

**CONSOLIDATED FINANCIAL STATEMENTS  
OF AZIENDA ENERGETICA S.P.A.  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015**

A handwritten signature or mark, possibly a stylized 'A' or 'E', located in the bottom right corner of the page.

# CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2015

## ASSETS

BALANCES AS OF 12.31.2014		LINE ITEM DESCRIPTION		BALANCES AS OF 12.31.2015
-		<b>A</b> <u>RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL SUBSCRIPTIONS</u>		-
		<b>B</b> <u>FIXED ASSETS</u>		
		<b>I</b> INTANGIBLE FIXEDASSETS		
5,777		1 Formation, start-up and similar costs	3,045,982	
-		2 Research, development and advertising costs	-	
-		3 Patents and intellectual property rights	-	
7,253,996		4 Concessions, licenses, trademarks and similar	8,195,507	
6,277,276		5 Goodwill	5,716,094	
1,325,333		6 Assets under construction and payments on account	554,343	
3,210,909		7 Other	3,809,608	
		<b>Total intangible fixed assets</b>		21,321,534
	18,073,291	<b>II</b> TANGIBLE FIXED ASSETS		
60,394,372		1 Land and buildings	59,352,306	
351,553,264		2 Plant and machinery	336,912,895	
1,620,107		3 Industrial and commercial equipment	1,774,516	
4,820,788		4 Other tangible assets	4,652,012	
12,390,439		5 Assets under construction and payments on account	14,871,052	
		<b>Total tangible fixed assets</b>		417,562,782
	430,778,971	<b>III</b> FINANCIAL FIXED ASSETS		
		1 Equity investments in:		
		a) subsidiaries	-	
8,128,595		b) associated companies	5,316,907	
-		c) controlling entities	-	
13,630,962		d) other companies	13,655,963	
		2 Receivables:		
		a) due from subsidiaries	-	
5,495,547		b) due from associated companies	4,884,930	
(610,616)		(of which, due after more than 12 months)	(610,616)	
-		c) due from controlling entities	-	
768,979		d) due from others	847,687	
(513,947)		(of which, due after more than 12 months)	(592,088)	
300,000		3 Other investments	300,000	
-		4 Treasury shares	-	
		<b>Total financial fixed assets</b>		25,005,487
	28,324,083			
	477,176,345	<b>TOTAL FIXED ASSETS (B)</b>		463,889,803
		<b>C</b> <u>CURRENT ASSETS</u>		
		<b>I</b> INVENTORIES		
12,615,061		1 Raw materials, supplies and consumables	11,091,972	
12,615,061		Page total to be reported	11,091,972	

BALANCES AS OF 12.31.2014		LINE ITEM DESCRIPTION	BALANCES AS OF 12.31.2015	
12,615,061		Total reported from previous page	11,091,972	
-		2 Work-in-progress and semi-finished products	-	
790,269		3 Construction contract work in progress	341,556	
2,217,128		4 Finished products and merchandise for resale	15,712,959	
-		5 Payments on account	-	
	15,622,458	<b>Total inventories</b>		27,146,487
		<b>II RECEIVABLES</b>		
159,346,696		1 Trade receivables due from customers	140,059,037	
(999,767)		(of which, due after more than 12 months)	(999,767)	
-		2 Due from subsidiaries	-	
-		3 Due from associated companies	-	
3,171,368		4 Due from controlling entities	3,279,710	
(-)		(of which, due after more than 12 months)	(-)	
29,612,509		4-bis Tax credits	24,797,176	
(5,634,778)		(of which, due after more than 12 months)	(6,287,251)	
9,571,252		4-ter Deferred tax assets	9,751,179	
(6,393,184)		(of which, due after more than 12 months)	(4,951,855)	
52,694,951		5 Due from others	37,453,906	
(202,904)		(of which, due after more than 12 months)	(197,689)	
	254,396,776	<b>Total receivables</b>		215,341,008
		<b>III FINANCIAL ASSETS OTHER THAN FIXED ASSETS</b>		
-		1 Equity investments in subsidiaries	-	
-		2 Equity investments in associated companies	-	
-		3 Equity investments in controlling entities	-	
-		4 Other equity investments	-	
-		5 Treasury shares	-	
-		6 Other investments	-	
	-	<b>Total financial assets other than fixed assets</b>		-
		<b>IV CASH AND BANKS</b>		
98,274,212		1 Bank and post office deposits	86,836,352	
-		2 Bank checks	-	
10,424		3 Cash on hand	8,166	
	98,284,636	<b>Total cash and banks</b>		86,844,518
	368,303,870	<b>TOTAL CURRENT ASSETS (C)</b>		329,332,013
	1,337,958	<b>D ACCRUED INCOME AND PREPAID EXPENSES</b>		1,047,478
(-)		(of which relating to initial charges on loans)		(-)
846,818,173		<b>TOTAL ASSETS</b>		793,269,294

BALANCES AS OF 12.31.2014		LINE ITEM DESCRIPTION	BALANCES AS OF 12.31.2015	
		<b>A <u>SHAREHOLDERS' EQUITY</u></b>		
442,263,000		I SHARE CAPITAL	442,263,000	
-		II SHARE PREMIUM RESERVE	-	
-		III REVALUATION RESERVES	-	
12,536,459		IV LEGAL RESERVE	13,620,687	
49,365,644		V STATUTORY RESERVES	10,423,974	
-		VI TREASURY SHARE RESERVE	-	
		VII OTHER RESERVES		
273,135		Other reserves	273,135	
2,071,675		Consolidation reserve	2,071,675	
25,302,816		VIII RETAINED EARNINGS (ACCUMULATED LOSSES) CARRIED FORWARD	30,306,317	
26,688,060		IX PROFIT (LOSS) FOR THE YEAR	26,016,419	
	558,500,789	<b>TOTAL GROUP SHAREHOLDERS' EQUITY</b>		524,975,207
		<b>EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		
912,818		SHARE CAPITAL AND RESERVES	490,319	
(543,531)		PROFIT (LOSS) FOR THE YEAR	(324,255)	
	369,287	<b>TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		166,064
	558,870,076	<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>		525,141,271
		<b>B <u>PROVISIONS FOR RISKS AND CHARGES</u></b>		
-		1 Retirement benefits and similar obligations	-	
169,934		2 Provision for taxes, including deferred taxes	199,349	
18,121,886		3 Others	21,432,722	
	18,291,820	<b>TOTAL PROVISIONS FOR RISKS AND CHARGES (B)</b>		21,632,071
	7,148,391	<b>C <u>EMPLOYEES' TERMINATION INDEMNITY</u></b>		6,839,566
		<b>D <u>PAYABLES</u></b>		
-		1 Bonds	-	
-		2 Convertible bonds	-	
2,425,435		3 Loans from shareholders	2,961,229	
88,417,424		4 Bank borrowings	76,998,317	
(77,230,831)		(of which, due after more than 12 months)	(65,335,402)	
0		5 Other financial debt	-	
6,067,590		6 Advance payments received	4,464,773	
(2,771,301)		(of which, due after more than 12 months)	(2,297,472)	
127,373,732		7 Trade payables due to suppliers	115,561,648	
(-)		(of which, due after more than 12 months)	(-)	
224,284,181		<b>Page total to be reported</b>	199,985,967	

BALANCES AS OF 12.31.2014		LINE ITEM DESCRIPTION	BALANCES AS OF 12.31.2015	
224,284,18		Total reported from previous page	199,985,967	
1				
-		8 Debt instruments	-	
-		9 Amounts due to subsidiaries	-	
-		1	-	
(-)		0 Amounts due to associated companies	(-)	
		(of which, due after more than 12 months)		
4,866		1	6,257	
(-)		1 Amounts due to controlling entities	(-)	
		(of which, due after more than 12 months)		
1,161,139		1	8,840,879	
(-)		2 Taxes payable	(-)	
		(of which, due after more than 12 months)		
1,694,761		1	1,016,934	
(-)		3 Amounts payable to social security and pension institutions	(-)	
		(of which, due after more than 12 months)		
15,672,277		1	10,673,663	
(2,333,067		4 Other payables	(453,067)	
)		(of which, due after more than 12 months)		
	242,817,224	<b>TOTAL PAYABLES (D)</b>		220,523,700
	19,690,661	<b>E ACCRUED EXPENSES AND DEFERRED INCOME</b>		20,132,685
	(-)	(of which relating to initial charges on loans)		(-)
	846,818,173	<b>TOTAL LIABILITIES</b>		794,269,294
		<b>MEMORANDUM ACCOUNTS</b>		
-		Bank guarantees	-	
-		Assurances	-	
-		Other guarantees	-	
		Guarantees granted in favor of subsidiaries, associated		
		companies,		
3,839,232		controlling entities and other companies controlled by the	5,368,032	
-		latter		
		Other memorandum accounts	-	
	3,839,232	<b>TOTAL MEMORANDUM ACCOUNTS</b>		5,368,032

President of the Board of Directors of Alperia S.p.A.

