

**ITALEAF: Interim Report January-March 2016**

The Board of Directors approved the results as at 31 March, 2016 EBITDA growing significantly, net profit of Euro 170 thousand. Growing equity, stable NFP.

- Revenues amounted to € 0,95 million (€ 31.5 million for the Italeaf Group consolidated)
- EBITDA equal to € 0,12 million (€ 3.9 million for the Italeaf Group consolidated)
- EBIT amounted to € -0.03 million (€ 2.6 million for the Italeaf Group consolidated)
- EBT equal to € 0.14 million (€ 0.6 million for the Italeaf Group consolidated)
- Net profit amounted to € 0.17 million (€ 0.3 million for the Italeaf Group consolidated)
- Shareholders' Equity amounted to € 30.1 million (€ 66.1 million for the Italeaf Group consolidated)
- NFP of € 16.1 million (€ 89.4 million for the Italeaf Group consolidated)
- NAV equal to € 29.2 million
- Investment of € 2 million in Numanova SpA
- Fully subscribed the capital increase of € 0.25 million in Skyrobotic SpA

The board of directors of **Italeaf**, holding company and first Italian company builder active in cleantech and smart innovation sectors, listed on on NASDAQ OMX First North, has approved today the interim report as at 31 March, 2016.

**Financial highlights\***

	As at march, 31 2016	VS march 31, 2015
in Euro		
<b>Net revenues from sales and services</b>	948,205	-7.3%
<b>EBITDA</b>	120,082	348.55%
<b>EBIT</b>	(30,625)	73.19%
<b>EBT (Pre-tax result)</b>	142,554	-85.8%
<b>Net profit</b>	169,084	-76.1%
		<b>VS December, 31 2015</b>
<b>Net working capital</b>	(532,738)	56.7%
<b>Shareholders' Equity</b>	30,123,683	0.6%
<b>Total net financial position</b>	16,167,434	0.1%

\*Separated Interim Report prepared in accordance with accounting principles ITALIAN GAAP

The NAV of Italeaf amounted to Euro 29,2 million at 31 March 2016 (Euro 36.9 million at December 31, 2015; - 20.8%).

The investments for the development and the growth of the startup companies in the period was approximately equal to Euro 2 million, part in kind and part in cash, and dedicated Numanova SpA (a newco active in the production of metal powders of high-quality from metal alloys, ferrous and non, for Additive Manufacturing-3D printing, Metal Injection Molding, Hot Isostatic Pressing and the most advanced uses in areas such as aerospace, energy, mechanical, biomedical, etc.).

Italeaf announces, furthermore, that it is successfully completed the divisible capital increase, to be offered in option to shareholders, of EUR 0.25 million of Skyrobotic SpA, through the issue of n. 500,000 shares of no par

value. 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, part of the Italeaf group, has a share capital of EUR 2.75 million. The transaction of capital increase will put the company in the best conditions to plan the growth of productive activities.

The Chairman of Italeaf, Mr **Stefano Neri**, stated:

*“We recorded in the first quarter of 2016 a steady trend of Italeaf business and the consolidation of the ratio indicated in the strategic three-year plan 2015-2017. The period, which closes in profit, was marked by a significant improvement in margins due to the optimization of fixed costs. While continuing to be in the presence of an economic period of global reflection, the management confirmed the investment policy in innovative technology companies, allocating important financial and industrial resources in Numanova and supporting the growth of the other startups in its portfolio”.*

The Interim Report as at March 31, 2016 in full version and in English, attached to this press release, will be published on the Company's website.

*This press release is also available on the Company website: [www.italeaf.com](http://www.italeaf.com).*

#### **Certified Adviser**

Mangold Fondkommission AB is the Certified Adviser of Italeaf on NASDAQ OMX First North.

#### **For further information please contact:**

Filippo Calisti

CFO – Italeaf S.p.A.

E-mail: [calisti@italeaf.com](mailto:calisti@italeaf.com)

Mangold Fondkommission AB

Tel. +46 (0)8 5030 1550

[info@mangold.se](mailto:info@mangold.se)

***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.*



**CONSOLIDATE INTERIM  
FINANCIAL REPORT  
AS AT MARCH 31, 2016  
ITALEAF GROUP**



# 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 29.2 million at the end of March 2016.

## 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:

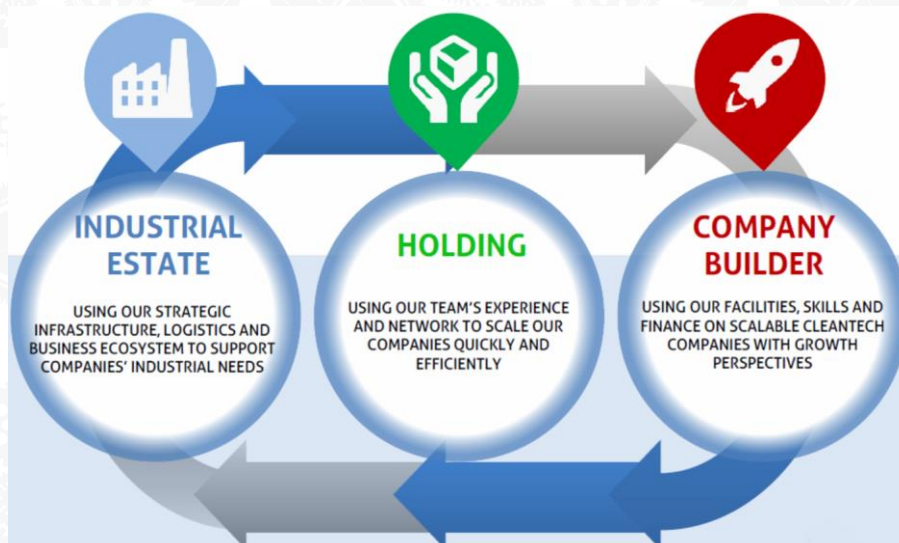
1. **Company Builder:** we co-found start-ups with direct investments, a proven business model and a strong focus on execution. Italeaf concentrates its activities on clearly defined market segments, such as the cleantech sector. We provide innovative incubation services with seed investments to create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



# NET ASSET VALUE AND STATEMENTS FOR THE PARENT COMPANY

## NET ASSET VALUE

At the end of March 2016, net asset value amounted to Euro 29.2 million.

<b>NAV ITALEAF</b>	<b>(EURO/000)</b>	<b>NOTES</b>
<b>Tangible Assets:</b>		
REAL ESTATE PROPERTY (Nera Montoro & Maratta)	20,130	Book Value
<b>Controlling stake in:</b>		
45,06% stake in TerniEnergia	22,708	Calculated on the share price as at March 31, 2016 (Euro 1.143)
66% stake in Skyrobotic	3,300	Based on the price of latest funding round
85% stake in Numanova	2,200	Based on the price of latest funding round
Minority stake	4,292	
<b>GROSS ASSET VALUE</b>		
	<b>52,630</b>	
Net Financial Indebtedness	(16,167)	
<b>Total Net Financial Indebtedness</b>	<b>(16,167)</b>	As at March 31, 2016
Holding Discount	20%	
<b>NET ASSET VALUE AS MARCH 31, 2016</b>		
	<b>29,170</b>	

Italeaf's net asset value is mainly represented by the investments in TerniEnergia and the start-up companies (mainly Skyrobotic and Numanova; 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 of March 2016, given that the company is listed on Borsa Italiana in Milan. At the end of March 2016 Italeaf had n. 19,867,103 shares of TerniEnergia (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 and Numanova are based on the latest capital increase when new shareholders subscribed new shares.

