FONDO STRATEGICO ITALIANO SOCIETÀ PER AZIONI (JOINT-STOCK COMPANY)

FINANCIAL STATEMENTS

at 31 December 2015

Financial Statements at 31 December 2015

Fondo Strategico Italiano Joint-Stock Company

REGISTERED OFFICE

MILAN – Corso Magenta, 71 - Palazzo Busca

MILAN REGISTER OF COMPANIES

Registered with the Milan Register of Companies under no. 07532930968

Registered with the Milan Chamber of Commerce (CCIAA) under Economic Administrative Register (REA) no. 1965330

SHARE CAPITAL

Share capital of Euro 4,351,227,430.00 fully paid-up

Fiscal Code and VAT no. 07532930968

Company subject to the management and coordination of Cassa depositi e prestiti joint-stock company – Via Goito no. 4, Rome – Share Capital Euro 3,500,000,000.00 fully paid-up, registered with the Milan Chamber of Commerce (CCIAA) under REA Economic

Administrative Register (REA) no. 1053767 - Fiscal Code and Registered with the Rome Register of Companies under no. 80199230584 - VAT no. 07756511007

Board of Directors

Claudio Costamagna[1]	*Chairman*
Fabio Gallia[2]	*Vice Chairman*
Maurizio Tamagnini	*Chief Executive Officer*
Rosalba Casiraghi	*Director*
Giuseppe Bono	*Director*
Elena Emilia Zambon	*Director*

Board of Statutory Auditors

Angelo Provasoli	*Chairman*
Paolo Golia	*Standing Auditor*
Ottavia Alfano	*Standing Auditor*
Domenico Livio Trombone	*Alternate Auditor*
Daria Beatrice Langosco di Langosco	*Alternate Auditor*

Investments Committee

Maurizio Tamagnini	*Internal member*
Barnaba Ravanne	*Internal member*
Guido Rivolta	*Internal member*
Marco Tugnolo	*Internal member*
Marco Costaguta	*External member*
Roberto Quarta	*External member*

[1] In office since 27/07/2015. Until 10/07/2015 the office of Chairman was held by Giovanni Gorno Tempini

[2] In office since 10/09/2015.

Strategies Committee

Alberto Sangiovanni Vincentelli	*Chairman*
Walter Maria De Silva	*Member*
Luca Garavoglia	*Member*
Andrea Guerra	*Member*
Gabriella Parisse	*Member*
Salvatore Rossi	*Member*
Andrea Sironi	*Member*

Independent Auditors

PRICEWATERHOUSECOOPERS S.p.A.

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1. COMPANY REPRESENTATION

1.1 FSI IN SUMMARY

Dotazione capitale disponibile [1]	€ 5,1 miliardi
Capitale investito ed impegnato dalla costituzione	€ 3,7 miliardi
Investimenti effettuati dalla costituzione	11
Incassi da disinvestimenti	€ 1,5 miliardi

L'attività promossa da FSI ha interessato:

- ***14 settori merceologici, che interessano circa il 25% del PIL Italiano***
- ***8 milioni circa di occupati***
- ***oltre 200 aziende***
- ***oltre 40 opportunità di investimento presentate al Comitato Investimenti***

FSI da agosto 2014 è membro di IFSWF, l'associazione dei Fondi Sovrani

[1] *Include FSI, FSI Investimenti e IQ Made in Italy Investment Company («IQMIIC»)*

1.2 ROLE AND MISSION OF FSI

Fondo Strategico Italiano S.p.A. ("FSI" or the "Company") is a public company created by Decree Law, which carries out business activities of undertaking investments in "companies of significant national interest" through investments in risk capital, while respecting the principle of the private investor operating in a market economy.

FSI is a risk capital investment company that invests in companies that have the objective to grow in size, improve operational efficiency and strengthen their competitive position in domestic and international markets.

FSI mainly acquires minority stakes in companies of "significant national interest" that are in a stable situation of economic and financial balance and have adequate profitability and significant growth prospects, such as to generate value for investors.

FSI is a long-term investor that seeks return of investment at market parameters, in line with the concept of investor and not manager.

Companies operating in the following sectors are considered to be of "national significant interest" (as defined in the decrees of the Minister of Economy and Finance of 3 May 2011 and 2 July 2014, as well as of the By-laws):

- in the sectors of defence, security, infrastructure, transport, communications, energy, insurance and financial brokerage, research and innovation with high technological content, and public services, tourism and hotel, agri-food and distribution as well as management of cultural and artistic assets. Of significant national interest are also companies which, although not established in Italy, operate in the sectors previously mentioned and have subsidiaries or permanent establishments in Italy, which have in the same territory the following cumulative requirements: (i) annual net turnover not lower than Euro 50 million; (ii) average number of employees in the last fiscal year not lower than 250;
- outside of the aforementioned strategic sectors, which collectively present an annual net turnover of at least Euro 300 million and an average number of employees not less than 250. The size can be reduced up to Euro 240 million of turnover and 200 employees in the case of companies that perform relevant activities in terms of industry and benefits for the national economic and production system, also in terms of presence in the territory of production facilities.

In relation to the above, on 17 December 2015, the parent company CDP approved the new 2016-2020 group business plan, which envisages, among other things, a project of overall rationalization of its equity portfolio; in line with this plan, an evolution of current FSI operations is also envisaged.

In particular, the plan envisages two distinct lines of investment: (i) investments defined as "stable", i.e. in companies of "systemic" interest for the national economy and with a long-term investment horizon, which will be pursued by FSI in closer coordination with CDP, and (ii) investments *"for the growth"* of medium-sized companies, aimed at supporting the development of business plans (with accompaniment towards listing) that would be pursued by a reserved closed-end fund ("AIF"), which will be managed by an Asset Management Company, initially formed by CDP and called FSI SGR, but subsequently open to third-party investors, with CDP as minority shareholder.

1.3 SHAREHOLDING STRUCTURE OF FSI

The Company was established on 2 August 2011 with a share capital of Euro 1 billion, 90% subscribed by the strategic shareholder of reference Cassa depositi e prestiti S.p.A. ("CDP") and 10% by Fintecna S.p.A. (hereinafter also "Fintecna").

As part of the broader project of opening up the capital of FSI also to other investors in addition to CDP (subject to the maintenance of the legal control of the latter) and following the agreement signed on 19 December 2012 between FSI, CDP and the Bank of Italy, on 22 March 2013, the capital increase of FSI from Euro 1,000,000,000 to Euro 4,351,227,430 was finalized. In this context: (i) the Bank of Italy conferred 4.48% of the capital of Assicurazioni Generali S.p.A. ("Generali") composed of 69,777,535 ordinary shares, for a total of Euro 883,760,382.14, becoming the holder of 29,008,182 FSI ordinary shares and 58,016,365 FSI preferred shares; (ii) CDP paid a total of Euro 2,519,511,609.84 becoming holder of 248,098,196 new FSI ordinary shares.

Following the above transactions, the share capital of FSI is subscribed to and fully paid for Euro 4,351,227,430, divided as follows:

- CDP holds 338,098,196 ordinary shares, representing 77.702% of the share capital and voting rights of FSI;
- Fintecna holds 10,000,000 ordinary shares, representing 2.298% of the share capital and voting rights of FSI;

- The Bank of Italy holds 29,008,182 ordinary shares and 58,016,365 preference shares, representing in total 20% of the share capital and voting rights of FSI.

<u>Additional terms provided in the Agreement between FSI, CDP and the Bank of Italy</u>

The preference shares assigned to the Bank of Italy to provide holders of the same, in addition to the same administrative and financial rights of the ordinary shares, the right to (i) receive (on the profit for the year) an extraordinary preference dividend for each year in which the sale was made of all or part of the Generali investment held by FSI in an amount equal to the capital gain realized in the year by FSI from the sale of said investment (determined based on the difference between the unit price by FSI of the Generali shares and Euro 12.6654 net of taxes, fees and other charges of any kind arising out of and/or related to the sale of the investment) in any case up to the maximum aggregate amount of Euro 71,459,173.59 (without prejudice to the right to the distribution of ordinary dividends on any additional profit distributed by the company with the ordinary shares); (ii) in the case in which, concerning a year in which there was the sale of all or part of the Generali investment, the profits realized did not allow the distribution of the extraordinary dividend in the amount indicated in point (i), the right to receive the difference between the amount that the holders of preference shares would be entitled to collect on the basis of as provided in point (i) above and the extraordinary dividend actually received in that year, will be added to the dividends for which the preference shares will have right for the subsequent financial years, in addition to the ordinary dividends, up to the actual achievement of the overall limit above, however no later than the fiscal year ending 31 December 2015.

As further provided for in the agreement, FSI is committed by 31 December 2015, to conduct an orderly sale to third parties, at arm’s length, of the investment held in Generali. In addition, after completing the sale by FSI of the entire stake in Generali and assign the related dividends, the preference shares may be subject to a right of conventional withdrawal to be exercised in accordance with article 7.5 of the By-laws, in compliance with article 2437-*quater* of the Civil Code.

In this regard, it is noted that in June 2015, FSI completed the disposal of the investment in Generali. The disposal of the investment was divided into two distinct operations, namely: (i) an Accelerated Book Building reserved for Italian and foreign qualified investors, concerning 29,777,535 shares (1.913% of Generali), concluded on 8 July 2014 at a price of Euro 15.70 per share, for a total of Euro 467.5 million and the achievement of a gross capital gain of approximately Euro 90.4 million and (ii) the sale of the remaining 40 million shares (2.569% of Generali), through the exercise of the physical settlement option (exercised in the first half of 2015) provided as part of the hedging of price risk with forward contracts in the first half of 2014. With the sale of these 40 million shares, FSI collected Euro 646.1 million, achieving a gross capital gain of Euro 136.3 million.

In light of the foregoing and pursuant to the cited statutory provision and the agreement signed on 19 December 2012 between FSI, CDP and the Bank of Italy:

- on 30 May 2015, FSI (on the basis of the resolution of the Shareholders' Meeting approving the financial statements at 31 December 2014) paid to the Bank of Italy the extraordinary preferred dividend (for the preference shares held) of Euro 71,459,173.59 (i.e. the maximum amount payable, as FSI achieved in 2014 a capital gain on the sale of 1.91% of Generali higher than said amount);
- On 10 June 2015, FSI sent to the Bank of Italy (and, for information, to CDP) a formal communication to provide information of the formal completion of the disposal of Generali shares and, consequently, to provide notice of vesting of the right of withdrawal due to Institute pursuant to and for the effects of article 7.5 (d) of the FSI By-Laws;
- On 23 June 2015, the Bank of Italy informed FSI of its intention to exercise the right of withdrawal in respect of the entire investment represented by preference shares represented it holds. Based on the provisions of the withdrawal procedure provided for in the By-Laws, the liquidation value of the equity investment subject to withdrawal was determined in advance by an independent expert appointed by FSI, based on the shareholders' equity per share of FSI based on the financial figures of FSI at 30 June 2015, adjusted according to the current values of the related assets and liabilities (fair value) and communicated to the Bank of Italy. In this context, discussions are underway among the shareholders to define the activities and requirements functional to the implementation of withdrawal, the process of which is not yet completed.

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1.4 FUNDRAISING ACTIVITY

As envisaged by the By-laws, the capital of FSI is open to other institutional investors, Italian and foreign. Over time, the renewed interest in investments in Italy and institutional collaboration have generated several spontaneous requests for collaboration from some of the largest international sovereign funds.

Consequently, also on the basis of fund raising activities promoted by FSI according to criteria of transparency and non-discrimination, this interest was reflected in previous financial years:

- in 2013 with: (i) the establishment of the joint venture IQ Made in Italy Investment Company S.p.A. (“IQ”) with Qatar Holding LLC for investments in the “Made in Italy” sector and (ii) the signing of a collaboration agreement with the Russian Direct Investment Fund (“RDIF”) for investments of up to Euro 500 million (for each between RDIF and FSI) in companies and projects aimed at promoting economic cooperation between Italy and Russia and growth of the respective economies;
- in 2014 with: (i) the establishment on a new investment company called FSI Investimenti S.p.A. (“FSI Investimenti”) held for approximately 77% by FSI and for about 23% by Kuwait Investment Authority (“KIA”); (ii) the signing of a collaboration agreement with China Investment Corporation (“CIC International”) for joint investments worth up to Euro 500 million for each of the two institutions in order to promote economic cooperation between Italy and China;
- in 2015, with the signing of a collaboration agreement with Korea Investment Corporation (“KIC”) for investments with a maximum value each of Euro 500 million.

The aforementioned sovereign funds were subject to verification in relation to the possession of the expected statutory requirements to invest in FSI and/or with FSI and selection in compliance with principles of impartiality, equal treatment, transparency and cost-efficiency.

In particular, it is recalled that under the agreement with KIA which led, on 20 June 2014, to the establishment of FSI Investimenti, on 30 June 2014 (effective as of 3 July 2014), the investments held in Kedrion Group S.p.A. were transferred to FSI Investimenti. (“Kedrion Group”), Metroweb Italia S.p.A. (“Metroweb Italia”), IQ, Valvitalia Finanziaria S.p.A. (“Valvitalia”) and FSIA Investimenti S.r.l. (“FSIA”) and a part (corresponding to 44.55% of the same) of the investment held in Ansaldo Energia S.p.A. (“Ansaldo Energia”), for a total assessment of Euro 1,185 million (on the basis of an assessment made by Ernst&Young Financial Business Advisor (“E&Y”), independent expert appointed by the Board of Directors of FSI, for the purpose of the provisions of article 2343-*ter*, paragraph II, lett. b) of the Civil Code and a (fairness opinion) on said assessment issued by Equita SIM. This agreement with KIA envisages(ed), among other things, that any new investment approved by the Board of Directors of FSI would have been carried out for 50% by means of a shareholding (direct) of FSI and by means of a shareholding of FSI Investimenti for the remaining portion of 50% of the investment, as well as investment commitments of up to Euro 500 million each by FSI and KIA (of which Euro 352 million already paid by the latter during the establishment of FSI Investimenti).

The agreement with KIA and the establishment of FSI Investimenti were also functional to the objective of FSI to increase its capital base and act as a catalyst for foreign investment in Italy, promoting the creation of a suitable vehicle to promote the growth of the Italian risk capital market. In this regard, in relation to as envisaged in the new 2016-2020 Group business plan mentioned above and the expected focus of future FSI activities on “stable” investments in companies deemed “strategic” for the country, it is expected that the interest of third-party investors (including foreign ones) may be realized in investments in the expected new FIA dedicated to the mid-market sector, while the share capital of FSI may remain held primarily, if not exclusively, by the parent company CDP for the best pursuit of the company’s future objectives. In line with the new objectives, it is expected that the agreements in place with FSI will be reorganized to reflect this new corporate structure.

1.5 THE INSTITUTIONAL ACTIVITIES OF FSI

The institutional activity of FSI concerned: (i) the aforementioned relations with numerous sovereign funds (aimed at possible co-investments and partnerships); (ii) relations with government institutions, national development agencies and category associations, and (iii) participation in numerous conferences, seminars and round tables.

The year 2015 has been, for Italy and especially for Milan where FSI is based, a year in which the debate and confrontation of ideas was animated and catalysed by the Universal Exposition EXPO 2015. At the end of 2014, FSI, together with CDP and SACE, signed with EXPO 2015 a partnership agreement with the title of "Official Partner for Italy's International Growth" in the category Official Partners.

As part of the partnership with EXPO and within the exposition site, FSI organized a series of meetings that involved entrepreneurs, Italian managers and primary strategic consulting firms, in order to foster the exchange of ideas and sharing of possible development scenarios in specific economic sectors such as Italian food export, branded goods, the tourism sector and the pharmaceutical sector. The theme of Italian food export was proposed in collaboration with Federalimentare while other meetings involved the collaboration of AIDAF (Italian Association of Family Businesses), with which an event was also arranged at the Italian Stock Exchange focused on the theme of Industry 4.0.

In the context of EXPO, FSI also organized the 7th Annual Meeting of the International Forum of Sovereign Wealth Funds ("IFSWF"), which represents the main annual meeting of sovereign funds in the world participating in the IFSWF to which FSI had been admitted in August 2014. This event was held for the first time in Italy, from 29 September to 1 October 2015, and saw the participation of 34 Sovereign Funds from 31 countries, with a total managed capital of about USD 4,500 billion; the work involved the participation of over 300 representatives of Institutions, Sovereign Funds, International Organizations, academics, industry and finance professionals.

During the three days, the participants discussed the role of Sovereign Funds as long-term investors and the impact of their investments for the real economy. The event was attended by, in addition to the heads of the Sovereign Funds and CDP, the Minister of Economy and Finance Pier Carlo Padoan, the Minister of Economic Development Federica Guidi and several prominent representatives of the European Community.

The Conference ended with a session, held at EXPO 2015, dedicated to the theme “Invest in Italy”, in which representatives of leading financial groups and national and international industry professionals described examples of successful investments in our country. The work of the day was opened by the Vice Minister of Economic Development Carlo Calenda, followed by the interventions of Fabio Gallia (CEO CDP and Vice Chairman FSI), Sergio Ermotti (Group CEO, UBS Group AG), Rupert Stadler (Chairman of the Board of Management, Audi AG), James Hogan (President and CEO, Etihad Airways), Raffaele Jerusalmi (CEO, Borsa Italiana & Executive Group Director Capital Market London Stock Exchange Group).

The forum with the Sovereign Funds was a very important event for our country with regard to attracting foreign capital. As evidence of this, we note the importance given to the event and the wide dissemination achieved for several days on all media.

FSI also participated in the latest editions of CROSAPF (Co-investment Roundtable of Sovereign and Pension Funds), held in Seoul. CROSAPF is a platform established in 2014, which aims to enable co-investments among its members.

Finally, FSI is a partner of the Italian Stock Exchange in the program ELITE dedicated to “Large Corporates” and aimed at promoting contact and dialogue between companies and operators of financial markets. The program’s objectives include the preparation to the listing of companies in terms of corporate culture, organizational and operational structure. To date, investees of FSI have participated in the program ELITE 4: Ansaldo Energia, Kedrion, SIA and Valvitalia.

1.6 FSI METHOD OF OPERATION

At 31 December 2015, based on the provisions of its By-laws in force, FSI pursues its social aim, according to company procedures, adopted for said purpose. The following paragraphs illustrate the investment criteria and objectives, the strategic guidelines of the investments, the procedures for selecting investments and co-investors as outlined by current business procedures.

However, as already recalled above, the implementation of the new strategic lines of FSI laid down by the Group's new business plan, is expected to lead to a review of as currently contemplated by the main company procedures in order to regulate internal processes in a manner consistent with the new objectives. In particular, as mentioned above, there will be a revision of its investment guidelines, the methods, described below, the selection thereof, as well as the possible involvement of co-investors.

Investment criteria and objectives

Providing the foregoing, FSI currently makes risk capital investments in accordance with the following principles:

- Stable financial, economic and equity balance of the target companies, with adequate profitability and development prospects;

- Acquisition of shares mainly minority with active governance, in line with the concept of the investor-not manager with patient medium to long term vision. Given its time frame, FSI defines clear agreements with the other shareholders of the subsidiaries with the aim to: (i) ensure an appropriate level of representation and certain powers of governance; (ii) ensure a constant flow of information; (iii) identify options for valorisation and/or liquidation of the investment at arm's length. It is possible for FSI to acquire majority stakes, which tend to be transient in nature, where acquisitions are justified by particular situations, with regard to which the decision-making body must provide appropriate reasons at the time of the decision;

- Relevance of the investment in terms of industry and supply chain;

- Priorities for capital increases and acquisition of investments aimed at equity stabilization in order to support the growth of companies;

- Over the medium/long-term: the corporate structure of FSI in joint/stock companies is consistent with the support of long/term industrial projects, with market returns (according to the various goods sectors of reference);

- Listing as the preferred method of realization of the investment;

- Investments that contribute to a balanced portfolio and consistent with the maximum concentration limits for individual sectors in relation to the capital available (subject to any exceptions, after evaluation by the decision-making bodies).

Strategic guidelines of investments

As part of its scope of reference, FSI has the objective of identifying companies and situations that possess characteristics such that allow the realization of an investment project and a business plan that will lead to: (i) dimensional growth; (ii) consolidation of the sector; (iii) strengthening or creation of sector heads; (iv) infrastructure development; (v) shareholding succession and stability; (vi) governance, management culture and access to capital markets.

The strategic guidelines have been materialized through specific possible types of investment:

- *Dimensional growth - Acquisition*
  With the capital provided by FSI, the investee may acquire companies abroad to increase its level of internationalization and consolidate the domestic market by creating economies of scale, expanding the product range or integrating vertically (transformational acquisitions or build-up plans);

- *Dimensional growth - Organic*
  Financing of investment plans in production structures, research and development plans, strengthening of the brand or working capital;

- *Dimensional growth - Distribution networks, sales and marketing*
  Development of structures downstream in foreign markets to provide access to the product through investments;

- *Sector Consolidation*

The fragmentation of various sectors domestically generates inefficiencies and lack of competitiveness;

- *Strengthening or creation of sector heads*
  Investment in sector heads that maximizes the industry and allows smaller suppliers to have a more sustainable model, thanks to greater visibility of turnover;

- *Infrastructure development*
  The dissemination and quality of the national infrastructure fabric is an essential enabling factor for competitiveness;

- *Shareholding succession and stability*
  The investment may be secondary, if the entry of FSI in the shareholding structure of an investee aims to stabilize the shareholding base and activate a virtuous circle, allowing the realization of long-term investment plans and a managerialization path.

FSI aims to leave, at the time of the exit from the investment, a grown company in terms of size and competitiveness, that can thrive in global markets and continue to generate wealth and sustainable employment.

Indicatively and not exhaustively, the investment instruments identified are: ordinary shares, convertible preference shares, convertible bonds and shareholder loans. Each of these instruments has different characteristics to manage the different problems that may arise in the structuring of a transaction.

Identification and selection of investment opportunities

FSI, from the start of operations, has received significant interest for its core business by leaders of companies, governments, employers and category associations, obtaining a positive response, even from the most reserved entrepreneurs to opening up to a possible partnership.

The investment opportunities are generated through: spontaneous interest, corporate website, professional and institutional relations, consultants, associations and proactive initiatives of FSI in specific goods sectors.

Said opportunities are all analyzed in detail in order to:

- verify the existence of the investment criteria established by Ministerial Decrees of

03/05/2011 and 02/07/2014 and the By-laws;

- analyze the competition, competitiveness, development and regulation of the reference sector;
- perform a detailed analysis of the company and the business plan;
- make a benchmarking on all possible targets;
- verify the availability of other companies operating in the sector for a possible investment of FSI.

In some cases, this preliminary activity has led to investment ideas and initiatives; in other cases, it was decided not to continue the analysis because the opportunities would not have been in line with the provisions of the By-laws and/or with the investment criteria of FSI.

The process of identification, selection and approval of investments of FSI, regulated in the internal regulatory system, is designed to ensure compliance with the principles of competition, transparency, cost-efficiency, and return on investment.

To this end, FSI has structured rigorous objectives and transparent processes of identification and selection of investment opportunities, which include, for each individual investment, the issuance of an opinion by the Investment Committee and approval by the Board of Directors.

Identification and selection of possible co-investors

FSI is open to co-investments with other leading industrial and financial operators that express an interest in individual transactions. In any case, the governance rights recognized to FSI must ensure FSI the necessary means for monitoring of investee companies and the pursuit of the objectives underlying the investment plan.

In this regard, in specific situations, FSI has met potential industrial and/or financial co-investors that have expressed interest in pursuing together the various initiatives.

The co-investors and company leaders in question were the subject of preliminary verification in relation to the same requirements of transparency of ownership, integrity and professionalism required of investment companies, as laid down by the internal policies of reference.

FSI also pursues the principles of competition and transparency in the possible choice of co-investors in individual investment transactions in compliance with the specific features of the target market of the risk capital investments and related requirements of confidentiality in negotiations. In particular, FSI selects any financial co-investors on the basis of the standing, financial solidity, entity and structure of financial resources available for the individual investment, the sector and/or performance track record and potential management contribution to the related company.

FSI selects possible industrial co-investors mainly based on the contribution of know-how for the realization of the development project and synergies that can be developed in industrial, commercial and/or financial terms, as well as in strategic and entrepreneurship terms.

In all cases, FSI takes into consideration the prospects and purposes of the investment by co-investors based on their own investment strategy. The choice of involvement of industrial and/or financial co-investors is assessed by FSI based on the requirements relating to the individual project and the target company.

Memorandum of understanding between FSI and ISA (Istituto Sviluppo Agroalimentare S.p.A.)

With specific reference to the agri-food sector, it is noted that on 29 June 2015, FSI and ISA, a company 100% controlled by the Ministry of Agriculture, Food and Forestry Policies, signed a Memorandum of Understanding for the promotion and development of co-investment activities in this sector. Investments may be made under the terms and conditions agreed upon from time to time between FSI and ISA.

The agri-food sector is of “national significant interest” for FSI and constitutes the exclusive perimeter of investment of ISA: cooperation between the two companies represents further recognition of the strategic nature of the agri-food sector, relevant fir Italy in both economic and employment terms.

2. REFERENCE MARKET

2.1 Reference Scenario

The Italian economic system is characterized by primary significance of industrial production. With a product added value of Euro 225 billion by the manufacturing sector in 2014, Italy represents the second manufacturing economy in Europe, with global leading companies in more than 900 product categories.

With respect to the economies of two other large European countries, such as Germany and France, the Italian economy is characterized however, by a smaller number of large companies. In fact, about 3,700 companies have a turnover above Euro 100 million in Italy, compared to about 4,600 (+24%) in France, and about 6,200 (+68%) in Germany. The gap widens when considering the number of only companies with annual turnover exceeding Euro 1 billion: including foreign subsidiaries, in Italy, there are about 350, 50% more than in France, and twice in Germany.

The size gap of Italian companies compared to European competitors is also evidenced by the fact that in the various sectors, leading Italian companies are in most cases smaller than the leading French and German companies, although Italy is a leading exporter worldwide in sectors such as mechanics, brands and clothing, furniture and pharmaceuticals, and is also able to create leading products in specific market niches.

In fact, Italy has a high degree of openness to international trade. Exports increased considerably over the last five years: with respect to exports of goods and services for a value of Euro 360 billion in 2009 (23.7% of GDP), the value in 2014 rose to Euro 477 billion (29.6% of GDP). The first half of 2015 recorded a further increase in exports of goods of 5%; said growth forecast is confirmed for the entire year 2015. The growth derives both from specialized sectors, such as mechanics, and from traditional productions, such as fashion and brands, and furniture. In these sectors of excellence, Italian companies recorded market share peaks of global exports of more than 6%, which help to bring the Italian average market share of global export to about 3.7%, despite the presence of many medium-sized companies. Driven by the crisis, Italian companies dedicated strong impetus to the internationalization process, substantially zeroing the gap with German and French companies in terms of ratio between foreign and national turnover. Many Italian companies excel in niche products and have a high potential for growth in exports to emerging countries.

As a result, Italy shows one of the best trade balances in Europe, second only to Germany. In 2014, net exports amounted to about Euro 49 billion, recording an increase of 30% over the previous year, when the trade balance had a positive balance of about Euro 37 billion. On the contrary, France and the UK have instead reported a negative balance in the trade balance: imports exceeded exports by about Euro 39 billion in France, and around Euro 43 billion in the UK. The aforementioned Italian excellence have greatly helped to achieve these results, increasing the value of exports in 2014. The mechanical sector, which contributes most to Italian exports, recorded exports of around Euro 74 billion in 2014, approximately 4% increase over the previous year. The fashion and brands sector, with a value of exports above Euro 46 billion in 2014, also increased by approximately 4% compared to 2013. Even exports in the furniture sector grew by 3% compared to 2013, reaching almost Euro 9 billion. Italy recorded exports greater than imports even during the first three quarters of 2015, with net exports of around Euro 38 billion, a further increase over the same period the previous year (+11%).

In the face of good performance in exports, the small size of Italian companies limits the ability to make direct investments abroad. In fact, in comparison with European competitors, Italian companies have a lower propensity to foreign investment, with a stock of foreign direct investment of about a third of Germany and France.

The small size of Italian companies limits the possibility to invest in Research & Development, a key factor underlying competitive sustainability in the long term. The Italian manufacturing sector shows intensity of spending in Research & Development of 0.9% of revenues, corresponding to almost half of French manufacture (1.7%) and just over a third of German manufacture (2.4%). Being able to grow in size allows for more opportunities to invest in innovation. Empirical evidence indicates a positive correlation between company size and possibility of spending in Research & Development: the costs of large Italian companies in R & D are in fact 3.9% of turnover, nearly three times that of medium-sized companies (1.4%) and significantly higher than that of small companies (0.3%).

A primary factor at the origin of smaller Italian companies compared to foreign competitors is attributable to the capital structure with respect to German and French companies. An investigation by the Ministry of Economic Development in 2014 shows that Italian companies proportionally have less equity and more debt. If we consider the sources of financing of companies in the major European economies, Italian companies are under-capitalized compared to other European countries (shareholders' equity represents 21% of the sources of financing for Italian companies, compared with 32% in France and 36% in Germany). Italian companies continue to resort substantially to short-term commercial debt, also to finance investments with expected returns in the medium to long term (ratio of commercial debt and net working capital of Italian companies was 1.26 compared to 0.71 of German companies).

The Italian economy is also characterized by a strong presence of family businesses, another factor underlying the small size of Italian companies. About 82% of family businesses are run by the second or third generation of entrepreneurs. The percentage of entrepreneurs over 65 years of age is approximately 22%, compared to 9% in Germany and 7% in Spain. In this context, the professional competences deriving of institutional investors can play a key role in managing the generational succession processes, supporting entrepreneurs through active governance principals and the inclusion of managerial figures.

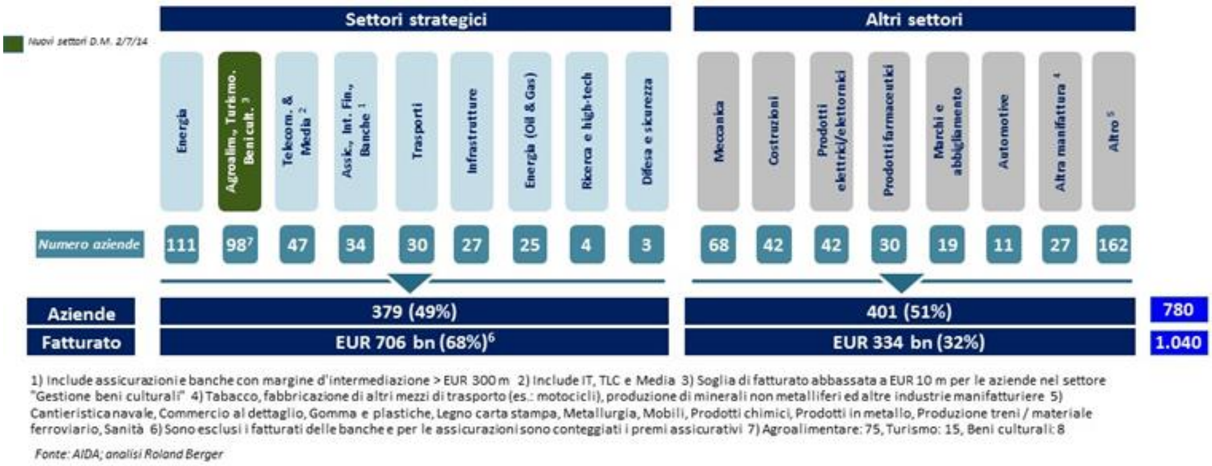
In Italy, the stock market is still quite limited, although it has shown interesting signs of dynamism in the last two years. In late December 2015, the Italian Stock Exchange officially reported 356 listed companies in our country (282 in the main electronic stock market, of which 71 in the STAR segment), compared to over a thousand in France. However, there are encouraging signs in relation to listing in excess of Euro 100 million: in 2014 and 2015, there were a total of 13 IPOs at the Milan Stock Exchange on the main stock market. The data recorded a significant increase over the previous two-year period, which saw only 1 listing in 2012 and 2 listings in 2013, compared to 5 listings in 2014 and 8 in 2015. Total funding in IPOs in 2015 amounted to Euro 5.7 billion, up from Euro 2.9 billion in 2014. With respect to this new dynamism, it is however noted that between 2014 and 2015, an additional 9 IPOs over Euro 100 million were announced, which were then withdrawn.

Lastly, in Italy, the capital risk investments market (private equity) represented only 0.11% of GDP in 2014, as compared with 0.43% in the UK, 0.39% in France and compared with a European average of 0.28%. Approximately Euro 2.7 billion of additional investments per year would thus be required to align to the European average incidence.

The penetration of the private equity market in Italy therefore still remains limited. In 2014, private equity funds invested in Italy about Euro 3.5 billion in 311 operations, and despite the amount of investments recorded an annual growth rate of 9% from 2010, investments in Italy still account for only 4% of the total private equity investments in the 28 EU countries, compared with a national GDP, which represents 12% of total GDP of EU countries.

