Annual Report
31 December 2015

Nuovo Trasporto Viaggiatori SpA
Registered office: Viale del Policlinico 149/B - 00161 Rome
Share capital: €57,207,884 fully paid-in
Rome Companies Register: 09247981005
R.E.A. Rome no.: 1150652
Tax code : 09247981005
VAT number: 09247981005

CONTENTS

CORPORATE BODIES

BOARD OF DIRECTORS [1] – In office until approval of the financial statements for the year ended 31 December 2017.

Chairman	Andrea Faragalli Zenobi
Directors	Flavio Cattaneo Luca Cordero di Montezemolo Chiara Della Penna Diego Della Valle Francesco Di Giovanni Romina Guglielmetti Maurizio Petta Lucio Punzo [2] Luigi Piergiuseppe Ferdin Roth Raffaello Ruggieri

BOARD OF STATUTORY AUDITORS – In office until approval of the financial statements for the year ended 31 December 2016.

Chairwoman	Rosalba Casiraghi
Standing auditors	Stefano Ciccioriccio Vincenzo Miceli
Alternate auditors	Fabrizio Bonacci Franco Piero Pozzi

INDEPENDENT AUDITORS – Appointment until approval of the financial statements for the year ended 31 December 2016.

Independent auditors	Deloitte & Touche SpA

[1] Elected by the General Meeting of 9 December 2015.
[2] Co-opted on 20 May 2016 following the resignation of Giovanni Punzo on 18 May 2016.

REPORT ON OPERATIONS

OPERATING REVIEW FOR 2015

Dear shareholders,

For the first time in its history, the Company registered an operating profit (€0.8 million) which, however, due to the negative tax effect of €13.4 million deriving from the reduction in the IRES rate introduced by the 2016 Stability Law (Law 208/2015 published in the Official Gazette of 30 December 2015), translates into a net loss of €12.6 million.

Even though the Company is still engaged in completing its turnaround plan, the positive results achieved so far are concrete evidence of the validity of the course of action undertaken via implementation of the plan to relaunch and develop the Company approved in February 2015. This initiative, entailing a corporate restructuring based on strengthening the service offered and using the fleet more efficiently, was supported by shareholders via a capital increase of €60 million subscribed and paid up during the year.

The state of progress of the activities with respect to the plan shows that the pre-set objectives have been fully achieved.

Many goals were reached in 2015, including:
- an increase in capacity, from 48 to 56 daily services, with stepped-up frequencies on the Rome-Milan route and the addition of Verona to the Italo network;
- the launch of the intermodal road-rail model, with 26 daily Italobus connections from the HS station in Reggio Emilia;
- access at Rome Termini, Milan Central and Turin Porta Nuova stations;
- enhanced presence in stations via new automated ticket vending machines and the opening of dedicated ticketing spaces and lounges in Milan and Rome;
- optimisation of onboard services and the new customer service model;
- acquisition of eight new trains, to be delivered from 2017.

Several corporate initiatives, aimed at further improving the Company's performance, are also under way. These include a further increase of capacity; development of the intermodal model at other network stations; enhancement of our presence in the stations served and the opening of more lounges (for example, in Naples); and expansion of markets with more mixed HS/traditional routes, with the introduction of new EVO trains to the fleet, scheduled from late 2017.

Improved performances relating to demand in 2015 include: the number of passengers transported rose to 9.1 million compared with 6.6 million in 2014, marking an increase of 39.5%. The load factor, which measures the ratio between passengers transported and available seats, also rose to 71.5%, from the 51.7% registered in the previous year.
This increase is partly due to the decision to boost Italo's capacity, which grew 4.2%, and to expand it with the introduction of the new intermodal road-rail model that was activated via 26 Italobus daily connections from Reggio Emilia station, and then followed by gradual expansion of the network.

On the financial front, as a result of the capital increase subscribed and paid up during the year, the value of shareholders' equity was restored to above the legal limit, and consequently the Company now has sufficient capital to enable it to fulfil its objectives.

Regarding the Company's financial position, thanks to the debt restructuring agreement signed in August 2015 and that came into force in September, a debt structure in line with the Company's ability to meet its repayment obligations under the loan agreement was defined. This has also enabled more effective and efficient management of operating cash flows, which is also beneficial to planned investment.

The following table shows the main indicators for 2015, compared with those for the previous year. A summary of the Company's operational performance, the activities carried out during the year and the outlook is provided below.

NTV SpA in figures	2015	2014
Operating revenue *(€m)*	**308**	**265**
EBITDA[3] *(€m)*	**62**	**(7)**
EBT *(€m)*	**2**	**(85)**
Passengers transported *(m)*	**9.1**	**6.6**
Capacity *(billion train-km)*	**12.3**	**11.8**
Daily services *(no.)*	**56**	**48**
Load factor	**71.5%**	**51.7%**

FINANCIAL REVIEW

The following financial review analyses the performance for the reporting period, compared with that of the previous year.

Operating results

Description (€m)	2015	2014	Increase/ (Decrease)
Operating revenue	307.8	264.6	43.2
Operating costs	254.0	271.6	(17.6)
EBITDA	**53.8**	**(7.0)**	**60.8**
Income from White Certificates	7.7	-	7.7
EBITDA (including WCs)	**61.5**	**(7.0)**	**68.5**
Amortisation and depreciation	40.3	43.8	(3.5)
EBIT	**21.2**	**(50.8)**	**72.0**
Financial and extraordinary items	(19.2)	(34.5)	15.3
EBT	**2.0**	**(85.3)**	**87.3**
Income tax expense	1.2	(23.3)	24.5
EAT	**0.8**	**(62.0)**	**62.8**
Adjustment for 2016 Stability Law	13.4	-	13.4
Profit/(Loss) for the year	**(12.6)**	**(62.0)**	**49.4**

The Company reported a pre-tax profit of €2.0 million in 2015, amounting to €0.8 million after tax. However, due to the adjustment effect deriving from application of the 2016 Stability Law, this translated into a net loss of €12.6 million.
Movements in the most significant items, reclassified in order to reflect the operating performance, are described below.

[3] EBITDA represents the operating result (including the contribution of €8 million from white certificates) before depreciation, amortisation and impairments, financial items and taxation. The resulting EBITDA is used by the Company's management to monitor and assess operating performance.

Revenue of €307.8 million, including €304.3 million relating to transport services, is up €43.2 million with respect to 2014.

Operating costs of €254.0 million primarily regard €88.8 million relating to track access charges, €51.5 million for train operating costs, €30.3 million for commercial and communication costs and €46.4 million for personnel expenses.

EBITDA (gross operating margin) is €53.8 million (€61.5 million including the positive contribution from White Certificates), which was positive for the first time and registered an increase of €60.8 million compared with the previous year.

EBIT (operating profit) amounts to €21.2 million, after amortisation, depreciation and impairments totalling €40.3 million.

Financial expenses amount to €19.2 million, registering a decrease of €15.3 million with respect to the 2014 figure, primarily due to the effects deriving from the debt restructuring.

Income tax expense for the year amounts to €1.2 million.

Pre-tax profit amounts to €0.8 million, compared with the loss registered in 2014. However, following application of the 2016 Stability Law, which reduces the IRES rate from 27.5% to 24% from 2017, it was necessary to adjust the deferred tax assets recognised in previous years to bring them into line with the new rate that will be applied in 2017. This adjustment resulted in a net loss of €12.6 million.

Financial position

Description (€m)	2015	2014	Increase/ (Decrease)
Net intangible fixed assets	21.74	25.56	(3.82)
Net tangible assets	601.68	601.29	0.39
Investments and other financial assets	0.07	0.07	-
Fixed assets (A)	**623.48**	**626.92**	**(3.43)**
Inventories	2.12	2.59	(0.47)
Receivables due from customers	5.04	4.75	0.28
Tax assets	32.20	30.66	1.53
Deferred tax assets	95.98	109.42	(13.44)
Other receivables	32.01	29.29	2.73
Accrued income and prepayments	1.81	1.87	(0.06)
Short-term assets (B)	**169.16**	**178.59**	**(9.42)**
Due to suppliers	(94.15)	(76.26)	(17.89)
Advances	(0.04)	(0.05)	0.01
Tax liabilities and social security payables	(3.78)	(3.07)	(0.71)
Other payables	(5.25)	(2.82)	(2.42)
Accrued liabilities and deferred income	(25.74)	(23.89)	(1.86)
Short-term liabilities (C)	**(128.96)**	**(106.09)**	**(22.87)**
Net working capital (D) = (B+C)	**40.20**	**72.50**	**(32.30)**
Post-employment benefits *(TFR)*	(6.19)	(5.49)	(0.70)
Tax liabilities and social security payables (after 12 months)	-	(0.07)	0.07
Medium/long-term payables due to suppliers	(5.33)	(6.67)	1.34
Other medium/long-term liabilities	(11.12)	(2.40)	(8.72)
Medium/long-term liabilities (E)	**(22.64)**	**(14.63)**	**(8.00)**
Invested capital (A+D+E)	**641.04**	**684.78**	**(43.74)**
Shareholders’ equity	100.26	52.88	47.38
Net debt	540.78	631.90	**(91.12)**
Shareholders’ equity and net debt	**641.04**	**684.78**	**(43.74)**

Invested capital of €641.04 million, which registered a reduction of €43.74 million with respect to the previous year, is funded by shareholders' equity of €100.26 million and net debt of €540.78 million.