## 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 an 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 following table summarizes financial statements prepared under ITALIAN Gaap as at march 31, 2016:

<i>in Euro</i>	As at March, 31 2016	As at December, 31 2015	Change	Change %
Intangible assets	360,994	398,887	(37,893)	(9.5)%
Tangible assets	22,325,731	24,159,787	(1,834,055)	(7.6)%
Financial assets and other att.	30,038,003	28,721,732	1,316,271	4.6%
<b>Fixed Assets</b>	<b>52,724,728</b>	<b>53,280,405</b>	<b>(555,678)</b>	<b>(1.0)%</b>
Trade receivables	870,475	262,154	608,321	n.a
other activities	1,888,052	1,712,988	175,064	10.2%
Trade payables	(1,118,577)	(1,244,621)	126,043	(10.1)%
Other liabilities	(2,172,688)	(1,962,279)	(210,408)	10.7%
<b>Net working capital</b>	<b>(532,738)</b>	<b>(1,231,758)</b>	<b>699,020</b>	<b>(56.7)%</b>
<b>Provisions and other non-commercial</b>	<b>(5,900,872)</b>	<b>(5,949,653)</b>	<b>48,782</b>	<b>(0.8)%</b>
<b>Net Invested Capital</b>	<b>46,291,118</b>	<b>46,098,994</b>	<b>192,124</b>	<b>0.4%</b>
<b>Shareholders' Equity</b>	<b>30,123,683</b>	<b>29,954,599</b>	<b>169,084</b>	<b>0.6%</b>
Net current financial position	10,671,832	10,583,955	87,877	0.8%
Non-current net financial position	5,495,602	5,560,439	(64,837)	(1.2)%
<b>Total net financial position</b>	<b>16,167,434</b>	<b>16,144,394</b>	<b>23,040</b>	<b>0.1%</b>
<b>Net Invested Capital</b>	<b>46,291,118</b>	<b>46,098,994</b>	<b>192,124</b>	<b>0.4%</b>

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 17.8 million), in Skyrobotic (Euro 1.65 million), Italeaf RE (Euro 2.6 million) and Numanova (Euro 2.0 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 16.167 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 ratio Net Financial Position/Equity is equal to 0,54x as at March 31, 2016, in line with the plan target (less than or equal to 0.8x).



<i>in Euro</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Net revenues from sales and services	948,205	1,022,889	(74,684)	(7.3)%
Production costs	(610,166)	(796,162)	185,996	(23.4)%
<b>Added value</b>	<b>338,039</b>	<b>226,727</b>	<b>111,312</b>	<b>49.1%</b>
Personnel costs	(217,957)	(199,956)	(18,001)	9.0%
<b>EBITDA</b>	<b>120,082</b>	<b>26,771</b>	<b>93,311</b>	<b>n.a</b>
Amortization, depreciation, provisions and write-downs	(150,706)	(141,035)	(9,671)	6.9%
<b>EBIT</b>	<b>(30,625)</b>	<b>(114,264)</b>	<b>83,640</b>	<b>(73.2)%</b>
Financial income and charges	(97,325)	(32,806)	(64,519)	n.a
Extraordinary item	270,504	1,150,000	(879,497)	(76.5)%
<b>EBT</b>	<b>142,554</b>	<b>1,002,930</b>	<b>(860,376)</b>	<b>(85.8)%</b>
Income taxes	26,530	(294,234)	320,764	(109.0)%
<b>Net profit for the period</b>	<b>169,084</b>	<b>708,695</b>	<b>(539,612)</b>	<b>n.a.</b>

The net profit 2015 amounted to Euro 169,084.

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 0.25 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 0.3 million), the income from the sale of emption rights on the last capital increase of Numanova (Euro 15 thousand), the income from the sale "out of the market" of n. 850,000 TerniEnergia shares (Euro 0.2 million).

The extraordinary item reflects the gain (Euro 0.3 million) from the contribution in kind made in Numanova for the incorporation of the company. The corresponding figure of 2015 was referring to the benefit of the debt waiver by Terni Research arising from the reserve demerger made on February 2014 (Euro 1.15 million).

The EBT amounted to Euro 142,554.

## STATEMENTS FOR THE ITALEAF GROUP

<i>in Euro</i>	As at March 31, 2016	As at December 31, 2015	Change	Change %
Intangible assets	7,040,291	6,792,515	247,776	3.6%
Tangible assets	106,007,348	106,507,564	(500,216)	(0.5)%
Financial assets and other att.	45,487,498	45,776,301	(288,803)	(0.6)%
<b>Fixed Assets</b>	<b>158,535,137</b>	<b>159,076,380</b>	<b>(541,243)</b>	<b>(0.3)%</b>
Inventories	15,896,798	23,479,671	(7,582,873)	(32.3)%
Trade receivables	46,491,339	52,201,318	(5,709,979)	(10.9)%
other activities	18,939,630	24,114,296	(5,174,666)	(21.5)%
Trade payables	(66,399,807)	(63,917,925)	(2,481,882)	3.9%
Other liabilities	(6,118,301)	(14,275,707)	8,157,406	(57.1)%
<b>Net working capital</b>	<b>8,809,659</b>	<b>21,601,653</b>	<b>(12,791,994)</b>	<b>(59.2)%</b>
Provisions and other non-commercial	(11,886,285)	(11,910,632)	24,347	(0.2)%
<b>Net Invested Capital</b>	<b>155,458,511</b>	<b>168,767,401</b>	<b>(13,308,890)</b>	<b>(7.9)%</b>
<b>Shareholders' Equity</b>	<b>66,068,814</b>	<b>64,517,467</b>	<b>1,551,347</b>	<b>2.4%</b>
Net current financial position	6,573,611	17,792,787	(11,219,176)	(63.1)%
Non-current net financial position	82,816,086	86,457,147	(3,641,061)	(4.2)%
<b>Total net financial position</b>	<b>89,389,697</b>	<b>104,249,934</b>	<b>(14,860,237)</b>	<b>(14.3)%</b>
<b>Net Invested Capital</b>	<b>155,458,511</b>	<b>168,767,401</b>	<b>(13,308,890)</b>	<b>(7.9)%</b>

<i>in Euro</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Net revenues from sales and services	31,453,733	70,093,920	(38,640,188)	(55.1)%
Production costs	(25,826,118)	(61,999,309)	36,173,191	(58.3)%
<b>Added value</b>	<b>5,627,614</b>	<b>8,094,611</b>	<b>(2,466,997)</b>	<b>(30.5)%</b>
Personnel costs	(1,729,700)	(1,875,878)	146,178	(7.8)%
<b>EBITDA</b>	<b>3,897,914</b>	<b>6,218,733</b>	<b>(2,320,819)</b>	<b>(37.3)%</b>
Amortization, depreciation, provisions and write-downs	(1,335,016)	(1,509,265)	174,249	(11.5)%
<b>EBIT</b>	<b>2,562,898</b>	<b>4,709,468</b>	<b>(2,146,570)</b>	<b>(45.6)%</b>
Financial income and charges	(1,817,464)	(2,047,338)	229,874	(11.2)%
Portions of results attributable to the JV	(118,142)	(99,433)	(18,709)	n.a.
<b>EBT</b>	<b>627,291</b>	<b>2,562,696</b>	<b>(1,935,406)</b>	<b>n.a.</b>
Income taxes	(303,115)	(626,549)	323,434	(51.6)%
<b>Net profit for the period</b>	<b>324,176</b>	<b>1,936,147</b>	<b>(1,611,972)</b>	<b>(83.3)%</b>

# OUR INVESTMENTS



## TERNIENERGIA

### OVERVIEW

Italeaf has a 45.06% 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

On April 27, 2016, the shareholders meeting approved a proposal for distribution of a dividend (pre-tax) of Euro 0.025 per share (corresponding to a total value of Euro 1,102,238; the amount paid to Italeaf was Euro 496 thousand). The dividend was paid on May 25, 2016.

