 0.8% on the previous year. They include sales to third-party customers on the Italian market for € 359,674 thousand, an increase of 3.8% compared with sales in 2013 on a same-structure basis, and € 186,846 thousand in sales to Group companies that conduct most of their operations on international markets, which were down on the previous year. International sales were affected by the difficult situation on certain key markets, offset by growth on the Italian market.

For more detailed analysis of net sales and the key markets, please refer to the information in the Report on operations in the "Sales performance" section.

8. Cost of goods sold

	2014 €/000	2013 €/000
Materials and manufacturing costs	221,265	232,195
Distribution costs	25,723	23,505
Total cost of goods sold	**246,988**	**255,700**
Retail:		
Raw materials and finished goods acquired from third parties	178,960	187,867
Miscellaneous sales adjusted for cost of goods sold	(3,235)	(1,009)
Sales of materials, refunds, miscellaneous income	(1,014)	(633)
Personnel costs	19,152	19,632
Other staff costs	2,108	1,653
Depreciation/amortisation	6,773	8,248
Utilities	3,953	4,865
External production and maintenance costs	12,320	11,024
Variable transport costs	19,901	16,642
Operating leases and rental expenses	1,263	1,227
Services, consultancy and insurance costs	4,234	4,049
Taxes	669	626
Workbenches costs	287	407
Other income and charges	1,617	1,102
Total cost of goods sold	**246,988**	**255,700**

The costs of goods sold, totalling € 246,988 thousand, decreased, mainly due to the fall in raw materials prices. Distribution costs mainly increased as a result of changes in incoterms in product distribution flows between Group companies, introduced in March 2013 and fully implemented in 2014.

9. Advertising and promotional costs

	2014 €/000	2013 €/000
Advertising space	22,014	20,469
Sponsorships, trade fairs and events	4,096	3,250
Equipment production	7,983	6,074
Consumer promotions	1,078	949
Customer promotions	21,170	20,483
Market research	1,475	1,550
Other advertising and promotional costs	2,848	2,372
Depreciation/amortisation	186	179
A&P contributions	(1,294)	(3,445)
Total advertising and promotional costs	**59,556**	**51,881**

Advertising and promotional costs, which totalled € 59,556 thousand, increased from the previous year, both in absolute terms and as a percentage of net sales.
These costs are shown net of advertising and promotional contributions from commercial partners with which the Group has distribution agreements, as provided for under these contracts.

10. Overheads

	2014 €/000	2013 €/000
Sales costs	22,260	22,146
General and administrative expenses	55,334	50,574
Other operating income and costs	2,604	2,355
Other non-recurring income and costs	17,411	(1,354)
Total overheads	**97,609**	**73,721**
Retail:		
Depreciation/amortisation	5,886	5,745
Personnel costs	34,144	34,763
Other staff costs	5,090	5,502
Meetings and conferences	739	963
Travel, food & accommodation, training and research	3,729	3,797
Fees and other agent-related expenses	6,287	5,333
Utilities	2,494	2,371
Services, maintenance and insurance	15,942	14,007
Operating leases and rental expenses	2,634	2,376
Taxes	1,389	582
Property income	(862)	(603)
Services rendered to group companies	(491)	(671)
Other income and charges	20,628	(444)
Total overheads	**97,609**	**73,721**

Overheads increased significantly compared with the previous year, mainly as a result of certain non-recurring costs, detailed below. Excluding these, the increase was 6.8%.

Specifically, sales costs increased slightly as they were affected by agents' fees paid out on the domestic market following higher sales, but were offset by other falls in costs, while general and administrative costs increased by 9.4%, due mainly to the necessary strengthening of the structure in certain specific and strategic areas of the organisation.

Other recurring operating income and costs, excluding the non-recurring costs set out below, were in line with the previous year.

A breakdown of non-recurring income and charges is shown in the following table:

	2014 €/000	2013 €/000
Capital gains on disposals of fixed assets	12	4,502
Total non-recurring income	**12**	**4,502**
Liabilities for tax penalties	(658)	-
Capital losses on disposals of fixed assets	(67)	(128)
Liabilities for voluntary redundancy incentives	(1,202)	(2,676)
Write-downs of investments	(14,512)	-
Miscellaneous non-recurring charges	(984)	(344)
Total non-recurring charges	**(17,423)**	**(3,148)**
Non-recurring income (charges)	**(17,411)**	**1,354**

Net non-recurring charges totalled € 17,411 thousand. These included an item of € 14,512 thousand for write-downs of investments (see note 23 - Investments in subsidiaries, for details) and € 1,202 thousand for reorganisation and restructuring costs for the year, and to a lesser extent, also due to the redundancy procedure for which an agreement was signed in 2013.

11. Depreciation/amortisation

Depreciation and amortisation recorded in the income statement, by function, is shown below; it should be noted that there were no impairment losses in the two years shown.

	2014 €/000	2013 €/000
Depreciation of tangible fixed assets	10,275	11,567
Amortisation of intangible fixed assets	2,570	2,605
Total	**12,845**	**14,172**
of which:		
Amounts included in cost of goods sold:		
- Depreciation of tangible assets	6,757	8,243
- Amortisation of intangible assets	16	5
Included in advertising and promotional expenses:		
- Depreciation of tangible assets	186	179
Included in sales costs		
- Depreciation of tangible assets	10	12
- Amortisation of intangible assets	30	3
Included in overheads:		
- Depreciation of tangible assets	3,322	3,132
- Amortisation of intangible assets	2,524	2,598
Total	**12,845**	**14,172**

12. Personnel costs

The item breaks down as shown in the table below. It should be noted that liabilities for voluntary redundancy incentives are not included here, but presented under non-recurring charges (note 10).

	2014 €/000	2013 €/000
Salaries and wages	39,679	38,546
Social security contributions	11,439	11,130
Other costs	1,499	922
Costs relating to post-employment benefits	2,938	2,829
Cost of share-based payments	3,707	4,337
Total	**59,262**	**57,764**
of which:		
Included in cost of goods sold	20,157	20,091
Included in sales costs	11,816	12,503
Included in general and administrative expenses	27,289	25,170
Total	**59,262**	**57,764**

13.Miscellaneous management costs

	2014 €/000	2013 €/000
Taxes and penalties	2,213	1,327
Entertainment costs	512	622
Membership fees	621	611
Newspapers, journals and other publications	87	131
Charitable donations	62	57
Wine consortium costs	686	384
Capital losses on the sale of tangible assets	4	28
Capital losses on the scrapping of materials	64	100
Costs for managing leased buildings	5	7
Free gifts	661	357
Losses on receivables	53	-
Expenses relating to previous financial years	20	96
Miscellaneous expenses	872	892
Total	**5,860**	**4,612**
of which:		
Included in cost of goods sold	1,705	1,456
Included in advertising and promotional expenses:	789	430
Included in sales costs	341	491
Included in general and administrative expenses	1,835	1,773
Included in non-recurring operating costs	1,190	462
Total	**5,860**	**4,612**

14.Other costs

Rental costs on operating leases are broken down below.

	2014 €/000	2013 €/000
Hardware	694	573
Software	59	58
Cars	1,846	1,699
Lifting apparatus	132	139
Plant equipment	76	70
Protective clothing	131	129
Photocopiers	131	166
Gym equipment	36	27
Tanks	43	38
Pallets	36	31
Transport costs platform	80	66
Mobile telephones	31	29
Other	32	41
Total	**3,327**	**3,066**

15. Research and development costs

The Company's research and development activities mainly relate to ordinary production and commercial activities, in particular, product quality control and packaging studies, the cost of which (€ 743 thousand) is included in advertising and promotional expenses.

These costs are not capitalised, but fully expensed to the income statement in the period when incurred.

16. Net financial income and charges

The table below shows the changes in the items relating to financial income and charges between the years under comparison.

	2014 €/000	2013 €/000
Bank and term deposit interest	871	2,122
Dividends from other companies	9	8
Other income	720	287
Total financial income	**1,600**	**2,417**
Net interest payable on bonds and private placement	(42,481)	(42,649)
Interest payable to banks and on loans	(90)	(15)
Miscellaneous interest payable	(68)	(1)
Total interest payable to third parties	(42,639)	(42,665)
Net interest payable to Group companies in respect of centralised cash system	113	(2)
Interest on loans from Group companies	(8,430)	(8,439)
Total interest payable to Group companies	(8,317)	(8,441)
Total interest payable	(50,956)	(51,106)
Actuarial effects relating to defined benefit plans	(202)	(263)
Bank charges	(297)	(362)
Other charges and exchange rate differences	(3,414)	163
Total other income and charges	(3,913)	(462)
Total financial charges	**(54,869)**	**(51,568)**
Financial charges on acquisitions in the year	(254)	-
Charges on payables to tax authorities resulting from inspections	(549)	(161)
Total non-recurring income and charges	**(803)**	**(161)**
Net financial income (charges)	**(54,072)**	**(49,312)**

The higher financial costs recorded on the income statement are mainly due to the exchange rate effects resulting from the sale of products on the Russian market, the lower return on deposits due to lower interest rates, and lower holdings, particularly in the second half of the year, following the acquisition of Averna S.p.A. in June 2014 (for details, see note 23 - Investments in subsidiaries).

The financial income and charges arising from bond issues and the related hedging instruments are shown below.

	2014 €/000	2013 €/000
Financial charges payable to USD bondholders	(10,565)	(10,124)
Financial charges payable to USD bondholders (Eurobond 2009)	(18,812)	(18,812)
Financial charges payable to USD bondholders (Eurobond 2012)	(18,000)	(18,000)
Financial charges payable to bondholders (coupons)	**(47,377)**	**(46,936)**
Financial charges relating to bond derivative (in USD)	(8,203)	(8,264)
Total financial charges relating to derivatives	**(8,203)**	**(8,264)**
Financial income relating to bond derivative (in USD)	10,565	10,124
Total financial income from derivatives	**10,565**	**10,124**
Net cost of coupons and hedges	**(45,015)**	**(45,076)**
Net changes in fair value and other components of amortised cost	2,145	1,311
Cash flow hedge reserve reported in the income statement during the year	389	1,116
Net interest payable on bonds and private placement	**(42,481)**	**(42,649)**

More information on financial management performance is provided in the notes on the financial situation and financial instruments (note 39).

17. Income taxes

Details of current and deferred taxes included in the Company's income statement are as follows:

	2014 €/000	2013 €/000
Income tax - current		
- taxes for the year	35,198	37,568
- taxes relating to previous financial years	113	(451)
Income tax - deferred		
- deferred tax liabilities	1,336	2,205
- deferred tax assets	(2,795)	109
Income tax reported in the income statement	**33,852**	**39,431**

The amounts of current and deferred taxes recorded directly in comprehensive income or expense during the period relate to provisions made to the pension funds remeasurement reserve and to the valuation at fair value of cash flow hedging contracts.

	2014 €/000	2013 €/000
Deferred taxes relating to items debited or credited to the statement of comprehensive income	(86)	(90)
Deferred tax assets	(408)	353
Deferred tax liabilities	(32)	33
Income tax registered in the statement of comprehensive income	**(526)**	**296**

Taxes are calculated based on the regulations in force, applying the current rate of 27.5% for IRES and 3.9% for IRAP.

The following table shows a reconciliation of the theoretical tax charge with the Company's actual tax charge.
The theoretical rate used is that in force on the reporting date, based on legal provisions, taking into account the rates for both IRES and IRAP, which have different tax bases.
Tax base differences are included under the permanent differences item.

	2014 €/000	2013 €/000
Profit before tax	**132,471**	**224,888**
Current tax rate	31.40%	31.40%
Theoretical taxes	41,596	70,615
Permanent differences	(8,010)	(31,634)
Other differences	179	450
Total differences	(7,831)	(31,184)
Effective tax charge	**33,765**	**39,431**
Effective tax rate	25.49%	17.53%

Pre-tax profit represents the income on which tax is calculated, in accordance with current tax regulations.
Permanent differences mainly concern the tax effect of dividends received from subsidiaries, the write-down of investments and the benefit of the Allowance for Corporate Equity (ACE).
The other differences are a net amount that mainly consists of tax adjustments on taxed foreign companies for transparency reasons, tax effects relating to previous years and finally provisions made to the pension funds measurement reserve recognised in the statement of comprehensive income.

Details of deferred tax assets and liabilities posted to the income statement and statement of financial position are broken down by nature below.

	Statement of financial position		Income statement	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	€/000	€/000	€/000	€/000
Deferred tax assets				
Deferred expenses	684	596	(87)	28
Taxed funds	1,319	1,338	19	252
Non-realised exchange rate losses	1,258		(1,258)	
Other	5,878	4,001	(1,469)	(171)
Total deferred tax assets	**9,139**	**5,935**	**(2,795)**	**109**
Deferred tax liabilities				
Accelerated depreciation	(599)	(837)	(238)	(893)
Capital gains subject to deferred taxation	(998)	(1,481)	(483)	741
Goodwill and brands deductible locally	(18,288)	(16,240)	2,048	2,052
Leasing	(2,228)	(2,228)	-	-
Non-realised exchange rate gains	(328)	-	328	-
Other	(995)	(1,347)	(319)	305
Total deferred tax liabilities	**(23,436)**	**(22,133)**	**1,336**	**2,205**
Total (net)	**(14,297)**	**(16,198)**	**(1,459)**	**2,314**

Deferred taxes arise from temporary differences and mainly relate to costs that are deductible on the basis of certain tax measures, the creation of taxed provisions, such as provisions for inventory write-downs, provisions for risks, bad debt provisions, provisions for miscellaneous risks such as taxes and directors' remuneration, and finally non-realised exchange rate losses.
Temporary differences involving the reporting of deferred tax liabilities relate mainly to the amortisation of brands, the deferral of capital gains carried out in previous years, accelerated depreciation and amortisation and finally non-realised exchange rate gains.
The rates applied for the purpose of allocating deferred tax liabilities correspond to those in force, based on existing regulations, in the period in which the related release is expected (the current rate of 27.5% for IRES and 3.9% for IRAP).
The amounts credited and debited in relation to this item are taken from the income statement for the period under comprehensive income or expense if the temporary difference is also recorded under comprehensive income or expense.

