



ANNUAL REPORT 2015

 **Nasdaq** First North

Italeaf in brief

Vision

We turn technological start-ups into successful global companies, through a “company builder” business model.

Business concept

Italeaf selects or creates new initiatives in cleantech and innovative industrial sectors. We offer to technological start-ups and innovative companies an integrated approach that puts together services, mentoring, expertise, instruments, and facilities, and namely, everything aimed transforming business ideas into real business. We provide initial equity and corporate assistance to launch our start-ups, making it possible for them to become sizeable businesses generating revenues, sharing profits, while operating within acceptable risk parameters.

Objective

The Company's investment policy is to generate returns, in the form of both capital appreciation and income to shareholders, through investing in a portfolio of businesses. While not limited geographically, the Company, in view of the background and experience of its management, is focused on investing the majority of capital in businesses operating in Europe, with a particular emphasis on Italy.

Investments outside Europe are considered where the board believes the opportunities are particularly attractive. The Company is interested in investing in businesses with underlying themes of strategic market position and strong growth.

Building net asset value

The net asset value amounted to Euro 36.9 million at year-end 2015.

Dividend policy

Our dividend policy is to distribute a large percentage of the dividends received from the subsidiaries, as well as to provide a return on other net assets in line with returns achieved in the equity market.

CORPORATE DETAILS

Italeaf SPA

Registered Office:
Strada dello Stabilimento 1,
05035 Narni (TR)
Authorised, issued and paid-up
share capital: Euro 15,444,000
Terni Register of Companies: n.
01456730553

BRANCHED AND OFFICES

Narni - Strada dello
stabilimento, 1
Milano - Corso Magenta, 85
Terni - Via Casale, 4
Londra - 1 Cornhill EC3V 3ND,
United Kingdom
Hong Kong - Unit 905-6, 9th
Floor, Fook Yip Building - 53-57
Kwai Fung Crescent, Kwai Chung
- N.T. Hong Kong S.A.R.

BOARD OF DIRECTORS

Chairman
Stefano Neri
Managing directors
Monica Federici
Marco Diamanti

Board of Statutory Auditors

Vittorio Pellegrini (Chairman)
Andrea Bellucci
Paolo Sebastiani

Independent Auditors

PricewaterhouseCoopers SPA

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MANAGEMENT REPORT

BUSINESS AND MISSION

Italeaf is an Italian investment company and company builder that aims to transform technological start-ups into global companies. Italeaf identifies industrial initiatives within the cleantech sector and within the sphere of innovative industrial production, where the Company can leverage its strong expertise and track record.

In supporting new start-ups, Italeaf aims to replicate the success of TerniEnergia, a company established in 2005 and listed on the Italian Stock Exchange in 2008. Since the IPO after its start-up, TerniEnergia has become a leading global company in the field of renewable energy, waste management, and energy efficiency, with a market cap of over Euro 80 million.

With the creation of subsidiaries in London and Hong Kong, Italeaf intends to give an international flavor to its business, broadening the spectrum of the activity of scouting and looking for innovative companies.

The company has invested in three new industrial initiatives: GreenLed Industry, operating in innovative industrial lighting production; Skyrobotic, active in the production of commercial and civil drones; and WiSave, a producer of smart devices for the remote control of energy consumption.

Italeaf strives to develop an ideal environment to foster creation and growth of new companies, through three lines of business:

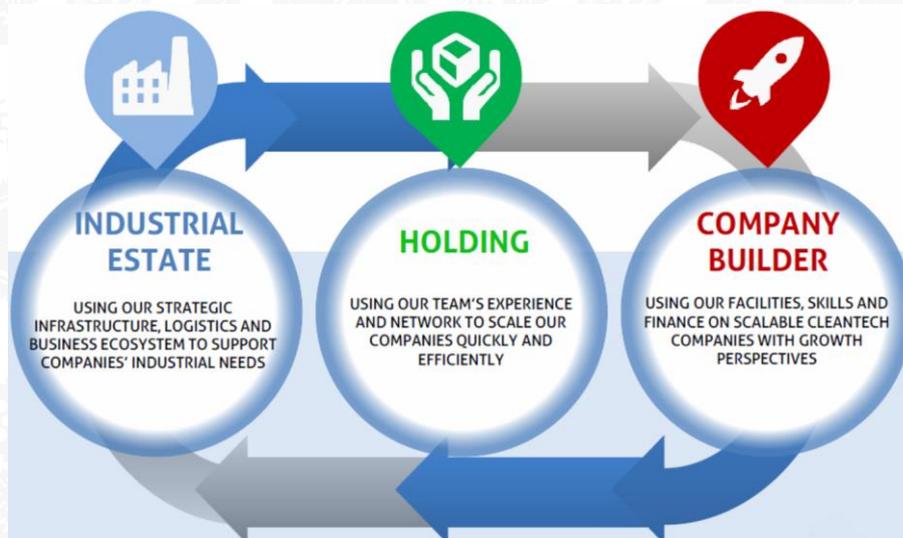
1. **Company Builder:** we co-found start-ups with direct investments, a proven business model and a strong focus on execution. Italeaf concentrates its activities on clearly defined market segments, such as the cleantech sector. We provide innovative incubation services with seed investments to create a breeding ground for a highly skilled company network.

2. **Holding:** we manage our investment portfolio and we provide centralized service activities to our Group companies (finance, treasury, IT, legal, corporate communication and logistics for administrative, managerial and commercial support) to facilitate value creation and growth for the portfolio companies.

3. **Real Estate:** we use our strategic infrastructure, logistics and business eco-system to support the companies' industrial needs. In particular, we are creating (with the consultative input of the Politecnico di Milano University) an eco industrial park in our facilities in the center of Italy. We own and manage an industrial area with a total area of about 24 hectares and co-working space of 1,800 square meters.

Each of these activities is functional to the others; our approach is something completely new compared to traditional incubators and other venture capital firms. The track record gained over the years (with the listing of TerniEnergia and TerniGreen on the Italian Stock Exchange and the constant value creation for shareholders) is proof of our passion and expertise.

The Company capitalization and its majority stake in TerniEnergia, listed on the Borsa Italiana's STAR segment (which entails rigorous requirements), are factors to mitigate the risk that is normally associated with start-up businesses. Value creation through industrial innovation is what we have achieved in recent years. Now, we intend to offer our vision to the market with a strong international expansion project. The listing of Italeaf on NASDAQ OMX First North is therefore an important starting point for innovatively responding to the new challenges of global change.



LETTER FROM THE CHAIRMAN

WE ARE WORKING TO AFFIRM A NEW COLLABORATIVE PARADIGM BETWEEN INDUSTRY AND START-UPS. WITH THE COMPANY BUILDING BUSINESS MODEL, WE WANT TO BRING INNOVATION INTO OUR GROUP AND PROVIDE TO THE START-UPPERS FINANCIAL AND MANAGERIAL SKILLS AND AN INTERNATIONAL VISION FOR THEIR NEWCOS. THROUGH THIS APPROACH ITALEAF CLOSED 2015 WITH A PROFIT AND WILL DISTRIBUTE A SATISFACTORY DIVIDEND. OUR INDUSTRIAL AND FINANCIAL GROWTH WILL CONTINUE WITH AMBITIOUS TARGETS AND CLEAR CHOICES.

Dear Shareholders,

Italeaf is continuing its path for the affirmation of a new collaborative paradigm between industry and start-ups, not limited to finance the innovation of the newcos, but becoming an active part of the system by pooling ideas, goods and intellectual property, sharing risks and benefits .

This process of Company building is aimed to bring the industrial corporate world closer to the technology start-ups one and is essential to promote an innovation to be truly open.

The inclusion of the innovators in a listed Group, that has a three-year strategic development plan with international vision and ambitious targets, it is a high-level challenge that we continue to support through the establishment of new companies and new investments.

2015 was a year characterized by the achievement of the first goal of the awareness of an investee start-up, with the exit of Greenled Industry brought forward by one year compared to the development plans, and the achievement of important goals in business sustainability and creating value for our shareholders. Despite the contingent circumstances that led us to write down some non-strategic minority investments, and a significant decrease in net profit of TerniEnergia, due to some fiscal impacts, we have optimized the financial structure of the company, earned a significant profit, and decided the distribution of a dividend which we believe will be highly satisfactory.

Our future growth is based on clear choices: we will continue to focus on initiatives with international perspectives and with high added value, capable of generating the full business profitability and the achievement of the strategic development plan challenging targets.



Stefano Neri - Chairman of Italeaf

A handwritten signature in black ink, appearing to read 'Stefano Neri'.

HOW WE CREATE VALUE

TO CREATE NEW VALUE IS OUR MOST IMPORTANT CHALLENGE. WE OPERATE BY PIONEERING NEW BUSINESSES IN THE CLEANTECH AND SMART INNOVATION SECTORS. WE APPLY OUR EXPERIENCE AND EXPERTISE TO ASSIST OUR PORTFOLIO COMPANIES IN ACHIEVING LONG-TERM GROWTH, SUSTAINABILITY AND PROFITABILITY.

Italeaf's business is built on identifying, selecting and promoting industrial initiatives in the cleantech sector and in innovative industrial production.

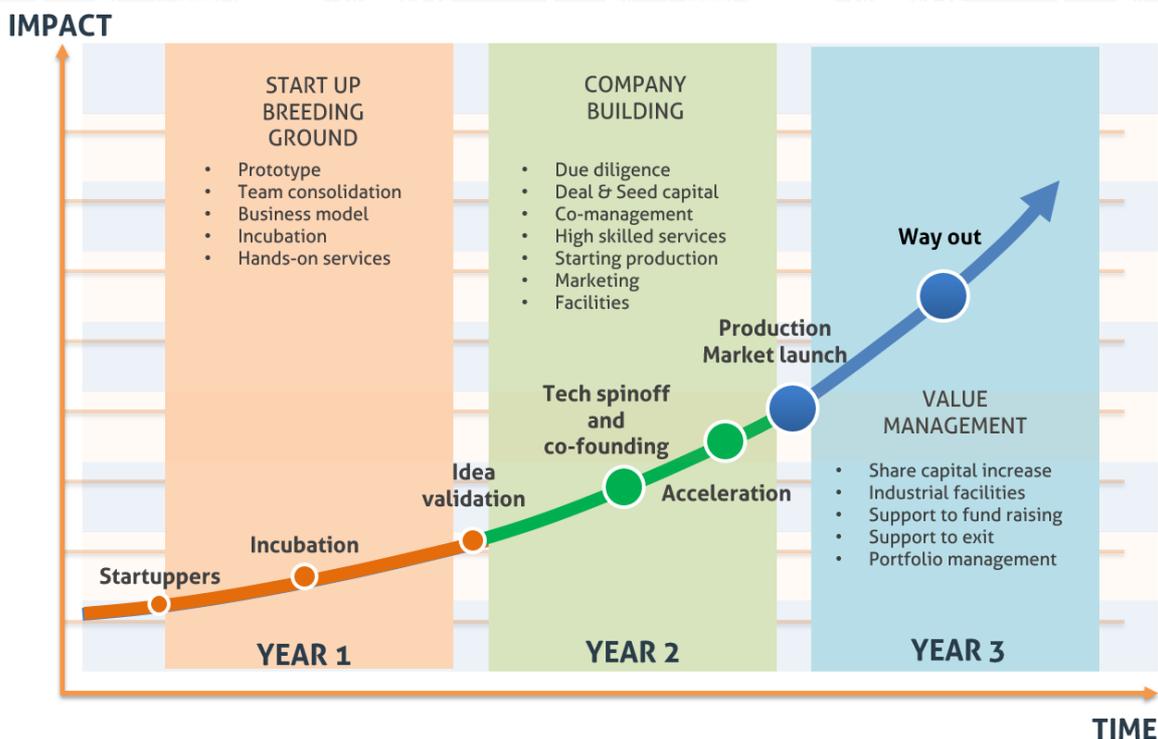
Potential initiatives are scouted and researched, and where suitable, direct investments are made in companies. At an early stage, initiatives can be preliminarily developed within an incubator, located at an industrial site in Nera Montoro, where Italeaf has set up a first-class infrastructure and facilities.

Once the time is right, Italeaf serves as a co-founder, normally together with the entrepreneurs behind the start-up initiative, whereby the initiatives become part of the Italeaf companies portfolio. At the seed stage, Italeaf combines incubation, the provision of corporate services, mentorship, network opportunities and the investment of financial resources. The operational support given to new initiatives is a way to leverage the strong expertise and track record in relevant sectors within the Italeaf Group.

Italeaf stays on as an investor as the companies grow, providing them with services as well as availability to the industrial facilities at Nera Montoro. When appropriate, a partial or full exit is made through a trade sale or an IPO. The companies that are fully operational and not yet divested are sources of dividends to Italeaf, which help to fund the initiatives and portfolio companies that are in an earlier stage.

Italeaf's current strategy includes six key aspects:

- Investing in start-ups operating in innovative sectors with high growth prospects and an international market.
- Creating an international applied-research center for new product development at Italeaf's industrial eco-park Nera Montoro.
- Internationally expanding the Group's activities through collaboration with Italeaf UK and Italeaf HK.
- Managing the value of the portfolio companies.
- Evaluating exit opportunities for portfolio companies in order to generate returns on investment for the shareholders of Italeaf, and to secure funds for investing in new projects.
- Developing the Nera Montoro eco-industrial park and providing the start-ups with real estate (project in collaboration with the Politecnico di Milano University). This includes the construction of new buildings and the reconfiguration of existing buildings, depending on the needs of the start-ups involved.



NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY

NET ASSET VALUE

At the end of 2015, net asset value amounted to Euro 36.9 million.

NAV ITALEAF	(EURO/000)	NOTES
Tangible Assets:		
REAL ESTATE PROPERTY (Nera Montoro & Maratta)	21,923	Book Value
Controlling stake in:		
46,99% stake in TerniEnergia	32,774	Calculated on the share price as at December 31, 2015 (Euro 1.582)
66% stake in Skyrobotic	3,300	Based on the price of latest funding round
Minority stake	4,292	
GROSS ASSET VALUE	62,290	
Net Financial Indebtedness	(16,144)	
Total Net Financial Indebtedness	(16,144)	As at December 31, 2015
Holding Discount	20%	
NET ASSET VALUE AS DECEMBER 31, 2015	36,916	

Italeaf's net asset value is mainly represented by the investments in TerniEnergia and the start-up companies (mainly Skyrobotic; the other start up, Wisave, is still in a "early stage" phase).

The value of TerniEnergia corresponds to the market cap as at the end 2015, given that the company is listed on Borsa Italiana in Milan. At the end of December 2015 Italeaf had n. 20,717,103 shares of TerniEnergia (corresponding to 46.99% of share capital). At the date of this report, Italeaf holds n. 19,867,103 (corresponding to 45.06% of share capital).

The Real Estate property includes the value (Euro 2.6 million) corresponding to 100% of the subsidiary named Italeaf RE Srl, born from the partial and non-proportional demerger of Greenled Industry SpA; the new company has in its assets the value of an industrial building previously owned by Greenled Industry.

The value of Skyrobotic is based on the latest capital increase when new shareholders subscribed the shares on the basis of a valuation of the company of Euro 5 million.

STATEMENTS FOR THE ITALEAF PARENT COMPANY

The separate financial statements of Italeaf have been prepared according to the rules applicable to an Italian company listed on a multilateral trading platform (MTF) such as the NASDAQ OMX First North (First North). Therefore, while the Italeaf consolidated financial statements are prepared in accordance with IFRS (taking into account that the financial statements include the consolidated data of the TerniEnergia Group, a company listed in the Star segment of the Italian Stock Exchange market, and data thus already prepared in accordance with IFRS), the Italeaf separate financial statements have been prepared in accordance with Italian accounting principles. The main differences is represented by the accounting treatment of dividends: according to the Italian accounting principles, the parent companies, whenever they have total control of all votes at the shareholders meeting of the subsidiary, may record the dividend of the subsidiary in the year in which it is accrued; the date of accrual may thus be based on the proposed distribution approved by the directors of the subsidiary, and this may be earlier than the date when the directors of the parent approve the consolidated financial statements.

In consideration of the foregoing, the separate financial statements for the parent company prepared on the basis of Italian accounting principles have taken into account the TerniEnergia dividend accrued for 2015, whose distribution was approved by the TerniEnergia board of directors on March 14, 2016 (Euro 496 thousand to be paid to Italeaf). Consequently, the net earnings of reported by Italeaf in the separate financial statements prepared under Italian accounting principles as at December 31, 2015 amount to Euro 2,415 thousand.

The following table summarizes the 2015 financial statements prepared under ITALIAN Gaap:

<i>in Euro</i>	As at December, 31 2015	As at December, 31 2014	Change	Change %
Intangible assets	398,887	607,365	(208,478)	(34.3)%
Tangible assets	24,159,787	24,497,750	(337,963)	(1.4)%
Financial assets and other att.	28,721,732	26,070,204	2,651,527	10.2%
Fixed Assets	53,280,405	51,175,319	2,105,086	4.1%
Inventories				n.a.
Trade receivables	262,154	187,250	74,904	40.0%
other activities	1,696,790	1,161,168	535,622	46.1%
Trade payables	(1,244,621)	(824,460)	(420,161)	51.0%
Other liabilities	(1,946,082)	(3,444,926)	1,498,844	(43.5)%
Net working capital	(1,231,758)	(2,920,967)	1,689,209	(57.8)%
Provisions and other non-commercial	(5,949,653)	(6,855,003)	905,350	(13.2)%
Net Invested Capital	46,098,994	41,399,349	4,699,645	11.4%
Shareholders' Equity	29,954,599	28,775,217	1,179,382	4.1%
Net current financial position	10,583,955	6,398,991	4,184,964	65.4%
Non-current net financial position	5,560,439	6,225,140	(664,701)	(10.7)%
Total net financial position	16,144,394	12,624,132	3,520,263	27.9%
Net Invested Capital	46,098,994	41,399,349	4,699,645	11.4%

Tangible assets represents the value of the industrial site at Nera Montoro, the incubator at Maratta, as well as a some industrial plants present at the Nera Montoro site. Financial assets include the book value of the controlling interests in TerniEnergia (Euro 18.5 million), in Skyrobotic (Euro 1.65 million) and Italeaf RE (Euro 2.6 million); the account also includes the value of the minority interest held in Veneto Banca and Banca Popolare di Vicenza and the the value of a Joint Venture called Opera Power Srl which holds of a PV plant of of about 1 MWp.

The Net Financial Position amounted to Euro 16.14 million. The current financial position includes a short-term credit line, amounting to Euro 6.5 million, collateralized by the pledge of TerniEnergia shares; the rest of the debt relates mainly to mid term loans. The net financial position includes the value of receivable for the TerniEnergia dividend (Euro 496 thousand). The 2015 Net Financial Position shows a significant improvement compared to the plan target

(Euro 18.26 million). The increase compared to 2014 is mainly due to the reclassification of the value of certain securities of Banca Popolare di Vicenza (Euro 2.5 million) from Net Financial Position to Financial Asset (Fixed Asset).

The ratio Net Financial Position/Equity is equal to 0,54x as at December 31, 2015, in line with the plan target (less than or equal to 0.8x).

<i>in Euro</i>	2015	2014	Change	Change %
Net revenues from sales and services	4,195,489	3,735,994	459,495	12.3%
Production costs	(2,740,515)	(2,569,399)	(171,116)	6.7%
Added value	1,454,974	1,166,595	288,379	24.7%
Personnel costs	(801,167)	(868,835)	67,668	(7.8)%
EBITDA	653,807	297,760	356,047	119.6%
Amortization, depreciation, provisions and write-downs	(667,672)	(688,011)	20,339	(3.0)%
EBIT	(13,865)	(390,251)	376,386	(96.4)%
Financial income and charges	2,011,672	1,715,746	295,925	17.2%
Extraordinary item	(239,278)	430,962	(670,240)	(155.5)%
EBT	1,758,529	1,756,458	2,071	0.1%
Income taxes	656,372	255,200	401,172	n.a
Net profit for the period	2,414,902	2,011,658	403,244	20.0%

The net profit 2015 amounted to Euro 2,414,902 (+20% compared to the previous year).

