



**Consolidated Financial Statements**  
**of Società Elettrica Altoatesina S.p.A.**  
**as of and for the year ended December 31, 2015**

## Consolidated Financial Statements

### BALANCE SHEET

	ASSETS	2015	2014
<b>B) FIXED ASSETS</b>			
<b>I) INTANGIBLE FIXED ASSETS</b>			
<b>1)</b> Formation, start-up and similar costs		2,633,073	2,090
<b>3)</b> Patents and intellectual property rights		951,562	231,529
<b>4)</b> Concessions, licenses, trademarks and similar		477,839,307	63,868,434
<b>5-bis)</b> Difference on consolidation		3,169,603	5,616,750
<b>6)</b> Assets under construction and payments on account		1,206,710	1,876,783
<b>7)</b> Other		17,450,298	14,505,188
<b>TOTAL (I)</b>		<b>503,250,553</b>	<b>86,100,774</b>
<b>II) TANGIBLE FIXED ASSETS</b>			
<b>1)</b> Land and buildings		61,755,337	52,792,116
<b>2)</b> Plant and machinery		326,476,125	294,709,497
<b>3)</b> Industrial and commercial equipment		830,104	673,235
<b>4)</b> Other tangible assets		3,492,414	2,758,706
<b>5)</b> Assets under construction and payments on account		35,894,870	22,995,593
<b>TOTAL (II)</b>		<b>428,448,850</b>	<b>373,929,147</b>
<b>III) FINANCIAL FIXED ASSETS</b>			
<b>1)</b> Equity investments in:		267,245,329	138,458,224
<b>b)</b> associated companies		35,703,695	33,849,696
<b>d)</b> other companies		231,541,634	104,608,528
<b>2)</b> Receivables:		4,158,667	4,216,424

	due from associated companies within 12 months	790,600	670,200
<b>b)</b>	due from associated companies after more than 12 months	-	-
	due from others within 12 months	450,662	303,153
<b>d)</b>	due from others after more than 12 months	2,917,405	3,243,071
<b>TOTAL (III)</b>		<b>271,403,996</b>	<b>142,674,648</b>
<b>TOTAL FIXED ASSETS (B)</b>		<b>1,203,103,399</b>	<b>602,704,569</b>

**C) CURRENT ASSETS****I) INVENTORIES**

<b>1)</b>	Raw materials, supplies and consumables	3,236,628	3,518,316
<b>2)</b>	Work-in-progress and semi-finished products	209,994	251,345
<b>3)</b>	Construction contract work in progress	12,134,098	10,872,950
<b>4)</b>	Finished products and merchandise for resale	27,478,148	17,847,258
<b>TOTAL (I)</b>		<b>43,058,868</b>	<b>32,489,869</b>

**II) RECEIVABLES**

<b>1)</b>	trade receivables due from customers within 12 months	116,347,275	88,715,024
	trade receivables due from customers after more than 12 months	-	-
<b>2)</b>	due from subsidiaries within 12 months	340,000	-
	due from subsidiaries after more than 12 months	-	-
<b>3)</b>	due from associated companies within 12 months	1,044,428	5,485,269
	due from associated companies after more than 12 months	-	-
<b>4-bis)</b>	tax credits due within 12 months	42,240,983	17,247,060
	tax credits due after more than 12 months	43,114	25,868
<b>4-ter)</b>	deferred tax assets due within 12 months	876,907	779,527

	deferred tax assets due after more than 12 months	9,357,911	9,803,444
	due from others within 12 months	21,213,448	38,265,769
<b>5)</b>	due from others after more than 12 months	362,641	676,159
	<b>TOTAL (II)</b>	<b>191,826,707</b>	<b>160,998,120</b>

**III) FINANCIAL ASSETS OTHER THAN FIXED ASSETS**

<b>1)</b>	Equity investments in subsidiaries	10,000	-
	<b>TOTAL (III)</b>	<b>10,000</b>	<b>-</b>

**IV) CASH AND BANKS**

<b>1)</b>	Bank and post office deposits	130,794,919	171,717,164
<b>3)</b>	Cash on hand	20,962	17,863
	<b>TOTAL (IV)</b>	<b>130,815,881</b>	<b>171,735,027</b>

**TOTAL CURRENT ASSETS (C) 365,711,456 365,223,016**

**D) ACCRUED INCOME AND PREPAID EXPENSES**

<b>2)</b>	Prepaid expenses	4,059,494	3,031,570
	<b>TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)</b>	<b>4,059,494</b>	<b>3,031,570</b>

**TOTAL ASSETS 1,572,874,349 970,959,155**

<b>LIABILITIES</b>		<b>2015</b>	<b>2014</b>
<b>A) SHAREHOLDERS' EQUITY</b>			
<b>I)</b>	Share capital	305,500,000	305,500,000
<b>IV)</b>	Legal reserve	8,108,770	6,387,601
<b>VII)</b>	Other reserves	161,933,967	111,528,330
	- discretionary reserve	41,056,777	29,067,458
	- controlling entity share reserve	120,877,191	82,460,873
	- discretionary reserve	(1)	(1)
<b>IX)</b>	Profit (loss) for the year	(7,217,347)	73,882,419
<b>GROUP SHAREHOLDERS' EQUITY</b>		<b>468,325,390</b>	<b>497,298,350</b>
<b>EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>			
<b>1)</b>	Share capital and reserves	21,910,666	21,553,646
<b>2)</b>	Profit (loss) for the year	2,828,895	2,483,694
<b>TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		<b>24,739,561</b>	<b>24,037,340</b>
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>		<b>493,064,951</b>	<b>521,335,690</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES</b>			
<b>1)</b>	Retirement benefits and similar obligations	300,764	-
<b>2)</b>	Provision for taxes, including deferred taxes	137,236,312	21,970,442
<b>3)</b>	Others	16,167,691	14,968,673
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES (B)</b>		<b>153,704,767</b>	<b>36,939,115</b>
<b>C) EMPLOYEES' TERMINATION INDEMNITY</b>		<b>4,670,305</b>	<b>4,110,789</b>
<b>D) PAYABLES</b>			
<b>3)</b>	Loans from shareholders due within 12 months	2,288,763	2,156,245

	Loans from shareholders due after more than 12 months	-	-
4)	Bank borrowings due within 12 months	42,494,538	35,817,088
	Bank borrowings due after more than 12 months	641,013,141	191,212,258
5)	Other financial debt due within 12 months	423,255	498,065
	Other financial debt due after more than 12 months	9,066,702	9,489,957
6)	Advance payments received due within 12 months	19,719,569	12,224,333
	Advance payments received due after more than 12 months	-	-
7)	Trade payables due to suppliers within 12 months	90,870,909	90,820,790
	Trade payables due to suppliers after more than 12 months	-	-
10)	Amounts due to associated companies within 12 months	1,887,243	3,896,667
	Amounts due to associated companies after more than 12 months	-	-
12)	Taxes payable within 12 months	12,000,556	1,793,923
	Taxes payable after more than 12 months	20,806,691	-
13)	Amounts payable to social security institutions within 12 months	1,615,311	1,812,802
	Amounts payable to social security institutions after more than 12 months	-	-
14)	Other payables due within 12 months	55,929,195	33,935,611
	Other payables due after more than 12 months	886,254	852,825
	<b>TOTAL PAYABLES (D)</b>	<b>899,002,127</b>	<b>384,510,564</b>

**E) ACCRUED EXPENSES AND DEFERRED INCOME**

2)	Deferred income	22,432,199	24,062,997
	<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME €</b>	<b>22,432,199</b>	<b>24,062,997</b>

**TOTAL LIABILITIES**

**1,572,874,349 970,959,155**

**MEMORANDUM ACCOUNTS**

	<b>2015</b>	<b>2014</b>
- Bank guarantees	53,781,616	51,414,661
- Guarantees granted in favor of subsidiaries	8,601,550	8,607,519
- Guarantees granted in favor of associated companies	-	444,582
<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>62,383,166</b>	<b>60,466,762</b>

**INCOME STATEMENT**

	<b>2015</b>	<b>2014</b>
<b>A) VALUE OF PRODUCTION</b>		
1) Revenues from sales and services	673,029,304	672,428,353
2) Change in inventories of work-in-progress, semi-finished and finished products	(41,351)	(38,813)
3) Change in construction contract work in progress	1,261,148	(5,343,106)
4) Internal works resulting in additions to fixed assets	5,757,271	4,970,310
5) Other revenues and income	39,526,576	60,688,380
- of which grants relating to the year	191,380	89,062
<b>VALUE OF PRODUCTION (A)</b>	<b>719,532,948</b>	<b>732,705,124</b>
<b>B) COST OF PRODUCTION</b>		
6) Raw, ancillary and consumable materials	362,733,365	344,825,766
7) Services	154,664,987	142,307,245
8) Leases and rentals	36,895,174	30,363,844
9) Personnel costs	33,318,051	29,026,842
a) Wages and salaries	23,684,152	20,721,289
b) Social security contributions	7,453,311	6,596,710
c) Employees' termination indemnity	1,559,120	1,337,766
d) Retirement benefits and similar obligations	35,073	9,055
e) Other costs	586,395	362,022
10) Amortization, depreciation and write-downs	61,801,775	36,301,472
a) Amortization of intangible fixed assets	30,209,422	11,061,289
b) Depreciation of tangible fixed assets	26,677,048	24,498,476



	c) Other write-down of fixed assets	3,260,751	50,000
	d) Write-down of current assets and cash and banks	1,654,554	691,707
<b>11)</b>	Change in inventories of raw, ancillary and consumable materials	(2,197,487)	9,606,605
<b>12)</b>	Provisions for risks	1,445,266	6,258,316
<b>13)</b>	Other provisions	18,453	10,647
<b>14)</b>	Other operating expenses	21,816,163	14,642,097
	<b>COST OF PRODUCTION (B)</b>	<b>670,495,747</b>	<b>613,342,834</b>

<b>DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION</b>	<b>49,037,201</b>	<b>119,362,290</b>
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### C) FINANCE INCOME AND COSTS

<b>16)</b>	Other finance income	1,392,392	1,265,623
	a) from receivables included under fixed assets	98,284	139,812
	d) income other than the above	1,294,108	1,125,811
<b>17)</b>	Interest and other finance costs	11,577,436	4,843,304
	d) other	11,577,436	4,843,304
<b>17-bis)</b>	Exchange gains and losses	75	-
	<b>FINANCE INCOME AND COSTS ( C )</b>	<b>(10,184,969)</b>	<b>(3,577,681)</b>

### D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS

<b>18)</b>	Revaluations	3,290,314	3,027,510
	a) of equity investments	3,290,314	3,027,510
<b>19)</b>	Write-downs	2,119,516	63,520
	a) of equity investments	2,119,516	63,520
	<b>VALUATION ADJUSTMENTS TO FINANCIAL ASSETS (D)</b>	<b>1,170,798</b>	<b>2,963,990</b>

### E) EXTRAORDINARY INCOME AND CHARGES

<b>20)</b>	Extraordinary income	909,533	739,314
<b>21)</b>	Extraordinary charges	32,496,600	486,197
	- of which taxes relating to previous years	32,252,364	260,544
	<b>EXTRAORDINARY INCOME AND CHARGES €</b>	<b>(31,587,067)</b>	<b>253,117</b>
	<b>PROFIT BEFORE INCOME TAX (A - B + - C + - D + - E)</b>	<b>8,435,963</b>	<b>119,001,716</b>
<b>22)</b>	Current and deferred income taxes for the year	12,824,415	42,635,603
	- current taxes	21,483,684	49,153,919
	- deferred taxes	(9,930,052)	(8,320,757)
	- deferred tax assets	(1,270,783)	(1,802,441)
<b>23)</b>	<b>Profit (loss) for the year</b>	<b>(4,388,452)</b>	<b>76,366,113</b>
	Profit (loss) for the year attributable to minority interests	2,828,895	2,483,694
	<b>PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THE GROUP</b>	<b>(7,217,347)</b>	<b>73,882,419</b>

## Notes to the consolidated financial statements

### Format and content of the consolidated financial statements

The consolidated financial statements as of and for the year ended December 31, 2015 of Società Elettrica Altoatesina S.p.A. (hereinafter “SEL S.p.A.” or the “Company” and, together with its subsidiaries the “Group”) have been prepared in accordance with the requirements of Legislative Decree No. 127 of April 9, 1991, supplemented, as required, by the accounting standards issued by the Italian accounting standards setter, the Organismo Italiano di Contabilità (OIC).

The consolidated financial statements include a balance sheet (presented in accordance with articles 2424 and 2424 bis of the Italian Civil Code), an income statement (presented in accordance with articles 2425 and 2425 bis of the Italian Civil Code) and these notes to the consolidated financial statements.

As required by art. 2423-ter of the Italian Civil Code, the consolidated financial statements also show comparative figures for the prior period.

The consolidated financial statements have been prepared on the basis of the financial statements as of and for the year ended December 31, 2015 of the Company and its subsidiaries, as approved in draft by the Boards of Directors and/or in final form by the respective shareholders' meetings.

The aforementioned financial statements have been reclassified and adjusted as required to comply with financial reporting standards and ensure consistent presentation.

### Scope of consolidation

The Group operates mainly in the production and sale of electricity and sale and distribution of natural gas as well as the production of heat for district heating. The Group's operations are principally located in Alto Adige.

The Company is controlled by the Autonomous Province of Bolzano, which holds the majority of the company's share capital.

SEL S.p.A. holds a majority of the share capital of SELGAS NET S.P.A., SELGAS SRL, SELTRADE SPA, TELERISCALDAMENTO SESTO SRL and TELERISCALDAMENTO DI CHIUSA SRL, and is the sole shareholder of SE HYDROPOWER SRL, ECOTHERM SRL, SELNET SRL and SEL SRL, through which it controls ST FIBERNET SRL (ex ENERGIA RIENZA SRL), GADERWERK SOCIETÀ CONSORTILE ARL, SELSOLAR MONTE SAN GIUSTO SRL and, since 2014, SELSOLAR RIMINI SRL.