The change in the balance of deferred tax assets, of € 3,204 thousand, is broken down as follows:

	€/000
Deferred tax assets at 31 December 2013	**5,935**
Increase in IRES deferred tax assets in the year	3,869
Increase in IRES deferred tax assets in the year (from cash flow hedging)	534
Use of IRES deferred tax assets	(1,068)
Use of IRES deferred tax assets in the year (from cash flow hedging)	(126)
Use of IRAP deferred tax assets	(5)
Total change in the year	**3,204**
Deferred tax assets at 31 December 2014	**9,139**

The use of IRES deferred tax assets for the year includes the tax effect on adjustment to the cash flow hedge reserve recorded under comprehensive income or expense, for € 408 thousand. This reserve was increased for the hedging derivatives on the bond issues and the forward contracts on purchases and sales transactions in foreign currency, as discussed in note 39 - Financial instruments.

The change in deferred tax liabilities in the period, of € 1,303 thousand, is as follows:

	€/000
Deferred tax liabilities at 31 December 2013	**22,133**
Increase in IRES deferred tax liabilities in the year	2,121
Use of IRES deferred tax liabilities in the year	(1,040)
Use of IRES deferred tax liabilities in the year (from cash flow hedging)	(32)
Increase in IRAP deferred tax liabilities in the year	254
Total change in the year	**1,303**
Deferred tax liabilities at 31 December 2014	**23,436**

The increase in the reserve for deferred IRES tax liabilities for the year includes the tax effect on the adjustment to the cash flow hedge reserve (€ 32 thousand) recorded under comprehensive income or expense. This reserve was increased to cover the forward contracts on sales and purchases transactions in foreign currency, as discussed in note 39 – Financial instruments.

18. Net tangible fixed assets

	Land and buildings €/000	Plant and machinery €/000	Other €/000	Total €/000
Carrying amount at start of period	105,121	132,437	17,988	255,546
Accumulated amortisation at start of period	(33,419)	(102,914)	(12,690)	(149,023)
Balance at 31 December 2013	**71,702**	**29,523**	**5,298**	**106,523**
Investments	304	4,620	1,196	6,120
Disposals	-	(22)	-	(22)
Depreciation/amortisation	(2,990)	(5,802)	(1,466)	(10,258)
Other reclassifications	-	(34)	1	(33)
Write-downs	-	(63)	(1)	(64)
Other changes	-	(13)	(1)	(14)
Balance at 31 December 2014	**69,016**	**28,209**	**5,027**	**102,252**
Carrying amount at end of period	105,425	136,260	18,863	260,548
Accumulated amortisation at end of period	(36,409)	(108,051)	(13,836)	(158,296)

These factors are described in more detail below.

Land and buildings

This item mainly includes the land that the Novi Ligure facility occupies, the buildings essential for carrying out the business, i.e. the building that accommodates the Company's headquarters and the Crodo, Canale and Novi Ligure production units.
This item also includes the water system, plumbing works and light buildings.
The increase of € 304 thousand for the year mainly relates to restructuring work at the Crodo facility (€ 158 thousand), and rebuilding and improvement works for the Villa Campari cellar (€ 94 thousand), completing the works conducted last year.
Other, less extensive work, totalling € 52 thousand, was also carried out at the production units.

Plant and machinery

The item includes plant and machinery and tanks for the production units, as well as the facilities attached to the building that houses the Company's headquarters.
The increase of € 4,620 thousand relates to investments in production lines and new plants at the Canale (€ 406 thousand), Novi Ligure (€ 910 thousand) and Crodo (€ 860 thousand) sites. Other minor investments totalling € 109 thousand were also made at the Sesto San Giovanni headquarters.
Fixed assets in progress of € 2,335 thousand were also recorded under this item, and relate to investments at the Novi Ligure plant mainly relating to the construction of the herb warehouse (€ 1,072 thousand), the Crodo plant (€ 192 thousand) and the Canale plant (€ 1,071 thousand) for the renovation of the roof of a production department and for the acquisition of two palettizers.
Decreases totalling € 132 thousand relate to the sale or dismantling of production lines no longer used in production processes.

Other
This item includes various equipment, including laboratory apparatus and other assets such as furniture, office machines, electronic machines, minor equipment, cars and goods vehicles.
The total increase of € 1,196 thousand relates mainly to furniture and electronic equipment (€ 307 thousand) and purchases of industrial equipment (€ 861 thousand).
It also includes fixed assets in progress of € 28 thousand.

Tangible assets by ownership
It should be noted that there are no fixed assets under finance leases, so all the fixed assets reported in the table above are owned by the Company.

Additional information is provided below, in accordance with paragraph 79 of IAS 16.

	Land and buildings €/000	Plant and machinery €/000	Other €/000	Total €/000
Gross value of fully depreciated assets still in operation	2,892	78,000	8,489	89,381
Net value of assets removed from service and not classified as held for sale	3	1	1	5

19. Investment property
Investment property (€ 413 thousand) consists of apartments and commercial premises in Milan and Verbania. It also includes two buildings in rural locations in the province of Cuneo. Depreciation of € 17 thousand was reported under overheads.
These buildings are recorded in the financial statements at their approximate fair value at the reporting date.

20. Goodwill and trademarks
Goodwill and brands are recorded at € 307,082 thousand and € 120,542 thousand respectively.
There were no changes during the year.
The goodwill was generated following the merger of subsidiaries.
Specifically, the goodwill resulting from the merger into the Parent Company of Francesco Cinzano & C.ia S.p.A. (completed in 2003), Campari-Crodo S.p.A. (completed in 2004) and Barbero 1891 S.p.A. (2006) is reported at € 71,046 thousand, € 98,177 thousand and € 137,859 thousand respectively.
Goodwill is not amortised, but is instead subject to impairment tests which are carried out annually, or more frequently if events or changes in circumstances indicate a possible loss in value.
The Brands item includes the value of the brands GlenGrant (€ 98,264 thousand), Riccadonna (€ 11,300 thousand), Old Smuggler (€ 6,000 thousand), Cynar in Brazil and Switzerland (€ 1,626 thousand), Cinzano (€ 771 thousand), X-Rated on international markets (€ 1,553 thousand) and Mondoro in the US (€ 1,028 thousand).
Brands are not amortised because they are deemed to have an indefinite useful life, and are instead subject to impairment tests on an annual basis, or more frequently if events or changes in circumstances indicate a possible loss of value.

At 31 December 2014, the impairment tests carried out on both brands and goodwill reported in the financial statements did not reveal any permanent loss of value.

21. Impairment
With reference to the potential impairment of the intangible assets of Davide Campari-Milano S.p.A., goodwill and brands were measured using the fair value criterion minus cost of sales.
This methodology applies parameters inferred from the valuation assigned to comparable businesses acquired, in an active market, in terms of type of business acquired and transaction structure: these are implicit parameters or multiples derived from the ratio between the acquisition price and specific economic and financial indicators relating to those companies. The fair value method was used to determine the recoverable amount for goodwill and brands, using the EV/EBITDA multiple, inferred from a sample of transactions comparable to the acquisition. The use of this multiple is considered particularly effective as it avoids distortions caused by the different tax regulations and financial structures; is less sensitive to distortions caused by variations in extraordinary profit; and facilitates comparison at international level.

At 31 December 2014, based on the methodology set out above, the impairment test revealed that the value of goodwill and brands was fully recoverable.

In addition, in view of the current volatility on the markets and uncertainty as to the future economic outlook, sensitivity analysis was carried out to assess the recoverability of amounts relating to goodwill and brands of Davide Campari-Milano S.p.A., assuming a reduction of up to 20% of the financial indicator to which the multiple is applied. The sensitivity analysis described above confirmed that the values of goodwill and brands are fully recoverable.
The allocation of goodwill and brands at 31 December 2014 is reported in the table below.

	31 December 2014 €/000	31 December €/000
Riccadonna	11,300	11,300
Cinzano	771	771
Cynar (Brazil and Switzerland)	1,626	1,626
X-Rated Fusion Liqueur	1,553	1,553
GlenGrant	98,264	98,264
Mondoro (USA)	1,028	1,028
Old Smuggler	6,000	6,000
Brands	**120,542**	**120,542**
From Francesco Cinzano & C.ia S.p.A. merger	71,046	71,046
from Campari-Crodo S.p.A. merger	98,177	98,177
from Barbero 1891 S.p.A. merger	137,859	137,859
Goodwill	**307,082**	**307,082**
Total brands and goodwill	**427,624**	**427,624**

22. Intangible assets with a finite life

Changes in this item are indicated in the table below.

	Software €/000	Other €/000	Total €/000
Carrying amount at start of period	15,815	11,000	26,815
Accumulated amortisation at start of period	(10,944)	(2,245)	(13,189)
Balance at 31 December 2013	**4,871**	**8,755**	**13,626**
Investments	2,189	-	2,189
Amortisation for the period	(1,896)	(673)	(2,569)
Reclassifications and other changes	(44)	-	(44)
Balance at 31 December 2014	**5,120**	**8,082**	**13,202**
Carrying amount at end of period	17,941	11,000	28,941
Accumulated amortisation at end of period	(12,821)	(2,918)	(15,739)

The significant capital expenditure on information technology relates to the completion of several major projects to integrate Parent Company IT systems with the new global Group platform. The systems of all Group companies will also be migrated to the new platform over the next few years. These investments were made not only for operational purposes, but also for various processes in business intelligence and business process management systems.
These entailed the purchase of user and software licences totalling € 1,013 thousand, and the finalisation of further incremental spending on software (€ 788 thousand).
It also includes fixed assets in progress of € 388 thousand.

23. Investments in subsidiaries

On 3 June 2014, the acquisition of Fratelli Averna S.p.A., an independent company headquartered in Caltanissetta (Sicily) was completed. A leading company in the spirits market in Italy, it owns the Averna brand and a portfolio of products including Braulio, Limoncetta and Frattina grappa. The acquisition involved a cash outlay of € 98,000 thousand. For more details, see 'Significant events' in the Report on Operations of this document.

In the second half of 2014, the subsidiary Sella & Mosca S.p.A. was demerged with a view to placing a greater focus on the respective wine production activities and those relating to the production of Zedda Piras liqueurs. Three production companies resulted from the demerger: Zedda Piras S.r.l., Enrico Serafino S.r.l. and Teruzzi & Puthod S.r.l., all wholly-owned directly by the Company, as well as Sella & Mosca S.p.A. itself.
The Company assesses the existence of any impairment indicators on an annual basis by comparing the value of the investment measured at equity with the recoverable value; any impairment value is allocated to the investment as a whole with an offsetting entry in the income statement.

Several impairment indicators were identified in the still wines business during the year, which meant that the recoverability of the values recorded in the consolidated financial statements and the Company's separate financial statements had to be checked. The results of these tests showed that the carrying amounts were greater than the recoverable amounts of the business. Since the difference in question was not due to contingent or temporary circumstances, losses of € 6,431 thousand for Sella & Mosca S.p.A., € 6,403 thousand for Teruzzi & Puthod S.r.l. and € 1,678 thousand for Enrico Serafino S.r.l. were recorded at 31 December 2014. The method used to determine the recoverable value of these investments is based on realisable value less sales costs, and in particular on the estimated realisable value inferable from the market (fair value hierarchy 2).

Other changes recorded in the value of shareholdings relate to the booking of portions of stock option plans issued by the Company, with options allocated to directors and employees of subsidiaries, and the related recognition of the capitalisation at the subsidiaries themselves.
The negative difference remains between the cost recorded for the Campari do Brasil Ltda. equity investment and the related portion of shareholders' equity. However, this difference does not represent impairment, according to the impairment tests carried out.

€/000	31 December 2013	Increases	Decreases	Reclassifications	31 December 2014
Campari America (Skyy Spirits, LLC)	498,451	1,238	(373)	-	499,316
Campari Benelux S.A.	170,566	95	-	189	170,850
Campari do Brasil Ltda.	126,600	493	(51)	-	127,042
Campari España S.L.	326,998	262	-	(26)	327,234
Campari International S.r.l.	728	28	-	-	756
Campari Services S.r.l.	10	272	-	-	282
DI.CI.E. Holding B.V.	34,868	2,436	(240)	(163)	36,901
Enrico Serafino S.r.l.	-	1,678	(1,678)	-	-
Fratelli Averna S.p.A.	-	98,000	-	-	98,000
Sella & Mosca S.p.A.	86,626	297	(60,663)	-	26,260
Teruzzi & Puthod S.r.l.	-	6,403	(6,403)	-	-
T.J. Carolan & Son Ltd.	100,838	30	(17)	-	100,851
Zedda Piras S.r.l.	-	46,181	-	-	46,181
	1,345,685	**157,413**	**(69,425)**	**-**	**1,433,673**

Investments in subsidiaries			Share capital value	Shareholders' equity at 31 December 2014	Profit/loss at 31 December 2014	Percentage investment		Company value
Name	Head office	Currency	Amount	€/000	€/000	Direct	Indirect	€/000
Alimenta S.r.l.	Piano di Sorrento	€	100,000	576	56		100	
Campari (Beijing) Trading Co. Ltd.	Beijing	RMB	65,300,430	-2,760	-1,228		100	
Campari America (Skyy Spirits, LLC)	San Francisco	USD	566,321,274	917,430	37,343	100		499,316
Campari Argentina S.A.	Buenos Aires	ARS	184,006,830	15,301	-1,553		100	
Campari Australia PTY Ltd.	Sydney	AUD	21,500,000	27,760	312		100	
Campari Austria GmbH	Vienna	€	500,000	2,433	1,933		100	
Campari Benelux S.A.	Brussels	€	246,926,407	261,007	9,383	61	39	170,849
Campari Deutschland GmbH	Oberhaching	€	5,200,000	11,314	8,951		100	
Campari do Brasil Ltda.	Barueri	BRL	239,778,071	82,833	6,939	100		127,043
Campari España S.L.	Madrid	€	3,272,600	315,727	-3,530	100		327,234
Campari International S.r.l.	Sesto San Giovanni	€	700,000	4,374	2,976	100		756
Campari International S.A.M.[1]	Monaco	€	70,000,000	20,525	-814		100	
Campari Japan Ltd.	Tokyo	JPY	3,000,000	84	9		100	
Campari Mexico S.A. de C.V.	Jalisco	MXN	665,332,900	27,333	-3,043		100	
Campari New Zealand Ltd.	Auckland	NZD	10,000	2,775	290		100	
Campari Peru SAC	Lima	PEN	2,905,753	758	-41		100	
Campari RUS OOO	Moscow	RUB	2,010,000,000	25,116	427		100	
Campari Services S.r.l.	Sesto San Giovanni	€	160,000	306	41	100		282
Campari Singapore PTE Ltd.	Singapore	SGD	1				100	
Campari Schweiz A.G.	Baar	CHF	500,000	3,165	1,537		100	
Campari South Africa Pty Ltd.	Cape Town	ZAR	5,747,750	-98	165		100	
Campari Ukraine LLC	Kiev	UAH	35,598,759	1,590	-405		100	
Campari Wines S.r.l.	Alghero	€	100,000	-207	-967		100	
Casoni Fabbricazione Liquori S.p.A.	Finale Emilia	€	929,594	12,321	2,604		100	
DI.CI.E. Holding B.V.	Amsterdam	€	15,015,000	309,528	13,176	100		36,901
Enrico Serafino S.r.l.	Canale	€	90,440	1,689		100		
Forty Creek Distillery Ltd.	Grimsby	CAD	107,282,611	112,489	3,885		100	
Fratelli Averna S.p.A.	Caltanissetta	€	3,900,000	38,985	-18,471	100		98,000
Glen Grant Ltd.	Rothes	GBP	24,949,000	146,540	21,766		100	
Gregson's S.A.	Montevideo	UYU	175,000	709	124		100	
Kaloyannis-Koutsikos Distilleries S.A.	Volos	€	6,811,220	9,113	1,738		75	
Red Fire Mexico, S. de R.L. de C.V.	Jalisco	MXN	1,254,250	-235	-44		100	
Sella & Mosca S.p.A.	Alghero	€	6,180,000	14,640	791	100		26,260
Stepanow S.R.O.	Slovakia	€	1,334,606	1,806	59		100	
TJ Carolan & Son Ltd.	Dublin	€	2,600	146,254	9,783	77	23	100,851
Teruzzi & Puthod S.r.l.	San Gimignano	€	90,440	4,741		100		
J. Wray & Nephew (UK) Ltd.	London	GBP	10,000	1,181	-977		100	
J. Wray & Nephew Ltd.	Kingston	JMD	600,000	133,582	10,735		100	
J. Wray y Sobrino de Costa Rica S.A.[1]	San José	CRC	1,000,000	120	0		100	
Wray & Nephew (Canada) Ltd.	Mississauga	CAD	50,000,100	37,594	-1,383		100	
Zedda Piras S.r.l.	Alghero	€	90,440	13,836		100		46,181
Total investments in subsidiaries								**1,433,673**