Analysis of net debt

Description (€m)	2015	2014	Increase/ (Decrease)
Bank deposits	143.06	37.83	105.22
Cash on hand	2.55	1.32	1.23
Cash and cash equivalents and treasury shares	**145.61**	**39.15**	**106.46**
Bank borrowings (within 12 months)	-	(79.70)	79.70
Other borrowings (within 12 months)	(18.21)	(58.81)	40.60
Short-term borrowings	**(18.21)**	**(138.51)**	**120.30**
Net short-term funds	**127.40**	**(99.36)**	**226.76**
Bank borrowings (after 12 months)	(241.51)	(140.45)	(101.06)
Other borrowings (after 12 months)	(426.67)	(392.09)	(34.58)
Medium/long-term borrowings	**(668.18)**	**(532.54)**	**(135.64)**
Net debt	**(540.78)**	**(631.90)**	**91.12**

Net debt stands at €540.78 million, marking a reduction of €91.12 million compared with the previous year, due to the effects of debt restructuring, the capital increase carried out during the period and the generation of liquidity produced by the new commercial policy.

INVESTMENT

2015 marked a period of strategic development for the Company.
With the aim of turning NTV SpA from a rail company into a transport company, able to take advantage of increased demand for transport, a new expansion strategy was drawn up, based on development of the interconnectivity model and an intermodal model in partnership with other transport operators. In order to implement these models, large-scale structural initiatives were deployed.

In line with the Company's development plan, investment amounting to €36.90 million was carried out in 2015, details of which are shown in the following tables (for further information reference should be made to the notes to the financial statements).

Investment in intangible fixed assets

Intangible fixed assets	Investment (€m)
Incorporation and expansion costs	2.50
Research and development, and advertising costs	4.05
Industrial patent and intellectual property rights	2.38
Concessions, licences, trademarks and similar rights	0.01
Fixed assets in progress and advances	0.44
Other	0.07
Total	**9.45**

€9.45 million was invested in intangible fixed assets.

The most important items include investment incurred for the Company's development and expansion

plan (€6.55 million) supported by the launch of new service models.
Another significant portion, amounting to €2.38 million, was allocated to technological infrastructure, which the Company deems to be a crucial success factor.

Investment in tangible fixed assets

Tangible fixed assets	Investment (€m)
Land and buildings	0.05
Plant and machinery	0.82
Industrial and commercial equipment	0.07
Other	0.85
Fixed assets in progress and advances	25.66
Total	**27.45**

Investment during the period amounted to €27.45 million.

There was major investment in an upgrade of the train fleet: an advance of €25.2 million was paid to the train builder, Alstom, for the supply of EVO Pendolino trains.
An additional €1.3 million was invested in the existing AGV fleet, regarding the IT system on board trains, installation of new screens in Club class, works on trains requested from Alstom and the purchase of the instruments necessary in order to achieve energy savings.

KEY EVENTS DURING THE YEAR

Operating activities

From June 2015, with the interim adjustment of the 14 December 2014 – 12 December 2015 service timetable, certain initiatives were implemented regarding the services offered. In particular, services to and from Rome Termini station were stepped up from 16 trains per day to 32 trains per day, services from Rome Ostiense station were terminated, and the services to Turin and Salerno were boosted.

As provided for in the Business Plan, on 28 October 2015 the Company signed a contract with Alstom Ferroviaria SpA regarding acquisition of 8 high-speed EVO Pendolino trains, including a 20-year maintenance service. The new trains will strengthen the existing fleet, and once in service, will expand the network covered by NTV SpA. Delivery of the first trains is scheduled from November 2017.

In December, with the launch of the new winter timetable, the new rail services to Milan Central, Turin Porta Nuova and Verona Porta Nuova were launched. Total capacity was increased from 48 to 56 trains per day.

In December, the new road-rail intermodal model was also launched, with 26 daily connections provided by “Italobus” branded buses departing from and arriving at Reggio Emilia station. The new integrated train plus bus service connects the NTV network cities with new destinations: Piacenza, Cremona, Parma, Carpi, Mantua, Modena and Sassuolo.

Financial matters

In February 2015, the Company held talks with its lenders. During the meeting, the guidelines for the new development model to relaunch the Company were presented, and a plan to restructure the Company’s debt was agreed with the lenders.

In March 2015, the Company presented the new Business Plan, which was approved by the Board of Directors on 26 February, and the related proposal for restructuring existing debt to its banks.

On 5 August 2015, the debt renegotiation process was concluded with endorsement of the Equity Contribution Agreement (ECA) by all the parties concerned, and acceptance by the banks of the Debt Restructuring Agreement (DRA) proposed by the Company.

On 29 September 2015, the debt restructuring agreement came into full effect.

Details of the debt restructuring agreement are provided below.

Corporate matters

On 26 February 2015, Mr F. Cattaneo - who was already a member of the Board, as he had been co-opted by the Board of Directors in December 2014 - was appointed Chief Executive Officer. At the same meeting, the Board of Directors approved the Company's new Business Plan.

A General and Special Meeting of Shareholders held on 17 July 2015:

- approved the financial statements for 2014;
- reconfirmed Mr F. Cattaneo in his role as Chief Executive Officer;
- appointed three new Directors, to make up the composition of the Board of Directors following some resignations;
- approved the operation proposed by the Directors as per Art. 2446 of the Italian Civil Code, entailing complete coverage of the losses incurred until 31 March 2015 via full use of the available reserves and reduction of the share capital to €45.2 million;
- approved a capital increase, via the offer of new shares of up to €60 million to shareholders as per art. 2441 of the Italian Civil Code.

The first tranche of the capital increase, amounting to €20 million, was fully subscribed in August. With the subscription of the first tranche, three new shareholders acquired interests in the Company: MDP Holding Quattro Srl, FA.DEL. Srl and Partind Srl.

On 28 September 2015, all the shareholders paid in their contributions to the first tranche of the capital increase with a total amount of €20 million, including €4 million allocated to share capital and €16 million to the share premium reserve.

On 9 December, the General Meeting of shareholders appointed the new Board of Directors, comprising 11 members. At the end of the General Meeting the new Board of Directors met for the first time and, on the General Meeting's recommendation, appointed Mr A. Faragalli Zenobi as Chairman of the Company and confirmed that all executive powers were to be assigned to the Chief Executive Officer, Mr F. Cattaneo.

In December, the second tranche of the capital increase, totalling €40 million, was fully subscribed and paid up, including €8 million allocated to share capital and €32 million to the share premium reserve.

Other events

On 29 January 2015, an application was submitted to GSE regarding allocation of Energy Efficiency Certificates (EECs) in advance for the period April 2013 – March 2014. In accordance with the Ministerial Decree issued by the Ministry for Economic Development on 1 December 2014, GSE specified that reporting subsequent to the first occasion – and related further allocations of white certificates to the

Company – would be based on measurements of actual energy consumption recorded by appropriate equipment installed on board high-speed trains. Moreover, the Company was issued with its first EECs in advance, subject to adjustment.
The sale of the certificates in the market, and collection of the related proceeds, took place on 29 June 2015.
Subsequent to 22 July 2015, and the necessary installation period, the first data recorded by the onboard measuring equipment were gathered by the Company. On this occasion, it emerged that the actual consumption of the new train fleet was above the levels specified by the manufacturer. This finding was notified to the Ministry and GSE in the first report to be submitted.
Additional information on the project is provided in the section, “White Certificates”, below.

On 7 July 2015, the Naples Provincial Tax Tribunal issued a ruling regarding the case brought by the Company against the notice of payment of stamp duty for 2012, in which the appeal lodged by NTV was accepted.

On 21 December 2015, the Company's Board of Directors approved the Budget for 2016.

RISK FACTORS

The first paragraph of art. 2428 of the Italian Civil Code requires a description of the principal risks and uncertainties the Company is exposed to, which might have an impact on the Company's situation in the foreseeable future.

A survey aimed at determining risk factors and corporate uncertainty that might have an impact on the Company's situation in the foreseeable future, led to identification of those factors deemed to give rise to corporate risks.

An examination of the risks identified, together with the activities carried out to monitor and mitigate them, is provided below.

