ANNUAL FINANCIAL REPORT

year ended December 31, 2015

C.L.N. Coils Lamiere Nastri S.p.A.
Corso Susa, 13/15 • 10040 Caselette (TO) • Italy
Fully Paid-up Share Capital Euro 235,000,000
R.E.A n. 400722 C.C.I.A.A. To
M TO 000538 • Registro Imprese
C.F. 00521230011
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LETTER TO THE SHAREHOLDERS

Dear Shareholders,

2015 has been particularly important for the Group, both in terms of results that have been achieved and in terms of implementing operations preparatory to the current and future development of our activities.

Given, moreover, the overall economic improvement and sustained growth in the automotive market in Europe, the consolidated results for the Group in 2015 recorded a growth in revenues from sales exceeding 18% compared to last year with a consequent improvement in operating profitability, both in absolute terms (Ebitda increased by more than 25 million Euros compared to last year), and in relation to turnover (profitability increased from 9.3% to 9.8%). Furthermore, in 2015 the Group returned to profit with a net result for the period amounting to a total of 2,138 thousand Euros (1,072 thousand Euros of which attributed to the Group).

Again in 2015, the Group completed the extraordinary operations initiated in the second six months of 2014. In particular, the partnership project with ArcelorMittal was officially launched in late March, entailing the distribution of steel in Italy. The joint venture created by the two groups for such purpose (by means of transferring their existing businesses) began its activity in early April; this joint venture represents a leading entity in this sector in Italy.

During 2015 investments continued in order to sustain and favour the development of our clients. The Group has always considered flanking its key clients in their growth projects in Europe and the world as a priority. The most significant investments for the year concerned Germany, South Africa and Italy: the foundations for further growth in the next few years were laid by means of such investments.

For the first time during 2015 CLN S.p.A. brought about the emission, in favourable economic conditions, of a bond on a regulated European market, the Irish Stock Exchange. Such issue gave rise to the transformation of our company into an Entity of Public Interest.

Looking ahead to 2016, the positive signals from the European automotive market (+8.5% in registrations in April compared to the previous year) allow us to plan the short and medium-long term future of the Group with cognisant optimism.

CORPORATE BODIES

In accordance with the resolution of the Shareholder's Meeting of CLN S.p.A., held on 24 May 2013 and subsequent variations approved by the Meetings of 12 May 2014 and 15 June 2015, the Corporate Bodies are formed, as at 31 December 2015, as follows.

BOARD OF DIRECTORS

Chairman

- Aurora Magnetto

Managing Directors

- Aurora Magnetto
- Gabriele Perris Magnetto

Directors

- Amulio Cipriani
- Gianni Coda
- Nishio Fumitaka
- Vijay Goyal
- Alain Marie Legrix de la Salle
- Giulio Pampuro
- Raffaella Perris Magnetto
- Vincenzo Perris
- José Manuel Arias García (*)

(*) Co-opted by the Board of Directors on 29 January 2016 and awaiting nomination by the Shareholder's Meeting

BOARD OF AUDITORS (*)

Chairman

- Colin Johnston

Statutory auditors

- Vittorino Pizzoni
- Giovanni Sala

Substitute auditors

- Alessandra Odorisio
- Riccardo Ronchi

(*) It serves the Role of Internal Control Committee and Auditing as per art. 19 Legislative Decree 39/2010

AUDIT COMPANY

- PricewaterhouseCoopers S.p.A.

SUMMARY OF GROUP RESULTS

NET RESULTS

€/000	Financial year closed as at 31 December		Change	%
	2015	2014		
Revenues	1,327,574	1,123,489	204,085	18%
Ebitda (*)	130,204	104,390	25,813	25%
As a percentage of revenues from sales	*9.8%*	*9.3%*		
Ebit (**)	59,672	37,056	22,617	61%
As a percentage of revenues from sales	*4.5%*	*3.3%*		
Result before income tax	(1,533)	(28,677)	27,144	95%
As a percentage of revenues from sales	*-0.1%*	*-2.6%*		
Result for the year from continuing operations	(14,001)	(38,017)	24,017	63%
As a percentage of revenues from sales	*-1.1%*	*-3.4%*		
Discontinued operations	16,138	(15,316)	31,454	205%
Result for the year	2,138	(53,333)	55,471	104%

(*) Gross Operating Margin less restructuring costs and certain specific non-recurrent costs and revenues

(**) Net Operating Margin less restructuring costs and certain specific non-recurrent costs and revenues

FINANCIAL POSITION

€/000	Financial year closed as at 31 December		Change	%
	2015	2014		
Net Capital Invested	570,929	526,155	44,774	8.5%
Net Equity	206,419	229,397	(22,978)	-10.0%
Net Financial Position	364,510	296,759	67,751	22.8%

STAFF AND MAIN INDICATORS

	Financial year closed as at 31 December		Change	%
	2015	2014		
Staff at the end of the period (*)	7,305	6,982	323	4.6%
Net financial indebtment/Net Equity	1.8	1.3	0.5	36.5%
Net financial indebtment/Ebitda	2.8	2.8	(0.0)	-1.5%
ROCE before tax (**)	10.5%	7.2%	3.3%	45.9%

(*) The figure for 2014 does not include discontinued operations

(**) Ebit/Net Invested Capital

CLN Group adopts IFRS since January 1st 2015. Comparable amounts for 2014 have been re-determined under such new accounting principles.

€/000

	Revenues	Ebitda
2015	1,327,574	130,204
2014	1,123,489	104,390

€/000

	Net Equity	Net Capital Invested
2015	206,419	570,929
2014	229,397	526,155

	ROCE (*%*)	Staff (*n.*)
2015	10.5%	7,305
2014	7.2%	6,982

MANAGEMENT REPORT

CLN GROUP AND THE MARKET

MACROECONOMIC SCENARIO

2015 has been a year characterised by substantial recovery of the economic conditions of the United States of America and other advanced countries, whereas emerging economies, having recorded a positive growth rate for the fifth consecutive year, albeit lower than the previous year, continue to be an element of risk for the global economy.

The world GDP, according to that published by the International Monetary Fund (IMF) in April 2016, recorded in 2015 a growth of 3.1%, confirming a stable growth path for the United States and an initial, although fragile, economic recovery in Eurozone countries.

The economic progress of emerging countries has, instead, weakened further with particular tension in the Chinese financial market in which growth has decelerated once again.

As regards the growth forecasts for 2016, on several occasions the IMF has revised the latter downwards during the early months of the current year: according to the latest estimates in the World Economic Outlook published in April, global growth should settle at around a modest 3.2%, substantially in line with 2015, leaving the field in 2017 (+3.5%) to a recovery accompanied by a gradual normalisation of economic conditions.

In 2015 the Eurozone recorded a growth equal to 1.6% and expected to worsen slightly in 2016 (estimated growth of 1.5%). In the European context, the Italian economic closed 2015 with an increase in GDP equal to 0.8% and forecast growth for 2016 equal to 1.0%.

In the United States, where 2015 closed with an increase in the GDP of 2.4%, the IMF confirms a growth rate in line with the previous year for 2016.

With reference to BRICS countries, 2015 confirmed the reports of a slowdown in economic growth, as highlighted earlier by the trend for 2014.
In particular, in China the GDP increased by 6.9%, suffering a reduction compared to the growth recorded in 2014 and the IMF envisaged a further reduction of 0.4 percentage points for 2016; in Brazil 2015 closed, instead with a notable fall in the GDP equal to 3.8%, also confirmed for 2016.

India closed 2015 with an annual growth of 7.3% (an increase compared to the previous year), with forecasts for further improvement in 2016. South Africa recorded a growth of 1.3% but the IMF predicts deterioration for the year in progress.
For Russia 2015 closed with a considerable fall in the GDP equal to 3.7%; amongst the causes was the collapse in the price of oil, which could force the local Government to new measures of austerity. The IMF also predicts a decrease in the Russian economy, albeit with an increase compared to last year.

As regards, lastly, the currency markets, the most relevant event of 2015 is the progressive appreciation of the Dollar against the Euro (from 1.204 in January to 1.088 in December) which peaked in April at 1.055. Also of relevance to the Group during the year were the write-downs endured in relation to the Euro by the South African Rand (-20.8%), the Brazilian Real (-33.9%) and the Argentine Peso (-37.2%).

GROUP ACTIVITY AND REFERENCE MARKETS

Group Activity

CLN has been opertating in the steel sector since 1948. Today the Group - with its divisions and companies - is an integrated enterprise and leader in the sector of components for the automotive market, engineering and production of steel wheels as well as stamping, roll forming and assembly of metal components for the automotive market, as also working and distribution of flat steel products.

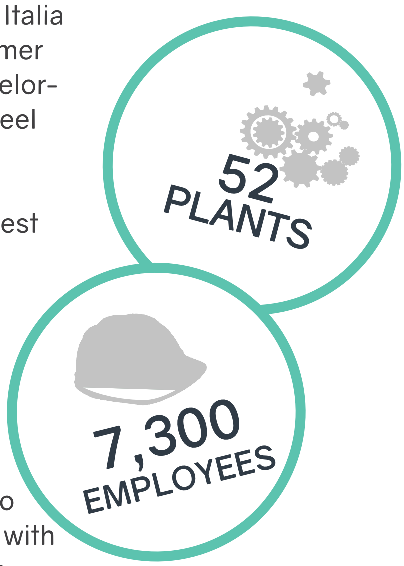
The Group is structured into three divisions operating in the metal components sector for automotive:

MA Division - one of the main global suppliers of metal parts, stamped and roll formed components (external and structural), as well as welded parts, for any type of car and commercial vehicles for the automobile industry. It is present in Europe, Turkey, South Africa and Latin America with partnerships in China and India.

MW Division – market leader in the sector of steel wheels for all types of vehicles (cars and light commercial vehicles) and one of the main producers of rims for motorcycles, supplying clients with complete solutions for engineered wheels. Its facilities are in Europe, Russia, Japan and South Africa, as well as joint ventures in Turkey, Malaysia and Mexico.

MFB Division – specialised in the development and production of metal components for powertrain units and special parts, by means of using a wide range of technologies, such as fine and conventional blanking, deep drawing, sintering and machine tool metalworking, for the automotive industry and industry in general.

The Group's fourth division, outside of the automotive sector, is the **SSC Division**, active in the sector of re-rolling and in the European market for distributing flat steel products, with service centres located in Italy, Poland, Slovakia, Republic of Serbia and Croatia. The ArcelorMittal CLN Distribuzione Italia (AMCLN) joint venture also reports to the SSC Division, the former of recent establishment with the Group's historical partner, ArcelorMittal. This joint venture is active in Italy in the distribution of steel with 13 production sites.



The Group operates in a responsible manner and with the greatest attention to the matter of health and safety at the workplace, considered as one of the most important corporate values.
It is engaged in the development, industrialisation and assembly of steelworks products with high technological content, in order to offer clients dedicated services and solutions, giving priority to the values of operational sustainability and excellence. The Group is also constantly committed to internationalisation and developing new products, as also strengthening its close and long-term relations with its clients, with particular attention to the high quality of steel and to innovation.

Reference Markets

The Group's main market of reference is represented by manufacturers of cars and light commercial vehicles (Original Equipment Manufacturers – OEM). Operating on this market are Divisions MA, MW and MFB in their capacities as direct suppliers of components mainly made of steel. A lower portion of the production is also intended for the so-called aftermarket, mainly consisting in steel wheels.

During 2015 the number of new car registrations in the world increased by about 2% compared to the previous year reaching 72.8 million (71.4 million in 2015). In Europe growth was equal to 9.2% (13.7 million registrations), 6.5% in China (19.3 million), 5.1% in the United States (14.6 million). Contrary to market trend were Japan (-9.9% with 4.2 million registrations), Brazil (-25.0% with 2.1 million) and Russia (-34.9% with 1.5 million).

In Europe, the Group's main market, Italy recorded a growth of 15.8% (1.5 million registrations), France 6.8% (1.9 million), Germany 5.6% (3.2 million), the United Kingdom 6.3% (2.6 million) and Spain with 20.9% (1 million).
Solely regarding Europe, the light commercial vehicles (up to 3.5 tonnes) market also recorded a significant growth compared to last year (+11.6% with 1.7 million registrations).

Flanking the automotive market, as mentioned, the Group is active in the re-rolling and distribution of **steel**.

World steel production decreased in 2015 by about 2.8% (1.6 billion tonnes produced, around half of which in China) with a deterioration in the second half-year (-3.6%) accompanied by destocking policies and consequent reduction in prices.

As regards Italy, during 2015 internal production of raw steel was equal to 22 million tonnes, with a reduction of around 7.1% compared to the previous year. At the level of actual consumption of steel in the country, demand increased by about 2% during 2015 compared to the previous year. Despite greater demand, the aforementioned destocking policies at global level have led to a reduction in prices of the material, which was particularly significant in the second six months of the year.

REVENUE BY GEOGRAPHICAL AREA AND DIVISION

Geographical Area €/000	2015		2014		Change	
Italy	323,196	24.3%	193,553	17.2%	129,643	67.0%
France	248,856	18.7%	225,664	20.1%	23,192	10.3%
Poland	197,187	14.9%	194,682	17.3%	2,505	1.3%
Germany	147,100	11.1%	141,547	12.6%	5,553	3.9%
Spain	59,095	4.5%	59,768	5.3%	(673)	-1.1%
Czech Republic and Slovak Republic	41,752	3.1%	34,902	3.1%	6,850	19.6%
Rumania	18,127	1.4%	18,597	1.7%	(470)	-2.5%
United Kingdom	17,769	1.3%	16,054	1.4%	1,714	10.7%
Serbia	5,739	0.4%	6,977	0.6%	(1,238)	-17.7%
Turkey	436	0.0%	1,525	0.1%	(1,089)	-71.4%
Other European Countries	35,927	2.7%	27,891	2.5%	8,036	28.8%
Total Europe	**1,095,185**	**82.5%**	**921,161**	**82.0%**	**174,024**	**18.9%**
South Africa	198,262	14.9%	159,848	14.2%	38,414	24.0%
Argentina	8,009	0.6%	11,184	1.0%	(3,175)	-28.4%
Russia	8,412	0.6%	12,192	1.1%	(3,780)	-31.0%
China	3,575	0.3%	1,697	0.2%	1,878	110.6%
Japan	7,204	0.5%	7,594	0.7%	(390)	-5.1%
Brazil	273	0.0%	5,411	0.5%	(5,138)	-94.9%
India	952	0.1%	377	0.0%	575	152.4%
Rest of the World	5,702	0.4%	4,025	0.4%	1,677	41.7%
Total outside of Europe	**232,389**	**17.5%**	**202,328**	**18.0%**	**30,061**	**14.9%**
Total Revenue	**1,327,574**	**100.0%**	**1,123,489**	**100.0%**	**204,085**	**18.2%**

Revenues by Division €/000	2015		2014		Change	
MA Division - Automotive	1,029,326	77.5%	899,272	80.0%	130,054	14.5%
MW Division - Wheels	183,029	13.8%	182,544	16.2%	485	0.3%
SSC Division - Service Centres (*)	100,462	7.6%	40,783	3.6%	59,679	146.3%
MFB Division (**)	27,773	2.1%	12,477	1.1%	15,296	122.6%
Adjustments	(13,016)	-1.0%	(11,587)	-1.0%	(1,429)	12.3%
Total Revenue	**1,327,574**	**100.0%**	**1,123,489**	**100.0%**	**204,085**	**18.2%**

(*) The figure for 2014 does not include revenues from ITLA S.r.l. (53,788 thousand Euros) which was consolidated as from 1 January 2015

(**)The figure for 2014 refers to 7 months of operations (from June to December)

CONSOLIDATED RESULTS

The results for 2015 were drawn up for the first time according to International Accounting Standards (IFRS). In order to guarantee perfect comparability with the same results for 2014, they have been redefined according to such principles. The Explanatory Notes include statements of reconciliation with the consolidated results for 2014, drawn up according to Italian accounting principles.

For further details on the results for the Divisions, refer to the informatory document on operating sectors included in the Notes to the Consolidated Financial Statements.

OPERATING RESULTS

€/000	Financial year closed as at 31 December		Change	%
	2015	2014		
Revenues	**1,327,574**	**1,123,489**	**204,085**	**18.2%**
Ebitda (*)	**130,204**	**104,390**	**25,813**	**24.7%**
Depreciation, amortisation and impairment losses	(70,531)	(67,335)	(3,196)	-4.7%
Ebit (**)	**59,672**	**37,056**	**22,617**	**61.0%**
Net Financial expenses	(35,960)	(36,766)	806	2.2%
Restructuring Costs and exceptional items	(7,671)	(8,000)	329	4.1%
Investments accounted for using the Equity Method	(17,575)	(20,967)	3,392	16.2%
Result before income tax	**(1,533)**	**(28,677)**	**27,144**	**94.7%**
Income tax expenses	(12,468)	(9,340)	(3,127)	-33.5%
Result for the year from continuing operations	**(14,001)**	**(38,017)**	**24,017**	**63.2%**
Discontinued operations	16,138	(15,316)	31,454	205.4%
Result for the year	**2,138**	**(53,333)**	**55,471**	**104.0%**
Result attributable to:				
- *Group*	*1,072*	*(54,505)*	*55,577*	*102.0%*
- *Non-controlling interests*	*1,066*	*1,172*	*(106)*	*-9.1%*

(*) Gross Operating Margin less restructuring costs and certain specific exceptional expense and income

(**) Net Operating Margin less restructuring costs and certain specific exceptional expense and income

Statement of reconciliation between the Gross Operating Income and the Ebitda (*)

€/000	Financial year closed as at 31 December		Change	%
	2015	2014		
Gross Operating Income	**122,532**	**96,390**	**26,143**	**27.1%**
Costs for corporate restructuring	5,249	6,355	(1,106)	-17.4%
Cost for relocation of production	1,079	500	579	115.8%
Settlement agreements	937	700	237	33.9%
Other net costs	406	445	(39)	-8.9%
Ebitda	**130,204**	**104,390**	**25,813**	**24.7%**

(*) Ebitda represents a "Non-IFRS" measure. The Group method of calculating Ebitda may differ from methods used by other Groups/Entities.

The trend in **Revenues** during 2015 proved to be particularly positive compared to the previous financial year. Revenues at the end of the year amount to 1,327,574 thousand Euros, an increase of 18.2% compared to 2014 (11.6% with equal consolidation perimeter).

All the Group's Divisions have contributed to the growth in turnover. In particular, with equal consolidation perimeter, the most significant increase was recorded by the MA Division (+14.5%). The growth for the MFB Division was equal to 13.5%, that for the SSC Division was 6.2%, whereas that for the MW Division was 0.3%.

At geographical level the most significant growth concerned Italy (+67.0% – +24.6% with equal consolidation perimeter), mainly thanks to the volumes guaranteed by the new FCA models. Also of significance was the growth regarding France (+10.3%); more generally in Europe the increase in turnover, with equal consolidation perimeter, was equal to 11.0%, in perfect harmony with the growth of the automotive market.

Outside Europe we report an increase recorded by South Africa (+24%) mainly thanks to the new Daimler programmes.

In 2015 the Group's **Ebitda** was equal to 130,204 thousand Euros (9.8% of revenues), a significant improvement compared to 104,390 thousand Euros for the previous year (9.3% of revenues). The rise was equal to 24.7% (17.1% with equal consolidation perimeter). This increase is mainly associated to the aforementioned growth in volumes.

The Group's **Ebit** is equal to 59,672 thousand Euros (4.5% of revenues) compared to 37,056 for 2014 (3.3% of revenues). The value was affected by depreciation and amortisation for the period of 70,531 thousand Euros, an increase compared to the previous year (67,335 thousand Euros) depending on the start-up of the amortisation of new, recently implemented investments.

The total amount of the net **financial expenses** was equal to 35,960 thousand Euros (36,766 thousand Euros in 2014). This value includes negative exchange rate differences of 1,454 thousand Euros (3,179 thousand Euros in 2014).

During 2015 the Group sustained **restructuring costs and other exceptional costs** of 7,671 thousand Euros (8,000 thousand Euros in 2014). The item includes restructuring costs of 5,249 thousand Euros (6,355 Euros in 2014) and other net cost components of 2,422 thousand Euros (1,645 thousand Euros in 2014) mainly associated to productive relocation costs and settlement agreements.

The net cost deriving from I**nvestments accounted for using the Equity Method** was equal to 17,575 thousand Euros (20,967 Euros in 2014). This cost mainly includes the pro-rata for losses incurred by the Brazilian joint venture, MA do Brasil (12,954 thousand Euros compared to 14,706 thousand Euros in 2014).

Taxes in 2015 were equal to 12,468 thousand Euros, an increase compared to last year (9,340 thousand Euros) due to the significant improvement in Group profitability.

The net profit concerning activities classified as **discontinued** as at 31 December 2014 and the subject matter of sale during 2015 was equal to 16,138 Euros (compared to the loss of 15,316 thousand Euros in 2014). Apart from the result of operations for the months preceding the actual end of the activity, the value for 2015 also includes the surplus value compared to the book value of the latter in the balance sheet.

The **net result for the year** was equal to 2,138 Euros (compared to the loss of 53,333 thousand Euros in 2014). The component attributable to the Group was equal to 1,072 thousand Euros (against a loss of 54,505 thousand Euros in 2014).

STATEMENT OF FINANCIAL POSITION

€/000	Financial year closed as at 31 December		Change	%
	2015	2014		
Stock	158,971	131,752	27,219	20.7%
Trade Receivables	109,934	106,378	3,557	3.3%
Trade Payables	(319,557)	(288,362)	(31,195)	10.8%
Other net receivables and payables	(31,535)	(54,989)	23,455	42.7%
Net Working Capital	**(82,186)**	**(105,221)**	**23,036**	**21.9%**
Tangible and Intangible Fixed Assets	612,947	597,332	15,616	2.3%
Equity Investments reported using the Equity Method	79,635	59,973	19,662	32.8%
Other non-current receivables and payables	6,212	16,708	(10,496)	-62.8%
Non-current Fixed Assets	**698,795**	**674,013**	**24,781**	**3.4%**
Provisions for Risks	(42,627)	(52,450)	9,823	-18.7%
Net deferred Taxes	(3,053)	(3,084)	31	-1.0%
Assets and liabilities intended for sale	0	12,897	(12,897)	-100.0%
Net Invested Capital	**570,929**	**526,155**	**44,774**	**8.5%**
Net Equity for the Group	196,674	214,568	(17,895)	-8.3%
Minority Interests	9,746	14,829	(5,083)	-34.3%
Total Shareholder's Equity	**206,419**	**229,397**	**(22,978)**	**-10.0%**
Net Financial Position	**364,510**	**296,759**	**67,751**	**22.8%**

The Financial Position for the Group represents a reclassified view of the accounts statements shown in the following pages. In particular:

- The other non-current receivables and payables of the non-current fixed assets refer to specific positions deriving from the purchase or future subscription of capital in subsidiaries and joint ventures.
- The Net Financial Position is formed of current and non-current liabilities due to banks and other lenders, cash and cash equivalents, financial receivables and government bonds included in the other financial assets.

The **Net Invested Capital** in late December 2015 amounts to 570,929 thousand Euros, a growth of 8.5% compared to the previous year (526,155 thousand Euros).