Investments in affiliated companies[2]			Share capital value	Shareholders' equity at 31 December 2013	Profit/loss at 31 December 2013	Percentage investment	
Name	Head office	Currency	Amount	€/000	€/000	Direct	Indirect
Jamaica Joint Venture Investment Co. Ltd.	Kingston	JMD	450,000	3,794	799		33.3
Manhart Properties Ltd.	Kingston	JMD	4,891,032	2,383	489		100.0
City Properties Ltd.	Kingston	JMD	370,000	1,427	309		100.0

[1] Company in liquidation

[2] Latest figures available

24. Other non-current assets

	31 December 2014 €/000	31 December 2013 €/000
Financial deposits	25,615	-
Non-current financial receivables	4,927	9,830
Non-current financial assets	**30,542**	**9,830**
Equity investments in other companies	149	153
Receivables from related parties	1,936	1,936
Non-current receivables from others, of which:	2,972	2,970
Security deposits	*11*	*9*
Tax credits	*2,961*	*2,961*
Other non-current assets	**5,057**	**5,059**
Total	**35,599**	**14,889**

Interests in other entities are as follows:

	31 December 2014 €/000	31 December 2013 €/000
Agenzia di Pollenzo Bra	73	77
Emittente Titoli S.p.A.	38	38
Società Cooperativa Lavorazione Vinacce	16	16
Other shareholdings	22	22
Equity investments in other companies	**149**	**153**

Over the year, the Company set up cash deposits maturing in 2019, which can be released on demand.

Non-current financial assets relate to € 4,927 thousand due from banks, which represents the portion resulting from the closure of the derivative used to hedge the interest rate on the Eurobond issued on the European market in 2009. The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying issue, the natural expiry of which is in 2016. The current portion of this receivable, of € 4,921 thousand (€ 4,898 thousand at 31 December 2013) is included in current financial receivables (see note 28 - Current financial receivables).

Tax receivables of € 2,961 thousand derive from the right to a refund on the additional income tax paid in previous years due to the non-deductibility of IRAP relating to personnel and similar costs following recent legislative changes introduced by article 2, paragraph 1, of Legislative Decree 201/2011, supplemented by article 4, paragraph 12 of Legislative Decree 16 of 2 March 2012, for which the Company had submitted the relevant refund applications.

25. Inventories

This item breaks down as follows:

	31 December 2014 €/000	31 December 2013 €/000
Raw materials	6,209	7,203
Packaging materials	5,444	5,979
Ancillary materials	1,209	1,347
Maintenance materials	1,418	1,478
Work in progress and semi-finished products	28,433	30,265
Finished products and goods for resale	37,296	29,113
	80,009	**75,385**

Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

	€/000
Balance at 31 December 2013	**360**
Accruals	351
Utilisations	(305)
Balance at 31 December 2014	**406**

The increase in the value of inventories at the end of the year compared with the previous year is mainly due to the increase in sales and to the need to stock the products of the brands acquired, in order to market them from January 2015.
The write-down of the inventories figure at 31 December 2013 relates to stocks that were destroyed during the year, which led to the use of the relevant provisions for write-downs created the previous year.
The impact on the income statement of the change in inventories is positive overall, at € 4,624 thousand.

26. Trade receivables and other receivables

	31 December 2014	31 December 2013
	€/000	€/000
Trade receivables from external customers	43,849	48,022
Receivables in respect of contributions to promotional costs	4,537	5,567
Trade receivables from related parties	47,806	58,826
Trade receivables	**96,192**	**112,415**
Tax credits	276	328
Non-trade receivables from customers	71	59
Receivables from the sale of fixed assets	4	502
Payments on account on tangible assets	46	27
Receivables from agents	2	10
Receivables from employees	557	284
Receivables from pension organisations	540	544
Receivables from related parties	13,755	9,713
Receivables for prepaid costs	3,296	2,402
Receivables from others	12	42
Miscellaneous doubtful receivables	262	170
Miscellaneous bad debt provisions	(103)	(103)
Other receivables	**18,718**	**13,978**

For further details on receivables from related parties, please refer to note 42 - Related parties.
These receivables are all due within 12 months.

Receivables from tax authorities consist of various tax refund applications.

The table below shows receivables broken down by maturity.
For the purpose of this analysis, other receivables from third parties exclude payments on account to suppliers of fixed assets, receivables from suppliers for the corresponding advance payments, tax receivables and receivables from employees and pension organisations.

31 December 2014	Trade receivables from external customers	Receivables in respect of contributions to promotional costs	Trade receivables from related parties	Other receivables from third parties	Other receivables from related parties	Total
	€/000	€/000	€/000	€/000	€/000	€/000
Not due and not written down	7,570	1,722	45,313	5	2,663	57,273
Due and not written down:	-					-
Less than 30 days	22,315	1,893	-	2	5,136	29,346
30 - 90 days	6,931	673	579	3	1,835	10,021
Within 1 year	4,093	76	1,893	117	1,696	7,875
Within 5 years	1,007	173	21	219	1,812	3,232
Due after 5 years	(7)	-	-	-	153	146
Total due and not written down:	34,339	2,815	2,493	340	10,632	50,620
Due and written down	5,767	-	-	103	-	5,870
Amount written down	(3,827)	-	-	(103)	-	(3,930)
Total broken down by maturity	43,849	4,537	47,806	345	13,295	109,833
Receivables not significant for breakdown by maturity	-	-	-	4,618	460	5,078
Total	43,849	4,537	47,806	4,963	13,755	114,911

31 December 2013	Trade receivables from external customers	Receivables in respect of contributions to promotional costs	Trade receivables from related parties	Other receivables from third parties	Other receivables from related parties	Total
	€/000	€/000	€/000	€/000	€/000	€/000
Not due and not written down	2,849	3,226	58,826	5	5,675	70,581
Due and not written down:						
Less than 30 days	20,442	155	-	1	1,112	21,710
30 - 90 days	13,019	1,106	-	2	892	15,019
Within 1 year	6,563	906	-	128	540	8,137
Within 5 years	1,971	173	-	137	1,061	3,342
Due after 5 years	(8)	-	-	-	125	116
Total due and not written down:	41,986	2,341	-	267	3,730	48,324
Due and written down	6,936	-	-	103	-	7,040
Amount written down	(3,750)	-	-	(103)	-	(3,853)
Total broken down by maturity	48,022	5,567	58,826	272	9,405	122,092
Receivables not significant for breakdown by maturity	-	-	-	3,993	308	4,301
Total	48,022	5,567	58,826	4,265	9,713	126,394

The item 'trade receivables from third parties' came in at € 43,849 thousand at 31 December 2014, a decrease of 8.7% compared with the previous year, attributable to the effect of the provisions of article 62 of Legislative Decree 1 of 24 January 2012 (this had already been recorded in 2013 and continued in 2014), and the careful monitoring and chasing up of these payments.

See note 40 - Nature and extent of risks arising from financial instruments for a breakdown of receivables and related risk.

The amount of receivables for which there is impairment and which are therefore classified as doubtful, is € 5,767 thousand, gross of write-downs; the related provisions for doubtful receivables (€ 3,827 thousand) changed in 2014 due to the accrual of provisions of € 1,957 thousand and utilisations of € 1,879 thousand, due almost entirely to the settlement of lawsuits outstanding from previous years.

Losses recorded during the year came to 0.50% of sales.

Provisions for doubtful receivables are put in place to cover write-downs made to specific positions until the estimated realisable value is accurately represented in the accounts.

Changes in provisions for doubtful receivables during the year are as follows:

	Bad debt provisions
	€/000
Balance at 31 December 2013	3,749
Accruals	1,957
Utilisations	(1,879)
Balance at 31 December 2014	**3,827**
Balance at 31 December 2012	4,010
Accruals	2,027
Utilisations	(2,288)
Balance at 31 December 2013	**3,749**

The total value of trade receivables due to expire was € 763 thousand. This amount comprised: € 29,808 thousand in current trade receivables that are not subject to write-downs, and which are considered fully collectible, and € -29,045 thousand in payables due to deferred discounts and year-end bonuses to be paid to clients, which will be duly settled in the first few months of the following year and are therefore classified under 'current'. The amount falling due at the end of 2013 was € 2,849 thousand, representing 5.9% of the total receivables at this date (€ 48,022 thousand).

As shown in the table, 85% of the total relates to receivables that were less than 90 days past due at the reporting date.

The average number of days for payment to be made was 69, a fall on the number at the end of the previous year (74 days): this improvement is due to the positive impact of the introduction of the provisions of article 62 of Legislative Decree 1 of 24 January 2012, and ongoing careful and circumspect management, as set out above.

Receivables in respect of contributions to promotional costs, of € 4,537 thousand, are recorded under commercial partners with which the Company has existing distribution licences, which also stipulate that promotional costs incurred relating to the brands distributed must be shared.

As regards receivables from related parties, trade receivables amounted to € 47,806 thousand and others to € 13,755 thousand; see note 42 - Related parties, for further details.

Other doubtful receivables from third parties, gross of write-downs, totalled € 103 thousand, and the related provision for doubtful receivables of € 103 thousand did not record any change.

27. Tax receivables

	31 December 2014 €/000	31 December 2013 €/000
Financial receivables from related parties	-	2,222
IRAP receivables	525	-
	525	**2,222**

The elimination of payables to related parties compared with the previous year is solely due to the terms and conditions of interim payments required by law for tax consolidation schemes. The increase in IRAP receivables is due to higher payments on account made during the year in respect of the IRAP due at 31 December 2014.

28. Current financial receivables

	31 December 2014 €/000	31 December 2013 €/000
Securities and term deposits	**1,675**	**25,000**
Net accrued swap interest income on bonds	1,338	689
Short-term financial receivables from related parties	122,892	71,778
Other current financial receivables	4,921	4,898
Fair value of other hedging derivatives - purchases	872	98
Fair value of other hedging derivatives - sales	17	11
Fair value of other derivatives not reported using hedge accounting procedures	525	-
Other short-term financial receivables	**130,565**	**77,474**
Current financial receivables	**132,240**	**102,474**

Financial receivables almost exclusively concern the Group's cash pooling activity, and to a small extent, term deposits in the amount of € 1,675 thousand, due to mature in 2015.
Other current financial receivables comprise the current portion (€ 4,921 thousand) of the receivable arising from the termination of a number of hedging agreements on the Parent Company's bond issue launched in 2009 (€ 4,898 thousand at 31 December 2013). The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying issue, the natural expiry of which is in 2016. The non-current portion of this receivable, of € 4,927 thousand (€ 9,830 thousand at 31 December 2013) is included in non-current financial receivables (see note 24 – Other non-current assets).

29. Cash and equivalents and reconciliation with net debt

The table below provides a reconciliation of this item with the cash and cash equivalents shown on the statement of cash flows.

	31 December 2014 €/000	31 December 2013 €/000
Current accounts at banks	49,204	25,529
Cash and liquidity	11	18
Term deposits maturing within 3 months	-	95,081
Total cash and cash equivalents	**49,215**	**120,628**

Cash and cash equivalents were less than the previous year, at € 49,215 thousand; the decrease is largely due to the acquisition of Averna S.p.A. described in note 23 - Investments in subsidiaries.

The reconciliation with the Company's net financial position is shown below.

	31 December 2014		31 December 2013	
	Total	of which related parties	Total	of which related parties
	€/000	€/000	€/000	€/000
Cash and cash equivalents	11		18	
Other cash	49,204		120,610	
Liquidity (A)	**49,215**		**120,628**	
Short-term financial receivables (B)	**132,240**	***122,892***	**102,474**	***71,778***
Short-term bank debt	1		7	
Other short-term financial payables	56,998	*31,874*	50,733	*30,985*
Current bonds issued	87,344		-	
Short-term financial debt (C)	**144,343**	***31,874***	**50,740**	***30,985***
Net short-term financial cash/debt (A+B+C)	**(37,113)**	***(91,018)***	**(172,362)**	***(40,793)***
Non-current bonds issued	915,207		976,181	
Other non-current payables	210,264	*200,000*	240,954	*200,000*
Non-current financial debt (D)	**1,125,471**	***200,000***	**1,217,135**	***200,000***
Net financial debt (A+B-C-D) (*)	**1,088,358**	***108,982***	**1,044,773**	***159,207***
Reconciliation with net financial position:				
Financial deposits	25,615			
Non-current financial receivables	4,927		9,830	
Non-current financial assets	**30,542**		**9,830**	
Net financial position	**1,057,816**	***108,982***	**1,034,943**	***159,207***

(*) In accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

For all information concerning the items that make up the net financial position excluding liquidity, see note 24 - Non-current assets, note 28-Current financial receivables and note 32 - Financial liabilities.