(Wolfram Sparber)



## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

2014		LINE ITEM DESCRIPTION	2015	
		<b>A</b>	<b><u>VALUE OF PRODUCTION</u></b>	
	713,325,405	1	Revenues from sales and services	606,069,321
	-	2	Change in inventories of work-in-progress, semi-finished and finished products	-
	(143,664)	3	Change in construction contract work in progress	(448,712)
	21,039,598	4	Internal works resulting in additions to fixed assets	24,942,302
		5	Other revenues and income:	
			- grants relating to the year	6,759,096
7,550,000			- other	63,516,793
53,661,125				
	61,211,125		<b>Total other revenues and income</b>	70,275,889
	795,432,464		<b>TOTAL VALUE OF PRODUCTION</b>	700,838,800
		<b>B</b>	<b><u>COST OF PRODUCTION</u></b>	
	415,476,558	6	Raw, ancillary and consumable materials	343,615,954
	237,218,124	7	Services	236,541,089
	1,316,168	8	Leases and rentals	1,640,189
		9	Personnel costs	
			a) wages and salaries	21,516,240
20,812,163			b) social security contributions	6,883,371
6,753,334			c) employees' termination indemnity	1,620,652
1,592,241			d) retirement benefits and similar obligations	4,551
6,804			e) other costs	645,157
508,009				
	29,672,551		<b>Total personnel costs</b>	30,669,971
		10	Amortization, depreciation and write-downs:	
			a) amortization of intangible fixed assets	2,441,318
2,146,847			b) depreciation of tangible fixed assets	32,271,923
31,844,306			c) other write-down of fixed assets	1,647,783
637,072			d) write-down of current assets and cash and banks	27,000
-				
	34,628,225		<b>Total amortization, depreciation and write-downs</b>	36,388,024
	3,016,448	11	Change in inventories of raw, ancillary and consumable materials	(11,972,741)
	335,704	12	Provisions for risks	3,200,831
	5,829,871	13	Other provisions	4,623,233
	14,481,022	14	Other operating expenses	11,393,675
	741,974,671		<b>TOTAL COST OF PRODUCTION</b>	656,100,225
	53,457,793		<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION (A - B)</b>	44,738,575



2014		LINE ITEM DESCRIPTION	2015	
		<b>C</b>	<b><u>FINANCE INCOME AND COSTS</u></b>	
		15	Income from equity investments:	
-		a) in subsidiaries	-	
-		b) in associated companies	-	
-		c) in controlling entities	-	
480,000		d) in other companies	578,100	
	480,000			
			<b>Total income from equity investments</b>	578,100
		16	Other finance income:	
		a) from receivables included under fixed assets due from:		
-		1) subsidiaries	-	
-		2) associated companies	-	
-		3) controlling entities	-	
32		4) other companies	10	
		b) from securities included under fixed assets, other than equity investments	6,750	
32,959		c) from securities included under current assets, other than equity investments	-	
-		d) income other than the above from:		
-		1) subsidiaries	-	
-		2) associated companies	-	
-		3) controlling entities	-	
1,684,365		4) other companies	873,655	
	1,717,356		<b>Total other finance income</b>	880,415
		17	Interest and other finance costs relating to:	
-		1) subsidiaries	-	
-		2) associated companies	-	
-		3) controlling entities	-	
2,343,991		4) other companies	1,952,729	
	2,343,991		<b>Total interest and other finance costs</b>	1,952,729
	(183,700)	17-bis	Exchange gains and losses	
	(330,335)			17,554
			<b>TOTAL FINANCE INCOME AND COSTS (15+16-17+/-17-bis)</b>	(476,660)
		<b>D</b>	<b><u>VALUATION ADJUSTMENTS TO FINANCIAL ASSETS</u></b>	
		18	Revaluations:	
-		a) of equity investments	-	
-		b) of financial fixed assets, other than equity investments	-	
-		c) of securities included under current assets, other than equity investments	-	
	-		<b>Total revaluations</b>	-
		19	Write-downs:	
3,959,300		a) of equity investments	2,431,712	
-		b) of financial fixed assets other than equity investments	-	
-		c) of securities included under current assets, other than equity investments	-	
	3,959,300		<b>Total write-downs</b>	2,431,712

(3,959,300)

TOTAL VALUATION ADJUSTMENTS (18-19)

(2,431,712)

2014		LINE ITEM DESCRIPTION	2015	
		<b>E EXTRAORDINARY INCOME AND CHARGES</b>		
		20 Extraordinary income:		
-		a) gains on disposal	-	
1,353,628		b) other extraordinary income	1,252,834	
	1,353,628	<b>Total extraordinary income</b>		1,252,834
		21 Extraordinary charges:		
36,650		a) losses on disposal	-	
27,356		b) taxes relating to previous years	118,617	
1,030,033		c) other extraordinary charges	1,401,537	
	1,094,039	<b>Total extraordinary charges</b>		1,520,154
	259,589	<b>TOTAL EXTRAORDINARY INCOME AND CHARGES (20-21)</b>		(267,320)
	49,427,747	<b>PROFIT BEFORE INCOME TAX (A-B+/-C+/-D+/-E)</b>		41,562,883
		22 Current and deferred income taxes for the year:		
22,123,389		a) current taxes	16,279,509	
21,617		b) deferred taxes	29,415	
1,138,212		c) deferred tax assets	(438,205)	
	23,283,218	<b>Total current and deferred income taxes for the year</b>		15,870,719
	26,144,529	23 Consolidated profit (loss) for the year		25,692,164
	(543,531)	Profit (loss) for the year attributable to minority interests		(324,255)
	26,688,060	Profit (loss) for the year attributable to the Group		26,016,419

President of the Board of Directors of Alperia S.p.A.

(Wolfram Sparber)





**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

A handwritten signature or mark, possibly a stylized letter 'A' or a similar symbol, located in the bottom right corner of the page.

## FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Azienda Energetica S.p.A. - Etschwerke AG (hereinafter “**AE S.p.A. – EW AG**” or , the “**Company**” and, together with its subsidiaries, the “**Group**”) as of and for the year ended December 31, 2015 have been prepared in accordance with the requirements of Legislative Decree No. 127 of April 9, 1991.

The format of the consolidated financial statements is that required by the Italian Civil Code; specifically the balance sheet is presented in accordance with requirements of articles 2424 and 2424 bis and the income statement in accordance with the requirements of articles 2425 and 2425 bis.

### SCOPE OF CONSOLIDATION

The consolidated financial statements have been prepared through line by line consolidation of the results of the following subsidiary companies: Azienda Energetica Trasmissione Alto Adige Srl, Azienda Energetica Trading Srl and Azienda Energetica Reti S.p.A. (of which AE S.p.A. - EW AG holds 100% of the share capital) and Ottana Solar Power S.p.A. and Biopower Sardegna Srl, of which the parent company holds 90% and 79% of the share capital respectively.

The financial statements used for the purposes of consolidation are those approved by the Boards of Directors of the relevant companies.

NAME	REGISTERED OFFICE	SHARE CAPITAL AS OF 12/31/2015	GROUP OWNERSHIP%
Azienda Energetica Trading Srl	Via Dodiciville 8 – 39100 Bolzano	11,000,000	100
Azienda Energetica Trasmissione Alto Adige Srl	Via Dodiciville 8 – 39100 Bolzano	7,299,000	100
Azienda Energetica Reti S.p.A.	Via Dodiciville 8 – 39100 Bolzano	2,000,000	100
Ottana Solar Power S.p.A.	Via Dodiciville 8 – 39100 Bolzano	500,000	90
Biopower Sardegna Srl	Via V. Bellini 13 – 20121 Milano	100,000	79

### REPORTING DATE

The reporting date for these consolidated financial statements is December 31, 2015, the same as the financial year-end of the parent company and all other companies included within the scope of consolidation.

### BASIS OF CONSOLIDATION



The consolidated financial statements have been prepared in accordance with the requirements of Legislative Decree No. 127 of April 9, 1991 and the accounting standards promulgated by the National Board of Public and Professional Accountants and, in cases where the latter do not provide sufficient guidance, those promulgated by the International Accounting Standards Committee (IASC).

The financial statements of subsidiaries have been consolidated on a line by line basis, which involves the inclusion of their total assets, liabilities, costs and revenues in the consolidated financial statements.

All payables and receivables, costs and revenues and all transactions between consolidated companies are eliminated on consolidation.

## **ACCOUNTING POLICIES AND MEASUREMENT CRITERIA**

Financial statement balances have been accounted for and measured in accordance with the measurement criteria set forth in art. 2426 of the Italian Civil Code and the accounting standards promulgated by the National Board of Public and Professional Accountants.

The accounting policies and measurement criteria followed in preparing the consolidated financial statements as of and for the year ended December 31, 2015 are consistent with those adopted by the parent company AE S.p.A. - EW AG and the subsidiaries in their respective separate financial statements.

### **Intangible fixed assets**

Intangible fixed assets are accounted for at purchase or production cost, including any directly attributable charges, and amortized on a straight line basis over their remaining useful lives.

In the case in which there is an indication of impairment and it is expected that the asset's book value will not be fully recovered, the asset is written down to its value in use or realizable value. Should the reasons for the impairment no longer exist, the write down is reversed.

In the case in which there are changes in the expected useful lives of intangible fixed assets, as a result of changes in original estimates due to plans to substitute such assets, the assets are amortized over their remaining useful lives.

### **Tangible fixed assets**

Tangible fixed assets are accounted for at purchase or production cost in accordance with art. 2426 no.1 of the Italian Civil Code. In terms of their value and depreciation rates, the book values of tangible fixed assets were revalued in accordance with the terms of Law No.74 of 02/11/1952 and preceding laws, Law No. 576 of 12/02/1975, Law No.72 of 03/19/1983, Law No. 413 of 12/30/1991 and, most recently, a revaluation carried out by the Company on January 1, 1996 based on an expert assessment.

Tangible fixed assets are depreciated on a straight line basis over their remaining useful lives.



In the case in which there is an indication of impairment and it is expected that the asset's book value will not be fully recovered, the asset is written down to its value in use or realizable value. Should the reasons for the impairment no longer exist, the write down is reversed.

In the case in which there are changes in the expected useful lives of tangible fixed assets, as a result of changes in original estimates due to plans to substitute such assets, the assets are depreciated over their remaining useful lives.

Depreciation in respect of additions during the year is calculated to reflect the depreciation relating to the months the assets are actually in use.

Revertible infrastructure assets (waterways and hydroelectric plant penstocks) are amortized in accordance with the financial amortization method.