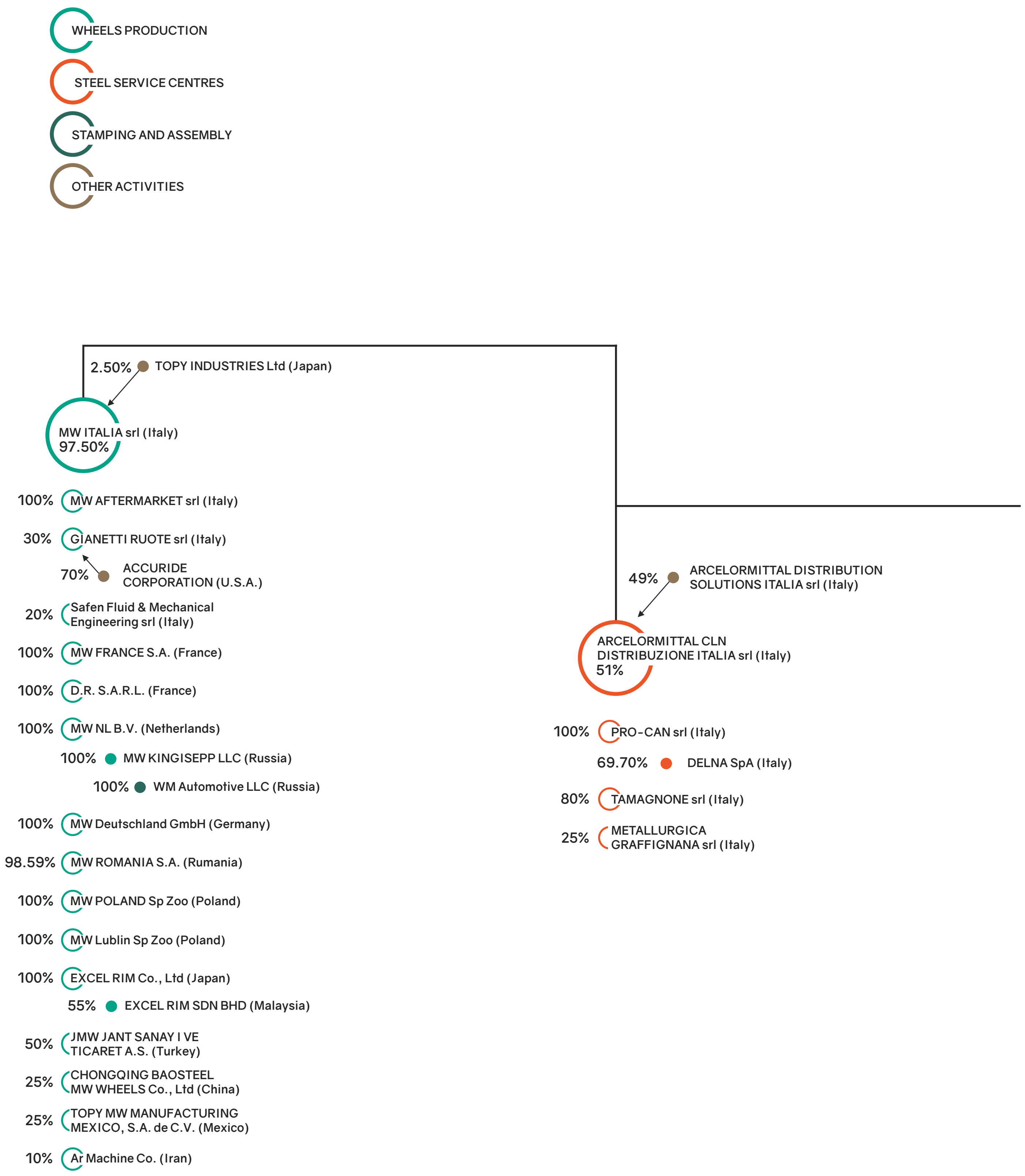
The **Net Financial Position** in late December 2015 amounts to a total of 364,510 thousand Euros, with a change of 67,751 thousand Euros compared to the previous year. Such change mainly originates from the following effects:

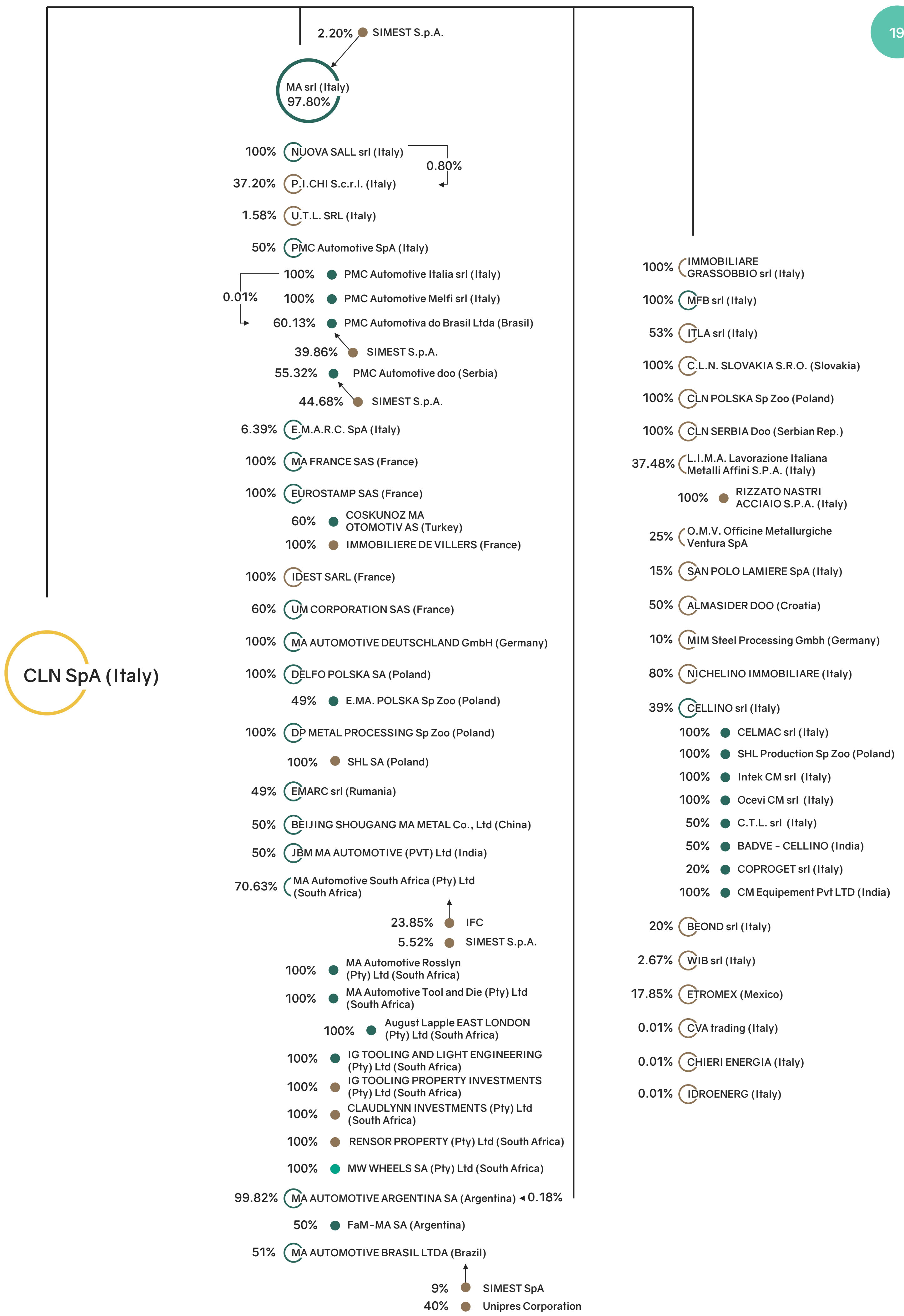
- Positive effect deriving from the Ebitda at 130,204 thousand Euros.
- Investment activities in tangible and intangible fixed assets and long-term investments of 99,032 thousand Euros.
- Change in the net working capital and the provisions for risks of 32,859 thousand Euros.
- Payment of financial expenses of 35,960 thousand Euros.
- Payment of Taxes of 12,468 thousand Euros.
- Payment of restructuring costs and other exceptional components of 7,671 thousand Euros.

Detailed information on the composition of the single items forming the financial position is given in the Notes to the Consolidated Financial Statements.

The **Shareholder's Equity attributable to the Group** amounts to a total of 196,674 thousand Euros with a decrease of 17,895 thousand Euros compared to the previous financial year mainly due to the effect of translating the separate statements for the South African subsidiaries originally expressed in Rands into Euros.

LEGAL STRUCTURE OF THE GROUP




2.20% SIMEST S.p.A.
MA srl (Italy) 97.80%
100% NUOVA SALL srl (Italy)
0.80%
37.20% P.I.CHI S.c.r.l. (Italy)
1.58% U.T.L. SRL (Italy)
50% PMC Automotive SpA (Italy)
100% PMC Automotive Italia srl (Italy)
0.01%
100% PMC Automotive Melfi srl (Italy)
60.13% PMC Automotiva do Brasil Ltda (Brasil)
39.86% SIMEST S.p.A.
55.32% PMC Automotive doo (Serbia)
44.68% SIMEST S.p.A.
6.39% E.M.A.R.C. SpA (Italy)
100% MA FRANCE SAS (France)
100% EUROSTAMP SAS (France)
60% COSKUNOZ MA OTOMOTIV AS (Turkey)
100% IMMOBILIERE DE VILLERS (France)
100% IDEST SARL (France)
60% UM CORPORATION SAS (France)
100% MA AUTOMOTIVE DEUTSCHLAND GmbH (Germany)
100% DELFO POLSKA SA (Poland)
49% E.MA. POLSKA Sp Zoo (Poland)
100% DP METAL PROCESSING Sp Zoo (Poland)
100% SHL SA (Poland)
49% EMARC srl (Rumania)
50% BEIJING SHOUGANG MA METAL Co., Ltd (China)
50% JBM MA AUTOMOTIVE (PVT) Ltd (India)
70.63% MA Automotive South Africa (Pty) Ltd (South Africa)
23.85% IFC
5.52% SIMEST S.p.A.
100% MA Automotive Rosslyn (Pty) Ltd (South Africa)
100% MA Automotive Tool and Die (Pty) Ltd (South Africa)
100% August Lapple EAST LONDON (Pty) Ltd (South Africa)
100% IG TOOLING AND LIGHT ENGINEERING (Pty) Ltd (South Africa)
100% IG TOOLING PROPERTY INVESTMENTS (Pty) Ltd (South Africa)
100% CLAUDLYNN INVESTMENTS (Pty) Ltd (South Africa)
100% RENSOR PROPERTY (Pty) Ltd (South Africa)
100% MW WHEELS SA (Pty) Ltd (South Africa)
99.82% MA AUTOMOTIVE ARGENTINA SA (Argentina) 0.18%
50% FaM-MA SA (Argentina)
51% MA AUTOMOTIVE BRASIL LTDA (Brazil)
9% SIMEST SpA
40% Unipres Corporation
CLN SpA (Italy)
100% IMMOBILIARE GRASSOBBIO srl (Italy)
100% MFB srl (Italy)
53% ITLA srl (Italy)
100% C.L.N. SLOVAKIA S.R.O. (Slovakia)
100% CLN POLSKA Sp Zoo (Poland)
100% CLN SERBIA Doo (Serbian Rep.)
37.48% L.I.M.A. Lavorazione Italiana Metalli Affini S.P.A. (Italy)
100% RIZZATO NASTRI ACCIAIO S.P.A. (Italy)
25% O.M.V. Officine Metallurgiche Ventura SpA
15% SAN POLO LAMIERE SpA (Italy)
50% ALMASIDER DOO (Croatia)
10% MIM Steel Processing Gmbh (Germany)
80% NICHELINO IMMOBILIARE (Italy)
39% CELLINO srl (Italy)
100% CELMAC srl (Italy)
100% SHL Production Sp Zoo (Poland)
100% Intek CM srl (Italy)
100% Ocevi CM srl (Italy)
50% C.T.L. srl (Italy)
50% BADVE - CELLINO (India)
20% COPROGET srl (Italy)
100% CM Equipement Pvt LTD (India)
20% BEOND srl (Italy)
2.67% WIB srl (Italy)
17.85% ETROMEX (Mexico)
0.01% CVA trading (Italy)
0.01% CHIERI ENERGIA (Italy)
0.01% IDROENERG (Italy)

INFORMATION CONCERNING RISKS AND UNCERTAINTIES

Given the nature of its activity, the Group is effectively exposed to certain risks, divided below between risks of a financial nature and business risks.

RISKS OF A FINANCIAL NATURE

Credit risk

The Group proves to be exposed to credit risk deriving from its commercial activities with clients. The risk is represented by potential effects, which would emerge if one of the counterparties was not able to fulfil its obligations in a temporary or definitive manner.
Moreover, the main clients of the Group are represented by car manufacturers (OEM) regarding whom prompt information is available about operating/financial performance and the ratings supplied by the main agencies. The Group also adopts specific commercial policies aimed at monitoring the solvency of smaller clients and implements agreements for the transfer of trade receivables without recourse, thereby transferring the related risk.

Liquidity risk

The liquidity risk concerns the availability of financial resources and access to the credit market.
The main internal factors affecting the situation of liquidity of the CLN Group are, on the one hand, the resources generated and absorbed by operational management and, on the other, those engaged in investments carried out for productive and strategic development and in the debt service. The Group constantly monitors trend in liquid assets, financial flows (final and forecast) and lines available by means of treasury reports.
A significant external factor, which can influence, lastly, the availability of adequate financial resources for the Group, is represented by the trend in the credit market at national and supranational level.

Risk of fluctuations in exchange rates

CLN Group is exposed to financial risk deriving from a change in exchange rates, which occurs when operating in an international context in which transactions, commercial and financial, can be denominated in a currency other than the accounting currency. This risk can also derive from translation of individual balance sheets into Euros, drawn up in foreign currency by the consolidated companies. These oscillations can significantly influence the Group's operating and financial result.
The main exchange rate ratios compared to the Euro representing a risk for the Group concern the Polish Zloty, South African Rand, Rumanian Leu, Brazilian Real and the Russian Rubles.

Risk of fluctuations in interest rates

A significant component of medium term debt subscribed by the Group is repaid at variable rates. Moreover, the Group transfers receivables on a recurrent basis (with and without recourse), deriving from its commercial activity and avails of other forms of short term borrowing. Variations in the levels of market interest rates thereby affect the level of the Group's net financial expenses.

Risk of change in the mix of revenues between countries with different tax regimes

The Group operates in countries having different tax regimes: tax rates on income indicatively vary from 19% in Poland to 33% in France. In other countries, amongst which Italy, tax losses are also available, related to previous tax years which can be used to offset current taxable income. On equal terms as consolidated pre-tax result, a change in the mix of geographic origin of such result can lead to a significant change in tax burden and, therefore, the profit for the year.

Risk of failure to observe financial covenants on medium/long term loans

The Group has subscribed some loan agreements bound to complying with financial covenants (ratio between Net Financial position and Ebitda, ratio between Ebitda and Net Financial Expenses, ratio between the financial debt of subsidiaries and the total consolidated assets). Failure to observe such contractual covenants could lead to a request for early repayment of the remaining debt unless agreed otherwise with the lending entities.
We point out that as at 31 December 2015 the financial covenants prove to be observed.

BUSINESS RISKS

Trend in global economy and the automotive market

More than 90% of the Group's revenues is directly or indirectly attributable to vehicle manufacturers throughout the world. The automotive market is cyclic, with fluctuations caused by factors such as the general trend in economy, growth or decrease in the gross domestic product, interest rates, fuel prices, consumer loyalty, etc.
These factors mean that fluctuations in the automotive market, even significant, are hard to predict and consequently the Group's business as recently testified by the crisis which hit the world economies between 2008 and 2014.
Moreover, more than 80% of the Group's sales revenues are achieved in Europe. Europe proved to be particularly vulnerable during the years of the economic crisis: the sovereign debt crisis and austerity measures introduced in order to mitigate the effects of the latter have given rise firstly to a situation of recession, followed by stagnation, from which the countries of the Eurozone have only recently started to come out. Added to this are situations of specific tension linked to Greece and Great Britain's possible exit from the European Union.

Fluctuations in market quotas of clients and the models subject matter of the supply

Apart from the general trend in the automotive market, the Group is exposed to specific risk linked to the success of the models/platforms produced by its clients, which can have a positive or negative multiplying effect respect to the general trend of the market.

Trend in steel prices

The cost of raw material affects the Group's comprehensive turnover by about 60%. The steel market is historically characterised by high volatility. Such volatility mainly lies in the cyclic nature of the main steel outlet sectors, among all the automotive sectors, as well as that of construction.
If, in the MA, MW and MFB divisions, changes in the price of raw material are normally transferred to the client, repeated change in prices can expose the Group to sales margin risk for the SSC Division.

Strong presence in foreign countries and emerging countries

About 75% of the Group's sales revenues is achieved outside of Italy: of this, almost one-fourth in emerging countries (South Africa in particular). Business activities conducted overseas are subject to risks, such as exposure to local economic and political conditions, implementation of restrictive policies regarding import and/or export and subjection to multiple tax regimes.
With regard, in particular, to emerging countries, the Group operates directly in South Africa and Russia and, by means of joint venture, in Brazil, India and China. Negative developments in the economies and political systems of such countries, as for example, possible decreases in public investments in infrastructures or lack of adequate supplies of gas and electricity, may represent an additional factor or risk for the Group.

Risk of interruption in productions

Group profitability depends on its ability to promptly resupply clients with specific products in their facilities. The Group is therefore subject to the risk of interruptions in production for reasons, which may vary from mechanical faults in lines to union-related tensions, up to the most remote events such as environmental disasters, wars and terrorist attacks.
In order to mitigate the risk of interruptions linked to faults in the plants, the Group applies scrupulous maintenance policies aimed at promptly identifying any anomalies and causes of fault.

High level of competition

The market for the supply of components for vehicles to the OEMs is characterised, with regard to both wheel production and stamped items, by its highly competitive nature. The Group has to compete with a high number of competitors having degrees of strength (financial and industrial) very different from each other; some of them are in dominant positions in some areas, others instead have to deal with intense processes of restructuring and reorganisation. In some emerging countries, new players are appearing which could heighten the level of competition further.
This is another reason for clients to ask for progressive reductions in price during the lifecycle or the produced models.
The level of competition and discounts granted to clients can reduce Group profitability when they are not absorbed by means of a constant improvement in productive efficiency.

Clients' outsourcing policies

Both the wheel and stamped parts production markets are strongly affected by outsourcing policies adopted by the OEMs. Decisions concerning outsourcing adopted by OEMs are subject, for each facility/model, to the availability of internal productive capacity, perception of the strategic relevance of certain components respect to others, financial availability, production costs, quality and delivery times and technical competence present. The choices/strategies of the OEMs determine current/potential markets for all suppliers of *automotive* components.

Risks associated with joint venture agreements

The Group is pursuing a policy aimed at searching for joint venture opportunities and alliances in order to realise objectives including verticalisation of production, loyalty and commercial expansion, optimisations of capital commitments and reducing risks, particularly those linked with entry into developing countries. These agreements are sometimes established by

means of acquiring majority shareholdings, but also equal or minority shareholdings. Reaching such objectives, based on the stipulation of such agreements, is affected by multiple factors amongst which relations with respective partners, a shared vision of future strategies to be pursued, as well as problems of a technical and financial nature together with local normatives.
The main joint ventures of the Group were created with Unipres in Brazil, Coskunoz and Jansta in Turkey and JBM in India. Starting from 2015 the distribution of steel in Italy is managed in partnership with ArcelorMittal.

Competition from alternative materials to steel

The Group's business is mainly linked to the use of steel in car components. The growing use of alternative materials, especially aluminium for wheels and plastic for certain assembled components can represent a factor of risk for the Group.

Risk in the development of new products and production sites

The launch of new programmes, as well as the introduction of new production technologies and new sites, leads to risks arising in relation to initial productive inefficiency, operation of production equipment, the initial quality of production and adequate training of personnel.

Quality of the products

Any lack in quality of the items supplied to clients could lead to significant costs for indemnity and reworking. The Group considers the quality of its products as a matter of priority and is committed, in such sense, to mitigate such risk as much as possible by means of decisive actions of quality control on the materials used and production processes.

Environment, Health and Safety

The Group is required to comply with a wide range of normatives and regulations concerning the environment and health and safety of its workers; such normatives, which differ from country to country, impose increasingly stricter standards of protection. The costs for observing such normatives and any sanctions in the case of lack of adaptation to the required standards prove to be constantly more significant. Failure to observe the normatives also leads to risks of civil and criminal action as well as revoked authorisations to produce.

Concentration of clients

Approximately 80% of the Group's sales revenues is focussed on its 10 main clients. Although such level of concentration is common in the sector, any loss of one of the clients or a significant reduction in volume could give rise to loss of profitability.
In order to mitigate such risk, the Group constantly monitors the levels of satisfaction of clients with whom it agrees upon development programmes and opportunities for collaboration, present and future.

Costs associated to closing facilities

If, for any reason, the Group were to be forced to close one of its production plants, the costs associated to such closure would be huge. For this reason, the use of the productive capacity of the facilities is constantly monitored and re-balanced, where necessary, by means of commercial actions and/or productive relocation.

Acquisition and disposals of operations

In the past, the Group has carried out strategic acquisitions and disposals of operations and this could also take place in the future. In particular, acquisitions can represent a moment of risk in terms of return on investment, obtaining sufficient financial cover, management distraction from recurrent activities, burdening the net financial position of the Group and its

operational cash-flow.
In order to mitigate such risk, any strategic acquisition is analysed beforehand from the commercial, productive and financial viewpoint.

Legal & Compliance

The Group is exposed to the risk of failing to promptly acknowledge changes in normatives and regulations issued in the markets and countries in which it operates.

RESEARCH AND DEVELOPMENT

The Group internally conducts research and development activities on products, processes and productive methodologies. In particular, these activities concern the following main sectors.

Selection of materials: study of solutions able to optimise weights and performance of products as well as reducing their costs. In particular, the MA Division is constantly seeking technological solutions aimed at reducing the mass of materials used in collaboration with suppliers, car makers and academies.

Optimisation of production processes: research for new production techniques aimed at improving production performance in terms of efficiency, workload and safety.
As regards the MA Division, activities are mainly focussed on the constant development of the roll forming process as well as the introduction of hot forming processes into the Group's facilities. Such technique allows high resistance items to be realised with complex shapes and reduced effects of elastic return.
Different initiatives are conducted in this context by the Wheels Division. Specifically, recent projects concern (i) the implementation of robotic welding cells at the Rumanian facility for the development and realisation of a circle-disk assembly for standard wheels, style wheels (with more than 5 welding seams), semi-full face wheels and (ii) the implementation of an electrostatic Top Coat station in MW France capable of optimising paint consumption and reducing rejects from the current painting line.

Definition of new product concepts: solutions aimed at specific applications by type of product (e.g.: multi-material/component solutions for electric vehicles).
In such sector, we point out the "UE MOBY" project, having the purpose of developing a prototype modular urban electric light vehicle and a series of innovative technologies (on-board solar, conversion of low voltage power, distributed propulsion). The project, organised under a consortium structure, involves CLN Group with regard to analysing industrialisation and operational realisation, as well as the selection of materials. One of the objectives in such sense is represented by the definition of a local vertical supply chain and the realisation of a zero emissions plant operated solely operated by renewable energy.

As regards, instead, the production of steel wheels, there are two projects aimed at defining new product concepts:

1. The X-Free wheels project in France: large vent-hole wheel with styled rim to reproduce the effect of an aluminium wheel. MW France was the first to insert this product into the panel of wheels in production with its clients.
2. The introduction of wheels with thrust flow forming (Flow-Type2), meaning almost

complete flow forming on the entire rim profile. A project active in MW France with considerable benefits for clients in terms of weight lightening and higher load/weight ratio.

Identification of new procedures of simulation: analyses finalised at improving the efficiency and accuracy of the process of simulation/product testing.

Identification of new product homologation procedures: activities aimed at defining new specifications and bench testing methods agreed upon with clients, by way of confirming the absolute reliability of the products.

In relation to such activities, the Group has, moreover, initiated collaboration projects and partnerships with suppliers, clients, universities and research centres with a view to creating synergies and new opportunities for development.

ENVIRONMENT, HEALTH AND SAFETY

The Group is aware that the creation of value, sustained by means of a prosperous and socially responsible growth, is promoted by the persons operating therein, regarding whom the highest form of respect and individual protection must be guaranteed. The Group, moreover, considers environmental protection as a key factor to be promoted in the general approach to corporate activities and recognised health and safety at the workplace as a fundamental right of its employees as well as a key element of the Group itself.

Environmental integrity and the protection of all those working in the Group's facilities constitute essential values for corporate management and every worker, each according to their own attributions and competences.

In accordance with pursuing such values and objectives, the Group carried out its activity in observance of the regulatory provisions in force on the matter of environmental protection and safeguarding individual and collective health and safety; it is, moreover, committed to promoting initiatives based on a rationale of continuous improvement and prevention in production processes. This entails developing and extending the efficient and certified Environmental Management and Systems, based on the fundamental principles of reducing environmental impact to the minimum, optimising the use of resources and safeguarding health and safety at the workplace. In particular, the activity performed can be considered as of low environmental impact, due both to treated materials, energy consumption and product working residues.

As regards the REACH normative, based on European Regulation EC no. 1907/2006 (introduction of a system for the registration, assessment and authorisation of chemical substances circulating in the European Union), the Group has continued - also in 2015 - to follow the development of the normative. Monitored, in particular, was the Candidate List (a list issued by the ECHA concerning forbidden substances) so that the substances in such list are not present in manufactured products or in materials purchased by the Group's companies.

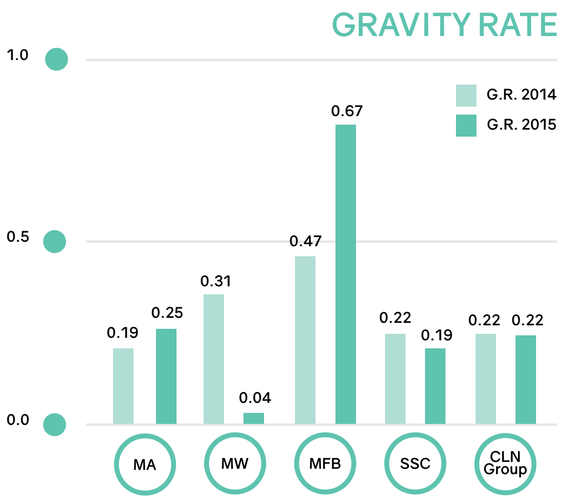
As regards the aspects of Health and Safety at the workplace, activities related to the Safety Project, launched in 2009, continued further with an extension of the latter to all Group companies, including those recently acquired (whether subsidiaries or investees) in order to guarantee homogeneity in objectives and methods aimed at improving the performance of

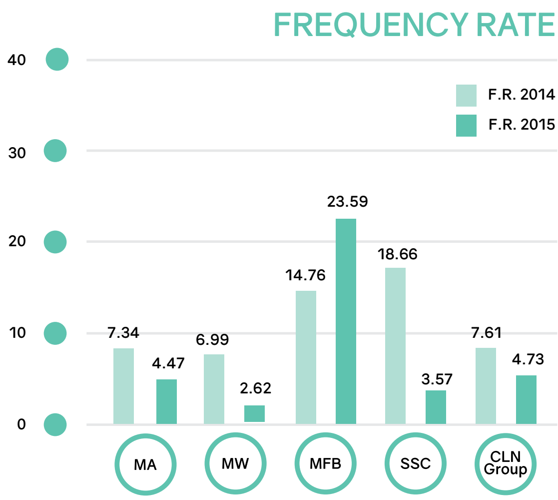
every division of the Group.
The main purpose of said project is:

- To guarantee the observance of regulatory provisions on the matter of health and safety and promote initiatives based on a rationale of continues improvement and prevention.
- To define and implements plans of action, maintenance and control based on the rationale of prevention.
- To continuously improve corporate performance and constantly monitor risks linked to working activities.
- To provide corporate management with an efficient and effective managerial system that allows permanent activity of identification and management of emerging problems and an orderly flow of information able to adequately support decision-making and operational responsibilities.
- To increase the involvement, motivation and awareness of personnel.
- To contribute with improving the levels of health and safety at the workplace.
- To improve its internal and external image, therefore have greater reliability with regard to clients, suppliers and supervisory bodies/authorities.
- To progressively reduce costs concerning health and safety at the workplace.

Furthermore, the Safety Policy adopted and circulated within the various companies of CLN Group establishes that the protection of Health and Safety is to be considered as a priority and precise responsibility of the entire corporate hierarchy, as well as a constant commitment to be applied to all activities. The objective of CLN Group is aimed at reducing and preventing injury and professional sickness.

Such principles are realised by means of identifying annual objectives of reduction - constant and gradual - in injuries and the related indicators, from a minimum reduction of 30% compared to the previous year until reaching zero accidents, already achieved and consolidated, moreover, in many areas of the Group.