## KEY FIGURES FOR THE TERNIENERGIA GROUP AS AT MARCH 31, 2016

<i>(in Euro)</i>	As at March, 31 2016	As at December, 31 2015	Change	Change %
Intangible assets	4,461,710	4,460,745	965	0.02%
Property, plant and equipment	82,226,041	82,616,544	(390,503)	(0.47%)
Financial fixed assets and other intangible assets	38,538,401	38,882,887	(344,486)	(0.89%)
<b>Fixed Assets</b>	<b>125,226,152</b>	<b>125,960,176</b>	<b>(734,024)</b>	<b>(0.58%)</b>
Inventories	15,747,104	23,329,978	(7,582,874)	(32.50%)
Trade receivables	46,928,008	52,361,935	(5,433,927)	(10.38%)
Other assets	18,715,377	24,104,536	(5,389,159)	(22.36%)
Trade payables	(66,849,582)	(63,543,245)	(3,306,337)	5.20%
Other liabilities	(4,775,594)	(13,106,938)	8,331,344	(63.56%)
<b>Net working capital</b>	<b>9,765,313</b>	<b>23,146,266</b>	<b>(13,380,953)</b>	<b>(57.81%)</b>
<b>Provisions and other non-trade liabilities</b>	<b>(5,986,603)</b>	<b>(5,943,540)</b>	<b>(43,063)</b>	<b>0.72%</b>
<b>Net Invested Capital</b>	<b>129,004,862</b>	<b>143,162,902</b>	<b>(14,158,040)</b>	<b>(9.89%)</b>
<b>Shareholders' Equity</b>	<b>56,320,767</b>	<b>55,791,353</b>	<b>529,414</b>	<b>0.95%</b>
Current net financial position	(4,524,068)	8,099,515	(12,623,583)	n.a.
Non-current net financial position	77,208,163	79,272,033	(2,063,870)	(2.60%)
<b>Total net financial position</b>	<b>72,684,095</b>	<b>87,371,548</b>	<b>(14,687,453)</b>	<b>(16.81%)</b>
<b>Net Invested Capital</b>	<b>129,004,862</b>	<b>143,162,902</b>	<b>(14,158,040)</b>	<b>(9.89%)</b>

<i>(in Euro)</i>	As at March, 31 2016	As at March, 31 2015	Change	Change %
Net revenues from sales and services	31,303,908	68,607,817	(37,303,910)	(54.37%)
Production costs	(25,779,568)	(61,817,817)	36,038,248	(58.30%)
<b>Added value</b>	<b>5,524,339</b>	<b>6,790,000</b>	<b>(1,265,661)</b>	<b>(18.6%)</b>
Personnel costs	(1,488,281)	(1,604,335)	116,054	(7.2%)
<b>EBITDA</b>	<b>4,036,058</b>	<b>5,185,665</b>	<b>(1,149,607)</b>	<b>(22.2%)</b>
Amortization, depreciation, provisions and write-downs	(1,212,138)	(1,343,921)	131,783	(9.8%)
<b>EBIT</b>	<b>2,823,920</b>	<b>3,841,745</b>	<b>(1,017,824)</b>	<b>(26.5%)</b>
Financial income and charges	(1,802,693)	(2,234,704)	432,011	(19.3%)
Portions of results attributable to the JV	(118,142)	(99,433)	(18,709)	18.8%
<b>Pre-tax result</b>	<b>903,086</b>	<b>1,507,608</b>	<b>(604,522)</b>	<b>(40.1%)</b>
Income taxes	(331,054)	(343,741)	12,687	(3.7%)
<b>Net profit for the period</b>	<b>572,032</b>	<b>1,163,867</b>	<b>(591,835)</b>	<b>(50.9%)</b>



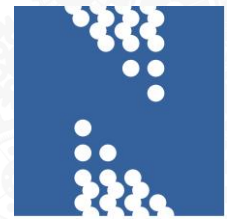
## OVERVIEW

Italeaf had a 66.00% shareholding in Skyrobotic as at March 31, 2016. 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). At the date of preparation of this Interim Financial Report the capital increase was fully subscribed, and the company's shareholders are as follows: Italeaf SpA S.p.A. (67.64%), Siralab Robotics S.r.l. (22.55%), and other shareholders investors (9.82%).



### 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.

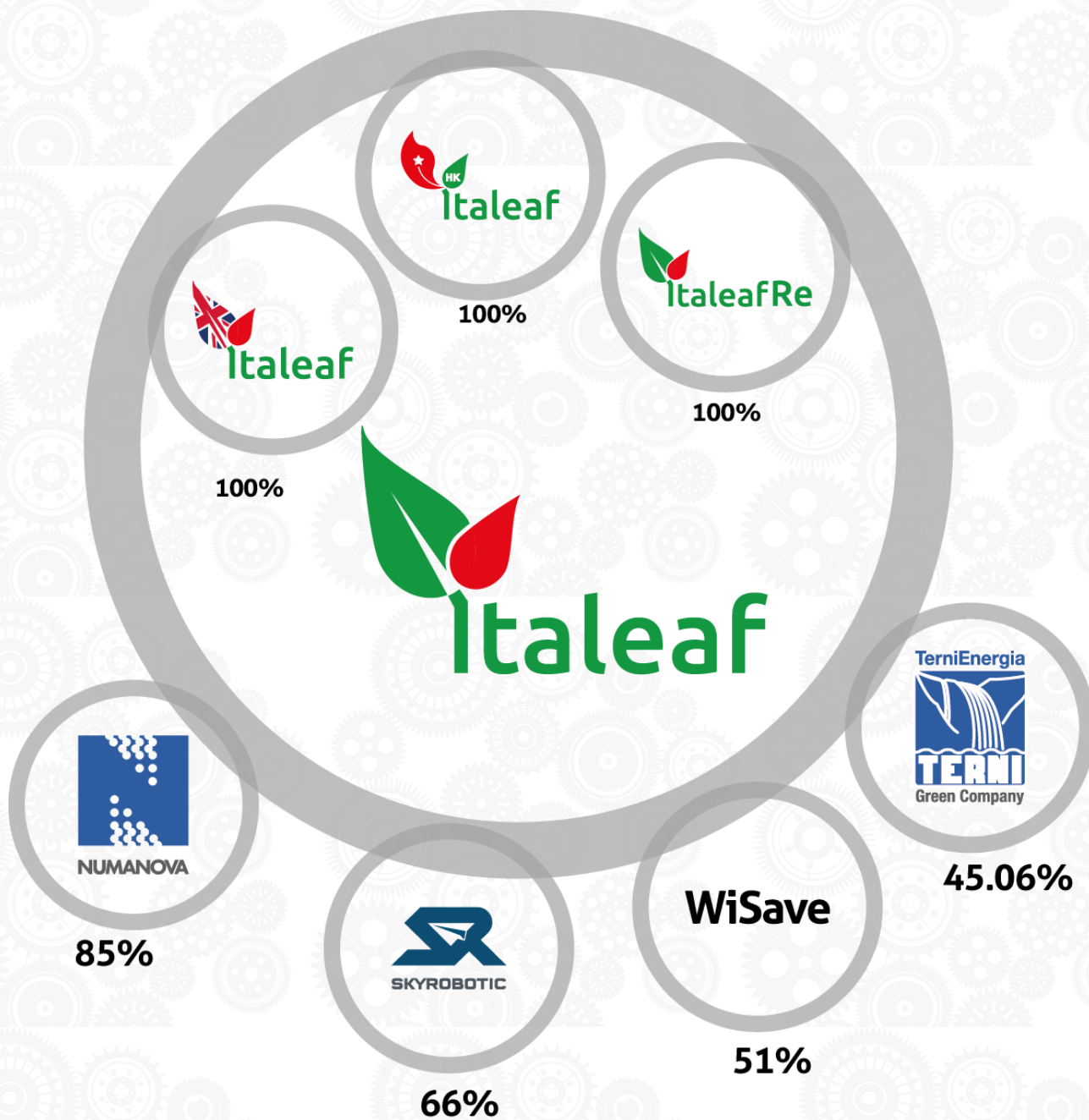
Algo is the innovative web-based thermostat for increasing the efficiency of heating and cooling systems:

- 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.