30.Assets held for sale

A residual portion of the Termoli site is also still recorded under assets held for sale, for € 1,022 thousand. Definitive but complex negotiations for the sale of the land are continuing with potential buyers, with whom the difficult sales programme is being prepared.

31. Shareholders' equity

The Company manages its capital structure and makes changes to it depending on the economic conditions and the specific risks of the underlying asset.

To maintain or change its capital structure, the Company may adjust the dividends paid to the shareholders and/or issue new shares.

It should be noted that risk capital management is carried out at Group level. Please see the relative notes to the consolidated financial statements.

For information on the composition and changes in shareholders' equity for the periods under review, please refer to 'Statement of changes in shareholders equity'.

Share capital

At 31 December 2014, the share capital was made up of 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up.

Following a resolution of the shareholders' meeting of 30 April 2014, the Company allocated the 2013 profit of € 185,006 thousand, partly to the payment of dividends (€ 46,081 thousand, equivalent to € 0.08 per outstanding share) and partly to earnings carried forward (€ 138,925 thousand).

Outstanding shares and own shares

Changes in outstanding shares and own shares during the year were as follows:

	No. of shares			Nominal value		
	31 December 2014	31 December 2013	31 December 2012	31 December 2014	31 December 2013	31 December 2012
				€	€	€
Outstanding shares at the beginning of the period	575,683,176	576,301,882	577,453,435	57,568,318	57,630,188	57,745,343
Purchases for the stock option plan	(3,704,964)	(8,264,835)	(4,613,817)	(370,496)	(826,483)	(461,381)
Disposals	4,940,505	7,646,129	3,462,264	494,050	764,613	346,226
Outstanding shares at the end of the period	576,918,717	575,683,176	576,301,882	57,691,872	57,568,318	57,630,188
Total own shares held	3,881,283	5,116,824	4,498,118	388,128	511,682	449,812
Own shares as % of total shares	0.7%	0.9%	0.8%			

In 2014, 3,704,964 own shares were acquired at a purchase price of € 21,125 thousand, equating to an average price of € 5.702 per share. 4,940,505 own shares were sold at a market value of € 14,606 thousand. Own shares therefore amounted to 3,881,283 at 31 December 2014.

In relation to the sales of own shares in the year, the Company recorded a net loss of € 15,184 thousand, which was recorded under shareholders' equity. This loss was partly offset by the use of the stock option reserve totalling € 3,182 thousand (as described under the 'Other reserves' item in this section).

Furthermore, after 31 December 2014 and until publication of the financial statements was authorised, the Company purchased an additional 2,740,418 own shares, at an average price of € 5.64, and own shares were sold for the exercise of stock options for a total of 3,649,086 shares. Thus, the number of own shares on the date this report was approved was 2,972,615.

Dividends paid and proposed

The table below shows the dividends approved and paid in 2014 and 2013 and the dividend submitted for the approval of the shareholders' meeting called to approve the accounts for the year ending 31 December 2014.

	Total amount		Dividend per share	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	€/000	€/000	€/000	€/000
Dividends approved and paid during the year on ordinary shares	46,081	39,848	0.08	0.07
Dividends proposed on ordinary shares(*)	46,226		0.08	

(*) Calculated on the basis of outstanding shares at the date of the Board of Directors' meeting on 10 March 2015.

Other reserves

	Stock options	Cash flow hedge reserve	Pension funds reserve	Programme contract reserve	Total
	€/000	€/000	€/000	€/000	€/000
Balance at 31 December 2013	**22,956**	**(3,669)**	**(238)**	**3,776**	**22,825**
Discounting of pension funds to present value	-		(314)	-	(314)
Cost of stock options for the period	3,707		-	-	3,707
Stock options in subsidiaries	4,319		-	-	4,319
Release for utilisation	(3,182)		-	-	(3,182)
Cash flow hedge - adjustment in period	-	(536)	-	-	(536)
Reversals in period	-	(390)	-	-	(390)
Tax effect	-	567	86		653
Balance at 31 December 2014	**27,800**	**(4,028)**	**(466)**	**3,776**	**27,082**

- Stock option reserve

Provisions made to the stock option reserve during the year in respect of share-based payments totalled € 9,004 thousand, with an offsetting entry posted to the related shareholdings of € 5,001 thousand, for the allocation of stock options to directors and employees of subsidiaries. Options cancelled out over the year amounted to € 977 thousand, of which € 681 thousand related to directors and employees of subsidiaries.

During the year, options exercised by beneficiaries at Davide Campari-Milano S.p.A. and its subsidiaries amounted to € 1,438 thousand and € 1,745 thousand respectively.

For more information, see note 38 - Stock option plans.

- Cash flow hedge reserve

The cash flow hedge reserve contains amounts (net of the related tax effect) pertaining to changes resulting from fair value adjustments of financial derivatives recorded using the cash flow hedging methodology; for further information, see note 39 - Financial instruments: disclosures.

- Reserve for the Programme Contract Agricultural and industrial consortium for disadvantaged areas in Piedmont

The reserve of € 3,776 thousand was created in 2010 following the request for financial assistance submitted under the programme contract agreed on 24 July 2008 between the Piedmont agricultural and industrial consortium, of which the Company is a part, and the Italian Ministry of Economic Development, pursuant to the legislation in force. As the investment programme for which the reserve was created has been completed, the reserve will be released over the next year.

Retained earnings

Following the resolution of the shareholders' meeting of 30 April 2014, the profit for the year to 31 December 2013, amounting to € 185,006 thousand, was allocated as follows:

- € 46,081 to dividends;
- € 138,925 carried forward.

Availability of items under shareholders' equity

Shareholders' equity at 31 December 2014	Amount	Possible utilisations	Portion available	Summary of utilisations in the three previous years:	
Nature/description	€/000		€/000	to hedge losses	for other reasons
Share capital (1)	58,080	- - -			
Capital reserves:					
Reserve for own shares	(388)	- - -			
Legal reserve (2)	1,500	B	1,500		
Earnings reserves:					
Legal reserve	10,116	B	10,116		
Extraordinary reserve	243,222	A, B, C	243,222		
Equity investment transfer reserve (Leg. Decree	3,041	A, B, C	3,041		
Reserve for VAT deductions 4% Law 64/86	592	A, B, C	592		
Reserve for VAT deductions 6% Law 67/86	451	A, B, C	451		
Reserve for VAT deductions 6% Law 130/83	23	A, B, C	23		
Reserve for VAT deductions 4% Law 675/77	2	A, B, C	2		
Reserve for VAT deductions 6% Law 526/82	18	A, B, C	18		
Reserve for capital grants (Law 696/83)	26	A, B, C	26		
Programme contract reserve	3,776	- - -			
Merger surplus reserve	3,868	A, B, C	3,868		
Profit carried forward from previous years	543,275	A, B, C	543,275		
Other reserves:					
Cash flow hedge reserve	(4,028)	- - -	-		
Pension funds remeasurement reserve	(466)		-		
Stock option reserve	27,800	- - -	-		
Total reserves and Share capital	**890,908**		**806,134**		
Non-distributable portion			11,616		
Residual distributable portion			794,518		
Profit for the year	**98,733**				
Grand total	**989,641**				

(1) of which € 50,581 in earnings and € 7,499 for shareholder
(2) for shareholder payments

Key:
A: for capital increase
B: to hedge losses
C: for distribution to shareholders

32. Financial liabilities

	31 December 2014 €/000	31 December 2013 €/000
Non-current liabilities		
Bond issued in 2003 (USD)	167,627	221,268
Bond issued in 2009 (Eurobond)	352,415	360,743
Bond issued in 2012 (Eurobond)	395,166	394,170
Total bond issues	**915,208**	**976,181**
Derivatives on bond issue (USD)	10,264	40,765
Assisted financing: Minindustria	-	189
Payables to related parties	200,000	200,000
Total non-current financial liabilities	**210,264**	**240,954**
Current liabilities		
Payables and loans due to banks	-	7
Payables to factoring companies	9,321	7,781
Total payables to banks	**9,321**	**7,788**
Accrued interest on bonds	12,383	11,771
Current portion of bond issues	85,986	-
Amortised cost effect on bond issues	1,358	-
Current portion of derivatives at fair value on bond issues	3,045	-
Fair value of other hedging derivatives - sales	178	-
Payables to related parties	31,874	30,985
Other debt	195	196
Total other financial payables	**135,020**	**42,952**
Total	**1,269,813**	**1,267,875**

The table below shows a breakdown of the Company's main financial liabilities, together with effective interest rates and maturities.
It should be noted that, as regards the effective interest rate of hedged liabilities, the rate reported includes the effect of the hedging itself.
Furthermore, the values of hedged liabilities include the value of the related derivative, whether it is an asset or liability.

	Effective interest rate at 31 December 2014	Maturity	31 December 2014 €/000	31 December 2013 €/000
Bonds				
- issued in 2003 (USD)	fixed rate from 4.03% to 4.37%(1)	2015-2018	263,653	262,033
	6-month € LIBOR + 60 basis points(2)			
- issued in 2009 (Eurobond)	fixed rate 5.375%	2016	357,041	360,744
- issued in 2012 (Eurobond)	fixed rate 4.5%	2019	395,166	394,170
Other debt	0.90%	2015	195	385

(1) Rate applied to the portion of the bond issue hedged by an interest rate swap, corresponding to a nominal value of € 171,900 thousand

(2) Rate applied to the portion of the bond issue hedged by an interest rate swap, corresponding to a nominal value of € 85,900 thousand

Bonds

Liabilities for bonds include the USD 300,000 thousand bond issue placed on the US institutional market in 2003, the € 350,000 thousand Eurobond issue placed on the European institutional market in October 2009, and the € 400,000 thousand Eurobond issue placed on the European institutional market in October 2012.
The bond issue placed on the US market was structured in two tranches of USD 100,000 thousand and USD 200,000 thousand, maturing in 2015 and 2018 respectively, with a bullet repayment. The tranche that is due to mature in July 2015 is included in current liabilities.
The six-monthly coupons are based on fixed rates of 4.33% and 4.63% respectively.
The first Eurobond issue (Eurobond 2009) was placed on the European market and matures in October 2016.
It was placed solely with institutional investors at a price of 99.431%; coupons are paid annually at the fixed rate of 5.375%. The gross return on the bond is therefore 5.475%.
The second Eurobond issue (Eurobond 2012) was placed on the European market and matures on 25 October 2019.
It was placed solely with institutional investors at a price of 99.068%; coupons are paid annually at the fixed rate of 4.5%. The gross return on the bond is therefore 4.659%.

For the bond issue placed on the US market, the Company has put in place various instruments to hedge exchange rate and interest rate risks.
Specifically, a cross currency swap hedging instrument has been used to offset the risks related to fluctuations in the US dollar and movements in interest rates and change the US dollar-based fixed interest rate to a variable euro rate (6-month Euribor + 60 basis points).
In addition, various interest rate swaps were put in place involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlyings of USD 50,000 thousand (maturing in 2015) and USD 150,000 thousand (maturing in 2018).

The changes in the item in 2014 relate to the following:
- for the 2003 issue (USD), the valuation of existing hedging instruments (which have a positive effect of € 27,456 thousand) and the effects on the bonds being hedged and the amortised cost (a negative effect of € 29,076 thousand);
- for the Eurobond issued in 2009, the valuation of the effect on loans alone (a positive effect of € 3,702 thousand).

For more information on the changes during the year, see note 39 - Financial instruments.

Other debt
This item includes a loan agreement with the industry ministry, with repayment in ten annual instalments maturing in February 2015.

33. Other non-current liabilities

	31 December 2014 €/000	31 December 2013 €/000
Tax payables	1,217	-
Payables to related parties	188	188
Other non-current liabilities	**1,405**	**188**

The payable to tax authorities relates to the outcome of an IRES tax inspection relating to previous years, which the Company has decided to pay in instalments.

34.Defined benefit obligations

The employee liability indemnity (TFR), which relates to the Company's employees, pursuant to article 2120 of the Italian civil code, falls under the scope of IAS 19.
Following the reform relating to staff severance funds from 1 January 2007, significant changes have been made for companies with at least fifty employees in the various valuation components, in order to ensure the relevant international accounting standard is correctly adopted.
Following the reform of the supplementary pension scheme, employee liability indemnity contributions accrued up to 31 December 2006 remain in the Company, while for contributions accruing from 1 January 2007, employees have the choice of allocating them to a supplementary pension scheme, or keeping them in the Company, which will transfer the employee liability indemnity contributions to the INPS fund.
Consequently, TFR contributions accrued from 1 January 2007 are classified as defined contribution plans.
Since the Company usually pays contributions through a separate fund, without further obligations, it records its contributions to the fund for the year to which they relate, in respect of employees' service, without making any actuarial calculation. Since the contributions in question had already been paid by the Company on the reporting date, no liability is recorded in the statement of financial position.
Conversely, TFR contributions accrued up to 31 December 2006 will continue to be classified as defined benefit plans, with the actuarial valuation criteria remaining unchanged in order to show the current value of the benefits payable on the amounts accrued at 31 December 2006 when employees leave the Company.

Changes in the current value of defined benefit obligations are shown below.

Employee indemnity liability (TFR) obligations for the last 4 years	Employee indemnity liability (TFR)	Employee indemnity liability (TFR)	Employee indemnity liability (TFR)	Employee indemnity liability (TFR)
	31 December 2014	31 December 2013	31 December 2012	31 December 2011
	€/000	€/000	€/000	€/000
Defined benefit obligations (to 31 December 2006)	6,135	6,931	6,784	6,841
	6,135	**6,931**	**6,784**	**6,841**

The tables below summarise the components of the net cost of benefits reported in the income statement and comprehensive income or expense in 2014 and 2013.

€/000	Liabilities
Liabilities at 31 December 2013	**6,931**
Movements recognised in the income statement	
- net interest	203
Total	**203**
Reassessment of gains (losses) recognised in the income statement	
- gains (losses) resulting from changes in actuarial assumptions	313
Total	**313**
Changes in balance sheet items	
- benefits paid	(1,081)
- TFR for employees transferred from/to Group Companies	(231)
Total	**(1,312)**
Liabilities at 31 December 2014	**6,135**
Liabilities at 31 December 2012	**6,784**
- net interest	263
Total	**263**
Reassessment of gains (losses) recognised in the income statement	
- gains (losses) resulting from changes in actuarial assumptions	329
Total	**329**
Changes in balance sheet items	
- benefits paid	(445)
- change in basis of consolidation	-
Total	**(445)**
Liabilities at 31 December 2013	**6,931**

The main assumptions used in determining the obligations resulting from the plans described are indicated below.