Business risk

Despite the positive performance registered in 2015, risks do exist in the sector in which the Company operates, which should be duly taken into account in strategic analyses and development projections.

The HS/HC rail transport market has grown significantly in recent years. This growth is largely due to the price competition that has occurred since Italo entered the market. Prices have fallen and the number of total passengers has risen sharply with a contraction in profitability per passenger, which for NTV SpA has been largely offset by the effect of volume growth.

In this context, the principal risk factors are: the risk of market competition and ensuing pricing policies that may not permit the Company to cover its costs, and the risk relating to the greater capacity offered by the main competitor in terms of frequencies and services, compared with the Company’s offering.
In order to have appropriate business solutions at its disposal to withstand competitive pressures, the Company has drawn up an expansion strategy, already launched in 2015 and set to continue in the coming years, aimed at: launching new services, upgrading existing services, launching and expanding the new intermodal transport model, improving operating efficiency through more intensive use of rolling stock, and by expanding the fleet with investment in new trains.

Finally, regulatory risk relating to increased track access charges and, more generally, the process of deregulating the sector, continues to weigh.
In order to deal with this risk, the Company undertakes all necessary actions to protect its

competitiveness.

Operational risk

The main operational risk relates to maintenance of a high level of fleet performance in terms of reliability, in line with the operating schedule for trains and their availability.
In order to mitigate this risk and guarantee that scheduled services are delivered with available and adequately maintained rolling stock, the Company, together with the manufacturer and the maintenance provider, who are heavily involved in the operating process, has activated monitoring and reporting processes relating to the state of the fleet and the maintenance activities used for trains in commercial service.

Fare evasion risk

Fare evasion risk may put profitability at risk. This phenomenon, which is constantly monitored in order to assess its significance and identify and implement appropriate mitigation measures, does not currently represent a substantial risk.
To combat fare evasion, the Company has stepped up onboard checks, aimed at identifying and regularising the situation of passengers who do not have a valid ticket. A new process has also been structured and implemented for the collection of amounts due from customers fined on board trains for not having a valid ticket.

Fraud risk

In recent years, it has been necessary to deal with a rapid increase in various types of fraud attack perpetrated via physical and virtual purchase channels. In order to reduce fraud, via a team of dedicated staff, the Company implements a series of protection and prevention activities aimed at reducing the number of frauds, including via the use of specific anti-fraud IT systems and with the support of partners, who are leaders in the market, with whom technical and organisational countermeasures are implemented to mitigate levels of risk.

Data security

NTV SpA has adopted its own general security principles in order to create and maintain a secure and efficient Data Security Management System, primarily aimed at having an appropriate level of protection for data and the components of the information system that manage them in compliance with current national and international legislation.
Once a year the Company carries out assessment and auditing activities, the results of which enable specific areas of intervention to be addressed.
In defining and establishing these areas of intervention, NTV SpA draws on ISO 20000/27001/27005 standards, best practices (e.g. ITIL) and sectoral frameworks (e.g. COBIT).

Loan agreement default events

This risk relates to the possibility that a loan agreement may contain provisions that, on the occurrence of specific events, allow the lenders to immediately call in the loans, thereby generating a liquidity risk.

Regarding the provisions of current loan agreements, at 31 December 2015, which were subject to the above-mentioned restructuring agreement, the main default events are listed below:
- failure to pay any sum provided for in the loan agreement, if not remedied within the contractually requested deadline;
- non-compliance with Financial Covenants;
- failure to report to the agent bank as provided for in the loan agreement, if not remedied within the

contractually requested deadline;
- occurrence of circumstances whereby the Company is in the situation provided for under art. 2447 of the Italian Civil Code;
- failure to comply with the provisions of the Hedging Policy Letter;
- failure to fulfil the obligations provided for in the Equity Contribution Agreement (ECA).

Litigation risk

The Company is or may be involved in court and/or out-of-court legal proceedings brought by various categories of interested or entitled parties (for example, customers, suppliers).
For complete and exhaustive information regarding the litigation risk to which the Company is exposed, reference should be made to the notes to the financial statements.

Provisions for risks and charges

The Company, with the assistance of the respective legal advisors, has allocated provisions for risks and charges, in order to cover potential losses it might incur in the event of unsettled legal disputes.
Provisions have been allocated in cases where potential losses have been deemed to be likely.
Provisions have not been allocated for risks and charges deemed to be remote or only possible.

FINANCIAL RISKS

Pursuant to art. 2428, paragraph 2, point 6-bis, of the Italian Civil Code, an accurate assessment of the Company’s exposure to financial risk is provided below.

Liquidity risk

At 31 December 2015, the Company's available funds amount to €145.6 million.
The restructuring agreement signed with the banks also enabled creation of a loan repayment structure in line with the Company's ability to generate cash.
The Company expects to be able to generate adequate operating cash flow to meet its requirements and pursue its planned objectives.
Currently, the Company deems that it is not exposed to a significant level of liquidity risk.

Interest rate risk

The Company is exposed to the risk of interest rate fluctuations.
In this regard, relating to the existing hedging policy, hedging contracts coming into force on 26 September 2008 and expiring on 31 December 2016 were entered into.
At 31 December 2015, the notional value of the portfolio is €317.4 million.
At 31 December 2015, the portfolio has a negative fair value of €12.7 million. Further information on fair value and the operating results for the year may be found in the notes to the financial statements.
For accounting purposes, these transactions qualify as cash flow hedges, in line with the hedging strategy adopted by the Company.

Foreign exchange risk

The Company is not exposed to foreign exchange risk.

Credit risk

The type of business the Company is engaged in and the payment methods it uses ensure that its exposure to credit risk is limited. Specifically,

- payment for the services offered to customers is usually made before the service is used, as tickets are always purchased before journeys are made;
- the sales channels and related payment methods offered to customers (electronic money, bank transfer, and cash) guarantee the certainty of collection at the time of sale, except in the event of fraud.

Despite this favourable situation (very low credit risk), it should be noted that there is a risk of fraud, primarily regarding electronic money payments, and also the risk of fare evasion.

GOING CONCERN CONSIDERATIONS

As already reported in 2013 and 2014, and fully described in the reports on operations in the respective annual reports, to which reference should be made, the Company has experienced financial difficulties in recent years.

In operational terms, the operating margins and cash flows generated have been insufficient to service the Company’s debt. In financial terms, the realisation of substantial losses since the launch phase of the project has eroded share capital and existing reserves.

Given this situation, in order to eliminate the dysfunctions that had built up over time, a new turnaround plan was drawn up, together with a debt restructuring agreement, based on these key elements:

- a cost-cutting drive, including corporate restructuring initiatives;
- steady revenue growth, partly through the acquisition of new trains and increasing capacity;
- in terms of capital, a strengthening of the financial position via a recapitalisation amounting to €100 million, including €60 million (core equity) via a capital increase and the remaining €40 million (contingent equity) to be committed by Shareholders if necessary;
- on the financial front, the Company asked the banks to confirm their support and willingness to undertake a debt restructuring via a financial package entailing the rescheduling of repayments and the adjustment of spreads in line with the Company's ability to generate cash.

The restructuring process culminated on 26 February 2015, when the Board of Directors appointed the new Chief Executive Officer and approved the new Business Plan 2015-2020.

On 6 March 2015, the new Business Plan and the proposed financial package were presented to the banks.

In the following months, the Business Plan and the financial package were discussed with the banks and the shareholders in order to gain their approval of the debt restructuring and the recapitalisation of the Company.

On 17 July 2015, the General Meeting of shareholders approved the capital increase amounting to €60 million, and the Company received commitments from existing shareholders and from new shareholders wishing to acquire interests in NTV SpA that would enable it to raise sufficient fresh capital.

On 5 August 2015, the debt renegotiation process was concluded with endorsement of the Equity Contribution Agreement (ECA) by all the parties concerned, and acceptance by the banks of the Debt Restructuring Agreement (DRA) proposed by the Company.

On 29 September 2015, the restructuring agreement came into force and the first tranche of the capital increase amounting to €20 million was subscribed and paid up. The second tranche, amounting to €40 million, was subscribed and paid up in December 2015.

The key elements of the debt restructuring agreement (amounting to €681.2 million at 31 March 2015, the date on which the restructuring was effective) signed with the banks, as well as the standard provisions provided for by current practice relating to such transactions, are:

- extension of the terms compared with those provided for in previous agreements. Specifically, (i) extension of the lease term from 2024 to 2028, with a possible further extension of up to 3 years; (ii) extension of the term to maturity of the loan facility from 2020 to 2033, with a possible further extension of up to 3 years;
- the reduction of spreads;
- the acquisition of new trains financed by cash generated by the Company and from available funds (including the contribution from shareholders of €60 million);
- minimum liquidity to safeguard the Company's requirements and a liquidity reserve to be established and maintained until the new trains have been fully paid for;
- early repayment of loans (so-called cash sweep) in the event of a cash surplus with respect to liquidity requirements for investment, and within the minimum level of liquidity required to fund operations;
- a commitment to issue guarantees to RFI for the contracts governing use of the rail network;
- the payment of dividends only after full repayment of the lease, based on the debt/EBITDA ratio.