# GROUP'S ORGANIZATION





# KEY EVENTS FOR FIRST QUARTER 2016

## ***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%.

# FINANCIAL STATEMENTS

## STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<i>in Euro</i>	Notes	As at March 31, 2016	As at December 31, 2015
Intangible assets	1	7,040,291	6,792,515
Tangible assets	2	106,007,348	106,507,564
Equity Investments	3	7,584,566	7,630,702
Deferred tax assets	4	14,747,209	14,489,978
Non-current financial receivables	5	23,155,723	23,655,621
<b>Total non-current assets</b>		<b>158,535,137</b>	<b>159,076,380</b>
Inventories	6	15,896,798	23,479,671
Trade receivables	7	46,491,339	52,201,318
Other current assets	8	18,939,630	24,114,296
Financial receivables	9	3,147,279	4,215,913
Cash and cash equivalents	10	26,656,546	12,515,353
<b>Total current assets</b>		<b>111,131,592</b>	<b>116,526,551</b>
<b>TOTAL ASSETS</b>		<b>269,666,729</b>	<b>275,602,931</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Share capital		15,444,000	15,444,000
Stocks		20,498,140	17,574,869
Profit for the period		121,156	1,421,918
<b>Total Group equity</b>		<b>36,063,296</b>	<b>34,440,787</b>
Minority interests		29,802,498	29,026,176
Profit for the minority interest		203,020	1,050,504
<b>Total equity</b>	11	<b>66,068,814</b>	<b>64,517,467</b>
Provision for risk and charges	12	43,086	43,086
Provision for employee benefits	13	1,409,548	1,329,505
Deferred tax liabilities	14	7,181,892	7,286,282
Non-current financial payables	15	82,816,086	86,457,147
Other non-current liabilities	16	298,657	247,492
Derivatives	17	3,251,759	3,251,759
<b>Total non-current liabilities</b>		<b>95,001,028</b>	<b>98,615,271</b>
Trade payables	18	66,399,807	63,917,925
Payables and other financial liabilities	19	36,377,436	34,524,053
Taxes payable	20	1,858,915	1,336,364
Other current liabilities	21	3,960,729	12,691,851
<b>Total current liabilities</b>		<b>108,596,887</b>	<b>112,470,193</b>
<b>TOTAL LIABILITIES</b>		<b>203,597,915</b>	<b>211,085,464</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>269,666,729</b>	<b>275,602,931</b>

## CONSOLIDATED INCOME STATEMENT

<i>in Euro</i>	Notes	As at March 31, 2016	As at March 31, 2015
Revenues	22	29,575,177	67,685,418
Other operating income	22	1,878,556	2,408,502
Change in inventories of semi-finished and finished products	23	40,223	(83,418)
Costs for raw materials, consumables and goods for resale	24	(17,046,211)	(57,594,928)
Costs for services	25	(8,575,581)	(4,012,113)
Personnel costs	26	(1,729,700)	(1,875,878)
Other operating costs	27	(244,550)	(308,850)
Amortisation, depreciation, provisions and writedowns	28	(1,335,016)	(1,509,265)
<b>Operating result</b>		<b>2,562,898</b>	<b>4,709,468</b>
Financial income	29	426,753	444,339
Financial charges	29	(2,244,217)	(2,491,677)
Portion of result attributable to the joint venture	30	(118,142)	(99,433)
<b>Net profit before taxes</b>		<b>627,291</b>	<b>2,562,696</b>
Taxes	31	(303,115)	(626,549)
<b>Net profit for the period</b>		<b>324,176</b>	<b>1,936,147</b>
- of which: attributable to the Group		121,156	1,421,918
- of which: attributable to non-controlling interests		203,020	1,050,504
<b>Earnings per share - Basic and diluted</b>		<b>0,008</b>	<b>0,086</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in Euro)</i>	Notes	as at March 31,	
		2016	2015
<b>Net Profit for the Period</b>		324,176	1,936,148
Change in cash flow hedge reserve			(481,778)
Difference of Translation		(8,977)	(147,568)
Tax effect of expenses / (income) recognized in equity			132,489
<b>Total other comprehensive income for the period to be subsequently released to the Income Statement</b>	<b>11</b>	<b>(8,977)</b>	<b>(496,857)</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>315,199</b>	<b>1,439,291</b>
• of which: attributable to the Group		<b>117,111</b>	<b>1,088,756</b>
• of which: attributable to non-controlling interests		<b>198,088</b>	<b>350,536</b>

## 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, 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
Other entries					(65,886)	(65,886)		(65,886)	226,309	(160,423)
<b>Other entries</b>					<b>(65,886)</b>	<b>(65,886)</b>		<b>(65,886)</b>	<b>226,309</b>	<b>(160,423)</b>
Profit of the period							1,321,185	1,321,185	614,963	1,936,148
Other comprehensive						(232,430)		(232,430)	(264,427)	(496,857)
<b>Total profit for the period</b>						<b>(232,430)</b>	<b>1,321,185</b>	<b>1,088,756</b>	<b>350,536</b>	<b>1,439,291</b>
As at March 31, 2015	15,444,000	666,000	37,640		21,946,033	21,648,673	3,277,191	40,319,864	40,418,557	80,738,421

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, 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
Other entries					1,505,399	1,505,399		1,505,399	(269,251)	1,236,148
<b>Other entries</b>					<b>1,505,399</b>	<b>1,505,399</b>	<b>0</b>	<b>1,505,399</b>	<b>(269,251)</b>	<b>1,236,148</b>
Profit of the period							121,156	121,156	203,020	324,176
Other comprehensive					(4,045)		(4,045)	(4,045)	(4,932)	(8,977)
<b>Total profit for the period</b>					<b>(4,045)</b>	<b>0</b>	<b>117,111</b>	<b>117,111</b>	<b>198,088</b>	<b>315,199</b>
As at March 31, 2016	15,444,000	666,000	138,223	-	17,653,538	18,461,806	2,157,490	36,063,297	30,005,518	66,068,814