	Unfunded pension plans	
	31 December 2014	31 December 2013
Discount rate	1.49%	3.17%
Future salary increases	1.35%-2.87%	2.00%-3.50%
Staff turnover rate	2.70%	3.00%
Expected inflation rate (inflation vector)	0.60%-1.50%	2.00%

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2014 is shown below.

	percentage change in the assumptions	Impact on obligation of positive change in parameter	Impact on obligation of negative change in parameter
Discount rate	+/- 0.5%	-4.00%	4.30%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the obligation of reasonable changes to the key assumptions made at the end of the financial year.
The methodology and the assumptions made in preparing the sensitivity analyses remain unchanged from the previous year.
Given that pension liabilities have been corrected on the basis of the consumer prices index, the pension plan is exposed to the inflation rate, to interest rate risks and to changes in the life expectancy of former employees. In view of the fact

that nothing has been done to support the plans, the Company is not exposed to market risk in the sectors in which the plan is invested.

The following payments are the expected contributions that will be made in future years:

	€/000
Within 12 months	258
Within 5 years	997
More than 5 years	1,168
Total	**2,423**
During the lifetime of the plan (years)	10.52

Cash flows expected for future payments into the plan are not likely to have a significant effect on the Company's statement of financial position or income statement.

35. Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision	Voluntary redundancy	Agent severance fund	Other	Total
	€/000	€/000	€/000	€/000	€/000
Balance at 31 December 2013	**1,227**	**149**	**1,210**	**338**	**2,924**
Accruals	-	-	198	-	198
Utilisations	-	(42)	(198)	(170)	(410)
Effect of discounting to present value	-	-	296	-	296
Balance at 31 December 2014	**1,227**	**107**	**1,506**	**168**	**3,008**
of which estimated outlay:					
- due within 12 months	-	107	-	168	
- due after 12 months	1,227	-	1,506	-	

The tax provision at 31 December 2014 included estimated potential liabilities of € 1,227 thousand for direct and indirect tax arising from inspections carried out in previous years relating to the tax years 2004 and 2005, both for the Company, and for Campari Italia S.p.A., incorporated in 2010.

The voluntary redundancy column includes the estimated future expense in respect of employment liability.
At 31 December 2014, the provision for risks included under 'Other' mainly related to estimated future liabilities that the Company will incur due to legal disputes in progress.

36.Payables to suppliers and other liabilities

	31 December 2014	31 December 2013
	€/000	€/000
Trade payables to external suppliers - Italy	72,167	72,508
Trade payables to external suppliers - exports	5,678	5,362
Trade payables to related parties	3,850	1,553
Payables to suppliers	**81,695**	**79,423**
Withholding tax payables	1,874	2,055
Production tax payables	2,399	2,181
Payables to employees	7,174	7,874
Payables to pension organisations	4,250	4,084
Payables to pension funds and INPS fund	426	350
Payables to agents	1,478	1,453
Payables to other related parties	4,463	3,747
Payables in respect of contributions received	1,260	1,095
Payables for deferred revenues	486	556
Other	277	508
Other current liabilities	**24,087**	**23,903**

The taxes shown related to salaries, payments and supplier invoices for December.
These payables are all due within 12 months.
For further details on payables to related parties, please refer to note 42-Related parties.

Trade payables increased by 2.8% compared with 31 December 2013; a breakdown of this item by maturity is provided below, in which the amounts relating to invoices and credit notes to be received, totalling € 36,552 thousand, are included under those due within one year.
In addition, as regards other current liabilities to third parties, deferred income, tax and social security items and payables to employees are excluded.
Trade payables to related parties of € 3,850 thousand relate mainly to the passing on of miscellaneous costs. For further details on these transactions see note 42 - Related parties.

The following table shows a breakdown of payables by maturity.

€/000	Payables to suppliers	Trade payables to related parties	Other payables to third parties	Other payables to related parties	Total
31 December 2014					
On demand	13,042	885	443	4	14,374
Within 1 year	63,971	2,965	2,569	2,459	71,964
Due in 1 to 2 years	407	-	-	-	407
Due in 3 to 5 years	425	-	-	-	425
Due in more than 5 years	-	-	-	-	-
	77,845	3,850	3,012	2,463	87,170
Payables not significant for breakdown by maturity	-	-	16,613	2,000	18,612
Total	**77,845**	**3,850**	**19,624**	**4,463**	**105,782**
31 December 2013					
On demand	15,235	347	380	796	16,758
Within 1 year	28,212	1,206	2,676	1,731	33,826
	43,448	1,553	3,056	2,527	50,584
Payables not significant for breakdown by maturity	34,423	-	17,100	1,220	52,742
Total	**77,870**	**1,553**	**20,156**	**3,747**	**103,326**

The payment terms applied to suppliers are generally 60 days from the end of the month of invoice.
Other payables to third parties comprise payables to agents totalling € 1,478 thousand and chiefly include accrued fees to agents not yet due, premiums to agents recognised and premiums that may be recognised.
As can be seen from a breakdown of 'Other payables to related parties' by maturity, the item chiefly relates to payables to directors (€ 1,950 thousand), which will be settled during 2015.
The Company does not hold any financial assets pledged to secure liabilities.

Capital grants

The following table provides details of changes in deferred income related to capital grants.
In some cases grants are not certain; in these instances a liability must be recorded against the grant received.
Once the grants become certain, they are classified as deferred income and are reported in the income statement based on the useful life of the plant.
In the interests of clarity, the table below illustrates changes in both payables and deferred income.

	31 December 2014		31 December 2013	
	Payables for capital grants €/000	Deferred income €/000	Payables for capital grants €/000	Deferred income €/000
Balance at 1 January	1,095	547	1,095	658
Amounts received during the period	165			
Grants posted to the income statement	-	(70)	-	(111)
Balance at 31 December	**1,260**	**477**	**1,095**	**547**

37.Income tax payables

This item breaks down as follows:

	31 December 2014 €/000	31 December 2013 €/000
IRAP payables	-	177
IRES payable	274	2,414
Payables to related parties	329	-
Total	**603**	**2,591**

IRES payables mainly include the instalments due in 2015 from previous tax inspections that have already been defined, as well as IRES tax credits of a foreign subsidiary for transparency reasons. Payables to related parties relate to IRES, and depend on the terms and conditions of interim payments required by law for tax consolidation schemes.

38.Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999 as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for the Campari Group, approved by the shareholders' meeting of 2 May 2001.
The purpose of the plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved.
The recipients are employees, directors and/or individuals who regularly do work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the plan approval date and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.
The Plan regulations do not provide for loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian civil code.
The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification.
Subsequently, further stock options were allocated each year, governed by the framework plan approved by the shareholders' meeting on 2 May 2001.

The shareholders' meeting of 30 April 2014 approved a new stock option plan, establishing the maximum number of shares that may be assigned (specifying how many may be assigned to directors of the Parent Company and how many to any other beneficiary) and authorising the board of directors of the Parent Company to identify, within the limits established by the shareholders' meeting, the beneficiaries and the number of options that may be assigned to each.

The options were therefore assigned on 1 July 2014 to the individual beneficiaries, with the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (full or partial) exercise to the end of the fifth or sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated.

The total number of options granted for the purchase of further shares was 12,065,972, with the average allocation price at € 6.28, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

For the purpose of evaluating the plan in accordance with IFRS 2 - Share-based payment, the plan was divided into three different tranches, corresponding to a number of options equal to 80%, 10% and 10% vesting in five, six and seven years respectively. All tranches carry a vesting condition that requires assignees to remain with the Company for the whole vesting period. Furthermore, to exercise the second and third tranche, all options previously matured up to the end of the sixth year (second tranche) and seventh year (third tranche) must be maintained. For the purposes of IFRS 2, this takes the form of a non-vesting condition.
This results in a different unit fair value for each tranche, equivalent to € 1.48 for the first tranche, € 1.35 for the second and € 1.06 for the third.

The following table shows changes in stock option plans during the periods concerned.

	31 December 2014		31 December 2013	
	No. of shares	Average allocation/exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	36,571,281	4.18	44,328,942	3.96
Options granted during the period	12,065,972	6.28	965,984	5.90
(Options cancelled during the period)	(1,905,765)	5.04	(952,758)	4.74
(Options exercised during the period)[(*)]	(4,884,168)	2.96	(7,734,001)	3.04
(Options expiring during the period)	0	0.00	(36,886)	3.84
Options outstanding at the end of the period	41,847,320	4.89	36,571,281	4.18
of which those that can be exercised at the end of the period	3,946,977	2.23	6,836,492	2.85

[(*)] The average market price on the exercise date was € 5.97.

The average remaining life of outstanding options at 31 December 2014 was 4.1 years (3.7 years at 31 December 2013).
The average exercise price for the options allocated in each year is as follows:

	Average exercise price
Allocations: 2008	2.85
Allocations: 2009	3.00
Allocations: 2010	3.87
Allocations: 2011	5.44
Allocations: 2012	5.25
Allocations: 2013	5.92
Allocations: 2014	6.28

The average fair value of options granted during 2014 was € 1.40 (€ 1.60 in 2013).
The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions.
Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.
The following assumptions were used for the fair value valuation of options issued in 2014 and 2013:

	2014	2013
Expected dividends (€)	0.08	0.07
Expected and historic volatility (%)	20%	23%
Market interest rate	1.15%	1.45%
Expected option life (years)	7.30	7.30
Exercise price (€)	6.28	5.90

Davide Campari-Milano S.p.A. has a number of own shares that can be used to cover the stock option plan.
The following table shows changes in the number of own shares held during the comparison periods.

	No. of own shares		Purchase price (€ million)	
	2014	2013	2014	2013
Balance at 1 January	5,116,824	4,498,118	30.8	24.6
Purchases	3,704,964	8,264,835	21.1	49.1
Disposals	(4,940,505)	(7,646,129)	(29.8)	(42.9)
Final balance	3,881,283	5,116,824	22.1	30.8
% of share capital	0.67%	0.88%		

In relation to the sales of own shares in the year, which are shown in the above table at the original acquisition cost (€ 29.8 million), and sales of € 14.6 million, the Parent Company recorded a loss of € 15.2 million, which was recorded under shareholders' equity and partly covered by the use of € 3.2 million from the stock option reserve.

39.Financial instruments - disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

31 December 2014	Loans and receivables €/000	Financial liabilities at amortised cost €/000	Assets and liabilities measured at fair value with changes recognised in profit or loss €/000	Hedging transactions €/000
Cash and cash equivalents	49,216			
Current financial receivables	129,488			
Other non-current financial assets	30,542			
Trade receivables	96,192			
Payables to banks		(9,321)		
Bonds		(1,002,551)		
Accrued interest on bonds		(12,383)		
Other financial liabilities		(232,070)		
Trade payables		(81,695)		
Non-current assets for hedge derivatives not reported using hedge accounting procedures			525	
Current assets for hedge derivatives				2,227
Financial liabilities on hedging contracts				(3,224)
Non-current liabilities for hedge derivatives				(10,263)
Total	305,438	(1,338,020)	525	(11,260)

31 December 2013	Loans and receivables €/000	Financial liabilities at amortised cost €/000	Assets and liabilities measured at fair value with changes recognised in profit or loss €/000	Hedging transactions €/000
Cash and cash equivalents	120,628			
Short-term financial receivables	101,676			
Other non-current financial assets	9,830			
Trade receivables	112,415			
Payables to banks		(7,788)		
Bonds		(976,181)		
Accrued interest on bonds		(11,771)		
Other financial liabilities		(231,370)		
Trade payables		(79,423)		
Current assets for hedge derivatives				799
Financial liabilities for hedging contracts				(1)
Non-current liabilities for hedge derivatives				(40,765)
Total	344,549	(1,306,533)		(39,967)

Assets and liabilities measured at fair value

The method used for determining fair value was as follows:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters.

The fair value of non-current financial payables was obtained by discounting all future cash flows at the rates in effect at the end of the year.

Investment property is valued at cost, which is considered a reliable approximation of its fair value.

For commercial items and other receivables and payables, fair value corresponds to the carrying amount; these are not reported in the table below.

	Carrying amount		Fair value	
	31 December 2014 €/000	31 December 2013 €/000	31 December 2014 €/000	31 December 2013 €/000
Cash and banks	49,216	120,628	49,216	120,628
Financial receivables from subsidiaries through centralised cash management system	122,892	71,778	122,892	71,778
Financial receivables from other companies	37,137	39,728	37,137	39,728
Accrued interest on bonds	1,339	689	1,339	689
Hedging transactions	888	110	888	110
Hedge derivatives not reported using hedge accounting procedures	525	-	525	-
Financial investments	**211,998**	**232,933**	**211,998**	**232,933**
Payables to banks	9,321	7,788	9,321	7,788
Bond in USD (2003)	250,344	221,268	258,473	230,316
Bond in € (2009)	357,041	360,743	376,993	381,061
Bond in € (2012)	395,166	394,170	454,372	421,150
Accrued interest on bonds	12,383	11,771	12,383	11,771
Hedging transactions	13,487	40,765	13,487	40,765
Financial payables to subsidiaries	231,874	230,985	231,874	230,985
Other debt	195	385	195	385
Financial liabilities	**1,269,812**	**1,267,875**	**1,357,100**	**1,324,221**

Fair value hierarchy

The Company enters into derivatives contracts with a number of top-rated banks.
Derivatives are valued using techniques based on market data, and largely consist of interest rate swaps.
The most commonly-applied valuation methods include the forward pricing and swap models, which use present value calculations.
The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below details the hierarchy of financial instruments valued at fair value, based on the valuation methods used:

- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account various inputs from previous prices, but that can be observed on the market directly or indirectly;
- level 3: the techniques used take into account inputs that are not based on observable market data.

In 2014, no changes were made in the valuation methods applied.

€/000	31 December 2014	Level 1	Level 2	Level 3
Assets valued at fair value				
Accrued interest on bond swaps	1,339		1,339	
Forward contracts on sales and purchases transactions in foreign currency	888		888	
Hedge derivatives not reported using hedge accounting procedures	525		525	
Liabilities valued at fair value				
Forward contracts on sales and purchases transactions in foreign currency	178		178	
Interest rate and cross currency swap on bond (USD)	13,309		13,309	
	31 December 2013	Level 1	Level 2	Level 3
Assets valued at fair value				
Accrued interest on bond swaps	689		689	
Forward contracts on sales and purchases transactions in foreign currency	110		110	
Interest rate swap on bonds (Eurobond)	-		-	
Liabilities valued at fair value				
Forward contracts on sales and purchases transactions in foreign currency	1		1	
Interest rate and cross currency swap on bond (USD)	40,765		40,765	

The level 2 valuation for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.
In 2014, no reclassifications were made between the levels indicated above in the fair value hierarchies.