Revenues refer to service contracts between Italeaf and subsidiaries for availability of offices and industrial buildings, accounting and tax services, and so forth. The revenues also includes the remuneration on the guarantees given by Italeaf to TerniEnergia (Euro 0.9 million) in favor of certain banks that have financed TerniEnergia, taking account that it is an operating activity for the company. The costs relate mainly to personnel and the operation of the industrial site at Nera Montoro.

Financial income and charges includes: the cost of debt (Euro 1 million), the dividend accrued on the basis of the proposed distribution approved by the directors of the TerniEnergia (Euro 496 thousand), the income from the sale of emption rights on the last capital increase of Skyrobotic (Euro 0.25 million), the income from the sale of Greenled Industry SpA to TerniEnergia SpA (Euro 1.6 million) and the sale "out of the market" of n. 1,250,000 TerniEnergia shares (Euro 0.7 million). These two last operations were carried out in the month of December 2015.

The extraordinary item reflects the benefit of the debt waiver by Terni Research arising from the reserve demerger made on February 2014 (Euro 1.15 million) and a devaluation of minority stakes held in Veneto Banca and Banca Popolare di Vicenza (Euro 1.45 million), recorded to reflect the impairment loss of these securities.

The EBT amounted to Euro 1,758,529. If 2015 EBIT was calculated without devaluation of Euro 1.45 million, it would have amounted Euro 3,2 million, higher than the expected target of the plan approved by the board last may 2015 (Euro 2.9 million). This result was achieved despite the decrease of the dividend accrued from TerniEnergia in 2015 (-63% compared to the dividend accrued in 2014, from Euro 1,34 million to Euro 0,496 million).

The tax includes a one-off positive effect of Euro 0.8 million due to the adjustment of deferred tax assets and liabilities as a result of the expected decrease in the IRES Corporate Tax Rate from 27.5% to 24% from January 1st 2017, as stated in the relevant fiscal legislation.

STATEMENTS FOR THE ITALEAF GROUP

<i>in Euro</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Intangible assets	6,792,515	16,305,578	(9,513,063)	(58.3)%
Tangible assets	106,507,564	118,229,005	(11,721,441)	(9.9)%
Financial assets and other att.	45,776,301	50,110,033	(4,333,732)	(8.6)%
Fixed Assets	159,076,380	184,644,615	(25,568,235)	(13.8)%
Inventories	23,479,671	11,509,563	11,970,108	104.0%
Trade receivables	52,201,318	79,197,823	(26,996,505)	(34.1)%
other activities	24,114,296	25,824,112	(1,709,816)	(6.6)%
Trade payables	(63,917,925)	(68,135,857)	4,217,932	(6.2)%
Other liabilities	(14,275,707)	(14,972,694)	696,987	(4.7)%
Net working capital	21,601,653	33,422,948	(11,821,294)	(35.4)%
Provisions and other non-commercial	(11,910,632)	(14,261,962)	2,351,330	(16.5)%
Net Invested Capital	168,767,401	203,805,601	(35,038,199)	(17.2)%
Shareholders' Equity	64,517,467	79,138,706	(14,621,239)	(18.5)%
Net current financial position	17,792,787	26,592,004	(8,799,217)	(33.1)%
Non-current net financial position	86,457,147	98,074,890	(11,617,743)	(11.8)%
Total net financial position	104,249,934	124,666,894	(20,416,960)	(16.4)%
Net Invested Capital	168,767,401	203,805,601	(35,038,200)	(17.2)%

<i>in Euro</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Net revenues from sales and services	371,346,247	96,152,856	275,193,390	n.a.
Production costs	(336,295,200)	(71,865,424)	(264,429,776)	n.a.
Added value	35,051,046	24,287,432	10,763,614	44.3%
Personnel costs	(8,500,265)	(6,631,364)	(1,868,901)	28.2%
EBITDA	26,550,781	17,656,068	8,894,713	50.4%
Amortization, depreciation, provisions and write-downs	(10,208,678)	(10,161,239)	(47,439)	0.5%
EBIT	16,342,103	7,494,829	8,847,274	118.0%
Financial income and charges	(10,282,672)	(10,150,901)	(131,770)	1.3%
Portions of results attributable to the JV	(667,685)	907,637	(1,575,322)	n.a.
EBT	5,391,746	(1,748,436)	7,140,182	n.a.
Income taxes	(2,919,323)	7,209,526	(10,128,849)	(140.5)%
Net profit for the period	2,472,423	5,461,090	(2,988,668)	(54.7)%

OUR INVESTMENTS



TERNIENERGIA

OVERVIEW

Italeaf has a 46.99% shareholding in TerniEnergia.

TerniEnergia, a company incorporated in September 2005 and part of Italeaf Group, is Italy's first smart energy company and it currently operates in renewable energy, energy efficiency, and energy and waste management. TerniEnergia is a system integrator, supplying turn-key, industrial-sized photovoltaic plants, for the company's own use or for the account of third parties; some of the plants are supplied through joint venture companies with leading national players. TerniEnergia operates in waste management, material and energy recovery, and development and production of technologies. In particular, the Company is active in: the recovery of used tyres; the treatment of biodegradable waste through biodigesters; the operation of a biological depuration plant; decommissioning of industrial plants; metal recovery from demolition; the clean-up of industrial sites; and the development and production of related technological devices. The Group is also active in the energy management, energy sales to energy intensive customers, design and development of software and services for energy management, and administrative, financial and credit management. TerniEnergia operates in the development of energy efficient plants both through the engineering, procurement and construction (EPC) formula and third-party financing, pursuing the objectives of increasing energy production from renewable sources, achieving energy savings and reducing emissions as set forth by environmental European policy. TerniEnergia is listed on STAR segment of Borsa Italiana.

DIVIDENDS

In May 2015, TerniEnergia distributed a dividend equal to Euro 0.065 per share, for a total value of Euro 2,865,820 (the amount accruing to Italeaf was Euro 1,340,000). On March 16, 2016, the board of directors approved a proposal to the shareholders' meeting for distribution of a dividend (pre-tax) of Euro 0.025 per share (corresponding to a total value of Euro 1,102,238). The dividend will be paid on May 25, 2016.

2015 KEY FIGURES FOR THE TERNIENERGIA GROUP

<i>(in Euro)</i>	As at December, 31 2015	As at December, 31 2014	Change	Change %
Intangible assets	4,460,745	14,143,177	(9,682,432)	(68.46)%
Property, plant and equipment	82,616,544	91,306,645	(8,690,101)	(9.52)%
Financial fixed assets and other intangible assets	38,882,887	45,855,510	(6,972,623)	(15.21)%
Fixed Assets	125,960,176	151,305,332	(25,345,156)	(16.75)%
Inventories	23,329,978	10,943,522	12,386,456	113.19%
Trade receivables	52,361,935	79,108,151	(26,746,216)	(33.81)%
Other assets	24,104,536	24,283,439	(178,903)	(0.74)%
Trade payables	(63,543,245)	(67,172,376)	3,629,131	(5.40)%
Other liabilities	(13,106,938)	(11,731,401)	(1,375,537)	11.73%
Net working capital	23,146,266	35,431,335	(12,285,069)	(34.67)%
Provisions and other non-trade liabilities	(5,943,540)	(7,215,228)	1,271,688	(17.63)%
Net Invested Capital	143,162,902	179,521,439	(36,358,537)	(20.25)%
Shareholders' Equity	55,791,353	71,346,754	(15,555,401)	(21.80)%
Current net financial position	8,099,515	18,337,508	(10,237,993)	(55.83)%
Non-current net financial position	79,272,033	89,837,177	(10,565,144)	(11.76)%
Total net financial position	87,371,548	108,174,685	(20,803,137)	(19.23)%
Net Invested Capital	143,162,901	179,521,439	(36,358,538)	(20.25)%

<i>(in Euro)</i>	As at December, 31 2015	As at December, 31 2014	Change	Change %
Net revenues from sales and services	368,740,277	95,191,364	273,548,913	n.a.
Production costs	(335,980,070)	(71,446,441)	(264,533,629)	n.a.
Added value	32,760,206	23,744,923	9,015,283	37.97%
Personnel costs	(7,519,175)	(5,741,457)	(1,777,718)	30.96%
EBITDA	25,241,031	18,003,466	7,237,565	40.20%
Amortization, depreciation, provisions and write-downs	(8,110,618)	(9,570,419)	1,459,801	(15.25)%
EBIT	17,130,414	8,433,047	8,697,367	103.13%
Financial income and charges	(10,351,957)	(10,080,568)	(271,389)	2.69%
Portions of results attributable to the JV	(665,015)	907,637	(1,572,652)	n.a.
Pre-tax result	6,113,442	(739,884)	6,853,326	n.a.
Income taxes	(3,555,997)	6,943,465	(10,499,462)	n.a.
Net profit for the period	2,557,445	6,203,581	(3,646,136)	(58.77)%

OVERVIEW

Italeaf had a 66.00% shareholding in Skyrobotic as at December 31, 2015. The company's shareholders are as follows: Italeaf SpA S.p.A. (66%,%), Siralab Robotics S.r.l. (24%,%), and other shareholders investors (10%.%).

Skyrobotic S.p.A. is the Italian leading company in the field of UAV (drones) production. Established in December 2013, it is part of Italeaf group, working on the development, manufacturing and marketing of civil and commercial drones, mini and micro classes for the professional market. With a constant focus on innovation, the company aims to achieve leadership in the professional sector of unmanned aircraft, taking care of the whole industrial chain: from design to the system integration, till the production of reliable and effective platforms.

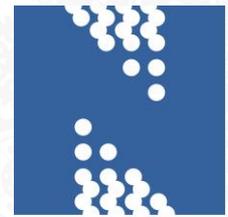
Skyrobotic has been certified EN 9100: 2009 (equivalent in technical terms to AS 9100C and JISQ 9100 2009) for the facility of Nera Montoro, Italy, in the "design, production and after sales service of unmanned aircraft systems". This is the result of a two-year investment in the processes of preparation and auditing carried out by the company, which qualifies Skyrobotic as the first independent company in the production of drones under 25 kg in Italy to qualify according to the strict criteria of the European standard that describes a system quality assurance for the aviation industry. Its equivalents are the AS 9100 in America and in Asia JISQ 9100. The EN ISO 9100:2009 is specific qualification for the aerospace industry, fully comprehends the ISO 9001:2008 (certification obtained simultaneously from Skyrobotic) and creates transparency in the aerospace sector. The focus is not only on process orientation, procurement and risk management. Due to long development times, it's equally important to manage documents, configuration and development, and is applicable to aircraft manufacturers and increasingly also their suppliers.

On March 4, 2016, the Shareholders' Meeting of Skyrobotic has unanimously resolved a capital increase, divisible to be offered to the shareholders of Euro 0.25 million, to plan the growth of the productive activities of Skyrobotic. Upon completion of the capital increase, Skyrobotic will have a share capital of Euro 2,750,000 fully paid. In ordinary session, the Shareholders' Meeting appointed the Board of Directors, which is composed of Stefano Neri (Chairman and CEO), Spartaco Franconi (Vice President and Executive Director) and Roberto Cecchin (Director).

2015 KEY FIGURES FOR SKYROBOTIC

<i>in Euro</i>	As at December, 31 2015	As at December, 31 2014	Change	Change %
Intangible assets	1,976,400	1,452,662	523,738	36.1%
Tangible assets	883,333	882,548	785	0.1%
Financial assets and other att.	886	0	886	n.a.
Fixed Assets	2,860,619	2,335,210	525,409	22.5%
Inventories	124,328	43,995	80,334	n.a.
Trade receivables	213,382	168,601	44,781	26.6%
other activities	60,417	56,417	4,000	7.1%
Trade payables	(102,000)	(55,293)	(46,708)	84.5%
Other liabilities	(198,856)	(198,670)	(186)	0.1%
Net working capital	97,270	15,049	82,221	n.a.
Provisions and other non-commercial	(239,817)	(267,495)	27,678	(10.3)%
Net Invested Capital	2,718,072	2,082,764	635,308	30.5%
Shareholders' Equity	2,565,688	2,003,493	562,195	28.1%
Net current financial position	152,384	79,271	73,113	92.2%
Non-current net financial position				
Total net financial position	152,384	79,271	73,113	n.a.
Net Invested Capital	2,718,072	2,082,764	635,308	30.5%

<i>in Euro</i>	As at December, 31 2015	As at December, 31 2014	Change	Change %
Net revenues from sales and services	535,635	217,269	318,367	146.5%
Production costs	(359,966)	(159,651)	(200,315)	125.5%
Added value	175,669	57,618	118,052	n.a
Personnel costs	(74,604)	(18,151)	(56,453)	n.a
EBITDA	101,066	39,467	61,599	n.a
Amortization, depreciation, provisions and write-downs	(49,410)	(16,634)	(32,775)	n.a
EBIT	51,656	22,832	28,823	126.2%
Financial income and charges	(225)	(128)	(97)	75.9%
Extraordinary item	(1,812)	(946)	(867)	91.6%
EBT	49,618	21,759	27,860	128.0%
Income taxes	(12,577)	18,266	(30,842)	(168.9)%
Net profit for the period	62,195	3,493	58,702	n.a



OVERVIEW

Italeaf had a 85% shareholding in Numanova.

Numanova is a new company established on January 25, 2016. The new start-up will be originated by the sharing of know-how and economic and financial resources between the co-founder represented by Italeaf SpA and dr. Paolo Folgarait, physicist, owner of several patents in the metallurgical sector, manager with experience in the Lucchini group, the Allied International Group, in Franchini Steels and in Centro Sviluppo Materiali. Numanova, established as a limited liability company, has a share capital of € 2.35 million and will have a governance model with a board of directors that will be formed by Stefano Neri, chairman, Paolo Folgarait, executive director and general manager, and Corrado Giancaspro, CEO, and a board of auditors.

BUSINESS SEGMENTS

Numanova will be active in the production of metal powders of high-quality from metal alloys, ferrous and non, for Additive Manufacturing (3D printing), Metal Injection Molding (MIM), Hot Isostatic Pressing (HIP) and the most advanced uses in areas such as aerospace, energy, mechanical, biomedical. The company will be equipped with the most advanced production technology of metal powders based on the principle of vacuum induction furnaces and atomizers inert gas ceramic-free. It will also be introduced technologies of plasma atomization. The stages of development of the company, whose production unit will be located in the Italeaf's industrial of Nera Montoro (TR), will expect: within a very short time the start of the authorization from the competent authorities; the acquisition of production assets and facilities; their upgrading and the development of the certification and qualification; the ramp up of the production for the marketing of products.

INVESTMENT, PRODUCTION CAPACITY AND HUMAN RESOURCES

The investment plan of Numanova foresees biennial commitments totaling of Euro 12 million, with implications for employment up to speed (production in three shifts) for a total of 50 professional employees, including the human resources involved in the production, staff, sales, marketing, testing, quality, logistics, purchasing, administration, HR, HSE. The expected production capacity will be around 500 tons/year of metal powders for the field of Additive Manufacturing and for more advanced uses in areas such as aerospace, energy, mechanical, biomedical.

VISION INTERNATIONAL

The new initiative will use the productive opportunities and the corporate standing of Italeaf, a listed company on the international market at a higher technological content represented by the NASDAQ. Another strength is the Group global presence, allowing immediately to Numanova to have operating, representative offices and/or research centers in Milan, London and Hong Kong, within the Italeaf's hub at the HK the Science and Technology Park. Among the opportunities, there are also the Italeaf's facilities in the mechanical industry, activity in which the group will bring a decade of its expertise that can be repositioned in an innovative area with high growth prospects. Numanova finally has concluded framework agreements for business collaboration and technical-scientific cooperation with world leaders in the design and production of systems Additive Manufacturing of metal powders and with companies operating in the metallurgical sector and has signed agreements with universities and research centers of national and international standing.

INNOVATION AND SUSTAINABILITY

The agreement between Italy and Mr. Paolo Folgarait will also allow the opening in the Nera Montoro industrial area of a research and development center, through the localization and the incubation of the innovative start-up Seamthesis. The activities of the task force in Nera Montoro will be particularly focused on R&D in the field of Alloy Design, metallurgy product and process, process modeling and development of product and innovative technologies for the production of metal powder for use in advanced manufacturing (eg. Additive Manufacturing, MIM, HIP, laser cladding) and surface engineering (eg. PTA). From the point of view of sustainability and environmental contribution, Numanova will sustain the affirmation the emergence of a strongly improved business model. In particular, compared to a traditional metallurgical production, Numanova allow a reduction of the times of the internal processes of prototyping also up to 70%, a drastic reduction of the wastes (the metal powder not used for printing it can be reused after the reconditioning of powders) and, of primary importance, the possibility of making metal parts that were not

possible with the traditional methods. Numanova productions also contribute significantly to the reduction of energy consumption.

WISAVE



OVERVIEW

Italeaf has a 51% shareholding in Wisave.

WiSave Srl operates in the promising market of the Internet of Things, the sector that is generating the greatest growth in the world and that is the ideal convergence between the web and the opportunities of the digital and the manufacture of equipment in the fields of smart energy and efficiency.

The company will produce IoT systems based on cloud infrastructure, initially intended for remote thermal control of buildings with a business that can be highly scalable and can be implemented in other sectors such as: electricity sector, water sector, remote surveillance, home automation.

For the past two years, Wisave has been working on algorithms, softwares and hardwares that can grant facility manager of most complex venues the best energy efficiency an artificial intelligence has been ever capable to achieve.

Now, the newly developed Algo and Algo App bring such a powerful tool truly in the hands of every family.

Algo is the innovative web-based thermostat for increasing the efficiency of heating and cooling systems:

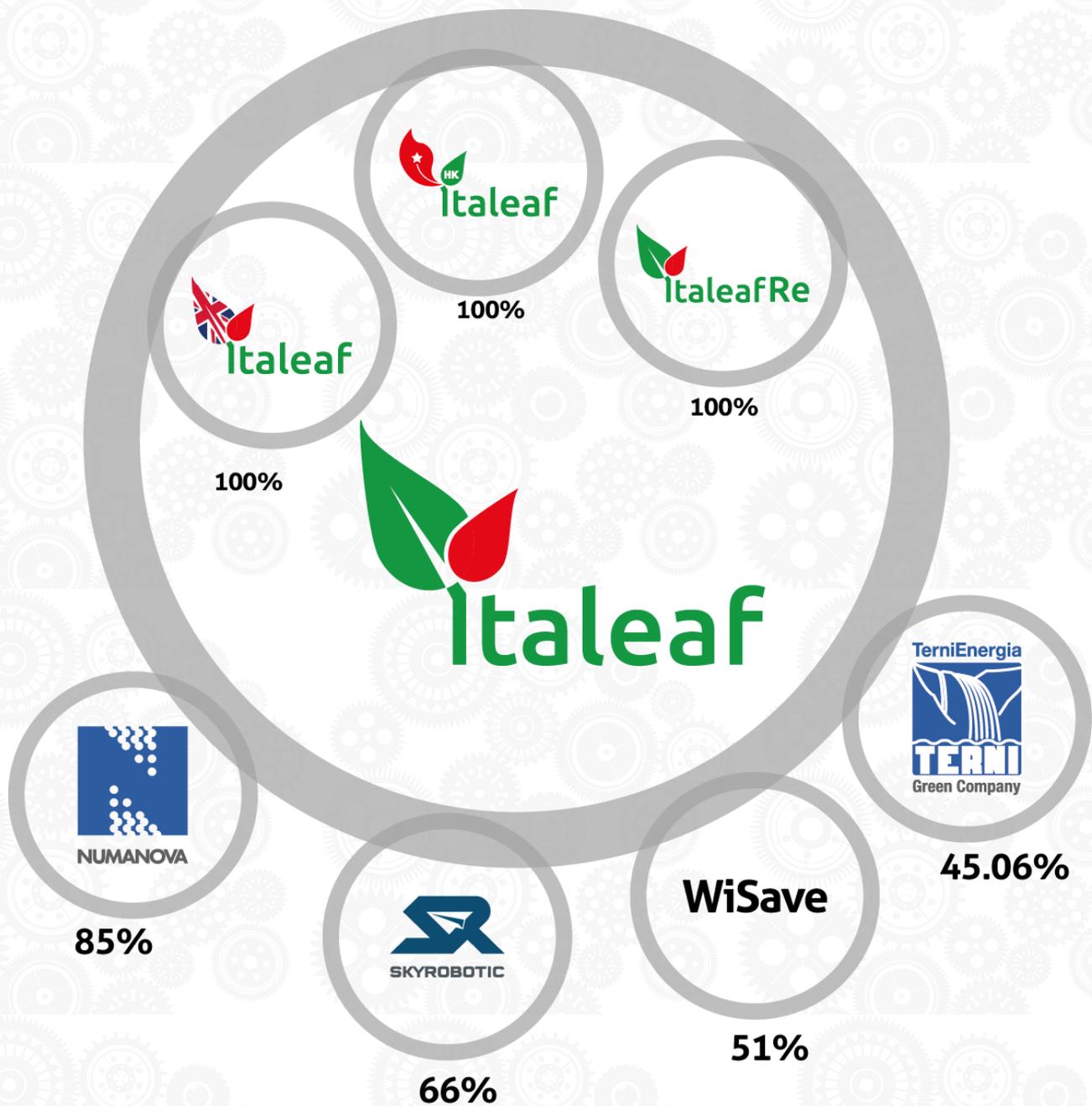
- it allows to save at least 20% of heating and cooling energy, while respecting the environment and saving money
- It's able to manage and monitor all sort of environments: homes, complex buildings, businesses, hospitals and hotels. It can Work, wireless, from your computer, tablet or smartphone.