In relation thereto, we report that in 2015 the Group's Frequency Index was lowered again, decreasing compared to that of the previous year. The commitment of the Management of CLN Group to reach and maintain the results is also expressed by means of a continuous improvement and identification of new instruments to be adopted and applied.
As regards environmental issues, given the type of activity carried out (metal mechanical works), the topics to be stressed the most are: the use of raw materials, energy consumption in processes, waste management and greenhouse gas emissions.
From the viewpoint of the foregoing, in 2015 the company concretely continued to limit the environmental impact of its production sites and optimise the use of resources. Interventions were implemented, specifically, which were aimed at identifying partners in order to allow solutions for reusing and recovering residues generated by works and significantly reducing emissions of greenhouse gases into the atmosphere, thus contributing to the limitation of the effects of global warming.

The implemented interventions pertain to the following contexts:

- Reduction in the consumption of gas and electricity, by means of optimising and upgrading plants.
- Constant attention to eliminating waste, above all regarding compressed air and water.
- Increase in the use of energy from renewable sources, such as photovoltaic and geothermal.
- Creation and increase of green areas within production sites (*Green Point* projects).
- Environmental perception and training for employees, contributing to greater diffusion of environmental awareness.
- Development of innovative technical solutions reducing environmental impact to the minimum and guaranteeing safety at the highest levels.

The Group believes in circulating a culture of environmental protection, the prevention of accidents and awareness of risks among workers. Employees shall be personally responsible and take the preventive measures established by the Group to protect their health and safety. With a view to continuous improvement, we report that, at the end of 2015, 27 facilities within the Group hold environmental certification ISO 14001 (67% of the total), whereas with regard to OHSAS health and safety certification, these total 14 (35% of the total). All this guarantees legislative conformity and the implementation of systems for monitoring and improving environmental aspects and safety in all the facilities.

The consolidation of good results on the matter of environment, health and safety for the Group management does not, however, represent a point of arrival but rather a starting point. The commitment is that of persevering with the route taken, continuing to work on the behavioural aspect of all employees; for the Group, this constitutes the most significant added value for dealing with such matters.

The involvement of employees represents a direct channel so that environment and safety are not abstract arguments, but become something real, concrete and tangible. Only by stimulating employees to perform an active role in the application of such principles can increasingly more ambitious goals be reached.

SIGNIFICANT EVENTS IN THE FINANCIAL YEAR 2015

February

Excel Rim Co., Ltd. was awarded by Yamaha Motor Co., Ltd. with the Quality 2014 award, recognition given by Yamaha to suppliers who reach a period of three years without any complaints about quality.

April

On 30 March 2015 an increase in share capital was subscribed in the ArcelorMittal CLN Distribuzione Italia srl joint venture by means of contributions in kind of the business from the two shareholders CLN and ArcelorMittal. The portion subscribed by CLN, 30.6 million Euros, refers to the operating branch of CLN S.p.A. which includes production facilities and controlling shareholdings in Prorena Canessa S.r.l., Delna S.p.A. (by means of conferral of the stake in Pro-Can S.r.l.) and in Tamagnone S.r.l. Legal effectiveness of such conferrals began as from 1st April.

June

MW WHEELS SA (Pty) Ltd received a Certificate of Appreciation – VA Award 2014 from Toyota South Africa Motors (Pty) Ltd. for contribution to progress of the Monozukuri philosophy within the activities of Toyota.

July

MAC S.r.l. merged into MA S.r.l. effective as of 1 July.

CLN S.p.A. issued a senior unsecured bond in the form of a private placement for a nominal amount of 100 million Euros. The bond, unrated, was fully subscribed, at the issuance date, by Morgan Stanley in its role of sole subscriber. The bond was issued on 31 July with a nominal unit value of 100,000 Euros, a 7-year tenor and a fixed rate of 4.70% on an annual basis and was listed in the official list of the Irish Stock Exchange. By virtue of issuing a debt security on a regulated European market, CLN S.p.A. became an Entity of Public Interest as defined by art. 16 of Legislative Decree 39/2010.

The Laboratory of MW Italia S.r.l. received accreditation from ACCREDIA according to standard ISO 17025 concerning tests required for homologating wheels according to regulation ECE R124.

October

Topy MW Manufacturing Mexico S. A. de C.V. officially launched a new facility last 29 October 2015, the result of a joint venture between Topy Industries (75%) and MW (25%).

Again in the month of October 2015, a contract for transferring the industrial activities held by MA Argentina in Palomar (Buenos Aires) was completed between MA Argentina and PSA Argentina (main client). The sale transaction concerned the building and industrial assets in Palomar (with the exception of two lines destined for reallocation at the Cordoba site). The sale price was agreed as approximately 120 million Argentine Pesos, paid by PSA partly in cash and partly by assumption of MA Argentina's debts. At the same time, PSA Argentina proceeded to recruit 270 employees of MA Argentina, engaged in current production in Palomar.

November

Wagon S.r.l. merged into MA S.r.l. effective as from 1 November.

On 3 November, MW Italia S.r.l. transferred a majority shareholding of Gianetti Ruote S.r.l., a company manufacturing wheels for trucks, to Accuride Corporation, a leading supplier of components on the global market of commercial vehicles. By means of MW Italia, CLN kept a minority shareholding equal to 30%.

December

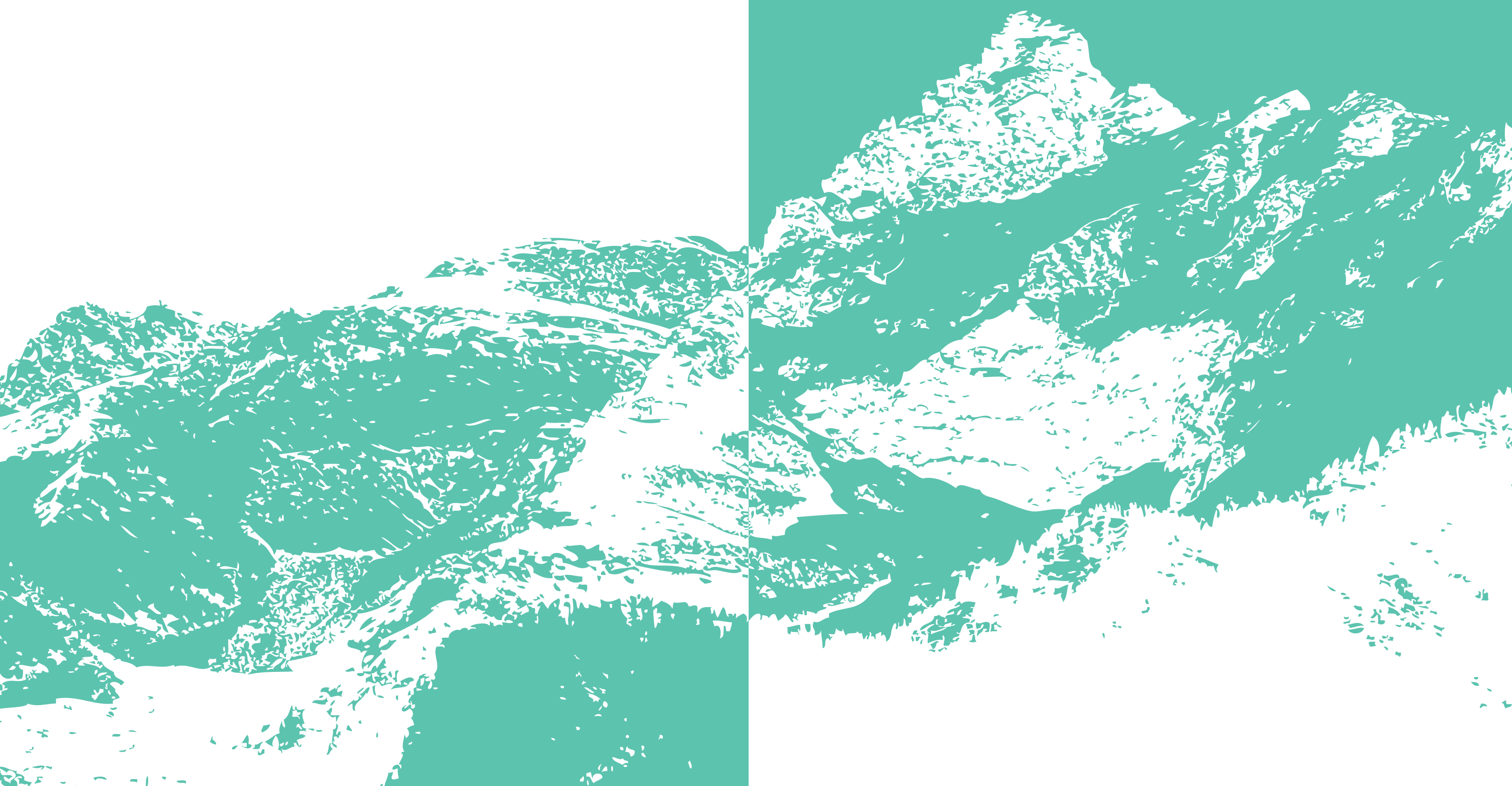
MA S.r.l. obtained the award for best FCA supplier in the *Metallic Supplier of the Year 2015* category for the contribution offered by the facilities of Melfi and Cassino to the realisation of the new Alfa Romeo Giulia.

On 21 December, CLN S.p.A. finalised a refinancing transaction with Club Deal banks for a total amount of 200 million Euros. The transaction guarantees an extension in repayment time for the previous loan at an average rate lower than about 2% and provided the Group with additional liquidity of around 30 million Euros.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

May 2016

In late May, MW Italia and the Japanese Group Topy Industries sealed a shareholding exchange agreement to be carried out in June. The agreement envisages subscribing an increase in share capital in MW Italia by Topy (14% of the share capital) with contextual purchase of Topy shares by MW Italia (equal to about 1.5% of the share capital). This transaction shall take place with absolute financial neutrality.



Relations with Related Parties

Reference is made to the notes to the financial statements for quantitative and qualitative information regarding relations with Related Parties.

Business outlook

The trend in the European automotive market (+8.5% in registrations as at April 2016 compared to the previous year) and the financial and currency markets, together with encouraging results achieved in the early months of the year by the Group's Divisions lead us to looking ahead with optimism as regards the business outlook for 2016.

16 June 2016

Board of Directors

The Chairman

Aurora Magnetto

CONSOLIDATED FINANCIAL STATEMENTS FOR FINANCIAL YEAR 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

€/000	Note	31 December		1 January
		2015	2014	2014
ASSETS				
Non-current assets				
Intangible assets	8.1	25,166	26,451	22,135
Property, plant and equipment	8.2	587,781	570,880	615,313
Investments and other financial assets	8.3	84,138	76,181	108,170
Other non-current assets	8.4	17,005	27,315	22,368
Deferred tax assets	8.5	41,538	40,924	40,785
Total non-current assets		**755,628**	**741,751**	**808,771**
Current assets				
Inventories	8.6	158,971	131,752	204,203
Trade receivables	8.7	109,934	106,378	141,200
Other current assets	8.8	107,472	75,565	100,944
Cash and cash equivalents	8.9	116,896	90,298	112,841
Total current assets		**493,273**	**403,993**	**559,188**
Assets of disposal group classified as held for sale and discontinued operations	8.10	0	236,406	0
TOTAL ASSETS		**1,248,901**	**1,382,150**	**1,367,959**
Share capital	8.11	235,000	235,000	235,000
Other reserves	8.11	57,553	75,616	84,211
Retained earnings (accumulated deficit)	8.11	(95,880)	(96,048)	(37,410)
Equity attributable to owners of the parent	8.11	**196,673**	**214,568**	**281,801**
Non-controlling interest	8.11	9,746	14,829	19,144
TOTAL EQUITY	8.11	**206,419**	**229,397**	**300,945**
LIABILITIES				
Non-current liabilities				
Post-employment benefits	8.12	28,377	30,392	31,036
Provisions	8.13	14,250	22,057	21,940
Borrowings	8.14	400,386	269,894	297,172
Deferred tax liabilities	8.15	44,591	44,008	48,217
Other non-current liabilities	8.16	22,714	33,591	4,877
Total non-current liabilities		**510,318**	**399,942**	**403,242**
Current liabilities				
Borrowings	8.14	129,352	162,580	198,281
Trade payables	8.17	319,557	288,362	381,491
Current tax liabilities	8.18	5,104	3,232	872
Other current liabilities	8.19	78,151	75,128	83,128
Total current liabilities		**532,164**	**529,303**	**663,772**
Liabilities of disposal group classified as held for sale and discontinued operations	8.10	0	223,508	0
TOTAL EQUITY AND LIABILITIES		**1,248,901**	**1,382,150**	**1,367,959**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€/000	Note	31 December 2015	31 December 2014
Revenues	9.1	**1,327,574**	**1,123,489**
Other operating income	9.2	160,791	255,506
Raw materials, consumables and goods	9.3	(879,569)	(857,792)
Personnel expenses	9.4	(278,661)	(247,656)
Other operating costs	9.5	(207,603)	(177,157)
Gross Operating Income		**122,532**	**96,390**
Depreciation, amortisation and impairment losses	9.6	(70,531)	(67,335)
Net Operating Income		**52,001**	**29,055**
Financial income	9.7	13,823	12,563
Financial expenses	9.8	(49,782)	(49,329)
Share of profit of investments accounted for using the equity method	8.3	(17,575)	(20,967)
Result before income tax		**(1,533)**	**(28,678)**
Income tax expenses	9.9	(12,467)	(9,340)
Result for the year from continuing operation (A)		**(14,000)**	**(38,018)**
Discontinued operation (B)	8.10	16,138	(15,315)
Result for the year (A+B)		**2,138**	**(53,333)**
Result attributable to:			
- Group		*1,072*	*(54,505)*
- Non-controlling interests		*1,066*	*1,172*
Components of the statement of comprehensive income which shall not be subsequently reclassified in the income statement			
Profits/(losses) from remeasurement of the defined benefits plans		262	(1,285)
Total of the components of the statement of comprehensive income which shall not be subsequently reclassified in the income statement (C1)		**262**	**(1,285)**
Components of the statement of comprehensive income which may be subsequently reclassified in the income statement			
Differences deriving from currency translation of financial statements of foreign companies		(14,600)	(5,420)
Portion of Other profits/(losses) of companies valued using the equity method	8.3	(5,614)	(2,064)
Profits/(losses) on cash flow hedge instruments		2,151	(1,111)
Total of the components of the statement of comprehensive income which may be subsequently reclassified in the income statement (C2)		**(18,063)**	**(8,594)**
Total other comprehensive profits (losses), net of tax effect (C)=(C1)+(C2)		**(17,801)**	**(9,879)**
Total comprehensive net profit for the period (A)+(B)+(C)		**(15,663)**	**(63,212)**
Comprehensive net profit attributable to:			
- Group		*(16,729)*	*(64,384)*
- third parties		*1,066*	*1,172*

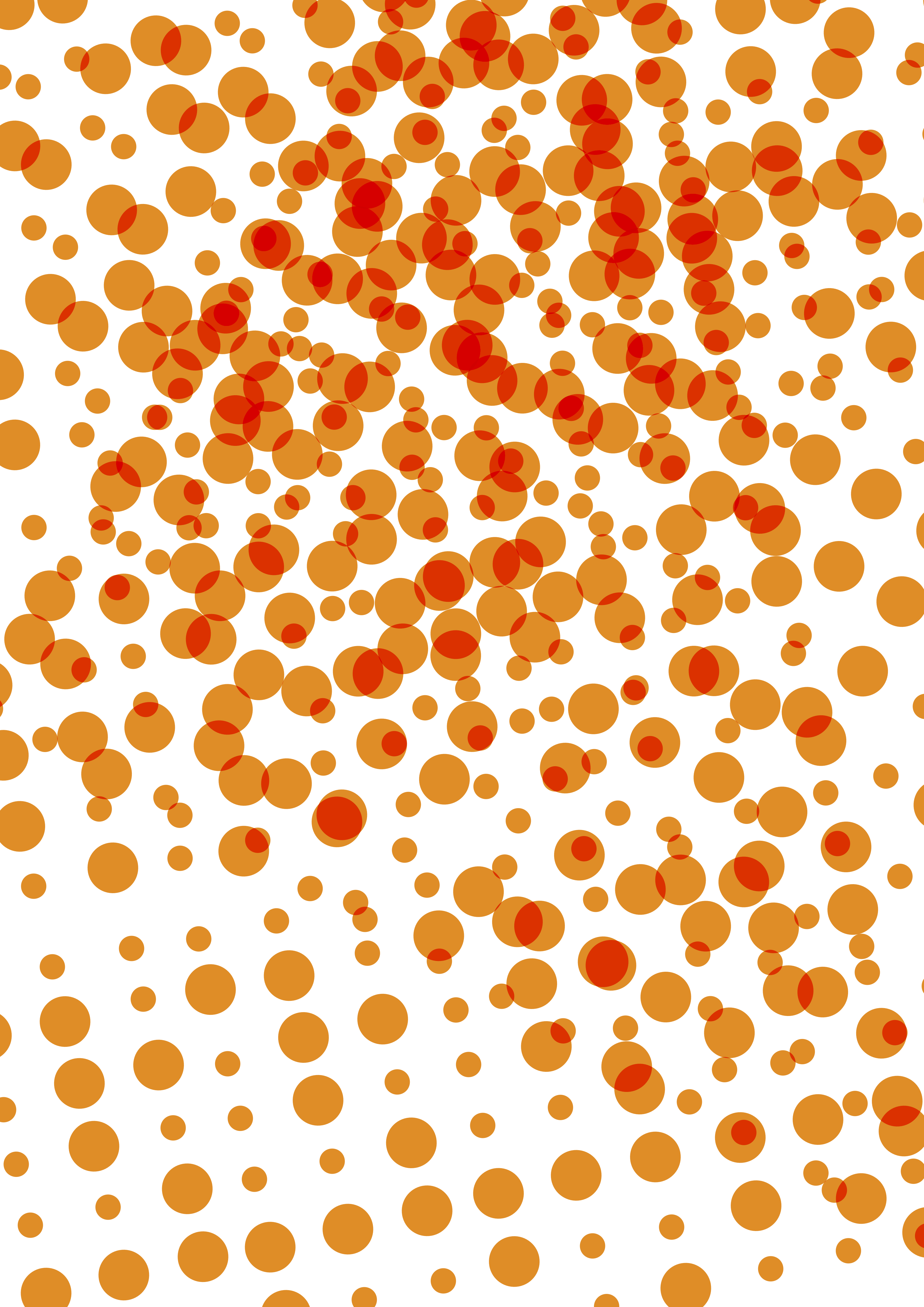
CONSOLIDATED STATEMENT OF CASH FLOWS

€/000	31 December	
	2015	**2014**
Profit before income tax	(1,533)	(28,678)
Adjustment for:		
Depreciation	70,531	67,335
Share of profit of investments accounted for using the equity method	17,575	20,967
(Gain) Losses on disposals	(1,615)	(1,512)
Change in Post Employment Benefits	(2,015)	(3,190)
Change in other Provisions	(7,807)	3,387
Change in Net working Capital		
Inventory	(27,219)	31,616
Trade and other receivables	(21,597)	(17,505)
Trade and other payables	23,340	25,963
Cash generated from operating activities of discontinued operations	(10,049)	(8,019)
Cash generated from operations	**39,611**	**90,364**
Paid Tax	(10,626)	(11,328)
Net cash flows from/(for) operating activities (A)	**28,985**	**79,036**
Equity Investments (net of disposals)	(13,695)	(19,720)
Acquisition of intangible fixed assets	(3,480)	(9,972)
Acquisition of tangible fixed assets	(90,559)	(83,115)
Disposal of tangible fixed assets	5,009	7,389
Cash generated from investing activities of discontinued operations	10,796	(3,300)
Net cash flows from/(for) investing activities (B)	**(91,929)**	**(108,718)**
Dividends paid	(458)	0
Acquisition of interest in a subsidiary	(259)	0
Proceeds from borrowing and other financial liabilities	169,060	70,466
Repayment of borrowing and other financial liabilities	(74,090)	(74,455)
Cash generated from financing activities of discontinued operations	0	0
Net cash flows from/(for) financing activities (C)	**94,252**	**(3,989)**
Total (decrease)/increase in cash and cash equivalents (A+B+C)	**31,308**	**(33,671)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR (CONTINUING OPERATIONS)	**90,298**	**112,841**
Minus: cash generated (absorbed) from discontinued operations	(747)	11,319
Translation differences on cash and cash equivalents	(3,963)	(192)
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (CONTINUING OPERATIONS)	**116,896**	**90,298**

CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

€/000	Share capital	Other reserves	Reserve for profits carried forward	Group Shareholder's Equity	Minority interests	Total Shareholder's Equity
Balance as at 1 January 2014	**235,000**	**84,211**	**(37,410)**	**281,801**	**19,144**	**300,945**
Net profit for the period 2014 (A)			(54,505)	**(54,505)**	1,172	**(53,333)**
Other components of the statement of comprehensive income						
Profits/(losses) from remeasurement of defined benefits plans			(1,285)	**(1,285)**		**(1,285)**
Differences deriving from translation of financial statements of foreign companies		(5,420)		**(5,420)**		**(5,420)**
Profits/(losses) on cash flow hedge instruments		(3,174)		**(3,174)**		**(3,174)**
Total other components of the statement of comprehensive income (B)		**(8,594)**	**(1,285)**	**(9,879)**	**0**	**(9,879)**
Comprehensive net profit for the period 2014 (A+B)		**(8,594)**	**(55,790)**	**(64,384)**	**1,172**	**(63,212)**
Transactions with shareholders						
Valorisation of option to purchase minority shareholdings in subsidiaries			(3,704)	**(3,704)**		**(3,704)**
Third party acquisitions of subsidiary shareholdings				**0**	(4,891)	**(4,891)**
Other movements			855	**855**	(596)	**259**
Balance as at 31 December 2014	**235,000**	**75,616**	**(96,048)**	**214,568**	**14,829**	**229,397**
Net profit for the period 2015 (A)			1,072	1,072	1,066	**2,138**
Other components of the statement of comprehensive income						
Profits/(losses) from remeasurement of defined benefits plans			262	**262**	0	**262**
Differences deriving from currency translation of financial statements of foreign companies		(14,600)		**(14,600)**		**(14,600)**
Profits/(losses) on cash flow hedge instruments		(3,463)		**(3,463)**		**(3,463)**
Total other components of the statement of comprehensive income (B)		**(18,063)**	**262**	**(17,801)**	**0**	**(17,801)**
Comprehensive net profit for the period 2014 (A+B)		**(18,063)**	**1,334**	**(16,729)**	**1,066**	**(15,663)**
Transactions with shareholders						
Dividends			(235)	**(235)**	(223)	**(458)**
Changes in scope of consolidation				**0**	(5,925)	**(5,925)**
Other movements			(932)	**(932)**		**(932)**
Balance as at 31 December 2015	**235,000**	**57,553**	**(95,880)**	**196,673**	**9,746**	**206,419**

NOTES TO THE FINANCIAL STATEMENTS



1. OVERVIEW

CLN S.p.A. (the "Company" or "CLN") and the companies controlled by the latter ("CLN Group" or the "Group") operate in the transformation and commercialisation of flat sheet metals within the various sectors of use, from the automotive sector (with forming and assembly of components for vehicles) to steel wheels for all types of vehicle, from the world of domestic appliances to earth movement means and all sectors of steel application in general.
CLN Group has been operating in the steel sector since 1948. Today the Group - with its divisions and companies - is an integrated enterprise and leader in the sector of components for the automotive market, engineering and production of steel wheels as well as stamping, roll forming, and assembly of metal components for the automotive market, as also working and distribution of flat steel products.

The Group is structured into three divisions operating in the metal components sector for automotive:

MA Division - one of the main global suppliers of metal parts, stamped and roll formed components (external and structural), as well as welded parts, for any type of car and commercial vehicle for the automobile industry. It is present in Europe, Turkey, South Africa and Latin America with partnerships in China and India.

MW Division – market leader in the sector of steel wheels for all types of vehicles (cars and light commercial vehicles) and one of the main producers of rims for motorcycles, supplying clients with complete solutions for engineered wheels. Its facilities are in Europe, Russia, Japan and South Africa, as well as joint ventures in Turkey, Malaysia and Mexico.

MFB Division – specialised in the development and production of metal components for powertrain units and special parts, by means of using wide range of technologies, such as fine and conventional blanking, deep drawing, sintering and machine tool metalworking, for the automotive industry and industry in general.

The Group's fourth division, outside of the automotive sector, is the SSC Division, active in the sector of re-rolling and in the European market for distributing flat steel products, with service centres located in Italy, Poland, Slovakia, Republic of Serbia and Croatia. The ArcelorMittal CLN Distribuzione Italia (AMCLN) joint venture also reports to the SSC Division, the former of recent establishment with the Group's historical partner, ArcelorMittal. This joint venture is active in Italy in the distribution of steel with 13 production sites.

CLN is a company established and domiciled in Italy and organised according to the legal system of the Republic of Italy, having its seat in Caselette (TO) at Corso Susa 13/15.

2. SUMMARY OF THE ADOPTED ACCOUNTING STANDARDS

Shown below are the main criteria and accounting standards applied when preparing and drawing up the consolidated financial statements for the Group (the "Consolidated Financial Statements"). These accounting standards were applied consistently for all the financial years presented in this document.

2.1 BASIS OF PREPARATION

European Regulation (EC) no. 1606/2002 of 19 July 2002 introduced the obligation, starting from financial year 2005, to apply the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU IFRS" or "International Accounting Standards) for drawing up consolidated financial statements of companies having equity and/or debt securities listed in one of the regulated markets of the European Community. On 31 July 2015, CLN issued a bond worth a nominal amount of 100 million Euros fully subscribed under private placement by Morgan Stanley in its role as sole underwriter and proceeded with listing it on the Irish Stock Exchange. In compliance with the legislative provisions recalled hereabove, CLN is therefore bound to drawing up the consolidated financial statements and financial statements for the year in accordance with the EU IFRS starting from the financial year closed as at 31 December 2015.

