Esprinet Group

esprinet®

Annual Report 2015

Parent Company:

Esprinet S.p.A.
VAT Number: IT 02999990969
Monza e Brianza Companies' Register and Tax Number: 05091320159 R.E.A. 1158694
Registered Office and Administrative HQ: Via Energy Park, 20 - 20871 Vimercate (MB)
Subscribed and paid-in share capital as at 31/12/2015: Euro 7,860,651
www.esprinet.com - info@esprinet.com

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[1] Each booklet has a separate table of contents to facilitate the reader
[2] Esprinet S.p.A. separate financial statements, as defined by international accounting principles IFRSs

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Directors' Report on Operations 2015

Consolidated results overview

1. Letter from the Chairman

Dear Shareholders,

The Esprinet Group closed 2015 with net income of 30.0 million euro, up by approximately 12% on the 26.8 million euro registered in 2014, for an 18% increase in revenues to just under 2.7 billion euro and growth in absolute terms of more than 400 million euro.
All the key operating and financial indicators were again very positive in the fiscal year just ended, and much higher than in the previous year: as a result, the Group registered record revenues and own funds.
Once again, we confirmed more than a decade of leadership in the Italian market, with further growth in market share (approximately 2 percentage points according to Context data). The Spanish business registered robust levels of growth, boosting market share by around half a percentage point and consolidating its position as the third-largest local distributor.

The market

Development rates in the technology distribution sector generally correlate to the overall performance of the economy, the pace of product innovation, the average price of products sold, any discontinuity (e.g. the launch of new Windows operating systems) and the relative weightings of the 'channel' and 'direct' distribution.

Meanwhile, the ECB's Economic Bulletin no. 1/2016 provides the following summary of global macroeconomic performance in 2015: 'Global growth remains modest and uneven. While activity continues to expand at a solid pace in advanced economies, developments in emerging market economies remain weak overall and more diverse. After a very weak first half of the year in 2015, global trade is recovering, albeit at a slow pace. Global headline inflation has remained low and recent additional declines in oil and other commodity prices will further dampen inflationary pressures.' The ECB says this about Europe: 'The economic recovery in the euro area is continuing, largely on the back of dynamic private consumption. More recently, however, the recovery has been partly held back by a slowdown in export growth.'
The ECB's expansionary policy, the decline in oil prices, which has boosted consumer spending power, and a more expansionary fiscal policy, partly as a result of the migrant crisis, may be supporting growth, while deflation, lower exports due to weakness in many economies that are emerging and/or have strong ties to oil production, and geopolitical shocks in general, are cited as possible contributing factors to the slowdown.
Overall, the macroeconomic scenario in the areas in which the Group operates has adjusted to some degree of stability in trends, with predictable strong fluctuations due to the various shocks that now periodically affect the electoral economic sector.

With regard to product innovation, we note that the renewal of the notebook segment continued apace in 2015, with the progressive diffusion of solid-state technology and the availability of Windows 10 as an operating system destined to be a shared platform for both mobile devices and PCs.
This phenomenon may lead to further changes in the competitive landscape, with increasingly widespread use of professional smartphones: with the right interface systems, these might be transformed into personal computers providing portability for data and applications, and - when connected to a monitor and keyboard - access to professional applications.
Another key area for future growth continues to be wearable devices, particularly virtual reality visors. These could represent a new product category, enabling the sale of even more powerful smartphones.

Recently, the segment of complex or 'Value-added' technologies has been undergoing a very turbulent period, with the increasingly pervasive presence of 'cloud computing' and 'cyber security' as areas of investment for IT systems managers.
The flow of technological innovation seems to have stepped up a notch, thanks to the availability of processors and high-capacity batteries that enable the development and deployment of software interfaces that are increasingly sophisticated and therefore able to address and resolve the needs of consumers and businesses that at one time were not manageable: all this gives us hope for a further period of expansion in the market in which the Group operates.

In 2015, average product prices became more stable on a constant distribution channel basis, even though the growing influence of online retailers put pressure on prices of products for end-consumers.

At the same time, there was a very positive trend in the use of the distribution channel by the main technology producers, which increasingly favoured the '2-tier' (distributor-reseller) channel to safeguard their core markets.
As previously mentioned, producers are increasingly finding that the growing operational efficiency and commercial capacity of distributors offers a way of bringing their technologies more effectively and efficiently to the mass market and to business.

All of the above resulted, in 2015, in growth in the European 'wholesale' distribution sector of 8% compared with 2014, with an increase of 9% in the fourth quarter on the same period a year earlier (Context data, January 2016).
The panel of distributors analysed by Context now represents total revenues of approximately 60 billion euro. While European distributors registered 7% growth in the first half of the year, in the second half the figure increased to 9%, partly driven by an excellent performance in the key European market of Germany, which increased from -4% in the first half to +5% in the second.
The countries where our Group operates performed even better, with growth of 19% in Spain (the highest rate in Europe), a slight decrease (-1%) in Portugal (where the Group recently launched operations), and a gratifying figure of 11% in Italy.
The best-performing products were in the telecommunications segment (particularly smartphones), following by software and mobile computing (notebooks). Among vendors, the best performers were Apple, Lenovo and Hewlett Packard.

The Italian business

2015 was a year of rapid development in Italy, particularly in the telephony segment.
Contracts with Apple for iPhones and our solid partnership with Samsung have given us a clear leadership position in this sector.
The Group's robust financial position has allowed us to grasp important distribution opportunities, particularly in retail, with major producers that are increasingly finding in Esprinet a reliable and commercially and economically sound partner, representing the best channel for managing key consumer and corporate customers.
Logistics activities were further strengthened during the year, with the rental of more spaces at the Cavenago di Brianza distribution cluster, while operational procedures were further enhanced, ensuring the provision of better quality to customers while achieving further reductions in management costs in this area.
A number of major projects were launched to upgrade IT platforms with the migration to solid-state data storage systems, speeding up calculation times and therefore allowing for the introduction of new tools, both for CRM and so-called 'big data analytics', which we believe will enable us to provide increasingly rapid and tailored responses to our customer's requirements.
More and more investment has been allocated to training and developing our human resources, to create teams of new managers who can effectively supervise the new business lines, particularly in the area of 'Value-added' technologies, which we see as a key area of future growth for our Group.
In the market for production and distribution of smartphone accessories, safeguarded with our acquisition of 80% of the share capital of Celly S.p.A., 2015 was a year of very hard work, with a refocus on the core business of wholesale production and distribution and the consequent sale of the 'Rosso Garibaldi' business unit, a chain of accessories stores open to the public.

The migration to the Group's information systems was successfully completed, and the majority of our logistical operations were concentrated at the Italian warehouses. We therefore believe that, from 2016 onwards, and as evidenced by an excellent final quarter in 2015, Celly S.p.A. will start to make a significant contribution to Esprinet's performance.

The Spanish business

In 2015, the Spanish economy consolidated the progress made since the end of 2013.
A more positive macroeconomic environment, combined with the strong pace of technological innovation set by producers, has resulted in another marked improvement in demand for ICT products, with a beneficial effect on revenues and on the solvency of many customers.
The divisionalisation process launched in 2014 brought remarkable results in 2015.
The 'Volume' product area continued to see very robust growth, but it was the 'Value-added' and 'Consumer Electronics' areas that gave the first strong signs of maturity, registering very rapid growth rates, and, more importantly, finally achieving substantial critical mass.

However, the improved operating and financial dynamic was also the result of a human resources policy that has continued to reward professionalism, commitment and ability to achieve targets, effectively reinforcing a corporate culture that is more and more consistent with our objectives and corporate mission.
This performance was rewarded in practical terms with the prize for best distributor in Spain in 2015, based on Context's survey of Spanish resellers.
To sum up, and once again, by focusing on the guidelines in the Group's strategic plan, the Spanish subsidiary was able to generate more than competitive operating and financial results that were better than the sector average.

New initiatives

2016 began with a series of new investments and projects.
The management has maintained the highest standards of expertise and professionalism, and has again been calibrated to objectives for value creation for shareholders with a new long-term incentive plan that is more challenging than the plan put in place in 2015.
The Group has also continued to improve the process of seeking, training and promoting new talent for both the consolidated and the newly created business areas, partly with the help of management methods developed in collaboration with top HR consultancies.
The 'Value-added' or 'complex technologies' market segment was further reinforced with the acquisition of EDSLan S.p.A., a long-established distributor specialising particularly in networking technologies.
With more than €70 million in additional revenues and nearly 100 new employees, the Group has increased its size substantially in this market segment.
As a result of this leap forward, many new leading suppliers have expressed an interest in initiating commercial relations with the Group, and we are therefore confident that we will see periods of significant growth in 2016 and in subsequent years.
Our subsidiary, Celly, active in accessories for mobile devices, completed the restructuring process launched in 2015. The early signs in 2016 suggest a year of marked improvement in this company's operating and financial performance.
Growth has continued in the Iberian peninsula, where the Group plans to accelerate its expansion, both internally, through the process of divisionalisation that has begun in the last two years, and externally, by taking opportunities to consolidate smaller operators. With these plans in mind, we are investing in new logistics space, with the delivery of the new Spanish warehouse space at Zaragoza and further expansion of the spaces in use in the Italian warehouses at Cavenago. We continue to look at increasing the number of cash and carry stores in Spain, after the successful launch of the first store in the north of Madrid.
Last, but not least, the Group has good availability on short-term and medium-term lines of credit, ensuring sufficient levels of financial stability and flexibility to fulfil its growth initiatives, including through non-organic routes, which we are currently exploring.

Conclusions

The start of 2016 has again been overshadowed by the kind of economic and geo-political instability that has now become a constant in the competitive environment in which we operate.
However, instability and uncertainty represent more of an opportunity than a threat for a Group like ours, equipped with a robust financial structure and a solid, expert organisational structure: we believe that the market turbulence will once again drive forward the process of concentration that has been going on for years in our sector, giving us additional room for growth.
In this context, we are certain that our strategy of focusing on the core distribution business, combined with our determination to pursue the strategic objectives defined in recent years, will enable us to capitalise on the many opportunities offered by technological innovation and the changes under way both in businesses and among consumers.
We are therefore once again confident that we can continue our path of value creation for our shareholders and for all our other stakeholders.
I would like to end in the traditional fashion, with a sincere 'thank you' to all of the Group's employees, who have worked every day with such dedication, integrity and intelligence to ensure our success. I wish them even more personal and professional satisfaction in 2016.
Thank you for investing in our Company.

Francesco Monti
Chairman of the Board of Directors

2. Summary of the Group's economic and financial results

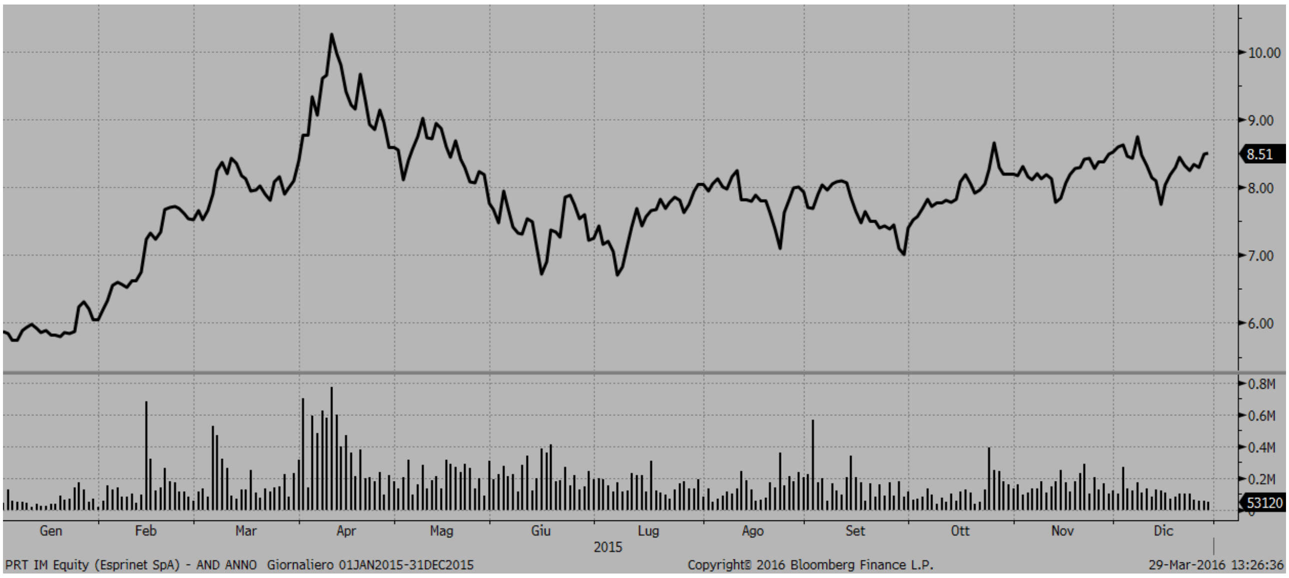
The 2015 economic and financial results and those of the relative periods of comparison have been drawn up according to International Financial Reporting Standards ('IFRS') endorsed by the European Union and in force during the period.
In the chart below, in addition to the conventional economic and financial indicators laid down by IFRSs, some 'alternative performance indicators', although not defined by the IFRSs, are presented. These 'alternative performance indicators', consistently presented in previous periodic Group reports, are not intended to substitute IFRSs indicators; they are used internally by the Management for measuring and controlling the Group's profitability, performance, capital structure and financial position. As required by CESR (Committee of European Securities Regulators) recommendation no. CESR/05 178b, the basis of calculation is provided in the end notes of the table.

(euro/000)	notes	2015	%	2014	notes	%	%var. 15/14	2013	notes	%
Profit & Loss										
Sales		2,694,054	100.0%	2,291,141		100.0%	18%	2,002,964		100.0%
Gross profit		156,864	5.8%	141,836		6.2%	11%	121,665		6.1%
EBITDA	(1)	50,558	1.9%	45,139		2.0%	12%	37,673		1.9%
Operating income (EBIT)		46,499	1.7%	41,086		1.8%	13%	34,278		1.7%
Profit before income tax		42,247	1.6%	39,100		1.7%	8%	32,370		1.6%
Net income		30,041	1.1%	26,813		1.2%	12%	23,095		1.2%
Financial data										
Cash flow	(2)	33,378		30,080				25,840		
Gross investments		5,731		3,593				2,998		
Net w orking capital	(3)	21,905		58,627				34,364		
Operating net w orking capital	(4)	34,512		77,431				49,457		
Fixed assets	(5)	101,083		98,058				96,753		
Net capital employed	(6)	111,692		144,588				118,174		
Net equity		297,606		274,872				259,826		
Tangible net equity	(7)	221,695		198,605				185,840		
Net financial debt	(8)	(185,913)		(130,284)				(141,652)		
Main indicators										
Net financial debt / Net equity		(0.6)		(0.5)				(0.5)		
Net financial debt / Tangible net equity		(0.8)		(0.7)				(0.8)		
EBIT / Finance costs - net		10.8		20.7				18.0		
EBITDA / Finance costs - net		11.8		22.7				19.8		
Net financial debt/ EBITDA		(3.7)		(2.9)				(3.8)		
Operational data										
N. of employees at end-period		1,016		969				975		
Avarage number of employees	(9)	993		972				973		
Earnings per share (euro)										
- From continuing operations - basic		0.59		0.51			16%	0.42		
- Basic		0.59		0.53			11%	0.45		
- From continuing operations - diluted		0.58		0.50			16%	0.41		
- Diluted		0.58		0.52			12%	0.44		

(1) EBITDA is equal to the operating income (EBIT) gross of amortisation, depreciation and accruals for risks and charges.
(2) Sum of consolidated net profit and amortisations.
(3) Sum of current assets, non-current assets held for sale and current liabilities, gross of current net financial debts.
(4) Sum of trade receivables, inventory and trade payables.
(5) Equal to non-current assets net of non-current financial assets for derivatives.
(6) Equal to capital employed as of period end, calculated as the sum of net working capital plus fixed assets net of non-current non-financial liabilities.
(7) Equal to net equity less goodwill and intangible assets.
(8) Sum of financial debts, cash availability, assets/liabilities for financial derivatives and financial receivables from factoring.
(9) Calculated as the average of opening balance and closing balance of consolidated companies.

3. Share performance

Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the STAR segment of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange since July 27, 2001.
The graph below illustrates the share performance from 1 January till 31 December 2015:



As at 31 December 2015, the official closing price of the Esprinet share was 8.4962 euro, increasing by 46.37% compared to its quotation at the beginning of the year (5.8045 euro).
Compared with a placement price of 1.4 euro per share in July 2001, taking into account the 1:10 share split-up effected during 2005 and without considering the reinvestment of the dividends paid out in shares, growth was 506.9%.
The average quotation in 2015 was 7.8059 euro; the maximum official price reached during the year was 10.1253 euro, recorded on April 13 2015.
During the year, a dividend of 0.125 euro per share was distributed, a 1.6% dividend yield when compared with the average quotation of the year.

An average volume of 174,363 shares per day was traded during 2015, increasing by 23.5% than the average volumes daily traded[1] in 2014 (141,229). Volumes reached an all-time high (773,316 shares traded) in the session held on April 13 2015. Average volumes daily traded were 382,025 shares in the same month.

On March 24 2016, the Esprinet share price was 7.8308 euro, a 6.24% decrease since the beginning of the year (8.3518 euro). Average daily trading up to the same day was 111,437 shares per day.

[1] Unweighted average of Esprinet shares volumes traded according to a Bloomberg Finance L.P. time series. Source: Banca IMI

Call of Shareholders' Meeting

ESPRINET S.p.A.
Headquarter in Vimercate (MB), Via Energy Park n. 20
Share capital € 7,860,651.00, fully paid-up
Listed on the Register of Companies of Monza and Brianza at number 05091320159
Tax code 05091320159 - VAT number 02999990969 – Economic Administrative Index MB-1158694
Website: www.esprinet.com

Notice of Ordinary Meeting of Shareholders

The Ordinary and Extraordinary Meeting will be held at the Cosmo Hotel, Via Torri Bianche n. 4, Vimercate (MB), at 10:00 a.m. on April 29th 2016 (first call), and if necessary a second meeting will be called at 15:00 p.m. on May 4th 2016, to discuss the following

Agenda

<u>Ordinary session</u>

1. Financial statements of Esprinet S.p.A. as at December 31st 2015:
   1.1. Approval of 2015 Financial Statement; Directors' Report on Operations, Statutory Auditors' Report, Independent Auditors' Report presentation of the Consolidated Financial Statement of Esprinet Group as at December 31st 2015.
   1.2. Allocation of income of the year.

2. Report on Remuneration. Resolutions on the first section of the Report on Remuneration under article 123-ter paragraph 6 of the legislative decree 58/1998.

3. Proposal for authorisation of a 18-month buy-back plan for the maximum number of shares legally allowed and concurrent repeal of the authorisation for the unused portion of the plan (if any) resolved by the Shareholders' Meeting of April 30th 2015.

DOCUMENTATION

Documentation relating to the Meeting, as well as resolution proposals, will be available to the public by the legal deadline, in the ways stipulated by law. The shareholders and anyone with voting rights may obtain a copy of the documentation which will be available from the company's head office (from Mondays to Fridays between 10 a.m. and 1 p.m., and from 3 p.m. to 6 p.m.), from the authorized stocking service at the internet site www.emarketstorage.com and on the Company's website www.esprinet.com, Investor Relations – Corporate Documentation – 2016 Shareholders' Meeting).

Those authorised to attend and vote are invited to arrive at least one hour before the start of the Meeting, in order to facilitate the registration process.

Corporate Governance

1. Company Officers

Board of Directors:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

Chairman	Francesco Monti	(SC)
Deputy Chairman	Maurizio Rota	(SC)
Chief Executive Officer	Alessandro Cattani	(SC) (CSC)
Director	Valerio Casari	(CSC)
Director	Marco Monti	(SC)
Director	Tommaso Stefanelli	(SC) (CSC)
Director	Matteo Stefanelli	(SC) (CSC)
Director	Cristina Galbusera	(InD) (CRC) (RAC)
Director	Mario Massari	(InD) (CRC) (RAC)
Director	Chiara Mauri	(InD) (CRC) (RAC)
Director	Emanuela Prandelli	(InD)
Director	Andrea Cavaliere	
Secretary	Manfredi Vianini Tolomei	Studio Chiomenti

Notes:
(InD): Independent Director
(CRC): Control and Risk Committee
(RAC): Remuneration and Appointments Committee
(SC) Strategy Committee
(CSC) Competitiveness and Sustainability Committee

Board of Statutory Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2017)

Chairman	Giorgio Razzoli
Permanent Auditor	Bettina Solimando
Permanent Auditor	Patrizia Paleologo Oriundi
Alternate Auditor	Antonella Koenig
Alternate Auditor	Bruno Ziosi

Independent Auditor:

(Mandate expiring with approval of accounts for the year ending 31 December 2018)

Reconta Ernst & Young S.p.A.

2. Waiver of the obligations to provide information on extraordinary transactions

Pursuant to article 70, section 8, and article 71, section 1-bis, of the Issuers' Regulations issued by Consob, on 21 December 2012 the Board of Directors of Esprinet S.p.A. resolved to make use of the right to waive the obligations to publish the information documents stipulated for significant transactions relating to mergers, demergers, increases in capital by the contribution of goods in kind, acquisitions and transfers.

3. Corporate Governance

Esprinet S.p.A. adopts and complies with the Corporate Governance Code for Italian Listed Companies (the Code), adapting it to the Group's characteristics.
In compliance with the disclosure requirements provided for by industry legislation, a 'Corporate Governance Report and ownership structure' is drafted every year with a general description of the corporate governance system adopted by the Group, as well as information regarding its ownership structure, its organisational model adopted as per Legislative Decree No. 231 of 2001 and its degree of compliance to the Corporate Governance Code for Italian Listed Companies. It also includes the main governance practices used and features of the risk management and internal auditing systems regarding the financial reporting process.

The 'Report on Corporate Governance and ownership structure' is available under Investor Relations – Corporate Documents – 2016 Shareholder Meeting on the Company website (www.esprinet.com).
The Corporate Governance Code for Italian Listed Companies is available on the Borsa Italiana S.p.A. site at www.borsaItaliana.it.

Pursuant to Article 70(8) and Article 71(1-bis) of the Issuer Regulations published by CONSOB, the Board of Directors of Esprinet S.p.A. decided, on 21 December 2012, to exercise its right not to comply with the obligation to publish the information documents prescribed in the case of significant mergers, demergers, capital increases through the contribution of assets in kind, acquisitions and transfers.

Activities and structure of the Esprinet Group

1. Description of the activities

Esprinet S.p.A. (hereafter 'Esprinet' or the 'parent company') and its subsidiaries (the 'Esprinet Group' or the 'Group') operate in Italy, Spain and Portugal.

The Group is active in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics.

In the Italian market, the distribution of IT products (hardware, software, value-added services) and consumer electronics constitutes the Group's primary business. Besides the more traditional IT products (desktop PCs, notebooks, printers, copiers, servers, standard software etc.) and to their 'consumables' (cartridges, tapes, toners, magnetic supports), the Group also distributes tablet, mobile devices (smartphones) and their accessories, networking products (modems, routers, switches), state-of-the-art digital and entertainment products such as TVS, photo cameras, video cameras, videogames and MP3/MP4 readers.
The 'Sales Analysis' section provides a more detailed description of the main product categories marketed.

The Esprinet Group distributes branded IT products (hardware and software), mobile devices and, by its subsidiary Celly S.p.A., in the wholesale distribution of accessories for mobile devices, pitching itself at a customer base made up of resellers that in turn target both consumer and business users. Its markets in geographical terms are Italy and Iberian Peninsula.

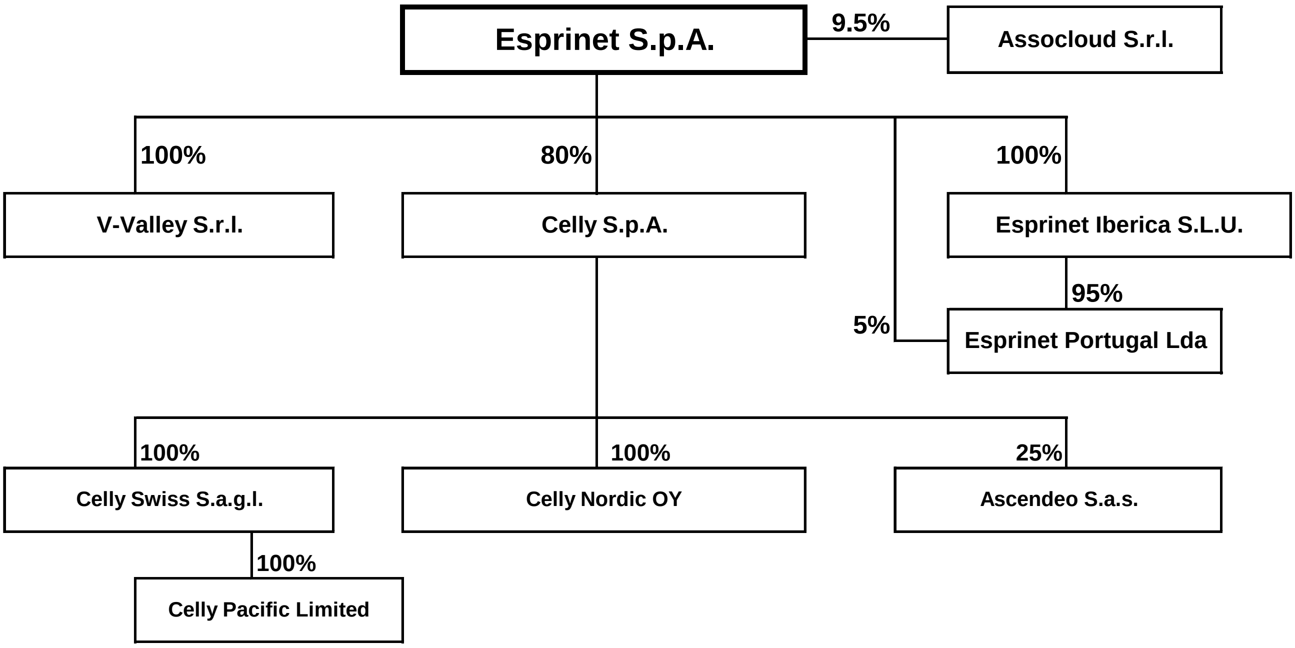
The range marketed by the Group consists of over 600 brands and services supplied by more than 200 primary standing technology manufacturers (vendors), including all the world's leading technology manufacturers (HP, Apple, Samsung, Lenovo, Asus, Acer, Dell, Microsoft, Toshiba, Fujitsu, Epson, LG, Sony and Xerox to name just a few).
The Group has also been distributing, in both geographic markets, house-branded products commissioned by third parties; these brands are Nilox, for entertainment sport products and PCs accessories, and Celly for mobile devices accessories.

Customers, made up of the various types of IT resellers present in the Italian and Iberians markets, range from value-added resellers (VAR) to system integrators/corporate resellers, from dealers to shops (independent and/or affiliated stores), from major general and/or specialist retailers to sub-distributors.
Total customers in 2015 were approx. 37,000, approx. 26,000 of which in Italy and approx. 11,000 in Spain.
In recent years, Esprinet has also increased its presence in the office automation area by going on to defend other special customer segments (such as the suppliers and wholesalers of office items and/or supplies, as well as office automation specialists) in a more decisive fashion.

Logistics activities are carried out at the three main logistics centres at Cambiago (MI), Cavenago (MB) and Zaragoza (Spain), all leased premises, totalling approx. 85,000 sqm (approx. 63,000 sqm in Italy and 22,000 sqm in Spain).

2. Group Structure

The chart below illustrates the structure of the Esprinet Group as at 31 December 2015:



In legal terms the parent company, Esprinet S.p.A., was formed in September 2000 following the merger of the two leading distributors operating in Italy: Comprel S.p.A. and Celomax S.p.A..
The Esprinet Group later assumed its current composition as a result of the carve-out from the parent company of micro-electronic components and 'high-value' products distribution activities, the acquisitions and mergers through incorporation and disposals of companies made between 2005 and 2014.

References to Subgroup Italy and Subgroup Iberica can be found in next comments and tables.
As at period-end date, the 'Subgroup Italy' includes, besides the parent company Esprinet S.p.A., V-Valley S.r.l. and Celly S.p.A. (acquired on 12 May 2014), all directly controlled companies, in addition to the associated company Assocloud S.r.l.. The latter, owned by Esprinet S.p.A. together with other 10 partners, is considered as an 'investment in associate' due to Esprinet's significant influence as per by-law provisions.

The acquisition perimeter concerning Celly S.p.A., a company operating in the 'business-to-business' (B2B) distribution of Information Technology (IT) and consumer electronics and more specifically in the wholesale distribution of accessories for mobile devices, includes also its wholly-owned subsidiaries:

- Celly Nordic OY, a Finnish-law company;
- Celly Swiss SAGL, a Helvetic-law company;
- Celly Pacific LTD, a Chinese-law company, completely owned by Celly Swiss SAGL;

all of which are operating in the same segment as the Holding Company, as well as Celly's 25% share in Ascendeo SAS, a French-law company.
At the same date, the Subgroup Iberica is made up of the subsidiary Esprinet Iberica S.L.U. as well as of Esprinet Portugal Lda, established on 29 April 2015 and operating since the beginning of June.

Esprinet S.p.A. has its registered and administrative offices in Italy in Vimercate (Monza e Brianza), while warehouses and logistics centres are located in Cambiago (Milan) and Cavenago (Monza e Brianza).
Esprinet S.p.A. uses Banca IMI S.p.A. as its specialist firm.

Subgroup Italy

Celly S.p.A. and its foreign subsidiaries

Established in 1998, Celly S.p.A its headquartered in Italy and is specialized in the design, production and distribution of mobile devices accessories. The Company has always been focussing on the development of concepts such as 'Italian identity' and 'quality' for its Celly branded products.

On 12 May 2014 Esprinet S.p.A. bought a 60% stake in the share capital of Celly S.p.A.. This deal was executed through a purchase of shares from former shareholders as well as company's own shares and, ultimately, the subscription of a share capital increase.

On July 20th, Esprinet S.p.A acquired 20% stake in Celly S.p.A. from GIR S.r.l., a company owned by Claudio Gottero, Celly's former co-Chief Executive Officer. As consequence of this acquisition, Esprinet owns 80% in Celly's share capital.

Celly S.p.A., directly or indirectly, wholly owns the companies Celly Nordic OY, Celly Swiss SAGL and Celly Pacific LTD Celly S.p.A., all established at the end of the year 2013, operating in its same segment and in fact active during 2014 apart Celly Swiss SAGL that is still non-operating.

V-Valley S.r.l.

Established in June 2010 as Master Team S.r.l. and named V-Valley S.r.l. in September, the company is headquartered in Vimercate (MB), and is 100%-owned by Esprinet S.p.A..

In this company, in fact active since December 2010, the distribution of 'high-value' products and solutions (high-end servers, networking and storage, virtualization, security software, bar-code scanning, mainly) has been concentrated.

Subgroup Iberica

Esprinet Iberica S.L.U.

Originally established by the Group as the non-operating company governed by Spanish law to aid in the Spanish acquisitions effected between the end of 2005 and the end of 2006, due to the mergers through incorporations made in 2007, Esprinet Iberica is now the sole legal entity operating in Spain.
Esprinet Iberica's offices and warehouses are in Zaragoza, only approx. 300 km from all the main cities in Spain (Madrid, Barcelona, Bilbao and Valencia) which total over 80% of Spain's IT consumption.

Esprinet Portugal Lda

On April 29th 2015 the new legal entity Portugal Lda was established according to the Portuguese law with the purpose of further enhance Groups' distribution activities in Portugal territory. The abovementioned company started its operating activities at the beginning of June.

Associated companies

Assocloud S.r.l.

On 16 January 2012 Assocloud S.r.l. was established. It is jointly controlled by Esprinet S.p.A and other eleven shareholders, but classified as an 'investment in associate' due to the significant influence exerted by Esprinet in accordance with the articles of association. On 2 April 2014 the shareholding in the associated company Assocloud grew from 8.33% to 9.52%.

This company is aimed to give the Group the opportunity to enter the virtual service or storage supply and the 'cloud computing' business, consisting of the management and development of IT infrastructure and applications for data recording, filing and processing.

Ascendeo S.A.S.

The Group also owns through its subsidiary Celly S.p.A. a 25% stake in the capital of the French company Ascendeo S.A.S..

Structure and target market trends

B2B distribution of IT and consumer electronics

The IT distribution chain

Generally speaking, IT and electronic products are distributed in two different ways: direct ('Tier 1') and indirect ('Tier 2').
The former enables suppliers to reach their technology end-users directly, while the latter makes use firstly of an intermediary or distributor and, secondly, of 'resellers'. Very briefly the subjects making up the distribution chain are:

- 'vendors': technology and/or IT products manufacturers who operate under their own brand;
- 'distributors': operators supplying logistics services, storage, credit and marketing. In their turn, distributors can be classified into:
  (i) wide-range distributors, identified by their wide range and high turnover volumes;
  (ii) specialised distributors, the reference point for specific technology for products and services, such as intermediate systems, networking products, Internet and consultancy, training and assistance services;
- 'resellers': mixed operators in terms of size, profits and organisational structures, business models and ways of approaching the end-user.

'Resellers' are traditionally coded in terms of their customer base and type of services or answers offered together with the sales of information systems (consultancy, installation, infrastructure production, systems support, outsourcing, after-sales service, and training).

They are usually identified as per the following categories:

Var ('Value Added Reseller')	Large-scale retail and specialist sectors
Corporate Reseller	Sub-distribution
System Integrator	Computer shop
Dealer	Shop on-line
Office automation products and consumables specialist	

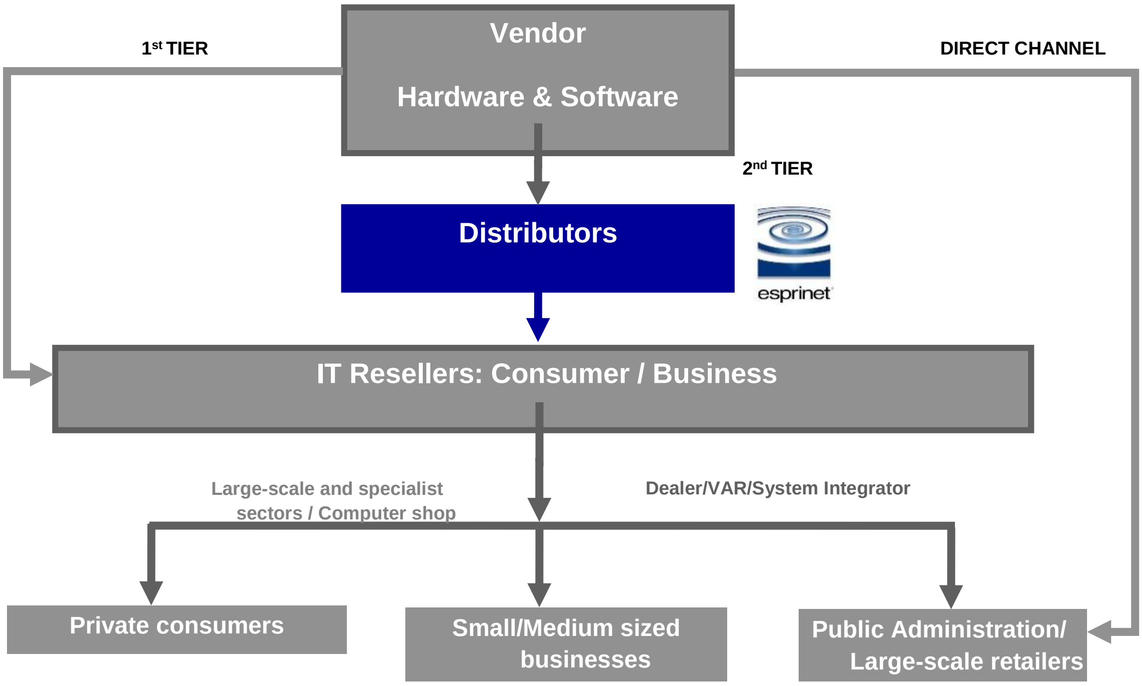
The individual sectors of the business system described above can be further defined in two different ways:

a) the so-called 'addressed' market, which is the total volume of IT product sales made by distributors or effectively passing through the so-called 'indirect channel' (that is, the sales flow that does not pass directly from the producer to the retailer or from the producer to the IT end-user);
b) the so-called 'addressable' market, which is the volume of IT product sales which can be made by distributors or effectively moved through the so-called 'indirect channel' (with the sole exclusion of hardware equipment such as mainframes or application software such as ERP etc., which by their very nature cannot be intercepted by distributors.).

It follows that the size of the sector must therefore be considered by analysing:

- IT demand (end-user consumption);
- the size of the distribution sector (that is the actual value of the sales effected by distributors or the value of the sales that can be guided by distributors according to the intrinsic nature of the products themselves).

The chart below illustrates the typical IT products distribution chain:



Italy

IT and electronics consumption

During 2015 the Italian Information Technology market, measured considering end-user IT consumption, decreased from 20.7 billion euro to 20.4 billion euro, a -1.7% drop compared with the previous year.
This decrease was recorded in Hardware and Software sectors, while Services showed an improvement of +1.2%.

The following tables summarise IT spending trends in Italy in the 2007/2015 period:

(euro/million)	2007	2008	2009	2010	2011	2012	2013	2014	2015
Hardware	9,185	9,101	8,080	8,133	7,539	6,988	7,266	7,178	6,744
Software	4,039	4,165	4,005	3,936	3,994	4,020	4,574	4,515	4,492
Services	10,269	10,380	9,772	9,212	8,944	8,693	9,227	9,029	9,136
Total It	**23,493**	**23,646**	**21,857**	**21,281**	**20,477**	**19,701**	**21,067**	**20,722**	**20,372**

Var. %	07 vs 06	08 vs 07	09 vs 08	10 vs 09	11 vs 10	12 vs 11	13 vs 12	14 vs 13	15 vs 14
Hardware	3.7%	-0.9%	-11.2%	0.7%	-7.3%	-7.3%	4.0%	-1.2%	-6.0%
Software	9.2%	3.1%	-3.8%	-1.7%	1.5%	0.7%	13.8%	-1.3%	-0.5%
Services	2.4%	1.1%	-5.9%	-5.7%	-2.9%	-2.8%	6.1%	-2.1%	1.2%
Total It	**4.0%**	**0.7%**	**-7.6%**	**-2.6%**	**-3.8%**	**-3.8%**	**6.9%**	**-1.6%**	**-1.7%**

Source: Sirmi, January 2016

If Esprinet target market prospects are widened to include Information & Communication Technology, and also TLC (fixed/mobile services and devices), Consumer Electronics and Office Products, the market size may be illustrated as follows:

(euro/million)	2012	2013	*13 vs 12*	2014	*14 vs 13*	2015	*15 vs 14*
Hardware	6,988	7,266	*4.0%*	7,178	*-1.2%*	6,744	*-6.0%*
Software	4,020	4,574	*13.8%*	4,515	*-1.3%*	4,492	*-0.5%*
Services	8,693	9,227	*6.1%*	9,029	*-2.1%*	9,136	*1.2%*
Sub Total IT	**19,701**	**21,067**	***6.9%***	**20,722**	***-1.6%***	**20,372**	***-1.7%***
TLC fixed	15,614	15,028	*-3.8%*	14,228	*-5.3%*	13,964	*-1.9%*
TLC mobile	20,886	19,549	*-6.4%*	19,061	*-2.5%*	19,139	*0.4%*
Sub Total TLC	**36,500**	**34,577**	***-5.3%***	**33,289**	***-3.7%***	**33,103**	***-0.6%***
Consumer electronics	7,785	7,002	*-10.1%*	6,478	*-7.5%*	6,056	*-6.5%*
Sub Total ICT	**63,986**	**62,646**	***-2.1%***	**60,489**	***-3.4%***	**59,531**	***-1.6%***

Source: Sirmi, January 2016

The following is a breakdown of the main dynamics per single market segment by limiting the analysis to the areas which provide a better approximation of the eligible market for a distributor:

Hardware	**15 vs 14**	**Software**	**15 vs 14**
Large Systems:	12.4%	System software:	-0.5%
Systems:	-5.2%	Middleware e tools:	-0.7%
PC Server:	2.1%	Applications:	-0.3%
PC Client:	-12.2%		
Tablet:	-19.5%		
Printers:	-4.1%		
Storage:	-6.9%		
Networking Hardware:	-2.4%		
Other	2.6%		

Source: Sirmi, January 2016

The distribution industry: dimensions and trends

In this paragraph, industry dimensions and trends have been measured by taking the total IT product sales actually made by distributors operating in Italy as the definition of the relevant industry.
As per Sirmi data, during 2015 the IT distribution industry posted an increase of +8% compared to 2014.

The table below provides a summary of the market positions of the top 20 IT distribution concerns[2]

[2] All mainly IT distributors have been considered in the Sirmi survey of distributors operating in Italy (approx. 160 out of the over 200 surveyed).
Revenues of companies with fiscal year different from the solar year have been estimated by Sirmi for purposes of homogeneity.
Each company has been ranked on the basis of its company perimeter in the single year, disregarding any latest acquisitions/transfers.

		Million euro			Market Share		
		2013	**2014**	**2015**	**2013**	**2014**	**2015**
1	ESPRINET	1,538.1	1,715.6	2,015.2	25.0%	26.3%	28.6%
2	COMPUTER GROSS ITALIA	781.0	900.0	997.0	12.7%	13.8%	14.1%
3	TECH DATA	644.3	812.8	930.0	10.5%	12.4%	13.2%
4	INGRAM MICRO ITALIA	613.8	661.2	680.0	10.0%	10.1%	9.6%
5	DATAMATIC	363.9	329.6	315.0	5.9%	5.0%	4.5%
6	ATTIVA	245.8	237.0	275.0	4.0%	3.6%	3.9%
7	BREVI	153.0	164.1	180.0	2.5%	2.5%	2.6%
8	FUTURA GRAFICA	93.2	97.4	101.0	1.5%	1.5%	1.4%
9	EXECUTIVE	88.6	96.9	103.0	1.4%	1.5%	1.5%
10	ADVEO ITALIA	83.1	86.9	90.0	1.4%	1.3%	1.3%
11	EDSLAN	59.5	76.3	85.0	1.0%	1.2%	1.2%
12	ARROW ECS	55.2	71.1	80.0	0.9%	1.1%	1.1%
13	COMETA	53.1	65.9	71.0	0.9%	1.0%	1.0%
14	IL TRIANGOLO	71.7	61.7	67.0	1.2%	0.9%	1.0%
15	SNT TRADING - EX SNT TECHNOLOGI	66.1	60.0	45.0	1.1%	0.9%	0.6%
16	ITWAY	62.9	53.7	58.0	1.0%	0.8%	0.8%
17	ADL AMERICAN DATALINE	45.4	49.8	51.5	0.7%	0.8%	0.7%
18	ICOS	48.9	49.0	48.0	0.8%	0.8%	0.7%
19	FOCELDA	47.5	46.8	45.0	0.8%	0.7%	0.6%
20	SIDIN- EXCLUSIVE NETWORKS	46.0	25.6	20.0	0.7%	0.4%	0.3%
	Top 20 distributors	**5,161**	**5,661**	**6,257**	**83.9%**	**86.7%**	**88.7%**
	Total market	**6,152**	**6,529**	**7,051**	**100.0%**	**100.0%**	**100.0%**
	Var % top 20 distributors		***9.7%***	***10.5%***			

Source: Company processing based on Sirmi data, 2016.

The industry also saw a consolidation in the market share collectively held by the industry's top 20 distributors, which rose from 87% in 2014 to 89% in 2015.
The Esprinet Group confirmed its own leadership in this environment thanks to its penetration close to 28%, almost twice as much as the second player in the Italian market.

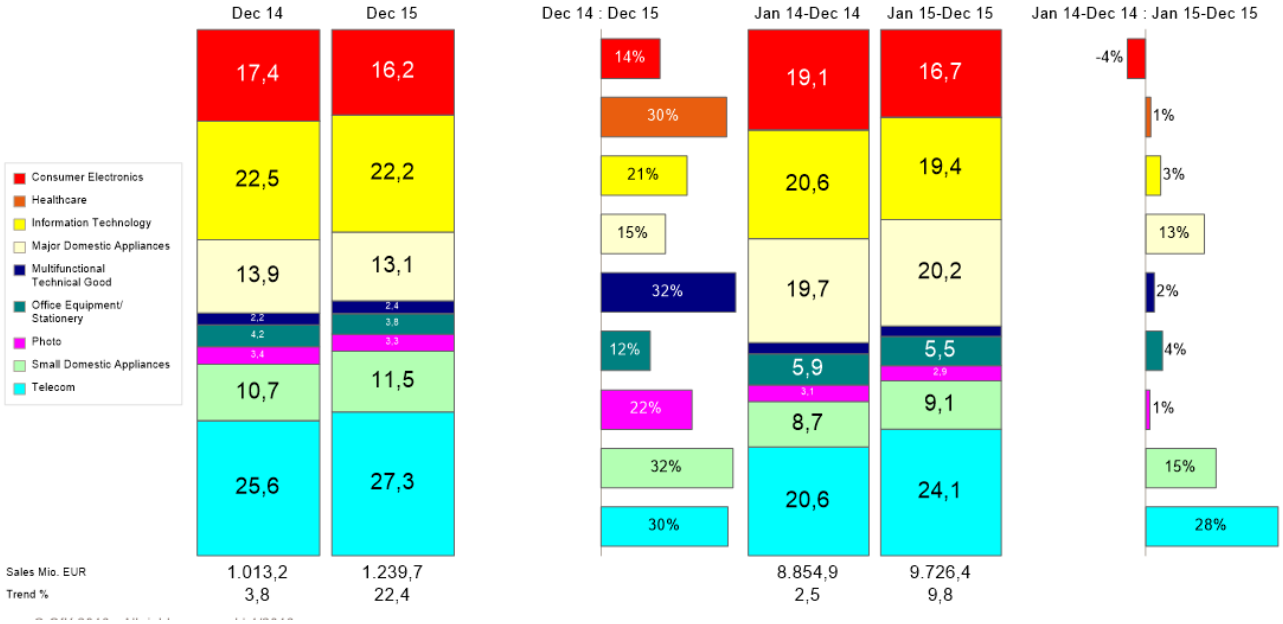
Even according to Context (January 2016), that analyses sales data of the main distributors represented by industry consortium GTDC - Global Tech Distribution Council, which includes Esprinet Group as well - in 2015 the distributors that operate on the Italian market recorded a sales increase of +11.1% year-over-year. Esprinet Italy ranked first in the panel, with an increasing market share compared to the previous year.

Spain

IT and electronics consumption

Information and data related to the Spanish market are unfortunately not as reliable as those of the Italian market.

It is possible, however, to deduct few indicators that measure the end-users' IT and consumer electronics consumption, thanks to surveys conducted directly on points of sales (either on-line or traditional shops) operating in the Spanish market.



Source: GFK, 2016-01

The chart above summarizes the consumption of IT, consumer electronics products as well as white goods in Spain in the last year increased by approx. +10% reaching the market value of 9.7 million of euro compared to 8.8 million euro of the previous year. In more detail in 2015, the IT products represented 19.4% on the total consumption (20.6% in 2014) therefore increasing by +3% in value year-over-year.

Consumer electronics showed a decrease of -4%, thus reducing its market share from 19.1% to 16.7%. The white goods market grew by +13% year-over-year, but the growth was largely driven by the Telecom segment thanks to the excellent performances (+28%) of smartphones category.

The distribution industry: dimensions and trends

The following table summarizes the market positions of the top 20 distribution players in Spain, as per the ranking published by the ChannelPartner.es journal in April 2015.

	Million euro			Market Share	
	2014	**2015**	**Var. %**	**2014**	**2015**
1 TECH DATA	866.0	1,026.5	18.5%	16.4%	17.0%
2 INGRAM MICRO	660.0	752.4	14.0%	12.5%	12.4%
3 ESPRINET IBERICA	601.6	696.1	15.7%	11.4%	11.5%
4 VINZEO	492.0	585.0	18.9%	9.3%	9.7%
5 ARROW ECS	339.7	420.1	23.7%	6.4%	6.9%
6 MCR	200.0	235.0	17.5%	3.8%	3.9%
7 GTI	168.0	203.0	20.8%	3.2%	3.4%
8 WESTCON	148.0	168.7	14.0%	2.8%	2.8%
9 ADVEO IBERIA	194.9	151.8	-22.1%	3.7%	2.5%
10 BRIGHTSTAR 20:20	132.5	125.9	-5.0%	2.5%	2.1%
11 AVNET	61.0	120.0	96.7%	1.2%	2.0%
12 DMI COMPUTER	74.0	89.0	20.3%	1.4%	1.5%
13 DEPAU	57.6	75.1	30.5%	1.1%	1.2%
14 MEGASUR	72.0	74.0	2.8%	1.4%	1.2%
15 INFORTISA	60.9	71.1	16.8%	1.2%	1.2%
16 GLOBOMATIK	33.2	69.5	109.6%	0.6%	1.1%
17 CRAMBO	48.9	65.9	34.8%	0.9%	1.1%
18 DESYMAN	34.1	45.5	33.2%	0.6%	0.8%
19 EXCLUSIVE NETWORKS	27.0	36.0	33.3%	0.5%	0.6%
20 DIODE	45.2	35.0	-22.5%	0.9%	0.6%
Top 20 distributors	**4,317**	**5,046**	**5,160**	**81.7%**	**83.4%**
Total market	**5,282**	**6,050**	**6,152**	**100.0%**	**100.0%**
Var % top 20 distributors			***16.9%***		
Var % total market			***14.5%***		

Concerning the distribution market, Context (January 2016) reports a year-over-year growth of +18.6%, showing the best performance among the analysed Countries, even better than the result of the whole Panel (including almost all European Countries) which shows a year-over-year growth of +8%, thanks mostly to the results of United Kingdom (+12%) and Germany (+1%).

According to Context survey, Esprinet Iberica is the third distributor on the Spanish market, with a market share growth of 50bp compared to 2014.

Group and Esprinet S.p.A. economic and financial results

Please note that the economic and financial results and those of the relative period of comparison have been drawn up according to IFRSs.

1. Income trend

A) Esprinet Group financial highlights

The Group's main economic, financial and assets results as at 31 December 2015 are as follows:

(euro/000)	2015	%	2014	%	Var.	Var. %
Sales	**2,694,054**	**100.00%**	**2,291,141**	**100.00%**	**402,913**	***18%***
Cost of sales	(2,537,190)	-94.18%	(2,149,305)	-93.81%	(387,885)	*18%*
Gross profit	**156,864**	**5.82%**	**141,836**	**6.19%**	**15,028**	***11%***
Sales and marketing costs	(43,974)	-1.63%	(38,381)	-1.68%	(5,593)	*15%*
Overheads and administrative costs	(66,391)	-2.46%	(62,369)	-2.72%	(4,022)	*6%*
Operating income (EBIT)	**46,499**	**1.73%**	**41,086**	**1.79%**	**5,413**	***13%***
Finance costs - net	(4,243)	-0.16%	(1,987)	-0.09%	(2,256)	*114%*
Other investments expenses / (incomes)	(9)	0.00%	1	0.00%	(10)	*-1000%*
Profit before income taxes	**42,247**	**1.57%**	**39,100**	**1.71%**	**3,147**	***8%***
Income tax expenses	(12,206)	-0.45%	(13,413)	-0.59%	1,207	*-9%*
Profit from continuing operations	**30,041**	**1.12%**	**25,687**	**1.12%**	**4,354**	***17%***
Income/(loss) from disposal groups	-	0.00%	1,126	0.05%	(1,126)	*-100%*
Net income	**30,041**	**1.12%**	**26,813**	**1.17%**	**3,228**	***12%***
Earnings per share - continuing operations	0.59		0.51		0.08	*16%*
Earnings per share - basic (euro)	0.59		0.53		0.06	*11%*

Consolidated sales equal to 2,694.1 million euro showed an increase of +18% (402.9 million euro) compared to 2,291.1 million euro as of 31 December 2014.

Consolidated gross profit equal to 156.9 million euro showed an increase of +11% (15.0 million euro) compared to the 2014 as consequence of higher sales only partially counterbalanced by a decrease in the gross profit margin.

Consolidated operating income (EBIT) as at 31 December 2015, equal to 46.5 million euro, showed an increase of +13% compared to 31 December 2014 (41.1 million euro). Ebit margin, equal to 1.73% showed a light decrease compared to 1.79% of 2014 and highlighted a recovery compared to the gross margin decrease, as consequence of a lower operating costs weight, the latter decreased to 4.10% from 4.40%.

Consolidated profit before income taxes, was equal to 42.3 million euro, showing an increase of +8% compared to 31 December 2014, notwithstanding a 2.3 million euro increase in financial charges.

Consolidated profit from continuing operation equal to 30.0 million euro, showed an increase of +17% (4.4 million euro) compared to 31 December 2014.

Consolidated net income was equal to 30.0 million euro, with an increase of +12% (3.2 million euro) compared to 31 December 2014, notwithstanding a 1.1 million euro gain in 'Profit/Loss from disposal groups' booked in 2014 referred to the disposal of Monclick S.r.l. and Comprel S.r.l..

Earnings per ordinary share from continuing operations as at 31 December 2015, equal to 0.59 euro, showed an increase of +16% compared to 31 December 2014 figure (0.51 euro).

Earnings per ordinary share as at 31 December 2015, equal to 0.59 euro, showed an increase of +11% compared to 31 December 2014 (0.53 euro).

(euro/000)	31/12/2015	%	31/12/2014	%	Var.	Var. %
Fixed assets	101,083	90.50%	98,058	67.82%	3,024	3%
Operating net w orking capital	34,512	30.90%	77,431	53.55%	(42,919)	-55%
Other current assets/liabilities	(12,607)	-11.29%	(18,804)	-13.00%	6,197	-33%
Other non-current assets/liabilities	(11,296)	-10.11%	(12,098)	-8.37%	802	-7%
Total uses	**111,692**	**100.00%**	**144,588**	**100.00%**	**(32,896)**	**-23%**
Short-term financial liabilities	29,314	26.25%	20,814	14.40%	8,500	41%
Current financial (assets)/liabilities for derivatives	195	0.17%	51	0.04%	144	282%
Financial receivables from factoring companies	(2,714)	-2.43%	(690)	-0.48%	(2,024)	293%
Customers financial receivables	(507)	-0.45%	(506)	-0.35%	(1)	0%
Cash and cash equivalents	(280,089)	-250.77%	(225,174)	-155.74%	(54,915)	24%
Net current financial debt	(253,801)	-227.23%	(205,505)	-142.13%	(48,296)	24%
Borrow ings	65,138	58.32%	68,419	47.32%	(3,281)	-5%
Debts for investments in subsidiaries	5,222	4.68%	9,758	6.75%	(4,536)	-46%
Non-current financial (assets)/liab. for derivatives	224	0.20%	128	0.09%	96	75%
Customers financial receivables	(2,696)	-2.41%	(3,085)	-2.13%	388	-13%
Net financial debt (A)	(185,913)	-166.45%	(130,284)	-90.11%	(55,629)	43%
Net equity (B)	297,605	266.45%	274,872	190.11%	22,733	8%
Total sources of funds (C=A+B)	**111,692**	**100.00%**	**144,588**	**100.00%**	**(32,896)**	**-23%**

Consolidated net working capital as at 31 December 2015 was equal to 34.5 million euro compared to 77.4 million euro as at 31 December 2014.

Consolidated net financial position as at 31 December 2015, was positive by 185.9 million euro, compared to a cash surplus of 130.3 million euro as at 31 December 2014.
The rise in spot cash liquidity was connected to the improvement in the spot consolidated net working capital as of 31 December 2015 which in turn is influenced by technical events often not related to the average level of working capital and by the level of utilisation of both 'without-recourse' factoring programs referring to the trade receivables and of the corresponding securitization program.

This program is aimed at transferring risks and rewards to the buyer, thus receivables sold are eliminated from balance sheet according to IAS 39.

Taking into account other technical forms of cash advances other than 'without-recourse assignment', but showing the same effects – such as 'confirming' used in Spain –, the overall impact on financial debt was approx. 287 million euro as at 31 December 2015 (approx. 193 million euro as at 31 December 2014).

Consolidated net equity as at 31 December 2015 equal to 297.6 million euro, showed an increase of 22.7 million euro compared to 274.9 million euro as at 31 December 2014.

B) Financial highlights by geographical area

B.1) Subgroup Italy

The main economic, financial and asset results for the Italian subgroup (Esprinet, V-Valley and Celly Group) as at 31 December 2015 are hereby summarized:

(euro/000)	2015	%	2014	%	Var.	Var. %
Sales to third parties	1,997,979		1,689,587		308,392	*18%*
Intercompany sales	42,871		43,901		(1,030)	*-2%*
Sales	**2,040,850**		**1,733,488**		**307,362**	***18%***
Cost of sales	(1,914,761)		(1,616,960)		(297,801)	*18%*
Gross profit	**126,089**	**6.18%**	**116,528**	**6.72%**	**9,561**	***8%***
Sales and marketing costs	(37,867)	-1.86%	(33,112)	-1.91%	(4,755)	*14%*
Overheads and administrative costs	(54,355)	-2.66%	(50,252)	-2.90%	(4,103)	*8%*
Operating income (EBIT)	**33,867**	**1.66%**	**33,164**	**1.91%**	**703**	***2%***

Sales totalled 2,040.9 million euro, showing an increase of +18% compared to 1,733.5 million euro as at 31 December 2014.

Gross profit, equal to 126.1 million euro showed an increase of +8% compared to 116.5 million euro of 31 December 2014, due to the combined effect of a gross profit margin reduction (from 6.72% to 6.18%) and higher sales.

Operating income (EBIT) equal to 33.9 million euro showed an increase of +2% compared to the same period of 2014 and an EBIT margin decreased form 1.91% to 1.66% also due to an increase in operating costs.

(euro/000)	31/12/2015	%	31/12/2014	%	Var.	Var. %
Fixed assets	110,166	92.85%	106,851	71.03%	3,314	*3%*
Operating net working capital	18,333	15.45%	53,792	35.76%	(35,459)	*-66%*
Other current assets/liabilities	(1,055)	-0.89%	(605)	-0.40%	(450)	*74%*
Other non-current assets/liabilities	(8,801)	-7.42%	(9,606)	-6.39%	805	*-8%*
Total uses	**118,643**	**100.00%**	**150,433**	**100.00%**	**(31,790)**	***-21%***
Short-term financial liabilities	29,038	24.48%	20,438	13.59%	8,600	*42%*
Current financial (assets)/liabilities for derivatives	195	0.16%	51	0.03%	144	*282%*
Financial receivables from factoring companies	(2,714)	-2.29%	(690)	-0.46%	(2,024)	*293%*
Financial (assets)/liab. from/to Group companies	(50,000)	-42.14%	(40,000)	-26.59%	(10,000)	*25%*
Customers financial receivables	(507)	-0.43%	(506)	-0.34%	(1)	*0%*
Cash and cash equivalents	(215,589)	-181.71%	(180,194)	-119.78%	(35,395)	*20%*
Net current financial debt	(239,577)	-201.93%	(200,901)	-133.55%	(38,676)	*19%*
Borrowings	65,138	54.90%	68,419	45.48%	(3,281)	*-5%*
Debts for investments in subsidiaries	5,222	4.40%	9,758	6.49%	(4,536)	*-46%*
Non-current financial (assets)/liab. for derivatives	224	0.19%	128	0.09%	96	*75%*
Customers financial receivables	(2,696)	-2.27%	(3,085)	-2.05%	388	*-13%*
Net Financial debt (A)	(171,689)	-144.71%	(125,680)	-83.55%	(46,009)	*37%*
Net equity (B)	290,332	244.71%	276,113	183.55%	14,219	*5%*
Total sources of funds (C=A+B)	**118,643**	**100.00%**	**150,433**	**100.00%**	**(31,790)**	***-21%***

Operating net working capital as at 31 December 2015 was equal to 18.3 million euro, compared to 53.8 million euro as at 31 December 2014.

Net financial position as at 31 December 2015, was positive by 171.7 million euro, compared to a cash surplus of 125.7 million euro as at 31 December 2014. The impact of 'without-recourse' sale of trade receivables as at 31 December 2015 was equal to 147 million euro (approx. 70 million euro as at 31 December 2014).

B.2) Esprinet Iberica

The main economic, financial and asset results for the Iberica Subgroup (Esprinet Iberica and Esprinet Portugal) as at 31 December 2015 are hereby summarised:

(euro/000)	2015	%	2014	%	Var.	Var. %
Sales to third parties	696,075		601,554		94,521	*16%*
Intercompany sales	-		-		-	*0%*
Sales	**696,075**		**601,554**		94,521	***16%***
Cost of sales	(665,251)		(576,161)		(89,090)	*15%*
Gross profit	**30,824**	**4.43%**	**25,393**	**4.22%**	**5,431**	***21%***
Sales and marketing costs	(6,035)	-0.87%	(4,924)	-0.82%	(1,111)	*23%*
Overheads and administrative costs	(12,130)	-1.74%	(12,471)	-2.07%	341	*-3%*
Operating income (EBIT)	**12,659**	**1.82%**	**7,998**	**1.33%**	**4,661**	***58%***

Sales was equal to 696.1 million euro, showing an increase of +16% compared to 601.6 million euro of 31 December 2014.

Gross profit as at 31 December 2015 was equal to 30.8 million euro, showing an increase of +21% compared to 25.4 million euro of the same period of 2014, with a gross profit margin increase from 4.22% to 4.43%.

Operating income (EBIT), equal to 12.7 million euro, increased by 4.7 million euro compared to 31 December 2014, with an EBIT margin increase from 1.33% to 1.82%.