At the beginning of 2015, Wisave will produce the first 50 prototypes, that will be installed free of charge by one of the potential customers in order to give visibility to the new solution.

At the present, are working two demonstrations started during 2015: the first one at some offices in Hong Kong Science Park, the second at first floor of Italeaf's headquarter.

Production is beginning on an industrial scale in the second half of 2015.

GROUP'S ORGANIZATION(*)



(*) At the date of preparation of this report

KEY EVENTS FOR 2015

THE BOARD OF DIRECTORS OF TERNIENERGIA APPROVES THE GROUP'S BUSINESS PLAN 2015-2017 "FAST ON THE SMART ENERGY ROAD"

On February 9 2015, The Board of Directors of TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, approved the industrial plan 2015-2017, with updating of the 2014 forecast. TerniEnergia aims to become the first Italian independent "smart energy company", active in the fields of renewable energy, energy efficiency, waste and energy management, thanks to the new business model and the integration into the Group of Free Energia.

Confirmed the evolution of the organizational structure, which will be based on four functional business lines: Technical Services, Cleantech, Energy Management and Energy saving, with the completion of the merger of Lucos Alternative Energies in TerniEnergia.

TerniEnergia expects to 2017 a substantial increase in revenues and profitability and, simultaneously, a containment of the NFP and a growth of cash flow.

The plan estimates an increase in value of production (2014-17 CAGR) of 47%, more than Euro 1.2 billion in three years, with interim targets of Euro 355 million in 2015, Euro 437 million in 2016, Euro 475 million in 2017, with an increase of revenues from energy saving and cleantech business lines.

EBITDA for the plan period is expected to grow by 14%, estimated at Euro 23 million in 2015, Euro 28 million in 2016 and Euro 32 million in 2017. In 2017 it is expected a balanced contribution of the four business lines (technical services, cleantech, energy management and energy efficiency) to the formation of Ebitda. The margin will remain constant over the plan period, more than 6%, demonstrating the robustness and repeatability of the new business model and a lower risk approach through diversification and integration of the energy value chain.

EBIT is expected to grow from Euro 16 million in 2015 to Euro 22 million in 2016, to Euro 25 million in 2017. The amount of the planned investments in the period, mostly dedicated to activities of ESCO with the formula of third party financing (FTT) and to the implementation of new environmental systems, amounted to Euro 11 million, Euro 22 million and Euro 21 million. Will be expected ROI of 9.4% in 2015, 12.5% in 2016 and 13.2 % in 2017.

Thanks to the new financial structure, the net financial position (NFP) is constant over the plan period, on the levels of 2014. Will be significantly improved, however, the financial ratios: in particular, the NFP/equity (gearing ratio) will be reduced to 1,36x in 2015, 1,37x in 2016 to up to 1,26x in 2017. The NFP/EBITDA decrease from 4,25x up to 2015, to 3,78x up to 2016, to 3,40x of 2017.

Is confirmed a policy of shareholder remuneration for the period 2015-2017, with a provision for proposal to the Board of Directors of a distribution of a maximum of 50% of the Consolidated Net Profit.

SKYROBOTIC S.P.A. SUCCESSFULLY COMPLETED CAPITAL INCREASE FOR EURO 0.5 MILLION

On February 16, 2015, Italeaf S.p.A. announced that its affiliate, Skyrobotic S.p.A., successfully completed the capital increase, offered under option to shareholders, in the amount of Euro 0.5 million, with the issue of 1,000,000 shares. Upon completion of the capital increase, Skyrobotic, a company engaged in the design, development, mass production and marketing of unmanned aircraft systems (UAS) in mini and micro classes for civil and commercial uses, had fully subscribed and paid share capital of Euro 2.5 million. The capital increase will make it possible for the company to plan the growth of productive activities and to pursue certification as a manufacturer of aircraft systems with the appropriate agencies.

Upon the completion of the capital increase, the company's shareholders included: Italeaf S.p.A. (66%), Siralab Robotics S.r.l. (24%), and other investors (10%).

GREENLED INDUSTRY GROWS IN LIGHTING PRODUCTION FOR THE ENERGY EFFICIENCY

On March 5, 2015, Greenled Industry S.p.A., an Italeaf group company active in the production of smart LED lamps for energy efficiency, announced that it had acquired the technological know how for a new range of products to round out the Company's catalog. The company accordingly plans to embark on intensifying industrial and commercial growth, including in markets abroad.

In particular, Greenled Industry has acquired executive projects, basic specifications, certifications, technical drawings, operating and manufacturing control procedures, technical and commercial datasheet and other information necessary for the production of two new lines of LED lamps named "Sparta" and "Building Block", as well as the know-how and all the technical information needed to evaluate and validate the technology for the EC, assembly, application and management of purchasing activities, sales and distribution and commercial exploitation of the commercial "iPanel", "Mercury", "Saturn" and "Stradale" LED lamps. The acquisition was approved by the board of directors, in partial execution of a resolution of the extraordinary meeting of the shareholders on July 17, 2013, through a capital increase of approximately Euro 0.4 million in kind reserved to the two companies owning the know-

how transferred (Madco S.r.l. and Lombarda Cellophan Sas). Following the transaction, Greenled Industry S.p.A.'s fully paid hare capital totaled Euro 3,763,636. Upon the completion of the capital increase, the company's shareholders included: Italeaf S.p.A. (79.71%), and other investors (20.29%).

TERNIENERGIA OPENED THE SITES FOR THE CONSTRUCTION OF TWO PHOTOVOLTAIC PLANTS IN SOUTH AFRICA FOR 148.5 MWP

On March 12 2015, TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, as part of the process of internationalization of photovoltaic EPC business, announces the start of works for the construction of two utility scale photovoltaic plants in South Africa for the total capacity of 148.5 MWp on behalf of a leading Italian utility.

In particular, the start of work follows the final contracts for EPC (engineering, procurement and construction) and O&M (operation and maintenance) activities, as communicated to the market on July 31, 2014, and concern the installation by TerniEnergia Projects PTY Ltd, a South African subsidiary of TerniEnergia, of two photovoltaic plants with "EPC Contract" (turnkey) with the supply of panels and inverters, respectively, in Paleisheuwel, for an installed capacity of 82.5 MW, and in Tom Burke, for 66 MW, for a total amount of approximately Euro 147 million.

TERNIENERGIA EXTRAORDINARY SHAREHOLDERS' MEETING APPROVES THE INTRODUCTION OF INCREASED VOTING RIGHTS

On March 16 2015, the Shareholders' Meeting of TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, met in Extraordinary session chaired by Stefano Neri.

The shareholder's meeting has approved - with 63.01 of the share capital attending the meeting and the favorable vote of 99.95% of the attending shareholders - the amendments to the By-laws (art. 6), aimed at introducing increased voting rights.

The introduction of the increased voting rights is aimed at encouraging investments in the medium-long term and therefore the stability of the shareholders, in accordance with the recently introduced option provided in Art. 127-quinquies of T.U.F. and in Article 20 of Law 91 dated June 24, 2014 (the "Competitiveness Decree"). In particular, the new regulation contained in the By-laws provides for the assignment of two votes for each ordinary share held by the same shareholder for an ongoing period of no less than two years from the date of entry in a specific List created and kept by the Company.

TERNIENERGIA ENTERS IN THE GAS SECTOR E GROWS IN THE DUAL FUEL MARKET

On April 23 2015, TerniEnergia has signed an agreement with La Mercantile Srl La Spezia for the acquisition of the 85% of the share capital of New Gas Trade Srl (NGT), Italian player of the natural gas and liquefied natural gas (LNG) market, as part of an integrated strategy on energy commodities. The sales price of the shares has been agreed between the parties to Euro 150 thousand and the payment by TerniEnergia is paid in cash. The only other shareholder of NGT is Intermonte SIM Holding, a company regulated MiFID. As part of the company, Intermonte Holding SIM offers consulting and operational activities relating to financial instruments linked to the management and trading of gas & power sector, for third parties and on their own.

Through the acquisition of NGT, TerniEnergia enters in the market of natural gas and liquefied natural gas, following the target of promoting the external growth of the Group through acquisitions, as presented to the market last February 9, in the Industrial Plan "Fast on the road smart energy.

THE SHAREHOLDERS' MEETING OF TERNIENERGIA APPROVED THE 2014 FINANCIAL STATEMENTS AND A DISTRIBUTION OF DIVIDENDS EQUAL TO EURO 0.065 PER SHARE

On April 24 2015, the ordinary Shareholders' meeting of TerniEnergia approved unanimously the draft financial statements and noted the presentation of the consolidated financial statements as at December 31, 2014. Shareholders' meeting also approved the distribution of a dividend equal to Euro 0.065 per ordinary share gross with-holdings set forth by law. The dividend was paid on May 20, 2015, and the relevant coupon No. 6 shall be separated on May 18, 2015.

ITALEAF ANNUAL GENERAL MEETING 2015

On April 30 2015, the annual general meeting of Italeaf SpA resolved in favor of all proposed matters in accordance with the proposals described in the notice to the meeting. The most important resolutions are described below.

- A dividend of Euro 0.08 per share (paid next 30 June 2015 - record date for payment 23 June 2015).
- The meeting has approved the Annual report 2014 and the consolidated financial statements as at 31 December 2014 were adopted.
- The Annual General Meeting resolved that three members be elected to the Board of Directors. Stefano Neri and Monica Federici were re-elected as members of the board. Nicola Romito, manager with many years of experience in the asset management sector especially in MPS Group, the third Italian Banking Group, up to hold the position of Vice General Director, was elected as a new member of the board. Stefano Neri was re-elected as chairman of the board. The Chairman expressed thanks on behalf of the outgoing Director, Cav. Ivano Emili, for his efforts over the years on the Board of Directors of the Company.
- The Annual General Meeting resolved that the members of the Board of Directors be paid overall Euro 6,000 per year.
- The Annual General Meeting resolved that three members be elected to the Board of Statutory Auditors. Vittorio Pellegrini and Paolo Sebastiani were re-elected as members of the board. Andrea Bellucci was elected as a new member of the Board of Statutory Auditors. Vittorio Pellegrini was re-elected as chairman of the board.
- The Annual General Meeting resolved that the members of the Board of Statutory Auditors be paid overall Euro 10,500 per year, Euro 4,500 to the Chairman and Euro 3,000 to each member.
- The Annual General Meeting resolved the integration of the auditor's fees to PricewaterhouseCoopers SpA of an amount of Euro 35,000 for the years 2014 to 2016 and then for a total remuneration of Euro 50,000.

THE BOARD OF DIRECTORS APPROVED THE GROUP'S TRIENNIAL GROWTH STRATEGY 2015-2017 "BRIDGING THE GAP WITH A COMPANY BUILDER"

On May 7 2015, the Board of Directors of Italeaf has approved the strategic growth plan 2015-2017 "Bridging the gap with a company builder". Italeaf aims to consolidate its position as the first Italian independent "company builder" active in the fields of cleantech and smart innovation.

The new plan "" Bridging the gap with a builder company "bases its assumptions of industrial character on:

- Building of n. 1 new startup in 2015, n. 2 in 2016 and n. 2 in 2017 with the management of a portfolio of a total of overall 8 technological and industrial startups (including 3 already established, Greenled Industry, Skyrobotic and Wisave) in the three years;
- Turnover of n. 3 startup in three years, through different exit strategies (eg. M&A, IPO or entry of new shareholders or investors with the majority stakes). In particular, there are n. 2 exit in 2016 and n. 1 exit in 2017;
- Generating shareholder value and return on investment of Italeaf through these exit thanks to an expected IRR greater than or equal to 30%;
- Scouting and selection of new startups in cleantech, internet of things, additive manufacturing and 3D printing, drones, green chemistry, with a diversification of the business in order to reduce the risk of the growth potential of the newcos;
- Total investments in new startups in the three years to approximately Euro 5.2 million (Euro 1.03 million in 2015, Euro 1.85 million in 2016 and Euro 2.3 million in 2017);
- Reduction of the NFP from Euro 18.2 million in 2015 to Euro 14.6 million in 2017 with a target level of NFP/Net Equity ration less than or equal to 0.8x;
- Confirmation of dividend policy to distribute a significant percentage of the dividends received from subsidiaries. The target of the plan is to increase by 10% each year the dividend, compared to that of 2014 and amounted to EUR 0.08 gross per share (in payment next June 30, 2015);
- Full sustainability and profitability of the business through the balance of the between costs and revenues in the three years, thanks to the generation of recurring incomes from sales of services to Group companies, issuance of guarantees for subsidiaries and dividends. In particular, the plan estimated recurring incomes for Euro 17.4 million over the three years, with interim targets of Euro 5.7 million in 2015, Euro 5.8 million in 2016, Euro 5.9 million in 2017. The capital gain in the plan period is expected to grow by 75%, estimated to Euro 2.4 million in 2015, Euro 3.1 million in 2016 and Euro 4.2 million in 2017. The EBT is expected to grow from Euro 2.9 million in 2015 to Euro 3.6 million in 2016 to Euro 4.5 million in 2017.
- From the strategic point of view, Italeaf expects to optimize the financial structure of operational needs, leveraging the value created by the subsidiaries and the startups to make new investments in business with

high growth rate, to reward shareholders, to ease relations with the world of credit, to accelerate the development of industrial and commercial activities related to the new technology developed by the startups or by the investee companies.

THE BOARD OF DIRECTORS APPROVES THE DIVESTMENT AGREEMENT FOR THE TRANSFER OF THE SHARES OF FREE ENERGIA SPA

On October 2, 2015, the board of directors of Italeaf has approved today to sign the divestment agreement for the transfer to the former leading shareholders of Free Energia SpA of n. 3,674,604 shares equal to 97.60% of its share capital, and representative of the entire stake held by TerniEnergia in Free Energia.

Afterwards, the Board of Directors of TerniEnergia, smart energy company active in the fields of renewable energy, energy efficiency, waste and energy management, listed on the Star segment of the Italian Stock Exchange and part of Italeaf Group, resolved today to sign the divestment agreement for the transfer to the former leading shareholders of Free Energia SpA of n. 3,674,604 shares equal to 97.60% of its share capital, and representative of the entire stake held by TerniEnergia in Free Energia, the details of which have been already communicated to the market through the Press release disseminated last 7 August 2015.

The counter-value for the transfer of the entire equity shares in Free Energia S.p.A. (unless a lesser number of shares in the event that not all former members of Free Energia would decide to join the Agreement Divestment) is represented by the TerniEnergia's shares subscribed by the leading former shareholders of Free energia in the dedicated capital increase on Oct. 21, 2014.

Specifically, the leading former shareholders of Free Energia SpA which will take over the shares of Free Energia S.p.A. are the following:

- Energetica S.p.A.;
- BA & Partners S.p.A.
- Sistematica S.p.A..

The counter value for the transfer of the entire stakeholding in Free Energia (unless a lesser number of shares in the event that not all former shareholders of Free Energia would decide to join the Divestment Agreement) is represented by the shares subscribed by the main TerniEnergia former shareholders of Free Energia in the dedicated capital increase on Oct. 21, 2014. The counter-value of the payment due was confirmed by a report issued on September 30, 2015 by the statutory auditor Dr. Luigi Tardella of Ambers & Co S.r.l., independent expert identified by the parties, who certified that the value of the entire investment in Free Energia is included in a range between Euro 15 million and Euro 20 million and that this value can be considered equivalent to the value of the TerniEnergia's shares unlisted. Consequently there is no need for any cash payment.

In this context, the Board of Directors has approved to proceed with the transfer expected in the Divestment Contract at a value that is placed in the middle position of the aforementioned range as indicated by the expert and then to a value considered adequate equal to Euro 17.5 million.

The transaction is subject to two specific conditions precedent, which must occur by 30 November 2015, and in particular to the positive pronouncement by (i) the general bondholders' meeting convened for the November, 9 2015 and (ii) of the ordinary shareholders' meeting of TerniEnergia, convened for the November, 18 2015. The closing of the transaction is expected by the tenth business day following the occurrence of the last of the conditions precedent above.

The TerniEnergia's shares received following the completion of the transaction will be subsequently canceled, unless the Board of Directors do not resolve to put them, in whole or in part, at the service of any operations regarding the involvement of third-party investors, who have not yet identified .

As an outcome of the analyses performed by TerniEnergia, the operation cannot be configured as a "related party transaction".

With reference to the conditions stated above, TerniEnergia take care to promptly inform the market about any further action or relevant fact regarding the aforementioned transaction.

THE SHAREHOLDERS MEETING OF GREENLED INDUSTRY S.P.A. PREPARES THE EXIT OF THE STARTUP WITH AN EXTRAORDINARY TRANSACTION

On October 6, 2015, the Shareholders' Meeting of Greenled Industry S.p.A. approved the partial and non -proportional demerger of the Company Greenled Industry in favour of a new beneficiary Company named ITALEAF RE S.r.l.

The operation aims to make a more streamlined Greenled Company free from not used assets which were supposed to be used for the performance of its activity, also in view of a possible value realization of the Company (in line with the provisions of the business plan of the mother Company Italeaf).

In fact, the presence of sheet assets unrelated to the "core", business currently held in the industrial site of Novara which has become the main logistic and manufacturing center of the company, could complicate the evaluation process of Greenled aimed at a possible sale transaction. Furthermore, with this operation will be possible to include the real estate portfolio, objet of the transaction, in full availability of the major shareholder, Italeaf, which, through the setting up of a specifically real estate company, will use it to better serve the new initiatives, in line with its business model. The real estate portfolio object of the demerger has a value of Euro 2.6 million. The transaction

was subject to a congruity opinion issued by the statutory auditor Mr. Luigi Tardella from Ambers & Co Ltd, an independent expert. To Italeaf S.p.A. will be allocated 100% of the shares of the beneficiary company being formed ITALEAF RE Srl. Following the transaction, the shareholding of Italeaf in Greenled Industry will drop from 79.71% to 64.60%.