Such amortization is based on the following timelines: 2023 for the Naturno plant and 2040 for the Senales plant (for which the Company won the related tender). The concession in question has not yet been released and, in this regard, it is noted that during 2015 the Autonomous Province of Bolzano downgraded the plant in question.

Amortization of the revertible infrastructure assets at the Tel plant was completed on 12/31/2010 and during the period 2011-2015 there has been no investment in such revertible infrastructure assets.

Amortization of the revertible infrastructure assets at the Bolzano plant was completed in 2009 and during the period 2010-2015 there has been no investment in such revertible infrastructure assets. During 2015, the Company accepted the new concession specifications for the thirty year period commencing 12/31/2009 and is currently awaiting release of the concession order.

Plant under construction is valued on the basis of direct cost incurred or work in progress per the construction contract accounting records as of December 31, 2015.

Ordinary maintenance costs are charged to the income statement in the year in which they are incurred while costs relating to maintenance of an incremental nature are capitalized together with the purchase costs of the assets in question and depreciated over their remaining useful lives.

### **Financial fixed assets**

Equity investments in non-consolidated subsidiaries and associated companies are valued using the equity method.

Equity investments in other companies are valued at purchase cost, adjusted to reflect any losses incurred by such companies that are considered unlikely to be absorbed by profits in the short term; the original value of such investments is reinstated in subsequent years if and when the reasons for the impairment in value no longer apply as a result of increases in equity that are considered likely to be of an ongoing nature, supported by profit forecasts.



Financial fixed assets also include (at nominal value): receivables due to Group companies by employees in relation to mortgages and loans for the purchase, construction or restructuring of their principal residence; receivables due from non-consolidated companies in respect of dividends and loans; and receivables relating to guarantee deposits with third parties.

### **Inventories**

Inventories, comprising raw materials, spare parts and various equipment are valued at weighted average purchase cost and recognized at the lower of purchase (or production) cost and market value.

Inventories of vegetable oil are valued at weighted average purchase cost.

Third party interim work in progress is valued at cost; other work in progress is valued attributing a share of profit based on the agreed sales price.

Renewable energy (green) certificates acquired by the parent company from third parties but not yet sold at the year-end are valued at weighted average cost. Environment certificates produced during the year by the parent company but not yet sold at the year-end are included among "Other revenues and income".

Renewable energy (green) certificates "produced" in relation to the refurbishing of the plants in Bolzano and Senales and the production of the plants in Naturno and Senales are valued using the GSE reference price for such certificates (78% of the price referred to in art. 2, para. 148 of Italian Law 244/2007).

Renewable energy (green) certificates earned by the parent company in relation to the district heating in Merano are valued using the GSE reference price.

Renewable energy (green) certificates held by Azienda Energetica Trading Srl are valued at weighted average purchase cost.

### **Receivables**

Receivables are stated at nominal value, adjusted to estimated realizable value by way of provisions against doubtful debts.

### **Receivables and payables expressed in foreign currencies**

As of December 31, 2015, the consolidated financial statements do not include any receivables or payables expressed in the currencies of countries outside the Economic and Monetary Union (EMU).

### **Cash and banks**

Cash and banks are stated at nominal value.

### **Accrued income and prepaid expenses**



Prepaid and accrued expenses and accrued and deferred income are calculated on an accruals basis and relate to income and expenditure that span two or more accounting periods. Accrued income and expenses represent revenues and costs relating to the current year that will be accounted for in the following year; prepaid expenses and deferred income represent costs and revenues relating to the following year that have been accounted for in the current year.

### **Provisions for risks and charges**

Provisions for risks and charges are made to cover known or probable losses or payables whose amounts or settlement dates are uncertain at year end. Such provisions reflect best estimates based on available information.

### **Employee termination indemnity**

The employee termination indemnity, which is calculated in accordance with the terms of art. 2424 bis of the Italian Civil Code and relevant labor laws and contracts in force, relates to the estimated liability as of December 31, 2015 in respect of the severance indemnity earned by Group employees.

### **Payables**

Payables are stated at nominal value and identified as falling due within or after 12 months. Payables also include guarantee deposits received from customers in relation to contracts for the supply of energy.

Loans are stated at nominal value and relate to the capital portion of loan instalments not yet due as of the year-end.

### **Memorandum accounts**

Memorandum accounts reflect Group commitments to third parties; they also include the mark to market value of derivative contracts in place as of December 31.

### **Off-balance sheet transactions**

Transactions involving the use of derivative financial instruments to hedge against interest rate risk are accounted for consistently with the underlying transactions to which they relate. Specifically, positive and negative differentials on interest rate financial derivatives are recognized in the income statement on an accruals basis under financial income and charges, in line with the charges relating to the reference liabilities.

### **Revenues, income, costs and charges**

Revenues and income as well as costs and charges are recognized on an accruals basis and in accordance with the prudence concept.

Revenues from the sale and distribution of electricity and natural gas to end-user customers are recognized on the basis of invoices issued and, in part, on estimates of energy sold and distributed around the year-end.



Revenues from the sale and distribution of heat and steam to end-user customers are recognized on the basis of invoices issued.

Data relating to equalization of the cost of supplying electricity to regulated markets, which impacts on related revenues, is based on physical readings taken as a reference to determine revenues.

Data relating to equalization of the measurement and distribution of gas is based on physical readings taken as a reference to determine revenues.

The various electricity distribution and measurement equalization regimes are estimated on the basis of revenue, transport and measurement components and actual data relating to various variables (transport, number of plants etc.). Equalization amounts are estimated on the basis of complex econometric formulae that are difficult to apply and are therefore subject to significant variation.

Information relating to the continuity of distribution has been determined based on readings taken by the Group (number and length of interruptions etc.).

### **Dividends**

Dividends from equity investments are recognized in the year in which they fall due, so long as the financial statements of the relevant companies are approved by the respective Boards of Directors before approval of the Company's own financial statements by its Board of Directors.

### **Capital grants for plant**

Capital grants for plant are recognized in the income statement on an accruals basis in annual amounts consistent with the depreciation rates of the assets for the realization of which they were granted, with any excess being recognized as deferred income.

## **OTHER INFORMATION**

There are no off-balance sheet arrangements that require to be disclosed in accordance with Art. 2427, para. 22 ter, of the Italian Civil Code.

### **Waivers pursuant to art. 2423, para. 4 of the Italian Civil Code**

There have been no exceptional circumstances requiring waivers with respect to the principles followed in drafting the financial statements, pursuant to art. 2423, para. 4 of the Italian Civil Code.



## II - BALANCE SHEET

### ASSETS

Total assets as of December 31, 2015 amount to €794,269,294, €52.5 million lower than at the prior year-end.

The following table provides details of asset balances as of December 31, 2015, compared with balances at the prior year-end.





**TABLE OF ASSETS IN ACCORDANCE WITH ART. 2427, PARA. 1, NO. 4 OF THE ITALIAN CIVIL CODE**

LINE ITEM DESCRIPTION	(thousands of Euro)		
	12.31.2014	12.31.2015	Change 2015
RECEIVABLES DUE FROM SHAREHOLDERS FOR UNPAID CAPITAL SUBSCRIPTIONS	-	-	-
<b>FIXED ASSETS</b>			
<b>INTANGIBLE FIXED ASSETS:</b>			
- Formation, start-up and similar costs	6	3,046	+ 3,040
- Research, development and advertising	-	-	-
- Patents and intellectual property rights	-	-	-
- Concessions, licenses, trademarks and similar	7,254	8,195	+ 941
- Goodwill	6,277	5,716	- 561
- Assets under construction and payments on account	1,325	554	- 771
- Other	3,211	3,810	+ 599
<b>TANGIBLE FIXED ASSETS:</b>			
- Land and buildings	60,394	59,352	- 1,042
- Plant and machinery	351,553	336,913	- 14,640
- Industrial and commercial equipment	1,620	1,775	+ 155
- Other tangible assets	4,821	4,652	- 169
- Assets under construction and payments on account	12,390	14,871	+ 2,481
<b>FINANCIAL FIXED ASSETS:</b>			
- Equity investments	21,760	18,973	- 2,787
- Receivables	6,265	5,733	- 532
- Other investments	300	300	-
- Treasury shares	-	-	-
<b>TOTAL FIXED ASSETS</b>	<b>477,176</b>	<b>463,890</b>	<b>- 13,286</b>
<b>CURRENT ASSETS</b>			
<b>INVENTORIES:</b>			
- Raw materials, supplies and consumables	12,615	11,092	- 1,523
- Work-in-progress and semi-finished products	-	-	-
- Construction contract work in progress	790	342	- 448
- Finished products and merchandise for resale	2,217	15,713	+ 13,496
- Payments on account	-	-	-
<b>RECEIVABLES:</b>			
- Trade receivables due from customers	159,347	140,059	- 19,288
- Due from subsidiaries	-	-	-
- Due from associated companies	-	-	-
- Due from controlling entities	3,171	3,280	+ 109
- Tax credits	29,613	24,797	- 4,816
- Deferred tax assets	9,571	9,751	+ 180
- Due from others	52,695	37,454	- 15,241
<b>FINANCIAL ASSETS OTHER THAN FIXED ASSETS:</b>			
- Equity investments in subsidiaries	-	-	-
- Equity investments in associated companies	-	-	-
- Equity investments in controlling entities	-	-	-
- Other equity investments	-	-	-
- Treasury shares	-	-	-
- Other investments	-	-	-
<b>CASH AND BANKS:</b>			
- Bank and post office deposits	98,274	86,836	- 11,438
- Bank checks	-	-	-
- Cash on hand	10	8	- 2
<b>TOTAL CURRENT ASSETS</b>	<b>368,304</b>	<b>329,332</b>	<b>- 38,972</b>
<b>ACCRUED INCOME AND PREPAID EXPENSES</b>	<b>1,338</b>	<b>1,047</b>	<b>- 291</b>
<b>TOTAL ASSETS</b>	<b>846,818</b>	<b>794,269</b>	<b>- 52,549</b>

In accordance with articles 2424 and 2424 bis of the Italian Civil Code, operational fixed assets are presented under assets in the balance sheet, net of accumulated depreciation and amortization.