2.2 SCOPE OF OPERATIONS OF FSI

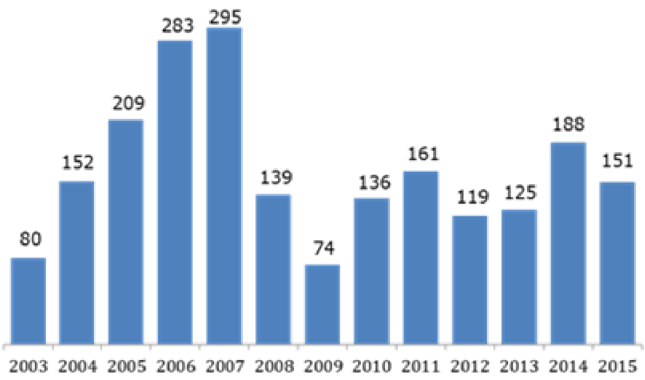
Based on the requirements of the Ministerial Decrees of 3 May 2011, 2 July 2014 and the By-laws, FSI has identified the possible scope for the conduct of its investments. The detailed analysis carried out included in the overall scope of FSI about 780 companies, as shown below.



Analyzing the scope of reference of FSI at European level, it is observed that there were 248 transactions in 2015 with a value of USD 151 billion, up in terms of figure from 204 transactions in 2014, but slightly down in terms of counter-value (USD 151 billion vs 188 billion in 2014), and reaching levels below the peaks recorded in 2006 and 2007 (nearly USD 300 billion in each year).

The investments made in the year 2015 mainly concerned the following sectors: leisure (16%), insurance, financial intermediation and services (15%) and real estate (15%). With regard to the geographical breakdown, they were finalized to a greater extent in the UK (45%) and Germany/Austria/Switzerland (19%). The operations carried out in Italy amounted to only 4% of the overall European total.

Valore investimenti da parte di Private Equity in EMEA dal 2003 al 2015 - $ mld

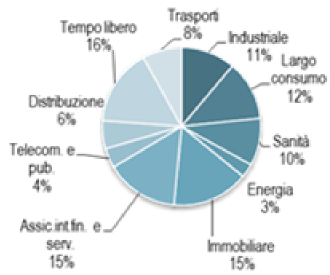


Nota: Include investimenti di valore superiore a $100 mln, anche al di fuori del perimetro di riferimento di FSI.

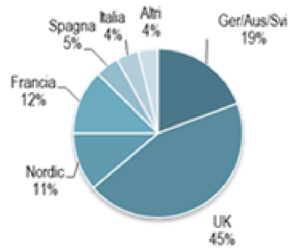
Fonte: Dealogic

Valore investimenti da parte di Private Equity in EMEA nel 2015 - $ mld

Per settore



Per Paese



These limited volumes for Italy are not consistent with the economic metrics of the country that represents the second European manufacturing system, solid companies operating in excellence niches, a high percentage of family-owned companies with debt and succession issues, but a private equity market still under development.

In relation to the scope of reference of FSI in Italy, in 2015, the number of transactions carried out in Italy by investment funds amounted to 9, same number of those 7 realized in 2014.

Investimenti in capitale di rischio completati nel 2015 in Italia nel perimetro di operatività di FSI - Acquirenti fondi (Deal value > € 50 mln)

Target	Acquirente	Ricavi (€m)	Equity (€m)[1]	Quota acquisita	Perimetro FSI D.M. 2/7/2014	Struttura operazione
F2i Aeroporti	Ardian, Crédit Agricole Assurance	900	**400**	49,0%	Settore/Dimensione	Secondario
Giochi Preziosi	Oceanic Gold Global	800	**62**	49,0%	Dimensione	Primario + Secondario
Petrolvalves	TBG Holding	259	**600**[2]	60,0%	Dimensione	Secondario
ICBPI	Advent, Clessidra, Bain Capital	670	**1.845**	85,8%	Settore/Dimensione	Secondario
Savino Del Bene	Paolo Nocentini, Gianluigi Aponte	1.067	**140**	50,0%[6]	Settore/Dimensione	Secondario
Azimut Benetti	Tamburi Investment Partners, Azimut Benetti	670	**50**[3]	12,0%	Dimensione	Primario + Secondario
Saipem	Fondo Strategico Italiano	12.873	**903**[4]	12,5%	Settore/Dimensione	Primario + Secondario
Ferroli[5]	Oxy Capital, Attestor Capital, banche creditrici	423	**60**	>50,0%	Dimensione	Primario + Secondario
Hydro Dolomiti	Macquarie Infrastructure and Real Assets	365	**335**	49,0%	Settore/Dimensione	Secondario

[1] Capitale di rischio investito; [2] Enterprise Value pro quota; [3] Include € 10 mln investiti dalla società per il riacquisto di parte delle quota detenuta da Mittel; [4] Include acquisto azioni da ENI per € 463 mln e aumento di capitale di competenza per € 439 mln; [5] Operazione realizzata nell'ambito di una procedura di concordato preventivo; [6] Il 35% è stato rilevato da Paolo Nocentini (già socio al 50%) e il 15% da Gianluigi Aponte.

Fonte: Factset, Mergermarket, stampa

Transactions finalized by industrial operators totalled 7 in 2015, compared to 12 realized overall in 2014.

Investimenti in capitale di rischio completati nel 2015 in Italia nel perimetro di operatività di FSI - Acquirenti operatori industriali (Deal value > € 50 mln)

Target	Acquirente	Ricavi (€m)	Equity (€m)[1]	Quota acquisita	Perimetro FSI D.M. 2/7/2014	Struttura operazione
Salov	Bright Food	330	**117**[2]	90,0%	Settore/Dimensione	Secondario
Ansaldo STS/Ansaldo Breda	Hitachi	2.005	**1.970**[3]	100,0%[3]	Settore/Dimensione	Secondario
Sorin	Cyberonics	747	**1.201**	100,0%	Settore/Dimensione	Secondario
Pirelli	ChemChina	6.018	**7.130**[4]	100,0%[4]	Dimensione	Secondario
Italcementi	HeidelbergCement	4.156	**~1.000**[5]	45,0%[5]	Dimensione	Secondario
DelClima	Mitsubishi Electric Corporation	347	**664**[6]	100,0%[6]	Dimensione	Secondario
Riello	United Technologies	465	**n.d.**	70,0%	Dimensione	Secondario

[1] Capitale di rischio investito; [2] Stima FSI, dato non disponibile pubblicamente; [3] In seguito al completamento dell'acquisto del 40% di Ansaldo STS da Finmeccanica, Hitachi ha lanciato un'OPA sul restante 60%, il cui completamento è atteso nel corso del 2016; [4] In seguito all'acquisto del 26,2% di Pirelli da parte di ChemChina, un consorzio costituito da Camfin, Rosneft e ChemChina e controllato da quest'ultima ha lanciato un'OPA sul restante 73,8%, completata a ottobre 2015; [5] Il 45% di Italcementi è stato valorizzato € 1.670 mln, di cui € 560-760 mln da pagare in azioni e il resto (c. € 1.000 mln) per cassa. In seguito al perfezionamento dell'acquisto del 45%, Heidelberg lancerà un'OPA sul capitale restante, che in caso di adesione integrale porterebbe l'ammontare investito a circa € 3.700 mln (azioni e cassa); 6 In seguito al completamento dell'acquisto del 75%, Mitsubishi ha lanciato un'OPA sul restante 25%, il cui completamento è atteso nel corso del 2016.

Fonte: Factset, Mergermarket, stampa

3. MAIN ACTIVITIES CARRIED OUT BY FSI

3.1 FSI ACTIVITIES

FSI started its operations just over 4 years ago and has contributed to re-opening the sector of risk capital investments for growth in medium to large Italian companies.

In 2015, FSI consolidated its position in the Italian market of risk capital investments and becoming one of the main operators for capital resources, pipeline and execution capabilities.

The main strengths identified derive from: (i) meritocratic investment process aimed at companies in financial balance; (ii) intervention basically in subscription of a capital increase, or for the stabilization of the shareholding structure; (iii) assumption of minority stakes, which facilitates relations with entrepreneurs that are more cautious to open up the market; (iv) medium/long-term horizon, with market yields, benchmarked for the various goods sectors of reference; (v) exit preferably through listing, favouring the continuity of the other stable shareholders.

The requests collected or identified hitherto revolve around the idea that FSI can play a role of "facilitator" in the process of aggregation, namely the creation of business centres, such as in the sector of local public services, in the financing of companies that complete acquisitions of competitors abroad or planning to create international distribution networks.

In its investment activities, FSI balances the analysis of opportunities presented spontaneously with the promotion of investment projects, mainly focused on increasing the size of the leading companies in its sector.

The activity promoted by FSI concerned: (i) 14 goods sectors; (ii) sectors that concern 25% of the Italian GDP and about 8 million jobs; (iii) more than 250 companies; (iv) over 40 investment opportunities presented to the Investment Committee.

Many of the projects developed proactively: (i) are random in nature; (ii) require adequate accrual times.

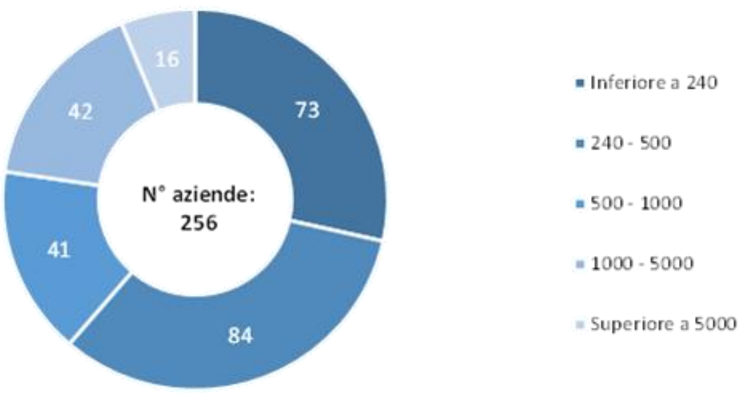
Statistics on investment analyses of FSI

In detail, the contacts for specific investment opportunities analyzed by FSI are subject to a systematic classification, according to the various status of advancement, in the following categories: (i) portfolio-approved; (ii) advanced execution; (iii) assets; (iv) inventory; (v) new project; (vi) not pursued.

To support FSI activities, periodic aggregate statistics are prepared on the activities carried out by goods sector and turnover classes of investment, as shown below with data at 31 December 2015.

FSI activities by goods macro-sector of target companies

FSI activities by turnover class of target companies



4. THE PORTFOLIO OF FSI

4.1 SUMMARY OF THE PORTFOLIO OF FSI

FSI, directly or indirectly through its subsidiaries or joint ventures established, has a capital base available for investments of about Euro 5.1 billion[3].

At the end of 2015, the resources invested by FSI (directly or indirectly) totalled around Euro 2.5 billion, of which approximately Euro 1.2 billion related to commitments.

The following table represents the investment portfolio held at the end of 2015 by FSI, directly or through its subsidiaries and joint ventures and which includes investments in Kedrion S.p.A. ("Kedrion"), Metroweb Italia, Ansaldo Energia, Valvitalia, SIA S.p.A. ("SIA"), Trevi Finanziaria Industriale S.p.A. ("Trevi" or "Trevi Group"), Inalca S.p.A. ("Inalca" or "Inalca Group"), Rocco Forte Hotels Limited ("Rocco Forte Hotels") and the investment in Saipem S.p.A. ("Saipem"), approved in October 2015 and finalized at the beginning of 2016.

Investimento	Settore	Quota di FSI %	Investimento (M€)	Ulteriori impegni (M€)	Data
KEDRION BIOPHARMA	• **Biofarmaceutica** • # 5 al mondo	25,1%	100	50	Lug. 2012
METROWEB	• **Infrastrutture e telecomunicazioni** • Prima rete metropolitana di fibra ottica in Europa	46,2%	200	-	Dic. 2012
ANSALDO ENERGIA	• **Macchinari per l'energia** • # 4 al mondo	44,8%	348	197	Dic. 2013
VALVITALIA	• **Produzione componenti per il settore energia** • # 7 al mondo	49,5%	151	-	Gen. 2014
sia	• **Infrastrutture e IT per il settore finanziario** • Tra le prime 5 in Europa	49,5%	228	16	Mag. 2014
Gruppo TREVI	• **Ingegneria e meccanica per le costruzioni e l'energia** • # 3 al mondo	16,9%	101	-	Nov. 2014
INALCA	• **Alimentare e distribuzione alimentare** • # 2 in Europa nella carne bovina	28,4% (attraverso IQ MIIC)	165	-	Dic. 2014
ROCCO FORTE HOTELS	• **Turismo e alberghiero** • # 3 nel settore 5 stelle in Italia	23,0%	£ 60 (€ 82)	-	Mar. 2015
SAIPEM	• **Ingegneria, costruzioni e perforazioni per il settore energia** • # 1 al mondo nel settore E&C offshore	12,5%		903[1]	Gen. 2016
TOTALE RISORSE INVESTITE + IMPEGNATE = 2.536 M€ (9 investimenti)			**1.375**	**1.166**	

(1) Include sia acquisto azioni (463,2M€) che sottoscrizione di aumento di capitale (439,4M€, pari alla quota di spettanza di FSI sull'aumento di capitale di 3,5Mld€ annunciato dalla società in data 02/12/2015)

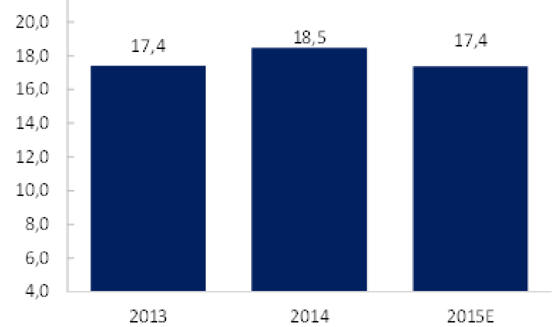
Investments made by goods macro-sector[4]

[3] *Total capital available at FSI, FSI Investimenti and IQ Made in Italy Investment Company*

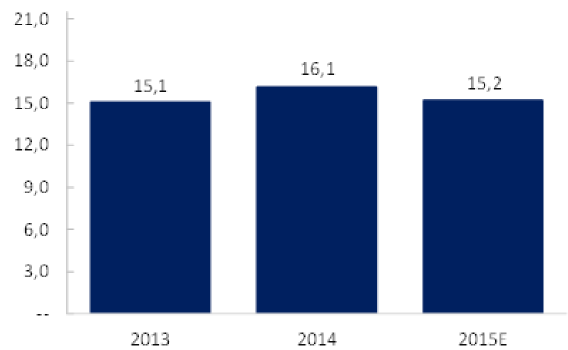
It is noted that in 2014 and 2015, FSI finalized the following divestments: (i) 4.48% of Generali (1.91% in July 2014 through an Accelerated Book Building operation and 2.57% in the first half of 2015, through the exercise of the physical settlement option envisaged as part of the operation to hedge the price risk with forward contracts stipulated in the first half of 2014); (ii) 40% of Ansaldo Energia to SEC; (iii) 0.38% of Hera through an orderly sale (through dribble out) on the market.

Considering the investment portfolio held by FSI at the date of preparation of this document, there was an aggregate turnover (2015 figures) of approximately Euro 17.4 billion and over 70 thousand direct employees.

Revenues (€b)

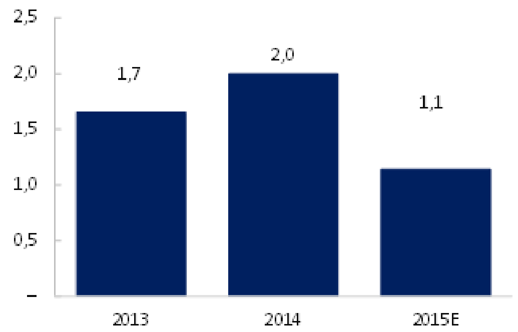


Export (€b)

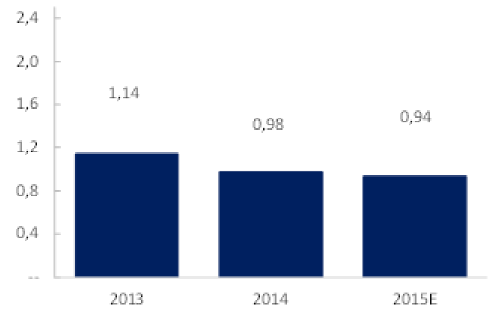


[4] It does include the investments disposed of in Generali and Hera and the investment approved in Saipem

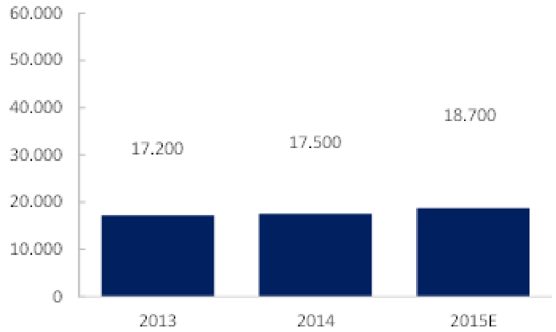
EBITDA (€b)



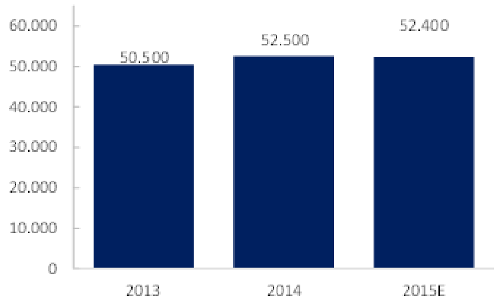
Investments (€b)



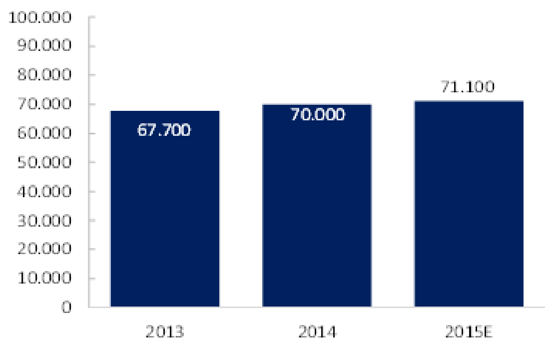
Workforce Italy (#)



Workforce Abroad (#)



Total Workforce (Italy + Abroad) (#)

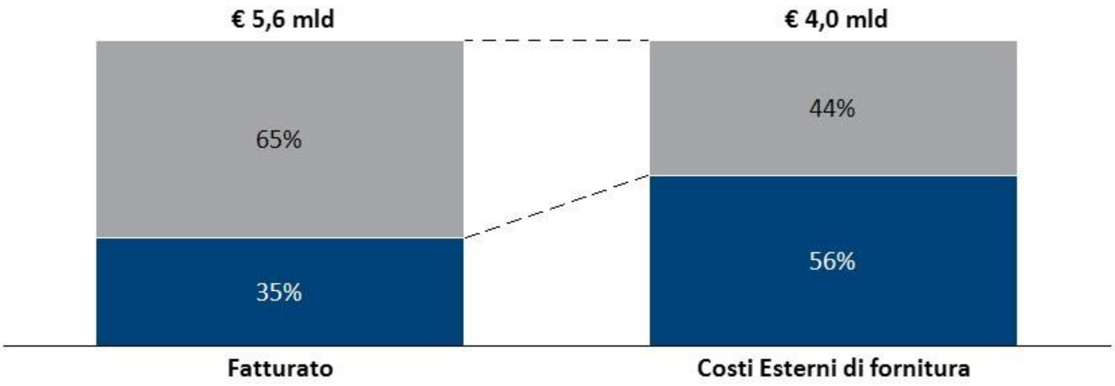


4.2 INDUSTRY

Economic and employment impact of FSI investments

A survey conducted in March 2015 shows that the investee companies of FSI[5], out of a total turnover of Euro 5.6 billion at the end of 2014, generate 70% of turnover abroad, however primarily using production factors in Italy (56% of the total), therefore creating a significant pulling effect in the production chain in the country, resulting in a positive impact on industry and employment.

The subsidiaries of FSI sell mainly abroad but use Italian production factors



Also at the aggregate level, the investee companies of FSI are estimated to have in Italy a total of about 36,000 employees[6], of which 10,000 direct and 26,000 indirect.

Overall employment in Italy of FSI portfolio companies

[5] *Kedrion, Metroweb, Ansaldo Energia, Valvitalia, SIA, Trevi, Inalca, Rocco Forte Hotels*

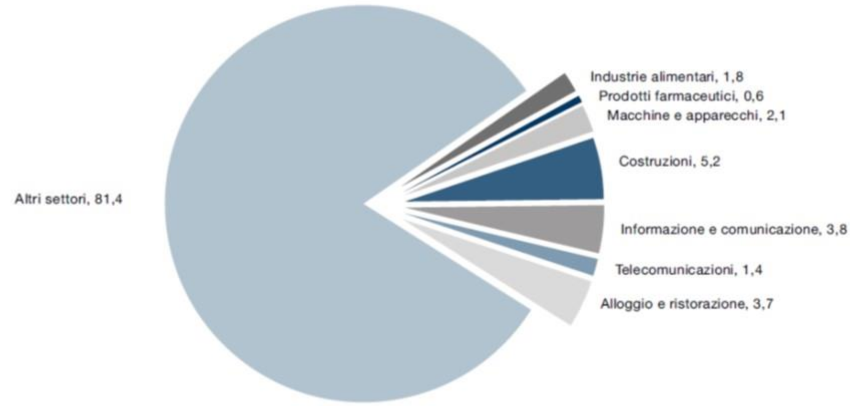
[6] *Employees and independent workers including external collaborators (co.co.co and co.co.pro. project collaborators, participating associates, temp contracts, occasional collaborators)*

For every direct employee in Italy of the investee companies of FSI, it is estimated that there are more than two indirect employees. This employment amplifying effect differs according to the goods sectors in which the investee company of FSI operates, reaching a multiplication factor of 3.6 indirect employees for every employee involved directly in the case of the food sector.

Impact on the added value of FSI investments

Currently, the companies in the FSI portfolio operate in 7 sectors: food industries (Inalca), pharmaceuticals (Kedrion), machinery and equipment (Ansaldo Energia and Valvitalia), construction (Trevi), IT infrastructure for the financial sector (SIA), telecommunications (Metroweb), hotel and tourism (Rocco Forte Hotels). Together, these sectors account for approximately 20% of Italian added value.

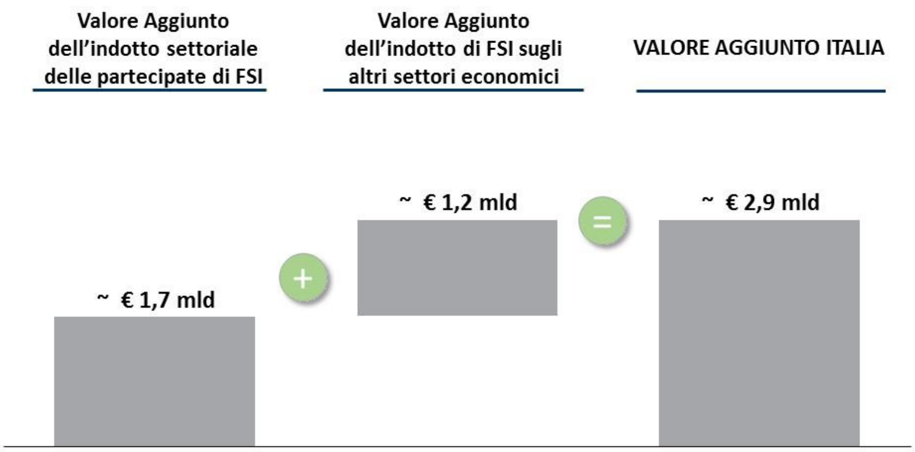
Distribution by sector of Italian Added Value and
weight of the sectors in which FSI has invested on the basis of the latest ISTAT data available (%)



Source: CDP elaborations on ISTAT data - The latest ISTAT data available refer to 2013

The direct Added Value produced by investee companies of FSI is Euro 1.7 billion, generating wealth for the territory in which they operate. The figure includes the Added Value generated by both individual companies and the overall production industry considering the first and second level of subcontracting. This amount is in addition to a further Euro 1.2 billion of the effects of the industry on economic sectors other than those of the investee companies.

Added value related to the FSI portfolio



Source: CDP elaborations on ISTAT data

FSI Investment in Saipem

Subsequent to the date of realization of the statistics previously discussed and in line with the new strategic guidelines of the CDP Group defined in the new business plan and approved in the CDP Board of 17 December 2015 and FSI Board of 22 December 2015, FSI finalized the investment in Saipem. The company achieved a turnover of about Euro 12.9 billion in 2014, with significant employment and directly has 7,600 employees in Italy, of which 3,200 specialized engineers. In terms of indirect impacts on employment in the country, Saipem makes approximately Euro 1.8 billion of purchases from Italian suppliers and subcontracts to Italian engineering companies about 1.7 million hours of work, with estimated employment impact of about 22,500 employees.

4.3 Subsidiaries and joint ventures established

Below is a detailed outline of: (i) companies and joint ventures formed by FSI to make investments on the basis of its mission, and (ii) direct and/or indirect investee companies of FSI.

FSI Investimenti ***(77.1% held by FSI)***

FSI Investimenti was established on 20 June 2014 by FSI, by payment to the establishment of Euro 120,000.
FSI Investimenti is a co-investment company in the form of joint-stock company, open to the entry of other co-investors for the joint realization of investments, without prejudice to the controlling right of FSI over FSI Investimenti.

On 30 June 2014, (effective as of 03 July 2014), following the agreement announced at the beginning of 2014, KIA entered FSI Investimenti with a share of about 23%, as part of a conferment transaction of FSI in FSI Investimenti of certain investments held and the simultaneous cash payment by KIA. In detail, as part of this transaction:

- FSI has conferred to FSI Investimenti (in continuity of book values) investments and securities held in Kedrion Group, Metroweb Italia, IQ, Valvitalia and FSIA and a part of the investment held in Ansaldo Energia (corresponding to 44.55% of the same), for an overall assessment of Euro 1,185 million (taking into account the liabilities connected the optional components of the investments in Ansaldo Energia and Kedrion Group, which were fully conferred in FSI Investimenti). The assessment was carried out by Ernst&Young Financial Business Advisor, independent expert appointed by the Board of Directors of FSI, for the purpose of the provisions of article 2343-*ter*, paragraph II, lett. b) of the Civil Code; In this context, Equita SIM has issued a fairness opinion on the assessment formulated by the independent expert E&Y;
- FSI signed a commitment to a further payment of up to Euro 500 million;
- KIA signed a commitment of up to Euro 500 million, of which approximately Euro 352 million already paid in FSI Investimenti.

Under the existing agreements between FSI and KIA, FSI Investimenti performs its own scouting of the market and monitoring of possible targets through the structures, relevant functions and related resources of the controlling shareholder, FSI. However, as part of these activities, FSI Investimenti does not take into account possible investment opportunities related to the sectors statutorily excluded from the company's investment scope, i.e. the following sectors: (i) betting and gambling and (ii) production and distribution of spirits, liqueurs and alcoholic beverages.

Following the conferment, FSI Investimenti: (i) acquired 8.4% of Trevi in November 2014; (ii) acquired 11.5% of Rocco Forte Hotels in March 2015 and (iii) capitalized the subsidiary FSIA (between December 2014 and January 2015) for a total of approximately Euro 18 million, for the payment of part of the amount (to be paid at closing) due for the acquisition of an additional 7.64% of SIA.

FSI Investimenti is subject to the management and coordination of FSI, in order to coordinate actions and activities undertaken by the company and FSI as a Group.

IQ Made in Italy Investment Company ***(50% held by FSI Investimenti)***

FSI established the joint venture IQ with Qatar Holding LLC ("QH") on 1 March 2013 by means of contribution of an overall amount of Euro 300 million, which was paid in equal parts (Euro 150 million each) by the two partners FSI and QH.

Effective 3 July2014, the equity investment in IQ was conferred by FSI in FSI Investimenti, as part of the broader conferment previously described.

The joint venture may invest in companies that meet the criteria of articles 3 and 4 of the By-laws of FSI Investimenti (minimum size and economic and financial balance), operating in the following sectors: (i) food and food distribution; (ii) fashion and luxury items; (iii) furniture and design and (iv) leisure, tourism and lifestyle. The objective of the joint venture is to provide more capital available to Italian companies operating in the "Made in Italy" sector, in order to promote growth in the size of Italian companies.

On the basis of investment agreements and the shareholders' agreements entered into, FSI Investimenti and QH (in accordance with IFRS 11) have joint control over the company.

The company is characterised by a lean structure, that, for the time being, does not include any employee. This lean structure allows IQ to fully accomplish its corporate mission, as well as to maximise operational synergies with the shareholders, paying utmost attention to the reduction of structure costs.

In this regard, as far as staff and support services are concerned, IQ has entered into, with CDP and FSI respectively, a master agreement for the outsourcing of said services and the related service agreements.

Among the many investment opportunities analyzed, in December 2014, IQ finalized the investment in 28.4% of Inalca, with an outlay of Euro 165 million, of which Euro 115 million in capital increase and, for the remaining part of Euro 50 million, through the purchase of company shares held by Cremonini S.p.A. ("Cremonini").

<u>FSIA Investimenti</u> ***(100% held by FSI Investimenti)***

FSIA was established on 7 May 2014 by the sole shareholder FSI, by payment to the establishment of Euro 20 thousand.

The sole purpose of FSIA activity is the purchase, subscription, ownership, management, transfer and any other disposition of: (i) SIA shares; (ii) bonds or equity financial instruments issued by SIA; (iii) stock options, warrants, convertible or converting bonds, as well as any other rights or financial instrument that confers the right to subscribe, purchase or otherwise receive shares, bonds or financial instruments, of the company SIA, and/or other company that holds equity investments in SIA and/or resulting from the merger of SIA with other companies.

On 27 May 2014, as part of the acquisition of 42.255% of SIA, FSIA was capitalized by FSI through the establishment of a shareholders' contribution reserve with investments amounting to Euro 204.9 million.

Effective 3 July2014, the equity investment in FSIA was conferred by FSI in FSI Investimenti (which became the new sole shareholder of the company), as part of the broader conferment previously described.

Between December 2014 and January 2015, the company was further capitalized by FSI Investimenti through contribution in a shareholder contributions reserve for investments, with an amount totalling approximately Euro 18 million each, for the payment of part of the amount (to be paid at closing) due for the purchase of an additional 7.64% of SIA. As a result of the aforementioned purchases, the shareholding of FSIA in SIA rose to 49.895%.
In July 2015, the Shareholders' Meeting of SIA approved an equity investment plan reserved to SIA executives. Following the issue of the shares subscribed by the executives, the investment of FSIA in SIA was diluted to 49.484%.

In the first half of 2015, FSIA also signed with F2i RL an agreement governing a rebalancing mechanism in relation to the purchase of some SIA shares by F2i RL.

FSIA is subject to the management and coordination of FSI Investimenti, in order to coordinate actions and activities undertaken by the company and FSI as a Group.

4.4 EQUITY INVESTMENTS OF FSI

Investment in KEDRION ***(25.1% held by FSI Investimenti)***

Summary and objective of the investment

The investment of FSI in Kedrion (through the holding Kedrion Group), a company operating in the strategic sector of research and high technology, was finalized on 5 July 2012 for an amount of Euro 150 million. The investment was divided as follows: (i) Euro 75 million in ordinary shares and (ii) Euro 75 million in the form of repayable loan (the "FSI Loan") committed by FSI but not paid at closing. In the event of a drawdown and non-reimbursement by Kedrion Group, the FSI Loan is convertible at the discretion of FSI. The investment transaction allowed FSI to acquire a share of 18.6% of Kedrion Group alongside the other shareholders, the Marcucci Family through the vehicle Sestant (48.8%) and Investitori Associati Fund (32.6%).

In this context, FSI also granted to the other shareholders of Kedrion Group an earn-out, for a significant increase in the value of the investment, in case of the sale of the related shareholding and/or company listing.

The FSI Loan envisages a rate of 6% and may be paid, in one or more solutions, at the request of Kedrion Group, upon occurrence of the conditions envisaged in the investment agreement and aims to provide the company with the financial resources necessary for business development and for the refinancing of existing debt. Due to the conversion into capital of Euro 25 million, subsequently represented, at 31 December 2015, the FSI Loan was not yet drawn for Euro 50 million.

On 1 August 2013, during the sales process formally activated in the first half of 2013 by Investitori Associati ("IA"), the other shareholders of Kedrion Group (Sestant and FSI) finalized transaction on the capital aimed at the stabilization of the shareholding structure of the company, which did not involve additional capital commitments by FSI (with respect to the total commitment of Euro 150 million).

At the same time, the transaction allowed FSI to obtain benefits in terms of strengthening their governance rights. In detail, the portion of 32.6% of IA was purchased with a combination of (i) purchase of treasury shares by Kedrion Group for a portion of 12.5% and (ii) purchase by Sestant (vehicle of the Marcucci Family) through a newly formed company of the remaining part equal to approximately 20.1%.

Concurrently with the reformulation of the covenants envisaged in the outstanding FSI Loan, the transaction involved the drawdown and subsequent conversion of Euro 25 million of the FSI Loan (out of about Euro 75 million of commitment of FSI), as part of a capital increase which provided the company with the resources needed to complete the payment of the acquisition of RhoGAM.