The date of transition to the IFRS was thereby identified as 1st January 2014 (the "Date of Transition"). The Company had prepared the consolidated financial statements for the years closed as at 31 December 2014 and 2013 according to the accounting standards issued by the National Councils of Chartered Accounts and Accounting Experts, amended by the Italian Accounting Board (the "Italian Accounting Principles"). The informatory document is thereby shown in note 14 as required for the purposes of IFRS 1 with regard to the first application of the EU IFRS.

These financial statements were drawn up in conformity with the EU IFRS in force as at the date of approval of the latter. EU IFRS mean all the "International Financial Reporting Standards", all the "International Accounting Standards" (IAS) and all interpretations of the "International Reporting Interpretations Committee (IFRIC)", formerly called the "Standing Interpretations Committee (SIC)", approved and adopted by the European Union.

We point out, furthermore, that the EU IFRS were applied in a consistent manner to all the periods presented in this document. These consolidated financial statements were drawn up according to the best knowledge of the EU IFRS and considering the best doctrine on the matter; any future orientations and interpretative updates shall be reflected in subsequent financial years, according to the procedures envisaged by the accounting standards of reference from time to time.

These consolidated financial statements were drawn up with a view to corporate continuity and based on the conventional criterion of historical cost, with the exception of some accounts entries that are recognised at fair value, in accordance with the provisions contained in the International Accounting Standards.

These consolidated financial statements were the subject matter of approval by the Board of Directors of the Company on 16 June 2016.

2.2 FORM AND CONTENT OF THE ACCOUNTS STATEMENTS

In relation to the form and content of the consolidated accounts statements, the Group made the following choices:

a. The Consolidated Statement of Financial Position shows current and non-current assets separately and displays the current and non-current liabilities in the same way,
b. The Consolidated Statement of Comprehensive Income gives a classification of costs and revenues by nature, and
c. The Consolidated Statement of Cash Flows is shown according to the indirect method.

The Company has chosen to draw up a statement of comprehensive income, which includes, apart from the net profit for the period, also changes in net equity pertaining to entries re-

garding income which, by express provision of the International Accounting Standards, are recognised among the components of the net equity.
The structure used, as specified hereabove, is the one which best represents the Group's financial position, result, equity and cash flow situation.
These financial statements were drawn up in Euros, the Group's operating currency.
The values shown in the balance sheets as well as in the detailed tables including in the explanatory notes are expressed in thousands of Euros, unless indicated otherwise.
These financial statements are subject to auditing by the audit company Pricewaterhouse-Coopers S.p.A., the audit firm of the Company and the Group.

2.3 AREA OF CONSOLIDATION AND ITS CHANGES

These consolidated financial statements include the financial statements for the year of the parent company CLN and the financial statements for the year for the subsidiaries, approved by the respective governing bodies. Such financial statements have been appropriately adjusted, where necessary, in order to standardise them with the accounting principles of the Parent Company and the EU IFRS.
A list of the companies included in the area of consolidation as at 31 December 2015 and 2014 with an indication of share capital and the method of consolidation used for preparing the consolidated financial statements for the Group are indicated in attachments 4 to 7 to this document.

2.4 PRINCIPLES OF CONSOLIDATION

The criteria adopted by the Group for defining the area of consolidation and related principles of consolidation are explained below.

Subsidiaries

Subsidiaries are companies that are controlled by the Group. The Group controls a company when it is exposed to the variability of the results for such company and has the power to affect the results by means of its power over the company. Generally speaking, the existence of control is presumed when the Company holds, directly or indirectly, more than half the voting rights, also considering potentially exercisable or convertible voting rights.
All subsidiaries are consolidated using the full equity method from the date in which the control was transferred to the Group. They are, however, excluded from consolidation as from the date on which such control ceases to exist.
The Group uses the acquisition method for booking corporate aggregations. According to this method:

a. A consideration transferred into a corporate aggregation is valued at fair value, calculated as the sum of the fair value of the assets transferred and liabilities assumed by the Group on the date of acquisition, as well as the capital instruments issued in exchange for control of the acquired company. Supplementary expenses of the transition are recognised in the income statement at the time they were sustained.
b. As at the date of acquisition, the identifiable assets acquired and liabilities assumed are recognised at fair value on the date of acquisition; constituting an exception are the deferred tax assets and liabilities, assets and liabilities for employee benefits, liabilities of capital instruments concerning payments based on shares of the acquired company or payments based on shares related to the group issued in replacement of contracts of the acquired company and assets (or groups of assets and liabilities) held for sale which, instead, are valued according to their principle of reference.
c. Goodwill is defined as the excess amount between the total considerations transferred

into the corporate aggregation, the value of the net equity belonging to third party minority interests and the fair value of any stake previously held in the acquired company respect to the fair value of the net assets acquired and liabilities assumed on the date of acquisition. If the value of the net assets acquired and liabilities assumed on the date of acquisition exceeds the total of the transferred considerations, the value of the net equity belonging to minority interests and the fair value of any stake held previously in the acquired company, such excess is recognised in the income statement immediately as income deriving from the concluded transaction.

d. Any considerations subjected to condition provided under the contract of corporate aggregation are valued at fair value on the date of acquisition and included in the value of the considerations transferred into the corporate aggregation for the purposes of defining goodwill.

In the case of corporate aggregations taking place in stages, the stake previously held in the acquired company is revalued at fair value on the date of acquiring control and any consequent profit or loss is recognised in the income statement.

If the initial values of a corporate aggregation are incomplete on the date of closure of the financial statements for the year in which the corporate aggregation took place, the Group shows the provisional values of elements for which disclosure cannot be concluded in its own consolidated financial statements. Such provision values are adjusted in the period of measurement to take account of new information obtained concerning facts and circumstances existing as at the date of acquisition which, if known, could have effects on the value of the assets and liabilities recognised on such date.

Associated companies

Associated companies are those regarding which the Group exercises a notable influence, which is presumed to exist when the holding is between 20% and 50% of the voting rights.

Shareholdings in associated companies are valued using the equity method. Such criterion can be described as follows:

a. The profits and losses for the Group are booked from the date on which the notable influence or joint control began until the date on which the notable influence or joint control end; in the case in which, by effect of the losses, a company valued using the method captioned above highlights a negative net equity, the book value of such holding is written-off and any excess pertaining to the Group, where the latter has committed to fulfilling the legal or implied obligations of the investee company, or in any case to cover the losses, is recognised in a specific provision.

b. Unrealised profits and losses generated on operations brought about between the Parent Company and the investee valued using the equity method are eliminated according to the value of the shareholding of the Group in such investee; unrealised losses are eliminated, with the exception of the case in which the latter represent a reduction in value.

Joint arrangements

The Group applies IFRS 11 when valuing joint control arrangements. In accordance with the provisions contained in IFRS 11, a joint control agreement can be classified as both a joint operation and a joint venture depending on a substantial analysis of the parties' rights and obligations. Joint ventures are joint control agreements in which the parties, joint venturers, holding joint control avail, amongst others, of rights on the net assets of the agreement. Joint operations are joint control agreements attributing the participants with rights on the assets and obligations on the liabilities related to such agreement. Joint ventures are booked using the equity method, whereas investments in a joint operation lead to disclosure of the assets/

liabilities and costs/revenues associated to the agreement based on the rights/obligations of competence, regardless of the participatory interest held.

Currency translation of the financial statements of foreign companies

The financial statements of subsidiaries are drawn up using the currency of the primary economic environment in which they operate. The rules for translating financial statements for companies expressed in currencies other than the Euro are as follows:

a. Assets and liabilities are translated using the exchange rates existing as at the date of reference of the financial statements.
b. Costs and revenues are translated at the average exchange rate for the period.
c. The "translation reserve" included among the items of the statement of comprehensive income includes both the differences in exchange rate generated by the translation of financial values at a different exchange rate from that of closure and those generated by the translation of opening shareholder's equities at an exchange rate different from that at the closure of the final accounting period.
d. Where existent, goodwill and fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the closure of the period.

Exchange rates used for translation into Euros of the financial and income values for companies having an operating currency other than the Euro were as follows:

		Closing Exchange Rate		Average Exchange Rate	
Currency	*Nation*	2015	2014	2015	2014
Peso	Argentina	14.0972	10.2755	10.2599	10.7718
Real	Brazil	4.3117	3.2207	3.7004	3.1211
Zloty	Poland	4.2639	4.2732	4.1841	4.1843
New Leu	Romania	4.524	4.4828	4.4454	4.4437
Renminbi	China	7.0608	7.5358	6.9733	8.1858
Indian Rupee	India	72.0215	76.719	71.1956	81.0406
Ruble	Russia	80.6736	72.337	68.0720	50.9518
Rand	South Africa	16.953	14.0353	14.1723	14.4037
Kuna	Croatia	7.638	7.658	7.6137	7.6344
Yen	Japan	131.07	145.23	134.3140	140.3061
Ringgit	Malaysia	4.6959	4.2473	4.3373	4.3446
Turkish lira	Turkey	3.1765	2.832	3.0255	2.9065
Dinar	Serbia	121.451	121.122	120.6867	117.2309

Transactions concerning minority shareholdings

Changes to the portion of interests of a subsidiary which do not constitute a loss in control are treated as equity transactions. Therefore for subsequent purchases related to entities for which control already exists, any positive or negative difference between the purchase cost and correspondent portion of accounting net equity is recognised directly in the Group shareholder's equity; for partial transfers of subsidiaries without loss of control, any capital gain/ loss is booked directly in the Group shareholder's equity

Put options on minority interests

Potential payments related to put options on minority interests are recognised as financial debts inasmuch as they envisage the payment of a predefined amount of cash or another financial asset by the company, which cannot be avoided if third party shareholders decide to exercise the option assigned to them. Liabilities related to put options on minority interests

are initially measured at fair value and then remeasured according to the amortised cost method, using the effect interest rate. Differences in valuations are recorded in the income statement among the financial expenses and income.
Financial payables for put options are classified among the current liabilities, under item other payables and other current liabilities, which are expected to be extinguished within 12 months from the date of the financial statements, otherwise they are classified among the non-current liabilities.

Transactions in foreign currencies

Transactions in currencies other than the operating currency are recognised at the exchange rate existing on the date of the transaction. Monetary assets and liabilities denominated in a currency other than the Euro are subsequently adjusted to the exchange rate existing on the date of closure of the financial year. Any emerging differences in exchange rate on commercial and financial transactions are classified in the income statement under items "Financial expenses" and "Financial income".
Non monetary assets and liabilities denominated in currencies other than the Euro are entered at historical cost applying the exchange rate in force as at the date of initial recognition of the transaction.

Consolidating discontinued operations

From the methodological viewpoint, we specify that, with reference to the representation of Discontinued Operations required under IFRS 5, these were included in the area of consolidation and therefore the comprehensive balances of the Group were determined by applying due elisions of the economic and financial transactions which took place between Continuing and Discontinued Operations. In more detail, we report the following.

The single items of the income statement related to Continuing Operations and single items of detail concerning net Profit/(loss) of the Discontinued Operations shown in these financial statements are presented without considering the elimination of intergroup transactions completed between the two Operations, whereas item profit/(loss) for the period includes the comprehensive effects of the elimination of such transactions.

At financial - cash flow level, the consolidation of Continuing and Discontinued Operations implies, as described previously, the elimination of intergroup transactions completed between them, so that the totals entered in the Continuing Operations and Discontinued Operations represent the balances of the assets and liabilities as found following transactions with subjects outside of the Group. As a result, such balances may not represent the financial standing and cash flow situation of the Group subsequent to the effective exit of the Discontinued Operations.

2.5 CRITERIA OF VALUATION

Goodwill and other intangible assets

Goodwill deriving from corporate aggregations is initially entered at cost as at the date of acquisition. Goodwill is not amortised but undergoes assessments in order to identify any reductions in value on an annual basis or more frequently if specific events or changed circumstances indicate the possibility that it has suffered a loss in value. After the initial disclosure, goodwill is valued at cost net of any accumulated losses in value.

The other intangible assets are formed of non monetary elements, identifiable and devoid of

physical substance, controllable and able to generate future economic benefits. Such elements are disclosed at purchase and/or production cost, including expenses directly attributable to preparing the asset for its use, net of accumulated amortisations and any losses in value.
The other intangible assets of the Group mainly include costs for developing new products, licences and patents. Development costs mainly concerning new products in the wheels division are only entered in the assets if all the following conditions provided under IAS 38 "Intangible Assets" are observed: costs may be determined in a reliable manner and the technical feasibility of the product, the predicted volumes and prices indicate that the costs sustained during the development phase shall generate future economic benefits. Capitalised development costs include all costs, direct and indirect, which may be attributed directly to the process of development.
Licences and patents are recognised at purchase cost and then measured at cost net of losses in value and the amortisation reserves.
The amortisation of the other intangible fixed asset begins once the asset is available for use and is systematically divided in relation to the remaining possibility of use of the latter, that is to say, according to its estimated useful life.
Amortisation rates applied vary between 10% and 20%.

Property, plant and equipment

Properties, plants and equipment are valued at purchase or production cost, net of accumulated amortisations and any losses in value. The cost includes expenses directly sustained in order to make their use possible, as well as any expenses for dismantling and removal, which shall be sustained as a consequence of contractual obligations requiring that the asset is restored to its original condition.
The financial expenses directly attributable to the acquisition, construction or production of an asset, which justifies capitalisation pursuant to IAS 23, are capitalised on such asset as part of its cost.
Expenses sustained for maintenance and repair of an ordinary and/or cyclic nature are directly attributed to the income statement when sustained. Capitalisation of costs concerning expansion, modernisation or improvement of the structural elements owned or used by third parties is performed within the limits in which they respond to the requisites for being separately classified as an asset or part of an asset.
Improvements on third party assets include costs sustained for outfitting and modernisation of properties possessed for reasons other than ownership.
Amortisations are calculated at constant quotas by means of rates allowing the assets to be amortised until their useful life has ended.
The useful life estimated by the Group for the single classes of property, plant and equipment is shown below:

	Tax rate %
Buildings	3% - 10%
Forming presses	5% - 10%
Plant and machinery	6.7% - 20%
Production and commercial equipment	6.7% - 16.7%
Other assets	10% - 20%
Improvements on third party assets	Lesser between remaining duration of the lease agreement and useful life of improvements

Leasing

Properties, plant and equipment kept by virtue of finance lease agreements, by means of which the risks and benefits associated to ownership are substantially transferred to the Group, are recognised as assets of the Group at their current value or, if lower, at the actual value of the minimum payments due for the lease, including any amount to be paid for exercising the option of purchase. Assets are amortised by applying the criterion and rates indicated above for the tangible fixed assets, unless the duration of the lease agreement is shorter than the useful life represented by such rates and there is no reasonable certainty of transferring ownership of the leased asset on the natural expiry of the agreement; in this case the period of amortisation shall be represented by the duration of the lease agreement.
Leases in which the lessor substantially preserves the risks and benefits associated to owning the goods are classified as operating leases. The minimum guaranteed fees referred to operating leases are linearly disclosed in the income statement throughout the duration of the lease agreement, also considering any periods of renewal, when it is reasonably certain that the lessee shall exercise such option from the start of the agreement. Potential lease fees are instead disclosed in the income statement when they appear.

Impairment of intangible and tangible assets

At least once a year, the Group assesses recoverability of the book value of intangible assets with a defined useful life and property, plant and equipment in order to determine whether any indicators for such assets could have suffered a loss in value. If such evidence exists, the book value of the asset is reduced to the related recoverable value.
When it is not possible to estimate the recoverable value of a single asset, the Group estimates the recoverable value of the unit generating cash flows to which the asset belongs. The recoverable value of an asset is the higher amount between the fair value net of the cost of sale and its value of use. In order to determine the value of use of an asset, the Group calculates the current value of future estimated financial flows, gross of taxes, applying a discount rate, before tax, which reflects the current market valuations of the temporal value of money and the specific risks of the activity. A loss in value is entered if the recoverable value is lower than the book value.
When the circumstances that caused the loss are no longer valid, the book value of the asset is increased up to its recoverable value. Such value cannot exceed the total which would have been determined if no loss had been recognised due to reduction in value. The recovery of a loss of value is entered in the income statement immediately.

Trade receivables and other current and non-current assets

Trade receivables and other current and non-current assets mean financial instruments, mainly concerning trade debtors, not derivative and not listed on an active market, from which fixed or definable payments are due. Trade receivables and other assets are classified in the balance sheet in the current assets, with the exception of those having contractual expiry longer than twelve months respect to the date of the balance sheet, which are classified in the non-current assets.
Such long-term receivables are entered in the balance sheet assets once the company becomes part of the contracts associated to the latter and they are eliminated from the balance sheet assets when the right to receive cash flows is transferred together with all the risks and benefits associated to the transferred asset.
Trade receivables and other current and non-current assets are originally entered at their fair value and, thereafter, at their amortised cost, using the effective rate of interest, reduced for loss in value.
Losses in value of receivables are booked in the income statement when objective evidence is found that the Group shall not be able to recover the credit based on contractual terms.

The amount of the devaluation is measured as the difference between the book value of the asset and the actual value of expected future financial flows.
The value of the receivables is shown in the balance sheet net of the relate impairment provision.

Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or definable payments and not listed on an active market, which the company intends to keep until expiry. Such financial assets are classified among the current assets if their expiry effectively takes place within 12 months, otherwise they are classified among the non-current assets.
Investments are initially disclosed at fair value, including the additional costs to the transaction. After initial disclosure, financial assets held to maturity are valued at the amortised cost applying the criterion of the effective interest rate and are subject to assessment regarding reduction in value.
On every balance sheet date, the Group assesses whether there is objective evidence that an investment or group of investments has lost value. An investment or group of investments has lost value and must be devaluated if and only if there is objective evidence of the loss in value as a consequence of events subsequent to the first booking of the investment and that the loss has an impact on reliably predicted future cash flows. The objective evidence of losses in value of the asset can be found in the following circumstances:

a. Significant financial difficulties of the debtor.
b. Contractual non-fulfilments, such as insolvency in the payment of interests or capital.
c. The creditor, for economic or legal reasons associated to the financial difficulties of the debtor, grants the debtor subsidies which they would not have taken into consideration otherwise.
d. It is likely that the debtor shall become bankrupt or subject to arrangement with creditors, or
e. Disappearance of the financial assets from an active market.

Inventories

Stocks of raw materials, semi-finished goods and finished products are valued at the lower amount between cost and the net value of realisation, determining the cost using the First In-First Out method (FIFO). The valuation of Inventories includes the direct costs of materials and work and the indirect costs (variable and fixed). Write-down provisions are calculated for materials, finished products, spare parts and other supplies considered as obsolete or slow-moving, taking account of their expected future use and value of realisation. The value of realisation represents the estimated price of sale during normal management, net of all the costs estimated for the completion of the goods and costs of sale and distribution to be sustained.
Contract work in progress related to tooling and dies are valued according to their percentage of completion based on the ratio between job order costs sustained on the date of the balance sheet and the estimate of total costs, these are shown net of payments on account billed to clients. Any losses on such contracts are disclosed in the income statement at their full amount once they are known of.

Derivative financial instruments

All derivative financial instruments (including implicit, so-called embedded, derivatives) are measured at fair value.

The Group uses derivative financial instruments to cover risks concerning exchange rates and changes in interest rates.

In compliance with that established by IAS 39, derivative financial instruments can be booked according to the methods established for hedge accounting only when:

- Formal designation and the documents for such hedge account exist at the start of cover.
- It is presumed that coverage is highly efficient.
- Efficiency can be reliably measured.
- Such hedge is highly efficient during the various accounting periods for which it is designated.

When the derivative instruments have the characteristics to be booked under hedge accounting, the following accounting treatments are applied:

a. Fair value hedge – if this is a derivative financial instrument designated for the purposes of hedging exposure to changes in the current value of an entered asset or liability, the changes in the fair value of the hedge derivative disclosed in the income statement coherently with the valuation of the fair value of the assets and liabilities subject matter of cover.

Cash flow hedge – when this is a derivative financial instrument designated for the purposes of hedging exposure to the variability of the cash flows of an asset or liability in the balance sheet or a transaction predicted as highly likely and which could have effects on the income statement, the effective portion of profits or losses on the financial instrument which is recognised in the shareholder's equity; the accumulated profit or loss are transferred from the shareholder's equity and booked in the income statement during the same period in which the transaction subject matter of hedging is disclosed; the profit or loss associated to a hedge, or that part of the hedge that has become inefficient, are entered in the income statement when the inefficiency is established.
If the conditions do not exist for applying hedge accounting, the changes in fair value of the derivative financial instrument are attributed to the income statement.

Fair value of financial instruments

The *fair value* of financial instruments listed in an active market is based on the market prices as at the date of the financial statements. The fair value of financial instruments not listed in an active market is instead determined by using valuation techniques based on methods and assumptions associated to market conditions as at the date of the financial statement.

Operating segment information

The information related to the segments of activity was drawn up according to the provisions of IFRS 8 "Operating Segments", which envisage the presentation of an informatory note in compliance with the procedures adopted by the management for taking operational decisions. The identification of operating segments and the information presented are defined according to internal reports used by the management for the purposes of allocating resources to the various segments and for analysing the related performances.
IFRS 8 defines an operating segment as a component of an entity which: i) 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 entity); (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; (iii) for which discrete financial information is available.

The operating segments identified by the management, within which all the main services and products supplied to clients merge, are identified with the four main Divisions of the Group:

- MA Division
- MW Division
- MFB Division
- SSC Division

Cash and Cash Equivalents

Cash and Cash Equivalents include cash, bank current accounts, refundable deposits on demand and other short term financial investments with high liquidity and can be readily convertible into cash or transformed into liquid assets within 90 days from the date of original acquisition and which are subject to a non significant risk of variation in value.

Financial liabilities, trade payables and other liabilities

Financial liabilities (excluding derivative financial instruments), trade payables and other payables are initially entered at fair value, net of supplementary costs of direct imputation and are valued thereafter at their amortised cost, applying the criterion of the effective interest rate. If there is a predictable change in expected cash flows, the value of the liability is recalculated to reflect such change based on the actual value of new expected cash flow and the internal return rate as initially determined.
Financial liabilities are classified among the current assets unless the Group has an unconditional right to defer their payment for at least 12 months after the date of reference.
Financial liabilities are removed from the balance sheet upon their extinction and when the Group has transferred all the risks and charges related to such instrument.
Significant changes to financial liabilities giving rise to a difference of at least 10% between the actual value of the net cash flows pursuant to the new conditions and that of the remaining cash flows of the original liability, discounted with the effective interest rate of the original debt or a relevant change in the characteristics of the financial liability lead to the extinction of the financial liability and the recognition of a new one. Under such circumstance, any cost or expense sustained is disclosed as part of the profit of loss connected to the extinction, subject to the case in which it is strictly related to obtaining the new financial liability and, therefore, amortised throughout its duration.
In the case, instead, in which the change is not established as an extinction, any cost or expense sustained adjusts the book value of the liability and is amortised on the remaining term of the modified liability.

Provisions related to personnel

Provisions related to personnel include: i) defined contribution plans and ii) defined benefits plans.
With reference to defined contribution plans, the costs related to such plans are recognised in the income statement when sustained.
With reference to defined benefit plans, the Group's net liabilities are determined separately for each plan, estimating the actual value of the future benefits, which employees have accrued during the current financial year and previous years, and deducing the fair value of any assets serving the plan. The current value of the obligations is based on the use of actuarial methods attributing the benefit deriving from the plan to the periods in which the obligation to issue it arises (Projected Unit Credit Cost Method) and is based on actuarial assumptions which are objective and comparable between them. Assets serving the plan are disclosed and valued at fair value.
If a potential asset is established by such calculation, the amount to be recognised is limited to the actual value of each economic benefit available under the form of future refunds or reductions in future contributions to the plan (limit of the asset).
The components of the cost of defined benefits are disclosed as follows:

- Costs related to supplying service are recognised in the income statement under item "staff costs", whereas
- the net financial expenses on the liability or asset by defined benefit are disclosed in the income statement as "Financial income/(expenses)" and are defined by multiplying the value of the net asset/(liability) by the rate used for actualising the obligations, consi-

dering payments of contributions and benefits which took place during the period.
- The components for remeasuring the net liability, which include actuarial profits and losses, the performance of the asset (excluding interest receivables recognised in the Income statement) and any change in the limit of the asset, are disclosed in the Other comprehensive profits (losses) immediately. Such components must not be reclassified in the Income statement in a subsequent period.

Provisions for risks and charges

Provisions for risks and charges are entered against losses and expenses of a defined nature, of certain or probable existence, regarding which, nonetheless, the total amount and/or date of occurrence cannot be defined
Registration of such provisions is only disclosed when there is a current obligation (legal or implicit) for a future outgoing of economic resources as a result of past events and it is likely that such outgoing is required in order to fulfil the obligation. Such amount represents the best estimate of the charge in order to extinguish the obligation. The rate used when determining the current value of the liabilities reflects the current market values and considers the specific risk that can be associated to each liability.
When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the funds are assessed at the current value of the envisaged disbursement using a rate, which reflects market conditions, variation of the cost of money over time, and the specific risk linked to the obligation. The increase in value of the fund determined by variations in the cost of money over time is accounted for as a payable interest.
Risks for which the appearance of a liability is only possible are indicated in a dedicated informatory section on potential liabilities and no appropriations are made for the latter.

Government grants

Government grants are recognised at their fair value when there is a reasonable certainty that all the conditions necessary for obtaining them are satisfied and that they shall be received. Grants received against specific expenses are disclosed as liabilities and credited to the income statement using a systematic criterion in the financial years necessary to match them with the related expenses. Grants received against specific assets having their value entered among the fixed assets are recognised as non-current liabilities and credited to the Income statement in relation to the period of amortisation of the asset to which they refer.

Assets and liabilities held for sale and Discontinued Operations

Assets and liabilities held for sale and discontinued operations are classified as such when their book value shall mainly be recovered through sale rather than continued use. These conditions are considered as effective once the sale or discontinuance of the group of activities under divestment are considered as highly probable and the assets and liabilities are immediately available for sale in their current condition as found.
When the Group is involved in a divestment plan leading to the loss of control of a subsidiary, all the assets and liabilities of such subsidiary are classified as held for sale when the conditions described above are realised, even in the event that, after divestment, the Group continues to hold a minority shareholding in the subsidiary.
Assets held for sale are valued at the lower amount between their net book value and the fair value net of the costs of sale.