THE SHAREHOLDERS MEETING OF TERNIENERGIA APPROVE THE OPERATION OF DISINVESTMENT FOR THE TRANSFER OF THE SHARES OF FREE ENERGIA SPA AND THE AUTHORIZATION TO USE THE OWN SHARES THAT CAME FROM.

On November 18, 2015, the Shareholders meeting of TerniEnergia approved the divestment operation between the Company and the former shareholders of Free Energia (not classified as related parties) concerning the transfer up to the entire stake held by the Company in Free Energia. To this end, also under Articles 2357 and following of the Civil Code, the shareholders authorized the Board of Directors to purchase up to a maximum of n. 6,477,550 shares, equal to 14.69% of the share capital, at a value of Euro 17.5 million and identified corresponding to 100% of the share capital of Free Energia. The Ordinary General Meeting has also approved the authorization to the Board of Directors, pursuant to art. 2357 Civil Code to completion, according to the terms and conditions specified by it, of disposals, in one or more tranches, the own shares to be acquired and held in the portfolio. In particular, through the purchase of own shares resulting from the recalled Divestment Agreement, to supplement those already provided in the plan of “buy back”, the Board of Directors plans to acquire a portfolio consisting of common shares to be used as TerniEnergia consideration as part of any extraordinary transactions, through an exchange of shares or as a subject of the transfer, or for other purposes deemed of strategic, financial, industrial and / or management for TerniEnergia, in compliance with applicable regulations. The operations of disposal of treasury shares will be performed in compliance with applicable law and in particular in respect of laws and regulations, national and EU, even in terms of market abuse. The completion of the transactions of purchase and disposal of own shares will be given adequate notice in compliance with the applicable disclosure requirements.

ITALEAF AND TERNIENERGIA: THE BOARDS OF DIRECTORS APPROVED THE ACQUISITION OF UP TO 100% OF THE SHARE CAPITAL OF GREENLED INDUSTRY BY TERNIENERGIA

On November 30, 2015, TerniEnergia, obtained the favorable opinions from the Committee for Transactions with Related Parties, approved the acquisition by TerniEnergia of an amount up to 100% of the share capital of Greenled Industry SpA, a company active in the production and sale of lamps with LED technology.

In particular, on November 27, 2015 the Board of Directors of Italeaf SpA, controlling shareholder of Greenled, resolved to propose to the purchase of shares of TerniEnergia Greenled at market value, as evidenced by an independent expert appointed for that purpose. The purchase price for 100% of the share capital of Greenled agreed was Euro 3.5 million, as indicated in the evaluation of the independent expert, in the person of Dr. Luigi Tardella from Ambers & CO Srl, acquired by TerniEnergia. In consideration of the purchase of shares of Greenled, TerniEnergia correspond treasury assets resulting from the divestment of Free Energy: to respect the valuation of the expert identifies the value in Euros 1.68 for each appropriate action of TerniEnergia. It follows that the purchase of 100% of the shares of Greenled result in the sale of a maximum number of n. TerniEnergia 2,078,195 own shares, representing 4.71% of the share capital of TerniEnergia.

The Board of Directors of TerniEnergia, received the proposal from Italeaf, has positively assessed the operation, acting to submit the approval to the shareholders’ meeting convened for December 28, 2015. Therefore, only the outcome of the relevant resolution will be possible communicate the correct number of shares Greenled to be acquired and the number of shares used as consideration for such purchase.

Greenled is a company that operates in the production and sale of LED lamps, particularly high performance for their efficiency in terms of energy saving and high-tech.

TerniEnergia for the acquisition has a function of supply chain optimization for the business unit called “Energy Saving”, active in the implementation of energy efficiency projects, under which the supply of LED lamps is the main cost. This transaction is consistent with the objectives of TerniEnergia and in line with industry growth of “Energy Saving ‘planned in the Business Plan presented to the financial community on October 30, 2015. In addition, in the same plan, the Company expressly it identified in the acquisition of innovative technologies in the field of energy efficiency, one of the priorities for growth. For Italeaf, however, the operation is the first opportunity to close the exit of one of Startups held by the company in advance of the plans provided for in the three-year program of strategic growth presented to the financial community and the MTF Nasdaq First North Stockholm, where the Company is listed. The transaction is then put in place for the sole purpose of increasing the corporate values of the respective companies involved and improve the operation, in accordance with the corporate interest.

The acquisition of Greenled by TerniEnergia is configured as a “related party transaction”, since the operation carried out with its parent Italeaf SpA which, it is recalled, it holds an interest representing 46.78% of the share capital of TerniEnergia and exerts control over it pursuant to Article 2359, first paragraph, no. 2 of the Civil Code and Article 93 of the TUF. Consequently, TerniEnergia has prepared an “Information Document, in accordance with the instructions provided for in the applicable legislation and pursuant to the Procedure for Transactions with Related Parties, approved by the Board of Directors of TerniEnergia on November 30, 2010. This document will be made available to the public under the terms and procedures provided by the relevant regulations.

TERNIENERGIA: FINALIZED THE DIVESTMENT TRANSACTION FOR THE TRANSFER OF THE FREE ENERGIA SPA'S SHARES FOR THE PURCHASE OF TREASURY STOCK

On November 30, 2015, TerniEnergia has finalized the divestment transaction for the transfer of the shares of Free Energia SpA, receiving as consideration the shares of TerniEnergia held by the shareholders of Free Energia. In particular, as announced to the market on the same date, on October 2, 2015 the Board of Directors of TerniEnergia approved the signing of the divestment contract for the transfer of shares of Free Energia in favor of the main former shareholders of Free Energia, in exchange for TerniEnergia shares unlisted. Subsequently to the fulfillment of the two conditions precedent provided for the divestment contract - ie the positive express consent (i) by the Bondholders Meeting of the bond “TerniEnergia Euro 25,000,000.00 Notes due 2019”, held on November 16, 2015 and (ii) by the Shareholders’ Meeting held on November 18, 2015 - with the turn of the Free Energia shares and the transfer of the TerniEnergia shares to the presence of an authorized intermediary, on November 30, 2015, was completed this divestment transaction.

Consequently, TerniEnergia transferred n 3,315,936 Free Energia shares (representing 88.07% of the entire capital of Free Energia) in favor of BA & Partners SpA, Sistematica SpA, Energetica SpA and Feed SpA, in exchange for n. 5,845,290 own shares (representing 13.26% of the entire capital of TerniEnergia). The right to collect the profits related to the business year 2015 remain pro quota with those buyers. Part of the treasury stock resulting from this transaction will be placed at the service of the acquisition of Greenled Industry SpA shares, under the terms referred to in the press release dated November 30, 2015.

GREEN LIGHT FROM THE SHAREHOLDERS’ MEETING OF TERNIENERGIA TO THE ACQUISITION OF GREENLED INDUSTRY

On December 28, 2015, the ordinary Shareholders’ meeting of TerniEnergia approved the investment transaction concerning the purchase of a stake to 100% of the shares representing the share capital of the company Greenled Industry SpA on the sale, as consideration, up to a maximum of n. 2,078,195 shares, equal to 4.71% of the share capital. Greenled Industry is a company that operates in the production and sale of LED lamps, particularly high performance for their efficiency in terms of energy saving and high-tech. For TerniEnergia, the acquisition has a function of supply chain optimization for the “Energy Saving” business unit, active in the implementation of energy efficiency projects, under which the supply of LED lamps is the main cost. This transaction is consistent with the objectives of TerniEnergia and in line with industrial growth of the “Energy Saving” activity planned in the Business Plan presented to the financial community on October 30, 2015. In addition, in the same plan, the Company expressly identified in the acquisition of innovative technologies in the field of energy efficiency, one of the priorities for growth.

On December 30, 2015, the acquisition of 100% of the shares representing the share capital of the company Greenled Industry SpA was completed, for the countervalue, as consideration, of n. 2,078,195 shares, corresponding to 4.71% of the TerniEnergia’s share capital, equal to a value of Euro 3.5 million. Following the transactions, TerniEnergia holds as at 31 December 2015 n. 4,012,998 treasury shares, representing 9.10% of the ordinary share capital.

PROPOSED ALLOCATION OF EARNINGS

The Board of Directors proposes to distribute a dividend of Euro 0.06 per share, corresponding to a total amount of Euro 926,640, and to carry forward the residual amount of the net profit.

Nera Montoro, March 31, 2016

FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<i>in Euro</i>	Notes	As at December 31, 2015	As at December 31, 2014
Intangible assets	1	6,792,515	16,601,828
Tangible assets	2	106,507,564	117,932,755
Equity Investments	3	7,630,702	11,722,911
Deferred tax assets	4	14,489,978	16,263,520
Non-current financial receivables	5	23,655,621	22,123,602
Total non-current assets		159,076,380	184,644,615
Inventories	6	23,479,671	11,509,563
Trade receivables	7	52,201,318	79,197,823
Other current assets	8	24,114,296	25,115,367
Derivatives	9		527,962
Financial receivables	10	4,215,913	11,226,495
Cash and cash equivalents	11	12,515,353	14,958,894
Total current assets		116,526,551	142,536,104
Asset held for sale	12		180,783
TOTAL ASSETS		275,602,931	327,361,502
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital		15,444,000	15,444,000
Reserves		17,574,869	21,946,988
Profit for the period		1,421,918	1,906,006
Total Group equity		34,440,787	39,296,994
Minority interests		29,026,176	36,286,627
Profit for the minority interest		1,050,504	3,555,085
Total equity	13	64,517,467	79,138,706
Provision for risks and charges	14	43,086	43,086
Provision for employee benefits	15	1,329,505	1,261,554
Deferred tax liabilities	16	7,286,282	8,585,996
Non-current financial payables	17	86,457,147	98,074,890
Other non-current liabilities	18	247,492	153,192
Derivatives	19	3,251,759	4,371,326
Total non-current liabilities		98,615,271	112,490,045
Trade payables	20	63,917,925	68,135,857
Payables and other financial liabilities	21	34,524,053	52,777,393
Taxes payable	22	1,336,364	1,656,665
Other current liabilities	23	12,691,851	13,162,837
Total current liabilities		112,470,193	135,732,751
TOTAL LIABILITIES		211,085,464	248,222,796
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		275,602,931	327,361,502

CONSOLIDATED INCOME STATEMENT

<i>in Euro</i>	Notes	2015	2014
Revenues	24	364,078,130	87,888,988
Other operating income	24	7,268,117	8,263,868
Change in inventories of semi-finished and finished products	25	(2,419,928)	1,712,087
Costs for raw materials, consumables and goods for resale	26	(181,650,101)	(44,490,150)
Costs for services	27	(148,235,026)	(25,108,672)
Personnel costs	28	(8,500,265)	(6,631,364)
Other operating costs	29	(3,990,146)	(3,978,689)
Amortisation, depreciation, provisions and write downs	30	(10,208,678)	(10,161,239)
Operating result		16,342,103	7,494,829
Financial income	31	2,741,475	1,405,234
Financial charges	31	(13,024,147)	(11,556,135)
Portion of result attributable to the joint venture	32	(667,685)	907,637
Net profit before taxes		5,391,746	(1,748,436)
Taxes	33	(2,919,323)	7,209,526
Net profit for the period		2,472,423	5,461,090
- of which: accruing to the Group		1,421,918	1,906,006
- of which: accruing to minority interests		1,050,504	3,555,085
Earnings per share - Basic and diluted		0,092	0,123

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in Euro)</i>	Notes	2015	2014
Net Profit for the Period		5,472,422	5,461,091
Change in cash flow hedge reserve		1,290,954	(1,675,119)
Translation Differences		335,031	(96,095)
Tax effect of expenses / (income) recognized in equity		(309,829)	460,658
Total other comprehensive income for the period to be subsequently transferred to the Income Statement		1,316,156	(1,310,556)
Actuarial Income / (loss)		-	(84,943)
Tax effect of expenses / (income) recognized in equity		-	23,359
Total other comprehensive income for the period not to be subsequently transferred to the Income Statement		-	(61,584)
Total comprehensive income / (loss) for the period		3,788,578	4,088,951
• of which: accruing to the Group		2,040,380	1,264,119
• of which: accruing to minority interests		1,748,198	2,824,832

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Description (in Euro)	Share Capital	Reserves				Total reserves	Profit of the period	Total Group equity	Minority Interests	Total equity
		Paid in Capital	Legal reserves	Extraordinary	Other Reserves					
As at December 31, 2013	15,000,000		37,640		5,177,945	5,215,585	(1,683,211)	18,532,374	1,420,926	19,953,301
Allocation of the previous year's profit (loss)					(1,683,211)	(1,683,211)	1,683,211			
Demerger with TERNI Research S.p.A.					19,949,032	19,949,032		19,949,032	35,595,954	55,544,986
Capital Increase	444,000	666,000				666,000		1,110,000		1,110,000
Cost Capital Increase					(358,531)	(358,531)		(358,531)		(358,531)
Payment of Dividends					(1,200,000)	(1,200,000)		(1,200,000)		(1,200,000)
Other entries	444,000	666,000			16,707,291	17,373,291	1,683,211	19,500,501	35,595,954	55,096,455
Profit of the period							1,906,006	1,906,006	3,555,085	5,461,091
Other comprehensive						(641,887)		(641,887)	(730,253)	(1,372,140)
Total profit for the period						(641,887)	1,906,006	1,264,119	2,824,832	4,088,951
As at December 31, 2014	15,444,000	666,000	37,640		21,885,235	21,946,988	1,906,006	39,296,994	39,841,712	79,138,707

Description (in Euro)	Share Capital	Reserves				Total reserves	Profit of the period	Total Group equity	Minority Interests	Total equity
		Paid in Capital	Legal reserves	Extraordinary	Other Reserves					
As at December 31, 2014	15,444,000	666,000	37,640		21,885,235	21,946,988	1,906,006	39,296,994	39,841,712	79,138,707
Allocation of the previous year's profit (loss)			100,583		1,805,423	1,906,006	(1,906,006)			
Payment of Dividend					(1,235,520)	(1,235,520)		(1,235,520)		(1,235,520)
Deconsolidation of Free Energia					(5,661,067)	(5,661,067)		(5,661,067)	(11,513,230)	(17,174,297)
Other entries	444,000	666,000	100,583		(5,091,164)	(4,990,581)	(1,906,006)	(6,896,587)	(11,513,230)	(18,409,817)
Profit of the period							1,421,918	1,421,918	1,050,504	2,472,422
Other comprehensive							618,462	618,462	697,694	1,316,156
Total profit for the period							2,040,380	2,040,380	1,748,198	3,788,578
As at December 31, 2015	15,444,000	666,000	138,223		16,152,184	16,956,407	2,040,380	34,440,787	30,076,680	64,517,467

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in Euro)</i>	As at December 31,	
	2015	2014
Profit before taxes	5,391,746	(1,748,436)
Amortisation	5,682,450	9,683,905
Write-downs of fixed assets and credits	2,428,168	477,334
Provision	201,897	(146,557)
Result of joint ventures accounted for at equity and reversal of margin	667,685	(907,637)
Gains / Revaluations	313,507	
Change in inventories	(11,626,852)	(2,502,511)
Change in trade receivables	(40,749,849)	(3,460,937)
Change in other assets	(2,897,454)	(17,143,555)
Change in trade payables	52,905,342	(7,346,875)
Change in other liabilities	6,279,306	683,909
Payment of employee benefits	(120,245)	(63,779)
Net cash flow (used in)/generated by operating activities	18,475,702	(22,475,138)
Investments in property, plant and equipment	(4,089,039)	6,963,250
Disposals of property, plant and equipment	-	
Investments in intangible assets	(257,700)	(2,940,889)
Disposals of intangible assets	-	
Acquisition/disposal	(8,452,833)	17,222,259
Divestiture of (investment in) equity investments	2,798,120	2,414,707
Change in receivables and other financial assets	(1,473,595)	(4,944,154)
Net cash flow (used in)/generated by investing activities	(11,475,048)	18,715,174
Change in payables and other financial liabilities	2,974,384	(7,996,003)
Increase in non-current financial payables	(3,009,675)	30,813,946
Other Movements of Equity	(6,543,084)	(4,064,140)
Capital Increase	-	751,469
Payment of dividends	(2,865,821)	(1,200,000)
Net cash flow (used in)/generated by financing activities	(9,444,195)	18,305,272
Comprehensive cash flow for the period	(2,443,541)	14,545,308
Cash and cash equivalents at the beginning of the period	14,958,894	413,587
Cash and cash equivalents at the end of the period	12,515,353	14,958,894
Interest (paid)/earned	(10,389,089)	(8,470,746)
	(105,289)	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

GENERAL INFORMATION

Italeaf S.p.A (“Italeaf”, “Company” o “Group Leader”) is a limited company domiciliated in Narni (Italia), Strada dello Stabilimento, 1.

Italeaf SpA, established in December 2010, is a holding company and a business accelerator for companies and startups in the areas of innovation and cleantech. Italeaf operates as a company builder, promoting the creation and development of industrial startups in the fields of cleantech, smart energy and technological innovation. Italeaf has headquarters and plants in Italy at Nera Montoro (Narni), Terni, Milano and Lecce; has international offices in London and Hong Kong and a research and development centre in the Hong Kong Science and Technology Park. The company controls TerniEnergia, listed on the STAR segment of the Italian Stock Exchange and active in the fields of renewable energy, energy efficiency and waste management, WiSave in the "internet of things" field, for the development and production of thermostats and smart technologies for the remote control of electrical and heating items of buildings managed through a cloud infrastructure, and Skyrobotic, in the business development and manufacture of civil and commercial drones in mini and micro classes for the professional market, Numanova, operating in the field of innovative metallurgy and additive manufacturing and Italeaf RE, a real estate company.

From September 4 2014, Italeaf is listed on NASDAQ OMX First North in Stockholm.

FORM, CONTENT AND ACCOUNTING POLICIES ADOPTED

These consolidated financial statements have been prepared on a premise of Italeaf continuing as a going concern, with the directors having verified the absence of any financial or business indicators, or indicators of other kind, that might suggest that the Group might face difficulty in meeting its obligations in the foreseeable future and, in particular, in the next 12 months.

The consolidated financial statements of the Italeaf Group at December 31, 2015 have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as published in the Official Journal of the European Union (O.J.E.U.).

Please note that the international accounting principles applied are consistent with those used for the Consolidated Financial Statements at December 31, 2014.

These consolidated financial statements are expressed in euros which is the functional currency based on the primary economic environment in which the Group companies operate. Unless otherwise indicated, all data presented in the notes to the financial statements are in euros.

The Group has elected to present the income statement according to the nature of the accounts, while the assets and liabilities in the balance sheet are classified as current or non-current. The cash flow statement has been prepared using the indirect method.

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures. The estimates and related assumptions are based on historical experience and other factors considered reasonable in the context of the applicable financial reporting framework, and have been used when the carrying amount of assets and liabilities cannot be readily determined from other sources. The actual results could differ from those expressed or implied by the estimates and assumptions used. The estimates and underlying assumptions are reviewed periodically and the effects of any changes affecting the current period are reflected in the income statement. In the event that the revision affects both current and future periods, the change is recognized in the period in which the revision is made and in future years.

The actual results may differ, even materially, from the estimates as a result of possible changes in the factors considered in determining the estimates.

These consolidated financial statements were approved by the Company's board of directors on March 31, 2015.