Following this transaction (finalized on 1 August 2013), the portion held by FSI in Kedrion Group went from 18.6% to 26.54%. In addition, IA waived the portion of relevance (40% of the total) of earn-out envisaged under the agreement signed on 28 May 2012.

Following the merger of Kedrion Group in Kedrion on 9 October 2014, with contextual cancellation of treasury shares by Kedrion Group and the subsequent capital increase by Sestant (on 30 December 2014), the investment of FSI (held through FSI Investimenti) in Kedrion was equal to 25.06% at 31 December 2015.

The rights entitled under the shareholders' agreements and investment agreements in force allow exercising active governance at the company, typical of the investments of FSI.
Under IAS 28, taking into account the analysis performed pursuant to IFRS 10, 11 and 12, for FSI Investimenti, this investment qualifies as an associated investment.

This investment aims to provide Kedrion with the financial resources needed to continue the international growth strategy both in mature and profitable markets, such as North America, and in emerging markets that have attractive growth opportunities to be quite fully developed. In addition, the investment in capital increase and the consequent growth in size strengthens the financial profile of Kedrion.

Description of subsidiary, business and target market

Plasma derivatives are proteins contained in human blood from which drugs are derived used for the treatment of coagulation disorders (haemophilias), immune deficiencies, autoimmune diseases (including some peripheral nerve diseases), infectious diseases (tetanus, chicken pox, hepatitis B).

The plasma sector had a global dimension of about USD 15.2 billion in 2012; the largest markets by size are North America (43%), Europe (31%) and Asia (14%).

In the recent crisis, the sector grew at an annual rate of 4%, while for the coming years an increase of 5.7% is expected by the major international research centres.

Kedrion is the largest Italian operator in the field of plasma-derived products and is one of the 5 largest global operators for volume of fractionated plasma. The company has about 2,100 employees (of which 1,000 in Italy) and has four technologically advanced production facilities: two in Italy (in Bolognana, in the province of Lucca and in Sant'Antimo, in the province of Naples), one in Hungary (in Godollő, near Budapest) and one in the US (in Melville, in the State of New York).

Kedrion, through its production facilities in Italy and the direct management of the logistics system of plasma collection, ensures the availability and continuity of supply of plasma-derived drugs dispensed to patients by the National Health Service.

Kedrion's products are used by health organizations in over ninety countries around the world to treat patients with haemophilia, immune deficiencies and other serious conditions.

Kedrion is one of the few leaders in the pharmaceutical industry with high added value of plasma, where every major Western country has developed its own national operator (CSL Behring, Australian world leaders, Baxalta in the USA, BPL in England, LFB in France, Grifols in Spain). In France, the operator is directly controlled by the State. The expansion in foreign markets and the consequent increase in size make Kedrion an ideal candidate for listing.

Key events in the year and development projects

Among the main initiatives carried out by Kedrion in 2015, we note the progress in the construction of a new 10% NGIG purification plant in Castelvecchio Pascoli (LU), which is expected to start operating in 2019. The plant, on the occasion of the completion of the installation work of the technological systems, was officially presented to the President of the Tuscany Region and to the press on 27 February 2015.

Starting in June 2015, Kedrion, as the exclusive distributor for Italy, has made available on the national market an innovative recombinant VIII factor (Nuwiq®) manufactured by Octapharma AG. With the launch of this product, Kedrion will be able to offer a complete range of therapeutic solutions in the field of disorders of coagulation and haemostasis, thus ensuring treatments suitable for every kind of disease and need.

In 2016, moreover, Kedrion will market exclusively on the US market liquid intravenous immunoglobulin at 10% (IVIg), indicated in the treatment of Primary Immunodeficiencies (PI), thanks to a seven-year agreement signed with the company Biotest AG (Dreieich, Germany).

Key economic-financial data

In 2014, Kedrion generated revenues of Euro 466 million (Euro 425 million in 2013), with EBITDA of Euro 111 million (Euro 105 million in 2013) and a net profit of Euro 40 million (Euro 32 million in 2013). The net financial position amounted to Euro 299 million (2.7x EBITDA, Euro 241 million in 2013).

In 2015, revenues and EBITDA are expected to increase compared to the previous year, particularly thanks to the excellent performance in the United States.

Investment in METROWEB ITALIA ***(46.17% held by FSI Investimenti)***

Summary and objective of the investment

The investment in capital increase of FSI in the strategic infrastructure sector in Metroweb Italia was finalized on 24 December 2012. FSI subscribed a capital increase of the company of Euro 198.7 million (as well as an additional Euro 1.3 million paid in June 2014 on the basis of agreements between shareholders and based on the of performance Metroweb S.p.A.) for a portion of 46.17% of Metroweb Italia.

Given the nature of related-party transactions, FSI acquired a fairness opinion from a leading financial institution (Deutsche Bank) certifying the fairness of the price paid by FSI for 46.17% of Metroweb Italia in capital increase. The remainder capital of Metroweb Italia (53.83%) is held by the funds managed by F2i SGR S.p.A.

The FSI investment in Metroweb Italia was conferred in the subsidiary FSI Investimenti in June 2014.

The rights entitled under the agreements in force allow exercising active governance at the company, typical of the investments of FSI. Under IFRS 11, for FSI Investimenti, this investment qualifies as a joint-control investment.

The main objective of the investment was to provide the company with financial resources that could be invested, according to clear criteria of cost-efficiency and return on capital, in the development plan, aimed mainly at extending the fibre-optic infrastructure and replicating the business model applied to Milan in other Italian cities.

Description of subsidiary, business and target market

Metroweb Italia holds 87.7% of Metroweb S.p.A. ("Metroweb"), 85% of Metroweb Genova S.p.A. ("Metroweb Genova"), 100% of F2i Metrobit S.r.l. ("Metrobit") and 100% of Metroweb Sviluppo S.r.l. ("Metroweb Sviluppo").

Metroweb is an independent operator, owner of the largest fibre optic network in Milan and Lombardy, the largest metropolitan fibre optic network in Europe with approximately 375,000 km of fibre installed.

The business model of Metroweb is based on the rental dark fibre optics, which it has developed over the years, and for which it provides maintenance for TLC operators and service providers, which then independently implement added value connection services.
Metroweb Genoa owns a fibre-optic network infrastructure in the city of Genoa (about 233 km of cable ducts, 409 km of fibre cables). Metrobit deals with the creation of verticals (fibre cables from the base of buildings up to homes) in the city of Milan. Metroweb Sviluppo is the company through which development plans are being realized outside of Milan and Genoa. In particular, the company is at an advanced stage in the realization of infrastructures in Bologna and Turin.

Key events in the period and development projects

The Group is carrying out major investment projects in the fibre-optic network in the cities of Milan, Bologna and Turin. More specifically:

- Project "NGN OLO": related to the coverage of about 750 thousand homes in Milan in fibre optics. The project continued apace in 2015 and completion is expected in 2016;
- Bologna and Turin: the realization of the two fibre-optic cabling projects of the cities of Bologna and Turin involves total investments of about Euro 190 million. Investments in the Bologna area continued in 2015, reaching about 170 thousand homes at the end of 2015. Project completion is expected in 2016 with coverage of 180 thousand homes. As for the Turin area, investments were initiated in 2015 and project completion is currently planned for 2018 with the coverage of about 335 thousand homes.

The company is also considering expansion in other Italian cities.

Key economic-financial data

In 2014, Metroweb generated revenues of Euro 68 million (Euro 64 million in 2013), with EBITDA of Euro 49 million (Euro 47 million in 2013) and a net profit of Euro 13 million (Euro 11 million in 2013). The consolidated net financial position recorded a cash surplus of Euro 21 million (Euro 26 million in 2013).

For 2015, revenues and EBITDA are expected to grow over the previous year.

Investment in ANSALDO ENERGIA ***(0.29% held by FSI and 44.55% held by FSI Investimenti)***

Summary and objective of the investment

On 23 December 2013, FSI finalized the investment of 84.55% of Ansaldo Energia, equal to the entire stake held by First Reserve Fund (45.0%) and 39.55% owned by Finmeccanica, for a total outlay of approximately Euro 657 million. FSI has undertaken to purchase by 2017 the remaining 15% of the company owned by Finmeccanica, through a put-call structure (for an amount at maturity equal to approximately Euro 147 million). The agreement also provides for the payment of a variable price component of up to Euro 130 million linked to the achievement of certain profitability targets of Ansaldo Energia set between 2014 and 2016.

Given the nature of related-party transactions, FSI acquired a fairness opinion from a leading financial institution (Lazard), which certified that the amount paid for the acquisition of Ansaldo Energia is fair for FSI from a financial perspective.

On 30 June 2014, FSI acquired from some managers of Ansaldo Energia 28,750 class D Shares, representing overall 0.2875% of the share capital of Ansaldo (out of the 0.45% held overall). Simultaneously with the execution of the deed of sale, the shares purchased and sold were converted into class Z shares (i.e. the same class of shares already held by FSI). The total value of the transaction was approximately Euro 2.2 million.

With the investment in Ansaldo Energia, FSI finances the technological growth and innovation of a strategic company for the Italian economy with significant impacts on the supply chain, with the objective of promoting listing.

Agreement with SEC

On 8 May 2014, FSI and SEC, world leader in the manufacturing of machinery for power generation and mechanical equipment, signed a long-term strategic agreement for the acquisition by SEC of a share of 40% of Ansaldo Energia for a total amount of Euro 400 million.

The transaction was finalized on 4 December 2014 following, among other things, the attainment of the authorizations of the competent antitrust authorities and the Chinese authorities, with the achievement for FSI of a pre-tax gain of approximately Euro 72 million.

Simultaneously, the agreement provides for the establishment of two joint ventures in China between Ansaldo Energia and SEC, for the manufacturing of gas turbines for the Asian markets and the establishment of a research and development centre in Shanghai, both synergistic with the establishment of Genoa. A cooperation project was also initiated between the research and development centres of Genoa and Shanghai for the development of a new gas turbine technology.

Therefore, the transaction will allow Ansaldo Energia to start developing a new gas turbine technology and access Asian markets, which are growing rapidly and represent 50% of the global market.

FSI will continue to hold a stable equity investment in the company and the rights entitled to FSI under the shareholders’ agreements and investment agreements in force allow it to exercise active governance at the company, typical of the investments of FSI. Under IFRS 11, for FSI and FSI Investimenti, this investment qualifies as a joint-control investment.

Cooperation with Doosan and investment in nuclear

In addition to the strategic agreement with SEC, Ansaldo Energia finalized a technological collaboration agreement with the Korean-based company Doosan Heavy Industries. It is a research and development project for the development of a new gas turbine destined for countries with mains frequency 60Hz (North America, Brazil, Saudi Arabia, Korea), which was partly funded by the Korean Government.

On 22 May 2014, Ansaldo Energia announced the purchase of the English company Nuclear Engineering Services (NES), active in the largest nuclear decommissioning project of the UK. This agreement will allow Ansaldo Nucleare, thanks to broader competences in the sectors of decommissioning and nuclear facilities, to offer a wider range of services and expand into international markets, starting with the English one characterized by very promising prospects.

Acquisition of some core activities of Alstom in gas turbines

On 24 October 2015, Ansaldo Energia signed the final agreements related to the transformational acquisition by General Electric of some core assets of Alstom in the gas turbines business. In particular, the contract provides for the acquisition of the following assets: (i) the intellectual property of heavy-duty gas turbines version GT26 and GT36; (ii) the service contracts for 34 GT26 turbines; (iii) more than 400 highly-skilled Alstom employees in Baden, Switzerland, which will continue to develop the Alstom technology and support service activities; (iv) the company Power Systems Manufacturing ("PSM"), based in Florida, USA, which conducts Independent Service Provider activities on General Electric, Siemens and Mitsubishi turbines ("OEM"). The agreement allows Ansaldo Energia to extend its global presence, strengthen its technological capabilities, expand its product portfolio in the market of gas turbines and, finally, offer a unique technology service platform for the majority of gas turbines produced by other OEMs.

It is estimated that this operation will allow the company to double its turnover in the next five years, bringing it to be an international leader in the gas turbine sector with an integrated business model, expanding its markets in Europe, the Middle East and the United States.

Description of subsidiary, business and target market

Ansaldo Energia develops and manufactures gas turbines, provides turnkey gas central heating systems and services for the maintenance of the facilities. It is also active in the nuclear sector, in particular following the acquisition of Nuclear Engineering Services. Gas turbines represent a product based on a high level of technology that, in addition to Italy, only three other nations in the world have (Germany, USA, and Japan).

The company, with about 3,700 employees (of which about 3,000 in Italy) is the chain leader of value-added mechanics for energy, a sector in which Italy has significant niche excellence. Downstream of the proposed acquisition of certain "ex-Alstom" assets, the company will have about 4,600 employees with production facilities in Europe, Asia and the United States.

Ansaldo Energia operates in the market of generation of energy from gas, which is expected to grow in the medium term with strong fundamentals due to: i) replacement of obsolete coal and nuclear plants; ii) environmental issues; iii) growth in emerging markets and iv) increase in the availability of fuel from "shale gas" at lower prices.

Key events in the period and development projects

In the first half of 2015, Ansaldo Energia actively pursued in launching the joint venture with the SEC and in the integration of Nuclear Engineering Services, with which a combined product portfolio is being defined.

On 24 April 2015, Ansaldo Energia issued a senior unsecured bond loan for a total amount of Euro 350 million at a fixed rate of 2.875% and with repayment in a lump sum at maturity in 5 years (bullet). On 27 April 2015, a loan agreement Revolving Credit Facilities ("RCF") was signed with a pool of banks (Banca IMI, Banco Santander, BNP Paribas, Commerzbank, Crédit Agricole, HSBC, Standard Charter and UniCredit) for Euro 400 million and another RCF line of Euro 40 million with maturity at five years was signed by Ubi Banca.

In relation to the agreement signed on 24 October 2015 relating to the acquisition of some core assets of Alstom, the transaction was finalized in February 2016.

Key economic-financial data

In 2014, Ansaldo Energia generated revenues of Euro 1,256 million (Euro 1,219 million in 2013), with EBITDA of Euro 126 million (Euro 151 million in 2013) and a net profit of Euro 6 million (Euro 24 million in 2013). The net financial position amounted to Euro 327 million (2.2x EBITDA, Euro 323 million in 2013).

For the year 2015, we expect revenues slightly below the previous year and an EBITDA in line 2014.

Investment in VALVITALIA ***(49.5% - proforma post conversion convertible bond – held by FSI Investimenti)***

Summary and objective of the investment

On 15 January 2014, FSI finalized the investment in Valvitalia Finanziaria, a company at the top of the Valvitalia Group, alongside the Ruggeri family (the family of the founder of the company). The use of resources of FSI amounted to a total of Euro 151.2 million, of which Euro 1 million in capital increase and Euro 150.2 million via a convertible bond. The convertible bond has a term of 7 years, is fully convertible at any time at the sole choice of FSI (i.e. mandatory in case of IPO or other liquidity event) and has a coupon of 2%. In the

event of conversion of the convertible bond, FSI would hold an investment in Valvitalia Finanziaria of 49.5%.
FSI entered in Valvitalia alongside the founder Cav. Salvatore Ruggieri, with the objective of stabilizing the shareholding structure to allow shareholding continuity of the entrepreneur founder and continue growth, placing Valvitalia as consolidator and not consolidated. The objective of the company is to make acquisitions of niche manufacturers aimed at the expansion of the product portfolio and consolidation of the presence in geographical areas with the highest growth, with the strategic objective of the IPO.

The rights entitled under the shareholders' agreements and investment agreements in force allow exercising active governance at the company, typical of the investments of FSI. Under IFRS 11, for FSI Investimenti, this investment qualifies as a joint-control investment.

Description of subsidiary, business and target market
Valvitalia, founded in 2002 by Cav. Lav. (Member of Order of Merit for Labour) Salvatore Ruggeri, is active in the design, production and commercialization, worldwide, of valves and actuators, oil & gas systems, fire protection systems as well as forged fittings and flanges for the oil and natural gas, petrochemical, electricity, civil and military naval, as well as the water treatment and transport industries.

The Group, with more than 1,300 employees, is present on a global scale with 10 facilities, of which 7 in Italy, one in China, one in the UK and one in Canada, and several sales and representation offices. Despite being a relatively young group, Valvitalia can count numerous brands with an important history in the valves sector for oil & gas and fire detection systems (such as "Tormene", "Vitas", "Delta Valves Europe", "Rotor", "Thevignot", "Vanadour", "Dyna-Lok", "Sealmatic", "Diversified Energy Products", "Tecnoforge", "Broady", "Silvani" and "Eusebi"), acquired thanks to a growth process for external lines through aggregation of sector players.

The company is one of the leaders in the District of Valves, which is a centre of excellence worldwide in the sector of flow control components. In the Padana Valley, there is a concentration of more than 200 highly specialized component suppliers serving all major international manufacturers of valves. Valvitalia, thanks to its commercial references, the international sales network and the ability to design complex and customized products, acts as supply chain leader within the district, linking sub-suppliers to global demand.

The company has a high propensity to export, with about 90% of the turnover generated abroad and the ability to oversee the main markets of reference of oil & gas.

Key events in the period and development projects

In 2015, Valvitalia continued the implementation of the expansion strategy of its product portfolio, particularly with the acquisition in the first half of 2015, of Eusebi, a manufacturer of fire protection systems for the naval, civil, rail and oil sector, based in Ancona.

The acquisition of Eusebi follows that of Silvani, completed in December 2014, which is also active in the production of fire protection systems. With these two operations, Valvitalia is positioned as the first Italian manufacturer of fire protection systems in the sector and among the first in Europe.

In 2015, the entire Finance area was reorganized and the administration and treasury functions were centralized. A new ERP system is also being implemented.

Lastly, the preparatory activities were initiated for the stock exchange listing of the company.

Key economic-financial data

In 2014, Valvitalia generated revenues of Euro 421 million (Euro 416 million in 2013), with EBITDA of Euro 77 million (Euro 73 million in 2013) and a net profit of Euro 23 million (Euro 19 million in 2013). The net financial position amounted to Euro 96 million (1.2x EBITDA, Euro 60 million in 2013).

For 2015, revenues and EBITDA are expected to grow over the previous year.

<u>Investment in SIA</u> ***(49.5% held by FSIA Investimenti)***

Summary and objective of the investment

The investment in SIA, through FSIA, occurred in two phases:

- On 28 May 2014, as a result of the approvals received from the Bank of Italy and the antitrust authority, through the acquisition of 42.255% of FSIA by banks of the Intesa San Paolo Group and Unicredit S.p.A. The outlay of FSIA amounted to Euro 281 million, of which approximately Euro 204 million with own means and about 77 million through a loan without recourse on FSI, granted by the seller banks. The investment was made as part of an acquisition of an aggregate of 59.259% of SIA together with F2i Reti Logiche S.r.l. ("F2i RL"), subsidiary of F2i SGR S.p.A. and Orizzonte Infrastrutture Tecnologiche S.r.l. ("OIT") subsidiary of Orizzonte SGR S.p.A., which acquired respectively 10.268% and 6.736% of the capital of SIA;

- between December 2014 and January 2015, through the acquisition by FSIA of an additional 7.64% from certain minority shareholders of SIA. The transaction, carried out in several instalments, involved a total investment by FSIA of about Euro 37.4 million, of which: (i) Euro 17.6 million at the time of purchase; (ii) Euro 19.8 million as deferred payment at 12 or 24 months. The contractual agreements also provide for a price adjustment linked to certain parameters set with the vendor banks, which can reach up to approximately Euro 1.6 million.

As a result of the various aforementioned purchases, the shareholding of FSIA in SIA rose to 49.895%. FSIA has also signed an agreement with F2i RL governing a rebalancing mechanism in relation to some SIA shares purchased by F2i RL in case of transfer thereof under certain conditions.
In July 2015, the Shareholders' Meeting of SIA approved an equity investment plan reserved to SIA executives. Following the issue of the shares subscribed by the executives, the investment of FSIA in SIA was diluted to 49.484%.

The rights entitled to FSIA under the shareholders' agreements and investment agreements in force allow exercising active governance at the company, typical of the investments of FSI. Under IFRS 11, for FSIA this investment qualifies as a joint-control investment.

FSIA, F2i RL and OIT, through their investment in SIA, have stabilized the shareholding base, while maintaining the integrity of the current perimeter and the management continuity, further strengthening the competitive positioning of SIA and encouraging growth.

Moreover SIA, which boasts significant technological assets, continues to present itself as innovator thanks to research developed in Italy by providing a contribution to the digitization of the Public Administration, overseeing some key services for financial intermediaries and central banks and by promoting the penetration of electronic money in Italy.

Description of subsidiary, business and target market

Established by the Bank of Italy in 1977, SIA is one of the European leaders in the design, implementation and management of infrastructure and technology services, dedicated to financial institutions, central banks, governments and companies in the areas of payments, e-money, network services and capital markets.

SIA operates about 65 million payment cards and provides various fundamental services for the financial system, central banks and government in Italy and Europe.

In Italy, SIA is: (i) manager of the National Interbank Network commissioned by the Bank of Italy (electronic transport infrastructure connecting the Bank of Italy with banks, Postal Offices and SIM-brokerage companies); (ii) manager of BI-COMP, compensation system of interbank balances of the Bank of Italy; (iii) manager of bond trading for MTS and Monte Titoli platform.

In Europe, SIA is the exclusive operator of the interbank clearing platform of EBA (Step-2) that connects at pan-European level over 140 European banks directly and over 4,700 in total. In addition, SIA was awarded, in partnership with Colt, the tender to connect Monte Titoli to TARGET2-Securities (T2S), the new single European platform for the settlement of domestic and “cross-border” securities transactions.

The Group has approximately 1,600 employees, almost entirely in Italy, with a significant link for technology and software development companies.

Key events in the period and development projects

In 2015, the company focused on some strategic initiatives aimed at consolidating its leadership in its target market and maintaining growth:

- launch of some innovative payment services in the field of electronic money, such as Jiffy, the “peer-to-peer” service to send and receive money in real time from smartphones. At the end of 2015, the service had exceeded 250,000 users with about 50 domestic banks that have adhered to the new service;
- international growth: agreements signed for the management of the clearing platforms of the central banks of Hungary and Russia;
- development of a product roadmap for Public Administration, including the EasyCity platform dedicated to local Public Administration for the automation and integration of the asset and liability cycle of Entities;
- adoption of IFRS accounting standards and adhesion to the ELITE program promoted by the Italian Stock Exchange.

Lastly, the preparatory activities were initiated for the stock exchange listing of the company.

Key economic-financial data

In 2014, SIA generated revenues of Euro 426 million (Euro 380 million in 2013), with EBITDA of Euro 122 million (Euro 107 million in 2013) and a net profit of Euro 61 million (Euro 49 million in 2013). The net financial position recorded a cash surplus of Euro 93 million (Euro 129 million in 2013).

In 2015, revenues and EBITDA are expected to grow over the previous year.

<u>Investment in TREVI FINANZIARIA INDUSTRIALE</u> ***(8.4% held by FSI and 8.4% by FSI Investimenti)***

Summary and objectives of the investment

On 17 November 2014, FSI and FSI Investimenti finalized the investment in capital increase in Trevi, company with shares listed on the electronic stock market (MTA) of the Italian Stock Exchange. FSI and FSI Investimenti invested a total of Euro 100.6 million, equally divided, to purchase a total of 16.852% of the company's share capital (8.426% each).

As part of the transaction, FSI and FSI Investimenti signed a three-year shareholders' agreement with automatic renewal for a further two years with Trevi Holding S.E. ("TH") and Eng. Davide Trevisani. This agreement establishes obligations of consultation prior to the exercise of voting rights on certain matters and provides limits on the transfer of Trevi shares.

In accordance with IAS 28, taking into account the analysis conducted with reference to IFRS 10,11 and 12 and on the basis of existing contracts and shareholders' agreements, this investment qualifies for FSI and FSI Investimenti as an associated investment.

FSI and FSI Investimenti also granted to TH and Eng. Davide Trevisani, an earn-out, with respect to a significant increase in the value of the investment, if the shareholders' agreements have been validly terminated, not renewed at the planned deadlines or cease to have effect. The market value of this liability was valued at inception as about Euro 4 million divided equally between FSI and FSI Investimenti and increased the carrying value of the investment.

The investment, made entirely in capital increase, is aimed at achieving an organic growth plan through acquisitions in the two sectors in which the company operates, i.e. foundations and oil & gas. In addition, the strengthening of the Group's capital structure aims to generate substantial business benefits in the assignment of large tender contracts for the Trevi division and the Drillmec division. The entry in the capital of Trevi is consistent with the objective of investing in Italian companies with growth potential and international development and with positive effects on the industry, both in terms of added value creation and employment impacts for the country.

Description of subsidiary, business and target market

The Trevi Group is the international leader in the manufacturing of machinery and services for the foundations, Group's core business and oil exploration sectors. Trevi represents a leading Italian company in the world: in recent years, the Group companies have realized significant infrastructure projects such as dams, subways and ports, as well as highly complex engineering structures such as the foundations of the World Trade Centre and the consolidation of the foundations of the Tower of Pisa. Customers of the Oil & Gas division include Saipem and Exxon Mobil. The Trevi Group was established in Cesena in 1957 and the parent company, Trevi, has been listed on the MTA (electronic stock market) of the Italian Stock Exchange since 1999.

Over 90% of Trevi Group revenues are generated abroad (30% in Latin America, 23% in the Middle East and Asia, 9% in Europe, 11% in North America, 13% in Africa, 10% in Italy and 4% in the Far East), while the manufacturing of machinery of the companies Soilmec (foundations) and Drillmec (Oil & Gas) is mainly in Italy. The company purchases products and services from Italian suppliers for an amount of about Euro 320 million, mainly consisting of engineering, carpentry, mechanical and hydraulic components and external machining.

The company has 1,600 employees in Italy, in addition to about 5,900 employees around the world and approximately 2,500 employees in terms of industry in Italy.

Key events in the period and development projects

On 30 July 2015, the company announced to the market the occurrence of relevant problems due to the completion of a major contract Drillmec relating to offshore facilities in Mexico, whose completion process entailed extraordinary costs of approximately Euro 100 million at EBIT level. These extra costs are mainly attributable to the problems arising delivery phase, by sea transport and installation on the platform, in a context of unfavourable circumstances.

The company thus declared its intention to undertake actions of decisive organizational changes, strengthening of risk control functions at the level of each division and rationalization of existing production sites by product lines.

Commercially, in 2015, the Trevi Group was awarded important contracts abroad, which confirm the Group's international leadership. The backlog at 30 September closed at Euro 1,117 million, a slight increase compared to the end of 2014 (Euro +10 million, +1%).

In particular, there was a positive trend in orders in the Foundations sector, where the company benefits from a favourable trend in the global construction market and managed to acquire significant orders in Asia, the Middle East, West Africa and the United States. In the oil & gas sector, also due to the decline in demand for production facilities, following the low oil prices, the backlog decreased, despite some important new orders acquired.

Key economic-financial data

In 2014, the Trevi Group generated revenues of Euro 1,251 million (Euro 1,276 million in 2013), with EBITDA of Euro 126 million (Euro 144 million in 2013) and a net profit of Euro 24 million (Euro 14 million in 2013). The net financial position amounted to Euro 379 million (3.0x EBITDA, Euro 443 million in 2013).

At 30 September 2015, the results of the Trevi Group showed total revenues of Euro 956 million, negative EBITDA of Euro 16 million and a loss of Euro 131 million. The net financial position at 30 September 2015 amounted to Euro 533 million, down Euro 154 million compared to year-end 2014.

Value adjustment

In 2015, the market price of the Trevi stock decreased, thus leading it to reach levels significantly lower than the carrying value recorded at the acquisition date and reported in the financial statements at 31 December 2014.

In the presence of said impairment indicator, FSI has taken steps to determine the recoverable value of Trevi (in accordance with §18 of IAS 36 and FSI internal policies), both in the preparation of the half-year report at 30 June 2015, and the preparation of the annual financial statements at 31 December 2015.

In particular, at 30 June 2015, the recoverable value was identified on the basis of the fair value of Trevi made by the independent expert, for a total of Euro 76 million for 16.852% of the company, corresponding to Euro 38 million for 8.426% pertaining to FSI, value equal to the average stock market prices recorded in the first half of 2015. In the preparation of the half-year report, FSI had thus made a value adjustment on the investment held in Trevi of Euro 14.2 million.

As done to determine the fair value at 30 June 2015, the same was done at 31 December 2015; at said date, the fair value of Trevi identified by the independent expert amounted to a total of Euro 38 million for 16.852% of the company (i.e. Euro 19 million for 8.426% pertaining to FSI), value equal to the average stock market prices recorded in the second half of 2015. FSI therefore proceeded to make a value adjustment on the investment held in Trevi for additional Euro 19.2 million.

Therefore, in 2015, FSI adjusted the value of its investment in Trevi for a total of Euro 33.4 million in order to align the carrying value to the recoverable amount.

Investment in INALCA ***(28.4% held by IQ Made in Italy Investment Company)***

Summary and objective of the investment

On 22 December 2014, IQ invested a total of Euro 165 million in Inalca, through a capital increase of Euro 115 million and, for the residual part of Euro 50 million, through the purchase of shares in the company held by Cremonini S.p.A. ("Cremonini"). Following the transaction, Cremonini holds 71.6% of Inalca and IQ the remaining 28.4%.

The rights entitled to IQ under the shareholders' agreements and investment agreements in force allow to exercise active governance at the company. Under IAS 28 and taking into account the analysis performed on IFRS 10, 11 and 12, for IQ this investment qualifies as an associated investment.

The entry of IQ in the capital of Inalca is consistent with the objective of investing in companies with growth potential in Italy and international development, as well as positive effects in terms of Italian industries, both in terms of value creation and employment impact.

The financial resources from the capital increase will be primarily used to support organic growth and to acquire other companies. Thanks to the support of IQ, Inalca may position itself as a catalyst for the development of the distribution of Italian food products abroad, with the aim of promoting Made in Italy food, whose potential is significant.
Italy, in fact, is the first Country in the world as “food brand”[7]. The agri-food sector provides a contribution to Italian GDP of 8.7% (which rises to 13.9% considering the industry), employs 3.3 million resources (13.2% of employment in the country) and generates exports for Euro 27 billion [8].

Description of subsidiary, business and target market

Inalca is one of the main operators in beef processing in Europe and in food distribution abroad, especially in Russia and in many African countries. Food distribution covers a wide range of products (over 2,000), which includes food items, typically Made in Italy. Inalca has ten plants in Italy specialized by product type (six for beef processing and four active in cured meats, snacks and ready-made meals) and twenty plants and distribution platforms abroad; about 50% of production sales derives from international operations.

The company has more than 2,900 employees, including about 1,800 in Italy. It is estimated that the impact on employment in Italy, including the industry, involves about 7,800 employees.

Key events in the period and development projects

In Russia, the full operation was initiated for the slaughterhouse and meat processing plant operated by its subsidiary Orenbeef, located in the Orenburg Region and inaugurated in October 2014. The facility will initially have an expected production of 50,000 units per year, but is able to increase its production capacity to easily adapt to the future increase expected for cattle breeding in the region. The project is of particular socio-economic importance for the area, as driving force for the development of cattle breeding and rural communities of this region.

[7] *Source: Country Brand Index Score di Future brands 2012-2013*

[8] *Source: Nomisma, 8 May 2014*

In 2015, Inalca published, in collaboration with Coldiretti, its first Sustainability Report. This decision is the result of an agreement signed between the two parties that highlights the sharing of production methods, control procedures, the economic value and the strategies to be placed at the base of the production chain of Italian beef. The main objective is to support, develop and exploit to the maximum Italian bovine livestock.

In general, the development projects of the company are related to the strengthening of the competitive position in the Italian market and the distribution of Italian food products abroad, with the aim of promoting the Made in Italy food sector.
In this regard, we report the objective of strengthening the subsidiary Inalca Food & Beverage, a company specialized in the distribution of typical Made in Italy food products, already able today to distribute over 2,000 typical products of the Italian regions (oil, pasta, balsamic vinegar, preserves, cheese, flour, mineral water, etc.) from more than 500 small and medium-sized producers that do not have the right structure to organize international distribution of their products.

Key economic-financial data
In 2014, Inalca generated revenues of Euro 1,487 million (Euro 1,559 million in 2013), with EBITDA of Euro 121 million (Euro 125 million in 2013) and a net profit of Euro 22 million (Euro 17 million in 2013). The net financial position amounted to Euro 223 million (1.8x EBITDA, Euro 389 million in 2013).

For the year 2015, we expect revenues substantially in line with 2014 and EBITDA slightly down compared to the previous year, due to less favourable short-term market scenarios.

Investment in ROCCO FORTE HOTELS ***(11.5% held by FSI and 11.5% by FSI Investimenti)***

Summary and objective of the investment
In March 2015, FSI and FSI Investimenti finalized the investment in capital increase for 23% (11.5% each) of the share capital of the hotel company Rocco Forte Hotels, with a total expenditure of GBP 60 million (equal to about Euro 82 million).