The first repayment under the lease agreement is scheduled for 30 June 2016.

The turnaround plan - and more particularly the Business Plan - reflects an accurate analysis of the risk factors and careful deployment of the strategies aimed at achieving the pre-set objectives.

The uncertainties that marked the Directors' assessment of whether the Company could continue as a going concern at the end of the previous year (especially regarding implementation of the financial package and the objectives underpinning the business plan) currently seem to be drastically reduced in the light of the following elements:

- the Company's performance shows signs of picking up with respect to the past, as evidenced by the results achieved during the year which, for the first time, are not only in line with the Business Plan but also exceed expectations;
- the situation as per article 2446 of the Italian Civil Code in which the Company still found itself at the end of the first quarter of 2015, was resolved in July 2015 with coverage of accumulated losses via the use of reserves and a reduction of the share capital;
- a debt restructuring agreement was signed which, together with the Business Plan, is an integral part of the turnaround plan and will be instrumental in guaranteeing compliance with the going concern principle;
- the capital increase of €60 million (core equity) was fully subscribed and paid up, by which the shareholders confirmed their commitment to recapitalise the Company, as provided for in the financial package and as required to strengthen the financial position, with an additional commitment to contribute a further €40 million (contingent equity) if necessary.

For the above reasons, even though the underlying assumptions of the development plan relating to the subjectivity and uncertainty that characterise any forecast still exist, the Directors believe that the Company has adequate resources to continue operating in the foreseeable future, and therefore, deem it appropriate to apply the going concern principle in the preparation of the financial statements for 2015.

EVENTS AFTER 31 DECEMBER 2015

In February 2016, the Company submitted a request to GSE to postpone the launch of the reporting period for energy saving from 1 January 2015 and the reporting for the period January – December 2015. Also in February, GSE notified that the Company's request complied with the provisions of letter a), article 2, paragraph 3 of the Ministerial Decree of the Ministry of Economic Development and the Ministry of the Environment of 1 December 2014, and also recognised the Energy Efficiency Certificates corresponding to the reports submitted by the Company.

Given that on 12 April Mr F. Cattaneo resigned from his position as Chief Executive Officer of the Company to take up another post, at a meeting on 14 April 2016, the Board of Directors transferred these powers to the Chairman, Mr A. Faragalli Zenobi.

OUTLOOK

The operating results achieved in early 2016 confirm the positive trend in the performance of the Company, which has seen total revenue exceed projections.

In 2016, efforts will be focused on implementing the business plan approved by the Company's Board of Directors.

Specifically, the underlying criteria of the corporate development plan provide for: further development of the network; new improvement initiatives regarding the AGV fleet; development of the new EVO fleet; station model initiatives; organisational initiatives aimed at increasing productivity; meritocracy; and professional development.

The Company's objectives are always focused on achieving operational efficiency, thus ensuring top quality and increasingly effective and sound management of the services offered.

HUMAN RESOURCES

Organisation

In line with the current corporate restructuring objectives, changes were made to the corporate structure during 2015 aimed at creating a more streamlined and efficient organisation.

Workforce

At 31 December 2015, the Company's workforce numbers 876, down 116 on the previous year. Details are provided in the notes to the financial statements.

Industrial relations

In accordance with industrial relations legislation, the labour unions were constantly informed about the Company's performance and the policies adopted regarding the current collective labour contract.

During the meetings, the Company explained the criteria and rationale behind the new Business Plan and in particular the reasons underlying the announced redundancies.
The Company also presented its plan to manage these redundancies in line with the Business Plan approved by the Board of Directors on 26 February 2015.

On 17 April 2015, two documents were signed:

- a “defensive” solidarity contract as per art. 1, paragraph 1, of Law 863/1984 and subsequent amendments and additions regarding 929 employees for a period of 24 months from 23 April 2015 to 22 April 2017. The average overall reduction in working hours defined for this two-year period is 21%;
- a memorandum of agreement regarding a joint audit of implementation of the Business Plan.

Also during the meeting on 17 April 2015, the Company proposed a series of meetings with the labour

unions in order to engage in dialogue on implementation of the retraining/professional development plan and training courses, as well as the examination of operational issues, in compliance with the memorandum of agreement regarding a joint audit of implementation of the Business Plan.
These meetings continued throughout 2015.

OTHER INFORMATION

Research and development

There was no expenditure on research and development during the year.

RELATED PARTY TRANSACTIONS

The Company has adopted regulations aimed at establishing basic principles and defining criteria for the identification of related party transactions in order to provide procedural regulations designed to ensure that such transactions are conducted in compliance with fairness and procedural criteria, and on an arm's length basis.

Relations with unconsolidated subsidiaries, associated companies, parent companies and affiliates

Pursuant to art. 2428, paragraph 3, of the Italian Civil Code, the Company hereby declares that it has no equity interests in other companies, nor may any company solely exercise control or management and coordination of the Company.

Treasury shares and shares/equity interests in parent companies

Pursuant to art. 2428, paragraph 3, of the Italian Civil Code, the Company hereby declares that is does not directly or indirectly own treasury shares or shares in parent companies.

Internal Control and Organisational Model as per Legislative Decree 231/2001

On 26 February 2015, the Board of Directors agreed the audit plan for 2015, which provides for analysis and checks of corporate processes and procedures, as well as assessment of the related internal controls in accordance with the recommendations deriving from the current risk management process. The 2015 audit plan was implemented in accordance with the relevant applicable principles and guidelines issued by the Italian Institute of Internal Auditors (AIIA).

The Organisational, Management and Control Model, comprising all the Company's organisational rules and procedures, is the tool established by Legislative Decree 231/2001 to prevent and combat the commission of specified categories of crime by companies.
NTV SpA's Organisational, Management and Control Model (the "231 Model") was prepared by recording and mapping the risks the Company is exposed to in carrying out its activities, taking into account the monitoring initiatives deployed to minimise such risks.
The 231 Model, which NTV SpA adopted in 2011, is updated to incorporate organisational and regulatory requirements as they arise.

The Supervisory Board is responsible for overseeing application of and compliance with the Model's content and provisions.
The Board, which was established by resolution of the Board of Directors, is a collegiate body with three members.

Code of Ethics

Aware of the importance of the social impact of its business, the Company aims to be competitive in the marketplace via fair and functional use of its resources, while fully respecting the quality of the environment and the social system, partly with a view to growing its capacity to create value and wellbeing for the community. Consequently, in its Code of Conduct, NTV SpA deemed it necessary to define the set of ethical principles and values that should inspire the conduct and behaviour of all the people who operate, internally and externally, within the Company's sphere of action.

The Code of Ethics, which NTV SpA adopted in 2011, is updated to incorporate organisational and regulatory requirements as they arise.

Workplace health and safety

Normal training, risk assessment, auditing and health monitoring activities were carried out during the year. The risk assessment documents and the Single Document on Interference Risk Assessment (DUVRI) were also updated in accordance with requirements identified, changes in operating processes, and the opening of new facilities.

During the period under consideration, no workplace deaths or serious accidents were reported. The Company incurred no charges for confirmed occupational diseases affecting employees or former employees of the Company, and no potential liabilities were reported for the Company regarding confirmed occupational diseases affecting employees or former employees of the Company deriving from harassment and related legal proceedings.

Operational and rail traffic safety

The Rail Safety Regulator (ANSF) issued the Company all the required Certificates.
During 2015, no changes deemed relevant pursuant to EU Regulation 402/2013 were introduced, and no significant accidents occurred.

The environment

Regular activities were carried out during 2015 to monitor initiatives aimed at preventing, eliminating or in any event reducing potential negative repercussions on the environment deriving from the Company's operations.
Other activities were also carried out in line with the Company's environmental policy. These primarily included: consultancy on the creation of recycling areas at the new train formation facilities; the mapping of train formation facilities by determining the characteristics of the related sites in order to assess and monitor sites in terms of intended use as per Legislative Decree 152/2006; the provision of staff training courses regarding the protection of assets.

In December, an audit of the function assigned for internal control of environmental management was carried out, in order to check that the Company is correctly regulating its operational processes and workplaces.

During the period under consideration, no cases of compensation for damage caused to the environment were reported.

White Certificates

Via a Ministerial Decree of 1 December 2014, the Ministry for Economic Development authorised NTV SpA to benefit from white certificates in relation to the energy-saving measures implemented on its new fleet of high-speed trains for a five-year period from 1 April 2013[4].