RECENTLY ISSUED ACCOUNTING STANDARDS

At the date of preparation of this report, the European Commission has endorsed certain standards and interpretations that are not compulsory which will be applied by the Group in the following financial periods. The main amendments and potential effects for the Group are summarised below:

IFRS - IFRIC interpretation		Effects for the Group
<ul style="list-style-type: none"> • IFRS 2 • IFRS 3 • IFRS 8 • IAS 16 • IAS 24 • IAS 38 • IFRS 5 • IFRS 7 • IAS 19 • IAS 34 	<ul style="list-style-type: none"> • Share-based payment • Business combinations • Operating segments • Property, plant and equipment • Related party disclosures • Intangible assets • Non-current assets held for sale and discontinued operations • Financial instruments: disclosures • Employee benefits • Interim financial reporting 	<p>The improvement processes of 2010-2012 and 2012-2014 envisaged some improvements to the mentioned standards.</p> <p>No significant effects are forecast for the Group.</p> <p>The Group will apply such changes as from 1 January 2016.</p>
IFRS 11 <i>amendment</i>	Accounting for acquisitions of interests in joint operations	<p>The amendments regulate the accounting for the acquisitions of interests in joint operations, conforming it to the recognition envisaged for business combinations. No significant effects are forecast for the Group.</p> <p>The Group will apply such changes as from 1 January 2016.</p>
IAS 16 <i>amendment</i> and IAS 38 <i>amendment</i>	Property, Plant and Equipment and Intangible Assets	<p>The amendments clarify that the use of revenue-based methods is not appropriate to calculate the depreciation of an asset. The effect on the Group deriving from the application of such standard is currently under discussion.</p> <p>The Group will apply this standard as from 1 January 2016.</p>
IAS 1 <i>amendment</i>	Disclosure initiative	<p>The amendments to the standard are mainly aimed at clarifying the presentation of the items related to other comprehensive income, simplifying the distinction between other comprehensive income and the share of other comprehensive income of equity-accounted associates and joint ventures.</p> <p>The Group will apply this standard as from 1 January 2016.</p>

IFRS 9	Financial instruments	<p>The standard significantly amends the accounting treatment of financial instruments and in its final version, will replace IAS 39. At present, the IASB has modified the requirements for the classification and measurement of financial assets that are currently in the scope of IAS 39 and has published a document on the principles for the measurement of financial instruments at amortised cost and for recognising impairment, if any. The new overall approach to financial instruments is currently under discussion by the various competent bodies and for the time being the date of adoption is not foreseeable.</p> <p>The effect on the Group deriving from the application of such standard is currently under analysis.</p> <p>The current version of IFRS 9 will be applicable, subject to the endorsement by the European Union, as from 1 January 2018.</p>
IFRS 15	Revenue from contracts with customers	<p>The standard redefines how to account for revenue, which shall be recognised when the control of goods and services is transferred to customers, and envisages additional disclosures to be provided. The effect on the Group deriving from the application of such standard is currently under analysis. The Group will apply this standard as from 1 January 2018.</p>

SIGNIFICANT ASSUMPTIONS IN DETERMINING CONTROL IN ACCORDANCE WITH IFRS 10

IFRS 10 provides a new definition of control: an entity controls an investee when it is exposed, or has rights, to the investee's returns from the entity's involvement and has the ability to affect those returns through its power over the investee. With regard to this principle it is worth noting that the Italeaf Group fully consolidates the TerniEnergia Group, even though it does not hold the majority interest; more specifically, Italeaf holds 46.99% of the share capital of TerniEnergia, but it has concurrently the power to direct the investee company's relevant decisions, it is exposed to the investee's future performance and it can use its power to influence the investee's performance.

SCOPE OF CONSOLIDATION

The consolidated financial statements of Italeaf Group at December 31, 2015 include the financial statements of the parent company, Italeaf S.p.A., and the financial statements of all the companies which the parent directly or indirectly controls.

The following table lists the entities included in the consolidation, and the respective percentage held directly or indirectly by the Group at December 31, 2015:

LIST OF COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS:

Company	Location	% of Held by the Group	
		Direct	Indirect
Skyrobotic S.p.A.	Narni - Via dello Stabilimento, 1	66%	
WiSave S.r.l.	Narni - Via dello Stabilimento, 1	51%	
Italeaf UK L.t.d.	1, Cornhill EC3V 3ND - London	100%	
Italeaf HK L.t.d.	Unit 905-6, 9th Floor, Fook Yip Building - 53-57 Kwai Fung Crescent, Kwai Chung - N.T. Hong Kong S.A.R.- Hong Kong	100%	
TerniEnergia S.p.A.	Narni - Via dello Stabilimento, 1	46.99%	
List of Ternienergia subsidiaries			
Greenled Industry S.p.A.	Narni - Via dello Stabilimento, 1		100%
Capital Energy S.r.l.	Nardò- Via Don Milani, n.4		100%
Newcoenergy S.r.l.	Nardò- Via Don Milani, n.4		100%
Capital Solar S.r.l.	Nardò- Via Don Milani, n.4		100%
MeetSolar S.r.l.	Nardò- Via Don Milani, n.4		100%
Festina S.r.l.	Terni - Via Garibaldi n.43		100%
Energia Basilicata S.r.l.	Nardò- Via Don Milani, n.4		100%
Energia Lucana S.r.l.	Nardò- Via Don Milani, n.4		100%
Energia Nuova S.r.l.	Nardò- Via Don Milani, n.4		100%
Verde Energia S.r.l.	Nardò- Via Don Milani, n.4		100%
Rinnova S.r.l.	Nardò- Via Don Milani, n.4		100%
Soc. Agric. Fotosolara Cheremule S.r.l.	Narni - Via dello Stabilimento, 1		100%
Soc. Agricola Fotosolara Ittireddu S.r.l.	Narni - Via dello Stabilimento, 1		100%
T.e.c.i. costruzioni & ingegneria S.r.l.	Gioia del Colle - Via Giosuè Carducci n. 122		100%
Meet Green Italia S.r.l.	Nardò- Via Don Milani, n.4		100%
LyteEnergy S.r.l.	Narni - Via dello Stabilimento, 1		70%
Soc. Agricola Padria S.r.l.	Narni - Via dello Stabilimento, 1		100%
TerniEnergia. Hellas M.EPE.	Atene - 52, Akadimiasstreet		100%
TerniEnergia Polska Zoo	Varsavia - Sw. Krolewska 16, 00-103		100%
Tevasa L.t.d.	Cape Town, 1 Waterhouse Place, Century City, 7441		100%
IGreen Patrol S.r.l.	Narni - Via dello Stabilimento, 1		100%
Alchimia Energy 3 S.r.l.	Narni - Via dello Stabilimento, 1		100%
TerniEnergia Romania Srl	Str. Popa Petre 5 - Bucarest		100%
TerniEnergia Solar South Africa L.t.d.	Woodstok, De Boulevard searle street		80%
TerniEnergia Project L.t.d.	Woodstok, De Boulevard searle street		80%
GreenAsm S.r.l.	Narni - Via dello Stabilimento, 1		50%
SolarEnergy S.r.l.	Narni - Via dello Stabilimento, 1		100%
Companies full consolidated for the first time in 2015			
TerniEnergia Gas&Power SpA	Milano - Corso Vittorio Emanuele II, 13		100%
Companies eliminated from the full consolidation during the year 2015			
Investimenti Infrastrutture S.r.l.	Nardò- Via Don Milani, n.4		100%
Soc. Agric. Fotosolara Bonannaro S.r.l.	Narni - Via dello Stabilimento, 1		100%
Soc. Agricola Fotosolara Oristano S.r.l.	Narni - Via dello Stabilimento, 1		100%
Lucos Alternative Energies S.p.A. (*)	Narni - Via dello Stabilimento, 1		100%
Infocaciucci S.r.l.	Narni - Via dello Stabilimento, 1		69.5%
Free Energia SpA	Roma- Via della Conciliazione, 44		97.6%
Feed S.r.l.	Roma - Via Giacomo Peroni, 400/402		55%
Enersoft S.r.l.	Roma - Via Giacomo Peroni, 400/402		80%

(*) Lucos Alternative Energies was merged in TerniEnergia

LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:

Company	Location	% of Held by the Group	
		Direct	Indirect
List of TerniEnergia Joint Ventures			
Energia Alternativa S.r.l.	Narni - Via dello Stabilimento, 1		50%
Solter S.r.l.	Narni - Via dello Stabilimento, 1		50%
Girasole S.r.l.	Narni - Via dello Stabilimento, 1		50%
Guglionesi S.r.l.	Narni - Via dello Stabilimento, 1		50%
Companies previously consolidated with the equity method and eliminated from the consolidation in 2014			
D.T. S.r.l.	Narni - Via dello Stabilimento, 1		50%
Saim Energy 2 S.r.l.	Narni - Via dello Stabilimento, 1		50%
New companies consolidated using the equity method 2015			
Investimenti Infrastrutture S.r.l.	Nardò- Via Don Milani, n.4		50%
Soc. Agric. Fotosolara Bonannaro S.r.l.	Narni - Via dello Stabilimento, 1		50%
Soc. Agricola Fotosolara Oristano S.r.l.	Narni - Via dello Stabilimento, 1		50%
Infocaciucci S.r.l.	Narni - Via dello Stabilimento, 1		50%

For companies with financial years that do not coincide with the calendar year, the financial statements used were annual financial statements that match the Group's financial year, approved by the respective Boards of Directors. The subsidiaries are consolidated line by line; the assets and liabilities, revenues and expenses of the consolidated companies are recognized in the consolidated financial statements at their full value. The carrying amount of equity investments is eliminated by offsetting it against the underlying interest in the respective shareholders' equity, and the individual assets and liabilities and contingent liabilities are measured at their fair value at the date when control of the investee company was established. Any residual value, if positive, is recognized as a non-current asset and posted to "Goodwill". If control is acquired in multiple steps, the entire interest held must be remeasured at fair value; transactions executed with minority shareholders subsequent to the acquisition of control, if control is maintained, are recognized in equity; the acquisition costs incurred are immediately recognized in profit or loss, as is any changes in contingent consideration.

The shareholders' equity and profit or loss amounts attributable to minority shareholders are shown separately in the balance sheet, income statement and comprehensive income statement, respectively.

Payables and receivables, expenses and revenues that arise from transactions between companies included in the scope of consolidation are eliminated. Gains resulting from transactions between the abovementioned companies and reflected in items still included in the shareholders' equity attributable to Parent Company shareholders are eliminated.

Investee companies cease to be consolidated from the date when control is transferred to a third party; the sale of an equity interest that causes loss of control results in the recognition in the income statement of (i) any gain or loss determined as the difference between the proceeds from the sale and the corresponding pro rata interest in the shareholders' equity of the investee sold to a third party; (ii) any result attributable to the divested company carried among the other components of comprehensive income that can be reclassified into profit or loss; and (iii) the result from the adjustment to fair value, measured on the date of the loss of control, of any minority interest retained by Italeaf.

Companies managed through contractual agreements, pursuant to which two or more parties who share control through unanimous consent have the power to direct relevant decisions and govern exposure to future variable returns, that qualify as joint operations are recognized by the proportional method directly in the separate financial statements of the entities that are parties to the agreements. In addition to recognizing the attributable share of assets and liabilities, expenses and revenues, the corresponding obligations must also be evaluated. Other interests in joint ventures and affiliated companies over which a significant influence can be exercised, but which do not qualify as joint operations, are valued by the equity method, pursuant to which the carrying amount of the equity investments must be adjusted to take into account the investor company's pro rata interest in the profit or loss for the year of the investee company and any dividends it may have distributed.

TREATMENT OF FOREIGN CURRENCY TRANSACTIONS

TRANSACTIONS IN FOREIGN CURRENCY

Transactions in foreign currencies are translated into the functional currency of each entity in the Group at the exchange rate in effect on the transaction date. Monetary items in foreign currencies at the reporting date are converted into the functional currency using the exchange rate at that date. Gains or losses on foreign exchange of a

monetary item are represented by the difference between amortized cost in the functional currency at the beginning of the year, adjusted to reflect the effective interest and payments for the year, and the amortized cost in foreign currency translated recorded at the exchange rate at the date of the Budget. Exchange differences arising on translation are recognized in the income statement.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations are translated into euros using the exchange rate prevailing at the date of the financial statements. For practical reasons, the income and expenses of foreign operations are converted into euros at the average exchange rate for the year, as long as no significant differences exist with respect to conversion at the exchange rates prevailing as of the date of the individual transactions.

The exchange differences arising on translation are recognized directly in equity in the "Translation reserve". In the event of the partial or total disposal of a foreign operation, the amount of the differences accumulated in the translation reserve is recognized in the income statement.

Foreign-exchange gains and losses arising from translations of receivables or payables with foreign operations, whose collection or payment is neither planned nor likely in the foreseeable future, are considered part of the net investment in a foreign operation and are recognized directly in equity in the reserve.

VALUATION CRITERIA

The principal accounting policies adopted are described below:

INTANGIBLE ASSETS

Intangible assets consist of non-monetary assets without physical substance, clearly identifiable and capable of generating future economic benefits. These assets are recorded at the cost of purchase, production or contribution, including any additional charges and expenses directly attributable to preparing the asset for its intended use, net of accumulated amortization and any impairment losses. Amortization begins when the asset is available for use and is charged on a straight-line basis over the estimated useful life of the asset.

CONCESSIONS AND OTHER INTANGIBLE ASSETS

For licenses, patents and other intangible assets the amortization is calculated with the linear method in order to allocate the cost incurred for the acquisition of the right in the shorter of the expected use and the duration of its contracts starting from the moment in which the right may be exercised and is generally included in a period between 3 and 5 years.

This item also classified the costs of administrative rights already obtained or still in progress for the construction of photovoltaic systems, acquired through its subsidiaries. These activities are not subject to amortization, as long as they are not used for the construction of photovoltaic plant.

Goodwill recognized as an intangible asset is connected to the operations of a business combination and represents the difference between the cost incurred for the acquisition of a company or a business unit and the sum of the values assigned on the basis of the current values the time of acquisition, to the individual assets and liabilities comprising the share of the company or business unit. Having an indefinite useful life, goodwill is not subject to amortization but are tested for impairment at least annually, unless the market indicators and management identified by the Group that goodwill should be tested for impairment in the preparation of interim financial statements. For the purposes of the impairment test, goodwill is allocated to individual cash -generating units (CGU), ie the smallest financially independent business units through which the Group operates in different market segments. Goodwill related to the acquisition of consolidated companies is recognized under intangible assets. Goodwill related to associated companies or subsidiaries is included in the value of investments.

GOODWILL

Goodwill and other intangible assets with indefinite useful lives are not amortized, but the recoverability of their carrying amounts is tested annually (impairment test) for each Cash Generating Unit (CGU) or group of CGUs to which assets with indefinite lives can reasonably be allocated. The impairment test is described below under "Impairment of Assets". Concerning the goodwill, writedowns cannot be reversed in subsequent periods.

TANGIBLE ASSET

Tangible fixed assets are valued at cost of acquisition or production or contribution, including any additional charges and expenses directly attributable to preparing the asset for its intended use, less accumulated depreciation and any impairment losses. The cost includes expenditure directly incurred to prepare the assets for their use.

The expenses incurred for the maintenance and repair costs and/or cyclic are charged directly to the income statement in the period in which they are incurred. The capitalization of costs related to the expansion, modernization or improvement of facilities owned or leased by the Group is carried out to the extent that they meet the requirements for being classified separately as an asset or part of an asset, applying the component approach, according to which each component with an independent assessment of the useful life and its value must be treated individually.

Depreciation is charged on a straight-line basis at rates designed to write off assets to the end of its useful life. The estimated life of the Company for the various categories of tangible fixed assets is as follows:

Description	Period
Plant and machinery	12 years
Industrial equipment and Trade	7 years
Photovoltaic Plants	20 years
Other goods	4 - 10 years

LEASED ASSETS

FINANCIAL LEASES

At the date of initial recognition, the lessee books the asset as part of fixed assets and a financial liability for the value equal to the lower of (i) the fair value of the asset and (ii) the present value of minimum lease payments at the date of inception of the lease, using the interest rate implicit in the lease or the marginal rate of interest of the loan. Subsequently, the income statement is charged for the depreciation of the assets and the finance charges in relation to the financial liability.

OPERATING LEASES

Rental income or expenses relating to operating leases are recognized in the income statement on a straight-line basis in relation to the duration of the contract.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At each balance sheet date, intangible assets with defined useful life are analyzed in order to identify whether there are any indicators, originating from external sources within the Group, of reduction in the value of the same. In cases when it is identified the presence of such indicators, the Company estimates the recoverable amount of these assets, recording any impairment with respect to its book value in the income statement. The recoverable amount of an asset is the greater of its fair value (fair value) less costs to sell and its value in use, the present value of estimated future cash flows of the asset. In determining the value in use, the estimated future cash flows are discounted using a discount rate that reflects the current market evaluation of the cost of the money considered at the time of the investment and to specific risk of the activity.

For an asset that does not generate largely independent cash flows, the value in use is determined based on the cash-generating unit to which the asset belongs. An impairment loss is recognized in the income statement whenever the carrying amount of the asset or of the cash-generating unit to which it is allocated, is higher than the value recoverable.

If the conditions for a prior impairment cease to be present, the accounting value of the asset, other than goodwill, is restored to the income statement, within the limit of the book value that the asset would have had if it had not been written down and depreciated.

TRADE RECEIVABLES AND OTHER CURRENT ACTIVITIES

The trade receivables and other current activities are evaluated at their first registration at fair value. In subsequent periods, these activities are evaluated at the amortized cost using the effective interest rate method.

If there is objective evidence of element indicating a reduction of the value, the activity is reduced in order to result equal to the discounted value of the cash flows that can be obtained in the future. The impairment losses are recognized in the income statement. If in subsequent periods the reasons for the write-down cease to be present, the value of the activities is reinstated.

INVENTORIES

The inventories are valued at the lower of acquisition cost or production cost and net realizable value is the amount that an enterprise expects to obtain from their sale in the ordinary course of business, net of selling costs. The cost of

inventories of raw, ancillary and consumable materials and finished products and goods is determined using the weighted average cost method.

The cost of finished goods and semi-finished goods includes the cost of design, raw materials, direct labor and other production costs (based on normal operating capacity). The financial costs are not included in the valuation of the inventories.

The inventory also includes some of the products being processed, the value of all PV installations in progress or already completed, in relation to which at the reference date of the financial statements all the conditions accounting for the detection of corresponding revenue from the sale have not matured yet.

NON-CURRENT ACTIVITIES DESTINED TO SALE, GROUPS UNDER DISPOSAL AND OPERATIVE ACTIVITIES TERMINATED - IFRS 5

The non-current activities destined to the sale, the groups under dismissal and the operative activities terminated whose accounting values will be recovered principally through a sale transaction rather than through continuing use, are valued at the lower of their carrying amount and fair value less costs to sell. In particular, for a disposal group it is considered a whole of activities and liabilities directly related to the sale within a single transaction. The discontinued operations are, however, composed by a significant portion of the Group, such as, for example, a separate major line of business or geographical area of operations or a subsidiary acquired exclusively with a view to resale.

In accordance with IFRS, the data relating to non-current activities destined to the sale, disposal groups and operative activities terminated are presented in two specific items of the balance sheet: activities destined to the sale and liabilities directly associated with activities destined to the sale.

With exclusive reference to terminated operative activities, their net economic results during the sale process, capital gains/losses on the disposal itself and adapting their net book value to fair value are presented in the item "Depreciation, amortization and impairment losses" of which in the notes to the financial statements is given separate indication from the other components included therein.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid (convertible into cash within ninety days). The bank overdrafts are classified under "Current financial liabilities".

FINANCIAL RECEIVABLES

This category includes the activities not represented by derivative instruments and not listed in an active market, from which fixed or determinable payments are expected. Such activities are classified as current activities, except for the quotas with expiration of more than 12 months, which are included within the non-current activities.

EQUITY

SHARE CAPITAL

The share capital is composed by the capital subscribed and paid up by the Parent Company. The costs strictly attributable to the issuance of shares are classified as a reduction of the share capital when they are costs directly attributable to capital operations, net of deferred taxes.

OWN SHARES

They are recognized as a decrease in equity of the Group. Profits or losses for the purchase, sale, issuance or cancellation of own shares are not recognized in the income statements.

OTHER RESERVES

These include earnings from previous years for the portion not distributed or allocated to reserves (in the case of profits) or to be carried forward (in case of losses). The item includes, in addition, also includes transfers from other equity reserves when it releases the restrictions to which they were subjected, as well as the effects of the recognition of changes in accounting policies and errors.