The rights entitled to FSI under the shareholders' agreements and investment agreements in force allow exercising active governance at the company, typical of the investments of FSI. Under IAS 28, taking into account the analysis performed pursuant to IFRS 10, 11 and 12, for FSI and FSI Investimenti, this investment qualifies as an associated investment.

The partnership with the Rocco Forte Hotels Group is the first concrete step in the development of the tourism sector in Italy by FSI and FSI Investimenti. Tourism is a strategic sector for Italy: according to the World Travel and Tourism Council data, in 2014 the sector provided a direct contribution to Italian GDP of 4.1% (for an amount of Euro 66.0 billion) and a total contribution - including the industry - of 10.1%, (Euro 162.7 billion). Figures are expected to increase respectively by 1.8% and 1.7% in 2015. From the point of view of employment, the sector directly employed 1.1 million workers, rising to 2.6 million, also considering the industry.

The Rocco Forte Hotels Group was selected by FSI and FSI Investimenti based on a process conducted according to general criteria of transparency and equal treatment. In this process, the interest and availability of the hotel group to focus on a development plan of the Italian market had a significant importance, in addition to proven management ability, the business model, the strength of the brand and international presence, however with significant presence in Italy. In fact, Italy is already the leading country in terms of revenues for the Rocco Forte Hotels Group.

The initiative of FSI and FSI Investimenti is part of the broader strategy of the CDP Group to promote the creation of an Italian Tourism Centre, with the objective of strengthening the tourist - hotel sector. In this context, CDP intends to promote the creation of securities funds open to institutional investors with the objective of facilitating, also in Italy, a process of separation of real estate from hotel management, on the model already successfully adopted in several other countries with tourist vocation.

Description of subsidiary, business and target market

The Rocco Forte Hotels Group is the third largest operator in Italy by number of rooms in the luxury segment, and among the leaders in Europe. Italy, where Rocco Forte Hotels is present in Rome, Florence and Sicily, is the leading country in terms of turnover, representing more than 30% of total Group revenues. Employees in the country are a quarter of the total, equal to approximately 600 employees out of a total of about 2,200 internationally. The company manages a total of 11 hotels in Italy, the United Kingdom, Germany, Belgium and Russia, providing high-quality service to customers mainly from abroad, particularly from the USA, the Middle East, South America and China.

Key events in the period and development projects

The development plan of the Group foresees the opening of new structures in some of the main Italian cities with high tourist vocation. In 2015, also thanks to the entry of FSI, the company increased its commitment for the development of a portfolio of initiatives to be realized as part of a medium to long-term growth plan through the strengthening of the Business Development team and the increase of initiatives underway with several sector operators.

Key economic-financial data

In 2014/15, closed in April, the Rocco Forte Group reported revenues of GBP 174 million, EBITDA of GBP 26 million and a net profit of GBP 4 million. The net financial position in the year 2014/15 amounted to GBP 153 million (5.9x EBITDA). The debt is consistent with the net financial position of other companies with comparable business model.

For 2015/2016, revenues and EBITDA are expected to grow over the previous year.

It is expected to adopt the IFRS accounting standards starting from the financial statements closing at 30 April 2016.

4.5 INVESTMENTS SUBSCRIBED IN 2015

Investment in SAIPEM ***(12.5% held by FSI)***

On 27 October 2015, FSI signed a purchase and sale contract with Eni S.p.A. ("Eni") concerning the entry of FSI in the share capital of Saipem. Under the agreement, FSI shall purchase a shareholding of 12.5% in Saipem from Eni plus one share of the share capital at a price equal to the arithmetic average of the official prices of the Saipem ordinary shares recorded between 26 October 2015 and 2 November 2015 and within a range of minimum and maximum values respectively of Euro 8.83 ("price cap") and Euro 7.40 ("price floor") per share. The finalization of the agreement was subject to the fulfilment of certain conditions, including obtaining exemption from the OPA obligation by CONSOB, the positive outcome of antitrust procedures, the completion of the capital increase, debt refinancing and the co-option of a director indicated by FSI on the Board of Directors of Saipem.

Simultaneously with the sale and purchase agreement, FSI and Eni signed a shareholders' agreement for three years for a total amount of just over 25% of Saipem's share capital (12.5% plus one share for each of the parties) concerning specific governance powers in Saipem. Under IFRS 11, for FSI this investment qualifies as a joint-control investment.

According to the signed contract and upon fulfilment of the precedent conditions, on 22 January 2016, FSI acquired from ENI 55,176,364 Saipem shares (equivalent to a shareholding of 12.5% plus one share of the capital) at a price of Euro 8.3956 per share (equal to the arithmetic average of the official prices of the Saipem ordinary shares recorded between 26 October 2015 and 2 November 2015) with an outlay of Euro 463.2 million.

Furthermore, also according to the provisions of the contract, on 3 February 2016, FSI signed, *pro rata,* the newly issued Saipem shares deriving from the capital increase of Euro 3.5 billion, with an additional outlay of Euro 439.4 million.

The total investment for FSI was therefore Euro 902.7 million.

The FSI investment in Saipem, a leading international company in the oil & gas sector, has a relevant strategic significance in relation to the economic and employment impact of the company in Italy. Moreover, Saipem represents a significant Italian company in the world, with strong technological know-how and a high wealth of expertise. The company is one of the few global players with comprehensive engineering expertise and competence in the design and realization of complex systems for the extraction of energy resources (oil and gas). The recognized project engineering and execution expertise makes Saipem the world leader in the Engineering & Offshore Construction sector.

The investment is consistent with the new strategic guidelines (defined in the new business plan and approved in the CDP Board of 17 December 2015 and FSI Board of Directors on 22 December 2015) to invest in strategic companies for the Italian economy and with a medium to long-term time horizon, in line with the prospects of Saipem closely linked to the dynamics of the oil & gas sector.

With the operation, FSI confirms the strategic nature for the Italian economy of the mechanics sector, which is in first place for the contribution to the country’s exports; the investment will integrate and strengthen the current FSI portfolio, which already includes, in the energy mechanics sector, the investments in Ansaldo Energia, Valvitalia and Trevi.

Saipem directly employs 7,600 employees in Italy, of which 3,200 specialized engineers, and has stable collaborations with leading Italian universities and research institutes, including Politecnico di Milano and Turin. The country also has, in addition to the main office, 5 engineering, production and research and development centres of the company. In terms of indirect impacts on employment in the country, Saipem makes approximately Euro 1.8 billion of purchases from Italian suppliers and subcontracts to companies.

At the beginning of 2016, the market price of the Saipem stock decreased significantly also due to the poor performance of stock markets, the dilutive effect of the capital increase and the trend in oil prices.
In said scenario, even if the investment in Saipem represents a long-term investment of strategic importance for FSI also due to the attribution to FSI of governance powers oriented to the support and valorisation over time of said shareholding, the Company updated, at the closing date, the valuation of Saipem based on the value in use of the company, in order to verify that it had not significantly reduced compared to the carrying value.

The results of this valuation, based on the value associated with the prospects of earnings and cash flows that Saipem can reasonably generate in the future, and the absence of relevant events occurring up to the closing date, as confirmed by the management of the company, confirmed cost sustainability as the carrying value of the investment.

4.6 DIVESTMENTS MADE BY FSI IN 2015

In addition to the divestments finalized in 2014 relative to 0.38% of Hera, to 1.91% of Generali and to 40% of Ansaldo Energia realized in 2015, FSI completed the divestment of Generali through the sale of the remaining 40 million shares (equal to 2.569% of Generali's capital), through the exercise of the physical settlement option (exercised in the first half of 2015) provided as part of the hedging of price risk with forward contracts stipulated in the first half of 2014. With the sale of these 40 million shares, FSI collected Euro 646.1 million, achieving a gross capital gain of Euro 136.3 million.

5. ORGANISATIONAL STRUCTURE AND OPERATIONS OF FSI

5.1 GOVERNANCE OF FSI AND STATUTORY BODIES

The Company, the By-laws of which require the administrative body to consist of between 5 and 7 members, is governed by a Board of Directors consisting of 6 members, of which 2 independent and subject to the control of a Board of Auditors consisting of 3 standing auditors, including the Chairman, and two alternate auditors.

The Board of Directors consists of Claudio Costamagna, Chairman, Fabio Gallia, Vice Chairman, Maurizio Tamagnini, CEO, Rosalba Casiraghi, Elena Zambon and Giuseppe Bono.

The Board of Auditors is composed of Angelo Provasoli, as Chairman, Paolo Golia and Ottavia Alfano as Standing Auditors.

Alongside said bodies, the By-laws envisages the presence of an Investment Committee and a Strategic Committee

The Investment Committee, appointed by the Board of Directors, is composed of the CEO and other 5 members, 3 of which internal to FSI and 2 external chosen from experienced professionals who conduct their activities in the legal sector or in the economic and financial sector, experts in private equity and business matters.

The external members of the Investment Committee are Roberto Quarta – Chairman of Smith & Nephew, Partner of Clayton Dubilier & Rice for 14 years and Chairman of Clayton Dubilier & Rice Europe - and Eng. Marco Costaguta – Chairman of Long Term Partners and Partner Emeritus of Bain & Company.

In 2015, said Investment Committee, a consulting statutory body that evaluates investment hypotheses expressing reasoned opinions, which are mandatory but not binding, to be submitted to the Board of Directors (body competent to decide on the investment), met 12 times.

The Strategic Committee is composed of 7 members chosen from among university professors, qualified representatives of the institutional, industrial, financial or private equity world, in any case, experts in law, economics and finance.

Said statutory body expresses periodically, by written reports submitted for examination by the Board of Directors, opinions with regard to the sectors of intervention and general investment policies, with particular attention to the related effects in terms of growth, competitiveness and competition, in accordance with current regulations and the By-laws. The Strategic Committee met 3 times in 2015.

The members of this committee, identified by FSI with the support of a leading Executive Search company are: Walter Maria de Silva (Head of Design Volkswagen AG Group until November 2015), Luca Garavoglia (Chairman of Campari S.p.A.), Andrea Guerra (from 2004 to 2014 CEO of Luxottica Group S.p.A.), Gabriella Parisse (Chairwoman, Innovation and Commercial Development of Tate & Lyle), Salvatore Rossi (General Manager of the Bank of Italy), Alberto Sangiovanni-Vincentelli (Professor of Electrical Engineering and Computer Sciences at Berkeley University in California) and Andrea Sironi (Rector of Università Luigi Bocconi).

5.2 ORGANISATIONAL STRUCTURE OF FSI

FSI, in order to ensure the achievement of the company mission, define its organizational structure through the following Areas: (i) Investments, responsible for managing the processes of selection, evaluation and structuring of investments and maintaining the functional responsibility with the investee; (ii) Investments Management, responsible for ensuring independent oversight in monitoring the performance of the portfolio companies and through the Investor Relations service, for dealing with institutional relations at national and international level; (iii) Legal and Corporate Affairs, responsible for ensuring assistance and legal consultancy for FSI investment activities and corporate matters; (iv) Administration, Finance, Control, Operational Support and Human Resources, responsible for coordinating the planning and monitoring processes of corporate objectives and ensuring the fulfilment of administrative, accounting and tax requirements, treasury management, purchasing processes, IT Services, Human Resources and Secretariat.

In addition, the organizational chart of FSI provides autonomous and independent 2nd level control functions: (i) Risk Management Structure, which ensures, in close coordination with the Risk Management Area, Anti-Money Laundering and Compliance of the parent company, an independent oversight of risk factors that the Company may be exposed to in its investment activities and its portfolio of investee companies. The Risk Management Structure reports functionally to the Risk Management, Anti-Money Laundering and Compliance Area of CDP, which reports directly to the Chairman and to the Board of

Directors of FSI; (ii) the Compliance Structure, which ensures oversight relating to non-compliance risks regarding FSI and supports the Compliance of the parent company in the identification and management of non-compliance risks and evaluates the adequacy of internal procedures with respect to the objective to prevent violations of laws, regulations and self-regulatory rules applicable to FSI.

This lean structure allows FSI to fully accomplish its corporate mission, maximizing operational synergies with the majority shareholder. In this context, FSI and CDP operate in close coordination with regard to the main staff and support business functions, in a logic of economizing Group resources.

In this regard in fact, FSI and CDP signed a framework agreement for the outsourcing of such services and the related service agreements: the framework agreement defines the general conditions governing the supply of the outsourced services; the service agreements regulate, for the different categories of services, the actual procedures for the provision of such services. In detail, the agreements envisage the provision to FSI by CDP of the following types of services: (i) execution of internal auditing activities; (ii) provision of some logistics services; (iii) execution of activities related to administrative and fiscal support; (iv) execution of activities related to human resources management; (v) execution of activities related to communication and international relations. FSI and CDP may make arrangements for the provision of additional and other services, subject to the signing of specific service agreements.

With reference to downsizing, at 31 December 2015, FSI had (in addition to the CEO) 41 resources, up over 33 resources at year-end 2014.

FSI also resorted to the collaboration of Eng. Umberto della Sala and Eng. Razelli as industrial experts.
In detail, Eng. Umberto della Sala (previously Chairman and Global Chief Operating Officer of Foster Wheeler) began his collaboration with FSI in January 2014, carrying out an activity focused mainly on the monitoring of investments in FSI portfolio, with particular emphasis on industrial development and the generation and evaluation of investment opportunities. As of 23 January 2014, Eng. della Sala was also appointed Chairman of Ansaldo Energia.

As of September 2015, also Eng. Eugenio Razelli started his collaboration with FSI as industrial expert. Eng. Razelli has held various positions in prestigious industrial companies and, for more than ten years, he was CEO and Managing Director of Magneti Marelli S.p.A.

The consolidated experience of Eng. Razelli in the industrial area further strengthens the expertise of the FSI team. In the new role, Eng. Razelli will primarily deal with the assessment of the industrial aspects of FSI investments and monitoring of those already in the portfolio.

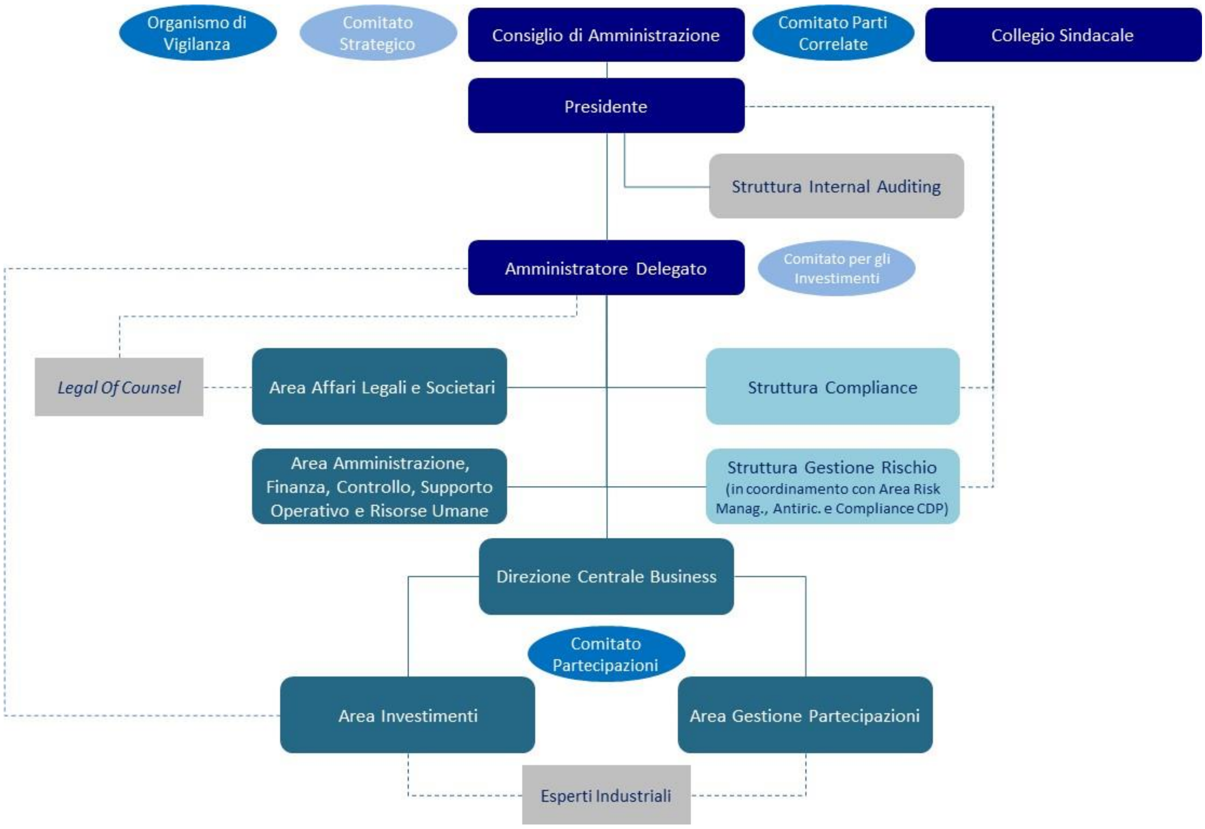
In the first quarter of 2015, following the evolution of the operations of FSI, steps were taken to adapt and streamline the company's organizational structure through strengthening and coordination, while respecting the functional autonomy of the business Areas.

Therefore, some changes were made to the organizational chart of FSI, as outlined below:

- establishment of the Business General Department (Head Eng. Guido Rivolta), aimed at coordinating the activities of the Investments and Investments Management Areas, in order to develop business strategies ensuring the optimization of resources and related competences;
- appointment of Barnaba Ravanne as the Investment Chief Officer; In this context, Marco Tugnolo was appointed Investment Chief Officer;
- appointment of the Legal of Counsel (Lawyer Roberta Melfa), who renders legal and corporate services reporting directly to the CEO and supports the Legal and Corporate Affairs Area and Compliance Structure with regard to FSI operations as a whole;
- establishment of the Business Development Service (Head Roberto Marsella), responsible for generating possible new investment opportunities, realizing economic, financial and statistics research in sectors of relevance and interest for FSI.

For the statement regarding the number of employees by category at 31 December 2015, refer to paragraph III.2.3 of the Explanatory Notes.

Below is the organizational chart of FSI in force at the date of approval of these financial statements:



5.3 LEGAL AND COMPLIANCE ACTIVITIES

It is noted that, with notarial deeds, the proxies and delegations of powers to FSI employees were stipulated and registered at the competent offices, in accordance with the provisions in the company's regulatory system.

Also - on a proposal of the majority shareholder CDP - the Company By-laws were amended in order to provide: (i) the extension of the number of Board members to a maximum of 7 (seven) Directors, including the Chairman, with the simultaneous provision of a minimum of 5 (five) Directors; (ii) the inclusion of the office of Vice Chairman of the Board of Directors; (iii) the provision of the prevalence of the vote of the person chairing the Board meeting in case of parity of opposing votes (casting vote) and (iv) the alignment of the clause concerning the requirements of integrity and professionalism of directors, as well as the related causes of ineligibility, incompatibility, suspension and revocation, to the updated By-laws, of the majority shareholder CDP.

On 10 September 2015, the Shareholders' Meeting of FSI: (i) confirmed the office as member and Chairman of the FSI Board of Directors for Claudio Costamagna, as appointed by co-option by the FSI Board of Directors of 27 July 2015 following the resignation from office of Giovanni Gorno Tempini and (ii) appointed Fabio Gallia as Director and Vice Chairman of the FSI Board of Directors.

In 2015, the Compliance Structure carried out the verification and control activities referred to in the 2015 Compliance Plan, conducting 6 audits in the following areas: (i) privileged/confidential information; (ii) delegations and proxies; (iii) personal transactions; (iv) storage/archiving of corporate and contractual documentation; (v) prevention of money laundering, financing of terrorism and organized crime; (vi) selection of investment opportunities and disposal of investments. In addition to said audits, controls were conducted by the Specialist Units as planned in consultation with the Compliance Structure. As a result of the above control and verification activities, substantial compliance with regulations on the part of FSI was ascertained.

Moreover, in addition to the support and consulting regarding the investment activities of FSI, the Compliance Structure prepared opinions of compliance and information with regards to issues potentially impacting FSI activities and conducted training sessions for new employees ("*New Company Regulatory System and confidentiality of information*") and all personnel ("*Prevention of money laundering, financing of terrorism and organized crime*").

Finally, the Compliance Structure continued support activities in favour of the Supervisory Body and the Internal Auditing Structure with particular reference to the updating of the Organizational Model 231 of FSI.

5.4 RISK CONTROL

The management of FSI risks is based on "Risk management principles", on the related implementation document and on the methodology of analysis of the risks of investments in equity developed internally. These documents, approved by the FSI Board of Directors, define the basic principles of operation and related guidelines, in order to identify, measure and manage the various types of risk FSI may be subject to in carrying out its activities. These principles define, among other things, limits to risk-taking of FSI also in the process of approval of the investments.

In 2015, the FSI Risk Management carried out its activities in compliance with the aforementioned principles, summarized along three lines: (i) assessment of the risks in the process of approval of the investments; (ii) monitoring of the investments portfolio; (iii) preparation of quarterly update notes on the risk management activities addressed to the FSI Board of Directors.

The FSI Risk Management FSI carried out the monitoring of the risk profile of the investments portfolio, based on the period financial reporting provided by the companies in the portfolio, as well as through specific analyses of the companies, in order to update their analyses.

The liquidity profile of FSI is solid: the capital base of FSI is higher than the investments made and the excess liquidity is invested mainly in sight and time deposits (with different maturities). The absence of debt along with the type of deposit assets in which liquidity is invested, limit the risk of interest rate.

During the year, the Risk Management carried out the verifications, in respect of the risk policy in place, on the accounting valuations of the optional components present in the investments in the portfolio. The valuations of said optional components were carried out, in the fair value perspective, with the support of an independent expert consultant.

Lastly, it is recalled that the FSI risk management service is provided in outsourcing by the parent company CDP with the support of an internal FSI resource.

6. RESULTS OF FONDO STRATEGICO ITALIANO

Below is analysed the accounting position at 31 December 2015, as proposed on the basis of statements reclassified according to management criteria, with the objective of reporting clearer results for the year.

6.1 RECLASSIFIED BALANCE SHEET

6.1.1 BALANCE SHEET ASSETS

At 31 December 2015, they included the following aggregate items:

Reclassified balance sheet *(Euro thousands)*

ASSETS	31/12/2015	31/12/2014	Change (%)
Non-current assets	**1.714.974**	**3.024.388**	**-43,3%**
Equity investments	*1.200.174*	*1.872.984*	*-35,9%*
Long-term time deposits	*500.000*	*1.150.000*	*-56,5%*
Other non-current assets	*14.800*	*1.404*	n/s
Current assets	**2.915.137**	**2.539.926**	**14,8%**
Cash and cash equivalents	*1.642.303*	*377.616*	*334,9%*
Short-term time deposits	*1.249.844*	*2.100.000*	*-40,5%*
Other current assets	*22.990*	*62.310*	*-63,1%*
Total assets	**4.630.111**	**5.564.314**	**-16,8%**

At that date, total balance sheet assets amounted to Euro 4,630 million, down 16.8% compared to the figure at 31 December 2014 (Euro 5,564 million) and included "Non-current assets" for Euro 1,715 million and "Current assets" for Euro 2,915 million.

Non-current assets show a decline of 43.3% compared to the figure at the end of 2014, and include: (i) the stock of equity investments for Euro 1,200 million; (ii) long-term time deposits at CDP for Euro 500 million and (iii) other non-current assets for Euro 14.8 million consisting of deferred tax assets for Euro 13.9 million and other residual items.

The stock of investments amounted to Euro 1,200 million at the end of 2015 and included: (i) 77.1% held in FSI Investimenti for Euro 1,137 million, equal to the accounting valuation of the conferment of investments and securities, described above, and occurred in continuity of accounting values, effective 3 July 2014; (ii) 0.29% held in Ansaldo Energia (Euro 2.2 million) relating to the portion acquired by the managers of the company at the end of June 2014 and not subject to conferment to FSI Investimenti; (iii) 8.4% held in Trevi, investment finalized in November 2014 and entered at cost adjusted for Euro 33.4 million; (iv) 11.5% of Rocco Forte Hotels, entered at purchase cost amounting to Euro 41.7 million.

The decline recorded by this stock with respect to the end of 2014 (-35.9%) follows the combined effect of the sale of the remaining shareholding in Generali (2.57%) and the write-down of Trevi, only partially offset the acquisition of the shareholding in Rocco Forte Hotels.

Current assets are composed mainly of cash held, pending to be used in investment operations. In detail, the following is mainly noted: (i) Euro 1,642 million of cash and cash equivalents; (ii) Euro 1,250 million, relating to term deposits with market yields at the establishment date of the term, of which 150 million reclassified, with respect to the end of 2014, from non-current assets because of the maturity of the term, in 2016; (ii) Euro 23 million of other current assets, of which Euro 14.1 million of accrued interest accrued at the end of 2015 on term deposits, Euro 5.9 million of receivables arising primarily in relation to the services provided to FSI Investimenti, FSIA and IQ and Euro 3 million related to other residual items.

6.1.2 Balance Sheet Liabilities

At 31 December 2015, they included the following aggregate items:

Reclassified balance sheet *(Euro thousands)*

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2015	31/12/2014	Change (%)
Shareholders' equity	4.572.158	4.833.494	-5,4%
Provisions for risks and charges and other non-current liabilities	42.568	6.285	*n/s*
Tax payables and other current liabilities	15.385	724.535	-97,9%
Total liabilities and shareholders' equity	**4.630.111**	**5.564.314**	**-16,8%**

The shareholders' equity of FSI at said date amounted to Euro 4,572 million, 5.4% less compared to Euro 4,833 million at the end of 2014, due to the combined effect of the reduction resulting from the distribution of dividends to shareholders for the profit achieved by FSI in 2014, the zeroing of the AFS valuation reserve as a result of the sale of the remaining shareholding in Generali, only partially offset by the increase recorded thanks to the profit achieved in the year 2015.

At 31 December 2015, the item "Provisions for risks and charges and other non-current liabilities" amounted to approximately Euro 42.6 million, an increase compared to 31 December 2014, when it was recognized for Euro 6.3 million euro, substantially due to the allocation to the risk provision made for Euro 40 million and related to probable estimated expenses that FSI could incur on the basis of certain contractual commitments as part of the investment in Ansaldo Energia. Moreover, this item includes: (i) Euro 2.3 million for personnel expenses (ii) fair value at 31 December 2015 of the earn-out option related to the investments in Trevi for Euro 0.2 million (down compared to Euro 1.8 million at the end of 2014); (iii) deferred tax provision for Euro 0.2 million.

Finally, the item "Tax payables and other current liabilities" of Euro 15.4 million, is composed of (i) Euro 12.7 million of other current liabilities consisting of Euro 10.3 million payables to CDP concerning the settlement of items related to the tax consolidation recorded in the income statement in 2015, the settlement of which was at the beginning of 2016 and Euro 2.4 million related to payables accrued to suppliers for professional services and general operating expenses, (ii) Euro 2 million of tax provision consisting of the estimate of the tax payable for IRAP for the year 2015, and (iii) Euro 0.7 million of other tax payables.

6.2 RECLASSIFIED INCOME STATEMENT

6.2.1 THE ECONOMIC SITUATION

The income statement of FSI at 31 December 2015 thus includes:

Reclassified income statement *(Euro thousands)*

	2015	2014	Change (%)
Revenues of investment operations	**149.591**	**204.713**	**-26,9%**
Dividends	*13.305*	*39.845*	*-66,6%*
Interest on credit lines	*-*	*-*	*n/s*
Gains realized on investments in equity investments	*136.286*	*164.868*	*-17,3%*
Costs of investment operations	**(34.400)**	**(1.815)**	**n/s**
Due-diligence and consultancy for investments	*(911)*	*(1.583)*	*-42,5%*
Other investment costs and Tobin tax on investments	*(132)*	*(232)*	*-43,1%*
Losses on investments in equity investments	*(33.357)*	*-*	*n/s*
Net change in the value of financial instruments	**1.594**	**264**	**n/s**
Result from hedging	**(2.108)**	**5.297**	**n/s**
Result from investment operations	**114.677**	**208.459**	**-45,0%**
Financial income and costs	41.023	48.463	-15,4%
Structure costs	(13.474)	(10.920)	23,4%
Result from operating activities	**27.549**	**37.543**	**-26,6%**
Other operating income and costs	(33.441)	2.679	n/s
Operating result	**108.785**	**248.681**	**-56,3%**
Income taxes	1.265	765	65,4%
Net profit	**110.050**	**249.446**	**-55,9%**

In 2015, FSI generated a net profit of Euro 110 million. This result was mainly generated by the significant contribution of ordinary and operating activities.

In particular, the result from investment operations of Euro 114.7 million was generated by revenues of Euro 149.6 million, partially offset by costs of Euro 34.4 million.

The revenues originated from the gain on the sale of Generali for Euro 136.3 million and dividends received from investees for Euro 13.3 million. Costs from investment operations

mainly consist of Euro 33.4 million relating to the value adjustment made on the value of the investment in Trevi and, residually, Euro 1 million for due diligence and consulting costs and other expenses for investments.
Moreover, the following is noted: (i) an increase in value (Euro 1.6 million) of the earn-out related to the investment in Trevi and (ii) a net result of hedging negative for Euro 2.1 million, relating to the hedging on the Generali stock.

Compared to the previous year, the reduction in the result from investment operations derives mainly from the higher amount of capital gains generated in 2014 (1.91% of Generali, 40% of Ansaldo Energia and 0.38% of Hera), from lower dividends perceived in 2015, as a result of the sale of Generali, as well as from the value adjustment made on Trevi.

The Result from investment operations, positive for Euro 27.5 million was generated by Euro 42.3 million of financial income resulting from the use of cash and cash equivalents, offset by financial expenses related to the remuneration of the cash collateral received as guarantee, as part of the Generali securities lending for Euro 1.3 million and structure costs of Euro 13.5 million, details of which are provided in the table below.

Breakdown of structure costs *(Euro thousands)*

	2015	2014	Change (%)
Personnel costs	**8.535**	**7.223**	**18,2%**
Personnel remuneration and services	7.435	6.094	22,0%
Costs for corporate bodies	1.100	1.129	-2,6%
Other administrative costs	**4.811**	**3.626**	**32,7%**
Professional and financial services	722	878	-17,8%
Outsourcing CDP	787	958	-17,8%
Information and database resources	222	150	48,0%
Advertising and marketing costs	1.486	420	253,8%
IT costs	94	105	-10,5%
General and insurance services	908	607	49,6%
Utilities, taxes and other costs	269	228	18,0%
Costs for other corporate bodies	323	280	15,2%
Value adjustments on tangible and intangible assets	**129**	**71**	**81,7%**
Total structure costs	**13.474**	**10.920**	**23,4%**

Costs for personnel and corporate bodies amounted to Euro 8.5 million and relate to costs for salaries and services to employees for Euro 7.4 million and the remainder (Euro 1.1 million) in costs for directors and auditors’ fees. The increase recorded compared with Euro

7.2 million in 2014 is due to the combined effect of the higher average number of employees between the two years in line with the plan to strengthen and increase personnel and salary trends.

Other administrative expenses amounted to Euro 4.8 million in 2015, an increase compared to Euro 3.6 million related to 2014, mainly due to the extraordinary expenses relating to: (i) the partnership rights for the event Expo Milano 2015 for which FSI was an Official Partner, and (ii) the organization of the 7th Annual Meeting of the IFSWF held in Milan. In addition, there was an increase in expenses for general, insurance and operation services of the Company, also related to the exclusive use of the building where the Company is based as of 31 July 2015.

“Other operating income and expenses” have a negative impact on the income statement for Euro 33.4 million, due to the combined effect of income for Euro 6.6 million and allocations to the risk provision for Euro 40 million.

Specifically: (i) the income consists of revenues generated primarily from service agreements with other companies of the Group (FSI Investimenti, FSIA Investimenti and IQ) and to a lesser extent, the income relegated to FSI for corporate roles held by employees and collaborators of FSI; (ii) the allocation to the risk provision refers to probable expenses that FSI has estimated it may incur on the basis of certain contractual commitments as part of the investment in Ansaldo Energia.

Lastly, there was a positive net impact on the income statement of the item “Income taxes” amounting to Euro 1.3 million, resulting from the gain of Euro 13.5 million relating to the change in deferred tax assets and liabilities, offset by Euro 1.9 million for the estimated tax expense for IRAP and by Euro 10.3 million of contingent liability related to the higher IRES declared with reference to tax year 2014 with respect to as estimated in the financial statements, due to the partial sterilization of intercompany deposits from the tax benefit for the financing of companies through equity “ACE Benefit”, pursuant to Decree Law no. 201/11 converted into Law no. 214/11). There were no charges recognized for IRES (Imposta sul Reddito delle Società, Corporate Income Tax), as the tax burden accrued in the year was fully offset by the “ACE Benefit” accrued in the period by FSI.

7. OUTLOOK – PROSPECTS FOR 2016

In early 2016, FSI activities focused on the implementation of the new strategic guidelines of the group, defined in the new business plan and approved in the CDP Board of 17 December 2015 and FSI Board of 22 December 2015.