(euro/000)	31/12/2015	%	31/12/2014	%	Var.	*Var. %*
Fixed assets	65,562	96.63%	65,765	95.53%	(203)	*0%*
Operating net w orking capital	16,336	24.08%	23,768	34.53%	(7,432)	*-31%*
Other current assets/liabilities	(11,554)	-17.03%	(18,200)	-26.44%	6,646	*-37%*
Other non-current assets/liabilities	(2,495)	-3.68%	(2,492)	-3.62%	(3)	*0%*
Total uses	**67,849**	**100.00%**	**68,841**	**100.00%**	**(992)**	***-1%***
Short-term financial liabilities	276	0.41%	376	0.55%	(100)	*-27%*
Financial (assets)/liab. from/to Group companies	50,000	73.69%	40,000	58.10%	10,000	*25%*
Cash and cash equivalents	(64,500)	-95.06%	(44,980)	-65.34%	(19,520)	*43%*
Net Financial debt (A)	(14,224)	-20.96%	(4,604)	-6.69%	(9,620)	*209%*
Net equity (B)	82,073	120.96%	73,445	106.69%	8,628	*12%*
Total sources of funds (C=A+B)	**67,849**	**100.00%**	**68,841**	**100.00%**	**(992)**	***-1%***

Operating net working capital as at 31 December 2015 was equal to 16.3 million euro compared to 23.8 million euro as at 31 December 2014.

Net financial position as at 31 December 2015, was positive by 14.2 million euro compared to a cash surplus of 4.6 million euro as at 31 December 2014. The impact of 'without-recourse' sale of both trade receivables and advancing cash-in of credits was approx. 140 million euro (approx. 123 million euro as at 31 December 2014).

C) **Esprinet S.p.A. financial highlights**

The main economic, financial, asset result of Esprinet S.p.A. are hereby summarized:

(euro/000)	2015	%	2014	%	Var.	Var. %
Sales	**2,015,161**	100.00%	**1,715,607**	100.00%	**299,554**	*17%*
Cost of sales	(1,901,464)	-94.36%	(1,608,621)	-93.76%	(292,843)	*18%*
Gross profit	**113,697**	**5.64%**	**106,986**	**6.24%**	**6,711**	***6%***
Sales and marketing costs	(29,457)	-1.46%	(27,329)	-1.59%	(2,128)	*8%*
Overheads and administrative costs	(49,803)	-2.47%	(47,017)	-2.74%	(2,786)	*6%*
Operating income (EBIT)	**34,437**	**1.71%**	**32,640**	**1.90%**	**1,797**	***6%***
Finance costs - net	(1,989)	-0.10%	(819)	-0.05%	(1,170)	*143%*
Other investments expenses / (incomes)	(19)	0.00%	13,734	0.80%	(13,753)	-
Profit before income taxes	**32,429**	**1.61%**	**45,555**	**2.66%**	**(13,126)**	***-29%***
Income tax expenses	(9,486)	-0.47%	(10,240)	-0.60%	754	*-7%*
Profit from continuing operations	22,943	**1.14%**	35,315	2.06%	(12,372)	***-35%***
Income/(loss) from disposal groups	-	0.00%	4,282	0.25%	(4,282)	*-100%*
Net income	**22,943**	**1.14%**	**39,597**	**2.31%**	**(16,654)**	***-42%***

Sales equal to 2,015.2 million euro, increased by +17% compared to 1,715.6 million euro as of fiscal year 2014.

Gross profit totalled 113.7 million euro showing an increase of +6% compared to 107.0 million euro as of 31 December 2014 as a consequence of higher sales only partially counterbalanced by a gross profit margin decreased from 6.24% to 5.64%.

Operating income (EBIT), equal to 34.4 million euro, increased by +6% compared to 2014 with an Ebit margin decreased to 1.71% from 1.90% as consequence of higher operating costs.

Profit before income taxes, was equal to 32.4 million euro, showed a decrease of -29% (13.1 million euro) compared to 31 December 2014. Profit before income net of 13.7 million euro non-recurring income, recorded in 2014 and connected to the reversal of the investment value in Esprinet Iberica subsidiary, would increase by +2% compared to the previous year.

Net income from continuing operations equal to 22.9 million euro, decreased by -35% compared to 31 December 2014 mainly as a result of last year reversal of the investment value in Esprinet Iberica subsidiary.

Net income was equal to 22.9 million euro, with a decrease of -42% (16.7 million euro) compared to 31 December 2014 due to previous year booking of 4.3 million euro of 'Profit/(loss) from disposal groups' referring to the totally owned investment disposal of Monclick S.r.l. and Comprel S.r.l., in addition to the reversal of the investment value in Esprinet Iberica subsidiary (13.7 million euro).

(euro/000)	31/12/2015	%	31/12/2014	%	Var.	Var. %
Fixed assets	113,698	97.17%	107,650	75.58%	6,047	*6%*
Operating net w orking capital	(13,511)	-11.55%	20,475	14.38%	(33,986)	*-166%*
Other current assets/liabilities	24,398	20.85%	22,391	15.72%	2,007	*9%*
Other non-current assets/liabilities	(7,580)	-6.48%	(8,092)	-5.68%	512	*-6%*
Total uses	**117,005**	**100.00%**	**142,425**	**100.00%**	**(25,420)**	***-18%***
Short-term financial liabilities	26,197	22.39%	13,898	9.76%	12,299	*88%*
Current financial (assets)/liabilities for derivatives	195	0.17%	51	0.04%	144	*282%*
Financial receivables from factoring companies	(1,152)	-0.98%	(689)	-0.48%	(463)	*67%*
Financial (assets)/liab. From/to Group companies	(55,000)	-47.01%	(40,000)	-28.09%	(15,000)	*38%*
Customers financial receivables	(507)	-0.43%	(506)	-0.35%	(1)	*0%*
Cash and cash equivalents	(205,993)	-176.06%	(177,048)	-124.31%	(28,945)	*16%*
Net current financial debt	(236,260)	-201.92%	(204,294)	-143.44%	(31,966)	*16%*
Borrow ings	61,138	52.25%	67,556	47.43%	(6,418)	*-10%*
Non-current financial (assets)/liab. for derivatives	(145)	-0.12%	128	0.09%	(273)	*-213%*
Customers financial receivables	(2,696)	-2.30%	(3,085)	-2.17%	388	*-13%*
Net Financial debt (A)	(177,963)	-152.10%	(139,694)	-98.08%	(38,269)	*27%*
Net equity (B)	294,968	252.10%	282,119	198.08%	12,849	*5%*
Total sources of funds (C=A+B)	**117,005**	**100.00%**	**142,425**	**100.00%**	**(25,420)**	***-18%***

Operating net working capital as at 31 December 2015 was positive by 13,5 million euro, with a significant increase (34.0 million euro, equal to +166%) compared to the negative value of 20.5 million euro as at 31 December 2014.

Net financial position as at 31 December 2015, was positive by 178.0 million euro, compared to a cash surplus of 139.7 million euro as at 31 December 2014. The impact of both 'without-recourse' sale and the securitization program of trade receivables as at 31 December 2015 was equal to 145 million euro (approx. 68 million euro as at 31 December 2014).

Net equity as at 31 December 2015, equal to 295.0 million euro, increased by 12.8 million euro (+5%) compared to 31 December 2014.

D) Separate income statement by legal entity

Find below the separate income statement showing the contribution of each legal entities as considered significant:[3]

	2015						
	Italy				Iberica		
(euro/000)	E.Spa + V-Valley	Celly*	Elim. and other	Total	E.Iberica + E.Portugal	Elim. and other	Group
Sales to third parties	1,972,531	25,448	-	1,997,979	696,075	-	2,694,054
Intersegment sales	42,829	2,276	(2,234)	42,871	-	(42,871)	-
Sales	**2,015,360**	**27,724**	**(2,234)**	**2,040,850**	**696,075**	**(42,871)**	**2,694,054**
Cost of sales	(1,901,630)	(15,224)	2,093	(1,914,761)	(665,251)	42,822	(2,537,190)
Gross profit	**113,730**	**12,500**	**(141)**	**126,089**	**30,824**	**(49)**	**156,864**
Sales and marketing costs	(28,128)	(9,777)	38	(37,867)	(6,035)	(72)	(43,974)
Overheads and admin. costs	(50,466)	(3,869)	(20)	(54,355)	(12,130)	94	(66,391)
Operating income (Ebit)	**35,136**	**(1,146)**	**(123)**	**33,867**	**12,659**	**(27)**	**46,499**
Finance costs - net							(4,243)
Share of profits of associates							(9)
Profit before income tax							**42,247**
Income tax expenses							(12,206)
Profit from continuing operations							**30,041**
Income/(loss) from disposal groups							-
Net income							**30,041**
- of which attributable to non-controlling interests							(280)
- of which attributable to Group							30,321

	2014						
	Italy				Iberica		
(euro/000)	E.Spa + V-Valley	Celly*	Elim. and other	Total	Iberica	Elim. and other	Group
Sales to third parties	1,669,896	19,691	-	1,689,587	601,554	-	2,291,141
Intersegment sales	45,685	-	(1,784)	43,901	-	(43,901)	-
Sales	**1,715,581**	**19,691**	**(1,784)**	**1,733,488**	**601,554**	**(43,901)**	**2,291,141**
Cost of sales	(1,608,661)	(9,967)	1,668	(1,616,960)	(576,161)	43,816	(2,149,305)
Gross profit	**106,920**	**9,724**	**(116)**	**116,528**	**25,393**	**(85)**	**141,836**
Sales and marketing costs	(26,275)	(6,864)	27	(33,112)	(4,924)	(345)	(38,381)
Overheads and admin. costs	(47,427)	(2,825)	-	(50,252)	(12,471)	354	(62,369)
Operating income (Ebit)	**33,218**	**35**	**(89)**	**33,164**	**7,998**	**(76)**	**41,086**
Finance costs - net							(1,987)
Share of profits of associates							1
Profit before income tax							**39,100**
Income tax expenses							(13,413)
Profit from continuing operations							**25,687**
Income/(loss) from disposal groups							1,126
Net income							**26,813**
- of which attributable to non-controlling interests							(222)
- of which attributable to Group							27,035

* Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

Italian Operating income, excluding the negative results of the controlled Celly, is equal to 35.1 million euro, with an increase of +6% compared to the same period of previous year. Can be noticed the significant improvement in 2015 Iberica figures compared to 2014, showing an increase of +58% in EBIT.

[3] V-Valley S.r.l. and Esprinet Portugal Lda, are both not showed separately as just a 'commission sales agent' of Esprinet S.p.A. and just set up in June 2015 respectively.

2. Operating net working capital

The following table details the operating net working capital indicators compared with those of the previous year:

(euro/000)	31/12/2015			31/12/2014		
	Group	Italy	Iberica	Group	Italy	Iberica
Trade receivables [a]	**251,493**	**192,271**	**59,222**	**275,983**	**201,100**	**74,883**
Trade receivables net of VAT [(1)]	206,543	157,599	48,944	226,723	164,836	61,887
Sales [(2)]	2,694,054	1,997,979	696,075	2,291,141	1,689,587	601,554
[A] Days Sales Outstanding - DSO [(3)]	28	29	26	36	36	38
Inventory [b]	**305,455**	**218,316**	**87,139**	**253,488**	**195,258**	**58,230**
[B] Days Sales of Inventory - DSI [(4)]	44	42	51	43	44	40
Trade payables [c]	**522,436**	**392,254**	**130,182**	**452,040**	**342,566**	**109,474**
Trade payables net of VAT [(1)]	429,108	321,520	107,588	371,266	280,792	90,474
Cost Of sales	2,537,190	1,914,761	622,429	2,149,305	1,616,960	532,345
Total SG&A	110,365	92,294	18,071	100,750	83,709	17,041
[C] Days Payable Outstanding - DPO [(5)]	59	58	61	60	60	60
Operating net working capital [a+b-c]	**34,512**	**18,333**	**16,179**	**77,431**	**53,792**	**23,639**
Cash conversion Cycle (days) [A+B-C]	**13**	**13**	**16**	**19**	**20**	**18**
Operating net working capital / Sales	**1.3%**	**0.9%**	**2.3%**	**3.4%**	**3.2%**	**3.9%**

(1) Net of VAT calculated applying the ordinary 22% rate in the case of Subgroup Italy and 21% in the case of Subgroup Spain.
(2) Net of intercompany sales
(3) (Trade receivables net of VAT / Sales and services) * 365.
(4) (Inventory / Cost of sales) * 365.
(5) [Trade payables net of VAT / (Purchases + Cost of services and other Operating costs)] * 365.

The level of the Group operating net working capital as at 31 December showed a decrease as compared to the previous year end (34.5 million euro versus 77.4 million euro at 31 December 2014).

Based on the net working capital level existing as at 31 December, application of the calculation method described in the notes to the table above, showed a decrease of 7 days in the duration of the Italian Subgroup cash conversion cycle and a corresponding improvement of the net working capital / sales ratio from 3.2% to 0.9%.

The decrease in working capital turnover was due to a significant improvement of the average DSO.
The Spanish Subgroup showed better results in the working capital level and in the working capital / sales ratio down from 3.9% to 2.3%, featuring a better stability in the cash conversion cycle as compared to Italy.

During 2015, the revolving program of 'without-recourse' sale of receivables continued as part of the processes concentrating on the management of operating net working capital both in Italy and in Spain, focusing on selected customer types, mainly in the large-scale distribution sector. Taking into account also technical forms of factoring other than 'no recourse assignment', but with similar effects – i.e. confirming in Spain – as well as securitisation, the overall impact on financial debt was approx. 287 million euro (193 million euro as at 31 December 2014). These transaction result in a reduction in spot DSO.

The following table illustrates the Esprinet S.p.A. working capital trend in the last two financial years:

(euro/000)	Esprinet S.p.A.	
	31/12/2015	31/12/2014
Trade receivables [a]	**162,618**	**169,563**
Trade receivables net of VAT [(1)]	133,293	138,986
Sales [(2)]	1,972,409	1,670,682
[A] Days Sales Outstanding - DSO [(3)]	25	30
Inventory [b]	**211,620**	**188,013**
[B] Days Sales of Inventory - DSI [(4)]	41	43
Trade payables [c]	**387,749**	**337,101**
Trade payables net of VAT [(1)]	317,827	276,312
Cost of sales [(5)]	1,899,659	1,607,862
Total SG&A [(6)]	80,091	74,679
[C] Days payables Outstanding - DPO [(7)]	59	60
Operating net working capital [a+b-c]	**(13,511)**	**20,475**
Cash conversion Cycle (days) [A+B-C]	**7**	**13**
Operating net working capital / Sales	**-0.7%**	**1.2%**

(1) Net of VAT measured by applying the ordinary 22% rate.
(2) Net of intercompany sales amounting to 42.8 million euro (44.9 million euro in 2014) as per the table shown in the separate annual report.
(3) (Trade receivables net of VAT / Sales and services) * 365.
(4) (Inventory / Cost of sales) * 365.
(5) Net of intercompany costs amounting to 1.8 million euro (0.8 million euro in 2014) as per the table shown in the separate annual report
(6) Net of intercompany costs and recharges of 0.8 million euro (0.3 million euro in 2014). As per the table shown in the separate annual report.
(7) [Trade payables net of VAT / (Purchases + Cost of services and other Operating costs)] * 365.

As at 31 December 2015 the duration of the entire cash conversion cycle of Esprinet S.p.A. decreased and the ratio between operating net working capital and sales reached -0.7% from +1.2% in 2014. Based on the method adopted as described in the notes to the above table, such decrease results from an improvement in DSO and DPO ratios. In fact, the improvement in DSO ratio was mainly due to a greater use of technical forms of receivables disposition.

The total effect of these revolving programs (for without-recourse sale of receivables, focusing particularly on selected customer sectors) on the level of financial debt at year-end was approx. 145 million euro (approx. 68 million euro at 31 December 2014).

3. Net Financial Position

The tables below show the contributions of Italian Subgroup and Iberic Subgroup to the Group's net financial position (or 'net financial debt' or 'net financial indebtedness') as at 31 December 2015:

	31/12/2015			31/12/2014			Var. Group
	Italy	Iberica	Group	Italy	Iberica	Group	
Short-term financial liabilities	29,038	276	29,314	20,438	376	20,814	8,500
Customers financial receivables	(507)	-	(507)	(506)	-	(506)	(1)
Current financial (assets)/liabilities for derivatives	195	-	195	51	-	51	144
Financial receivables from factoring companies	(2,714)	-	(2,714)	(690)	-	(690)	(2,024)
Financial (assets)/liab. from/to Group companies	(50,000)	50,000	-	(40,000)	40,000	-	-
Cash and cash equivalents	(215,589)	(64,500)	(280,089)	(180,194)	(44,980)	(225,174)	(54,915)
Net current financial debt	**(239,577)**	**(14,224)**	**(253,801)**	**(200,901)**	**(4,604)**	**(205,505)**	**(48,296)**
Borrowings	65,138	-	65,138	68,419	-	68,419	(3,281)
Debts for investments in subsidiaries	5,222	-	5,222	9,758	-	9,758	(4,536)
Non-current financial (assets)/liab. for derivatives	224	-	224	128	-	128	96
Customers financial receivables	(2,696)	-	(2,696)	(3,085)	-	(3,085)	388
Net financial debt	**(171,689)**	**(14,224)**	**(185,913)**	**(125,680)**	**(4,604)**	**(130,284)**	**(55,629)**

The Group's net financial situation at year-end showed a 185.9 million euro cash surplus, up 55.6 million euro compared to the 130.3 million euro surplus recorded at 31 December 2014.
The following table shows the trend in the relative weight of the individual companies making up the Subgroup Italy:

(euro/000)	31/12/2015			31/12/2014		
	Esprinet	Celly*	V-Valley	Esprinet	Celly*	V-Valley
Short-term financial liabilities	26,197	2,569	272	13,898	6,031	509
Customers financial receivables	(507)	-	-	(506)	-	-
Current financial (assets)/liabilities for derivatives	195	-	-	51	-	-
Financial receivables from factoring companies	(1,152)	-	(1,562)	(689)	-	(1)
Financial (assets)/liab. from/to Group companies	(55,000)	5,000	-	(40,000)	-	-
Cash and cash equivalents	(205,993)	(4,714)	(4,882)	(177,048)	(730)	(2,415)
Net current financial debt	**(236,260)**	**2,855**	**(6,172)**	**(204,294)**	**5,301**	**(1,907)**
Borrowings	61,138	4,000	-	67,556	863	-
Non-current financial (assets)/liab. for derivatives	(145)	-	-	128	-	-
Customers financial receivables	(2,696)	-	-	(3,085)	-	-
Net financial debt	**(177,963)**	**6,855**	**(6,172)**	**(139,694)**	**6,164**	**(1,907)**

* Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

Its role as IT production chain distributor means that the level of net financial indebtedness of the Esprinet Group is heavily influenced by the typical working capital needs related to the performance of its activities.

This level fluctuates dramatically not only along the calendar year but also during each month and each day, due not only to the seasonable nature of the business, but for the most part also to the concentration of payments received from customers and/or factors at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.

For this reason, the figure resulting at the end of the period, as at 31 December 2015, or at the end of each month or quarter, is not totally representative of the average net financial indebtedness customarily observable during the same period.

4. Sales by product family and customer type

Group sales by product family and customer type

Sales by product family

(euro/million)	2015	%	2014	%	Var.	% Var.
PCs - notebooks	562.4	20.9%	504.7	22.0%	57.7	*11%*
TLC	571.1	21.2%	284.7	12.4%	286.4	*101%*
PCs - desktops and monitors	264.0	9.8%	245.5	10.7%	18.5	*8%*
Consumables	234.8	8.7%	243.9	10.6%	(9.1)	*-4%*
Consumer electronics	264.0	9.8%	235.6	10.3%	28.4	*12%*
PCs - tablets	189.2	7.0%	216.3	9.4%	(27.1)	*-13%*
Storage	113.7	4.2%	106.5	4.6%	7.2	*7%*
Peripheral devices	121.8	4.5%	117.0	5.1%	4.8	*4%*
Softw are	110.2	4.1%	105.6	4.6%	4.6	*4%*
Netw orking	58.0	2.2%	41.4	1.8%	16.6	*40%*
Servers	47.3	1.8%	37.1	1.6%	10.2	*27%*
Services	19.6	0.7%	18.3	0.8%	1.3	*7%*
Other	138.0	5.1%	134.5	5.9%	3.5	*3%*
Group sales	**2,694.1**	**100%**	**2,291.1**	**100%**	**403.0**	***18%***

Sales by Customer type

(euro/million)	2015	%	2014	%	Var.	% Var.
Dealers	753.0	27.9%	661.6	28.9%	91.4	*14%*
GDO/GDS	755.5	28.0%	514.6	22.5%	240.9	*47%*
Office/Consumables dealers	428.6	15.9%	419.2	18.3%	9.4	*2%*
Vars	410.2	15.2%	397.2	17.3%	13.0	*3%*
Shops on-line	208.6	7.7%	181.0	7.9%	27.6	*15%*
Sub-distributors	138.2	5.1%	117.5	5.1%	20.7	*18%*
Group sales	**2,694.1**	**100.0%**	**2,291.1**	**100.0%**	**403.0**	***18%***

The sales analysis by customer type shows a widespread improvement as compared to 2014, with significant performance in the 'GDO/GDS' channel (+47%) as well as in small-medium business customers ('Dealers', +14%).

The analysis by product highlights a boost for 'TLC' segment (+101%), where the surge of smartphones and positive results of notebooks (+11%) and consumer electronics (+12%) can be pointed out.

The categories 'PCs-desktops and monitors' (+8%), 'Storage' (+7%), 'Networking' (+40%) and 'Servers' (+27%) also show positive results, as opposed to the negative trend of 'Tablets' (-13%) and consumable (-4%).

Esprinet S.p.A. sales by product family and customer type

The following are the same breakdowns of sales performance of Esprinet S.p.A. during the year:

Sales by product family

(euro/million)	2015	%	2014	%	Var.	% Var.
PCs - notebooks	299.3	14.9%	269.3	15.7%	30.0	*11%*
TLC	501.8	24.9%	247.0	14.4%	254.8	*103%*
Consumables	218.0	10.8%	226.0	13.2%	(8.0)	*-4%*
Consumer electronics	214.9	10.7%	196.5	11.5%	18.4	*9%*
PCs - desktops e monitors	178.7	8.9%	175.2	10.2%	3.5	*2%*
PCs - Tablets	104.1	5.2%	127.7	7.4%	(23.6)	*-18%*
Peripheral devices	95.7	4.8%	96.9	5.6%	(1.2)	*-1%*
Software	99.2	4.9%	94.8	5.5%	4.4	*5%*
Storage	92.8	4.6%	87.9	5.1%	4.9	*6%*
Servers	41.8	2.1%	33.2	1.9%	8.6	*26%*
Networking	35.8	1.8%	30.0	1.7%	5.8	*19%*
Services	17.8	0.9%	17.7	1.0%	0.1	*0%*
Other	115.1	5.7%	113.4	6.6%	1.7	*2%*
Group sales	**2,015.2**	**100.0%**	**1,715.6**	**100.0%**	**299.6**	***17%***

The breakdown of sales by product family underlines an overall increase, mainly referring to 'TLC' sector (+103%) and 'PCs - notebooks' (+11%).

Sales by Customer type

(euro/million)	2015	%	2014	%	Var.	% Var.
Dealers	716.8	35.6%	657.2	38.3%	59.6	*9%*
Office/Consumables dealers	310.6	15.4%	310.4	18.1%	0.2	*0%*
GDO/GDS	517.0	25.7%	269.2	15.7%	247.8	*92%*
Vars	227.4	11.3%	255.9	14.9%	(28.5)	*-11%*
Shops on-line	163.2	8.1%	150.2	8.8%	13.0	*9%*
Sub-distributors	80.2	4.0%	72.6	4.2%	7.6	*10%*
Esprinet S.p.A. sales	**2,015.2**	**100.0%**	**1,715.6**	**100.0%**	**299.6**	***17%***

During 2015 a strong increase in 'GDO/GDS' (+92%) channel can be noticed; 'Vars' was the only channel to show a decrease (-11%).

Significant events occurred in the period

Relevant events occurred in the period are briefly described below:

Esprinet Portugal established

On April 29th 2015 the new legal entity Portugal Lda was established according to the Portuguese law with the purpose of further enhance Groups' distribution activities in Portugal territory. The abovementioned company started its operating activities at the beginning of June.

Esprinet S.p.A. Annual Shareholders Meeting

On April 30th 2015, Esprinet Shareholders' meeting approved the separated financial statements for the fiscal year ended December 31st 2014, and the distribution of a dividend of € 0.125 per ordinary share, corresponding to a pay-out ratio of 25% based on Esprinet Group's consolidated net profit.

Following the expiry of previous mandate, Shareholder's Meeting appointed the new Board of Directors and the Board of Statutory Auditors which will remain in office until approval of the financial statements for the 2017 fiscal year.
The new Board is made up as follows: Francesco Monti, Maurizio Rota, Alessandro Cattani, Valerio Casari, Marco Monti, Tommaso Stefanelli, Matteo Stefanelli, Cristina Galbusera, Mario Massari, Chiara Mauri, Emanuela Prandelli, Andrea Cavaliere.
The new Board of Statutory Auditors is made up as follows: Giorgio Razzoli (Chairman) Bettina Solimando (standing statutory auditor), Patrizia Paleologo Oriundi (standing statutory auditor), Antonella Koenig (alternate statutory auditor) and Bruno Ziosi (alternate statutory auditor).

Shareholders' Meeting approved a Long Term Incentive Plan, in relation to remuneration policies and in accordance with article 114-*bis* of legislative decree 58/1998, for the members of the Company's Board of Directors and other executives for the period 2015/2016/2017. The object of the plan is the free allocation of ordinary shares in the Company ('performance stock grant') to beneficiaries designated by the Board of Directors, up to a maximum of 1,150,000 shares in the Company already in portfolio.

Subject to prior revocation of former authorization resolved on the Shareholder's Meeting of April 30th 2014,the Shareholders' Meeting resolved also to authorise, the acquisition and disposal of own shares. The plan represents the re-iteration of the former one and comprises up to 10,480,000 ordinary shares of Esprinet S.p.A. with a nominal value of € 0.15 each, or a maximum of 10% of share capital, taking into account the own shares hold by the Company.

New Long-term incentive plan: allocation of share rights for free

On June 30th 2015 Esprinet S.p.A Board of Directors', pursuant to the Shareholders' Meeting resolution as of April 30th 2015 concerning the new 2015-17 'Long Term Incentive Plan', freely assigned n. 646.889 rights out of a maximum of 1,150,000 designed by the Shareholding Meeting – to some members of the Board of Directors as well as to other Company's executives.

The exercise of the stock plan is conditional upon the achievement of some financial targets and the beneficiary being still employed by the Group at the expiry of the vesting period which coincides with the date of presentation of the Consolidated Financial Statement of Esprinet Group as at 31 December 2017.

Acquisition of additional 20% in Celly's share capital

On July 20th, Esprinet S.p.A acquired 20% stake in Celly S.p.A. from GIR S.r.l., a company owned by Claudio Gottero, Celly's former co-Chief Executive Officer. The transaction is part of the agreements aimed at regulating the termination of any relationships between Celly and the above-mentioned Claudio Gottero. As consequence of this acquisition, Esprinet owns 80% in Celly's share capital.
Purchase price for the 20% of shares has been equal to 1.99 million euro, thus implying a 100% equity value of 9.95 million euro.
Stefano Bonfanti remains as owner of remaining 20% of shares keeping its powers as Chief Executive Officer.

Share buy-back program

Pursuant to the Shareholders Meeting's resolution as of April 30th 2015 and in execution of the share buy-back program initiated on June 30th 2015, the Company purchased a total of 615,489 ordinary shares of Esprinet S.p.A. (or 1.17% of total share capital) along the period between July 22nd 2015 and September 24th 2015. The average gross purchase price was of euro 7.79 per share.

Taking into account the abovementioned operations the Company owned n. 646,889 own shares (or 1.23% of share capital) as of September 30th 2015.

Securitization of trade receivables for a maximum amount of 80.0 million euro

On July 27th 2015, Esprinet S.p.A. and its fully owned subsidiary V-Valley S.r.l. have completed as originators a securitization transaction involving the transfer of up to 80.0 million euro of their trade receivables.

The transaction, which has been structured by UniCredit Bank AG involves the assignment on a monthly 'non-recourse' revolving basis of trade receivables to a 'special purpose vehicle' under L. n. 130/99 named Vatec S.r.l., over a maximum period of 3 years.

The purchase of trade receivables by Vatec S.r.l. is being funded through the issue of different classes of notes: class A notes (senior), subscribed by a conduit sponsored by UniCredit Group, class B notes (mezzanine) and class C notes (junior) subscribed by specialised investors.

Challenge of some resolutions of the Shareholders' Meeting and the Board of Directors

Some Esprinet's shareholders has challenged before the Court of Milan, by serving on 30th July 2015 a writ of summon, some Shareholders Meeting's resolutions as at 30 April 2015 having as object the Report on Remuneration as well as an incentive plan, to the benefit of the Directors and managers of the Company, consisting in the granting to such beneficiaries of rights to subscribe for free the shares of the Company subject to the occurrence of certain performance targets.

On 31st July and on 3rd August 2015 a Director of the Company – appointed after the slate of candidates for the Board of Directors presented by the same shareholders who have challenged the abovementioned resolutions – has challenged, by serving two writ of summons, some resolutions passed by the Board of Directors' meeting held on 4th May 2015, having as objects, respectively, the granting of delegated powers to some Directors, the appointment of the Vice-President of the Company and the approval of a non-fixed remuneration plan defined by the Shareholders' Meeting held on 30th April 2015.

The Company - supported by its legal advisories – reaffirms the full fairness and compliance to laws and articles of association of the conduct of its managerial bodies and trusts that the court will soon confirm it by rejecting any challenge.

Sale of 'Rosso Garibaldi' shops through subsidiary Celly

On 30 October 2015 Celly S.p.A. signed the selling agreement of 'Rosso Garibaldi' retail business involved in the retail sale of mobile phone accessories. It was made up of n. 5 shops under the brand 'Rosso Garibaldi' - including n. 20 employees - located in as many shopping malls in Milano, Roma, Grugliasco (TO), Marghera (VE) and Vimodrone (MI).

The consideration of the transaction was 0.7 million euro of which 100 thousand euro as goodwill.
The buyer, RossoGaribaldi S.p.A., is a newly created company under the sponsorship of Claudio Gottero, former CEO at Celly S.p.A., with the purpose of being an Italian hub for future developments in mobile phone accessories retail space.
Total turnover achieved by the shops in the first 10 months of 2015 was approx. 0.9 million euro.

The transaction is fully consistent with Esprinet Group's strategy aimed at focusing on B2B distribution through dismissal of 'non-core' activities. Sale took effect from 11.59 p.m. of 31 October 2015.

Subsequent events

Relevant events occurred after 31 December 2015 are briefly described below:

Esprinet to purchase EDSLan business

On 18 February 2016 Esprinet S.p.A. signed a binding agreement for the acquisition of the distribution business activities of EDSLan S.p.A..
EDSLan, the 11th largest Italian distributor in 2015[4], was founded in 1988, headquartered in Vimercate (Italy) with another 8 branch offices, 94 employees plus around twenty sales agents and consultants, is well-known as a leading distributor within the networking, cabling, Voip and UCC-Unified Communication & Collaboration segments.
Its main suppliers include Hewlett Packard Enterprise Networking, Aruba Networks, Huawei Enterprise, Brocade Networks, Alcatel-Lucent Enterprise, Watchguard, Allied Telesis Panduit, CommScope, Audiocodes and Panasonic.

In 2015 the business to be acquired served more than 2,900 customers such as 'VAR-Value Added Resellers', system integrators, telco resellers and TelCos, as well as installers and technicians, the latter two clusters historically not well covered by the Esprinet Group.

[4] Source. Sirmi, January 2016

Preliminary 2015 sales of the purchased activities were about € 72.1 million, with EBITDA[5] of € 2.2 million and invested capital[6] of € 17.4 million as of December 31st 2015. The equity value of the operation is equal to € 6.44 million.

The deal gives a boost to the Esprinet Group strategy of focus on the 'complex technologies' market (also known as 'value' wholesale distribution); such strategy began in 2011 with the establishment of a separate business unit in V-Valley.
The acquisition of EDSLan represents a further step in the focalization strategy adopted by the Esprinet Group, which enables both the reinforcement of the already existing networking and UCC_EDI business as well as the entrance into new 'analogic' markets such as cabling, phone control units, video-conference systems and measuring instruments.
After this investment and with reference to 'complex technologies' distribution, Esprinet will boast a sales team in excess of 150 people and a pro-forma turnover in 2015 of around € 300 million[7].

The acquisition, in compliance with the duties established by art. 47 n, 428/90 of the Italian Law ruling the execution of the trade union procedures expected in cases of business purchase, is subject to the mandatory 'Anti-Trust' approval.

Shareholders' agreement signed

On 23 February 2016 Messrs Francesco Monti, Paolo Stefanelli, Tommaso Stefanelli, Matteo Stefanelli, Maurizio Rota and Alessandro Cattani, informs that have entered into a shareholders' voting and blocking agreement (the 'Agreement'), in relation to no. 16.819.135 ordinary shares of Esprinet S.p.A. ('Esprinet' or the 'Company'), constituting a total of 32,095% of the shares representing the entire share capital of the Company.

The abovementioned agreement, in its integral version, has been communicated to Consob and filed with the Companies' Register of Monza and Brianza on 24 February 2016.

Outlook

After the positive results achieved by the Esprinet Group in 2015, the current year reveals as full of opportunities and challenges.
From a macroeconomic point of view, while the exposure to Italy and Spain could seem an advantage compared to other countries, the Eurozone economy continues to show signs of strong weakness and the pressure on banks doesn't allow in this sense a univocal view about the speed and the strength of the recovery.

After the +8% year-over-year achieved in 2015 by the wholesale distribution market (Context, January 2016), a lower degree of growth is expected for 2016. This is mainly due to the normalization of the Apple iPhone effect - whose access into the distribution channel resulted as the most important growth factor in 2015 - and in general to the growing weight of the smartphone category within the distributors turnover. As an example, net of smartphone sales, the growth of the Context Italian Distribution Panel in 2015 would have been just +2% instead of the +18% achieved. For such a reason European sales are expected to grow in 2016 but in a more restrained manner, aligned to the growth of the end-user market (i.e. keeping in mind the forecasted +1% of the European IT Spending - IDC, February 2016). Referring to the latter figure, it is worth noting that distributors could register a better performance, as they address a larger basket of products and categories compared to IDC view, besides being supported by the increasing preference of suppliers towards the 'second tier' channel, more effective than the direct and 'first tier' one.

The market is expected to see a better second half compared to the first one. While the Italian distribution panel should be in line with the European trend, the Spanish market should be more vibrant, thanks to the higher growing rates foreseen for the market and for the lower consolidation level of the distribution segment.

During the first weeks of 2016, the abovementioned predictions have been confirmed, with the Italian distributors almost stable year-over-year and the Spanish ones growing. It is worth noting that the first quarter

[5] Source: Management estimates on preliminary 2015 data, net of the trading activities of the '*merchandising*' division, which are not included in the deal.
[6] Source: Management estimates on preliminary 2015 data including the trading activities of the '*merchandising*' division, which are not included in the deal
[7] Source: management's estimates

of retailers has been negatively influenced by the postponed launch of Samsung S7 smartphone to the second quarter, hence depressing the first quarter and pushing the second one due to the shift of purchase orders. Nonetheless there keep on being the expected ongoing pressure on gross profit margins as it is related to both a strong price competition and the impact of unfavourable long-term re-mix of product families and client categories. Esprinet's response is that of managing this mix focusing its marketing efforts towards suppliers and product categories with a higher margin. The Company is also evaluating further vertical growing options such as the EDSLan acquisition, especially in the 'value' segments in Italy, as well as considering consolidation opportunities in those geographic areas where the market positions seem more unstable.

Furthermore, the operating profit could be also supported by the subsidiary Celly, focused on the production and the distribution of mobile phone accessories, which after a year of settlement should positively affect the group EBIT also taking into consideration the positive EBIT achieved during the fourth quarter of 2015.

All that said, unless unfavourable unforeseen events, the Group expects a revenue growth at the end of 2016, over performing the local competitors. It is also expected a positive operating leverage effect as the cost structure is under strict control and consequently a general increase in profitability.

Human Resources

Principles

Human resources are considered of primary importance in pursuing Group objectives. The Esprinet Group's HR management and development model mainly aims to motivate and enhance all employees by improving their skills, according to the business development strategy.
Although within a context where the rationalization of costs is paramount, these objectives are achieved, mainly, with the following instruments:

- training targeted and adequate to management needs;
- selection of the best resources coming from the main national schools and universities and constant attention to internal mobility;
- a compensation system based on principles of selectivity and meritocracy linked to the achievement of individual objectives.

Employment

Compared to 31 December 2014 the number of employees of Esprinet S.p.A. increased by No 35units, from 626 to 661.
In 2015 the average number of employees of Esprinet S.p.A. increased by 16 units compared to the previous year, from 628 units in 2014 to 644 units in 2015.

With reference to Celly S.p.A. the number of employees decreased from 73 to 37 compared to 2014, due to a centralisation of back office activities in Esprinet S.p.A., the extraordinary transaction referred to Rosso Garibaldi shops disposal as well as the outsourcing of visual merchandising activities.

The trend of the Group employees in the fiscal year under review is represented as follows:

	Executives	Clerks and middle management	Workers	Total	Average [(1)]
			31/12/2015		
Esprinet S.p.A.	18	641	2	**661**	**644**
V-Valley S.r.l.	-	-	-	**-**	**-**
Celly [(2)]	1	41	-	**42**	**58**
Subgroup Italy	**19**	**682**	**2**	**703**	**701**
Esprinet Iberica S.L.U.	-	256	50	**306**	**288**
Esprinet Portugal L.d.A.	-	7	-	**7**	**4**
Subgroup Iberica	**-**	**263**	**50**	**313**	**292**
Esprinet Group	**19**	**945**	**52**	**1,016**	**993**
			31/12/2014		
Esprinet S.p.A.	19	605	2	**626**	**628**
V-Valley S.r.l.	-	-	-	**-**	-
Celly [(2)]	1	72	-	**73**	**-**
Subgroup Italy	**20**	**677**	**2**	**699**	**710**
Esprinet Iberica S.L.U.	**-**	**218**	**52**	**270**	**262**
Esprinet Portugal L.d.A.	**-**	**-**	**-**	**-**	**-**
Subgroup Iberica	**-**	**218**	**52**	**270**	**262**
Esprinet Group	**20**	**895**	**54**	**969**	**972**
Var Group 31/12/2015 - 31/12/2014	(1)	50	(2)	47	21
Var %	*-5.0%*	*6%*	*-3.7%*	*4.9%*	*2.1%*

(1) Average of the balance at year beginning and at year-end.
(2) Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

With reference to Esprinet Iberica, an increase of 43 in the labour force can be noticed compared to the previous year, 36 of which in Esprinet Iberica S.L.U. and 7 in the newly established Esprinet Portugal L.d.A.. This increase refers mainly to the start of new business activities (i.e. the opening of the first Spanish Cash&Carry in Madrid and the establishment of the new company Esprinet Portugal L.d.A. in Portugal), to new projects development and investments on specific business areas (such as the new business area focused on Celly brand marketing in the Iberian peninsula), to the business increase resulting from higher turnover and from commercial service extension in the traditional business area, and to the substitution of absent employees, whose position must be preserved.

The following table shows a significant increase in headcount compared to the previous year as a consequence of the centralisation of Celly back office activities in Esprinet S.p.A., and investments on specific business areas as well as the substitution of absent employees, whose position must be preserved.

Similarly Esprinet Iberica S.L.U. shows a sharp increase in new personnel compared to the previous year due to the abovementioned activities and projects.

	Headcount at 31/12/2014	Increase	Decrease	Headcount at 31/12/2015
Esprinet S.p.A.	626	92	57	661
V-Valley S.r.l.	-			-
Celly*	73	29	60	42
Subgroup Italy	**699**	**121**	**117**	**703**
Esprinet Iberica S.L.U.	270	74	38	306
Esprinet Portugal L.d.A.	-	7	-	7
Subgroup Iberica	**270**	**81**	**38**	**313**
Group	**969**	**202**	**155**	**1,016**

(*) Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

The table below highlights a constant predominance of women employees in the Group: 56% as at 31 December 2015 and 56.9% as at previous year end.
An analysis by subgroup shows a substantial balance in Italy (371 units of 698 units) and Portugal (3 units of 7), while in Spain women employees are significantly predominant (192 units of 306 unit, 62.7%).
At year end graduates were 36.9% on the total of the Group, while the percentage of high-school leavers was 55.4%.
Even at subgroup level, the percentage are stable for the two years analysed and compared.

	31/12/2015								31/12/2014	
	Italy				Spain	Portugal				
	Esprinet S.p.A.	V-Valley S.r.l.	Celly*	Total Italy	Esprinet Iberica S.L.U.	Esprinet Portugal L.d.A.	Group	%	Group	%
Men	308	-	23	**331**	**114**	**4**	**449**	*44.2%*	**418**	*43.1%*
Women	353	-	19	**372**	**192**	**3**	**567**	*55.8%*	**551**	*56.9%*
Total	**661**	**-**	**42**	**703**	**306**	**7**	**1,016**	***100%***	**969**	***100%***
Graduation	220	-	19	**239**	**135**	**4**	**378**	*37.2%*	**325**	*33.5%*
High-School Cert.	402	-	22	**424**	**133**	**3**	**560**	*55.1%*	**565**	*58.3%*
Secondary School Cert.	39	-	1	**40**	**38**	**-**	**78**	*7.7%*	**79**	*8.2%*
Total	**661**	**-**	**42**	**703**	**306**	**7**	**1,016**	***100%***	**969**	***100%***

(*) Refers to the subgroup made up of Celly S.p.A., Celly Nordic OY, Celly Swiss S.a.g.l. and Celly Pacific Limited.

Training

During 2015 the Group (Esprinet S.p.A., Celly S.p.A., Esprinet Iberica S.L.U and Esprinet Portugal L.d.A.) provided 21,330 training hours, with a significant increase compared to the previous year.

In particular with reference to Esprinet S.p.A. e Celly S.p.A.:

14,928 training hours were provided, with a sharp increase compared to the previous year (approx. 11,200 hours), of which 4,108 hours referred to privacy, health and safety at work and to the Legislative Decree 231. During 2015 the Company continued to significantly invest in Office suite trainings, and more than doubled hours as compared to previous year (1,696 training hours against 768 hours in 2014).

During 2015, 2,718 classroom hours of language training were provided. More in detail, weekly group courses as well as various workshops referring to subjects such as presentation skills, negotiation skills and phone skills continued, which strengthen knowledge of English and involve employees from different areas, from new recruit to middle manager and manager. Full immersion language courses located in UK and Spanish courses continued during the year, for which 284 hours were provided.

In 2015, the catalogue of internal training, that involves internal teachers and is addressed to both new recruits and more senior employees, was consolidated and enriched. These programs aim to enhance the skills relating to internal processes and company tools. In 2015, the number of attendees almost doubled compared to the previous year, involving 804 Esprinet and Celly employees, with 2,332 hours supplied thanks to the support of 36 internal teachers. Moreover, thanks to the analysis of all the post-course feedback questionnaires, about ten of new training modules, helpful to complete the new recruits training, were introduced, including the module aimed at understanding the Esprinet commercial structure and the guided tour of an Esprivillage, with the purpose of observing and understanding the logic and the commercial activities underling points of sale.

Further training courses were organised with external trainers, aimed at reinforcing the skills relevant to their role and involved 279 employees, with a total amount of 3,790 class hours provided. Among others, a new outdoor course was organised for part of the sales force.

Moreover, during 2015, the funded training project for the language group courses started and will end mid 2016.

With reference to Iberian peninsula:

6,181 training hours were provided in Spain, with a significant increase compared to the previous year (2,968 hours). 956 hours of which refer to product trainings for the commercial personnel and were supplied by trainers coming from the main vendors.

In 2015, a strong increase in language training was achieved, with English and Italian courses totalling 2,312 training hours (sharply increased compared to the 754 hours in 2014).
The training investment increased with reference to the professional improvement/update and skill development courses, for which 1,027 training hours were provided (compared to 815 hours of 2014), as well as IT tool training (in particular MS Office suite) amounting to 788 hours.
Health and safety at work courses are of particular relevance, totalling 1,307 training hours in 2015, with an investment substantially in line with the previous year.
During 2015, internal trainings program continued mainly focusing on personnel training of the first Cash&Carry in Spain and more in general on environmental awareness raising for all staff.

As in the previous years, also during 2015, some training activities were arranged thanks to funded training, so called Fundación Tripartita.
With reference to Portugal, since Esprinet Portugal L.d.A. started its activities in June 2015, training activities were focused on new recruit induction, achieved through Esprinet Iberica personnel.
The total hours provided in the year were equal to 221, 28 of which supplied by external trainers and devoted to health and safety at work, the remaining relating to internal induction training.

Recruitment

In 2015, investment in recruiting activities went on, in order to continue the research and selection of professional profiles, more in line with the roles wanted.
With reference to new interns, the company reinforced the cooperation with the main Lombard universities, mainly with Bicocca, Bocconi, Cattolica and Università degli studi di Bergamo. Moreover, the collaboration with institutes specialising in postgraduate training, such as masters MiMec by Bocconi university and masters in Marketing Management by Cattolica university of Milan.
During 2015, 60 recruits graduate from high-school or university joined the company as interns, 94% of which - with the exception of 13 units whose internship was in progress as at 31 December 2015, and those who resigned during the on-the-job training - continued their cooperation with the company with a regular a labour contract.

Job Posting tool continues to be used for other profile types in order to promote internal job rotation and facilitate professional and cross-functional growth. The company avails itself of head hunting companies, particularly for senior and highly-skilled personnel; social recruiting activities were also strengthened, which resulted in a high redemption in terms of on-line applications and visibility for the company.
Selection methods vary based on the wanted profile from individual interview (470 in 2015) with HR department and line manager to the assessment centre, in respect of which 10 sessions were arranged involving 85 recently graduated applicants, 29 managers and structure coordinators, as well as the Country Manager and the CEO.

In Esprinet Iberica S.L.U. the recruitment activity in 2015, further intensified compared to 2014, was focused mainly on the selection of personnel with specific skills for the management of new business projects (among which staff for the new Cash&Carry in Madrid, the new business area created for the Celly brand and the reinforcement of V-Valley area) and on filling temporary vacancies of absent employees whose positions are to be preserved.

A special attention was devoted to recruiting young graduates to on-board as trainees, in order to ensure the Company has a pipeline of talented people to cover any vacancies; during 2015, 45% of internships were converted into job contracts at the end of the professional training period.

The recruitment of young graduates continues to be managed through the maintenance and development of existing agreements with the main Universities and Business Schools and other training bodies, both national and local (Universidad San Jorge, Kühnel, Esic, Montessori, etc.).

As regards Esprinet Portugal all staff needed for starting business activities was hired, totalling 7 people, 5 of which were hired at the beginning of June 2015 and 2 more at the beginning of September.

Development and 'compensation'

In the first half of 2015, 23 calibration meetings were organised aiming to discuss and share personnel assessments for 2014, to which 555 employees took part. During 2015, the performance management process was revised and optimised in view of the 2015 assessment starting in 2016; as always this process allows to identify strengths and weaknesses to be improved for each employee, by planning ad hoc training courses, through inter-departments job rotation and professional growth paths.

In 2015, the compensation policy regarding variable incentives for the employees of Esprinet S.p.A., Esprinet Iberica and Esprinet Portugal was based on the evaluation of the performance related to the achievement of individual targets (80%), as well as company-wide results (remaining 20%). For management variable incentives are based only on achievement of Company targets.
With reference to Celly S.p.A., the variable incentives policy relies on the evaluation of the performance measured in terms of the achievement of both individual and Company targets.

Group compensation policy was implemented with actions both on fixed and variable remuneration. This plan affected approx. 34% of personnel in Esprinet S.p.A. and approx. 38% in Esprinet Iberica (figures based on average headcount during the year).

In 2015, in the Italian subgroup, directors and executives with strategic responsibilities were paid the amounts accrued under the 2012-2014 long-term compensation plan.
For the whole Group a new long-term compensation plan was agreed for the 2015-2017 3year period, which affects directors and executives with strategic responsibilities, as well as other Group key managers (Italy and Spain).

Organisation

During 2015, in Italy Esprinet's Web Development & Datawarehouse structure was reorganised, moving web activities into Group Technology department and datawarehouse activities into Group Controlling, Credit & Treasury department. Web marketing and web business activities were moved into Marketing department of Esprinet Country Italy.

In Celly S.p.A., as mentioned in the 'Employment' section, the significant organisational changes in 2015 consisted in moving back office activities into Esprinet S.p.A., outsourcing visual merchandising activities and disposing the business relating to Rosso Garibaldi shops.

With reference to Esprinet Iberica, the most significant organisational changes in 2015 were, on the one hand, the Esprivillage opening in Madrid on 23 April 2015 (the first Cash&Carry of Esprinet Iberica in Spain) and, on the other hand, the creation of a new business area focused on marketing of Celly products, leading to reorganisation of some product marketing activities, previously managed by the Business Unit Telefonia, as well as selling activities, aiming to ensure a higher focus on the brand and on that specific merchandise category.

Moreover, on 29 April 2015 the new legal entity Esprinet Portugal Lda was established according to the Portuguese law with the purpose of further enhancing the Group's distribution activities in Portugal; this company started operations at the beginning of June 2015.

Hiring of people with disabilities

The agreement between Esprinet S.p.A. and the Province of Milan concerning the hiring of 1 disabled person was signed, while the agreement between Celly S.p.A. and the Province of Monza and Brianza is still in force.
In compliance with Law No. 68/69 regarding the hiring of disabled people, Esprinet S.p.A. continued to avail itself of the partial exemption by paying a fee to the Regional Fund for the Employment of the Disabled.
Also, Esprinet S.p.A. received subsidies under Article 13 of Law No. 68/99 regarding the hiring or conversion into permanent contracts of disabled workers.

In 2015 Esprinet Iberica fully complied with the law governing the compulsory hiring of disabled people without any recourse to alternative solutions provided for in case of failure to hire disabled people.
A collaborative project with Inserta, an organisation devoted to the professional development and to the integration of disabled people into the labour market, which led to start two internships in the marketing area for training purposes.

Health, safety and environment

General principles and actions undertaken

The respect for the environment and the protection of health and safety at work has always been at the basis of Esprinet Group operations. It is the Group's precise intention to further maintain, consolidate and improve the leadership position won in its own sector, by continuing to propose innovation in processes and in service to its customers and by simultaneously paying constant attention to safety, to individuals' and collective health by respecting the law and the surrounding environment.

In order to achieve these objectives, the Group has established, documented, implemented and maintained an Integrated Environment, Health and Safety Management System in the workplace.
Esprinet S.p.A. and the subsidiary Esprinet Iberica have the Quality Certification (ISO 9001), the Environmental Certification (ISO 14001) and the Safety on Workplace Certification (OHSAS 18001) whereas Celly S.p.A. has the Quality Certification.
During 2015 all the above said companies received the renewal of Certifications by BSI, a leading international certification body.

The following is a list of the tools considered essential for:

- the pursuit of continuous improvement;
- the reduction of accidents and illnesses in the workplace;
- the minimisation of environmental impact caused by the Group's activities.

Training and involvement

The Group is aware of the role of primary importance played by staff and it is therefore strongly committed to promoting the active involvement, responsibility and professional growth of them.

The constant activity of information and training is fundamental, in order to sensitise the personnel on environmental and safety topics, and on the importance of the contribution of each individual regarding the prevention and improvement of the general conditions of the safety at work and of the environmental efficiency of the company.

Identification and evaluation of risks in the workplace and the environmental impact of operations

The Esprinet Group defines the criteria and method for the continual evaluation of the main environmental aspects, of the risk of misfortune and danger, and of the identification of the corresponding impact. The latter are periodically verified compared to the forecasted objectives, which are defined, monitored, and updated for their continuous improvement.

Compliance with laws and other regulations

Compliance with laws and regulations issued to protect workers' health and safety and for the respect of the environment are values inseparable from the Group's strategic action.

Concluding conduct

The correct management, maintenance and regular checking of plants and equipment is one of the ways that the Group runs 'health, safety and environmental' policies together with checks on any possible use and/or disposal of chemical preparations or compounds whether dangerous or otherwise. This is also outsourced to qualified suppliers accurately selected for their technical/professional expertise and for their products and services which significantly eliminate or reduce the environmental, health or safety risks. These are just some of the methods used by the Group to implement its 'environment, health and safety' policies.

The Group is also engaged in minimising the consumption of natural resources (electricity, gas, water) and of waste production, encouraging recycling where possible.

Effective communication

The Group recognises the importance of the role of 'communication' for all interested parties (personnel, suppliers, contractors and sub-contractors) as the basic element for managing responsibility correctly within the health, safety and environmental protection context.

Audit

Both internal and external audits are an effective tool. They form the basis of company culture and are what determine the performance checks and supervision, including that regarding health, safety and environment.

Membership of waste disposal consortia

Esprinet S.p.A. is member of the Raecycle consortium whereas Celly S.p.A. is member of the Remedia consortium. Both the consortium manages 'end of life' products defined by the regulation regarding the disposal of electric, electronic, cells and batteries waste.
Esprinet Iberica, the Spanish subsidiary, is a member of the Ecotic, Ecopilas and Ecoembes consortia and of the Erp, Ecophilas and Ponto Verde consortia in the case of Portuguese operations.
Italian companies have also adhered to SISTRI (the waste traceability checking system), founded in 2009 by the Ministry for the Environment and Protection of Land and Sea for computerizing the whole special waste production chain nationally.

Disclosure as per Legislative Decree 32/2007 and its interpretation

In the case of the document approved on 14 January 2009 by the National Council of Accountants and Accounting Experts (Cndcec), aimed at supporting the first application of Legislative Decree 32/2007 concerning information regarding the environment and staff, the following has to be noted.

'Compulsory' disclosure

As regards staff, during the year, no deaths, or serious or very serious accidents occurred and no professional illnesses were reported by employees or former employees, and no Group company was found finally guilty in any 'mobbing' trials.

In the case of the environment, during the year no significant damages to the environment, or fines or definitive penalties were charged to the company for environmental crimes or damages, nor was any emission of greenhouse gases reported, except for an environmental crime proceeding with reference to Celly S.p.A. closed by paying a penalty dating back to 2013, thus prior the acquisition by Esprinet S.p.A..

'Voluntary' disclosure

In the case of staff, the section 'Human Resources' and the 'General principles and action undertaken' of this chapter provide a complete picture of the policies pursued.

The 'pure' IT products distribution activities (hardware, software and services) and consumer electronic products, undertaken at the three main sites at Cambiago and Cavenago in Italy (approx. 56.000 sqm), and at Zaragoza in Spain (approx. 22.000 sqm), do not create any special problems for the environment, Nevertheless the Group constantly monitors the use of energy at its various premises and has adopted strict disposal procedures for any type of waste.

Main risks and uncertainties facing the Group and Esprinet S.p.A.

Risks classification

Esprinet Group and Esprinet S.p.A. activities are exposed to risk factors able to influence their economic and financial situation.

Esprinet S.p.A. and the Esprinet Group identify, assess and manage risks in compliance with internationally recognised models and techniques such as 'Enterprise Risk Management - Integrated Framework (CoSo 2)'.

Since 2009 the Group adopted an operative and organisational framework able to manage risks and monitor its adequacy in time (the so-called 'ERM-Framework'). It hinges on the methodological model for the creation of an effective 'risk management' system able to involve the actors in the internal audit system at various levels, who are charged with different key roles according to the various control activities.

The identification, assessment, management and monitoring system of the company's main risks is based on a process which involves the performance of the following tasks, at least annually:

- risk scoring and risk assessment of the main company risks;
- identification of 'risk management' priorities;
- identification of a 'risk strategy' and its transfer into action plans orientated to strengthening, improving and monitoring the checking facilities of the risks identified.

The ultimate purpose of the system described is to maintain the risk level within the acceptability threshold defined by the administrative body and supply reasonable support to the furtherance of company objectives.

During 2015 the operational action plan, including an audit plan and a plan of measures aiming at improvements in the case of priority risks, has effectively checked on.
The risk classification is based as follows:
- strategic risks
- operational risks
- 'compliance' risks;
- financial risks.

The annual revision of the company's main risks has substantially confirmed the existing map of the risks.
The following is a brief description of the main risks, these last assessed without taking into consideration the response actions put into force or planned by the Group to bring the seriousness of the risk within acceptable levels.

Strategic Risks

Inadequate response to unfavourable macro-economic scenarios

The Group's economic and financial situation is influenced by various factors which make up the macro-economic contexts of the markets where the Group operates.
These include, but not only, GDP performance, consumer and business confidence levels, the inflation rate, interest rate trends, the cost of raw materials prime and unemployment rates.

In 2015 overall the European Distributors market grew by +8% compared to 2014, with Italy and Spain achieving respectively +11% and +19%. The trend of the last quarter shows a growth by +9% in the European market and by +9% in Italy and +17% in Spain respectively.
2016 forecasts show a slowing growth mainly as a consequence of the gradually increasing market maturity in smartphone segment and of a closer alignment to consumer expenditure behaviour.

However, the performance of the market could not follow the expectations of the analysts and should these expectations not realize, the financial assets, economic, and financial situation could be negatively influenced.

Inadequate response to customers' and suppliers' demands

Due to its intermediary role within the IT production chain, the Esprinet Group's success largely depends on its ability to address, interpret and meet customers' and suppliers' demands.

This ability translates into a value proposition both at the source and later on in the sales process which differentiated itself from the competition through its adequate and historically superior profitability conditions compared both with its direct and indirect competitors.
Should the Esprinet Group be unable to maintain and renew this value proposition, that is, to develop more innovative offers and competitive services compared than those of its main competitors, the Group's market shares could fall significantly causing a negative impact on its economic and financial position.

Competition

The nature of the Group's trade brokering activities means it operates in highly competitive sectors, both in Italy and in Spain.
The Group has therefore to operate in a highly competitive context and to compete in the various geographical markets against both strongly rooted local operators and multinational companies significantly larger than the group and with considerably greater resources.
Competition in the IT distribution and electronic consumables sector, the Group's main activity, is measured in terms of prices, availability, quality and variety of products and associated logistic services and pre and after-sale assistance.

The degree of competition is also heightened by the fact that the Group acts as a broker between the large world-wide suppliers of technology and resellers of IT/electronic consumables, which include operators with high contractual power, including the major retail chains, often with the potential to open supply chains directly with the producers.
The Group also competes with multinational groups of extremely high financial standing, both in Italy and in Spain.
Should the Esprinet Group be unable to deal effectively with the external situation in question there could be a negative impact on the Group's prospects and operations, as well as on its economic results and financial position.

Moreover, the Group is also exposed to competition from alternative distribution models, whether current or potential, such as those based on direct sales to the user by the producer, even if in the past all the limits of these alternative distribution models have been revealed.
If the 'de-intermediation' situation, already affecting the Group in the markets where it operates, accelerates in the next years, even though not caused by any empiric or economically rational facts, the Esprinet Group could suffer negative repercussions on its economic and financial position.

Price changes

The technological sector is typified by a deflationary price trend linked to high product obsolescence and strong market competition, besides mainly economic factors linked to changes in the value of the USA dollar and the Chinese currency, which are the two main functional currencies for IT products.

The Group is therefore exposed to the risk of falls in IT and electronic product unit prices, if the gross profit margin formed by the difference between the sales prices to retailers and purchasing costs applied by suppliers falls in absolute value when prices applied to the end consumer are lowered. This occurs since it is difficult to pass the higher costs caused by the lowering of prices on to customers in a sector as highly competitive as the distribution sector.

Despite the fact that this risk is lessened by the Group's capacity to limit overheads/fixed costs levels and productivity standards at various levels, thus reducing process costs chiefly linked to physical drivers (e.g. number of transactions, number of products moved in warehouses or forwarded by courier), and despite the fact that the percentile value of the gross sales margin is to some extent independent of reductions in the single prices of products, it is not possible to provide assurances regarding the Group's ability to deal with the technological sector's deflation rates

Business combinations

As an integral part of its strategy for growth, the Group periodically acquires assets (divisions of a company and/or company shareholdings) which are highly compatible in strategic terms with its own area of business.

Such operations, as any other future operation of the same type, run the risk of not being able to activate expected synergies either fully or in part, that is the risk that the explicit and/or implicit costs of integration might outweigh the benefits of the acquisition.

Integration problems are increased by the fact that the companies acquired have to operate in countries and markets other than those where the Group has always operated and which involve specific business and regulatory issues different from those met with so far by the Group.
Such problems arise from the need to align them to standards and policies mainly regarding internal auditing, reporting, information management and data protection procedures, besides to the implementation of suitable coordination and organisational mechanisms between the companies acquired and the rest of the Group.

Therefore it is impossible to give any guarantees about the Group's future success in concluding further acquisitions, neither to maintain the competitive positioning of purchasing target and neither to favourably repeat the proper business model and proposal system.

Operating risks

Dependency on IT systems

The Esprinet Group is strongly dependent on its IT systems in the performance of its activities.
In particular, the viability of its business depends to some extent on the capacity of the IT systems to store and process enormous volumes of data and guarantee elevated standards of performance (speed, quality, reliability and security) that are stable over time.
The critical nature of the IT systems is also heightened by the fact that the Group, because of its business model, relies on Internet for a consistent part of its business, both as an instrument for the transmission of information to its clients, and order-processing and marketing intelligence. Other critical factors are the connections in EDI mode to the IT systems of many vendors, as well as the remote connection to the cash & carry network active in the country.
The Group has invested remarkable resources in the prevention and mitigation of risks linked to its dependency on IT systems and in the improvement of the IT security level (such as the continual maintenance of the hardware installed and the updating of the relative software, the stipulation of insurance policies against damages caused indirectly by possible system crashes, the housing of the data centre in safe environments, the construction of anti-intrusion and anti-virus defences by carrying out penetration tests aimed at verifying the robustness of the abovementioned defences, the continual backup of memory-resident data, the provision of business continuity and disaster recovery plans and the execution of 'shutdown and restart tests on redundant systems').