Revenue recognition

Revenues from the sale of goods are recognised in the income statement upon transferral of the risks and benefits related to the sold product to the client, which normally coincides with the delivery or shipment of the merchandise to the client; those for services are recognised in

the accounting period in which the services are rendered.
Revenues are disclosed at the fair value of the received consideration. The revenue is recognised net of value added tax, expected returns, allowances and discounts. The Group recognises revenues when their total amount can be reliably estimated and it is likely that the related future economic benefits are recognised.

Recognition of costs

Costs are recognised upon acquisition of the goods or service.

Taxes

Current taxes are calculated on the basis of the taxable income for the period, applying tax rates in force as at the date of the financial statements.
Prepaid and deferred taxes are calculated against all the differences arising between the fiscal value of an asset or liability and the related book value. Prepaid taxes, including those related to previous fiscal losses, for the portion not offset by deferred fiscal liabilities, are recognised to the extent in which it is likely that a future taxable income is available by means of which the latter can be recovered. Deferred and prepaid taxes are defined by using tax rates expected to be applied during the financial years in which the differences shall be realised or extinguished, based on the tax rates in force or substantially in force as at the date of the financial statements.
Current, deferred and prepaid taxes are recognised in the income statement, with the exception of those related to items directly debited or credited in the shareholder's equity in which case the related tax effect is also recognised directly in the shareholder's equity. Taxes are offset when they are applied by the same tax authority and there is a legal right of compensation.

3. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires the application by the directors of accounting principles and methods, which, in certain circumstances, rely on evaluations and estimates based on past experience and on assumptions which are deemed to be reasonable and realistic at any given time depending on the particular circumstances. The application of such estimates and assumptions affects the amounts disclosed in the financial statements as well as the explanatory notes. The final results of the balance entries for the current determination of which such estimates and assumptions have been used may therefore differ, even significantly, from those shown in the financial statements, due to the uncertainty characterising the assumptions and conditions upon which such estimates are based.

The items, which, with regard to the Group, require a more subjective appraisal by the directors than others when preparing the estimates and for which a change in the conditions underlying the assumptions made could have a significant effect on the financial results for the Group are briefly described below.

a. Provision for doubtful debts: the provision for doubtful debts reflects the managers' best estimate concerning losses related to the receivables portfolio with regard to clients. This estimate is based on the Group's expected losses, defined according to past experience concerning similar receivables, current and historical past dues and careful monitoring of the quality of the credit as well as forecasts concerning economic and market conditions.
b. Prepaid taxes: accounting for prepaid taxes is carried out according to the expected taxable income forecast for future years for their recovery. The assessment of expected income for the purpose of accounting for deferred taxes depends on factors

which may vary over time and have a significant impact on the assessment of deferred tax receivables.

c. Provisions for risks and charges: provisions are made representing the risk of a negative outcome in order to counter legal and fiscal risks. The value of the provisions shown in the financial statements in relation to such risks represents the best possible estimate carried out on the date by the directors. This estimate involves assumptions that depend on factors which may change over time and which may therefore have a significant impact on the current estimates made by the managers for the purpose of preparing the Group's financial statements.

d. The Fair Value of derivative financial instruments: defining the fair value of unlisted financial assets, such as derivative financial instruments, comes about by means of financial valuation techniques commonly used that require basic assumptions and estimates. Such assumptions may not come about according to the terms and procedures envisaged. Therefore, estimates carried out by the Group could deviate from the data in the final balance.

4. ACCOUNTING PRINCIPLES, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED BY THE GROUP IN ADVANCE

Shown below are the international accounting standards, interpretations, amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB, with an indication of those approved or not approved for adoption in Europe as at the date of approval of this document.

Description	Approved as at the date of this document	Envisaged date of effectiveness of the principle
Amendments to IAS 27: Equity Method in Separate Financial Statements	Yes	Financial years starting from 1 January 2016
Amendments to IAS 1: Disclosure Initiative	Yes	Financial years starting from 1 January 2016
Annual Improvements to IFRSs 2012–2014 Cycle	Yes	Financial years starting from 1 January 2016
Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	Yes	Financial years starting from 1 January 2016
Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations	Yes	Financial years starting from 1 January 2016
Amendments to IAS 16 and IAS 41: Bearer Plants	Yes	Financial years starting from 1 January 2016
Amendments to IAS 19: Defined Benefit Plans: Employee Contributions	Yes	Financial years starting from 1 February 2015
Annual Improvements to IFRSs 2010–2012 Cycle	Yes	Financial years starting from 1 February 2015
IFRS 16 Leases	No	Financial years starting from 1 January 2019
IFRS 9 Financial Instruments	No	Financial years starting from 1 January 2018
IFRS 14 Regulatory Deferral Accounts	No	Financial years starting from 1 January 2016
IFRS 15 Revenue from Contracts with Customers including amendments to IFRS 15: Effective date of IFRS 15	No	Financial years starting from 1 January 2018
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception	No	Financial years starting from 1 January 2016
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint venture	No	Undefined
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	No	Financial years starting from 1 January 2017
Amendments to IAS 7: Disclosure Initiative	No	Financial years starting from 1 January 2017
Clarifications to IFRS 15 Revenue from Contracts with Customers	No	Financial years starting from 1 January 2018

We specify that the accounting standards and/or interpretations having obligatory application for the financial years starting from 1 January 2016 have not been applied in advance.

5. INFORMATION ABOUT FINANCIAL RISKS

In the context of corporate risks, the main risks identified, monitored and, inasmuch as specified hereunder, actively managed by the Group are as follows:

- Market risk (defined as risk of exchange rate, interest rate and changes in price of some raw materials used in production).
- Credit risk (concerning both normal commercial relations with clients and loan activities), and
- liquidity risk (with reference to the availability of financial resources and access to the credit market and financial instruments in general).

The Group's objective is to maintain a balanced management of its financial exposure over time, aimed at guaranteeing a structure in the liabilities balanced with the composition of the balance sheet assets and able to ensure the required operational flexibility by means of using liquidity generated by current operating assets as well as recourse to bank loans.
The management of the related financial risks is guided and monitored at central level. In particular, the main finance department has the task of valuing and approving provisions financial demands, monitoring the performance thereof and implementing appropriate corrective actions where required.

The borrowing instruments mainly used by the Group are represented by:

- Medium/long term loans to cover investments in the fixed assets.
- Short term loans, use of current account credit lines to fund the working capital.

The following section provides qualitative and quantitative indications of reference concerning the effect of such risks on the Group.

5.1 MARKET RISK

5.1.1 Exchange rate risk

The exposure to the risk of changes in exchange rates derives from the Group's commercial and financial activities that are also conducted in currencies other than the Euro. Fluctuations in exchange rates are, moreover, reflected on the consolidated results and shareholders' equity as the financial statements of the subsidiaries are drawn up in a currency different from the Euro and then translated (currency translation risk).
The main exchange relations to which the Group is exposed mainly concern:

- Euro/Rand
- Euro/Zloty
- Euro/Brazilian Real
- Euro/Leu
- Euro/Ruble
- Euro/Argentine Pesos

The main instruments used by the Group for hedging the risk of changes in exchange rates are:

- Forward contracts in Poland on purchases of raw material to cover the risk of fluctuation in the Zloty against the Euro. The main comprehensive characteristics of contracts existing on 31 December 2015 and 2014 are shown below:

€/000	Purchases		Sales	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Notional in Zloty	93,077	70,910	-	-
Average Strike price	4,292	4,267	-	-
Notional in Euros	21,685	16,620	-	-
Fair value	(144)	26	-	-

Sensitivity Analysis related to exchange rate risk

For the purposes of the sensitivity analysis on the exchange rate risk, the currency translation risk and potential effects thereof on the Group's net profit were analysed. In particular, applied to the result deriving from translating currencies different from the operating currency was a change in increase (appreciation respect to the Euro) and decrease (depreciation respect to the Euro) equal to the percentual deviation of the average exchange rate for the year in progress respect to the same value for the previous year. Such variation was assumed as a standard deviation for the purpose of expressing the volatility of the single currency.

	31 December 2015			
€/000	Result brought to the Consolidation	Change %	Effect of increase in exchange rate	Effect of decrease in exchange rate
Rand (South Africa)	9,163	1.6%	147	(147)
Zloty (Poland)	24,663	0.0%	1	(1)
Leu (Romania)	4,960	0.0%	2	(2)
Reals (Brazil)	(12,954)	18.6%	(2,404)	2,404
Ruble (Russia)	(2,277)	33.6%	(765)	765
Renminbi (China)	(600)	14.8%	(89)	89
Lira Turca	1,004	4.1%	41	(41)
Pesos (Argentina)	(7,810)	4.8%	(371)	371
Yen (Japan)	55	4.3%	2	(2)
Ringgit (Malaysia)	(98)	0.2%	(0)	0
Total	**16,106**		**(3,436)**	**3,436**

	31 December 2014			
€/000	Result brought to the Consolidation	Change %	Effect of increase in exchange rate	Effect of decrease in exchange rate
Rand (South Africa)	6,938	12.2%	849	(849)
Zloty (Poland)	16,323	0.3%	51	(51)
Leu (Romania)	4,915	0.6%	28	(28)
Reals (Brazil)	(14,706)	8.8%	(1,294)	1,294
Ruble (Russia)	(6,907)	20.3%	(1,405)	1,405
Renminbi (China)	(1,086)	0.3%	(3)	3
Lira Turca	(266)	14.7%	(39)	39
Pesos (Argentina)	(6,642)	48.0%	(3,189)	3,189
Yen (Japan)	125	8.2%	10	(10)
Ringgit (Malaysia)	435	3.8%	17	(17)
Total	**(870)**		**(4.976)**	**4.976**

5.1.2 Interest rate risk

The Group uses external financial resources in the form of debt and uses liquidity available in bank deposits. Changes in the levels of market interest rates affect the cost and yield of the various forms of financing and use, and thereby influence the level of the Group's financial expenses and income. Exposed to fluctuations in the interest rate regarding measurement of financial expenses related to indebtment, the Group regularly values its exposure to the risk of change in interest rates and manages them by availing of less onerous forms of borrowing. The cost of bank indebtment is mainly calculated at the Euribor rate for the period plus one spread which depends on the time of credit line used. The applied margins are comparable to the best market standards. In order to tackle the risk deriving from the fluctuation in interest rate, the Group uses derivative instruments, mainly interest rate swaps, with the objective of mitigating, under economically acceptable conditions, the potential effect of the variability in interests rates on its operating result.

Summarised below are the main characteristics of the interest rate swaps subscribed by the Group.

€/000	31 December	
	2015	**2014**
IRS Club Deal 1		
Transaction date	-	19/09/2012
Expiry	-	30/06/2017
Notional in Euros	-	53,408
Variable interest	-	6-month Euribor
Fixed interest	-	1.015%
Fair value	-	*(718)*
IRS Club Deal 2		
Transaction date	-	27/11/2012
Expiry	-	29/12/2017
Notional in Euros	-	39,094
Variable interest	-	6-month Euribor
Fixed interest	-	1.005%
Fair value	-	*(723)*
IRS Club Deal 3		
Transaction date	-	05/02/2013
Expiry	-	29/06/2018
Notional in Euros	-	35,548
Variable interest	-	6-month Euribor
Fixed interest	-	1.185%
Fair value	-	*(834)*
IRS BPM		
Transaction date	11/12/2014	11/12/2014
Expiry	28/06/2019	28/06/2019
Notional in Euros	5,782	7,276
Variable interest	6-month Euribor	6-month Euribor
Fixed interest	0.13%	0.13%
Fair value	*(62)*	-

Sensitivity Analysis related to the interest rate risk

The measurement of the Group's exposure to the interest rate risk was carried out by means of a sensitivity analysis, which considered current and non-current financial liabilities and bank deposits. In the context of the assumptions made, the effects of the result before tax for the period 2015 were valued, deriving from a hypothetical change in market rates reflecting an appreciation and depreciation equal to 50bps respectively.

The potential impacts of the sensitivity analysis were calculated on the financial assets and liabilities at variable rate as at 31 December 2015. Such variation in the interest rates would lead to a higher (or lower) net pre-tax expense equal to 1,468 thousand Euros on an annual basis.

5.1.3 Commodity risk

The Group's exposure to the risk of change in the price of commodities derives from the risk of change in the prices of certain raw materials (mainly steel) used in production. The change in the price of steel can have a significant impact on the Group's net profit, indirectly influencing the costs and profitability of the products.

Furthermore, the risk can be considered as limited only to the SSC Division inasmuch as changes in the price of raw materials in the other Divisions are usually transferred to clients by adjusting the sales price lists.

5.2 CREDIT RISK

Credit risk represents the Group's exposure to potential losses deriving from non-fulfilment of obligations by counterparties.
The Group's exposure to risk concerning trade receivables is in any case limited to the solidity of its main trade counterparts, of high credit rating. The Group's main clients are represented by car manufacturers (OEM) regarding whom prompt information is available about operating/financial performance and the ratings supplied by the main agencies. The Group also adopts specific commercial policies aimed at monitoring the solvency of smaller clients and implements agreements for the transfer of trade receivables without recourse, thereby transferring the related risk.
Trade receivables are recognised in the balance sheet net of the impairment calculated on the basis of the risk of counterparty defaulting, determined according to the information available on the client's solvency and considering historical data. Subject to individual devaluation are positions regarding which an objective condition of partial or total unenforceability is established, taking account of any insurance cover and the performance of the suffering practices. Provisions have been appropriated on a collective basis against receivables not subject to individual devaluation, considering past experience.

5.3 LIQUIDITY RISK

Liquidity risk can arise with the inability to procure financial resources needed for Group operations, under economic conditions. The two main factors affecting Group liquidity are:

- Financial resources generated or absorbed by operating and investment activities.
- The characteristics of expiry and renewal of the financial debt.

Careful management of a liquidity risk originating from normal operations implies maintaining an adequate level of cash, short term securities and the availability of funds obtainable by means of an adequate amount of credit lines. The Group's liquidity demand is monitored by the treasury department with a view to guaranteeing an efficient procurement of financial resources and adequate investment/return of liquidity.

The Group's objective is to implement a financial structure, which, in accordance with business objectives, guarantees an adequate level of liquidity, minimising the related cost opportunity and keeping a balance in terms of duration and composition of the debt.
The following table analyses the financial liabilities (including trade payables and other payables) as reported inside the financial statements. The loans were included on the basis of the contractual expiry date on which repayment takes place.

€/000	Book balance	31 December 2014 Years of Expiry < 1	1 - 5	> 5
Non-current financial liabilities	400,386		216,978	183,408
Current financial liabilities	129,352	129,352		
Trade payables	319,557	319,557		
Other current payables	105,969	83,255	22,714	
Total	**955,264**	**532,164**	**239,692**	**183,408**

€/000	Book balance	31 December 2014 Years of Expiry < 1	1 - 5	> 5
Non-current financial liabilities	269,894		269,894	
Current financial liabilities	162,580	162,580		
Trade payables	288,362	288,362		
Other current payables	111,952	78,361	33,591	
Total	**832,788**	**529,303**	**303,485**	**0**

6. ESTIMATING FAIR VALUE

In relation to financial instruments valued at fair value, the following table gives information on the method chosen for determining fair value. The applicable methods are divided into the following levels, based on the source of available information, as described hereunder:

- Level 1: fair value determined with reference to quoted prices (not adjusted) on active markets for identical financial instruments.
- Level 2: fair value determined using valuation techniques referring to observable variables on active markets.
- Level 3: fair value determined using valuation techniques referring to non observable variables on active markets.

The financial instruments shown at fair value of the Group are classified in level 2 and the general criterion used to calculate the latter is the actual value of future cash flows predicted for the instrument subject matter of valuation.

The following table represents the assets and liabilities measured at fair value as at 31 December 2015 and 2014:

€/000	31 December 2015 Level 1	Level 2	Level 3
Derivative financial instruments (currency forward)		(144)	
Derivative financial instruments (interest rate swap)		(62)	

€/000	31 December 2014 Level 1	Level 2	Level 3
Derivative financial instruments (currency forward)		26	
Derivative financial instruments (interest rate swap)		(2,275)	

Reminder is given that trade receivables and payables have been valued at book value inasmuch as deemed approximate to current value.

The following table provides a division of the financial assets and liabilities by category as at 31 December 2015 and 2014:

							31 December 2014
€/000	Financial assets/ liabilities valued at fair value recognised in the income statement	Financial assets/ liabilities valued at fair value recognised in the shareholder's equity	Loans and credit	Held to maturity	Assets available for sale	Liabilities valued at amortised cost	Other financial liabilities valued at amortised cost
Current assets							
Cash and Cash Equivalents			116,896				
Trade receivables			109,934				
Other receivables and other current assets			107,472				
Financial assets			48,333				
Non-current assets							
Other receivables and other non-current assets			17,005				
Current liabilities							
Trade payables						319,557	
Borrowings from banks and other lenders						129,352	
Other payables and other current liabilities						78,151	
Non-current liabilities							
Payables due to banks and other lenders		62				400,324	
Other payables and other non-current liabilities						22,714	

Al 31 dicembre 2014

€/000	Financial assets/liabilities valued at fair value recognised in the income statement	Financial assets/liabilities valued at fair value recognised in the shareholder's equity	Loans and credit	Held to maturity	Assets available for sale	Liabilities valued at amortised cost	Other financial liabilities valued at amortised cost
Current assets							
Cash and Cash Equivalents			90,298				
Trade receivables			106,378				
Other receivables and other current assets			75,565				
Financial assets			45,418				
Non-current assets							
Other receivables and other non-current assets			27,315				
Current liabilities							
Trade payables						288,362	
Borrowings from banks and other lenders						162,580	
Other payables and other current liabilities						75,128	
Non-current liabilities							
Payables due to banks and other lenders		2,275				267,619	
Other payables and other non-current liabilities						33,591	

7. INFORMATORY NOTE ON OPERATING SEGMENTS

The identification of the operating segments and related information given in this paragraph is based on the elements used by the management in order to make its operational decisions. In particular, internal accounting periodically reviewed and used by the highest decision making levels of the Group takes the following operating segments as reference:

- MA Division, active in the production and assembly of structural parts, components, sub-groups and modules made of steel for the automotive segment.
- MW Division, active in the design and realisation of steel wheels for all types of vehicles and rims for motorcycles.
- MFB Division, active in fine blanking.
- SSC Division, active in the transformation of flat sheet metals for various types of use, from the automotive sector to the domestic appliance industry, from wind power stations to industrial and domestic auxiliary furnishings.

The results for the operating segments are mainly measured by means of analysis trend in Sales revenues, Ebitda and Ebit. Ebitda and Ebit represent the gross operating margin and net operating margin respectively, before the effects of restructuring costs and of certain specific costs and revenues deemed as non recurrent and therefore not representative of the real profitability of the sectors.

Disclosures about operating segments is illustrated for the continuing operations and, separately, for the discontinued operations.

€/000	Financial year closed as at 31 December 2015					
	MA	MW	SSC	MFB	Elisions	Total
Revenues	1,029,326	183,029	100,462	27,773	(13,016)	**1,327,574**
Ebitda	103,453	22,463	9,255	(1,523)	(3,445)	**130,204**
As a percentage of sales revenues	*10.1%*	*12.3%*	*9.2%*	*-5.5%*	*26.5%*	***9.8%***
Ebit	52,630	12,047	6,000	(4,122)	(6,882)	**59,672**

€/000	Financial year closed as at 31 December 2014					
	MA	MW	SSC	MFB	Elisions	Total
Revenues	899,272	182,544	40,783	12,477	(11,587)	**1,123,489**
Ebitda	83,687	18,514	2,189	183	(184)	**104,390**
As a percentage of sales revenues	*9.3%*	*10.1%*	*5.4%*	*1.5%*	*1.6%*	***9.3%***
Ebit	36,046	4,443	642	(1,208)	(2,867)	**37,056**

Disclosures about operating segment with regard to discontinued operations, drawn up on the basis of the same rules applied for the operating segments of the continuing operations, is as follows:

€/000	Financial year closed as at 31 December 2015				Financial year closed as at 31 December 2014			
	MA	MW	SSC	Total	MA	MW	SSC	Total
Revenues	16,988	30,031	95,493	**142,512**	17,481	31,349	348,748	**380,097**
Ebitda	**(2,463)**	**(1,781)**	**2,252**	**(1,992)**	**(2,252)**	**(3,111)**	**6,677**	**1,314**
As a percentage of sales revenues	*-14.5%*	*-5.9%*	*2.4%*	*-1.4%*	*-12.9%*	*-10.0%*	*1.9%*	*0.3%*
Ebit	**(3,418)**	**(2,409)**	**1,084**	**(4,744)**	**(3,207)**	**(3,999)**	**567**	**(6,639)**

8. NOTES TO THE STATEMENT OF FINANCIAL POSITION

8.1 INTANGIBLE ASSETS

Shown below is the movement for item “Intangible assets” for the financial years closed as at 31 December 2015 and 2014:

€/000	Deve-lopment Costs	Industrial patents and intellectual property rights	Goodwill	Other intan-gible fixed assets	Intangible assets under construction	Total
Balance as at 1 January 2014	**987**	**3.523**	**13.484**	**812**	**3.329**	**22.135**
of which:						
Historical cost	*38,409*	*11,518*	*13,484*	*49,672*	*3,329*	**116,412**
Amortisation reserve	*(37,422)*	*(7,994)*	*0*	*(48,861)*	*0*	**(94,277)**
Increases	1,515	4,130	2,580	4,920	1,407	**14,552**
Net decreases	0	0	0	0	0	**0**
- Historical cost	*0*	*0*	*0*	*0*	*0*	**0**
- Amortisation reserve	*0*	*0*	*0*	*0*	*0*	**0**
Other movements						
- Historical cost reclassi-fications	*0*	*242*	*0*	*(6,081)*	*(1,246)*	**(7,085)**
- Amortisation reserve reclassifications	*0*	*(202)*	*336*	*5,965*	*0*	**6,099**
- Change in area of consolidation	*0*	*0*	*0*	*0*	*0*	**0**
- Differences in exchange rate on historical cost	*(254)*	*(167)*	*0*	*5*	*(19)*	**(436)**
- Differences in exchange rate on amortisation reserve	*34*	*59*	*0*	*(7)*	*0*	**86**
- Reclassification of di-scontinued operations	*0*	*(55)*	*(6,436)*	*0*	*0*	**(6,491)**
Depreciation, amortisation and impairments	(366)	(1,030)	0	(1,013)	0	**(2,409)**
Balance as at 31 December 2014	**1,916**	**6,500**	**9,964**	**4,601**	**3,471**	**26,451**
of which:						
Historical cost	*39,600*	*13,744*	*9,964*	*48,516*	*3,471*	**115,296**
Amortisation reserve	*(37,685)*	*(7,244)*	*0*	*(43,915)*	*0*	**(88,844)**
Increases	1,630	1,169	0	428	253	**3,480**
Net decreases	0	0	0	0	0	**0**
- Historical cost	*0*	*0*	*0*	*0*	*0*	**0**
- Amortisation reserve	*0*	*0*	*0*	*0*	*0*	**0**
Other movements						
- Historical cost reclassi-fications	*934*	*(10)*	*1,959*	*933*	*(2,633)*	**1,183**
- Amortisation reserve reclassifications	*0*	*497*	*(2,075)*	*143*		**(1,436)**
- Change in area of consolidation	0	0	0	0	0	**0**
- Differences in exchange rate on historical cost	(119)	(105)	0	(65)	19	**(269)**
- Differences in exchange rate on amortisation reserve	29	15	0	37	0	**81**
Depreciation, amortisation and impairments	(938)	(1,885)	0	(1,502)	0	**(4,325)**
Balance as at December 2015	**3,452**	**6,181**	**9,848**	**4,575**	**1,110**	**25,166**

Item “Intangible fixed assets” as at 31 December 2015 totals 25,166 thousand Euros (26,451 thousand Euros as at 31 December 2014) and is mainly formed of:

- Goodwill of 9,848 thousand Euros (9,964 thousand Euros as at 31 December 2014).
- Development Costs for new products, mainly related to the Wheels sector, of 3,452 thousand Euros (Euro 1,916 thousand Euros as at 31 December 2014), and
- industrial patents and intellectual property rights of 6,181 thousand Euros (6,500 thousand Euros as at 31 December 2014).

Goodwill mainly derives from acquiring control of Delfo Polska, ITLA Srl and Nuova Sall Srl. Goodwill was allocated to the operating segments or CGUs in relation to the operating segments where appropriate, in accordance with IAS 36. The following table highlights the allocation of goodwill by operating segment:

€/000	31 December	
	2015	2014
Automotive	7,660	7,660
SSC	2,188	2,304
Total	**9,848**	**9,964**

Pursuant to IAS 36, goodwill is not subject to amortisation but to an assessment of reduction in value on an annual basis, or more frequently if specific events and circumstances occur which may lead to a presumed reduction in value. The impairment test is carried out by means of comparing the net book value and the recoverable value of the CGU to which goodwill was attributed, determined by referring to the highest amount between the fair value net of sale costs and the value in use of the CGU. The value in use was determined by applying the “discounted cash flows” (DCF) method, discounting the unlevered free cash flows of the CGU resulting from the 5 years Business Plan after that of reference of the impairment test, officially approved by the management. The discount factor used is represented by the WACC found with reference to the segment in which the identified CGU operates.

The weighted average cost of capital (WACC) used, which reflects market valuations of the cost of money and specific risks in the sectors of activity and geographic area of reference, is estimated as equal to 7.00%.

With reference to financial years 2015 and 2014, no reductions in value of the entered goodwill emerged from the completed impairment tests.

The results of the impairment tests were submitted to a sensitivity analysis aimed at verifying the variability to changes in the main hypotheses at the basis of the estimate. To this end, two different scenarios were hypothesised:

- Scenario 1: discount rate = 7.50%, with an increase of 50 basis points respect to the basic scenario.
- Scenario 2: discount rate = 8.00%, with an increase of 100 basis points respect to the basic scenario.

The sensitivity analyses show that the test has a low sensitivity to change in the basic hypotheses of the estimate. More specifically, none of the aforementioned scenarios would lead to a loss in value of the goodwill.