The joint venture companies, HYDROS SRL and SF ENERGY SRL are accounted for on a proportional basis.

The following table provides details of the companies included within the scope of consolidation.

#### Parent Company

Name	Registered office	Share capital	Equity	Profit (loss) for the year 2015
SEL S.P.A.	Bolzano - Via Canonico Michael Gamper n. 9	305,500,000	362,251,393	7,585,844

#### Subsidiaries

Name	Registered office	Share capital	Equity	Profit (loss) for the year 2015	Share
SE Hydropwer SRL	Bolzano - Via Canonico Michael Gamper n. 9	30,000,000	147,117,520	21,019,920	100%

SELGAS NET S.P.A.	Bolzano - Via Canonico Michael Gamper n. 9	16,400,000	41,789,224	3,248,662	51%
SELGAS SRL	Bolzano - Via Canonico Michael Gamper n.9	500,000	5,579,698	2,689,359	51%
SELTRADE SPA	Bolzano - Via Canonico Michael Gamper n. 9	150,000	1,321,174	64,755	76%
Teleriscaldamento Sesto SRL	Sesto - Via Dolomiti n. 9	2,100,000	2,429,322	131,006	90%
Teleriscaldamento di Chiusa SRL	Chiusa - Griesbruck n. 11 A	2,800,000	3,790,734	253,490	99%
Ecotherm SRL	Bolzano - Via Canonico Michael Gamper n. 9	10,000,000	13,526,839	474,106	100%
SEL SRL	Bolzano - Via Canonico Michael Gamper n. 9	55,200,000	108,787,790	11,033,501	100%
ST Fibernet SRL	Bolzano - Via Canonico Michael Gamper n. 9	20,000	28,834	(35,573)	100%
Gaderwerk Società Consortile ARL	San Lorenzo di Sebato, Piazza Franz Hellweger n. 2	1,000,000	896,083	(19,366)	60%
Selsolar Monte San Giusto SRL	Bolzano - Via Canonico Michael Gamper n. 9	10,000	(191,378)	(202,257)	60%
Selsolar Rimini SRL	Bolzano - Via Canonico Michael Gamper n. 9	100,000	4,337,910	166,521	80%
SELNET SRL	Bolzano - Via Canonico Michael Gamper n. 9	68,500,000	90,054,520	2,489,449	100%

#### Joint ventures

Name	Registered office	Share capital	Equity	Profit (loss) for the year 2015	Share
Hydros SRL	Bolzano - Via Canonico Michael Gamper n. 9	30,018,000	110,718,807	10,599,041	60%
SF Energy SRL	Bolzano - Via Canonico Michael Gamper n. 9	7,500,000	30,036,363	1,242,076	50%

The following companies are accounted for using the equity method:

#### Investments valued using the equity method

Name	Registered office	Share capital	Equity	Profit (loss) for the year 2015	Net book value	Share
<b>Associated companies of SEL S.P.A.</b>						
Göge Energia SRL	Valle Aurina. lo. Riobianco - Via Weissenbach n. 58K	60,000	1,598,164	814,711	18,000	30%

Teleriscaldamento di Silandro SRL	Silandro - Via Principale n. 120 120	4,750,000	5,314,353	247,182	2,817,500	49%
I.I.T. Bolzano SCARL	Bolzano - Via Negrelli n. 13	909,678	645,367	(74,762)	200,000	22%
<b>Associated companies of SEL SRL</b>						
SELEDISON SPA	Castelbello Ciardes - Via della Rena n.8	84,798,000	104,110,128	9,630,391	23,253,934	27%
Azienda Elettrica Campo Tures Società Consortile ARL	Campo Tures - Via Municipio n. 8	400,000	525,476	-	196,000	49%
Enerpass Società Consortile ARL	San Martino in Passiria - Via Pianlargo n. 2/B	1,000,000	1,000,000	-	240,000	24%
E-Werk Eggental Società Consortile ARL	Cornedo all'Isarco - Via Kunter n. 2	300,000	202,567	72	108,000	36%
Centrale Elettrica Moso Società Consortile ARL	Moso - Zona Artigianale n. 6	100,000	100,000	-	25,000	25%
Energy Welsperg Società Consortile ARL	Monguelfo/Tesido - Via Val Pusteria n. 10	50,000	50,002	-	102,716	50%
Puni Energia Società Consortile ARL	Malles - Via Gen. I. Verdros n. 17	300,000	315,778	280	111,000	37%
Centrale Elettrica DUN Società Consortile ARL	Vandoies - Via Kirchbichl n. 30	100,000	41,065	(29,401)	46,875	30%
Centrale Elettrica Breien Società Consortile ARL	Cornedo all'Isarco - Via Kunter n. 2	100,000	102,263	682	36,000	36%
<b>Associated companies of Hydros SRL</b>						
Centrale Prati Società Consortile ARL	Val di Vizze - Prati n. 110	300,000	2,823,265	754	877,003	30%
Centrale Elettrica Winnebach Società Consortile ARL	Terento - Via San Giorgio n. 1	100,000	99,594	(495)	8,500	30%
Energia Senales Società Consortile ARL	Senales - Karthaus n. 100	100,000	101,606	1,483	600,000	40%

### Basis of consolidation

The following principles have been applied in preparing the consolidated financial statements:

- A) The assets and liabilities of subsidiary companies are consolidated on a line by line basis, eliminating the carrying value of investments and share of equity, as of the date of acquisition or constitution of the subsidiaries.

In consolidating SELGAS NET S.P.A., which was acquired in 2002, the investment has been eliminated as of the date of the first consolidation. The difference between the carrying value of the investment and corresponding share of equity is reported under intangible assets as a difference arising on consolidation.

The negative difference arising on consolidation in relation to the subsequent reduction of the purchase price of Energias Südgas SpA, incorporated within SELGAS NET S.P.A., has been allocated to the risk provision.

In consolidating SELNET SRL, which was acquired in 2010 and 2011, the investment has been eliminated as of the acquisition date. The difference between the carrying value of the investment and corresponding share of equity is included in tangible fixed assets under land and buildings with related recognition of deferred taxes.

In consolidating SELSOLAR MONTE SAN GIUSTO SRL and SELSOLAR RIMINI SRL, which since 2014 have been consolidated on a line by line basis, elimination of the respective investments was effected as of the date of the first consolidation. In the case of SELSOLAR MONTE SAN GIUSTO SRL, the difference between the carrying value of the investment and corresponding share of equity is included in intangible assets and in the case of SELSOLAR RIMINI SRL, such difference is recognized in a consolidation reserve.

With effect from 04/15/2015, the date when SEL S.P.A. became the sole shareholder of SE HYDROPOWER SRL by acquiring the remaining 40% of the company from ENEL PRODUZIONE S.P.A., SE HYDROPOWER SRL, which was consolidated on a proportional basis in the consolidated financial statements as of and for the year ended December 31, 2014, is consolidated on a line by line basis. The difference between the carrying value of the investment and corresponding share of equity is included in intangible assets under concessions with related recognition of deferred taxes.

On 01/29/2015, a further 16.67% of the share capital of SF ENERGY SRL was acquired from the fellow shareholder ENEL PRODUZIONE S.P.A., taking the total shareholding to 50%. This investment continues to be consolidated on a proportional basis but with an increase in the share attributable to the SEL Group. The difference between the carrying value of the investment and corresponding share of equity is included in intangible assets under concessions with related recognition of deferred taxes.

- B) The assets and liabilities of joint ventures are consolidated on a proportional basis, eliminating the carrying value of investments and share of equity as of the date of acquisition.

In the case of HYDROS SRL, the difference between the carrying value of the investment and corresponding share of equity has been added to the value of the related concessions and corresponds to the added value paid in respect of the future results deriving from such concessions. The tax effect is recognized in deferred taxes.

- C) Companies other than joint ventures in which, directly or indirectly, the Parent Company holds a 20% to 50% interest are recognized in the consolidated financial statements using the equity method.
- D) All payables and receivables, costs and revenues and all transactions between consolidated companies are eliminated on consolidation. Payables due to shareholders for dividends declared but not yet paid are classified under line-item D14 "Other payables".
- E) Dividends paid to the Parent Company by consolidated companies are eliminated.
- F) As required by OIC 17 (Consolidated financial statements) financial leases are accounted for in the balance sheet, recognizing their related effects.
- G) The results for the year of the aforementioned companies in which the Parent Company's investment is valued using the equity method are recognized in the consolidated financial statements in an individual line item in accordance with the relevant accounting standards.
- H) The share of equity and reserves and profit for the year attributable to minority interests are shown separately in the financial statements.

### Measurement criteria

#### Intangible fixed assets

Intangible fixed assets are accounted for at purchase cost, net of amortization calculated on the basis of their remaining useful lives.

Formation, start-up and similar costs for the main part relate to formation costs.

Intangible fixed assets also include differences arising on consolidation (differences between the carrying value of the investment and corresponding share of equity of SELGAS NET S.P.A. and SELSOLAR MONTE SAN GIUSTO SRL) and higher value of concessions (differences between the carrying value of the investment and corresponding share of equity of HYDROS SRL; SF ENERGY SRL and SE HYDROPOWER SRL) net of amortization calculated on the basis of their remaining useful lives, which in the case of concessions reflects their duration.

**Tangible fixed assets**

Tangible fixed assets are accounted for at purchase cost, net of depreciation calculated on the basis of their remaining useful lives.

Tangible fixed assets include the SEL S.P.A. building and SELGAS NET S.P.A.'s gas decompression plant in Vadena, which are held under finance leases and accounted for under land and buildings and depreciated over the life of the leases. The assets are reflected in liabilities by payables due to leasing companies.

**Financial fixed assets**

Financial fixed assets comprise investments in associates and other companies.

Investments in the associated companies SELEDISON S.P.A., AZIENDA ELETTRICA CAMPO TURES SCARL, GÖGE ENERGIA SRL, ENERPASS SCARL, E-WERK EGGENTAL SCARL, TELERISCALDAMENTO DI SILANDRO SRL, CENTRALE ELETTRICA MOSO SCARL, ENERGY WELSPERG SCARL, PUNI ENERGIA SCARL, ISTITUTO PER INNOVAZIONI TECNOLOGICHE BOLZANO SCARL, CENTRALE ELETTRICA DUN SCARL and E-WERK BREIEN SCARL, and in the associates of HYDROS SRL, (CENTRALE ELETTRICA WIESEN SOCIETÀ CONSORTILE SRL, CENTRALE ELETTRICA WINNEBACH SCARL and ENERGIA SENALES SCARL) are valued using the equity method.

Investments in other companies are valued at purchase cost, adjusted to reflect any losses incurred by such companies that are considered likely to be of a lasting nature. In the case in which the reasons for the impairment in value no longer apply, the value of such investments is reinstated up to a maximum of the original purchase cost.

In accordance with relevant accounting standards, long term receivables are discounted to present value using market interest rates in force at the time of the sale with the difference being charged against deferred income.

**Inventories**

Inventories are valued at the lower of purchase cost and market value.

Construction contracts on behalf of third parties are valued using the percentage of completion method.

Renewable energy (green) certificates and other certificates are valued on a FIFO basis. Green certificates assigned free of charge are recognized at zero value.

Raw materials and supplies are valued at weighted average purchase cost.

Obsolete and slow moving inventories are written down based on their likely use or expected future realization.

**Receivables and payables**

Receivables are stated at their realizable value, net of provisions against doubtful debts. Payables are stated at nominal value.

**Cash and banks**

Cash and banks are stated at nominal value.

**Capitalization of finance costs**

Interest charges are not capitalized. Loan related costs are capitalized under intangible assets.

**Accrued income and prepayments**

Accrued income and prepayments are determined on an accruals basis.

**Accruals and deferred income**

Accruals and deferred income are determined on an accruals basis.

**Provisions for risks and charges**

Provisions for risks and charges are calculated prudently on the basis of past experience and are made to cover known or probable losses or payables whose amounts or settlement dates are uncertain at year-end.

**Employee termination indemnity**

The employee termination indemnity is calculated in accordance with applicable legislation and relevant labor laws and contracts in force. It reflects amounts earned by Group employees as of December 31, 2015, net of amounts transferred to separate pension funds. The indemnity is revalued annually in accordance with the requirements of art. 2120 of the Italian Civil Code.

**Revenue recognition**

Revenues from energy sales are recognized on transfer of ownership, which takes place at the time of dispatch or delivery. Quantities sold are determined on the basis of readings.

Revenues from services are recognized on delivery or in accordance with relevant contract terms.

In accordance with OIC 7, revenues from the sale of renewable energy (green) certificates are recorded under item A5 (Other revenues and income) if related to certificates produced by Group plants and under item A1 (Revenues from sales and services) if the result of trading.

Investment grants are accounted for as deferred income and recognized under other revenues and income in proportion to the useful lives of the relevant assets.

Finance income is calculated on an accruals basis.

**Income tax expense**

Current income taxes are calculated in accordance with the relevant tax legislation in force.

Temporary differences between amounts reported in the statutory financial statements and the equivalent amounts as measured for tax purposes give rise to deferred tax assets and liabilities. Deferred tax assets are recognized on a prudent basis and only if it is reasonably certain that the company will generate sufficient future taxable income to permit their recovery.

Deferred taxes recognized in the financial statements of the individual Group companies are included in the consolidated financial statements together with the effect of consolidation adjustments. Any changes in estimates (including those resulting from rate changes) are allocated to the current year tax charge. Deferred tax assets and liabilities are calculated based on an IRES rate of 24% and IRAP rates of 2.68%, 4.2% and 4.65%.

It is recalled that the Constitutional Court's decision of 02/11/2015 declaring the Robin Tax to be unconstitutional was not retroactive and took effect only from 02/12/2015, thereby avoiding a budget deficit.

Therefore, the Robin Tax was not considered in calculating current taxes for 2015, as the related deferred tax assets were already recognized in the 2014 tax year.