8. EVENTS AFTER THE END OF THE YEAR

We note the finalization between late January and early February 2016 of the investment in Saipem, the investment agreement of which was signed in October 2015. For further information on this transaction, refer to the related paragraph of this report.

9. FURTHER INFORMATION PURSUANT TO ART. 2428 OF THE CIVIL CODE

With reference to the additional information required by art. 2428 of the Civil Code, it is noted that FSI: (i) did not carry out any research and development activity; (ii) does not hold, nor has acquired and/or disposed during the financial year treasury shares and/or shares or interests in parent companies, neither directly nor through trust companies or third parties. With regard to related parties' activities in 2015, refer to section V of the Explanatory Notes.

10. PROPOSED ALLOCATION OF PROFITS FOR THE YEAR

The 2015 financial statements, which include the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of changes in Equity, the Statement of Cash Flows and the Explanatory Notes, are submitted to the Shareholders for their review and approval. The financial statements documentation is accompanied by the Directors' Report on Operations.

The profit for 2015 of Euro 110,049,989.80 will be allocated, after deduction of the amount allocated to the legal reserve pursuant to art. 2430 of the Civil Code, in accordance with the resolutions of the Shareholders' Meeting.

ALLOCATION OF PROFIT FOR THE YEAR	2015
Profit for the year	110.049.989,80
Legal reserve	5.502.499,49
Distributable profit	**104.547.490,31**

Milan, 18 March 2016

The Chairman

Claudio Costamagna

FINANCIAL STATEMENTS AT 31/12/2015

FORMS AND CONTENTS OF THE FINANCIAL STATEMENTS AT 31 DECEMBER 2015

The financial statements at 31 December 2015 were prepared in accordance with the current regulatory provisions and are made up of:

- **BALANCE SHEET;**
- **INCOME STATEMENT;**
- **STATEMENT OF OTHER COMPREHENSIVE INCOME;**
- **STATEMENT OF CHANGES IN EQUITY;**
- **STATEMENT OF CASH FLOWS;**
- **EXPLANATORY NOTES.**

The Explanatory Notes include:

FORWARD

I – Basis of preparation and accounting principles

II – Information on the Balance Sheet

III – Information on the Income Statement

IV – Information on risks and related hedging policies

V – Transactions with related parties

VI – Segment reporting

The section "Annexes to the financial statements", which forms an integral part of these financial statements, includes the separate financial statements at 31 December 2014 of the parent company Cassa depositi e prestiti S.p.A.

FINANCIAL STATEMENTS

AT 31 DECEMBER 2015

Balance Sheet

Income Statement

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Cash Flows

Balance Sheet *(Euro units)*

Asset items	31/12/2015	31/12/2014	Notes
Non-current assets			
Property, plant and equipment	540.629	285.207	II.1.1.
Property investments	-	-	
Assets used under finance lease	-	-	
Intangible assets	258.063	15.782	II.1.2.
Equity investments	1.200.174.164	1.191.783.550	II.1.3.
Available-for-sale assets	-	681.200.000	II.1.4.
Assets at fair value	-	-	
Non-current financial assets	500.000.000	1.150.000.000	II.1.5.
Deferred tax assets	13.910.781	982.520	II.1.6.
Other non-current assets	90.514	121.018	II.1.7.
Total non-current assets	**1.714.974.151**	**3.024.388.077**	
Current assets			
Receivables from investee companies	6.013.719	2.388.595	II.2.1
Current financial assets	1.263.956.809	2.154.073.303	II.2.2
Available-for-sale assets	-	-	
Tax receivables	2.434.922	2.427.736	II.2.3
Other current assets	428.041	3.421.162	II.2.4
Cash and cash equivalents	1.642.303.349	377.615.540	II.2.5
Total current assets	**2.915.136.840**	**2.539.926.336**	
TOTAL ASSETS	**4.630.110.991**	**5.564.314.413**	

Balance Sheet

(Euro units)

Liabilities and Shareholders' equity	31/12/2015	31/12/2014	Notes
Shareholders' equity			
Share capital	4.351.227.430	4.351.227.430	II.3.1.
Reserves	110.880.223	98.407.928	II.3.2.
Valuation reserve	-	134.412.554	II.3.3.
Profit (Loss) for the year (+/-)	110.049.990	249.445.913	
Total Shareholders' equity	**4.572.157.643**	**4.833.493.825**	
Non-current liabilities			
Provisions for risks and charges	42.166.144	1.910.763	II.4.1.
Employee termination indemnity (TFR)	165.226	96.293	II.4.2.
Payables to banks	-	-	
Payables to shareholders for loans	-	-	
Other financial liabilities	210.762	1.805.148	II.4.3.
Deferred tax liabilities	25.558	2.473.243	II.4.4.
Other non-current liabilities	-	-	
Total non-current liabilities	**42.567.690**	**6.285.447**	
Current liabilities			
Payables to banks	-	-	
Other financial liabilities	9	719.533.261	II.5.1.
Taxes payable	2.694.264	2.640.685	II.5.2.
Other current liabilities	12.691.385	2.361.195	II.5.3.
- Payables to suppliers	*1.256.799*	*1.208.548*	
- Payables to social security institutions	*226.085*	*217.416*	
- Payables to parent company	*10.810.944*	*501.133*	
- Other payables	*397.557*	*434.098*	
Total current liabilities	**15.385.658**	**724.535.141**	
Total liabilities and shareholders' equity	**4.630.110.991**	**5.564.314.413**	

Income Statement *(Euro units)*

Income Statement items	31/12/2015	31/12/2014	Notes
Revenues of investment operations			
Dividends	13.304.886	39.845.177	III.1.1.
Capital gains on investments	-	71.870.220	III.1.2.
Gains on available-for-sale assets	136.286.493	92.997.801	III.1.3.
Increases in the value of financial instruments	1.594.386	264.412	III.1.4.
Total Revenues	**151.185.765**	**204.977.610**	
Costs of investment operations			
Expenses for investments	(1.043.901)	(1.815.272)	III.1.5.
Capital losses on investments	(33.357.228)	-	III.1.6.
Decrease in the value of financial instruments	-	-	
Total Costs	**(34.401.129)**	**(1.815.272)**	
Result from hedging	**(2.107.979)**	**5.296.704**	III.1.7.
Result from investment operations	**114.676.657**	**208.459.042**	
Financial income	42.286.279	54.933.271	III.2.1.
Financial charges	(1.263.013)	(6.470.080)	III.2.2.
Administrative expenses:	**(13.344.425)**	**(10.848.961)**	III.2.3.
a) personnel costs	*(8.533.793)*	*(7.217.409)*	
b) other administrative expenses	*(4.810.632)*	*(3.631.552)*	
Amortization, depreciation and writedowns of non-current assets	(128.958)	(70.967)	III.2.4.
Writedowns of current receivables and other current assets	-	-	
Result from ordinary operations	**27.549.883**	**37.543.263**	
Other operating income/charges:	(33.441.597)	2.678.798	III.3.
Other income	6.559.937	2.680.506	
Other charges	(40.001.534)	(1.708)	
Pre-tax result	**108.784.943**	**248.681.103**	
Income taxes, current and deferred	1.265.047	764.810	III.4.
PROFIT FOR THE YEAR	**110.049.990**	**249.445.913**	

STATEMENT OF COMPREHENSIVE INCOME *(Euro units)*

	31/12/2015	31/12/2014	
Profit (Loss) for the year	**110.049.990**	**249.445.913**	
Other income components net of taxes without reversals to the income statement	-	-	
Tangible assets	-	-	
Defined-benefits plan	-	-	
Other income components net of taxes with reversals to the income statement	-	-	
Available-for-sale financial assets	(134,412,554)	(171.020.342)	(*)
Cash flow hedges	-	-	
Total other income components net of taxes	(134,412,554)	(171.020.342)	
TOTAL INCOME	**(24.362.564)**	**78.425.571**	

(*) Refers to the change in the valuation reserve relating to investments classified as financial assets available for sale; the reserve in question was zeroed upon completion of the sale of the investments.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN 2015 *(Euro units)*

	Balance at 31/12/2014	Changes to initial balances	Balance at 01/01/2015	Appropriation result previous FY		Changes in the period								
						Equity transactions								
				Reserves	Dividends and other allocations	Payment of shares subscribed and Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Total income at 31/12/2015	Shareholders' Equity at 31/12/2015
Share capital:														
ordinary shares subscribed and paid	4.351.227.430	-	4.351.227.430	-	-	-	-	-	-	-	-	-	-	**4.351.227.430**
Reserves:														
a) of profits	46.363.366	-	46.363.366	12.472.296	-	-	-	-	-	-	-	-	-	**58.835.662**
b) others	52.044.562	-	52.044.562	-	-	-	-	-	-	-	-	-	-	**52.044.562**
Valuation reserves:														
a) available-for-sale	134.412.554	-	134.412.554	-	-	-	-	-	-		-	-	(134,412,554)	**134.412.554**
b) hedging financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
c) other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Profit (Loss) for the year	249.445.913	-	249.445.913	(12.472.296)	(236.973.617)	-	-	-	-	-	-	-	110.049.990	**110.049.990**
Shareholders' equity	**4.833.493.825**	**-**	**4.833.493.825**	**-**	**(236.973.617)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**110.049.990**	**4.706.570.198**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN 2014 *(Euro units)*

	Balance at 31/12/2013	Changes to initial balances	Balance at 1/1/2014	Appropriation result previous FY		Changes in the period								
						Equity transactions								
				Reserves	Dividends and other allocations	Payment of shares subscribed and Changes in reserves	Issue of new shares	Purchase of treasury shares	Extraordinary distribution of dividends	Changes in equity instruments	Derivatives on treasury shares	Stock options	Total income at 31/12/2014	Shareholders' Equity at 31/12/2014
Share capital: ordinary shares subscribed and paid	4.351.227.430	-	4.351.227.430	-	-	-	-	-	-	-	-	-	-	**4.351.227.430**
Reserves:														
a) of profits	15.534.318	-	15.534.318	30.829.048	-	-	-	-	-	-	-	-	-	**46.363.366**
b) others	52.044.562	-	-	-	-	-	-	-	-	-	-	-	-	**52.044.562**
Valuation reserves:														
a) available-for-sale	305.432.896	-	305.432.896	-	-	-	-	-	-	-	-	-	(171.020.342)	**134.412.554**
b) hedging financial flows	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
c) other reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Capital instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Profit (Loss) for the year	65.829.048	-	65.829.048	(30.829.048)	(35.000.000)	-	-	-	-	-	-	-	249.445.913	**249.445.913**
Shareholders' equity	**4.790.068.254**	**-**	**4.738.023.692**	**-**	**(35.000.000)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**78.425.571**	**4.833.493.825**

CASH FLOW STATEMENT (INDIRECT METHOD)

(Euro units)

	31/12/2015	31/12/2014
A. OPERATING ACTIVITIES		
1. Operations	**196.076.853**	**235.352.582**
- profit (loss) for the year (+/-)	110.049.990	249.445.913
- gains/losses on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(1.594.386)	(264.412)
- gains/losses on hedging (-/+)	-	-
- net impairment/reversal of impairment (+/-)	128.958	-
- net impairment/reversal of impairment of tangible and intangible assets (+/-)	33.357.228	70.967
- net impairment/reversal of impairment of equity investments (+/-)	42.079.188	-
- provisions for risks and charges and other costs/revenues (+/-)	(1.265.047)	1.952.521
- unpaid taxes and duties (+)	-	(764.810)
- other adjustments (+/-)	13.320.922	(15.087.597)
2. Cash generated/absorbed by financial assets	**2.072.182.119**	**(900.231.329)**
- current receivables from parent company and banks	876.003.360	(1.318.510.016)
- non-current receivables from parent company and banks	650.000.000	-
- current receivables from investee companies	(3.625.124)	(2.342.595)
- non-current receivables from investee companies	-	-
- available-for-sale assets	546.787.446	559.260.523
- assets at fair value	-	-
- other current assets	2.985.934	11.562.756
- other non-current assets	30.503	(150.201.997)
3. Cash generated/used by financial liabilities	**(725.015.255)**	**668.733.697**
- current payables to parent company and banks	-	-
- non-current payables to parent company and banks	-	-
- payables to investee companies	-	-
- other financial liabilities	(719.533.253)	-
- other current liabilities	(1.853.189)	674.573.477
- other non-current liabilities	(3.628.813)	(5.839.780)
Net cash generated/absorbed by operating activities	**1.543.243.717**	**3.854.950**
B. INVESTING ACTIVITIES		
1. Cash generated by	**-**	**328.129.780**
- sales of equity investments	-	328.129.780
- sales of tangible assets	-	-
- sales of tangible assets	-	-
2. Cash absorbed by	**(41.582.291)**	**(258.643.009)**
- purchases of equity investments	(40.955.630)	(258.558.049)
- purchases of tangible assets	(353.978)	(84.961)
- purchases of intangible assets	(272.683)	1
Net cash generated by/used in investing activities	**(41.582.291)**	**69.486.771**
C. FINANCING ACTIVITIES		
- issues/purchases of equity instruments (payment/reimbursement share capital and reserves)	-	(206.020.342)
- dividend distribution and other	(236.973.617)	-
Net cash generated by/used in financing activities	**(236.973.617)**	**(206.020.342)**
NET CASH GENERATED/ABSORBED IN THE YEAR	**1.264.687.809**	**(132.678.621)**
RECONCILIATION		
Cash and cash equivalents at beginning of the year	**377.615.540**	**510.294.161**
Total net cash generated/absorbed in the year	**1.264.687.809**	**(132.678.621)**
Cash and cash equivalents at year-end	**1.642.303.349**	**377.615.540**

EXPLANATORY NOTES

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INFORMATION ON THE COMPANY

As to the information on the Company, reference is made to the Report on Operations.

FORM AND CONTENT OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements of Fondo Strategico Italiano S.p.A. ("FSI" or the "Company") have been prepared according to International Accounting Standards IAS/IFRS, making use of the right, which is granted under Legislative Decree no. 38 of 28 February 2005, as amended by Decree Law 91/2014 ("Competitiveness Decree"), which extended the possibility to prepare the financial statements in accordance with International Accounting Standards ("IAS/IFRS") to all companies, other than those required to prepare financial statements according to the IAS/IFRS or in abbreviated form pursuant to art. 2435-*bis* of the Civil Code (Legislative Decree 38/2005 art. 4, paragraph 6).

The financial statements include the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of changes in Equity, the Statement of Cash Flows and the Explanatory Notes, and are accompanied by the Directors' Report on Operations.

The financial statements have been prepared with clarity and provides a true and fair view of the equity and financial position and net economic result for the financial year. The financial statements are consistent with the Company's accounting records, which fully reflect the transactions that were implemented in the year.

All the schedules included in the financial statements and the tables in the Explanatory Notes have been prepared in Euro. In the Income Statement revenues have been reported without any sign, while costs are shown in brackets. The rounded-off amount of the items has been obtained by adding the individual rounded-off amounts of the sub-items.

The Explanatory Notes provide, as detailed hereinafter, any and all information required by the IAS/IFRS regulations, as well as any additional information that is considered to be necessary to give a true and fair view of the Company's situation.

AUDIT OF ACCOUNTS

The annual financial statements of FSI are subject to the audit by the independent auditors PricewaterhouseCoopers S.p.A., in execution of the Shareholders' Meeting resolution of 30 April 2014, which appoints such company to perform the audit of the financial statements for the 2014-2016 period.

Management and Coordination by CDP

FSI is owned 77.702% by CDP and is subject to the management and coordination of the latter. The Regulation of the activity of management and coordination was approved by the Board of Directors of CDP at its meeting of 29 February 2012 and subsequently updated.

The Regulation identifies and outlines the subject and method of execution of the management and coordination by CDP, aimed at coordinating the actions and activities carried out by the Company and CDP in view of the Group's interest. In any case, the management and coordination is performed so as not to violate European regulations on state aid and, in particular, the principles set out in the Communication of the European Commission no. 2001/C 235/03, on "State aid and risk capital".

Exemption from Preparation of the Consolidated Financial Statements

The company does not prepare the consolidated financial statements in accordance with IFRS 10, as it falls within one of the cases of exemption provided for in paragraph 4 of IFRS 10. In fact, it is recalled that FSI is controlled by CDP, which drafts the consolidated financial statements, and therefore it is not obliged to prepare the consolidated financial statements.

I – BASIS OF PREPARATION AND ACCOUNTING STANDARDS

I.1. GENERAL INFORMATION

I.1.1. STATEMENT OF COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

These financial statements have been prepared in accordance with IAS/IFRS issued by the IASB (including the SIC and IFRIC interpretations) and endorsed by the European Commission, at the reporting date of the financial statements, also taking account the minimum information required by the Civil Code, if compatible with the standards adopted.

I.1.2. GENERAL BASIS OF PREPARATION

The annual financial statements have been prepared on the basis of the accounting standards issued by the IASB (including SIC and IFRIC) and endorsed by the European Commission, pursuant to the Regulation (EC) no. 1606 of 19 July 2002.

For interpretation and application purposes, the following documents, although not yet endorsed by the European Commission, have been taken into account:

- Framework for the Preparation and Presentation of Financial Statements of the International Accounting Standards Board (issued by the IASB in 2001);
- Implementation Guidance, Basis for Conclusions, IFRIC and any other documents prepared by the IASB or by the IFRIC as an addition to the Accounting Standards issued;
- Interpretations on the application of the IAS/IFRS in Italy, prepared by the Italian Accounting Board (Organismo Italiano di Contabilità, OIC).

If the information required by the International Accounting Standards is not considered to be sufficient to give a true and fair representation, the Explanatory Notes will provide any additional information that is required for this purpose.

In the preparation of the annual financial statements, the accruals principle has been correctly applied, on a Group going-concern basis. The general principles of relevance and significance of the information have also been taken into account, as well as the principle of substance over form.

In terms of the Company's going-concern assumption and compliance with the requirements for the same assumption of IAS 1 revised, FSI has carried out an assessment of the ability to continue as a going concern, taking account of any and all information available in the medium term. From the analysis of such information and on the basis of the results highlighted in previous years, FSI deems appropriate to evaluate the financial statements on a going-concern basis.

Assets and liabilities, revenues and costs have not been offset, unless expressly required or permitted by an accounting standard or by an interpretation.

New accounting standards applicable to the financial statements ended 31 December 2015

As required by IAS 8 (Accounting standards, Changes in Accounting Estimates and Errors) below are the new international accounting standards, or amendments to standards already in force, the application of which became mandatory from 1 January 2015:

- Annual Improvements to IFRSs 2010-2012 and 2011-2013;
- Defined benefit plans: Employee contributions (Amendment IAS 19)

New accounting standards and interpretations already issued and approved by the European Union but not yet in force (date of entry into force as of accounting periods that begin as of 1 January 2016)

Listed below are the new standards and interpretations already issued but not yet effective and therefore not applicable to the financial statements at 31 December 2015 (unless, where permitted, it is decided to adopt them in advance):

- Regulation (EU) 2015/2441 of the Commission of 18 December 2015, published in the Official Journal L 336 of 23 December, adopts Amendments to IAS 27 Separate Financial Statements: Net equity method in the separate financial statements. The amendments are intended to allow entities to apply the equity method, described in IAS 28 Investments in associates and joint ventures, to account for in the respective separate financial statements, investments in subsidiaries, joint ventures and associates.
- Regulation (EU) 2015/2406 of the Commission of 18 December 2015, published in the Official Journal L 333 of 19 December, adopts Amendments to IAS 1 Presentation of the Financial Statements: Disclosure initiative. The amendments aim at improving disclosure effectiveness and to encourage companies to determine with professional judgement information to be reported in the financial statements in the application of IAS 1.

- Regulation (EU) 2015/2343 of the Commission of 15 December 2015, published in the Official Journal L 330 of 16 December, adopts the Annual cycle of improvements to IFRS 2012-2014, in the ordinary context of rationalization and clarification of international accounting standards. The amendments contained in the 2012-2014 improvement cycle are: IFRS 5, IFRS 7, IAS 19, IFRS 34 and IAS 15;
- Regulation (EU) 2015/2231 of the Commission of 2 December 2015, published in the Official Journal L 317 of 3 December, adopts Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: *Clarification on acceptable methods of depreciation.*
- Regulation (EU) 2015/2173 of the Commission of 24 November 2015, published in the Official Journal L 307 of 25 November, adopts Amendments to IFRS 11 Accounting for acquisitions of interests in jointly controlled assets. The amendments provide guidance on accounting of acquisitions of interests in jointly controlled assets constituting a business.
- Regulation (EU) 2015/2113 of the Commission of 23 November 2015, published in the Official Journal L 306 of 24 November, adopts Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: bearer plants. The IASB has decided that plants that are used exclusively for the cultivation of agricultural products over various years, known as bearer plants, should be subject to the same accounting treatment for property, plant and equipment in accordance with IAS 16, as the “operation” is similar to that of manufacturing production.

IFRS with date of entry into force from the administrative periods that will commence after 1 January 2016 but not yet approved by the European Union.

None of the standards outlined below are relevant for the financial statements at 31 December 2015, because their application is subject to approval by the European Union, which has not yet intervened at the date of preparation of these annual financial statements:

- IFRS 14 regulatory deferral accounts;
- IFRS 9, ‘Financial instruments’;
- IFRS 15, ‘Revenue from Contracts with Customers’.
- IFRS 16 Leases
- Amendments to IFRS 10 Consolidated financial statements and IAS 28, Investments in associates and joint ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception (issued on 18 December 2014)
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

I.1.3. EVENTS AFTER THE REPORTING DATE OF THE FINANCIAL STATEMENTS

During the period between the reporting date of these financial statements and their approval by the Board of Directors (18 March 2016), no events occurred which require adjustments to the data approved on said occasion.

We note the finalization between late January and early February 2016 of the investment in Saipem, the investment agreement of which was signed in October 2015. For further information on this transaction, refer to the related paragraph of the Report on Operations.

I.1.4. OTHER ASPECTS

USE OF ACCOUNTING ESTIMATES

The application of the international accounting standards for the preparation of the financial statements requires the Company to make some accounting estimates on certain balance sheet items, which are considered to be reasonable and realistic based on the information available at the time when they are made and which affect the book value of assets and liabilities and the information on potential assets and liabilities as at the reporting date of the financial statements, as well as the amount of revenues and costs in the relevant period. Furthermore, any change in the conditions underlying the judgments, assumptions and estimates adopted may have an impact on the subsequent results.

The only items that are subject to an estimate as at the date of these financial statements are connected to those related to current and deferred taxes, financial liabilities associated with equity investments, in addition to the recoverable amount of investments recorded at cost in order to assess whether there is evidence that the value of investments may be impaired.

I.2. INFORMATION ON THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

The accounting standards adopted in the preparation of the financial statements are described in the following pages.

Assets or liabilities have been classified as “current” when the trading, sale or discharge thereof is expected within twelve months from the reporting date of the financial statements or within the normal operating cycle of the company, if greater than twelve months; all other assets and liabilities have been classified as “non-current”.

PROPERTY, PLANT AND EQUIPMENT

Fixed assets refer to non-current assets intended to be used on a permanent basis in the conduct of the Company’s business.
Property, plant and equipment and any other tangible functional assets are regulated by IAS 16, while investment property (land and buildings) is regulated by IAS 40.
Tangible fixed assets are recognised at their acquisition cost, including additional charges and VAT, and increased by any write-ups made in the application of specific laws.
The financial statements express the accounting value of tangible assets, net of depreciation, which have been calculated on the basis of rates that are considered to be adequate to represent the residual useful life of each asset or value.
Any newly-acquired assets are depreciated starting from the time when they are included in the production process.
Property, lands and buildings are treated as assets that can be separated and, therefore, are considered separately for accounting purposes, even if jointly acquired. Land is considered to have an indefinite life and, therefore, is not depreciated.
Instead, buildings are depreciated over a period of 33 years, which is considered to be representative of the useful life of such buildings.
Any assets that are considered to be capital goods, either because of their destination or because of their nature, are depreciated in every financial year on a straight-line basis with reference to their residual possible use.
Maintenance and repair costs that do not lead to an increase in the use and/or in the useful life of the assets are recognised in the income statement for the financial year.
The “Fixed assets under construction and advances” are made up of advances or costs incurred for fixed assets and materials not yet completed, or waiting to be tested, which therefore have not yet been included in the production cycle of the company and for this reasons the depreciation is suspended.

LEASED ASSETS

Leased assets, when the transaction has a financial purpose, are recorded in the financial statements of the user; the financial purpose is assumed when the contract substantially transfers to the lessee the most of the risks and rewards pertaining to the assets under the lease; it is also assumed when, at the time of the execution of the contract, it is expected that the actual value of the asset at the moment of the exercise of the redemption will be considerably higher than the redemption price.
This item includes any assets that are the object of finance leases (for the lessees) and operating leases (for the lessors), as well as any improvements and costs incurred to increase the value of third-party assets. In order to determine whether a contract contains a lease, reference is made to the IFRIC 4 interpretation.

INTANGIBLE ASSETS

Intangible assets include industrial patents and rights of use of intellectual property, concessions, licenses, trademarks and similar rights, as well as development costs.
"Intangible assets" for IAS purposes are regulated by IAS 38.
Intangible assets are recognised at their acquisition or production cost, including any additional charges and are amortised for the period of their expected future use that, at the closing date of each financial year, is assessed for the purpose of verifying the fairness of the estimate.
An intangible asset is reported under balance sheet assets only where it is established that:

a) the company is able to control any future economic benefits resulting from such asset;
b) future economic benefits attributable to the asset in question will probably flow to the company;
c) the cost of the asset can be assessed reliably.

Therefore, intangible assets are derecognized from the Balance Sheet when no future profits are expected or at the time of their transfer.
Any costs incurred for the purchase and production of software by third parties are amortised, usually on a straight-line basis, with reference to their residual possible use, which may not exceed five years.
Any costs incurred for the development of software, prior to the financial year when the project is completed, are capitalised when a positive outcome is expected from the development/implementation of the project and the use of the products being completed extends over a period of several years. In such case, the costs are amortised over a maximum period of five financial years. During the financial year in which the software is completed, any costs incurred and not yet amortised are attributed to the asset, and the relevant cost is amortised over a period of five financial years.

“Fixed assets under development and advances” include advances or costs incurred for intangible assets not yet completed, or waiting to be tested prior to their production, which therefore have not yet been included in the production cycle of the Company and for this reasons the amortization thereof is suspended.

EQUITY INVESTMENTS

“Equity investments” include interest in other companies, whether or not represented by securities, which give rise to a relationship of control or connection or to a joint venture; non-current securities and shareholdings that cannot be classified as equity investments are financial instruments and are entered under “Financial Assets”.
Therefore, “Equity investments” means investments in subsidiaries (IAS 27/IFRS 10), in companies subject to joint control (IFRS 11), as well as those in companies subject to a significant influence (IAS 28), other than those included under “Financial assets”.
Subsidiaries are those companies in which more than half of the voting rights at a Shareholders’ Meeting is held directly or indirectly, with the aim of the appointing the Directors, or, in any case, regardless of the foregoing, when the power is exercised to determine the financial and management policies. Joint controlled companies are those companies where control is shared with other parties as per contract. Associated companies are those companies in which at least 20% of the voting rights is held, either directly or indirectly, or in which, although with a lower share of voting rights, a significant influence exists, which is defined as the power to participate in the determination of the financial and management policies, without retaining control or joint control. Any other shareholdings are recognised under “Financial assets”.
The initial recognition and subsequent evaluation of investments in subsidiaries, in compliance with the provisions of IAS 27 paragraph 10, is at cost at the settlement date, including the fair value valuation of any optional components (ex: earn out, put-call clauses, etc.) present in investment agreements.
Investments in associates and joint ventures are initially recorded at cost and the carrying amount is increased or decreased to reflect the share of the investor of the profits or losses of the investee after the acquisition date. The share of the net income of the subsidiary of the investor is recognized in the Income Statement of the latter. The equity method is not applied when making use of the exemptions provided for by the accounting standards.
Where there is evidence that the value of an equity investment might have been impaired, the recoverable value of the equity investment is estimated. If such value is less than the book value, the difference is recognized through the Income Statement as an impairment loss. This loss is recognised only where there is a persistent or considerable reduction in

value. The impairment, on equity investments listed on active markets and except for further and specifically grounded reasons, is carried out where such impairment is considered to be significant or permanent.
In case of absence of market values and valuation models, the value of the interest is prudentially adjusted for the loss resulting from the financial statements of the participated company, if such value is considered a reliable indicator of a permanent impairment loss.
Equity investments are taken out from the balance sheet assets when contractual rights to the cash flows arising from such assets expire or when all related risks and rewards are substantially transferred along with the transfer of the financial asset.

FINANCIAL ASSETS

Financial assets consist of:
1. Receivables;
2. Financial assets held for trading;
3. Available-for-sale financial assets;
4. Financial assets held to maturity.

1) RECEIVABLES

Financial instruments, including debt securities, that are not listed in active markets and that are classified as “loans and receivables” according to IAS 39, and in relation to which there is a right to future cash flows, are recognised under “Financial receivables and others”.
Receivables are recognised in the financial statements upon execution of the contract and, thus, with the unconditional acquisition of a right to the payment of the agreed amounts, and are initially accounted for at their fair value, which corresponds to the amount paid, including any directly-attributable transaction costs and fees. In the event that the net amount paid does not correspond to its fair value, due to the lower interest rate applied compared to relevant market rates or to rates which are normally applied to loans with similar features, the initial recognition is made by discounting future cash flows using the appropriate rate.
Interest on receivables and overdue interests are recognised under interest income and similar income and are accounted on an accruals basis.
The book value of receivables is periodically tested for impairment, which could give rise to a reduction in the presumed realization value of such receivable.
Impairments of receivables are determined by discounting the expected financial on capital and interest flows, net of any costs of recovery, taking account any guarantees that support the holdings and the advances received (if any); for the purpose of determining the current

value of the flows, the key elements are the identification of the estimated recovery values, the related timing and the rate of discount to be applied.
The write-down against doubtful loans is subsequently subject to a value write-back only when the credit quality is improved so that there is reasonably certainty that a greater amount of capital and interests will be recovered and/or in presence of amounts collected greater than the value of the receivable accounted in previous financial statements. In any case, in light of the method used for determining impairments, the approaching deadlines for debt collection due to the lapse of time give rise to a "value write-back" of such receivable, since it determines a reduction in the implicit financial costs recognized as a reduction in receivables.
Any recovery, in whole or in part, of receivables previously written-down is recognized as a reduction in the item "Increases in the value of financial instruments".
The items are derecognised from the accounts when the receivable is either collected, transferred together with the relevant risks and rewards, or considered to be definitively not recoverable. Receivables also include unlisted financial assets towards clients (mortgages, debt securities, operating loans etc.).

2) FINANCIAL ASSETS HELD FOR TRADING

"Financial assets held for trading" include all financial assets, regardless of their technical form (debt securities, equity instruments, loans, derivatives etc.) allocated to the trading portfolio, which are held with the intention of generating profits in the short term following fluctuations in the price of such instruments, as well as derivative contracts which are related to financial liabilities measured at fair value (fair value option) and derivatives with a positive value, even if resulting from the separation of implicit derivatives, which are not part of effective hedging relationships.
Financial assets held for trading must meet the following requirements:

a) they must be acquired for the purpose of being resold in the short term;
b) they must be part of a portfolio of specific financial instruments which are jointly managed and for which there is evidence of a recent and actual achievement of profits in the short term;
c) they are derivative products (except for the derivatives that have been acquired for risk hedging purposes and are designated as effective hedging instruments).

The initial recognition of financial assets is made at fair value, which generally corresponds to the price paid or collected, net of any transactions costs or proceeds. In the event that such price is different from the fair value, the financial asset is in any case recognized at its fair value, whilst the difference between the two figures is recognized through the income statement. The initial recognition is made on the execution date for derivative contracts and on the settlement date for debt and equity instruments, except for those whose delivery is regulated on the basis of specific arrangements in the relevant market, for which the first recognition is made on the settlement date.

Financial assets held for trading also include derivative contracts embedded in financial instruments or in other types of contracts, which have economic features and risks that are not related to the host instrument or which meet the requirements to be qualified as derivative contracts, recognising them separately, following the separation of the implicit derivative, from the primary contract that applies the accounting rules of its own category of classification. This procedure is not adopted when the complex instrument containing them is measured at fair value through the income statement.

The valuation following the initial recognition is made at the fair value determined based on the official prices as at the balance sheet date, if the financial instruments are listed on active markets. The fair value of financial instruments, including equity instruments, that are not listed on active markets is determined on the basis of valuation techniques and data available on the market, such as prices of similar instruments on active markets, discounted cash flows, option pricing models and values reported in recent comparable transactions. Equity instruments and related derivative instruments, whose fair value derived on the basis of technical valuations cannot considered reliable, are valued at cost and impaired on the basis of any loss.

If the fair value of a financial asset becomes negative, such asset is accounted for as a financial liability held for trading.

Financial assets held for trading are cancelled from the balance sheet once collected or once the contractual rights related to the financial flows have expired or in the event of assignments to third parties of all the risks and rewards attached to the ownership of the transferred asset. On the other hand, if a relevant portion of the risks and rewards attached to the financial assets transferred has been retained, the assets will continue to be recognised in the financial statements, even though it has been actually legally transferred.