The following table provides details of operational fixed assets as of December 31, 2015.

**TABLE OF TANGIBLE AND INTANGIBLE ASSETS IN ACCORDANCE WITH ART. 2427, PARA. 1, NO. 2 OF THE ITALIAN CIVIL CODE**

ASSETS	GROSS BOOK VALUE AS OF DECEMBER 31, 2015	ACCUMULATED DEPRECIATION/AMORTIZATION AS OF DECEMBER 31, 2015	PROVISION FOR IMPAIRMENT AS OF DECEMBER 31, 2015	NET BOOK VALUE AS OF DECEMBER 31, 2015
<b>INTANGIBLE FIXED ASSETS</b>	<b>67,128,719</b>	<b>-45,757,185</b>	<b>-50,000</b>	<b>21,321,534</b>
Non-industrial buildings	307,808	-120,045		187,763
Non-industrial land	6,651,863	-		6,651,863
Industrial buildings	75,757,778	-23,245,098		52,512,680
Revertible infrastructure assets	205,517,044	-145,806,904		59,710,140
Production plants	146,492,087	-67,498,253	-1,763,796	77,230,038
AAT-AT plants	42,166,867	-12,322,880		29,843,987
MT plants	115,138,741	-46,049,590	-290,235	68,798,916
BT plants	142,157,067	-80,587,233	-139,288	61,430,546
Heat transmission network	28,908,342	-5,966,663		22,941,679
Measurement and control appliances	31,471,317	-14,441,687	-72,040	16,957,590
Industrial and commercial equipment	4,486,216	-2,711,699		1,774,516
Other tangible assets	19,775,379	-15,123,368		4,652,012
Assets under construction	14,871,052			14,871,052
<b>TANGIBLE FIXED ASSETS</b>	<b>833,701,561</b>	<b>-413,873,420</b>	<b>-2,265,359</b>	<b>417,562,782</b>
<b>TOTAL</b>	<b>900,830,280</b>	<b>-459,630,605</b>	<b>-2,315,359</b>	<b>438,884,316</b>

**Intangible fixed assets**

This item includes capitalized expenditure expected to generate benefits over a period of more than one year, such as the costs incurred for plant and improvements related to the merger between the AEW and SEL groups, the value of which, net of accumulated amortization, amounts to €3,045,982 as of December 31, 2015.

The item also includes €8,195,507 of capitalized expenditure, net of accumulated amortization, an increase of €941,511 compared to the prior year-end, relating to other costs incurred for software, concessions, trademarks, power line easements and land use rights.

The item also includes €5,716,094 relating to goodwill generated by the transfer to Ottana Solar Power S.p.A. in September 2010 of the business of Ottana Energia S.p.A. (€2,625,000) and the transfer to Biopower Sardegna Srl in June 2007 of the business of the aforementioned Ottana Energia S.p.A. (€3,091,094).

The item also includes €554,343 (€770,990 less than at the end of 2014) in respect of advances and payments on account.

Finally, the item includes €3,809,608 relating to improvements to leased property, mainly made by Biopower Sardegna Srl to enable the unloading and storage of vegetable oil on arrival at the port in Oristano.

As of December 31, 2015 intangible assets total €21,321,534, an increase of €3,248,243 compared to the prior year-end.

### Tangible fixed assets

As of December 31, 2015 tangible assets total €417,562,782, a decrease of €13,216,189 compared to the prior year-end; the table above provides details of balances by individual asset categories.

Total tangible fixed assets of €417.6 million includes €14,871,052 relating to assets under construction as of December 31, 2015, which on completion and entry into operation will be included within specific asset categories.

### Financial fixed assets

This item relates for the main part to equity investments; the following table provides details of such investments as of December 31, 2015.

COMPANY NAME	SHARE CAPITAL AS OF 12.31.2015	EQUITY AS OF 12.31.2015	% OWNERSHIP AS OF 12.31.2015	GROUP SHARE OF EQUITY AS OF 12.31.2015	RESULT FOR THE YEAR 2015	CARRYING VALUE PER CONSOLIDATED FINANCIAL STATEMENTS AS OF 12.31.2015
<b>NON-CONSOLIDATED SUBSIDIARIES</b>	-	-	-	-	-	-
<b>ASSOCIATED COMPANIES:</b>						
WPP UNO S.p.A. <sup>1)</sup>	130,000	246,915	49,00	120,988	- 534,417	-
PVB Power Bulgaria S.p.A. <sup>2)</sup>	38,346,891	37,336,067	23,13	8,635,832	- 6,742,406	5,316,907

<b>TOTAL ASSOCIATED COMPANIES</b>						<b>5,316,907</b>
<b>OTHERS:</b>					-	
Medgas Italia Srl <sup>2)</sup>	10,222,441	8,927,774	9,61	857,959	- 90,871	4,000,000
Enerpass Scarl <sup>4)</sup>	1,000,000	1,000,000	10,00	100,000	-	100,293
BIO.TE.MA Srl <sup>3)</sup>	100,000	86,643	11,42	9,895	- 1,927	36,429
Sel-Edison S.p.A. <sup>4)</sup>	84,798,000	104,110,128	8,00	8,328,810	9,630,391	9,500,000
Banca Popolare dell'Alto Adige Soc. Coop. pa <sup>4)</sup>	179,535,732	777,168,746	0,0022	17,098	22,367,508	19,241
<b>TOTAL OTHERS</b>						<b>13,655,963</b>
<b>COMPRENSIVE TOTAL</b>						<b>18,972,870</b>

- 1) Financial statements as of 01.31.2015
- 2) Financial statements as of 12.31.2014
- 3) Financial statements as of 03.31.2015
- 4) Draft financial statements as of 12.31.2015 approved by Board of Directors

Receivables included in this line item, totaling €5,732,617, relate for the main part to: a receivable of €4,884,930 due to the parent company by one of the associated companies, WPP UNO S.p.A., in relation to interest bearing loans granted to the Company; and receivables amounting to €577,800 due from non-consolidated companies in respect of dividends relating to 2015.

Other investments relate to long-term treasury bills totaling €300,000, which mature in 2017.

As required by art. 2427, para. 6 of the Italian Civil Code, it is noted that as of December 31, 2015 certain receivables, relating to the loans granted to the aforementioned associated company, are due after more than five years.

Total financial fixed assets as of December 31, 2015 amount to €25,005,487 as compared with €28,324,083 as of December 31, 2014.

### **Inventories**

Raw materials, supplies and consumables total €11,091,972 as of December 31, 2015; in addition to consumables and light equipment (€2,573,659) they include the inventories of palm oil and chemicals held by Biopower Sardegna Srl (€8,518,313).

Construction contract work in progress amounts to €341,556 and relates to work carried out to order and accounted for as external contracts.

Inventories also include finished products and merchandise for resale amounting to €15,712,959; specifically these relate to environmental certificates.

As of December 31, 2015 inventories total €27,146,487, an increase of €11,524,029 compared to the prior year-end.

## Receivables

The most significant line item within receivables as of December 31, 2015 relates to receivables due from customers for the sale of electricity, natural gas and heat; the item is stated net of provisions against doubtful debts.

Of such receivables due from customers, €58,450,701 (gross of provisions against doubtful debts amounting to €2,741,631) relates to amounts invoiced, while amounts not yet invoiced total €84,349,967.

Movements in the provision against doubtful debts during 2015 were as follows:

Closing balance as of December 31, 2014:	€3,090,294
Utilization:	€375,663
Provision:	€27,000
Closing balance as of December 31, 2015:	€2,741,631

The provision is considered to be sufficient to cover the risk of losses that can be reasonably estimated at present.

Receivables also include; receivables due from the two municipalities that own the Company (€3,279,710); tax credits (€24,797,176 of which €17.2 million relating to VAT and €4.5 million to Visco Sud Law in favor of Biopower Sardegna Srl); receivables relating to deferred tax assets (€9,751,179); and receivables due from others (totaling €37,453,906, of which €6.3 million due from the Equalization Fund for the Electricity Sector mainly in relation to estimated revenues under the equalization arrangements in the electricity sector, €9.7 million due from the Autonomous Province of Bolzano in respect of capital grants relating to the combined heat and power station in Merano and the district heating network, €4.3 million relating to advances to suppliers and €14.9 million due from the GSE in relation to environmental certificates).

Total receivables as of December 31, 2015 amount to €215,341,008 as compared with €254,396,776 as of December 31, 2014.

## Cash and banks



Cash and banks amount to €86,844,518 as of December 31, 2015 as compared with €98,284,636 as of December 31, 2014; the balance sheet provides a breakdown of the underlying line items.

### Accrued income and prepaid expenses

Accrued income and prepaid expenses total €1,047,478 as of December 31, 2015 and include: accruals amounting to €30,812, relating for the main part to accrued interest on loans granted by the parent company to investee companies; and prepayments amounting to €1,016,667, relating to hydroelectric surcharges, maintenance expenses, insurance policies, the issue of guarantees in favor of third parties and other various expenses.

Accrued income and prepaid expenses as of December 31, 2015 are €290,480 less than at the prior year-end.

## LIABILITIES

Total liabilities as of December 31, 2015 amount to €794,269,294 (equal to total assets).

The following table provides details of liabilities as of December 31, 2015, compared with balances at the prior year-end.