**Group taxation**

Pursuant to art.117 of Presidential Decree of December 22, 1986, the Company elected for Group companies to be taxed as a Group for financial years from 2004 onwards. Additional companies were added to the tax group in 2006, 2007, 2010, 2012, 2014 and 2015. The initial election was extended in 2007, 2010 and 2013 for a further three years. Group taxation arrangements were interrupted following the merger with AEW S.P.A..

Group taxation involves the following companies: SEL S.P.A., SELGASNET S.P.A., SELTRADE S.P.A., TELERISCALDAMENTO SESTO SRL, TELERISCALDAMENTO CHIUSA SRL, ECOTHERM SRL, SELGAS SRL, ST FIBERNET SRL, GADERWERK SOCIETÀ CONSORTILE ARL, SEL SRL, SELNET SRL, SELSOLAR MONTE SAN GIUSTO SRL and SELSOLAR RIMINI SRL.



## Notes to the financial statements line items

## Assets

**B) Fixed assets**

Appendix A provides details of fixed assets

**B.1) Intangible fixed assets**

<b>B.1) INTANGIBLE FIXED ASSETS</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>1)</b> Formation, start-up and similar costs	2,633,073	2,090	2,630,983
<b>3)</b> Patents and intellectual property rights	951,562	231,529	720,033
<b>4)</b> Concessions, licenses, trademarks and similar	477,839,307	63,868,434	413,970,873
<b>5-bis)</b> Difference on consolidation	3,169,603	5,616,750	(2,447,147)
<b>6)</b> Assets under construction and payments on account	1,206,710	1,876,783	(670,073)
<b>7)</b> Other	17,450,298	14,505,188	2,945,110
<b>TOTAL (I)</b>	<b>503,250,553</b>	<b>86,100,774</b>	<b>417,149,779</b>

**B.1.1) Formation, start-up and similar costs**

This item includes professional fees and tax charges directly linked to the merger between SEL S.P.A. and Azienda Energetica S.P.A..

Such amounts are amortized over five years commencing in 2015.

**B.1.3) Patents and intellectual property rights**

This item relates to the cost of permanent software user licenses.

Such software licenses are amortized over three years.

**B.1.4) Concessions, licenses, trademarks and similar**

This item relates to the cost of fixed-term software user licenses as well as costs for trademarks and concessions.

The software licenses are amortized over 2, 3 and 5 years.

The trademarks are amortized over 10 years.

The concessions are amortized over their duration. The significant increase in this item in 2015 relates to the acquisition of 16.67% of the share capital of SF ENERGY SRL, the acquisition of 40% of the share capital of SE HYDROPOWER SRL and the allocation to this item of the difference between the acquisition price of the investments and the corresponding shares of equity acquired, considering also the related deferred taxes. The recoverability of the higher values recognized both in these and previous financial statements is supported by:

- the results of specific internally performed impairment tests and/or;

- external valuations and fairness opinions prepared by leading investment banks; and
- the expected cash flows generated by the companies.

**B.I.5-bis) Differences arising on consolidation**

Differences arising on consolidation include the difference relating to the investment in SELGAS NET S.P.A. that was acquired in 2002. The higher value with respect to the share of equity acquired was based on an estimated valuation prepared on the basis of future cash flows. The difference arising on consolidation is amortized over 20 years in line with the duration of the concessions (which expire between 2024 and 2030).

This item also includes the difference arising on consolidation of SELSOLAR MONTE SAN GIUSTO SRL, in respect of which the higher value recognized compared with the share of equity acquired is based on expectations of future cash flows. In this case, the difference arising on consolidation is amortized over 18 years in line with the duration of the grants paid by the GSE for the production of solar energy.

**B.I.6) Assets under construction and payments on account**

This item relates to expenditure and payments on account for plans relating to concession applications and costs incurred for software currently being implemented by the Parent Company that is not yet available for use.

**B.I.7) Other**

Other intangible fixed assets relate mainly to costs incurred in relation to the realization of SELSOLAR RIMINI SRL's photovoltaic plant, which is an integral part of the pavilion roofing at the Rimini Fiera S.p.A. trade show and exhibition center, and other costs incurred to obtain long term loans. Capitalized loan related costs are amortized over the duration of the loan.

**B.II) Tangible fixed assets**

<b>B.II) TANGIBLE FIXED ASSETS</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
1) Land and buildings	61,755,337	52,792,116	8,963,221
2) Plant and machinery	326,476,125	294,709,497	31,766,628
3) Industrial and commercial equipment	830,104	673,235	156,869
4) Other tangible assets	3,492,414	2,758,706	733,708
5) Assets under construction and payments on account	35,894,870	22,995,593	12,899,277
<b>TOTAL (II)</b>	<b>428,448,850</b>	<b>373,929,147</b>	<b>54,519,703</b>

Tangible fixed assets are depreciated at the following rates:

	<b>Rate</b>
Decompression plant	5%
Gas distribution network	2.5% / 4%
Gas connections	2.5% / 4%
Gas meters	5% / 6%
Distribution network technical plants	3.34%

District heating building	3.5% / 4%
District heating plant	7% / 8%
TRC distribution network	3% / 3.5% / 5%
District heating connections	3% / 3.5% / 5%
District heating sub-stations	8%
Industrial equipment	15%
Tools and equipment	15% / 20%
Office furniture	12%
Office equipment	20% / 33.33%
Vehicles	25%
Mobile telephones	20% / 33.33%
Trucks and excavators	10% / 20%
Communication systems	20%
Industrial buildings	1.67% / 3%
Fixed hydraulic works	1%
Penstocks	4%
Hydroelectric centers	2.5% / 7%
Transformation sub-stations	2.5% / 7%
Control and measurement devices	4% / 6.67%

The current year depreciation charge was divided in half for tangible fixed assets acquired during 2015.

In previous years no assets were revalued pursuant to special legislation.

Assets are depreciated over their remaining useful lives.

Appendix A provides details of movements in tangible fixed assets.

#### **B.II.1) Land and buildings**

This item relates mainly to owned land and district heating buildings and hydroelectric production plants.

The item also includes the office building owned by SEL S.P.A..

In accordance with IAS 17, improvements to leased properties have been reclassified from intangible fixed assets to tangible fixed assets

#### **B.II.2) Plant and machinery**

This item relates mainly to the plant and machinery of SELNET, SELGAS NET, HYDROS, SE HYDROPOWER and SELSOLAR MONTE SAN GIUSTO SRL. The increase with respect to the prior year is due mainly to the line by line consolidation of SE HYDROPOWER SRL (previously consolidated on a proportional basis) following the acquisition

during 2015 of the remaining shares in the company that increased SEL Group's shareholding to 100% of the company's share capital.

### B.II.3) Industrial and commercial equipment

This item relates mainly to measuring equipment and tools.

### B.II.4) Other tangible assets

Other tangible assets mainly include office furniture, vehicles, office equipment and communication systems.

### B.II.5) Assets under construction and payments on account

Assets under construction relate mainly to costs incurred in relation to SELGAS NET S.P.A.'s gas distribution network, work on ECOTHERM SRL's district heating network, investments in the HYDROS SRL and SE HYDROPOWER SRL electricity production plants, and investments in the SELNET SRL distribution plants.

### B.III) Financial fixed assets

#### B.III) FINANCIAL FIXED ASSETS

	2015	2014	Change
<b>1) Equity investments in:</b>	267,245,329	138,458,224	128,787,105
<b>b) associated companies</b>	35,703,695	33,849,696	1,853,999
<b>d) other companies</b>	231,541,634	104,608,528	126,933,106
<b>2) Receivables:</b>	4,158,667	4,216,424	(57,757)
due from associated companies within 12 months	790,600	670,200	120,400
<b>b) —</b>			
due from associated companies after 12 months	-	-	-
due from others within 12 months	450,662	303,153	147,509
<b>d) —</b>			
due from others after 12 months	2,917,405	3,243,071	(325,666)
<b>TOTAL (III)</b>	<b>271,403,996</b>	<b>142,674,648</b>	<b>128,729,348</b>

#### B.III.1.b) Investments in associated companies

In accordance with relevant accounting standards, investments in associated companies are valued using the equity method.

The following table provides details regarding investments in associated companies.

Company name	Share of ownership	Book value	Equity	Revaluation (write-down)*	Revaluation (write-down during the year*)
<b>Associated companies of SEL S.P.A.</b>					
Göge Energia SRL	30%	18,000	479,449	461,449	244,412

Teleriscaldamento di Silandro SRL	49%	2,817,500	2,604,033	(213,467)	121,119
I.I.T. Bolzano	22%	200,000	158,326	(41,674)	(3,194)

#### Associated companies of SEL SRL

SELEDISON S.p.A.	27%	23,253,934	28,109,736	4,855,802	2,600,206
Azienda Elettrica Campo Tures Società Consortile ARL	49%	196,000	257,483	61,483	1
Enerpass Società Consortile ARL	24%	240,000	1,516,891	1,276,891	220,346
E-Werk Eggental Società Consortile ARL	36%	108,000	72,662	(35,338)	(236)
Centrale Elettrica Moso Società Consortile ARL	25%	25,000	932,882	907,882	102,243
Energy Welsperg Società Consortile ARL	50%	102,716	25,001	(77,715)	1
Puni Energia Società Consortile ARL	37%	111,000	54,798	(56,202)	918
Centrale Elettrica DUN Società Consortile ARL	30%	46,875	12,320	(34,555)	(8,819)
Centrale Elettrica Breien Società Consortile ARL	36%	36,000	36,815	815	246

#### Associated companies of Hydros SRL

Centrale Prati Società Consortile ARL	30%	877,003	496,179	(380,824)	228
Centrale Elettrica Winnebach Società Consortile ARL	30%	8,500	26,478	17,978	-
Energia Senales Società Consortile ARL	40%	600,000	920,642	320,642	594

\*gross of dividends that were, however, considered in the overall valuation of the equity of the associated companies.

#### B.III.1.d) Investments in other companies

Investments in other companies, totaling €231,541,634, are recorded at acquisition cost, as reduced by any write-downs.

These investments relate to Unione Energia, valued at €1,250 and EDIPOWER S.P.A. (ex DELMI S.P.A.), valued at €231,540,374.

With regard to the investment in EDIPOWER S.P.A., it is noted that the company has not been consolidated as it will soon be spun-off. Indeed, during the current year, the following operations were completed and accounted for:

- acquisition of the shares held by Mediobanca, Banca Popolare di Milano and Fondazioni CRT (amounting to a further 11.96% of the company's share capital) for a consideration of €129 million within the context of the "disposal of the investment in Edipower S.p.A. and acquisition of hydroelectric plants from Celina; and
- the write-down of the investment by €2.1 million to align the book value to the most recent valuation available (performed in the context of the spin-off of Edipower S.p.A.).

In view of the fact that the aforementioned spin-off operation is still subject to certain condition precedents that have not yet occurred as of the date of approving these financial statements, the Directors have decided not to change the classification of the investment in Edipower S.p.A.; accordingly, as of December 31, 2015, the investment is included under financial fixed assets. In the case in which the condition precedents occur, the effects of the spin-off, which will take effect from January 1, 2016, will be reported in the 2016 financial year.

#### B.III.2.b) Receivables due from associated companies

Receivables due from associated companies relate to interest bearing loans amounting to €50,000, €600,000 and €140,000 granted to Centrale Elettrica Moso Scarl, Energy Welsperg Scarl and Puni Energia Scarl respectively.

#### B.III.2.d) Receivables due from others

Receivables due from others, amounting to €3,368,067, relate mainly to amounts due from various municipalities in relation to the past sale of shares in investments held by SEL EDISON S.P.A..

A portion of such receivables (€1,801,872) is due after more than 5 years.

As such receivables do not earn interest, in accordance with relevant accounting standards, they have been discounted to present value applying the market interest rate at the time of the sale, with the difference being recognized in deferred income.

#### C.I) Inventories

C.I) INVENTORIES	2015	2014	Change
1) Raw materials, supplies and consumables	3,236,628	3,518,316	(281,688)
2) Work-in-progress and semi-finished products	209,994	251,345	(41,351)
3) Construction contract work in progress	12,134,098	10,872,950	1,261,148
4) Finished products and merchandise for resale	27,478,148	17,847,258	9,630,890
<b>TOTAL (I)</b>	<b>43,058,868</b>	<b>32,489,869</b>	<b>10,568,999</b>

#### C.I.1) Raw materials, supplies and consumables

Raw materials, supplies and consumables, amounting to €3,236,628, relate mainly to stocks of consumables, spare parts, materials for the maintenance and construction of the electricity network and materials used for district heating, namely diesel and woodchips. Such materials and consumables are valued at the lower of average cost for the year and realizable value.

#### C.I.2) Work-in-progress and semi-finished products

Work-in-progress, amounting to €209,994, relates to future projects for the design of hydroelectric plants.

#### C.I.3) Construction contracts in progress

Construction contracts in progress, amounting to €12,134,098, relates to costs incurred for the design of hydroelectric plants and will ultimately be charged to individual customers. It also includes contracts for the planning and management of works on behalf of associated companies and third parties.

**C.I.4) Finished products and merchandise for resale**

Finished products and merchandise for resale relate mainly to stocks of renewable energy (green) certificates and white certificates valued on a FIFO basis.

The item also includes the net book value of tangible fixed assets destined for sale with an effective sale date of January 1, 2016, which are value at €12,820 thousand.