Hedging transactions

Hedging derivatives

The Company currently holds various derivative instruments to hedge both the fair value of underlying instruments and cash flows.
The table below shows the fair value of these derivative instruments, recorded as assets or liabilities, and their notional values.

	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
	€/000	€/000	€/000	€/000
Interest rate and cross currency swap on bond (USD)		(8,669)		(38,030)
Forward contracts on sales and purchases transactions in foreign currency	888	-	110	-
Hedge derivatives not reported using hedge accounting procedures	525			
Accrued interest on bond swap	1,339	-	689	-
Hedging derivatives at fair value	2,752	(8,669)	799	(38,030)
Interest rate swap on bond (USD)		(4,640)		(2,734)
Forward contracts on sales and purchases transactions in foreign currency		(178)		(1)
Cash flow hedge derivatives	-	(4,818)	-	(2,735)
Total derivatives	**2,752**	**(13,487)**	**799**	**(40,765)**

Fair value hedging

The Company has in place the following contracts that meet the definition of hedging instruments based on IAS 39.

- Cross currency swap on bond (USD).
  At the reporting date, the Company held a cross currency swap totalling a notional USD 300 million on the bond denominated in US dollars.
  This instrument has the same maturity as the underlying liability.
  The derivative is valued at fair value and any changes are recognised in profit or loss; having established the effectiveness of the hedging transactions, the profit or loss on the hedged item attributable to the hedged risk is used to adjust the carrying amount of the underlying liability and is immediately reported on the income statement.
  At 31 December 2014, the cross currency swap had a negative fair value of € 8,669 thousand, reported under non-current financial liabilities.
  The change in the fair value of these instruments recognised in profit or loss in 2014 represented income of € 29,361 thousand. The liability recorded on the hedged item was € 28,741 thousand.

Moreover, in 2012, the Parent Company settled the interest rate swap on the Eurobond issued in 2009, and thus the portion of underlying debt (€ 200 million) was reported at the original fixed rate.
Similarly, the amount resulting from the valuation of the contract on the settlement date was reclassified under financial receivables and will be collected over the remaining life of the underlying loan. Note 24 - Non-current financial assets and note 28 - Current financial assets provide information on credit movements.
As regards the underlying debt, the change in fair value attributable to the risk hedged as shown at the time the cover ended was recycled to the income statement over the period of the loan. In 2014, this resulted in a gain of € 4.43 million. As the cancellation of the hedge resulted in the net coupons paid to bondholders being converted into fixed contractual rates, this positive effect is cancelled out in the income statement.

Gains and losses on the hedged and hedging instruments used in the group's fair value hedges, corresponding to the above-mentioned contracts, are summarised below.

	31 December 2014	31 December 2013
	€/000	€/000
Gains on hedging instrument - USD bond issue	29,361	-
Losses on hedging instrument - USD bond issue	-	(11,720)
Losses on hedging instrument - Eurobond issue	(456)	(431)
Total gains (losses) on hedging instruments	**28,905**	**(12,151)**
Gains on hedging instrument - USD bond issue	-	12,344
Gains on hedging instrument - Eurobond issue	4,431	4,252
Losses on hedging instrument - USD bond issue	(28,741)	-
Total gains (losses) on hedged items	**(24,310)**	**16,596**

Derivatives used for cash flow hedging

The Company uses the following contracts to hedge its cash flows:

- Interest rate swaps on Company bonds (USD).
  The Company has various interest rate swaps in place involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlyings of USD 50 million (maturing in 2015) and USD 150 million (maturing in 2018).
  Since these hedging transactions met the requirements for effectiveness, a specific reserve under comprehensive income or expense equating to a liability was recorded at a gross value of € 4,640 thousand.
  As required by IAS 39, the cash flow hedge reserve for these contracts will be recycled to the income statement at the same maturity dates as the cash flows related to the liability.
  During the period, an unrealised gain of € 1,059 thousand was posted to the reserve, together with the corresponding deferred tax effect of € 524 thousand.
  Moreover, the realisation of the hedged cash flows generated the release of the cash flow hedge reserve, which had a positive impact on the income statement for the period of € 846 thousand.

- Interest rate swaps on Company bonds (Eurobond).
  Shortly after the allocation of the Eurobond, issued in 2012, the Company entered into an interest rate hedging agreement.
  On the date the bond was listed, due to the changes in interest rate trends, this agreement resulted in an initial financial liability of € 2,998 thousand, recorded under comprehensive income or expense and released to the income statement with the cash flows generated by the underlying debt.
  In 2014, an effect of € 457 thousand was recycled to the income statement.

- Forward contracts on sales and purchases transactions in foreign currency.
  In order to cancel out the negative consequences of unexpected, unfavourable changes in financial variables on exchange rates, the Company has appropriate hedging instruments in place aimed at reducing or transferring exposure to exchange rate risks.
  As regards hedges on future sales and purchases, the amount recorded under comprehensive income or expense is € 34 thousand.
  The profit, which was temporarily recorded under comprehensive income or expense, will be booked to the income statement when the transactions generate an effect on the income statement.

The following table shows when the Group expects to receive the hedged cash flows, as of 31 December 2014.
These cash flows only relate to interest and have not been discounted to present value.

31 December 2014	Within 1 year	1-5 years	Due after 5 years	total
	€/000	€/000	€/000	€/000
Cash outflows	6,392	13,696	-	20,088
Cash inflows	6,612	14,301	-	20,913
Net cash flows	220	605	-	825
31 December 2013	Within 1 year	1-5 years	Due after 5 years	total
	€/000	€/000	€/000	€/000
Cash outflows	7,305	23,740	-	31,045
Cash inflows	6,606	21,713	-	28,319
Net cash flows	(699)	(2,027)	-	(2,726)

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

-	Cash flow hedge reserve	and related tax effect	Cash flow hedge reserve, net
-	€/000	€/000	€/000
Balance at 31 December 2013	**(3,952)**	**1,087**	**(2,865)**
Adjustment in period	(1,214)	-	(1,214)
Reversals in period	(390)	-	(390)
Deferred tax (assets and liabilities)	-	567	567
Use of deferred taxes taken to income statement	-	(126)	(126)
Balance at 31 December 2014	**(5,556)**	**1,528**	**(4,028)**
Balance at 31 December 2012	**(4,241)**	**1,166**	**(3,075)**
Adjustment in period	1,284	-	1,284
Creation of reserve	121	-	121
Reversals in period	(1,116)	-	(1,116)
Deferred tax (assets and liabilities)	-	(386)	(386)
Use of deferred taxes taken to income statement	-	307	307
Balance at 31 December 2013	**(3,952)**	**1,087**	**(2,865)**

40. Nature and scale of the risks arising from financial instruments

Credit risk

Davide Campari-Milano S.p.A. enters directly into commercial transactions on the Italian market, and on the foreign markets via its Group companies.
As described in note 26 - Trade receivables and other receivables, the composition of receivables from Italian customers is extremely varied in terms of the different market channels, their size and commercial characteristics, and importance of volumes. It includes a high number of clients from all over Italy, with a balance between the two sales channels (mass retail and purchasing consortia, and traditional retail) with a significant presence in the horeca (hotels/restaurants/cafés) sector.
The Company has an extremely broad product portfolio, formed of both the Campari Group's products and products distributed under licence.
There is no market concentration risk because the first ten customers account for only 27.20% of total sales.
The Company has a Credit Management department exclusively dedicated to monitoring the progress of receivables, chasing up payment and managing in a targeted and timely manner the exposure of individual customers using internal risk monitoring procedures.
Bad debts are pursued regularly with the assistance of lawyers in order to continuously update progress on individual cases. This is then reflected in the provisions for doubtful receivables.
Trade receivables from third parties for which there is impairment are classified as doubtful; these have mainly been due for more than one year and are the subject of legal proceedings.
The other trade receivables are in respect of Group companies.
Receivables are mainly denominated in euro.
The maximum risk at the reporting date is equivalent to the carrying amount of trade receivables.

Liquidity risk

The Company's ability to generate substantial cash flow through its operations allows it to reduce liquidity risk. This risk is defined as the difficulty of raising funds to meet financial obligations.
The Company manages financial flows with the Italian subsidiaries through a centralised cash management department, with transactions settled at market rates (see note 42 - Related parties, for more information).
Detailed information is provided below on payables and financial liabilities at 31 December 2014, compared with the previous year.
The table below summarises financial liabilities by maturity at 31 December 2014 compared with the previous year based on the contractual repayment obligations, including non-discounted interest.

It specifies the period in which financial flows are due.

Financial liabilities	On demand €/000	Within 1 year €/000	Due in 1 to 2 years €/000	Due in 3 to 5 years €/000	Due in more than 5 years €/000	Total €/000
31 December 2014						
Payables to banks	-	9,321	-	-	-	9,321
Financial payables to subsidiaries	-	31,874	-	-	200,000	231,874
Bonds	-	91,776	7,627	176,172	-	275,575
Derivatives on bonds	-	(1,084)	1,826	(4,499)	-	(3,757)
Eurobond 2009	-	18,813	368,813	-	-	387,626
Eurobond 2012	-	18,000	18,000	454,000	-	490,000
Subsidised loan from industry ministry	-	196	-	-	-	196
Projected net cash flows	**-**	**168,896**	**396,266**	**625,673**	**200,000**	**1,390,835**

Financial liabilities	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due in more than 5 years	Total
	€/000	€/000	€/000	€/000	€/000	€/000
31 December 2013						
Payables to banks	-	7,788	-	-	-	7,788
Financial payables to subsidiaries	-	30,985	-	-	200,000	230,985
Bonds	-	9,854	82,365	165,164	-	257,383
Derivatives on bonds	-	-	12,633	26,183	-	38,816
Eurobond 2009	-	18,813	18,813	364,894	-	402,520
Eurobond 2012	-	18,000	18,000	54,000	416,500	506,500
Subsidised loan from industry ministry	-	196	196	-	-	392
Projected net cash flows	**-**	**85,636**	**132,007**	**610,241**	**616,500**	**1,444,384**

Payables to banks for current accounts and lines of credit represent the negative balance of cash management, which decreased compared to the previous year.
Moreover, the Company has granted loans to subsidiaries, with interest charged at market rates.

Market risks

Interest rate risk

Financial liabilities, except those relating to bonds, are subject to variable rates.
In the case of bonds, as mentioned above, the Company has taken steps to convert a portion of the long-term financial instruments issued at fixed rates (and thus exposed to fair value risk) into variable-rate debt through an interest rate swap.
Thus the portion of debt at fixed rates was around 90.5% of total financial payables at 31 December 2014.
The Company is therefore only partially exposed to the risk of changes in interest rates.

Sensitivity analysis

The following table shows the effects on the income statement of a potential change in interest rates, if all the Company's other variables are held constant.
The assumptions used in terms of a potential change in rates are based on an analysis of the trends at the reporting date.
The table illustrates the full-year effects on the income statement in the event of a change in rates, calculated for the Company's variable-rate financial assets and liabilities.
The impact on the income statement is shown net of taxes.

Increase/decrease in rates (in basis points)	Increase in interest rates	Decrease in interest rates
31 December 2014	Income statement €/000	
Euribor +/- 13 basis points	(466)	466
31 December 2013		
Euribor +/- 13 basis points	(452)	452

Exchange rate risk

The Company has issued bonds denominated in US dollars for which it has a fair value hedge in place to hedge the related exchange rate risk.
The sensitivity analysis shows that there is no impact on the income statement, as a change in exchange rates generating a positive effect on the fair value of the derivatives would produce the same negative effect on the underlying, and vice versa.
In addition, the Company also has hedging instruments in place to minimise the exchange rate risk, aimed at avoiding a situation where unexpected variations in exchange rates occur on purchases and sales transactions.

Lastly, there were no significant receivables or payables exposed to exchange rate risk at 31 December 2014.

41. Commitments and risks

Non-cancellable operating leases

The amounts owed by the Company in future periods for operating leases on equipment are indicated in the table below.

Minimum future payments	31 December 2014 €/000	31 December 2013 €/000
Within 1 year	2,750	2,681
1-5 years	3,900	4,296
More than 5 years	-	-
Total	**6,650**	**6,977**

Operating lease contracts relate to cars (€ 3,159 thousand), hardware (€ 2,235 thousand), photocopiers (€ 166 thousand) and equipment for manufacturing units and general services for headquarters (€ 1,090 thousand).

Existing contractual commitments for the purchase of goods or services, property, plant and equipment

The Company's other commitments for purchases of goods or services are shown below.

31 December 2014 €/000	Assets	Purchases of raw	Sponsorship	*Copacking:*	Other	Total
Within 1 year	1,940	48,215	4,237	2,554	7,585	64,531
1-5 years		29,431	4,493	3,405	35	37,364
More than 5 years	-	-	-	-	-	-
Total	**1,940**	**77,646**	**8,730**	**5,959**	**7,620**	**101,895**

Contractual commitments for fixed assets chiefly relate to the purchase of equipment and improvements to the Company's manufacturing units (€ 422 thousand), and the implementation of the Group's new IT system and management processes (€ 1,518 thousand).

Commitments in respect of raw materials relate to purchases of wine and grapes for Cinzano wine and sparkling wines.

Sponsorship commitments relate to the partnership agreement between the Manchester United football team and the Aperol brand.

The item other includes an estimate of the contractual commitments in place for the purchase of habillage, goods, maintenance materials and supplies, as well as services associated with the activities of the Company's production units.

Guarantees given

Guarantees given by the Company break down as follows:

€/000	31 December 2014	31 December 2013
Guarantees issued to third parties	52,899	54,666
Guarantees issued to third parties in the interests of Group companies	108,948	176,873
Total guarantees	161,847	231,539
Other guarantees to third parties	173,527	181,852
Total guarantees given	**335,374**	**413,391**

Guarantees to third parties chiefly represent guarantees to customs for excise duties and stickers totalling € 32,783 thousand, to the tax authorities totalling € 10,701 thousand and for the promotion of wines totalling € 6,516 thousand.