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in Euro)</i>	As at March 31,	
	2016	2015
<b>Profit before taxes</b>	<b>627,291</b>	<b>2,562,696</b>
Amortisation	1,335,016	1,509,265
Write-downs of fixed assets and credits	-	-
Provision	80,043	(12,689)
Result of joint ventures accounted for at equity and reversal of margin	118,142	99,433
Gains / Revaluations	-	-
Change in inventories	7,582,873	(164,005)
Change in trade receivables	5,709,979	9,848,226
Change in other assets	5,388,666	(2,164,445)
Change in trade payables	2,481,882	(10,626,163)
Change in other liabilities	(7,808,971)	1,006,837
Payment of employee benefits	-	-
<b>Net cash flow (used in)/generated by operating activities</b>	<b>15,514,922</b>	<b>2,059,156</b>
Investments in property, plant and equipment	(770,215)	(1,231,423)
Disposals of property, plant and equipment	-	-
Investments in intangible assets	(312,361)	(365,399)
Disposals of intangible assets	-	-
Acquisition/disposal	-	-
Divestiture of (investment in) equity investments	(72,006)	(2,786,217)
Change in receivables and other financial assets	1,568,532	3,608,527
<b>Net cash flow (used in)/generated by investing activities</b>	<b>413,949</b>	<b>(774,513)</b>
Change in payables and other financial liabilities	1,853,383	(1,632,124)
Increase in non-current financial payables	(3,641,061)	1,066,346
Other Movements of Equity	-	12,856
Capital Increase	-	-
Payment of dividends	-	-
<b>Net cash flow (used in)/generated by financing activities</b>	<b>(1,787,678)</b>	<b>(552,922)</b>
<b>Comprehensive cash flow for the period</b>	<b>14,141,193</b>	<b>731,722</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>12,515,353</b>	<b>14,958,894</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>26,656,546</b>	<b>15,690,617</b>

# 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 Intermediate 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 Intermediate consolidated financial statements of the Italeaf Group at March 31, 2016 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.), and in particular IAS 34 - Interim Financial Reporting, as well as the regulations issued to implement article 9 of Legislative Decree n. 38/2005. In the framework of the options set out in IAS 34, the Group has chosen to publish this report for the consolidated Financial Statements, such as a condensed information.

Please note that the international accounting principles applied are consistent with those used for the Consolidated Financial Statements at December 31, 2015.

These Intermediate 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 Intermediate 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 Intermediate consolidated financial statements were approved by the Company’s board of directors on May 27, 2016.

## 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"> <li>• IFRS 2</li> <li>• IFRS 3</li> <li>• IFRS 8</li> <li>• IAS 16</li> <li>• IAS 24</li> <li>• IAS 38</li> <li>• IFRS 5</li>   <li>• IFRS 7</li>   <li>• IAS 19</li> <li>• IAS 34</li> </ul>	<ul style="list-style-type: none"> <li>• Share-based payment</li> <li>• Business combinations</li> <li>• Operating segments</li> <li>• Property, plant and equipment</li> <li>• Related party disclosures</li> <li>• Intangible assets</li> <li>• Non-current assets held for sale and discontinued operations</li>   <li>• Financial instruments: disclosures</li> <li>• Employee benefits</li> <li>• Interim financial reporting</li> </ul>	<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.</p> <p>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.</p> <p>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	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.
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### 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 45.06% 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 March 31, 2016 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 March 31, 2016:

#### 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%	
Numanova S.p.A.	Narni - Via dello Stabilimento, 1	85%	
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	45.06%	
<b>List of Ternienergia subsidiaries</b>			
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%
TerniEnergia Gas&Power SpA	Milano - Corso Vittorio Emanuele II, 13	100%
<b>Companies full consolidated for the first time in first quarter 2016</b>		
Val di Taro Tyre Srl	Narni - Via dello Stabilimento, 1	100%

### **LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:**

Company	Location	% of Held by the Group	
		Direct	Indirect
<b>List of TerniEnergia Joint Ventures</b>			
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%
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.

## 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 March 31 2016, as at December 31 2015:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Software	410,982	434,356	(23,374)	(5.4)%
Goodwill	2,482,889	2,480,776	2,113	0.1%
Patents	559,653	370,403	189,250	51.1%
Building lease	317,324	317,324		0.0%
Others	3,269,443	3,189,657	79,787	2.5%
<b>Total</b>	<b>7,040,291</b>	<b>6,792,515</b>	<b>247,776</b>	<b>3.6%</b>

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 March 31, 2016, there were no indicators to suggest impairment of goodwill.

#### 2. TANGIBLE FIXED ASSETS

The table below reports the analysis of changes of "Net values" relating to tangible assets as at March 31, 2016, as at December 31 2015:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Land and buildings	23,068,130	23,164,443	(96,313)	(0.4)%
Plant and machinery	62,341,212	63,301,201	(959,990)	(1.5)%
Industrial equipment	295,514	319,593	(24,079)	(7.5)%
Other assets	154,441	183,265	(28,824)	(15.7)%
Construction in progress	20,148,052	19,539,062	608,990	3.1%
<b>Total</b>	<b>106,007,348</b>	<b>106,507,564</b>	<b>(500,215)</b>	<b>(0.5)%</b>

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 March 31, 2016 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.

Assets under construction in the amount of Euro 20,148,052 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 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 March 31, 2016 and December 31, 2015, along with the related changes:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Investments in JV	1,181,872	1,238,007	(56,136)	(4.5)%
Investments in Equity	6,402,694	6,392,694	10,000	0.2%
<b>Total</b>	<b>7,584,566</b>	<b>7,630,702</b>	<b>(46,136)</b>	<b>(0.6)%</b>

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).

In order to provide more complete disclosure, the following table shows the aggregate net financial debt of each joint venture as at March 31, 2016:

	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	3,318	1,423,688
<b>Liquidity (A)</b>	<b>1,030,685</b>	<b>93,258</b>	<b>137,690</b>	<b>35,444</b>		<b>24,406</b>	<b>36,220</b>	<b>43,800</b>	<b>18,867</b>	<b>3,318</b>	<b>1,423,688</b>
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)	(108,301)	(3,123,824)
- shareholder loan	(618,622)		(500,000)	(85,000)							(1,203,622)
- shareholder loan(TerniEnergia)		(314,084)	(438,939)	(85,000)					(4,019)		(527,958)
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)	(1,763,353)	(49,094,897)
- 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)
<b>Financial indebtedness (B)</b>	<b>(44,603,632)</b>	<b>(11,691,395)</b>	<b>(8,532,809)</b>	<b>(2,918,647)</b>	<b>(2,354,691)</b>	<b>(2,062,995)</b>	<b>(2,666,436)</b>	<b>(3,442,946)</b>	<b>(2,343,844)</b>	<b>(1,871,654)</b>	<b>(82,489,049)</b>
<b>Net Financial indebtedness (A+B)</b>	<b>(43,572,947)</b>	<b>(11,598,137)</b>	<b>(8,395,119)</b>	<b>(2,883,202)</b>	<b>(2,354,691)</b>	<b>(2,038,589)</b>	<b>(2,630,217)</b>	<b>(3,399,146)</b>	<b>(2,324,977)</b>	<b>(1,868,336)</b>	<b>(81,065,361)</b>

#### 4. DEFERRED TAX ASSETS

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related changes:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Deferred tax assets	14,747,209	14,489,978	257,231	1.8%
<b>Total</b>	<b>14,747,209</b>	<b>14,489,978</b>	<b>257,231</b>	<b>1.8%</b>

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 March 31, 2016 and December 31, 2015, respectively, and the related changes:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Solter S.r.l.	1,445,909	1,445,909		0.0%
Infocaciucci S.r.l.	874,304	874,304		0.0%
Soltarenti S.r.l.	1,477,513	1,477,513		0.0%
Energia Alternativa S.r.l.	7,903,521	7,903,521		0.0%
Fotosolare Settima S.r.l.	842,852	842,852		0.0%
Girasole S.r.l.	708,695	708,695		0.0%
Solaren S.r.l.	1,015,045	1,015,045		0.0%
Guglionesi S.r.l.	402,799	402,799		0.0%
Financial asset	7,674,043	8,173,942	(499,899)	(6.1)%
Security deposits	811,041	811,041		0.0%
<b>Total</b>	<b>23,155,723</b>	<b>23,655,621</b>	<b>(499,900)</b>	<b>(2.1)%</b>