Despite this, the possibility that the Group might have to suspend or interrupt its sales activities due to systems malfunctioning or actual black-outs cannot be totally excluded.
It is similarly impossible to guarantee that the IT systems of companies and/or businesses acquired will satisfy the Group's minimum reliability and safety requirements at the time of the acquisition.

Medium-/long-term interruptions of logistics chain

The Group's sales activities strongly depend on the correct functioning and efficiency of the logistics chain, thanks to which the products are able to reach their reference markets.
These logistics chains have reached high levels of complexity and the journey of the goods from the factories where the IT and electronic products sold are produced to the end customers could be subject to interruptions due to natural, political and operational events such as natural disasters, changes in trade relations between governments, trade restrictions and embargoes or operators' financial soundness in the various transport and storage stages.

Any unfavourable events in these areas are likely to cause long-term interruptions, which could have a significantly negative impact on the Group's prospects and financial position.

Dependency on suppliers and risk of non-observance of extra-contractual agreements

Overall, the Group has direct contacts with about 200 leading vendors of technology, including IT, electronic consumables and micro-electronic components vendors. The Group has always focused on the distribution of branded goods, earnings from the sale of own-brand products (accessories, consumables, Nilox and Celly micro-computer components) being negligible.
In most cases, trading contacts with the vendors are governed by contracts and/or agreements generally renewed every year.
Despite the high number of vendors in its portfolio, the Esprinet Group presents a certain degree of risk concentration in that the incidence of the first 10 suppliers, accounted for over 65% of consolidated sales (74% in 2014).

A consequence of this situation is that the Group is exposed to the risk of the non-renewal of current distribution contracts and/or inability to replace these contracts effectively.

The Group is also exposed to the risk of significant changes in the terms and conditions of contracts drawn up with vendors, particularly regarding amounts regarding premiums for the attainment of targets, or the very level and nature of these targets, the sums for co-marketing and development, the policies for protection of the economic value of the stock and commercial returns, payment terms and associated discounts.
These variations, if negative, are likely to have a negative impact on the assets and on the Group's economic and financial results.

Traditionally, however, the Group has been able to negotiate contractual conditions with its counterparts providing a long historical series of positive economic results. The degree of partnership attained with the majority of its suppliers also laid the foundations for significantly consolidated collaborations with the most important suppliers over the years, something also due to the use and maintenance of direct communication channels.

Dependency on suppliers of critical services

The Group's logistics model is based upon the direct warehousing handling and collections and the outsourcing of haulage and delivery services. These activities are of critical importance to the value chain for IT and electronic consumables distributors.
In the case of the first of the activities mentioned, the Group makes use of two porters' co-operatives in Italy. Transport activities are contracted out, both in Italy and in Spain, to independent outside shippers.
The interruption of contractual relations with the above-mentioned suppliers of services, or a significant reduction in the level of quality and efficiency of the services provided, could have a significant negative impact on the Group's economic and financial results.
These suppliers and the relative industry are continually monitored in order to mitigate any related risk.

Low profit margins

The result of the high level of competition to which the Group is submitted is a low profit margin (gross trading margin and net operating result) in relation to earnings.
These low margins tend to amplify the effects of unexpected variations in sales levels and operating costs on profitability
that can be also negatively impacted from any incorrect decisions concerning the products 'pricing' and the management of discount policies.
It is impossible to guarantee that the Group will also be able to manage its 'pricing' policies with the same care and prudence in the future, in difficult economic situations.
Product margins and customers and the search for the best mix in suppliers and clientele are continually monitored, however, in order to mitigate any possible related risk.

Reduction in value of inventory

The Group is subject to the risk of a reduction in the value of unsold stock as a result of lowered list prices on the part of vendors and economic or technological obsolescence.
it is usual within the sector for the vendors to set up forms of total and/or partial protection, contractual or otherwise, of the financial value of stock in the above-mentioned cases for the benefit of the distributors with direct supply contacts.

Nevertheless, cases of non-fulfilment on the part of the vendors or the failure to activate non-contractual protection can occur.
Further, these protective clauses also come into force solely under certain conditions and are therefore totally controlled and by purchase planning ability in function of market potentiality.

It is not possible to give guarantees regarding the Group's future ability to manage stock levels so that even limited risks of stock devaluation are avoided, or failure to activate the contractual protection provided in the case of the majority of the product suppliers.
The main risk mitigation methods depend on the constant ability to minimise stock levels also due to the support of expert inventory management and demand planning systems based on availability indicators and consequently customer satisfaction, together with the constant monitoring of existing contractual agreements, in terms of the consolidated practice of the sector which traditionally believes that suppliers are also likely to protect the value of stock.

Dependency on key managers

The activity and development of the Esprinet Group is characterised by a significant dependence on the contribution of some key management staff, particularly that of the Chief Executive Officers, other executive Directors, and of the 'front line' management and/or heads of functions acting in the two geographical markets where the Group operates.
The Group's success therefore depends to a large extent on the professional and personal ability of such key figures.
The loss of the services of some of the managers without any suitable replacement, together with the inability to attract and keep new qualified resources, could therefore have negative effects on the Group's prospects, operations and financial results.
The main methods used by the Group to deal with the risk in question comprise professional development and employee retention policies. The latter are part of a compensation system which includes the use of long-term incentive plans as well as continual training activities.

Physical destruction of company assets and products assigned for sale

Premises and products stored in warehouses are subject to risks linked to events such as earthquakes, floods, fire, theft and destruction. These events could cause a significant fall in the value of the damaged assets and an interruption in the Group's operational ability, even for extended periods of time.
In the impossibility of excluding such events occurring and the damage caused by the same, and while bearing in mind the management and mitigation policies for these risk categories in terms of physical safety and fire prevention basically effected by transferring the risks to insurance companies, no guarantees regarding the negative impacts that could affect the Group's the financial position can be given.

Fraud perpetrated by employees

Bearing in mind the high number of transactions effected, the intensive use of IT systems both for operations and for interfacing with customers and suppliers, besides the high unit value of some transactions, significant economic damage could be generated by disloyal employees' conduct.
The Esprinet Group is committed to reducing the likelihood of such fraudulent conduct occurring by means of duty segregation techniques, IT systems access management, the introduction of procedures and checks and the circulation of the code of ethics.
However, it is not possible to give any guarantees about unfavourable impacts on the Group's financial position which could derive from fraudulent activities of the kind described.

Reliability of the administrative-accounting system

Strategic and operational decisions, the planning and reporting system, as well as the process of external communication of data and economic and financial information is based on the reliability of the administrative-accounting information generated and processed within the Group. The correctness of this information also depends on the existence of organisational procedures, rules and organisation, on employees' professional expertise and on the effectiveness and efficiency of IT systems.
The Group is committed to maintaining a high level of control over all the procedures that generate, process and circulate economic and financial information. These procedures and the underlying IT systems are subject to regular audits and checks by various actors of the Internal Audit System and are constantly updated even when solutions to 'Non Conformity' situations have been applied.

Compliance risks

The Esprinet Group is exposed to the risk of violating numerous laws, rules and regulations, including tax laws, which govern its operations.

Legal and tax disputes

As of the drafting date of these financial statements some legal and tax disputes involving some of the companies within the Group are still pending. These could potentially influence the economic and financial results.
Although the sums allocated into the relative risk provisions are deemed sufficient to cover any liabilities arising from pending disputes, it cannot be excluded that in case of a negative outcome worse than expected, some negative effects may reflect on the Group's economic, asset and financial results.

Legal disputes

The type of legal disputes to which the Group is exposed can be divided essentially into two main groups: disputes of a commercial nature (having as the object the nature and/or quantity of goods supplied, the interpretation of contractual clauses and/or the supporting documentation) and other of various kinds.
The risks associated with the first type of dispute are the object of accurate monthly analyses together with the Group's legal advisors and the consequent financial impacts are reflected in the Bad debt provision.
The 'other disputes' refer to various types of claims made against companies within the Group due to supposed infringements of laws or contracts.
The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the Provision for risks and charges.

Tax disputes

It cannot be excluded that the Group may have to pay liabilities as a result of tax disputes of various kinds. In such case the Group could be called on to pay extraordinary liabilities with consequent economic and financial effects.
The risk analyses are undertaken periodically together with the external professionals appointed for the task and the consequent economic impacts are reflected in the Provision for risks and charges.
For risks and the main developments of disputes in course please see the item 'Non-current provisions and other liabilities'.

Financial risks

Esprinet Group's activities are exposed to a series of financial risks able to influence its financial assets, profits and cash flows through their impact on existing financial operations.

These risks may be summarised as follows:

a) credit risk;
b) liquidity risk;
c) market risk (foreign exchange risk, interest rate risk and other price risks).

The overall responsibility for the creation and supervision of a financial risk management system for the Group is, within the Internal Control System, up to the Board of Directors, to which the various organisational units responsible for actually managing the single types of risk report.
These units, substantially belonging to the Finance and Treasury departments, within the guidelines traced out by the Board in the case of each specific risk, define the instruments and techniques necessary for the relevant cover and/or transfer to third parties (insurance) and assess risks that are neither covered nor insured.
The Group has consolidated practices, operational procedures and risk management policies, which are continually adapted to changing environmental and market conditions, which are able to identify and analyse the risks to which the Group is exposed, to define appropriate controls and constantly monitor the same limits.

Further information regarding risks and financial instruments pursuant to IFRS 7 and 13 can be found under 'Disclosure on risks and financial instruments' in the 'Notes to the consolidated financial statements'.
The degree of the Group's exposure to the various categories of financial risk identified is detailed in next paragraphs.

Credit risk

Credit risk is the risk that the Group might suffer a financial loss through the effects of the non-fulfilment of an obligation to pay by a third party.
Esprinet Group's exposure to credit risk depends on the class of financial instruments, even if it is essentially linked to the option of deferred payments granted to clients in relation to sales of products and services in the markets where the Group operates.
Management strategies dealing with this risk are as follows:

- in the case of cash and cash equivalents and financial derivatives assets, the choice of leading national and international banks;
- in the case of trade receivables, the transfer of the risk, within the limits of the credit negotiated and with the aim of reaching an optimum balance of costs and benefits, to leading insurance and/or factoring companies as well as applying special checking procedures regarding the assignment and periodical review of lines of

credits to customer, besides requiring collateral in the case of customers whose ratings are insufficient to guarantee operations.

Group policies include a strict hierarchically organised authorisation mechanism to deal with trade receivables, involving the Credit Committee and on up until the Board of Directors, in cases where the limits of the line of credit granted independently by the Group exceed the corresponding credit facilities granted by the insurance company.
Customer credit risk is monitored by grouping the same according to sales channels, the aging of the credit, the existence or otherwise of any previous financial difficulties or disputes and any ongoing legal or receivership proceedings.
Customers classified as 'high risk' are inserted in a strictly-checked list and any future orders are filled solely against advance payment.
The Group usually accrues estimated impairment of trade receivables quantified on the basis of analyses and write-downs of each single position to a bad-debt provision, after taking into account the benefits provided by the insurance.

In the case of credit risk concentration, the following table shows the incidence of the top 10 clients on consolidated sales with reference to Esprinet S.p.A. and to the Group respectively:

Entity	% top 10 customers
Esprinet S.p.A.	30%
Group	27%

The incidence of the top 10 clients on the Esprinet Group's sales is equal to 27% (23% in 2014).

Liquidity risk

Liquidity risk is the risk the Group may encounter difficulty in meeting obligations associated with its financial instruments.
The policy is therefore one of maximum prudence to avoid, at the occurrence of unexpected events, to have to sustain excessive charges or even see one's reputation compromised in the market.

Liquidity risk management hinges on cash-flow planning and also on the maintenance of consistent amounts of unused lines of credit in Italy and in Spain of a mainly self-liquidating nature, aided by a conservative financial policy favouring stable financing sources including that for financing working capital. As at 31 December 2015 the Group had unused credit lines of 337 million euro (317 million euro at 31 December 2014), or approx. 78% (approx. 78% as at 31 December 2014) of the total of the existing credit lines.
The availability of unused credit lines did not cause any specific charges. For further information please refer to the paragraph 8.6 'Lines of credit' under section 8 'Other significant information' in the 'Notes to the consolidated financial statement'.

The Group's financial needs are largely covered by a Senior Loans of 5-years duration. This Loan is one of the pillars of the liquidity risk management and is subject to the strict observance of some covenants the non-compliance with which gives the issuing pool of banks the right to demand the immediate reimbursement of the same loan.
As at 31 December 2015, according to management estimates as is clearer in the next paragraph 'Loans and loan covenants' under 'Other significant information' in the 'Notes to the consolidated financial statements', such covenants have been fully met.
While the existence of a covenant structure allows the Group to dispose of a stable funding structure not subject to any cancellation and/or unilateral downsizing as per international contractual practice, on one hand, on the other it introduces elements of instability linked to the possible violation of one or more of the threshold financial parameters, failure to observe which exposes the Group to the risk of the advance reimbursement of the borrowed sums.

In fact the Group regularly effects stress tests simulating situations which would arise in the case of violations of the parameters and the consequent obligation of advance reimbursement of the senior loans. Bearing in mind its increasingly high equity and unusual sources-uses structure, the most recent simulations have resulted in favourable outcomes regarding the Group's ability to make up for the loss of the senior loans by drawing on the unused short-term reserves of mostly self-liquidating loans.

Market risk: the currency risk

Currency risk is the risk of fluctuations in the value of a financial instrument as a result of variations in foreign exchange rates. In this regard, it should be noted that only a residual part of the products purchased by the Esprinet Group are expressed in currencies other than euro.
During 2015 these purchases were mainly in US dollars and amounted to 2.1% of the Esprinet Group's total purchases (3.1% in 2014).

The possibility that parity of exchange - and the euro/USA dollar in particular– may be modified in the period running between the time of invoicing in foreign currency and the time of payment, determines the Group's exposure to foreign exchange risk. Given that the Group has no other financial assets and liabilities or loans in foreign currency, its exposure to this type of risk is limited.

Given the potentially modest impact involved, the policy adopted so far has consisted in the restraint of such risk type, without the activation of any specific form of cover, especially through the use of hedging instruments.

Market risk: the interest rate risk

Interest rate risk comprises the risk of fluctuations in the fair value and/or in the future cash flows of a financial instrument as a result of variations in market interest rates.

All of the loans obtained by the Esprinet Group provide for index-linked interest rates based on referential rates, and in particular on the 'Europe Interbank Offered Rate' or Euribor.
The Group, as a result of analysis on the amount and composition of the Group indebtedness, can decide to totally or partially hedge itself against the interest rate risk on the loans.

The aim of the hedging activity regarding interest rate risk is to fix the funding cost of the middle-term floating-rate loans (hedged items).

During 2014 this result was achieved by entering in eight 'IRS - Interest Rate Swap' contracts (hedging instruments), signed with the same banks lenders of the medium/long-term loan hedged, that enabled the Group the floating rate to be received and the fixed rate to be paid on the 100% of its loan's principal.
These hedging transactions qualify for cash flow hedge accounting and are so recognised in the consolidated financial statements.

Market risk: the other price risks

Other price risks include the risk of fluctuations in the fair value of marketable securities due to variations in the market price arising both from specific factors related to the individual security or its issuer and from factors able to influence the total securities traded in the market place.

The Esprinet Group does not own any securities negotiable in active markets and consequently is not exposed to this type of risk in any way.

Other significant information

1. Research and development activities

The research and development of Edp and Web activities are related to the definition and planning of new processes and services referred to the IT platform used by the Group, which is at customers and suppliers disposal for information communication as well as for the management of sales and purchase orders. These costs were entirely recorded in the income statement, mainly among the costs of respective departments.

2. Number and value of own shares

At the closing date of these financial statements, Esprinet S.p.A. held 646,889 own shares, representing 1.23% of the share capital.

The abovementioned shares, consist of 31,400 residual own shares, following the allotment on 19 May 2015 of 1,150,000 shares to beneficiaries of the Long Term Incentive Plan approved on 9 May 2012, as compared to 1,181,400 held at the closing date of the previous year, which had all been purchased in 2007 (fulfilling the Shareholder Meeting resolution dated 26 April 2007) at a unit price of 11.06 euro gross of commissions.

Pursuant to the Shareholder Meeting's resolution dated 30 April 2015 and in execution of the share buy-back program announced by Esprinet S.p.A. on 30 June 2015, the Company purchased a total of 615,489 ordinary shares of Esprinet S.p.A. in the period between 22 July 2015 and 4 September 2015. The average gross purchase price was euro 7.79 per share, gross of commissions.

3. Relationship with related parties

The related parties of the Esprinet Group have been defined as per IAS 24.

Group operations with related parties were effected in compliance with current laws and according to mutual economic advantage. Any products sold to individuals were done so under the same conditions as those usually applied to employees.

During the year relationships with related parties consisted essentially in the sales of products and services at market conditions, including the leasing of real estate, between Group's entities and associates or companies where the key management personnel of Esprinet S.p.A. - shareholders or directors or key manager - play important roles.
Further details of these operations, the total value of which is not material compared with the total volume of the Group's activities, can be found under 'Relationships with related parties' in the 'Notes to the consolidated financial statements'.

Relationships with key managers result from the recognition of the payments for services rendered by the same, the quantification of which can be found under 'Emoluments to board members and key managers' in the 'Notes to the consolidated financial statements'.

In the case of Consob Regulation No. 17221 of .17221/12/03 and successive amendments and supplements, please note that Esprinet S.p.A. approved and implemented the management procedure regarding operations with related parties, further details of which may be found in the 'Esprinet S.p.A Corporate Governance Report'. This procedure is similarly available at www.esprinet.com, under 'Investor Relations'.

4. Relationships with subsidiaries subject to management and coordination activities

Esprinet S.p.A. manages and co-ordinates activities of the subsidiaries resident in Italy.
This activity consists in setting general and operational strategic policies for the Group, drafting general policies regarding human and financial resources management, defining and adapting:
- the corporate governance and internal control model;
- the Group Organisational Model pursuant to Legislative Decree 231/01;
- the System Security Planning Paper (SSPP) pursuant to Legislative Decree 196/.196;
- the Code of Ethics;
- administrative-accounting procedures regarding financial reports.

Group co-ordination especially involves the centralised management of administrative, corporate and cash services which, in addition to enabling the subsidiary companies to achieve economies of scale, also enable them to focus their internal resources on managing the core business.

Starting from fiscal year 2010 Esprinet S.p.A. and its subsidiary V-Valley S.r.l. have opted for the tax regime as established in the 'National consolidated tax regime', as per Article 117 and followings of Presidential Decree 917/86 (TUIR - Italian Income Tax Code), which enables Corporate Income Tax (IRES) to be determined on the tax base resulting from the algebraic sum of the positive and negative tax bases of the single companies.

This option was renewed in 2013 for the 3-years period 2013-2015.
Starting from fiscal year 2015 Esprinet S.p.A. and its subsidiary Celly S.p.A. have opted for the National consolidated tax regime, with effects for the 2015-2017 period.

5. Shares of the parent company Esprinet S.p.A held by board members, statutory auditors and key managers

Name	Office	No. of shares at 31/12/2014 or at appointment date	No. Of shares assigned LTIP 2012-2014	No. of shares purchased	No. of shares sold	Decrease for office termination	No. of shares at 31/12/2015
Francesco Monti [1]	Chairman	8,232,070	-	-	-	-	8,232,070
Maurizio Rota	Deputy Chairman and CEO	2,514,310	308,036	-	(196,888)	-	2,625,458
Alessandro Cattani	CEO	500,000	308,036	-	(246,429)	-	561,607
Valerio Casari	Director	3,279	256,695	-	(205,357)	-	54,617
Marco Monti [2]	Director	-	-	-	-	-	-
Matteo Stefanelli	Director	840,307	-	-	-	-	840,307
Tommaso Stefanelli	Director	885,000	-	-	-	-	885,000
Mario Massari	Director	-	-	-	-	-	-
Chiara Mauri	Director	-	-	-	-	-	-
Cristina Galbusera	Director	-	-	-	-	-	-
Emanuela Prandelli	Director	-	-	-	-	-	-
Andrea Cavaliere	Director	-	-	-	-	-	-
Giuseppe Calì	Director	7,732,000	-	-	-	(7,732,000)	-
Stefania Calì	Director	53,970	-	-	-	(53,970)	-
Umberto Giovanni Quilici [3]	Director	20,000	-	-	-	(20,000)	-
Total Board of Directors		**20,780,936**	**872,767**	**-**	**(648,674)**	**(7,805,970)**	**13,199,059**
Giorgio Razzoli	Chairman	-	-	-	-	-	-
Patrizia Paleologo Oriundi	Standing Statutory Auditor						
Bettina Solimando	Standing Statutory Auditor						
Emanuele Calcaterra	Standing Statutory Auditor	-	-	-	-	-	-
Mario Conti	Standing Statutory Auditor	-	-	-	-	-	-
Total Board of Statutory Auditor		-	-	-	-	-	-

[1] Holder of full ownership of 2,058,019 shares and of right of usufruct on 6,174,051 shares
[2] Holder of bare ownership of 2,058,017 shares
[3] Share hold by spouse

In compliance with CONSOB Resolution No.11971 dated 14 May 1999, the previous table provides details of share dealing effected during the year by Esprinet S.p.A. Directors, Statutory Auditors and key managers, reminding that the company organisation structure does not include a General Manager.
Further details can be found in the 'Notes to the consolidated financial statements' under 'Emoluments paid to board members, statutory auditors and key managers'.

6. Atypical and/or unusual operations

No atypical and/or unusual events or operations according to the definition as per Consob communication No. DEM 6064293 of 28 July 2006 occurred during the period.

7. Additional information required by Bank of Italy and Consob

Pursuant to the document 2 of 6 February 2009 and the successive specifications of 3 March 2010, requiring the drafters of financial reports to supply adequate disclosure on some themes, the relevant sections in which the requirements applicable to the Group are met are shown below:

1. disclosure about entity's going concern, 'Notes to the consolidated financial statements' - paragraph 'Accounting principles and valuation criteria';
2. disclosure concerning financial risks, 'Directors' Report on Operations' - paragraph 'Main risks and uncertainties facing the Group and Esprinet S.p.A.' - and 'Notes to the consolidated financial statements' - section 'Disclosure on risks and financial instruments';
3. Disclosures regarding impairment tests of assets (so called impairment test), 'Notes to the consolidated financial statements' - paragraph 'Notes to the balance sheet items' item 'Goodwill';
4. disclosure about uncertainties when using estimates, 'Notes to the consolidated financial statements' - paragraph 'Main accounting definitions and estimates';
5. disclosure on financial liabilities type clauses, Notes to the consolidated financial statements' - paragraph 'Loans and loan covenants';
6. disclosure concerning 'fair value hierarchy', 'Notes to the consolidated financial statements' - paragraph 'Financial instruments pursuant to IAS 39: classes of risk and fair value'.

The information required by Consob communication No. DEM/11012984 of 24 February 2011 'Request for information pursuant to Art. 114, paragraph 5, of Legislative Decree No. 58 of 24 February 1998, regarding compensation for advance termination of employment' can be found in the 'Corporate Governance Report'.

Disclosure required by Consob communication No. 3907 of 19 January 2015 can be found in the relevant sections of the 'Notes to the consolidated financial statements'.

8. Share incentive plans

In parallel with the presentation of the consolidated financial statement of 2014 to the Esprinet 's Shareholders' Meeting, on 30 April 2015 the share incentive plan ('Long Term Inventice Plan') came to a conclusion, approved by the Esprinet's Shareholders' Meeting on 9 May 2012 and addressed to the members of the Board of Directors and the executives of the Company.

Subject to achieving revenue targets for the Group within the 3-year period 2012 - 2014 as well as to a service condition up to the presentation date of the consolidated financial statement 2014, the plan provided for the allotment of a maximum of 1,150,000 rights of free stock grants of Esprinet S.p.A. ordinary shares.
On 19 May 2015 following the full achievement of the revenue objectives, no. 1,150,000 shares already available by the issuer have been delivered to the beneficiaries.

As consequence, the stock of the net assets which collected all recorded costs within the period of maturity of the rights has been released as regards the delivered shares.

Within the scope of share incentive policies aimed at strengthening the loyalty of executives deemed essential for the purpose of achieving the Group operating targets, on 30 April 2015 Esprinet Shareholders' Meeting approved a new compensation Plan ('Long Term Incentive Plan') for the benefit of the members of the Board of Directors and executives, as proposed by the Remuneration Committee. Such plan will apply for the 3-year period 2015-17 with the purpose of granting a maximum of 1,150,000 rights of free stock grants of Esprinet. S.p.A. ordinary shares.

646,889 of the abovementioned free subscription rights were granted on 30 June 2015 and are conditional upon the achievement of some Group revenue targets in the 2015-17 period and the beneficiary being still employed by the Group at the date of the presentation of the Group's 2017 consolidated financial statements to the Esprinet Shareholder Meeting.

Further information can be found in the 'Notes to the consolidated financial statement' – paragraph 'Group Personnel costs'.

9. Net equity and result reconciliation between Group and parent company.

In compliance with Consob communication no. DEM/6064293 of 28 July 2006 the reconciliation between Group net equity and result of the period together with the relative data of the parent company, Esprinet S.p.A., is illustrated in the table below:

(euro/000)	Net income/(loss)		Equity	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Esprinet S.p.A. separate financial statements	**22,943**	**39,597**	**294,968**	**282,119**
Consolidation adjustments:				
Net equity and result for the year of consolidated companies, net of minority interests	7,718	4,597	87,924	80,214
Esprinet S.p.A. 's investments in consolidated subsidiaries carryng amount			(85,688)	(83,602)
Goodwill from Esprinet Iberica S.L.U. business combination			1,040	1,040
Goodwill from Celly S.p.A. business combination			4,153	4,153
Adjustment to equity value of associated companies	10	(1)	-	(10)
Deletion of non-realised (profit)/loss on inventory, net of fiscal effect	(102)	(112)	(252)	(150)
Elimination of revaluation increase of the investment value in the Iberica subsidiary on Goodwill	-	(13,734)	-	
Gain on Monclick and Comprel disposal value	-	(3,500)	-	
Option on Celly shares	(528)	(34)	(5,407)	(9,759)
Other movements	-		867	867
Consolidated net equity	**30,041**	**26,813**	**297,605**	**274,872**

10. Other information

The System Security Planning Paper (SSPP) - as initially foreseen by Legislative Decree 196/2003, integrated by the Legislative Decree n.5/2012 (decree on simplification) - continues to be drawn up and applied by the companies of the Group localized in the Italian Country.

On 28 June 2004, the Esprinet S.p.A. Board of Directors appointed the company's Chief Executive Officer, Alessandro Cattani, as the executive responsible for protecting personal data. Mr Cattani was, however, vested with the particular ability to delegate all his powers and responsibilities to those company executives and employees operating as data-processing managers, in accordance with their respective areas of responsibility.

Proposal of approval of the Financial Statement and allocation of the 2015 profits

To our Shareholders,
at the end of our illustration of the Esprinet S.p.A. financial statements (separate financial statements) and the Group consolidated financial statements as at 31 December 2015, together with the Directors' report on operations, we hereby present you with our proposal for the allocation of the positive result posted for the year by Esprinet S.p.A..

In seeking your approval of our operations, by assenting to our draft Financial Statements, as well as to our Report on operations and the Notes to the financial statements, we propose to allocate the Company's net profit of 22,943,214.8 euro as follows:

- a dividend of 0.150 euro gross to each one of the Company's ordinary shares in circulation, excluding therefore any of its own shares held by the Company in its portfolio at the coupon detachment date;

- any remaining amount to the Extraordinary Reserve.

Note that the company needs not set aside amounts to the legal reserve having reached 20% of the Share Capital.
For the purpose of taxing beneficiaries, note that the company has residual retained earnings generated up to the financial year ended on 31 December 2007, thus pursuant to the legal presumption set forth by Ministry Decree of 2 April 2008 the whole amount of dividends distributed is considered to consist of profits made by the company up to financial year as at 31 December 2007.

Vimercate, 21 March 2016

Of behalf of the Board of Directors
The Chairman
Francesco Monti

esprinet®

Esprinet Group
Consolidated Financial Statements 2015

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ESPRINET GROUP

Consolidated statement of financial position

The table below shows the consolidated statement of financial position drawn up according to IFRS principles, together with the information required pursuant to Consob Resolution No. 15519 of 27 July 2006:

(euro/000)	Notes	31/12/2015	related parties*	31/12/2014	related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	1	12,130		10,271	
Goodwill	2	75,246		75,246	
Intangible assets	3	664		1,021	
Investments in associates	5	47		45	
Deferred income tax assets	6	8,347		9,932	
Derivative financial assets	8	-		-	
Receivables and other non-current assets	9	7,345	1,285	4,628	1,188
		103,779	**1,285**	**101,143**	**1,188**
Current assets					
Inventory	10	305,455		253,488	
Trade receivables	11	251,493	13	275,983	16
Income tax assets	12	3,490		1,774	
Other assets	13	17,509	-	9,814	-
Cash and cash equivalents	17	280,089		225,174	
		858,036	**13**	**766,233**	**16**
Disposal groups assets	48	-		-	
Total assets		**961,815**	**1,298**	**867,376**	**1,204**
EQUITY					
Share capital	19	7,861		7,861	
Reserves	20	258,626		237,783	
Group net income	21	30,321		27,035	
Group net equity		**296,808**		**272,679**	
Non-controlling interests		797		2,193	
Total equity		**297,605**		**274,872**	
LIABILITIES					
Non-current liabilities					
Borrowings	22	65,138		68,419	
Derivative financial liabilities	23	224		128	
Deferred income tax liabilities	24	4,757		4,795	
Retirement benefit obligations	25	4,044		4,569	
Debts for investments in subsidiaries	49	5,222		9,758	
Provisions and other liabilities	26	2,495		2,734	
		81,880		**90,403**	
Current liabilities					
Trade payables	27	522,436	-	452,040	-
Short-term financial liabilities	28	29,314		20,814	
Income tax liabilities	29	751		1,361	
Derivative financial liabilities	30	195		51	
Provisions and other liabilities	32	29,634	-	27,835	-
		582,330	**-**	**502,101**	**-**
Disposal groups liabilities	34	-		-	
Total liabilities		**664,210**	**-**	**592,504**	**-**
Total equity and liabilities		**961,815**	**-**	**867,376**	**-**

* For further details regarding related parties please see the section 'Relationships with related parties' in the 'Notes to the consolidated financial statements'.

Consolidated separate income statement

The Group's separate income statement is set out below. It is drawn up according to IFRS requirements and expenses are classified by 'function'. It also includes the information required pursuant to Consob Resolution No. 15519 of 27 July 2006:

(euro/000)	Notes	2015	non - recurring	related parties*	2014	non - recurring	related parties*
Sales	**33**	**2,694,054**	**-**	25	**2,291,141**	**-**	13
Cost of sales		(2,537,190)	-	-	(2,149,305)	-	-
Gross profit	**35**	**156,864**	**-**		**141,836**	**-**	
Sales and marketing costs	**37**	(43,974)	-	-	(38,381)	-	-
Overheads and administrative costs	**38**	(66,391)	(657)	(3,611)	(62,369)	(918)	(3,384)
Operating income (EBIT)		**46,499**	**(657)**		**41,086**	**(918)**	
Finance costs - net	**42**	(4,243)	-	7	(1,987)	-	12
Other investments expenses/(incomes)	**43**	(9)	-		1	-	
Profit before income tax		**42,247**	**(657)**		**39,100**	**(918)**	
Income tax expenses	**45**	(12,206)	292	-	(13,413)	(428)	-
Profit from continuing operations		**30,041**	**(365)**		**25,687**	**(1,346)**	
Income/(loss) from disposal groups	**47**	-			1,126		
Net income		**30,041**	**(365)**		**26,813**	**(1,346)**	
- of which attributable to non-controlling interests		(280)	(27)		(222)		
- of which attributable to Group		30,321	(338)		27,035	(1,346)	
Earnings continuing operation per share - basic	**46**	0.59			0.51		
Earnings per share - basic (euro)	**46**	0.59			0.53		
Earnings continuing operation per share - diluted	**46**	0.58			0.50		
Earnings per share - diluted (euro)	**46**	0.58			0.52		

* Emoluments to key managers excluded.

Consolidated statement of comprehensive income

(euro/000)	2015	2014
Net income	**30,041**	**26,813**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	(157)	(339)
- Taxes on changes in 'cash flow hedge' equity reserve	43	(2)
- Changes in translation adjustment reserve	(12)	10
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	276	(537)
- Taxes on changes in 'TFR' equity reserve	(76)	148
Other comprehensive income	**74**	**(721)**
Total comprehensive income	**30,115**	**26,092**
- of which attributable to Group	30,372	26,349
- of which attributable to non-controlling interests	(257)	(257)

Consolidated statement of changes in net equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity	Minority interest	Group net equity
Balance at 31 December 2013	**7,861**	**241,940**	**(13,070)**	**23,095**	**259,826**	**-**	**259,826**
Total comprehensive income/(loss)	**-**	**(721)**	**-**	**26,813**	**26,092**	**(257)**	**26,349**
Change in equity by Celly group acquisition	-	2,528	-	-	**2,528**	2,528	**-**
Allocation of last year net income/(loss)	-	18,536	-	(18,536)	-	-	**-**
Dividend payment	-	-	-	(4,559)	**(4,559)**	-	**(4,559)**
Transactions with owners	-	21,064	-	**(23,095)**	**(2,031)**	2,528	**(4,559)**
Increase/(decrease) in 'stock grant' plan reserve	-	913	-	-	**913**	-	**913**
Variation in Celly IAS / FTA reserve	-	(203)	-	-	**(203)**	(78)	**(125)**
Other variations	-	4	-	-	**4**	-	**4**
Variation in reserve on 40% Celly option	-	(9,729)	-	-	**(9,729)**	-	**(9,729)**
Balance at 31 December 2014	**7,861**	**253,268**	**(13,070)**	**26,813**	**274,872**	**2,193**	**272,679**
Balance at 31 December 2014	**7,861**	**253,268**	**(13,070)**	**26,813**	**274,872**	**2,193**	**272,679**
Total comprehensive income/(loss)	**-**	**74**	**-**	**30,041**	**30,115**	**(257)**	**30,372**
Allocation of last year net income/(loss)	-	20,410	-	(20,410)	**-**	-	**-**
Change in equity by Celly group acquisition	-	(1,990)	-	-	**(1,990)**	(1,086)	**(904)**
Dividend payment	-	-	-	(6,403)	**(6,403)**	-	**(6,403)**
Transactions with owners	**-**	**18,420**	**-**	**(26,813)**	**(8,393)**	**(1,086)**	**(7,307)**
Change in 'stock grant' plan reserve	-	(1,662)	-	-	**(1,662)**	-	**(1,662)**
Assignment and acquisition of Esprinet own shares	**-**	(9,985)	7,925	-	**(2,060)**	**-**	**(2,060)**
Variation in Celly IAS / FTA reserve	-	(87)	-	-	**(87)**	(17)	**(70)**
Other variations	-	(59)	-	-	**(59)**	(36)	**(23)**
Variation in reserve on 20% Celly option	-	4,879	-	-	**4,879**	-	**4,879**
Balance at 31 December 2015	**7,861**	**264,848**	**(5,145)**	**30,041**	**297,605**	**797**	**296,808**

Consolidated statement of cash flows[8]

(euro/000)	2015	2014
Cash flow provided by (used in) operating activities (D=A+B+C)	**74,058**	**3,872**
Cash flow generated from operations (A)	**50,357**	**46,324**
Operating income (EBIT)	46,499	41,086
Net income from disposal groups	-	1,533
Depreciation, amortisation and other fixed assets w rite-dow ns	3,337	3,267
Net changes in provisions for risks and charges	(239)	(36)
Net changes in retirement benefit obligations	(316)	(439)
Stock option/grant costs	1,076	913
Cash flow provided by (used in) changes in w orking capital (B)	**39,034**	**(29,587)**
Inventory	(51,746)	(34,785)
Trade receivables	24,490	(54,006)
Other current assets	(7,385)	(3,954)
Trade payables	70,447	54,266
Other current liabilities	3,228	8,892
Other cash flow provided by (used in) operating activities (C)	**(15,333)**	**(12,865)**
Interests paid, net	(1,038)	446
Foreign exchange (losses)/gains	(1,469)	(1,239)
Net results from associated companies	(11)	(7)
Gain on Monclick disposal	-	(2,452)
Comprel w rite - dow n	-	1,610
Income taxes paid	(12,815)	(11,223)
Cash flow provided by (used in) investing activities (E)	**(14,695)**	**638**
Net investments in property, plant and equipment	(4,703)	(2,606)
Net investments in intangible assets	(136)	(769)
Changes in other non current assets and liabilities	(3,069)	643
Celly business combination	(1,990)	(12,336)
Monclick selling	-	2,787
Net assets disposal group - Comprel	-	12,919
Ow n shares acquisition	(4,797)	-
Cash flow provided by (used in) financing activities (F)	**(4,448)**	**43,771**
Medium/long term borrow ing	15,000	67,000
Repayment/renegotiation of medium/long-term borrow ings	(1,707)	(13,274)
Net change in financial liabilities	(9,795)	(7,370)
Net change in financial assets and derivative instruments	(1,397)	2,583
Deferred price Celly acquisition	(4,536)	9,758
Option on 40% Celly sharesd	4,879	(9,691)
Dividend payments	(6,403)	(4,559)
Increase/(decrease) in 'cash flow edge' equity reserve	(114)	(341)
Changes in third parties net equity	(456)	(335)
Other movements	81	-
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**54,915**	**48,281**
Cash and cash equivalents at year-beginning	**225,174**	**176,893**
Net increase/(decrease) in cash and cash equivalents	**54,915**	**48,281**
Cash and cash equivalents at year-end	**280,089**	**225,174**

[8] No effects of relationships with related parties have been considered significant.

Notes to the consolidated financial statements

1. General information

Esprinet S.p.A. (hereafter ’Esprinet’ or the ’parent company’) and its subsidiaries (the ‘Esprinet Group’ or the ‘Group’) operate in Italy, Spain and Portugal.

In Italy and in Iberian peninsula, the Group operates solely in the ‘business-to-business’ (B2B) distribution of Information Technology (IT) and consumer electronics.

Esprinet S.p.A. has its registered and administrative offices in Italy at Vimercate (Monza e Brianza).
Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the STAR segment of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange since July 27, 2001.

2. Accounting principles and valuation criteria

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Accounting principles

The consolidated financial statements of the Esprinet Group as at 31 December 2015 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as measures issued in accordance with art.
The acronym IFRS stands for the International Financial Reporting Standards (IFRS), which include the recent evolution of the International Accounting Standards (IAS) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up using the historical cost, except for the assessment of some financial instruments, where the fair value criteria are applied, and also the going concern presumption.

2.2 Presentation of financial statements

The presentation formats of the financial position and income and cash-flow statements have the following characteristics:

- statement of financial position: current and non-current assets and current and non-current liabilities are reported separately;
- statement of comprehensive income: income statement and statement of comprehensive income are reported in two different statements;
- separate income statement: costs have been analysed by function;
- statement of cash flows: drawn up as per the indirect method set out in IAS 7.

The choices made in terms of the presentation of the statement of accounts derive from the conviction that these contribute to an improvement in the quality of the information provided.

Figures in this document are expressed in thousands of euro, unless otherwise indicated. Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 Consolidation criteria and methods

The consolidated financial statement derives from the interim accounts of the parent company Esprinet S.p.A. and of its directly and/or indirectly subsidiaries or associated companies, approved by their respective Boards of Directors.
Wherever necessary, the interim accounts of subsidiaries have been suitably adjusted to ensure consistency with the accounting principles used by the parent company.

The table below lists companies included in the consolidation perimeter as at 31 December 2015, all consolidated on a line-by-line basis except for the investments in companies Assocloud S.r.l. and Ascendeo SAS accounted for using the equity method.

Company name	Head Office	Share capital (euro) *	Group interest	Shareholder	Interest held
Holding company:					
Esprinet S.p.A.	Vimercate (MB)	7,860,651			
Subsidiaries directly controlled:					
V-Valley S.r.l.	Vimercate (MB)	20,000	100.00%	Esprinet S.p.A.	100.00%
Celly S.p.A.	Vimercate (MB)	1,250,000	80.00%	Esprinet S.p.A.	80.00%
Esprinet Iberica S.L.U.	Saragoza (Spain)	55,203,010	100.00%	Esprinet S.p.A.	100.00%
Subsidiaries indirectly controlled:					
Esprinet Portugal Lda	Porto (Portugal)	1,000,000	100.00%	Esprinet Iberica S.L.U	95.00%
				Esprinet S.p.A.	5.00%
Celly Nordic OY	Helsinki (Finland)	2,500	80.00%	Celly S.p.A.	100.00%
Celly Swiss SAGL	Lugano (Switzerland)	16,296	80.00%	Celly S.p.A.	100.00%
Celly Pacific LTD	Honk Kong (China)	935	80.00%	Celly Swiss SAGL	100.00%
Associated company					
Ascendeo SAS	La Courneuve (France)	37,000	20.0%	Celly S.p.A.	25.00%
Assocloud S.r.l.	Vimercate (MB)	72,000	9.52%	Esprinet S.p.A.	9.52%

(*) Share capital values, with reference to the companies publishing financial statements in a currency other than euro, are displayed at historical value.

The most significant consolidation criteria adopted when preparing the Group's consolidated financial statements are presented below.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to decide the financial and operating policies, generally accompanied by a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.
Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
Any effects of transactions between Group companies on the Group's assets and profits, unrealized gains and losses and dividends included, are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the transferred asset.
Changes in a parent's ownership in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners).

Business combinations

The acquisition method is used to account for the acquisition of subsidiaries by the Group.
The cost of an acquisition is the aggregate of the acquisition-date fair value of the consideration transferred and of the amount of any non-controlling interest (or 'NCI') in the acquiree.
A non-controlling interest can be measured at fair value or at the NCI's proportionate share of net assets of the acquiree (option available on a transaction by transaction basis).

Any costs directly attributable to the combination (except costs of issuing debt or equity instruments) are expensed in administrative costs.
In the case of business combination achieved in stages, on the date that control is obtained the fair values of the acquired entity's assets and liabilities, including goodwill, are measured; any resulting adjustments to previously recognized assets and liabilities are recognized in profit or loss.
Contingent consideration is measured at the acquisition date fair value.
Goodwill is measured as the difference between the cost of an acquisition and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.
If the difference above is negative, the resulting gain is recognized as a bargain purchase in profit or loss.

The 'purchase method' was used to account acquisition of subsidiaries by the Group until 2009 included. Costs directly attributable to the acquisition were included in the cost of the acquisition. Minority interests consisted of the share of the net assets of the acquired entity. Business combinations achieved in stages were treated separately at the date of each transaction, with no impact on the previous goodwill may be accounted.

Non-controlling interests

The Group applies a policy of treating transactions with non-controlling shareholders as transactions with parties outside the Group itself.
The share of equity attributable to outside shareholders of subsidiary companies included in the consolidated accounts is carried separately under the equity item '*Non-controlling interests*', precisely created for this purpose. The share of net income attributable to non-controlling shareholders is reported separately in the consolidated separate income statement under the item '*Non-controlling interests*' whereas, their share of comprehensive income is shown in the statement of comprehensive income under the item *'Total comprehensive income attributable to non-controlling interests'.*
Losses are attributed to non-controlling shareholders even if they make negative the non-controlling interests balance.

Associated companies

Group investments in associates are assessed using the net equity method. Associates are companies over which the Group has significant influence, even though they are not subsidiaries or part of a joint-venture.
Financial statements of associates are used by the Group for the application of the net equity method of accounting.
The closing of accounts of associates and of the Group take place at the same date and by using the same accounting principles.
Group investments in associates are recorded in the statement of financial position at the cost increased or decreased by the post-acquisition changes in the Group's share of its associates' net profit and eventually decreased by any possible loss of value. The possible Goodwill relating to an associate is included in the carrying amount of the investment and its amortization or impairment are not permitted.
The separate income statement reflects the Group's share of its associates' net profit/loss except the quotas of profits and losses resulting from transactions between the Group and the associate which are eliminated.
If an associate adjusts a movement directly taking it to equity, the Group also adjusts its share subsequently and reports it, where applicable, in the statement of changes in equity.
At each reporting date, after application of the equity method the Group determines whether it is necessary to recognize any additional impairment loss with respect to its investment in the associate. In the case the impairment loss occurred, the Group measures it by comparing the recoverable amount and the carrying amount of the investment, and recognize this loss in the separate income statement under 'share of profits/losses of associates'.

Intercompany dividends

Dividends distributed among Group companies are eliminated from the consolidated income statement.

2.4 Changes to the Group's consolidation area

As compared to 31 December 2014 we remark the entry into the consolidation area of Esprinet Portugal Lda, established under Portuguese law on 29 April 2015.
In addiction to the above, on 20 July 2015 the shareholding in the subsidiary Celly S.p.A. grew from 60% to 80%.

For further information please refer to the paragraph 'Significant events occurred in the period'.

2.5 Changes in accounting estimates and reclassifications

Changes in critical accounting estimates

No changes in the critical accounting estimates regarding previous periods, pursuant to IAS 8, have been made in this annual financial statement.

2.6 Summary of significant valuation criteria and accounting policies

Non-current assets

Intangible assets and goodwill

Intangible assets are assets that have no identifiable physical nature, that are controlled by the company and that are able to generate future income. They include goodwill, when it is acquired for a consideration.

Intangible assets with a defined useful life are systematically amortized over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular the item *'Industrial and other patent rights'* is amortized within three years.

Goodwill and other intangible assets with indefinite useful lives are not amortized on a straight-line basis, but are subject to an annual impairment test.
The Impairment test is described below in the section entitled '*Impairment of non-financial assets*'. The increased carrying amount of an intangible asset with defined or indefinite useful life attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the asset in prior years. This reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.
Revaluation of goodwill is not permitted, even in application of specific laws, as it is not reinstated when the reasons for a write-down no longer apply.

Property, plant and equipment

Property, plant and equipment are shown in the financial statements at purchase or production cost, or at their conveyance value, including any directly attributable incidental costs and costs deemed necessary to make them operable.

Ordinary maintenance and repair costs are charged to the income statement for the year in which they are incurred. Extraordinary maintenance costs leading to a significant and tangible increase in the productivity or useful life of an asset are added to the value of the asset concerned and amortized over a period representing its remaining useful life.
Costs for leasehold improvements are entered under their relevant tangible assets category.
Individual components of a facility that have different useful lives are recognized separately, so that each component may be depreciated at a rate consistent with its useful life.

Fixed assets are systematically depreciated every year, in line with depreciation schedules drawn up to reflect the remaining usefulness of the assets concerned. The value reported in the statement of financial position is shown net of accumulated depreciation according to the remaining possible use of the asset.

The depreciation rates applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	from 3% to 20%
Other specific plants	15%
Conditioning plants	from 3% to 14,3%
Telephone systems and equipment	from 10% to 20%
Communication and telesignal plants	25%
Industrial and commercial equipment	from 7,1% to 15%
Electronic office machines	from 20% to 25%
Furniture and fittings	from 10% to 25%
Other assets	from 10% to 19%

If there are indications of a decline in value, assets are subjected to an impairment test in the manner described below under the section '*Impairment of non-financial assets*'.
When the reasons for a write-down no longer apply, the asset's cost may be reinstated. The increased carrying amount attributable to the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years. This reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Leasing transactions

Assets acquired through financial leases are registered under property, plant and equipment, and are entered at the lower of the market value and the value obtained by time-discounting the rents and redemption price determined at the time the contract is signed.
The liabilities in question are entered under *'Financial liabilities'*.

The leases, in which the lessor substantially maintains the risks and benefits associated with the ownership of assets, are itemized as operating leasing. The earnings (costs) emerging from operating leasing are entered in linear fashion in the income statement during the life of the leasing contract.

Impairment of non-financial assets

IAS 36 requires the testing of property, plant and equipment and intangible assets for impairment when there are indications that impairment has occurred. In the case of goodwill and other assets with indefinite lives or assets that are not available for use, this test must be conducted at least annually. In the case of goodwill and other assets with indefinite lives or assets that are not available for use, this test must be conducted at least annually.

In the case of goodwill, the Group carries out the impairment tests foreseen by IAS 36 in respect of all cash generating units to which goodwill has been allocated.
The recoverability of a carrying amount is tested by comparing it against an asset's fair value, less cost to sell, when there is an active market, or its value in use, whichever is greater.
Value in use is the present value of future cash flows expected to be derived from an asset or a Cash Generation Unit (CGU) and from its disposal at the end of its useful life.
CGUs have been identified within the Group's organizational and business structure as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group.

Deferred income tax assets

Deferred income tax assets are recorded at face value. They are entered in the books when their recovery is deemed probable. See also the comment under item *'Income taxes'*.

Financial assets

Receivables and financial fixed assets that will be held until their maturity are stated at the cost represented by the fair value of the initial payment given in exchange, increased by the costs of the transaction (e.g. commissions, consultancy fees, etc.).

The initial statement value is subsequently modified to take into account any capital repayments, write-downs and amortization of the difference between the reimbursement value and the initial statement value.
The amortization is carried out based on the effective internal rate which is the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial statement (so-called amortized cost method).

Financial assets destined for negotiation and financial assets available for sale are stated at fair value with the effect accounted in the income statement item *'Finance income/(cost)'* and the Shareholders' Equity item *'Other reserves'* respectively.
When the purchase or sale of a financial asset foresees the payment for the transaction and the delivery of the asset within a set number of days, established by the market authorities or by convention (e.g. purchase of shares on regulated markets), the transaction is stated at the payment date.

Financial assets that are sold are eliminated from the assets when the right to receive cash flow is transferred together the risks and benefits associated with the ownership of that asset.
At each reporting date the Group assess whether there is any indication that a financial asset or a group of financial assets may be impaired.

Current assets

Inventory

Stock is taken at the lower of acquisition cost and realizable value, as obtained from market trends, whilst taking into account the features peculiar to the target sector of the Group concerned, which sells mainly IT products and consumer electronics that rapidly become obsolete.
The configuration of cost adopted when valuating stock is based on the FIFO method of accounting.

Purchase cost considers additional expenses as well as any discounts and allowances granted by vendors, in accordance with the sector's standard business practice, in relation to predetermined sales targets being achieved and marketing activities being adequately developed in order to promote the brands being distributed and to develop the sales channels utilized. Cost includes 'price protections' on inventories granted by suppliers on the purchasing prices.
Obsolete and surplus stock and stock characterized by slow turnover is written down to reflect the chances of selling it.

Trade and other receivables

Trade and other receivables are initially stated at 'fair value'.
After first appraisal, receivables are stated at the amortized cost based on the real IRR (Internal Rate of Return), that is, the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial appraisal (so-called amortized cost method).
The amount obtained using the amortized cost method, is then reduced to the realizable amount in the case of loss occurring.

Write-downs are determined by considering the solvency of individual creditors, the insurance coverage and the level of credit risk, based on the available information and accumulated historical experience.

Receivables assigned without recourse can be de-recognized only when they meet the de-recognition requirements of IAS 39.

Income tax assets

Current taxation assets are stated at fair value; they include all those assets that are taxable by the Tax Authorities or that can be financially compensated in the short term. For further information please refer to the heading *'Income taxes'*.

Other current assets

Other current assets are stated at the lesser of the cost and the net realizable value.

Cash and cash equivalents

Cash in hand includes all liquid funds and deposits in bank accounts that are immediately available, as well as other liquidity with a duration of less than three months.

The liquid funds in euro are stated at their face value, while liquid funds in other currencies are stated at the current exchange rate at the end of the year.

Non-current assets held for sale

A non-current asset held for sale (or assets of a disposal group) is an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. As consequence a non-current asset held for sale is measured at the lower of its carrying amount and fair value less costs to sell, and depreciation on such asset ceases.
It is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal group) and its sale is highly probable.

Net equity

Own shares

Where existing, own shares are stated at cost and deducted from equity. In the case of any subsequent sale, the difference between the cost of own shares and the selling price is recognized in equity.

Current and non-current liabilities

Financial liabilities

Financial liabilities are recognized in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.
Financial liabilities are initially stated at fair value, to which any eventual costs related to the transaction are added. Afterwards, financial liabilities are stated at the amortized cost using the actual interest rate for the discount calculation.
Financial liabilities are removed from the income statement once the obligation specified in the contract has been fulfilled, cancelled or expired. The difference between the book value of the financial liability which is paid off or transferred to another party and the sum paid is reported in the income statement.
The fair value of a financial asset or liability quoted in an active market is defined, at each reporting date, in terms of the quoted market price or of the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions for risks and charges

Provisions are made when: (i) there is the probable existence of an obligation, be it actual, legal or implicit, due to past events; (ii) it is probable that the fulfilment of the obligation be against payment; (iii) the amount of the obligation can be reasonably ascertained. The provisions are stated at the value that represents the best estimate of the year. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are actualized; the increase in the provisions linked to the passing of time is stated in the separate income statement in the item *'Finance costs'*.

Staff post-employment benefits

Staff post-employment benefits are defined on the basis of plans which even though not yet official are called either 'fixed contribution' or 'defined benefit' plans, depending on their characteristics.
In the 'fixed contribution' plans the obligation of the company, limited to the payment of contributions to the State or entity or a distinct legal authority (fund), is calculated on the basis of the contributions owed.

Until the 2007 Financial Law and relative enforcing decrees came into force, the uncertainty regarding payment times meant that staff severance indemnity (TFR) was likened to a defined benefit plan.
Following the reform, the allocation of accruing staff severance indemnity quotas to the pension fund or to INPS, the Italian Social Security body, caused the transformation of the plan into a fixed contribution plan, where the company's obligation is exclusively the payment of the contributions either to the fund or to INPS.
Liabilities relating to past staff severance indemnity still represent a defined benefits plan calculated by independent actuaries using an actuarial-type method. During 2013 actuarial profits and losses, deriving from changes to actuarial hypotheses, are reported in an appropriate equity reserve figure as required by the IAS19.

Pursuant to IAS 19, the above-mentioned reform has made it necessary to recalculate the value of the past staff severance indemnity provision due to the exclusion of the actuarial hypotheses linked to salary increases and the revision of financial-type hypotheses.
This effect (curtailment) has been reported in the 2007 separate income statement in reduction of personnel costs.

Payables, other debts, other liabilities

Payables, other debts and other liabilities are initially reported at their fair value increased by any costs linked to the transaction. They are later reported in the income statement at their face value, since no time-discounting or separate entry of interest payable is deemed necessary given the foreseen payment times. Provisions for presumed debt are liabilities paid for goods or services which have been received or supplied but not yet paid and include amounts due to staff or other subjects.
The degree of uncertainty regarding the timing or amount of the allocations for ‘Other debt/liability’ is rather less than that of the provisions.

For further details regarding trade payables please see ‘*Definitions*’ below.

Income statement

Revenues and expenses

Revenues from sales and services are stated at the moment of transfer of the typical risks and advantages of property or at the time the service is performed.
Revenues are recognized at the time of shipment when the risk of loss is transferred to the buyer at that time.
Revenues are stated net of returns, discount, allowances and bonuses, as well as directly related taxation.

Costs are recognized when related to goods and services sold or used in the period or proportionally when their useful future life cannot be determined.
The purchase cost of products is reported net of any discounts granted by vendors for ‘protection’ provided in respect of price-list reductions and product replacements.
Credits arising from any such allowances are recorded by using the accrual method of accounting, based on information from the vendors concerned.
Discounts granted for immediate cash payments of invoices payable upon presentation are used to reduce the cost of the products purchased, since – as is standard practice in the sector in which the Group operates – the commercial component is considered predominant.

Dividends

Dividend payable is stated at the date of approval of the decision by the Assembly.

Earnings per share

Basic

Basic earnings per share are calculated by dividing the Group’s year-end profit by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the company and held as own shares.

Diluted

The diluted profit per share is calculated by dividing the Group’s year-end profit by the weighted average of ordinary shares in circulation during the accounting period, excluding any own shares. For the purposes of the calculation of the diluted profit per share, the weighted average of the shares in circulation is modified by assuming the exercising by all owners of rights that potentially having diluting effects, while the net result of the Group is adjusted to take into account any effects, net of taxes, of the exercising of said rights. The result per diluted share is not calculated in the case of losses, in that any diluting effect would determine an improvement in the result per share.

Stock grants

Labour costs include stock options and/or stock grants awarded to managers in as much as they represent actual remuneration accruing at the closing date of the financial statements.

The cost is calculated in reference to the fair value of the assignment awarded to the employee.
The portion belonging to the period is calculated pro rata temporis over the vesting period.

The fair value of assigned stock grants is measured by the 'Black-Scholes and is stated in the form of a counterparty in the *'Reserves'*.

Income taxes

Current income taxes are calculated with an estimate of taxable income for each company of the Group; the forecast payable is stated in the item '*Current income tax liabilities*' but, if surplus accounts have been paid, the receivable is stated in the item '*Current income tax assets*'.
Tax payables and receivables for current taxation are stated at the value that it is expected to pay to or to recover from the Tax Authorities when applying the rates and current tax law or laws which have been substantially approved at the end of the period.

Deferred and advance income taxes are calculated using the '*liability method*' on the temporary differences between the values of assets and liabilities stated on the statement of financial position and the corresponding values recognized for tax purposes. The statement of assets for advanced taxation is made when their recovery is probable. Deferred and advance taxation are not stated if they are linked to the initial statement of an asset or liability in a different transaction by a business combination and that does not have an impact on the results and taxable income.
Assets for advanced taxation and liabilities for deferred taxation are stated in the fixed assets and liabilities and are off-set for each single company if they are taxes that can be off-set. If the balance of this off-set is positive, it is stated in the item '*Deferred income tax assets*'; if it is negative, it is stated in the item '*Deferred income tax liabilities*'.

Foreign currency translation, transactions and balances

Functional and presentation currency

Items included in this financial statement are measured using the currency of the primary economic environment in which each Group's entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the Group's functional and presentation currency.

Currency transactions and balances

Foreign currency transactions are entered under functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currency are converted into euro by applying the current exchange rate at the end of the period and the effect is stated in the separate income statement. Non-monetary assets and liabilities in foreign currency valued at cost are stated at the initial exchange rate; when they are valued at fair value or their recoverable or sale value, the current exchange rate is used on the date that the evaluation is made.

Exchange rate	Punctual at 31/12/2015	Average period
Hong Kong Dollar (HKD)	8.44	8.60
Swiss franc (CHF)	1.08	1.07
US Dollar (USD)	1.09	1.11

Financial derivatives

Derivatives are financial assets and liabilities that are stated at their fair value.
Derivatives are classified as hedging instruments when the relationship between the derivative and the underlying instrument is documented and the effectiveness of the hedge is both high and regularly verified.

When a derivative covers the risk of variation of cash flow of the underlying instrument (cash flow hedge; e.g. to cover the variability of cash flow of assets/liabilities due to changes in interest rates), the variation in the fair value of the derivative is initially stated in the shareholders' equity (and, consequently, in the statement of comprehensive income) and afterwards in the separate income statement in line with the economic effects produced by the covered transaction.

If the hedging instrument expires or is sold, terminated or exercised (replacement excluded), or if the entity revokes the designation of the hedging relationship, the cumulative gain or loss on the hedging instrument recognized directly in equity from the period when the hedge was effective shall remain separately recognized in equity until the forecast transaction occurs.
Variations of fair value derivatives that do not fulfil the requirements necessary to be defined as hedging instruments are stated in the separate income statement.

Other information

Please note that the information required by Consob regarding significant operations and balances with related parties has been entered separately in the statement of accounts solely when significant and can also be found under '*Other significant information'*.

2.7 Critical accounting estimates and definitions

2.7.1 Introduction

The IT and electronic consumables distribution sector presents some significant specific features, as it is to some extent independent of geographic constraints, especially as regards commercial relations with suppliers of products or vendors.

This is particularly evident in the conditions and formation of the so-called back-end profit margin, which results from the difference between the purchase price of the products and the sales price to the final consumer or reseller according to the terms of each supplier (with respect of the distributor's main function which naturally remains that of brokering the flow of products between supplier/producer and reseller/retailer).

Purchase conditions typically provide for a basic discount on end-users'/resellers' price lists and a series of additional conditions that vary from vendor to vendor in terms of function and terminology but which can normally be summarized in the following categories:

- bonuses/rebates for attaining targets ('sell-in', 'sell-out', number of clients, logistic efficiency);
- development funds, co-marketing and other incentives;
- cash discounts (so-called 'prompt payment discounts').

The Esprinet Group further benefits from current agreements with almost all the vendors in the form of specific contractual protections concerning the value of unsold stock, the aim of which is to neutralise the financial risk associated with variations in list prices of products ordered ('price protection') or already present in the distributor's warehouses ('stock protection'), within certain limits.
In the first case, the protection is generally recognised through the invoicing of products ordered and not yet sent at the new price; in the second case, the vendor usually accords a credit equal to the reduction in price of the products.

As for the cash discounts, these are generally recognised following respect of the contractually fixed payment terms and provide an incentive to pay punctually.
These conditions allow for deferred payments in all cases with respect to the issue of the relative invoice or sending of the merchandise.

In line with what happens for the financial discounts offered to some selected groups of customers, which are accounted for as reduced earnings, the cash discounts are accounted for in the form of reduced purchase costs.

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier.
More in particular, the intervals in deferral of payments set out in the invoices range from a minimum of 7 to a maximum of 120 days, and in only one case is cash payment required.
In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.
In the cases in which the above-mentioned deferrals carry an additional charge, the interest rate applied is not explicit, except in rare cases. Further, it often happens that implicit deferral terms – sometimes applied through a reduction in the contractually agreed cash discounts – have no connection with the current financial market rates, thus revealing how the commercial item takes precedence over the strictly financial item compensating for the delay between the date the debt arises and its effective payment.