DEBTS AND OTHER FINANCIAL LIABILITIES

The debts and the other financial liabilities are measured at the first registration at fair value. The initial value is then adjusted in order to take into account the repayments and amortization of the difference between the

reimbursement value and the initial value. The amortization is calculated on the basis of the effective interest rate represented by the rate that aligns, at the time of initial recognition, the present value of the cash flows associated with the liability and the initial carrying value (so-called amortized cost method).

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recognized when: (i) the Group has a current obligation, legal or implicit, arising from a past event, (ii) it is probable that the obligation will be onerous (iii) the amount of the obligation can be estimated reliably. The funds are recorded at the value of management's best estimate of the amount that the company would rationally pay to settle the obligation or to transfer it to third parties. Where the effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted. The funds are periodically updated to reflect changes in cost estimates, the timing and the discount rate.

PROVISION FOR EMPLOYEE BENEFITS (ITALIAN TFR)

In defined benefit plans, which include also the severance benefits payable to employees pursuant to article 2120 of the Civil Code, the amount of benefit to be paid to the employee can be quantified only after the termination of the employment relationship, and it is linked to one or more factors such as age, years of service and remuneration, and therefore its cost is charged to the income statement on the basis of actuarial calculations. The liability recognized in the balance sheet for defined benefit plans is the present value of the obligation at the balance sheet date. The obligations for defined benefit plans are determined annually by an independent actuary using the projected unit credit method. The present value of the defined benefit plan is determined by discounting future cash flows discounted at an interest rate equal to that of bonds (treasury/government bonds) issued in Euro and which takes into account the duration of the pension plan.

Gains and losses arising from these adjustments and changes in actuarial assumptions are charged from the year 2014, with retroactive effect to equity. From 1 January 2007, the 2007 Finance Act and related decrees introduced significant changes to the TFR, including the right of employees to decide the destination of their future benefits. In particular, the new TFR flows may be directed to pension funds or kept on the farm. In the case of allocation to pension external, the company is subject only to the payment of a defined contribution to the fund chosen, and from that date the new shares have matured nature of defined contribution plan is not subject to actuarial valuation.

REVENUE RECOGNITION

Revenues and other income are recognized at fair value of the sales, net of discounts, allowances and rebates and taxes directly related to the provision of services.

The item reports the revenues from the sale of photovoltaic systems, which are recognized when the Company has transferred the significant risks and rewards of ownership of assets, and the company has ceased to exercise control over the transferred activities.

Revenues from services are recognized when it can be reliably estimated with reference to the stage of completion at the balance sheet date.

Revenues related to energy efficiency in public and/or private respectively fall within the scope of IFRIC 12 and IFRIC 4. These types of contracts are made up of two elements:

- The first part of a contract (the task efficiency) originates, in turn, two types of revenue :
 - The first is equal to the fair value of the canon of energy efficiency (calculated as the present value of expected cash flows using market parameters faced by municipalities to achieve medium to long term).
 - The second, caused by the apparent misalignment between the time of the incurrence of costs for carrying out the activity and the recovery in fifteen years (or for the period of contract duration) of its revenue each year generates a financial asset. Such a financial asset and the related economic components operational and financial fifteen years are determined adherence to what is described in the document " Application no. 3 CIU - IFRIC 12 Service Concession Arrangements " in the paragraph relating to the financial asset model and in accordance with the combined provisions of IAS 17 and IFRIC 4 for contracts with private parties.
 - The second element (the maintenance) is reflected in the accounts (in accordance with IAS 18), for expertise gained.

RECOGNITION OF COSTS

Expenses are recognized when they are related goods and services purchased or consumed in the period in which they are incurred or when there is no future utility of the same.

FINANCIAL CHARGES

Financial costs that are directly attributable to the acquisition, construction or production of an asset that qualify for capitalization are capitalized as part of the cost of the asset. Capitalisation ceases when the asset is ready for its intended use or sale. Interest expense is recognized based on the effective interest method. Other financial costs are charged to the income statement on an accruals basis.

FINANCIAL INCOME

Interest incomes are recognized in the income statement on an accrual basis and are recorded at the amount of the effective.

DIVIDENDS

Dividends are recognized when the shareholders' right to receive payment is normally the approval of the distribution of dividends. The distribution of dividends to the shareholders of Italeaf is recorded as a liability in the period in which the distribution is approved by the shareholders.

TAXES

The current taxes are calculated based on the taxable income for the year, using tax rates in force at the balance sheet date.

Deferred and anticipated taxes are calculated in respect of all temporary differences arising between the tax base of an asset or liability and its carrying value. The anticipated taxes, including those related to tax loss carry forwards, to the extent not offset by deferred taxes are recognized to the extent that it is probable that future taxable profit will be available against which they can be recovered. Deferred and anticipated taxes are measured using the tax rates that are expected to apply in the periods in which the temporary differences will be realized or settled.

The tax currently payable, deferred and anticipated are recognized in the income statement, except for those relating to items charged or credited directly to equity, in which case the tax effect is recognized directly in equity. The current, deferred and anticipated taxes are offset when there is a legally enforceable right to compensation and it is possible to settle on a net basis.

CONVERSION OF ITEMS IN FOREIGN CURRENCY

Items expressed in a currency other than the functional currency (cash, assets and liabilities to be received or paid in fixed or determinable amounts of money, etc..) and non-monetary (advances to suppliers of goods and/or services, goodwill, intangible assets, etc..) are initially recorded at the rates prevailing on the date on which the transaction takes place. Subsequently, monetary items are converted into the functional currency using the exchange rates at the reporting date, and differences arising on conversion are recognized in the income statement. Non-monetary items are carried at the exchange rate on the transaction, except in the case of persistently unfavorable exchange rate of reference, in which case the exchange differences are recognized in the income statement.

PROFIT FOR SHARE

BASIC

Basic profit for share is calculated by dividing the net income of the Company by the weighted average number of ordinary shares outstanding during the year, excluding own shares.

DILUTED

For the purpose of calculating the diluted profit for share, the weighted average number of shares outstanding is adjusted assuming the exercise by all owners of rights having potential dilutive effect, while the net profit of the Company is adjusted to take into account any effects, net of taxes, of exercising those rights. The diluted profit for share is not calculated in case of losses, as any dilutive effect would determine an improvement in the profit for share.

USE OF ESTIMATES

The preparation of financial statements in conformity with IFRS requires the execution of estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosures, as well as on the assets and liabilities at the date of the financial statements. The estimates and associated assumptions are based on historical experience and other factors considered reasonable in the circumstances and are adopted when the accounting value of assets and liabilities is not easily inferable from other sources. The actual results could differ from such estimates. Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement if they involve only that year. In the event that the revision affects both current and future periods, the change is recognized in the period in which the revision is made and in future years.

It is believed that certain accounting standards are particularly important for understanding the financial statements and for this purpose, below, shows the main items affected by the use of estimates and the main assumptions used by management in the evaluation process of these items, in accordance with the above-mentioned international accounting standards. The critical element of such estimates is, in fact, the use of assumptions and/or professional judgments about matters that are inherently uncertain.

The changes in the conditions underlying the assumptions and judgments could have a significant impact on future results.

FUTURE RECOVERY OF DEFERRED TAX ASSETS

The financial statements include anticipated taxes for an amount whose recovery in future years is considered by the management as highly probable. The recoverability of such anticipated taxes is subject to the achievement of future sufficiently large profits.

The assessment of recoverability takes into account the estimate of future taxable income and is based on prudent tax planning; however, when it is ascertained that the Group is not able to recover in future years, all or part of such anticipated taxes, the consequent adjustment would be charged to the income statement in the year in which this circumstance arises.

PROVISION FOR BAD DEBTS

The fund depreciation of credits reflects the management's estimate of losses inherent to the portfolio of credits towards the final customers and towards the sales network. The estimate of the fund depreciation of credits is based on losses expected by the Group, calculated on past experience with similar receivables, current and historical past, losses and collections, and the monitoring of credit quality and projections about economic conditions and market. The extension and possible deterioration of the economic and financial crisis could cause a further deterioration in the financial condition of the debtors of the Group with respect to that already taken into account in calculating the funds registered in the financial statements.

PROVISION FOR EMPLOYEE BENEFITS (INDEMNITY)

The calculations of the costs and liabilities associated with defined benefit plans which include also the severance benefits payable to employees pursuant to article 2120 of the Civil Code are based on estimates made by consulting actuaries, using a combination of factors statistical and actuarial, including statistical data on past years and forecasts of future costs. They are also considered as components of estimated mortality rates and withdrawal assumptions concerning future developments in discount rates, rates of wage growth, as well as the trends in the costs of health care. These estimates can differ significantly from actual results, the effect of the evolution of economic conditions and market, increases/reductions in withdrawal rates and the duration of life of the participants, as well as changes in the actual costs of healthcare. Such differences can have a significant impact on the quantification of pension costs and other related expenses.

RECOVERABLE AMOUNT OF NON-CURRENT ACTIVITIES

The non-current activities include the real estate properties, plant and equipment, intangible assets (in particular, the value of permits), investments and other financial activities. The management periodically reviews the accounting value of non-current activities held and used and of the activities to be disposed of when events and circumstances require such review. This activity is performed using estimates of future cash flows expected from the use or sale of the property and a suitable discount rate to calculate the present value. When the accounting value of non-current activities have suffered an impairment loss, the Group recognizes an impairment loss for the amount by which the carrying amount of the asset exceeds its recoverable amount through use or sale, as determined with reference to the most recent business plans.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used with the intention of hedging in order to reduce the interest rate risk and changes in market prices. In accordance with IAS 39, derivative financial instruments can be recorded in accordance with the procedures established for hedge accounting only when, at the beginning of the hedge there is formal designation and documentation of the hedging relationship, it is assumed that the hedge is highly effective, its effectiveness can be reliably measured and the hedge is highly effective throughout the financial reporting periods for which it is designated.

All derivative financial instruments are measured at fair value in accordance with IAS 39. When financial instruments have the characteristics to be accounted for under hedge accounting, the following accounting treatment applies :

Fair value hedge - Where a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of an asset or a liability attributable to a particular risk and could affect profit or loss, the gain or loss arising from remeasurement of the fair value of the hedging instrument are recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement.

Cash flow hedge - Where a derivative financial instrument is designated as a hedge of the exposure to variability in future cash flows of an asset or liability recognized in the balance sheet or highly probable forecast transaction and could affect profit or loss, the effective portion of the gain or loss on the derivative financial instrument is recognized directly in equity. The gain or loss is removed from equity and recognized in the income statement in the period in which it is detected the relative economic effect of the hedged transaction. The gain or loss associated with a hedge (or part of a hedge) has become ineffective is recognized in the income statement immediately. If a hedging instrument or hedge relationship is terminated but the hedged transaction has not yet been realized, the gains and losses accrued up to the time recorded in equity are recognized in the income statement in connection with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer expected to occur, the cumulative gains or losses not yet realized in equity is recognized immediately in the income statement.

If hedge accounting cannot be applied, the gains or losses arising from the fair value of derivative financial instruments are recognized immediately in the income statement. The financial assets and liabilities measured at fair value are classified into three hierarchical levels described below, according to the relevance of the information (input) used in determining the fair value.

In particular :

Level 1: this level are classified as current assets/liabilities for which the fair value is determined based on quoted prices (unadjusted) in active markets for identical assets or liabilities ;

Level 2: this level are classified as current assets/liabilities for which the fair value is determined based on inputs other than quoted prices included within Level 1 that, for these assets/liabilities are directly or indirectly observable in the market;

Level 3: This level is classified in current assets/liabilities for which the fair value is determined on the basis of non-observable market data.

COMMENTS ON THE MAIN BALANCE SHEET ASSET ITEMS

NON CURRENT ASSETS

1. INTANGIBLE ASSETS

The table below reports the analysis of changes relating to intangible assets as at December 31 2015, as at December 31 2014:

Intangible assets (in Euro)	Original Cost				Values as at 12.31.2015
	Values as at 12.31.2014	Increase	Decrease for Disposals	Writedowns/ Reclassification	
Software	1.448.753	310.810	(1.441.409)	0	318.154
Others	5.790.786	1.346.786	(1.736.929)	(72.158)	5.328.486
Building lease	331.452	0	0	(14.128)	317.324
Authorizations	10.957	0	0	0	10.957
Goodwill	11.390.544	145.600	(9.055.368)	0	2.480.775
Patents	616.450	0	0	0	616.450
Total	19.588.942	1.803.196	(12.233.707)	(86.286)	9.072.146

Intangible assets (in Euro)	Amortization and Writedowns			Values as at 12.31.2015
	Values as at 12.31.2014	Amortization	Writedowns/ Reclassification	
Software	638.445	99.103	(559.750)	177.798
Patents	202.450	43.597		246.047
Others	2.146.218	193.319	(483.751)	1.855.786
Total	2.987.113	336.019	(1.043.501)	2.279.631

Intangible assets	Net Values					
	As At December, 31 2014			As At December, 31 2015		
	Original Cost	Total Amortization	Net Values	Original Cost	Cumulative Amortization	Net Values
Software	1.448.753	(638.445)	810.308	318.154	(177.798)	140.356
Others	5.790.786	(2.146.218)	3.644.568	5.328.486	(1.855.786)	3.472.700
Building lease	331.452		331.452	317.324		317.324
Authorisations	10.957		10.957	10.957		10.957
Goodwill	11.390.544		11.390.544	2.480.775		2.480.775
Patents	616.450	(202.450)	414.000	616.450	(246.047)	370.403
Total	19.588.942	(2.987.113)	16.601.829	9.072.146	(2.279.631)	6.792.515

Intangible assets also include the goodwill in the amount of Euro 2,480,000, booked to the TerniEnergia financial statements, and mainly referring to the acquisition of control of Lucos Alternatives Energies S.p.A., a company active in the field of energy efficiency merged in TerniEnergia during 2015. The goodwill was booked on the basis of the synergies expected from the integration of TerniEnergia's and Lucos' activities. Since the asset has an indefinite useful life, it is not subject to amortization, but it is tested at least annually for impairment. At December 31, 2015, there were no indicators to suggest impairment of goodwill.

The decrease is due to the exit from scope of consolidation of Free Energia. In 2014 was booked a goodwill, amounting to Euro 9,055,000, relates to the acquisition of control in Free Energy S.p.A., a company active energy management, energy sales to large electricity customers, and implementation of software and services computing for energy.

GOODWILL IMPAIRMENT TEST - LUCOS ALTERNATIVES ENERGIES S.P.A.

The balance of goodwill was tested with respect to the individual cash-generating unit to which the goodwill refers. In particular, it was determined that the cash-generating unit:

- represents the lowest level within the enterprise to which the goodwill refers and is the basis for the purposes of internal monitoring and management control;
- is expected to realize the benefits of the synergies from the combination;
- could be represented at the reporting level by a set of clear, reliable and measurable flows.

In particular, the goodwill referenced above is as follows:

CGU - ENERGY EFFICIENCY	Euro/000 2015
Lucos Alternative Energies S.p.A.	2,335
Total Goodwill	2,335

The estimate of the recoverable amount of the CGU has been determined based on prudent criteria, in accordance with the provisions of IAS 36 and consistent with IFRS measurement practices. Specifically, the recoverable amount of the CGU was determined by discounting operating cash flows (DCF Model) extrapolated from the three-year financial plans drawn up and approved by the board of directors for the 2015-2017 period. The cash flow forecast was determined using the operating cash flow for the period, which was prepared on the basis of past results and future projections. The discount rate was determined on the basis of market's expectations about the value of money and the risks specific to the asset (Weighted Average Cost of Capital, WACC). The test showed that the recoverable amount of the CGU is higher than the net invested capital (including goodwill). Given the wide differential between the recoverable amount and net invested capital as shown by the impairment test, the detail of the related sensitivity analysis is not included in this report. It is nonetheless noted that the recoverable amount exceeds book value by 100% and the discount rate which would make the recoverable amount equal to book value is 8.5%.

Therefore, as a result of the impairment test, no adjustment of the value of goodwill is required.

2. TANGIBLE FIXED ASSETS

The table below reports the analysis of changes of "Net values" relating to tangible assets as at December 31, 2015, as at December 31 2014:

Property, plant and equipment (in Euro)	Values as at 12.31.2014	Increase	Original Cost		Values as at 12.31.2015
			Decrease for Disposals	Reclassification	
Land and buildings	25.725.014	63.260	0	0	25.788.274
Plant and machinery	94.170.367	2.569.706	(15.362.244)	6.408.708	87.786.537
Industrial equipment	1.199.717	45.599	0	0	1.245.316
Other assets	1.420.825	18.750	(112.244)	0	1.327.331
Construction in progress	18.379.161	3.255.318	0	(6.333.519)	15.300.960
Total	140.895.084	5.952.633	(15.474.488)	75.189	131.448.417

Property, plant and equipment (in Euro)	Values as at 12.31.2014	Depreciation and Other Changes			Values as at 12.31.2015
		Depreciation	Other Increase	Other Reclassification	
Land and buildings	2.193.143	361.242		0	2.554.385
Plant and machinery	18.958.885	3.659.969		(2.300.304)	20.318.550
Industrial equipment	782.296	113.978		0	896.274
Other assets	1.028.005	166.246		(22.606)	1.171.644
Total	22.962.329	4.301.435	0	(2.322.911)	24.940.853

Property, plant and equipment (in Euro)	Net Values					
	As At December, 31 2014			As At December, 31 2015		
	Original Cost	Accumulated Depreciation	Net Values	Original Cost	Accumulated Depreciation	Net Values
Land and buildings	25.725.014	(2.193.143)	23.531.871	25.788.274	(2.554.385)	23.233.889
Plant and machinery	94.170.367	(18.958.885)	75.211.482	87.786.537	(20.318.550)	67.467.987
Industrial equipment	1.199.717	(782.296)	417.421	1.245.316	(896.274)	349.042
Other assets	1.420.825	(1.028.005)	392.820	1.327.331	(1.171.644)	155.686
Construction in progress	18.379.161		18.379.161	15.300.960		15.300.960
Total	140.895.084	(22.962.329)	117.932.755	131.448.417	(24.940.853)	106.507.564

Land and buildings mainly refer to the value of the industrial site in Nera Montoro (with an area of 24 hectares) and incubator in Maratta, both owned by Italeaf S.p.A..

Investments in land and buildings also include the value of properties owned by the TerniEnergia Group, which consist of two industrial buildings at the Nera Montoro plant, as well as the value of land for the construction of a composting plant in the Province of Lecce.

Plant and machinery as at December 31, 2015 includes the value of photovoltaic plants with a total capacity of 13.2 MW, as well as the value of the end-of-life tyres plants, a biodigester plant and water treatment plants, all of which are located at the Nera Montoro industrial site. The decrease in the account balance during the year reflects the sale of 50% of the shares in the companies, Infocaciucci, Investimenti Infrastrutture, Soc. Agricola Fotosolara Bonnanaro and Soc. Agricola Fotosolara Oristano, owners of photovoltaic plants for a total of 3.3 MWp

Assets under construction in the amount of Euro 15,300,960 refer almost entirely to the subsidiary, TerniEnergia. Such investments cover:

- The installation of an aerobic biodigester and composting plant at Calimera (Lecce);
- A combined cycle electric power plant using pyro gasification of virgin wood chips, in Borgosesia (Vercelli); the plant was connected to the electricity grid in December 2012, and got a feed-in tariff of Euro 0.28 /kWh;

Finally, assets under construction include capitalized costs sustained by TerniEnergia in prior years for the development of an 18MWp wind farm in Stroncone. TerniEnergia is considering whether to develop the facility on its own or to sell the project to a third party should an interesting opportunity arise.

The reclassification made in in the assets under construction is due to the entry into operation of the second end-of-life tyres plant located in Borgo Val di Taro (PR).