In this regard, the Decree determined that, during the first phase, white certificates would be issued on the basis of energy savings reported by NTV SpA itself, and in any case prudentially equivalent to 80% of the minimum value of access to the mechanism (28,000 TOE per annum), in advance, subject to adjustment, on the basis of the data recorded. Consequently, the Company used the calculations and assessments provided by the manufacturer of the new fleet of high-speed trains.
The Decree also specified that reporting subsequent to the first occasion – and related further allocations of white certificates to the Company – would be based on measurements of actual energy consumption recorded by appropriate equipment installed on board high-speed trains.
Subsequent to 22 July 2015, and the necessary installation period, the first data recorded by the onboard measuring equipment were gathered by the Company. On this occasion, it emerged that the actual consumption of the new train fleet was above the levels specified by the manufacturer and communicated to the Ministry and GSE in the first report mentioned above.

On 11 February 2016, the Company requested the GSE to postpone the launch of the reporting period to the year in which the equipment was installed and therefore to start from 1 January 2015. Consequently, the useful life of this initiative will run from 1 January 2015 to 31 December 2019.

Subsequently, in a letter dated 23 February 2016, having noted the Company's request and the related reasons, GSE notified NTV SpA of its acceptance, in advance and subject to adjustment, of the EECs reported by the Company. With this Decision, GSE also stated that these EECs would not be issued to the proponent's account as they amounted to less than the amount already recognised in advance with the first approved report.

The savings made in 2015, amounting to approximately €8.7 million, are reflected in these financial statements.

At the date of preparation of this report, the actual consumption recorded by the Company based on the measurements made by the equipment installed on board trains is in line with the amounts reported to GSE.

[4] This authorisation was granted on a "major project" basis, as defined by art. 8 of the Ministerial Decree of 28 December 2012, which grants access to the white certificate programme to entities that, among other things, invest in transport infrastructure with a technical life of over twenty years and that result in an estimated annual energy saving of 35,000 TOE.

APPROPRIATION OF LOSS

Dear shareholders,
The financial statements for the year ended 31 December 2015 report a loss of €12,620,170, which we propose to carry forward.

Rome, 7 June 2016

The Chairman
of the Board of Directors
Andrea Faragalli Zenobi

FINANCIAL STATEMENTS

Amounts in euros

BALANCE SHEET - ASSETS	31 December 2015	31 December 2014	Increase/ (Decrease)
A) Unpaid subscribed capital			
(called-up)	-	-	-
B) Fixed assets			
I. Intangible fixed assets			
1) Incorporation and expansion costs	10,776,221	14,754,474	(3,978,253)
2) Research and development, and advertising costs	4,495,110	1,194,919	3,300,191
3) Industrial patent and intellectual property rights	3,270,044	5,390,573	(2,120,529)
4) Concessions, licences, trademarks and similar rights	325,592	383,394	(57,802)
5) Goodwill	-	-	-
6) Fixed assets in progress and advances	443,480	131,739	311,741
7) Other	2,425,413	3,701,429	(1,276,016)
Total intangible fixed assets	**21,735,860**	**25,556,528**	**(3,820,668)**
II. Tangible fixed assets			
1) Land and buildings	103,052	23,468	79,584
2) Plant and machinery	564,732,652	585,454,508	(20,721,856)
3) Industrial and commercial equipment	82,851	26,765	56,086
4) Other assets	11,078,297	14,940,991	(3,862,694)
5) Fixed assets in progress and advances	25,682,348	846,754	24,835,594
Total tangible fixed assets	**601,679,200**	**601,292,486**	**386,714**
2) Receivables due from			
a) unconsolidated subsidiaries			
- within 12 months	-	-	-
- after 12 months	-	-	-
b) associated companies			
- within 12 months	-	-	-
- after 12 months	-	-	-
c) parent companies			
- within 12 months	-	-	-
- after 12 months	-	-	-
d) others			
- within 12 months	-	-	-
- after 12 months	66,887	66,887	-
	66,887	66,887	-
3) Other securities	-	-	-
4) Treasury shares (total par value)	-	-	-
Total financial assets	**66,887**	**66,887**	**-**
Total fixed assets	**623,481,947**	**626,915,901**	**(3,433,954)**
C) Current assets			
I. Inventories			
1) Raw materials and consumables	2,123,171	2,177,549	(54,378)
2) Work in progress and semi-finished goods	-	-	-
3) Contract work in process	-	-	-
4) Finished products and goods	-	412,503	(412,503)
5) Advances	-	-	-
Total inventories	**2,123,171**	**2,590,052**	**(466,881)**
II. Receivables due from			
1) Customers			
- within 12 months	5,038,256	4,754,789	283,467

- after 12 months	-	-	-
	5,038,256	4,754,789	283,467
2) Unconsolidated subsidiaries			
- within 12 months	-	-	-
- after 12 months	-	-	-
	-	-	-
4-bis) Tax assets			
- within 12 months	27,114,600	13,156,740	13,957,860
- after 12 months	5,084,597	17,507,558	(12,422,961)
	32,199,197	30,664,298	1,534,899
4-ter) Deferred tax assets			
- within 12 months	2,515,741	-	2,515,741
- after 12 months	93,462,451	109,419,628	(15,957,177)
	95,978,192	109,419,628	(13,441,436)
5) Others			
- within 12 months	21,157,762	18,569,262	2,588,500
- after 12 months	10,855,892	10,717,189	138,703
	32,013,654	29,286,451	2,727,203
			-
Total receivables	**165,229,299**	**174,125,166**	**(8,895,867)**
IV. Cash and cash equivalents			
1) Bank and post office deposits	143,057,866	37,833,195	105,224,671
2) Cheques	-	-	-
3) Cash on hand	2,549,313	1,317,758	1,231,555
Total cash and cash equivalents	**145,607,179**	**39,150,953**	**106,456,226**
Total current assets	**312,959,649**	**215,866,171**	**97,093,478**
D) Accrued income and prepayments	**1,809,549**	**1,871,337**	**(61,788)**
- discounts on loans	-	-	-
- other	1,809,549	1,871,337	(61,788)
Total assets	**938,251,145**	**844,653,409**	**93,597,736**

BALANCE SHEET – SHAREHOLDERS' EQUITY AND LIABILITIES	31 December 2015	31 December 2014	Increase/ (Decrease)
A) Shareholders' equity			
I. Share capital	57,207,884	148,953,918	(91,746,034)
II. Share premium reserve	48,000,000	114,646,082	(66,646,082)
III. Revaluation reserve	-	-	-
IV. Legal reserve	-	-	-
V. Statutory reserves	-	-	-
VI. Reserve for treasury shares	-	-	-
VII. Other reserves	7,672,766	85,000,000	(77,327,234)
VIII. Retained earnings /(accumulated losses)	-	(233,691,560)	233,691,560
IX. Profit for the year	-	-	-
IX. Loss for the year	(12,620,170)	(62,027,790)	49,407,620
Total shareholders' equity	**100,260,480**	**52,880,650**	**47,379,830**
B) Provisions for risks and charges			
1) Pensions and similar obligations	-	-	-
2) Taxes, including deferred tax liabilities	-	-	-
3) Other	11,116,643	2,395,524	8,721,119
Total provisions for risks and charges	**11,116,643**	**2,395,524**	**8,721,119**

C) Post-employment benefits *(TFR)*	**6,189,392**	**5,491,285**	**698,107**
D) Payables			
4) Bank borrowings			
- within 12 months	-	79,699,131	(79,699,131)
- after 12 months	241,512,613	140,450,000	101,062,613
	241,512,613	220,149,131	21,363,482
5) Other borrowings			
- within 12 months	18,209,810	58,812,238	(40,602,428)
- after 12 months	426,666,632	392,087,244	34,579,388
	444,876,442	450,899,482	(6,023,040)
6) Advances			
- within 12 months	44,047	45,120	(1,073)
- after 12 months	-	-	-
	44,047	45,120	(1,073)
7) Suppliers			
- within 12 months	94,151,952	76,262,810	17,889,142
- after 12 months	5,330,664	6,672,113	(1,341,449)
	99,482,616	82,934,923	16,547,693
12) Tax liabilities			
- within 12 months	1,924,684	650,377	1,274,307
- after 12 months	-	-	-
	1,924,684	650,377	1,274,307
13) Social security payables			
- within 12 months	1,855,297	2,421,910	(566,613)
- after 12 months	-	74,833	(74,833)
	1,855,297	2,496,743	(641,446)
14) Other payables			
- within 12 months	5,247,891	2,824,513	2,423,378
- after 12 months	-	-	-
	5,247,891	2,824,513	2,423,378
Total payables	**794,943,590**	**760,000,289**	**34,943,301**
E) Accrued liabilities and deferred income	**25,741,040**	**23,885,661**	**1,855,379**
- premiums on loans	-	-	-
- other	25,741,040	23,885,661	1,855,379
Total shareholders' equity and liabilities	**938,251,145**	**844,653,409**	**93,597,736**