This element is also suborned by the relatively brief duration, on average, of the deferral period, even when extended, which never, except in rare cases, exceeds 90 days.

2.7.2 Critical Definitions

For the purposes of the drafting of the present statement of accounts, and as a further qualification of the definitions contained in the IFRS, some conventional definitions regarding the nature of the liability entries have been adopted.

Financial debt

'Financial debt' is the term used to describe obligations to pay given amounts on a given date arising from the obtaining of financial liquidity as a loan.

These include the type of transaction set out below, prevalently of a financial character and explicitly remunerated, and, in terms of the identity of the creditor, typically represented by a financial body or institution.

As examples, and regardless of the item's current or non-current character, the following liabilities are considered financial debt:

- payables to banks;
- payables to leasing companies (financial leasing operations);
- payables to factoring companies (without recourse advances).

Not included in the category of financial debt are those liabilities which, although not deferred payment for the purchase of goods or services, nevertheless do not strictly constitute loans.
By contrast, costs deriving from the above-mentioned loans, including interest on current account overdrafts, on short and medium/long-term loans, the amortisation of initial loan operation costs, costs associated with financial leasing and exchange-rate differences, are entered in the books among the financial costs.

Trade payables

The category 'payables to suppliers' includes liabilities arising from the deferred purchase of goods or services. Liabilities representing the deferred payment of goods or services are therefore entered under payables to suppliers at their face value, since no updating and separate itemisation in the income statement in terms of explicit or separate interest due is deemed necessary for considering the expected payment times.

2.7.3 Critical accounting estimates and assumptions

The preparation of the financial statements and the related notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities. Estimates and assumptions have been made based on historical experience and other factors, including expectations of future events, the manifestation of which are deemed reasonable.

Estimates and assumptions are revised on a regular basis, and the impact of such revision is immediately recognised in the income statement in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

The assumptions regarding future performance are characterized by uncertainties. This means that different results - obviously neither estimable nor foreseeable, today – which might even cause significant adjustments to the book values of the relative items, cannot be excluded for the next financial year.

The financial statement items mainly affected by these situations of uncertainty are certain sales revenues, some sales reversals, the provisions for risks and charges, the allowances for doubtful accounts, depreciations and amortisation, employee benefits, income taxes and goodwill.

The critical valuation processes and the estimates and assumptions deemed likely to produce significant effects on the financial situation of the Esprinet Group, should the future events set out not take place in whole or in part, are summarised below.

Goodwill

For purposes of verifying loss of goodwill value entered in the books, the 'value in use' of the Cash Generating Units ('CGUs') to which a goodwill value has been attributed has been calculated.

The CGUs have been identified within the Group's organisational and business structure as homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.
The use value has been calculated by the discounting back of expected cash-flows for each CGU as well as of the value expected from its disposal at the end of its useful life.
To this end, the so-called Discounted Cash Flow Model (DCF) has been used, which requires that future financial flows be discounted at a rate adjusted to the specific risks of each single CGU.

'Fair value' of derivatives

For purposes of the present statement of accounts it has been necessary to measure the fair value of the two IRS - Interest Rate Swap contracts signed in December 2007 in order to hedge the risk of changes in future cash flows of the hedged loans technically defined as 'amortising - forward start'.

Their conditions fully comply with International Accounting Standard 39 regarding 'hedge accounting' (formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) and as a consequence, both of the two derivative contracts were subject to the 'cash flow hedge' accounting rules. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) has been recognised directly in equity.
Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Stock grant

For the purposes of the present statement of accounts, it has been necessary to include in the books the economic/asset effects associated with the stock grant plans in favour of some managers of Esprinet S.p.A., the operation of which is better illustrated in the paragraphs *'Share incentive plans'* and *'Share capital'*.
The cost of these plans have been specifically determined with reference to the fair value of the rights assigned to the single beneficiaries at assignment date.
Bearing in mind the unusual and manifold operating conditions – in part governed by the consolidated financial results of the Group and in part by the permanence of the beneficiary in the Group until the vesting date of the plans – this fair value has been measured using the 'Black-Scholes' method, taking expected volatility, presumed dividend yield and the risk-free interest rate into account.

Revenue recognition

For purposes of recognising earnings on sales and services, insufficient information regarding haulers' actual consignment dates, means that dates are usually estimated by the Group on the basis of historical experience of average delivery times which differ according to the geographical location of the destination.

Credit notes due from vendors

Bearing in mind the unusual practices of the sector regarding the way purchase and sale conditions are defined and, ultimately, the way the trading margin is formed and stated, estimates are usually effected by the Group, especially where the occurrence of events might provoke significant financial effects.
Estimates of the sums of credit notes due from vendors to suppliers as rebates for the achieving of targets and incentives of various kinds, reimbursements for joint marketing activities, contractual stock protection, etc. at the drafting date of this document are referred to in particular.

The Group has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.
The possibility of differences emerging from between the estimated sums and those actually received in the final statement of financial position cannot be excluded, however.

Depreciation and amortisation of fixed assets

Tangible and intangible assets with a defined useful life are systematically depreciated throughout their useful life. Useful life is defined as the period in which the activities will be used by the Group.
This is estimated on the basis of experience with similar assets, market conditions and other events likely to exercise any influence on the useful life including, just as an example, significant technological changes. As a result, the actual economic life may differ from the estimated useful life.

The validity of the expected useful life in terms of its asset category is regularly checked by the Group. This revision may result in variations to the periods of depreciation and amortization quotas in future accounting periods.

Bad debt provision

For purposes of calculating the presumed degree of encashment of receivables, the Group makes forecasts concerning the degree of solvency of the other parties, on the basis of available information and historical experience.
The actual value of encashment of receivables may differ from that estimated because of uncertainties regarding the conditions underlying the appraisal of solvency made.

Any extension and/or deterioration of the present economic and financial crisis may cause a further worsening in the financial conditions of the Group's debtors as opposed to that already taken into consideration when estimating the provision entered in the statement of financial position.

Stock obsolescence provision

The Group usually effects forecasts regarding the value of encashment of obsolete, surplus or slow-moving warehouse stocks.
This estimate is mainly based on historical experience and takes into consideration the peculiarities of the respective stock sectors. The value of encashment of the stocks may differ from that estimated because of the uncertainty affecting the conditions underlying the estimates made.

The present economic and financial crisis may cause a further worsening in market conditions compared with that taken into consideration when estimating the provision entered in the financial statements.

Provision for risks and charges

The Group makes provision for risks and charges on the basis of assumptions referred essentially to sums that might reasonably be paid to meet obligations for payment relating to past events.
The estimate is the result of a complex process including the involvement of legal and tax consultants and which also includes personal opinions on the part of the Group's management.
The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision.

Benefits to employees

Liabilities arising from benefits to employees subsequent to the employment noted in the statement of accounts are calculated by the application of actuarial methods as per IAS 39.
These methods have required the identification of several employment possibilities and estimates of a demographic (probability of death, disability, leaving the labour market, etc.) and financial nature (technical rate of discounting back, inflation rate, rate of increase in remuneration, rate of increase of severance indemnity).

The validity of the estimates made depends essentially on the stability of the regulations used as a reference point, the progress of market interest rates, the progress of the remuneration dynamics and eliminations, and also on the frequency of access to advances on the part of employees.

Taxes

Current income taxes are calculated on the basis of the estimate of liable earnings, by applying the current fiscal rates pertaining on the date of the drafting of the statement of accounts.

Deferred and advance taxes are determined by the temporary differences arising between the values of the assets and liabilities reported and the corresponding values recognised for tax purposes, using those tax rates considered possible upon encashment of the asset or extinguishment of the liability.
Deferred tax assets are registered when the associated recovery is deemed probable; this probability depends upon the effective existence of taxable results in the future enabling deductible temporary differences to be used.
The future taxable results have been estimated by taking into consideration the budget results and the plans consistent with those used to effect impairment tests. The fact that deferred tax assets refer to temporary tax differences/losses, a significant amount of which may be recovered over a very long time-span, compatible

therefore with a situation where overcoming the crisis and economic recovery might extend beyond the time-frame implicit in the aforementioned plans, has also been taken into account.

2.8 Recently issued accounting standards

Accounting standards, amendments and interpretations effective from 1 January 2015

International accounting standards, amendments to existing standards and interpretations firstly adopted on 1 January 2015 are listed below:

IFRIC 21 – 'Levies'. IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation was approved by the European Union in June 2014 (EU Regulation 634/2014) and became applicable on Financial Statements which started from 17 June 2014 or later. The entry into force of this interpretation had no impact on the Group consolidated financial statements.

Annual improvements to IFRSs 2011-2013 cycle - these amendments were endorsed by the European Union in December 2014 (EU Regulation 1361/2014), shall apply from 1 January 2015 and relate in particular to the following principles:

IFRS 3 Business Combinations;

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that: i) Joint arrangements, not just joint ventures, are outside the scope of IFRS 3; ii) This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

IFRS 13 Fair Value Measurement

The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39.

IAS 40 Investment Property;

The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination.

These standards did not have any significant impact on the Group or on Esprinet S.p.A..

International accounting principles, and/or interpretations issued but not yet endorsed.

The new standards and interpretations, already issued but not yet in force or not yet approved by the European Union as of 31 December 2015, and therefore not applicable, are listed briefly below. The Group has not early adopted these standards and interpretations.

Standards approved but not yet in force

Amendments to IAS 19 - Employee benefits - defined-benefit plans: contribution by employees - These amendments introduce the distinction between types of contributions envisaging a different accounting approach. These changes were approved by the European Union in December 2014 (EU Regulation No. 2015/29), and apply to the financial statements effective as of 1 February 2015, or later.

Annual improvements to the IFRS, 2010-2012 Cycle - These amendments are expected to apply to financial statements for annual periods beginning on or after 1 February 2015 and were endorsed by the European Union in December 2014 (Regulation EU 2015/28). IASB has amended seven current principles. Changes concern in particular: the definition of vesting conditions relating to the IFRS 2, Share-based Payments; accounting for contingent consideration balances in the context of business combination transactions in IFRS 3, Business Combination Transactions; the aggregation of operating segments and reconciliation of total assets of reportable segments compared to the total assets of the entity in IFRS 8, Operating Segments; the proportional restatement of cumulative amortisation in IAS 16 Property, Plants and Equipment and in IAS 38, Intangible Assets; as well as the identification and some information to be included in the financial statements in accordance with IAS 24 Disclosures on Transactions with Related Parties.

Annual Improvements to the IFRS, 2012-2014 Cycle - these amendments were endorsed by the European Union in December 2015 (EU Regulation 1361/2014), shall apply from 1 January 2015, or later and relate to the following:

- *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations:* Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. The amendment must be applied prospectively.

- *IFRS 7 Financial Instruments: Disclosures:* (i) Servicing contracts: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendment. (ii) Applicability of the offsetting disclosures to condensed interim financial statements: The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. The amendment must be applied retrospectively.

- *IAS 19 Employee Benefits:* The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The amendment must be applied prospectively.

- *IAS 34* Interim Financial Reporting*:* The amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment must be applied retrospectively.

Amendments to IFRS 11 – Joint Arrangements – The amendments to IFRS 11 require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 relating to accounting for joint arrangements. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control. An exemption from IFRS 11 scope was introduced in order to clarify that the amendments do not apply if the joint operators, including the reporting entity, are controlled by the same entity. The amendments apply to the first acquisition of an interest under a joint arrangement as well as to subsequent interests acquired under the same arrangement. The amendments were endorsed by the European Union in November 2015 (EU Regulation 2015/2173) and will apply to annual periods beginning on or after 1 January 2016.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation – The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively to annual periods beginning on or after 1 January 2016. Early application is permitted. We do not expect these amendments to have any impacts on the Group since it does not apply revenue-based methods to depreciate non-current assets. The amendments were endorsed by the European Union in November 2015 (EU Regulation 2015/2231) and will apply to annual periods beginning on or after 1 January 2016.

Amendments to IAS 1 – Disclosure initiative– The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1;
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments were endorsed by the European Union in December 2015 (EU Regulation 2015/2406) and will apply to annual periods beginning on or after 1 January 2016.

Amendments to IAS 27 - Equity Method in Separate Financial Statements – The amendments allow an entity to use the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. An entity having already adopted IFRSs that wishes to switch to the equity method in its separate financial statements must apply the amendment retrospectively. *These changes were approved by the European Union in December 2015 (EU Regulation No. 2015/2441), and apply to the financial statements effective as of 1 January 2016, or later.*

No significant impacts of the abovementioned amendments in the Consolidated financial statement are expected.

Standards issued, but not yet approved

Principles and interpretations issued but yet not effective, at the date this Group financial statement was drawn, are as follows: The Group intends to adopt these standards once they become effective.

IFRS 9 – Financial Instruments (issued in July 2014) IFRS 9 brings together the three phases of the project on accounting for financial instruments: classification and measurement, impairment and hedge accounting. IFRS 9 will be effective for annual periods beginning on or after 1 January 2008, with early application permitted. Except for hedge accounting, the standard must be applied retrospectively, however comparative disclosures are not required. As for hedge accounting, as a rule the standard will apply prospectively, with limited exceptions.

IFRS 15 - Revenue from Contracts with Customers – IFRS 15 introduces a new five-step model to be applied to revenue from contracts with customers. IFRS provides for revenue to be accounted for at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The standard will replace all current IFRS requirements relating to revenue recognition. The standard will be effective for annual periods beginning on or after 1 January 2018, using either a full retrospective approach or a modified retrospective approach. Early application is permitted.

IFRS 16 - Leases - Published in January 2016, the new standard on leases, which will replace the current IAS 17, provides for the lessee a single accounting model under which all leases should be recognized in the balance sheet. In it, the concept of operational leasing disappears. The only exceptions permitted relate to short-term leases (less than or equal to 12 months), as well as leases for assets with a not-significant unit value, or small assets (for instance, pieces of office furniture, PC, etc.) for which accounting treatment is similar to the principle adopted for currently operating leases. Said principle, whose entry into force is expected on 1 January 2019, has not yet been approved by the European Union.

Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Applying the Consolidation Exception – amendments published in December 2014, have the aim of clarifying certain applicative aspects on the fair value measurement of the investment entity subsidiaries. Said changes, whose entry into force is expected on 1 January 2016, have not yet been approved by the European Union.

Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – The amendments, published in September 2014, have the aim of clarifying the accounting treatment, both in the case of loss of control over a subsidiary (disciplined by IFRS 10), and in the cases of downstream transactions disciplined by IAS 28, depending on whether the subject matter of the transaction is (or not) a business, as defined by IFRS 3. Said changes, whose entry into force has been postponed to a yet-to-be-defined date, have not yet been approved by the European Union.

Amendments to IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses - Changes, published in January 2016, are intended to clarify how to account for deferred tax assets related to debt instruments measured at fair value. Said changes, whose entry into force is expected on 1 January 2017, have not yet been approved by the European Union.

Amendments to IAS 7 - Disclosure Initiative - The changes are intended to improve disclosure of cash flows related to the net cash flow generated/absorbed by investing activities and to the entity's liquidity, especially in the presence of restrictions on the use of cash and cash equivalents. Said changes, whose entry into force is expected on 1 January 2017, have not yet been approved by the European Union.

Any possible impact on the financial statement disclosures arising from the application of these changes is under review.

3. Segment information

3.1 Introduction

An operating segment is a component of the Group:

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group);
b) whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance;
c) for which financial information is separately available.

The Esprinet Group is organised in the geographical business areas of Italy and the Iberian Peninsula (operating segments) where it performs the business-to-business (B2B) distribution of Information Technology (IT) and consumer electronics.

The B2B IT and consumer electronics distribution is aimed at professional dealers, including large-scale distributors/retailers, and regards traditional IT products (desktop PCs, PC notebooks, printers, photocopiers, servers, standard software, etc.),consumables (cartridges, tapes, toners, magnetic supports), networking products (modems, routers, switches), tablets, smartphones and related accessories and state-of-the-art digital and entertainment products such as photo cameras, video cameras, videogames, LCD TVs, handhelds and MP3 readers.

A 'geographical segment' is involved in investments and transactions aimed at providing products or services within a particular economic environment that is subject to risks and returns that are different from those achievable in other geographical segments.

A 'business segment' is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

Although the organisation by geographical segments is the main way of managing and analysing the Group's results, the next tables also provide a fuller picture of the operating results and assets balances of the business segments where the Group has operated in Italy.

3.2 Separate income statement by operating segments

The separate income statement, statement of financial position and other significant information regarding each of the Esprinet Group's operating segments are as follows:

Separate income statement and other significant information by operating segments

(euro/000)	2015									
	Italy						Iberica			
	Distr. IT & CE B2B	Distr. IT & CE B2C	Electr. Comp. Distr.	Elim. and other	Total	%	Distr. It & CE B2B	%	Elim. and other	Group
Sales to third parties	1,997,979	-	-	-	1,997,979		696,075		-	2,694,054
Intersegment sales	42,871	-	-	-	42,871		-		(42,871)	-
Sales	**2,040,850**	**-**	**-**	**-**	**2,040,850**		**696,075**		**(42,871)**	**2,694,054**
Cost of sales	(1,914,639)	-	-	(122)	(1,914,761)		(665,251)		42,822	(2,537,190)
Gross profit	**126,211**	**-**	**-**	**(122)**	**126,089**	***6.31%***	**30,824**	***4.43%***	**(49)**	**156,864**
Sales and marketing costs	(37,867)	-	-	-	(37,867)	*-1.90%*	(6,035)	*-0.87%*	(72)	(43,974)
Overheads and admin. costs	(54,355)	-	-	-	(54,355)	*-2.72%*	(12,130)	*-1.74%*	94	(66,391)
Operating income (Ebit)	**33,989**	**-**	**-**	**(122)**	**33,867**	***1.70%***	**12,659**	***1.82%***	**(27)**	**46,499**
Finance costs - net										(4,243)
Share of profits of associates										(9)
Profit before income tax										**42,247**
Income tax expenses										(12,206)
Profit from continuing operations										**30,041**
Income/(loss) from disposal groups										-
Net income										**30,041**
- of which attributable to non-controlling interests										(280)
- of which attributable to Group										30,321
Depreciation and amortisation	2,713	-	-	-	**2,713**		**380**		244	**3,337**
Other non-cash items	3,113	-	-	-	**3,113**		**130**		-	**3,243**
Investments					**4,780**		**951**		-	**5,731**
Total assets					**812,345**		**277,017**		(127,547)	**961,815**

(euro/000)	2014									
	Italy						Iberica			
	Distr. IT & CE B2B	Distr. IT & CE B2C	Distr. Comp. Elettr.	Elim. and other	Total	%	Distr. It & CE B2B	%	Elim. and other	Group
Sales to third parties	1,689,587	-	-	-	1,689,587		601,554		-	2,291,141
Intersegment sales	43,901	-	-	-	43,901		-		(43,901)	-
Sales	**1,733,488**	**-**	**-**	**-**	**1,733,488**		**601,554**		**(43,901)**	**2,291,141**
Cost of sales	(1,616,872)	-	-	(88)	(1,616,960)		(576,161)		43,816	(2,149,305)
Gross profit	**116,616**	**-**	**-**	**(88)**	**116,528**	***6.90%***	**25,393**	***4.22%***	**(85)**	**141,836**
Sales and marketing costs	(33,112)	-	-	-	(33,112)	*-1.96%*	(4,924)	*-0.82%*	(345)	(38,381)
Overheads and admin. costs	(50,252)	-	-	-	(50,252)	*-2.97%*	(12,471)	*-2.07%*	354	(62,369)
Operating income (Ebit)	**33,252**	**-**	**-**	**(88)**	**33,164**	***1.96%***	**7,998**	***1.33%***	**(76)**	**41,086**
Finance costs - net										(1,987)
Share of profits of associates										1
Profit before income tax										**39,100**
Income tax expenses										(13,413)
Profit from continuing operations										**25,687**
Income/(loss) from disposal groups										1,126
Net income										**26,813**
- of which attributable to non-controlling interests										(222)
- of which attributable to Group										27,035
Depreciation and amortisation	2,710	-	-	-	**2,710**		**307**		251	**3,268**
Other non-cash items	3,363	-	-	-	**3,363**		**243**		-	**3,606**
Investments					**2,900**		**693**		-	**3,593**
Total assets					**742,357**		**244,384**		(119,365)	**867,376**

Statement of financial position by operating segments

(euro/000)	31/12/2015					
	Italy			Iberica		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	10,494	-	10,494	1,636	-	12,130
Goodwill	10,626	5,020	15,646	58,561	1,039	75,246
Intangible assets	620	-	620	44	-	664
Investments in associates	47	-	47	-	-	47
Investments in others	85,688	(9,955)	75,733	-	(75,733)	-
Deferred income tax assets	3,027	148	3,175	5,123	49	8,347
Derivative financial assets	369	(369)	-	-	-	-
Receivables and other non-current assets	7,147	-	7,147	198	-	7,345
	118,018	**(5,156)**	**112,862**	**65,562**	**(74,645)**	**103,779**
Current assets						
Inventory	218,526	(210)	218,316	87,296	(157)	305,455
Trade receivables	192,271	-	192,271	59,222	-	251,493
Income tax assets	3,388	102	3,490	-	-	3,490
Other assets	69,817	-	69,817	437	(52,745)	17,509
Cash and cash equivalents	215,589	-	215,589	64,500	-	280,089
	699,591	**(108)**	**699,483**	**211,455**	**(52,902)**	**858,036**
Disposal groups assets	-	-	-	-	-	-
Total assets	**817,609**	**(5,264)**	**812,345**	**277,017**	**(127,547)**	**961,815**
EQUITY						
Share capital	9,131	(1,270)	7,861	54,693	(54,693)	7,861
Reserves	269,558	(9,703)	259,855	18,798	(20,027)	258,626
Group net income	22,129	(327)	21,802	8,547	(28)	30,321
Group net equity	**300,818**	**(11,300)**	**289,518**	**82,038**	**(74,748)**	**296,808**
Non-controlling interests	-	814	814	35	(52)	797
Total equity	**300,818**	**(10,486)**	**290,332**	**82,073**	**(74,800)**	**297,605**
LIABILITIES						
Non-current liabilities						
Borrowings	65,138	-	65,138	-	-	65,138
Derivative financial liabilities	224	-	224	-	-	224
Deferred income tax liabilities	2,517	-	2,517	2,240	-	4,757
Retirement benefit obligations	4,044	-	4,044	-	-	4,044
Debts for investments in subsidiaries	-	5,222	5,222	-	-	5,222
Provisions and other liabilities	2,240	-	2,240	255	-	2,495
	74,163	**5,222**	**79,385**	**2,495**	**-**	**81,880**
Current liabilities						
Trade payables	392,254	-	392,254	130,182	-	522,436
Short-term financial liabilities	29,038	-	29,038	50,276	(50,000)	29,314
Income tax liabilities	111	-	111	640	-	751
Derivative financial liabilities	195	-	195	-	-	195
Provisions and other liabilities	21,030	-	21,030	11,351	(2,747)	29,634
	442,628	**-**	**442,628**	**192,449**	**(52,747)**	**582,330**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**516,791**	**5,222**	**522,013**	**194,944**	**(52,747)**	**664,210**
Total equity and liabilities	**817,609**	**(5,264)**	**812,345**	**277,017**	**(127,547)**	**961,815**

(euro/000)	31/12/2014					
	Italy			Iberica		
	Distr. IT & CE B2B	Elim. and other	Total Italy	Distr. IT & CE B2B	Elim. and other	Group
ASSETS						
Non-current assets						
Property, plant and equipment	9,191	-	9,191	1,080	-	10,271
Goodwill	10,626	5,020	15,646	58,561	1,039	75,246
Intangible assets	944	-	944	77	-	1,021
Investments in associates	55	(10)	45	-	-	45
Investments in others	83,602	(7,965)	75,637	-	(75,637)	-
Deferred income tax assets	4,014	28	4,042	5,850	40	9,932
Derivative financial assets	-	-	-	-	-	-
Receivables and other non-current assets	4,431	-	4,431	197	-	4,628
	112,863	**(2,927)**	**109,936**	**65,765**	**(74,558)**	**101,143**
Current assets						
Inventory	195,347	(89)	195,258	58,359	(129)	253,488
Trade receivables	201,100	-	201,100	74,883	-	275,983
Income tax assets	1,774	-	1,774	-	-	1,774
Other assets	54,094	-	54,094	397	(44,677)	9,814
Cash and cash equivalents	180,194	-	180,194	44,980	-	225,174
	632,509	**(89)**	**632,420**	**178,619**	**(44,806)**	**766,233**
Disposal groups assets	-	-	-	-	-	-
Total assets	**745,372**	**(3,016)**	**742,356**	**244,384**	**(119,364)**	**867,376**
EQUITY						
Share capital	9,131	(1,270)	7,861	54,693	(54,693)	7,861
Reserves	240,191	(10,667)	229,524	14,467	(6,208)	237,783
Group net income	39,565	(3,054)	36,511	4,285	(13,761)	27,035
Group net equity	**288,887**	**(14,991)**	**273,896**	**73,445**	**(74,662)**	**272,679**
Non-controlling interests	-	2,217	2,217	-	(24)	2,193
Total equity	**288,887**	**(12,774)**	**276,113**	**73,445**	**(74,686)**	**274,872**
LIABILITIES						
Non-current liabilities						
Borrowings	68,419	-	68,419	-	-	68,419
Derivative financial liabilities	128	-	128	-	-	128
Deferred income tax liabilities	2,690	-	2,690	2,105	-	4,795
Retirement benefit obligations	4,569	-	4,569	-	-	4,569
Debts for investments in subsidiaries	-	9,758	9,758	-	-	9,758
Provisions and other liabilities	2,347	-	2,347	387	-	2,734
	78,153	**9,758**	**87,911**	**2,492**	**-**	**90,403**
Current liabilities						
Trade payables	342,566	-	342,566	109,474	-	452,040
Short-term financial liabilities	20,438	-	20,438	40,376	(40,000)	20,814
Income tax liabilities	1,111	-	1,111	250	-	1,361
Derivative financial liabilities	51	-	51	-	-	51
Provisions and other liabilities	14,166	-	14,166	18,347	(4,678)	27,835
	378,332	**-**	**378,332**	**168,447**	**(44,678)**	**502,101**
Disposal groups liabilities	-	-	-	-	-	-
Total liabilities	**456,485**	**9,758**	**466,243**	**170,939**	**(44,678)**	**592,504**
Total equity and liabilities	**745,372**	**(3,016)**	**742,356**	**244,384**	**(119,364)**	**867,376**

3.3 Other information

The Group's operating segments can be identified by the geographical markets where the Group operates: Italy and Iberian Peninsula.
'Iberian peninsula' is represented by the Esprinet Iberica S.L.U. and Esprinet Portugal Lda subsidiaries which have business relations solely with the Esprinet S.p.A. holding company within the Italian operating segment. With reference to 'Italy' the main B2B IT and consumer electronics distribution segment was displayed which refers to the holding company Esprinet S.p.A. and the subsidiaries V-Valley S.r.l. and Celly S.p.A., the latter together with its foreign subsidiaries and associates.

Intra-segment operations, including those between the minor Italian segments, are identified in terms of the counter-party and the accounting rules are the same as those used in the case of transactions with third-parties which can be found under 'Main valuation criteria and accounting'.

Details of the Group's revenues from external customers by product family and geographical area, with quotas effected in the country where the parent company is headquartered highlighted, can be found under the section 'Revenues' in the 'Notes to income statement items'. Geographical area breakdown depends in particular on the customers' country of residence.

The Group is not dependent on its major customers despite revenues from transactions with entities operating in the 'B2B' of IT and consumer electronics known to be under common control of one sole entity and, pursuant to IAS 8.34 considered as a single customer, amounting to an over 10% in terms of consolidated revenues.

4. Disclosure on risks and financial instruments

4.1 Definition of risks

The international accounting principle IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity's financial position and performances;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the reporting date, and how the entity managed those risks.

The principles in this IFRS complement and/or supersede the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 'Financial instruments: Presentation' and IAS 39 'Financial instruments: Recognition and Measurement'. Disclosures as per IFRS 7 and IFRS 13 are therefore reported in this section.

Accounting principles regarding financial instruments used in preparing the consolidated financial statements can be found in the section 'Accounting principles and valuation criteria' whereas the definition of financial risks, the degree of the Group's exposure to the various identified categories of risk, such as:

a) credit risk;
b) liquidity risk;
c) market risk (currency risk, interest rate risk, other price risk);

and the relevant risk management policies have been analysed in depth under 'Main risks and uncertainties facing the Group and Esprinet S.p.A.' in the 'Director's Report on Operations'.

4.2 Financial instruments pursuant to IAS 39: classes of risk and 'fair value'

The following table illustrates the relationship between the financial instrument items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting standard IAS 39:

Assets	31/12/2015				31/12/2014			
(euro/000)	**Carrying amount**	**Financial assets at FVTPL[(1)]**	**Loans and receiv.**	**Not IAS 39**	**Carrying amount**	**Financial assets at FVTPL[(1)]**	**Loans and receiv.**	**Not IAS 39**
Customer financial receivables	*2,696*		*2,696*		*3,085*		*3,085*	
Guarantee deposits	*4,649*		*3,040*	*1,609*	*1,522*			*1,522*
Consortium membership fees	*-*			*-*	*21*			*21*
Rec.and other non-curr. Assets	7,345		5,736	1,609	4,628		3,085	1,543
Non-current assets	**7,345**	**-**	**5,736**	**1,609**	**4,628**	**-**	**3,085**	**1,543**
Trade receivables	251,493		251,493		275,983		275,983	
Receivables from associates	*164*		*164*		*569*		*569*	
Receivables from factors	*2,714*		*2,714*		*690*		*690*	
Customer financial receivables	*507*		*507*		*506*		*506*	
Other tax receivables	*1,504*			*1,504*	*823*			*823*
Receivables from suppliers	*7,471*			*7,471*	*3,390*			*3,390*
Receivables from insurances	*1,863*		*1,863*		*1,834*		*1,834*	
Receivables from employees	*150*		*150*		*9*		*9*	
Receivables from others	*173*		*173*		*137*		*137*	
Pre-payments	*2,963*			*2,963*	*1,856*			*1,856*
Other receivables	17,509		5,571	11,938	9,814		3,745	6,069
Cash and cash equivalents	280,089		280,089		225,174		225,174	
Current assets	**549,091**	**-**	**537,153**	**11,938**	**510,971**	**-**	**504,902**	**6,069**

Liabilities	31/12/2015				31/12/2014			
(euro/000)	**Carrying amount**	**Financial liabilities at FVTPL[(1)]**	**Financial liabilities amortized cost**	**Not IAS 39**	**Carrying amount**	**Financial liabilities at FVTPL[(1)]**	**Financial liabilities amortized cost**	**Not IAS 39**
Borrowings	65,138		65,138		68,419		68,419	
Derivative financial liabilities	224	224			128	128		
Debts for investments in subsidia	5,222	5,222			9,758	9,758		
Provisions of pensions	*1,904*			*1,904*	*1,433*			*1,433*
Other provisions	*560*			*560*	*1,301*			*1,301*
Cash incentive liabilities	*31*		*31*		*-*		*-*	
Provis. And other non-curr. Liab.	2,495		31	2,464	2,734		-	2,734
Non-current liabilities	**73,079**	**5,446**	**65,169**	**2,464**	**81,039**	**9,886**	**68,419**	**2,734**
Trade payables	522,436		522,436		452,040		452,040	
Short-term financial liabilities	29,314		29,314		20,814		20,814	
Derivative financial liabilities	195	195			51	51		
Associates liabilities	*5*		*5*		*63*		*63*	
Social security liabilities	*3,007*		*3,007*		*2,979*		*2,979*	
Other tax liabilities	*12,506*			*12,506*	*15,489*			*15,489*
Payables to others	*13,779*		*13,779*		*8,931*		*8,931*	
Accrued expenses (insurance)	*255*		*255*		*123*		*123*	
Deferred income	*83*			*83*	*250*			*250*
Provisions and other liabilities	29,635		17,046	12,589	27,835		12,096	15,739
Current liabilities	**581,580**	**195**	**568,796**	**12,589**	**500,740**	**51**	**484,950**	**15,739**

(1) 'FVTPL': Fair Value Through Profit and Loss.

For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the chapter 'Notes to the statement of financial position items'. As can be seen in the previous table, the statement of financial position classifications provide an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and financial receivables (current and non-current)
  - receivables from insurance companies
  - trade receivables
  - receivables from employees

- - receivables from associated companies
- receivables from others
- trade payables
- financial liabilities
- other debts (current and non-current)

- financial instruments measured at ‘fair value’ since initial recognition:
  - derivative financial assets
  - derivative financial liabilities
  - debts for investments in subsidiaries

Cash and cash equivalents are almost entirely immediately available bank deposits. These, together with the receivables from factoring companies, Group’s usual counter-parties for its operations, derivative financial assets (even though the latter are measured at fair value and not at amortised cost) and guarantee deposits with the counterparty under the securitisation transaction have a very low risk rating, limited to that of the credit risk in the case in question.

This last circumstance is linked to the high standing of counter-parties, which are banks, financial services and factoring companies with high ratings and often also to credits as a result of loans and/or advance payments.
Receivables in the form of reimbursements already recognised by international insurance companies, and consequently with consolidated relationships with the Group, are of the same type and risk level.
Customers financial receivables are of the same type but with an even lower risk level, considering as they are composed by receivables from the Italian Public Administration.

Trade receivables are subject to credit risk. They are the result of a structured process that starts with customer selection and admission to a credit line and then monitoring the same credit facilities. The risk is mitigated by recourse to traditional insurance contracts with leading international insurance companies, without-recourse factoring schemes and, for the remainder, by specific guarantees (bank guarantees typically).
It should be noted that no significant financial effects have ever arisen from insolvency problems.
Receivables from others are subject to a sensibly lower credit risk compared to trade receivables due to the existence of contractual guarantees.

Receivables from employees are made up of advances and, with reference to 2015 fiscal year for the main portion equal to 143 thousand euro, of sums paid in 2016 for the reimbursement by the parent company from employees, have a lower credit risk than trade receivables, given the closer relationship between the parts and considering the continuity of the employment.

Receivables from associated companies are subject to the same risk level, due to the significant influence exerted by Esprinet S.p.A. as a consequence of the operative and management relationships established with the parent company.

Both trade payables and other debts, are subject to the risk that the Group will be unable to respect the payment commitments undertaken on time (liquidity risk).

Financial liabilities and derivative financial liabilities (even though the latter are measured at fair value and not at amortised cost) are exposed at the same but higher risky kind of risk than trade payables, due to the superior negotiating power of banks and the implicitly less flexible nature of covenants and obligations of the ‘negative pledge’, ‘pari passu’ or similar type in the case of medium/long-term loans.

Debts for investments in subsidiaries are exposed to the same but intermediate liquidity risk than the two aforementioned classes of financial instruments (trade payables and financial liabilities) because of obligations stated in the acquisition agreement and because of the type of counterparts. The latter are minorities who are also directors of the subsidiary to which the option for buying the remaining stake of share capital refers.

The fair value measurement of financial assets and liabilities reported in the statement of financial statements as provided for by IAS 39 and governed by IFRS 7 and IFRS 13, grouped by classes of risk, and the methods and the assumptions applied in determining them, are as follows:

Assets	**31/12/2015**						**31/12/2014**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. From others	Receiv. From insurers	Receiv. From employees	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. From others	Receiv. From insurers	Receiv. From employees
Customer financial receivables	*2,696*		*2,967*				*3,085*		*3,040*			
Guarantee deposits	*3,040*		*2,973*				*-*		*-*			
Other non current assets	5,736		5,940				3,085		3,040			
Non - current assets	**5,736**	**-**	**5,940**	**-**	**-**	**-**	**3,085**	**-**	**3,040**	**-**	**-**	**-**
Trade receivables	251,493	251,493					275,983	275,983				
Receiv. From associates	*164*					*164*	*569*					*569*
Receiv. From factors	*2,714*		*2,714*				*690*		*690*			
Customer financial receivables	*507*		*507*				*506*		*506*			
Receiv. From insurances	*1,863*				*1,863*		*1,834*				*1,834*	
Receiv. From employees	*150*					*150*	*9*					*9*
Receiv. From others	*173*			*173*			*137*			*137*		
Other receivables	5,571		3,221	173	1,863	314	3,745		1,196	137	1,834	578
Cash and cash equival.	280,089		280,089				225,174		225,174			
Current assets	**537,153**	**251,493**	**283,310**	**173**	**1,863**	**314**	**504,902**	**275,983**	**226,370**	**137**	**1,834**	**578**

Liabilities	**31/12/2015**					**31/12/2014**				
		Fair value					**Fair value**			
(euro/000)	**Carrying amount**	Trade payables	Financial payables	FVTPL derivat.	Other payables	**Carrying amount**	Trade payables	Financial payables	FVTPL derivat.	Other payables
Borrowings	65,138		64,182			68,419		68,045		
Financial derivatives	224			224		128			128	
Debts for investments in subsidiar.	5,222		5,137			9,758		9,524	-	
Cash incentive liab.	*31*				*31*	-				-
Provisions and other liab.	31				31	-				-
Non-current liabilities	**70,615**	**-**	**69,319**	**224**	**31**	**78,305**	**-**	**77,569**	**128**	**-**
Trade payables	522,436	522,436				452,040	452,040			
Short-term financial liab.	29,314		30,004			20,814		19,564		
Financial Derivatives	195			195		51			51	
Associates liabilities	*5*				*5*	*63*				*63*
Social security liabilities	*3,007*				*3,007*	*2,979*				*2,979*
Payables to others	*13,779*				13,779	*8,931*				*8,931*
Accroued exp. (insurance)	*255*				*255*	*123*				*123*
Provisions and other liab.	17,046				17,046	12,096				12,096
Current liabilities	**568,991**	**522,436**	**30,004**	**195**	**17,046**	**485,001**	**452,040**	**19,564**	**51**	**12,096**

The corresponding hierarchy level for each of the abovementioned fair value list is described below as required by IFRS 13:

Assets	**31/12/2015**			**31/12/2014**		
(euro/000)	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Customer financial receivables	*2,696*	*2,967*	*level 2*	*3,085*	*3,040*	*level 2*
Guarantee deposits	*3,040*	*2,973*	*level 2*	*-*	*-*	*level 2*
Other non current assets	5,736	5,940		3,085	3,040	
Non - current assets	**5,736**	**5,940**		**3,085**	**3,040**	
Trade receivables	251,493	251,493	level 2	275,983	275,983	level 2
Receiv. From associates	*164*	*164*	*level 2*	*569*	*569*	*level 2*
Receiv. From factors	*2,714*	*2,714*	*level 2*	*690*	*690*	*level 2*
Customer financial receivables	*507*	*507*	*level 2*	*506*	*506*	*level 2*
Receiv. From insurances	*1,863*	*1,863*	*level 2*	*1,834*	*1,834*	*level 2*
Receiv. From employees	*150*	*150*	*level 2*	*9*	*9*	*level 2*
Receiv. From others	*173*	*173*	*level 2*	*137*	*137*	*level 2*
Other receivables	5,571	5,571		3,745	3,745	
Cash and cash equival.	280,089	280,089		225,174	225,174	
Current assets	**537,153**	**537,153**		**504,902**	**504,902**	

Liabilities	**31/12/2015**			**31/12/2014**		
(euro/000)	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Borrowings	65,138	64,182	level 2	68,419	68,045	level 2
Financial derivatives	224	224	level 2	128	128	level 2
Debts for investments in subsidiaries	5,222	5,137	level 3	9,758	9,524	level 3
Cash incentive liab.	*31*	*31*	*level 2*	*-*	*-*	*level 2*
Provisions and other liab.	31	31		-	-	
Non-current liabilities	**70,615**	**69,574**		**78,305**	**77,697**	
Trade payables	522,436	522,436	level 2	452,040	452,040	level 2
Short-term financial liab.	29,314	30,004	level 2	20,814	19,564	level 2
Financial derivatives	195	195	level 2	51	51	level 2
Associates liabilities	*5*	*5*	*level 2*	*63*	*63*	*level 2*
Social security liabilities	*3,007*	*3,007*	*level 2*	*2,979*	*2,979*	*level 2*
Payables to others	*13,779*	*13,779*	*level 2*	*8,931*	*8,931*	*level 2*
Accroued exp. (insurance)	*255*	*255*	*level 2*	*123*	*123*	*level 2*
Provisions and other liab.	17,046	17,046		12,096	12,096	
Current liabilities	**568,991**	**569,681**		**485,001**	**483,751**	

Given their short-term maturity, the gross carrying value of current assets (excluding derivatives if any), trade payables, short-term financial liabilities and other payables (excluding liabilities for monetary incentives), is deemed a reasonable approximation of their 'fair value' (classified in level 2 in the so called 'fair value hierarchy').

The 'fair value' of non-current assets and borrowings was estimated by discounting expected cash flows from principal and interest, according to the terms and the due dates of each agreement, and using the market interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The 'fair value' of 'Interest Rate Swap' (IRS) derivatives was estimated by discounting expected cash flows, according to the terms and the due dates of each derivative agreement and its underlying, and using the market interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The interest rates used were obtained from the 'Forward' and the 'Spot' Curve Euro at 31 December as provided by Bloomberg plus any spread provided for by the agreement (such spread was not taken into

account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2.
The soundness of the measurement made, with reference to IRS - Interest Rate Swap, was confirmed by the comparison with the value provided by the issuer banks.

Debt for investments in subsidiaries shows the present value of the enterprise value of the residual 20% share in Celly S.p.A., measured using the 5-year free-risk rate at 31 December 2015, as adjusted in order to taken into account the remaining time until the first available exercise date of the option (falling on 12 May 2019).
The fair value so measured corresponds to a level 3 in the fair value hierarchy being based also on management estimates about future financial performance of the subsidiary. Further details can be found in the paragraph ‘Goodwill’ in the Notes to the Consolidated Financial Statement.

As shown in the preceding tables, no reclassifications among hierarchic levels were made. Please refer to the paragraph ‘Derivatives analysis’ for information relating to existing derivative instruments.

Disclosures regarding net gains or net losses, interest income and interest expenses, fee income and expenses arising from financial instruments have been already given in the table dedicated to finance costs under ‘42) Finance costs’.

Please note that general and administrative expenses include 0.5 million euro (1.1 million euro in 2014) relating to bad debt allowances on the basis of analyses of each single debtor’s solvency.

4.3 Additional information about financial assets

As during the previous year, no reclassification of a financial asset as one measured at cost or amortised cost, rather than at fair value, and vice versa, was made (the initial recognition of a financial instrument at fair value and the subsequent measurement at cost or amortised cost for some specified financial assets not detecting at this end).

As highlighted in the section ‘Trade and other receivables’ in the paragraph ‘Summary of significant valuation criteria and accounting policies’, in the case of impairment by credit losses, the value of receivables is adjusted. This operation is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the devaluated financial asset.

In the year closed at 31 December 2015, as in the previous one, it was used solely in the case of trade receivables, since it was not deemed necessary in the case of other financial assets.
The following table illustrates the above-mentioned movements of trade receivables bad debt provision during the year:

(euro/000)	Starting provision	Additions	Uses	Acquisitions	Disposals	Final provision
2015 financial year	7,431	475	(2,141)	-	-	5,765
2014 financial year	7,443	1,082	(1,476)	562	(180)	7,431

The Group usually transfers financial assets. These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.

During 2015, a trade receivables securitisation plan was structured by UniCredit Bank AG involving the ‘non recourse’ assignment on a revolving basis of trade receivables to a ‘special purpose vehicle’ under Law no. 130/99.

In the case of transfers of receivables for without-recourse factoring and advances under usual reserves, this operation not qualifying for derecognition, the Group continues to recognise all of these assets, the carrying amount of which continues to appear in the statement of financial position, under ‘trade receivables’ with an offsetting entry under the current financial liabilities as ‘other financing payables’ and ‘payables to banks’.

As at 31 December 2015 the with-recourse sold receivables which obtained advances under usual reserves amounted to 1.8 million euro (6.4 million euro at 31 December 2014); the same kind of advances (under usual reserves) about effects amounted to 1.2 million euro (2.1 million euro at 31 December 2014).

The financial assets' gross book value is the Group's maximum exposure to credit risk.

The following tables show an analysis of the status of trade receivables and the ageing of those not overdue and not impaired by credit losses:

(euro/000)	31/12/2015	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	257,258	7,333	38,952	210,973
Bad debt provision	(5,765)	(5,765)	-	-
Net trade receivables	**251,493**	**1,568**	**38,952**	**210,973**

(euro/000)	31/12/2014	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	283,414	8,375	21,507	253,532
Bad debt provision	(7,431)	(7,431)	-	-
Net trade receivables	**275,983**	**944**	**21,507**	**253,532**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. past due not impaired at 31/12/2015	38,952	1,584	1,147	2,887	33,334
Receiv. past due not impaired at 31/12/2014	21,527	473	895	1,688	18,471

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, the Group does not believe that premises for allocating provisions for doubtful receivables for amounts not yet overdue exist.
There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.

The following instruments are usually used by the Group to limit its credit risk (the percentages refer to trade receivables at 31 December 2015):

- traditional credit insurance (covering approx. 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 62% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 10% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and asset mortgagees) in the case of approx. 4% of total gross amount of trade receivables;

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

No other financial assets regulated by IFRS 7 have been impaired in the current or in the previous year. The two tables below illustrate their status and the ageing of those not overdue and not impaired by credit losses:

(euro/000)	31/12/2015				31/12/2014			
	Carrying amount	Receiv. impaired	Receiv. past due not impaired	Receiv. not past due not impaired	Carrying amount	Receiv. impaired	Receiv. past due not impaired	Receiv. not past due not impaired
Customer financial receiv.	*2,696*			*2,696*	*3,085*			*3,085*
Guarantee deposits	*3,040*			*3,040*	-			-
Other non-current assets	5,736			5,736	3,085			3,085
Non-current assets	**5,736**	**-**	**-**	**5,736**	**3,085**	**-**	**-**	**3,085**
Receivables from asscociat.	*164*		*164*		*569*		*162*	*407*
Receivables from factors	*2,714*		*1,223*	*1,491*	*690*		*678*	*12*
Customer financial receiv.	*507*			*507*	*506*			*572*
Receivables from insurances	*1,863*		*1,863*		*1,834*		*1,834*	
Receivables from employees	*150*			*150*	*9*			*9*
Receivables from others	*173*		*120*	*53*	*137*			*137*
Other receivables	5,571		3,370	2,201	3,745		2,674	1,137
Cash and cash equivalents	280,089		280,089		225,174		225,174	
Current assets	**285,660**	**-**	**283,459**	**2,201**	**228,919**	**-**	**227,848**	**1,137**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from associat.	164	134	14	-	16
Receivables from factoring companies	1,223	27	-	-	1,196
Receivables from insurance companies	1,863	1,519	133	164	47
Receivables from others	120	120	-	-	-
Receiv. past due not impaired at 31/12/2015	**3,370**	**1,800**	**147**	**164**	**1,259**
Receivables from associat.	162	81	-	-	81
Receivables from factoring companies	12	-	-	-	12
Receivables from insurance companies	1,834	1,694	58	47	35
Receivables from others	-	-	-	-	-
Receiv. past due not impaired at 31/12/2014	**2,008**	**1,775**	**58**	**47**	**128**

Receivables from factoring companies relate wholly to ‘without-recourse’ factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the closing date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the sold customers and the Group companies. It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

4.4 Additional information about financial liabilities

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(euro/000)	**Carrying amount 31/12/2015**	**Future cash flows**	**in 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**after 5 years**
Borrowings	65,138	69,664	690	548	18,931	48,460	1,035
Derivative financial liabilities	224	240	-	-	160	80	-
Debts for investments in subsidiaries	5,222	5,312	-	-	-	5,312	-
Cash incentive liabilities	*31*	*31*	-	-	-	*31*	-
Provisions and other non-corr. liabilities	31	31	-	-	-	31	-
Non-current liabilities	**70,615**	**75,247**	**690**	**548**	**19,091**	**53,883**	**1,035**
Trade payables	522,436	576,865	527,380	4,943	9,271	25,218	10,053
Short-term financial liabilities	29,314	29,186	20,404	8,782	-	-	-
Derivative financial liabilities	195	201	100	101	-	-	-
Payables to assoc. and subsidiaries	*5*	*5*	*5*	-	-	-	-
Social security liabilities	*3,007*	*3,007*	*3,007*	-	-	-	-
Payables to others	*13,779*	*13,779*	*13,779*	-	-	-	-
Accrued expenses (insurance)	*255*	*255*	*255*	-	-	-	-
Provisions and other liabilities	17,046	17,046	17,046	-	-	-	-
Current liabilites	**568,991**	**623,298**	**564,930**	**13,826**	**9,271**	**25,218**	**10,053**

(euro/000)	**Carrying amount 31/12/2014**	**Future cash flows**	**in 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**after 5 years**
Borrowings	68,419	74,329	167	815	18,663	53,131	1,553
Derivative financial liabilities	128	183	-	52	118	13	-
Debts for investments in subsidiaries	9,758	10,135	-	-	-	10,135	-
Cash incentive liabilities	-	-	-	-	-	-	-
Provisions and other non-corr. liabilities	-	-	-	-	-	-	-
Non-current liabilities	**78,305**	**84,647**	**167**	**867**	**18,781**	**63,279**	**1,553**
Trade payables	452,040	511,635	456,836	4,796	9,474	24,996	15,533
Short-term financial liabilities	20,814	19,144	18,696	448	-	-	-
Derivative financial liabilities	51	-	-	-	-	-	-
Payables to assoc. and subsidiaries	*63*	*63*	*63*	-	-	-	-
Social security liabilities	*2,979*	*2,979*	*2,979*	-	-	-	-
Payables to others	*8,931*	*7,860*	*7,860*	-	-	-	-
Accrued expenses (insurance)	*123*	*123*	*123*	-	-	-	-
Provisions and other liabilities	12,096	11,025	11,025	-	-	-	-
Current liabilites	**485,001**	**541,804**	**486,557**	**5,244**	**9,474**	**24,996**	**15,533**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability has been included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans payable has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

The parent company maintains two medium-short term loan contracts, of 75 million euro in principal, that contain standard acceleration clauses in case certain financial covenants are not met when checked against data from the consolidated and audited financial statements.

At 31 December 2015 according to the available evidence and using management estimates (since the same will be checked against the consolidated and audited financial statements), the covenants resulted fully met. Apart from 31 December 2007 and 30 June 2008 when, even if with no consequences for the Group, one of the covenants to which loans whose reimbursement ended in July 2014, as stated in their agreements, was broken, the Group has never been in a condition of default regarding principal, interest, sinking fund or redemption terms of passive loans.

The Group also has other minor loans (more details can be found in the paragraph ‘Loans and loan covenants’), as well as a loan due in January 2022, with a remaining value as notional of 3.1 million euro and registered as 3.0 million euro by effect of the amortising costs accounting method, achieved in December 2013 under the contractual terms of payment from the Public Administration for the supply of personal computers to the same by the Parent Company.

The issuing bank was granted by the Group an irrevocable collection derogation for multi-year contribution’s collection due from the Public Administration and equal, in both the amounting and due dates, to the reimbursement loan plan that, for the above mentioned reason, do not contains dealings for a possible shirk benefitting from the reimbursement terms.

Up to now the Group has not issued any instruments containing both a liability and an equity component.

4.5 Hedge accounting

Introduction

The Esprinet Group signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.

The aim of these hedging transactions against the interest rate risk is to fix the funding cost of middle/long-term floating-rate loans by entering into a derivative contract that enables the Group the floating rate to be received and the fixed rate to be paid.

Hedging operations are therefore reported in the financial statements according to the instructions of the IAS 39 accounting principle regarding ‘hedge accounting’ and in order to verify the hedge effectiveness, the Group periodically carry out perspective and retrospective tests.

Derivative instruments as at balance sheet date

As at the balance sheet date the Group is using eight IRS (Interest Rate Swap) contracts with different notional amounts and fixed interest rate but identical conditions (hedging instruments), which were entered into with each of the eight banks that on 31 July 2014 granted the medium-term variable interest rate loan of 65 million euro, called Term Loan Facility.

Each financing counterparty signed the derivative proportionally to their respective share in the loan, which the derivative is intended to hedge by means of their receiving a variable interest rate against payment of a fixed interest rate.

The main features of the eight contracts are summarized below:

Trade date	22 December 2014
Effective date	30 January 2015
Termination date	31 July 2019
Notional amount	65.0 million euro (subject to an amortisation plan)
Fixed rate	From 0.33% to 0.37%, act/360
Fixed and floating rates payment dates	Every 31 January and 31 July starting from 31 July 205 up to 31 July 2019, subject to adjustment in accordance with the modified business day convention
Fixed rate payer	Esprinet S.p.A.
Floating rate	Euribor 6M, act/360, fixed two days before the interest calculation period
Floating rate payer	Intesa Sanpaolo S.p.A., Banca Nazionale del Lavoro S.p.A., Unicredit S.p.A., Banca Monte dei Paschi di Siena S.p.A., UBI Banca - Società Cooperativa per Azioni, Banco Popolare – Società Cooperativa, Caixabank S.A., Cassa di Risparmio di Parma e Piacenza S.p.A., each for its own contract.

Since, from the signing date, it was fully in compliance with International Accounting Standard 39 regarding ‘hedge accounting' (formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) all derivative contracts had been subject to the ‘cash flow hedge’ accounting rules until that date. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) was recognised directly in equity (and shown, consequently, in the statement of comprehensive income), the ineffective portion of the gain or loss on the hedging instrument was recognised in profit or loss.

Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Information regarding derivative contracts existing during the year

The next tables illustrate the following information regarding the derivative contracts with reference to the cash flow hedge accounting technique:

- the notional amount at 31 December 2015 and 2014 shared into portions maturing within or beyond a 12-months period;
- the amount recognised in the statement of financial position as at 31 December 2015 and 2014 representing the ‘fair value’ of the contracts at the date of the ‘highly ‘effective hedge termination;
- the cumulative change in fair value from the inception to the date of ‘highly ‘effective hedge termination with reference to the instalments still effective at the financial statement closing date;
- the ineffective portion recognised or reversed in income statement under ‘Finance costs’ from the inception with reference to the instalments still outstanding at the same date.

(euro/000)	Financial Year	Notional amount		Fair value[1]	Income statement [2]	Taxes on FV contracts [3]	Retained earnings [4]
		Within 1 year	Beyond 1 year				
Interest rate risk management							
- cash flow hedge on derivatives 2015	2015	16,250	48,750	419	84	(92)	(243)
- cash flow hedge on derivatives 2014	2014	-	65,000	179	-	(50)	(129)

(1) Amount of the (assets)/liabilities recorded in the statement of financial position resulting from derivatives measured at fair value using cash flow hedge accounting technique.
(2) Ineffective portion of the gain or loss on the hedging instrument as per IAS 39.
(3) Deferred income taxes related to the fair value of the derivative contracts using cash flow hedge accounting technique.
(4) Cumulative change in fair value from inception to the statement of financial position date recognised in equity using cash flow hedge accounting technique.

The events that caused the changes in the amount of the ‘cash flow hedge’ equity reserve during the first half are so detailed:

(euro/'000)	2015					
	Change in fair value of derivatives	Transfer to P&L[1]	Taxes effect on P&L	Ineffective portion of (gain)/loss to P&L	Taxes on fair value of derivatives	Change in equity reserve
- equity reserve on derivatives 2014	(260)	103	(28)	-	71	(114)
- equity reserve on derivatives 2007	-	-	-	-	-	-
- equity reserve on derivatives 2006	-	-	-	-	-	-
Total	**(260)**	**103**	**(28)**	**-**	**71**	**(114)**

(1) Accounted as increase / (decrease) of ‘Financial charges’.

(euro/'000)	2014				
	Change in fair value of derivatives	Transfer to P&L[1]	Ineffective portion of (gain)/loss to P&L	Taxes on fair value of derivatives	Change in equity reserve
- equity reserve on derivatives 2014	(179)	-	-	50	(129)
- equity reserve on derivatives 2007	-	176	(305)	(51)	(180)
- equity reserve on derivatives 2006	-	(32)	-	-	(32)
Total	**(179)**	**144**	**(305)**	**(1)**	**(341)**

(1) Accounted as increase / (decrease) of ‘Financial charges’.

The following are the periods when the cash flows relating to the hedged items are expected to occur and when they are expected to affect the Income Statement:

(euro/000)			Expected cash flow	0-6 months	6-12 months	1-2 years	2-5 years	After 5 years
Loans:	31/12/2015	Cash flow	3,422	755	647	1,026	994	-
		Impact on P&L	2,787	659	580	868	680	-
	31/12/2014	Cash flow	5,250	715	803	1,485	2,247	-
		Impact on P&L	4,671	805	792	1,344	1,730	-

Finally, the derivative instrument changes referring to the fair value variations recorded in the Income Statement are reported below:

(euro/000)	Year	FV 31/12/p.y.[1]	Rates past due	Variation FV rates not past due	FV 31/12/c.y.[2]
Derivatives 2014	2015	n.a.	n.a.	n.a.	n.a.
Derivatives 2007	2015	n.a.	n.a.	n.a.	n.a.
Total		**-**	**-**	**-**	**-**
Derivatives 2014	2014	n.a.	n.a.	n.a.	n.a.
Derivatives 2007	2014	(174)	174	-	-
Total		**(174)**	**174**	**-**	**-**

(1) Previous year
(2) Current year

4.6 Sensitivity analyses

Since the Group is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section 'Main risks and uncertainties facing the Group and Esprinet S.p.A.' in the 'Director's Report on Operations').

A sensitivity analysis regarding the interest rate risk was performed in order to show how profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period. For these purposes, the 2015 market interest rate trend was taken into account together with the Group's estimates on rates in the immediate future and a forward shifting of spot/forward interest rate curves +/-100 basis points was simulated.

The following tables show the results of the simulation (net of tax effects); each item includes both the current and non current portion:

Scenario 1: +100 basis points

	31/12/2015		31/12/2014	
(euro/000)	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	529	529	491	491
Debts for investments in subsidiaries	124	124	-	-
Financial liabilities (1)	397	397	(250)	(250)
Derivative financial liabilities	804	-	1,305	-
Total	**1,854**	**1,050**	**1,546**	**241**

(1) Impact on the loans hedged by IRS regards solely the uncovered portion of the loans.

Scenario 2: -100 basis points

	31/12/2015		31/12/2014	
(euro/000)	Net equity	Profit/(loss)	Net equity	Profit/(loss)
Cash and cash equivalents	(243)	(243)	(444)	(444)
Debts for investments in subsidiaries	(65)	(65)	-	-
Financial liabilities (1)	205	205	129	129
Derivative financial liabilities	(73)	-	(129)	-
Total	**(176)**	**(103)**	**(444)**	**(315)**

(1) Impact on the loans hedged by IRS regards solely the uncovered portion of the loans.

5. Notes to statement of financial position items

Non-current assets

1) Tangible assets

Property, plant and equipment amount to 12.1 million euro as at 31 December 2015 (versus the 10.3 million euro as at 31 December 2014). Changes occurring during the year are as follows:

(euro/000)	Plant and machinery	Ind. & Comm. Equipment & other assets	Assets under construction & advances	Total
Historical cost	10,256	21,638	817	**32,711**
Accumulated depreciation	(7,902)	(14,538)	-	**(22,440)**
Balance at 31 December 2014	**2,354**	**7,100**	**817**	**10,271**
Historical cost increase	1,230	3,505	549	**5,285**
Historical cost decrease	(105)	(1,009)	(47)	**(1,161)**
Historical cost reclassification	317	512	(829)	**-**
Increase in accumulated depreciation	(715)	(2,145)	-	**(2,860)**
Decrease in accumulated depreciation	22	573	-	**595**
Total changes	**749**	**1,437**	**(326)**	**1,859**
Historical cost	11,697	24,647	491	36,835
Accumulated depreciation	(8,595)	(16,109)	-	(24,704)
Balance at 31 December 2015	**3,103**	**8,537**	**491**	**12,130**

Investments in 'Plant and machinery' mainly refer to the opening of the new Cash & Carry store in Madrid on 23 April 2015 and to investments linked to the extension of the Italian warehouses.

Increase in 'Industrial & commercial equipment & other assets' mainly refers to purchase of electronic machinery by the parent company.

The disinvestments mainly refer to electronic machines disposals from the parent company and to ‘Rosso Garibaldi’ furniture disposed in 2015 through the subsidiary Celly.

There are no other temporarily unused tangible fixed assets intended for sale.

The depreciation rates applied for each asset category are the same as those used during the fiscal year closed at 31 December 2014 with reference to the companies included in the last year Group.

The following is the breakdown of the item ‘Industrial and commercial equipment and other assets’:

(euro/000)	31/12/2015	31/12/2014	Var.
Electronic machines	3,998	2,498	1,500
Furniture and fittings	2,885	3,485	(600)
Industrial and commercial equipment	607	304	303
Other assets	1,047	813	234
Total	**8,537**	**7,100**	**1,437**

2) Goodwill

(euro/000)	31/12/2015	31/12/2014	Var.
Goodwill	75,246	75,246	-

All goodwill items identify the excess of the price paid for obtaining the control of another business over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Disclosures regarding impairment tests of assets: goodwill

Scope of application

IAS 36 requires the testing of property, plant and equipment and intangible assets with indefinite useful life for impairment whenever there are indications that such an impairment may have occurred.
In the case of goodwill and other intangible assets with an indefinite useful life, this test, so said ‘impairment test’, must be conducted at least annually and whenever ‘triggering events’ occur, i.e. extraordinary negative events implying the asset may be impaired.

Goodwill does not generate cash flows independently of other assets or group of assets so, in compliance with IFRS, it is not an ‘individual asset‘ and may not be tested for impairment separately from the group of assets it relates to.
For the purposes of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer’s ‘CGU - Cash-Generating Units’, or groups of CGUs that must not to be larger than an operating segment determined in accordance with IFRS 8.