TABLE IN ACCORDANCE WITH ART. 2427, PARA. 1, NO. 4 OF THE ITALIAN CIVIL CODE

LINE ITEM DESCRIPTION	(thousands of Euro)		
	12.31.2014	12.31.2015	Change 2015
<u>SHAREHOLDERS' EQUITY</u>			
SHARE CAPITAL	442,263	442,263	-
SHARE PREMIUM RESERVE	-	-	-
REVALUATION RESERVES	-	-	-
LEGAL RESERVE	12,536	13,621	+ 1,085
STATUTORY RESERVES	49,366	10,424	- 38,942
TREASURY SHARE RESERVE	-	-	-
OTHER RESERVES	2,345	2,345	-
RETAINED EARNINGS (ACCUMULATED LOSSES) CARRIED FORWARD	25,303	30,306	+ 5,003
PROFIT (LOSS) FOR THE YEAR	26,688	26,016	- 672

GROUP SHAREHOLDERS' EQUITY	558,501	524,975	-	33,526
<u>EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</u>				
SHARE CAPITAL AND RESERVES	913	490	-	423
PROFIT (LOSS) FOR THE YEAR	- 544	- 324	+	220
EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	369	166	-	203
TOTAL EQUITY	558,870	525,141	-	33,729
<u>PROVISIONS FOR RISKS AND CHARGES</u>				
- Retirement benefits and similar obligations	-	-	-	-
- Provision for taxes, including deferred taxes	170	199	+	29
- Other	18,122	21,433	+	3,311
TOTAL PROVISIONS FOR RISKS AND CHARGES	18,292	21,632	+	3,340
<u>EMPLOYEES' TERMINATION INDEMNITY</u>	7,148	6,840	-	308
<u>PAYABLES</u>				
- Bonds	-	-	-	-
- Convertible bonds	-	-	-	-
- Loans from shareholders	2,425	2,961	+	536
- Bank borrowings	88,417	76,998	-	11,419
- Other financial debt	-	-	-	-
- Advance payments received	6,068	4,465	-	1,603
- Trade payables	127,374	115,562	-	11,812
- Debt instruments	-	-	-	-
- Amounts due to subsidiaries	-	-	-	-
- Amounts due to associated companies	-	-	-	-
- Amounts due to controlling entities	5	6	+	1
- Taxes payable	1,161	8,841	+	7,680
- Amounts payable to social security and pension institutions	1,695	1,017	-	678
- Other payables	15,672	10,674	-	4,998
TOTAL PAYABLES	242,817	220,524	-	22,293
<u>ACCRUED EXPENSES AND DEFERRED INCOME</u>	19,691	20,132	+	441
TOTAL LIABILITIES	846,818	794,269	-	52,549

### Share capital

Share capital amounts to €442,263,000 as of December 31, 2015 and is represented by 884,526 shares with a nominal value of €500 each; there has been no change in share capital compared to December 31, 2014.

**Legal reserve**

The balance of €13,620,687 is higher than at the prior year-end as a result of the allocation of profit for the year amounting to €1,084,228.

**Statutory reserves**

During 2015, part of this reserve was utilized to pay dividends for 2014 to the municipalities that own the Company (€9,399,670) and adjust the net financial positions of the AEW and SEL groups (€29,542,000). As a result of such utilization, statutory reserves have decreased by €38,941,670 and amount to €10,423,974 as of December 31, 2015.

**Other reserves**

Other reserves includes the plant renewal fund, which amounts to €273,135 as of December 31, 2015, and the consolidation reserve amount to €2,071,675 as of December 31, 2015, which represents the difference between the net equity of consolidated subsidiaries and the value of the investments in such companies in the financial statements of the controlling entity.

Other reserves amount to €2,344,810 as of December 31, 2015, the same amount as at the prior year-end.

**Retained earnings (accumulated losses) carried forward**

Consolidated retained earnings carried forward as of December 31, 2015 amount to €30,306,317 and reflect the value of consolidated results carried forward from prior years, which are higher than those reported in the parent company's own separate financial statements.

**Profit for the year**

Profit for the year amounts to €26,016,419 in 2015, as compared with €26,688,060 in 2014.

**Equity attributable to minority interests**

Equity attributable to minority interests, which amounts to €166,064 as of December 31, 2015, reflects the sum total of share capital and reserves (€490,319) and the loss for the year in 2015 (- €324,255) attributable to minority interests.

**Provisions for risks and charges**

This line item includes the provision for deferred taxes (€199,349 as of December 31, 2015) and provisions for risks and charges, including the following:





- €12,899,230 relating to provisions prudently constituted in relation to potential liabilities arising from ongoing disputes;
- €1,934,254 relating to the Group employees' bonus for 2015; and
- €6,609,238 in respect of various charges relating to the subsidiary companies Azienda Energetica Trasmissione Alto Adige Srl (€6,582), Biopower Sardegna Srl (€6,524,228) and the parent company (€78,428).

The following table provides details of movements in provisions during 2015:

DESCRIPTION	01/01/2015	UTILIZATION/RELEASE DURING 2015	ADDITION TO PROVISION DURING 2015	12/31/2015
Provision for deferred taxes	169,934	160,129	189,544	199,349
Provision for risks relating to ongoing disputes	10,576,167	1,128,750	3,441,813	12,889,230
Provision for results related bonus	1,948,653	1,948,653	1,934,254	1,934,254
Provision for other various charges	5,597,066	1,676,807	2,688,979	6,609,238
<b>TOTAL</b>	<b>18,291,820</b>	<b>4,914,339</b>	<b>8,254,590</b>	<b>21,632,071</b>

Total provisions for risks and charges as of December 31, 2015 amount to €21,632,071, an increase of €3,340,251 compared to the total at the end of 2014.

### Employees' termination indemnity

The employees' termination indemnity (TFR) represents amounts set aside in accordance with applicable laws and provisions of labor contracts. As of December 31, 2015, the related liability amounts to €6,839,566, a decrease of €308,825 compared to the liability at the prior year-end.

In accordance with applicable legislation, during 2015 the Group made monthly payments to the Italian Social Security Institute (INPS) in respect of TFR contributions for those employees who had not chosen to direct their accruing indemnity to a separate pension fund.

### Payables

Payables comprises numerous line items, which are analyzed below together with comparative information.

The first item reflects loans from shareholders, amounting to €2,961,229 as of December 31, 2015, which relates to a payable due by Ottana Solar Power S.p.A. to one of its shareholders.

The second item relates to bank borrowings, which as of December 31, 2015 include the following:

- €48,000,000 relating to the residual amount owing on a loan granted to the parent company in 2008 by the Cassa Depositi e Prestiti. The loan, which charges interest at a variable rate is repayable in half-yearly instalments over a thirteen year period starting on January 1, 2011;
- €28,998,317 relating to the amount owing on a loan granted to Biopower Sardegna Srl in 2008 by the Cassa Depositi e Prestiti. It relates wholly to a credit line known as “construction line” and is repayable at a fixed interest rate.

Payables also includes guarantee deposits received from customers in relation to energy supplies (€2,411,233), as well as advance payments received from customers (€2,053,540); as of December 31, 2015, such balances total €4,464,773, some €1,602,817 less than at the prior year-end.

Trade payables as of December 31, 2015 amount to €115,561,648, significantly below (- €11,812,084) the equivalent amount at the prior year-end.

As of December 31, 2015, the Group has payables due to the municipalities of Bolzano and Merano amounting to €6,257.

Completing the list of payables as of December 31, 2015 are; taxes payable (€8,840,879); amounts payable to social security and pension institutions (€1,016,934); and other payables (€10,673,663 of which €6.2 million relating to payables due to the Equalization Fund for the Electricity Sector and €1.88 million relating to an amount owing in relation to the parent company’s acquisition of an equity investment in WPP UNO S.p.A.).

Total payables as of December 31, 2015 amount to €220,523,700, a decrease of €22,293,524 compared to the total at the end of 2014.

As required by art. 2427, para. 6 of the Italian Civil Code, it is noted that, as of December 31, 2015, other than in relation to the aforementioned loans, there are no payables due after more than five years, nor are any payables secured against the Group’s assets, with the exception of a mortgage guarantee relating to property owned by Biopower Sardegna Srl, granted in relation to the loan from the Cassa Depositi e Prestiti.

### **Accrued expenses and deferred income**

Accrued expenses and deferred income total €20,132,685 as of December 31, 2015, an increase of €442,124 compared to the prior year-end.

The most significant item reflects capital grants totaling €17,256,935 (€16,127,230 as of December 31, 2014), which relate only in part to the current year with the balance being recognized as deferred income.

Also significant is deferred income totaling €2,838,501, relating to the tax credit obtained by Biopower Sardegna Srl pursuant to the so-called “Visco Sud” law in relation to investments made in Sardinia.

As required by art. 2427, para. 7 of the Italian Civil Code, it is noted that as of December 31, 2015, accrued expenses and deferred income include accrued expenses (€21,837) and deferred income (€15,411) relating mainly to rents and leases.

#### **MEMORANDUM ACCOUNTS**

Guarantees granted by the parent company in favor of third parties (in the form of comfort letters and guarantees) amount to €5,368,032 as of December 31, 2015 (€3,839,232 as of December 31, 2014) and are on behalf of PVB Power Bulgaria S.p.A. (€2.3 million), ERT Srl (€2.6 million) and Montecatini Due Srl (€0.5 million); the latter two companies are wholly owned subsidiaries of WPP UNO S.p.A..

As of December 31, 2015, Group companies hold guarantees granted by third parties amounting to €56.8 million.