3) AVAILABLE-FOR-SALE FINANCIAL ASSETS

"Available-for-sale financial assets" are non-derivative financial assets (debt securities, equity instruments, etc.) that are classified in the available-for-sale portfolio and that are not classified as (a) loans and receivables, (b) investments held to maturity or (c) financial assets at fair value through the income statement.

The initial recognition of available-for-sale financial assets is made on the trading date for all financial assets, except for those whose delivery is regulated on the basis of arrangements in

the relevant market, for which the first recognition is made on the settlement date or, in case of receivables, on the payment date.
The initial recognition of the financial assets is made at fair value, which generally corresponds to the price paid or collected, net of any transactions costs or proceeds. In the event that such price is different from the fair value, the financial asset is in any case recognized at its fair value, whilst the difference between the two figures is recognized through the income statement.
Any unrealised profits or losses on available-for-sale securities are recognized under a specific equity reserve, net of related tax effects, up to the moment when the investment will be disposed of or written-down.
The valuation following the initial recognition is made at the fair value determined based on the official prices as at the balance sheet date, if the financial instruments are listed on active markets. For the financial instruments, including equity instruments, that are not listed on active markets, the fair value is determined by valuation techniques and data available on the market, such as prices of similar instruments on active markets, discounted cash flows, option pricing models, values reported in recent comparable transactions. If the fair value of financial instruments that are not listed in active markets cannot be determined in a reliable manner, such instruments are valued at cost and impaired in case of losses.
Available-for-sale financial assets are subject to tests aimed at identifying any objective evidence of impairment losses. In the event that the fair value of an available-for-sale financial asset is significantly or permanently below its initial cost, the loss in value is recognised through income statement, regardless of any further considerations on valuation. For this purpose, the “significance” and the “permanent nature” of the reduction in the fair value are measured separately through the definition of appropriate relevance thresholds.
In the event that an available-for-sale security suffers a loss in value, the loss accrued and not realised, which until that moment was recorded under shareholders’ equity, is recognised in the Income Statement. The loss in value is accounted for when the acquisition cost (net of any capital repayment and amortization and depreciation) of an available-for-sale financial asset exceeds its recoverable value. For shares, the amount of the loss is measured through specific methods and valuation models. Any reversal of impairment on investments in shares are not recognised through Income Statement, but under equity, whereas any reversal of impairment on investments in debt instruments are recognized through the Income Statement. The amount of the write-back may never exceed the amortised cost which would have been applied to the instrument in absence of previous adjustments.
Dividends on an available-for-sale equity instruments are recognised through the Income

Statement when the right arises in relation to their payment.
Other than for the recognition of an impairment loss, any profits or losses under the equity reserve are recognised, as detailed above, through the Income Statement at the moment of the sale of the asset and, thus, in the event of a possible disposal of an investment in available-for-sale securities, the relevant change in value cumulated but unrealized and entered under equity, will be recognised through the Income Statement.
Available-for-sale financial assets are cancelled from the Balance Sheet upon collection or when the contractual rights related to the financial flows have expired or in the event of assignments to third parties which transfer all the risks and rewards attached to the ownership of the transferred asset. On the other hand, if a relevant portion of the risks and rewards attached to the financial assets transferred has been retained, the assets will continue to be recognised in the financial statements, even though it has been actually legally transferred.

4) FINANCIAL ASSETS HELD TO MATURITY

"Financial assets held to maturity" include financial assets, other than derivatives, that are characterised by fixed or foreseeable contractual payments and a fixed maturity, for which there is a real intention and capacity to hold the asset until its maturity.
If, following a change in such intentions or capacity, it is no longer appropriate to keep an investment as "held to maturity", such investment will be reclassified to financial assets available for sale.
The initial recognition is made at fair value, which normally is equal to the price received or paid. In the event that such price is different from the fair value, the financial asset is recognized at its fair value, whilst the difference between the price and the fair value is recognized through the income statement.
The value of the first recognition includes costs and income related to the transaction.
After the initial recognition, financial assets held to maturity are valued at amortised cost and tested for impairment losses. The amortised cost of a financial asset is equal to the initial book value, net of capital repayments, as increased or decreased by the overall amortization, made by applying the effective interest rate method on any difference between the initial value and the value at maturity, and with the deduction of any reduction in value (made directly or through the use of provisions) following an impairment loss or in case such value cannot be recovered. Financial assets are derecognized when the contractual rights to the cash flows related to the assets expire or when the financial asset is sold and any risks and rewards attached to it are substantially transferred.

CURRENT AND DEFERRED TAXES

Corporate income tax and the local tax on production activities are recognised based on a realistic estimate of the negative and positive components pertaining to the financial year, and have been determined based on their respective applicable rates of 27.5% as regards IRES tax and 5.57% as regards IRAP tax.

In particular, with regard to IRES, after adhering to the National Fiscal Consolidation of the CDP Group, renewed during the year for the three-year period 2015-2017, and in compliance with both the tax consolidation agreement and the prevailing doctrine and practices, the Company proceeded to the determination of its tax “potential” charge by detecting the corresponding equity balancing entry with respect to the consolidating Company that, according to the aforementioned institution, is solely obliged to regulate the relationship with the Tax Authorities.

The term “deferred” taxation refers to the accounting recognition, in terms of taxes, of the effects resulting from the different valuation, on a temporary and not permanent basis, of the accounting items as provided for in the tax legislation, which aims at determining the taxable income, compared to that provided according to civil law, which aims at quantifying the result for the financial year.

Specifically, any differences between statutory values and tax values, which will correspond to the taxable amount in future tax periods, are qualified as “taxable temporary differences”, whereas those that will give rise to deductible amounts in future financial years are classified as “deductible temporary differences”.

Deferred tax assets/liabilities are classified as non-current assets/liabilities pursuant to IAS 1.56.

Therefore, deferred taxes are represented in the accounts under non-current liabilities as “Deferred tax liabilities”, when they are made up of liabilities, or are related to Income Statement items that will become taxable in future tax periods, whereas they are entered under non-current assets in the Balance Sheet as “Deferred tax assets”, when they refer to items that will be deductible in future tax periods.

“Deferred” taxation, if referred to transactions that affect the shareholders’ equity, is recognised under equity.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are intended only to cover liabilities which can be determined, the existence of which is certain or likely, but for which the amount or the date of occurrence cannot be determined at the end of the financial year.
Therefore, a provision is recognised under "Provisions for risks and charges" only in the case of:

a) a present (legal or implicit) obligation resulting from an event that occurred in the past;
b) the probability/expectation that a cost will be required in order to fulfil such obligation, (i.e. the use of resources capable of producing economic benefits);
c) the possibility of making a reliable estimate of the amount of the obligation.

The provision, when the financial effect related to the time factor is material and the payment dates of the obligations can be estimated reliably, is represented by the current value (at the interest rates applicable as at the reporting date of the financial statements) of the costs that are expected to be incurred to discharge the obligation.
FSI has no "pension funds and similar obligations", whereas the item "other provisions" includes provisions for risks and charges provisioned in accordance with the International Accounting Standards. The provisions are used only against the charges for which they were originally recognised. Should the cost for fulfilling the obligation be no longer considered likely, the provision is reversed through the income statement.

STAFF SEVERANCE AND RETIREMENT

The retirement allowance (TFR, Trattamento di Fine Rapporto) covers the entire liability accrued to employees at the end of the financial year, in compliance with the provisions of law (under article 2120 of the Civil Code) and with applicable labour agreements. Pursuant to IAS 19, the TFR represents a "Employee defined benefit plan" and, thus, would entail the recognition of such liability to the employees through the current value of the future payments expected in relation to the benefits accrued in the current financial year and of the current value of future payments resulting from the benefits accrued in previous financial years.
However, it is noted that the provision for employee termination indemnity of FSI is of a small amount, and the number of employees still limited and that, therefore, the effects of the application of IAS 19 would not be significant.

OTHER NON-CURRENT FINANCIAL LIABILITIES (HELD FOR TRADING)

Such financial instruments are recognised on the subscription date or on the issue date, at a value equal to the cost corresponding to the fair value of the instrument, without considering any transaction costs or proceeds directly attributable to such instruments.
In particular, this category of liabilities includes the negative value of derivative trading contracts, as well as the negative value of the implicit derivatives embedded in complex contracts, but not strictly connected thereto.
All liabilities held for trading are measured at fair value and the result of such valuation is recognised through the income statement.
Financial liabilities held for trading are cancelled from the Balance Sheet when the contractual rights to the related financial flows expire, or when the financial liability is disposed and all risks and rewards resulting from the ownership thereof are substantially transferred.

CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" are measured at fair value. Liquidity is made up of the cash available at the company with banks and with the parent company CDP against the execution of a deposit agreement, with returns in line with market conditions.
The cash available is increased by the interest accrued on it, even though not yet paid.

INTEREST INCOME AND EXPENSE

Interest income and expense are recognised through the Income Statement for all instruments based on the amortised cost, according to the effective interest rate method.

DIVIDENDS

Dividends are recognised through the Income Statement in the financial year when the resolution for their distribution is passed.

TRANSACTIONS WITH RELATED PARTIES

The financial statements provide information concerning transactions with related parties identified according to the criteria defined pursuant to IAS 24.

PROCEDURES FOR DETERMINING FAIR VALUE CRITERIA

Fair value represents the amount at which an asset (or a liability) may be exchanged in a hypothetical transaction between unrelated parties with a reasonable degree of knowledge of market conditions and relevant facts connected to the subject matter of the trading.

An essential factor for the definition of fair value is that the entity must be in regular operating conditions and must not have any urgency to liquidate a position or reduce it to a significant extent. The fair value of an instrument reflects, amongst other factors, the credit quality of the instrument itself since it incorporates the risk of default of the counterparty or of the issuer.

For financial instruments, the fair value is determined through three possible procedures:

- in the case of instruments listed on active markets, the prices available in the financial markets are applied (Level 1);
- in the case of instruments which are not listed on active markets, valuation techniques are applied, whenever possible, that take as reference certain parameters available on the market, other than the prices of the financial instrument, but connected to its fair value through non-arbitrage relations (Level 2);
- in any other case, by applying internal valuation models that also contemplate, amongst the inputs, some parameters which may not be found on the market, and thus inevitably subject to a certain degree of subjectivity (Level 3).

A market is considered as active when the prices are promptly and regularly available through regulated markets, organised trading systems, brokers, intermediaries, listing services, etc., and if such prices may reasonably be considered as representative of effective and regular market transactions carried out around the valuation date.

In the case of financial instruments that are not listed on active markets, the Level 2 valuation requires the use of valuation models that process the market parameters at different levels of complexity. By way of example and not as a limitation, the valuation models applied may provide for, in addition to interpolations and extrapolations, the identification of stochastic processes representative of the market dynamics and the application of simulations or other numerical techniques in order to obtain the fair value of the instruments being valued.
In selecting the valuation models applied for the Level 2 valuations, FSI takes the following considerations into account:

- a simpler valuation model is preferred to a more complex one, all other conditions being equal and provided it represents all the main features of the product, allowing a reasonable alignment with the practices and results of other players in the sector;

- a valuation model is consistently applied in time to uniform categories of instruments, unless where there are objective reasons for its replacement;
- all other conditions being equal, priority is given to standard models whose mathematical structure and implementation procedures are well known in the literature.

The identification of the input market parameters for Level 2 valuations is made on the basis of non-arbitrage or comparability relations that define the fair value of the financial instrument being measured as the relative fair value compared to that of financial instruments listed on active markets.

In some cases, the determination of the fair value requests the use of valuation models that require parameters which cannot be inferred directly from quantities available on the market, statistical or “export based” estimates by the person performing the valuation (Level 3).

Also in the case of Level 3 valuations, a valuation model is consistently applied over time to uniform categories of instruments, save where there are objective reasons for its replacement. Likewise, the parameters which cannot be directly inferred by quantities obtainable on the market are applied according to temporal continuity.

II – INFORMATION ON THE BALANCE SHEET

II.1. NON-CURRENT ASSETS

II.1.1. PROPERTY, PLANT AND EQUIPMENT

The item includes the balance, net of accumulated depreciation, of tangible assets at 31 December 2015. The change in the balance between 31 December 2014 and 31 December 2015 is attributable to the increases recorded in electronic systems and other fixed assets.

PROPERTY, PLANT AND EQUIPMENT: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Electronic equipment	339.430	236.576
b) Other assets	186.223	43.045
c) Furniture	14.976	5.586
Total	**540.629**	**285.207**

TANGIBLE ASSETS FOR FUNCTIONAL USE: COMPOSITION OF ASSETS AT COST

(Euro units)

Assets/values	31/12/2015	31/12/2014
1. Property assets	**540.629**	**285.207**
a) land	-	-
b) buildings	-	-
c) furnishings	14.976	5.586
d) electronic equipment	339.430	236.576
e) other	186.223	43.045
2 Assets acquired under finance leases	-	-
Total	**540.629**	**285.207**

TANGIBLE ASSETS: ANNUAL CHANGES *(Euro units)*

	Furniture	Electronic equipment	Others	Total
A. Gross opening balance	**5.947**	**300.042**	**53.391**	**359.380**
A.1 Total net write-downs	(361)	(63.466)	(10.346)	(74.173)
A.2 Net opening balance	**5.586**	**236.576**	**43.045**	**285.207**
B. Increases:	**10.436**	**172.764**	**170.779**	**353.979**
B.1 Acquisitions	10.436	172.558	170.778	353.772
B.2 Capitalised improvement costs	-	-	-	-
B.3 Reversal of impairment	-	-	-	-
B.4 Increases in fair value recognized in:	-	-	-	-
a) shareholders' equity	-	-	-	-
b) income statement	-	-	-	-
B.5 Positive exchange differences	-	-	-	-
B.6 Reclassified from investment property	-	-	-	-
B.7 Other changes	-	206	1	-
C. Decreases:	**1.046**	**69.910**	**27.601**	**98.557**
C.1 Disposals	-	-	-	-
C.2 Depreciation	1.046	69.910	27.601	98.557
C.3 Impairment recognized in:	-	-	-	-
a) shareholders' equity	-	-	-	-
b) income statement	-	-	-	-
C.4 Decreases in fair value recognized in:	-	-	-	-
a) shareholders' equity	-	-	-	-
b) income statement	-	-	-	-
C.5 Negative exchange differences	-	-	-	-
C.6 Reclassified to:	-	-	-	-
a) tangible assets held for investment	-	-	-	-
b) assets held for sale	-	-	-	-
C.7 Other changes	-	-	-	-
D. Net closing balance	**14.976**	**339.430**	**186.223**	**540.629**
D.1 Total net write-downs	(1.407)	(63.466)	(37.947)	(102.820)
D.2 Gross closing balance	**16.383**	**402.896**	**224.170**	**643.449**
E. Measured at cost	-	-	-	-

II.1.2. INTANGIBLE ASSETS

The item includes the balance, net of related depreciation, software licenses and the capitalization of the project related to the implementation of the new investment management program.

INTANGIBLE ASSETS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Software licenses	58.182	15.782
Other intangible assets	199.881	-
Total	**258.063**	**15.782**

INTANGIBLE ASSETS: ANNUAL CHANGES *(Euro units)*

	31/12/2015	31/12/2014
A. Opening balance	**21.273**	**21.273**
A.1 Total net write-downs	(5.491)	(675)
A.2 Net opening balance	**15.782**	**20.598**
B. Increases	**272.683**	**-**
B.1 Acquisitions	272.683	-
C. Decreases	**30.402**	**4.816**
C.1 Disposals	-	-
C.2 Value adjustments	30.402	4.816
- Depreciation and amortization	30.402	4.816
D. Net closing balance	**258.063**	**15.782**
D.1 Total net write-downs	(35.893)	(5.491)
E. Gross closing balance	**293.956**	**21.273**
F. Measured at cost	-	-

II.1.3. EQUITY INVESTMENTS

The item “Equity investments” includes shareholdings in other companies, whether represented or not by securities and that give rise to a relationship of control or association or a joint venture.

It is recognized that in the case of equity investments held by FSI, the exemption applies related to the application of the equity method under IAS 28R § 17. The initial and subsequent recognition is therefore carried at cost, net of any write-downs, in line with accounting standards.

The following is the breakdown of the investments held by FSI at 31 December 2015.

BREAKDOWN OF EQUITY INVESTMENTS

Company Name	Registered office	Type of relation	Shareholding %
1. FSI Investimenti	Milan	Subsidiary	100,00%
2. Rocco Forte Hotels	London	Connection	11,50%
3. Trevi Finanziaria Industriale	Cesena	Connection	8,43%
4. Ansaldo Energia	Genoa	Joint Control	0,29%

EQUITY INVESTMENTS: BREAKDOWN *(Euro units)*

Company Name	31/12/2015	31/12/2014
1. FSI Investimenti	1.137.175.940	1.137.175.941
2. Rocco Forte Hotels	41.747.843	-
3. Trevi Finanziaria Industriale	19.016.502	52.373.730
4. Ansaldo Energia	2.233.879	2.233.879
Total	**1.200.174.164**	**1.191.783.550**

The table below shows the changes in the item “Equity investments” recorded in 2015:

EQUITY INVESTMENTS: ANNUAL CHANGES *(Euro units)*

	31/12/2015	31/12/2014
A. Opening balance	**1.191.783.550**	**1.146.552.869**
B. Increases	**41.747.842**	**1.397.683.550**
B.1 Acquisitions	40.955.631	260.507.609
B.2 Reversal of impairment	-	-
B.3 Write-ups	-	-
B.4 Other changes	792.211	1.137.175.940
C. Decreases	**33.357.228**	**1.352.452.869**
C.1 Disposals	-	328.129.780
C.2 Value adjustments	33.357.228	-
C.3 Other changes	-	1.024.323.089
D. Closing balance	**1.200.174.164**	**1.191.783.550**
E. Total write-ups	-	-
F. Total adjustments	33.357.228	-

In 2015, the item “Equity investments” increased for the acquisition of the shareholding of 11.5% in Rocco Forte Hotels Limited (“Rocco Forte Hotels”) and decreased as a result of the value adjustment made to the shareholding in Trevi (as represented below).

BREAKDOWN OF EQUITY INVESTMENTS

FSI Investimenti S.p.A.

FSI Investimenti was established on 20 June 2014 by FSI, by payment to the establishment of Euro 120,000.

FSI Investimenti is a co-investment company in the form of joint-stock company, open to the entry of other co-investors for the joint realization of investments, without prejudice to the controlling right of FSI over FSI Investimenti.

On 30 June 2014, (effective as of 03 July 2014), following the agreement announced at the beginning of 2014, Kuwait Investment Authority ("KIA") entered FSI Investimenti with a share of about 23%, as part of a conferment transaction of FSI in FSI Investimenti of certain investments held and the simultaneous cash payment by KIA. In detail, as part of this transaction:

- FSI conferred (in continuity of book values) to FSI Investimenti the investments and securities held in Kedrion Group S.p.A. ("Kedrion Group"), Metroweb Italia S.p.A. ("Metroweb Italia"), IQ Made in Italy Investment Company ("IQ"), Valvitalia Finanziaria S.p.A. ("Valvitalia") and FSIA Investimenti ("FSIA") and a part of the investment held in Ansaldo Energia S.p.A. ("Ansaldo Energia") - corresponding to 44.55% of the same - for an overall assessment of Euro 1,185 million (taking into account the liabilities connected the optional components of the investments in Ansaldo Energia and Kedrion Group, which were fully conferred in FSI Investimenti). The assessment was carried out by Ernst&Young Financial Business Advisor ("E&Y"), independent expert appointed by the Board of Directors of FSI, for the purpose of the provisions of article 2343-*ter*, paragraph II, lett. b) of the Civil Code; In this context, Equita SIM has issued a fairness opinion on the assessment formulated by the independent expert E&Y.
- FSI signed a commitment to a further payment of up to Euro 500 million;
- KIA signed a commitment of up to Euro 500 million, of which approximately Euro 352 million already paid in FSI Investimenti.

Under the existing agreements between FSI and KIA, FSI Investimenti performs its own scouting of the market and monitoring of possible targets through the structures, relevant functions and related resources of the controlling shareholder, FSI. However, as part of these activities, FSI Investimenti does not take into account possible investment opportunities related to the sectors statutorily excluded from the Company's investment scope, i.e. the following sectors: (i) betting and gambling; and (ii) production and distribution of spirits, liqueurs and alcoholic beverages.

Following the conferment, FSI Investimenti: (i) acquired 8.4% of Trevi Finanziaria Industriale S.p.A. ("Trevi") in November 2014; (ii) acquired 11.5% of Rocco Forte Hotels in March 2015; (iii) capitalized the subsidiary FSIA (between December 2014 and January 2015) for a total of approximately Euro 18 million, for the payment of part of the amount (to be paid at closing) due for the acquisition of an additional 7.64% of SIA.

Therefore, at 31 December 2015, FSI Investimenti held the following investments: (i) 100% of FSIA; (ii) 50% of IQ; (iii) 46.17% of Metroweb Italia; (iv) 44.55% of Ansaldo Energia; (v) 25.06% of Kedrion; (vi) 8.43% of Trevi; (vii) 0.5% of Valvitalia, in addition to the convertible bond ("POC") in a further 49% of the company.

FSI Investimenti is subject to the management and coordination of FSI, in order to coordinate actions and activities undertaken by the Company and FSI as a Group.

It is noted that at the reporting date, there were no impairment indicators on the investment and therefore the same was maintained at the initial carrying value.

Rocco Forte Hotels

In March 2015, FSI and FSI Investimenti finalized the investment in capital increase in 23% (11.5% each) of the share capital of the hotel company Rocco Forte Hotels, with a total expenditure of GBP 60 million (equal to about Euro 82 million).

The rights entitled to FSI under the shareholders' agreements and investment agreements in force allow exercising active governance at the company, typical of the investments of FSI. Under IAS 28, taking into account the analysis performed pursuant to IFRS 10, 11 and 12, for FSI, this investment qualifies as an associated investment.

The partnership with the Rocco Forte Hotels Group is the first concrete step in the development of the tourism sector in Italy by FSI. Tourism is a strategic sector for Italy: according to the World Travel and Tourism Council, in 2013 the sector provided a direct contribution to Italian GDP of 4.2% and a total contribution of 10.3%, directly employing 1.1 million workers that rise to 2.6 million also considering the industry.

The Rocco Forte Hotels Group is the third largest operator in Italy by number of rooms in the luxury segment and a leading operator in Europe. Italy, where Rocco Forte Hotels is present in Rome, Florence and Sicily, is the leading country in terms of turnover, representing more than 30% of total Group revenues. Employees in the country are a quarter of the total, equal to approximately 600 employees out of a total of about 2,300 internationally. The company manages a total of 11 hotels in Italy, the United Kingdom, Germany, Belgium and Russia, providing high-quality service to customers mainly from abroad, particularly from the USA, the Middle East, South America and China.

It is noted that at the reporting date, there were no impairment indicators on the investment and therefore the same was maintained at the initial carrying value.

Trevi Finanziaria Industriale S.p.A.

The Trevi Group is the international leader in the manufacturing of machinery and services for the foundations and oil exploration sectors. Trevi represents a leading Italian company in the world: in recent years, the Group companies have realized significant infrastructure projects such as dams, subways and ports, as well as highly complex engineering structures such as the foundations of the New World Trade Centre and the consolidation of the foundations of the Tower of Pisa. Customers of the Oil & Gas division include Saipem and Exxon Mobil. The Trevi Group was established in Cesena in 1957 and the parent company, Trevi, has been listed on the MTA (electronic stock market) of the Italian Stock Exchange since 1999.

FSI and FSI Investimenti invested a total of Euro 100.6 million, divided equally, each for the purchase of 13,884,673 Trevi ordinary shares, equal to 8.426% of the share capital, for a total of 27,769,346 Trevi ordinary shares, representing 16.852% of the total share capital.

It is noted that the parties signed a three-year shareholders' agreement with automatic renewal for a further two years, which establishes obligations of prior consultation for the exercise of voting rights on certain matters and that envisages limits on the transfer of Trevi shares. In accordance with IAS 28, taking into account the analysis conducted pursuant to IFRS 10,11 and 12 and on the basis of existing contracts and shareholders' agreements, this investment qualifies for FSI as an associated investment.

The investment of FSI, made entirely in capital increase, is aimed at achieving an organic growth plan and through acquisitions in the two sectors in which the company operates, i.e. foundations and oil & gas. In addition, the strengthening of the group's capital structure aims to generate substantial business benefits in the assignment of large tender contracts for the Trevi division and the Drillmec division.

Value adjustment

In 2015, the market price of the Trevi stock decreased, thus leading it to reach levels significantly lower than the carrying value recorded at the acquisition date and reported in the financial statements at 31 December 2014.

In the presence of said impairment indicator, FSI has taken steps to determine the recoverable value of Trevi (in accordance with §18 of IAS 36 and FSI internal policies), both in the preparation of the half-year report at 30 June 2015, and the preparation of the annual financial statements at 31 December 2015.

In particular, at 30 June 2015, the recoverable value was identified on the basis of the fair value of Trevi made by the independent expert, for a total of Euro 76,284 thousand for 16.852% of the company, corresponding to Euro 38,142 thousand for 8.426% pertaining to FSI Investimenti, value equal to the average stock market prices recorded in the first half of 2015. In the preparation of the half-year report, FSI Investimenti had thus made a value adjustment on the investment held in Trevi of Euro 14,232 thousand.

As done to determine the fair value at 30 June 2015, the same was done at 31 December 2015; at said date, the fair value of Trevi identified by the independent expert amounted to a total of Euro 38,142 thousand for 16.852% of the company (Euro 19,017 thousand for 8.426% pertaining to FSI), value equal to the average stock market prices recorded in the second half of 2015. FSI therefore proceeded to make a value adjustment on the investment held in Trevi for additional Euro 19,125 thousand.

Therefore, in 2015, FSI adjusted the value of its investment in Trevi for a total of Euro 33,357 thousand in order to align the carrying value to the recoverable amount.

Ansaldo Energia S.p.A.

Ansaldo Energia develops and manufactures gas turbines, provides turnkey gas central heating systems and services for the maintenance of the facilities. It is also active in the nuclear sector, in particular following the acquisition of Nuclear Engineering Services. Gas turbines represent a product based on a high level of technology that, in addition to Italy, only four other nations in the world have (Germany, USA, France and Japan).

The company, with about 3,300 employees (of which about 3,000 in Italy) is the chain leader of value-added mechanics for energy, a sector in which Italy has significant niche excellence. Ansaldo Energia is recognized worldwide having participated in the installation of more than 196 GW of capacity in 1,800 projects in 90 countries and each year purchases components from Italians suppliers for a value of about Euro 500 million, from which employment of about 10,000 people in the industry is estimated for more than Euro 300 million of salaries.

The investment in Ansaldo Energia was acquired in two phases.

On 23 December 2013, FSI acquired 84.55% of the company (equal to the entire stake held by First Reserve Fund (45.0%) and 39.55% owned by Finmeccanica), for a total outlay of approximately Euro 657 million. FSI also has committed to acquire by 2017 the remaining 15% of the company owned by Finmeccanica, through a put-call structure (for an amount at maturity equal to approximately Euro 147 million) and to pay to Finmeccanica a variable component of the price of up to Euro 130 million linked to achieving certain profitability targets of Ansaldo Energia set between 2014 and 2016.

On 30 June 2014, FSI acquired from some managers of Ansaldo Energia 28,750 class D shares, representing overall 0.2875% of the share capital of Ansaldo (out of the 0.45% held overall). Simultaneously with the execution of the deed of sale, the shares purchased and sold were converted into class Z shares (i.e. the same class of shares already held by FSI). The total value of the transaction was approximately Euro 2.2 million.

Subsequently, on 8 May 2014, FSI and SEC, world leader in the manufacturing of machinery for power generation and mechanical equipment, signed a long-term strategic agreement for the acquisition by SEC of a portion of 40% of Ansaldo Energia for a total amount of Euro 400 million. The transaction was finalized on 4 December 2014 following, among other things, the attainment of the authorizations of the competent antitrust authorities and the Chinese authorities, with the achievement for FSI of a pre-tax gain of approximately Euro 71,870 thousand.

Simultaneously, the agreement provides for the establishment of two joint ventures in China between Ansaldo Energia and SEC, for the manufacturing of gas turbines for the Asian markets and the establishment of a research and development centre in Shanghai, both synergistic with the establishment of Genoa. A cooperation project was also initiated between the research and development centres of Genoa and Shanghai for the development of a new gas turbine technology.

In addition to the strategic agreement with SEC, Ansaldo Energia: (i) finalized a technological collaboration agreement with the Korean Doosan Heavy Industries for a research and development project for the development of a new gas turbine destined for countries with mains frequency 60Hz (North America, Brazil, Saudi Arabia, Korea), partly funded by the Korean Government; (ii) on 22 May 2014, announced the purchase of the English company British Nuclear Engineering Services (NES), active in the largest nuclear decommissioning project of the UK, which will allow Ansaldo Nucleare to offer a wider range of services and expand into international markets, starting with the English one characterized by very promising prospects, and (iii) in February 2016, finalized the agreement for the transformational acquisition by General Electric of some core assets of Alstom in the gas turbines business that will enable it to expand its global presence, strengthen its technological capabilities, expand its product portfolio in the gas turbine market and, finally, offer a unique technology service platform for the majority of gas turbines produced by other OEMs.

Due to the aforementioned conferment (effective 03 July 2014) to FSI Investimenti of 44.55% of the company, at 31 December 2015, FSI held 0.29% of Ansaldo Energia for a total of Euro 2,234 thousand.

In accordance with IFRS 11, on the basis of existing contracts and shareholders' agreements, this investment qualifies for FSI as a joint control investment.

With the investment in Ansaldo Energia, FSI financed the technological growth and innovation of a strategic company for the Italian economy with significant impacts on the supply chain, with the objective of promoting listing.

It is noted that at the reporting date, there were no impairment indicators on the investment and therefore the same was maintained at the initial carrying value.

COMMITMENTS REFERRED TO EQUITY INVESTMENTS

Trevi Finanziaria Industriale S.p.A.

FSI and FSI Investimenti granted to Trevi Holding S.E. and Eng. Davide Trevisani an earn-out, for a significant increase in the value of the investment, if the shareholders' agreements are validly terminated, not renewed at the expected expiry or cease to have effect. The market value of this liability was valued at inception at about Euro 2 million (portion of FSI) and increased the carrying value of the investment. At 31 December 2015, the fair value of the earn-out was approximately Euro 211 thousand.

Ansaldo Energia S.p.A.

The provisions in contracts related to the investment in Ansaldo Energia provide a commitment of best effort of FSI to replace some parent company guarantees and counter-guarantees on bond(s) issued regarding the various projects of which Ansaldo Energia is part. At 31 December 2015, FSI made an allocation that also takes account of said specific position.

FINANCIAL STATEMENTS OF INVESTEE COMPANIES

The following is the key financial data relating to the portfolio companies, taken from the latest approved financial statements of the same. The figures relate to the financial statements ended 31 December 2014 for all companies except for Rocco Forte Hotels, whose data refer to the financial statements ended 30 April 2015.

PARTECIPAZIONI: INFORMAZIONI CONTABILI *(migliaia di euro)*

Denominazione	Attività correnti	Attività non correnti	Passività correnti	Passività non correnti	Patrimonio netto	EBITDA	Utile (perdita) di esercizio di Gruppo al netto della quota di pertinenza di terzi	Altre componenti reddituali al netto delle imposte	Redditività complessiva al netto della quota di pertinenza di terzi
Gruppo Ansaldo Energia	1.172.562	1.505.326	1.368.895	783.502	525.491	125.931	5.593	(14.296)	(8.703)
FSI Investimenti SpA	290.701	1.245.596	6.137	27.443	1.502.717	15.399	13.873	-	13.873
Gruppo Trevi	1.320.112	532.724	854.743	331.348	666.746	126.357	24.415	37.078	61.493
Gruppo Rocco Forte	93.343	521.017	463.540	51.237	99.583	40.926	9.283	(2.042)	7.241

II.1.4. AVAILABLE-FOR-SALE ASSETS

In the first half of 2015, the Company proceeded to the sale of the remaining 2.57%, held at the end of 2014 Assicurazioni Generali S.p.A. ("Generali"), through the exercise of the physical settlement option in relation to forwards maturing during the half-year.
The gain achieved by FSI from said sales amounted to approximately Euro 136,286 thousand.

AVAILABLE-FOR-SALE FINANCIAL ASSETS: CHANGES IN THE PERIOD *(Euro units)*

	31/12/2015	31/12/2014
A. Opening balance	**681.200.000**	**1.202.163.006**
B. Increases	-	-
C. Decreases	**681.200.000**	**520.963.006**
C1. Sales	681.200.000	478.761.534
C2. Reimbursements	-	-
C3. Negative changes in FV	-	-
C4. Write-downs from impairment	-	-
- allocated to the income statement	-	-
- allocated to shareholders' equity	-	-
C5. Transfers to other portfolios	-	42.201.472
C6. Other changes	-	-
D. Closing balance	-	**681.200.000**

II.1.5. NON-CURRENT FINANCIAL ASSETS

The balance of “Non-current financial assets” of FSI refers to a single term interest-bearing deposit, amounting to Euro 500,000 thousand, held with the parent CDP.
On said stock deposited, CDP corresponds to FSI, as required by the contract in place, a market remuneration (at the date of incorporation of the restriction) fixed on an annual basis, with periodicity of annual interest payment in arrears.