Guarantees issued to third parties in the interests of Group companies are guarantees given by Davide Campari-Milano S.p.A. in favour of third parties for guarantees on customs and duties, credit lines and other sureties and guarantees resulting from the commercial or financial activities of Group companies.
Other guarantees issued to third parties are represented by a guarantee given by Davide Campari-Milano S.p.A. in relation to the USD 210,679 thousand private placement issued by Campari America reserved for US institutional investors. At the reporting date, the value of the guarantee included the nominal amount of the debt and interest accrued.

42.Related parties

The Company has procedures in place governing transactions with related parties, as defined in IAS 24 and in the Consob communications on this subject, with the aim of monitoring and collecting the necessary information concerning transactions in which directors and managers have a personal interest, as well as transactions with related parties, in order to monitor, and in some cases, authorise them.
The procedure identifies the individuals responsible for reporting the above-mentioned information, defines which transactions should be reported, defines the content of the information required, and sets the timescales within which the information must be submitted.
In addition, pursuant to Consob Resolution 17221 of 12 March 2010, the Company has also adopted a procedure for transactions with related parties, approved by the Board of Directors on 11 November 2010 and in force from 1 January 2011.
The procedure sets out the principles to which the Company adheres to ensure the substantial and procedural transparency and probity of transactions with related parties, whether carried out directly or via subsidiaries, and also gives a definition of related parties (providing an updated list of related parties), in a manner consistent with IAS 24.
The procedure also identifies the individuals responsible for reporting the above-mentioned information, defines which transactions should be reported, defines the content of the information required, and sets the timescales within which the information must be submitted.
The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular, relate to:

- ✓ the management of investments;
- ✓ the settlement of financial flows through the centralised cash management system;
- ✓ the sharing of general, administrative and legal services;
- ✓ IT support;
- ✓ commercial agreements.

In addition, a fiscal relationship exists with the controlling entity of the Company, Alicros S.p.A., following the decision taken to adopt the national tax consolidation procedure governed by article 117 *et seq* of the consolidated law on corporate income tax (TUIR) for 2013, 2014 and 2015.
On 1 January 2008, the Company joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72, in accordance with its status as a subsidiary.
The controlling entity, which adopted the Group VAT scheme as controlling shareholder, is Alicros S.p.A.
The receivables and payables arising as a result of the tax consolidation scheme are non-interest-bearing.

No other transactions have taken place with the controlling entities, nor with their directly and/or indirectly-owned subsidiaries, other than with Group companies.
Moreover, during the year, no off-balance sheet agreements, as described in article 2427, paragraph 1, point 22-*ter* of the Italian civil code, or other deeds, including between affiliates, were entered into that may generate exposures or benefits for the Company that would affect the financial position or operating results of the Company or the Group to which it belongs.

The Company is not subject to management and coordination activity by other companies, pursuant to articles 2497 *et seq* of the Italian civil code, in that all decisions made by the management bodies, including strategic decisions, are taken in complete autonomy and independence.

For further details on the relationships with Group companies, see the following tables.

Financial receivables from related parties

€/000	31 December 2014	31 December 2013
Financial receivables from related parties	122,892	71,778

The table below shows the breakdown of these receivables.

	Accrued interest	Cash management	Miscellaneous	Loans	Total
	€/000	€/000	€/000	€/000	€/000
Campari Benelux S.A.	-	82,238	-	-	82,238
Campari Services S.r.l.	11	-	-	-	11
Campari Wines S.r.l.	11	8,958	-	-	8,969
Casoni Fabbricazione Liquori S.p.A.	6	5,135	-	-	5,141
Sella & Mosca S.p.A.	32	24,599	-	-	24,631
Stepanow S.R.O.	6	-	-	900	906
Wray & Nephew (Canada) Ltd.	-	-	996	-	996
Financial receivables from related	**66**	**120,930**	**996**	**900**	**122,892**

Intra-group transactions are carried out via the centralised cash management system, with interest charged at market rates (3-month Euribor on the day preceding the end of each quarter, plus a spread that reflects market conditions).

Trade receivables and other receivables from related parties

	31 December 2014	31 December 2013
	€/000	€/000
Trade receivables from related parties	47,806	58,826
Tax receivables from related parties	-	2,222
Other receivables from related parties	13,755	9,713
Current receivables from related parties	**61,561**	**70,761**
Other receivables from related parties	1,936	1,936
Non-current receivables from related parties	**1,936**	**1,936**
Total	**63,497**	**72,697**

The table below shows the breakdown of these receivables at 31 December 2014.

€/000	Trade payables	Miscellaneous	Group VAT scheme	Total
Alicros S.p.A.	-	1,936	-	1,936
Campari (Beijing) Trading Co. Ltd.	(499)	262	-	(237)
Campari America (Skyy Spirits, LLC)	2,834	1,100	-	3,934
Campari Argentina S.A.	1,154	3,019	-	4,173
Campari Australia Pty Ltd.	2,910	1,086	-	3,996
Campari Austria GmbH	1,266	76	-	1,342
Campari Benelux S.A.	1,844	279	-	2,123
Campari Deutschland GmbH	9,755	615	-	10,370
Campari do Brasil Ltda.	747	530	-	1,277
Campari España S.L.	226	380	-	606
Campari International S.r.l.	7,223	59	-	7,282
Campari Japan Ltd.	-	7	-	7
Campari Mexico S.A. de C.V.	153	140	-	293
Campari Peru S.A.C.	564	-	-	564
Campari RUS OOO	14,120	1,519	-	15,639
Campari Schweiz A.G.	1,754	87	-	1,841
Campari Services S.r.l.	-	215	-	215
Campari Ukraine	493	84	-	577
Campari Wines S.r.l.	261	17	258	536
Fratelli Averna S.p.A.	-	245	-	245
Forty Creek Distillery Ltd.	-	188	-	188
Glen Grant Ltd.	-	198	-	198
J. Wray & Nephew Ltd.	1,576	2,450	-	4,026
J. Wray & Nephew (UK) Ltd.	513	251		764
Sella & Mosca S.p.A.	81	176	202	459
T.J. Carolan & Son Ltd.	629	114	-	743
Campari New Zealand Ltd.	29	163	-	192
Wray & Nephew (Canada) Ltd.	173	35	-	208
Total	**47,806**	**15,231**	**460**	**63,497**

(*) For Alicros S.p.A., to offset the receivable reported here (€ 1,936 thousand), the Company has recorded a tax consolidation liability of € 1,830 thousand, plus a Group VAT liability of € 329 thousand.

Financial payables to related parties

	31 December 2014	31 December 2013
	€/000	€/000
Current financial payables to related parties	31,874	30,985
Non-current financial payables to related parties	200,000	200,000
	231,874	230,985

The table below shows the breakdown of these payables at 31 December 2014.

€/000	Financial payables	Cash management	Total
Campari Benelux S.A.	202,135	-	202,135
Campari Services S.r.l.	-	709	709
Campari International S.r.l.	-	13,547	13,547
Fratelli Averna S.p.A.	-	15,483	15,483
	202,135	**29,739**	**231,874**

Loans provided to Group companies carry interest at market rates.

Trade payables and other payables to related parties

	31 December 2014	31 December 2013
	€/000	€/000
Trade payables to related parties	3,850	1,553
Tax payables to related parties	329	-
Other payables to related parties	4,462	3,747
Current payables to related parties	8,641	5,300
Other payables to related parties	188	188
Non-current payables to related parties	188	188
Total	**8,829**	**5,488**

The table below shows the breakdown of these payables at 31 December 2014.

€/000	Trade payables	Miscellaneous	Taxes payable	Group VAT	Total
Alicros S.p.A.	-	-	329	1,830	2,159
Campari America (Skyy Spirits, LLC)	(133)	14	-	-	(119)
Campari Argentina S.A.	16	-	-	-	16
Campari Benelux S.A.	(20)	-	-		(20)
Campari do Brasil Ltda.	-	47	-	-	47
Campari International S.r.l.	-	2	-	-	2
Campari Mexico S.A. de C.V.	(68)	-	-	-	(68)
Campari Services S.r.l.	-	362	-	-	362
Campari Wines S.r.l.	395	3	-	-	398
Fratelli Averna S.p.A.	3,057	2			3,059
Glen Grant Ltd.	943	2	-	-	945
J. Wray & Nephew Ltd.	(542)	-	-	-	(542)
Sella & Mosca S.p.A.	40	438	-	-	478
T.J. Carolan & Son Ltd.	162	-	-	-	162
	3,850	**870**	**329**	**1,830**	**6,879**
Payables to directors	-	1,950	-	-	1,950
Total	**3,850**	**2,820**	**329**	**1,830**	**8,829**

The Parent Company owes the controlling shareholder Alicros S.p.A. € 1,830 thousand for Group VAT, and had a tax consolidation liability of € 329 thousand. A long-term tax receivable is also recorded in the amount of € 1,936 thousand. Amounts due to and from Alicros S.p.A. are non-interest-bearing.

Financial dealings with related parties

	31 December 2014	31 December 2013
	€/000	€/000
Net sales and cost of goods sold	170,519	185,873
Advertising and promotional costs	4,823	4,603
Overheads	6,460	6,187
Dividends	44,291	112,719
Net financial income (charges)	(8,296)	(8,188)
	217,797	**301,194**

The amounts of trade and financial transactions entered into with related parties are set out below.

€/000	Revenues	Costs	Dividends	Total
Alicros S.p.A.	126	-		126
Campari America (Skyy Spirits, LLC)	17,420	(2,094)		15,326
Campari Argentina S.A.	1,717	(16)		1,701
Campari Australia Pty Ltd.	10,559	(1,892)		8,667
Campari Austria GmbH	10,116	(48)		10,068
Campari (Beijing) Trading Co. Ltd.	1,391	(1,157)		234
Campari Benelux S.A.	10,042	(8,614)	35,368	36,796
Campari Deutschland GmbH	54,944	(423)		54,521
Campari do Brasil Ltda.	4,258	(498)		3,760
Campari España S.L.	2,159	-		2,159
Campari International S.r.l.	40,609	(17)	2,000	42,592
Campari Japan Ltd.	24	-		24
Campari Mexico S.A. de C.V.	3,172	(1,709)		1,463
Campari Peru S.A.C.	534	-		534
Campari RUS OOO	25,313	(439)		24,874
Campari Schweiz A.G.	10,366	-		10,366
Campari Services S.r.l.	410	(2,452)		(2,042)
Campari Ukraine	1,237	-		1,237
Campari Wines S.r.l.	2,192	(447)		1,745
Casoni Fabbricazione Liquori S.p.A.	12	-		12
DI.CI.E. Holding B.V.	-	(264)		(264)
Fratelli Averna S.p.A.	13	(2,086)		(2,073)
Glen Grant Ltd.	148	(11,427)		(11,279)
J. Wray & Nephew Ltd.	3,444	(1,150)		2,294
J. Wray & Nephew (UK) ltd	854	-		854
Kaloyannis-Koutsikos Distillieres S.A.	5	(11)		(6)
Lamargue S.a.r.l.	-	(180)		(180)
Campari New Zealand Ltd.	747	-		747
Sella & Mosca S.p.A.	1,602	(778)		824
Société Civile du Domaine de Lamargue	1	(236)		(235)
Stepanow S.R.O.	15	-		15
T.J. Carolan & Son Ltd.	4,819	(223)	6,923	11,519
Wray & Nephew (Canada) Ltd.	1,481	(63)		1,418
	209,730	**(36,224)**	**44,291**	**217,797**

For information concerning he remuneration paid to the Company's directors with strategic responsibilities, please refer to the note 43-Directors and general managers and Board of Statutory Auditors.

43.Directors and general managers and Board of Statutory Auditors

The remuneration paid to the Company's directors with strategic responsibilities is set out below.

	2014	2013
	€/000	€/000
Short-term benefits	4,741	4,646
Defined contribution benefits	41	41
Stock options	1,277	1,197
Total	**6,059**	**5,884**

The Board of Statutory Auditors performs supervising and controlling activities for the Company and for some Group companies included in the basis of consolidation. Their remuneration has been approved by the related company's officers as stated in the Remuneration report pursuant to Article 123-ter of the T.U.F and disclosed with the Annual Report. The remuneration is respectively € 190 thousand for the activities performed for the Company and € 134 thousand for the activities performed for the other Group companies.

44.Employees

All of the Company's employees are based in Italy. The number of staff in each category is shown below.

	31 December 2014	31 December 2013
Managers	94	92
Office staff	372	394
Manual workers	158	176
Total	**624**	**662**

45. Publication of payments pursuant to article 149-*duodecies* of the Issuer Regulation

PricewaterhouseCoopers S.p.A. has been engaged to audit the separate financial statements and the consolidated financial statements of Davide Campari-Milano S.p.A. from 2010 to 2018.

The following table, pursuant to article 149-*duodecies* of the Consob Issuer Regulation, shows payments made for 2014 for external auditing activities and for miscellaneous auditing services provided by the PricewaterhouseCoopers network. Also, noted that these services are compatible with the provisions of Legislative Decree 39 of 27 January 2010.

	Party that provided the service	Recipient	2014 fees €/000
Audit	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A.	220
	PricewaterhouseCoopers S.p.A.	Subsidiaries	725
	PricewaterhouseCoopers network	Subsidiaries	821
Other audit realted services	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A.	209
	PricewaterhouseCoopers S.p.A.	Subsidiaries	8
Other services	PricewaterhouseCoopers network	Subsidiaries	190
Total			**2,173**

The other audit related services mainly include attestation activities realted to business combination and sale of subsidiaries for € 209 thousand. Other services relate to tax compliance review, for € 190 thousand.

46.Events taking place after the end of the year

Introduction of shares with increased voting rights (loyalty shares)

On 28 January 2015, the extraordinary shareholders' meeting of the Company voted by a large majority to adopt the resolution proposing changes to the articles of association in order to introduce loyalty shares.

The proposal was approved with a vote in favour of 76.1% of the share capital represented at the shareholders' meeting, corresponding to 61.8% of the share capital.

It is hoped that loyalty shares will create a more stable and loyal shareholder structure in view of changes introduced by Article 20 of Legislative Decree 91 of 24 June 2014.

In accordance with the above-mentioned changes to the articles of association, shareholders who wish to exercise their option to purchase loyalty shares, which give their holders two votes for each share held, must request registration of the shares in the appropriate shareholder register of the Company for at least 24 months from the registration date, subject to compliance with the requirements of law and of the articles of association.

The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, define the terms and conditions for registration on the list and for requesting removal from it.

For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulation on the special list for double voting rights, which is published on the Company's website (www.camparigroup.com/it/governance/loyalty-shares).