Cash Generating Unit: identification and goodwill allocation

The next table summarises the original values of the single goodwill items in terms of the business combinations from which they arose and a summary by company:

(euro/000)	Entity	Goodwill original values
Memory Set S.a.u.	Esprinet Iberica	50,427
UMD S.a.u.	Esprinet Iberica	25,916
Esprinet Iberica S.l.u.[1]	Esprinet Iberica	1,040
Assotrade S.p.A.	Esprinet S.p.A.	5,500
Pisani S.p.A.	Esprinet S.p.A.	3,878
Esprilog S.r.l.	Esprinet S.p.A.	2,115
80% Celly S.p.A.	Celly S.p.A.	4,153
Total by business combination		**93,029**
Esprinet Iberica S.L.U.		77,383
Esprinet S.p.A.		11,493
Celly S.p.A.		4,153
Total by entity		**93,029**

(1) Transaction costs sustained for the UMD and Memory Set business combinations.

Allocation of goodwill to each CGUs, identified as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group, was made by charging the above mentioned goodwill to the relevant CGUs, that is, to the elementary units which received the businesses purchased in strictly operational terms.

The following table summarises the goodwill allocations to the 3 CGUs, highlighting the relationships between the operating segments and the legal entities which form the Group, as well as the changes occurred in the year:

(euro/000)	31/12/2015	31/12/2014	Var.	
Esprinet S.p.A.	11,492	11,492	-	CGU 1 Distrib.B2B of Inf.Technology and Consumer Electronics (Italy)
Celly S.p.A.	4,153	4,153	-	CGU 2 Distrib.B2B of Inf.Technology and Consumer Electronics (Italy)
Esprinet Iberica S.l.u.	59,601	59,601	-	CGU 3 Distrib.B2B of Inf.Technology and Consumer Electronics (Spain)
Total	**75,246**	**75,246**	-	

This allocation reflects the organizational and business structure of the Group, who operate in the core business of IT and consumer electronics business-to-business distribution (i.e. exclusively for business customers made up of resellers, who in turn refer to end-users, both private and company) in two geographical markets, Italy and Spain, both managed by, on one hand, two basically independent structures and, on the other hand, a 'corporate' structure where coordination and strategy are centralized for almost all activities that contribute to the reseller 'value chain' (sales, purchasing, product marketing, logistics).
Compared to the operating segments identified for the purposes of Segment Information as required by IFRS, the subsidiary Celly S.p.A. was identified as a separate CGU operating within the same segment as Esprinet Italy, but focusing mainly on accessory products for mobile phones and able to generate independent cash flows.

Compared to the original value, a different goodwill amount referred to the CGU3 Esprinet Iberica can be noted as consequence of a 17.8 million euro write-down occurred in 2011.
The impairment test valuation process and the results on 31 December 2015 goodwill items as previously explained are below described.

A) Valuation system

The valuation framework and the methodological structure adopted are summarised below:

The extreme rarefaction of the comparable market transactions and, for the few concluded deals, the low quantity of usable published information, make difficult the identification of implicit multiples applicable for the calculation purposes of a reasonably reliable 'fair value'.
Recoverability of goodwill is tested by comparing the carrying amount of each single CGU to which the goodwill has been allocated, with the recoverable amount of the unit in the meaning of 'value in use'.
The latter is the present value, at the date of the test, of the future cash flows (inflows and outflows) expected to be derived from the continuing use of assets which are part of the tested CGU.
The 'value in use' was estimated using the Discounted Cash Flow (DCF) model, which requires an appropriate discount rate to estimate the discounting back of future cash flows.
An 'asset side' approach was used which presupposes discounting unlevered cash flows generated by operations.
These cash flows were calculated net of 'figurative income taxes' measured by applying an estimated tax rate to the operating income (EBIT).
In the case of the Spanish CGU 3, the estimated effective and nominal tax rates match (in 2016 equal to 25%).
In the case of the Italian CGU 1 and CGU 2, the effective tax rates calculated as per Italian tax law and deriving from the calculation of the IRES and IRAP tax rates on their different tax bases were applied, taking into account the different structure of the tax bases and, in particular, the non-deductibility of some relevant costs for the IRAP impact calculation.

Disclosures required by the international accounting principles regarding the main methods chosen when calculating the recoverable amount are as follows.

Basis for estimates of future cash flows

As required by the IAS 36 accounting principle, paragraph 50, estimated cash flows exclude financial charges, as per the 'asset side' approach already described.
Projections based on forecasts cover a 5-year period, from 2016 to 2020.
The discount rate includes the effect of price increases attributable to general inflation so future cash flows are estimated in nominal terms.

Projection method

Future cash flows have been estimated for each CGU in its current condition which means not including estimates of future cash inflows that are expected to arise from the business combination, or from improving

or enhancing its performance, or from extraordinary operations representing a discontinuity compared with this status.
The definition of forecasted plans and of the resulting cash flows took into account each CUG's peculiarity, therefore basing the whole, as already mentioned, on the so called 'unique scenario'. The latter was identified as the 'normal' cash flow, or rather, taken as the one with the highest degree of probability of occurrence (so called 'probabilistic approach').
The operating sustainability of the plans in terms of the 'entrepreneurial model' used, and of the business size, and therefore also the plans financial sustainability, was assessed by taking into account the value drivers of each CGUs as well as the Group financial capability.
The latter has been considered as appropriate, also taking into account both the low investments level necessary for each CGU activities substantially limited to maintenance levels, and the liquidity risk management strategy. This risk is essentially managed by the preservation of a substantial number of non-used credit lines, mainly of self-liquidating nature, as well as by a conservative financial strategy focused on stable financial sources – i.e. middle term borrowings supported by financial covenants with which the Group is constantly provided – also for working capital purposes.
The Board of Directors' Meeting on 21 March 2016 approved the forecasted plans arising from the analytical budget of 2016, considered a 'pivot' year. These plans were drawn up thanks to forecasting techniques useful both for a separate management of fixed and variables costs, and for defining the revenues and product gross margin trend. This was done utilising a 'benchmarking' of the sector trends and of the end market in its entirety, as evaluated by reliable external sources, as well as assuming, for each CGU, different trends according to the current and prospective competitive position.

Flows discounted or weighted for probability

Future cash flows have been estimated for each CGU following the 'traditional approach'. This hinges on the so called 'unique scenario' defined as the 'normal' flow profile in which accounting applications of present value have used a single set of estimated cash flows and a single discount rate, both assumed as those with the highest degree of probability of occurrence (so said 'probabilistic approach').

Terminal value

The terminal value recorded at the end of the forecast period was calculated using the 'Perpetuity Method' (unlimited capitalisation model of the plan last year's cash flow).
The approach used presumes that at the end of the 5th year on, cash flow will grow at a constant rate of 'g' and therefore the terminal value is calculated as perpetual income by means of the capitalisation of the plan's last flow at a rate corresponding to the discounting back rate used (WACC) adjusted by a growth factor presumed stable.
The forecast for this factor are 1.34% for Italy and 1.51% for Iberica respectively, in line with the International Monetary Fund's expectations about inflation rate in Italy and Spain in 2020.

Discount rate

The discount rate used must be that of the return required by the suppliers of both risk and debt capital and takes into account risks specific to the activities relating to each single CGU.
As a consequence, a Weighted Average Cost of Capital ('WACC') notion has been used, whose cost of the risk capital has been measured using a Capital Asset Pricing Model ('CAPM') approach.
In particular, in order to calculate the cost of the risk capital (Ke), the average unlevered Beta was measured on a sample of comparable companies with international operations listed in official markets and later it was re-levered in terms of a 'target' financial structure for each CGU, in hypothesis similar to the average financial structure of the different panels analysed.
So doing the independence of the discount rate from the actual financial structure has been obtained. The panel of comparable entities is made up of the followings:

CGU1/2/3 (Distr B2B IT&CE in Italy/Spain)
AB Spólka Akcyjna
ABC Data S.A.
Action SpóLka Akcyjna
ALSO Holding AG
Arrow Electronics, Inc.
Avnet, Inc.
Datatec Limited
Digital China Holdings Limited
Esprinet SpA
Ingram Micro Inc.
Redington (India) Ltd.
SYNNEX Corp.
Tech Data Corp.

The values attributed to the main components of each discount rate per single CGU are as follows:

- the risk-free rate used is the 10-year BTP 'benchmark' (1 year average) rate of return as at 31 December 2015, equal to 1.73% for CGUs 1 and 2, and the 10-year Bonos 'benchmark' (1 year average) rate of return as at 31 December 2015, equal to 1.76% for CGU 3;
- the Equity risk premium is 5.5% (source: Ibbotson et alter);
- the marginal cost of borrowed capital (Kd) was approximated by adding to the free-risk rate the median credit spread of peer groups (Source: Damodaran Jan '16) based on their credit rating issued by S&P; the above mentioned rate is considered representative of the cost applied both to Esprinet and to each CGU in cases of the issue of debt instruments on the market.

Please note that, in compliance with IAS 36 (A20) provisions that require a discount rate used to be a pre-tax rate, the post-tax version CAPM-calculated WACC was adjusted into the pre-tax equivalent defined as pre-tax WACC which leads to the same result when discounting back pre-tax cash flows.

B) Basic assumption / critical variables

The following table describes the main basic assumptions used to calculate the recoverable value for each CGU with reference to the technical methods underlying the 'DCF Model'.

	Italy IT&CE "B2B" CGU 1 Esprinet	**Italy IT&CE "B2B" CGU 2 Celly**	**Spain IT&CE "B2B" CGU 3 Esprinet Iberica**
Future cash flow expected:			
Forecast horizon	5 years	5 years	5 years
'g' (long-term growth rate)	1.34%	1.34%	1.51%
Discount rates:			
Equity Risk Premium	5.5%	5.5%	5.5%
ß "*unlevered*" of industry	0.88	0.88	0.88
Target financial structure (D/D+E)	19%	19%	19%
Target financial structure (E/D+E)	81%	81%	81%
WACC *post-tax*	6.92%	6.92%	6.97%
WACC *pre-tax*	9.15%	9.99%	8.74%

With reference to the key assumptions used in the cash flow forecast and for the 'value in use calculation' we point out that the CGU values are particularly sensitive to the following assumptions:

- Basic assumption / critical variables
- gross product margin / fixed costs contribution margin
- operating leverage

- cash flow discounted rate
- growth rate ‘g’ applied to the cash flow of the last defined year utilized for the Terminal Value calculation.

C) External indicators of loss of values and ‘impairment test’

The management, in order to review the impairment indicators, takes into account, amongst other factors, (i) market rate growth or other rates of cost of capital return (ii) the ratio between the book value total net asset of the CGU and the relative market capitalisation.

With reference to the first point, during the year no variation in the market rates, that were likely to affect significantly the discount rate used in calculating the asset’s value in use or decrease the asset’s recoverable amount materially, was observed.

With reference to the market value, as at 31 December 2015 the Group Esprinet market capitalisation was equal to 439.7 million euro compared to the consolidation net equity value equal to 297.6 million euro. The latter further enforces the positive results of the goodwill impairment test

D) Value adjustments and ‘sensitivity analysis

In conclusion the impairment test did not highlight the need for a write-down in the value of the goodwill entry as at 31 December 2015.

In addition, the management believes it unlikely that there will be key assumption changes able to generate a reduction in the CGUs below the carrying amount.

More specifically, different sensitivity analysis of the test results were performed taking into account simultaneously the variation of the following basic assumptions.

- the long term growth rate ‘g’ in order to obtain the cash flows beyond plan horizon;
- the cash flow discounted rate;
- the forecasted EBITDA.

The variation range compared to the ‘normal’ case taken into account are as follows:

- ‘g’ equal to 0% and lower than -50%;
- WACC lower than -2% and -1%;
- EBITDA lower than -10% and -20%.

It can be highlighted that with reference to CGU2 only in the scenario where WACC is equal to 9.92% (i.e. +2%) and EBITDA lower than -20%, it would be necessary to write-down goodwill by 3.5 - 2.8 - 2.0 - 1.0 million euro when «g» equals 0% - 0.67% - 1.34% - 2.01% respectively. With reference to the other CGUs no goodwill write-down would be necessary for all scenarios. The abovementioned sensitivity analysis was performed as required by IAS 36 solely for purposes of information and the directors do not believe further write-downs will be necessary since the cash flow forecasts and basic assumptions used in the impairment test are considered reasonably representative of ‘unique scenarios’ where a certain symmetry between ‘best’ and ‘worst’ scenarios can be expected.

3) <u>Intangible assets</u>

Intangible assets amount to 664 thousand euro as at 31 December 2015 (versus the 1.0 million euro as at 31 December 2014). The following table highlights the changes occurred during the year:

(euro/000)	Cost and expansion	Industrial and other patent rights	Licences, concessions, brand names and similar rights	Assets under construction and advances	Other intangible assets	Total
Historical cost	3	8,158	29	37	42	**8,269**
Accumulated depreciation	(1)	(7,220)	(10)	-	(17)	**(7,248)**
Balance at 31 December 2014	**2**	**937**	**20**	**37**	**25**	**1,021**
Historical cost increase	-	447	-	-	-	**447**
Historical cost decrease	-	(333)	-	-	(85)	**(418)**
Historical cost reclassification	-	47	(10)	(37)	-	**-**
Increase in accumulated depreciation	(2)	(497)	-	-	(7)	**(506)**
Decrease in accumulated depreciation	-	53	-	-	67	**120**
Total changes	**(2)**	**(283)**	**(10)**	**(37)**	**(25)**	**(358)**
Historical cost	3	8,318	19	-	(43)	**8,297**
Accumulated depreciation	(3)	(7,664)	(10)	-	43	**(7,634)**
Balance at 31 December 2015	**-**	**654**	**10**	**-**	**-**	**664**

The item ‘Industrial and other patent rights’ includes the costs sustained for the long-term renewal and upgrade of IT operating system (software). Decreases refer to item ‘Industrial and other patent rights’ too, specifically to software disposal.

6) Deferred income tax assets

(euro/000)	31/12/2015	31/12/2014	Var.
Deferred income tax assets	8,347	9,932	(1,585)

The balance of this item is represented by prepaid tax assets due to tax losses carried forward and by taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes which the Group expects to recover in future operating years when taxable earnings will be accounted.

The recoverability is supported by the estimated net incomes based on the forecasted plans approved by the Board of Directors as at 21 March 2016.
The decrease in value during 2013 is mainly due to the variation of the ‘Tax losses carried forward’ figure. The above mentioned tax losses refer to the Spanish subsidiary and will expire in fourteen years.

The following table shows the composition of the abovementioned item:

(euro/000)	31/12/2015			31/12/2014		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax:						
Tax losses carried forward	20,276	25%-21%	5,054	22,747	30%-28%-25%	5,735
Tax losses carried forward	492	27.50%	135	723	27.50%	199
Tax losses carried forward	126	22%-16,5%	23	32	22.00%	7
Derivative instruments	133	27.50%	37	179	27.50%	49
Exceeding amortisation	102	27.50%	28	690	27.50%	190
Exceeding amortisation	217	3.90%	8	538	3.90%	21
Exceeding amortisation	368	24.00%	88		27.50%	-
Bad debt provision	3,632	24.00%	872		3.90%	-
Bad debt provision	19	25.00%	5	6,400	27.50%	1,760
Bad debt provision	1,235	27.50%	340	45	28.00%	13
Inventory obsolescence provision	636	27.50%	175	2,536	27.50%	697
Inventory obsolescence provision	2,230	3.90%	87	2,536	3.90%	99
Inventory obsolescence provision	1,595	24.00%	383			
Change in inventory	410	31.40%	129	265	31.40%	83
Ammortization costs	60	30.00%	18	171	30.00%	51
Director's fees not paid	1,140	24%-25%-27,5%	300	1,260	27.50%	347
Foreign exchange estimate	242	27.50%	67	261	27.50%	72
Agent suppl. indemnity provision	40	27.50%	11	797	27.50%	219
Agent suppl. indemnity provision	790	3.90%	31			
Agent suppl. indemnity provision	750	24.00%	180	797	3.90%	31
Provisions for risks	395	27.50%	109	416	27.50%	114
Provisions for risks	301	3.90%	12	318	3.90%	12
Provisions for risks	106	25.00%	27	179	28.00%	50
TFR' - actuarial gain/loss	538	27.50%	148	614	27.50%	169
Option purchase on Celly % residual amount	343	24.00%	82	-	24.00%	-
Other	-	31.40%	-	44	31.40%	14
Deferred income tax assets			**8,347**			**9,932**

The time-related allocation of this item is as follows:

(euro/000)		Within 1 year	1-5 year	Over 5 years	Total
Deferred income tax assets	31/12/2015	2,533	5,649	165	8,347
	31/12/2014	3,458	3,637	2,837	9,932

9) Receivables and other non-current assets

(euro/000)	31/12/2015	31/12/2014	Var.
Guarantee deposits receivables	4,649	1,522	3,127
Trade receivables	2,696	3,085	(389)
Other receivables	-	21	(21)
Receivables and other non-current assets	**7,345**	**4,628**	**2,717**

The trade receivables refer to the portion of credit toward the customer 'Revenue Guard Corps' (so called Guardia di Finanza – GdF) which expiring date is after one year and arose from a delivery of goods from Esprinet S.p.A. toward the GdF in 2011.
This receivables consists of a yearly payments plan until January 2022 against which the Holding Company obtained a loan from Intesa Sanpaolo in 2013 whose instalments would be paid directly by the customer. Since

the counterparties of the two transactions are different it was deemed necessary to maintain the receivables from the customer and the payables to the financial entity separately booked until full repayment of the loan. The variation compared to 31 December 2014 is due to the allocation in the current receivables of the portion expiring within next fiscal year.

Guarantee deposit receivables refer for 3.0 million euro to the deposit with the purchaser under the securitisation transaction conducted by the parent Company aiming to ensure coverage of potential dilutions under this exercise or in the months following the transaction closing with effect in June 2018 at latest.

Current assets

10) Inventory

(euro/000)	31/12/2015	31/12/2014	Var.
Finished products and goods	308,011	256,301	51,710
Provision for obsolescence	(2,556)	(2,813)	257
Inventory	**305,455**	**253,488**	**51,967**

Inventory totalling 305.5 million euro showed an increase of +21% in line with the increased turnover in the period (+18%).

The 2.6 million euro allocated to Provision for obsolescence is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock. The movement in the provision during the period was as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Provision for absolescence: year-beginning	**2,813**	**1,654**	**1,159**
Uses	(934)	(235)	(699)
Accruals	677	659	18
Subtotal	**(257)**	**424**	**(681)**
Acquisition in business combination	-	829	(829)
Reclass. in disposal group	-	(94)	94
Total Variation	**(257)**	**1,159**	**(1,416)**
Provision for absolescence: period-end	**2,556**	**2,813**	**(257)**

11) Trade receivables

(euro/000)	31/12/2015	31/12/2014	Var.
Trade receivables - gross	257,258	283,414	(26,156)
Bad debt provision	(5,765)	(7,431)	1,666
Trade receivables - net	**251,493**	**275,983**	**(24,490)**

Trade receivables arise from normal sales dealings engaged in by the Group in the context of ordinary marketing activities.
These transactions are entered into almost entirely with customers resident in the two countries where the Group is present, are almost fully in euro and are short-term.

The decrease in the item trade receivables-gross (-9%) was also caused by the increase in without recourse assignments and securitisations in 2015 compared to last year (i.e. equal to approx. 287 million euro at the end of 2015 compared to 193 million euro in 2014).

Adjustments to the presumed net realisable value of receivables collected is effected through bad debt provision which incidence on receivables-gross is substantially stable (further information can be found under 'Disclosure on risks and financial instruments'). The movement in this provision during the period was as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Bad debt provision: year-beginning	**7,431**	**7,443**	**(12)**
Uses	(2,141)	(1,476)	(665)
Accruals	475	1,082	(607)
Subtotal	**(1,666)**	**(394)**	**(1,272)**
Business combination acquisition	-	562	(562)
Reclassification in disposal group liabilities	-	(180)	180
Total variation	**(1,666)**	**(12)**	**(1,654)**
Bad debt provision: period-end	**5,765**	**7,431**	**(1,666)**

The Trade receivables balance includes 6.3 million euro of receivables transferred to factoring firms under the 'with-recourse' factoring agreement for which the Group maintains credit risk.

12) Income tax assets

(euro/000)	31/12/2015	31/12/2014	Var.
Income tax assets	3,490	1,774	1,716

The Income tax assets mainly refer to the repayment claim of IRES tax paid by the companies of the Group that opted for the 'National consolidated tax regime' as a result of the non-deduction of the IRAP tax on personnel costs in fiscal years 2004-2007 and 2007-2011 (1.3 million euro) as well as to the tax losses of the subsidiary Celly S.p.A., that joined the Group consolidated tax regime this year (1.2 million euro).

13) Other assets

(euro/000)	31/12/2015	31/12/2014	Var.
Receivables from associates companies (A)	**164**	**569**	**(405)**
VAT receivables	1,470	808	662
Other tax assets	34	15	19
Other receivables from Tax authorities (B)	**1,504**	**823**	**681**
Receivables from factoring companies	2,714	690	2,024
Customer financial receivables	507	506	1
Receivables from insurance companies	1,863	1,834	29
Receivables from suppliers	7,471	3,390	4,081
Receivables from employees	150	9	141
Receivables from others	173	137	36
Other receivables (C)	**12,878**	**6,566**	**6,312**
Prepayments (D)	**2,963**	**1,856**	**1,107**
Other assets (E= A+B+C+D)	**17,509**	**9,814**	**7,695**

Vat receivables sharply increase compared to last year value. This amount refers to the Group reimbursement claims which are not allowed to be offset against operating tax liabilities.

Receivables from factoring companies, mainly referred to the parent company, are those still unpaid by 31 December 2015 owed to Group companies as a result of 'without recourse' factoring operations effected in the last part of the year. At the time this report was drafted, the receivables become due had been almost entirely paid.
The increase versus previous year is due to the difference between the intensity of the use of the service and the duration of the transferred receivables remaining.

Customer financial receivables refer to the short portion of receivables collectable within the subsequent year that arose from a delivery of goods in 2011 from Esprinet S.p.A. to the customer 'Guardia di finanza - GdF'. For further information please refer also to paragraph 'Receivables and other non-current assets'.

Receivables from insurance companies include the insurance compensation – after deductibles – recognized by the insurance companies for claims of various kinds not yet paid but which are reasonably expected to be collected within the end of next year.

Receivables from suppliers refer to credit notes received exceeding the amount owed at year-end, to advance payments demanded by suppliers before purchase orders are executed and to receivables from hauliers for advance VAT payments and customs duties pertaining to imports.

Prepayments are costs whose accrual date is deferred compared with that of the cash movement (mainly maintenance fees, insurance premiums, payables for leasing contracts, undrawn credit facility fees).

17) Cash and cash equivalents

(euro/000)	31/12/2015	31/12/2014	Var.
Bank and postal deposit	280,076	225,131	54,945
Cash	11	43	(32)
Cheques	2	-	2
Total cash and cash equivalents	**280,089**	**225,174**	**54,915**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. Of a partly temporary nature, the level of liquidity (originated in the normal short-term financial cycle of collections) dramatically fluctuates not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month. The market value of the cash and cash equivalents corresponds to their carrying amount.

Net equity

(euro/000)	31/12/2015	31/12/2014	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	263,771	250,853	12,918
Own shares (C)	(5,145)	(13,070)	7,925
Total reserves (D=B+C)	**258,626**	**237,783**	**20,843**
Net income for the year (E)	**30,321**	**27,035**	**3,286**
Net equity (F=A+D+E)	**296,808**	**272,679**	**24,129**
Non-controlling interests (G)	797	2,193	(1,395)
Total equity (H=F+G)	**297,605**	**274,872**	**22,734**

Items composing consolidated shareholders' equity are explained in the following notes:

19) Share capital

The Esprinet S.p.A. Share capital, fully subscribed and paid-in as at 31 December 2015, is 7,860,651 euro and comprises 52,404,340 shares with a face value of 0.15 euro each.

The main information items used in reporting the value of the rights for the free assignment of the shares can be found in the 'Directors' Report on Operations'.
The value of these rights was reported in the separate income statement under costs relating to salaried staff and under those relating to Directors, with a balancing item reported in the statement of financial position under the item 'Reserves'.

20) Reserves

Reserves and profit carried over

This item increased by 13.0 million euro mainly as a consequence of 20.6 million euro allocation of profit from previous years net of dividends payment of 6.4 million euro (0.125 euro per share) occurred during the year.

Own shares on hand

The amount of 'own shares on hand' refers to the total purchase price of No. 646.889 Esprinet S.p.A. shares owned by the Company. The variation occurred refers to the 1,150,000 shares granted in May 2015 as per the 2012-2014 'Share Incentive Plan' approved on 9 May 2012 by Esprinet Shareholders' Meeting, as well as to the 615,489 shares purchased pursuant to the resolution of Esprinet Shareholders' Meeting dated 30 April 2015.

21) Net income

The year's consolidated profits amount to 30.3 million euro, increased compared to the previous year's 27.0 million euro.

Non-current liabilities

22) Borrowings

(euro/000)	31/12/2015	31/12/2014	Var.
Borrow ings	65,138	68,419	(3,281)

The borrowings value refers to the valuation at the amortized cost of the portion of the medium-long term loans granted by the Group companies falling due beyond next year.
As detailed under the paragraph 'Net financial indebtedness and financial liabilities analysis', the most significant loan, whose nominal value equals to 48.8 million euro, is representing by the non-current portion of the 5year 'Term Loan Facility' of 65.0 million euro in nominal value signed in July 2014 by Esprinet S.p.A..

Borrowings also include a 10.0 million euro bullet loan granted in July 2015, falling due in July 2019, that relates to the securitisation of trade receivables undertaken by Esprinet S.p.A. and V-Valley S.r.l..

Both the abovementioned borrowing are subject to the observance of 3 covenants, which details can be found under next paragraph 'Loans and loan covenants'.

The residual value, equal to 2.7 million euro, refers to the portion not past due of the loan granted in 2014 by the Parent Company, from a delivery of goods to the customer 'Revenue Guard Corps' (so called Guardia di Finanza – GdF), which led to the booking of an identical long-term receivable from GdF, as described under paragraph 9 'Receivables and other non-current assets'.

23) Derivative financial liabilities (non-current)

(euro/000)	31/12/2015	31/12/2014	Var.
Derivative financial liabilities	224	128	96

The amount refers to the ‘fair value’ of ‘IRS-Interest Rate Swap’ contracts entered in December 2014 to entirely hedge the risk of interest rate fluctuations on the ‘Term Loan Facility’ signed in July 2014 with a pool of banks for 65.0 million euro.
The variation compared to 31 December 2014 is due to the interest rate decrease only partially offset by the notional decrease following the allocation of the portion expiring within next fiscal year to the current payables. For further details regarding the operation please refer to the section headed ‘Disclosures on risks and financial instruments’.

24) Deferred income tax liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Deferred income tax liabilities	4,757	4,795	(38)

The balance of this item depends on higher taxes that the Group has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

As shown in the following table, these differences mainly arise from the elimination of the tax amortisation of goodwill.

(euro/000)	31/12/2015			31/12/2014		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Deferred income tax liabilities						
Goodwills' amortisation	7,731	24.00%	1,855	7,382	27.50%	2,030
Goodwills' amortisation	7,731	3.90%	302	7,382	3.90%	288
Goodwills' amortisation	8,602	25.00%	2,151	7,966	25.00%	1,992
TFR' variation	135	27.50%	37	166	27.50%	46
Foreign exchange estimate	224	27.50%	62	101	27.50%	28
Change in inventory	760	27.50%	209	894	27.50%	246
Change in inventory	760	3.90%	30	894	3.90%	35
Change in inventory	302	25.00%	76	232	30.00%	70
Leasing quotas	57	31,4%-25%	15	163	28%-25%	44
Gain on year 2015	90	27,5%-24%	22			
Other		20.00%	-	91	20.00%	18
Total deferred income tax liabilities			**4,757**			**4,795**

The time-related allocation of deferred income tax liabilities is as follows:

(euro/000)		Within 1 year	1-5 years	Over 5 years	Total
Deferred income tax liabilities	31/12/2015	424	26	4,307	4,757
	31/12/2014	471	14	4,310	4,795

25) Retirement benefit obligations

‘Retirement benefit obligations’ reflects the ‘TFR’ provision and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

The provisions totally belong to Italian companies, since a similar system does not exist in Spain..

Please note that from 1 January 2007 important modifications governing the Staff Severance Fund, among which the possibility for the worker to choose the destination of the accruing Staff Severance Fund, were introduced.
In particular, the new Staff Severance Fund flows can be channelled by the worker into a selected pension fund or kept in the company (in this case the Staff Severance Fund contributions will be paid into a treasury fund instituted at the INPS).

Changes occurred during the year are shown in the tables below:

(euro/000)	31/12/2015	31/12/2014	Var.
Balance at year-beginning	**4,569**	**4,707**	**(138)**
Acquisition from business combinations	-	413	(413)
Reclassification to disposal group	-	(750)	750
Service cost	156	95	61
Interest cost	65	125	(60)
Actuarial (gain)/loss	(275)	578	(853)
Effect of tax rate change on reversal	-	(66)	66
Provision for new hirings	-	-	-
Pensions paid	(471)	(533)	62
Changes	**(525)**	**199**	**(724)**
Balance at year-end	**4,044**	**4,569**	**(525)**

Values recognised in the separate income statement are as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Amounts booked under personnel costs	156	95	61
Amounts booked under financial costs	65	125	(60)
Total	**221**	**220**	**1**

Please note that the item ‘service costs’ no longer includes any costs since the Company, which has more than 50 employees, transfers the staff severance indemnity quotas to third parties.
The decrease of ‘retirement benefit obligations’ is mainly due to actuarial losses occurred as well as to pensions paid in the year. The decrease in the 'actuarial gains/losses' figure compared to last year is mainly due to the significant increase in the discount rate used in the 2015 actuarial calculation. Please note that the abovementioned discount rate reflects the market returns, at the financial statement date of a panel of primary company bonds with a maturity date connected with the employee average residual permanence in Esprinet (more than 10 years)[9]

The method known as ‘Project Unit Credit Cost’ used to assess the Staff Severance Indemnity (TFR) as per the IAS 19 accounting standard is based on the following assumptions:

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;

[9] In particolare, si precisa che come parametro di riferimento viene utilizzato l’indice iBoxx Eurozone Corporates AA10+.

- probability of terminating employment for reasons other than death: 6% annual frequency has been considered based on available statistics;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/2015	31/12/2014
Cost of living increase	1.8%	1.8%
Discounting rate [2]	2.0%	1.5%
Remuneration increase	3% [1]	3% [1]
Staff severance indemnity (TFR) - annual rate increase	2.8%	2.8%

[1] The assumption relating to a remuneration increase refers solely to Celly S.p.A..
[2] iBoxx Eurozone Corporates AA10+ index has been used for the calculation.

Sensitivity analyses

Pursuant to IAS 19R, a sensitivity analysis of changes in main actuarial hypothesis used in the calculation model is required.
As basic scenario the one above described was assumed and from that the most significant hypotheses (i.e. annual average discount rate, average cost of living increase and turn-over rate) were increased and decreased by half, a quarter and two percentage points respectively. The outputs so obtained are summarized as follows:

(euro)		Sensitivity analysis Esprinet Group
Past Service Liability		
Annual discount rate	*+0,50%*	3,869,620
	-0.50%	4,232,038
Annual inflation rate	*+0,25%*	4,096,571
	-0.25%	3,992,116
Annual turnover rate	*+2,00%*	4,012,716
	-2.00%	4,081,896

As required by IAS 19 Revised, the estimated expected payments (in nominal value) for the next years are as follows:

(Euro)	Future Cash Flow
Year	***Esprinet Group***
0 - 2	313,205
1 - 2	299,342
2 - 3	318,404
3 - 4	291,369
4 - 5	255,396
5 - 6	276,678
6 - 7	294,432
7 - 8	229,225
8 - 9	249,743
9 - 10	243,574
Over 10	3,916,125

49) Debts for investments in subsidiaries

(euro/000)	31/12/2015	31/12/2014	Var.
Debts for investments in subsidiaries	5,222	9,758	(4,536)

Debts for investments in subsidiaries refer to the discounted fair value of the forecast potential consideration relating to the acquisition of the residual 20% of Celly S.p.A. as a consequence of the mutually granted put/call options (in October 2015) between Esprinet S.p.A. and the Celly S.p.A. minority shareholder on the same shares.

On 31 December 2014 the abovementioned debt referred to the potential acquisition of 40% in Celly shares. The change is almost entirely due to the option elimination following the disposal of the 20% share in the company executed by the Celly minority shareholder to Esprinet S.p.A. on 20 July 2015 in an independent transaction from the abovesaid options.

The abovementioned debt for investment in subsidiaries, falling due between the 5th and the 7th year subsequent to the Celly Group acquisition date of 12 May 2014, was calculated based on the management expectation referring to Celly's economic valuation as at the potential exercise date and discounted using the 5-year IRS rate prevailing at 31 December 2015.

26) Non-current provisions and other liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Long-term liabilities for cash incentives	31	-	31
Provisions for pensions and similar obligations	1,904	1,433	471
Other provisions	560	1,301	(741)
Non-current provisions and other liabilities	**2,495**	**2,734**	**(239)**

The item Long-term liabilities for cash incentives refers to the cash incentives maturing by the beneficiaries of the 'Long-term Incentive Plan' in the subsidiary Esprinet Iberica having the same features as the Italian plan, payable in May 2018 subject to achievement of Group profit targets for the 2015-2017 period and subject to the beneficiary being still employed by the Group at the date the Consolidated Financial Statements of Esprinet Group as at 31 December 2017 will be presented.

The item Provisions for pensions and similar obligations includes the supplementary customer indemnity provision payable to agents based on current regulations disciplining the subject. Movements in the period are as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Provisions for pensions: year-beginning	**1,433**	**1,304**	**129**
Uses	(99)	(55)	(44)
Accruals	570	194	376
Subtotal	**471**	**139**	**332**
Business combination acquisition	-	187	(187)
Reclassification in disposal group liabilities	-	(197)	197
Total variation	**471**	**129**	**342**
Provisions for pensions: period-end	**1,904**	**1,433**	**471**

The amount, entered under Other Provisions, is intended as cover for risks linked with current legal and tax-related disputes. As at 31 December 2014 this amount contained provisions also referred to events related to the extraordinary transactions occurred in the year. Changes occurred in the period are as below:

(euro/000)	31/12/2015	31/12/2014	Var.
Other provisions: year-beginning	**1,301**	**605**	**696**
Uses	(892)	(87)	(805)
Accruals	151	591	(440)
Subtotal	**(741)**	**504**	**(1,245)**
Business combination acquisition	-	250	(250)
Reclassification in disposal group liabilities	-	(58)	58
Total variation	**(741)**	**696**	**(1,437)**
Other provisions: period-end	**560**	**1,301**	**(741)**

Changes in this item during the year are as follows:

Development of disputes involving Esprinet S.p.A. and the Group In 2015 the following developments occurred in relation to the main disputes involving the Group, for which the Company has conducted the pertinent risk assessments and, where deemed appropriate, recognized the ensuing allocations to the provision for risks. The following list summarises the development of the main current legal disputes.

Esprinet S.p.A. direct taxes for the year 2002

In the tax dispute for tax period 2002 relating to VAT, IRPEG and IRAP, in connection with which Esprinet S.p.A. obtained favourable judgments in both the first and second instance, against the assessment notice issued in late 2007, and please note that, with reference to the appeal lodged by the Italian Revenue Office with the Italy's Supreme Court of Appeal on 19 July 2011, there are no developments.
Considering the explanations of the two instances of the judgement already completed, as well as the degree of likelihood of a favourable outcome for Esprinet S.p.A also before the Supreme Court of Appeal, no allocations have been accounted for this dispute with the support of the tax advisors opinion.

Actebis Computer S.p.A. (now Esprinet S.p.A.) - Indirect taxes for the year 2005

In the tax disputes involving Actebis Computer S.p.A. relating to periods prior to the acquisition of the company (subsequently merged into Esprinet S.p.A.), as also disclosed in the financial statements for the previous year, all outstanding litigation has been put to rest, with the exception of that pertaining to the year 2005, for which Esprinet, on indication from the seller of Actebis, after the attempted assessment by adhesion failed, proceeded to pay the reduced penalties and lodge an appeal before the Provincial Tax Commission. This appeal was rejected on 8 October 2012. Esprinet S.p.A., following seller consultant's advice, presented an appeal which was registered at the Regional Tax Commission on 20 May 2013.
On 23 September 2014 the appeal was rejected and against the judgement the seller consultant's presented an appeal in front of the Court of Appeal.
In the meanwhile Esprinet paid the sums inscribed on the tax roll as per the the Regional Tax Commission decision, after the receipt of funding from the seller.

Esprinet S.p.A. indirect taxes for the year 2010

On 29 December 2015 the Company was served a notice of assessment claiming VAT on taxable transactions entered with a company whose purchases benefited from tax exemption.
The assessment refers to business relations maintained with the above company which was involved in a Carousel Fraud and follows tax checks carried out by the Direzione Regionale Lombardia (Lombardy Regional Revenue Office) - Large Taxpayer Office with questionnaires No. Q00081/2015 and Q00218/2015.
On 26 February 2016 an appeal was filed with the Provincial Tax Commission together with a self-defence pleading.

Monclick S.r.l.. direct taxes for the year 2012

On 7 September 2015 the tax audit carried out by Italian Revenue Office relating to tax period 2012, closed with the notice of a tax audit report. From the tax audit report some breaches arise resulting in disallowance of costs. On 2 November the Company filed its comments. To date the Italian Revenue Office still has not issued any notice of assessment.

Current liabilities

27) Trade payables

(euro/000)	31/12/2015	31/12/2014	Var.
Trade payables - gross	613,304	508,948	104,356
Credit notes to be received	(90,868)	(56,908)	(33,960)
Trade payables	**522,436**	**452,040**	**70,396**

The 'Receivables – credit notes' mainly refer to the rebates related to commercial targets reached, to various incentives, to reimbursement of joint marketing activities with suppliers and to stocks contractual protections. For further information on this item trend and more generally on the Working Capital please refer to paragraph 'Operating net working capital' in the 'Directors' Report on Operations'.

28) Short-term financial liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Bank loans and overdrafts	21,269	9,708	11,561
Other financing payables	8,045	11,106	(3,061)
Short - term financial liabilities	**29,314**	**20,814**	**8,500**

The borrowings value refers for 17.6 million euro to the valuation at the amortized cost of the portion of the medium-long term loans granted (1.3 million euro on 31 December 2014) falling due within 12 months after 31 December 2015 and the rest refers to advances 'with recourse' of trade bills and invoices as well as import loans.

The change compared to 31 December 2014 is due to the transfer of the instalments of the 'Term loan facility' signed in July 2014 falling due within 12 months with a nominal value of 65 million euro from the 'Borrowings' item. This more than offset the decrease in short-term liabilities of the subsidiary Celly S.p.A., which were replaced by a facility granted by the parent Company and the current portion of a medium-long term loan taken in October 2015.

Further details can be found in the following paragraph 8.4 'Net financial indebtedness and financial liabilities analysis'.

Other financing payables are mainly advances obtained from factoring companies and derive from the usual assignment of credits to the Group through with-recourse factoring, and from outstanding payables received in the name and on behalf of clients transferred under the without-recourse factoring agreement. The debt decrease compared to 31 December 2014 is due to lower volumes of with-recourse factoring.

29) Income tax liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Income tax liabilities	751	1,361	(610)

Income tax liabilities, equal to 0.8 million euro, are due to the higher amount of Esprinet Iberica current income taxes referred to 2015 tax year compared to the advances paid. The decrease compared to last year is related to the change from a 'debtor' position to a 'creditor' position of the parent company (including income tax liabilities from the IRES 'national consolidated tax regime').

30) Derivative financial liabilities (current)

(euro/000)	31/12/2015	31/12/2014	Var.
Derivative financial liabilities	195	51	144

The amount refers to the ‘fair value’ of ‘IRS-Interest Rate Swap’ contracts entered in December 2014 to entirely hedge the risk of interest rate fluctuations on the ‘Term Loan Facility’ signed in July 2014 with a pool of banks for 65.0 million euro.
Variation compared to last year figure is due to interest rate decrease that more than counterbalanced the notional reduction.

For further detail regarding the operation please refer to the section headed ‘Disclosures on risks and financial instruments’.

32) Provisions and other liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Social security liabilities (A)	**3,007**	**2,979**	**28**
Associates companies liabilities (B)	**5**	**63**	**(58)**
VAT payables	10,888	14,129	(3,241)
Withholding tax liabilities	249	334	(85)
Other tax liabilities	1,369	1,026	343
Other payables to Tax authorities (C)	**12,506**	**15,489**	**(2,983)**
Payables to personnel	4,109	4,562	(453)
Payables to customers	7,821	2,996	4,825
Payables to others	1,849	1,373	476
Total other creditors (D)	**13,779**	**8,931**	**4,848**
Accrued expenses and deferred income (E)	**337**	**374**	**(37)**
Provisions and other liabilities (F=A+B+C+D+E)	**29,634**	**27,835**	**1,799**

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

Vat payables refer to the VAT matured during December 2015, after advance payments effected. The decrease refers to Esprinet Iberica subsidiary and to the parent Company.

Payables to personnel refer to deferred monthly payables (holidays not taken, year-end bonus, monetary incentives included) accruing at the end of the year.

Payables to customers mainly refer to both accounting movements linked to the trade receivables securitisation transaction and credit notes not yet settled relating to current trading relationships.

Payables to others include payables amounting to 1.3 million euro to Directors relating to 2015 emoluments accrued and unpaid (1.0 million euro in 2014), as well as payables of 0.5 million euro to the Group’s agents’ network relating to commissions due and payable.

Accrued expenses and deferred income are income and/or charges whose accrual date is deferred/anticipated compared to the cash collection/expenditure.

6. Guarantees, commitments and potential risks

Commitments and potential risks

The commitments and risks potentially facing the Group are as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Third-party assets on consignment to the Group	16,874	8,814	8,060
Real securities	-	-	-
Bank guarantees issued in favour of other companies	12,848	19,263	(6,415)
Total guarantees issued	**29,722**	**28,077**	**1,645**

Third-party assets on consignment to the Group

This amount mainly refers to the value of goods owned by third parties deposited at the Esprinet S.p.A. (11.3 million euro) and at the Esprinet Iberica (5.6 million euro) warehouses.

Bank guarantees issued in favour of other companies

The amount mainly refers to bank guarantees issued for deposits in relation to property lease agreements entered into in Italy, and bank suretyships issued to the Public Administration in order to participate in tenders for services or supplies.

7. Notes to income statement items

33) Sales

The following are some breakdowns of sales performance of the Group during the year. Other analysis on sales have been provided in ‘Directors’ report on operations’.

Sales by products and services.

(euro/million)	2015	%	2014	%		% Var.
Product sales	1,989.6	73.9%	1,681.6	73.4%	308.0	*18%*
Services sales	8.4	0.3%	8.0	0.3%	0.4	*5%*
Sales - Subgroup Italy	**1,998.0**	74.2%	**1,689.6**	**73.7%**	**308.4**	***18%***
Product sales	695.2	25.8%	600.8	26.2%	94.4	*16%*
Services sales	0.9	0.0%	0.7	0.0%	0.2	*29%*
Sales - Subgroup Spain	**696.1**	25.8%	**601.5**	**26.3%**	**94.6**	***16%***
Group sales	**2,694.1**	100.0%	**2,291.1**	**100.0%**	**403.0**	***18%***

Sales by geographical segment.

(euro/million)	2015	%	2014	%	Var.	% Var.
Italy	1,973.9	73.3%	1,680.1	73.3%	293.8	17%
Spain	664.1	24.7%	561.7	24.5%	102.4	18%
Other EU countries	45.6	1.7%	43.6	1.9%	2.0	4%
Extra EU countries	10.5	0.4%	5.7	0.2%	4.8	85%
Group sales	**2,694.1**	**100%**	**2,291.1**	**100.0%**	**403.0**	**18%**

Sales in other EU countries mainly refer to sales made by the Spanish and Portuguese subsidiaries to customers residing in Portugal. Sales to extra E.U. countries refer mainly to the sales to clients whose residence is in the Republic of San Marino.

35) Gross profit

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	2,694,054	100.00%	2,291,141	100.00%	402,913	*18%*
Cost of sales	2,537,190	94.18%	2,149,305	93.81%	387,885	*18%*
Gross profit	**156,864**	**5.82%**	**141,836**	**6.19%**	**15,028**	***11%***

The consolidated gross profit totalled 156.9 million euro and showed an increase of +11% (+15.0 million euro) compared to 2014 as a consequence of higher sales only partially counterbalanced by a decrease in gross profit margin.

As is prevalent in the sectors where the Group operates, the cost of sales is adjusted downwards to take into account the premiums, premiums/rebates for having achieved targets, development provisions and co-marketing, cash discounts (so-called ‘prompt payment discounts’) and other incentives. This is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Gross profit is affected by the difference between the amount of trade receivables sold ‘without-recourse’ to factoring companies within the usual revolving programmes and the amounts collected. This is calculated as approx. 4.2 million euro for the 2015 fiscal year (3.5 million euro in 2014).

37-38) Operating costs

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Sales and marketing costs	43,974	1.63%	38,381	1.68%	5,593	*15%*
Overheads and administrative costs	66,391	2.46%	62,369	2.72%	4,022	*6%*
Operating costs	**110,365**	**4.10%**	**100,750**	**4.40%**	**9,615**	***10%***
- of w hich non recurring	657	0.02%	918	0.04%	(261)	*-28%*
'Recurring' operating costs	**109,708**	**4.07%**	**99,832**	**4.36%**	**9,876**	***10%***

In 2015, operating costs, amounting to 110.4 million euro, increased by 9.6 million euro compared to 2014 although with an operating costs margin down from 4.40% in 2014 to 4.10% in 2015.

During 2015, key personnel termination indemnities were displayed as non-recurring costs (657 thousand euro). In the same period of 2014 key personnel termination indemnities in the parent company (equal to 700 thousand euro), as well as estimated transaction costs on Celly’s acquisition (equal to 218 thousand euro) were identified as non-recurring items.

The following table gives a detailed breakdown of the consolidated operating costs and their performance:

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Sales & marketing personnel costs	34,741	*1.29%*	30,982	*1.35%*	3,759	*12%*
Other sales & marketing costs	9,233	*0.34%*	7,399	*0.32%*	1,834	*25%*
Sales & marketing costs	**43,974**	***1.63%***	**38,381**	***1.68%***	**5,593**	***15%***
Administr., IT, HR and general service personnel costs	21,716	*0.81%*	20,833	*0.91%*	883	*4%*
Directors' compensation	4,824	*0.18%*	4,482	*0.20%*	342	*8%*
Consulting services	4,754	*0.18%*	4,008	*0.17%*	746	*19%*
Logistics services	15,104	*0.56%*	13,403	*0.58%*	1,701	*13%*
Amortisation, depreciation and provisions	2,957	*0.11%*	4,211	*0.18%*	(1,254)	*-30%*
Other overheads and administrative costs	17,036	*0.63%*	15,432	*0.67%*	1,604	*10%*
Overheads and administrative costs	**66,391**	***2.46%***	**62,369**	***2.72%***	**4,022**	***6%***
Totale SG&A	**110,365**	***4.10%***	**100,750**	***4.40%***	**9,615**	***10%***

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- agents and other commercial freelance charges;
- management cost for the Cash and Carry shops.

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP area, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of the stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and free-lance personnel (for auditing services, real estate, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of tangible fixed assets, goodwill write-downs, amortisation of intangible fixed assets (assets relating to logistic equipment and plants allocated by function to sales costs excluded) and also provisions for risks and write-downs;
- overheads and administrative costs, among which, leasing of premises, utilities, bank charges and commission, insurance, data connections and telephone costs.

Reclassification by nature of some categories of costs

For the purposes of providing more information, some categories of operating costs allocated by ‘function’ have been reclassified by ‘nature’.

Group personnel cost

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Wages and salaries	33,767	1.25%	31,028	1.35%	2,739	*9%*
Social contributions	10,012	0.37%	9,386	0.41%	626	*7%*
Pension obligations	2,001	0.07%	1,799	0.08%	202	*11%*
Other personnel costs	911	0.03%	745	0.03%	166	*22%*
Employee termination incentives	999	0.04%	791	0.03%	208	*26%*
Share incentive plans	381	0.01%	220	0.01%	161	*73%*
Total labour costs (1)	**48,071**	**1.78%**	**43,969**	**1.92%**	**4,102**	***9%***

(1) Cost of temporary workers excluded.

At 31 December 2015 the labour costs amounted to 48.1 million euro, increasing by +9% (+4.1 million euro) compared to the previous year.
This change is mainly due to the fact that Celly group was included for only 5 months in 2014 (having been acquired on 12 May 2014) and that the staff number increased across other Group companies.

Details of the Group's employees at 31 December 2015, status defined as per contract and company, can be found under section 'Human Resources' in the 'Directors' Report on Operations'.

Share incentive plans

On 30 April 2015 the 'Long Term Incentive Plan' approved on 9 May 2012 came to maturity.
Costs entered in the income statement relating to the above mention plan, with a corresponding entry in the balance sheet under reserves, totalled 73 thousand euro (220 thousand euro in 2014) with respect to employees and 231 thousand euro (693 thousand euro in 2014) with respect to Board members.

On 30 June 2015, free stock grants under the Long Term Incentive Plan approved by the Shareholders' meeting dated 30 April 2015 were allotted.
Esprinet S.p.A. owned only 31.400 of the ordinary shares underlying the abovementioned Plan, with a face value of 0.15 euro each. Therefore it had to acquire the remaining amount relating to the 646,889 rights granted.
Also this plan was booked at 'fair value' as at grant date by adopting the Black-Scholes method, taking into account the expected volatility, the foreseen dividend yield (as per the latest dividend distribution to shareholders) and the level of the risk-free interest rate at that date.
The main information items used in reporting the value of both the stock grant plans are summarized as follows:

	Plan 1	Plan 2
Allocation date	14/05/12	30/06/15
Vesting date	30/04/15	30/04/18
Expiry date	30/06/15	30/06/18
Total number of stock grant	1,150,000	1,150,000
Total number of stock grant allocated	1,150,000	646,889
Total number of stock grant allowed	1,150,000	646,889
Unit fair value (euro)	2.38	6.84
Total fair value (euro)	2,737,897	4,424,721
Risk free interest rate (BTP 3 years)	1.1% (1)	0.7% (2)
Implied volatility (260 days)	47.4% (1)	40.9% (2)
Duration (years)	3	3
Spot price (3)	2.64	7.20
Dividend yield	3.4%	1.7%

(1) Source: Bloomberg, 11 May 2012
(2) Source: Bloomberg, 29 June 2015
(3) Official price of Esprinet S.p.A. shares at assignment date

Costs entered in 2015 relating to the above mention plan, with a corresponding entry in the balance sheet under reserves, totalled 308 thousand euro with respect to employees and 463 thousand euro with respect to Board members.

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	2015	%	2014	%		% Var.
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Depreciation of tangible assets	2,844	0.11%	2,648	0.12%	196	*7%*
Amortisation of intangible assets	493	0.02%	619	0.03%	(126)	*-20%*
Amort . & depreciation	**3,337**	**0.12%**	**3,268**	**0.14%**	**70**	***2%***
Write-downs of fixed assets	-	0.00%	-	0.00%	-	0%
Amort. & depr., write-downs (A)	**3,337**	**0.12%**	**3,268**	**0.14%**	**70**	***2%***
Accruals for risks and charges (B)	722	0.03%	785	0.03%	(63)	*-8%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**4,059**	**0.15%**	**4,053**	**0.18%**	**7**	***0%***

(euro/000)	2015	2014	Var.
Depreciation of tangible assets increasing the accumulated deprec.	2,860	2,713	147
Debited to disposal groups	-	(8)	8
Other recharges	(16)	(12)	(4)
Other increase in accumulated depreciation	-	(45)	45
Depreciation of tangible assets	**2,844**	**2,648**	**196**
Amortisation of intangible assets increasing the accumulated deprec.	506	638	(132)
Debited to disposal groups	-	(6)	6
Other recharges	(14)	(13)	(1)
Amortisation of intangible assets	**493**	**619**	**(127)**

Both depreciations and amortisations of assets contains the adjustments showed in the second table, useful in marching the values to the corresponding tables of asset movements.

Costs relating to operating leasing and future payments pertaining to leasing rentals and operating leasing are detailed in the tables below:

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Lease of buildings	7,925	0.29%	7,969	0.35%	(44)	*-1%*
Lease of cars	902	0.03%	1,061	0.05%	(159)	*-15%*
Lease of equipment	341	0.01%	297	0.01%	44	*15%*
Lease of data connection lines	90	0.00%	90	0.00%	-	*0%*
Cost Housing CED	148	0.01%	149	0.01%	(1)	*-1%*
Leasing operating costs	**9,406**	**0.35%**	**9,566**	**0.42%**	**(160)**	***-2%***

(euro/000)	2016	2017	2018	2019	2020	Over	Total
Lease of buildings	8,241	7,836	7,832	7,666	7,460	10,053	49,088
Lease of cars	1,067	907	681	447	219	-	3,321
Lease of equipment	349	350	308	310	295	-	1,612
Lease of data connection lines	82	67	-	-	-	-	149
Cost Housing CED	148	111	-	-	-	-	259
Leasing operating costs	**9,887**	**9,271**	**8,821**	**8,423**	**7,974**	**10,053**	**54,429**

42) Finance costs – net

(euro/000)	2015	%	2014	%	Var.	*% Var.*
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Interest expenses on borrow ings	1,950	0.07%	953	0.04%	997	*>100%*
Interest expenses to banks	527	0.02%	586	0.03%	(59)	*-10%*
Other interest expenses	21	0.00%	9	0.00%	12	*>100%*
Upfront fees amortisation	410	0.02%	209	0.01%	201	*96%*
Interest on shareholdings acquired	343	0.01%	34	0.00%	309	*>100%*
IAS 19 expenses/losses	66	0.00%	113	0.00%	(47)	*-42%*
IFRS financial lease interest expenses	1	0.00%	-	0.00%	1	*NA*
Total financial expenses (A)	**3,317**	**0.12%**	**1,904**	**0.08%**	**1,413**	***74%***
Interest income from banks	(336)	-0.01%	(799)	-0.03%	463	*-58%*
Interest income from others	(156)	-0.01%	(176)	-0.01%	20	*-11%*
Derivatives ineffectiveness	-	0.00%	(310)	-0.01%	310	*NA*
Total financial income(B)	**(492)**	**-0.02%**	**(1,285)**	**-0.06%**	**793**	***-62%***
Net financial exp. (C=A+B)	**2,825**	**0.10%**	**619**	**0.03%**	**2,206**	***>100%***
Foreign exchange gains	(884)	-0.03%	(269)	-0.01%	(615)	*>100%*
Foreign exchange losses	2,302	0.09%	1,637	0.07%	665	*41%*
Net foreign exch. (profit)/losses (D)	**1,418**	**0.05%**	**1,368**	**0.06%**	**50**	***4%***
Net financial (income)/costs (E=C+D)	**4,243**	**0.16%**	**1,987**	**0.09%**	**2,256**	***>100%***

The negative balance of 4.2 million euro between financial income and charges shows a worsening (+2.3 million euro) compared to the same period of previous year.

This result is mainly due to the net interest to banks (equal to a negative balance of 2.1 million euro), showing a 1.4 million euro increase compared to the same period of last year, as a consequence of the following combined effects:

- an increase in the average financial indebtedness of the Group toward the banking sector due to higher average working capital requirements substantially resulting from the growth in business volume;
- a different mix of financing in favour of more stable and expensive technical forms rather then short-term receivables based financing, aimed at extending indebtedness duration;
- a decrease in interest rates receivable on temporary liquidity deposits.

The increase in items other than interest is mainly due to the to the zeroing in financial income relating to derivative ineffectiveness (0.3 million in the 2014), to the increase in upfront fee amortisation charges (equal to 0.2 million euro) as well as the present value adjustment of the call option on remaining 20% of the subsidiary Celly S.p.A., totalling 0.3 million euro.

45) Income tax expenses

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,694,054**		**2,291,141**		**402,913**	***18%***
Current income taxes	10,702	0.40%	12,092	0.53%	(1,390)	***-11%***
Deferred income taxes	1,504	0.06%	1,321	0.06%	183	***14%***
Taxes	**12,206**	**0.45%**	**13,413**	**0.59%**	**(1,207)**	***-9%***

The following table illustrates the reconciliation between the theoretical and the effective tax rate:

(euro/000)	31/12/2015			31/12/2014		
	Group	Subgroup Italy	Subgroup Iberica	Group	Subgroup Italy	Subgroup Iberica
Profit before taxes [A]	**42,247**	**30,522**	**11,752**	**39,100**	**45,797**	**7,112**
Operating profit (EBIT)	**46,499**	**33,867**	**12,659**	**41,086**	**33,164**	**7,998**
(+) personnel costs [(1)]	-	-	-	19,827	19,827	-
(+) bad debt provision	353	353	-	881	881	-
(+) provision for risks and charges	599	599	-	542	542	-
Taxable amout for IRAP [B]	**47,451**	**34,819**	**-**	**62,336**	**54,414**	**-**
Theoretical taxation IRES Subgroup Italy [A*27,5%]	8,386	8,394	-	8,797	12,594	-
Theoretical taxation IRAP Subgroup Italy [B*3,9%]	1,358	1,358	-	2,122	2,122	-
Theoretical tax. on Subgroup Spain's income [A*28,0%]	3,291	-	3,291	2,134	-	2,134
Total theoretical taxation [C]	**13,035**	**9,751**	**3,291**	**13,052**	**14,716**	**2,134**
Theoretical tax rate [C/A]	***30.9%***	***31.9%***	***28.0%***	***33.4%***	***32.1%***	***30.0%***
(-) tax relief - ACE (Aiuto alla Crescita Economica)	(997)	(997)	-	(571)	(571)	-
(-) recovery taxes previous years	-	-	-	-	-	-
(+) non-deductible taxes	-	-	-	7	-	7
(-) change in tax rate	(65)	-	(65)	686	-	686
(-) reversal of the investment value in the Iberica subsidiary	-	-	-	-	(3,777)	-
Other permanent differences	233	239	(6)	239	242	-
Total effective taxation [D]	**12,206**	**8,993**	**3,220**	**13,413**	**10,610**	**2,827**
Effective tax rate [D/A]	***28.9%***	***29.5%***	***27.4%***	***34.3%***	***23.2%***	***39.7%***

(1) 2014 staff costs were net of the effect of the 'tax wedge' and IRAP (Regional tax on productive activities) deductible costs.

46) Net income and earnings per share

(euro/000)	2015	2014	Var.	% Var.
Profit from continuing operations	**30,041**	**25,687**	**4,354**	***17%***
Net income	**30,041**	**26,813**		
Weighed average no. of shares in circulation: basic	51,704,685	51,222,940		
Weighed average no. of shares in circulation: diluted	51,897,324	52,330,411		
Earnings continuing operation per share - basic	**0.59**	**0.51**	**0.08**	***16%***
Earnings per share in euro: basic	**0.59**	**0.53**	**0.06**	***11%***
Earnings continuing operation per share - diluted	**0.58**	**0.50**	**0.08**	***16%***
Earnings per share in euro: diluted	**0.58**	**0.52**	**0.06**	***12%***

No own shares held in portfolio were used to calculate the 'basic' earnings per share.

The potential shares involved in the stock grant plan approved on 30 April 2015 by the Esprinet S.p.A.

Shareholders' meeting, resulting in the free assignment of 646,889 rights to receive Esprinet S.p.A. ordinary shares, were used in the calculation of the 'diluted' profit per share.

47) Income/(loss) from disposal groups

(euro/000)	2015	2014	Var.	% Var.
Sales	**2,694,054**	**2,291,141**	**402,913**	***18%***
Income/(loss) from disposal group	**-**	**1,126**	**(1,126)**	***-100%***

As at 31 December 2014 this item summed up all the net income of the companies Monclick S.r.l. and Comprel S.r.l. untill they exited the Group as well as the other charges and income referring to their disposal, occurred on 28 February with respect to Monclick and on 23 July 2014 with respect to Comprel.

The table below summarises the abovementioned results, broken down by disposal group, as they are already detailed in the paragraph 'Disposed or disposal groups' in the 'Director's Report on Operations' to which reference is made.

(euro/000)	2015			2014		
	Monclick	Comprel	Total	Monclick	Comprel	Total
Net income from disposal group	-	-	-	14	330	344
Gain/(Loss) realized	-	-	-	2,452	(1,610)	842
Income taxes on gain/(loss) from disposal groups	-	-	-	(4)	(56)	(60)
Income/(loss) from disposal group	**-**	**-**	**-**	**2,462**	**(1,336)**	**1,126**

Realised disposal gains/losses are stated net of selling costs.