By contract, FSI is expected to be entitled to the right to withdraw from the commitment to maintain, for the agreed period of time, each restricted stock by means of notice of withdrawal from the restriction commitment. In said case, creditor interest on time deposits would be calculated at the deposit account rate from the date of receipt by CDP of the notice of FSI and, equally, the deposit would be reduced by an amount equal to the difference between:

a. interest calculated, accrued and paid or capitalized, until the date of receipt by CDP of FSI communication, on the restricted inventory (or on restricted inventories) for the amount requested as reimbursement; and
b. interest that would have accrued on restricted inventory if calculated at the rate of free deposit from the date of incorporation of the same.

Accrued interest on all term deposits during the year amounted to approximately Euro 41,008 thousand.

The following table summarizes the essential information of “Non-current financial assets” at 31 December 2015; interest accrued and not yet credited at 31 December 2015 related to the deposit in place (approximately Euro 8,094 thousand) is reported under "Current financial assets".

DEFERRED TAX ASSETS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Assets from deferred tax assets	13.910.781	982.520
Total	**13.910.781**	**982.520**

II.1.6. DEFERRED TAX ASSETS

The balance of "Deferred tax assets" refers to deferred tax assets relating to taxes calculated on temporary differences between statutory and tax values, which will be fiscally deductible in the financial years following that of their recognition in the financial statements. The change in the item compared to 31 December 2014, is attributable, on the one hand, to the deferred taxes on allocations to the provision for risks and charges, and the other, to the taxation issued in the period due to the use of provision for personnel expenses and the change in the forward related to the sale transaction of Generali shares.

Deferred tax assets have been fully recognised in the Income Statement and do not relate to any changes against an entry under equity.

DEFERRED TAX ASSETS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Assets from deferred tax assets	13.910.781	982.520
Total	**13.910.781**	**982.520**

CHANGES IN DEFERRED TAX ASSETS (BALANCING ITEM IN INCOME STATEMENT) *(Euro units)*

	31/12/2015	31/12/2014
1. Initial balance	**982.520**	**577.597**
2. Increases	**13.867.805**	**982.521**
2.1 Deferred tax assets arisen in the year	13.867.805	982.521
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) reversal of impairment	-	-
d) other	13.867.805	982.521
2.2 New taxes or increased tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**939.544**	**577.598**
3.1 Deferred tax assets eliminated in the year	939.544	577.598
a) reversals	939.544	577.598
b) writedowns of non-recoverable amounts	-	-
c) changes in the accounting policies	-	-
3.2 Reduced tax rates	-	-
3.3 Other decreases	-	-
4. Final balance	**13.910.781**	**982.520**

II.1.7. OTHER NON-CURRENT ASSETS

The balance of “Other non-current assets” refers mainly to the security deposit paid in favour of the lessor in relation to the rental contract for the offices of the Company and, to a lesser extent, for leases contracts of real estate and long-term car rental, granted as a benefit to employees.

OTHER NON-CURRENT ASSETS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Deposit and security assets to third parties	90.514	28.450
a) Deposit and security assets to parent companies	-	92.568
Total	**90.514**	**121.018**

II.2. CURRENT ASSETS

II.2.1. RECEIVABLES FROM INVESTEE COMPANIES

Receivables from investees, amounting to approximately Euro 6,014 thousand, refer to:

- Euro 5,868 thousand for fees accrued by FSI and not collected at 31 December 2015 in relation to: (i) the services provided to FSI Investimenti, on the basis of as set out in the investment agreement entered into between FSI and KIA and (ii) the services provided to IQ and FSIA regarding treasury, financial statements, planning and control, company secretariat, basic IT services.
- Euro 146 thousand for remuneration for the participation of some FSI employees in the boards of the investees.

RECEIVABLES FROM INVESTEE COMPANIES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Receivables from FSI Investimenti	5.778.143	2.338.801
b) Receivables from other investees	145.326	-
c) Receivables from IQ	60.250	30.150
a) Receivables from FSIA Investimenti	30.000	19.644
Total	**6.013.719**	**2.388.595**

II.2.2. CURRENT FINANCIAL ASSETS

The balance of “Current financial assets” substantially includes the stock of short-term time deposits held with CDP, the maturity of which is expected by the end of 2016, as well as accruals at 31 December 2015 on all term deposits (short-term and long-term).

The change is mainly attributable to the transfer of part of the sums to the current account with Banca Intesa and the signing, in December 2015, of two commercial papers issued by CDP, the details of which are provided in the table below, for a total of Euro 1,099,844 thousand maturing in March and August 2016, in addition to accruals on interest accrued but not yet paid for Euro 30 thousand.

CURRENT FINANCIAL ASSETS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Accruals on time deposits at CDP	14.082.893	16.252.602
b) Short-term time deposits	150.000.000	2.100.000.000
c) Deposit asset for CSA forward	57	37.750.000
d) Accruals on deposit CSA PCT	-	760
e) Hedge derivatives	-	69.941
f) Commercial Paper	1.099.873.859	-
Total	**1.263.956.809**	**2.154.073.303**

The table below summarizes the short-term time deposits and the aforementioned commercial papers existing at 31 December 2015.

SHORT-TERM TIME DEPOSITS: BREAKDOWN *(Euro units)*

Date of establishment	Date of expiry	Interest rate (on annual basis)	Payment of interests	Capital portion	Accrued interest
15/11/2011	15/11/2016	6,50%	half-yearly	150.000.000	9.750.000
				150.000.000	**9.750.000**

COMMERCIAL PAPER: BREAKDOWN *(Euro units)*

Date of establishment	Date of expiry	Capital portion nominal value	Capital portion counter-value	Accrued interest
22/12/2015	22/03/2016	550.500.000,00	549.902.705	9.627
22/12/2015	22/08/2016	550.500.000,00	549.940.913	20.614
			1.099.843.618	**30.241**

II.2.3. TAX RECEIVABLES

The balance of "Tax receivables" includes current tax assets. In particular, the balance relates almost entirely to IRAP advance payments made in June and November 2015.

TAX RECEIVABLES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Receivables from Tax Authorities for withholding taxes	-	-
b) Receivables from Tax Authorities for IRAP	2.432.850	2.427.686
c) Receivables from Tax Authorities for substitute tax on TFR	76	50
d) VAT prepayment	1.996	-
Total	**2.434.922**	**2.427.736**

II.2.4. OTHER CURRENT ASSETS

The balance of "Other current assets" mainly refers to deferred assets related to administrative expenses, advance payments to professionals and suppliers and to the INAIL advance.

OTHER CURRENT ASSETS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Other payables to social security institutions	12.441	11.969
b) Receivables for recovery of due diligence fees	6.795	31.894
c) Accrued and deferred assets	175.746	138.107
d) Sundry advances	20.735	61.773
e) Operational loans vs CDP	8.380	-
f) Receivables from CDP for tax consolidation	30.115	3.177.419
g) Sundry receivables	173.829	-
Total	**428.041**	**3.421.162**

II.2.5. CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" of FSI consist of stocks at Banca Intesa, cash both in the form of petty cash at the registered office, and in the form of prepaid card.
The following table summarizes the "Cash and cash equivalents" of FSI at 31 December 2015.

CASH AND CASH EQUIVALENTS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Banks	1.642.301.630	1.491.666
b) Deposit accounts at CDP	-	376.123.849
c) Cash	1.719	25
Total	**1.642.303.349**	**377.615.540**

II.3. SHAREHOLDERS' EQUITY

II.3.1. SHARE CAPITAL

SHARE CAPITAL: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Capital subscribed and paid-up	4.351.227.430	4.351.227.430
Total	**4.351.227.430**	**4.351.227.430**

The share capital paid in at 31 December 2015 was equal to Euro 4,351,227 thousand, against a subscribed capital to the same amount, which is divided into 377,106,378 ordinary shares and 58,016,365 preference shares, each with a par value of Euro 10 each.

The preference shares assigned to the Bank of Italy to provide holders of the same, in addition to the same administrative and financial rights of the ordinary shares, the right to (i) receive (on the profit for the year) an extraordinary preference dividend for each year in which the sale was made of all or part of the Generali investment held by FSI in an amount equal to the capital gain realized in the year by FSI from the sale of said investment (determined based on the difference between the unit price by FSI of the Generali shares and Euro 12.6654 net of taxes, fees and other charges of any kind arising out of and/or related to the sale of the investment) in any case up to the maximum aggregate amount of Euro 71,459,173.59 (without prejudice to the right to the distribution of ordinary dividends on any additional profit distributed by the company with the ordinary shares); (ii) in the case in which, concerning a year in which there was the sale of all or part of the Generali investment, the profits realized did not allow the distribution of the extraordinary dividend in the amount indicated in point (i), the right to receive the difference between the amount that the holders of preference shares would be entitled to collect on the basis of as provided in point (i) above and the extraordinary dividend actually received in that year, will be added to the dividends for which the preference shares will have right for the subsequent financial years, in addition to the ordinary dividends, up to the actual achievement of the overall limit above, however no later than the fiscal year ended 31 December 2015.

As further provided for in the agreement, FSI is committed by 31 December 2015, to conduct an orderly sale to third parties, at arm's length, of the investment held in Generali. In addition, after completing the sale by FSI of the entire stake in Generali and assign the related dividends, the privileged shares may be subject to a right of conventional withdrawal to be exercised in accordance with article 7.5 of the By-laws, in compliance with article 2437-*quater* of the Civil Code.

In this regard, it is noted that in June 2015, FSI completed the disposal of the investment in Generali.

The disposal of the investment was divided into two distinct operations, namely: (i) an Accelerated Book Building reserved for Italian and foreign qualified investors, concerning 29,777,535 shares (1.913% of Generali), concluded on 8 July 2014 at a price of Euro 15.70 per share, for a total of Euro 467.5 million and the achievement of a gross capital gain of approximately Euro 90.4 million and (ii) the sale of the remaining 40 million shares (2.569% of Generali), through the exercise of the physical settlement option (exercised in the first half of 2015) provided as part of the hedging of price risk with forward contracts in the first half of 2014. With the sale of these 40 million shares, FSI collected Euro 646.1 thousand, achieving a gross capital gain of Euro 136,286 thousand.

In light of the foregoing and pursuant to the cited statutory provision and the agreement signed on 19 December 2012 between FSI, CDP and the Bank of Italy:

- on 30 May 2015, FSI (on the basis of the resolution of the Shareholders' Meeting approving the financial statements at 31 December 2014) paid to the Bank of Italy the preferred dividend (for the preference shares held) of Euro 71,459,173.59 (i.e. the maximum amount payable, as FSI achieved in 2014 a capital gain on the sale of 1.91% of Generali higher than said amount);
- On 10 June 2015, FSI sent to the Bank of Italy (and, for information, to CDP) a formal communication to provide information of the formal completion of the disposal of Generali shares and, consequently, to provide notice of vesting of the right of withdrawal due to Institute pursuant to and for the effects of article 7.5 (d) of the FSI by-laws;
- On 23 June 2015, the Bank of Italy informed FSI of its intention to exercise the right of withdrawal in respect of the entire investment represented by preference shares represented it holds. As a result of the withdrawal, the completion of which expected

by the end of 2015, the Bank of Italy will remain stable minority shareholder of FSI for the portion represented by the ordinary shares (representing approximately 7% of the share capital);

- On 23 June 2015, the Bank of Italy informed FSI of its intention to exercise the right of withdrawal in respect of the entire investment represented by preference shares represented it holds. Based on the provisions of the withdrawal procedure provided for in the By-laws, the liquidation value of the equity investment subject to withdrawal was determined in advance by an independent expert appointed by FSI, based on the shareholders' equity per share of FSI based on the financial figures of FSI at 30 June 2015, adjusted according to the current values of the related assets and liabilities (fair value) and communicated to the Bank of Italy. In this context, discussions are underway among the shareholders to define the activities and requirements functional to the implementation of withdrawal, the process of which is not yet completed.

SHARE CAPITAL: BREAKDOWN *(Euro units)*

Items/Types	Ordinary	Privileged	%
A. Share Capital	**3.771.063.780**	**580.163.650**	**100%**
- CDP	3.380.981.960	-	77,70%
- FINTECNA	100.000.000	-	2,30%
- Bank of Italy	290.081.820	580.163.650	20,00%
B. Capital PAID	**3.771.063.780**	**580.163.650**	**100%**
C. Increases/decreases of capital in the FY	-	-	
D. Capital TO BE PAID at year-end	-	-	

As of 31 December 2015, the Company did not hold any treasury shares, either directly or through third parties.

In 2015, the Company distributed dividends to its shareholders as detailed in the following table:

DIVIDENDS DISTRIBUTED: DETAILED INFORMATION *(Euro units)*

Shareholder	Number of ordinary shares	Number of preference shares	Ordinary dividend	Ordinary dividend per share	Preference dividend	Preference dividend per share
CDP	338.098.196	-	128.607.699	0,38	-	-
Bank of Italy	29.008.182	58.016.365	33.102.888	0,38	71.459.174	1,23
FINTECNA	10.000.000	-	3.803.856	0,38	-	-
Total	**377.106.378**	**58.016.365**	**165.514.443**	**-**	**71.459.174**	**-**

CAPITAL - NUMBER OF SHARES: CHANGES

Items/Types	Ordinary	Others
A. Shares at year start	**377.106.378**	**58.016.365**
- fully paid	377.106.378	58.016.365
- not fully paid	-	-
A.1 Treasury shares (-)	-	-
A.2 Shares outstanding: initial balance	**377.106.378**	**58.016.365**
B. Increases	**-**	**-**
C. Decreases	**-**	**-**
D. Shares outstanding: final balance	**377.106.378**	**58.016.365**
D.1 Treasury shares (+)	-	-
D.2 Shares at year end	377.106.378	58.016.365
- fully paid	377.106.378	58.016.365
- not fully paid	-	-

II.3.2. Reserves

At 31 December 2015, the Company showed the following amounts under “Reserves”:

RESERVES: OTHER INFORMATION *(Euro units)*

Items/Types	31/12/2015	31/12/2014
Capital reserves:	**52.044.562**	**52.044.562**
Share premium reserve	52.044.562	52.044.562
Profit reserves:	**58.835.661**	**46.363.365**
Legal reserve	16.540.464	4.068.168
Other reserves	42.295.197	42.295.197

Capital reserves are represented by the share premium reserve. Profit reserves include the allocation of the result for the years 2011, 2012, 2013 and 2014, for the part not distributed to shareholders, as approved by the Shareholders’ Meeting for approval of the respective financial statements.

Below is provided the information required by article 2427, point 7-bis, of the Civil Code in relation to the analytical breakdown of equity items, specifying their origin, their possible use and distribution, and their possible use in previous years:

(Euro units)

Items/Values	Balance at 31/12/2015	Possibility of use (*)	Portion available
Capital	4.351.227.430		-
Reserves	110.880.223		110.880.223
- Legal reserve	16.540.464	B	16.540.464
- Other profit reserves	42.295.197	A,B,C	42.295.197
- Share premium reserve	52.044.562	A,B	52.044.562
Valuation reserves	-		-
- AFS reserve	-	(1)	-
- Property revaluation reserve	-	A,B	-
- CFH Reserve	-		-
Total	**4.462.107.653**		**110.880.223**

(*) A = for capital increase; B = to cover losses; C = for distribution to shareholders

(1) Reserve not available pursuant to art. 6 of Legislative Decree no. 38/2005.

II.3.3. Valuation reserves

This item was zeroed upon completion of the sale of 2.57% of Generali. In fact, at 31 December 2014, it only included the balance of the valuation reserve related to the Generali shares hedged (40 million) arising from the higher value of the contract spot price with respect to the carrying value (net of tax effects). Upon completion of the exercise of the physical settlement option provided in the contract and the subsequent sale of said 40 million shares (2.57% of Generali), this reserve was zeroed and the value was recognized in the income statement as gain achieved.

II.4. NON-CURRENT LIABILITIES

II.4.1. Provisions for risks and charges

The balance of the item “Provisions for risks and charges” includes: (i) the allocation relating to possible expenses that FSI could incur on the basis of certain contractual commitments related to the investment in Ansaldo Energia and (ii) the deferred amounts due to the CEO and employees, related to the variable part of remuneration linked to the achievement of the business objectives assigned by the Board of Directors to the Chief Executive Officer and constituting the base of the objectives for all employees entitled to MBO. The allocated amount is deemed to constitute the best possible estimate.

The change in this aggregate compared to the figure at the end of 2014 follows the disbursement of the 2014 annual variable component to the CEO (as resolved by the FSI

Board following verification of the achievement of the objectives assigned from time to time) and employees, more than offset by new allocations to the provision for risks and charges.

PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
1. Company severance entitlements	-	-
2. Other provisions for risks and charges	**42.166.144**	**1.910.763**
2.1 legal disputes	-	-
2.2 costs for personnel and directors	2.166.144	1.910.763
2.3 others	40.000.000	-
Total	**42.166.144**	**1.910.763**

Below are the changes in provisions for risks and charges in 2015:

PROVISIONS FOR RISKS AND CHARGES: BREAKDOWN: CHANGES IN THE PERIOD *(Euro units)*

	Other provisions	Total
A. Initial balance	**1.910.763**	**1.910.763**
B. Increases	**42.010.762**	**42.010.762**
B.1 Provisions for the year	42.010.762	42.010.762
B.2 Time-related changes	-	-
B.3 Discount rate changes	-	-
B.4 Other changes	-	-
C. Decreases	**1.755.381**	**1.755.381**
C.1 Use in the year	1.755.381	-
C.2 Discount rate changes	-	-
C.3 Other changes	-	-
D. Final balance	**42.166.144**	**42.166.144**

II.4.2. EMPLOYEE TERMINATION INDEMNITY (TFR)

For companies with fewer than 50 employees, as it is not required to pay TFR portions accruing to the Treasury Fund managed by INPS, the TFR is subject to actuarial valuation in accordance with the provisions of paragraphs 64-66 of IAS 19, or on the basis of the methodology of “accrued benefits” through the criterion “Projected Unit Credit” (PUC). However, taking into account that the effect deriving from the application of IAS 19 is not significant for the preparation of the financial statements at 31 December 2015, the valuation was maintained of the provision determined, in a simplified manner, according to Italian law.

EMPLOYEE TERMINATION INDEMNITY *(Euro units)*

	31/12/2015	31/12/2014
Employee Termination Indemnity	165.226	96.293
Total	**165.226**	**96.293**

EMPLOYEE TERMINATION INDEMNITY: ANNUAL CHANGES *(Euro units)*

	31/12/2015	31/12/2014
A. Opening balance	**96.293**	**59.197**
B. Increases	**81.913**	**41.021**
B.1 Provisions for the year	80.728	41.021
B.2 Other increases	1.185	-
C. Decreases	12.980	**3.925**
C.1 Funds used in the year	8.684	3.923
C.2 Other decreases	4.296	2
D. Closing balance	**165.226**	**96.293**

II.4.3. OTHER FINANCIAL LIABILITIES

The balance of the item "Other financial liabilities" refers to the fair value at 31 December 2015 of the earn-out related to the investment in Trevi, which recorded an increase of Euro 1,401 thousand compared to the valuation at the end of 2014.

FINANCIAL LIABILITIES HELD FOR TRADING *(Euro units)*

	31/12/2015	31/12/2014
Financial derivatives	210.762	1.805.148
Total	**210.762**	**1.805.148**

II.4.4. DEFERRED TAX LIABILITIES

The balance of "Deferred tax liabilities" refers to liabilities related to taxes calculated on temporary differences between book and tax values, which in future years will result in taxable amounts. The decrease in the stock reported in the financial statements at 31 December 2015 is mainly caused by the release of deferred tax liabilities on equity investments in Generali and the related hedging components.

DEFERRED TAX LIABILITIES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Deferred taxes with impact in shareholders' equity	-	1.873.939
Deferred taxes with impact in income statement	25.558	599.304
Total	**25.558**	**2.473.243**

CHANGES IN DEFERRED TAXES (BALANCING ITEM IN INCOME STATEMENT) *(Euro units)*

	31/12/2015	31/12/2014
1. Initial balance	**599.304**	**228.783**
2. Increases	**21.923**	**599.304**
2.1 Deferred taxes recognized in the year	21.923	599.304
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
d) other	21.923	599.304
2.2 New taxes or increased tax rates	-	-
2.3 Other increases	-	-
3. Decreases	**595.669**	**228.783**
3.1 Deferred taxes eliminated in the year	595.669	228.783
a) reversals	595.669	228.783
b) due to changes in accounting criteria	-	-
c) other	-	-
3.2 Reduced tax rates	-	-
3.3 Other decreases	-	-
4. Final balance	**25.558**	**599.304**

II.5 CURRENT LIABILITIES

II.5.1. OTHER FINANCIAL LIABILITIES

This item was substantially zeroed upon completion of the sale of 2.57% of Generali and the consequent closing of the securities lending outstanding and related periodic margining. In fact, at 31 December 2014, this aggregate included: (i) the cash received as collateral in relation to the aforementioned Generali securities lending and the related accrual at the end of 2014; (ii) the valuation of the forward relating to the hedging of Generali; (iii) the value of the deposit payable on securities lending and (iv) the accruals relating to liquidity exchanged as part of the periodic margin on Credit Support Annex deposits related to the forward and securities lending regarding the Generali hedging.

OTHER FINANCIAL LIABILITIES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Deposit payable for CSA REPO	-	20.102.192
b) Accruals on deposits CSA	9	799
c) Repurchase agreements (RP)	-	659.897.808
d) Hedge derivatives	-	33.070.753
e) Accrual on repurchase agreements	-	6.461.709
Total	**9**	**719.533.261**

II.5.2. TAX PAYABLES

The balance of “Tax payables” refers to payables accrued at 31 December 2015 to the tax authorities and includes the IRAP tax charge estimated for 2015 and the VAT and withholding tax liabilities to be paid in January 2016.

TAX PAYABLES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Withholding tax on work income	165.747	132.063
b) Withholding tax self-employed	71.300	73.030
c) Payables for IRAP	1.931.489	2.432.849
d) Payables for VAT	525.526	2.650
e) Other payables to tax authorities	202	93
Total	**2.694.264**	**2.640.685**

II.5.3. OTHER CURRENT LIABILITIES

“Other current liabilities” refer to short-term payables other than “Tax payables”, outstanding at the end of year, details of which are provided in the following tables.

OTHER CURRENT LIABILITIES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Payables to suppliers	1.256.799	1.208.548
b) Payables to social security institutions	226.085	217.416
c) Payables to parent company	10.810.944	501.133
d) Other payables	397.557	434.098
Total	**12.691.385**	**2.361.195**

Specifically:

- Payables to suppliers

SUPPLIER PAYABLES BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Payables to suppliers	490.603	293.067
b) Payables to suppliers for invoices to be received	766.196	915.481
Total	**1.256.799**	**1.208.548**

- Payables to social security institutions

PAYABLES TO SOCIAL SECURITY INSTITUTIONS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Payables to social security institutions	172.761	180.825
b) Payables to INPS for holidays accrued and not taken	53.324	36.591
Total	**226.085**	**217.416**

- **Payables to parent company**

PAYABLES TO PARENT COMPANY: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Payables to CDP	10.810.944	501.133
Total	**10.810.944**	**501.133**

The balance mainly refers to the payable for the payment of amounts related to the tax consolidation and to a lesser extent, to the services provided in outsourcing in favour of FSI and various costs charged back in relation to seconded personnel.

- Other Payables

OTHER PAYABLES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Payables to corporate bodies	122.406	254.219
b) Payables to employees	222.453	140.603
c) Payables to supplementary pension fund	46.843	35.910
d) Other payables	5.855	3.366
Total	**397.557**	**434.098**

The balance primarily refers to amounts accrued in the year to be paid related to employees and corporate bodies. The change in the item, compared to the 2014 figure, is mainly attributable to the valuation of accruals for holidays accrued and not taken, up due to the increase in the number of employees in force.

II.6. INFORMATION RELEVANT FOR IAS/IFRS PURPOSES ON FINANCIAL INSTRUMENTS

ASSETS AND LIABILITIES AT FAIR VALUE ON RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVELS

(Euro units)

	31/12/2015			31/12/2014		
Financial assets/liabilities at fair value	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Non-current financial assets	-	-	-	**681.200.000**	-	-
Financial assets at fair value	-	-	-	-	-	-
Financial assets available for sale	-	-	-	681.200.000	-	-
Current financial assets	-	-	-	-	-	-
Current financial assets	-	-	-	-	-	-
Total	-	-	-	**681.200.000**	-	-
Non-current financial liabilities	-	**210.762**	-	-	**1.805.148**	-
Other financial liabilities	-	210.762	-	-	1.805.148	-
Current financial liabilities	-	-	-	-	-	-
Other financial liabilities	-	-	-	-	-	-
Total	-	**210.762**	-	-	**1.805.148**	-

ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE OR MEASURED AT FAIR VALUE ON A RECURRING BASIS: BREAKDOWN BY FAIR VALUE LEVELS *(Euro units)*

Assets/liabilities not at fair value or at fair value on a recurring basis: breakdown by fair value levels	31/12/2015				31/12/2014			
	VB	**L1**	**L2**	**L3**	**VB**	**L1**	**L2**	**L3**
Non-current assets	**500.090.514**	-	-	**500.090.514**	**1.150.121.018**	-	-	**1.150.121.018**
- Non-current financial assets	*500.000.000*	-	-	*500.000.000*	*1.150.000.000*	-	-	*1.150.000.000*
- Other non-current assets	*90.514*	-	-	*90.514*	*121.018*	-	-	*121.018*
Current assets	**2.906.260.158**	-	**1.099.873.859**	**1.806.386.299**	**2.531.688.843**	-	**69.941**	**2.531.618.902**
- Current financial assets	*1.263.956.809*	-	1.099.873.859	*164.082.950*	*2.154.073.303*	-	69.941	*2.154.003.362*
- Cash and cash equivalents	*1.642.303.349*	-	-	*1.642.303.349*	*377.615.540*	-	-	*377.615.540*
Total	**3.406.350.672**	-	**1.099.873.859**	**2.306.476.813**	**3.681.809.861**	-	**69.941**	**3.681.739.920**
Non-current liabilities	-	-	-	-	-	-	-	-
- Other financial liabilities	-	-	-	-	-	-	-	-
Current liabilities	**9**	-	-	**9**	**719.533.261**	-	**33.070.753**	**686.462.508**
- Other financial liabilities	*9*	-	-	*9*	*719.533.261*	-	*33.070.753*	*686.462.508*
Total	**9**	-	-	**9**	**719.533.261**	-	**33.070.753**	**686.462.508**

Fair value measurement of optional components of equity investments (FSI) towards companies

At 31 December 2015, the Company measured the fair value of the earn-out related to the investment in Trevi.

According to the IFRS 13 accounting standard, fair value is the price that would be received

for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date:
(a) in the main market of the asset or liability; or
(b) in the absence of a main market, in the most advantageous market for the asset or liability.

All assets and liabilities for which the fair value is measured or recorded in the financial statements are categorized according to the fair value hierarchy, as described below:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than the quoted prices included in Level 1, directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the input data is not observable for the asset or liability.

The fair value is entirely classified in the same level of the fair value hierarchy in which the input of the lowest level of hierarchy used for the valuation is classified.

Since there is an active market for the aforementioned financial instrument, the Company estimated the fair value of the earn-out using prices quoted on the stock exchange.

According to the fair value hierarchy, the valuations of this instrument fall within the Level 3 category.

Lastly, the estimate of the fair value of the earn-out of Trevi is made through models generally accepted in the market that provide for the termination of one or more equations of valuation through approximations in closed form (for the valuation of Asian options), using as relevant and observable valuation parameter the risk-free interest rate, implicit in the EURIBOR curve measured at the valuation date. The relevant valuation parameters are the value of the underlying share on the basis of the share price of Trevi Finanziaria S.p.A. on the MTA segment of the Italian Stock Exchange at the valuation date, the volatility of the share price, the strike prices and the scenarios related to the exercise dates.

A sensitivity analysis was therefore performed of the earn-out related to an increase/decrease of +/-1% in the risk-free rate and the volatility of the share price:

Sensitivity: variazione dell' +/-1% del risk free rate

(unità di euro)

Risk free / variazione -1,0%	(394.638)
Risk free	(421.524)
Risk free / variazione +1,0%	(449.580)

Sensitivity: variazione dell' +/-1% della volatilità

(unità di euro)

Volatilità / variazione -1,0%	(377.967)
Volatilità	(421.524)
Volatilità / variazione +1,0%	(467.848)

The values in the tables refer to 100% of the investment of FSI and FSI Investimenti

II.7. OTHER INFORMATION

II.7.1. GUARANTEES ISSUED AND COMMITMENTS

As regards the guarantees and commitments other than those described in paragraph II.1.3 related to "Investments", there are commitments relating to additional equity investments not yet in the portfolio, as described in detail in paragraph 4.5 of the Report on operations.

II.7.2. OWN SECURITIES HELD BY OTHER CUSTODIANS

The Trevi shares equal to 13,884,673 are deposited at the Monte Titoli account, managed by CDP in favour of FSI.

III – INFORMATION ON THE INCOME STATEMENT

III.1. RESULT FROM INVESTMENT OPERATIONS

In 2015, the "Result from investment operations" was positive for Euro 114,677 thousand due to: (i) Euro 136,286 thousand of capital gains achieved on the sale of 2.57% of Generali; (ii) Euro 13,305 thousand of dividends received from investees; (iii) increase in fair value recorded on the earn out related to the investment in Trevi of Euro 1,594 thousand, offset by: (i) Euro 33,357 thousand related to the aforementioned adjustment made on the value of the investment held in Trevi; (ii) negative result of the hedging activity on Generali for Euro 2,108 thousand; (iii) Euro 1,044 thousand of costs related to expenses for consulting and due diligence for possible investment opportunities and other expenses related to investment activities.

III.1.1. DIVIDENDS

DIVIDENDS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Assicurazioni Generali	1.339.582	31.399.891
Kedrion Group	-	2.361.804
Metroweb Italia	-	4.651.020
IQ MIIC	-	1.432.462
Trevi Finanziaria	971.927	-
FSI Investimenti	10.667.691	-
Rocco Forte Hotels	325.686	-
Total	**13.304.886**	**39.845.177**

III.1.2. CAPITAL GAINS ON INVESTMENTS

CAPITAL GAINS ON INVESTMENTS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Capital gains on investments	-	71.870.220
Total	**-**	**71.870.220**

In 2014, this item included the gain on the transfer of 40% of Ansaldo Energia to SEC.

III.1.3. GAINS ON AVAILABLE-FOR-SALE ASSETS

This item includes the gain of Euro 136,286 thousand, achieved upon completion of the sale of 2.57% of Generali. In 2014, this item included the gain generated on 1.91% of Generali (Euro 90,393 thousand) and 0.38% of Hera (Euro 2,605 thousand).

GAINS ON AVAILABLE-FOR-SALE ASSETS *(Euro units)*

	31/12/2015	31/12/2014
Income		
1. Revaluations	-	-
2. Gains on sale	136.286.493	92.997.801
3. Write-backs	-	-
4. Other income	-	-
	136.286.493	**92.997.801**

III.1.4. INCREASES IN THE VALUE OF FINANCIAL INSTRUMENTS

This item includes the increase of Euro 1,594 thousand in 2015 regarding the fair value measurement of the earn-out related to the investment in Trevi.

INCREASES IN THE VALUE OF FINANCIAL INSTRUMENTS *(Euro units)*

	31/12/2015			31/12/2014		
	Gain	Profits from trading	Net result	Gain	Profits from trading	Net result
Financial derivatives						
a) on debt securities	-	-	-	-	-	-
b) on capital securities	1.594.386	-	1.594.386	264.412	-	264.412
c) others	-	-	-	-	-	-
Total	**1.594.386**	**-**	**1.594.386**	**264.412**	**-**	**264.412**

III.1.5. EXPENSES FOR INVESTMENTS

INVESTMENT COSTS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Due-diligence and consultancy for investments	911.419	1.582.834
b) Tobin TAX	-	31.823
c) Other expenses for investments	132.482	200.615
Total	**1.043.901**	**1.815.272**

Investment expenditure in 2015 totalled Euro 1,043 thousand, of which Euro 911 thousand relating to due diligence and consulting activities for investment operations and Euro 132 thousand to other ancillary expenses related to investment activities.

III.1.6. CAPITAL LOSSES ON INVESTMENTS

CAPITAL LOSSES ON INVESTMENTS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Capital losses on investments	33.357.228	-
Total	**33.357.228**	**-**

This item includes the value adjustment made on the investment held in Trevi, the amount of which was determined on the basis of the recoverable value (in accordance with § 18 of IAS 36 and FSI internal policies).

III.1.7. NET RESULT FROM HEDGING

This item includes the negative result recorded in the first half of 2015 of the hedge on the Generali stock (equal to Euro 2,108 thousand).