Development costs are mainly formed of the costs of materials and personnel dedicated to engineering, design and development activities aimed at enrichment and creation of new models, mainly in the Wheels sector.

8.2 PROPERTY, PLANT AND EQUIPMENT

Shown below is the movement for item "Property, plant and equipment" for the financial years closed as at 31 December 2015 and 2014:

€/000	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Tangible assets under construction	Total
Balance as at 1 January 2014	**225,443**	**326,895**	**10,189**	**4,827**	**47,959**	**615,313**
of which:						
Historical cost	388,607	1,087,921	128,158	34,073	47,959	**1,686,718**
Depreciation reserve	(163,164)	(761,026)	(117,969)	(29,246)	0	**(1,071,405)**
Increases	8,496	60,866	3,298	913	9,543	**83,115**
Net decreases	40	(7,426)	0	(3)		**(7,389)**
- Historical cost	(861)	(39,135)	(685)	(157)		**(40,837)**
- Depreciation reserve	900	31,709	685	154		**33,448**
Other movements						
- Historical cost reclassifications	(138)	16,673	4,161	242	(22,646)	**(1,708)**
- Depreciation reserve reclassifications	441	72	173	(40)		**646**
- Change in area of consolidation	11,339	15,232	240	306	116	**27,233**
- Reclassification of activities destined for divestment	(45,391)	(24,928)	(1,949)	(765)	(640)	**(73,673)**
- Differences in exchange rate on historical cost	(3,590)	(12,387)	(1,305)	11	236	**(17,035)**
- Differences in exchange rate on deprecation reserve	1,091	7,265	1,081	(12)		**9,425**
Depreciation, amortisation and impairments	(11,657)	(48,783)	(3,758)	(848)		**(65,047)**
Balance as at 31 December 2014	**186,073**	**333,478**	**12,129**	**4,633**	**34,567**	**570,880**
of which:						
Historical cost	342,124	940,545	113,283	27,178	34,567	**1,457,697**
Depreciation reserve	(156,051)	(607,067)	(101,154)	(22,545)	0	**(886,817)**
Increases	6,299	39,145	5,737	924	40,068	**92,174**
Net decreases	(2)	(4,986)	0	(21)		**(5,009)**
- Historical cost	(2,366)	(30,977)	(762)	(221)	(1,278)	**(35,604)**
- Depreciation reserve	2,364	25,991	762	200		**29,317**
Other movements						
- Historical cost reclassifications	5,485	24,718	(6,583)	146	(21,630)	**2,135**
- Depreciation reserve reclassifications	194	(5,038)	8,030	(947)		**2,239**
- Change in area of consolidation	3,396					**3,396**
- Differences in exchange rate on historical cost	(3,083)	(9,240)	(359)	(152)	(1,223)	**(14,056)**
- Differences in exchange rate on deprecation reserve	161	5,280	67	115		**5,623**
Depreciation, amortisation and impairments	(11,069)	(53,206)	(4,403)	(923)	0	**(69,601)**
Balance as at 31 December 2015	**187,454**	**330,151**	**14,618**	**3,776**	**51,783**	**587,781**
of which:						
Historical cost	351,855	964,191	111,316	27,876	50,505	**1,505,743**
Depreciation reserve	(164,401)	(634,040)	(96,698)	(24,100)	1,278	**(917,962)**

Item “Property, plant and equipment” as at 31 December 2015 totals 587,781 thousand Euros (570,880 thousand Euros as at 31 December 2014) and is formed of:

- Land and buildings at 187,454 thousand Euros.
- Plant and equipment at 330,151 thousand Euros.
- Tangible assets under construction at 51,783 thousand Euros.

The investments for financial year 2015, amounting to 92,174 thousand Euros, mainly refer to the implementation of new projects in Italy, France, Germany and South Africa.

Some assets are held by the Group on the basis of lease agreements as shown below:

€/000	31 December	
	2015	2014
Land and Buildings	42,174	41,940
Plant and Machinery	78,781	76,752
Industrial and commercial equipment	778	774
Other tangible assets	68	68
Total	**121,801**	**119,534**

8.3 INVESTMENTS AND OTHER FINANCIAL ASSETS

Details for item “Investments and other financial assets” are given as follows:

€/000	31 December	
	2015	2014
Equity investments in subsidiaries	4,023	938
Equity investments in joint venture companies	48,467	35,786
Equity investments	20,926	17,365
Equity investments in other companies	6,218	5,885
Total Equity Investments	**79,635**	**59,973**
Other financial assets	4,503	16,208
Total Equity Investments and other financial assets	**84,138**	**76,181**

Shown below is the movement for subsidiary companies for the financial years closed as at 31 December 2015 and 2014:

€/000	%	1 January 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2014
WM LLC RUSSIA	100.0%	93	0	0	0	0	93
CLN Serbia D.o.o.	100.0%	667	0	(302)	0	(8)	357
Nichelino Immobiliare Srl	80.0%	50	438	0	0	0	488
Total Equity investments in subsidiaries		**810**	**438**	**(302)**	**0**	**(8)**	**938**

€/000	%	31 December 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2015
MA Automotive Argentina S.A.	100.0%	0	0	890	5,004	(2,539)	3,355
WM LLC RUSSIA	100.0%	93	0	0	0	(27)	66
CLN Serbia D.o.o.	100.0%	357	0	(243)	0	1	114
Nichelino Immobiliare Srl	80.0%	488	0	0	0	0	488
Total Equity investments in subsidiaries		**938**	**0**	**647**	**5,004**	**(2,566)**	**4,023**

Equity investments in subsidiaries represent non significant investments for the Group. When consolidated according to the full consolidation method, no significant effects on the income statement, shareholder's equity and net financial position of the Group would be produced. Equity investments in subsidiaries are valued according to the equity method.

Shown below is the movement for joint control and associated companies for the financial years closed as at 31 December 2015 and 2014. We specify that such investments were valued according to the equity method.

€/000	%	1 January 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2014
Coskunoz MA A.S.	60.0%	3,428	0	1,734	0	(850)	4,312
MA Automotive Brasil Ltda.	60.0%	5,149	12,495	(14,706)	0	(1,874)	1,065
AMCLN srl	51.0%	0	10	0	0	0	10
Prorena Canessa s.r.l.	51.0%	21,499	0	0	(16,388)	0	5,111
ITLA S.r.l.	51.0%	6,839	0	0	(6,839)	0	0
Jantsa-MW Turkey	50.0%	14,768	0	(2,000)	0	0	12,768
JBM-MA India	50.0%	4,000	0	766	0	475	5,241
BAOSTEEL MW Wheels	25.0%	5,551	0	0	0	0	5,551
SHOUGANG MA METAL CO	50.0%	3,098	1,465	(1,706)	0	(52)	2,805
ALMASIDER	50.0%	1,546	0	(32)	0	(4)	1,510
PMC Automotive S.p.A.	50.0%	(2,432)	5,000	(4,790)	0	(365)	(2,587)
Total Equity investments in joint control companies		**63,446**	**18,970**	**(20,734)**	**(23,227)**	**(2,670)**	**35,786**

€/000	%	31 December 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2015
Coskunoz MA A.S.	60.0%	4,312	0	1,279	0	(1,962)	3,629
MA Automotive Brasil Ltda.	60.0%	1,065	9,729	(12,954)	0	(4,630)	(6,791)
AMCLN srl	51.0%	10	0	(1,400)	30,600	0	29,210
Prorena Canessa s.r.l.	51.0%	5,111	0	0	(5,111)	0	0
Jantsa-MW Turkey	50.0%	12,768	(4,030)	(275)	0	0	8,463
JBM-MA India	50.0%	5,241	0	600	0	0	5,841
BAOSTEEL MW Wheels	25.0%	5,551	0	0	0	0	5,551
SHOUGANG MA METAL CO	50.0%	2,805	1,936	(600)	0	0	4,140
ALMASIDER	50.0%	1,510	0	(1,010)	0	0	500
PMC Automotive S.p.A.	50.0%	(2,587)	7,500	(5,218)	0	(1,771)	(2,076)
Total Equity investments in joint venture companies		**35,786**	**15,135**	**(19,579)**	**25,489**	**(8,363)**	**48,467**

€/000	%	1 January 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2014
EMARC ROMANIA Srl	49.0%	75	0	0	0	0	75
EMA Polska Sp. Z.o.o.	49.0%	20	0	0	0	(1)	19
Metaltranciati S.r.l.	48.0%	1,023	(1,023)	0	0	0	0
Cellino Srl	39.0%	12,276	0	15	0	(229)	12,062
Proma Poland Sp. Z.o.o.	35.0%	1,600	0	0	0	0	1,600
TOPY MW Mexico	25.0%	1,056	1,475	0	0	0	2,531
O.M.V. Spa	25.0%	1,171	0	(94)	0	0	1,077
Total Equity investments in joint associated companies		**17,221**	**452**	**(79)**	**0**	**(229)**	**17,365**

€/000	%	31 December 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2015
EMARC ROMANIA Srl	49.0%	75	0	0	0	0	75
EMA Polska Sp. Z.o.o.	49.0%	19	0	0	0	0	20
Cellino Srl	39.0%	12,062	0	0	0	0	12,062
Proma Poland Sp. Z.o.o.	35.0%	1,600	(1,600)	0	0	0	0
Gianetti Ruote S.r.l.	30.0%	0	0	(1,100)	6,218	0	5,118
TOPY MW Mexico	25.0%	2,531	0	0	0	0	2,531
O.M.V. Spa	25.0%	1,077	0	43	0	0	1,120
Total Equity investments in joint associated companies		**17,365**	**(1,600)**	**(1,057)**	**6,218**	**0**	**20,926**

Shown below is the movement for equity investments in other companies for the financial years closed as at 31 December 2015 and 2014:

€/000	%	1 January 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2014
S. Polo Lamiere SpA	15.0%	2,666	0	24	0	0	2,690
MIM GmbH	10.0%	450	0	0	0	0	450
AR MACHINE Co.	9.8%	557	0	0	0	0	557
AIRCOM US Inc.	7.5%	140	(140)	0	0	0	0
E.M.A.R.C. S.p.A.	6.4%	1,682	0	0	0	0	1,682
CSM	4.0%	335	0	(335)	0	0	0
Other companies		1,474				(967)	506
Total Equity investments in other companies		**7,304**	**(140)**	**(311)**	**0**	**(967)**	**5,885**

€/000	%	31 December 2014	Increases (Decreases)	Revaluations (Devaluations)	Changes in scope	Exchange rate differences and other changes	31 December 2015
S. Polo Lamiere SpA	15.0%	2,690	0	194	0	0	2,884
MIM GmbH	10.0%	450	0	0	0	0	450
AR MACHINE Co.	9.8%	557	0	0	0	0	557
E.M.A.R.C. S.p.A.	6.4%	1,682	0	0	0	0	1,682
Other companies		506				140	646
Total Equity investments in other companies		**5,885**	**0**	**194**	**0**	**140**	**6,218**

Other financial assets, equal to 4,053 thousand Euros (16,208 thousand Euros as at 31 December 2014), mainly include Italian Government bonds.

8.4 OTHER NON-CURRENT ASSETS

Details for item "Other non-current assets" as at 31 December 2015 and 2014 and as at 1 January 2014 are given below:

€/000	31 December		1 January 2014
	2015	2014	
Non-current operating receivables	643	-	-
Other non-current receivables	16,362	27,315	22,368
Total	**17,005**	**27,315**	**22,368**

We point out that the other non-current receivables include positions in relation to joint control companies for future increases in share capital.

8.5 DEFERRED TAX ASSETS

"Deferred tax assets" total 41,538 thousand Euros as at 31 December 2015. The movement for such item is shown in note 8.15 "Deferred tax liabilities", to which reference is made.

8.6 INVENTORIES

Details for item "Inventories" as at 31 December 2015, 2014 and as at 1 January 2014 are given below:

€/000	31 December		1 January 2014
	2015	2014	
Raw materials, ancillary materials and consumables	72,100	63,860	102,636
Work in progress and semi-finished goods	27,691	26,058	24,477
Contract work in progress	7,563	(3,996)	25,363
Finished products and goods	50,199	45,571	50,155
Advances paid	1,418	259	1,573
Total	**158,971**	**131,752**	**204,203**

The value of stock inventory is shown net of a write-down provision equal to 14,704 thousand Euros as at 31 December 2015 (14,521 thousand Euros as at 31 December 2014) allocated against raw materials no longer usable for current production, finished products, goods and ancillary materials that are obsolete or slow-moving and, lastly, in order to adjust the value of stocks to market value when the latter proves to be a capital loss.

The inventory write-down provision underwent the following movement during the financial year and its amount at the end of the year is to be deemed as congruent in relation to existing risks:

€/000	As at 31 December			
	2015		2014	
	Raw materials and semi-finished goods	Finished products	Raw materials and semi-finished goods	Finished products
Opening inventory write down provision	10,561	3,959	11,671	4,745
Reclassification of discontinued operations	-	-	(1,700)	(200)
Increases	470	-	591	-
Uses/releases	-	(287)	-	(586)
Closing inventory write down provision	**11,031**	**3,673**	**10,561**	**3,959**

Contract work in progress mainly represent costs for tooling and dies sustained by MA Division for preparing new models for production and are expressed net of advance payments received from clients.

8.7 TRADE RECEIVABLES

The trade receivables, equal to 109,934 thousand Euros as at 31 December 2015 (106,378 thousand Euros as at 31 December 2014), are shown net of bad-debt provisions of 5,845 thousand Euros (6,501 thousand Euros as at 31 December 2014) the movement of which is shown below:

€/000	As at 31 December	
	2015	2014
Opening bad-debt provisions	6,501	9,633
Reclassification of discontinued operations	0	(4,212)
Increases	0	612
Uses/releases	0	193
Change in exchange rates and other movements	(656)	661
Closing bad-debt provisions	**5,845**	**6,501**

The trade receivables as at 31 December 2015 are shown, moreover, net of items sold without recourse (factoring and securitisation contracts) for a total of 233,017 thousand Euros (214,404 thousand Euros as at 31 December 2014).

For further comments regarding the quality of receivables, refer to note 5.2 “Information on financial risks”.

We point out that, as at the dates of reference, the balance sheet shows no receivables expiring after more than five years.

8.8 OTHER CURRENT ASSETS

Details for item “Other current assets” as at 31 December 2015 and 2014 and as at 1 January 2014 are given below:

€/000	Financial year closed as at 31 December		As at 1 January 2014
	2015	2014	
Current financial receivables	42,784	28,243	4,190
VAT credit	28,847	11,906	9,197
Direct advance tax payments	2,852	1,136	858
Receivables for other taxes	5,845	5,057	0
Security deposits	1,759	3,842	1,049
Accrued income/prepaid expenses	3,582	1,866	30,091
Current financial assets	1,047	967	44,461
Other current receivables	20,756	22,548	11,100
Total	**107,472**	**75,565**	**100,944**

8.9 CASH AND CASH EQUIVALENTS

Details for item “Cash and Cash Equivalents” as at 31 December 2015 and 2014 and as at 1 January 2014 are given below:

€/000	Financial year closed as at 31 December		As at 1 January 2014
	2015	2014	
Bank deposits	96,440	60,679	88,300
Cash in hand, cash and cheques	20,456	29,619	24,540
Total	**116,896**	**90,298**	**112,841**

8.10 ASSETS AND LIABILITES HELD FOR SALE AND DISCONTINUED OPERATIONS

a. AMCLN Joint Venture

On 21 October 2014, CLN Group and ArcelorMittal signed a binding agreement for the establishment of the AMCLN joint venture, 51% held by CLN and 49% by ArcelorMittal operating in the sector of distribution of flat carbon steel products, constituted by means of conferring business pertaining to distribution centres owned by the Group and ArcelorMittal present in Italy. The transaction became effective on 1 April 2015.

Consequently, the Group's assets and liabilities conferred to AMCLN were classified as assets and liabilities held for sale and presented separately from the other assets and liabilities included in the statement of financial position as at 31 December 2014. Furthermore, the operating result for the Branch was classified separately from the other earning components in the schedule of the statement of comprehensive income for financial years 2015 and 2014.

b. Gianetti Ruote S.r.l.

The assets and liabilities of Gianetti Ruote S.r.l., fully controlled by the Group, were classified as "assets and liabilities held for sale" as provided under the provisions contained in IFRS 5 for the financial year closed as at 31 December 2014 following the decision to sell such company, taken during financial year 2014. The transaction in question was completed on 3 November 2015 by means of an increase in share capital fully subscribed by a third party shareholder and the contextual dilution of the stake held by the Group. As at 31 December 2015, Gianetti Ruote S.r.l. is 30% held by CLN. It is therefore an associated company of CLN and is accounted for according to the equity method.

c. MA Argentina

The assets and liabilities of MA Argentina, fully controlled by the Group, were classified as "assets and liabilities held for sale" as provided under the provisions contained in IFRS 5 for the financial year closed as at 31 December 2014 following the decision taken during financial year 2014 to sell all the operating activities of such company. The sale transaction was completed in late October. As at 31 December 2015, MA Argentina is accounted for according to the equity method inasmuch as irrelevant to the Group.

Shown below are the balance sheet values as at 31 December 2014 concerning assets and liabilities destined for divestment.

€/000	31 December 2014			
	AMCLN	Gianetti	Argentina	Total
ASSETS				
Intangible fixed assets	6,370	90	0	**6,460**
Property, plant and machinery	51,612	4,010	8,296	**63,918**
Equity investments and other financial assets	26,011	159	(4)	**26,166**
Deferred tax assets	743	553	0	**1,296**
Total non-current assets	**84,735**	**4,813**	**8,292**	**97,840**
Inventories	48,360	7,707	3,217	**59,285**
Trade receivables	54,901	2,771	3,917	**61,588**
Other current assets	7,146	646	4,957	**12,749**
Cash and cash equivalents	1,771	846	2,327	**4,944**
Total current assets	**112,178**	**11,970**	**14,417**	**138,566**
Assets held for sale and discontinued operations	**196,913**	**16,783**	**22,709**	**236,406**
LIABILITIES				
Post-employment benefits	2,696	2,808	0	**5,504**
Provisions	80	804	69	**953**
Borrowings	12,211	0	488	**12,699**
Deferred tax liabilities	2,226	(10)	0	**2,216**
Total non-current liabilities	**17,214**	**3,602**	**557**	**21,373**
Current liabilities	61,096	6,228	1,579	**68,903**
Borrowings	111,926	4,150	3,951	**120,027**
Trade payables	0	0	(692)	**(692)**
Current tax liabilities	7,727	2,495	3,676	**13,898**
Other current liabilities	**180,750**	**12,873**	**8,513**	**202,135**
Liabilities held for sale and discontinued operations	**197,963**	**16,475**	**9,070**	**223,508**

Shown below are the income statement values as at 31 December 2014 concerning assets and liabilities held for sale.

€/000	Financial year closed as at 31 December 2014			
	AMCLN	Gianetti	Argentina	Total
Revenues from sales	348,748	31,349	17,481	380,097
Gross operating income	**5,555**	**(4,151)**	**(6,203)**	**(4,799)**
Depreciation, amortisation and impairment losses	(7,686)	(262)	(682)	(8,630)
Net Operating Income	**(2,131)**	**(4,414)**	**(6,885)**	**(13,429)**
Financial income	548	32	1,991	2,570
Financial expenses	(3,852)	(516)	(1,423)	(5,791)
Result before taxes	**(5,435)**	**(4,898)**	**(6,317)**	**(16,650)**
Taxes	(408)	352	1,391	1,334
Result for the year of discontinued operations	**(5,843)**	**(4,546)**	**(4,926)**	**(15,315)**

Shown below are the income statement values as at 31 December 2015 concerning assets and liabilities held for sale.

€/000	Financial year closed as at 31 December 2015			
	AMCLN	Gianetti	Argentina	Total
Revenues from sales	95,493	30,031	16,988	142,512
Gross operating income	**2,252**	**942**	**(4,413)**	**(1,218)**
Depreciation, amortisation and impairment losses	(1,168)	(628)	(955)	(2,752)
Net Operating Income	**1,084**	**314**	**(5,368)**	**(3,970)**
Financial income	105	0	0	105
Financial expenses	(1,304)	(348)	(745)	(2,397)
Share of profit of investments accounted for using the equity method	(1,010)	(1,100)	(1,197)	(3,307)
Result before taxes	**(1,126)**	**(1,134)**	**(7,310)**	**(9,570)**
Taxes	205			205
Result for the year of discontinued operations	**(921)**	**(1,134)**	**(7,310)**	**(9,365)**
Capital gains (losses) from divestment	25,503	0	0	25,503
Result for the year of discontinued operations	**24,582**	**(1,134)**	**(7,310)**	**16,138**

The capital gain from divestment arises from the difference between the net book value of the contributed assets and the amount of the joint venture share capital subscribed by the Group. This amount has been determined by a specific sworn appraisal.

8.11 SHAREHOLDERS' EQUITY

The movement of the reserves in the shareholder's equity is shown in the consolidated statement of changes in net equity.

The share capital as at 31 December 2015 totals 235,000 thousand Euros and is formed of 235 million ordinary shares having a unit value equal to 1 Euro.

The punctual composition of the reserves in the shareholder's equity is shown as follows.

€/000	Financial year closed as at 31 December		As at 1 January 2014
	2015	2014	
Share capital	**235,000**	**235,000**	**235,000**
Other reserves			
Revaluation reserve	13,463	13,463	13,463
Legal reserve	4,364	4,364	4,364
Capital account reserve	100,000	100,000	100,000
Consolidation reserve	8,177	8,177	8,177
Currency translation reserve	(62,416)	(47,816)	(42,396)
Hedging reserve	(6,638)	(3,174)	0
FTA reserve	603	603	603
Profits (losses) carried forward	(96,953)	(41,543)	(37,410)
Profits (losses) for the period	1,072	(54,505)	
Group Shareholders' Equity	**196,673**	**214,568**	**281,801**
Minority interests	9,746	14,829	19,144
Total Shareholders' Equity	**206,419**	**229,397**	**300,945**

CLN S.p.A. Separate Financial Statements shows a total equity equal to the Consolidated Group Shareholders' equity due to the early adoption of the "Amendments to IAS 27: Equity Method in Separate Financial Statements".

8.12 POST-EMPLOYMENT BENEFITS

The movement of item "Post-employment benefits" for the financial years as at 31 December 2015 and 2014 is shown below:

€/000	As at 31 December	
	2015	2014
Opening balance	30,392	31,036
Cost of current supplies of work	725	986
Financial expenses	283	368
Benefits paid	(2,761)	(363)
Amounts reclassified among the discontinued operations	-	(5,756)
Change of perimeter	-	2,836
Actuarial (Profits) / Losses from variation in:	(262)	1,285
- demographic hypotheses	-	-
- financial hypotheses	(262)	1,285
- other	-	-
Total	**28,377**	**30,392**

Details of the economic and demographic assumptions used for the purposes of actuarial valuations are given below:

	As at 31 December	
	2015	2014
Economic assessments		
Inflation rate	1.5%	1.5%
Actualisation rate	1.2%	1.2%
Demographic assumptions		
Likelihood of resignation	1.85%	1.85%
Likelihood of advanced payments	4%	4%

8.13 PROVISIONS

The movement for provisions for risks and charges for financial years closed as at 31 December 2015 and 2014 is shown below:

€/000	As at 31 December 2014	Appropriations	Uses / Releases	Other movements	As at 31 December 2015
Commercial guarantee	1,087	0	135	(272)	950
Tax risk provision	762	65	0	42	869
Restructuring provision	5,678	1,707	(1,709)	(288)	5,388
Legal risks provision	1,018	56	(254)	(1)	820
Sundry overheads provision	13,512	835	(8,345)	221	6,223
Total	**22,057**	**2,663**	**(10,172)**	**(298)**	**14,250**

€/000	As at 1 January 2014	Appropria-tions	Uses / Releases	Other movements	As at 31 December 2014
Commercial guarantee	1,526	399	(449)	(390)	1,087
Tax risk provision	781	0	0	(19)	762
Restructuring provision	6,377	643	(1,331)	(11)	5,678
Legal risks provision	3,063	89	(2,054)	(79)	1,018
Sundry overheads provision	10,193	1,739	(2,222)	3,802	13,512
Total	**21,940**	**2,870**	**(6,056)**	**3,304**	**22,057**

Item "Sundry overheads provision" includes, amongst others, commercial and environmental risks and other types of risk identified in some consolidated assets.

8.14 BORROWINGS (CURRENT AND NON-CURRENT)

The table below shows current and non-current financial liabilities as at 31 December 2015 and 2014 and as at 1 January 2014:

€/000	As at 31 December				As at 1 January 2014	
	2015		2014			
	Current	Non-current	Current	Non-current	Current	Non-current
Medium/long term bank loans	23,059	222,349	55,923	191,562	62,482	236,440
Bonds	0	98,871	0	0	0	0
Payables owed to lease companies	17,780	43,572	17,146	40,525	29,581	33,479
Other medium/long term loans	1,632	35,533	2,197	35,533	721	26,089
Short term credit lines	90,882	0	87,315	0	105,498	0
Fair Value derivative instruments	0	62	0	2,275	0	1,164
Total	**129,352**	**400,386**	**162,580**	**269,894**	**198,281**	**297,172**

As at 31 December 2015 and 2014 the Group's loans are shown in the following currencies:

€/000	As at 31 December	
	2015	2014
Euro	466,719	379,357
Zloty (Poland)	42,655	25,100
Rand (South Africa)	13,943	18,309
Leu (Romania)	3,514	5,481
Yen (Japan)	2,907	1,033
Rubles (Russia)	-	2,701
Ringgit (Malaysia)	2,907	494
Total	**529,739**	**432,475**

On 31 July 2015, CLN S.p.A. issued a senior unsecured bond in the form of a private placement for a nominal amount of 100 million Euros. The bond, unrated, was fully subscribed at the issuance date by Morgan Stanley in its role of sole subscriber.

The bond was issued on 31 July with a nominal unit value of 100,000 Euros, a 7-year tenor and a fixed rate of 4.70% on an annual basis and was listed in the official list of the Irish Stock Exchange.