**C.II) Receivables**

<b>C.II) RECEIVABLES</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>1)</b> trade receivables due from customers within 12 months	116,347,275	88,715,024	27,632,251
trade receivables due from customers after 12 months	-	-	-
<b>2)</b> due from subsidiaries within 12 months	340,000	-	340,000
due from subsidiaries after 12 months	-	-	-
<b>3)</b> due from associated companies within 12 months	1,044,428	5,485,269	(4,440,841)
due from associated companies after 12 months	-	-	-
<b>4-bis)</b> tax credits due within 12 months	42,240,983	17,247,060	24,993,923
tax credits due after 12 months	43,114	25,868	17,246
<b>4-ter)</b> deferred tax assets due within 12 months	876,907	779,527	97,380
deferred tax assets due after 12 months	9,357,911	9,803,444	(445,533)
<b>5)</b> due from others within 12 months	21,213,448	38,265,769	(17,052,321)
due from others after 12 months	362,641	676,159	(313,518)
<b>TOTAL (II)</b>	<b>191,826,707</b>	<b>160,998,120</b>	<b>30,828,587</b>

**C.II.1) Trade receivables due from customers**

Trade receivables in respect of sales and services amount to €116,347,275 and the significant increase is consistent with the increase in the Group's operations. The following table provides a breakdown of trade receivables:

<b>1) Trade receivables due from customers</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Sale and distribution of gas</b>			
- sale and distribution of gas	15,686,212	15,016,269	669,943

-	connections	65,447	19,891	45,555
-	other	37,587	48,477	(10,890)
-	provision against doubtful debts	(1,335,919)	(1,373,247)	37,328
<b>Sale and distribution of electricity</b>				
-	sale of electricity	93,637,350	67,864,792	25,772,558
-	distribution of electricity	9,701,096	7,952,752	1,748,343
-	provision against doubtful debts	(3,946,654)	(2,954,626)	(992,028)
<b>District heating</b>				
-	district heating	2,491,650	2,144,764	346,887
-	connections	80,893	57,090	23,803
-	provision against doubtful debts	(70,388)	(61,139)	(9,248)
<b>TOTAL</b>		<b>116,347,275</b>	<b>88,715,024</b>	<b>27,632,251</b>

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

<b>Opening balance as of December 31, 2014</b>	<b>4.389.012</b>
Utilization	(690.606)
Provision	1.654.554
<b>Closing balance as of December 31, 2015</b>	<b>5.352.960</b>

The provision is considered to be sufficient to cover the risk of losses on receivables relating to the sale of gas, electricity and district heating.

#### C.II.2) Receivables due from subsidiaries

This item relates to a loan, amounting to €340,000, granted to Cellina Energy.

#### C.II.3) Receivables due from associated companies

Receivables due from associated companies, amounting to €1,044,428, relate to services provided.

#### C.II.4-bis) Tax credits

Tax credits relate mainly to IRES, IRAP and VAT credits and the significant increase in 2015 is due to higher advance payments having been made in 2015 with respect to 2014. The following table provides a breakdown of tax credits:



4-bis) Tax credits		2015	2014	Change
-	VAT credits	14,779,265	10,561,413	4,217,852
-	IRES credits	23,513,825	5,115,096	18,398,729
-	IRAP credits	3,093,090	-	3,093,090
	Carbon Tax credits	829,897	1,545,777	(715,880)
-	Other	68,020	50,642	17,378
	<b>TOTAL</b>	<b>42,284,097</b>	<b>17,272,928</b>	<b>25,011,169</b>

#### C.II.4-ter) Deferred tax assets

Deferred tax assets relate mainly to temporary differences between the book values and tax values of discounted, long-term, non-interest bearing receivables; deferred grants; provisions for environment fees; the write-down of temporarily non-deductible receivables; provisions for risks; and the difference between tax and accounting amortization and depreciation rates relating to goodwill (18 years) and distribution networks (in line with AEEG decisions).

Deferred tax assets are calculated based on an IRES rate of 24% and IRAP rates of 2.68%, 4.2% and 4.65%.

Deferred tax assets amount to €10,234,818 and are broken down as follows:

	2015	2014
Discounting of long-term receivables of SEL S.P.A.	122,311	161,071
Write-down of inventories	210,221	311,602
Write-down of plant	10,676	13,811
Provision for risks	1,450,588	1,933,398
Deferred grant income	2,772,528	3,080,697
Provision for environment fees	1,166,811	760,687
Leasing IAS 17 Selsolar Monte San Giusto Srl	287,285	246,053
Write-down of receivables	665,462	363,191
Employee ancillary services and termination indemnity adjustment	505,163	445,386

Amortization/depreciation	3,000,186	3,097,919
Others	43,587	169,156
<b>Total</b>	<b>10,234,818</b>	<b>10,582,971</b>

	<b>2015</b>	<b>2014</b>
Discounting of long-term receivables of SEL S.P.A.	122,311	161,071
Write-down of inventories	210,221	311,602
Write-down of plant	10,676	13,811
Provision for risks	1,450,588	1,933,398
Deferred grant income	2,772,528	3,080,697
Provision for environment fees	1,166,811	760,687
Leasing IAS 17 Selsolar Monte San Giusto Srl	287,285	246,053
Write-down of receivables	665,462	363,191
Employee ancillary services and termination indemnity adjustment	505,163	445,386
Amortization/depreciation	3,000,186	3,097,919
Others	43,587	169,156
<b>Total</b>	<b>10,234,818</b>	<b>10,582,971</b>

**C.II.5) Receivables due from others**

Receivables due from others, amounting to €21,576,089, relate mainly to receivables due from the Autonomous Province of Bolzano in respect of investment grants, guarantee deposits and equalization adjustments.

**C.III) Financial assets other than fixed assets**

This item relates to the investment in Cellina Energy, amounting to €10,000.

**C.IV) Cash and banks**

Cash and banks amounts to €130,815,881 and is broken down as follows:

<b>C.IV) CASH AND BANKS</b>		<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>1)</b>	Bank and post office deposits	130,794,919	171,717,164	(40,922,245)
<b>3)</b>	Cash on hand	20,962	17,863	3,099
<b>TOTAL (IV)</b>		<b>130,815,881</b>	<b>171,735,027</b>	<b>(40,919,146)</b>

See the statement of cash flows in Appendix D for details of movements during the year.

**D) Accrued income and prepaid expenses**

Accrued income and prepaid expenses, totaling €4,059,494, relate mainly to taxes linked to water diversion concessions, insurance premiums, rent, commissions, bank guarantees and advertising costs.

**Liabilities**
**A) Shareholders' equity**

The following table provides a breakdown of shareholders' equity:

<b>A) SHAREHOLDERS' EQUITY</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>I)</b> Share capital	305,500,000	305,500,000	-
<b>IV)</b> Legal reserve	8,108,770	6,387,601	1,721,169
<b>VII)</b> Other reserves	161,933,967	111,528,330	50,405,637
<b>IX)</b> Profit (loss) for the year	(7,217,347)	73,882,419	(81,099,766)
<b>GROUP SHAREHOLDERS' EQUITY (A)</b>	<b>468,325,390</b>	<b>497,298,350</b>	<b>(28,972,960)</b>
- Share capital and reserves	21,910,666	21,553,646	357,020
- Profit (loss) for the year	2,828,895	2,483,694	345,201
<b>TOTAL EQUITY ATTRIBUTABLE TO MINORITY (A) INTERESTS</b>	<b>493,064,951</b>	<b>521,335,690</b>	<b>(28,270,739)</b>

Details of changes in shareholders' equity are shown in APPENDIX B.

Changes in other asset and liability line items are shown in APPENDIX C to these explanatory notes.

APPENDIX E shows a reconciliation between the equity of SEL S.P.A. and consolidated equity.

In addition to legal reserves and discretionary Group reserves, "Other reserves" includes the effects of consolidation adjustments totaling €120,877,191.

**B) Provisions for risks and charges**

<b>B) PROVISIONS FOR RISKS AND CHARGES</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>1)</b> Retirement benefits and similar obligations	300,764	-	300,764
<b>2)</b> Provision for taxes, including deferred taxes	137,236,312	21,970,442	115,265,870
<b>3)</b> Others	16,167,691	14,968,673	1,199,018
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES (B)</b>	<b>153,704,767</b>	<b>36,939,115</b>	<b>116,765,652</b>

**B.2) Provision for taxes, including deferred taxes**

	<b>2015</b>	<b>2014</b>
Deferred taxes on property leases and work on third party plants	776,975	870,250
Deferred taxes relating to differences between accounting and tax amortization and depreciation rates	42,110	42,908
Deferred taxes on concession related registration fees	389,000	306,813
Deferred taxes on revaluations using the equity method	104,008	105,489
Deferred taxes on the value of concessions included in the consolidated financial statements of HYDROS SRL	15,513,000	19,224,000
Deferred taxes on the value of concessions held by SF ENERGY SRL included in the consolidated financial statements	8,093,581	-
Deferred taxes on the value of concessions held by SE HYDROPOWER SRL included in the consolidated financial statements	111,085,202	-
Deferred taxes on the value of buildings included in the consolidated financial statements of SELNET SRL	1,232,436	1,420,982
<b>Total</b>	<b>137,236,312</b>	<b>21,970,442</b>

The significant increase in the deferred tax provision during 2015 relates to the acquisition of 16.67% of the share capital of SF ENERGY SRL and 40% of the share capital of SE HYDROPOWER SRL. In accordance with relevant accounting standards, the difference between the acquisition price of the investments in SF ENERGY SRL and SE HYDROPOWER SRL and the corresponding shares of equity acquired has been added to the value of the concessions, together with the related tax effect recognized by the deferred taxes described above.

**B.3) Other provisions**

Other provisions include:

	<b>2015</b>	<b>2014</b>
Provision for risks	1,578,739	5,247,079
Provision for legal expenses	24,273	62,730
Provision for damages excess charges	59,881	60,261
Provision for EE trading adjustments in favor of Terna	630,085	400,000
Provision for energy transport discounts to employees	390,000	395,963
Provision for disposal and restoration costs	79,962	61,510

Provision for municipal tax (IMU)	9,018,802	5,379,662
Provision for environment fees	3,866,000	2,542,699
Provision for amounts to be paid to employees for future services	519,949	818,769
<b>Total</b>	<b>16,167,691</b>	<b>14,968,673</b>

This item mainly includes provisions to cover known or probable losses or payables whose amounts or settlement dates are uncertain at year-end.

#### Dispute with Azienda Energetica S.p.A.

As noted with regard to this dispute in previous financial statements, as a result of the consolidation of SEL S.p.A. and AEW S.p.A. into Alperia S.p.A. (following the agreement entered into by the companies and their shareholders on 02/21/2015), effective as of January 1, 2016, the dispute in question is closed.

#### C) Employees' termination indemnity

The employees' termination indemnity amounts to €4,670,305 as of December 31, 2015 and reflects the termination indemnity earned by Group employees in accordance with applicable legislation and relevant labor laws and contracts in force.

The Group had 521 employees at year end.

#### C) Employees' termination indemnity

<b>Opening balance at the beginning of the year</b>	<b>4,110,789</b>
Utilization	(999,604)
Provision	1,559,120
<b>Closing balance at the end of the year</b>	<b>4,670,305</b>

#### D) Payables

The following table provides a breakdown of payables:

<b>D) PAYABLES</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
Loans from shareholders due within 12 months	2,288,763	2,156,245	132,518
<b>3)</b> Loans from shareholders due after more than 12 months	-	-	-
Bank borrowings due within 12 months	42,494,538	35,817,088	6,677,450
<b>4)</b> Bank borrowings due after more than 12 months	641,013,141	191,212,258	449,800,883

	Other financial debt due within 12 months	423,255	498,065	(74,810)
<b>5)</b>	Other financial debt due after more than 12 months	9,066,702	9,489,957	(423,255)
	Advance payments received due within 12 months	19,719,569	12,224,333	7,495,236
<b>6)</b>	Advance payments received due after more than 12 months	-	-	-
	Trade payables due to suppliers within 12 months	90,870,909	90,820,790	50,119
<b>7)</b>	Trade payables due to suppliers after more than 12 months	-	-	-
	Amounts due to associated companies within 12 months	1,887,243	3,896,667	(2,009,424)
<b>10)</b>	Amounts due to associated companies after more than 12 months	-	-	-
	Taxes payable within 12 months	12,000,556	1,793,923	10,206,633
<b>12)</b>	Taxes payable after more than 12 months	20,806,691	-	20,806,691
	Amounts payable to social security institutions within 12 months	1,615,311	1,812,802	(197,491)
<b>13)</b>	Amounts payable to social security institutions after more than 12 months	-	-	-
	Other payables due within 12 months	55,929,195	33,935,611	21,993,584
<b>14)</b>	Other payables due after more than 12 months	886,254	852,825	33,429
	<b>TOTAL PAYABLES (D)</b>	<b>899,002,127</b>	<b>384,510,564</b>	<b>514,491,563</b>

### D.3) Loans from shareholders

Loans from shareholders include: an interest-bearing loan, amounting to €2,075,263, granted to Selsolar Monte San Giusto SRL; an interest-bearing loan, amounting to €63,500, granted to TELERISCALDAMENTO DI CHIUSA SRL by the municipality of Chiusa; and an interest-bearing loan, amounting to €150,000, granted to TELERISCALDAMENTO DI SESTO SRL by the municipality of Sesto.

### D.4) Bank borrowings

Bank borrowings, totaling €683,507,679, relate mainly to loan agreements entered into by SEL S.P.A. amounting to €596 million and loan arrangements entered into by TELERISCALDAMENTO SESTO SRL, SELGAS NET S.P.A., SELSOLAR RIMINI SRL and SE HYDROPOWER SRL. In addition, the item includes the current account overdrafts of SELGAS NET S.P.A., TELERISCALDAMENTO SESTO SRL, SELSOLAR RIMINI SRL and SE HYDROPOWER SRL.

The following table provides a breakdown of the Group's net financial debt as of December 31, 2015.