MEMORANDUM ACCOUNTS	**31 December 2015**	**31 December 2014**	**Increase/ (Decrease)**
1) Third party assets held by the Company	-	-	-
2) Third party commitments	177,970,362	162,354,897	15,615,465
3) Contingent liabilities	12,676,243	19,840,863	(7,164,620)
4) Reconciliation of accounting and tax regulations	-	-	-
Total memorandum accounts	**190,646,605**	**182,195,760**	**8,450,845**

INCOME STATEMENT	**2015**	**2014**	**Increase/ (Decrease)**
A) Value of production			
1) Revenue from sales and services	303,850,348	261,469,272	42,381,076
2) Change in inventories of work in progress, semi-finished and finished goods	-	-	-
3) Change in contract work in progress	-	-	-
4) Increases in fixed assets for internal work	1,625,045	-	1,625,045
5) Other income:	-		-
- other	16,648,004	6,090,093	10,557,911

- revenue grants	51,649	25,701	25,948
- capital grants (accrued portion)	253,671	263,672	(10,001)
Total value of production	**322,428,717**	**267,848,738**	**54,579,979**
B) Production costs			
6) Raw materials, consumables and goods	848,441	3,085,488	(2,237,047)
7) Services	202,165,326	220,952,778	(18,787,452)
8) Lease expense	8,699,090	9,532,856	(833,766)
9) Personnel:			
a) Wages and salaries	28,796,781	32,581,887	(3,785,106)
b) Social security contributions	8,475,769	9,247,865	(772,096)
c) Post-employment benefits *(TFR)*	1,920,866	2,265,852	(344,986)
d) Pensions and similar obligations	-	-	-
e) Other costs	2,844,072	2,011,499	832,573
	42,037,488	46,107,103	(4,069,615)
10) Amortisation, depreciation and impairments			
a) Amortisation of intangible fixed assets	13,401,208	17,715,410	(4,314,202)
b) Depreciation of tangible fixed assets	26,523,460	26,130,521	392,939
c) Other impairments of fixed assets	-	-	-
d) Provisions for doubtful accounts included in current assets and cash and cash equivalents	252,786	1,048,584	(795,798)
	40,177,454	44,894,515	(4,717,061)
11) Change in inventories of raw materials, consumables and goods	466,882	172,419	294,463
12) Provisions for risks	991,314	209,416	781,898
13) Other provisions	10,139,229	2,889,431	7,249,798
14) Other operating costs	3,280,168	1,736,928	1,543,240
Total production costs	**308,805,392**	**329,580,934**	**(20,775,542)**
Difference between value of production and production costs (A-B)	**13,623,325**	**(61,732,196)**	**75,355,521**
C) Financial income and expenses			
16) Other financial income:			
a) from receivables recognised in fixed assets			
- from unconsolidated subsidiaries	-	-	-
- from associated companies	-	-	-
- from parent companies	-	-	-
- from other	-	-	-
b) from securities recognised in fixed assets	-	-	-
c) from securities recognised in current assets	-	-	-
d) other income:			
- from unconsolidated subsidiaries	-	-	-
- from associated companies	-	-	-
- from parent companies	-	-	-
- from other	894,209	1,700,572	(806,363)
	894,209	1,700,572	(806,363)
17) Interest and other financial expenses:			
- from unconsolidated subsidiaries	-	-	-
- from associated companies	-	-	-
- from parent companies	-	-	-
- from other	13,722,968	31,958,179	(18,235,211)
	13,722,968	31,958,179	(18,235,211)
17-bis) Foreign exchange gains and losses	(591)	(8,839)	8,248
Total financial income/(expenses)	**(12,829,350)**	**(30,266,446)**	**17,437,096**
E) Extraordinary income and expenses			
20) Income:			

- gains on disposals	-	380,090	(380,090)
- sundry	2,278,965	9,194,318	(6,915,353)
	2,278,965	9,574,408	(7,295,443)
21) Expenses:			
- losses on disposals	330,675	54,001	276,674
- income tax for previous years	-	-	-
- sundry	705,705	2,790,759	(2,085,054)
	1,036,380	2,844,760	(1,808,380)
Total extraordinary income and expenses	**1,242,585**	**6,729,648**	**(5,487,063)**
Profit/(Loss) before tax (A-B±C±D)	**2,036,560**	**(85,268,994)**	**87,305,554**
22) Current and deferred tax income and expense for the year	(14,656,730)	23,241,204	(37,897,934)
23) Net profit/(loss) for the year	**(12,620,170)**	**(62,027,790)**	**49,407,620**

The Chairman
of the Board of Directors
Andrea Faragalli Zenobi

NOTES TO THE FINANCIAL STATEMENTS

All amounts are in euros, unless otherwise indicated.

INTRODUCTION

These financial statements regard the year ended 31 December 2015. The financial statements consist of the balance sheet, income statement and these notes, to which the statement of cash flows is attached.

BASIS OF PREPARATION

The financial statements have been prepared in accordance with the laws related to financial statements (articles 2423 *et seq* the Italian Civil Code). They consist of:

- the balance sheet, prepared in accordance with the format under articles 2424 and 2424 *bis* of the Italian Civil Code;
- the income statement, prepared in accordance with the format under articles 2425 and 2425 *bis* of the Italian Civil Code;
- the notes, in which amounts are shown in euros and which include, where applicable, the disclosures required by article 2427 of the Italian Civil Code, Legislative Decree 127/1991 or other regulations, and additional information considered necessary to give the a true and fair view, even though it might not be required by any specific law. The purpose of the notes it to illustrate the various items in the financial statements, through analysis, explanation and the provision of details designed to provide a full, true and fair view of the Company's situation.

During preparation of the financial statements, reference was made to the lows governing financial statements, as amended by Legislative Decree 6/2003 ("Company law reform"), as interpreted and supplemented with the accounting standards issued by the Italian Accounting Standard Setter (the OIC) and applicable from the year ended 31 December 2014, unless otherwise indicated in the section, "Exemptions from Italian GAAP".

These financial statements include amounts for the previous year for comparative purposes, in compliance with the Italian Civil Code.
Amounts in the notes are shown in euros. The accounting standards and policies are unchanged with respect to those applied in the previous year.

No exceptional events occurred during the period requiring exemptions from the requirements of art. 2423, paragraph 4 of the Italian Civil Code.

EXEMPTIONS FROM ITALIAN GAAP

In exemption from accounting standard OIC 12, the lease agreement entered into with Mediocredito Italiano SpA (formerly Leasint SpA), regarding the purchase of rolling stock, is accounted for in the financial statements using finance lease accounting.

As a result of adoption of this method:

- the value of trains in the fleet is accounted for in fixed assets in the balance sheet in the item "Plant and machinery";
- the residual financial liability to the leasing company is accounted for in payables in the balance sheet in the item "Other borrowings";
- charges for the depreciation of trains are accounted for in the income statement in "Depreciation of tangible fixed assets";

- the financial expenses relating to lease payments are recognised in the income statement in "Interest and other financial expenses".

ACCOUNTING POLICIES

The measurements of items in the financial statements is based on the prudence and accruals principles and applied on a going concern basis, taking into account the economic function of the asset or liability concerned.

Application of the prudence principle has involved the individual measurement of separate assets or liabilities, in order to avoid any offsets of losses to be recognised against gains not be recognised as they are unrealised. Gains have only been recognised if realised by the end of the reporting period, whilst risks and losses attributable to the period have been taken into account, even if known about after the end of the period.

In compliance with the accruals principle, the effect of transactions and other events was been accounted for and attributed to the period in which the transactions and events relate, and not to the period in which the relevant inflows or outflows occurred.

For the reasons disclosed in the section of the report on operations, entitled "Going concern considerations", to which reference should be made in full, these financial statements have been prepared on a going concern basis, continuing to recognise assets at book value and without recognising further impairments or provisions for costs that would be incurred if the going concern assumption should no longer apply.

Continuous application of the accounting policies over time is an essential condition for ensuring the comparability of the Company's financial statements from one year to another.
In particular, the accounting policies adopted in the preparation of the financial statements are described below.

Intangible fixed assets

Intangible fixed assets are recognised at historical cost, after adjustment for accumulated amortisation, dating from the time the asset is ready for use or begins to produce economic benefits, as required by accounting standard OIC 24.