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 7,674,043 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 March 31, 2016, 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 March 31, 2016 and December 31, 2015, respectively, and the related changes:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Raw materials	8,857,206	16,508,454	(7,651,248)	(46.3)%
Semifinished				n.a
Finished Products	509,421	469,198	40,223	8.6%
Products in process	6,530,171	6,502,020	28,152	0.4%
<b>Total</b>	<b>15,896,798</b>	<b>23,479,671</b>	<b>(7,582,874)</b>	<b>(32.3)%</b>

The value of inventories at March 31, 2016 is almost entirely attributable to the subsidiary TerniEnergia. The decrease 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 March 31, 2016 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 March 31, 2016 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 March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Resceivables from customers	46,465,740	52,451,807	(5,986,068)	(11.4)%
Resceivables from joint venture	723,449	449,496	273,953	60.9%
Resceivables from affiliated companies	29,122	26,987	2,135	7.9%
Provision for doubtful	(726,972)	(726,972)		0.0%
<b>Total</b>	<b>46,491,339</b>	<b>52,201,318</b>	<b>(5,709,979)</b>	<b>(10.9)%</b>

Trade receivables amounted to Euro 46,295,201 as at March 31, 2016, with most of the balance due from customers. The Euro 29,155,127 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 March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
VAT Credit	1,118,675	3,379,640	(2,260,965)	(66.9)%
Advances to suppliers	607,085	620,601	(13,516)	(2.2)%
Prepayments	735,609	1,197,711	(462,101)	(38.6)%
Other credits	16,478,261	18,916,345	(2,438,083)	(12.9)%
<b>Total</b>	<b>18,939,630</b>	<b>24,114,296</b>	<b>(5,174,666)</b>	<b>(21.5)%</b>

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 1.524 million); these receivables are to be settled in 2016.

## 9. FINANCIAL RECEIVABLES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Financial receivables from joint venture	1,974,927	1,959,249	15,678	0.8%
Financial receivables from MPS	1,000,000	1,000,000		0.0%
Financial receivables from others	172,352	1,256,664	(1,084,312)	(86.3)%
<b>Total</b>	<b>3,147,279</b>	<b>4,215,913</b>	<b>(1,068,634)</b>	<b>(25.3)%</b>

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.

## 10. CASH AND CASH EQUIVALENTS

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Bank accounts	26,611,659	12,488,162	14,123,497	113.1%
Cash	44,887	27,191	17,696	65.1%
<b>Total</b>	<b>26,656,546</b>	<b>12,515,353</b>	<b>14,141,193</b>	<b>113.0%</b>

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



## COMMENTS ON THE PRINCIPAL LIABILITIES

### 11. EQUITY

As at March 31, 2016, the subscribed and paid share capital amounted to Euro 15,444,000 divided into 15,444,000 ordinary shares.

As at March 31, 2016, other reserves incorporate the decrease of the cash-flow hedge, which had a negative balance Euro 4,524,000 at the end of March 2016. 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, Numanova SpA and Wisave Srl.

As at March 31, 2016, the Company did not own any treasury shares.

### 12. PROVISION FOR RISKS AND CHARGES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Provision for risks and charges	43,086	43,086	-	-
<b>Total Provision for Risk and charges</b>	<b>43,086</b>	<b>43,086</b>	-	-

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

### 13. EMPLOYEE BENEFITS

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Provision for employee benefits	1,409,548	1,329,505	80,043	6.0%
<b>Total</b>	<b>1,409,548</b>	<b>1,329,505</b>	<b>80,043</b>	<b>6.0%</b>

## 14. DEFERRED TAXATION

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Deferred tax provision	7,181,892	7,286,282	(104,390)	(1.4)%
<b>Total</b>	<b>7,181,892</b>	<b>7,286,282</b>	<b>(104,390)</b>	<b>(1.4)%</b>

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.

## 15. FINANCIAL NON CURRENT LIABILITIES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Debts. due to financial leasing	21,401,895	21,723,638	(321,743)	(1.5)%
Other financial liabilities	365,981	1,650,704	(1,284,723)	(77.8)%
Non-current borrowings	36,602,552	38,662,951	(2,060,399)	(5.3)%
Debt. Issue	24,445,658	24,419,853	25,805	0.1%
<b>Total</b>	<b>82,816,086</b>	<b>86,457,147</b>	<b>(3,641,059)</b>	<b>(4.2)%</b>

Payables for financial leases, amounting to Euro 21,401 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 March 31, 2016, is around 5.6 million, and is composed by medium-term loans.

## 16. OTHER NON-CURRENT LIABILITIES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Other non-current liabilities	50,000	50,000		0.0%
Deferred Margins	248,657	197,492	51,165	25.9%
<b>Total</b>	<b>298,657</b>	<b>247,492</b>	<b>51,165</b>	<b>20.7%</b>

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.

## 17. DERIVATIVES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Hedging Derivatives	3,251,759	3,251,759	()	(0.0)%
<b>Total</b>	<b>3,251,759</b>	<b>3,251,759</b>	<b>()</b>	<b>(0.0)%</b>

On March 31, 2016 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).

## 18. TRADE PAYABLES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Due to suppliers	65,816,449	62,885,313	2,931,135	4.5%
Due to affiliated companies	169,535	618,632	(449,097)	n.a.
Due to Joint venture	413,823	413,980	(157)	(0.0)%
<b>Total</b>	<b>66,399,807</b>	<b>63,917,925</b>	<b>2,481,881</b>	<b>3.7%</b>

Trade payables amounted to Euro 65,814 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 6,822 thousand of bills receivable as at March 31, 2016.

## 19. DEBT AND OTHER FINANCIAL LIABILITIES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Current bank debt (current account overdraft)	23,235,992	22,145,526	1,090,467	4.9%
Loans	9,300,885	7,998,644	1,302,241	16.3%
leasing	2,105,434	1,882,573	222,861	11.8%
Other financial liabilities	1,735,125	2,497,310	(762,186)	(30.5)%
<b>Total</b>	<b>36,377,436</b>	<b>34,524,053</b>	<b>1,853,383</b>	<b>5.4%</b>

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 March 31, 2016.

Italeaf S.p.A. has provided corporate guarantees in favor of the subsidiary TerniEnergia for a total amount of approximately Euro 49.6 million at the date of these financial statements.

## 20. TAX LIABILITIES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Direct Taxex	1,858,915	1,336,364	522,551	39.1%
<b>Total</b>	<b>1,858,915</b>	<b>1,336,364</b>	<b>522,551</b>	<b>39.1%</b>

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

## 21. OTHER CURRENT LIABILITIES

The following table provides details of the account balance as at March 31, 2016 and December 31, 2015, respectively, and the related change:

<i>(in Euro)</i>	March 31, 2016	December 31, 2015	Change	Change %
Due to personnel	1,109,724	1,028,393	81,331	7.9%
Payables to social security institutions and welfare	429,071	554,887	(125,817)	(22.7)%
Other current liabilities	2,421,936	11,108,571	(8,686,635)	(78.2)%
<b>Total</b>	<b>3,960,730</b>	<b>12,691,851</b>	<b>(8,731,122)</b>	<b>(68.8)%</b>

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 March 31, 2016, the residual customers' payables to leasing companies for which the above mentioned agreements were taken over total Euro 56.0 million, of which Euro 39.5 million for companies managed or owned by related parties, Euro 19,6 million for joint ventures, Euro 1.9 for the parent company Italeaf, and Euro 18.0 million for other related parties ; the rest of the balance, equal to Euro 16.6 million relates to other third-party customers.