Description	2015	short term	long term	2014	short term	long term
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<b>III) FINANCIAL FIXED ASSETS</b>							
2a)	Receivables due from associated companies	790,600	790,600	-	670,200	670,200	-
2d)	Receivables due from others	3,368,067	450,662	2,917,405	3,546,224	303,153	3,243,071
<b>IV) CASH AND BANKS</b>							
1)	Bank and post office deposits	130,794,919	130,794,919	-	171,717,164	171,717,164	-
3)	Cash on hand	20,962	20,962	-	17,863	17,863	-
<b>D) PAYABLES</b>							
3)	Loans from shareholders	(2,288,763)	(2,288,763)	-	(2,156,245)	(2,156,245)	-
4)	Bank borrowings	(683,507,679)	(42,494,538)	(641,013,141)	(227,029,346)	(35,817,088)	(191,212,258)
5)	Other financial debt	(9,489,957)	(423,255)	(9,066,702)	(9,988,022)	(498,065)	(9,489,957)
14)	Other payables due	(19,445,271)	(19,445,271)	-	-	-	-
<b>NET FINANCIAL DEBT</b>		<b>(579,757,122)</b>	<b>67,405,316</b>	<b>(647,162,438)</b>	<b>(63,222,162)</b>	<b>134,236,982</b>	<b>(197,459,144)</b>

As seen above, the significant increase during the year in the Group's short-term and long-term financial exposure essentially relates to the following operations:

- Acquisition of the minority interests in SE Hydropower;
- Increase in the investment in Edipower S.p.A., referred to in paragraph "B.III.1.d) Investments in other companies" of these notes to the consolidated financial statements.

With regard to the aforementioned increase, the Group feels it is able to reimburse the financial debt in place based on performance forecasts and expectations of dividends from those companies in which its increased investments were financed by loans from credit institutions.

The Group expects to consolidate the debt with new financial instruments during 2016; this is considered to be a strategic step following the consolidation and in view of the new challenges and developments that Alperia S.p.A. and the new group intend to pursue.

As noted above, the Group is required to comply with specific financial covenants provided for in the relevant loan agreements, to be calculated on the basis of the consolidated financial statements.

On the basis of the combined draft financial statements of SEL and AEW as of December 31, 2015, (presented as pro-forma financial statements as provided for in the respective loan contracts) and as confirmed in communications made by the lending institutions, the aforementioned covenants were respected as of December 31, 2015.

Given the above, management believe the Group's financial debt as of December 31, 2015 to be sustainable and confirm the presumption of going concern, based on which the present financial statements have been prepared.

#### **D.5) Other financial debt**

Other financial debt, amounting to €9,489,957, relates mainly to residual payables owed to leasing companies.

#### **D.6) Advance payments received**

Advance payments received, amounting to €19,719,569, relates mainly to advances received for connections and advance payments received from customers.

#### **D.7) Trade payables due to suppliers**

Trade payables due to suppliers, amounting to €90,870,909, relate to payables in respect of ordinary business activities and mainly to: the purchase of electricity, gas and heat; the construction of district heating plants and the distribution



network; the extension and maintenance of electricity distribution plants; administrative and technical services provided by third parties; and the supply of electricity free of charge to the Autonomous Province of Bolzano.

#### D.10) Amounts due to associated companies

Amounts due to associated companies, amounting to €1,887,243, relate to invoices to be received for the supply of electricity and green certificates.

#### D.10) Taxes payable

The following table provides a breakdown of taxes payable:

12) Taxes payable	2015	2014	Change
- Tax demand payment instalments outstanding	32,696,229	-	32,696,229
- IRAP	(5,235)	1,030,639	(1,035,874)
- Withholding tax for employees and those with contracts for freelance work coordinated by the Group as employer (co. co. co.)	617,489	713,656	(96,167)
- Withholding tax for self-employed professionals	189,604	36,355	153,249
- Sales tax, additional provincial tax and substitute tax	(698,104)	-	(698,104)
- Others	7,264	13,272	(6,008)
<b>TOTAL</b>	<b>32,807,247</b>	<b>1,793,923</b>	<b>31,013,324</b>

The sub-item "Tax demand payment instalments outstanding" represents the net difference between the total due to the Public Administration following acceptance of a settlement with the Revenue Agency pursuant to art. 48 of Legislative Decree no. 546/1992 (€35,669 thousand) and the amount of the first instalment (€2,973 thousand), which was paid in November 2015.

#### D.13) Amounts payable to social security institutions

Amounts payable to social security institutions, amounting to €1,615,331, relate mainly to payables due to the Italian Social Security Institute (INPS) and pension funds.

#### D.14) Other payables

The following table provides a breakdown of other payables:

14) Other payables	2015	2014	Change
- Wages and salaries	3,351,936	3,361,288	(9,351)
- Payables due to Board of Directors and Statutory Auditors	326,159	362,616	(36,457)

- Payables due to those with contracts for freelance work coordinated by the Group as employer (co. co. co.)	700	3,234	(2,534)
- Payables due to municipalities and provinces	3,121,804	3,008,541	113,263
- Customer deposits	1,244,282	1,158,734	85,549
- Payables due to CCSE	13,987,557	13,292,975	694,582
- Taxes linked to water diversion concessions	11,500,133	8,210,426	3,289,707
- Dividends payable	20,006,391	561,120	19,445,271
- Other	3,276,487	4,829,503	(1,553,016)
<b>TOTAL</b>	<b>56,815,449</b>	<b>34,788,436</b>	<b>22,027,013</b>

The increase in other payables is mainly due to the Board of Directors' decision on December 18, 2015 to postpone to 2016 the payment of dividends relating to 2014 due to the Autonomous Province of Bolzano.

#### E) Accrued expenses and deferred income

This item relates to deferred income in respect of loan interest. Specifically, such deferred income relates mainly to the discounting of non-interest bearing long-term receivables and to grants from users for the realization of network connections.

E) Accrued expenses and deferred income	2015	2014	Change
- Discounting of long-term receivables	509,630	585,715	(76,085)
- Deferral of provincial grants	7,156,006	7,763,342	(607,336)
- Deferral of grants from users for the realization of network connections	14,076,400	14,327,268	(250,869)
- Payables due to employees/additional services	5,824	6,440	(616)
- Other accrued expenses and deferred income	684,339	1,380,232	(695,893)
<b>TOTAL</b>	<b>22,432,199</b>	<b>24,062,997</b>	<b>(1,630,798)</b>

#### Memorandum accounts

##### Guarantees, commitments and contingent liabilities

The following table provides a breakdown of guarantees and commitments at year-end:

MEMORANDUM ACCOUNTS	2015	2014	Change
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- Bank guarantees	53,781,616	51,414,661	2,366,955
- Guarantees granted in favor of subsidiaries	8,601,550	8,607,519	(5,969)
- Guarantees granted in favor of associated companies	-	444,582	(444,582)
<b>TOTAL</b>	<b>62,383,166</b>	<b>60,466,762</b>	<b>1,916,404</b>

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### Income statement

Changes in income statement line item amounts compared to the previous year are partly influenced by changes occurred to the scope of consolidation.

#### A) Value of production

The following table provides a breakdown of value of production as shown in the income statement:

A) VALUE OF PRODUCTION	2015	2014	Change
1) Revenues from sales and services	673,029,304	672,428,353	600,951
2) Change in inventories of work-in-progress, semi-finished and finished products	(41,351)	(38,813)	(2,538)
3) Change in construction contract work in progress	1,261,148	(5,343,106)	6,604,254
4) Internal works resulting in additions to fixed assets	5,757,271	4,970,310	786,961
5) Other revenues and income	39,526,576	60,688,380	(21,161,804)
- of which grants relating to the year	191,380	89,062	102,318
<b>TOTAL (A)</b>	<b>719,532,948</b>	<b>732,705,124</b>	<b>(13,172,176)</b>

#### A.1) Revenues from sales and services

This item includes revenues from the trade and sale of electricity, the supply and sale of gas, the supply of heat through the Bolzano Sud district heating and the trade of renewable energy (green) certificates. The item also includes amounts billed for the provision of services.

Revenues are principally generated in Italy.

1) Revenues from sales and services	2015	2014	Change
- Supply and sale of gas	62,182,129	58,535,892	3,646,237
- Trade and sale of electricity	532,652,575	530,089,234	2,563,341
- District heating	7,973,929	7,457,819	516,110
- Connections	151,148	128,614	22,534
- Trade of renewable energy (green) certificates	69,896,121	76,130,857	(6,234,736)
- Provision of services	173,402	85,937	87,465
<b>TOTAL</b>	<b>673,029,304</b>	<b>672,428,353</b>	<b>600,951</b>

### A.3) Change in construction contracts in progress

The change in construction contracts in progress, amounting to €1,261,148, relates to contracts for the planning and management of works on behalf of Group companies and third parties.

### A.4) Internal works resulting in additions to fixed assets

Internal works resulting in additions to fixed assets, amounting to €5,757,271, relates mainly to the extension of electricity and gas distribution plants.

### A.5) Other revenues and income

Other revenues and income relate mainly to: revenues from renewable energy (green) certificates earned by the production activities of Group companies; out of period gains; income from the reduction of redundant provisions; grants; and other revenues.

The decrease compared to the prior period is mainly due to the reduction in revenues linked to renewable energy (green) certificates earned by SE HYDROPOWER SRL as a result of the lower hydraulicity index recorded in 2015, partially offset by the higher out of period gains recorded by SELTRADE S.P.A. in 2015 with respect to the prior year and higher equalizations recognized by SELNET SRL.

### B) Cost of production

The following table provides a breakdown of cost of production as shown in the income statement:

<b>B) COST OF PRODUCTION</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>6)</b> Raw, ancillary and consumable materials	362,733,365	344,825,766	17,907,599
<b>7)</b> Services	154,664,987	142,307,245	12,357,742
<b>8)</b> Leases and rentals	36,895,174	30,363,844	6,531,330
<b>9)</b> Personnel costs	33,318,051	29,026,842	4,291,209
<b>a)</b> Wages and salaries	23,684,152	20,721,289	2,962,863
<b>b)</b> Social security contributions	7,453,311	6,596,710	856,601
<b>c)</b> Employees' termination indemnity	1,559,120	1,337,766	221,354
<b>d)</b> Retirement benefits and similar obligations	35,073	9,055	26,018
<b>e)</b> Other costs	586,395	362,022	224,373
<b>10)</b> Amortization, depreciation and write-downs	61,801,775	36,301,472	25,500,303
<b>a)</b> Amortization of intangible fixed assets	30,209,422	11,061,289	19,148,133
<b>b)</b> Depreciation of tangible fixed assets	26,677,048	24,498,476	2,178,572

c)	Other write-down of fixed assets	3,260,751	50,000	3,210,751
d)	Write-down of current assets and cash and banks	1,654,554	691,707	962,847
<b>11)</b>	Change in inventories of raw, ancillary and consumable materials	(2,197,487)	9,606,605	(11,804,092)
<b>12)</b>	Provisions for risks	1,445,266	6,258,316	(4,813,050)
<b>13)</b>	Other provisions	18,453	10,647	7,806
<b>14)</b>	Other operating expenses	21,816,163	14,642,097	7,174,066
<b>TOTALE (B)</b>		<b>670,495,747</b>	<b>613,342,834</b>	<b>57,152,913</b>

#### B.6) Raw, ancillary and consumable materials

The following table provides a breakdown of raw, ancillary and consumable materials:

<b>6) Raw, ancillary and consumable materials</b>		<b>2015</b>	<b>2014</b>	<b>Change</b>
-	Gas and subsidiary materials	44,007,804	42,407,096	1,600,708
-	Electricity	247,213,535	241,012,059	6,201,476
-	Combustibles	1,160,256	1,716,602	(556,346)
-	Renewable energy (green) certificates and white certificates	65,657,320	54,933,884	10,723,436
-	Technical materials	3,765,849	3,856,893	(91,044)
-	Other materials	928,601	899,233	29,368
<b>TOTAL</b>		<b>362,733,365</b>	<b>344,825,766</b>	<b>17,907,599</b>

#### B.7) Services

The following table provides a breakdown of the cost of services:

<b>7) Services</b>		<b>2015</b>	<b>2014</b>	<b>Change</b>
-	Statutory auditors and supervisory board	333,050	357,501	(24,451)
-	Board of Directors	531,751	426,784	104,966

-	Independent audit and accounts certification	268,605	233,859	34,746
-	Bank charges	1,739,401	509,183	1,230,217
-	Technical services and consultancy	13,402,405	17,291,694	(3,889,290)
-	Administrative services and consultancy	5,577,920	5,201,142	376,779
-	Software	320,008	386,022	(66,014)
-	Contracts for freelance work coordinated by the Group as employer (co. co. co.)	35,526	24,159	11,367
-	Employee training and related costs	1,009,822	1,030,934	(21,112)
-	Electricity, water, heating, telephone, cleaning etc.	1,613,747	1,325,218	288,529
-	Travel expenses	370,084	279,134	90,950
-	Maintenance and assistance contracts	7,032,249	4,575,214	2,457,035
-	Advertising	1,172,510	1,647,552	(475,043)
-	Commissions and brokerage	38,094	14,466	23,628
-	Transport of electricity and gas	116,286,989	104,913,617	11,373,372
-	Insurance	3,324,616	2,625,549	699,067
-	Hydro's-VEK electricity adjustment	1,084,197	1,126,250	(42,053)
-	Mail costs	218,513	235,667	(17,154)
-	Other services	305,501	103,300	202,201
<b>TOTAL</b>		<b>154,664,987</b>	<b>142,307,245</b>	<b>12,357,742</b>

### B.8) Leases and rentals

The following table provides a breakdown leases and rentals:

8) Leases and rentals	2015	2014	Change
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-	Rent of properties	1,349,806	1,211,681	138,125
-	Rent of vehicles	1,107,667	971,834	135,833
-	Charges and taxes	34,202,840	27,749,192	6,453,648
-	Other rents	234,861	431,137	(196,276)
<b>TOTAL</b>		<b>36,895,174</b>	<b>30,363,844</b>	<b>6,531,330</b>

### B.10) Amortization, depreciation and write-downs

The increase in amortization, depreciation and write-downs relates mainly to:

- amortization of the additions to concessions, following the acquisition of 16.67% of the share capital of SF ENERGY SRL, the acquisition of 40% of the share capital of SE HYDROPOWER SRL and the allocation to intangible assets of the difference between the acquisition price of the investments and the corresponding shares of equity acquired;
- the commencement of amortization of plant-related costs and the related loan charges included within the Parent Company's intangible assets.

### B.11) Change in inventories of raw, ancillary and consumable materials

Movement in this item is consistent with the increase in the Group's operations.