8. Other significant information

8.1 Emoluments paid to the board members, statutory auditors and key managers

(euro/000)	Office	Term of office	Emoluments of office (1)	Bonuses and other benefits (2)	Non monetary benefits (4)	Other emoluments (5)	Total
Board of Directors							
Francesco Monti	Chairman	2015/17	400	133	3		536
Maurizio Rota	Deputy Chairman and CEO	2015/17	400	366	4		770
Alessandro Cattani	CEO	2015/17	400	366	4		770
Valerio Casari	Director	2015/17	295	298	4		597
Marco Monti	Chairman	2015/17	29			12	41
Matteo Stefanelli	Director	2015/17	20			27	47
Tommaso Stefanelli	Director	2015/17	20			27	47
Mario Massari	Director (3)	2015/17	29			46	76
Chiara Mauri	Director (3)	2015/17	29			32	61
Cristina Galbusera	Director (3)	2015/17	29			32	61
Emanuela Prandelli	Director (3)	2015/17	20				20
Andrea Cavaliere	Director	2015/17	29			15	44
Giuseppe Calì	Director	2012/14	9				9
Stefania Calì	Director	2012/14	9				9
Umberto Giovanni Quilici	Director (3)	2012/14	9				9
			1,729	**1,163**	**16**	**190**	**3,098**
Board of Statutory Auditors							
Giorgio Razzoli	Chairman	2015/17	80				80
Patrizia Paleologo Oriundi	Standing Statutory Auditor	2015/17	27				27
Bettina Solimando	Standing Statutory Auditor	2015/17	27				27
Emanuele Calcaterra	Standing Statutory Auditor	2012/14	33				33
Mario Conti	Standing Statutory Auditor	2012/14	36				36
			203	**-**	**-**	**-**	**203**
(I) Payments in company preparing financial statements			**1,932**	**1,163**	**16**	**190**	**3,301**
Board of Statutory Auditors							
Emanuele Calcaterra	Standing Statutory Auditor	2014/2016	10				10
Mario Conti	Standing Statutory Auditor	2014/2016	10				10
			20	**-**	**-**	**-**	**20**
(II) Payments from subsidiaries and affiliates			**20**	**-**	**-**	**-**	**20**
(III) Total			**1,952**	**1,163**	**16**	**190**	**3,321**

(1) Solely in the case of the director Casari (CFO), the item also includes Remuneration from subordinate employment.
(2) Includes the share of the monetary component accrued in the exercise for the 'Long Term Incentive Plan', the payment of which are linked to the economic and financial results achievements.
(3) Independent Director.
(4) Company car fringe benefit.
(5) Solely in the case of directors, this item includes payments for membership of Committees.

In the above reported table, we provide information regarding the emoluments of directors, statutory auditors of Esprinet S.p.A. and 'Key Managers', payable to them in respect of the positions held by them in the latter company and in other Group companies during the year.
As defined by accounting principle IAS 24 and quoted by Consob Resolution No. 17221 of 12 March 2010, 'key managers are those persons having authority and responsibility for planning, directing and controlling the activities of the entity preparing the financial statements, including any director (whether executive or otherwise) of that entity'.

The aforementioned compensation includes all paid or payable emolument items (gross of tax and social contribution withholdings) benefits in kind and compensation received as directors or statutory auditors for Group companies.

The table below illustrates the Incentive Plan based on financial instruments other than Stock options, to members of the Board of Directors and other key managers.

Beneficiaries	Options held at 1 January 2015		Options held in 2015	Options assigned (taken up) in 2015	Options held at 31 December 2015		
	Quantity	Average strike price	Quantity	Quantity	Quantity	Average strike price	Average due date
Maurizio Rota	308,036	Free	(308,036)	-	-		from 14/05/2012 to 30/04/2015
Alessandro Cattani	308,036	Free	(308,036)	-	-		
Valerio Casari [(1)]	256,695	Free	(256,695)	-	-		
Maurizio Rota			-	131,578	131,578	Free	from 30/06/2015 to 30/04/2018
Alessandro Cattani			-	131,578	131,578	Free	
Valerio Casari [(1)]			-	120,614	120,614	Free	

(1) Director.

The table below illustrates the long term Monetary Incentive Plans and the bonus portion for the year for members of the Board and other key management personnel (in thousands of euro):

Beneficiaries	Bonus for the year			Bonus from previous year		
	Due for payment/ Paid	Deferred	Period	No longer eligible for payment	Payable/ Paid	Still deferred
Maurizio Rota	18		three-year		148	-
Alessandro Cattani	18		three-year		148	-
Valerio Casari [(1)]	15		three-year		123	-
Francesco Monti		62	2015			-
Maurizio Rota		92	2015			-
Alessandro Cattani		92	2015			-
Valerio Casari [(1)]		74	2015			-
Total	**51**	**320**		**-**	**419**	**-**

(1) Director.

8.2 Relationships with related entities

Next tables summarise balances of the statement of financial position and of the separate income statement deriving from operations with related parties (as defined by IAS 24) except for relationships with members of the key management personnel because shown in the previous paragraph.
Operations between the Esprinet S.p.A. parent company and the subsidiaries included in the consolidation area have been eliminated from the consolidated financial statements and therefore do not figure in this section.

Relationships with ‘other related parties’

Sales regard consumer electronics products sold at normal market conditions, mainly to key managers and close members of their family.

Services received mainly refer to leasing agreements entered into at market conditions in previous years with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site and M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.

(euro/000)	Type	2015 Sales	2015 Costs	2015 Receiv.	2015 Payab.	2014 Sales	2014 Costs	2014 Receiv.	2014 Payab.
Sales									
Infoklix S.p.A.	Sale of goods	-	-	2	-	-	-	2	-
Key managers and family	Sale of goods	18	-	4	-	14	-	2	-
Smart Res S.p.A.	Sale of goods	7							
Subtotal		**25**	**-**	**6**	**-**	**14**	**-**	**4**	**-**
Overheads and administrative costs									
Immobiliare Selene S.r.l.	Lease - premises	-	1,455	-	-	-	1,455	-	-
M.B. Immobiliare S.r.l.	Lease - premises	-	2,135	-	-	-	1,910	-	-
Immobiliare Selene S.r.l.	Overheads	-	7	-	-	-	9	-	-
M.B. Immobiliare S.r.l.	Overheads	-	14	-	-	-	10	-	-
Immobiliare Selene S.r.l.	Guarantee deposits	-	-	718	-	-	-	717	-
M.B. Immobiliare S.r.l.	Guarantee deposits	-	-	567	-	-	-	471	-
Subtotal		**-**	**3,611**	**1,285**	**-**	**-**	**3,384**	**1,188**	**-**
Finance costs-net									
Immobiliare Selene S.r.l.	Interest on guar.deposits	4	-	4	-	7	-	7	-
M.B. Immobiliare S.r.l.	Interest on guar.deposits	3	-	3	-	5	-	5	-
Subtotal		**7**	**-**	**7**	**-**	**12**	**-**	**12**	**-**
Total		**32**	**3,611**	**1,298**	**-**	**26**	**3,384**	**1,204**	**-**

As shown in the previous table, the total value of the aforementioned transactions is not material compared with the total volume of the Group's activities, however.

Relationships with associated companies

The following table details operations occurred with Assocloud S.r.l. and Ascendeo SAS:

(euro/000)	Type	2015 Sales	2015 Costs	2015 Receiv.	2015 Payab.	2014 Sales	2014 Costs	2014 Receiv.	2014 Payab.
Sales									
Assocloud S.rl.	Sales from services	71	-	156	-	508	-	569	-
Assocloud S.rl.	Lease payment	-	91	-	-	-	98	-	2
Assocloud S.rl.	Purchase of goods	-	43	-	209	-	34	-	56
Assocloud S.rl.	Overheads	-	7	-	-	-	-	-	-
Ascendeo SAS	Sale of goods	49	-	6	-	-	20	-	5
Ascendeo SAS	Purchase of goods	-	-	-	1	-	-	-	-
Total		**120**	**141**	**162**	**210**	**508**	**152**	**569**	**63**

8.3 Cash flow analysis

As can be seen in the table below and illustrated in the Consolidated statement of cash flows, the Esprinet Group 2015 posted a 186.1 million euro cash surplus at 31 December, versus the 130.3 million euro cash surplus as at 31 December 2014.

(euro/000)	2015	2014
Net financial debt at start of the year	**(130,284)**	**(141,652)**
Cash flow provided by (used in) operating activities	74,058	3,872
Cash flow provided by (used in) investing activities	(14,695)	638
Cash flow provided by (used in) changes in net equity	(2,013)	(14,926)
Total cash flow	**57,350**	**(10,416)**
Unpaid interests	(1,721)	(952)
Net financial position at end of year	**(185,913)**	**(130,284)**
Short-term financial liabilities	29,314	20,814
Customers financial receivables	(507)	(506)
Current financial (assets)/liabilities for derivatives	195	51
Financial receivables from factoring companies	(2,714)	(690)
Cash and cash equivalents	(280,089)	(225,174)
Net current financial debt	**(253,801)**	**(205,505)**
Borrow ings	65,138	68,419
Debts for investments in subsidiaries	5,222	9,758
Non-current financial (assets)/liab. for derivatives	224	128
Customers financial receivables	(2,696)	(3,085)
Net financial debt at start of the year	**(185,913)**	**(130,284)**

8.4 Net financial indebtedness and financial liabilities analysis

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the net financial indebtedness (or ‘net financial position’ also) is substantially calculated in compliance with the criteria specified in the CESR or Committee of European Securities Regulators recommendation of 10 February 2005: ‘CESR’s recommendations for the consistent implementation of the European Commission’s Regulation on Prospectuses nº 809/2004’ and referred to by Consob itself.

With reference to the same table, it should be underlined that the net financial indebtedness, measured according to the CESR criteria, coincides with the notion of ‘net financial debt’.

(euro/000)	31/12/2015	31/12/2014
A. Bank deposits and cash on hand	280,087	225,174
B. Cheques	2	-
C. Trading securities	-	-
D. Liquidity (A+B+C)	280,089	225,174
Financial assets for derivatives	-	-
Customer financial receivables	*507*	*506*
Financial receivables from factoring companies	*2,714*	*690*
E. Current financial receivables	3,221	1,196
F. Current bank debt	3,686	8,387
G. Current portion of non current debt	17,582	1,321
H. Other current financial debt and financial liability for derivatives	8,241	11,157
I. Current financial debt (F+G+H)	29,509	20,865
J. Net current financial indebtedness (I-E-D)	**(253,801)**	**(205,504)**
K. Non-current bank loans	65,138	68,419
L. Customers financial receivables	(2,696)	(3,085)
M. Other financial debt & non-current financial liabilities for derivatives	5,446	9,886
N. Non-current financial indebtedness (K+L+M)	**67,888**	**75,220**
O. Net financial indebtedness (J+N)	**(185,913)**	**(130,284)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	29,314	20,814
Current financial (assets)/liabilities for derivatives	195	51
Customers financial receivables	(507)	(506)
Financial receivables from factoring companies	(2,714)	(690)
Cash and cash equivalents	(280,089)	(225,174)
Net current financial debt	**(253,801)**	**(205,505)**
Non-current financial (assets)/liabilities for derivatives	224	128
Customers financial receivables	(2,696)	(3,085)
Debts for investments in subsidiaries	5,222	9,758
Borrowings	65,138	68,419
Net financial debt	**(185,913)**	**(130,284)**

The Group net financial debt, showing a surplus of 185.9 million euro, results from the balance between gross financial debt of 94.5 million euro, financial liabilities for derivatives of 0.4 million euro, financial receivables from factoring companies of 2.7 million euro, customers financial receivables of 3.2 million euro, debts from investment in subsidiaries of 5.2 million and cash and cash equivalents of 280.1 million euro.

Cash and cash equivalents, mainly made up of bank deposits, are not tied-up. These funds are of a partially transitory nature, accumulating at the end of the month, due to the Group's peculiar kind of payment/encashment cycle.
A feature of this cycle is the high concentration of funds received from customers and factoring companies – the latter in the form of net income from the non-recourse assignment of trade receivables – normally received at the end of each calendar month, while payments to suppliers, also tending to be concentrated at the end of the period, are usually spread more equally throughout the month. For this reason, the figure resulting at 31 December 2015, or at the end of each month, is not totally representative of the average net financial indebtedness or the average level of cash on hand customarily observable during the same period.

The without-recourse sale of account receivables revolving programme focusing on selected customer segments continued during 2015 both in Italy and in Spain as part of the processes aimed at the structural optimisation of the management of working capital.

In addition, in July 2015 a securitization program of other trade receivables was started in Italy. This program is aimed at transferring risks and rewards to the buyer thus receivables sold are eliminated from balance sheet according to IAS 39. The overall effect on the levels of financial debt as at 31 December 2015 is approx. 287 million euro (approx. 193 million euro as at 31 December 2014).

Details of the current portion of medium-/long-term financial debt and the portion falling due beyond the following year, regarding 'Subgroup Italy' and 'Subgroup Spain', are illustrated below. It has to be noted that amounts can differ from the book value of loan principal since they represent the amortised cost calculated on the basis of the real interest rate.

(euro/000)	31/12/2015			31/12/2014			Var.		
	Curr.	Non - curr.	Tot.	Curr.	Non - curr.	Tot.	Curr.	Non - curr.	Tot.
Pool loan (ag. Banca IMI)	16,047	48,502	64,549	-	64,550	64,550	16,047	(16,048)	(1)
Intesa Sanpaolo (GdF loan)	368	2,636	3,004	350	3,006	3,356	18	(370)	(352)
Unicredit	-	10,000	10,000	-	-	-	-	10,000	10,000
Intesa Sanpaolo	1,000	4,000	5,000	-	-	-	1,000	4,000	5,000
Credem	167	-	167	778	56	834	(611)	(56)	(667)
Unicredit	-	-	-	193	807	1,000	(193)	(807)	(1,000)
Total Subgroup Italy	**17,582**	**65,138**	**82,720**	**1,321**	**68,419**	**69,740**	**16,261**	**(3,281)**	**12,980**
Total Subgroup Iberica	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Group	**17,582**	**65,138**	**82,720**	**1,321**	**68,419**	**69,740**	**16,261**	**(3,281)**	**12,980**

8.5 Loans and loan covenants

The book value of loan principal of the loans granted to the Group is as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Pool loan 'GdF' (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in 9 yearly instalments by January 2022	3,085	3,457	(372)
Unsecured pool loan to Esprinet S.p.A. repayable in 1 six-monthly instalments by July 2019	65,000	65,000	-
Unsecured loan (agent: Unicredit) to Esprinet S.p.A. repayable in 1 six-monthly instalments by July 2019	10,000	-	10,000
Unsecured loan (agent: Intesa Sanpaolo) to Celly S.p.A. repayable in 1 six-monthly instalments by October 2020	5,000	-	5,000
Unsecured pool loan (agent: Credem) to Celly S.p.A. repayable in quarterly instalments by January 2016	167	833	(666)
Unsecured pool loan (agent: Unicredit) to Celly S.p.A. repayable in monthly instalments by June 2019	-	1,000	(1,000)
Total book value of loan principal	**83,252**	**70,290**	**12,962**

The loans granted by Credem and Unicredit were repaid early.

The weighted average rate used during 2015 on the above loans was approx. 2.6% (approx. 2.8% in the previous year).
The loan agreement whose principal has a book value amounting to 65.0 million euro, consisting of a Term Loan Facility entered by Esprinet S.p.A. with a pool of banks, received in August 2014 and expiring within July 2019 and the loan agreement with a principle book value amounting to 10 million euro taken with Unicredit S.p.A. in July 2015 and expiring in July 2019, both are subject to the compliance of 3 covenants, the failure of which allow the issuing institutes to claim their immediate repayment. These covenants, which are subject to 6-monthly checks against the audited consolidated financial statements are listed as follows:

i) ratio between 'extended net financial indebtedness' and EBITDA;
ii) ratio between EBITDA and net financial charges
iii) amount of 'extended net financial indebtedness'

where 'extended net financial indebtedness' is the net financial indebtedness as measured in the previous paragraph Net financial indebtedness and financial liabilities analysis gross of financial receivables and of the impact of prepayments received from factoring companies within the 'without recourse' sale of account receivables programs or from other financial counterparts within account receivables securitisations.

In addition a Revolving Facility, entered into in the same date, and having the same maximum loan principal and maturity as the Term Loan Facility, drawn on average by 41.0 million euro during 2015 between beginning of July and beginning of November but undrawn after the latter date is also subject to the compliance of the above said covenants. Main purpose of the Revolving Facility and of the Term Loan Facility is to support Group's financial needs by maintaining an adequate level of stability and flexibility of the financial structure.

At 31 December 2015, according to management estimates, the covenants were fully observed.

Loan contracts also contain the usual 'negative pledge', 'pari passu' and similar type clauses none of which were breached at the time this report was drafted.

8.6 Lines of credit

Apart from the uses described in the previous paragraphs, the Esprinet Group had a total 995 million euro (956 million ready money) at its disposal in bank credit lines as at 31 December 2015, subdivided as follows:

(euro/000)	Group	Subgroup Italy	Subgroup Spain
Credit unblocking / import financing / credit lines	243,790	181,190	62,600
Medium/long-term borrowings	83,252	83,252	-
Endorsement credit	39,808	39,808	-
Factoring (trasferor) (1)	548,150	406,150	142,000
Bank overdrafts	6,763	6,487	276
Credit cards	675	600	75
Derivatives / forward currency transactions	7,935	7,935	-
Line revolving	65,000	65,000	-
Total	**995,373**	**790,422**	**204,951**

(1) Includes both with-recourse and without-recourse maximums.

The financial situation as at 31 December 2015, excluding the maximums granted by the banks for a without-recourse factoring scheme with a revolving credit facility and endorsement loans, shows that a total 22% (22%[10] in the previous year) of credit lines was used, as can be seen in the table below:

(euro/000)	Uses %	Uses gross	Credit lines
Credit unblocking / import financing / credit lines	1%	3,281	243,790
Medium/long-term borrowings	100%	83,252	83,252
Line revolving	0%	-	65,000
Bank overdrafts	4%	276	6,763
Factoring (trasferor) - with recourse	20%	6,336	31,300
Total Group	**22%**	**93,145**	**430,105**

Maintaining short-term credit lines with contained usage rates and high flexibility of usage is the main liquidity risk management method used by the Group.

[10] As opposed to the figure published last year, data relating to the 'revolving line' and to 'current accounts payable' were also counted in order to ensure comparability with the figures reporting this year.

8.7 Seasonal nature of business

The table below highlights the impact of sales per solar quarter in the years 2015 and 2014:

	2015			2014		
	Group	**Italy**	**Spain**	**Group**	**Italy**	**Spain**
Sales Q1	22.9%	24.2%	19.3%	22.4%	23.3%	19.9%
Sales Q2	23.0%	23.5%	21.6%	22.7%	23.5%	20.8%
Sales H1	**45.9%**	**47.7%**	**40.9%**	**45.1%**	**46.7%**	**40.7%**
Sales Q3	21.1%	20.5%	23.0%	21.9%	21.7%	22.8%
Sales Q4	33.0%	31.8%	36.0%	33.0%	31.6%	36.5%
Sales H2	**54.1%**	**52.3%**	**59.1%**	**54.9%**	**53.3%**	**59.3%**
Sales for the year	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

The IT and electronic markets both in Italy and in Spain are traditionally characterised by seasonal sales which involve an increase in demand in the fourth quarter of the solar year essentially in terms of purchases concentrated in the pre-Christmas and in the so-called ‘back-to-school’ seasons to consumers and by the spending dynamics of budgets dedicated to IT investments which are statistically concentrated around the months of November and December.

The seasonable nature of IT and electronics sales has an influence both on the business volumes of the distribution industry and on the sales volumes of the Esprinet Group.
The winter trend provides a contrast to the drop in demand in the summer months, in August, in particular. As a result of the increasing reluctance to suspend work during the summer months, this last trend also appears to be re-dimensioning, in the business sector in particular.

In addition to the above, operating results are also seasonal, but even more so than those of sales since the absolute profit margin levels track the seasonal nature of sales, while overheads tend to be more regular during the year.
The seasonal nature of sales described above also has an influence on the part of the levels of borrowings that is closely linked to working capital needs, which peak in the last part of each solar year.

The level of net borrowings fluctuates dramatically not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.
For this reason, the figure resulting at the end of the period, or at the end of each month, is not much representative of the average net financial indebtedness customarily observable during the same period.

The circumstances described above give rise to higher financial and commercial risk levels for the Group compared with those whose business is subject to less seasonable fluctuations.

8.8 Non-recurring significant events and operations

During 2015, key personnel termination indemnities of Group companies (for 657 thousand euro) and the impact (92 thousand euro) of the tax rate cuts in Italy, from 27,5% to 24.0% effective from 1 January 2017, and Spain, from 28.0% to 25.0% effective from 1 January 2016, on deferred tax assets and liabilities were displayed as non-recurring costs.

In 2014 employee termination indemnities in the parent company (equal to 700 thousand euro), tax expense in Spain, mainly arising from the impairment of deferred tax assets related to previous losses due to the future cut in Spanish theoretical tax rate (equal to 689 thousand euro), as well as estimated transaction costs on Celly’s acquisition (equal to 218 thousand euro) were identified as non-recurring items.

The following table shows effects of the above said events and operations on the income statement (included the related fiscal effects):

(euro/000)	Charge type	2015	2014	Var.
Overheads and administrative costs	Transaction costs on Celly's acquisition	-	(218)	218
Overheads and administrative costs	Employee termination incentives	(657)	(700)	43
Total SG&A		**(657)**	**(918)**	**261**
Operating income (EBIT)		**(657)**	**(918)**	**261**
Profit before income taxes		**(657)**	**(918)**	**261**
Income tax expenses	Changes in Spanish tax rate on initial losses	92	(689)	781
Income tax expenses	Non-recurring events impact	200	261	(61)
Profit for the period		**(365)**	**(1,346)**	**981**
Non - controlling interest		(27)	-	(27)
Net income / (loss)		(392)	(1,346)	954

8.9 Main disputes pending

Developments in existing legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item 'Non-current provisions and other liabilities' in the 'Notes to the consolidated financial statements'.
Similarly, the 'Directors' Report on Operations' also contains the Group's policies regarding the management of legal and tax-related disputes under 'Main risks and uncertainties facing the Group and Esprinet S.p.A.'.

8.10 Derivatives analysis

Disclosures regarding operations relating to derivative instruments can be found under the chapter 'Disclosures on risks and financial instruments'.

8.11 Compensation for Group auditing services

The following table drafted pursuant to Article 149-duodecies of the Consob Issuing Regulation, shows the emoluments posted during the 2015 financial year on the accrual basis of accounting for auditing services and others performed by the same auditing company and/or bodies belonging to its network:

Description	Provider of service	Fees (euro/000)	
		2015	2014
Auditing services:			
Examination of the annual accounts of one single company, accompanied by professional opinion	Reconta E&Y (1)	231.6	231.0
Examination of the annual consolidated accounts of a group of companies accompanied by professional opinion	Reconta E&Y (1)	22.8	12.8
Quarterly examination of accounts of one single company or group of companies during the year	Reconta E&Y (1)	39.7	39.4
Subtotal		**294.1**	**283.2**
Other services:			
Services other then auditing	E&Y (2)	25.3	35.0
Subtotal		**25.3**	**35.0**
Total		**319.4**	**318.2**

(1) Reconta Ernst & Young S.p.A. – Milan.
(2) Ernst & Young Financial – Business Advisors S.p.A..

9. Publication of the Draft Annual Report

The draft annual report and its publication were approved by the Esprinet Board of Directors during the meeting of 21 March 2016, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 21 March 2016

Of behalf of the Board of Directors
The Chairman
Francesco Monti

Statement on the 'Consolidated financial statements' pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999, as amended

1. In consideration of the provisions of Article 154-bis, subsections 3 and 4, of legislative decree No. 58 of 24 February 1998, the undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby declare that the administrative and accounting procedures used in drawing up the consolidated financial statements relating to the period between 1 January 2015 – 31 December 2015 were:

- appropriate to the features of the Group
- effectively applied.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the consolidated financial statements at 31 December 2015 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internally-accepted reference framework.
No significant aspects emerged.

3. We further declare that:

3.1 the consolidated financial statements as at 31 December 2015:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
b) correspond to the amounts shown in the Companies' accounts, books and records; and
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries as of 31 December 2015.

3.2 The *Directors' Report on Operations* includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks to which they are exposed.

Vimercate, 21 March 2016

Chief Executive Officer
of Esprinet S.p.A.

(Alessandro Cattani)

Executive charged with
drafting the Esprinet S.p.A.
accounting documents

(Pietro Aglianò)

Esprinet S.p.A. Separate Financial Statements 2015

CONTENTS of the Esprinet S.p.A. Financial Statements

ESPRINET S.p.A.: Financial Statements (Separate financial statements[1])

[1] Esprinet S.p.A. separate financial statements, as defined by international accounting principles IFRSs

Statement of financial position

The table below shows the Esprinet S.p.A. statement of financial position drawn up according to IFRS requirements[11]

(euro)	Note	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Property, plant and equipment	1	9,957,735	8,217,435
Goodwill	2	10,625,555	10,625,555
Intangible assets	3	610,288	895,874
Investments in associates	5	8,938	17,818
Investments in others		85,687,874	83,601,657
Deferred income tax assets	6	2,368,467	2,957,044
Derivative financial assets	8	368,706	-
Receivables and other non-current assets	9	7,135,744	4,418,653
		116,763,307	**110,734,036**
Current assets			
Inventory	10	211,620,078	188,012,731
Trade receivables	11	162,617,542	169,562,707
Income tax assets	12	3,295,773	1,311,693
Other assets	13	95,242,977	76,933,312
Cash and cash equivalents	17	205,992,990	177,048,866
		678,769,360	**612,869,309**
Non-current assets held for sale		-	
Total assets		**795,532,667**	**723,603,345**
EQUITY			
Share capital	19	7,860,651	7,860,651
Reserves	20	264,163,686	234,660,790
Net income for the period	21	22,943,215	39,596,642
		294,967,552	**282,118,083**
Total equity		**294,967,552**	**282,118,083**
LIABILITIES			
Non-current liabilities			
Borrowings	22	61,137,828	67,555,675
Derivative financial liabilities	23	224,060	127,792
Deferred income tax liabilities	24	2,247,565	2,383,300
Retirement benefit obligations	25	3,587,236	3,965,002
Provisions and other liabilities	26	1,745,218	1,743,756
		68,941,907	**75,775,525**
Current liabilities			
Trade payables	27	387,748,582	337,101,288
Short-term financial liabilities	28	26,196,705	13,898,276
Income tax liabilities	29	36,118	1,082,253
Derivative financial liabilities	30	195,375	50,655
Provisions and other liabilities	32	17,446,428	13,577,265
		431,623,208	**365,709,737**
Total liabilities		**500,565,115**	**441,485,262**
Total equity and liabilities		**795,532,667**	**723,603,345**

[11] Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. statement of financial position items can be found in the statement of financial position in the next pages and commented on in the *'Notes to the Esprinet S.p.A. financial statements'*.

Separate income statement

The Esprinet S.p.A. separate income statement is set out below. It is drawn up according to IFRS requirements and expenses are classified by 'function'[12]:

(euro)	Note	2015	2014
Sales	**33**	**2,015,160,797**	**1,715,606,801**
Cost of sales		(1,901,464,128)	(1,608,621,112)
Gross profit	**35**	**113,696,669**	**106,985,689**
Sales and marketing costs	**37**	(29,456,817)	(27,329,396)
Overheads and administrative costs	**38**	(49,803,175)	(47,016,739)
Operating income (EBIT)		**34,436,677**	**32,639,554**
Finance costs - net	**42**	(1,988,869)	(819,025)
Other investments expenses/(incomes)	**43**	(19,355)	13,734,217
Profit before income tax		**32,428,453**	**45,554,746**
Income tax expenses	**45**	(9,485,238)	(10,239,993)
Profit from continuing operations		**22,943,215**	**35,314,753**
Income/(loss) from disposal groups	**47**	-	4,281,889
Net income		**22,943,215**	**39,596,642**
- of which attributable to non-controlling interests		-	-
- of which attributable to Group		22,943,215	39,596,642

Statement of comprehensive income

(euro)	2015	2014
Net income	**22,943,215**	**39,596,642**
Other comprehensive income:		
- Changes in 'cash flow hedge' equity reserve	(156,695)	(116,579)
- Taxes on changes in 'cash flow hedge' equity reserve	43,091	29,668
Other comprehensive income not to be reclassified in the separate income statement		
- Changes in 'TFR' equity reserve	199,358	(534,890)
- Taxes on changes in 'TFR' equity reserve	(54,823)	147,095
Other comprehensive income	**30,931**	**(474,706)**
Total comprehensive income	**22,974,146**	**39,121,936**
- of which attributable to Group	22,974,146	39,121,936
- of which attributable to non-controlling interests	-	-

[12] Pursuant to Consob Resolution No. 15519 of 27 July 2006, the effects of relationships with related parties on the Esprinet S.p.A. income statement items can be found in the separate income statement in the next pages and commented on in the *'Notes to the Esprinet S.p.A. financial statements'*

Statement of changes in equity

(euro/000)	Share capital	Reserves	Own shares	Profit for the period	Total net equity
Balance at 31 December 2013	**7,861**	**233,390**	**(13,070)**	**18,470**	**246,651**
Total comprehensive income/(loss)	**-**	**(475)**	**-**	**39,597**	**39,122**
Allocation of last year net income/(loss)	-	13,911	-	(13,911)	**-**
Dividend payment	-	-	-	(4,559)	**(4,559)**
Transactions with owners	-	13,911	-	**(18,470)**	**(4,559)**
Assignment of Esprinet own shares	-	-	-	**-**	**-**
Other changes	-	(8)	-	**-**	**(8)**
Increase/(decrease) in 'stock grant' plan reserve	-	913	-	-	**913**
Balance at 31 December 2014	**7,861**	**247,731**	**(13,070)**	**39,597**	**282,119**
Total comprehensive income/(loss)	**-**	**31**	**-**	**22,943**	**22,974**
Allocation of last year net income/(loss)	-	33,194	-	(33,194)	**-**
Dividend payment	-	-	-	(6,403)	**(6,403)**
Transactions with owners	-	33,194	-	**(39,597)**	**(6,403)**
Changes in 'stock grant' plan reserve	-	(1,662)	-	-	**(1,662)**
Other changes	-	1	-	-	**1**
Assignment of Esprinet own shares	-	(9,985)	7,925	-	**(2,060)**
Balance at 31 December 2015	**7,861**	**269,309**	**(5,145)**	**22,943**	**294,968**

Statement of cash flows [13]

(euro/000)	2015	2014
Cash flow provided by (used in) operating activities (D=A+B+C)	**59,924**	**13,559**
Cash flow generated from operations (A)	**37,940**	**40,032**
Operating income (EBIT)	34,437	32,640
Net income from disposal groups	-	4,342
Depreciation, amortisation and other fixed assets w rite-dow ns	2,708	2,803
Net changes in provisions for risks and charges	1	(176)
Net changes in retirement benefit obligations	(236)	(490)
Stock option/grant costs	1,030	913
Cash flow provided by (used in) changes in working capital (B)	**33,736**	**(13,311)**
Inventory	(23,607)	(27,037)
Trade receivables	6,945	(17,625)
Other current assets	(4,829)	11,505
Trade payables	50,632	25,868
Other current liabilities	4,595	(6,022)
Other cash flow provided by (used in) operating activities (C)	**(11,752)**	**(13,162)**
Interests paid, net	(96)	1,533
Foreign exchange (losses)/gains	(839)	(924)
Gain on Monclick disposal	-	(230)
Comprel w rite - dow n	-	(4,112)
Income taxes paid	(10,817)	(9,429)
Cash flow provided by (used in) investing activities (E)	**(14,203)**	**(1,754)**
Net investments in property, plant and equipment	(3,997)	(1,544)
Net investments in intangible assets	(166)	(799)
Changes in other non current assets and liabilities	(3,147)	(33)
Celly business combination	(1,990)	(7,944)
Esprinet Portugal establishment	(50)	-
Investment increase from 'stock grant' to subsidiaries	(46)	-
Monclick selling	-	3,966
Net assets disposal group - Comprel	-	4,612
Investments in controlled subsidiaries	(10)	(12)
Share buyback	(4,797)	-
Cash flow provided by (used in) financing activities (F)	**(16,776)**	**50,224**
Medium/long term borrow ing	10,000	65,000
Repayment/renegotiation of medium/long-term borrow ings	(373)	(5,504)
Net change in financial liabilities	(4,727)	(7,094)
Borrow ed due w ithin 12 months granted	(15,000)	-
Net change in financial assets and derivative instruments	(205)	2,581
Dividend payments	(6,403)	(4,559)
Increase/(decrease) in 'cash flow edge' equity reserve	(114)	(200)
Increase in 'stock grant' plan reserve to subsidiaries	46	-
Net increase/(decrease) in cash and cash equivalents (G=D+E+F)	**28,945**	**62,029**
Cash and cash equivalents at year-beginning	**177,048**	**115,019**
Net increase/(decrease) in cash and cash equivalents	**28,945**	**62,029**
Cash and cash equivalents at year-end	**205,993**	**177,048**

[13] No effects of relationships with related parties have been considered significant.

Statement of financial position (Pursuant to Consob Resolution No. 15519 of 27 July 2006)

(euro/000)	31/12/2015	related parties	31/12/2014	related parties
ASSETS				
Non-current assets				
Property, plant and equipment	9,958		8,217	
Goodwill	10,626		10,626	
Intangible assets	610		896	
Investments in associates	9		18	
Investments in others	85,688		83,602	
Deferred income tax assets	2,368		2,957	
Derivative financial assets	369		-	
Receivables and other non-current assets	7,135	1,285	4,419	1,188
	116,763	**1,285**	**110,735**	**1,188**
Current assets				
Inventory	211,620		188,013	
Trade receivables	162,618	13	169,563	16
Income tax assets	3,296		1,312	
Other assets	95,243	81,517	76,933	69,110
Cash and cash equivalents	205,993		177,048	
	678,770	**81,530**	**612,869**	**69,126**
Non-current assets held for sale	-			
Total assets	**795,533**	**82,815**	**723,604**	**70,314**
EQUITY				
Share capital	7,861		7,861	
Reserves	264,164		234,661	
Net income for the period	22,943		39,597	
	294,968		**282,119**	
Total equity	**294,968**		**282,119**	
LIABILITIES				
Non-current liabilities				
Borrowings	61,138		67,556	
Derivative financial liabilities	224		128	
Deferred income tax liabilities	2,248		2,383	
Retirement benefit obligations	3,587		3,965	
Provisions and other liabilities	1,745		1,744	
	68,942		**75,776**	
Current liabilities				
Trade payables	387,749		337,101	-
Short-term financial liabilities	26,197		13,898	
Income tax liabilities	36		1,082	
Derivative financial liabilities	195		51	
Provisions and other liabilities	17,446	1,324	13,577	512
	431,623	**1,324**	**365,709**	**512**
Total liabilities	**500,565**	**1,324**	**441,485**	**512**
Total equity and liabilities	**795,533**	**1,324**	**723,604**	**512**

For further details regarding related parties please see the section *'Relationships with related parties'* in the *'Notes to Esprinet S.p.A. financial statements'*.

Separate income statement (Pursuant to Consob Resolution No. 15519 of 27 July 2006)

(euro/000)	2015	non-recurring	related parties*	2014	non-recurring	related parties*
Sales	**2,015,161**	-	43,441	**1,715,607**	-	51,158
Cost of sales	(1,901,464)	-	(1,858)	(1,608,621)	-	(978)
Gross profit	**113,697**	**-**		**106,986**	**-**	
Sales and marketing costs	(29,457)	-	(1,198)	(27,329)	-	(773)
Overheads and administrative costs	(49,803)	(322)	(1,652)	(47,017)	(918)	(1,966)
Operating income (EBIT)	**34,437**	**(322)**		**32,640**	**(918)**	
Finance costs - net	(1,989)	-	766	(819)	-	831
Other investments expenses/(incomes)	(19)	-	-	13,734	13,734	-
Profit before income tax	**32,429**	**(322)**		**45,555**	**12,816**	
Income tax expenses	(9,486)	187	-	(10,240)	261	-
Profit from continuing operations	**22,943**	**(135)**		**35,315**	**13,077**	
Income/(loss) from disposal groups	-	-	-	4,282	-	-
Net income	**22,943**	**(135)**		**39,597**	**13,077**	
- of which attributable to non-controlling interests	-			-		
- of which attributable to Group	22,943	(135)		39,597	13,077	

(*) Emoluments to key managers excluded.

Notes to the Esprinet S.p.A. financial statements

1. General information

Esprinet S.p.A. (or the ‘Company’) distributes IT products (hardware, software and services) pitching itself at a customer base made up of resellers that in turn target both consumer and business users.
It is also the parent company with both direct and indirect shareholdings in companies operating in Italy, Spain and Portugal.

In Italy and in Iberian peninsula, the Group operates solely in the ‘business-to-business’ (B2B) distribution of Information Technology (IT) and consumer electronics.

Esprinet S.p.A. has its registered and administrative offices in Italy at Vimercate (Monza e Brianza). Ordinary shares in Esprinet S.p.A. (ticker: PRT.MI) have been listed in the ‘STAR’ segment (segment of securities with high qualification) of the MTA market of Borsa Italiana S.p.A., the Italian Stock Exchange, since 27 July 2001. The parent company, Esprinet S.p.A. drafted the Esprinet Group consolidated financial statements as at 31 December 2015.

2. Accounting principles and valuation criteria

The principal accounting policies applied in the preparation of these Esprinet S.p.A. financial statements are set out below. Unless otherwise stated, these policies have been consistently applied to all the years presented.

2.1 Accounting principles

The Esprinet S.p.A financial statements (or ‘separate financial statements’ as defined by IFRS) as at 31 December 2015 have been drawn up in compliance with IFRS requirements issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the regulations issued as per art. 9 of D. Lgs. n. 38/2005.
The acronym IFRS stands for the International Financial Reporting Standards (IFRS), which include the recent evolution of the International Accounting Standards (IAS) and all interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements have been drawn up using the historical cost, except for the assessment of some financial instruments, where the fair value criteria is applied, and also the going concern presumption.

2.2 Presentation of financial statements

The presentation formats of the financial position and income and cash-flow statements have the following characteristics:

- statement of financial position: current and non-current assets and current and non-current liabilities are reported separately;
- statement of comprehensive income: income statement and statement of comprehensive income are reported in two different statements;
- separate income statement: costs have been analysed by function;
- statement of cash flows: drawn up as per the indirect method set out in IAS 7.

The choices made in terms of the presentation of the statement of accounts derive from the conviction that these contribute to an improvement in the quality of the information provided.

The figures presented in this document are expressed in thousands of euro, unless otherwise indicated. Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

The figures presented in the separate and comprehensive income statements and in the statement of financial position are expressed in euro, whereas those in the statement of cash flows are expressed in thousands of euro.
Furthermore, in some cases the tables might have some inaccuracies due to the rounding-up to thousands.

2.3 Summary of significant valuation criteria and accounting policies

Non-current assets

Intangible assets and goodwill

Intangible assets are assets that have no identifiable physical nature, that are controlled by the company and that are able to generate future income. They include goodwill, when it is acquired for a consideration.

Intangibles and goodwill deriving from business combinations occurred until the end of 2009 are recorded at purchase cost, including incidentals and necessary costs to make them available for use. For business combinations occurred from 1 January 2010, except some particular cases, goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred compared to the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (any costs directly attributable to the combination, except costs of issuing debt or equity instruments, are expensed).

Intangible assets with a defined useful life are systematically amortized over their useful life, taken as the estimate of the period that the assets shall be used by the Group. In particular the item *'Industrial and other patent rights'* is amortized within three years.
Goodwill and other intangible assets with indefinite useful lives are not amortized on a straight-line basis, but are subject to an annual impairment test.

The Impairment test is described below in the section entitled '*Impairment of non-financial assets*'. The increased carrying amount of an intangible asset with defined or indefinite useful life attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years. This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.
Revaluation of goodwill is not permitted, even in application of specific laws, as it is not reinstated when the reasons for a write-down no longer apply.

Property, plant and equipment

Property, plant and equipment are shown in the financial statements at purchase or production cost, or at their conveyance value, including any directly attributable incidental costs and costs deemed necessary to make them operable.
Ordinary maintenance and repair costs are charged to the income statement for the year in which they are incurred. Extraordinary maintenance costs leading to a significant and tangible increase in the productivity or useful life of an asset are added to the value of the asset concerned and amortised over a period representing its remaining useful life.

Costs for leasehold improvements are entered under their relevant tangible assets category.
Individual components of a facility that have different useful lives are recognized separately, so that each component may be depreciated at a rate consistent with its useful life.

Fixed assets are systematically depreciated every year, in line with depreciation schedules drawn up to reflect the remaining usefulness of the assets concerned. The value reported in the statement of financial position is shown net of accumulated depreciation according to the remaining possible use of the asset.

The depreciation rates, substantially unchanged compared to the previous year, applied for each asset category are detailed as follows:

	Economic - technical rate
Security systems	25%
Generic plants	from 10% to 19%
Conditioning plants	from 13% to 14,3%
Telephone systems and equipment	20%
Communication and telesignal plants	25%
Industrial and commercial equipment	from 7,1% to 14%
Electronic office machines	20%
Furniture and fittings	11%
Other assets	from 10% to 19%

If there are indications of a decline in value, assets are subjected to an impairment test in the manner described below under the section '*Impairment of non-financial assets*'.
When the reasons for a write-down no longer apply, the asset's cost may be reinstated. The increased carrying amount attributable to the reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. This reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case it is treated as a revaluation increase.

Leasing transactions

Assets acquired through financial leases are registered under property, plant and equipment, and are entered at the lower of the market value and the value obtained by time-discounting the rents and redemption price determined at the time the contract is signed.
The liabilities in question are entered under *'Financial liabilities'*.
The leases, in which the lessor substantially maintains the risks and benefits associated with the ownership of assets, are itemised as operating leasing. The earnings (costs) emerging from operating leasing are entered in linear fashion in the income statement during the life of the leasing contract.

Impairment of non-financial assets

IAS 36 requires the testing of property, plant and equipment and intangible assets for impairment when there are indications that impairment has occurred.
In the case of goodwill, other assets with indefinite lives and investments in subsidiaries, associates and other companies, this test must be conducted at least annually.
In the case of goodwill, Esprinet S.p.A. carries out the impairment tests foreseen by IAS 36 in respect of all cash generating units to which goodwill has been allocated.
The recoverability of a carrying amount is tested by comparing it against an asset's fair value, less cost to sell, when there is an active market, or its value in use, whichever is greater.
Value in use is the present value of future cash flows expected to be derived from an asset or a Cash Generation Unit (CGU) and from its disposal at the end of its useful life.
CGUs have been identified within the Company's organizational and business structure as homogeneous groups of assets that generate cash inflows independently through the continued use of the assets included in each group.

With reference to the investments in subsidiaries and in associated companies, in case of dividend distribution, the following should also be considered as 'impairment indicators':

- Investment in subsidiary book value in the financial statement exceeding the consolidated carrying amount of the subsidiary net asset (possible connected goodwill included);

- The dividend exceeding the total comprehensive income of the subsidiary in the period to which the dividends refer.

Investments in subsidiaries and other companies

Investments in subsidiaries, associates and other companies are valued at acquisition or subscription cost. Cost is reduced for long-term losses, where investments have endured losses and are not expected – in the immediate future at least – to realise profits that will be such to absorb the losses incurred; the original value is restored in later years, should the reasons for a given write-down cease to exist.
Positive balances arising at the time of acquisition between the acquisition cost and the quota of net equity of the company invested in and belonging to the company at current values, is therefore included in the value charged to the investment.

Deferred income tax assets

Deferred income tax assets are recorded at face value. They are entered in the books when their recovery is deemed probable. See also the comment under item *'Income taxes'*.

Financial assets

Receivables and financial fixed assets that will be held until their maturity are stated at the cost represented by the fair value of the initial payment given in exchange, increased by the costs of the transaction (e.g. commissions, consultancy fees, etc.).
The initial statement value is subsequently modified to take into account any capital repayments, write-downs and amortization of the difference between the reimbursement value and the initial statement value. The amortization is carried out based on the effective internal rate which is the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial statement (so-called amortized cost method).

Financial assets destined for negotiation and financial assets available for sale are stated at fair value with the effect accounted in the income statement item *'Finance income/(cost)'* and the Shareholders' Equity item *'Other reserves'* respectively.
When the purchase or sale of a financial asset foresees the payment for the transaction and the delivery of the asset within a set number of days, established by the market authorities or by convention (e.g. purchase of shares on regulated markets), the transaction is stated at the payment date.
Financial assets that are sold are eliminated from the assets when the right to receive cash flow is transferred together the risks and benefits associated with the ownership of that asset.
At each reporting date the Company assess whether there is any indication that a financial asset or a group of financial assets may be impaired.

Current assets

Inventory

Stock is taken at the lower of acquisition cost and realisable value, as obtained from market trends, whilst taking into account the features peculiar to the target sector of the Company concerned, which sells mainly IT products and consumer electronics that rapidly become obsolete.
The configuration of cost adopted when valuating stock is based on the FIFO method of accounting.
Purchase cost considers additional expenses as well as any discounts and allowances granted by vendors, in accordance with the sector's standard business practice, in relation to predetermined sales targets being achieved and marketing activities being adequately developed in order to promote the brands being distributed and to develop the sales channels utilised. Cost includes 'price protections' on inventories granted by suppliers on the purchasing prices.
Obsolete and surplus stock and stock characterised by slow turnover is written down to reflect the chances of selling it.

Trade and other receivables

Trade and other receivables are initially stated at 'fair value'.
After first appraisal, receivables are stated at the amortised cost based on the real IRR (Internal Rate of Return), that is, the rate that renders the current value of expected cash flows and the initial statement value identical at the moment of the initial appraisal (so-called amortised cost method).

The amount obtained using the amortised cost method, is then reduced to the realisable amount in the case of loss occurring.
Write-downs are determined by considering the solvency of individual creditors, the insurance coverage and the level of credit risk, based on the available information and accumulated historical experience.

Receivables assigned without recourse can be de-recognized only when they meet the de-recognition requirements of IAS 39.

Income tax assets

Current taxation assets are stated at fair value; they include all those assets that are taxable by the Tax Authorities or that can be financially compensated in the short term. For further information please refer to the heading *'Income taxes'*.

Other current assets

Other current assets are stated at the lesser of the cost and the net realisable value.

Cash and cash equivalents

Cash in hand includes all liquid funds and deposits in bank accounts that are immediately available, as well as other liquidity with a duration of less than three months.
The liquid funds in euro are stated at their face value, while liquid funds in other currencies are stated at the current exchange rate at the end of the year.

Net equity

Own shares

Where existing, own shares are stated at cost and deducted from equity. In the case of any subsequent sale, the difference between the cost of own shares and the selling price is recognized in equity.

Current and non-current liabilities

Financial liabilities

Financial liabilities are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.
Financial liabilities are initially stated at fair value, to which any eventual costs related to the transaction are added. Afterwards, financial liabilities are stated at the amortized cost using the actual interest rate for the discount calculation.
Financial liabilities are removed from the income statement once the obligation specified in the contract has been fulfilled, cancelled or expired. The difference between the book value of the financial liability which is paid off or transferred to another party and the sum paid is reported in the income statement.

The fair value of a financial asset or liability quoted in an active market is defined, at each reporting date, in terms of the quoted market price or of the dealers' price ('bid price' for asset held or liability to be issued, 'asking price' for an asset to be acquired or a liability held), without any deduction for transaction costs. If the market for a financial instrument is not active the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models.

Provisions for risks and charges

Provisions are made when: (i) there is the probable existence of an obligation, be it actual, legal or implicit, due to past events; (ii) it is probable that the fulfilment of the obligation be against payment; (iii) the amount of the obligation can be reasonably ascertained. The provisions are stated at the value that represents the best estimate of the year. Where there is a significant financial effect over time and the payment date of the obligations can be reasonably estimated, the provisions are actualised; the increase in the provisions linked to the passing of time is stated in the separate income statement in the item *'Finance costs'*.

Staff post-employment benefits

Staff post-employment benefits are defined on the basis of plans which even though not yet official are called either ‘fixed contribution’ or ‘defined benefit’ plans, depending on their characteristics.

In the ‘fixed contribution’ plans the obligation of the company, limited to the payment of contributions to the State or entity or a distinct legal authority (fund), is calculated on the basis of the contributions owed.

Until the 2007 Financial Law and relative enforcing decrees came into force, the uncertainty regarding payment times meant that staff severance indemnity (TFR) was likened to a defined benefit plan.
Following the reform, the allocation of accruing staff severance indemnity quotas to the pension fund or to INPS, the Italian Social Security body, caused the transformation of the plan into a fixed contribution plan, where the company’s obligation is exclusively the payment of the contributions either to the fund or to INPS.

Liabilities relating to past staff severance indemnity still represent a defined benefits plan calculated by independent actuaries using an actuarial-type method. During 2013 actuarial profits and losses, deriving from changes to actuarial hypotheses, are reported in an appropriate equity reserve figure as required by the IAS19 R.

Pursuant to IAS 19, the above-mentioned reform has made it necessary to recalculate the value of the past staff severance indemnity provision due to the exclusion of the actuarial hypotheses linked to salary increases and the revision of financial-type hypotheses.
This effect (curtailment) has been reported in the 2007 separate income statement in reduction of personnel costs.

Payables, other debts, other liabilities

Payables, other debts and other liabilities are initially reported at their fair value increased by any costs linked to the transaction. They are later reported in the income statement at their face value, since no time-discounting or separate entry of interest payable is deemed necessary given the foreseen payment times.

Provisions for presumed debt are liabilities paid for goods or services which have been received or supplied but not yet paid and include amounts due to staff or other subjects.
The degree of uncertainty regarding the timing or amount of the allocations for ‘Other debt/liability’ is rather less than that of the provisions.
For further details regarding trade payables please see ‘*Definitions*’ below.

Income statement

Revenues and expenses

Revenues from sales and services are stated at the moment of transfer of the typical risks and advantages of property or at the time the service is performed.
Revenues are recognised at the time of shipment when the risk of loss is transferred to the buyer at that time.
Revenues are stated net of returns, discount, allowances and bonuses, as well as directly related taxation.
Costs are recognised when related to goods and services sold or used in the period or proportionally when their useful future life cannot be determined.
The purchase cost of products is reported net of any discounts granted by vendors for ‘protection’ provided in respect of price-list reductions and product replacements.
Credits arising from any such allowances are recorded by using the accrual method of accounting, based on information from the vendors concerned.
Discounts granted for immediate cash payments of invoices payable upon presentation are used to reduce the cost of the products purchased, since – as is standard practice in the sector in which the Company operates – the commercial component is considered predominant.

Dividends

Dividend payable is stated at the date of approval of the decision by the Assembly.

Stock grants

Labour costs include stock options and/or stock grants awarded to managers in as much as they represent actual remuneration accruing at the closing date of the financial statements.

The cost is calculated in reference to the fair value of the assignment awarded to the employee.
The portion belonging to the period is calculated pro rata temporis over the vesting period.

The fair value of assigned stock grants is measured by the 'Black-Scholes' and is stated in the form of a counterparty in the *'Reserves'*.

Income taxes

Current income taxes are calculated with an estimate of taxable income; the forecast payable is stated in the item '*Current income tax liabilities*' but, if surplus accounts have been paid, the receivable is stated in the item '*Current income tax assets*'.
Tax payables and receivables for current taxation are stated at the value that it is expected to pay to or to recover from the Tax Authorities when applying the rates and current tax law or laws which have been substantially approved at the end of the period.

Deferred and advance income taxes are calculated using the '*liability method*' on the temporary differences between the values of assets and liabilities stated on the statement of financial position and the corresponding values recognised for tax purposes. The statement of assets for advanced taxation is made when their recovery is probable.
Deferred and advance taxation are not stated if they are linked to the initial statement of an asset or liability in a different transaction by a business combination and that does not have an impact on the results and taxable income.
Assets for advanced taxation and liabilities for deferred taxation are stated in the fixed assets and liabilities and are off-set for each single company if they are taxes that can be off-set. If the balance of this off-set is positive, it is stated in the item '*Deferred income tax assets*'; if it is negative, it is stated in the item '*Deferred income tax liabilities*'.

Foreign currency translation, transactions and balances

Functional and presentation currency

Items included in this financial statement are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in euro, which is the Company's functional and presentation currency.

Currency transactions and balances

Foreign currency transactions are entered under functional currency using the exchange rates prevailing at the date of the transactions.
Monetary assets and liabilities in foreign currency are converted into euro by applying the current exchange rate at the end of the period and the effect is stated in the separate income statement.
Non-monetary assets and liabilities in foreign currency valued at cost are stated at the initial exchange rate; when they are valued at fair value or their recoverable or sale value, the current exchange rate is used on the date that the evaluation is made.

Financial derivatives

Derivatives are financial assets and liabilities that are stated at their fair value.
Derivatives are classified as hedging instruments when the relationship between the derivative and the underlying instrument is documented and the effectiveness of the hedge is both high and regularly verified.

When a derivative covers the risk of variation of cash flow of the underlying instrument (cash flow hedge; e.g. to cover the variability of cash flow of assets/liabilities due to changes in interest rates), the variation in the fair value of the derivative is initially stated in the shareholders' equity (and, consequently, in the statement of comprehensive income) and afterwards in the separate income statement in line with the economic effects produced by the covered transaction.
If the hedging instrument expires or is sold, terminated or exercised (replacement excluded), or if the entity revokes the designation of the hedging relationship, the cumulative gain or loss on the hedging instrument recognised directly in equity from the period when the hedge was effective shall remain separately recognised in equity until the forecast transaction occurs.

Variations of fair value derivatives that do not fulfil the requirements necessary to be defined as hedging instruments are stated in the separate income statement.

Other information

Please note that the information required by Consob regarding significant operations and balances with related parties has been entered separately in the statement of accounts solely when significant and can also be found under '*Other significant information'*.

2.4 Critical accounting estimates and definitions

2.4.1 Introduction

The IT and electronic consumables distribution sector presents some significant specific features, as it is to some extent independent of geographic constraints, especially as regards commercial relations with suppliers of products or vendors.

This is particularly evident in the conditions and formation of the so-called back-end profit margin, which results from the difference between the purchase price of the products and the sales price to the final consumer or reseller according to the terms of each supplier (with respect of the distributor's main function which naturally remains that of brokering the flow of products between supplier/producer and reseller/retailer).

Purchase conditions typically provide for a basic discount on end-users'/resellers' price lists and a series of additional conditions that vary from vendor to vendor in terms of function and terminology but which can normally be summarised in the following categories:

- bonuses/rebates for attaining targets ('sell-in', 'sell-out', number of clients, logistic efficiency);
- development funds, co-marketing and other incentives;
- cash discounts (so-called 'prompt payment discounts').

Esprinet S.p.A. further benefits from current agreements with almost all the vendors in the form of specific contractual protections concerning the value of unsold stock, the aim of which is to neutralise the financial risk associated with variations in list prices of products ordered ('price protection') or already present in the distributor's warehouses ('stock protection'), within certain limits.
In the first case, the protection is generally recognised through the invoicing of products ordered and not yet sent at the new price; in the second case, the vendor usually accords a credit equal to the reduction in price of the products.
As for the cash discounts, these are generally recognised following respect of the contractually fixed payment terms and provide an incentive to pay punctually.
These conditions allow for deferred payments in all cases with respect to the issue of the relative invoice or sending of the merchandise.

In line with what happens for the financial discounts offered to some selected groups of customers, which are accounted for as reduced earnings, the cash discounts are accounted for in the form of reduced purchase costs.

It is not possible within the sector to establish mid-norm payment terms policies regarding payment to suppliers as there is a considerable variety of conditions according to supplier.
More in particular, the intervals in deferral of payments set out in the invoices range from a minimum of 7 to a maximum of 120 days, and in only one case is cash payment required.
In some cases, the payment terms set out in the invoice are the object of further agreed deferrals, for each shipment or on the basis of clearly-defined commercial programmes set up by the suppliers.
In the cases in which the above-mentioned deferrals carry an additional charge, the interest rate applied is not explicit, except in rare cases. Further, it often happens that implicit deferral terms – sometimes applied through a reduction in the contractually agreed cash discounts – have no connection with the current financial market rates, thus revealing how the commercial item takes precedence over the strictly financial item compensating for the delay between the date the debt arises and its effective payment.
This element is also suborned by the relatively brief duration, on average, of the deferral period, even when extended, which never, except in rare cases, exceeds 90 days.

2.4.2 Critical Definitions

For the purposes of the drafting of the present statement of accounts, and as a further qualification of the definitions contained in the IFRS, some conventional definitions regarding the nature of the liability entries have been adopted.

Financial debt

'Financial debt' is the term used to describe obligations to pay given amounts on a given date arising from the obtaining of financial liquidity as a loan.
These include the type of transaction set out below, prevalently of a financial character and explicitly remunerated, and, in terms of the identity of the creditor, typically represented by a financial body or institution.

As examples, and regardless of the item's current or non-current character, the following liabilities are considered financial debt:

- payables to banks;
- payables to leasing companies (financial leasing operations);
- payables to factoring companies (without recourse advances).

Not included in the category of financial debt are those liabilities which, although not deferred payment for the purchase of goods or services, nevertheless do not strictly constitute loans.

By contrast, costs deriving from the above-mentioned loans, including interest on current account overdrafts, on short and medium/long-term loans, the amortisation of initial loan operation costs, costs associated with financial leasing and exchange-rate differences, are entered in the books among the financial costs.

Trade payables

The category 'payables to suppliers' includes liabilities arising from the deferred purchase of goods or services. Liabilities representing the deferred payment of goods or services are therefore entered under payables to suppliers at their face value, since no updating and separate itemisation in the income statement in terms of explicit or separate interest due is deemed necessary for considering the expected payment times.

2.4.3 Critical accounting estimates and assumptions

The preparation of the financial statements and the related notes has required the use of estimates and assumptions both in the measurement of certain assets and liabilities and in the valuation of contingent assets and liabilities.
Estimates and assumptions have been made based on historical experience and other factors, including expectations of future events, the manifestation of which are deemed reasonable.
Estimates and assumptions are revised on a regular basis, and the impact of such revision is immediately recognised in the income statement in the period of the change, if the change affects that period only, or in the period of the change and future periods if the change affects both.

The assumptions regarding future performance are characterized by uncertainties. This means that different results - obviously neither estimable nor foreseeable, today – which might even cause significant adjustments to the book values of the relative items, cannot be excluded for the next financial year.

The financial statement items mainly affected by these situations of uncertainty are certain sales revenues, some sales reversals, the provisions for risks and charges, the allowances for doubtful accounts, depreciations and amortisation, employee benefits, income taxes and goodwill.

The critical valuation processes and the estimates and assumptions deemed likely to produce significant effects on the financial situation of the Esprinet S.p.A., should the future events set out not take place in whole or in part, are summarised below.

Goodwill

For purposes of verifying loss of goodwill value entered in the books, the 'value in use' of the Cash Generating Units ('CGUs') to which a goodwill value has been attributed has been calculated.
The CGUs have been identified within the Company's organisational and business structure as homogeneous groups of assets that generate cash inflows independently, through the continued use of the assets included in each group.
The use value has been calculated by the discounting back of expected cash-flows for each CGU as well as of the value expected from its disposal at the end of its useful life.
To this end, the so-called Discounted Cash Flow Model (DCF) has been used, which requires that future financial flows be discounted at a rate adjusted to the specific risks of each single CGU.

‘Fair value’ of derivatives

For purposes of the present statement of accounts it has been necessary to measure the fair value of the IRS - Interest Rate Swap contracts signed in December 2014 in order to hedge the risk of changes in future cash flows of the hedged loans technically defined as ‘amortising - forward start’.

Their conditions fully comply with International Accounting Standard 39 regarding ‘hedge accounting’(formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) and as a consequence, the derivative contracts were subject to the ‘cash flow hedge’ accounting rules. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) has been recognised directly in equity.
Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Stock grant

For the purposes of the present statement of accounts, it has been necessary to include in the books the economic/asset effects associated with the stock grant plans in favour of some managers of Esprinet S.p.A., the operation of which is better illustrated in the paragraphs *‘Share incentive plans’* and *‘Share capital’*.
The cost of these plans has been specifically determined with reference to the fair value of the rights assigned to the single beneficiaries at assignment date.
Bearing in mind the unusual and manifold operating conditions – in part governed by the consolidated financial results of the Group and in part by the permanence of the beneficiary in the Group until the vesting date of the plans – this fair value has been measured using the ‘Black-Scholes’ method, taking expected volatility, presumed dividend yield and the risk-free interest rate into account.

Revenue recognition

For purposes of recognising earnings on sales and services, insufficient information regarding haulers’ actual consignment dates, means that dates are usually estimated by the Group on the basis of historical experience of average delivery times which differ according to the geographical location of the destination.

Credit notes due from vendors

Bearing in mind the unusual practices of the sector regarding the way purchase and sale conditions are defined and, ultimately, the way the trading margin is formed and stated, estimates are usually effected by the Company, especially where the occurrence of events might provoke significant financial effects.
Estimates of the sums of credit notes due from vendors to suppliers as rebates for the achieving of targets and incentives of various kinds, reimbursements for joint marketing activities, contractual stock protection, etc. at the drafting date of this document are referred to in particular.

The Company has developed a series of procedures and checks to minimise possible errors in evaluations and estimates of the credit notes due.
The possibility of differences emerging from between the estimated sums and those actually received in the final statement of financial position cannot be excluded, however.

Depreciation and amortisation of fixed assets

Tangible and intangible assets with a defined useful life are systematically depreciated throughout their useful life. Useful life is defined as the period in which the activities will be used by the Company.
This is estimated on the basis of experience with similar assets, market conditions and other events likely to exercise any influence on the useful life including, just as an example, significant technological changes. As a result, the actual economic life may differ from the estimated useful life.
The validity of the expected useful life in terms of its asset category is regularly checked by the Company.
This revision may result in variations to the periods of depreciation and amortization quotas in future accounting periods.

Bad debt provision

For purposes of calculating the presumed degree of encashment of receivables, the Company makes forecasts concerning the degree of solvency of the other parties, on the basis of available information and historical experience.

The actual value of encashment of receivables may differ from that estimated because of uncertainties regarding the conditions underlying the appraisal of solvency made.
Any extension and/or deterioration of the present economic and financial crisis may cause a further worsening in the financial conditions of the Company's debtors as opposed to that already taken into consideration when estimating the provision entered in the statement of financial position.

Stock obsolescence provision

The Company usually effects forecasts regarding the value of encashment of obsolete, surplus or slow-moving warehouse stocks.
This estimate is mainly based on historical experience and takes into consideration the peculiarities of the respective stock sectors.
The value of encashment of the stocks may differ from that estimated because of the uncertainty affecting the conditions underlying the estimates made.
The present economic and financial crisis may cause a further worsening in market conditions compared with that taken into consideration when estimating the provision entered in the financial statements.