3.EQUITY INVESTMENTS

The following table shows the balances of investments in joint ventures and investments carried with the equity method as at December 31, 2015 and December 31, 2014, along with the related changes:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Investments in JV	1,238,007	376,561	861,446	n.a.
Investments in Equity	6,392,694	11,346,350	(4,953,656)	(43.7)%
Total	7,630,702	11,722,911	(4,092,210)	(34.9)%

The joint ventures refer to investments in non-controlled companies, and mostly to equity investments in joint ventures held by TerniEnergia and active in the solar energy production. Equity investments include the Group's holdings in unlisted Italian banks (Veneto Banca e Banca Popolare di Vicenza). These investments were devalued as at December 31, 2015 for e total of Euro 2.286 million.

In order to provide more complete disclosure, the following table shows the aggregate net financial debt of each joint venture as at December 31, 2015:

	Energia Alternativa	Solter	Girasole	Guglionesi	Rebis Power	Investimenti Infrastrutture	Soc. Agric. Fotosolara Bonnanaro	Soc. Agric. Fotosolara Oristano	Infocaciucci	Opera Power	Total
Cash											
Bank account	1,030,685	93,258	137,690	35,444		24,406	36,220	43,800	18,867	32,135	1,452,505
Liquidity (A)	1,030,685	93,258	137,690	35,444		24,406	36,220	43,800	18,867	32,135	1,452,505
Current financial debts											
- loans	(988,334)		(340,000)								(1,328,334)
- sale and leaseback	(1,424,631)	(645,492)	(283,885)	(107,446)	(156,466)	(66,197)	(73,669)	(98,082)	(159,655)	(107,041)	(3,122,564)
- shareholder loan	(618,622)		(500,000)	(85,000)							(1,203,622)
- shareholder loan(TerniEnergia)		(314,084)	(438,939)	(85,000)					(4,019)		(842,042)
Non-Current financial debts											
- loans	(12,650,611)		(1,350,000)								(14,000,611)
- project financing											
- sale and leaseback	(21,468,114)	(9,615,338)	(4,601,423)	(2,091,046)	(2,198,225)	(1,097,494)	(1,749,916)	(2,329,818)	(2,180,170)	(1,790,905)	(49,122,449)
- shareholder loan			(479,891)	(267,752)							(747,643)
- shareholder loan(TerniEnergia)	(7,453,320)	(1,430,565)	(538,671)	(282,403)		(899,304)	(842,852)	(1,015,045)			(12,462,159)
Financial indebtedness (B)	(44,603,632)	(12,005,479)	(8,532,809)	(2,918,647)	(2,354,691)	(2,062,995)	(2,666,436)	(3,442,946)	(2,343,844)	(1,897,947)	(82,829,425)
Net Financial indebtedness (A+B)	(43,572,947)	(11,912,221)	(8,395,119)	(2,883,202)	(2,354,691)	(2,038,589)	(2,630,217)	(3,399,146)	(2,324,977)	(1,865,812)	(81,376,920)

4. DEFERRED TAX ASSETS

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related changes:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Deferred tax assets	14,489,978	16,263,520	(1,773,542)	(10.9)%
Total	14,489,978	16,263,520	(1,773,542)	(10.9)%

The deferred tax assets relates primarily to the Company TerniEnergia and TERNI Solarenergy. Deferred tax assets recognized during the year 2014 and related to tax losses, referring in part to the losses accrued by TerniEnergia and partly to the tax benefit recorded in the year 2014 due to the application of the so-called "Tremonti Ambientale" (tax benefit recognized to the companies that have invested in the construction of photovoltaic plants). These losses have been evaluated fully recoverable in view of the prospects and the Group's business plan.

5. NON CURRENT FINANCIAL RECEIVABLES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related changes:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Solter S.r.l.	1,445,909	1,716,153	(270,244)	(15.7)%
Infocaciucci S.r.l.	874,304		874,304	n.a.
Dt S.r.l.		375,422	(375,422)	(100.0)%
Soltarenti S.r.l.	1,477,513	1,061,562	415,951	39.2%
Energia Alternativa S.r.l.	7,903,521	8,899,087	(995,566)	(11.2)%
Fotosolare Settima S.r.l.	842,852		842,852	n.a.
Girasole S.r.l.	708,695	579,155	129,540	22.4%
Solaren S.r.l.	1,015,045		1,015,045	n.a.
Guglionesi S.r.l.	402,799	398,567	4,232	1.1%
Financial asset	8,173,942	6,481,307	1,692,635	26.1%
Security deposits	811,041	687,737	123,304	17.9%
Other receivables Financial		1,924,613	(1,924,613)	(100.0)%
				n.a.
Total	23,655,621	22,123,602	1,532,018	6.9%

The balance of non-current financial receivables mainly consists of amounts due from the TerniEnergia's joint ventures.

The financial assets in the amount of Euro 8,173,942 refer to loans receivable (application of IFRIC 12 and IFRIC 4) in relation to contracts for energy efficiency and interest-bearing loans granted to the joint ventures that are renewed automatically from year to year unless cancelled.

The security deposits refer to amounts deposited by the company owning photovoltaic systems, which are used to guarantee the lease contracts for the financing of the systems.

At December 31, 2015, a portion of the financial receivables due from a joint venture was classified among current assets, in consideration of the due date for payment, the liquidity in the joint venture and financial covenants. The financial assets referring to energy efficiency represent the fair value of the expected cash flows from energy efficiency activities carried out under contract with respect to a number of municipalities and industrial plants. The contracts provide for improving energy efficiency of public lighting systems, and the activities consist of planning, designing and maintaining equipment and services aimed at efficiency.

CURRENT ASSETS

6. INVENTORIES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related changes:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Raw materials	16,508,454	2,985,914	13,522,540	n.a.
Semifinished		70,407	(70,407)	(100.0)%
Finished Products	469,198	687,844	(218,646)	(31.8)%
Products in process	6,502,020	7,765,398	(1,263,379)	(16.3)%
Total	23,479,671	11,509,563	11,970,107	104.0%

The value of inventories at December 31, 2015 is almost entirely attributable to the subsidiary TerniEnergia. The increase compared with the previous year in the amount of Raw materials is mainly due to the inventory of the subsidiary TerniEnergia Project and relating to the work in progress in South Africa. On December 31, 2015 products in process mainly include the costs incurred for the design, development and construction of several power plants currently still in progress. The finished products on December 31, 2015 are mainly relate to the raw material derived secondly from the recovery of used tyres, as well as to the equipment "TR griddles" (apparatus for providing power to low voltage using a stand-alone photovoltaic energy and batteries) and "TR WOC" (sensor for the detection of weld defects real-time). For these products, the company is implementing a strategy aimed to expand the market abroad. The item raw material is referred mainly to various materials (structural and electrical) used for the construction of photovoltaic systems.

7. TRADE RECEIVABLES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Resceivables from customers	52,451,807	79,700,389	(27,248,581)	(34.2)%
Resceivables from joint venture	430,815	518,732	(87,917)	(16.9)%
Resceivables from affiliated companies	45,668	17,324	28,344	n.a.
Provision for doubtful	(726,972)	(1,038,622)	311,650	(30.0)%
Total	52,201,318	79,197,823	(26,996,505)	(34.1)%

Trade receivables amounted to Euro 52,201,318 as at December 31, 2015, with most of the balance due from customers. The Euro 38,207,819 receivables for invoices to be issued mainly refer to TerniEnergia Project and to the work in progress in South Africa.

Among the receivables included there is a credit recorded in the accounts of the subsidiary TerniEnergia, amounted approximately to 2.9 million euros, which is the remaining part of the consideration, originally amounted to 40 million euro, finalized through the sale in 2011 of two photovoltaic plants of total capacity of about 12 megawatts, currently in full operation. Although in December 2012 an agreement for the payment of the requested amount has been reached, the other party did not honor its obligations. Despite repeated attempts to close the issue as extra-judicial, the company was forced to start in August 2013 a legal action in order to recover the amount claimed. In particular TerniEnergia, with the assistance of its lawyers, considers as specious reasons to refuse the payment by the counterparty, under the light of the factual and legal elements, serious and concrete one, and therefore, until the date of the balance sheet, it is reasonable reason for believing not configurable a probable liability to be borne by the company.

The amount of trade receivables is adjusted by a provision for doubtful debts of Euro 726 thousand to cover the risk of default of certain receivables arising in previous years.

8. OTHER CURRENT ASSETS

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
VAT Credit	3,379,640	4,821,981	(1,442,341)	(29.9)%
Advances to suppliers	620,601		620,601	n.a
Prepayments	1,197,711	2,130,515	(932,804)	(43.8)%
Other credits	18,916,345	18,162,870	753,474	4.1%
Total	24,114,296	25,115,367	(1,001,071)	(4.0)%

Other credits mainly refer to the amount accrued for the sale of 50% shares of Solter and EnergiaAlternativa (Euro 7.47 million), and 45% of the company, Soltarenti S.r.l. (Euro 2.253 million); these receivables are to be settled in 2016.

9. DERIVATIVES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Derivatives		527,962	(527,962)	(100.0)%
Total		527,962	(527,962)	(100.0)%

The 2014 account was referring to commodity derivatives used for hedging Free Energia's energy management activity.

10. FINANCIAL RECEIVABLES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Financial receivables from joint venture	1,959,249	1,663,266	295,983	17.8%
Financial receivables from MPS	1,000,000	1,000,000		0.0%
Financial receivables from others	1,256,664	8,563,229	(7,306,565)	(85.3)%
Total	4,215,913	11,226,495	(7,010,582)	(62.4)%

Other financial receivables mainly refer to the value of receivables from Joint Venture held by the subsidiary, TerniEnergia, which are to be converted into cash in the short term. The balance also includes the value of securities held by TerniEnergia in Free Energia (Euro 1.1 million), sold in the month of February 2016.

11. CASH AND CASH EQUIVALENTS

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Banl accounts	12,488,162	14,931,158	(2,442,995)	(16.4)%
Cash	27,191	27,737	(546)	(2.0)%
Total	12,515,353	14,958,894	(2,443,541)	(16.3)%

Reference should be made to the Statement of Cash Flows for details of the change in the balance year on year.

12. ASSET HELD FOR SALE

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Asset for sale		180,783	(180,783)	n.a.
Total		180,783	(180,783)	n.a.

Assets held for sale was referring to two investments held by Feed (subsidiary of Free Energia).

COMMENTS ON THE PRINCIPAL LIABILITIES

13. EQUITY

As at December 31, 2015, the subscribed and paid share capital amounted to Euro 15,444,000 divided into 15,444,000 ordinary shares.

As at December 31, 2015, other reserves incorporate the decrease of the cash-flow hedge, which had a negative balance Euro 4,524,000 at the end of 2015. The reserve mainly reflects the negative fair value, offset by related tax effects, of derivatives booked by joint ventures and subsidiaries to hedge exposure to variability in cash flows, related to the fluctuation of interest rates on certain medium-/long-term loans. The derivative contracts meet the criteria set out by IFRS to classify for hedge accounting, and therefore the changes in the fair value of the derivatives are booked to a specific equity reserve (cash-flow hedge reserve) with regard to the effective portions of the derivatives.

The equity of minority interests refers mainly to the capital and reserves accruing to the minority shareholders of the Group, the TerniEnergia Group, Skyrobotic SpA and Wisave Srl.

As at December 31, 2015, the Company did not own any treasury shares.

14. PROVISION FOR RISKS AND CHARGES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Provision for risks and charges	43,086	43,086	-	-
Total Provision for Risk and charges	43,086	43,086	-	-

The provision related to tax assessment received by the Municipality of Narni regarding the tax on real estate property.

15. EMPLOYEE BENEFITS

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Provision for employee benefits	1,329,505	1,261,554	67,952	5.4%
Total	1,329,505	1,261,554	67,952	5.4%

16. DEFERRED TAXATION

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Deferred tax provision	7,286,282	8,585,996	(1,299,715)	(15.1)%
Total	7,286,282	8,585,996	(1,299,715)	(15.1)%

The balance of deferred tax liabilities referable to the TerniEnergia Group mainly relates to the recognition of deferred tax liabilities when certain subsidiaries initially adopted International Financial Reporting Standards (IFRS). The remainder of the balance mainly refers to parent company Italeaf S.p.A., and it reflects the recognition of deferred tax liabilities on revaluation of real estate (Nera Montoro plant) at the time of the Company's incorporation. The decrease compared with the previous year is mainly due to a one-off positive effect of Euro 0.8 million due to the adjustment of deferred tax liabilities as a result of the expected decrease in the IRES Corporate Tax Rate from 27.5% to 24% from January 1st 2017, as stated in the relevant fiscal legislation.

17. FINANCIAL NON CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Debts. due to financial leasing	21,723,638	31,639,315	(9,915,677)	(31.3)%
Other financial liabilities	1,650,704	2,168,619	(517,915)	(23.9)%
Non-current borrowings	38,662,951	40,007,336	(1,344,384)	(3.4)%
Bond	24,419,853	24,259,621	160,232	0.7%
Total	86,457,147	98,074,891	(11,617,743)	(11.8)%

Payables for financial leases, amounting to Euro 21,724 thousand, mainly relate to debts incurred to finance the plant properties of TerniEnergia Group. In particular, it comes to debt "non-recourse" relative to photovoltaic plants. The debt for lease also refers to the organic treatment plant (Organic Fraction Municipal Solid Waste) in Nera Montoro, as well as the End of Life Tyres plant in Nera Montoro. These loans do not include covenants and restrictions to the distribution of profits generated.

The item "Non-current borrowings" mainly includes the noncurrent portion of loans related to TerniEnergia Group's photovoltaic plants. The residual of the balance relates to corporate loans granted to TerniEnergia, made up mainly by the non-current portion of an unsecured loan of Euro 10 million for a period of 60 months, repayable in 20 quarterly installments and an unsecured loan of Euro 5 million duration of 60 months, repayable in one installment at maturity, both provided by Veneto Banca at the end of 2013.

The "Bond", refers to the bond issue by the TerniEnergia in February 2014. The bond issue, called "TernEnergia 2019," amounts to Euro 25 million, five-year fixed rate equal to the gross 6.875% annual coupon, and is negotiated at ExtraMOT PRO, the professional segment of the bond market, managed by the Italian Stock Exchange. The debt is shown net of issuance costs.

The non-current financial debts relates to the parent company Italeaf, as at December 2015, is around 5.6 million, and is composed by medium-term loans.

18. OTHER NON-CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Other non-current liabilities	50,000		50,000	n.a
Deferred Margins	197,492	153,192	44,300	28.9%
Total	247,492	153,192	94,300	61.6%

Other non-current liabilities reflect the long-term portion of deferred margins that were booked upon the elimination of investments in joint ventures in order to recognize the additional reduction generated from the equity method.

19. DERIVATIVES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Hedging Derivatives	3,251,759	4,371,326	(1,119,567)	(25.6)%
Total	3,251,759	4,371,326	(1,119,567)	(25.6)%

On December 31, 2015 the Group does not hold any derivative instruments listed. The fair value of not listed derivatives is measured by reference to financial valuation techniques: in particular, is calculated by discounting future cash flows according to the parameters of the market.

The item "Hedging derivatives", amounting to Euro 3,251 thousand, mainly refers to several derivative agreements IRS (Interest Rate Swap) to cover any fluctuations in interest rates on long-term contract for the financing of equipment property. These derivative contracts primarily relate to funding of the company Energia Alternativa Srl and TERNI SolarEnergy SRL, Solter S.r.l (TerniEnergia's subsidiaries).

20. TRADE PAYABLES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Due to suppliers	63,316,410	67,949,537	(4,633,127)	(7.3)%
Due to affiliated companies	187,535	33,316	154,219	82.2%
Due to Joint venture	413,980	153,004	260,976	63.0%
Total	63,917,925	68,135,857	(4,217,932)	(6.6)%

Trade payables amounted to Euro 63,917 thousand as at December 31, 2015 are referred to the supply of materials as well as the acquisition of goods and services. Trade payables include Euro 2,861 thousand of bills receivable as at December 31, 2015.

21. DEBT AND OTHER FINANCIAL LIABILITIES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Current bank debt (current account overdraft)	22,145,526	32,513,663	(10,368,137)	(31.9)%
Loans	7,998,644	13,919,271	(5,920,627)	(42.5)%
leasing	1,882,573	4,418,983	(2,536,410)	(57.4)%
Other financial liabilities	2,497,310	1,925,476	571,835	29.7%
Total	34,524,053	52,777,393	(18,253,340)	(34.6)%

Current financial liabilities mainly refer to payables to banks for overdrafts and advances against contracts and invoices, as well as the current maturities of leases and long-term debt which mainly refer to the subsidiary TerniEnergia.

Current financial payables also include outlays for some of the investments already made, or still under construction, and outlays for other investments that were not covered by specific medium-/long-term financing contracts as at December 31, 2015. The latter investments include the second treatment plant (end-of-life tyres plant) under construction; a pyro gasification plant connected to the grid in December 2012; and a composting plant under construction in Apulia (Italy).

The current financial liabilities of the parent company, Italeaf, amounted to approximately Euro 12.3 million as at December 31, 2015.

Italeaf S.p.A. has provided corporate guarantees in favor of the subsidiary TerniEnergia for a total amount of approximately Euro 53 million at the date of these financial statements.

22. TAX LIABILITIES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Direct Taxex	1,336,364	1,656,665	(320,300)	(19.3)%
Total	1,336,364	1,656,665	(320,300)	(19.3)%

The account balance mainly reflects direct taxes accrued on the results of the companies operating in South Africa (TerniEnergia's subsidiaries).

23. OTHER CURRENT LIABILITIES

The following table provides details of the account balance as at December 31, 2015 and December 31, 2014, respectively, and the related change:

<i>(in Euro)</i>	December 31, 2015	December 31, 2014	Change	Change %
Due to personnel	1,028,393	1,076,103	(47,709)	(4.4)%
Payables to social security institutions and welfare	554,887	475,058	79,829	16.8%
Other current liabilities	11,108,571	11,611,677	(503,106)	(4.3)%
Total	12,691,851	13,162,837	(470,987)	(3.6)%

The account includes payables to employees and social-welfare institutions.

COMMITMENTS AND GUARANTEES GIVEN

GUARANTEES

In some cases, customers of the TerniEnergia have funded the purchase of the photovoltaic system through lease agreements with leasing companies. For some of these customers, the Parent company has signed with the leasing company for a takeover agreement to the customer in the lease in the event of, and subordinate to, the failure by its customers. Customers are also involved in this case, to transfer to TerniEnergia the lease agreement and any debt outstanding at the date of transfer, if generated by power plant under contract.

TerniEnergia administrators believe that the probability of occurrence of transfer is extremely remote, since, in practice and with the exception of the initial maxi tranche of leasing contract. Whereas the existence of a maxi initial paid by the customer to the leasing company, the values in effect at time of a takeover, based on current development plans for the cash flows of photovoltaic systems affected, would see a future excess flows generated by energy production compared to outflows for royalties due.

On December 31, 2015, the residual customers' payables to leasing companies for which the above mentioned agreements were taken over total Euro 58.0 million, of which Euro 37.6 million for companies managed or owned by related parties (2.3 million for 100% controlled companies), Euro 17.5 million for joint ventures, Euro 1.9 for the parent company Italeaf, and Euro 18.2 million for other related parties ; the rest of the balance, equal to Euro 18.2 million relates to other third-party customers.

CONTINGENT LIABILITIES

DISPUTES, INVESTIGATIONS AND JUDICIAL PROCEEDINGS IN PROGRESS

On December 31, 2015 there were no legal or fiscal proceedings or disputes pending against Italeaf or other companies of the Group, except as outlined below.

DISPUTE WITH MILIS ENERGY SPA

The dispute covers Milis Energy's eviction of TerniEnergia, with regard to a photovoltaic plant on greenhouses in Sardinia in the Municipality of Milis. Milis Energy has asserted TerniEnergia S.p.A.'s default with respect to the construction of the plant and for this reason, it suspended the payment of approximately Euro 7 million, claiming the need to substitute bolts (allegedly deteriorated) in the amount of approximately Euro 50,000.