Incorporation and expansion costs and research, development and advertising costs providing multi-year benefits are recognised with the consent of the Board of Statutory Auditors.
In addition, based on the Company's Business Plan, these costs are certain to provide future economic benefits.
Incorporation and expansion costs are recognised if incurred on a non-recurring basis by the Company at precise and specific times in the life of the Company, such as prior to the start-up of operations (incorporation costs) or in order to expand operating capacity (expansion costs). Expansion of the Company must involve not just the simple process of a quantitative and qualitative increase in the Company, but as an actual expansion into new areas of business, or quantitative growth, but of such an extent as to be of an extraordinary nature.

For the incorporation and expansion costs recognised in the financial statements, it is possible to demonstrate the cause and effect between the cost being incurred and the future benefit the Company expects to obtain.

Research and development costs regard a specific, clearly defined project. They are identifiable, measurable and it is possible to demonstrate their direct role in the process for which the related costs were incurred.

Advertising costs are capitalised only if incurred in connection with a non-recurring transaction (for example, the launch of a new product or service, the launch of a new production process different from those carried out as part of the core business) linked to initiatives that the Company reasonably expects will generate major and lasting economic returns, on the basis of sales plans formally approved by the relevant departments. The long-term useful lives and future economic benefits linked to the expenditure are assessed.

Intangible fixed assets are amortised on a straight-line basis and the charge attributed to each reporting period based on allocation of the cost incurred over the useful life of the asset. Amortisation begins from the time the fixed asset is available and ready for use.

If the carrying amount of an intangible fixed asset is below the remaining cost to be amortised, the asset is written down by the relevant amount. If in the following years, the reasons for the impairment no longer apply, the original value of the asset is reinstated, after accumulated amortisation, as required by accounting standard OIC 9, as described in detail in the section, “Impairment”, below.

The useful lives of intangible fixed assets used as the basis for calculating amortisation are as follows:

INTANGIBLE FIXED ASSETS	Useful life	Basis of amortisation in year of entry into service
Incorporation and expansion costs	5 years	Straight-line
Research and development, and advertising costs	5 years	Straight-line
Industrial patent and intellectual property rights	3-5 years	Straight-line
Concessions, licences, trademarks and similar rights	5-10 years	Straight-line
Other intangible fixed assets	5 years	100%

Tangible fixed assets

Tangible fixed assets are recognised at cost, including ancillary charges and direct costs attributable to the asset and other costs if significant and incurred in the period when the asset is produced, and after adjustment for accumulated depreciation. This cost is written down if there is indication of impairment. If in the following years, the reasons for the impairment no longer apply, the original value of the asset is reinstated, after accumulated depreciation, as required by accounting standard OIC 9.

Charges for depreciation in the income statement are calculated on the basis of the expected use, purpose and economic/technical life of the asset, based on its remaining useful life and, where possible, in accordance with the provisions of art. 102 of Presidential Decree 917/1986 and the Ministerial Decree of 31 December 1988.

Any difference between charges for book amortisation and tax amortisation is reversed when computing tax expense. If, at the end of the asset’s useful life, the estimated residual value is equal to or above the carrying amount, amortisation is ceased. Depreciation is also calculated on assets temporarily not in use.

The economic-technical lives of tangible fixed assets used as the basis for calculating depreciation are as follows:

TANGIBLE FIXED ASSETS	Useful life	Basis of amortisation in year of entry into service
Buildings	10-30 years	50%
Rolling stock	30 years	Straight-line
Seat upholstery	6 years	Straight-line
Telecommunications systems on board trains	5 years	Straight-line
Industrial equipment	10 years	50%
Sundry and minor equipment	8 years	50%
Other tangible assets	8 years	Straight-line
Furniture and fittings	8 years	50%
Other plant	4-8 years	Straight-line
Food and drink vending machines	5-8 years	50%
Telephone equipment	5 years	50%
Specific plant	5 years	50%
Vehicles	5 years	Straight-line
Computers	4-5 years	50%
Ticket vending machines	5 years	Straight-line

Routine maintenance costs are expensed as incurred.

Financial assets

These assets are recognised at cost, less any accumulated impairments, which are reversed if the reasons for the impairment no longer apply.
This item includes securities and investments held to maturity, receivables due from associated companies, unconsolidated subsidiaries and parent companies and other receivables not resulting from trading or operations.

Finance leases

As already mentioned, exemption from accounting standard OIC 12, which requires the application of operating lease accounting, the Company accounts for finance leased rolling stock using finance lease accounting, as this is deemed more appropriate to a correct presentation of the Company's operating results and financial position. This approach is in line with international accounting standards, under which it is the only permitted treatment (IAS 17).

Recognition of rolling stock and the matching financial liability takes place progressively as each train is delivered.

In determining the useful life of the train, the component analysis method is used to allocate the cost of the train across the various components, each of which, having a different lifecycle, is depreciated in the financial statements on a different basis.

Specifically, the train is divided into three main components, each with a different lifecycle and each depreciated on the basis shown above:
- rolling stock;
- train interiors (seat upholstery);
- telecommunications systems on board the train.

The decision to use finance lease accounting is a direct consequence of an analysis of the nature of the lease agreement entered into and the leased asset. The lease entered into falls within the finance lease category, where the risks and rewards of ownership are substantially transferred to the lessee. Moreover, in addition to including an option to buy, the agreement regards operating assets that play a key role in NTV's core business and, therefore, finance lease accounting provides a better view of the substance of the lease agreement.

The above nature of the lease has led the Company to opt for an accounting treatment that gives precedence to the substance of the transaction over its legal form.
This approach has also been adopted in accordance with the requirements of paragraph 1 of art. 2423-bis of the Italian Civil Code, which states that *"the measurement of line items must be carried out … taking into account the economic use of the component…"* with reference to the principle of substance over form. Moreover, Italian accounting standard OIC 11 states that *"in order to produce financial statements that are useful to their users and provide a true and fair view of operating events, it is necessary to assess the substance of each event and not only its form"*, thus reiterating the importance, in preparing financial statements, of giving precedence to substance over form.

Impairment

Recoverability of the carrying amount of tangible and intangible fixed assets is tested for impairment in accordance with accounting standard OIC 9. At the end of each reporting period, the Company conducts an analysis to assess whether there is any indication that tangible and intangible fixed assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the impairment loss to be recognised. The recoverable amount is estimated with reference to the asset or cash generating unit /CGU) to which it belongs, defined as "the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets or groups of assets".
The recoverable amount is the higher of fair value less costs to sell and value in use. In calculating value in use, future cash flow estimates are discounted using a rate that reflects current market assessments of the time value of money and the risks specific to the asset (the WACC).
If the recoverable amount of an asset (or CGU) is lower than its carrying amount, the latter must be reduced to reflect its recoverable amount. An impairment loss is thus recognised in the income statement at the end of the reporting period. If, in the following years, the reasons for the impairment no longer apply, the original value of the asset is reinstated. The reversal must not exceed the carrying amount that would have been determined had no impairment loss been recognised.
Impairment losses are not reversed in the case of "Goodwill" and "Capitalised expenses" under number 5 of article 2426 of the Italian Civil Code.

The Company has tested net invested capital at 31 December 2015 for impairment. For the purposes of the impairment test, the carrying amounts of the assets were allocated to the only CGU identified. Management has not identified smaller CGUs with largely independent cash flows to which the assets can be allocated. Moreover, the identification of a single CGU is in line with the structure of the business plan for 2015-2020 and the budget for 2016 used for the purposes of the impairment test.

In determining the recoverable amount, based on value in use calculated as the sum of future discounted cash flows generated on a continuous basis by net invested capital, the Directors made reference to the Business Plan for the period 2015-2020, as approved by the Board of Directors on 26 February 2015 and to the budget for 2016, approved by the Board of Directors on 21 December 2015.

More specifically, in determining the recoverable amount of net invested capital, cash flows were discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The test did not result in the recognition of impairments.

Inventories

Inventories are recognised at the lower of purchase or production cost, including any ancillary charges, and realisable value, based on market value at the measurement date.

Receivables

Receivables are reported at their estimated realisable value. Receivables are offset, where necessary, by provisions for doubtful accounts, so as to reflect their expected realisable value.
A receivable is only derecognised when (i) the contractual rights to receive the cash flows from the receivable are extinguished and (ii) ownership of the contractual rights to receive the cash flows from the receivable are transferred and if substantially all the risks associated with the receivable are transferred.

Financial assets not recognised in fixed assets

These assets are recognised at cost, less any accumulated impairments, which are reversed if the reasons for the impairment no longer apply.

This item includes financial assets consisting of securities and investments not held for the long term, but held for trading.

Cash and cash equivalents

These items refer to bank and post office deposits, cheques and cash and notes in hand at the end of the reporting period. These items are recognised at their expected realisable value, which generally coincides with their nominal value, as required by the relevant accounting standard (OIC 14).

Payables

Payables are recognised at their nominal value.

Trade payables are initially recognised when the material risks, costs and rewards of ownership have been transferred. Payables relating to services are recognised when the services are rendered. Financial payables and those arising from transactions other than the purchase of goods and services are recognised when the Company has an obligation towards the counterparty.