## CONSOLIDATED INCOME STATEMENT

The following table provides details from the consolidated income statement for the year ended December 31, 2015, together with comparative prior year figures:

DESCRIPTION	(thousands of Euro)		
	2014	2015	Changes
<b>VALUE OF PRODUCTION</b>			
Revenues from sales and services	713,325	606,069	- 107,256
Change in inventories of work-in-progress, semi-finished/finished products	-	-	-
Change in construction contract work in progress	- 144	- 449	- 305
Internal works resulting in additions to fixed assets	21,040	24,942	+ 3,902
Other revenues and income	61,211	70,276	+ 9,065
TOTAL VALUE OF PRODUCTION	795,432	700,839	- 94,593
<b>COST OF PRODUCTION</b>			
Raw, ancillary and consumable materials	415,477	343,616	- 71,861
Services	237,218	236,541	- 677
Leases and rentals	1,316	1,640	+ 324
Personnel costs	29,673	30,670	+ 997
Amortization, depreciation and write-downs	34,628	36,388	+ 1,710
Change in inventories of raw, ancillary and consumable materials	3,016	- 11,973	- 14,989
Provisions for risks	336	3,201	+ 2,865
Other provisions	5,830	4,623	- 1,207
Other operating expenses	14,481	11,394	- 3,087
TOTAL COST OF PRODUCTION	741,975	656,100	- 85,875
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	53,457	44,739	- 8,718
<b>FINANCE INCOME AND COSTS</b>			
Income from equity investments	480	578	+ 98
Other finance income	1,717	880	- 837
Interest and other finance costs (-)	2,344	1,953	- 391
Exchange gains and losses	- 184	17	+ 201

TOTAL FINANCE INCOME AND COSTS	- 330	- 477	-	807
<u>VALUATION ADJUSTMENTS TO FINANCIAL ASSETS</u>				
Revaluations	-	-	-	-
Write-downs	3,959	2,432	-	1,527
TOTAL VALUATION ADJUSTMENTS	- 3,959	- 2,432	+	1,527
<u>EXTRAORDINARY INCOME AND CHARGES</u>				
Extraordinary income	1,354	1,253	-	101
Extraordinary charges	1,094	1,520	+	426
TOTAL EXTRAORDINARY INCOME AND CHARGES	260	- 267	-	527
PROFIT BEFORE INCOME TAX	49,428	41,563	-	7,865
Income tax expense	23,283	15,871	-	7,412
Consolidated profit (loss) for the year	26,144	25,692	-	452
Profit (loss) attributable to minority interests (-)	- 544	- 324	+	220
Profit (loss) attributable to the Group	26,688	26,016	-	672

The following paragraphs provide comments on the individual line items.

### Revenues from sales and services

Revenues from the sale of electricity, including amounts reflecting imbalances, dispatch and other factors as well as the positive differentials on hedging operations, totaled €475,763,289 in 2015 as compared with €564,033,485 in 2014.

Revenues also included €8,447,000 relating to the various equalization arrangements in the electricity sector (€8,728,671 in 2014).

The item also includes revenues of €55,775,537 (€43,006,841 in 2014) from the sale and distribution of natural gas, of which €48,567,680 related to sales and €7,207,857 to distribution.

Revenues from the sale of hot water distributed through district heating networks to certain users in the town of Merano amounted to €5,144,995 in 2015 (€4,606,695 in 2014) and revenues from the sale of steam amounted to €846,111.

Revenues from the sale of renewable energy (green) certificates amounted to €48,091,565 in 2015 (€81,197,387 in 2014).

Other items included in revenues from sales and services related mainly to amounts received for connections and power increases (€2,840,870) and amounts earned by the Group for services provided to customers (€5,281,836).



Finally, 2015 revenues also included €1,633,189 relating to amounts owed by Terna S.p.A. to the Azienda Energetica Trasmissione Alto Adige Srl for transmission services.

Overall, revenues from sales and services totaled €606,069,321 in 2015 as compared with €713,325,405 in 2014.

### **Changes in construction contract work in progress**

This item, which reflects changes in the balances accounted for as work in progress on third party construction contracts, generated a negative balance of €448,712 in 2015, resulting from the difference between the value of contract work in progress at the beginning of the year (€790,268) and the value at the end of the year (€341,556).

### **Internal works resulting in additions to fixed assets**

This item includes costs that although accounted for among costs in the income statement, are not charged in calculating the result for the year, but rather are capitalized as they relate to internal work performed to extend/renew or construct new plant.

Such costs amounted to €24,942,302 in 2015, an increase of €3,902,704 compared to the previous year, and can be broken down as follows:

- €6,520,078 - personnel costs
- €3,083,334 – cost of materials
- €15,338,890 – cost of third party services

It is recalled that additions to fixed assets that are “ready for use” are accounted for directly in the balance sheet under fixed assets without passing through the income statement.

### **Other revenues and income**

In 2015, this item included €793,050 relating to revenues in respect of the quality of service of electricity distribution, €4,441,748 relating to grants received from GSE S.p.A. as incentives to increase energy production from photovoltaic sources and €1,386,740, reflecting the annual share – recognized during the year – of grants received from the Autonomous Province of Bolzano in accordance with Provincial Law L.P. 18/1972.

Other revenues and income also included revenues relating to environmental certificates (both produced and traded) totaling €43,023,194 (€43,535,823 in 2014).

The item also included income resulting from prior year adjustments amounting to €15,529,672, for the main part relating to adjustment of energy quantities from previous years (€12,542,814); income from such prior year adjustments in 2014 amounted to €7,568,485.

In addition to the above, this item also included income earned by Group companies considered to be of a secondary nature. Such income derives from a range of sources and included: income from the rent of land

and buildings (€195,899); income from the hire of tools and equipment (€720,395); income relating to the release of the increased k coefficient provision for Biopower Sardegna Srl (€1,657,193); revenues from the sale of materials, (€490,925), from the recovery of stamp duty from customers (€83,559), from reimbursement of damages caused by customers and receipts from insurance companies (€443,200), from the recovery of collection fees (€86,635), from the recovery of personnel costs (€113,792), from the recovery of costs incurred (€428,522); and other sundry income (€881,365).

Overall, other revenues and income totaled €70,275,889 in 2015 as compared with €61,211,125 in 2014.

### **Raw, ancillary and consumable materials**

Raw, ancillary and consumable material costs include the costs of purchasing electricity and gas required to meet the needs of the Group's customers as well as the costs of materials and other goods destined for inventory and production purposes.

During 2015, the Group incurred costs of €191,820,341 for electricity, including negative differentials on hedging operations (€269,586,276 in 2014).

The item includes €30,789,906 relating to 2015 purchases of vegetable oil to support the operation of Biopower Sardegna Srl's electrical power plant (€25,923,322 in 2014).

The item also includes €2,515,424 relating to the purchase of other combustible materials for Biopower Sardegna Srl's electrical power plant.

Purchases of gas increased in 2015 compared to the previous year, from €36,316,685 in 2014 to €48,200,092 in 2015.

This item also includes costs relating to the purchase of renewable energy (green) certificates, which amounted to €61,559,424 in 2015 and €73,509,032 in 2014.

Costs incurred for the purchase of materials and other goods amounted to €8,730,771 in 2015, an increase of €145,837 compared to the equivalent figure in 2014.

Overall, raw, ancillary and consumable material costs totaled €343,615,954 in 2015 as compared with €415,476,558 in 2014.

### **Services**

This item includes a range of costs relating both to energy management and production as well as to administration.

The former include the cost of electricity transmission across the national grid and the cost of distribution through local networks, which totaled €171,380,132 in 2015 (€159,516,505 in 2014).

Electricity imbalance charges amounted to €2,658,742 in 2015 (€6,538,433 in 2014).

Gas distribution costs amounted to €7,474,582 in 2015.

Dispatch service and other minor charges amounted to €24,003,805 in 2015 (€37,979,050 in 2014).



The item also includes costs amounting to €1,461,025 that are offset in other accounts by similar amounts.

The cost of industrial activities and services provided by third parties increased from €15,616,498 in 2014 to €17,670,006 in 2015; for the main part, such costs related to activities sub-contracted by the parent company to companies with specific experience in building and electrical works.

In this regard, it is noted that maintenance costs include only the cost of ordinary maintenance and exclude the cost of maintenance that extends the useful life of assets; such other costs are capitalized and added to the value of the assets to which they relate.

This item also includes €11,895,797 (€10,360,611 in 2014) for costs incurred by the Group for professional services relating to legal matters, opinions, consultancies and studies as well as the costs of other services including logistics, cleaning, employee canteen, security, marketing, advertising and sponsorship, heating, audit and accounts certification, banking, press, mail, telephone, insurance, machine maintenance, professional training and updating, temporary employment and other minor services. Costs relating to the Boards of Directors of Group companies, included in the aforementioned figure of €11.9 million, amounted to €532,107.

As required by art. 2427, para. 16 of the Italian Civil Code, it is noted that the aforementioned sum also includes fees paid to both the statutory auditors and external auditors of Group companies, which in 2015 amounted to €330,355 and €70,034 respectively (for a total of €400,389).

Overall, the cost of services totaled €236,541,089 in 2015, €677,035 less than in 2014.

### Leases and rentals

This item relates to costs incurred by Group companies for leases and rentals as well as hire of electronic equipment and in 2015 amounted to €1,640,189 (€1,316,168 in 2014); the item includes the fee paid by the parent company to ASM S.p.A. for use of the gas distribution network in the town of Merano (€820,096).

### Personnel costs

Personnel costs, comprising wages and salaries, social security contributions, termination indemnities and other related costs, amounted to €30.7 million in 2015 (see table below), an increase of €1.0 million compared to the previous year.

It is recalled that the aforementioned personnel costs include those labor costs relating to the construction and renewal of plant that at the year-end are transferred to the revenue line item "Internal works resulting in additions to fixed assets".

DESCRIPTION	2014	2015	Changes 2015





a)	Wages and salaries	20,812,163	21,516,240	+ 704,077
b)	Social security contributions	6,753,334	6,883,371	+ 130,037
c)	Employees' termination indemnity	1,592,241	1,620,652	+ 28,411
d)	Retirement benefits and similar obligations	6,804	4,551	- 2,253
e)	Other costs	508,009	645,157	+ 137,148
<b>TOTAL</b>		<b>29,672,551</b>	<b>30,669,971</b>	<b>+ 997,420</b>

Social security contributions include contributions paid by the Group in relation to employee supplementary pension schemes.