NET RESULT FROM HEDGING *(Euro units)*

	31/12/2015	31/12/2014
a) Income related to hedge derivatives of fair value	47.147.214	38.297.516
b) Expenses related to hedge derivatives of fair value	49.255.193	33.000.812
Total	**(2.107.979)**	**5.296.704**

III.2. RESULT FROM OPERATING ACTIVITIES

III.2.1. FINANCIAL INCOME

FINANCIAL INCOME: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Interest income on deposit account	400.945	4.185.256
b) Interest income on time deposit	41.007.990	50.685.959
c) Interest income on bank account	61.363	52.583
d) Interest income on security deposits	356	898
e) Interest income on CSA	3.272	8.575
f) Exchange differences on currency transactions	782.112	-
g) Interest income on commercial paper	30.241	-
Total	**42.286.279**	**54.933.271**

Financial income mainly refers to interest calculated in accordance with the contractual agreements and at arm’s length, on the stocks present on deposits (accounts and time) at CDP, described previously in the corresponding asset items.

The decrease in this item compared to the figure for 2014 is substantially due to the significant reduction recorded on the remuneration received on deposit amounts formed as a result of the decline in interest rates in the year. In addition, income was generated for Euro 782 thousand on foreign exchange transactions and related mainly to the purchase of the sums necessary for the investment in Rocco Forte Hotels and generated by the difference between the exchange rate at the date of the financial funding and the exchange rate on the day the closing of the transaction.

III.2.2. FINANCIAL EXPENSES

FINANCIAL CHARGES: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
a) Interest expense on repurchase agreements	1.259.093	6.461.709
b) Interest expense on CSA	3.913	8.371
c) Other interest expense	7	-
Total	**1.263.013**	**6.470.080**

This item mainly includes financial expenses accrued in the first half of 2015 and related to the remuneration of cash collateral received as guarantee as part of the Generali securities lending.

III.2.3. ADMINISTRATIVE EXPENSES

ADMINISTRATIVE COSTS: BREAKDOWN *(Euro units)*

	31/12/2015	31/12/2014
Administrative costs		
a) personnel expenses	8.533.793	7.217.409
b) other administrative expenses	4.810.632	3.631.552
Total	**13.344.425**	**10.848.961**

PERSONNEL COSTS: BREAKDOWN *(Euro units)*

Type of expense/Values	31/12/2015	31/12/2014
1) Employees	7.013.027	5.922.080
a) wages and salaries	5.041.750	4.296.720
b) social security charges	10.157	4.599
c) employee termination indemnity	-	-
d) pensions	861.057	730.225
e) provision for employee termination indemnity	68.425	41.758
f) provisions for severance benefits and similar obligations:	-	-
- defined contribution plan	-	-
- defined benefit plan	-	-
g) external supplementary pension funds:	261.865	179.386
- defined contribution plan	*261.865*	*179.386*
- defined benefit plan	-	-
h) expenses in connection with equity-settled share-based payment transactions	-	-
i) other employee benefits	376.914	296.714
j) expenses for travel, meals and accommodation for personnel travelling	392.859	372.678
2) Other personnel in activity	421.036	166.781
3) Directors and Statutory Auditors	1.099.730	1.128.548
4) Retired personnel	-	-
5) Recovery of expenses for employees seconded to other companies	-	-
6) Reimbursement of expenses for seconded third-party employees at the Company	-	-
Total	**8.533.793**	**7.217.409**

NUMBER OF EMPLOYEES BY CATEGORY AT 31/12/2015

	31/12/2015	31/12/2014
Employees:	41	33
a) executives	11	7
b) total directive managers	15	17
- of which: 3rd and 4th level	9	5
c) other employees	15	9
Other personnel	-	1

The Company still has a limited number of employees: it is therefore believed to be more representative to continue to report the number of employees at year-end, compared with the corresponding figure related to 2014, instead of comparing the relevant average data.

OTHER EMPLOYEE BENEFITS *(Euro units)*

Type of expense/Values	31/12/2015	31/12/2014
a) Meal vouchers	54.705	43.559
b) Health policies for personnel	127.356	101.485
c) Other benefits	194.853	151.670
Total	**376.914**	**296.714**

OTHER ADMINISTRATIVE EXPENSES: BREAKDOWN *(Euro units)*

Type of costs/values	31/12/2015	31/12/2014
a) Professional and financial services	722.353	877.311
b) Outsourcing CDP	787.176	957.604
c) Information and database resources	222.024	150.483
d) Advertising and marketing expenses	1.484.851	420.306
e) Information services	93.796	104.838
f) General and insurance services	908.155	613.000
g) Utilities, taxes and other expenses	269.583	227.562
h) Expenses for other corporate bodies	322.694	280.448
Total	**4.810.632**	**3.631.552**

The increase in the item “Advertising and marketing expenses” is substantially due to the extraordinary expenses relating to: (i) the partnership rights for the event Expo Milano 2015 for which FSI was an Official Partner, and (ii) the organization of the 7th Annual Meeting of the IFSWF held in Milan.

The fees accrued in 2015 in relation to the services rendered by the Independent Auditors PricewaterhouseCoopers S.p.A. are outlined in the following table:

FEES FOR AUDIT AND NON-AUDIT SERVICES

(Euro units)

	Party that provided the service	Fees for the year
Statutory audit and financial statements	PwC S.p.A.	120.367
Total		**120.367**

The fees accrued in the year include refunds of expenses, plus VAT.

III.2.4. AMORTIZATION, DEPRECIATION AND WRITEDOWNS OF NON-CURRENT ASSETS

This item mainly includes the depreciation of office equipment and extraordinary maintenance work on the property.

AMORTIZATION, DEPRECIATION AND WRITEDOWNS OF NON-CURRENT ASSETS: BREAKDOWN

(Euro units)

	31/12/2015	31/12/2014
a) Depreciation of tangible assets	98.558	66.151
b) Amortization of intangible assets	30.400	4.816
Total	**128.958**	**70.967**

AMORTIZATION, DEPRECIATION AND WRITEDOWNS OF NON-CURRENT ASSETS: BREAKDOWN *(Euro units)*

Assets/Income components	Depreciation and amortization (a)	Impairment (b)	Write-backs (c)	Net result (a+b+c)
A. Tangible assets	**98.558**	**-**	**-**	**98.558**
A. 1 Owned	98.558	-	-	98.558
- Held for use	98.558	-	-	98.558
- Held for investment purposes	-	-	-	-
B. Intangible assets	**30.400**	**-**	**-**	**30.400**
- Held for use	30.400	-	-	30.400
- Held for investment purposes	-	-	-	-
Total	**128.958**	**-**	**-**	**128.958**

III.3 OTHER INCOME/OPERATING EXPENSES

This item mainly includes: (i) the allocation related to probable expenses that FSI could incur on the basis of certain contractual commitments related to the investment in Ansaldo Energia; (ii) amounts accrued by FSI for services rendered in favour of FSI Investimenti, IQ and FSIA, (iii) the remuneration for corporate positions accrued by FSI executives for their work in the corporate bodies of the investees.

OTHER OPERATING INCOME/EXPENSES *(Euro units)*

	31/12/2015	31/12/2014
a) Income for company positions to employees	648.137	263.352
b) Income for services rendered to investee companies	5.868.343	2.416.195
c) Other income	43.457	959
d) Other expenses	(40.001.534)	(1.708)
Total	**(33.441.597)**	**2.678.798**

III.4 INCOME TAXES FROM CURRENT OPERATIONS FOR THE YEAR

Below are reported the taxes accrued in the 2015 financial year:

(Euro units)

INCOME TAXES: BREAKDOWN	31/12/2015	31/12/2014
1. Current taxes (-)	(1.931.489)	730.407
- of which from adhesion to the tax consolidation	*-*	*3.163.257*
2. Changes in current taxes of previous years (+/-)	(10.305.470)	-
3. Decrease in current taxes for the year (+)	-	-
4. Change in deferred tax assets (+/-)	12.928.260	404.924
5. Change in deferred tax liabilities (+/-)	573.746	(370.521)
6. Taxes for the year (-) (-1+/-2+3+/-4+/-5)	**1.265.047**	**764.810**

Taxes for the year, negative for Euro 1,265 thousand, include:

- the decrease recorded for Euro 10,306 thousand related to the difference between the higher IRES declared for tax year 2014 with respect to as estimated in the financial statements, due to partial sterilization of the ACE Benefit of deposits held with CDP;
- the charge for IRAP of the year, equal to Euro 1,931 thousand, calculated using the current tax rate equal to 5.57%;
- the effect of deferred tax assets and liabilities, positive for a total of Euro 13,502 thousand, resulting from temporary differences generated on certain income components, such as the allocation to the provision for risks and charges, the allocation and use of the provision for personnel expenses, the positive impact of earn-out related to the investment in Trevi and the changes on the investment in Generali and related derivative and hedging components.

The tables below show the reconciliation between theoretical and effective tax charges.

(Euro units)

Pre-tax profit	108.784.943	Tax rate
IRES Theoretical tax charge (tax rate 27.5%)	(29.915.859)	-27,50%
Increases		
- temporary changes	(11.072.830)	-10,18%
- permanent changes	(10.523.586)	-9,67%
Tax decreases		
- dividends	3.475.902	3,20%
- capital gains on investments	35.604.846	32,73%
- other changes	978.882	0,90%
- ACE benefit	11.452.645	10,53%
IRES Tax charge and in the financial statements	**-**	**n.s.**

(Euro units)

Difference between production value and costs	(1.024.174)	Tax rate
IRAP Theoretical tax charge (tax rate 5.57%)	57.047	-5,57%
Tax increases	(2.331.665)	227,66%
Tax decreases	343.129	-33,50%
IRAP Tax charge and in the financial statements	**(1.931.489)**	**188,59%**

IV – INFORMATION ON RISKS AND HEDGING POLICIES

The management of FSI risks is based on “Risk management principles”, on the related implementation document and on the methodology of analysis of the risks of investments in equity developed internally. These documents, approved by the FSI Board of Directors, define the basic principles of operation and related guidelines, in order to identify, measure and manage the various types of risk FSI may be subject to in carrying out its activities. These principles define, among other things, limits to risk-taking of FSI also in the process of approval of the investments.

In 2015, the FSI Risk Management carried out its activities in compliance with the aforementioned principles, summarized along three lines: (i) assessment of the risks in the process of approval of the investments; (ii) monitoring of the investments portfolio; (iii) preparation of quarterly update notes on the risk management activities addressed to the FSI Board of Directors.

The FSI Risk Management FSI carried out the monitoring of the risk profile of the investments portfolio, based on the period financial reporting provided by the companies in the portfolio, as well as through specific analyses of the companies, in order to update their analyses.

The liquidity profile of FSI is solid: the capital base of FSI is higher than the investments made and the excess liquidity is invested mainly in sight and time deposits (with different maturities). The absence of debt along with the type of deposit assets in which liquidity is invested, limit the risk of interest rate.

During the year, the Risk Management carried out the verifications, in respect of the risk policy in place, on the accounting valuations of the optional components present in the investments in the portfolio. The valuations of said optional components were carried out, in the fair value perspective, with the support of an independent expert consultant.

Lastly, it is recalled that the FSI risk management service is provided in outsourcing by the parent company CDP with the support of an internal FSI resource.

V – Transactions with related parties

V.1. Information on the fees due to executives with strategic responsibilities

DIRECTORS AND AUDITORS' FEES *(Euro units)*

	31/12/2015
a) directors	1.013.705
b) auditors	86.025
Total	**1.099.730**

REMUNERATION OF OTHER KEY MANAGERS *(Euro units)*

	31/12/2015
a) short-term benefits	1.422.604
b) post-employment benefits	130.584
c) other long-term benefits	-
d) employment termination indemnities	-
e) payments in shares	-
Total	**1.553.188**

DIRECTORS AND AUDITORS' FEES *(Euro units)*

Name and Surname	Office covered	Term of office	End of term (*)	Emoluments for the office and bonuses paid	Notes
Directors					
Claudio Costamagna	Chairman	27/07/2015 - 31/12/2015	31/12/2015	30.301	(**)
Giovanni Gorno Tempini	Chairman	01/01/2015 - 13/07/2015	31/12/2015	37.205	(**)
Fabio Gallia	Vice Chairman	10/09/2015 - 31/12/2015	31/12/2015	10.836	(**)
Maurizio Tamagnini	Managing Director	01/01/2015 - 31/12/2015	31/12/2015	629.334	(****)
Elena Emilia Zambon	Director	01/01/2015 - 31/12/2015	31/12/2015	35.000	
Rosalba Casiraghi	Director	01/01/2015 - 31/12/2015	31/12/2015	35.000	
Giuseppe Bono	Director	01/01/2015 - 31/12/2015	31/12/2015	35.000	(***)
Auditors					
Angelo Provasoli	Chairman	01/01/2015 - 31/12/2015	31/12/2015	27.000	
Paolo Golia	Standing Auditor	01/01/2015 - 31/12/2015	31/12/2015	20.000	
Ottavia Alfano	Standing Auditor	01/01/2015 - 31/12/2015	31/12/2015	20.000	

(*) Reporting date of the last financial statements approved.
(**) The fee is paid to Cassa Depositi e Prestiti S.p.A.
(***) The fee is paid to Fincantieri S.p.A.
(****) Include the fee paid and the bonus

V.2. Information on transactions with related parties

The Company is held 77.702% by CDP and, at the reporting date of these financial statements, the Company's Chairman holds the office of Chairman of the parent company

CDP and CEO and Managing Director of the parent company CDP is the Vice Chairman of the Company.
Moreover, on 30 November 2011, CDP resolved to submit FSI to the exercise of management and coordination activities, the regulation of which was approved during the CDP Board of 29 February 2012 and subject to subsequent updates. This regulation on the exercise of the activity of management and coordination identifies and outlines the subject and method of execution of the management and coordination by CDP, aimed at coordinating the actions and activities carried out by the Company and CDP in view of the group's interest.

It should be noted that no atypical or unusual transactions were carried out with related parties, which, due to their significance, could impact the financial and economic position of the Company. All transactions carried out with related parties, in fact, are implemented at arm's length and fall within the scope of the investment operations of FSI.

Relations with parent company

Transactions with CDP

Relations with CDP in 2015 mainly concerned:

- deposit contracts (account and time) which include the Company's cash waiting to be used in investments and interest accrued on time deposits;
- commercial paper contracts;
- directors' fees to be paid to CDP;
- costs for outsourcing services rendered by CDP in favour of FSI;
- costs related to the rental fee of the property used by the Company, until 31 July 2015, and other residual costs recharged to FSI.

The relations, at arm's length, existing at 31 December 2015 and the related financial and economic effects (including VAT, where due) are summarized as follows:

RELATIONS WITH CDP *(Euro units)*

	31/12/2015	31/12/2014
BALANCE SHEET FIGURES		
Non-current assets	***500.000.000***	***1.150.092.568***
Non-current financial assets	500.000.000	1.150.000.000
Other non-current assets	-	92.568
Current assets	***1.263.995.247***	***2.533.418.530***
Current financial assets	1.263.956.752	2.154.072.543
Other current assets	38.495	3.222.138
Cash and cash equivalents	-	376.123.849
Current liabilities	***10.810.952***	***33.568.104***
Other current financial liabilities	9	33.071.543
Other current liabilities	10.810.944	496.561

(Euro units)

	31/12/2015	31/12/2014
ECONOMIC DATA		
Financial income	41.439.532,18	54.874.512
Financial charges	(3.913)	(7.486)
Result from hedging	(49.255.192)	(33.000.812)
Affiliation with CDP - Service agreement	(787.176)	(957.604)
Recharge of costs for seconded personnel	(167.668)	-
Fees for corporate positions reversed to CDP	(78.342)	-
Other costs	(104.408)	(351.234)

Relations with subsidiaries

RELATIONS WITH SUBSIDIARIES *(Euro units)*

BALANCE SHEET		FSI Investimenti S.p.A.	FSIA Investimenti S.r.l.	TOTAL
Current assets	Receivables for services from investees	5.778.143	30.000	5.808.143
	Total	**5.778.143**	**30.000**	**5.808.143**

INCOME STATEMENT		FSI Investimenti S.p.A.	FSIA Investimenti S.r.l.	TOTAL
Other operating expenses/income	Income affiliation SA	5.778.143	30.000	5.808.143
Dividends	Dividends on investments	10.667.691	0	10.667.691
	Total	**16.445.834**	**30.000**	**16.475.834**

Transactions with other related parties

The following table summarizes the transactions outstanding at 31 December 2015 with other related parties and related valorisation.

	BALANCE SHEET				INCOME STATEMENT		
	Current assets				Other operating expenses/income		
	Receivables from investee companies		Other current assets				
Legal entity	Receivables for activities related to the service agreement	Receivables for income for company positions	Receivables for income for company positions	Receivables for reimbursement of expenses	Income for company positions to employees	Charge-backs of expenses incurred for investees	Income affiliation SA
IQ MIIC	60.250	-	-	-	-	-	60.200
Kedrion	-	5.500	-	1.856	30.417	1.521	-
Kedrion BioPharma	-	2.500	-		5.000	71	-
Metroweb	-	10.500	-	23	52.500	19	-
Metroweb Italia	-	6.000	-	-	30.000	78	-
Valvitalia Finanziaria	-	-	-	9	60.000	84	-
Ansaldo Energia	-	16.808	-	-	31.805	183	-
Rocco Forte Hotels	-	-	-	6.690	-	7.684	-
Trevifin	-	94.021	-	1.428	94.021	2.114	-
Inalca	-	10.000	-	127	27.444	631	-
SIA	-	-	-	238	34.400	541	-
STM	-	-	151.230	19.023	282.550	30.525	-
Total	**60.250**	**145.329**	**151.230**	**29.394**	**648.137**	**43.451**	**60.200**

	BALANCE SHEET	INCOME STATEMENT		
	Non-current liabilities	Revenues of investment operations		Costs of investment operations
Legal entity	Other financial liabilities	Change in financial instruments	Dividends on investments	Capital loss on investments
Trevifin	210.762	-	971.927	(33.357.228)
Rocco Forte Hotels	-	-	325.687	-
Total	**210.762**	**-**	**971.927**	**(33.357.228)**

V.3. INFORMATION OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION

In accordance with article 2497-bis, paragraph 4, of the Civil Code, the following is the summary of essential data of the latest financial statements of the parent company CDP.

The essential data of the summary report have been extracted from the financial statements for the year ended 31 December 2014, which is available in the form and manner required by law.

The separate financial statements of CDP at 31 December 2014 are annexed.

VI – SEGMENT REPORTING

This part of the Explanatory Notes will be prepared according to IFRS no. 8 “Operating segments”, in force since 1 January 2009 to replace IAS no. 14, “Segment reporting”.

The Company’s purposes are direct or indirect equity investments, understood as the acquisition, holding and management of rights, whether or not represented by securities, of the capital of corporations with significant prospects of development and that:
(i) operate in the sectors of defence, security, infrastructure, transport, communications, energy, insurance and financial brokerage, research and innovation with high technological content, and public services, tourism and hotel, agri-food and distribution as well as management of cultural and artistic assets; or
(ii) although not active in the areas referred to in (i) above, fulfil the following cumulative requirements: a) annual net turnover of at least Euro 300 million; b) average number of employees in the last financial year not less than 250;
(iii) although not active in the areas referred to in (i) above, and despite having a turnover or number of employees less than those referred to in (ii), however not lower than 20% of these values, perform important activities in terms of industry and benefits for the country’s economic and production system, in terms of presence in the territory of production facilities.

Of significant national interest are also companies which, although not established in Italy, operate in the sectors referred to in (i) and have subsidiaries or permanent establishments in Italy, which have in the same territory the following cumulative requirements: a) annual net turnover not exceeding Euro 50 million; b) average number of employees in the last financial year not less than 250.

The above requirements must be present and documented upon approval of the transaction by the Board of Directors of the company.

The Company may also acquire investments that, according to its By-laws, CDP may acquire.

The Company may also carry out any transaction which is ancillary, complementary or useful for the achievement of the Company’s corporate purpose including: purchasing, selling,

exchanging, letting and taking under lease real property for functional use, granting mortgages, sureties or other real and/or personal guarantees in its own or a third party's interest; maintaining bank accounts and carrying out any other transaction, whether relating to securities or real estate, whether of a financial or commercial nature; granting loans to investee or subsidiary companies; as well as carrying out any activity which is related to the Company's corporate purpose and is considered useful for its achievement, including the purchase of financial instruments, whether equity interests or not, except public savings, investment services as defined in Legislative Decree of 24 February 1998, no. 58, and the activities indicated in article 106 of Legislative Decree 1 September 1993, no. 385, to the extent that such activities are addressed to the general public.
As part of the financial assets, the company can operate with derivative financial instruments, as defined in paragraph 3 of art. 1 Legislative Decree 24 February 1998, no. 58, only to hedge risk and/or for equity investments.

Considering the limited number of investments in the portfolio, it is not significant to provide the information required.

ANNEXES TO THE FINANCIAL STATEMENTS

Financial statements

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

SEPARATE FINANCIAL STATEMENTS AT 31 December 2014

- **BALANCE SHEET**
- **INCOME STATEMENT**
- **STATEMENT OF COMPREHENSIVE INCOME**
- **STATEMENT OF CHANGES IN EQUITY**
- **STATEMENT OF CASH FLOWS**

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

(euros)

BALANCE SHEET

	Assets	31/12/2014	31/12/2013
10.	Cash and cash equivalents	3.431	3.530
20.	Financial assets held for trading	298.681.592	472.679.479
40.	Financial assets available for sale	6.907.788.220	4.939.291.611
50.	Financial assets held to maturity	21.339.001.554	18.327.082.721
60.	Loans to banks	26.507.878.599	14.851.354.609
	- of which segregated asset pool	*315.157.507*	-
70.	Loans to customers	263.886.601.722	242.136.225.003
80.	Hedging derivatives	683.756.741	325.064.442
100.	Equity investments	29.037.562.809	31.769.037.804
110.	Property, plant and equipment	231.831.135	217.930.399
120.	Intangible assets	5.653.001	6.252.398
130.	Tax assets	914.169.425	1.233.688.891
	a) current	688.383.445	1.065.965.451
	b) deferred	225.785.980	167.723.440
150.	Other assets	391.703.034	406.692.190
	Total assets	**350.204.631.263**	**314.685.303.077**

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

(euros)

BALANCE SHEET

	Liabilities and equity	31/12/2014	31/12/2013
10.	Due to banks	13.291.240.650	24.008.645.722
20.	Due to customers	302.765.016.422	261.520.355.925
30.	Securities issued	9.989.572.140	6.907.470.302
40.	Financial liabilities held for trading	290.043.654	444.815.354
60.	Hedging derivatives	2.305.630.570	1.449.143.501
70.	Adjustment of financial liabilities hedged generically (+/-)	47.921.746	52.258.202
80.	Tax liabilities	393.987.555	669.026.281
	a) current	228.138.672	565.597.478
	b) deferred	165.848.883	103.428.803
100.	Other liabilities	1.548.383.498	1.479.946.192
110.	Staff severance pay	887.491	756.139
120.	Provisions	18.526.685	14.928.023
	b) other provisions	18.526.685	14.928.023
130.	Valuation reserves	1.073.171.925	975.182.823
160.	Reserves	12.867.358.117	11.371.230.455
180.	Share capital	3.500.000.000	3.500.000.000
190.	Treasury shares (-)	(57.220.116)	(57.220.116)
200.	Net income for the period (+/-)	2.170.110.926	2.348.764.274
	Total liabilities and equity	**350.204.631.263**	**314.685.303.077**

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

(euros)

INCOME STATEMENT

		31/12/2014	31/12/2013
10.	Interest income and similar revenues	6.924.344.105	8.734.350.209
20.	Interest expense and similar charges	(5.762.905.636)	(6.194.954.542)
30.	**Net interest income**	**1.161.438.469**	**2.539.395.667**
40.	Commission income	52.431.196	40.300.483
50.	Commission expense	(1.643.658.781)	(1.623.148.314)
60.	**Net commission income**	**(1.591.227.585)**	**(1.582.847.831)**
70.	Dividends and similar revenues	1.846.798.798	3.088.977.849
80.	Net gain (loss) on trading activities	13.164.361	76.056.378
90.	Net gain (loss) on hedging activities	(44.393.865)	(14.833.356)
100.	Gains (losses) on disposal or repurchase of:	339.792.976	15.736.734
	a) loans	57.922.885	9.219.840
	b) financial assets available for sale	281.870.091	6.477.522
	c) financial assets held to maturity	-	39.372
120.	**Gross income**	**1.725.573.154**	**4.122.485.441**
130.	Net impairment adjustments of:	(130.744.682)	(45.290.748)
	a) loans	(113.031.124)	(42.802.267)
	d) other financial transactions	(17.713.558)	(2.488.481)
140.	**Financial income (expense), net**	**1.594.828.472**	**4.077.194.693**
150.	Administrative expenses:	(128.240.736)	(119.717.268)
	a) staff costs	(65.479.924)	(62.335.374)
	b) other administrative expenses	(62.760.812)	(57.381.894)
160.	Net provisions	(1.628.032)	(395.528)
170.	Net adjustments of property, plant and equipment	(4.822.935)	(5.147.912)
180.	Net adjustments of intangible assets	(2.242.113)	(2.345.796)
190.	Other operating income (costs)	4.164.148	4.758.168
200.	**Operating costs**	**(132.769.668)**	**(122.848.336)**
210.	Gains (losses) on equity investments	938.066.437	(1.008.947.000)
240.	Gains (losses) on the disposal of investments	(5.217)	91
250.	**Income (loss) before tax from continuing operations**	**2.400.120.024**	**2.945.399.448**
260.	Income tax for the period on continuing operations	(230.009.098)	(596.635.174)
270.	**Income (loss) after tax on continuing operations**	**2.170.110.926**	**2.348.764.274**
290.	**Income (loss) for the period**	**2.170.110.926**	**2.348.764.274**

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

(euros)

STATEMENT OF COMPREHENSIVE INCOME

		31/12/2014	31/12/2013
10.	**Income (loss) for the period**	**2.170.110.926**	**2.348.764.274**
	Other comprehensive income net of taxes transferred to income statement		
90.	Cash flow hedges	11.676.230	(1.380.880)
100.	Financial assets available for sale	86.312.872	11.145.386
130.	**Total other comprehensive income net of taxes**	**97.989.102**	**9.764.506**
140.	**Comprehensive income (items 10+130)**	**2.268.100.028**	**2.358.528.780**

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

(euros)

STATEMENT OF CHANGES IN EQUITY: CURRENT PERIOD

				Allocation of net income for previous year		Changes for the period								
							Equity transactions							
	Balance at 31.12.13	Changes in opening balance	Balance at 1.1.14	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2014	Equity at 31.12.14
Share capital:														
a) ordinary shares	3.500.000.000		3.500.000.000											3.500.000.000
b) preference shares														
Share premium reserve														
Reserves:														
a) income	11.371.230.455		11.371.230.455	1.496.127.662										12.867.358.117
b) other														
Valuation reserves:														
a) available for sale	788.179.460		788.179.460										86.312.872	874.492.332
b) cash flow hedges	19.431.361		19.431.361										11.676.230	31.107.591
c) other reserves														
- revaluation of property	167.572.002		167.572.002											167.572.002
Equity instruments														
Treasury shares	(57.220.116)		(57.220.116)											(57.220.116)
Income (loss) for the period	2.348.764.274		2.348.764.274	(1.496.127.662)	(852.636.612)								2.170.110.926	2.170.110.926
Equity	**18.137.957.436**		**18.137.957.436**		**(852.636.612)**								**2.268.100.028**	**19.553.420.852**

Cassa depositi e prestiti società per azioni

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

STATEMENT OF CHANGES IN EQUITY: PREVIOUS PERIOD

				Allocation of net income for previous year		Changes for the period							
							Equity transactions						
	Balance at 31.12.12	Changes in opening balance	Balance at 1.1.13	Reserves	Dividends and other allocations	Changes in reserves	Issue of new shares	Purchase of own shares	Special dividend distribution	Changes in equity instruments	Derivatives on own shares	Stock options	Comprehensive income for 2013	Equity at 31.12.13
Share capital:														
a) ordinary shares	2.450.000.000		2.450.000.000			1.050.000.000								3.500.000.000
b) preference shares	1.050.000.000		1.050.000.000			(1.050.000.000)								
Share premium reserve														
Reserves:														
a) income	9.517.249.132		9.517.249.132	1.853.981.323										11.371.230.455
b) other														
Valuation reserves:														
a) available for sale	777.034.074		777.034.074										11.145.386	788.179.460
b) cash flow hedges	20.812.241		20.812.241										(1.380.880)	19.431.361
c) other reserves														
- revaluation of property	167.572.002		167.572.002											167.572.002
Equity instruments														
Treasury shares								(57.220.116)						(57.220.116)
Income (loss) for the period	2.852.617.356		2.852.617.356	(1.853.981.323)	(998.636.033)								2.348.764.274	2.348.764.274
Equity	**16.835.284.805**		**16.835.284.805**		**(998.636.033)**			**(57.220.116)**					**2.358.528.780**	**18.137.957.436**

Cassa depositi e prestiti joint-stock company

Based in Rome, Via Goito no. 4, Fiscal Code 80199230584

(euros)

CASH FLOW STATEMENT (indirect method)

A. OPERATING ACTIVITIES	**31/12/2014**	**31/12/2013**
1. Operations	**5.466.218.766**	**6.556.718.122**
- net income for the year (+/-)	2.170.110.926	2.348.764.274
- gains (losses) on financial assets held for trading and on financial assets/liabilities at fair value (-/+)	(13.854.897)	(61.608.965)
- gains (losses) on hedging activities (-/+)	(16.215.828)	9.085.774
- net impairment adjustments (+/-)	131.452.791	45.290.748
- net value adjustments to property, plant and equipment and intangible assets (+/-)	7.065.048	7.493.709
- net provisions and other costs/revenues (+/-)	11.014.868	9.965.112
- unpaid charges, taxes and tax credits (+/-)	230.009.098	596.635.174
- net impairment adjustments of disposal groups held for sale net of tax effect (+/-)	-	-
- writedowns/writebacks of equity investments (+/-)	148.520.468	1.008.947.000
- other adjustments (+/-)	2.798.116.292	2.592.145.296
2. Cash generated by/used in financial assets	**(21.228.388.260)**	**(8.252.843.730)**
- financial assets held for trading	187.852.784	229.410.265
- financial assets at fair value	-	-
- financial assets available for sale	(1.641.091.987)	78.249.706
- loans to banks: on demand	-	-
- loans to banks: other	(11.755.990.288)	(1.347.809.928)
- loans to customers	(8.255.737.138)	(6.360.054.751)
- other assets	236.578.369	(852.639.022)
3. Cash generated by/used in financial liabilities	**29.656.011.695**	**5.145.738.562**
- due to banks: on demand	-	-
- due to banks: other	(10.548.512.701)	(10.076.287.893)
- due to customers	38.226.338.562	16.500.048.145
- securities issued	2.661.322.998	284.771.714
- financial liabilities held for trading	(154.771.699)	(32.272.324)
- financial liabilities at fair value	-	-
- other liabilities	(528.365.465)	(1.530.521.079)
Cash generated by/used in operating activities	**13.893.842.201**	**3.449.612.954**
B. INVESTING ACTIVITIES		
1. Cash generated by	**25.717.180.187**	**11.106.483.000**
- sale of equity investments	2.815.240.512	-
- dividends from equity investments	-	-
- sale of financial instruments held to maturity	22.901.939.675	11.106.483.000
- sale of property, plant and equipment	-	-
2. Cash used in	**(26.138.847.549)**	**(15.095.313.300)**
- purchase of equity investments	(221.921.860)	(2.519.511.610)
- purchase of financial assets held to maturity	(25.893.699.984)	(12.561.075.775)
- purchase of property, plant and equipment	(21.582.988)	(13.270.664)
- purchase of intangible assets	(1.642.717)	(1.455.251)
Cash generated by/used in investing activities	**(421.667.362)**	**(3.988.830.300)**
C. FINANCING ACTIVITIES		
- issue/purchase of treasury shares	-	(57.220.116)
- dividend distribution and other allocations	(852.636.612)	(998.636.033)
Cash generated by/used in financing activities	**(852.636.612)**	**(1.055.856.149)**
CASH GENERATED/USED DURING THE YEAR	**12.619.538.227**	**(1.595.073.495)**

RECONCILIATION

Items (*)		
Cash and cash equivalents at beginning of year	136.134.607.662	137.729.681.156
Total cash generated/used during the year	12.619.538.227	(1.595.073.495)
Cash and cash equivalents: effects of changes in exchange rates	-	-
Cash and cash equivalents at end of year	148.754.145.889	136.134.607.662

(*) Cash and cash equivalents shown in the Cash flow statement comprise the balance of item 10 “Cash and cash equivalents”, the availability on the bank account at the Central State Treasury, included under item 70 “Receivables from customers”, and the positive balance of bank accounts shown in item 60 “Receivables from banks” net of current accounts with a negative balance shown in item 10 “Payables to banks” of balance sheet

liabilities.