### B.12) Provisions for risks

The decrease is mainly due to the utilization of the provision made by the Parent Company, SEL S.P.A., in 2014 in relation to the dispute with the Revenue Agency that was settled in 2015.

### B.14) Other operating expenses

This item relates mainly to profit sharing with municipalities, grants and taxes as well as out of period losses.

The increase with respect to the previous year is mainly due to the line by line consolidation of SE HYDROPOWER SRL (previously consolidated on a proportional basis) following the acquisition during 2015 of the remaining shares in the company that increased SEL Group's shareholding to 100% of the company's share capital.

## C) Finance income and costs

<b>C) FINANCE INCOME AND COSTS</b>		<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>16)</b>	Other finance income	1,392,392	1,265,623	126,769
	<b>a)</b> from receivables included under fixed assets	98,284	139,812	(41,528)
	<b>d)</b> income other than the above	1,294,108	1,125,811	168,297
<b>17)</b>	Interest and other finance costs	11,577,436	4,843,304	6,734,132



	<b>d)</b>	other	11,577,436	4,843,304	6,734,132
<b>17-bis)</b>		Exchange gains and losses	75	-	75
<b>TOTAL (C)</b>			<b>(10,184,969)</b>	<b>(3,577,681)</b>	<b>(6,607,288)</b>

**C.16.a) Other finance income from receivables included under fixed assets**

This item relates to interest income accruing to SEL S.P.A. from the discounting of long-term, non-interest bearing receivables amounting to €76,085 and interest on loans granted amounting to €22,199.

**C.16.d) Other finance income other than the above**

The following table provides a breakdown of such other finance income:

<b>16.d) Other finance income other than the above</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
- Interest on bank and post office deposits	1,018,650	868,168	150,482
- Interest on guarantee deposits	120,324	118,324	2,000
- Other interest	155,134	139,319	15,816
<b>TOTAL</b>	<b>1,294,108</b>	<b>1,125,811</b>	<b>168,297</b>

**C.17) Interest and other finance costs**

The following table provides a breakdown of interest and other finance costs:

<b>17) Interest and other finance costs</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
- Interest on bank current accounts	831,733	712,617	119,116
- Interest on mortgage loans	10,265,776	3,789,760	6,476,016
- Interest on loans	295,447	252,765	42,682
- Other	184,481	88,162	96,318
<b>TOTAL</b>	<b>11,577,436</b>	<b>4,843,304</b>	<b>6,734,132</b>

The significant increase in finance costs is related to the new loan agreements entered into by the Company during the current year, as described in paragraph D.4) "Bank borrowings".

**D) Valuation adjustments to financial assets****D.18) Revaluations**

**D.18 a) Revaluation of investments**

The revaluation of investments is the result of application of the equity method to the investments in SEL EDISON S.P.A., GÖGE ENERGIA SRL, TELERISCALDAMENTO DI SILANDRO SRL, E-WERK BREIEN SCARL, ENERPASS SCARL, CENTRALE ELETTRICA MOSO SCARL, AZIENDA ELETTRICA CAMPO TURES SCARL, ENERGY WELSPERG SCARL, PUNI ENERGIA SCARL, ENERGIA SENALES SCARL and CENTRALE ELETTRICA WIESEN SCARL.

**D.19) Write-downs****D.19 a) Write-downs of investments**

The write-down of investments is the result of application of the equity method to the investments in I.I.T. BOLZANO SCARL, CENTRALE ELETTRICA DUN SCARL and E-WERK EGGENTAL SCARL.

The 2015 figure also includes the write-down of approximately €2.1 million in the carrying value of Edipower to align it with the valuation performed in connection with the spin-off.

**E) Extraordinary income and charges****E.20) Extraordinary income**

Extraordinary income, amounting to €909,533, relates mainly to out of period gains unrelated to the Group's core business and to tax reimbursements.

**E.21) Extraordinary charges**

Extraordinary charges, amounting to €32,496,600, relate mainly to adjustments to prior years' taxes.

Some €32.1 million of the total amount relates to taxes, penalties and interest charges included in the settlement agreed with the Revenue Agency on November 24, 2015. The amount represents the difference between the total sum owed to the Revenue Agency per the settlement (€35,669 thousand) and the related risk provision set aside in respect of the matter in previous years (€3,567 thousand).

**E.22) Current and deferred income taxes for the year**

Income taxes for the year, amounting to €12,824,415, relate to IRES, IRAP and deferred assets and liabilities.

## Other information

### Current values of intangible and tangible fixed assets

The book values of intangible and tangible fixed assets substantially reflect their value in use and remaining useful lives.

### Receivables and payables due after more than five years, secured payables and nature of security and geographical distribution of sales

Receivables due after more than five years amount to €1,801,872 at year end and are listed in paragraph B.III.2.d) of these explanatory notes.

Any payables due after more than five years are identified in the relevant line item disclosures in these explanatory notes.

Guarantees granted to third parties are listed in the memorandum accounts disclosure in these explanatory notes.

### Significant effects of changes in foreign exchange rates after the reporting period

There are no such effects to report.

### Receivables and payables relating to repurchase transactions

As of the reporting date, the Group has no such receivables or payables.

### Details of shareholders' equity

Balance sheets including details of shareholders' equity and possible uses and distribution are included in the separate financial statements of the Parent Company and the individual subsidiaries.

### Commitments not reported in the financial statements; details of the nature and composition of such commitments and memorandum accounts as required to assess the company's financial position, specifying those pertaining to subsidiaries, associated companies, controlling entities, or undertakings controlled by the latter

Details of commitments required to assess the company's financial position are disclosed in the memorandum accounts.

### Details of interest and other finance costs relating to bonds, bank borrowings and other loans and payables

Details regarding interest and other finance costs incurred during the year are reported in detail in the explanatory notes.

### Details of extraordinary income and charges

Details regarding extraordinary income and charges are reported in detail in the explanatory notes.

### Number of employees

The average number of Group employees during the year was 513.

The following table provides details of employee numbers by category during the year:

Category	2014	Joiners	Leavers	Change	2015	Average number
Senior managers	7	2	2	-	7	7
Middle managers	35	-	5	2	32	33.5
White collar	301	40	23	2	320	311
Blue collar	161	12	9	-2	162	162
<b>Total</b>	<b>504</b>	<b>54</b>	<b>39</b>	<b>2</b>	<b>521</b>	<b>513</b>

Remuneration paid to directors, statutory auditors and supervisory board, independent auditors and tax consultants

Remuneration paid to the Boards of Directors of all Group companies totaled €531,751 and amounts paid to statutory auditors and supervisory board members amounted to €333,050.

Fees for the statutory audit of the Group and individual Group companies and joint ventures totaled €268,605.

#### Number and nominal value of shares

The Parent Company's share capital amounts to €305,500,000, represented by 305,500,000 shares with a nominal value of €1 each.

#### Loans from shareholders

No loans have been granted to the Group by shareholders.

#### Dedicated assets

The Group has no dedicated assets

#### Dedicated loans

No such items require to be disclosed in accordance with art. 2427-bis of the Italian Civil Code.

#### Information relating to the fair value of financial instruments

In order to convert the loan for the purchase of the Enel distribution network to a fixed rate and therefore reduce risk, the Group entered into an interest rate swap agreement to convert the variable rate to a fixed rate.

The details of the contract are as follows:

Bank: INTESA SANPAOLO S.p.A.

Type: interest rate swap (IRS)

Objective: hedging

Currency: EUR

Start date: 03.11.2011

End date: 12.30.2022

Notional capital: 68,505,272

Fair value (Mark to Market) as of 12.31.2015: -5,195,595

Underlying risk: interest rate risk – Euribor

During the year the Group entered into an interest rate swap agreement linked to the acquisition of shares in SE Hydropower for a total consideration of €345 million. The notional amount of the swap represented 30% of the overall payable.

The details of the contract are as follows:

Bank: IMI S.p.A.

Type: interest rate swap (IRS)

Objective: hedging

Currency: EUR

Start date: 04.15.2015

End date: 12.31.2019

Notional capital: 45,000,000

Fair value (Mark to Market) as of 12.31.2015: -149,119

Underlying risk: interest rate risk – Euribor

Bank: MEDIOBANCA S.p.A.

Type: interest rate swap (IRS)

Objective: hedging

Currency: EUR

Start date: 04.15.2015

End date: 12.31.2019

Notional capital: 43,312,500

Fair value (Mark to Market) as of 12.31.2015: -149,971

Underlying risk: interest rate risk – Euribor

Bank: BARCLAYS

Type: interest rate swap (IRS)

Objective: hedging

Currency: EUR

Start date: 04.15.2015

End date: 12.31.2019

Notional capital: 12,993,750

Fair value (Mark to Market) as of 12.31.2015: 54,501

Underlying risk: interest rate risk – Euribor

On June 13, 2012, the subsidiary, Selsolar Monte San Giusto Srl, entered into an interest rate swap contract to hedge the risk of movements in the variable Euribor 3M indexed rate applied to the lease contract for the acquisition of the Monte San Giusto photovoltaic plant (located in Bore Chienti). The contract effective from July 1, 2012 to July 1, 2022, has a notional capital of €10,404,794.40 and provides for monthly payment of differentials, calculated as the difference between the rate payable by the company plus a spread equal to 1.84% and the Euribor 3M rate.

The company's objective in making use of such mechanism is to protect itself against the risk of an increase in interest rates, by converting the cost of leasing from variable to fixed.

### Related party transactions

As required by art. 2427, para. 22-bis of the Italian Civil Code, it is noted that related party transactions are normally entered into under normal business conditions, with the exception of:

- transactions relating to the purchase and sale of energy and renewable energy (green) certificates between SEL S.P.A. and SELTRADE S.p.A.. Such transactions are regulated by a specific agreement (renewed annually) that applies a cost-plus mechanism that results in prices that are not necessarily equal to market prices; and
- purchases by SEL S.P.A. and SEL SRL of energy and renewable energy (green) certificates from other companies within the SEL Group. The price applied by the energy suppliers to such transactions are not necessarily aligned with market prices as they are determined on a cost-recovery basis (in the case of consortium companies) or fixed in line with multi-year contracts (in the case of other companies).

### Off balance sheet transactions

There are no such transactions that require to be disclosed in accordance with art. 2427 para. 22-ter of the Italian Civil Code.

### Number and nature of other financial instruments issued by the Group

As of the reporting date, the Group had not issued any such financial instruments.

Bolzano, March 30, 2016

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

(Wolfram Sparber)

## Appendices

### Appendix A) Fixed assets detail

Appendix A-1	Fixed assets	Historical cost	Revaluation	Book value	Depreciation/ amortization	Impairment	Net book value	
							31.12.2015	31.12.2014
<b>I) Intangible fixed assets</b>								
1)	Formation, start-up and similar costs	3,330,483		3,330,483	(697,410)		2,633,073	2,090
3)	Patents and intellectual property rights	3,273,684		3,273,684	(2,322,122)		951,562	231,529
4)	Patents and intellectual property rights	566,360,105		566,360,105	(88,520,798)		477,839,307	63,868,434
5)	Goodwill	3,212,000		3,212,000	(3,212,000)		-	-
5 bis)	Difference arising on consolidation	6,972,813		6,972,813	(3,803,210)		3,169,603	5,616,750
6)	Assets under construction and payments on account	1,206,710		1,206,710	-		1,206,710	1,876,783
7)	Other	21,944,920		21,944,920	(4,494,622)		17,450,298	14,505,188
	<b>Total</b>	<b>606,300,715</b>	<b>-</b>	<b>606,300,715</b>	<b>(103,050,162)</b>		<b>503,250,553</b>	<b>86,100,774</b>
<b>II) Tangible fixed assets</b>								
1)	Land and buildings	108,808,479	501,238	109,309,717	(47,554,380)		61,755,337	52,792,116

2)	Plant and machinery	917,040,401	16,154,000	933,194,401	(605,557,134)	(1,161,142)	326,476,125	294,709,497
3)	Industrial and commercial equipment	4,610,853	919	4,611,772	(3,781,668)		830,104	673,235
4)	Other tangible assets	10,857,325		10,857,325	(7,364,911)		3,492,414	2,758,706
5)	Assets under construction and payments on account	35,894,870		35,894,870	-		35,894,870	22,995,593
	<b>Total</b>	<b>1,077,211,928</b>	<b>16,656,157</b>	<b>1,093,868,085</b>	<b>(664,258,093)</b>	<b>(1,161,142)</b>	<b>428,448,850</b>	<b>373,929,147</b>
<b>III) Financial fixed assets</b>								
1)	Equity investments in:	349,831,895	-	349,831,895	-	(82,586,566)	267,245,329	138,458,224
	<b>b)</b> associated companies	35,703,695		35,703,695	-		35,703,695	33,849,696
	<b>d)</b> other companies	314,128,200		314,128,200	-	(82,586,566)	231,541,634	104,608,528
2)	Receivables:	4,158,667	-	4,158,667	-		4,158,667	4,216,424
	<b>b)</b> due from associated companies	790,600		790,600	-		790,600	670,200
	<b>d)</b> due from others	3,368,067		3,368,067	-		3,368,067	3,546,224
	<b>Total</b>	<b>353,990,562</b>	<b>-</b>	<b>353,990,562</b>	<b>-</b>	<b>(82,586,566)</b>	<b>271,403,996</b>	<b>142,674,648</b>
<b>Total (B)</b>		<b>2,037,503,205</b>	<b>16,656,157</b>	<b>2,054,159,362</b>	<b>(767,308,255)</b>	<b>(83,747,708)</b>	<b>1,203,103,399</b>	<b>602,704,569</b>