Provision for risks and charges

The Company makes provision for risks and charges on the basis of assumptions referred essentially to sums that might reasonably be paid to meet obligations for payment relating to past events.
The estimate is the result of a complex process including the involvement of legal and tax consultants and which also includes personal opinions on the part of the Company's management.
The sums actually paid to extinguish or transfer the obligations for payment to third parties may also differ significantly from those estimated for purposes of provision.

Benefits to employees

Liabilities arising from benefits to employees subsequent to the employment noted in the statement of accounts are calculated by the application of actuarial methods as per IAS 19.
These methods have required the identification of several employment possibilities and estimates of a demographic (probability of death, disability, leaving the labour market, etc.) and financial nature (technical rate of discounting back, inflation rate, rate of increase in remuneration, rate of increase of severance indemnity).
The validity of the estimates made depends essentially on the stability of the regulations used as a reference point, the progress of market interest rates, the progress of the remuneration dynamics and eliminations, and also on the frequency of access to advances on the part of employees.

Taxes

Current income taxes are calculated on the basis of the estimate of liable earnings, by applying the current fiscal rates pertaining on the date of the drafting of the statement of accounts.
Deferred and advance taxes are determined by the temporary differences arising between the values of the assets and liabilities reported and the corresponding values recognised for tax purposes, using those tax rates considered possible upon encashment of the asset or extinguishment of the liability.
Deferred tax assets are registered when the associated recovery is deemed probable; this probability depends upon the effective existence of taxable results in the future enabling deductible temporary differences to be used.

The future taxable results have been estimated by taking into consideration the budget results and the plans consistent with those used to effect impairment tests. The fact that deferred tax assets refer to temporary tax differences/losses, a significant amount of which may be recovered over a very long time-span, compatible therefore with a situation where overcoming the crisis and economic recovery might extend beyond the time-frame implicit in the aforementioned plans, has also been taken into account.

2.5 Recently issued accounting standards

Information regarding the new approved accounting principles starting from 1 January 2014, as well as the principles applicable starting from 1 January 2015, together with the specifications concerning the approach of the Group towards them and the effects on the Esprinet S.p.A. financial statements can be found in the '*Notes to the consolidated financial statements'.*

2.6 Changes in accounting estimates and reclassifications

Changes in critical accounting estimates

Pursuant to IAS 8, no changes in the critical accounting estimates regarding previous periods, have been made in this financial statements.

Reclassifications in income statement

No reclassifications in income statement regarding previous periods, have been made in this financial statements.

3. Notes to statement of financial position items

Non-current assets

4) Tangible assets

(euro/000)	Plant and machinery	Ind. & comm. equipment & other assets	Assets under construction & advances	Total
Historical cost	8,274	17,682	351	**26,307**
Accumulated depreciation	(6,113)	(11,977)	-	**(18,090)**
Balance at 31 December 2014	**2,161**	**5,705**	**351**	**8,217**
Historical cost increase	574	3,274	331	**4,179**
Historical cost decrease	(2)	(572)	-	**(575)**
Historical cost reclassification	110	241	(351)	**-**
Write-down	-	-	-	**-**
Increase in accumulated depreciation	(574)	(1,682)	-	**(2,256)**
Decrease in accumulated depreciation	2	390	-	**392**
Total changes	**110**	**1,650**	**(20)**	**1,740**
Historical cost	8,955	20,625	331	29,911
Accumulated depreciation	(6,684)	(13,270)	-	(19,954)
Balance at 31 December 2015	**2,271**	**7,356**	**331**	**9,958**

The tangible assets as at 31 December 2015 amounting to 10.0 million euro, showed an increase as compared to the value as at 31 December 2014, mainly due to investments in '*Industrial & commercial equipment & other assets*' (3.3 million euro) almost entirely to the purchase of electronic machines.

The following is the breakdown of the item '*Industrial and commercial equipment and other assets'*:

(euro/000)	31/12/2015	31/12/2014	Var.
Electronic machines	3,763	2,276	1,487
Furniture and fittings	2,153	2,436	(283)
Industrial and commercial equipment	580	281	299
Other assets	860	712	148
Total	**7,356**	**5,705**	**1,651**

The useful life related to the various asset categories remained unchanged compared to the previous year.

Please note that there are no temporarily unused tangible fixed assets intended for sale and that supply contracts signed within the financial year, but not recognised in the financial statements are insignificant.

5) Goodwill

Goodwill amounted to 10.6 million euro.
The following table summarises the values of the single goodwill items in terms of the business combinations from which they arose:

(euro/000)	31/12/2015	31/12/2014	Var.
Assotrade S.p.A.	5,500	5,500	-
Pisani S.p.A.	3,878	3,878	-
Esprilog S.r.l.	1,248	1,248	-
Total	**10,626**	**10,626**	**-**

The Assotrade S.p.A. goodwill arose from the Esprinet's combination of the Assotrade 'IT Distribution' business unit. The Pisani S.p.A. and the EspriLog S.r.l. goodwill items refer to the merger deficit arisen from the merger into Esprinet S.p.A. of Pisani S.p.A. and EspriLog S.r.l..

Disclosures regarding impairment tests of assets: goodwill

IAS 36 requires the testing of property, plant and equipment and intangible assets with indefinite useful life for impairment whenever there are indications that such an impairment may have occurred.
In the case of goodwill and other intangible assets with an indefinite useful life, this test, so said 'impairment test', must be conducted at least annually and whenever 'triggering events' occur, i.e. extraordinary negative events implying the asset may be impaired.

Goodwill does not generate cash flows independently of other assets or group of assets so, in compliance with IFRS, it is not an 'individual asset' and may not be subjected to a separate impairment test being tested for impairment together with the group of activities to which it has been allocated.
For the purposes of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's 'CGU - Cash-Generating Units', or groups of CGUs that must not to be larger than an operating segment determined in accordance with IFRS 8.
In this case it was only possible to consider the company as a whole, since no smaller independent CGU-Cash Generating Units were identified where all or part of the goodwill items could be allocated.

The method of testing the recoverable amount of the above goodwill items and the valuation system used can be found in the same section of the Consolidated Financial Statements and in the subsequent section 'Investments in subsidiaries and other companies', to which refer.

The tests performed did not highlight any impairment. Consequently no write-downs appear in the financial statements as at 31 December 2013 and goodwill amounts have therefore not changed versus the previous year.
In addition, the management believes it unlikely that there will be key assumption changes able to generate a reduction in the Esprinet S.p.A.'s net asset recoverable amount below the respective carrying amount.
Consequently, also in compliance with joint Bank of Italy/Consob/Isvap document n. 4 of 3 March 2010, a sensitivity test was performed on the results of the test regarding the combined variation in the following basic assumptions:

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discounted rate;
- the forecasted EBITDA.

The variation range compared to the 'normal' case taken into account are as follows:

'g' equal to 0% and lower than -50%;
- WACC lower than -2% and -1%;
- EBITDA lower than -10% and -20%.

With reference to this, we point out that in the 'worst case' scenario, when simultaneously all the variables get the lowest value of the above mentioned ranges, no write-down of the goodwill booked in the financial statement as at 31 December 2015 would be necessary.

6) Intangible assets

(euro/000)	Industrial and other patent rights	Assets under construction and advances	Total
Historical cost	5,201	37	**5,238**
Accumulated amortisation	(4,342)	-	**(4,342)**
Balance at 31 December 2014	**859**	**37**	**896**
Historical cost increase	438	-	**438**
Historical cost decrease	(320)	-	**(320)**
Historical cost reclassification	37	(37)	**-**
Write-down	-	-	**-**
Increase in accumulated amortisation	(451)	-	**(451)**
Decrease in accumulated amortisation	47	-	**47**
Totale changes	**(248)**	**(37)**	**(286)**
Historical cost	5,356	-	**5,356**
Accumulated amortisation	(4,745)	-	**(4,745)**
Balance at 31 December 2015	**610**	**-**	**610**

The item 'Industrial and other patent rights' includes the costs sustained for the long-term renewal and upgrade of IT operating system (software).
Decreases refer to item 'Industrial and other patent rights' too, specifically to software disposal.

5) Investments in subsidiaries and other companies

(euro/000)	31/12/2015	31/12/2014	Var.
Investments in others	85,688	83,602	2,086

The following information concerns the Company's investments in associates.
Data concerning net equity and net income refer to the draft financial statements as at 31 December 2015 approved by the respective Boards of Directors.

(euro)	Headquarter	Net equity [1]	Profit/(loss)[1]	% possession	Cost	Value
Celly S.p.A.	Vimercate	3,514,981	(1,712,956)	80%	9,934,440	9,934,440
V-Valley S.r.l.	Vimercate	1,648,185	482,980	100%	20,000	20,000
Esprinet Iberica S.L.U.	Saragoza (Spain)	82,002,612	8,673,660	100%	75,683,434	75,683,434
Esprinet Portugal Lda	Porto (Portugal)	700,585	(299,415)	5%	50,000	50,000
Total		**87,866,362**	**7,144,269**		**85,687,874**	**85,687,874**

(1) Data from draft financial statements as at 31 December 2015 drawn up in compliance with the respective local accounting principles.

The following table shows the movement in investments in subsidiaries during the year:

(euro/000)	Balance at 31/12/2014	Increase	Decrease	Reversal	Balance at 31/12/2015
Celly S.p.A.	7,945	1,990	-	-	9,935
V-Valley S.r.l.	20	-	-	-	20
Esprinet Iberica S.L.U.	75,637	46	-	-	75,683
Esprinet Portugal Lda	-	50	-	-	50
Total	**83,602**	**2,086**	**-**	**-**	**85,688**

During 2015 it should be noted the acquisition of a further 20% share in Celly S.p.A. occurred on 20 July 2015 for an amount of 1.9 million euro. Besides, on 29 April 2015 Esprinet Portugal Lda was established, 5% capital of which is owned directly by Esprinet S.p.A. and the remaining 95% indirectly through Esprinet Iberica S.L.U..

The company V-Valley has a role of 'sales dealer', managing the sales operations in its own name and on behalf of its parent company. It develops a service activity towards that of the headquarters, in totally subordinated conditions, representing a company vehicle where part of the 'value chain' of the parent company is merged (basically the invoicing and the credit management, included the management of the insurance related to the factoring programmes). No specific impairment test was conducted for the above mentioned company, on one hand because of the complete subordination to Esprinet, given also by the inclusion into the same CGU tested for the goodwill 'impairment test', and on the other hand considering the non-material value of the same (the company is booked for 20 thousand euro in the financial statement as per the initial establishment payment from the unique shareholder, Esprinet S.p.A).

In compliance with IAS 36, in order to verify whether there is any indication that its investments in subsidiaries may be impaired, the entity perform at least annually an impairment test by comparing the value in use and the carrying amount of these investments.

A) Valuation system

In the case of the abovementioned investments, their value in use was calculated starting with the cash flow reasonably obtainable from operations, discounted-back to the date of the analysis.
The abovementioned cash flows were primarily estimated on the basis of the Group's plans forecast approved by the Board of Directors. These plans were drawn up, starting from the analytical budget of 2016 considered a 'pivot' year, thanks to forecasting techniques useful both for a separate management of fixed and variables costs, and for defining the revenues and product gross margin trend. This was done utilising a 'benchmarking' of the sector trends and of the end market in its entirety, as evaluated by reliable external sources, as well as assuming, for each investments, different trends according to the current and prospective competitive position.

Projections are thus based on forecasts covering normally a 5-year period and the 'value in use' was estimated using the Discounted Cash Flow (DCF) model which, in order to estimate the discounting back of future cash flows, requires an appropriate discount rate reflecting the degree of risk of the same cash flows.
An 'asset side' approach was used which presupposes discounting unlevered cash flows generated by operations.
These cash flows were calculated net of 'figurative income taxes' measured by applying an estimated tax rate to the operating income (EBIT). The discount rate includes the effect of price increases attributable to general inflation so future cash flows are estimated in nominal terms.
In order to calculate the value in use of the investments in subsidiaries needed to assess their recoverable value versus their book value the respective net financial debt was deducted for each company at 31 December 2015.

To estimate the discount rate the WACC', or Weighted Average Cost of Capital, has been used. Its cost of the capital (Ke) has been calculated using a Capital Asset Pricing Model ('CAPM') approach.

The terminal value recorded at the end of the forecast period was calculated using the 'Perpetuity Method' (unlimited capitalisation model of the last year's cash flow).
The approach used presupposes that from the end of the 5th year on, the cash flow will grow at a constant rate of 'g' and that therefore the terminal value will be calculated as perpetual income through the capitalisation of the last cash flow of the plan at a rate corresponding to the discount-back rate used (WACC) corrected by a growth factor. This last factor is seen as 2%.

As a precaution, with reference to Terminal Value, no working capital reductions/releases are foreseen in the 'basis' year but, consistently with the past, the achievement of a 'steady state' is assumed, characterized by an absence of incremental investments, also with reference to the working capital.
Please note that, in compliance with IAS 36 (A20) provisions that require a discount rate used to be a pre-tax rate, the post-tax version CAPM-calculated WACC was adjusted into the pre-tax equivalent defined as pre-tax WACC which leads to the same result when discounting back pre-tax cash flows.

B) Basic assumptions/ critical variables

In addition to the basic assumptions already above explained, such as the analytical forecast horizon and the growth rate 'g', information referring to the definition method of the discounted rates applied to the most relevant impairment tests are reported in the following table.

	Celly S.p.A.	Esprinet Iberica S.L.U.
Discount rates:		
Equity Risk Premium	5.5%	5.5%
ß "*unlevered*" industry	0.88	0.88
Target financial structure (D/D+E)	19%	19%
Target financial structure (E/D+E)	81%	81%
WACC *post-tax*	6.92%	6.97%
WACC *pre-tax*	9.99%	8.74%

C) Value adjustments

The impairment test regarding the Celly S.p.A. and Esprinet Iberica S.L.U. investments did not reveal any need for write-downs.

D) Sensitivity analysis

In addition, the management believes it unlikely that there will be key assumption changes able to generate a reduction in the CGUs below the carrying amount.

More specifically, different sensitivity analysis of the test results were performed taking into account simultaneously the variation of the following basic assumptions.

- the long term growth rate 'g' in order to obtain the cash flows beyond plan horizon;
- the cash flow discounted rate;
- the forecasted EBITDA.

The variation range compared to the 'normal' case taken into account are as follows:

- 'g' equal to 0% and lower than -50%;
- WACC lower than -2% and -1%;
- EBITDA lower than -10% and -20%.

The outcomes of the basic assumption variations compared to the recoverable amount are summarised as follows.
With reference to the 'Iberica' investment we point out that, even in the 'worst case scenario', i.e. with all the three variables set in the most adverse extremes of the possible range fluctuation, no write-downs of the investment value subject to impairment test would be necessary

Referring to Celly the scenario where WACC equals to 8.92% and EBITDA is 20% lower, would lead to a write-down of 4.8 million euro if 'g' equals 0%, for 4.1 million euro if 'g' equals 0.67%, 15.1 million euro if 'g' equals 1.34%, 2.3 million euro if 'g' equals 2.01% and 1.1 million euro if 'g' equals 2.68%. In the scenario where WACC equals 7.92% and EBITDA is 10% lower the investment in Celly would need to be written-down by 1.2 million if 'g' is 0% and 0.1 million euro if 'g' is 0.67%. On the contrary, no other scenario would show any investment value write-downs.

The abovementioned sensitivity analysis was performed as required by IAS 36 solely for purposes of information and the directors do not believe further write-downs will be necessary since the cash flow forecasts and basic assumptions used in the impairment test are considered reasonably representative of 'unique scenarios' where a certain symmetry between 'best' and 'worst' scenarios can be expected.

6) Deferred income tax assets

(euro/000)	31/12/2015	31/12/2014	Var.
Deferred income tax assets	2,368	2,957	(589)

The balance of this item is represented by prepaid tax assets due to tax losses carried forward and by taxed provisions and other temporary differences between carrying amounts and other values recognised for tax purposes which the Group expects to recover in future operating years when taxable earnings will be accounted.

(euro/000)	31/12/2015			31/12/2014		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Bad debt provision	1,093	27.50%	301	5,736	27.50%	1,577
Bad debt provision	3,280	24.00%	787		24.00%	-
Excessive amortisation	0	27.50%	0	19	27.50%	5
Excessive amortisation	0	24.00%	0		24.00%	-
Excessive amortisation	1	3.90%	0	19	3.90%	1
Director's fees not paid	693	27.50%	191	1,260	27.50%	347
Director's fees not paid	320	24.00%	77		24.00%	-
Inventory obsolescence provision	320	27.50%	88	1,349	27.50%	371
Inventory obsolescence provision	1,598	3.90%	62	1,349	3.90%	53
Inventory obsolescence provision	1,279	24.00%	307		24.00%	-
Agent suppl. indemnity provision	40	27.50%	11	797	27.50%	219
Agent suppl. indemnity provision	790	3.90%	31	797	3.90%	31
Agent suppl. indemnity provision	750	24.00%	180		24.00%	-
Provisions for risks	395	27.50%	108	346	27.50%	95
Provisions for risks	301	3.90%	12	318	3.90%	12
Derivative instruments	133	27.50%	36	179	27.50%	49
TFR' - Actuarial gain/loss	437	27.50%	120	437	27.50%	120
Valuation exchange loss	207	27.50%	57	227	27.50%	62
Other	-	31.40%	-	44	31.40%	14
Deferred income tax assets			**2,368**			**2,957**

The time-related allocation of this item is as follows:

(euro/000)		Whitin 1 year	1-5 year	Over 5 years	Total
Deferred income tax assets	31/12/2015	877	1,326	165	2,368
	31/12/2014	2,907	50		2,957

8) Derivative financial liabilities (non-current)

(euro/000)	31/12/2015	31/12/2014	Var.
Derivative financial assets	369	-	369

In October 2015, Esprinet S.p.A. and Celly's non-controlling shareholder mutually granted put/call options on the residual 20% of Celly’s shares, currently owned by the minority shareholder and expiring between the 5th and 7th year after the acquisition by the Group occurred on 12 May 2014.

The amount recognised in the financial statements under 'Derivative financial assets' refers to discounted difference, calculated on the bases of the 5year-risk free interest rate prevailing at the year end, between the valuation of the said share in Celly S.p.A. at the potential exercise date as assessed by management and the valuation of this subsidiary shareholding at same date based on the contract that regulates the mutually granted options.

9) Receivables and other non-current assets

(euro/000)	31/12/2015	31/12/2014	Var.
Guarantee deposits receivables	4,440	1,313	3,127
Trade receivables	2,696	3,085	(389)
Other receivables	-	21	(21)
Receivables and other non-current assets	**7,136**	**4,419**	**2,717**

The trade receivables refer to the portion of credit toward the customer 'Revenue Guard Corps' (so called Guardia di Finanza – GdF) which expiring date is after one year and arose from a delivery of goods from Esprinet S.p.A. toward the GdF in 2011.

This credit consists of annuals payments plan until January 2022 against which the Holding Company obtained a loan with Intesa Sanpaolo during 2013 whose instalments would be paid directly by the customer. Since the counterparties of the two transactions are different it was deemed necessary to maintain the receivables from the customer and the payables to the financial entity separately booked until full repayment of the loan.

The variation compared to 31 December 2014 is due to the allocation in the current receivables of the portion expiring within next fiscal year.

Guarantee deposit receivables refer for 3.0 million euro to the deposit with the purchaser under the securitisation transaction conducted by the parent Company aiming to ensure coverage of potential dilutions under this exercise or in the months following the transaction closing with effect in June 2018 at latest.

Current assets

10) Inventory

(euro/000)	31/12/2015	31/12/2014	Var.
Finished products and goods	213,217	189,362	23,855
Provision for obsolescence	(1,597)	(1,349)	(248)
Inventory	**211,620**	**188,013**	**23,607**

Inventory, totalling 211.6 million euro, shows an increase of +13% as a consequence of the higher turnover of the year only partially counterbalanced by the decrease of the turnovers days.

The 1.6 million euro allocated to Provision for obsolescence is intended to address the risks associated with the presumed lower realisable value of obsolete and slow-moving stock.

The movement in the provision during the period was as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Provision for obsolescence: year-beginning	**1,349**	**1,302**	**47**
Uses	(216)	(123)	(93)
Accruals	464	170	294
Provision for obsolescence: year-end	**1,597**	**1,349**	**248**

11) Trade receivables

(euro/000)	31/12/2015	31/12/2014	Var.
Trade receivables - gross	167,319	175,754	(8,435)
Bad debt provison	(4,701)	(6,191)	1,490
Trade recevables - net	**162,618**	**169,563**	**(6,945)**

Trade receivables arise from normal sales dealings engaged in by the Company in the context of ordinary marketing activities. These operations are effected almost entirely with customers resident in Italy, are wholly in euro and are short-term.

The decrease in the trade receivables-gross item was also caused by the increase in without recourse assignments in 2015 compared to last year (i.e. equal to approx. 145 million euro at the end of 2015 compared to 68 million euro in 2014).

The Trade receivables balance includes 5.5 million euro of receivables transferred to factoring firms under the 'with-recourse' factoring agreement (10.0 million euro in 2014). Adjustments to the presumed net realisable value of receivables collected is effected through bad debt provision.

This provision is made up of allocations estimated on the basis of a valuation analysis of each single customer in terms of the relevant receivables overdue, or existing trade disputes and by also taking into account insurance covers, however (further information can be found under 'Disclosures on risks and financial instruments'). The table below illustrates the movements in the bad debt provision:

(euro/000)	31/12/2015	31/12/2014	Var.
Bad debt provision: year-beginning	**6,191**	**5,979**	**212**
Uses	(1,818)	(527)	(1,291)
Accruals	328	739	(411)
Bad debt provision: year-end	**4,701**	**6,191**	**(1,490)**

12) Income tax assets

(euro/000)	31/12/2015	31/12/2014	Var.
Income tax assets	3,296	1,312	1,984

The Income tax assets mainly refer to the repayment claim of IRES tax paid by the companies of the Group that opted for the 'National consolidated tax regime' as a result of the non-deduction of the IRAP tax on personnel costs in fiscal years 2004-2007 and 2007-2011 (1.3 million euro) as well as to the tax losses of the subsidiary Celly S.p.A., that joined the Group consolidated tax regime this year (1.2 million euro).

13) Other assets

(euro/000)	31/12/2015	31/12/2014	Var.
Receivables from subsidiaries (A)	**81,361**	**68,541**	**12,820**
Receivables from associates (B)	**156**	**569**	**(413)**
VAT receivables	295	294	1
Other tax assets	32	14	18
Other receivables from Tax authorities (C)	**327**	**308**	**19**
Receivables from factoring companies	1,152	689	463
Customer financial receivables	507	506	1
Receivables from insurance companies	1,863	1,834	29
Receivables from suppliers	6,978	2,897	4,081
Receivables from employees	143	1	142
Receivables from others	115	110	5
Other receivables (D)	**10,758**	**6,037**	**4,721**
Prepayments (E)	**2,641**	**1,478**	**1,163**
Other assets (F= A+B+C+D+E)	**95,243**	**76,933**	**18,310**

The following tables show Receivables from subsidiaries detailed by type and by single company. For further information regarding the source figures please refer to the section headed ‘Relationships with related parties’.

(euro/000)	31/12/2015	31/12/2014	Var.
Celly S.p.A.	1,207	1,313	(106)
V-Valley S.r.l.	22,717	22,654	63
Esprinet Iberica S.L.U.	2,306	4,546	(2,240)
Celly Nordic OY	37	-	37
Esprinet Portugal Lda	81	-	81
Trade receivables (A)	**26,349**	**28,513**	**(2,164)**
V-Valley S.r.l.	12	28	(16)
Receivables as per national cons. tax regime (B)	**12**	**28**	**(16)**
Celly S.p.A.	5,000	-	5,000
Esprinet Iberica S.L.U.	50,000	40,000	10,000
Financial receivables (C)	**55,000**	**40,000**	**10,000**
Total receivables from subsidiaries (A+B+C)	**81,361**	**68,541**	**7,820**

(euro/000)	31/12/2015	31/12/2014	Var.
Celly S.p.A.	6,207	1,313	4,894
V-Valley S.r.l.	22,729	22,682	47
Esprinet Iberica S.L.U.	52,306	44,546	7,760
Celly Nordic OY	37	-	37
Esprinet Portugal Lda	81	-	81
Total receivables from subsidiaries	**81,361**	**68,541**	**7,925**

Vat receivables refers to reimbursement claims which are not allowed to be offset against operating tax liabilities. The change was due to the reimbursement made during the year by the tax authorities.

Other tax receivables are mainly reimbursements of sanctions and/or duties recognized by the tax authorities but not yet paid.

Receivables from factoring companies include sums owed to the Company as a result of ‘without recourse’ factoring operations effected. At the draft date of this report was drafted, all the receivables payable had been paid.

Customer financial receivables refer to the short portion of receivables collectable within the subsequent year that arose from a delivery of goods in 2011 from Esprinet S.p.A. to the customer ‘Guardia di finanza - GdF’. For further information please refer also to paragraph ‘Receivables and other non-current assets’.

Receivables from insurance companies include the insurance compensation – after deductibles – recognized by the insurance companies for claims of various kinds not yet paid but which are reasonably expected to be collected within the end of next year.

Receivables from suppliers refer to credit notes received exceeding the amount owed at year-end, to advance payments demanded by suppliers before purchase orders are executed.This item also includes receivables from hauliers for advance VAT payments and customs duties pertaining to imports, to receivables from suppliers for advance payments demanded by suppliers before purchase orders are executed.

Prepayments are costs the accrual date of which is deferred compared with that of the cash movement (mainly payables for leasing contracts, maintenance fees, and service fees).

17) Cash and cash equivalents

(euro/000)	31/12/2015	31/12/2014	Var.
Bank and postal deposit	205,983	177,036	28,947
Cash	8	12	(4)
Cheques	2	-	2
Total cash and cash equivalents	**205,993**	**177,048**	**28,945**

Cash and cash equivalents are almost entirely made up of bank balances, all immediately available. Of a partly temporary nature, the level of liquidity (originated in the normal short-term financial cycle of collections) dramatically fluctuates not only along the calendar year but also during each month, due for the most part to the concentration of payments received from customers at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month. The market value of the cash and cash equivalents corresponds to their carrying amount.

Net equity

Items composing consolidated shareholders’ equity are explained in the following notes:

(euro/000)	31/12/2015	31/12/2014	Var.
Share Capital (A)	**7,861**	**7,861**	**-**
Reserves and profit carried over (B)	269,309	247,731	21,578
Own shares (C)	(5,145)	(13,070)	7,925
Total reserves (D=B+C)	**264,164**	**234,661**	**29,503**
Net income for the year (E)	**22,943**	**39,597**	**(16,654)**
Net equity (F=A+D+E)	**294,968**	**282,119**	**12,849**
Non-controlling interests (G)	-	-	-
Total equity (H=F+G)	**294,968**	**282,119**	**12,849**

19) Share capital

The Company Share capital, fully subscribed and paid-in as at 31 December 2015, is 7,860,651 euro and comprises 52,404,340 shares with a face value of 0.15 euro each.

The main information items used in reporting the value of the rights for the free assignment of the shares can be found in the 'Directors' Report on Operations'.
The value of these rights was reported in the separate income statement under costs relating to salaried staff with a balancing item reported in the statement of financial position under the item 'Reserves'.

20) Reserves

Reserves and profit carried over

This item increased by 21.6 million euro mainly as a consequence of the allocation of profit from previous years net of dividends payment of 6.4 million euro (0.125 euro per share) occurred during the year.

Own shares on hand

The amount of 'own shares on hand' refers to the total purchase price of No. 646.889 Esprinet S.p.A. shares owned by the Company.
The variation occurred refers to the 1,150,000 assigned shares in May 2015 as per the 2012-2014 'Share Incentive Plan' approved on 9 May 2012 by Esprinet Shareholders' Meeting, as well as to the 615,489 shares purchasing as set in the resolution of Esprinet Shareholders' Meeting dated 30 April 2015 (please refer to 'Number and value of own shares' under the 'Directors' report on operations').

The following table shows the amount and the distributability of the reserves composing the net equity as per Article 2427, 7-bis of the Italian civil Code and their past usage:

(euro/000)				**Summary of the uses in the three previous years:**	
Type/description	**Amount**	**Possible uses**	**Quota available**	**To cover losses**	**For other reasons**
Share capital	**7,861**	---	**-**		
Reserves as per OIC:					
Share premium reserve (*)	12,296	A,B,C	12,296		
Revaluation reserve	30	A,B,C	30		
Legal reserve	1,572	B	-		
Own shares on hand	5,145	---	-		
Merger surplus	5,369	A,B,C	5,369		
Extraordinary reserve	238,600	A,B,C	238,600		
Net profit from exchange operations reserve		---	-		
IFRS reserve	6,297	---	-		(8)
Total Reserves	**269,309**		**256,295**	**-**	**(8)**
Total share capital and reserves	**277,170**		**256,295**		
Non-distributable quota (**)			-		
Residual distributable quota			**256,295**		

(*) Pursuant to Article 2431 of the Civil Code the whole amount of this reserve can be distributed solely provided that the legal reserve has reached the limit established by Article 2430 of the Civil Code, including through the transfer of the share premium reserve. This limit had been reached as at 31 December 2008.
(**) Pursuant to Article 2426, 5), this is the non-distributable quota allocated to cover long-term costs not yet amortised.

Key: A: share capital increase. B: cover of losses. C: distribution to shareholders.

The main changes in net equity during 2015 can be found in the 'Statement of changes in equity'.

21) Net income

The year's profits amount to 22.7 million euro, decreasing by 16.9 million euro from previous year's 39.6 million.

Non-current liabilities

22) Borrowings

(euro/000)	31/12/2015	31/12/2014	Var.
Borrowings	61,138	67,556	(6,418)

The borrowings value refers to the valuation at the amortized cost of the portion of the medium-long term loans granted by the Company falling due beyond next year.

- *a 'Term loan Facility' of 65 million euro as booked value of loan principal signed on July 2014 with a pool of banks, granted on August 2014 and due by July 2019;*
- a loan, for 10.0 million euro in book value of loan principle, signed and granted in July 2015 and expiring in July 2019 aimed at ensuring coverage of potential dilutions under trade receivables securitisation transaction implemented by the Company;
- a loan, still existing as at 31 December 2015 for 3.1 million euro in book value of loan principle, signed and granted in December 2013 and expiring by January 2022 referring to the delivery of goods to the customer 'Guardia di Finanza – GdF'.

Both the 'Term loan Facility' and the loan linked to securitisation are subject to the compliance of 3 covenants, whose details can be found under next paragraph 'Loans and loan covenants'.

The 'GdF' borrowing, as already mentioned in paragraph 9 'Receivables and other non-current assets', led to the simultaneous recording of a long-term receivable towards the customer 'Guardia di Finanza' of the same amount (loan principal).

Further details can be found in the following paragraph 'Net financial indebtedness and financial liabilities analysis'.

23) Derivative financial liabilities (non-current)

(euro/000)	31/12/2015	31/12/2014	Var.
Derivative financial liabilities	224	128	96

The amount refers to the 'fair value' of 'IRS-Interest Rate Swap' contracts entered in December 2014 to entirely hedge the risk of interest rate fluctuations on the 'Term Loan Facility' signed in July 2014 with a pool of banks for 65.0 million euro.

The variation compared to 31 December 2014 is due to the interest rate decrease only partially offset by the notional decrease following the allocation of the portion expiring within next fiscal year to the current payables.

For further details regarding the operation please refer to the section headed 'Disclosures on risks and financial instruments'.

24) Deferred income tax liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Deferred income tax liabilities	2,248	2,383	(135)

The balance of this item depends on higher taxes that the Company has to pay in the next operating years due to temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding values recognised for tax purposes.

As shown in the next table, these differences mainly arise from the elimination of the tax amortisation of goodwill, the estimated foreign exchange gains and the adjustment of the staff severance provision (‘TFR’) to the actuarial valuation.

(euro/000)	31/12/2015			31/12/2014		
	Temporary differences	Fiscal effect (tax rate)	Amount	Temporary differences	Fiscal effect (tax rate)	Amount
Goodwills' amortisation	7,731	24.00%	1,855	7,382	27.50%	2,030
Goodwills' amortisation	7,731	3.90%	302	7,382	3.90%	288
Estimated foreign exchange gains	188	27.50%	52	97	27.50%	26
Change TFR provision	141	27.50%	39	141	27.50%	39
Total deferred income tax liabilities			**2,248**			**2,383**

The time-related allocation of deferred income tax liabilities is as follows:

(euro/000)		Within 1 year	1-5 years	Over 5 years	Total
Deferred income tax liabilities	31/12/2015	91	-	2,157	2,248
	31/12/2014	65	-	2,318	2,383

25) Retirement benefit obligations

Retirement benefit obligations reflects the staff severance indemnities (‘TFR’) and other benefits accruing to salaried staff at the close of the period, assessed in accordance with actuarial criteria, pursuant to IAS 19.

Please note that from 1 January 2007 important modifications governing the Staff Severance Fund, among which the possibility for the worker to choose the destination of the accruing Staff Severance Fund, were introduced.

In particular, the new Staff Severance Fund flows can be channelled by the worker into a selected pension fund or kept in the company (in this case the Staff Severance Fund contributions will be paid into a treasury fund instituted at the INPS).

Changes occurred during the year are shown in the tables below:

(euro/000)	31/12/2015	31/12/2014	Var.
Balance at year-beginning	**3,965**	**3,959**	**6**
Service cost	-	-	-
Interest cost	57	118	(61)
Actuarial (gain)/loss	(200)	438	(638)
Effect of tax rate change on reversal	-	(60)	60
Pensions paid	(235)	(490)	255
Changes	**(378)**	**6**	(384)
Balance at year-end	**3,587**	**3,965**	**(378)**

Values recognised in the separate income statement are as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Amounts booked under personnel costs	-	-	-
Amounts booked under financial costs	57	118	(61)
Total	**57**	**118**	**(61)**

Please note that the item ‘service costs’ no longer includes any costs since the Company, which has more than 50 employees, transfers the staff severance indemnity quotas to third parties.
The decrease of ‘retirement benefit obligations’ is mainly due to actuarial losses occurred as well as to pensions paid in the year. The decrease in the 'actuarial gains/losses' figure compared to last year is mainly due to the significant increase in the discount rate used in the 2015 actuarial calculation. Please note that the abovementioned discount rate reflects the market returns, at the financial statement date of a panel of primary company bonds with a maturity date connected with the employee average residual permanence in Esprinet (more than 10 years)[14]

The method known as ‘Project Unit Credit Cost’ used to assess the Staff Severance Indemnity (TFR) as per the IAS 19 accounting standard is based on the following assumptions:

a) Demographic assumptions

- probability of death: the values for the Italian population reported by ISTAT (Italian Central Statistics Institute) in reference to 2002, indicated separately according to gender;
- probability of disability: the results adopted in the INPS (Italian National Social Security Institute) model for projections up to 2010, indicated separately according to gender;
- period of retirement: attainment of first requirement for pension eligibility valid for the General Compulsory Insurance Scheme in the case of a generic worker;
- probability of terminating employment for reasons other than death: 6% annual frequency has been considered based on available statistics;
- probability of anticipating: an annual rate of 3% has been assumed.

b) Economic-financial assumptions

	31/12/2015	31/12/2014
Cost of living increase	1.8%	1.8%
Discounting rate	2.0%	1.5%
Remuneration increase	n/a	n/a
Staff severance indemnity (TFR) - annual rate increase	2.8%	2.8%

[14] In particolare, si precisa che come parametro di riferimento viene utilizzato l’indice iBoxx Eurozone Corporates AA10+.

Sensitivity analyses

Pursuant to IAS 19R, a sensitivity analysis of changes in main actuarial hypothesis used in the calculation model is required.
As basic scenario the one above described was assumed and from that the most significant hypotheses (i.e. annual average discount rate, average cost of living increase and turn-over rate) were increased and decreased by half, a quarter and two percentage points respectively. The outputs so obtained are summarized as follows:

(euro)		Sensitivity analysis
		Esprinet S.p.A.
Past Service Liability		
Annual discount rate	*+0,50%*	3,439,343
	-0.50%	3,746,523
Annual inflation rate	*+0,25%*	3,635,324
	-0.25%	3,540,100
Annual turnover rate	*+2,00%*	3,574,927
	-2.00%	3,603,902

As required by IAS 19 Revised, the estimated expected payments (in nominal value) for the next years are as follows:

(Euro)	Future Cash Flow
Year	***Esprinet S.p.A.***
0 - 2	288,395
1 - 2	269,137
2 - 3	283,082
3 - 4	248,927
4 - 5	209,400
5 - 6	228,305
6 - 7	240,175
7 - 8	169,037
8 - 9	188,326
9 - 10	178,544
Over 10	2,011,023

26) Non-current provisions and other liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Provisions for pensions and similar obligations	1,409	1,211	198
Other provisions	336	533	(197)
Non-current provisions and other liabilities	**1,745**	**1,744**	**1**

The item Provisions for pensions and similar obligations includes the supplementary customer indemnity provision payable to agents based on current regulations disciplining the subject. Movements in the period are as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Provisions for pensions: year - beginning	**1,211**	**1,107**	**104**
Uses	(13)	(56)	43
Accruals	211	160	51
Provisions for pensions: year - end	**1,409**	**1,211**	**198**

The amount, entered under Other Provisions, is intended as cover for risks linked with current legal and tax-related disputes. As at 31 December 2014 this amount contained provisions also referred to events related to the extraordinary transactions occurred in the year. Changes occurred in the period are as below:

(euro/000)	31/12/2015	31/12/2014	Var.
Other provisions: year-beginning	**533**	**388**	**145**
Uses	(241)	(71)	(170)
Accruals	44	216	(172)
Other provisions: year-end	**336**	**533**	**(197)**

The notes regarding developments on the main disputes involving the Group, for which the company effected the relevant risk assessments and consequently effected accruals to the provision for risks, where considered appropriate, can be found under ‘Developments in legal and tax-related disputes’ in the notes to the item ‘Non-current provisions and other liabilities’, in turn in the ‘Notes to the consolidated financial statements’.

The Company’s and the Group’s policies regarding the management of legal and tax-related disputes can be found under ‘Main risks and uncertainties facing the Group and Esprinet S.p.A.’ in the ‘Directors’ Report on Operations’.

Current liabilities

27) Trade payables

(euro/000)	31/12/2015	31/12/2014	Var.
Trade payables	459,998	393,557	66,441
Receivables - credit notes	(72,249)	(56,456)	(15,793)
Total trade payables	**387,749**	**337,101**	**50,648**

Trade payables increased by +15% compared to the previous year. For further information on this item trend and generally the Working Capital please refer to the developments in the paragraph ‘Operating net working capital’ in the Directors’ Report on Operations.
The ‘Receivables – credit notes’ mainly refer to the rebates related to commercial targets reached, to various incentives, to reimbursement of joint marketing activities with suppliers and to stocks contractual protections.

28) Short-term financial liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Bank loans and overdrafts	18,431	3,172	15,259
Other financing payables	7,766	10,726	(2,960)
Short - term financial liabilities	**26,197**	**13,898**	**12,299**

The short-term financial liabilities value refers for 16.4 million euro (0.3 million euro as at 31 December 2014) to the valuation at the amortized cost of the portion of the medium-long term loans granted falling due within 12 months after 31 December 2015 and for the residual amount to advances under usual reserves of trade bills.

The change compared to 31 December 2014 is due to the transfer of the instalments of the 'Term loan facility' signed in July 2014 falling due within 12 months with a nominal value of 65 million euro from the 'Borrowings' item. The abovementioned effect more than counterbalanced the reduction of the other liabilities components.

Further details can be found in the following paragraph 5.1 'Net financial indebtedness and financial liabilities analysis'.

Other financing payables are mainly advances obtained from factoring companies and derive from the usual assignment of credits to the Company through recourse factoring and by outstanding payables received in the name and on behalf of clients transferred under the without-recourse factoring agreement. The debt decrease compared to 31 December 2014 is due to lower volumes of with-recourse factoring.

29) Income tax liabilities

(euro/000)	31/12/2015	31/12/2014	Var.
Income tax liabilities	36	1,082	(1,046)

The decrease compared to last year is related to the change from a 'debtor' position to a 'creditor' position of the parent company (including income tax liabilities from the IRES 'national consolidated tax regime').

30) <u>Derivative financial liabilities (current)</u>

(euro/000)	31/12/2015	31/12/2014	Var.
Derivative financial liabilities	195	51	144

The amount refers to the 'fair value' of 'IRS-Interest Rate Swap' contracts entered in December 2014 to entirely hedge the risk of interest rate fluctuations on the 'Term Loan Facility' signed in July 2014 with a pool of banks for 65.0 million euro.

Variation compared to last year figure is due to interest rate decrease that more than counterbalanced the notional reduction.

For further detail regarding the operation please refer to the section headed 'Disclosures on risks and financial instruments'.

32) <u>Provisions and other liabilities</u>

Provisions and other liabilities include solely payables whose maturity is within the following 12 months.

(euro/000)	31/12/2015	31/12/2014	Var.
Payables to subsidiary and associated companies (A)	**1,115**	**512**	**603**
Social security liabilities (B)	**2,497**	**2,556**	**(59)**
VAT payables	4,658	2,025	2,633
Withholding tax liabilities	97	92	5
Other tax liabilities	1,294	1,024	270
Other payables to Tax authorities (C)	**6,049**	**3,141**	**2,908**
Payables to personnel	2,910	3,360	(450)
Payables to customers	2,877	2,286	591
Payables to others	1,660	1,373	287
Total other creditors (D)	**7,447**	**7,019**	**428**
Accrued expenses and deferred income (E)	**338**	**349**	**(11)**
Provisions and other liabilities (F=A+B+C+D+E)	**17,446**	**13,577**	**3,869**

The breakdown of Payables to subsidiaries and associated companies by type and by single company is as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Celly S.p.A.	182	353	(171)
V-Valley S.r.l.	1	-	1
Esprinet Iberica S.L.U.	50	101	(51)
Assocloud S.r.l.	-	58	(58)
Trade payables (A)	**233**	**512**	**(279)**
Celly S.p.A.	882	-	882
Payables due to the national cons. tax regime (B)	**882**	**-**	**882**
Total payables to subsidiary and associated companies (C=A+B)	**1,115**	**512**	**603**

(euro/000)	31/12/2015	31/12/2014	Var.
Celly S.p.A.	1,064	353	711
V-Valley S.r.l.	1	-	1
Esprinet Iberica S.L.U.	50	101	(51)
Assocloud S.r.l.	-	58	(58)
Total payables to subsidiary and associated companies	**1,115**	**512**	**603**

Social security liabilities mainly refer to payables to Welfare Institutions linked to wages and salaries paid in December and to social contributions accrued on deferred monthly payables, monetary incentives included.

Vat payables refer to the VAT matured during December 2015, after advance payments effected compared to a positive position in the previous year.
Other tax liabilities are mainly taxes withheld by the Company from employees' income of December and from fees to consultants.

Payables to customers mainly refer to both accounting movements linked to the trade receivables securitisation transaction and credit notes not yet settled relating to current trading relationships.

Payables to personnel refer to deferred monthly payables (holidays not taken, year-end bonus, summer salary, monetary incentives included) accrued at the end of the year.

Payables to others include payables amounting to 1.3 million euro to Directors for fees accrued and unpaid relating to the year (1.0 million in 2013), as well as payables of 0.3 million euro to the Company's agents' network relating to commissions due and payable.

Accrued expenses and deferred income are, respectively, charges/income whose accrual date is anticipated/deferred compared with the cash expenditure/collection.

4. Guarantees, commitments and potential risks

Commitments and potential risks

(euro/000)	31/12/2015	31/12/2014	Var.
Third-party assets on consignment to the Company	11,295	5,755	5,540
Bank guarantees issued in favour of subsidiaries	139,559	121,306	18,253
Bank guarantees issued in favour of other companies	11,487	17,676	(6,189)
Total guarantees issued	**162,341**	**144,737**	**17,604**

Third-party assets on consignment to the Group

It refers to the value of goods owned by third parties deposited at the Esprinet S.p.A. warehouses.

Bank guarantees issued for the benefit of subsidiaries

The amount refers to letters of credit or comfort letters issued in favour of some banks and factor companies as guarantee for credit limits granted to Esprinet' subsidiaries as well as guarantees to some suppliers in the interest of Esprinet Iberica. The change compared to the previous year refers mainly to the increase in the guarantee on the behalf of the subsidiaries Esprinet Iberica and of Celly for the loans granted to them (15 million euro and 5.0 million euro respectively).

Bank guarantees issued in favour of other companies

The amount mainly refers to bank guarantees issued for deposits in relation to property lease agreements entered into in Italy, and bank and insurance suretyships issued to the Public Administration in order to participate in tenders for services or supplies. The change compared to the previous year refers mainly to the termination of the existing guarantee as well a to their decrease.

5. Notes to income statement items

In order to complete this section, please consider that other analysis on Esprinet S.p.A. economic results have been provided in the Directors' report on operations, after tables on Group results.

33) Sales

The following are some breakdowns of sales performance. Sales by product family and by customer type has been moved to Directors' report on operations.

Sales by products and services

(euro/million)	2015	%	2014	%		% Var.
Product sales	2,006.8	85.5%	1,707.5	85.2%	299.3	*18%*
Services Sales	8.4	0.2%	8.1	0.2%	0.3	*4%*
Sales	**2,015.2**	**85.6%**	**1,715.6**	**85.4%**	299.6	***18%***

Sales by geographical segment

(euro/million)	2015	%	2014	%	Var.	% Var.
Italy	1,953.8	97.0%	1,665.1	97.1%	288.7	17%
Other EU countries	53.1	2.6%	47.6	2.8%	5.6	12%
Extra EU countries	8.3	0.4%	3.0	0.2%	5.3	176%
Group sales	**2,015.2**	**100%**	**1,715.6**	**100.0%**	**299.6**	**17%**

Sales in other E.U. countries mainly refer to sales to the Spanish subsidiary Esprinet Iberica; sales to extra E.U. countries refer almost wholly to sales to clients whose residence is in the San Marino Republic.

35) Gross profit

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	2,015,161	100.00%	1,715,607	100.00%	299,554	*17%*
Cost of sales	1,901,464	94.36%	1,608,621	93.76%	292,843	*18%*
Gross profit	**113,697**	**5.64%**	**106,986**	**6.24%**	**6,711**	***6%***

Gross profit is 113.7 million euro and reflects an increase of +6% compared to 107.0 million euro of previous year as a consequence of higher turnover, only partially counterbalanced by a lower gross profit margin on sales (from 6.24% to 5.64%).

As it is prevalent in the sectors where the Company operates, the cost of sales is adjusted downwards to take into account the premiums, premiums/rebates for having achieved targets, development provisions and co-marketing, cash discounts (so-called 'prompt payment discounts') and other incentives.
This is further reduced by the credit notes issued by vendors in relation to protection agreed for the value of stock.

Gross profit is affected by the difference between the amount of trade receivables sold 'without-recourse' to factoring companies within the usual revolving programmes and the amounts collected. This is calculated as approx. 2.5 million euro for this operating year (1.2 million euro in 2014).

37-38) Operating costs

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Sales and marketing costs	29,457	1.46%	27,329	1.59%	2,128	*8%*
Overheads and administrative costs	49,803	2.47%	47,017	2.74%	2,786	*6%*
Operating costs	**79,260**	**3.93%**	**74,346**	**4.33%**	**4,914**	***7%***
- of w hich non recurring	322	0.02%	918	0.05%	(596)	*-28%*
'Recurring' operating costs	**78,938**	**3.92%**	**73,428**	**4.28%**	**5,510**	***7%***

2015 operating costs of 79.3 million euro increased by 7% compared to 2014, while they show a reduction of -0.40% in percentage terms compared to the previous year.

The following table gives a detailed breakdown of operating costs and their performance in the two years compared:

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Sales & marketing personnel costs	25,055	*1.24%*	23,230	*1.35%*	1,825	*8%*
Other sales & marketing costs	4,402	*0.22%*	4,099	*0.24%*	303	*7%*
Sales & marketing personnel costs	**29,457**	***1.46%***	**27,329**	***1.59%***	**2,128**	***8%***
Administr., IT, HR and general service personnel costs	15,132	*0.75%*	15,255	*0.89%*	(123)	*-1%*
Directors' compensation	4,014	*0.20%*	3,887	*0.23%*	127	*3%*
Consulting services	3,358	*0.17%*	2,990	*0.17%*	368	*12%*
Logistics services	12,354	*0.61%*	11,168	*0.65%*	1,186	*11%*
Amortisation, depreciation and provisions	2,085	*0.10%*	3,044	*0.18%*	(959)	*-32%*
Other overheads and administrative costs	12,860	*0.64%*	10,673	*0.62%*	2,187	*20%*
Overheads and administrative costs	**49,803**	***2.47%***	**47,017**	***2.74%***	**2,786**	***6%***
Total SG&A	**79,260**	***3.93%***	**74,346**	***4.33%***	**4,914**	***7%***

Sales and marketing costs mainly include the following:

- costs relating to personnel working in the marketing, sales and Web functions, corresponding social security contributions and accessory charges;
- agents and other commercial freelance charges;
- management cost for the Cash and Carry shops.

Overheads and administrative costs include:

- costs relating to management and administrative personnel, including the EDP area, human resources, general services and logistic costs;
- fees paid to corporate bodies and the related charges, travel, board and lodging expenses as well as remuneration of the stock option plans;
- business consultancy, EDP consultancy to develop software and assistance with IT systems and payments to other consultants and free-lance personnel (for auditing services, real estate, tax, legal and various other consultancy services);
- postal, telephone and telecommunications costs;
- depreciation of tangible fixed assets, goodwill write-downs, amortisation of intangible fixed assets (assets relating to logistic equipment and plants allocated by function to sales costs excluded) and also provisions for risks and write-downs;

- overheads and administrative costs, among which, leasing of premises, utilities, bank charges and commission, insurance, data connections and telephone costs.

Reclassification by nature of some categories of costs

For the purposes of providing more information, some categories of operating costs allocated by 'function' have been reclassified by 'nature'.

Amortisation, depreciation, write-downs and accruals for risks

(euro/000)	2015	%	2014	%		% Var.
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Depreciation of tangible assets	2,066	0.10%	2,096	0.12%	(30)	*-1%*
Amortisation of intangible assets	326	0.02%	399	0.02%	(73)	*-18%*
Amort . & depreciation	**2,392**	**0.12%**	**2,495**	**0.15%**	**(103)**	***-4%***
Write-dow ns of fixed assets	-	0.00%	-	0.00%	-	*0%*
Amort. & depr., write-downs (A)	**2,392**	**0.12%**	**2,495**	**0.15%**	**(103)**	***-4%***
Accruals for risks and charges (B)	-	0.00%	376	0.02%	(376)	*-100%*
Amort. & depr., write-downs, accruals for risks (C=A+B)	**2,392**	**0.12%**	**2,871**	**0.17%**	**(479)**	***-17%***

(euro/000)	2015	2014	Var.
Depreciation of tangible assets increasing the accumulated deprec.	2,256	2,245	11
Debited to subsidiaries	(174)	(129)	(45)
Debited to disposal groups	-	(8)	8
Other	(16)	(12)	(4)
Depreciation of tangible assets	**2,066**	**2,096**	**(30)**
Amortisation of intangible assets increasing the accumulated deprec.	451	558	(107)
Debited to subsidiaries	(112)	(138)	27
Debited to disposal groups	-	(6)	6
Other	(14)	(15)	1
Amortisation of intangible assets	**326**	**399**	**(74)**

Both depreciations and amortisations of assets contains the adjustments showed in the second table, useful in marching the values to the corresponding tables of asset movements.

Group personnel cost

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Wages and salaries	23,189	1.15%	22,078	1.29%	1,111	*5%*
Social contributions	7,089	0.35%	6,883	0.40%	206	*3%*
Pension obligations	1,774	0.09%	1,685	0.10%	89	*5%*
Other personnel costs	830	0.04%	725	0.04%	105	*14%*
Employee termination incentives	406	0.02%	700	0.04%	(294)	*-42%*
Share incentive plans	335	0.02%	220	0.01%	115	*52%*
Total labour costs [(1)]	**33,623**	**1.67%**	**32,291**	**1.88%**	**1,332**	***4%***

[(1)] Costs of temporary workers excluded.

Labour costs, amounting to 33.6 million euro in 2015, increased of 4% compared to the previous year as a consequence of the higher headcount.

Details of the Company's employees at 31 December 2015, status defined as per contract, can be found under 'Human Resources' in the 'Directors' Report on Operations'.

Share incentive plans

On 30 April 2015 the 'Long Term Incentive Plan' approved on 9 May 2012 came to maturity.
Costs entered in the income statement relating to the above mention plan, with a corresponding entry in the balance sheet under reserves, totalled 73 thousand euro (220 thousand euro in 2014) with respect to employees and 231 thousand euro (693 thousand euro in 2014) with respect to Board members.

On 30 June 2015, free stock grants under the Long Term Incentive Plan approved by the Shareholders' meeting dated 30 April 2015 were allotted.
Esprinet S.p.A. owned only 31.400 of the ordinary shares underlying the abovementioned Plan, with a face value of 0.15 euro each. Therefore it had to acquire the remaining amount relating to the 646,889 rights granted.
Also this plan was booked at 'fair value' as at grant date by adopting the Black-Scholes method, taking into account the expected volatility, the foreseen dividend yield (as per the latest dividend distribution to shareholders) and the level of the risk-free interest rate at that date.

The main information items used in reporting the value of both the stock grant plans are summarized as follows:

	Plan 1	**Plan 2**
Allocation date	14/05/12	30/06/15
Vesting date	30/04/15	30/04/18
Expiry date	30/06/15	30/06/18
Total number of stock grant	1,150,000	1,150,000
Total number of stock grant allocated	1,150,000	646,889
Total number of stock grant allowed	1,150,000	646,889
Unit fair value (euro)	2.38	6.84
Total fair value (euro)	2,737,897	4,424,721
Risk free interest rate (BTP 3 years)	1.1% (1)	0.7% (2)
Implied volatility (260 days)	47.4% (1)	40.9% (2)
Duration (years)	3	3
Spot price (3)	2.64	7.20
Dividend yield	3.4%	1.7%

(1) Source: Bloomberg, 11 May 2012
(2) Source: Bloomberg, 29 June 2015
(3) Official price of Esprinet S.p.A. shares at assignment date

Costs entered in 2015 relating to the above mention plan, with a corresponding entry in the balance sheet under reserves, totalled 262 thousand euro with respect to employees and 463 thousand euro with respect to Board members.

Costs relating to operating leasing are detailed in the table below:

(euro/000)	**2015**	**%**	**2014**	**%**	**Var.**	***% Var.***
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Lease of buildings	6,759	0.34%	6,561	0.38%	198	*3%*
Lease of cars	722	0.04%	780	0.05%	(58)	*-7%*
Lease of equipment	46	0.00%	52	0.00%	(6)	*-12%*
Lease of data connection lines	90	0.00%	90	0.01%	-	*0%*
Housing CED	148	0.01%	149	0.01%	(1)	*-1%*
Leasing costs	**7,765**	**0.39%**	**7,632**	**0.44%**	**133**	***2%***

Commitments for future payments pertaining to leasing rentals and operating leasing are as follows:

(euro/000)	2016	2017	2018	2019	2020	Oltre	Totale
Lease of buildings	6,805	6,395	6,348	6,170	5,986	8,607	40,311
Lease of cars	871	705	474	234	-	-	2,284
Lease of equipment	43	43	-	-	-	-	86
Lease of data connection lines	82	67	-	-	-	-	149
Housing CED	148	111	-	-	-		259
Leasing costs	**7,949**	**7,321**	**6,822**	**6,404**	**5,986**	**8,607**	**43,089**

42) Finance costs – net

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Interest expenses on borrowings	1,907	0.09%	831	0.05%	1,076	*130%*
Interest expenses to banks	318	0.02%	434	0.03%	(116)	*-27%*
Other interest expenses	20	0.00%	8	0.00%	12	*157%*
Upfront fees amortisation	410	0.02%	189	0.01%	221	*116%*
IAS 19 expenses/losses	57	0.00%	106	0.01%	(49)	*-47%*
Total financial expenses (A)	**2,712**	**0.13%**	**1,568**	**0.09%**	**1,144**	***73%***
Interest income from banks	(312)	-0.02%	(703)	-0.04%	391	*-56%*
Interest income from others	(138)	-0.01%	(161)	-0.01%	23	*-14%*
Interest incomes from intercompany	(759)	-0.04%	(819)	-0.05%	60	*-7%*
Derivatives ineffectiveness	(369)	-0.02%	(124)	-0.01%	(245)	*197%*
Total financial income(B)	**(1,578)**	**-0.08%**	**(1,807)**	**-0.11%**	**229**	***-13%***
Net financial exp. (C=A+B)	**1,134**	**0.06%**	**(239)**	**-0.01%**	**1,373**	***-576%***
Foreign exchange gains	(370)	-0.02%	(152)	-0.01%	(218)	*143%*
Foreign exchange losses	1,225	0.06%	1,210	0.07%	15	*1%*
Net foreign exch. (profit)/losses (D)	**855**	**0.04%**	**1,058**	**0.06%**	**(203)**	***-19%***
Net financial (income)/costs (E=C+D)	**1,989**	**0.10%**	**819**	**0.05%**	**1,170**	***143%***

The negative balance of 2.0 million euro between financial income and charges shows a worsening (+1.2 million euro) compared to the same period of previous year.

This result is mainly due to the net interest to banks (equal to a negative balance of 1.9 million euro), showing a 1.4 million euro increase compared to the same period of last year, as a consequence of the following combined effects:

- an increase in the average financial indebtedness of the Group toward the banking sector due to higher average working capital requirements substantially resulting from the growth in business volume;
- a different mix of financing in favour of more stable and expensive technical forms rather then short-term receivables based financing, aimed at extending indebtedness duration;
- a decrease in interest rates receivable on temporary liquidity deposits.

The increase in items other than interest to banks is mainly due to the to the increase in financial income relating to derivative ineffectiveness (-0.3 million euro) as well as to the increase in upfront fee amortisation charges (equal to 0.2 million euro).

43) Other investments expenses/(incomes)

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**(2,015,161)**		**(1,715,607)**		**(299,554)**	***17%***
Other investments expenses / (incomes)	19	0.00%	(13,734)	0.80%	13,753	*-100%*

This item reflects the value change in the associated company Assocloud S.r.l. The variation compared to the previous year refers to the booking in 2014 of the full reversal of the investment in Esprinet Iberica value as a consequence of the significant increase in recoverable amount emerged from the results of its impairment test.

45) Income tax expenses

(euro/000)	2015	%	2014	%	Var.	% Var.
Sales	**2,015,161**		**1,715,607**		**299,554**	***17%***
Current tax - IRES (Corporation income tax)	7,486	0.37%	8,164	0.48%	(678)	*-8%*
Current tax - IRAP (Regional tax on productive activities)	1,584	0.08%	2,157	0.13%	(573)	*-27%*
Rainbousement IRES	(25)	0.00%	(11)	0.00%	(14)	*127%*
Current income taxes	**9,045**	**0.45%**	**10,310**	**0.60%**	**(1,265)**	***-12%***
Deferred tax - IRES (Corporation income tax)	434	0.02%	(83)	0.00%	517	*-623%*
Deferred tax - IRAP (Regional tax on productive activities)	7	0.00%	13	0.00%	(6)	*-46%*
Deferred income taxes	**441**	**0.02%**	**(70)**	**0.00%**	**511**	***-730%***
Total tax - IRES (Corporation income tax)	7,895	0.39%	8,070	0.47%	(175)	*-2%*
Total tax - IRAP (Regional tax on productive activities)	1,591	0.08%	2,170	0.13%	(579)	*-27%*
Total taxes	**9,486**	**0.47%**	**10,240**	**0.60%**	**(754)**	***-7%***

Income taxes, amounting to 9.5 million euro, drop by -0.7 million euro versus last year.
The following table illustrates the reconciliation between the theoretical and the effective tax rate:

(euro/000)	2015	2014
Profit before taxes [A]	**32,429**	**45,555**
Operating profit (EBIT)	**34,437**	**32,640**
(+) personnel costs (1)	-	18,028
(+) bad debt provision	328	739
(+) provision for risks and charges	255	376
Taxable amout for IRAP [B]	**35,020**	**51,783**
Theoretical taxation IRES [A*27,5%]	8,918	12,528
Theoretical taxation IRAP [B*3,9%]	1,366	2,020
Total theoretical taxation [C]	**10,284**	**14,547**
Theoretical tax rate [C/A]	***31.7%***	***31.9%***
(-) tax relief - ACE (Aiuto alla Crescita Economica)	(983)	(563)
(-) reversal of the investment value in the Iberica subsidiary	-	(3,777)
(+) non-deductible bad-debts provisions	-	13
Other permanent differences	185	20
Total effective taxation [D]	**9,486**	**10,240**
Effective tax rate [D/A]	***29.3%***	***22.5%***

(1) 2014 Staff costs are net of the effect of the 'tax wedge' and IRAP (Regional tax on productive activities) deductible costs, totalling 14.0 million euro.

47) Income/(loss) from disposal groups

(euro/000)	2015	2014	Var.	% Var.
Sales	**2,015,161**	**1,715,607**	**299,554**	***17%***
Income/(loss) from disposal group	**-**	**4,282**	**(4,282)**	***N.S.***

As at 31 December 2014 this item sums up the gain on disposal of the wholly owned subsidiaries Monclick S.r.l. and Comprel S.r.l., (disposed on 23 February 28 and 2014 July 2014 respectively) as well as the other charges occurred referring to the two transactions.

The table below summarises the abovementioned results, broken down by disposed investment in subsidiaries.