On 21 December, CLN S.p.A. finalised a refinancing transaction with the Club Deal banks for a total amount of 200 million Euros (30 million Euros of which in the form of a revolving line still unused as at 31 December 2015). The initial spread recognised to the banks (on top of the 6-month Euribor) is equal to 4.05%; this spread could vary depending on the ration between the Group's Net Financial Position and its Ebitda. The amortisation period for the loan will conclude in 2021.

From the accounting viewpoint, this transaction is essentially like an amendment to the pre-existing contract. Costs sustained for obtaining the loan were entered in reduction of the financial liabilities: the positive differential between the fair value of the pre-existing and current loan is imputed to the income statement progressively throughout the duration of the current contract.
Both the Bond and the Club Deal loan require compliance with certain financial covenants related to the net debt to Ebitda, interest coverage ratio, total subsidiary debt to total asset ratio and net debt to equity ratio. Such financial covenants must be verified by means of the consolidated financial data for the Group, starting from the financial year closed as at 31 December 2015 and for every year thereafter. Failure to comply with the financial covenants could give rise to cancellation and the obligation of early repayment of the outstanding amounts by the Group. As at 31 December 2015 the financial covenants prove to have been complied with.

Shown below is the composition of the net financial position as at 31 December 2015 and 2014.

€/000	Financial year closed as at 31 December	
	2015	2014
Cash and Cash Equivalents (A)	**116,896**	**90,298**
Current financial receivables and other financial assets	48,333	45,418
Short term bank payables	(90,882)	(87,315)
Current part of medium/long term bank payables	(23,059)	(55,923)
Current part of finance leases	(13,780)	(17,146)
Current part of payables due to other lenders	(1,632)	(2,197)
Current financial indebtment (B)	**(81,019)**	**(117,162)**
Non-current bank payables	(222,349)	(191,562)
Non-current finance leases	(43,572)	(40,525)
Non-current payables due to other lenders	(35,533)	(35,533)
Bonds	(98,871)	0
Derivative instruments fair value	(62)	(2,275)
Non-current financial indebtment (C)	**(400,386)**	**(269,894)**
Net financial position (A+B+C)	**(364,510)**	**(296,759)**

8.15 DEFERRED TAX LIABILITIES

The movement for financial years closed as at 31 December 2015 and 2014, with the related impact on the income statement and the statement of comprehensive income, is shown in the following tables:

€/000	As at 31 December 2014	Releases/ Appropriations	Reclassification discontinued operations	As at 31 December 2015
Deferred tax liabilities				
Depreciation, amortisation and impairments	16,676	993	0	17,670
Financial lease	22,410	(1,041)	0	21,369
Other differences	4,922	631	0	5,553
Total deferred tax liabilities	**44,008**	**584**	**0**	**44,591**
Deferred tax asserts				
Taxed provisions	6,984	(201)	0	6,783
Depreciation and financial leasing	20,161	(734)	0	19,427
Tax benefit on losses carried forward	13,779	1,549	0	15,328
Total deferred tax assets	**40,924**	**615**	**0**	**41,538**

€/000	As at 1 January 2014	Releases/ Appropriations	Reclassification discontinued operations	As at 31 December 2014
Deferred tax liabilities				
Depreciation, amortisation and impairments	15.138	2.621	(1.083)	16.676
Financial lease	24,482	(853)	(1,220)	22,410
Other differences	8.597	(3,309)	(366)	4,922
Total deferred tax liabilities	**48,217**	**(1,541)**	**(2,668)**	**44,008**
Deferred tax asserts				
Taxed provisions	4,689	2,294	0	6,984
Depreciation and financial leasing	20,461	(16)	(284)	20,161
Tax benefit on losses carried forward	15,635	(1,856)	0	13,779
Total deferred tax assets	**40,785**	**422**	**(284)**	**40,924**

As at 31 December 2015 deferred tax assets include a benefit from tax losses carried forward of 15,328 thousand Euros (13,779 thousand Euros as at 31 December 2014). As a whole, the tax losses that can be carried forward by the Group included within the scope of full consolidation amount to 248 million Euros (249 million Euros as at 31 December 2014). Tax losses were mainly generated by Italian, French, Russian, and South African companies of the Group and nearly all of them can be unlimitedly carried forward. The theoretical tax benefit on such losses would amount to a total of 71 million Euros as at 31 December 2015 (69 million Euros as at 31 December 2014) of which, as said, 15 million Euros effectively booked as at 31 December 2015 (14 million Euros as at 31 December 2014). The difference of 56 million Euros (55 million Euros as at 31 December 2014) represents the portion of tax benefit not activated.

8.16 OTHER NON-CURRENT LIABILITIES

Details for item "Other non-current liabilities" as at 31 December 2015 and 2014 and as at 1 January 2014 are given below:

€/000	Financial year closed as at 31 December		As at 1 January 2014
	2015	2014	
Welfare and social security payables	-	-	9
Payables owed to staff	2,606	1,757	1,559
VAT payables	-	-	80
Accrued liabilities/ deferred income	7,605	11,993	3,228
Other non-current payables	12,503	19,841	-
Total	**22,714**	**33,591**	**4,877**

The other non-current payables mainly include the strike price of a put option on a minority stake of a subsidiary.

8.17 TRADE PAYABLES

Item "Trade payables" includes payables for goods and services and amounts to 319,557 thousand Euros as at 31 December 2015 (288,362 thousand Euros as at 31 December 2014).

8.18 CURRENT TAX LIABILITIES

The "Current tax liabilities", equal to 5,104 thousand Euros as at 31 December 2015 (3,232 thousand Euros as at 31 December 2014) refer to the debt arising from income taxes net of the related advances.

8.19 OTHER CURRENT LIABILITIES

Details of item "Other current liabilities" as at 31 December 2015 and 2014 and as at 1 January 2014 are given below:

€/000	Financial year closed as at 31 December		As at 1 January 2014
	2015	2014	
Welfare and social security payables	14,973	13,300	14,262
Payables owed to staff	20,889	20,389	21,158
VAT payables	11,269	17,117	18,260
Accrued liabilities/ deferred income	15,664	17,025	19,306
Other current payables	15,355	7,298	10,142
Total	**78,151**	**75,128**	**83,128**

9. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

9.1 REVENUES

Details for item "Revenues" by geographic area for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Italy	323,196	193,553
Other EU countries	771,989	727,608
Non EU countries	232,388	202,328
Total	**1,327,574**	**1,123,489**

9.2 OTHER OPERATING INCOME

Details for item “Other operating income” for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Scrap and wastage	68,240	76,584
Tooling sales	52,016	151,359
Rental fees	2,857	2,110
Release of risks provisions	5,199	1,486
Capital gains from disposal of fixed assets	2,447	1,495
Government grants	2,021	1,588
Other income	28,011	20,884
Total	**160,791**	**255,506**

9.3 RAW MATERIALS, CONSUMABLES AND GOODS

Details for item “Raw materials, consumables and goods” for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Purchases of raw material and materials	801,750	702.953
Purchases of consumable supplies	68,317	34.142
Goods for sale	45,197	55.615
Other purchases	6,645	24.659
Change in inventories	(42,339)	40.423
Total	**879,570**	**857.792**

9.4 PERSONNEL EXPENSES

Details for item “Personnel expenses” for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Wages and salaries	186,312	170,955
Social charges	41,677	37,255
Staff severance indemnity	4,525	5,649
Cost of temporary work	33,964	22,657
Restructuring costs	5,249	6,355
Other costs	6,934	4,784
Total	**278,661**	**247,656**

The following table highlights the average and number of employees and collaborators by category during financial year 2015 and 2014:

Unit	Financial year 2015		Financial year 2014	
	Average	Year end	Average	Year end
Executives	247	247	242	243
Employees	1,205	1,212	1,184	1,194
Manual workers	5,592	5,846	5,517	5,545
Total employees	**7,044**	**7,305**	**6,943**	**6,982**

We point out that as at 31 December 2014 the total number of employees does not include personnel belonging to discontinued operations.

9.5 OTHER OPERATING COSTS

Details for item "Other operating costs" for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Transport	33,581	31,339
Works assigned to third parties	43,576	32,474
Maintenance services	20,488	18,794
Energy purchases	26,988	19,049
Rental Fees	13,596	10,714
Purchases of other utilities	7,328	6,505
Indirect taxes	6,977	6,616
Legal, consultancy, auditing	5,542	4,627
Travelling expenses	5,175	4,963
Emoluments	1,862	1,916
Other costs for services	42,490	40,160
Total	**207,603**	**177,157**

Item other costs for services mainly includes costs for technical consultancy, insurance costs, bank charges and costs for cleaning and security, as well as costs associated to corporate canteen and telephone and email services.

9.6 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Details for item "Depreciation, amortisation and impairment losses" for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Depreciation of tangible assets	66,137	65,116
Amortisation of intangible assets	4,394	2,219
Total	**70,531**	**67,335**

9.7 FINANCIAL INCOME

Details for item "Financial income" for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	2014
Interest on bank accounts	3,196	2,136
Other interest and financial income	3,784	3,537
Gains on exchange rates	6,844	6,890
Total	**13,823**	**12,563**

9.8 FINANCIAL EXPENSES

Details for item "Financial expenses" for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Financial year closed as at 31 December	
	2015	**2014**
Interest on bank borrowings	22,026	20,849
Interests on bonds	2,036	-
Interests for finance lease agreements and for factoring	6,803	8,084
Other financial expenses	10,620	10,328
Losses on exchange rates	8,298	10,069
Total	**49,783**	**49,329**

9.9 INCOME TAX EXPENSES

Details for item "Income tax expenses" for financial years closed as at 31 December 2015 and 2014 are given below.

€/000	Financial year closed as at 31 December	
	2015	**2014**
Income taxes	8,021	6,511
IRAP and similar	4,130	3,778
Deferred taxes	(7)	(1,562)
Other taxes	324	613
Total	**12,468**	**9,340**

Shown below is the reconciliation between the theoretical and effective tax rate:

€/000	Financial year closed as at 31 December	
	2015	**2014**
Result before income tax	**(1,533)**	**(28,678)**
Theoretical income tax (*)	383	7,170
Tax not calculated on the result before taxes (IRAP and similar)	(4,130)	(3,778)
Tax effect from permanent differences and other differences	(8,720)	(12,732)
Total	**(12,467)**	**(9,340)**
Effective tax rate	n.a.	n.a.

(*) Average tax rate of 25% considered.

9.10 EXCEPTIONAL ITEMS

Summarised in the table below are the non-current income and charges for financial years closed as at 31 December 2015 and 2014:

€/000	Financial year closed as at 31 December	
	2015	**2014**
Costs for corporate restructuring	5,249	6,355
Costs of productive relocation	1,079	500
Settlement agreements	937	700
Other net costs	406	445
Total	**7,671**	**8,000**

10. TRANSACTIONS WITH RELATED PARTIES

Relations between the Group companies are governed under market conditions. Relations between CLN S.p.A. and its subsidiary and associated companies, as well as between such companies, are mainly of a commercial and financial nature.

Details of the financial and income balances concerning transactions with related parties for the financial year closed as at 31 December 2015 are given below.

€/000	Financial year closed as at 31 December 2015				as at 31 December 2015			
	Revenue	Purchases of raw materials	Other operating revenue (expenses)	Financial income (expenses)	Trade Receivables	Trade Payables	Other receivables (payables)	Financial receivables (payables)
ArcelorMittal Group	56	(169,940)	244	0	324	(50,405)	0	0
AMCLN srl	58	(43,493)	825	23	808	(10,508)	415	3,831
Tamagnone Srl	0	(39)	(1,739)	32	1,365	(609)	188	0
Cellino Srl	139	(0)	15	(236)	123	(1,843)	120	(3,367)
Celmac	0	(3,500)	(939)	0	(20)	31	1	0
CLN Serbia D.o.o.	521	(245)	0	0	748	0	0	900
Delna Spa	0	(5)	(1,043)	0	0	0	0	0
E.M.A.R.C. S.p.A.	1,143	(8)	(21)	0	838	(10)	0	0
EMARC ROMANIA Srl	0	0	0	239	0	0	234	0
Gianetti Ruote S.r.l.	705	(3,359)	141	1	535	(1,782)	0	0
IG Tooling Prop. Inv. (Pty) ltd	0	0	0	0	0	0	0	(252)
JBM - MA Automotive Pvt Lim	0	0	0	179	101	0	2,355	6,060
Jantsa MW Turkey	0	(2)	102	(16)	0	(2)	(1,391)	(15)
MA Automotive Argentina S.A.	0	0	155	95	1,630	(50)	757	0
MA Automotive Brasil Ltda.	0	0	(93)	1,797	220	(2,300)	16,375	7,197
Marubeni-Itochu Group	0	(29,626)	0	0	0	(6,026)	0	0
Nichelino Immobiliare Srl	0	0	0	19	0	0	0	530
PMC Automotive Group	27,228	(20,012)	692	789	8,278	(3,450)	1,229	17,462
WM LLC Russia	0	(42)	305	(0)	0	0	786	0
Other minor	0	(1)	269	1	187	(105)	497	(131)
Total related parties	**29,849**	**(270,273)**	**(1,086)**	**2,922**	**15,136**	**(77,058)**	**21,567**	**32,214**
Total balance sheet item	**1,327,574**	**(879,569)**	**(46,812)**	**(35,959)**	**109,934**	**(319,557)**	**124,477**	**48,333**
% incidence on the total balance sheet item	**2.2%**	**30.7%**	**2.3%**	**-8.1%**	**13.8%**	**24.1%**	**17.3%**	**66.6%**

Details of the financial and income balances concerning transactions with related parties for the financial year closed as at 31 December 2014 are given below.

	Financial year closed as at 31 December 2014				as at 31 December 2014			
€/000	Revenue	Purchases of raw materials	Other operating revenue (expenses)	Financial income (expenses)	Trade Receivables	Trade Payables	Other receivables (payables)	Financial receivables (payables)
ArcelorMittal Group	0	(168,037)	0	0	0	(45,004)	0	0
Tamagnone Srl	1	(1)	(450)	0	1,471	(888)	167	0
Cellino Srl	56	(7)	0	(285)	209	(2,007)	0	(4,315)
Celmac	41	(3,497)	(1,085)	0	0	0	0	0
CLN Serbia D.o.o.	545	(285)	0	0	629	(53)	0	900
E.M.A.R.C. S.p.A.	1,008	(8)	0	0	520	(7)	0	0
EMARC ROMANIA Srl	0	0	0	605	0	0	323	0
IG Tooling Prop. Inv. (Pty) ltd	0	0	0	0	0	(304)	0	(1)
JBM - MA Automotive Pvt Lim	0	0	35	606	176	0	2,162	7,272
Jantsa MW Turkey	29	(1)	440	0	454	(124)	(8,414)	0
MA Automotive Brasil Ltda.	0	0	232	1,998	310	0	27,315	0
PMC Automotive Group	9,593	(2,635)	543	635	8,841	(2,105)	0	14,554
Prorena	20	(890)	7	0	180	(3,356)	(10)	(41)
SHL Production Sp Zoo	10	0	1,604	0	100	(25)	0	0
WM LLC Russia	0	0	305	(2)	682	0	0	0
Other minor	2	0	(157)	(251)	32	(211)	2	(0)
Total related parties	**11,305**	**(175,359)**	**1,472**	**3,306**	**13,605**	**(54,084)**	**21,546**	**18,368**
Total balance sheet item	**1,123,489**	**(857,792)**	**78,349**	**(36,766)**	**106,378**	**(288,362)**	**102,880**	**45,418**
% incidence on the total balance sheet item	**1.0%**	**20.4%**	**1.9%**	**-9.0%**	**12.8%**	**18.8%**	**20.9%**	**40.4%**

11. PAYMENTS FOR DIRECTORS AND STATUTORY AUDITORS

Details of the payments for directors and auditors having strategic responsibilities of CLN S.p.A. for financial years closed as at 31 December 2015 and 2014 are given below:

€/000	Directors	Statutory Auditors
As at 31 December 2015	1,862	72
As at 31 December 2014	2,052	70

12. EXTERNAL AUDIT FEES

The fees due to the audit firm, PricewaterhouseCoopers S.p.A., for auditing services on the consolidated financial statements 2015 total 100 thousand Euros (*).

(*) the indicated fees refer to the audit of the separate and consolidated financial statements of CLN S.p.A. Such fees do not include amounts related to the audit activities carried out on the Group's subsidiaries.

13. GUARANTEES GIVEN

The guarantees given by the Group as at 31 December 2015 total 67,360 thousand Euros (in 2014 these were equal to 80,943 thousand Euros) and mainly refer to sureties issued to credit institutes in favour of jointly controlled companies.

14. FIRST APPLICATION OF THE IFRS

The information required by IFRS 1 is given in this note and, in particular, a description of the impact the transition to EU IFRS has brought about on the Group's financial position and result of its operations. The following documents were prepared to this end:

- The statement of reconciliation between the Group's financial position as at 1 January 2014 and as at 31 December 2014 (closing date of closure of the last financial statements drawn up in accordance with the previous accounting principles) and those drawn up in accordance with EU IFRS.
- The statement of reconciliation between the comprehensive Income Statement for financial year closed as at 31 December 2014 drawn up in accordance with the previous accounting principles and that drawn up in accordance with EU IFRS.
- The statement of reconciliation of the Shareholder's Equity as at 1 January 2014 and as at 31 December 2014 determined according to the previous accounting principles with the shareholder's equity determined in accordance with EU IFRS.
- The explanatory notes concerning adjustments and reclassifications included in said statements of reconciliation, which describe the significant effects of the transition, concerning both the classification of the various balance sheet items and their different valuation and, therefore, to the consequent effects on the financial standing and situation regarding cash flow and income.

The financial position and cash flow situation as at the Date of Transition to the EU IFRS was drawn up according to the following criteria:

- All assets and liabilities whose recognition is required by EU IFRS have been recognized.
- Assets and liabilities whose recognition is not permitted by EU IFRS have not been recognized.
- The EU IFRS have been applied to the valuation of all disclosed assets and liabilities.

The International Accounting Standards require retrospective application of all standards in force as at the date of the first financial statements drawn up according to EU IFRS. IFRS 1 requires, for companies adopting the EU IFRS for the first time, some obligatory and optional exemptions to such retrospective adoption.
The exemptions applicable to the Group are described below.

Optional exemptions to full retrospective adoption of EU IFRS

The Group availed of the faculty not to retrospectively apply the provisions of IFRS 3 with reference to business combinations carried out before the Date of Transition. Therefore, the impact of corporate aggregation, which took place before 1 January 2014, have not been amended.

The Group also valued some types of plant and equipment of the Polish subsidiary Delfo Polska and a building owned by the French subsidiary Immobilière de Villers at their fair value.

The other optional exemptions prescribed under IFRS 1 were not applied inasmuch as related to specific cases not applicable to the Group.

Obligatory exemptions to full retrospective adoption of EU IFRS

The only obligatory exemption applicable to the Group in relation to this transition concerns valuation estimates used when reprocessing information on the Date of Transition which are conform to those used when drawing up the related financial statements according to previous accounting principles (after adjustments required in order to reflect any differences in the accounting principles).

The other obligatory exemptions prescribed under IFRS 1 were not applied inasmuch as concerning specific cases not applicable to the Group.

Financial position as at 1 January 2014

Attachment 1 shows the reconciliation between the financial position and cash flow situation as at 1 January 2014 for the Group, drawn up in compliance with the Italian Accounting Principles and reclassified according to criteria chosen by the Group for the EU IFRS financial statements and the financial position and cash flow situation drawn up in accordance with the EU IFRS.

Financial position as at 31 December 2014

Attachment 2 shows the reconciliation between the financial position as at 31 December 2014 for the Group, drawn up in compliance with the Italian Accounting Principles and reclassified according to criteria chosen by the Group for the EU IFRS financial statements and the financial position drawn up in accordance with the EU IFRS.

Statement of comprehensive income for financial year closed as at 31 December 2014

Attachment 3 shows the reconciliation between the statement of comprehensive income for financial year closed as at 31 December 2014 for the Group, drawn up in compliance with the Italian Accounting Principles and reclassified according to criteria chosen by the Group for the EU IFRS financial statements and the statement of comprehensive income drawn up in accordance with the UE IFRS.

Shareholder's Equity as at 1 January 2014 and as at 31 December 2014 and comprehensive net profit for financial year closed as at 31 December 2014

Shown below are the reconciliations between the Group's shareholder's equity as at 1 January 2014 and as at 31 December 2014 and the comprehensive net profit for financial year closed as at 31 December 2014 drawn up in accordance with the Italian Accounting Principles with the corresponding values prepared in accordance with EU IFRS.

€/000	Note	Shareholder's equity as at 1 January 2014	Result for the year	Dividends	Other changes	Other components of the statement of comprehensive income	Shareholder's equity as at as at 31 December 2014
CLN Group - Italian Accounting Principles		**338,683**	**(54,305)**	**(3,639)**	**(1,800)**	**(4,584)**	**274,355**
Valuation according to the equity method of MA Brasil	(A)	(16,990)	1,904		9,831	(2,063)	(7,318)
Valuation according to the equity method of MA Coskunoz	(B)	(4,476)	(1,085)	1,039	(570)		(5,092)
Elimination of minority interests of a financial nature	(C)	(26,089)	(2,600)	2,600	(5,000)		(31,089)
Club Deal - Amortized Cost + IRS MtM	(D)	(1,694)	669			(1,110)	(2,134)
Employee benefits	(E)	(257)	(1,235)		278	(1,285)	(2,498)
Valuation at fair value of certain assets	(F)	14,494	904		(1,326)		14,072
Elimination of goodwill amortisation	(G)		2,823				2,823
IFRS 5 AMCLN	(H)						0
IFRS 5 other discontinued assets and liabilities	(I)						0
Elimination of minority interests of ITLA	(J)				(9,946)		(9,946)
Other minor differences	(K)	(2,727)	(408)		197	(837)	(3,775)
CLN Group - EU IFRS		**300,945**	**(53,333)**	**0**	**(8,336)**	**(9,879)**	**229,397**

Notes to the statements of reconciliation of the shareholder' s equity as at 1 January 2014 and as at 31 December 2014 and comprehensive net income for financial year closed as at 31 December 2014

A description is given below of the adjustments to the shareholder's equity as at 1 January 2014 and as at 31 December 2014 and to the comprehensive net profit for financial year closed as at 31 December 2014 for the purposes of adopting the EU IFRS.

We specify that, for each of the adjustments described hereunder, the related tax effect is recognised, where applicable.

a. *Valuation of MA Brazil according to the equity method*

In accordance with Italian accounting principles, MA Brasil (MAB) was consolidated line by line up to 30 September 2014. On this date, the entry of Simest into the corporate share ca-

pital reduced the shareholding of the Group from 60% to 45%. This led to the necessity to proceed with consolidation according to the equity method.
During the first application of the IFRS, the company was considered as a joint venture between CLN Group and the operating shareholder Unipres. Regardless of legal and contractual formalities, the governance structure between shareholders is in fact substantially shared.

The company was thereby consolidated according to the equity method starting from 1 January 2014. Furthermore, the Simest investment was considered a financial liability in accordance with the provisions contained in IAS 32.

b. *Valuation of MA Coskunoz according to the equity method*

In accordance with Italian accounting principles, MA Coskunoz was consolidated line by line on 1 January 2014 and for the financial year closed on 31 December 2014, inasmuch as 60% controlled by CLN Group.

During the first application of the IFRS, the company was considered as a joint venture between CLN Group and the shareholder Coskunoz. Regardless of legal and contractual formalities, the governance structure between shareholders is in fact substantially shared.

c. *Elimination of minority interests of a financial nature*

The investments of Simest (South Africa and Italy) and IFC (South Africa) in the share capital of some Group companies were assimilated to financial liabilities in accordance with the provisions contained in IAS 32.

Therefore, in the consolidated financial statements of the Group as at 1 January 2014 and for the financial year closed as at 31 December 2014 in accordance with EU IFRS, we proceeded with eliminating the minority interests as found in the financial statements drawn up according to Italian Accounting Principles as well as disclosing a financial debt of an equal amount. The remuneration guaranteed in the form of dividends to IFC was coherently assimilated to a financial expense.

d. *Amortised cost Club Deal and Mark to Market of the related hedge derivative*

Upfront fees incurred on Group borrowings, originally classified among the intangible fixed assets according to the Italian Accounting Principles, are deferred and booked as an adjustment of the effective yield of the loan, according to the International Accounting Standards. Upfront fees related to revolving lines, also classified among the intangible fixed assets according to the Italian Accounting Principles, are deferred according to the period of availability of such credit lines.

Furthermore, disclosed among the financial liabilities was the debt related to the Mark to Market of the Interest Rate Swap subscribed in order to hedge the risk of volatility in the interest rate of the loan.

e. *Employee benefits*

Liabilities concerning employee benefits to be paid at the end of the working relationship (Post-Employment Benefits) were recalculated using actuarial estimates as required under IAS 19.

f. *Valuation at fair value of certain assets*

Some types of plant and equipment of the Polish subsidiary Delfo Polska as well as a building owned by the French subsidiary Immobilière de Villers were valued at fair value. During first adoption of the IFRS, we also proceeded with analysing the comprehensive value of entry of the items forming the consolidated assets that led to some impairment.

g. *Elimination of goodwill amortisation*

The entry captioned above refers to the elimination of the portion of amortisation of goodwill accrued according to the Italian Accounting Principles during 2014.

h. *IFRS 5 AMCLN*

In accordance with the accounting provisions contained in IFRS 5, the assets and liabilities as well as the net profit for financial year 2014 concerning the operational branch of CLN S.p.A. active in the distribution of steel and Delna S.p.A. were classified, respectively, among the assets and liabilities held for sale and among the results of discontinued operations. The net profit for 2015 was also booked in the same way up to the effective exit of the business (at the end of March).

i. *IFRS 5 other discontinued assets and liabilities*

In accordance with the accounting provisions contained in IFRS 5, the assets and liabilities as well as the net profit for financial year 2014 concerning Gianetti Ruote and MA Argentina were classified, respectively, among the assets and liabilities held for sale and among the results of discontinued operations. The net profit for 2015 was also booked in the same way up to the effective exit of the business (at the end of October).

j. *Elimination of minority interests of ITLA Srl*

The corporate governance agreements of ITLA Srl envisage, amongst others, the attribution of a put option of competence to the minority shareholder, which can be exercised according to specific rules defined between the parties. In accordance with the International Accounting Standards, we thereby proceeded with recording the debt deriving from the potential exercise of the put option against the elimination of the minority interests. The additional difference was imputed to reduction of the Group shareholder's equity.

k. *Other minor differences*

This item comprises includes minor adjustments arising from transition to EU IFRS. Such item mainly includes the effect deriving from the elimination of certain intangible fixed assets that cannot be capitalised.