Revolving credit facility

During February, the Company took advantage of favourable conditions on the financial markets to agree a five-year, € 450 million committed revolving credit facility with a pool of six leading banks. The Company may draw down on the credit line as required in order to fulfil any financial obligation that may arise.

47. Proposal for the appropriation of profit

In conclusion to these notes to the financial statements, we invite you to approve the financial statements for the year ending 31 December 2014 and to allocate the profit for the year of € 98,732 thousand as follows:

- distribution of a dividend of € 0.08 per ordinary share outstanding, except for own shares held by the Company at the ex-date; including own shares currently held, the total dividend is € 46.2 million;
- the remaining amount of around € 52.5 million to be carried forward as retained earnings.

It is proposed that the dividend of € 0.08 per share be paid on 20 May 2015 (with an ex-dividend date of 18 May 2015 with coupon no. 12, in accordance with the Borsa Italiana calendar, and a record date of 19 May 2015).

Sesto San Giovanni (MI), 10 March 2015

Chairman of the Board of Directors

Luca Garavoglia

Certification of the separate financial statements

pursuant to article 81-*bis* of Legislative Decree 11971 of 14 May 1999 and subsequent revisions and amendments

1. We, Robert Kunze-Concewitz, Stefano Saccardi, managing directors, and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, TUF:

• the appropriateness, in relation to the nature of the business, and

• the effective application

of the administrative and accounting procedures used to prepare the separate financial statements for 2014.

2. We further certify that

2.1. The separate financial statements at 31 December 2014:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the issuer's financial position.

2.2. The report on operations contains an accurate assessment of the company's performance and operating results, and on the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Sesto San Giovanni (MI), Tuesday, 10 March 2015

Chief Executive Officer
Robert Kunze-Concewitz

Chief Executive Officer
and director responsible for preparing the company's accounting statements
Paolo Marchesini

Chief Executive Officer
Stefano Saccardi

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
Davide Campari-Milano SpA

1 We have audited the separate financial statements of Davide Campari-Milano SpA as of 31 December 2014 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The Directors of Davide Campari-Milano SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 27 March 2014.

3 In our opinion, the separate financial statements of Davide Campari-Milano SpA as of 31 December 2014 comply with the International Financial Reporting Standards, as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005; accordingly, they have been prepared clearly and give a true and fair view of the financial position, result of operations and cash flows of Davide Campari-Milano SpA for the period then ended.

4 The Directors of Davide Campari-Milano SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure published in section "investors/corporate governance" of the corporate website of Davide Campari-Milano SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on

PricewaterhouseCoopers SpA

Sede legale e amministrativa: **Milano** 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Piazza dei Martiri 58 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43100 Viale Tanara 20/A Tel. 0521275911 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Via Grazioli 73 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Verona** 37135 Via Francia 21/C Tel.0458263001

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corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Davide Campari-Milano SpA as of 31 December 2014.

Milan, 25 March 2015

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

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AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the shareholders of
Davide Campari-Milano SpA

1 We have audited the separate financial statements of Davide Campari-Milano SpA as of 31 December 2014 which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes. The Directors of Davide Campari-Milano SpA are responsible for the preparation of these financial statements in compliance with the International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005. Our responsibility is to express an opinion on these separate financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards and criteria recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards and criteria require that we plan and perform the audit to obtain the necessary assurance about whether the separate financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the separate financial statements of the prior period, which are presented for comparative purposes, reference is made to our report dated 27 March 2014.

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4 The Directors of Davide Campari-Milano SpA are responsible for the preparation of a report on operations and a report on corporate governance and ownership structure published in section "investors/corporate governance" of the corporate website of Davide Campari-Milano SpA, in compliance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the information referred to in paragraph 1, letters c), d), f), l), m), and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on

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corporate governance and ownership structure, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Italian Auditing Standard No. 001 issued by the Italian Accounting Profession (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili) and recommended by CONSOB. In our opinion, the report on operations and the information referred to in paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b), of article 123-bis of Legislative Decree No. 58/98 presented in the report on corporate governance and ownership structure are consistent with the separate financial statements of Davide Campari-Milano SpA as of 31 December 2014.

Milan, 25 March 2015

PricewaterhouseCoopers SpA

Signed by

Fabio Facchini
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

REPORT OF THE BOARD OF STATUTORY AUDITORS
pursuant to art. 153 of Legislative Decree 58/1998 and Article 2429 of the Italian Civil Code

Dear Shareholders,
This report refers to the activities performed by the Board of Statutory Auditors of Davide Campari-Milano S.p.A. (hereinafter the "Company" and, jointly with its subsidiaries, the "Group") for the financial year ended at 31 December 2014 (hereinafter the "Financial year").

1. In carrying out supervisory and control activities, the Board of Statutory Auditors acknowledges that:

   a) it monitored compliance with the Law, Articles of Association and adherence to the principles of correct administration pursuant to Article 2403 of the Italian Civil Code and Article 149 of Legislative Decree 58/1998, (hereinafter the "T.U.F.") and in accordance with the requirements of Consob Communication 1025564 of 6 April 2001, and subsequent amendments, and taking into account the standards issued by the Italian Association of Chartered Accountants;

   b) it attended the meetings of the Board of Directors and the Control and Risks Committee required by Article 22 of the Articles of Association, and it has periodically received information from the directors about the general business and outlook, as well as the most significant economic, financial and capital transactions approved and implemented during the financial year by the Company and Group Companies, also in compliance with Article 150, paragraph 1 of the T.U.F. Specifically, it is noted that the directors provided extensive information on the acquisitions of Forty Creek Distillery Ltd. and the Averna Group.
   The Board of Statutory Auditors believes that the transactions approved and implemented comply with the law and the Articles of Association, and are not manifestly imprudent or risky, or in potential conflict of interest, or contrary to the resolutions approved by the Shareholders' Meeting, or such that would compromise the integrity of the share capital. The resolutions of the Board of Directors are executed with the utmost compliance by management and by the organisation;

   c) it did not identify any atypical and/or unusual transactions with Group companies, third parties or related parties, nor did it receive any information to this effect from the Board of Directors, the independent auditors or the director of the internal control and risk management system. In its Report on Operations, the Board of Directors provided an appropriate description of the impact of the most significant operational, financial and balance-sheet transactions carried out as part of ordinary operations with subsidiaries under normal market conditions. Based on the results of the activities conducted by the Internal Audit Department, the Board of Statutory Auditors also believes that any related-party transactions were adequately managed. In this regard, the Board of Statutory Auditors wishes to point out that from 1 January 2011, the Company adopted procedures for related-party transactions in compliance with the requirements of Consob Regulation 17221 of 12 March 2010 and Consob Communication of 24 September 2010, in addition to specific standards in the Group's Code of Ethics, in order to prevent or manage transactions in which there are situations of conflict of interest or personal interest of the directors. Pursuant to Article 4 of the above-mentioned Regulation, the Board of Statutory Auditors verified that the procedures adopted complied with the principles of this Regulation, and checked that they were being followed;

   d) it reviewed and supervised the adequacy of the Company's organisational structure with regard to competence, compliance with principles of correct administration by gathering information from the heads of the competent corporate functions and holding meetings with representatives of the independent auditors, PricewaterhouseCoopers S.p.A., appointed to conduct the statutory audit, including for the purpose of exchanging important data and information, from which no serious issues arose. In addition, no serious issues arose from the annual reports issued by the Board of Statutory Auditors, pursuant to Article 2429, Paragraph 2 of the Italian Civil Code, of the subsidiaries Sella & Mosca S.p.A., Campari Wines S.r.l., Campari International S.r.l., Campari Services S.r.l., Fratelli Averna S.p.A, and Casoni Fabbricazione Liquori S.p.A.;

   e) it evaluated and monitored, to the extent of its responsibility pursuant to Article 19 of Legislative Decree 39/2010, the financial reporting process, the adequacy of the internal control, administration and accounting systems, as well as the reliability of the latter for the purpose of providing a true and fair view of operations through:

i. the periodic exchange of information with the CEOs, and, specifically, with the director in charge of preparing corporate accounting documents pursuant to Article 154-*bis* of the T.U.F.;
ii. the examination of reports prepared by the head of the Internal Audit department, including information on the outcome of any corrective measures taken following the audit activities;
iii. the obtaining of information from the heads of corporate functions;
iv. meetings and exchanges of information with the administrative and control bodies of subsidiaries Sella & Mosca S.p.A., Campari Wines S.r.l., Campari International S.r.l., Campari Services S.r.l., Fratelli Averna S.p.A, and Casoni Fabbricazione Liquori S.p.A. pursuant to paragraphs 1 and 2 of Article 151 of the T.U.F., during which the Board of Statutory Auditors obtained information about administrative and control systems and the company's general business performance;
v. performing detailed analysis of activities carried out, and reviewing the results of the work of the external auditor;
vi. participating in the work of the Control and Risks Committee and, when specific issues so required, working with the committee on such issues.

From the work carried out, no irregularities were found that indicated inadequacies in the internal control and risk management system;

f) it held meetings with managers of the independent auditors pursuant to Article 150, paragraph 3 of the T.U.F. and Article 19 of Legislative Decree 39/2010, during which no facts or situations emerged that should be highlighted in this report; it also monitored events pursuant to Article 19 of Legislative Decree 39/2010;

g) it monitored the implementation methods of the Code of Conduct for Listed Companies promoted by Borsa Italiana S.p.A., adopted by the Company, under the terms illustrated in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 10 March 2015. The Board of Statutory Auditors verified, *inter alia*, that the criteria and assessment procedures adopted by the Board of Directors to evaluate the independence of its members were correctly applied. The Board of Statutory Auditors has also verified compliance with the criteria of independence of its members, as required by the above-mentioned Code of Conduct, also acknowledging compliance with the limit on simultaneous offices as set out in Article 144-*terdecies* of the Issuer Regulation adopted by Consob resolution 11971 of 14 May 1999;

h) it ensured that the information flows provided by the non-EU subsidiaries are adequate to conduct audits of the annual and interim financial statements pursuant to Article 36 of the Market Regulation adopted through Consob Resolution 16191 of 29 October 2007;

i) it monitored the implementation of organisational measures related to the development of corporate activities.

The Board of Statutory Auditors notes that the meeting of the Board of Directors held on 30 April 2013, exercising its right granted by Article 6, paragraph 4-*bis* of Legislative Decree 231/2001, conferred on the Board of Statutory Auditors the functions pertaining to the Supervisory Body pursuant to Article 6, paragraph 1(b) of the above-mentioned Legislative Decree 231/01. The Board of Statutory Auditors, in its capacity as the Supervisory Body, therefore monitored the operation, effectiveness and appropriateness of the organisational, management and control model adopted by the Company, and also recommended that it should be updated.

The Board of Statutory Auditors also released its opinions pursuant to Article 2389 of the Italian Civil Code in the light of the evaluations of the Remuneration and Appointments Committee required by Article 22 of the Articles of Association.

The Board of Statutory Auditors met six times in 2014, also attending the meetings of the Board of Directors and the Control and Risk Committee.

Taking into account the information obtained, the Board of Statutory Auditors believes that activities were conducted in compliance with the principles of correct administration, and that the organisational structure, internal control system and the accounting and administrative system are fully adequate for corporate requirements.

2. As far as relations with the independent auditors are concerned, the Board of Statutory Auditors reports that:

   a) the independent auditors, PricewaterhouseCoopers S.p.A., today issued the "annual confirmation of independence", pursuant to Article 17, paragraph 9(a) of Legislative Decree 39/2010;

   b) the independent auditors, PricewaterhouseCoopers S.p.A., today issued the report required by Article 19, paragraph 3 of Legislative Decree 39/2010, which states that no significant shortcomings were detected in the internal audit system with regard to the financial information process;

   c) the independent auditors, PricewaterhouseCoopers S.p.A., today released, pursuant to Articles 14 and 16 of Legislative Decree 39/2010, the reports which show:
   i. the separate and consolidated financial statements as at 31 December 2014 were prepared clearly and provide a true and fair view of the Company's and Group's balance sheet, financial situation, operating results, changes in shareholders' equity and cash flows for the Financial Year;
   ii. the consistency of the Reports on Operations and the information in paragraph 1c), d), f), l) and m) and paragraph 2b) of Article123-*bis* of the T.U.F., in the Report on corporate governance and ownership structure, with the consolidated and separate financial statements;

   d) in addition to the tasks required by the regulations for listed companies, as stated in the Notes to the financial statements, independent auditors PricewaterhouseCoopers S.p.A. and the companies belonging to the PricewaterhouseCoopers S.p.A. network were appointed to carry out services other than auditing, for a sum of € 407,000, compatible with the provisions of Article 17 of Legislative Decree 39/2010.
   Also taking into account the above, the Board of Statutory Auditors believes that there are no critical issues with regard to the independence of PricewaterhouseCoopers S.p.A.;

   e) during the year, the external auditor did not issue any opinions required by law since the prerequisites for issuing such opinions were not met.

3. The Board of Statutory Auditors is not aware of any facts or statements that should be reported to the Shareholders' Meeting. During the course of the work carried out, and on the basis of information obtained, no omissions, non-conformities, irregularities or other circumstances were identified that would require notification to the Supervisory Body or mention in this report.

4. The Board of Directors provided the financial statements and report on operations to the Board of Statutory Auditors in a timely manner. To the extent of its authority, the Board of Statutory Auditors reports that the layouts used are in compliance with the law, that the accounting principles used, which are described in the notes to the financial statements, are appropriate for the activities and transactions carried out by the Company, that the procedure adopted (impairment test) to identify any impairment losses on goodwill and trademarks reported in the financial statements is appropriate, and that the financial statements correspond to the facts and the information as identified by the Board of Statutory Auditors following its participation in meetings with corporate bodies and the supervisory activities undertaken.

5. Taking into account the results of the specific tasks performed by the external auditors in its audit of the accounting records and of the reliability of the company financial statements, as well as its own supervisory activities, the Board of Statutory Auditors expresses its favourable opinion concerning the approval of the separate financial statements at 31 December 2014 and agrees with the proposal of the Board of Directors concerning the distribution of profits.

Milan, 25 March 2015

For the Board of Statutory Auditors

The Chairman

Pellegrino Libroia

Davide Campari-Milano S.p.A.

Registered office: Via Franco Sacchetti 20, 20099 Sesto San Giovanni (MI)
Share capital: € 58,080,000 fully paid in
Tax code and Milan company register no. 06672120158

Investor Relations
Phone: (39) 0262251
Fax: (39) 026225479
e-mail: investor.relations@campari.com

Website
www.camparigroup.com