(euro/000)	2014		
	Monclick	**Comprel**	**Totale**
Subsidiaries value	3,736	500	4,236
Disposal price	4,000	5,900	9,900
Gain / (loss)	264	5,400	5,664
Selling costs	(34)	(1,288)	(1,322)
Income taxes on gain/(loss) from disposal groups	(4)	(56)	(60)
Income/(loss) from disposal group	**226**	**4,056**	**4,282**

6. Other significant information

6.1 Emoluments paid to the board members, statutory auditors and key managers

Disclosure in accordance with CONSOB Resolution 11971 dated 14 May 1999 and in compliance with the following amendments introduced with resolution 15520 dated 27 July 2006, regarding the emoluments of directors, statutory auditors of Esprinet S.p.A. and 'Key Managers', payable to them in respect of the positions held by them in the company during the year can be found in the paragraph of the same name in the 'Notes to the consolidated financial statements'.

6.2 Net financial indebtedness and financial liabilities analysis

Pursuant to Consob Communication No. DEM/6064293 of 28 July 2006, the net financial indebtedness (or 'net financial position' also) is substantially calculated in compliance with the criteria specified in the CESR or Committee of European Securities Regulators recommendation of 10 February 2005: 'CESR's recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses nº 809/2004' and referred to by Consob itself.

(euro/000)	**31/12/2015**	**31/12/2014**
A. Bank deposits and cash on hand	205,991	177,048
B. Cheques	2	-
C. Trading securities	-	-
D. Liquidity (A+B+C)	205,993	177,048
Customer financial receivables	*507*	*506*
Financial receivables from factoring companies	*1,152*	*689*
Financial receivables from Group companies	*55,000*	*40,000*
E. Current financial receivables	56,659	41,195
F. Current bank debt	2,016	2,822
G. Current portion of non current debt	16,415	350
H. Other current financial debt and financial liability for derivatives	7,961	10,777
I. Current financial debt (F+G+H)	26,392	13,949
J. Net current financial indebtedness (I-E-D)	**(236,260)**	**(204,294)**
K. Non-current bank loans	61,138	67,556
L. Customers financial receivables	(2,696)	(3,085)
M. Non-current financial liabilities for derivatives	(145)	128
N. Non-current financial indebtedness (K+L+M)	**58,297**	**64,599**
O. Net financial indebtedness (J+N)	**(177,963)**	**(139,694)**
Breakdown of net financial indebtedness:		
Short-term financial liabilities	26,197	13,898
Current financial (assets)/liabilities for derivatives	195	51
Customers financial receivables	(507)	(506)
Financial receivables from factoring companies	(1,152)	(689)
Financial receivables/liabilities from/to Group companies	(55,000)	(40,000)
Cash and cash equivalents	(205,993)	(177,048)
Net current financial debt	**(236,260)**	**(204,294)**
Non-current financial (assets)/liabilities for derivatives	(145)	128
Customers financial receivables	(2,696)	(3,085)
Borrowings	61,138	67,556
Net financial debt	**(177,963)**	**(139,694)**

With reference to the same table, it should be underlined that the net financial indebtedness, measured according to the CESR criteria, coincides with the notion of ‘net financial debt’.

The Company’s net financial debt, showing a surplus of 178.7 million euro, results from the balance between gross financial debt of 87.3 million euro, financial liabilities for derivatives of 0.1 million euro, financial receivables from factoring companies of 1.2 million euro, financial receivables from Group companies of 55.0 million euro, customers financial receivables of 3.2 million euro and cash and cash equivalents of 206.0 million euro.

Cash and cash equivalents, mainly made up of bank deposits and not tied-up, are of a partially transitory nature, accumulating at the end of the month, due to the Company’s peculiar kind of payment/encashment cycle.
This cycle is characterised by the concentration of payments received from customers and from factoring companies – the latter as consequence of the ‘without-recourse’ sale of trade account receivables - at the end and middle of each month, while the maturities of payments to suppliers are distributed more evenly over the month.
For this reason, the figure resulting at 31 December 2015, or at the end of each month, is not totally representative of the average net financial indebtedness or the average level of cash on hand customarily observable during the same period.

The without-recourse sale of account receivables revolving programme focussing on the large-scale distribution sector in particular, continued during 2015 as part of the processes aimed at the structural optimisation of the management of working capital.

In addition, in July 2015 a securitization program of other trade receivables was started in Italy. This program is aimed at transferring risks and rewards to the buyer thus receivables sold are eliminated from balance sheet according to IAS 39. The overall effect on the levels of financial debt as at 31 December 2015 is approx. 145 million euro (approx. 66 million euro as at 31 December 2014).

Details of the current portion of medium-/long-term financial debt and the portion falling due beyond the following year are illustrated below. It has to be noted that amounts can differ from the book value of loan principal since they represent the amortised cost calculated on the basis of the real interest rate.

(euro/000)	31/12/2015			31/12/2014			Var.		
	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.	Curr.	Non curr.	Tot.
Pool loan (ag. Banca IMI)	16,047	48,502	64,549	-	64,550	64,550	16,047	(16,048)	(1)
Intesa Sanpaolo (GdF loan)	368	2,636	3,004	350	3,006	3,356	18	(370)	(352)
Unicredit	-	10,000	10,000	-	-	-	-	10,000	10,000
Total loan	**16,415**	**51,138**	**67,553**	**350**	**67,556**	**67,906**	**16,065**	**(16,418)**	**(353)**

6.3 Loans and loan covenants

The book value of loan principal of the loans granted to the Company is as follows:

(euro/000)	31/12/2015	31/12/2014	Var.
Pool loan 'GdF' (agent: Intesa Sanpaolo) to Esprinet S.p.A. repayable in 9 yearly instalments by January 2022	3,085	3,457	(372)
Unsecured pool loan (agent: Banca IMI) to Esprinet S.p.A. repayable in 1 six-monthly instalments by July 2019	65,000	65,000	-
Unsecured loan (agent: Unicredit) to Esprinet S.p.A. repayable in 1 six-monthly instalments by July 2019	10,000	-	10,000
Total book value of loan principal	**78,085**	**68,457**	**9,628**

The weighted average rate used during 2015 on the above loans was approx. 2.4% (approx. 2.6% in the previous year).

The loan agreement whose principal has a book value amounting to 65.0 million euro, consisting of a Term Loan Facility entered with a pool of banks, received in August 2014 and expiring within July 2019 and the loan agreement with a principle book value amounting to 10 million euro taken with Unicredit S.p.A. in July 2015 and expiring in July 2019, both are subject to the compliance of 3 covenants, the failure of which allow the issuing institutes to claim their immediate repayment. These covenants, which are subject to 6-monthly checks against the audited consolidated financial statements are listed as follows:

i) ratio between ‘extended net financial indebtedness’ and EBITDA;
ii) ratio between EBITDA and net financial charges
iii) amount of ‘extended net financial indebtedness’

where ‘extended net financial indebtedness’ is the net financial indebtedness as measured in the previous paragraph Net financial indebtedness and financial liabilities analysis gross of financial receivables and of the impact of prepayments received from factoring companies within the ‘without recourse’ sale of account receivables programs or from other financial counterparts within account receivables securitisations.

In addition a Revolving Facility, entered into in the same date, and having the same maximum loan principal and maturity as the Term Loan Facility, drawn on average by 41.0 million euro during 2015 between beginning of July and beginning of November but undrawn after the latter date is also subject to the compliance of the above said covenants. Main purpose of the Revolving Facility and of the Term Loan Facility is to support Group's financial needs by maintaining an adequate level of stability and flexibility of the financial structure.

At 31 December 2015, according to management estimates, the covenants were fully observed.

Loan contracts also contain the usual 'negative pledge', 'pari passu' and similar type clauses none of which were breached at the time this report was drafted.

6.4 Cash flow analysis

(euro/000)	2015	2014
Net financial debt at start of the year	**(139,694)**	**(133,837)**
Cash flow provided by (used in) operating activities	59,924	13,559
Cash flow provided by (used in) investing activities	(14,203)	(1,754)
Cash flow provided by (used in) changes in net equity	(6,471)	(4,759)
Total cash flow	**39,250**	**7,046**
Unpaid interests	(981)	(1,189)
Net financial position at end of year	**(177,963)**	**(139,694)**
Short-term financial liabilities	26,197	13,898
Customers financial receivables	(507)	(506)
Current financial (assets)/liabilities for derivatives	195	51
Financial receivables from factoring companies	(1,152)	(689)
Financial (assets)/liab. From/to Group companies	(55,000)	(40,000)
Cash and cash equivalents	(205,993)	(177,048)
Net current financial debt	**(236,260)**	**(204,294)**
Borrow ings	61,138	67,556
Non-current financial (assets)/liab. for derivatives	(145)	128
Customers financial receivables	(2,696)	(3,085)
Net financial debt at start of the year	**(177,963)**	**(139,694)**

As shown in the table, the 178.0 million euro cash surplus generated by Esprinet S.p.A. shows an improvement on previous year (+38.3 million euro).

6.5 Shareholdings

Here's following the Shareholding Schedule with data referring to the IFRS 'reporting package' at 31 December 2015 of the single entities where the Company owns shareholdings:

Subsidiaries:

N.	Name	Headquarters	Interest held	Group interest held
1	Celly S.p.A.	Vimercate (MB) - Italy	80.00%	80.00%
2	V-Valley S.r.l.	Vimercate (MB) - Italy	100.00%	100.00%
3	Esprinet Iberica S.L.U.	Saragoza - Spain	100.00%	100.00%
4	Esprinet Portugal Lda	Porto - Portugal	5.00%	100.00%

N.	Name	Currency	Share capital	Net equity	Result for the period	Carrying amount
1	Celly S.p.A.	EUR	1,250,000	3,867,228	(1,505,155)	9,934,440
2	V-Valley S.r.l.	EUR	20,000	1,648,185	482,980	20,000
3	Esprinet Iberica S.L.U.	EUR	54,692,844	82,323,071	8,831,885	75,683,434
4	Esprinet Portugal Lda	EUR	1,000,000	700,585	(299,415)	50,000

Associated companies:

N.	Name	Headquarters	Interest held	Group interest held
1	Assocloud S.r.l.	Vimercate (MB) - Italy	9.52%	9.52%

N.	Name	Currency	Share capital	Net equity	Result for the period	Carrying amount
1	Assocloud S.r.l.	EUR	72,000	93,892	(98,147)	28,294

As compared to 31 December 2014 we remark the entry into the consolidation area of Esprinet Portugal Lda, established under Portuguese law on 29 April 2015.
In addiction to the above, on 20 July 2015 the shareholding in the subsidiary Celly S.p.A. grew from 60% to 80%.

For further information please refer to the paragraph ‘Significant events occurred in the period’.

6.6 Summary of subsidiaries' main financial and economic figures

In the following tables the subsidiaries' main draft financial statements as at 31 December 2015 approved by the respective Boards of Directors are shown. Please note that the financial statements have been drawn up in accordance with local accounting policies.

(euro/000)	Celly S.p.A.	V-Valley S.r.l.	Esprinet Iberica S.L.U.
Sales	26,346	90,309	695,648
Cost of sales	(14,844)	(88,941)	(665,034)
Gross profit	**11,501**	**1,368**	**30,615**
Sales and marketing costs	(9,332)	(6)	(5,885)
Overheads and administrative costs	(3,894)	(663)	(11,889)
Operating income (EBIT)	**(1,725)**	**698**	**12,841**
Finance costs - net	(619)	(8)	(906)
Other investments expenses / (incomes)	-	-	-
Profit before income taxes	**(2,344)**	**690**	**11,935**
Income tax expenses	631	(207)	(3,261)
Net profit before non-controlling interests	**(2,975)**	**483**	**8,674**
Net income	**(1,713)**	**483**	**8,674**

(euro/000)	Celly S.p.A.	V-Valley S.r.l.	Esprinet Iberica S.L.U.
ASSETS			
Non-current assets			
Property, plant and equipment	535	-	1,629
Goodwill	52	-	58,561
Intangible assets	81	-	44
Investments in associates	9	-	-
Investments in others	19	-	950
Deferred income tax assets	546	16	5,075
Receivables and other non-current assets	10	-	196
	1,253	**16**	**66,455**
Current assets			
Inventory	6,070	-	86,009
Trade receivables	8,105	21,104	56,090
Income tax assets	92	-	-
Other assets	2,753	2,256	4,499
Cash and cash equivalents	4,190	4,882	61,437
	21,211	**28,242**	**208,035**
Total assets	**22,463**	**28,258**	**274,489**
EQUITY			
Share capital	1,250	20	55,203
Reserves	3,978	1,145	18,126
Net income for the period	(1,713)	483	8,674
Total equity	**3,515**	**1,648**	**82,003**
LIABILITIES			
Non-current liabilities			
Borrowings	4,000	-	-
Derivative financial liabilities	-	-	-
Deferred income tax liabilities	32	-	2,164
Retirement benefit obligations	350	-	-
Provisions and other liabilities	495	-	381
	4,877	**-**	**2,545**
Current liabilities	-		
Trade payables	4,259	38	129,256
Short-term financial liabilities	7,559	272	50,276
Income tax liabilities	-	-	640
Derivative financial liabilities	-	-	-
Provisions and other liabilities	2,253	26,300	9,770
	14,071	**26,610**	**189,942**
Total liabilities	**18,948**	**26,610**	**192,487**
Total equity and liabilities	**22,463**	**28,258**	**274,489**

6.7 Relationships with related entities

In next paragraphs balances of the statement of financial position and of the separate income statement deriving from operations with related parties (as defined by IAS 24), except for relationships with members of the key management that are detailed in the paragraph with the same name are summarised and explained.

6.7.1 Intercompany costs and revenues

Details of revenues and costs recorded by Esprinet S.p.A. in relation to the companies belonging to the Group are as follows:

(euro/000)	Type	2015		2014	
		Sales	Costs	Sales	Costs
Sales					
Comprel S.r.l.	Sale of goods	-	-	108	-
Monclick S.r.l.	Sale of goods	-	-	5,604	-
Esprinet Iberica S.L.U.	Sale of goods	42,201	-	43,661	-
Celly S.p.A.	Sale of goods	457	-	1,264	-
Celly Nordic OY	Sale of goods	95	-	-	-
Subtotal		**42,752**	**-**	**50,637**	**-**
Cost of sales					
Comprel S.r.l.	Service costs	-	-	-	(11)
Comprel S.r.l.	Purchase of goods	-	-	-	169
V-Valley S.r.l.	Transport costs	-	(62)	-	-
V-Valley S.r.l.	Service costs	-	-	-	23
Esprinet Iberica S.L.U.	Purchase of goods	-	213	-	273
Esprinet Iberica S.L.U.	Transport costs	-	(7)	-	-
Celly S.p.A.	Purchase of goods	-	1,668	-	493
Celly S.p.A.	Transport costs	-	(8)	-	(3)
Subtotal		**-**	**1,805**	**-**	**944**
Sales and marketing costs					
Comprel S.r.l.	Labour costs	-	-	-	(7)
V-Valley S.r.l.	Fees on sales	-	1,335	-	1,098
V-Valley S.r.l.	Labour costs	-	(6)	-	(39)
V-Valley S.r.l.	Marketing costs	-	-	-	(5)
Esprinet Iberica S.L.U.	Marketing costs	-	68	-	71
Esprinet Iberica S.L.U.	Labour costs	-	(64)	-	(345)
Esprinet Portugal Lda	Labour costs	-	(15)	-	-
Celly S.p.A.	Labour costs	-	(91)	-	-
Subtotal		**-**	**1,226**	**-**	**773**
Overheads and administrative costs					
Comprel S.r.l.	Directors' costs	-	-	-	(101)
Comprel S.r.l.	Administrative services	-	-	-	(226)
Monclick S.r.l.	Administrative services	-	-	-	(75)
V-Valley S.r.l.	Hardware and software support costs	-	(40)	-	(58)
V-Valley S.r.l.	Administrative services	-	(77)	-	(76)
Esprinet Iberica S.L.U.	Hardware and software support costs	-	(854)	-	(836)
Esprinet Iberica S.L.U.	Administrative services	-	(45)	-	(42)
Esprinet Portugal Lda	Hardware and software support costs	-	(35)	-	-
Esprinet Portugal Lda	Administrative services	-	(30)	-	-
Celly S.p.A.	Hardware and software support costs	-	(256)	-	-
Celly S.p.A.	Administrative services	-	(720)	-	(102)
Subtotal		**-**	**(2,057)**	**-**	**(1,516)**
Finance costs - net					
Esprinet Iberica S.L.U.	Interest income	706	-	819	-
Celly S.p.A.	Interest income	54	-	-	-
Subtotal		**759**	**-**	**819**	**-**
Total		**43,512**	**974**	**51,456**	**201**

Relationships with associated companies

The relationships with the associated company Assocloud S.r.l. are shown in the table below.

(euro/000)	Type	2015				2014			
		Sales	Costs	Receiv.	Payab.	Sales	Costs	Receiv.	Payab.
Sales									
Assocloud S.rl.	Sales from services	71	-	156	-	508	-	569	-
Assocloud S.rl.	Lease payment	-	91	-	-	-	98	-	2
Assocloud S.rl.	Purchase of goods	-	43	-	209	-	34	-	56
Assocloud S.rl.	Consulting	-	7	-	-	-	-	-	-
Total		**71**	**141**	**156**	**209**	**508**	**132**	**569**	**58**

During the year Esprinet S.p.A. had no relationships with subsidiaries or associated companies outside the consolidation perimeter.

6.7.2 Relationships with subsidiaries

The following is a summary of the Esprinet S.p.A.'s relationships with its subsidiaries. Intercompany receivables and payables have been detailed in the 'Notes to the statement of financial position items'. Intercompany costs and revenues have been detailed in the previous paragraph.
Please note that the relationships between Esprinet S.p.A. and its subsidiaries have been conducted in accordance with market conditions.

Relationships with subsidiaries subject to management and coordination activities

Esprinet S.p.A. manages and co-ordinates activities of the subsidiaries resident in Italy.
This activity consists in setting general and operational strategic policies for the Group, drafting general policies regarding human and financial resources management, defining and adapting:
- the corporate governance and internal control model;
- the Group Organisational Model pursuant to Legislative Decree 231/01;
- the System Security Planning Paper (SSPP) pursuant to Legislative Decree 196/.196;
- the Code of Ethics;
- administrative-accounting procedures regarding financial reports.

Group co-ordination especially involves the centralised management of administrative, corporate and cash services which, in addition to enabling the subsidiary companies to achieve economies of scale, also enable them to focus their internal resources on managing the core business.

National consolidated tax regime – Subgroup Italy

Esprinet S.p.A. and its subsidiary Celly S.p.a. have opted for the tax regime as established in the 'National consolidated tax regime', as per Article 117 and followings of Presidential Decree 917/86 (TUIR) 2015 for the 3-years period 2015-2017.
In 2013 V-Valley renewed for the triennium 2013-2015 its option for the 'National consolidated tax regime' with Esprinet. S.p.A..

The economic ratios, as well as the responsibilities and mutual obligations, between the consolidating company and the aforementioned subsidiaries are defined in the 'Consolidation regulations governing Esprinet Group member companies'.

Tax liabilities are usually reported under the item 'Current income tax liabilities', net of advances and the withholding taxes paid and tax credits, in general. The current Corporate Income Tax (IRES) is also reported under 'Current income tax liabilities' calculated by using estimates of positive and negative taxable amounts of the subsidiary companies which have accepted the National consolidated tax regime, net of advances and withholding taxes paid and the accruing tax credits of the companies in question; the corresponding receivables of the consolidating company referring to Group member companies and regarding the current tax corresponding to the positive taxable amounts transferred in the framework of the National consolidated tax regime, represent the balancing item of the tax liabilities reported.
Payables for compensations due to subsidiaries with negative taxable amounts are reported under the item 'Payables to subsidiaries and associated companies'.

The deferred and prepaid Corporate Income Tax (IRES) is calculated on the temporary differences between the values of assets and liabilities determined in accordance with the requirements of the Italian civil code and the corresponding tax values referring exclusively to the single companies.
The current, deferred and pre-paid Regional Business Tax (IRAP) is determined exclusively in the case of single companies.

Celly S.p.A.

During the year Celly purchased goods from Esprinet S.p.A. totalling 0.5 million euro and also sold products to Esprinet S.p.A. totalling 1.7 million euro.
Moreover, Celly paid to the parent Company 1.1 million euro in 2015 for office rental, headquarter management expenses, personnel costs charge back, EDP consultancy, debiting of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers,as well as for administrative activities related to its business purpose.
Finally, it paid Esprinet S.p.A. interest on the outstanding loan amounting to 0.1 million.

Celly Nordic OY

During the year Celly Nordic purchased goods from parent company totalling 0.1 million euro.

V-Valley S.r.l.

As a result of the contract for commission signed on 20 October 2010, V-Valley concluded purchase agreements with its own business name, but on behalf of Esprinet S.p.A..The total amount of the agreements signed was 88.8 million euro (73.2 million euro in 2014), maturing 1.3 million euro in commission on sales (1.1 million euro in 2014).

Moreover, on the basis of a ‘service agreement’ signed between Esprinet S.p.A. and V-Valley, the latter paid a fee of 0.1 million euro to the parent company in 2015 for the hiring of equipment, the debiting of general expenses, telephone charges, IT costs and expenses for the maintenance and management of its ledgers, books and registers, as well as for administrative activities related to its business purpose.
In 2010 Esprinet S.p.A. gave V-Valley a warranty grant of 1 million euro (at Intesa San Paolo and still current in 2015), by which Esprinet S.p.A. stands guarantee in favour of the company’s use of the same.
Likewise in 2011 Esprinet S.p.A. gave V-Valley a warranty grant today amounting to 20 million euro (at Aosta Factor and still current in 2015), by which Esprinet stands guarantee in favour of the company’s use of the same.

Esprinet Iberica S.L.U.

During the year Esprinet Iberica purchased goods from Esprinet S.p.A. totalling 42.2 million euro and also sold products to Esprinet S.p.A. totalling 0.2 million euro.

Esprinet Iberica also paid approx. 0.9 million euro according to a service agreement to lease equipment, for the use of data lines and administrative services, and loan interests of about 0.7 million euro.

Esprinet Portugal Lda

In 2015 Esprinet Portugal paid approx. 0.1 million euro to the parent company, mainly for the debiting of EDP consultancy and administrative services.

6.7.3 Relationships with ‘other related parties’

Sales regard consumer electronics products sold at normal market conditions, mainly to key managers and close members of their family.

(euro/000)	Type	2015				2014			
		Sales	Costs	Receiv.	Payab.	Sales	Costs	Receiv.	Payab.
Sales									
Infoklix S.p.A.	Sales of goods	-	-	2	-	-	-	2	-
Key managers e familiari	Sales of goods	18	-	4	-	14	-	2	-
Smart Res S.p.A.	Sales of goods	7							
Subtotal		**25**	**-**	**6**	**-**	**14**	**-**	**4**	**-**
Overheads and administrative costs									
Immobiliare Selene S.r.l.	Lease - premises	-	1,455	-	-	-	1,455	-	-
M.B. Immobiliare S.r.l.	Lease - premises	-	2,135	-	-	-	1,910	-	-
Immobiliare Selene S.r.l.	Overheads	-	7	-	-	-	9	-	-
M.B. Immobiliare S.r.l.	Overheads	-	14	-	-	-	10	-	-
Immobiliare Selene S.r.l.	Deposits	-	-	718	-	-	-	717	-
M.B. Immobiliare S.r.l.	Deposits	-	-	567	-	-	-	471	-
Subtotal		**-**	**3,611**	**1,285**	**-**	**-**	**3,384**	**1,188**	**-**
Finance costs - net									
Immobiliare Selene S.r.l.	Interest on deposits	4	-	4	-	7	-	7	-
M.B. Immobiliare S.r.l.	Interest on deposits	3	-	3	-	5	-	5	-
Subtotal		**7**	**-**	**7**	**-**	**12**	**-**	**12**	**-**
Total		**32**	**3,611**	**1,298**	**-**	**26**	**3,384**	**1,204**	**-**

Services received mainly refer to leasing agreements entered into at market conditions in previous years with the real estate companies, Immobiliare Selene S.r.l. in the case of the Cambiago (MI) logistics site and M.B. Immobiliare S.r.l. in the case of the Cavenago (MB) logistics site, respectively.

As shown in the previous table, the total value of the aforementioned transactions is not material compared with the total volume of the Company's activities, however.

6.8 Non-recurring significant events and operations

During 2015, key personnel termination indemnities of the Company (for 322 thousand euro) and the impact (135 thousand euro) of the tax rate cuts in Italy, from 27,5% to 24.0% effective from 1 January 2017 on deferred tax assets and liabilities were displayed as non-recurring costs.

In 2014 the full reversal of the investment in Esprinet Iberica value as a consequence of the significant increase in recoverable amount emerged from the results of its impairment test (13.7 million euro), employee termination indemnities (equal to 700 thousand euro) and estimated transaction costs on Celly's acquisition (equal to 218 thousand euro) were identified as non-recurring items.
In the previous fiscal year no 'non-recurring significant events' were posted.

The following table shows effects of the above said events and operations on the income statement (included the related fiscal effects):

(euro/000)	Type	2015	2014	Var.
Overheads and administrative costs	Transaction costs on Celly's acquisition	-	(218)	218
Overheads and administrative costs	Employee termination incentives	(322)	(700)	378
Total SG&A		**(322)**	**(918)**	**596**
Operating income (EBIT)		**(322)**	**(918)**	**596**
Other investments expenses / (incomes)	Reversal of the investment value in the Iberica Subsidiary	-	13,734	(13,734)
Profit before income taxes		**(322)**	**12,816**	**(13,138)**
Income tax expenses	Tax rate reduction (IRES)	86	-	86
Income tax expenses	Non-recurring events impact	101	261	(160)
Net income / (loss)		**(135)**	**13,077**	**(13,212)**

6.9 Main disputes pending

Developments in existing legal and tax-related disputes can be found in a similar section under the comment to the statement of financial position item ‘Non-current provisions and other liabilities’ in the ‘Notes to the consolidated financial statements’.
Similarly, the ‘Directors’ Report on Operations’ also contains the Group’s policies regarding the management of legal and tax-related disputes under ‘Main risks and uncertainties facing the Group and Esprinet S.p.A.’.

6.10 Disclosure on risks and financial instruments

6.10.1 Definition of risks

The international accounting principle IFRS 7 requires entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for the entity’s financial position and performances;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the year and at the reporting date, and how the entity managed those risks.

Disclosure regarding financial risks able to influence the Esprinet S,p.A.’s asset structure, performance and cash flows can be found under ‘Main risks and uncertainties facing the Group and Esprinet S.p.A.’ in the ‘Directors’ Report on Operations’.
Similarly, accounting principles regarding financial instruments used in preparing the Esprinet S.p.A. financial statements can be found in the section ‘Accounting principles and valuation criteria’.

6.10.2 Financial instruments pursuant to IAS 39: classes of risk and ‘fair value'

The next table illustrates the relationship between the financial instruments items in the statement of financial position and the financial assets and liabilities categories in accordance with accounting principle IAS 39:
For further details about the contents of individual balance sheet items please see the analyses provided in the specific sections in the chapter ‘Notes to the statement of financial position items’.

Assets	**31/12/2015**				**31/12/2014**			
(euro/000)	**Carrying amount**	**Financial assets at FVTPL [1]**	**Loans and receiv.**	**Not IAS 39**	**Carrying amount**	**Financial assets at FVTPL [1]**	**Loans and receiv.**	**Not IAS 39**
Derivative financial assets	369	369			-	-		
Customer financial receivables	*2,696*		*2,696*		*3,085*		*3,085*	
Guarantee deposits	*4,440*		*3,030*	*1,410*	*1,313*			*1,313*
Consortium membership fees	*-*			*-*	*21*			*21*
Receiv and other non-curr. assets	7,136		5,726	1,410	4,419		3,085	1,334
Non-current assets	**7,505**	**369**	**5,726**	**1,410**	**4,419**	**-**	**3,085**	**1,334**
Trade receivables	162,618		162,618		169,653		169,653	
Receivables from subsidiaries	*81,361*		*81,361*		*68,541*		*68,541*	
Receivables from associates	*156*		*156*		*569*		*569*	
Other tax receivables	*327*			*327*	*308*			*308*
Receivables from factors	*1,152*		*1,152*		*689*		*689*	
Customer financial receivables	*507*		*507*		*506*		*506*	
Receivables from insurances	*1,863*		*1,863*		*1,834*		*1,834*	
Receivables from suppliers	*6,978*			*6,978*	*2,897*			*2,897*
Receivables from employees	*143*		*143*		*1*		*1*	
Receivables from others	*115*		*115*		*110*		*110*	
Pre-payments	*2,641*			*2,641*	*1,478*			*1,478*
Other receivables	95,243		85,297	9,946	76,933		72,250	4,683
Cash and cash equivalents	205,993		205,993		177,048		177,048	
Current assets	**463,854**	**-**	**453,908**	**9,946**	**423,634**	**-**	**418,951**	**4,683**

Liabilities	**31/12/2015**				**31/12/2014**			
(euro/000)	**Carrying amount**	**Financial liabilities at FVTPL [1]**	**Financial liabilities amortized cost**	**Not IAS 39**	**Carrying amount**	**Financial liabilities at FVTPL [1]**	**Financial liabilities amortized cost**	**Not IAS 39**
Borrowings	61,138		61,138		67,556		67,556	
Derivative financial liabilities	224	224			128	128		
Provisions for pensions	*1,409*			*1,409*	*1,211*			*1,211*
Other provisions	*336*			*336*	*533*			*533*
Provis. and other non-curr. liab.	1,745		-	1,745	1,744		-	1,744
Non-current liabilities	**63,107**	**224**	**61,138**	**1,745**	**69,428**	**128**	**67,556**	**1,744**
Trade payables	387,749		387,749		337,101		337,101	
Short-term financial liabilities	26,197		26,197		13,898		13,898	
Derivative financial liabilities	195	195			51	51		
Payables to assoc. and subsid.	*1,115*		*1,115*		*512*		*512*	
Social security liabilities	*2,497*		*2,497*		*2,556*		*2,556*	
Other tax liabilities	*6,049*			*6,049*	*3,141*			*3,141*
Payables to others	*7,447*		*7,447*		*7,019*		*7,019*	
Accrued expenses (insurance)	*225*		*225*		*99*		*99*	
Deferred income	*83*			*83*	*250*			*250*
Provisions and other liabilities	17,416		11,284	6,132	13,577		10,186	3,391
Current liabilites	**431,557**	**195**	**425,230**	**6,132**	**364,627**	**51**	**361,185**	**3,391**

[1] 'FVTPL': Fair Value Through Profit and Loss.

As can be seen in the previous table, the statement of financial position classifications provide an almost immediate distinction between classes of financial instruments, as per their different valuation methods and exposure to financial risk:

- financial instruments measured at amortised cost:
  - cash and cash equivalents and financial receivables (current and non-current)
  - receivables from insurance companies
  - intercompany receivables
  - trade receivables
  - receivables from others

- receivables from employees
- trade payables
- financial liabilities
- intercompany payables
- other debts (current and non-current)

- financial instruments measured at 'fair value' since initial recognition:
  - derivative financial assets
  - derivative financial liabilities

Qualitative disclosures regarding the different risk classes can be found under the same section in the 'Notes to the consolidated financial statements'.

The fair value measurement of financial assets and liabilities reported in the statement of financial statements as provided for by IAS 39 and governed by IFRS 7 and IFRS 13, grouped by classes of risk, and the methods and the assumptions applied in determining them, are as follows:

Assets	**31/12/2015**						**31/12/2014**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. from insurers	Receiv. from Group	Rec. from employ.	**Carrying amount**	Trade receiv.	Financial receiv.	Receiv. from insurers	Receiv. from Group	Rec. from employ.
Derivative financial assets	369		369				-					
Customer financial receiv.	*2,696*		*2,967*				*3,085*		*3,040*			
Guarantee deposits	*3,030*		*2,963*				*-*		*-*			
Other non-curr. assets	5,726		5,930		-		3,085		3,040			
Non-current assets	**6,095**	**-**	**6,299**	**-**	**-**	**-**	**3,085**	**-**	**3,040**	**-**	**-**	**-**
Trade receivables	162,618	162,618					169,653	169,653				
Receivables from subsid.	*81,361*				*81,361*		*68,541*				*68,541*	
Receivables from associat.	*156*				*156*		*569*				*569*	
Receiv. from factors	*1,152*		*1,152*				*689*		*689*			
Customer financial receiv.	*507*		*507*				*506*		*506*			
Receiv. from insurances	*1,863*			*1,863*			*1,834*			*1,834*		
Receiv. from employees	*143*					*143*	*1*					*1*
Receiv. From others	*115*					*115*	*110*					*110*
Other receivables	85,297		1,659	1,863	81,517	258	72,250		1,195	1,834	69,110	111
Cash and cash equival.	205,993		205,993				177,048		177,048			
Current assets	**453,908**	**162,618**	**207,652**	**1,863**	**81,517**	**258**	**418,951**	**169,653**	**178,243**	**1,834**	**69,110**	**111**

Liabilities	**31/12/2015**						**31/12/2014**					
		Fair value						**Fair value**				
(euro/000)	**Carrying amount**	Trade payables	Financial liabilities	FVTPL derivat.	Other payab.	Payab. to Group	**Carrying amount**	Trade payables	Financial liabilities	FVTPL derivat.	Other payab.	Payab. to Group
Borrowings	61,138		60,345				67,556		67,106			
Financial derivatives	224			224			128			128		
Non-current liabilites	**61,362**	**-**	**60,345**	**224**	**-**	**-**	**67,684**	**-**	**67,106**	**128**	**-**	**-**
Trade payables	387,749	387,749					337,101	337,101				
Short-term financial liab.	26,197		26,849				13,898		13,898			
Financial derivatives	195			195			51			51		
Intercompany payables	*1,115*					*1,115*	*512*					*512*
Social security liabilities	*2,497*				*2,497*		*2,556*				*2,556*	
Payables to others	*7,447*				*7,447*		*7,019*				*7,019*	
Accrued exp. (insurance)	*225*				*225*		*99*				*99*	
Provis. and other liabil.	11,284				10,169	1,115	10,186				9,674	512
Current liabilities	**425,425**	**387,749**	**26,849**	**195**	**10,169**	**1,115**	**361,236**	**337,101**	**13,898**	**51**	**9,674**	**512**

The corresponding hierarchy level for each of the abovementioned fair value list is described below:

Assets	**31/12/2015**			**31/12/2014**		
(euro/000)	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Derivative financial assets	369	369	*level 3*	-	-	
Customer financial receiv.	*2,696*	*2,967*	*level 2*	*3,085*	*3,040*	*level 2*
Guarantee deposits	*3,030*	*2,963*	*level 2*	*-*	*-*	*level 2*
Other non-curr. assets	5,726	5,930		3,085	3,040	
Non-current assets	**6,095**	**6,299**		**3,085**	**3,040**	
Trade receivables	162,618	162,618	*level 2*	169,653	169,653	*level 2*
Receivables from subsid.	*81,361*	*81,361*	*level 2*	*68,541*	*68,541*	*level 2*
Receivables from associat.	*156*	*156*	*level 2*	*569*	*569*	*level 2*
Receiv. from factors	*1,152*	*1,152*	*level 2*	*689*	*689*	*level 2*
Customer financial receiv.	*507*	*507*	*level 2*	*506*	*506*	*level 2*
Receiv. from insurances	*1,863*	*1,863*	*level 2*	*1,834*	*1,834*	*level 2*
Receiv. from employees	*143*	*143*	*level 2*	*1*	*1*	*level 2*
Receiv. From others	*115*	*115*	*level 2*	*110*	*110*	*level 2*
Other receivables	85,297	85,297		72,250	72,250	
Cash and cash equival.	205,993	205,993		177,048	177,048	
Current assets	**453,908**	**453,908**		**418,951**	**418,951**	

Liabilities	**31/12/2015**			**31/12/2014**		
(euro/000)	**Carrying amount**	**Fair value**	**Fair value hierarchy**	**Carrying amount**	**Fair value**	**Fair value hierarchy**
Borrowings	61,138	60,345	*level 2*	67,556	67,106	*level 2*
Financial derivatives	224	224	*level 2*	128	128	*level 2*
Non-current liabilites	**61,362**	**60,569**		**67,684**	**67,234**	
Trade payables	387,749	387,749	*level 2*	337,101	337,101	*level 2*
Short-term financial liab.	26,197	26,849	*level 2*	13,898	13,898	*level 2*
Financial derivatives	195	195	*level 2*	51	51	*level 2*
Debts for invest. in subsidiaries	*1,115*	*1,115*	*level 2*	*512*	*512*	*level 2*
Social security liabilities	*2,497*	*2,497*	*level 2*	*2,556*	*2,556*	*level 2*
Payables to others	*7,447*	*7,447*	*level 2*	*7,019*	*7,019*	*level 2*
Accrued exp. (insurance)	*225*	*225*	*level 2*	*99*	*99*	*level 2*
Provis. and other liabil.	11,284	11,284		10,186	10,186	
Current liabilities	**425,425**	**426,077**		**361,236**	**361,236**	

Given their short-term maturity, the gross carrying value of current assets (excluding derivatives if any), trade payables, short-term financial liabilities and other payables (excluding liabilities for monetary incentives), is deemed a reasonable approximation of their 'fair value' (classified in level 2 in the so called 'fair value hierarchy').

The 'fair value' of non-current assets and borrowings was estimated by discounting expected cash flows from principal and interest, according to the terms and the due dates of each agreement, and using the market interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The 'fair value' of 'Interest Rate Swap' (IRS) derivatives was estimated by discounting expected cash flows, according to the terms and the due dates of each derivative agreement and its underlying, and using the market interest curve at the balance sheet date, as adjusted for the effects of DVA (Debit Value Adjustment) and the CVA (Credit Value Adjustment).

The interest rates used were obtained from the 'Forward' and the 'Spot' Curve Euro at 31 December as provided by Bloomberg plus any spread provided for by the agreement (such spread was not taken into

account in applying the market interest curve for discounting cash flows). Since all inputs entered in the valuation model were based on observable market data instruments are classified at hierarchy level 2.
The soundness of the measurement made, with reference to IRS - Interest Rate Swap, was confirmed by the comparison with the value provided by the issuer banks.

The derivatives financial asset comprises the difference between present value of business valuation of the 20% remaining share in Celly and the forward price evaluation due under the option contract entered with the minority shareholder.
The present value was calculated using the 5-year free-risk rate at 31 December 2015, as adjusted in order to take into account the remaining time until the first available exercise date of the option (falling on 12 May 2019). The fair value so measured corresponds to a level 3 in the fair value hierarchy being based also on management estimates about future financial performance of the subsidiary.

As shown in the preceding tables, no reclassifications among hierarchic levels were made. Please refer to the paragraph ‘Derivatives analysis’ for information relating to existing derivative instruments.

Disclosures regarding net gains or net losses, interest income and interest expenses, fee income and expenses arising from financial instruments have been already given in the table dedicated to finance costs under ‘42) Finance costs’.

Please note that general and administrative expenses include 0.3 million euro (0.7 million euro in 2014) relating to bad debt allowances on the basis of analyses of each single debtor’s solvency.

6.10.3 Additional information about financial assets

As during the previous year, no reclassification of a financial asset as one measured at cost or amortised cost, rather than at fair value, and vice versa, was made (the initial recognition of a financial instrument at fair value and the subsequent measurement at cost or amortised cost for some specified financial assets not detecting at this end).
As highlighted in the section ‘Trade and other receivables’ in the paragraph ‘Summary of significant valuation criteria and accounting policies’, in case of impairment by credit losses, the value of receivables is adjusted. This operation is effected by specially allocating a bad debt provision that directly reduces the carrying amount of the devaluated financial asset.
In the year closed at 31 December 2015, and in the previous one, it was used solely in the case of trade receivables, since it was not deemed necessary in the case of other financial assets.

The following table illustrates the above-mentioned movements of trade receivables bad debt provision during the year:

(euro/000)	Starting provision	Additions	Uses	Final provision
2015 financial year	6,191	328	(1,818)	4,701
2014 financial year	5,979	739	(527)	6,191

Esprinet S.p.A. Group usually transfers financial assets.
These operations involve giving factoring companies trade receivables, for both discounting-back and without-recourse factoring schemes, as well as presenting promissory notes (known by their Italian acronym as RIBA) to banks as credit operations on realisation under usual reserves.
During 2015, a trade receivables securitisation plan was structured by UniCredit Bank AG involving the ‘non recourse’ assignment on a revolving basis of trade receivables to a ‘special purpose vehicle’ under Law no. 130/99.

In the case of transfers of receivables for without-recourse factoring and advances under usual reserves, this operation not qualifying for derecognition, the Group continues to recognise all of these assets, the carrying amount of which continues to appear in the statement of financial position, under ‘trade receivables’ with an offsetting entry under the current financial liabilities as ‘other financing payables’ and ‘payables to banks’.
As at 31 December 2014 the with-recourse sold receivables which obtained advances under usual reserves amounted to 1.6 million euro (6.0 million euro at 31 December 2014); same kind of advances (under usual reserves) about effects amounted to 1.2 million euro (1.9 million euro at 31 December 2014).
The financial assets’ gross book value is the Company’s maximum exposure to credit risk.

The following tables show an analysis of the status of trade receivables and the ageing of those not overdue and not impaired by credit losses:

(euro/000)	31/12/2015	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	167,319	6,602	35,736	124,981
Bad debt provision	(4,701)	(4,701)	-	-
Net trade receivables	**162,618**	**1,901**	**35,736**	**124,981**

(euro/000)	31/12/2014	Receivables impaired	Receivables past due not impaired	Receivables not past due not impaired
Gross trade receivables	175,754	7,338	17,995	150,421
Bad debt provision	(6,191)	(6,191)	-	-
Net trade receivables	**169,563**	**1,147**	**17,995**	**150,421**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receiv. past due not impaired at 31/12/2015	35,736	758	241	848	33,889
Receiv. past due not impaired at 31/12/2014	17,995	(283)	285	(47)	18,040

Due to its historical experience and to its policy of not accepting orders from insolvent customers unless paid in advance, Esprinet S.p.A. does not believe that the premise for allocating provisions for doubtful receivables for amounts not yet overdue exist.

There are no financial assets which would otherwise be past due or impaired whose terms have been re-negotiated, except for some re-entry plans agreed with customers for not-material amounts.
The following instruments are usually used by the Company to limit its credit risk (the percentages refer to trade receivables at 31 December 2015):

- traditional credit insurance (covering approx. 90% of the face value of the insured receivables provided they are within the limit of the credit line given by the insurance company) covering approx. 64% of the total amount of trade receivables;
- without-recourse factoring with leading factoring companies covering approx. 10% of the receivables (the amount refers to receivables existing at the closing date of the financial year but subject to revolving credit at the times and with the methods of the schemes);
- real guarantees (bank guarantees and asset mortgagees) in the case of approx. 4% of total gross amount of trade receivables;

No financial or non-financial assets were obtained by the Group during the period by taking possession of collateral it holds as security or calling on other credit enhancements (e.g. guarantees). Nor did the Group hold collateral (of financial or non-financial assets) it was permitted to sell or re-pledge in the absence of default by the owner of the collateral.

No other financial assets regulated by IFRS 7 and IFRS 13 have been impaired in the current or in the previous year. The two following tables illustrate their status and the aging of those not overdue and not impaired by credit losses:

(euro/000)	31/12/2015 Carrying amount	Receiv. impaired	Receiv. past due not impaired	Receiv. not past due not impaired	31/12/2014 Carrying amount	Receiv. impaired	Receiv. past due not impaired	Receiv. not past due not impaired
Derivative financial liabilities	369			369	-			-
Customer financial receiv.	*2,696*			*2,696*	*3,085*			*3,085*
ntee deposits	*3,030*			*3,030*	*-*			*-*
Other non-current assets	5,726			5,726	3,085			3,085
Non-current assets	**6,095**	**-**	**-**	**6,095**	**3,085**	**-**	**-**	**3,085**
Receivables from subsid.	*81,361*		*1,810*	*79,551*	*68,541*		*(189)*	*68,730*
Receivables from asscociat.	*156*		*156*	*-*	*569*		*162*	*407*
Receivables from factors	*1,152*		*193*	*959*	*689*		*677*	*12*
Customer financial receiv.	*507*		*-*	*507*	*506*		*-*	*506*
Receivables from insurances	*1,863*		*1,863*		*1,834*		*1,834*	
Receivables from employees	*143*			*143*	*1*			*1*
Receivables from others	*115*		*89*	*26*	*110*			*110*
Other receivables	85,297		4,111	81,186	72,250		2,484	69,766
Cash and cash equivalents	205,993		205,993		177,048		177,048	
Current assets	**291,290**	**-**	**210,104**	**81,186**	**249,298**	**-**	**179,532**	**69,766**

(euro/000)	Total	Past due over 90 days	Past due 60 - 90 days	Past due 30 - 60 days	Past due under 30 days
Receivables from subsid.	1,810	-	-	-	1,810
Receivables from associat.	156	132	14	-	10
Receivables from factoring companies	193	27	-	-	166
Receivables from insurance companies	1,863	1,519	133	164	47
Receivables from others	89	89	-	-	-
Receiv. past due not impaired at 31/12/2015	**4,111**	**1,767**	**147**	**164**	**2,033**
Receivables from subsid.	(189)	-	21	-	(210)
Receivables from associat.	162	81	-	-	81
Receivables from factoring companies	12	-	-	-	12
Receivables from insurance companies	1,834	1,694	58	47	35
Receivables from others	-	-	-	-	-
Receiv. past due not impaired at 31/12/2014	**1,819**	**1,775**	**79**	**47**	**(82)**

Receivables from factoring companies relate wholly to ‘without-recourse’ factoring operations, where the ownership and connected risks of the sold receivables have therefore been wholly transferred to factoring companies.

The past due quota relates to sums due at the ending date of the year which were paid during the first days of the following year for technical reasons. The not yet due quota regards amounts collectable by contract only at the original due date of the receivable existing between the sold customers and the Company.
It should be noted, however, that these receivables had also almost completely been paid by the time this report was drawn up as the deadlines were met.

6.10.4 Additional information about financial liabilities

Amounts detailed in the following maturity analysis are the contractual undiscounted cash flows, including interests to be paid and excluding the effects of netting agreements:

(euro/000)	Carrying amount 31/12/2015	Future cash flows	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Financial liabilities	61,138	65,444	655	516	17,873	45,365	1,035
Derivative financial liabilities	224	240	-	-	160	80	-
Non-current liabilities	**61,362**	**65,684**	**655**	**516**	**18,033**	**45,445**	**1,035**
Trade payables	387,749	430,838	391,724	3,974	7,321	19,212	8,607
Short-term financial liabilities	26,197	26,082	17,801	8,281	-	-	-
Derivative financial liabilities	195	201	100	101	-	-	-
payables to assoc. and subsidiaries	*1,115*	*1,115*	*1,115*	-	-	-	-
Social security liabilities	*2,497*	*2,497*	*2,497*	-	-	-	-
Payables to others	*7,447*	*7,447*	*7,447*	-	-	-	-
Accrued expenses (insurance)	*225*	*225*	*225*	-	-	-	-
Provisions and other liabilities	11,284	11,284	11,284	-	-	-	-
Current liabilites	**425,425**	**468,405**	**420,909**	**12,356**	**7,321**	**19,212**	**8,607**

(euro/000)	Carrying amount 31/12/2014	Future cash flows	in 6 months	6-12 months	1-2 years	2-5 years	after 5 years
Borrowings	67,556	73,299	140	803	18,253	52,550	1,553
Derivative financial liabilities	128	183	-	52	118	13	-
Cash incentive liabilities	-	-	-	-	-	-	-
Provisions and other non-corr. liabilities	-	-	-	-	-	-	-
Non-current liabilities	**67,684**	**73,482**	**140**	**855**	**18,371**	**52,563**	**1,553**
Trade payables	337,101	384,156	340,904	3,803	7,240	18,480	13,729
Short-term financial liabilities	13,898	13,463	13,463	-	-	-	-
Derivative financial liabilities	51	-	-	-	-	-	-
payables to assoc. and subsidiaries	*512*	*512*	*512*	-	-	-	-
Social security liabilities	*2,556*	*2,556*	*2,556*	-	-	-	-
Payables to others	*7,019*	*7,019*	*7,019*	-	-	-	-
Accrued expenses (insurance)	*99*	*99*	*99*	-	-	-	-
Provisions and other liabilities	10,186	10,186	10,186	-	-	-	-
Current liabilites	**361,236**	**407,805**	**364,553**	**3,803**	**7,240**	**18,480**	**13,729**

The above tables can be understood more easily if the following are considered:

- when a counter-party has a choice of when an amount is paid, the liability has been included on the basis of the earliest date on which the Group can be required to pay;
- the amounts shown relate to contractual undiscounted cash flows gross of interests to be paid;
- the amount of floating rate loans payable has been estimated by reference to the conditions existing at the reporting date (i.e. the interest rate curve at the end of the year).

The Company maintains two medium-short term loan contracts, of 75 million euro in principal, that contain standard acceleration clauses in case certain financial covenants are not met when checked against data from the consolidated and audited financial statements.
At 31 December 2015 according to the available evidence and using management estimates (since the same will be checked against the consolidated and audited financial statements), the covenants resulted fully met.
Apart from 31 December 2007 and 30 June 2008 when, even if with no consequences for the Company, one of the covenants to which loans whose reimbursement ended in July 2014, as stated in their agreements, was broken, Esprinet S.p.A. has never been in a condition of default regarding principal, interest, sinking fund or redemption terms of passive loans.

The Company also has a loan due in January 2022, with a remaining value as notional of 3.1 million euro and registered as 3.0 million euro by effect of the amortising costs accounting method, achieved in December 2013 under the contractual terms of payment from the Public Administration for the supply of personal computers to the same.

The issuing bank was granted by the Company an irrevocable collection derogation for multi-year contribution's collection due from the Public Administration and equal, in both the amounting and due dates, to the reimbursement loan plan that, for the above mentioned reason, do not contains dealings for a possible shirk benefitting from the reimbursement terms.

Up to now Esprinet S.p.A. has not issued any instruments containing both a liability and an equity component.

6.10.5 Hedge accounting

Introduction

Esprinet S.p.A. signs derivative contracts in order to hedge some loan agreements against fluctuating interest rates by means of a strategy of cash flow hedge.
The aim of these hedging transactions against the interest rate risk is to fix the funding cost of middle/long-term floating-rate loans by entering into a derivative contract that enables the Group the floating rate to be received and the fixed rate to be paid.
Hedging operations are therefore reported in the financial statements according to the instructions of the IAS 39 accounting principle regarding 'hedge accounting' and in order to verify the hedge effectiveness, the Company periodically carry out prospective and retrospective tests.

Derivative instruments as at balance sheet date

As at the balance sheet date Esprinet S.p.A. is using eight IRS (Interest Rate Swap) contracts with different notional amounts and fixed interest rate but identical conditions (hedging instruments), which were entered into with each of the eight banks that on 31 July 2014 granted the medium-term variable interest rate loan of 65 million euro, called Term Loan Facility.
Each financing counterparty signed the derivative proportionally to their respective share in the loan, which the derivative is intended to hedge by means of their receiving a variable interest rate against payment of a fixed interest rate.

The main features of the eight contracts are summarized below:

Trade date	22 December 2014
Effective date	30 January 2015
Termination date	31 July 2019
Notional amount	65.0 million euro (subject to an amortisation plan)
Fixed rate	From 0.33% to 0.37%, act/360
Fixed and floating rates payment dates	Every 31 January and 31 July starting from 31 July 205 up to 31 July 2019, subject to adjustment in accordance with the modified business day convention
Fixed rate payer	Esprinet S.p.A.
Floating rate	Euribor 6M, act/360, fixed two days before the interest calculation period
Floating rate payer	Intesa Sanpaolo S.p.A., Banca Nazionale del Lavoro S.p.A., Unicredit S.p.A., Banca Monte dei Paschi di Siena S.p.A., UBI Banca - Società Cooperativa per Azioni, Banco Popolare – Società Cooperativa, Caixabank S.A., Cassa di Risparmio di Parma e Piacenza S.p.A., each for its own contract.

Since, from the signing date, it was fully in compliance with International Accounting Standard 39 regarding 'hedge accounting' (formal designation and documentation of the hedging relationship; hedge expected to be highly effective and reliably measured; forecast transaction highly probable and affecting profit or loss) all derivative contracts had been subject to the 'cash flow hedge' accounting rules until that date. At inception date the portion of the gain or loss on the hedging instrument (that has been determined to be an effective hedge) was recognised directly in equity (and shown, consequently, in the statement of comprehensive income), the ineffective portion of the gain or loss on the hedging instrument was recognised in profit or loss.

Subsequent changes in fair value of the expected future cash flows on the hedge item from inception of the hedge (due to changes in the interest rate curve) have been similarly recognised directly in equity (always within limits of being an effective hedge) and, consequently, shown in the statement of comprehensive income.

Information regarding derivative contracts existing during the year

The next tables illustrate the following information regarding the derivative contracts with reference to the cash flow hedge accounting technique:
- the notional amount at 31 December 2015 and 2014 shared into portions maturing within or beyond a 12-months period;

- the amount recognised in the statement of financial position as at 31 December 2015 and 2014 representing the 'fair value' of the contracts at the date of the 'highly 'effective hedge termination;
- the cumulative change in fair value from the inception to the date of 'highly 'effective hedge termination with reference to the instalments still effective at the financial statement closing date;
- the ineffective portion recognised or reversed in income statement under 'Finance costs' from the inception with reference to the instalments still outstanding at the same date.

	Year	Notional amount		Fair value [1]	Income statement [2]	Taxes on FV contracts [3]	Retained earnings [4]
		within 1 year	beyond 1 year				
Interest rate risk management							
- cash flow hedge pursuant to IAS 39:	2015	16,250	48,750	419	84	(92)	(243)
- cash flow hedge pursuant to IAS 39:	2014	-	65,000	179	-	(50)	(129)

(1) Amount of the (assets)/liabilities recorded in the statement of financial position resulting from derivatives measured at fair value using cash flow hedge accounting technique.
(2) Ineffective portion of the gain or loss on the hedging instrument as per IAS 39.
(3) Deferred income taxes related to the fair value of the derivative contracts using cash flow hedge accounting technique.
(4) Cumulative change in fair value from inception to the statement of financial position date recognised in equity using cash flow hedge accounting technique.

The events that caused the changes in the amount of the 'cash flow hedge' equity reserve during the first half are so detailed:

	2015					
(euro/'000)	**Change in fair value of derivatives**	**Transfer to P&L [1]**	**Taxes effect trasfer to P&L**	**Ineffective portion of (gain)/loss to P&L**	**Taxes on fair value of derivatives**	**Change in equity reserve**
Equity reserve on derivatives 2014:	(260)	103	(28)	-	71	(114)
Equity reserve on derivatives 2007:	-	-	-	-	-	-
Total	**(260)**	**103**	**(28)**	**-**	**71**	**(114)**

(1) Accounted as increase/(decrease) of 'Financial charges'.

	2014				
(euro/'000)	**Change in fair value of derivatives**	**Transfer to P&L [1]**	**Ineffective portion of (gain)/loss to P&L**	**Taxes on fair value of derivatives**	**Change in equity reserve**
Equity reserve on derivatives 2014:	(179)	-	-	50	(129)
Equity reserve on derivatives 2007:	-	70	(122)	(19)	(71)
Total	**(179)**	**70**	**(122)**	**31**	**(200)**

(1) Accounted as increase/(decrease) of 'Financial charges'.

The following are the periods when the cash flows relating to the hedged items are expected to occur and when they are expected to affect the Income Statement:

(euro/000)			**Expected cash flows**	**0-6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**After 5 years**
Loans:	31/12/2015	Cash flows	3,422	755	647	1,026	994	-
		Impact on P&L	2,787	659	580	868	680	-
	31/12/2014	Cash flows	5,250	715	803	1,485	2,247	-
		Impact on P&L	4,671	805	792	1,344	1,730	-

Finally, the derivative instrument changes referring to the fair value variations recorded in the Income Statement are reported below:

(euro/000)	Year	FV 31/12/p.y.[1]	Rates past due	Variation FV rates not past due	FV 31/12/c.y.[2]
Derivatives 2014	2015	n.a.	n.a.	n.a.	n.a.
Derivatives 2007	2015	n.a.	n.a.	n.a.	n.a.
Total		**-**	**-**	**-**	**-**
Derivatives 2014	2014	n.a.	n.a.	n.a.	n.a.
Derivatives 2007	2014	(69)	69	-	-
Total		**(69)**	**69**	**-**	**-**

(1) Previous year
(2) Current year

6.10.6 Sensitivity analyses

Since Esprinet S.p.A. is exposed to a limited currency risk it has decided not to effect sensitivity analyses regarding this type of risk (for more details see section 'Main risks and uncertainties facing the Group and Esprinet S.p.A.' in the 'Director's Report on Operations').
A sensitivity analysis regarding the interest rate risk was performed in order to show how profit or loss and equity would have been affected by changes in the interest rate curve that were reasonably possible during the period.
For these purposes, the 2015 market interest rate trend was taken into account together with the Group's estimates on rates in the immediate future and a forward shifting of spot/forward interest rate curves +/-100 basis points was simulated. The following tables show the results of the simulation (net of tax effects); each item includes both the current and non current portion:

Scenario 1: +100 basis points

	31/12/2015		31/12/2014	
(euro/000)	**Net equity**	**Profit/(loss)**	**Net equity**	**Profit/(loss)**
Derivative financial assets	(9)	(9)	-	-
Financial assets	341	341	286	286
Cash and cash equivalents	459	459	377	377
Borrowings (1)	(259)	(259)	(176)	(176)
Derivative financial liabilities	804	-	1,305	-
Total	**1,336**	**532**	**1,792**	**487**

Scenario 2: -100 basis points

	31/12/2015		31/12/2014	
(euro/000)	**Net equity**	**Profit/(loss)**	**Net equity**	**Profit/(loss)**
Derivative financial assets	4	4	-	-
Financial assets	(7)	(7)	(66)	(66)
Cash and cash equivalents	(226)	(226)	(377)	(377)
Borrowings (1)	80	80	54	54
Derivative financial liabilities	(73)	-	(129)	-
Total	**(226)**	**(153)**	**(518)**	**(389)**

(1) Impact on the loans hedged by IRS regards solely the uncovered portion of the loans.

6.11 Compensation for Esprinet S.p.A. auditing services

The following table drafted pursuant to Article 149-duodecies of the Consob Issuing Regulation, shows the emoluments posted during the 2014 financial year on the accrual basis of accounting for auditing services and others performed by the same auditing company and/or bodies belonging to its network:

Description	Provider of service	Fees (euro/000)	
		2015	**2014**
Auditing services:			
Examination of the annual accounts of one single company, accompanied by professional opinion	Reconta E&Y (1)	153.8	153.8
Examination of the annual consolidated accounts of a group of companies accompanied by professional opinion	Reconta E&Y (1)	11.8	11.8
Quarterly examination of accounts of one single company or group of companies during the year	Reconta E&Y (1)	27.9	27.9
Subtotal		**193.5**	**193.5**
Other services:			
Services other than audit	E&Y (2)	15.3	25.0
Subtotal		**15.3**	**25.0**
Total		**208.8**	**218.5**

(1) Reconta Ernst & Young S.p.A. – Milan.
(2) Ernst & Young Financial – Business Advisors S.p.A..

7. Publication of the Draft Annual Report

The draft annual report and its publication were approved by the Esprinet Board of Directors during the meeting of 21 March 2016, which also authorised the Chairman to make any necessary or appropriate changes or additions to the structure of the document, in order to complete or improve it in any of its parts.

Vimercate, 21 March 2016

Of behalf of the Board of Directors
The Chairman
Francesco Monti

Statement on the 'separate financial statements' pursuant to Article 81-*ter* of Consob Regulation No. 11971 of 14 May 1999, as amended

1. In consideration of the provisions of Article 154-bis, subsections 3 and 4, of legislative decree No. 58 of 24 February 1998, the undersigned Alessandro Cattani, Chief Executive Officer of Esprinet S.p.A and Pietro Aglianò, executive charged with drawing up the Esprinet S.p.A. accounting documents, hereby declare that the administrative and accounting procedures used in drawing up the separate financial statements relating to the period between 1 January 2015 – 31 December 2015 were:

- appropriate to the features of the Company
- effectively applied.

2. The assessment of the adequacy of the administrative and accounting procedures used for the preparation of the separate financial statements at 31 December 2015 was effected in accordance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internally-accepted reference framework.

No significant aspects emerged.

3. We further declare that:

3.1 the separate financial statements as at 31 December 2015:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) of the European Parliament and Counsel, dated 19 July 2002 as implemented in Italy by Article 9 of Legislative Decree no. 38 of 2005;
b) correspond to the amounts shown in the Company's accounts, books and records; and
c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company as at 31 December 2015.

3.2 The *Directors' Report on Operations* includes a reliable operating and financial review of the Company as well as a description of the main risks to which it is exposed.

Vimercate, 21 March 2016

Chief Executive Officer
of Esprinet S.p.A.

(Alessandro Cattani)

Executive charged with
drafting the Esprinet S.p.A.
accounting documents.

(Pietro Aglianò)

Statutory Auditors' Report

Statutory Auditors have audited the financial statements of Esprinet S.p.A. as of 31 December 2015 and their opinion is attached to the Italian version of the document.

The financial statements referred to in the previous page of this document have been translated by the company from those issued in Italy from the Italian into the English language solely for the convenience of international readers.

The translation has not been examined by Statutory Auditors and consequently their opinion in English on this document is not available.

Independent Auditors' Reports

Reconta Ernst & Young S.p.A. has audited both the consolidated financial statements of Esprinet S.p.A. and the separate financial statements of Esprinet S.p.A. as of 31 December 2015 and its opinions are attached to the Italian version of the document.

The financial statements referred to in the previous page of this document have been translated by the company from those issued in Italy from the Italian into the English language solely for the convenience of international readers.

The translations have not been examined by Reconta Ernst & Young S.p.A. and consequently its opinions in English on those documents are not available.