Attachment 1: Reconciliation between the financial position as at 1 January 2014 for the Group, drawn up in compliance with the Italian Accounting Principles and re-classified according to criteria chosen by the Group for the EU IFRS financial statements and the financial position drawn up in accordance with the EU IFRS

€/000	Financial position as at 1st January 2014 drawn up in accordance with the Italian accounting principles and displayed according to the IFRS layout	Valuation according to the equity method of MA Brasil	Valuation according to the equity method of MA Coskunoz	Elimination of minority interests of a financial nature	Club Deal - Amortised Cost + IRS MtM	Employee benefits	Valuation at fair value of certain assets	Other minor differences	Financial position as at 1st January 2014 in accordance with EU IFRS
ASSETS		**(A)**	**(B)**	**(C)**	**(D)**	**(E)**	**(F)**	**(K)**	
Non-current assets									
Intangible Fixed Assets	32,112	(4,163)	(15)		(5,800)				22,135
Property, plant and equipment	643,543	(58,742)	(4,519)				37,049	(2,018)	615,313
Investments and other financial assets	104,204	5,149	3,429				(4,612)		108,170
Other non-current assets	22,368	-	-						22,368
Deferred tax assets	50,426	(2,899)	-			126	(6,195)	(673)	40,785
Total non-current assets	**852,653**	**(60,654)**	**(1,105)**	**0**	**(5,800)**	**126**	**26,242**	**(2,691)**	**808,771**
Current assets									
Inventories	211,957	(5,258)	(2,496)					0	204,203
Trade receivables	150,533	(5,441)	(3,892)					0	141,200
Other current assets	88,853	11,044	(654)		610			1,090	100,944
Cash and cash equivalents	129,265	(15,056)	(1,368)					0	112,841
Total current assets	**580,608**	**(14,710)**	**(8,410)**	**0**	**610**	**0**	**0**	**1,090**	**559,188**
Assets held for sale and discontinued operations									
TOTAL ASSETS	**1,433,261**	**(75,364)**	**(9,515)**	**0**	**(5,190)**	**126**	**26,242**	**(1,602)**	**1,367,959**
Shareholder's equity	281,198	(7,900)	(1,314)	0	(1,694)	(257)	14,494	(2,727)	281,801
Minority interests	57,485	(9,090)	(3,162)	(26,089)	0		0	0	19,144
SHAREHOLDER'S EQUITY	**338,683**	**(16,990)**	**(4,476)**	**(26,089)**	**(1,694)**	**(257)**	**14,494**	**(2,727)**	**300,945**
LIABILITIES									
Non-current liabilities									
Post-employment benefits	32,212	0			0	(1,176)	0		31,036
Provisions	25,383	(9,443)			0		6,000		21,940
Borrowings	296,697	(23,049)		26,089	(2,565)		0		297,172
Deferred tax liabilities	42,709	(1,899)	(548)		0		5,749	2,206	48,217
Other non-current liabilities	3,318	-	0		0	1,559	0	0	4,877
Total non-current liabilities	**400,319**	**(34,391)**	**(548)**	**26,089**	**(2,565)**	**383**	**11,749**	**2,206**	**403,242**
Current liabilities									
Borrowings	210,435	(11,218)	(5)		(931)			0	198,281
Trade payables	396,976	(11,552)	(3,933)		0			0	381,491
Current tax liabilities	872	0	0		0			0	872
Other current liabilities	85,976	(1,214)	(554)		0			(1,081)	83,128
Total current liabilities	**694,259**	**(23,984)**	**(4,491)**	**0**	**(931)**	**0**	**0**	**(1,081)**	**663,772**
Liabilities held for sale and discontinued operations									
TOTAL EQUITY AND LIABILITIES	**1,433,261**	**(75,364)**	**(9,515)**	**0**	**(5,190)**	**126**	**26,242**	**(1,602)**	**1,367,959**

Attachment 2: Reconciliation between the financial position as at 31 December 2014 or the Group, drawn up in compliance with the Italian Accounting Principles and reclassified according to criteria chosen by the Group for the EU IFRS financial statements and the financial position drawn up in accordance with the EU IFRS

€/000	Financial position as at 31 December 2014 drawn up in accordance with the Italian accounting principles and displayed according to the IFRS layout	Valuation according to the equity method of MA Brasil	Valuation according to the equity method of MA Cosku-noz	Elimination of minority interests of a financial nature	Club Deal - Amortised Cost + IRS MtM	Employee benefits	Valuation at fair value of certain assets	Elimination of goodwill amortisation	IFRS 5 AMCLN	IFRS 5 other assets and liabilities di-scontinued operations	Elimination of minority interests of ITLA	Other minor differences	Financial po-sition as at 31 December 2014 in accordance with EU IFRS
ASSETS		**(A)**	**(B)**	**(C)**	**(D)**	**(E)**	**(F)**	**(G)**	**(H)**	**(I)**	**(J)**	**(K)**	
Non-current assets													
Intangible Fixed Assets	35,069	0	(9)		(4,200)		0	2,052	(6,370)	(90)		0	26,451
Property, plant and equipment	604,003	0	(4,326)				37,292	0	(51,612)	(12,306)		(2,171)	570,880
Investments and other financial assets	108,133	(5,702)	4,313				(5,168)	771	(26,011)	(155)		0	76,181
Other non-current assets	27,315	0	0				0	0	0	0		0	27,315
Deferred tax assets	48,519	0	0			569	(6,195)	0	(743)	(553)		(673)	40,924
Total non-current assets	**823,038**	**(5,702)**	**(23)**	**0**	**(4,200)**	**569**	**25,929**	**2,823**	**(84,735)**	**(13,105)**	**0**	**(2,844)**	**741,751**
Current assets													
Inventories	192,839	0	(2,099)						(48,360)	(10,924)	297		131,752
Trade receivables	175,091	0	(7,124)						(54,901)	(6,688)	0		106,378
Other current assets	88,400	0	(806)		432				(7,146)	(5,603)	0	288	75,565
Cash and cash equivalents	97,544	0	(2,302)						(1,771)	(3,173)	0		90,298
Total current assets	**553,874**	**0**	**(12,332)**	**0**	**432**	**0**	**0**	**0**	**(112,178)**	**(26,387)**	**297**	**288**	**403,993**
Assets held for sale and discontinued operations									196,913	39,493			236,406
TOTAL ASSETS	**1,376,912**	**(5,702)**	**(12,355)**	**0**	**(3,769)**	**569**	**25,929**	**2,823**	**0**	**0**	**297**	**(2,556)**	**1,382,150**
Shareholder's equity	218,433	(7,318)	(1,331)	0	(2,134)	(2,498)	14,072	2,823	0	0	(3,704)	(3,775)	214,568
Minority interests	55,922	0	(3,762)	(31,089)	0	0	0	0	0	0	(6,243)	0	14,829
SHAREHOLDER'S EQUITY	**274,355**	**(7,318)**	**(5,092)**	**(31,089)**	**(2,134)**	**(2,498)**	**14,072**	**2,823**	**0**	**0**	**(9,946)**	**(3,775)**	**229,397**
LIABILITIES													
Non-current liabilities													
Post-employment benefits	34,586	0		0		1,310	0		(2,696)	(2,808)	0		30,392
Provisions	19,838	(2,827)		0			6,000		(80)	(873)	0		22,057
Borrowings	248,695	4,444		31,089	(3,909)		0		(12,211)	(488)	0		267,620
Deferred tax liabilities	38,810	0	(554)	0			5,857		(2,226)	10	93	2,018	44,008
Other non-current liabilities	21,684	0	0	0		1,757	0		0	0	10,150		33,591
Total non-current liabilities	**363,612**	**1,617**	**(554)**	**31,089**	**(3,909)**	**3,067**	**11,857**	**0**	**(17,214)**	**(4,159)**	**10,243**	**2,018**	**397,668**
Current liabilities													
Borrowings	231,494		(11)		2,275				(61,096)	(7,807)	0		164,855
Trade payables	414,162		(5,773)						(111,926)	(8,101)	0		288,362
Current tax liabilities	2,540		0						0	692	0		3,232
Other current liabilities	90,750		(925)						(7,727)	(6,171)	0	(800)	75,128
Total current liabilities	**738,946**	**0**	**(6,708)**	**0**	**2,275**	**0**	**0**	**0**	**(180,750)**	**(21,386)**	**0**	**(800)**	**531,577**
Liabilities held for sale and discontinued operations									197,963	25,545			223,508
TOTAL EQUITY AND LIABILITIES	**1,376,913**	**(5,702)**	**(12,355)**	**0**	**(3,769)**	**569**	**25,929**	**2,823**	**0**	**0**	**297**	**(2,556)**	**1,382,150**

Attachment 3: Reconciliation between the statement of comprehensive income for financial year closed as at 31 December 2014 for the Group, drawn up in compliance with the Italian Accounting Principles and reclassified according to criteria chosen by the Group for the EU IFRS financial statements and the statement of comprehensive income drawn up in accordance with the EU IFRS.

€/000	Income statement for financial year 2014 drawn up in accordance with the Italian accounting principles and displayed according to the IFRS layout	Valuation according to the equity method of MA Brasil	Valuation according to the equity method of MA Coskunoz	Elimination of minority interests of a financial nature	Club Deal - Amortised Cost + IRS MtM	Employee benefits	Valuation at fair value of certain assets	Elimination of amortisation goodwill	IFRS 5 CLN (AMCLN)	IFRS 5 other assets and liabilities discontinued operations	Other minor differences	Income statement for financial year 2014 in accordance with the EU IFRS
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(K)	
Revenues from sales	1,509,544	(27,841)	(29,098)	0	0	0	0	0	(282,196)	(34,484)	(12,436)	1,123,489
Other revenues and income	274,196	(6,052)	(1,610)	0	0	0	0	0	(6,452)	(5,106)	531	255,506
Costs for raw materials	(1,164,666)	18,021	25,023	0	0	0	0	0	234,913	15,612	13,306	(857,792)
Other costs	(221,005)	9,854	944	0	(47)	0	0	0	24,685	10,222	(1,810)	(177,157)
Staff costs	(306,099)	11,185	848	0	0	(1,132)	0	0	23,496	24,110	(64)	(247,656)
Gross operating income	**91,969**	**5,166**	**(3,893)**	**0**	**(47)**	**(1,132)**	**0**	**0**	**(5,555)**	**10,354**	**(473)**	**96,390**
Depreciation, amortisation and impairment losses	(83,962)	2,798	384	0	1,647	0	1,114	2,052	7,686	944	2	(67,335)
Net Operating Income	**8,007**	**7,964**	**(3,509)**	**0**	**1,600**	**(1,132)**	**1,114**	**2,052**	**2,131**	**11,298**	**(471)**	**29,055**
Financial income	13,181	(35)	(41)	0	0	0	0	0	(548)	(2,023)	2,028	12,563
Financial expenses	(54,032)	4,566	6	(2,600)	(931)	(93)	0	0	3,852	1,939	(2,036)	(49,329)
Share of profit of investments accounted for using the equity method	(12,943)	(10,592)	1,734	0	0	0	64	771	0	0	(1)	(20,967)
Result before income tax	**(45,787)**	**1,904**	**(1,809)**	**(2,600)**	**669**	**(1,225)**	**1,178**	**2,823**	**5,435**	**11,214**	**(480)**	**(28,678)**
Income tax expenses	(8,518)	0	724	0	0	(10)	(274)	0	408	(1,743)	72	(9,340)
Result for the year from continuing operations (A)	**(54,305)**	**1,904**	**(1,085)**	**(2,600)**	**669**	**(1,235)**	**904**	**2,823**	**5,843**	**9,472**	**(408)**	**(38,018)**
Discontinued operations	0	0	0	0	0	0	0	0	(5,843)	(9,472)	0	(15,315)
Result for the year from discontinued operation (B)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(5,843)**	**(9,472)**	**0**	**(15,315)**
Net profit for the period (A+B)	**(54,305)**	**1,904**	**(1,085)**	**(2,600)**	**669**	**(1,235)**	**904**	**2,823**	**0**	**0**	**(408)**	**(53,333)**
Result attributable to:												
- Group	(52,173)	(2,528)	-	0	0	0	0	0	0		0	(54,505)
- Non-controlling interests	(2,132)	4,432	(1,156)	0	0	0	0	0	0		0	1,172
Profits/(losses) from remeasurement of defined benefits plans						(1,285)						(1,285)
Total of the components of the statement of comprehensive income which shall not be subsequently reclassified in the income statement (C1)	**0**	**0**	**0**	**0**	**0**	**(1,285)**	**0**	**0**	**0**	**0**	**0**	**(1,285)**
Other differences	(4,584)	(2,063)			(1,111)						(836)	(8,594)
Total of the components of the statement of comprehensive income which may be subsequently reclassified in the income statement (C2)	**(4,484)**	**(2,063)**	**0**	**0**	**(1,111)**	**0**	**0**	**0**	**0**	**0**	**(836)**	**(8,594)**
Total other comprehensive profits (losses), net of the tax effect (C)= (C1)+(C2)	**(4,584)**	**(2,063)**	**0**	**0**	**(1,111)**	**(1,285)**	**0**	**0**	**0**	**0**	**(836)**	**(9,879)**
Total comprehensive result for the year (A)+(B)+(C)	**(58,889)**	**(159)**	**(1,085)**	**(2,600)**	**(442)**	**(2,520)**	**904**	**2,823**	**0**	**0**	**(1,244)**	**(63,212)**

Attachment 4: companies included in the consolidation using the full consolidation method

	Seat	Corporate Business Purpose	Currency	Share Capital	% in CLN
Parent Companies					
C.L.N. S.p.A.	Caselette (TO)	Working and trade of steel	Euro	235,000,000	
Subsidiaries					
C.L.N. Slovakia S.R.O.	Kosice (Slovakia)	Working and trade of steel	Euro	10,000,001	100.00
C.L.N. Polska Sp Zoo	Skarzysko (Poland)	Working and trade of steel	Zloty	50,000	100.00
ITLA S.r.l.	Oggiono (LC)	Steel re-rolling	Euro	2,500,000	51.00
MFB S.r.l	Caselette (TO)	Fine trimming	Euro	100,000	100.00
MW Italia S.r.l.	Rivoli (TO)	Production and sale of steel wheels	Euro	40,000,000	97.50
MW Aftermarket S.r.l.	Rivoli (TO)	Sale of steel wheels	Euro	10,000	97.50
MW France S.A.	Tergnier (France)	Production and sale of steel wheels	Euro	15,191,155	97.50
MW Romania S.A.	Dragasani (Romania)	Production and sale of steel wheels	New Leu	29,323,712	96.11
MW Deutschland GmbH	Pluderhausen (Germany)	Sale of steel wheels	Euro	100,000	97.50
D.R. S.a.r.l.	Pontcharra (France)	Sale of steel wheels	Euro	50,000	97.50
MW NL B.V.	Amsterdam (Holland)	Shareholdings	Euro	20,000	97.50
MW Kingisepp LLC	Kingisepp (Russia)	Production and sale of steel wheels	Rouble	1,768,558,574	97.50
MW Poland S.P. Z.o.o.	Varsavia (Poland)	Production and sale of steel wheels	Zloty	50,000	97.50
Excel Rim Co., LTD	Tokyo (Japan)	Production and sale of wheel rims for motorcycles	Yen	100,000,000	97.50
Excel Rim Sdn Bhd	Penang (Malaysia)	Production and sale of wheel rims for motorcycles	MYR	10,800,002	53.63
MW Lublin SP. Z.o.o.	Lublin (Poland)	Production and sale of steel wheels	Zloty	45,888,000	97.50
MA S.r.l.	Melfi (PZ)	Shareholdings	Euro	102,249,000	97.80
Nuova Sall S.r.l.	Chivasso (TO)	Production of dies	Euro	1,500,000	97.80
Eurostamp S.a.s.	Villers la Montagne (France)	Sheet steel forming and assembly	Euro	10,249,995	97.80
MA France S.a.s.	Aulnay sous Bois (France)	Sheet steel forming and assembly	Euro	15,000,000	97.80
MA Automotive Deutschland GmbH	Treuen (Germany)	Sheet steel forming and assembly	Euro	10,000,000	97.80
UM Corporation S.a.s	Biache Saint Vaast (France)	Sheet steel forming and assembly	Euro	7,000,000	58.68
IDEST S.a.r.l.	Aulnay sous Bois (France)	Administrative and commercial services	Euro	8,000	97.80
Immobilière de Villers S.A.R.L	Villers la Montagne (France)	Real estate management	Euro	29,510,000	97.80
DP Metal Processing Sp. Z o.o.	Tychy (Poland)	Working and trade of steel	Zloty	50,000	97.80
Zaklady Wyrobòw Metalowych SHL.S.A.	Kielce (Poland)	Real estate management	Zloty	27,000,000	97.80
Delfo Polska S.A.	Tychy (Poland)	Sheet steel forming and assembly	Zloty	500,000	97.80
MA Automotive South Africa (Pty) Ltd	Rosslyn (South Africa)	Shareholding	Rand	1,199,012,749	69.08
MW Wheels SA (Pty) Ltd	Port Elizabeth (South Africa)	Production and sale of steel wheels	Rand	1,400	69.08
IG Tooling and Light Engineering (Pty) Ltd	Alberton (South Africa)	Production of dies	Rand	4,000	69.08
MA Tool and Die (Pty) Ltd	Rosslyn (South Africa)	Production of dies	Rand	302	69.08
Immobiliare Grassobbio S.r.l.	Caselette (TO)	Real Estate company	Euro	10,000	100.00
MA Automotive Rosslyn (Pty) Ltd	Rosslyn (South Africa)	Sheet steel forming and assembly	Rand	1,578,947	69.08

Attachment 5: companies valued using the Equity method

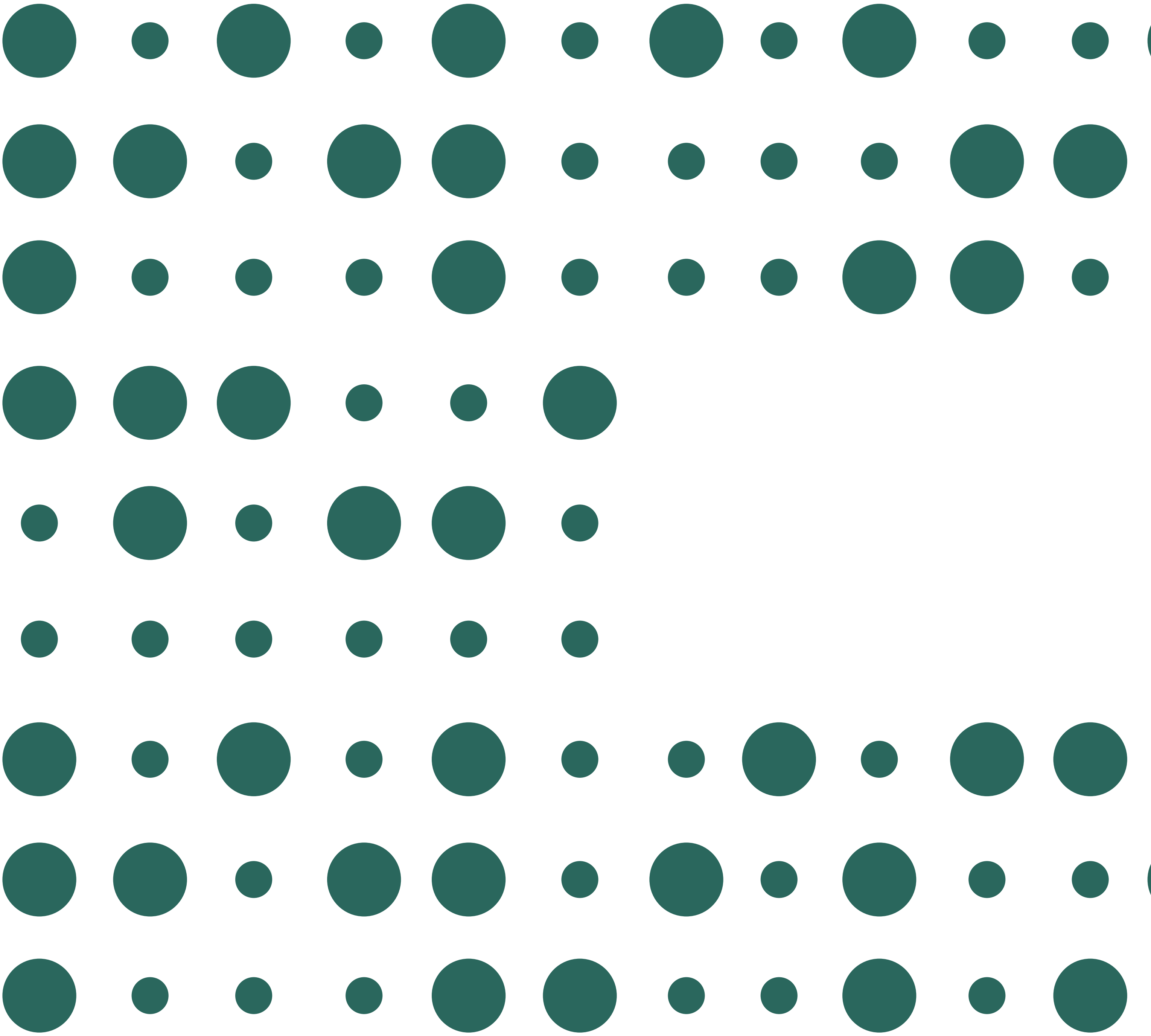
Company Name	Seat	Currency	Share Capital	% in CLN
ArcelorMittal CLN Distribuzione Italia srl	Caselette (TO)	Euro	60,010,000	51.00
MA Automotive Brasil Ltda.	Porto Real (Brazil)	Reais	26,741,757	60.00
Coskunoz MA Otomotiv A.S.	Bursa (Turkey)	New Turkish Lira	5,850,000	58.68
LIMA S.p.A.	Milano (MI)	Euro	1,560,000	37.48
ALMASIDER d.o.o	Kumrovec (Croatia)	Kuna	29,320,000	50.00
O.M.V. S.p.A.	Lesmo (MB)	Euro	2,500,000	25.00
Beijing Shougang MA Metal Co. Ltd	Beijing (China)	US Dollar	9,020,000	48.90
PMC Automotive S.p.A.	S.Nicola La Strada (CE)	Euro	6,500,000	48.90
JBM – MA Automotive Ltd	New Delhi (India)	Rupee	608,992,000	48.90
S. Polo Lamiere S.p.A.	S.Polo di Torrile (PR)	Euro	600,000	15.00
C.L.N. Serbia Doo	Kostolac (Serbia)	Dinaro	128,162	100.00
Emarc srl	Dragasani (Romania)	New Leu	90,000	47.92
JMW JANT SANAY I VE TICARET A.S.	Umurlu Aydin (Turkey)	Try	52,200,000	48.75
Cellino S.r.l.	Grugliasco (TO)	Euro	245,902	39.00
Nichelino Immobiliare S.r.l.	Caselette (TO)	Euro	10,000	80.00

Attachment 6: discontinued enterprises

Company Name	Seat	Currency	Share Capital	% in CLN
Gianetti Ruote S.r.l.	Ceriano Laghetto (MB)	Euro	8,798,316	29.25
MA Automotive Argentina S.A.	Buenos Aires (Argentina)	Pesos	70,110,000	97.80
FaM-MA S.A.	Cordoba (Argentina)	Pesos	100,000	48.90

Attachment 7: companies valued using the cost method

Company Name	Seat	Currency	Share Capital	% in CLN
E.MA. Polska Sp. Zoo	Kielce (Poland)	Zloty	50,000	47.92
MIM G.m.b.H.	Treuen (Germany)	Euro	450,000	10.00
Etromex S de RL de CV	San Pedro – Nuovo Leon (Mexico)	Pesos	32,500,000	17.85
AR Machine Co.	Teheran (Iran)	Rials/000	33,000,000	9.75
TOPY MW MEXICO, S.A. de C.V.	Silao (Mexico)	Pesos	120,050,000	24.37
Rensor Property (Pty) Ltd	Alberton (South Africa)	Rand	1,000	69.08
IG Tooling Property Investments (Pty) Ltd	Alberton (South Africa)	Rand	6,000	69.08
Claudlynn Investments (Pty) Ltd	Alberton (South Africa)	Rand	1,000	69.08
August Lapple East London (Pty) Ltd	Rosslyn (South Africa)	Rand	4,000	69.08
E.M.A.R.C. S.p.A.	Vinovo (TO)	Euro	16,666,682	6.25
WM Automotive LLC	Kingisepp (Russia)	Rouble	10,000	97.50
Safen Fluid & Mechanical Engineering	Torino (TO)	Euro	12,500	19.50
Chongqing Baosteel – MW Wheels Co. Ltd	Chongqing (China)	Yuan	165,000,000	24.37
P.I.CHI S.c.r.l.	Chivasso (TO)	Euro	10,000	37.16



AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

CLN GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
C.L.N. SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of C.L.N. SpA and its subsidiaries ("CLN Group"), which comprise the statement of financial position as of 31 December 2015, the comprehensive income statement, the statement of cash flows, the statement of changes in net equity for the year then ended, a summary of significant accounting policies and the related notes.

Directors' responsibility for the consolidated financial statements

The directors of C.L.N. SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the CLN Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Report on compliance with other laws and regulations

Opinion on the consistency of the management report with the consolidated financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the management report, which is the responsibility of the directors of C.L.N. SpA, with the consolidated financial statements of the CLN Group as of 31 December 2015. In our opinion, the management report is consistent with the consolidated financial statements of the CLN Group as of 31 December 2015.

Turin, 23 June 2016

PricewaterhouseCoopers SpA

Signed by

Piero De Lorenzi
(Partner)

This report has been translated from the original which was issued in accordance with Italian legislation. We have not examined the translation of the consolidated financial statements referred to in this report.

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