In virtue thereof, Milis Energy proceeded to evict TerniEnergia from the work site, with an act of eviction dated 17 July 2013.

TerniEnergia appealed to the Court of Oristano, obtaining an ordinance dated 4 February 2014, that declared the eviction was illegal, and that ordered Milis Energy to immediately allow TerniEnergia to take possession again of the works covered by the contract. Milis Energy filed an appeal against the ordinance, and such counter appeal was upheld by the Court of Oristano.

In relation to its credit claimed from the customer, TerniEnergia filed and obtained an injunction against Milis Energy S.p.A. for the amount due by Milis for the contract referenced above.

The Court of Milan sustained the appeal and issued the injunction that was served as required by law.

The counterparty appealed, and the first hearing was held on 27 May 2014, and at such time, the judge unsuccessfully attempted to get the parties to come to agreement. With the order of 17 September 2014, the Court of Milan ruled on

the request for provisional execution advanced by TerniEnergia, upholding the request for an amount of Euro 5,089,991.93, excluding interest, granting the provisional execution of the injunction to pay. The aforementioned sum was paid by the counterparty at the beginning of October 2014.

In addition, at the end of July 2014, a summons was filed with the Court of Milan, for the recovery of other amounts claimed from Milis Energy, that were not covered by the previous injunction. The summons covered a receivable related to a bonus (Euro 1,050,000) and a receivable related to the supply and installation of panels (Euro 1,038,000). In view of the foregoing and on the basis of the opinions of its legal counsel, the Company believes there are significant possibilities to recover all of the amounts claimed from Milis Energy.

DISPUTE WITH MADA S.R.L.

The dispute refers to the non-payment of a 997kWp photovoltaic power plant by the company, Mada S.r.l. As a result, after repeated requests for payment, TerniEnergia:

- proceeded to remove the photovoltaic panels and other removable materials from the work site (in conformity with the provisions in previous written agreements between the parties);
- filed for a summons with the Court of Terni, aimed at having the court ascertain the customer's material default, the contractual obligations assumed, and therefore, the termination of the contract pursuant to Article 1453 of the Civil Code, with the consequent sentencing of the customer to pay all damages suffered, quantified as Euro 1,046,890 (the loss of earnings equal to 30% of the contract price, whose total amount was Euro 3,489,640) or any greater or lesser sum as ascertained during the proceedings. The lawsuit was filed under R.G. 2005/11. As part of the proceedings, TerniEnergia was served an act to appoint an arbitrator and to apply for arbitration on 7 December 2011. TerniEnergia formally opposed the arbitration proceedings with an act served on 27 December 2011, when it also identified its own arbitrator if, in the unlikely event, the ordinary court were to be deemed not to have jurisdiction over the matter. As of the date of the preparation of these financial statements, an arbitration award had been made that rejected the Mada's request for compensation. With regard to the proceedings at the Court of Terni, the judge deferred any further action until 14 April 2014, so that he could procure the act of the arbitration award, including for the purpose of avoiding conflict between the parties involved in the judgment. The counterparty has contested the arbitration award at the Court of Appeals of Perugia. Considering the reasoning underlying the arbitration award and the reasoning for contesting it, the Company believes that there are no possibilities that the counterparty's appeal will be sustained by the Court of Appeals.

Accordingly, considering the risk inherent to any type of dispute and the assessment already presented by the legal counsel retained especially for the case, the parent company believes there are reasonable motives for an outcome in its favor in the aforementioned civil proceedings. On the basis of the facts set out above that were incorporated into the lawsuit promoted by the company, and considering the possibility of a settlement with the customer with the consequent conclusion of the work, a decision was made not to write down any of the residual costs (around Euro 0.4 million) not representative of removable material (panels, inverters, etc.) which are included products in process as at 31 December 2015.

DISPUTE WITH REGNI

The company is involved in two disputes with the heirs of Regni, which arose as a result of the failure by the heirs of Regni to grant a right of easement necessary for the passage of the cable duct of a photovoltaic system owned by the Group. The first dispute is pending with the Council of State, in the second degree of justice and concerns the opposition to the order issued by the Municipality of Perugia for the demolition and the restoration of part of the cable duct realized in absence of the act authorizing the land easement on which the cable duct has been placed. The second dispute was promoted by the company against the heirs of Regni at the Court of Perugia in order to obtain the concession of the electric power line easement, by virtue of the commitments contractually undertaken by the heirs of Regni, at the time when they assigned to TerniEnergia the photovoltaic plant project and the surface right related to the land on which the plant was to be realized.

With reference to the first dispute, the suspension of the effectiveness of the regional administrative court's sentence has been granted; the sentence authorized the demolition and the restoration; and the parties are now awaiting the scheduling of a hearing on the merits of the case. With reference to the second dispute, a deferral for negotiations has been ordered. In relation to the two cases, the heirs of Regni have submitted proposals for settlement. The negotiations are still in process. In the meantime, the judge has admitted the request for technical consultancy so as to ascertain that the original project, prepared by Mr. Regni, was deficient and flawed. At present, the technical consultancy ordered by the judge is in process with respect to the state of the locations and the project.

The company, including with the support of its legal counsel, believes it is reasonable to argue that there is currently no probable liability, nor are there any elements to suggest a loss of value on the equity investment in the company that owns the photovoltaic plant in question.

TAX DISPUTES AGAINST TERNIENERGIA - NOTICE OF ASSESSMENT "COSTS BLACKLIST"

TerniEnergia, on July 20, 2013 received a formal notice of assessment by the verifiers Fiscal Control Office in which it was acknowledged the presence of commercial relations in 2010 from TerniEnergia with companies located in countries with preferential taxation for the purchase of photovoltaic panels. Subsequently, on March 28, 2014, the Agenzia delle Entrate (Italian tax authority) served TerniEnergia a notice calling upon the Company to provide appropriate documentation to demonstrate either the two of exemption provided for in Article 110. The company produced the Office required documentation. On 13 February 2015, the Agenzia delle Entrate has drawn up for debate

with formalizing of the tests carried out on the documentation submitted by the company and felt very unsuitable to the showing of the exemption. The Company, subsequently, on 10 April 2015, has produced further documentation in the meantime found for the deduction of the costs in question. On June 3, 2015, the Tax Authority, deeming it unfit the copious documentation provided by the Company notified a notice of assessment with which ascertained a higher tax for Euro 1,886 thousand for alleged improper deduction of costs related to suppliers based in countries called. "Blacklist", and a penalty of € 1,886 thousand plus interest of law.

TerniEnergia Parent Company believes totally unfounded the evidence produced by the Inland Revenue in the assessment above in consideration of valid arguments and copious documentation at its disposal to bring in tax litigation.

TerniEnergia therefore, based on the foregoing and supported by opinions issued by its consultants, currently believes that the risk linked to the aforementioned situation is to be considered potential, and accordingly it has not made any risk provision to the financial statements as of September 30, 2015.

On January 26, 2016, the "Commissione Tributaria Provinciale" (the provincial tax commission) of Perugia issued a first instance judgment in favour of TerniEnergia.

COMMENTS ON THE MAIN INCOME STATEMENT ACCOUNTS

24. REVENUES

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Revenues Clean Technologies	9,258,716	7,602,761	1,655,955	21.8%
Revenues Technical services	109,458,954	25,586,793	83,872,162	n.a.
Revenues Energy Saving	2,777,434	1,730,544	1,046,890	60.5%
Revenues Energy Management	247,365,574	54,362,877	193,002,697	n.a.
Other Revenues	1,949,933	6,660,953	(4,711,020)	(70.7)%
Revenues Drones	535,635	208,929	326,706	n.a.
Total	371,346,247	96,152,856	275,193,390	n.a.

For the year ended December 31, 2015, the Group realized consolidated revenues from sales and services in the amount of Euro 371,346,247.

The TerniEnergia's Technical Service business line realized total revenues of Euro 109,458,954 in 2015, which were mainly represented by: Euro 102 million from the installation of photovoltaic plants, mainly related to work performed in South Africa on commission of a leading European utility; Euro 7 million from photovoltaic power generation, including from the production and sale of electricity from solar energy produced by photovoltaic plants owned by the Group.

The TerniEnergia's Cleantech business line generated total revenues of Euro 9,258,716 in 2015, which were mainly represented by revenues from the biodigestion and composting plant of Nera Montoro, by the activity of the end-of-life tyres treatment plant, and the management of the waste groundwater at the Nera Montoro facility.

Energy efficiency revenues amounting to Euro 2,777 million include revenues relating to some important energy-saving projects implemented during the year.

Revenues from the sale of drones are related to the revenue of Skyrobotic SpA.

25. CHANGES IN INVENTORIES OF SEMI-FINISHED PRODUCTS

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Finished Products	(152,716)	26,195	(178,910)	n.a.
Semifinished Products	26,348	65,878	(39,530)	
Products in process	(2,293,561)	1,620,014	(3,913,575)	n.a.
Total	(2,419,928)	1,712,087	(4,132,015)	n.a.

26. COSTS OF RAW MATERIALS, SUPPLIES AND GOODS

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Purchase of materials	92,944,297	3,310,771	89,633,526	n.a.
Materials consumption	434,390	41,224,020	(40,789,630)	(98.9)%
Fuels and lubricants	262,452	302,400	(39,948)	(13.2)%
Change in inventories of raw materials, consumables	(17,454,784)	(347,040)	(17,107,744)	n.a.
Purchase of Energie	105,463,747		105,463,747	n.a.
Total	181,650,101	44,490,150	137,159,951	n.a.

27. COSTS FOR SERVICES

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Outwork	2,723,567	1,666,937	1,056,630	38.8%
Consultancy and external collaborators	5,724,154	3,422,243	2,301,911	40.2%
Rental and hire	828,937	876,718	(47,781)	(5.8)%
Renting property	379,052	46,663	332,389	87.7%
Transport	409,450	11,377,136	(10,967,686)	n.a.
Services Energy/Gas	122,059,255		122,059,255	100.0%
Maintenance and repairs and assistance	1,197,912	723,301	474,611	39.6%
Supervision and Insurance	883,998	1,107,287	(223,288)	(20.2)%
Other costs for services	14,028,700	5,888,387	8,140,313	138.2%
Total	148,235,026	25,108,672	123,126,354	n.a.

This item includes primarily costs for external work, consulting and collaboration, supervision and transportation insurance and other benefits. The Change is due to the demerger operation.

28. PERSONNEL COSTS

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Wages and salaries	5,352,763	3,803,572	1,549,191	40.7%
Social Security Contribution	1,871,650	1,201,128	670,523	55.8%
Remuneration of Directions	688,778	494,306	194,472	39.3%
Provision for employee benefits	214,699	272,897	(58,198)	(21.3)%
Temporary Staff	372,375	859,463	(487,087)	(56.7)%
Total	8,500,265	6,631,364	1,868,901	28.2%

29. OTHER OPERATING COSTS

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Taxes not on incomes	915,728	1,245,264	(329,536)	(26.5)%
Penalties		21,979	(21,979)	(100.0)%
Other costs	3,074,418	2,711,447	362,971	13.4%
Total	3,990,146	3,978,689	11,457	0.3%

30. AMORTIZATION, DEPRECIATION, PROVISIONS AND WRITEDOWNS

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Amortization of intangible assets	917,039	417,857	499,182	119.5%
Amortization of tangible assets	5,389,328	9,266,048	(3,876,720)	(41.8)%
Provision for doubtful		(645,045)	645,045	(100.0)%
Writedown non current activities	3,902,311	1,122,378	2,779,933	n.a.
Total	10,208,678	10,161,239	47,439	0.5%

Depreciation mainly refers to plants owned by the TerniEnergia Group. The writedown of non-current assets mainly refers (for Euro 2,079 thousand) to a devaluation of minority stakes (Veneto Banca, Banca Popolare di Vicenza and Free Energia), recorded to reflect the impairment loss of these securities.

31. FINANCIAL INCOME AND CHARGES

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Interest expense on debt	(9,765,992)	(9,391,630)	(374,362)	4.0%
banking Commission	(1,379,172)	(485,364)	(893,808)	n.a.
Interests on bonds	(1,878,983)	(1,679,141)	(199,842)	11.9%
Total finance costs	(13,024,147)	(11,556,135)	(1,468,012)	12.7%
Interest earned on bank accounts	348,055	3,523	344,532	n.a.
Interest income / joint venture				n.a.
Other financial income	2,393,419	1,401,710	991,709	70.7%
Total financial incomes	2,741,475	1,405,234	1,336,241	95.1%
Total	(10,282,672)	(10,150,901)	(131,770)	1.3%

Financial charges primarily relate to the financing of industrial plants owned by the TerniEnergia Group, as well as the bond issue, which also refers to TerniEnergia.

32. JOINT VENTURE INCOME

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Energia Alternativa S.r.l.	(218,202)	644,368	(862,570)	(133.9)%
Solter S.r.l.	(64,105)	358,948	(423,053)	(117.9)%
Saim Energy 2 S.r.l.	9,482	116,977	(107,495)	(91.9)%
Girasole S.r.l.	143,160	197,897	(54,737)	(27.7)%
Guglionesi S.r.l.	4,147	4,665	(518)	(11.1)%
Bonnanara S.r.l.	(126,146)		(126,146)	n.a.
Oristano S.r.l.	(108,437)		(108,437)	n.a.
Investimenti infrastrutture S.r.l.	(69,369)		(69,369)	n.a.
Infocaciucci S.r.l.	(222,612)		(222,612)	n.a.
Dt S.r.l.		(508,919)	508,919	(100.0)%
Soltarenti S.r.l.		93,701	(93,701)	(100.0)%
Rebispower	(12,933)		(12,933)	n.a.
Opera Power S.r.l.	(2,671)		(2,671)	n.a.
Total	(667,685)	907,637	(1,575,322)	n.a.

Joint venture income includes the results for the period in accordance with the IFRS for investments in joint ventures, for the portion attributable to the Group.

33. TAXES

The following table provides details of the account for the twelve months ended December 31, 2015 and December 31, 2014, respectively:

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Current Taxes	2,788,505	838,437	1,950,068	n.a.
Deferred tax asset	1,223,763	(7,945,292)	9,169,056	(115.4)%
Deferred tax provision	(1,092,945)	(102,671)	(990,274)	n.a.
Total	2,919,323	(7,209,526)	10,128,850	(140.5)%

<i>(in Euro)</i>	As at December 31, 2015	As at December 31, 2014	Change	Change %
Current Taxes				
- IRES	1,046,006	390,471	655,535	n.a.
- IRAP	1,742,499	447,965	1,294,533	n.a.
Total	2,788,505	838,437	1,950,068	n.a.

TRANSACTION WITH RELATED PARTIES

The following table summarizes financial transactions with related parties:

(in Euro)	As at December, 31 2015				As At December, 31 2015		
	Description	Receivables	Guarantees	Guarantees given	Takeover Commitments	Charges	Income
Joint venture							
Girasole S.r.l.	1,147,634				1,183,864		29,541
Guglionesi S.r.l.	374,799						11,233
Energia Alternativa S.r.l.	8,482,143				16,311,879		248,525
Solter S.r.l.	1,820,227						55,254
Soc. Agric. Fotosolara Bonnanaro S.r.l.	968,916						
Soc. Agric. FotosolaraOristano S.r.l.	1,190,921						
Investimenti Infrastrutture S.r.l.	975,295						
Infocaciucci S.r.l.	192,439						
Affiliated companies							
T.E.R.N.I. Research S.p.A.					2,356,110		
Other Related Parties							
Sol Tarenti	1,477,513				8,063,346		
Camene S.r.l.					2,714,529		
Royal Club Snc					2,678,714		
Lizzanello S.r.l.	1,770						
Saim Energy 2 S.r.l.					2,373,686		
Totale	16,629,887				35,682,128		344,553

The following table summarizes commercial transactions with related parties:

<i>(in Euro)</i>	As At December, 31 2015				As At December, 31 2015				
	Receivables	Payables	Other credits	Other Payables	Costs			Revenues	
					Goods	Service Cost	Personnel	Goods	Service Cost
Joint venture									
Girasole S.r.l.	49,681	55,176							99,614
Guglionesi S.r.l.	14,164								24,106
Energia Alternativa S.r.l.	78,087								416,778
Solter S.r.l.	215,564	97,985							202,564
Soc. Agric. Fotosolara Bonnanaro S.r.l.	26,059								
Soc. Agric. FotosolaraOristano S.r.l.	8,979		146						
Investimenti Infrastrutture S.r.l.	15,012	260,820	6,303						
Infocaciucci S.r.l.	36,824			20,005					
Opera Power S.r.l.	5,126								
Affiliated companies									
T.E.R.N.I. Research S.p.A.	26,987		618,632						1,169,621
Other Related Parties									
Sol Tarenti S.r.l.	22,196								90,170
Francesca Ricci									
Lizzanello S.r.l.	42,143								18,626
Royal Club S.r.l.									500,000
Alta direzione		69,077					762,634		
Totale	540,822	483,057	625,081	20,005			762,634		2,521,478

SUBSEQUENT EVENTS

ESTABLISHED NUMANOVA SRL, NEWCO IN THE FIELD OF ADVANCED METALLURGY AND METAL POWDERS

On January 25 2016, Italeaf announced the establishment of a new company called “Numanova Srl”. The new start-up will be originated by the sharing of know-how and economic and financial resources between the co-founder represented by Italeaf SpA and dr. Paolo Folgarait, physicist, owner of several patents in the metallurgical sector, manager with experience in the Lucchini group, the Allied International Group, in Franchini Steels and in Centro Sviluppato Materiali.

Numanova, established as a limited liability company, has a share capital of € 2.35 million and will have a governance model with a board of directors that will be formed by Stefano Neri, chairman, Paolo Folgarait, executive director and general manager, and Corrado Giancaspro, CEO, and a board of auditors.

Numanova will be active in the production of metal powders of high-quality from metal alloys, ferrous and non, for Additive Manufacturing (3D printing), Metal Injection Molding (MIM), Hot Isostatic Pressing (HIP) and the most advanced uses in areas such as aerospace, energy, mechanical, biomedical. The company will be equipped with the most advanced production technology of metal powders based on the principle of vacuum induction furnaces and atomizers inert gas ceramic-free. It will also be introduced technologies of plasma atomization. The stages of development of the company, whose production unit will be located in the Italeaf’s industrial of Nera Montoro (TR), will expect: within a very short time the start of the authorization from the competent authorities; the acquisition of production assets and facilities; their upgrading and the development of the certification and qualification; the ramp up of the production for the marketing of products.

GREEN LIGHT FROM THE SHAREHOLDERS’ MEETING OF NUMANOVA TO A CAPITAL INCREASE OF EUR 0.65 MILLION AND THE TRANSFORMATION IN JOINT STOCK COMPANY (SPA)

On February 18, 2016, the Shareholders’ Meeting of Numanova has unanimously resolved to transform the company from limited liability company to a joint stock company.

At the same time, the Shareholders’ meeting approved the proposal to proceed to the elimination of the nominal value of the ordinary shares of the Company and to adopt the one-tier system of “corporate governance”, with consequent amendment of the Bylaws. The board of directors is composed by Stefano Neri, Chairman, Corrado Giancaspro, CEO, Paolo Folgarait, executive director and general manager, and Clelia Zunino and Vittorio Pellegrini, independent directors. Andrea Bellucci is the statutory auditor of the company.

The Extraordinary Shareholders’ Meeting finally approved a capital increase, divisible to be offered to the shareholders of Euro 0.65 million to be signed by 31 July 2016, to plan the growth of the productive activities of Numanova.

Upon completion of the capital increase, Numanova will have a share capital of Euro 3,000,000 fully paid. Numanova currently has 17 shareholders; the company’s shareholder structure is as follows: Italeaf S.p.A. 85%, Paolo Folgarait 8.5%, other shareholders 6.5%.