Appendix A-2		Balance as of 12.31.2014	Consolidation adjustment	Transfer	Increases	Decreases	Others	Balance as of 12.31.2015
	<b>Gross value of fixed assets</b>							
<b>I)</b>	<b>Intangible fixed assets</b>							
1)	Formation, start-up and similar costs	37,345	3,885		3,291,341	(2,086)	(2)	3,330,483
3)	Patents and intellectual property rights	1,997,311			1,264,193		12,180	3,273,684
4)	Patents and intellectual property rights	125,700,273	299,943		440,517,017	(144,947)	(12,181)	566,360,105
5)	Goodwill	3,212,000			-			3,212,000
5 bis)	Difference on consolidation	9,072,613					(2,099,800)	6,972,813
6)	Assets under construction and payments on account	1,876,783			771,910	(1,441,983)		1,206,710
7)	Other	17,078,333	14,716		4,909,246		(57,375)	21,944,920
	<b>Total</b>	<b>158,974,658</b>	<b>318,544</b>		<b>450,753,707</b>	<b>(1,589,016)</b>	<b>(2,157,178)</b>	<b>606,300,715</b>
<b>II)</b>	<b>Tangible fixed assets</b>							
1)	Land and buildings	90,078,019	16,348,746		3,552,144	(63,489)	(605,703)	109,309,717
2)	Plant and machinery	804,577,630	130,126,293		28,294,943	(3,131,570)	(26,672,895)	933,194,401
3)	Industrial and commercial equipment	3,589,322	811,554		216,638	(23,796)	18,054	4,611,772

4)	Other tangible assets	8,999,683	162,891		1,677,673	(16,218)	33,296	10,857,325
5)	Assets under construction and payments on account	22,995,593	7,215,283		17,567,226	(5,186,556)	(6,696,676)	35,894,870
	<b>Total</b>	<b>930,240,247</b>	<b>154,664,767</b>	<b>-</b>	<b>51,308,624</b>	<b>(8,421,629)</b>	<b>(33,923,924)</b>	<b>1,093,868,085</b>
<b>III) Financial fixed assets</b>								
1)	Equity investments in:	218,937,523	-	-	130,894,372	-	-	349,831,895
	b) associated companies	33,849,696			1,853,999			35,703,695
	d) other companies	185,087,827			129,040,373			314,128,200
2)	Receivables:	4,216,424	29,510	-	154,983	(242,250)	-	4,158,667
	b) due from associated companies	670,200			150,000	(29,600)		790,600
	d) due from others	3,546,224	29,510		4,983	(212,650)		3,368,067
	<b>Total</b>	<b>223,153,947</b>	<b>29,510</b>	<b>-</b>	<b>131,049,355</b>	<b>(242,250)</b>	<b>-</b>	<b>353,990,562</b>
	<b>Total (B)</b>	<b>1,312,368,852</b>	<b>155,012,821</b>	<b>-</b>	<b>633,111,686</b>	<b>(10,252,895)</b>	<b>(36,081,102)</b>	<b>2,054,159,362</b>

Appendix A-3	<b>Amortization, depreciation and write-downs</b>	Balance as of 12.31.2014	Consolidation adjustment	Transfer	Depreciation/ amortization	Reversals	Others	Balance as of 12.31.2015
<b>I) Intangible fixed assets</b>								
1)	Formation, start-up and similar costs	35,255	3,107		661,134	(2,086)		697,410
3)	Patents and intellectual property rights	1,765,782			556,340			2,322,122
4)	Patents and intellectual property rights	61,831,839	22,156		26,666,803			88,520,798
5)	Goodwill	3,212,000						3,212,000
5 bis)	Difference on consolidation	3,455,863			347,347			3,803,210
6)	Assets under construction and payments on account	-						-
7)	Other	2,573,146	1,052		1,977,798		(57,374)	4,494,622
	<b>Total</b>	<b>72,873,885</b>	<b>26,315</b>	<b>-</b>	<b>30,209,422</b>	<b>(2,086)</b>	<b>(57,374)</b>	<b>103,050,162</b>
<b>I) Tangible fixed assets</b>								
1)	Land and buildings	37,285,903	8,345,973		2,434,889	(52,862)	(459,523)	47,554,380
2)	Plant and machinery	509,868,133	94,018,787		23,049,041	(2,677,170)	(18,701,657)	605,557,134
3)	Industrial and commercial equipment	2,916,087	717,719		170,332	(22,470)		3,781,668
4)	Other tangible assets	6,240,977	119,440		1,022,786	(35,051)	16,759	7,364,911

5)	Assets under construction and payments on account	-						-
	<b>Total</b>	<b>556,311,100</b>	<b>103,201,919</b>	<b>-</b>	<b>26,677,048</b>	<b>(2,787,553)</b>	<b>(19,144,421)</b>	<b>664,258,093</b>
<b>III) Financial fixed assets</b>								
1)	Equity investments in:	80,479,299	-	-	-	-	2,107,267	82,586,566
	<b>b)</b> associated companies							-
	<b>d)</b> other companies	80,479,299					2,107,267	82,586,566
2)	Receivables:	-	-	-	-	-	-	-
	<b>b)</b> due from associated companies							-
	<b>d)</b> due from others							-
	<b>Total</b>	<b>80,479,299</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,107,267</b>	<b>82,586,566</b>
	<b>Total (B)</b>	<b>709,664,284</b>	<b>103,228,234</b>	<b>-</b>	<b>56,886,470</b>	<b>(2,789,639)</b>	<b>(17,094,528)</b>	<b>849,894,821</b>

## Appendix B) Changes in equity

Changes in equity	Share capital	Legal reserve	Other reserves	Retained earnings (accumulated losses) brought forward	Profit (loss) for the year	Total
<b>Balance as of 12/31/2012 Shareholders' equity</b>	<b>305,500,000</b>	<b>2,751,393</b>	<b>35,096,614</b>	<b>3,722,338</b>	<b>55,616,698</b>	<b>402,687,043</b>
<b>Authorised allocation:</b>						
5% to the legal reserve		1,852,309			(1,852,309)	-
to the extraordinary reserve			15,183,621		(15,183,621)	-
Dividends					(20,010,250)	(20,010,250)
Rounding			1			1
Consolidation adjustments			21,978,236	(3,722,338)	(18,570,518)	(314,620)
Profit (loss) for the year					61,496,724	61,496,724
<b>Balance as of 12/31/2013 Shareholders' equity</b>	<b>305,500,000</b>	<b>4,603,702</b>	<b>72,258,472</b>	<b>-</b>	<b>61,496,724</b>	<b>443,858,898</b>
<b>Authorised allocation:</b>						
5% to the legal reserve		1,783,899			(1,783,899)	-
to the extraordinary reserve			13,883,832		(13,883,832)	-
Dividends					(20,010,250)	(20,010,250)
Rounding			(1)			(1)
Consolidation adjustments			25,386,027		(25,818,743)	(432,716)
Profit (loss) for the year					73,882,419	73,882,419
<b>Balance as of 12/31/2014 Shareholders' equity</b>	<b>305,500,000</b>	<b>6,387,601</b>	<b>111,528,330</b>	<b>-</b>	<b>73,882,419</b>	<b>497,298,350</b>
<b>Authorised allocation:</b>						
5% to the legal reserve		1,721,169			(1,721,169)	-
to the extraordinary reserve			11,989,319		(11,989,319)	-
Dividends					(20,712,900)	(20,712,900)
Rounding			(1)			(1)
Consolidation adjustments			38,416,319		(39,459,031)	(1,042,712)
Profit (loss) for the year					(7,217,347)	(7,217,347)
<b>Balance as of 12/31/2015 Shareholders' equity</b>	<b>305,500,000</b>	<b>8,108,770</b>	<b>161,933,967</b>	<b>-</b>	<b>(7,217,347)</b>	<b>468,325,390</b>
				<b>pertaining to minority interests</b>	<b>2,828,895</b>	<b>24,739,561</b>
				<b>Total</b>	<b>(4,388,452)</b>	<b>493,064,951</b>

## Appendix C) Changes in Assets and Liabilities

	ASSETS	2015	2014	Change
<b>B) FIXED ASSETS</b>				
<b>I) INTANGIBLE FIXED ASSETS</b>				
1)	Formation, start-up and similar costs	2,633,073	2,090	2,630,983
3)	Patents and intellectual property rights	951,562	231,529	720,033
4)	Concessions, licenses, trademarks and similar	477,839,307	63,868,434	413,970,873
5-bis)	Difference on consolidation	3,169,603	5,616,750	(2,447,147)
6)	Assets under construction and payments on account	1,206,710	1,876,783	(670,073)
7)	Other	17,450,298	14,505,188	2,945,110
	<b>TOTAL (I)</b>	<b>503,250,553</b>	<b>86,100,774</b>	<b>417,149,779</b>
<b>II) TANGIBLE FIXED ASSETS</b>				
1)	Land and buildings	61,755,337	52,792,116	8,963,221
2)	Plant and machinery	326,476,125	294,709,497	31,766,628
3)	Industrial and commercial equipment	830,104	673,235	156,869
4)	Other tangible assets	3,492,414	2,758,706	733,708
5)	Assets under construction and payments on account	35,894,870	22,995,593	12,899,277
	<b>TOTAL (II)</b>	<b>428,448,850</b>	<b>373,929,147</b>	<b>54,519,703</b>
<b>III) FINANCIAL FIXED ASSETS</b>				
1)	Equity investments in:	267,245,329	138,458,224	128,787,105
	b) associated companies	35,703,695	33,849,696	1,853,999
	d) other companies	231,541,634	104,608,528	126,933,106
2)	Receivables:	4,158,667	4,216,424	(57,757)

	due from associated companies within 12 months	790,600	670,200	120,400
<b>b)</b>	due from associated companies after more than 12 months	-	-	-
	due from others within 12 months	450,662	303,153	147,509
<b>d)</b>	due from others after more than 12 months	2,917,405	3,243,071	(325,666)
<b>TOTAL (III)</b>		<b>271,403,996</b>	<b>142,674,648</b>	<b>128,729,348</b>
<b>TOTAL FIXED ASSETS (B)</b>		<b>1,203,103,399</b>	<b>602,704,569</b>	<b>600,398,830</b>

**C) CURRENT ASSETS****I) INVENTORIES**

<b>1)</b>	Raw materials, supplies and consumables	3,236,628	3,518,316	(281,688)
<b>2)</b>	Work-in-progress and semi-finished products	209,994	251,345	(41,351)
<b>3)</b>	Construction contract work in progress	12,134,098	10,872,950	1,261,148
<b>4)</b>	Finished products and merchandise for resale	27,478,148	17,847,258	9,630,890
<b>TOTAL (I)</b>		<b>43,058,868</b>	<b>32,489,869</b>	<b>10,568,999</b>

**II) RECEIVABLES**

<b>1)</b>	trade receivables due from customers within 12 months	116,347,275	88,715,024	27,632,251
	trade receivables due from customers after more than 12 months	-	-	-
<b>2)</b>	due from subsidiaries within 12 months	340,000	-	340,000
	due from subsidiaries after more than 12 months	-	-	-
<b>3)</b>	due from associated companies within 12 months	1,044,428	5,485,269	(4,440,841)
	due from associated companies after more than 12 months	-	-	-
<b>4-bis)</b>	tax credits due within 12 months	42,240,983	17,247,060	24,993,923
	tax credits due after more than 12 months	43,114	25,868	17,246

	deferred tax assets due within 12 months	876,907	779,527	97,380
<b>4-ter)</b>	deferred tax assets due after more than 12 months	9,357,911	9,803,444	(445,533)
	due from others within 12 months	21,213,448	38,265,769	(17,052,321)
<b>5)</b>	due from others after more than 12 months	362,641	676,159	(313,518)
<b>TOTAL (II)</b>		<b>191,826,707</b>	<b>160,998,120</b>	<b>30,828,587</b>

**III ) FINANCIAL ASSETS OTHER THAN FIXED ASSETS**

<b>1)</b>	Equity investments in subsidiaries	10,000	-	10,000
<b>TOTAL (III)</b>		<b>10,000</b>	<b>-</b>	<b>10,000</b>

**IV) CASH AND BANKS**

<b>1)</b>	Bank and post office deposits	130,794,919	171,717,164	(40,922,245)
<b>3)</b>	Cash on hand	20,962	17,863	3,099
<b>TOTAL (IV)</b>		<b>130,815,881</b>	<b>171,735,027</b>	<b>(40,919,146)</b>

<b>TOTAL CURRENT ASSETS (C)</b>	<b>365,711,456</b>	<b>365,223,016</b>	<b>488,440</b>
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**D) ACCRUED INCOME AND PREPAID EXPENSES**

<b>2)</b>	Prepaid expenses	4,059,494	3,031,570	1,027,924
<b>TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)</b>		<b>4,059,494</b>	<b>3,031,570</b>	<b>1,027,924</b>

<b>TOTAL ASSETS</b>	<b>1,572,874,349</b>	<b>970,959,155</b>	<b>601,915,194</b>
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<b>LIABILITIES</b>	<b>2015</b>	<b>2014</b>	<b>Change</b>
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**A) SHAREHOLDERS' EQUITY**

<b>I)</b>	Share capital	305,500,000	305,500,000	-
<b>IV)</b>	Legal reserve	8,108,770	6,387,601	1,721,169
<b>VII )</b>	Other reserves	161,933,967	111,528,330	50,405,637



-	discretionary reserve	41,056,777	29,067,458	11,989,319
-	controlling entity share reserve	120,877,191	82,460,873	38,416,318
-	discretionary reserve	(1)	(1)	-
<b>IX</b>	Profit (loss) for the year	(7,217,347)	73,882,419	(81,099,766)
<b>GROUP SHAREHOLDERS' EQUITY</b>		<b>468,325,390</b>	<b>497,298,350</b>	<b>(28,972,960)</b>

#### EQUITY ATTRIBUTABLE TO MINORITY INTERESTS

<b>1)</b>	Share capital and reserves	21,910,666	21,553,646	357,020
<b>2)</b>	Profit (loss) for the year	2,828,895	2,483,694	345,201
<b>TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS</b>		<b>24,739,561</b>	<b>24,037,340</b>	<b>702,221</b>
<b>TOTAL SHAREHOLDERS' EQUITY (A)</b>		<b>493,064,951</b>	<b>521,335,690</b>	<b>(28,270,739)</b>