#### CONTINGENT LIABILITIES

#### DISPUTES, INVESTIGATIONS AND JUDICIAL PROCEEDINGS IN PROGRESS

On March 31, 2016 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 March 2016.

### **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.

On January 26, 2016, the "Commissione Tributaria Provinciale" (the provincial tax commission) of Perugia issued a first instance judgment in favour of TerniEnergia. In May 2016, the Tax Authority presented an appeal to the Tax Court of the Umbria Region.

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 March 31, 2016.

## COMMENTS ON THE MAIN INCOME STATEMENT ACCOUNTS

### 22. REVENUES

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Revenues Clean Technologies	1,768,491	1,766,122	2,369	0.1%
Revenues Technical services	28,044,720	4,626,968	23,417,752	n.a.
Revenues Energy Saving	200,472	1,452,549	(1,252,077)	(86.2)%
Revenues Energy Management	1,375,745	60,712,308	(59,336,563)	(97.7)%
Other Revenues		1,438,584	(1,438,584)	(100.0)%
Revenues Drones	64,305	97,390	(33,085)	(34.0)%
<b>Total</b>	<b>31,453,733</b>	<b>70,093,920</b>	<b>(38,640,188)</b>	<b>(55.1)%</b>

For the period ended as at March 31, 2016, the Group realized consolidated revenues from sales and services in the amount of Euro 31,453,733.

The TerniEnergia's Technical Service business line realized total revenues of Euro 28,044,720 in 2015, which were mainly represented by: Euro 25.4 million from the installation of photovoltaic plants, mainly related to work performed in South Africa on commission of a leading European utility; Euro 1 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 1,768,491 in 2016, 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.

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

### 23. CHANGES IN INVENTORIES OF SEMI-FINISHED PRODUCTS

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Finished Products	40,223	(160,308)	200,531	(125.1)%
Products in process		76,890	(76,890)	(100.0)%
<b>Total</b>	<b>40,223</b>	<b>(83,418)</b>	<b>123,641</b>	<b>(148.2)%</b>



## 24. COSTS OF RAW MATERIALS, SUPPLIES AND GOODS

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Purchase of materials	9,483,577	1,200,275	8,283,302	n.a.
Materials consumption		49,120	(49,120)	(100.0)%
Fuels and lubricants	31,098	42,229	(11,131)	(26.4)%
Change in inventories of raw materials, consumables	7,333,051	(113,533)	7,446,584	n.a.
Purchase of Energie	198,485	56,416,837	(56,218,352)	(99.6)%
<b>Total</b>	<b>17,046,211</b>	<b>57,594,928</b>	<b>(40,548,717)</b>	<b>(70.4)%</b>

## 25. COSTS FOR SERVICES

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Outwork	5,982,118	79,063	5,903,056	98.7%
Consultancy and external collaborators	516,832	1,649,739	(1,132,907)	n.a.
Rental and hire	252,594	80,056	172,538	68.3%
Services	5,000	(8,692)	13,692	n.a.
Renting property	125,345	83,769	41,576	33.2%
Transport	54,186	90,308	(36,121)	(66.7)%
Services Energy/Gas				n.a.
Maintenance and repairs and assistance	182,329	230,871	(48,542)	(26.6)%
Supervision and Insurance	485,119	274,417	210,701	76.8%
Other costs for services	972,058	1,532,582	(560,525)	(36.6)%
<b>Total</b>	<b>8,575,581</b>	<b>4,012,113</b>	<b>4,563,467</b>	<b>113.7%</b>

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.

## 26. PERSONNEL COSTS

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Wages and salaries	1,189,643	1,342,153	(152,510)	(11.4)%
Social Security Contribution	339,282	376,775	(37,493)	(10.0)%
Remuneration of Directions	141,500	126,500	15,000	11.9%
Provision for employee benefits	20,907	116	20,791	n.a.
Temporary Staff	38,368	30,334	8,034	26.5%
<b>Total</b>	<b>1,729,700</b>	<b>1,875,878</b>	<b>(146,178)</b>	<b>(7.8)%</b>

## 27. OTHER OPERATING COSTS

The following table provides details of the account for the the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Taxes not on incomes	103,649	159,080	(55,431)	(34.8)%
Other costs	140,901	149,771	(8,869)	(5.9)%
<b>Total</b>	<b>244,550</b>	<b>308,850</b>	<b>(64,300)</b>	<b>(20.8)%</b>

## 28. AMORTIZATION, DEPRECIATION, PROVISIONS AND WRITEDOWNS

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Amortization of intangible assets	64,585	284,574	(219,989)	(77.3)%
Amortization of tangible assets	1,270,431	1,224,691	45,740	3.7%
<b>Total</b>	<b>1,335,016</b>	<b>1,509,265</b>	<b>(174,249)</b>	<b>(11.5)%</b>

Depreciation mainly refers to plants owned by the TerniEnergia Group.

## 29. FINANCIAL INCOME AND CHARGES

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Interest expense on debt	(1,556,451)	(1,913,138)	356,687	(18.6)%
banking Commission	(232,730)	(117,800)	(114,930)	97.6%
Interests on bonds	(455,036)	(460,740)	5,704	(1.2)%
<b>Total finance costs</b>	<b>(2,244,217)</b>	<b>(2,491,678)</b>	<b>247,461</b>	<b>(9.9)%</b>
Interest earned on bank accounts	5,280	54,002	(48,722)	(90.2)%
Interest income / joint venture	344,553	100,862	243,691	n.a.
Other financial income	76,919	289,475	(212,556)	(73.4)%
<b>Total financial incomes</b>	<b>426,753</b>	<b>444,339</b>	<b>(17,586)</b>	<b>(4.0)%</b>
<b>Total</b>	<b>(1,817,464)</b>	<b>(2,047,339)</b>	<b>229,874</b>	<b>(11.2)%</b>

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.

### 30. JOINT VENTURE INCOME

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Energia Alternativa S.r.l.	(64,743)	(107,773)	43,030	(39.9)%
Solter S.r.l.	20,024	(30,270)	50,295	n.a.
Saim Energy 2 S.r.l.		19,178	(19,178)	(100.0)%
Girasole S.r.l.	(27,800)	16,331	(44,131)	n.a.
Guglionesi S.r.l.	(7,154)	(5,881)	(1,273)	21.6%
Bonnanara S.r.l.	(13,429)		(13,429)	n.a.
Oristano S.r.l.	(13,623)		(13,623)	n.a.
Investimenti infrastrutture S.r.l.	3,264		3,264	n.a.
Infocaciucci S.r.l.	(5,935)		(5,935)	n.a.
Dt S.r.l.		8,982	(8,982)	(100.0)%
Rebispower	(8,747)		(8,747)	n.a.
<b>Total</b>	<b>(118,142)</b>	<b>(99,433)</b>	<b>(18,709)</b>	<b>n.a.</b>

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.