A specific provision has been made to set aside an amount of €1,934,254 in relation to the Group employees' bonus for 2015; such bonus, the amount of which has been estimated for reporting purposes, will be paid during 2016.

In accordance with the requirements of art. 2427, para. 15 of the Italian Civil Code, the following table provides details of the average number of Group employees (by category) during 2015 and during the previous year, as well as the number of employees as of December 31, 2015.

CATEGORY	AVERAGE NUMBER		NUMBER AS OF 12.31.2015
	2014	2015	
Senior managers	9	8	8
Middle managers	44	47	46
White collar	256	256	259
Blue collar	175	171	169
TOTAL	484	482	482

### Amortization, depreciation and write-downs

Amortization and depreciation of the Group's operational fixed assets, amounted to €34,713,241 in 2015 (see table below), an increase of €722,088 compared to the equivalent figure in the previous year.

For details regarding amortization and depreciation criteria, see the first section of these notes to the consolidated financial statements.

The following table provides details of amortization and depreciation charges relating to the various fixed asset categories as well as details of the average rates applied.

ASSETS	GROSS BOOK VALUE AS OF DECEMBER 31, 2015	AMORTIZATION/ DEPRECIATION 2015	AVERAGE RATE
<b>INTANGIBLE FIXED ASSETS</b>	<b>67,128,719</b>	<b>2,441,318</b>	<b>3.64%</b>
Non-industrial buildings	307,808	4,617	1.50%
Non-industrial land	6,651,863	-	-
Industrial buildings	75,757,778	1,212,871	1.60%
Revertible infrastructure assets	205,517,044	7,890,355	3.84%
Production plants	146,492,087	8,971,118	6.12%
AAT-AT plants	42,166,867	1,108,364	2.63%
MT plants	115,138,741	2,920,529	2.54%
BT plants	142,157,067	5,525,263	3.89%
Heat transmission network	28,908,342	1,104,537	3.82%
Measurement and control appliances	31,471,317	2,200,587	6.99%
Industrial and commercial equipment	4,486,216	142,752	3.18%
Other tangible assets	19,775,379	1,190,930	6.02%
Assets under construction	14,871,052	-	-
<b>TANGIBLE FIXED ASSETS</b>	<b>833,701,561</b>	<b>32,271,923</b>	
<b>TOTAL</b>	<b>900,830,280</b>	<b>34,713,241</b>	

Certain assets have been identified as impaired and are written down in these financial statements by a total amount of €1,647,783; for the main part such assets relate to the electricity distribution network and the MEMC heat and power station (€1,455,738), an electrical room owned by Ottana Solar Power S.p.A. (€96,000) and certain assets at the Reisa electrical sub-station owned by Azienda Energetica Trasmissione Alto Adige Srl S.p.A. (€129,693). During 2014, amounts written down in respect of impaired fixed assets totaled €637,072.

With regard to impairment of receivables, during 2015 an amount of €27,000 was added to the provision for doubtful debts; no addition was made to the provision for doubtful debts in 2014.

Overall, amortization, depreciation and write-downs totaled €36,388,024 in 2015 as compared with €34,628,225 in 2014.

#### Change in inventories of raw, ancillary and consumable materials



The change in question in 2015 was an increase of €11,972,741, representing the net effect of an increase of €13,495,831 (from €2,217,128 at the beginning of 2015 to €15,712,959 at the end of the year) in environmental certificates and a decrease of €1,523,090 (from €12,615,061 at the beginning of 2015 to €11,091,972 at the end of the year) in inventories of raw materials.

### **Provisions for risks**

This item includes €481,000 that was prudently added to the provision for risks relating to ongoing disputes as well as a provision relating to the adjustment of energy quantities from previous years that have not yet been finally calculated and acquired; the amount of this latter provision, which is also accounted for among revenues under prior year adjustments, amounted to €2,719,831 in 2015.

Overall, provisions for risks totaled €3,200,831 in 2015 as compared with €335,704 in 2014.

### **Other provisions**

Other provisions included €1,934,254 relating to amounts owing to Group personnel in respect of their 2015 bonus and a provision of €2,688,979 in relation to the mechanism regarding the increase of the K coefficient applied to green certificates produced by Biopower Sardegna Srl.

Overall, other provisions totaled €4,623,233 in 2015, a decrease of €1,206,638 compared to the previous year.

### **Other operating expenses**

This item includes a range of operating costs including fees, indirect taxes, taxes, charges and contributions and general expenses.

Total such expenses amounted to €11,393,675 in 2015, a decrease of €3,087,347 compared to the total in 2014.

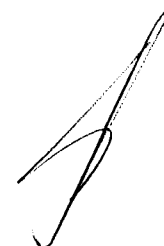
Other operating expenses in 2015 included state charges and (B.I.M. and coastal) hydroelectricity related surcharges as well as the compensation provided for by Law 18 of 08/30/1972 and other smaller fees and charges totaling €5,734,762.

It also included out of period losses of €1,577,013 (€2,372,627 in 2014) relating for the main part to adjustment of energy quantities from previous years.

Registration fees, stamp duty, local taxation, IMI and IMU and taxes on electricity and gas totaled €1,657,757.

Losses on disposal of assets by the parent company amounted to €480,516 (€542,810 in 2014).

Finally, other operating expenses in 2015 also included a total of €1,943,627 for costs incurred for white certificates, association fees, various other charges (of which €246,084 relating to the contribution for the functioning of the energy sector regulatory authority foreseen by Law 481/1995), publications, press and magazines, various indemnities and other costs.



### **Income from equity investments**

Income from equity investments included dividends from the parent company's investments in non-consolidated companies (specifically, dividends of €577,800 from SEL-EDISON S.p.A. and €300 from Banca Popolare dell'Alto Adige); in 2015, total such income from equity investments was €98,100 higher than in 2014.

### **Other finance income**

Other finance income in 2015 related mainly to interest earned on bank deposits (€619,831) and interest bearing loans granted by the parent company to Group companies (€80,974) as well as late payment interest earned on energy bills (€143,946) and other interest income (€35,664).

Overall, other finance income totaled €880,415 in 2015 as compared with €1,717,356 in 2014.

### **Interest and other finance costs**

Interest and other finance costs included interest charges on the loan of €80.0 million entered into by the parent company in 2008 (€263,504), interest charges on the loan entered into by Biopower Sardegna Srl in 2008 (€1,573,321), interest charges on guarantee deposits made by customers (€9,964) and other various interest charges and costs (€105,940).

Overall, interest and other finance costs totaled €1,952,729 in 2015 as compared with €2,343,991 in 2014.

### **Exchange gains and losses**

In 2015, the Group benefitted from foreign exchange gains of €17,554; in 2014, the Group incurred foreign exchange related losses of €183,700.

### **Write-downs**

In 2015, this item totaled €2,431,712 and reflected the write-down of the equity investments in WPP UNO S.p.A. (€122,815), PVB Power Bulgaria S.p.A. (€2,027,976), Biella Power Srl (€39,938) and Biopower Sardegna Srl (€240,983), the last of which relating to an increase in the provision for risks and charges in relation to the negative net equity attributable to third parties as of December 31, 2015.

In 2014, write-downs totaled €3,959,300.

### **Extraordinary income**

In 2015, this item included extraordinary income unrelated to the Group's ordinary business activities totaling €1,252,113, almost wholly as a result of extraordinary out of period gains; these related to insurance payouts received by Biopower Sardegna Srl (€1,038,002) and an overpayment of taxes in previous years (€61,552).

Overall, extraordinary income totaled €1,252,834 in 2015 as compared with €1,353,628 in 2014.



## Extraordinary charges

In 2015, extraordinary charges included out of period losses unrelated to the Group's ordinary business activities totaling €1,401,537, for the main part comprising costs incurred in relation to damage to Biopower Sardegna Srl's production plant in the early months of 2015 (€399,845) and adjustment of energy quantities from previous years (€274,520).

The item also included prior period taxes (€118,617).

Overall, extraordinary charges totaled €1,520,154 in 2015, an increase of €426,115 compared to the previous year.

## Income tax expense

Current income tax expense totaled €16,279,509 in 2015 (IRES of €14,220,124 and IRAP of €2,059,385), a decrease of €5,843,880 compared to the previous year.

Income tax expense also included deferred taxes amounting to €29,415 and (opposite) movements in deferred tax assets of €438,205 (see table below).

Certain Group companies benefitted from elimination of the additional IRES charge (so called Robin Tax) following the Constitutional Court's decision on February 9, 2015 that such charge was unconstitutional; it is recalled that such additional charge accounted for 6.5 percentage points in the previous year. It is further noted that certain Group companies utilized an IRAP rate of 4.2% as applicable in the Autonomous Province of Bolzano to concessionary companies other than construction companies and those that manage highways and tunnels.