#### B) PROVISIONS FOR RISKS AND CHARGES

<b>1)</b>	Retirement benefits and similar obligations	300,764	-	300,764
<b>2)</b>	Provision for taxes, including deferred taxes	137,236,312	21,970,442	115,265,870
<b>3)</b>	Others	16,167,691	14,968,673	1,199,018
<b>TOTAL PROVISIONS FOR RISKS AND CHARGES (B)</b>		<b>153,704,767</b>	<b>36,939,115</b>	<b>116,765,652</b>

#### C) EMPLOYEES' TERMINATION INDEMNITY

**4,670,305      4,110,789      559,516**

#### D) PAYABLES

<b>3)</b>	Loans from shareholders due within 12 months	2,288,763	2,156,245	132,518
	Loans from shareholders due after more than 12 months	-	-	-
<b>4)</b>	Bank borrowings due within 12 months	42,494,538	35,817,088	6,677,450
	Bank borrowings due after more than 12 months	641,013,141	191,212,258	449,800,883
<b>5)</b>	Other financial debt due within 12 months	423,255	498,065	(74,810)

	Other financial debt due after more than 12 months	9,066,702	9,489,957	(423,255)
6)	Advance payments received due within 12 months	19,719,569	12,224,333	7,495,236
	Advance payments received due after more than 12 months	-	-	-
7)	Trade payables due to suppliers within 12 months	90,870,909	90,820,790	50,119
	Trade payables due to suppliers after more than 12 months	-	-	-
10)	Amounts due to associated companies within 12 months	1,887,243	3,896,667	(2,009,424)
	Amounts due to associated companies after more than 12 months	-	-	-
12)	Taxes payable within 12 months	12,000,556	1,793,923	10,206,633
	Taxes payable after more than 12 months	20,806,691	-	20,806,691
13)	Amounts payable to social security institutions within 12 months	1,615,311	1,812,802	(197,491)
	Amounts payable to social security institutions after more than 12 months	-	-	-
14)	Other payables due within 12 months	55,929,195	33,935,611	21,993,584
	Other payables due after more than 12 months	886,254	852,825	33,429
	<b>TOTAL PAYABLES (D)</b>	<b>899,002,127</b>	<b>384,510,564</b>	<b>514,491,563</b>

#### E) ACCRUED EXPENSES AND DEFERRED INCOME

2)	Deferred income	22,432,199	24,062,997	(1,630,798)
	<b>TOTAL ACCRUED EXPENSES AND DEFERRED INCOME (E)</b>	<b>22,432,199</b>	<b>24,062,997</b>	<b>(1,630,798)</b>

<b>TOTAL LIABILITIES</b>	<b>1,572,874,349</b>	<b>970,959,155</b>	<b>601,915,194</b>
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#### MEMORANDUM ACCOUNTS

	2015	2014	Change
- Bank guarantees	53,781,616	51,414,661	2,366,955
- Guarantees granted in favor of subsidiaries	8,601,550	8,607,519	(5,969)
- Guarantees granted in favor of associated companies	-	444,582	(444,582)

<b>TOTAL MEMORANDUM ACCOUNTS</b>	<b>62,383,166</b>	<b>60,466,762</b>	<b>1,916,404</b>
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**Appendix D) Cash flow statement**

<b>A) Cash flows from operating activities</b>	<b>2015</b>	<b>2014</b>
Profit (loss) for the year	(4,388,452)	76,366,113
Current and deferred income taxes for the year	12,824,415	42,635,603
Interest costs	10,185,044	3,577,681
<b>1. Profit (loss) before taxes, interest, dividends and gains/losses</b>	<b>18,621,007</b>	<b>122,579,397</b>
<b>Adjustments for non-monetary items not reflected in net working capital</b>		
Provisions	1,498,792	-
Amortization and depreciation of fixed assets	56,886,470	35,559,765
Other increases (decreases) in non-monetary items	388,322	7,665,784
- Provision for employees termination indemnity	1,559,120	1,337,766
- Other increases (decreases)	(1,170,798)	6,328,018
<b>Total adjustments for non-monetary items</b>	<b>58,773,584</b>	<b>43,225,549</b>
<b>2. Net cash generated from operating activities before changes in net working capital</b>	<b>77,394,591</b>	<b>165,804,946</b>
<b>Changes in net working capital</b>		
Decrease (increase) in inventories	(10,568,999)	1,688,146
Decrease (increase) in trade receivables due from customers	(27,632,251)	8,053,479
Increase (decrease) in trade payables due to suppliers	50,119	20,790,848
Decrease (increase) in accrued income and prepaid expenses	(1,027,924)	(168,069)
Increase (decrease) in accrued expenses and deferred income	(1,630,798)	(87,981)
Other decreases (other increases) in net working capital	188,290,609	(43,623,224)
- Decrease (increase) in receivables due from controlling entities, subsidiaries and associated companies	4,100,841	(2,692,821)
- Increase (decrease) in payables due to controlling entities, subsidiaries and associated companies	(2,009,424)	(23,064,161)
- Other decreases (increases)	186,199,192	(17,866,242)
<b>Total changes in net working capital</b>	<b>147,480,756</b>	<b>(13,346,801)</b>
<b>3. Net cash generated after changes in net working capital</b>	<b>224,875,347</b>	<b>152,458,145</b>
Other adjustments (+/-)		
Interest received (paid)	(10,185,044)	(3,577,681)
(Income taxes paid)	(30,716,832)	(55,324,449)
(Provisions utilized)	990	(3,175,046)
Other receipts (payments)	(999,604)	(1,243,894)
- Employees termination indemnity paid	(999,604)	(1,243,894)
<b>Total other adjustments</b>	<b>(41,900,490)</b>	<b>(63,321,070)</b>
<b>Net cash generated from operating activity</b>	<b>182,974,857</b>	<b>89,137,075</b>

**B) Cash flows from investing activities**
**Tangible fixed assets**

(Investments)	(90,342,168)	(38,916,901)
Disposals	9,145,417	5,336,598

**Intangible fixed assets**

(Investments)	(448,946,130)	(2,439,638)
Disposals	1,586,929	343,710

**Financial fixed assets**

(Investments)	(127,800,800)	(5,870,939)
Disposals	242,250	12,462,630

**Financial assets other than fixed assets**

(Investments)	(10,000)	-
Acquisition or disposal of subsidiaries or businesses net of liquid assets	-	(31,019,707)

<b>Cash flows from investing activities</b>	<b>(656,124,502)</b>	<b>(60,104,247)</b>
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**C) Cash flows from financing activities**
**Third party funds**

Increase (decrease) in short-term bank borrowings	12,774,833	1,211,930
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New borrowings	425,571,684	103,880,936
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- from third parties	425,439,166	103,880,936
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- from shareholders	132,518	-
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Repayment of borrowings	23,863,652	(465,755)
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- to third parties	23,863,652	
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- to shareholders	-	(465,755)
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**Own funds**

(Dividends and interim dividends paid)	-	(20,010,250)
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Other changes in equity	(23,882,287)	(4,255,868)
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<b>Cash flows from financing activities</b>	<b>438,327,882</b>	<b>80,360,993</b>
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<b>Net increase (decrease) in cash and banks (A+/-B+/-C)</b>	<b>(34,821,763)</b>	<b>109,393,821</b>
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Cash and banks at the beginning of the year	165,637,644	56,243,823
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Cash and banks at the end of the year	130,815,881	165,637,644
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## Appendix E) Equity reconciliation

Description	Equity		Profit (loss) for the year	
	Group	Minority interests	Group	Minority interests
<b>Parent company equity and profit (loss) for the year</b>	<b>362,251,394</b>		<b>7,585,844</b>	
<b>Book value of consolidated equity investments</b>				
SELGASNET S.P.A.	(14,857,819)			
SELTRADE S.P.A.	(114,000)			
SELGAS SRL	(5,952,720)			
Teleriscaldamento Sesto SRL	(1,894,039)			
Teleriscaldamento Chiusa SRL	(3,860,000)			
Ecotherm SRL	(12,562,889)			
SEL SRL	(55,504,070)			
SELNET SRL	(80,374,142)			
SELSOLAR MONTE SAN GIUSTO SRL	(3,151,653)			
SELSOLAR RIMINI SRL	(3,070,000)			
SE Hydropower SRL	(355,338,182)			
ST Fibernet SRL	(109,996)			
Gaderwerk Società Consortile ARL	(600,000)			
Hydros SRL	(130,531,392)			
SF Energy SRL	(27,578,039)			
<b>Equity of investments</b>				
SELGASNET S.P.A.	21,312,503	20,476,719	1,656,818	1,591,845
SELTRADE S.P.A.	1,004,091	317,081	49,214	15,541
SELGAS SRL	2,845,647	2,734,053	1,371,573	1,317,786
Teleriscaldamento Sesto SRL	2,186,390	242,932	117,905	13,101
Teleriscaldamento di Chiusa SRL	3,752,830	37,907	250,955	2,535
Ecotherm SRL	13,526,838	-	474,106	-
ST Fibernet SRL	28,836	-	(35,573)	-
Gaderwerk Società Consortile ARL	537,650	358,433	(11,620)	(7,746)
SEL SRL	108,787,790	-	11,033,501	-
SELNET SRL	90,054,516	-	2,489,449	-
SELSOLAR MONTE SAN GIUSTO SRL	(114,827)	(76,551)	(121,354)	(80,903)
SELSOLAR RIMINI SRL	3,470,327	867,582	133,217	33,304
SE Hydropower SRL	147,117,519	-	21,019,921	-

Hydros SRL	66,431,285	-	6,359,425	-
SF Energy SRL	15,018,182	-	621,038	-
<b>Elimination of investment in SELGASNET S.P.A. (ex AGAT):</b>				
Difference arising on consolidation	5,969,969			
Amortization of the difference arising on consolidation	(3,581,978)		(298,498)	
Provision for risks regarding difference arising on consolidation (ex EGSG)	642,804			
<b>Elimination of investment in SELSOLAR MONTE SAN GIUSTO SRL:</b>				
Difference arising on consolidation	1,002,845			
Amortization of the difference arising on consolidation	(221,232)		(48,849)	
Write-down			(2,099,800)	
<b>Elimination of investment in HYDROS SRL:</b>				
Concessions	124,131,000			
Amortization	(70,202,000)		(9,142,000)	
Provision for deferred taxes	(15,513,000)			
Income taxes for the year			3,711,000	
<b>Elimination of investment in SELNET SRL:</b>				
Land and buildings	5,938,657			
Amortization	(1,609,628)		(333,001)	
Provision for deferred taxes	(1,232,436)			
Income taxes for the year			188,546	
<b>Elimination of investment in SF Energy SRL:</b>				
Concessions	29,701,215			
Amortization	(1,142,354)		(1,142,354)	
Provision for deferred taxes	(8,093,581)			
Income taxes for the year			362,126	
<b>Elimination of investment in SE Hydropower SRL:</b>				
Concessions	407,652,152			
Amortization	(15,678,930)		(15,678,930)	
Provision for deferred taxes	(111,085,210)			
Income taxes for the year			4,970,221	
<b>Dividends from consolidated subsidiaries</b>				
SELGAS NET S.P.A.	(1,020,408)		(1,020,408)	
SELGAS SRL	(1,249,500)		(1,249,500)	

SEL SRL	(10,481,826)		(10,481,826)	
SE Hydropower SRL	(20,139,792)		(20,139,792)	
Reintegration of the provision for deferred taxes	(330,897)		452,258	
SF Energy SRL	-		(4,504,867)	
Hydros SRL	-		(6,081,957)	
<b>Investments valued using the equity method</b>				
SELEDISON S.P.A.	4,789,034		973,841	
Azienda Elettrica Campo Tures Società Consortile ARL	60,638		201	
E-Werk Eggenal Società Consortile ARL	(35,338)		(236)	
Göge Energia SRL	455,104		62,003	
Teleriscaldamento di Silandro SRL	(213,467)		121,119	
Energy Welsperg Società Consortile ARL	(77,715)		1	
Puni Energia SCARL	(56,202)		918	
I.I.T. Bolzano SCARL	(41,674)		(3,194)	
Centrale Elettrica DUN Società Consortile ARL	(34,554)		(8,819)	
Centrale Elettrica Breien Società Consortile ARL	804		245	
Enerpass Società Consortile ARL	1,259,334		220,750	
Centrale Elettrica Moso Società Consortile ARL	895,399		103,456	
Centrale Prati Società Consortile ARL	(18,014)	(12,009)	137	91
Centrale Elettrica Winnbach Società Consortile ARL	(10,186)	(6,790)		
Energia Senales SRL	385	257	356	238
<b>Sale of equity investments</b>				
Centrale Elettrica Winnebach Società Consortile ARL	38,354			
Energia Senales SRL	560,000			
<b>Intercompany adjustments</b>				
Adjustments to receivables	916,063	(3,706)		
Adjustments to inventories	(425,764)			
Other revenues			-	-
Services costs			(1,208,659)	(3,706)
Changes in inventories			4,892	

Reversal of impairment investment SELSOLAR MONTE SAN GIUSTO SRL	2,099,800		2,099,800	
<b>Leased property accounted for under the finance method</b>				
Other intangible fixed assets	(301,501)			
Buildings	3,230,110			
Plant and machinery	12,430,842			
Accrued income and prepaid expenses	(3,580,110)			
Provision for deferred tax asset	287,285			
Provision for deferred tax liability	(777,527)			
Lease payables	(9,489,957)			
Other revenues			99,076	
Lease costs			1,148,688	
Amortization of intangible fixed assets			20,932	
Depreciation of tangible fixed assets			(994,671)	
Finance costs			(502,118)	
Income taxes for the year			133,956	
Profit (loss) for the year attributable to minority interests	53,191	(53,191)	53,191	(53,191)
Profit (loss) for the year attributable to minority interests	143,156	(143,156)		
<b>Equity and profit (loss) for the year attributable to the Group</b>	<b>468,325,390</b>		<b>(7,217,347)</b>	
Equity and profit (loss) for the year attributable to minority interests		24,739,561		2,828,895
<b>Consolidated equity and profit (loss) for the year attributable to the Group</b>	<b>493,064,951</b>		<b>(4,388,452)</b>	