### 31. TAXES

The following table provides details of the account for the three months ended March 31, 2016 and March 31, 2015, respectively:

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Current Taxes	545,896	405,808	140,088	34.5%
Deferred tax asset	(216,251)	281,672	(497,923)	n.a.
Deferred tax provision	(26,530)	(30,087)	3,557	(11.8)%
<b>Total</b>	<b>303,115</b>	<b>626,549</b>	<b>(323,434)</b>	<b>(51.6)%</b>

<i>(in Euro)</i>	As at March 31, 2016	As at March 31, 2015	Change	Change %
Current Taxes				
- IRES	454,195	326,602	127,593	39.1%
- IRAP	91,701	79,206	12,495	15.8%
<b>Total</b>	<b>545,896</b>	<b>405,808</b>	<b>140,088</b>	<b>34.5%</b>

## TRANSACTION WITH RELATED PARTIES

The following table summarizes financial transactions with related parties:

(in Euro)	As at March, 31 2016				As At March, 31 2016		
	Description	Receivables	Guarantees	Guarantees given	Takeover Commitments	Charges	Income
<b>Joint venture</b>							
Girasole S.r.l.		1,104,813			1,143,864		7,179
Guglionesi S.r.l.		374,799					
Energia Alternativa S.r.l.		8,514,274			16,151,879		62,131
Solter S.r.l.		1,833,595					13,368
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			2,309,825		
<b>Affiliated companies</b>							
T.E.R.N.I. Research S.p.A.					2,326,110		
<b>Other Related Parties</b>							
Sol Tarenti		1,477,513			7,951,346		
Camene S.r.l.					2,699,529		
Royal Club Snc					2,662,714		
Lizzanello S.r.l.		1,770					
Saim Energy 2 S.r.l.					2,357,186		
<b>Totale</b>		<b>16,634,335</b>			<b>37,602,453</b>		<b>82,678</b>

The following table summarizes commercial transactions with related parties:

(in Euro)	As At March, 31 2016				As At March, 31 2016				
	Receivables	Payables	Other credits	Other Payables	Costs			Revenues	
					Goods	Service Cost	Personnel	Goods	Service Cost
<b>Joint venture</b>									
Girasole S.r.l.	62,466	55,019							23,220
Guglionesi S.r.l.	20,264								5,000
Energia Alternativa S.r.l.	381,854								389,300
Solter S.r.l.	141,753	97,985							29,000
Soc. Agric. Fotosolara Bonnanaro S.r.l.	34,599			6,872					7,000
Soc. Agric. FotosolaraOristano S.r.l.	17,519		146						7,000
Investimenti Infrastrutture S.r.l.	18,733	260,820	6,303						6,050
Infocaciucci S.r.l.	39,996			20,005					4,200
Opera Power S.r.l.	6,264								
<b>Affiliated companies</b>									
T.E.R.N.I. Research S.p.A.	29,122	169,535	122,566	31,443					1,750
<b>Other Related Parties</b>									
Sol Tarenti S.r.l.	22,196								19,900
Lizzanello S.r.l.	42,143								4,000
Royal Club S.r.l.									
Alta direzione		17,269					190,659		
<b>Totale</b>	<b>816,910</b>	<b>600,627</b>	<b>129,015</b>	<b>58,320</b>			<b>190,659</b>		<b>496,420</b>

## **SUBSEQUENT EVENTS**

### **TERNIENERGIA HAS CONNECTED TO THE GRID THE “GIANT” PV PLANT OF PALEISHEUWEL (SOUTH AFRICA)**

On April 26, 2016, TerniEnergia has announced that the first of the two “giant” photovoltaic worksites in South Africa, on behalf of a leading Italian utility, has been completed. The PV plant has been connected to the national transmission grid managed by Eskom.

In particular, TerniEnergia Projects PTY Ltd, a South African subsidiary of TerniEnergia SpA, has completed the construction of the PV plant in Paleisheuvel (for a total installed capacity of 82.5 MWp), in advance of the timeline envisaged by the final contracts for EPC (engineering, procurement and construction) and O&M (operation and maintenance) four-year and renewable term, and in compliance with the expected financial results.

The worksite of Paleisheuvel, which is spread over an area of 240 hectares, has employed more than 500 workers in the various functions for the installation of 611,000 photovoltaic PV panels, with a capacity between 125Wp and 140Wp. It were installed in total 101,850 structures, used 7 million kg of metallic carpentry and laid 3,000 km of electric cables. 6 subcontractor companies were involved in the installation and TerniEnergia operated in compliance with the promotion of political participation in the economic life of “black people”.

### **SHAREHOLDERS’ MEETING OF TERNIENERGIA APPROVES 2015 FINANCIAL STATEMENTS AND THE DISTRIBUTION OF DIVIDENDS EQUAL TO EURO 0,025 PER SHARE; RENEWAL OF CORPORATE BOARDS**

On April 27, 2016, the Annual Shareholders’ Meeting of TerniEnergia approved the draft financial statements and noted the presentation of the consolidated financial statements as at December 31, 2015. Shareholders’ meeting also approved the distribution of a dividend of Euro 0,025 per share, corresponding to a payout ratio of 43% on consolidated net profit. The dividend will be paid on May, 25 2016, and the relevant coupon No. 7 shall be separated on May, 23 2016.

The Shareholders’ Meeting appointed the members of the Board of Directors, which will remain in office for the years 2016, 2017 and 2018, until the Shareholders’ Meeting called to approve the financial statements as at 31 December 2018, the number of which has been determined in 9 members. The Directors proposed in the list submitted by the majority shareholder Italeaf S.p.A., and voted unanimously are: Stefano Neri, Monica Federici, Massimiliano Salvi, Laura Bizzarri, Mario Marco Molteni, Paolo Ottone Migliavacca, Domenico De Marinis and Laura Rossi. Mario Marco Molteni, Paolo Migliavacca, Domenico De Marinis and Laura Rossi declared their independence in accordance with the regulations in force.

### **ITALEAF ANNUAL GENERAL MEETING 2016**

On April 29, 2016, the annual general meeting of Italeaf SpA resolved in favor of all proposed matters. The most important resolutions are described below:

- A dividend of Euro 0.06 per share will be paid next 30 June 2016. The record date for payment will be 23 June 2016 (record date).
- The meeting has approved the Annual report 2015 and has adopted the consolidated financial statements as at 31 December 2015.
- The Annual General Meeting resolved to confirm as member of the Board of Directors, pursuant to art. 2386 of the Italian civilian code, Mr. Marco Diamanti, who will remain in office until the expiration of the Board of Directors, ie until the Shareholders’ Meeting convened to approve the financial statements ending 31 December 2017.

## ***TERNIENERGIA ACQUIRED AN ORDER WORTH OF USD 19.2 MILLION IN EGYPT***

On May 19, 2016, TerniEnergia, within the internationalization process of the PV EPC business, has been acquired a order worth of approximately \$ 19.2 million for the construction in Egypt of an industrial scale photovoltaic plant for a total capacity of 47 MWp, on behalf of an Italian leading utility.

The plant will be installed in locations Benban about 900 km from Cairo on an area of about 150 hectares. The order includes the EPC (engineering, procurement and construction) activities without the supply of PV modules and inverters. In the construction site will be active more than 250 workers. The project involves the use of the be 3Sun panels (Made in Italy, in Catania) mounted on steel structures.

In addition, the Company announces that it has signed an energy efficiency lighting contract with the TPF formula (third party financing) shared savings, worth about Euro 0.6 million on behalf of a leading cement italian player. The intervention, of which TerniEnergia will also manage the “turnkey” EPC, will be performed on a plant in Lombardy and will provide for the replacement of 4497 traditional lighting points with 2853 new LED lighting units of the latest generation, with an expected savings of about 1GWh / year.