Description	2014			2015		
	temporary differences	tax	rate	temporary differences	tax	rate
<b>Deferred tax assets</b>						
Non - deductible amortization and depreciation	9,352,888	2,581,727	27.60%	8,278,485	2,054,098	24.81%
Provision for risks relating to ongoing disputes (IRES and IRAP)	2,096,708	647,547	30.88%	2,058,957	635,580	30.87%
Provision for risks (general)	3,678,428	1,114,942	30.31%	5,791,194	1,748,975	30.20%
Provision for results related bonus	1,948,652	535,881	27.50%	1,934,253	608,016	31.43%
Deductible costs on a cash basis	183,221	50,386	27.50%	49,796	13,693	27.50%
Taxed receivables write-down	2,602,065	715,567	27.50%	2,310,488	629,310	27.24%
Plant write-down provision	1,622,081	506,597	31.23%	2,705,298	833,074	30.79%
OSP substitute tax not in profit and loss	4,400,000	531,790	12.09%	4,125,000	498,553	12.09%
Change in scope of consolidation BPS Srl	10,497,508	2,886,815	27.50%	10,544,599	2,729,880	25.89%
<b>Total deferred tax assets</b>	<b>36,381,551</b>	<b>9,571,252</b>		<b>37,798,070</b>	<b>9,751,179</b>	
		<b>(A)</b>			<b>(B)</b>	

<b>Deferred tax assets</b>						
Accrued dividends	458,501	126,088	27.50%	578,310	159,035	27.50%
Accrued costs and revenues	159,442	43,846	27.50%	146,598	40,314	27.50%
<b>Total deferred taxes</b>	<b>617,943</b>	<b>169,934</b>		<b>724,908</b>	<b>199,349</b>	
		<b>(D)</b>			<b>(E)</b>	

Effect of deferred taxation on 2015 profit and loss account	Taxes	
Movement in deferred tax assets – recognition of receivable		2,952,472
Movement in deferred tax assets – utilization of receivable		- 2,364,604
Movement in deferred tax assets – change of rate		- 407,941
<b>Total movement in deferred tax assets in 2015</b>		<b>179,927</b>
Tax losses transferred		258,279
<b>Total movement in deferred tax assets in and outside profit and loss account</b>		<b>258,279</b>
Movement in deferred taxes - utilized		160,168
Movement in deferred taxes - provided		- 189,583
<b>Total movement in deferred taxes in 2015 profit and loss account</b>		<b>- 29,415</b>

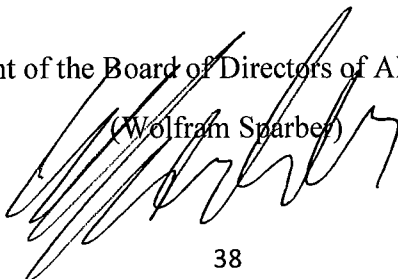
### Profit for the year

Consolidated profit for the year amounted to €25,692,164 in 2015; considering the share of the loss for the year attributable to minority interests (€324,255), profit attributable to the Group, amounted to €26,016,419 as compared with €26,688,060 in 2014.

ATTRIBUTABLE TO MINORITY INTERESTS	2014		2015	
	%	Amount	%	Amount
<b>Company</b>				
<b>Biopower Sardegna Srl</b>	21%	(648,755)	21%	(440,933)
<b>Ottana Solar Power S.p.A.</b>	10%	105,224	10%	116,678
		<b>(543,531)</b>		<b>(324,255)</b>

President of the Board of Directors of Alperia S.p.A.

(Wolfram Sparber)




## APPENDICES



## CONSOLIDATED STATEMENT OF CASH FLOWS

2015

---

### A. Cash flows from operating activities

---

Profit (loss) for the year	25,692,164	
Current and deferred income taxes for the yea	15,870,719	
Interest costs/(interest income)	1,072,314	
(Dividends)	- 578,100	
(Gains)/losses on cessation of activities	- 480,516	
<b>1. Profit (loss) before taxes, interest, dividends and gains/losses</b>		<b>41,576,581</b>
Provisions	9,476,267	
Amortization and depreciation of fixed assets	34,713,241	
Write-down for losses of a lasting nature	1,647,783	
Other adjustments for non-monetary items	774,519	
<b>Adjustments for non-monetary items not reflected in net working capital</b>		<b>46,611,810</b>
<b>2. Net cash generated from operating activities before changes in net working capital</b>		<b>88,188,391</b>
Decrease (increase) in inventories	-11,524,029	
Decrease (increase) in trade receivables due from customers (including intergroup)	19,152,317	
Increase (decrease) in trade payables due to suppliers (including intergroup)	-11,810,693	
Decrease (increase) in accrued income and prepaid expenses	290,480	
Increase (decrease) in accrued expenses and deferred income	442,024	
Other movements in net working capital	21,371,963	
<b>Cash flows from changes in net working capital</b>		<b>17,922,062</b>
<b>3. Net cash generated after changes in net working capital</b>		<b>106,110,453</b>
Interest received (paid)	- 1,072,314	
(Income taxes paid)	-16,279,509	
Dividends received	578,100	
(Provisions utilized)	- 4,790,063	
<b>Cash flows from other adjustments</b>		<b>- 21,563,786</b>
<b>Cash flows from operating activities (A)</b>		<b>84,546,667</b>

---

### B. Cash flows from investing activities

---



(Investments)	-38,219,822	
Disposals	17,996,821	
<b>Tangible fixed assets</b>		<b>- 20,223,001</b>
(Investments)	-10,679,090	
Disposals	4,989,529	
<b>Intangible fixed assets</b>		<b>- 5,689,561</b>
(Investments)	- 1,525,000	
Disposals	2,411,884	
<b>Financial fixed assets</b>		<b>886,884</b>
(Investments)	-	
Disposals	-	
<b>Financial assets other than fixed assets</b>		<b>-</b>
<b>Acquisition or disposal of subsidiaries or businesses net of liquid assets</b>		
<hr/>		
<b>Cash flows from investing activities (B)</b>		<b>- 25,025,678</b>
<hr/>		
<b>C. Cash flows from financing activities</b>		
<hr/>		
Increase (decrease) in short-term bank borrowings	-	
New borrowings	-	
Repayment of borrowings	-11,419,107	
<b>Cash flows relating to third party funds</b>		<b>- 11,419,107</b>
Changes in capital and reserves	-	
Sale (acquisition) of treasury shares	-	
(Dividends and interim dividends paid)	-59,542,000	
<b>Cash flows relating to own funds</b>		<b>- 59,542,000</b>
<hr/>		
<b>Cash flows from financing activities (C)</b>		<b>- 70,961,107</b>
<hr/>		
Cash and banks as of January 1, 2015		98,284,636
Increase (decrease) in cash and banks		- 11,440,118
<b>Cash and banks as of December 31, 2015</b>		<b>86,844,518</b>
		<hr/> <hr/>



**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2015**

Description	GROUP SHAREHOLDERS' EQUITY							EQUITY ATTRIBUTABLE TO MINORITY INTERESTS				CONSOLIDATED TOTAL	
	Share capital	Legal reserve	Statutory reserves	Other reserves	Consolidation reserve	Consolidated results		Profit (loss) for the year	TOTAL GROUP	Share capital	Profit (loss) for the year		TOTAL MINORITY INTERESTS
						b/f	bl						
Balance as of 12.31.2014	442,263,000	12,536,459	49,365,644	273,135	2,071,675	25,302,815	26,688,060	558,500,789	912,818	-543,531	369,287	558,870,076	
ALLOCATION OF PROFIT FOR THE YEAR - 2014													
- legal reserve		1,084,228					-1,084,228						
- statutory reserve			-38,941,670				-20,600,330	-59,542,000					
- dividends													
- consolidated results b/f						5,003,502	-5,003,502						
- consolidation reserve													
dividends distributed by consolidated companies to minority interests									-78,918		-78,918	-78,918	
increase in capital reserves relating to the equity of consolidated companies									199,950		199,950	199,950	
PROFIT FOR THE YEAR - 2015							26,016,419	26,016,419		-324,255	-324,255	25,692,164	
Balance as of 12.31.2015	442,263,000	13,620,687	10,423,974	273,135	2,071,675	30,306,317	26,016,419	524,975,207	490,319	-324,255	166,064	525,141,271	

**RECONCILIATION BETWEEN THE PARENT COMPANY'S EQUITY AND PROFIT  
FOR THE YEAR AND THE RELATED CONSOLIDATED FINANCIAL  
STATEMENTS AS OF DECEMBER 31, 2015**

	2015	
	PROFIT	EQUITY
<b>PARENT COMPANY FINANCIAL STATEMENTS</b>	<b>21,223,903</b>	<b>487,804,698</b>
Equity of consolidated subsidiaries		40,626,986
Results of consolidated subsidiaries:	10,556,369	10,556,369
- Azienda Energetica Trading Srl (100%)	8,472,398	8,472,398
- Azienda Enegetica Trasmissione Alto Adige Srl (100%)	365,537	365,537
- Azienda Energetica Reti S.p.A. (100%)	2,327,080	2,327,080
- Ottanta Solar Power S.p.A. (90%)	1,050,101	1,050,101
- Biopower Sardegna Srl (79%)	(1,658,748)	(1,658,748)
Reversal of the write-down in the financial statements of the parent company of the investment in Biopower Sardegna Srl	1,899,731	1,899,731
Reversal of the transactions related to the transfer in favor of Azienda Enegetica Trasmissione Alto Adige Srl		
- in 2000	55,822	(911,632)
- in 2004	94,357	(139,076)
Elimination of dividends distributed by consolidated subsidiaries:	(10,277,839)	(10,277,839)
- Azienda Energetica Trading Srl	(7,201,539)	(7,201,539)
- Azienda Enegetica Trasmissione Alto Adige Srl	(310,707)	(310,707)
- Azienda Energetica Reti S.p.A.	(1,978,018)	(1,978,018)
- Ottanta Solar Power S.p.A.	(787,576)	(787,576)
Valuation of investment in PWB Power Bulgaria using equity method	1,980,510	(58)
Valuation of investment in WPP Uno S.p.A. using equity method	725,829	(3,969,733)
Infragroup costs recorded after the reporting date	(1,280)	-
Write-down provision relating to investment in BPS (minority interest)	(240,983)	(614,240)
<b>TOTAL GROUP (A)</b>	<b>26,016,419</b>	<b>524,975,207</b>
<b>Share of profit for the year and equity attributable to minority interests</b>		
Share capital		490,319
Profit (loss) for the year	(324,255)	(324,255)
<b>TOTAL ATTRIBUTABLE TO MINORITY INTERESTS (B)</b>	<b>(324,255)</b>	<b>166,064</b>
<b>TOTAL CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>25,692,164</b>	<b>525,141,271</b>