Trade payables falling due after 12 months from the date of initial recognition, without the payment of interest or subject to exceptionally low levels of interest, are recognised at nominal value.

Accruals and deferrals

Accrued income and accrued liabilities reflect revenue and cost items attributable to the reporting period, but for which the associated cash outlays or collections will take place in future periods.

Prepayments and deferred income are portions of cost and revenue items for which the associated cash outlays or collections took place during the reporting period or in previous periods, but which are attributable to one or more future periods.

These items thus only include cost and revenue items, attributable to two or more periods, the entity of which varies depending on the timing of the related event or cash flow.

At the end of each reporting period, the Company assesses the circumstances that resulted in initial recognition and, if necessary, makes any value adjustments. In addition to the passage of time, the estimated realisable value of accrued income is taken into account, whilst, in the case of prepayments, the Company assesses existence of the future economic benefit linked to the payments made.

Sales of tickets where the conditions of sale allow purchasers to make changes to the service purchased are recognised in deferred income and taken to the income statement once the service has been rendered.

Provisions for risks and charges

Provisions for risks and charges reflect the best possible estimate, on the basis of the available information, of specific liabilities and charges that are certain or probable, but whose amount or disbursement date cannot be determined, as required by accounting standard OIC 31.

Specific provisions are made with regard to the contractual obligation to grant discounts or rewards to passengers.

Such provisions are sufficient to cover all the costs that the Company believes it will incur in satisfying customers' claims.
Provisions for loyalty programmes are assessed in each reporting period on the basis of the promotions run. If, in a reporting period, the provisions are higher than the estimated cost to be incurred, the adjustment to the provisions is recognised in income from ordinary activities (item A5 in the income statement, "Other income"). In contrast, if the cost has been underestimated, the difference with respect to the provisions is recognised in losses from ordinary activities (in item B14 in the income statement, "Other operating costs").
Provisions that remain unused three years after they were initially made are recognised in income for the period. If, however, the loyalty programme expires after less than three years, the related unused provisions are recognised in income for the period in which the programme expires.

Post-employment benefits *(TFR)*

Post-employment benefits (*TFR*) reflect the amount that employees would be entitled to collect in case of termination, in accordance with art. 2120 of the Italian Civil Code and taking into account the amendments introduced by Law 296 of 27 December 2006. This amount represents the total benefits accrued, considering all forms of remuneration of a continuous nature, less advances paid and part payments made under collective or individual contracts or company agreements, for which repayment is not required.

The liability represented by the benefits corresponds to the amount that the Company would have to pay to employees if their employment was terminated at the end of the reporting period, less any advances paid in accordance with the law, and any amounts payable and paid to pension funds.

Memorandum accounts

Commitments and guarantees are shown in the memorandum accounts at their nominal value, derived from the related documentation, taking into account outstanding commitments and risks at the end of the period.
Commitments that, due to their nature and amount, may have an impact on the Company's financial position, and whose disclosure is useful in assessing such a position, are recognised in the memorandum accounts.
Risks that are likely to give rise to a liability are described in the notes and matching provisions made.
Risks that only entail the possibility for a liability to arise are described in the report on operations, without making any provisions for such liability, as provided for in the relevant accounting standards.
Provisions have not been allocated for risks deemed to be remote.

The fairness of the amounts recognised in the memorandum accounts is reassessed at the end of each reporting period.

Derivative financial instruments

The Company uses derivative financial instruments purely for hedging purposes, in order to mitigate the risk of movements in Euribor.
A specific section of the notes includes information on outstanding hedges at the end of the reporting period and on fair value measurement at that date.

Cost and revenue recognition

Revenue, income, costs and charges are recognised net of returns, discounts, allowances and rebates and any tax directly related to the sale of products and the provision of services, as required by accounting standard OIC 12 and in accordance with the accruals and prudence principles.

Revenue from the rendering of transport services is recognised as follows:
revenue from the rendering of transport services is recognised in the income statement when the revenue is effectively realised, which coincides with expiry of the related ticket, normally when the service is rendered;
fines imposed on customers in accordance with the Company's terms and conditions of carriage are recognised when realised;
season ticket sales are recognised in the income statement on an accruals basis, in relation to the duration of the ticket.

"Other income" includes income from White Certificates (awarded by Gestore del Servizio Elettrico or GSE) accounted for at their average market value, unless the market value at the end of the reporting period is significantly lower with respect to the White Certificates to be sold on the market. Income is recognised on an accruals basis in relation to the volume of the Company's operations carried out using "efficient" plant, being plant that consumes TOE (Tonnes of Oil Equivalent) lower than the average for the sector (in NTV's case, in terms of train kilometres). This income is accounted for in accordance with OIC 7, which governs the treatment of green certificates, which are similar in nature to white certificates.

Financial expenses are recognised on an accrual basis and include differentials on interest rate hedges.

Increases in fixed assets for internal work

"Increases in fixed assets for internal work" include are recognised, using the indirect method, as an increase in the value of the relevant fixed assets, as required by accounting standard OIC 12.

Government grants

Government grants are recognised when there is the reasonable certainty that the conditions to receive the grant have been met and that the grant will effectively be disbursed. Government grants obtained to finance intangible assets (the cost of training operating personnel, recognised in incorporation and expansion costs as permitted by accounting standard OIC 24) are accounted for as deferred income and recognised in the income statement in "Other income" on a systematic, reasonable basis that allocates the grant over the useful life of the intangible asset to which it refers.

Income taxes

Income tax expense is recognised on an accruals basis, taking into account the related tax regulations.
Deferred tax assets and liabilities are calculated on the temporary differences between the carrying

amount and the tax bases of assets and liabilities.
Deferred tax assets are recognised if there is reasonable certainty that they will be recovered. In particular, those relating to the carry forward of tax losses are recognised to the extent that there is reasonable certainty that future taxable income will be at least equal to the amount of the losses to be offset.
Those relating to non-deductible interest expense for the period, which may be carried forward for an unlimited period of time, are recognised to the extent that there is reasonable certainty that future taxable income will be at least equal to the amount to be recovered.
Deferred tax assets on undeducted provisions are recognised to the extent that there is reasonable certainty that they will be deducted in future periods.
The recoverability of deferred tax assets was assessed on the basis of projected income in the Business Plan, which provides reasonable certainty that taxable income in the year in which they will reverse is at least equal to the amount of the differences to be offset.

WORKFORCE

The Company's workforce is as follows at 31 December 2015:

Workforce	31 December 2014	31 December 2015	Increase/ (Decrease)
Directors	1	1	-
Managers	21	12	(9)
Supervisors	64	60	(4)
Operating staff	828	799	(29)
External consultants	4	2	(2)
Apprentices	68	-	(68)
Trainees	3	-	(3)
Interns	2	2	-
Journalist	1	-	(1)
Total	**992**	**876**	**(116)**

The Company applies the following national labour contracts:
- the "collective labour contract for transport workers";
- the "national collective labour contract for managers in the services sector";
- the "national collective labour contract for journalists and publicists".

In accordance with art. 2427 of the Italian Civil Code, the following table shows the average workforce, broken down by category, at 31 December 2015.

Average workforce by category	31 December 2015
Directors	1
Managers	16
Supervisors	62
Operating staff	786
External consultants	5
Apprentices	52
Trainees	2
Interns	1
Journalist	1
Total	**926**

ASSETS

B) Fixed assets

I. Intangible fixed assets

Total movements in intangible fixed assets

Description	Value at 31 Dec 2014	Purchases	Disposals	Reclass.	Amort.	Adjustments to amort.	Value at 31 Dec 2015
Incorporation and expansion costs	14,754,474	2,503,370	-	-	(6,481,623)	-	10,776,221
Research and development, and advertising costs	1,194,919	4,051,405	-	-	(751,214)	-	4,495,110
Industrial patent and intellectual property rights	5,390,573	2,376,468	-	128,739	(4,625,736)	-	3,270,044
Concessions, licences, trademarks and similar rights	383,394	5,032	-	-	(62,834)	-	325,592
Fixed assets in progress and advances	131,739	440,480	-	(128,739)	-	-	443,480
Other	3,701,429	70,558	(258,264)	234,310	(1,479,801)	157,181	2,425,413
Total	**25,556,528**	**9,447,313**	**(258,264)**	**234,310**	**(13,401,208)**	**157,181**	**21,735,860**

This item amounts to €21,735,860, marking a reduction of €3,820,668 compared with 31 December 2014. This reflects: purchases of €9,447,313, reclassifications resulting in an increase of €234,310, amortisation of €13,401,208 and disposals of €101,083 (after accumulated amortisation).

The reclassification of €234,310 regards the item, “Other fixed assets in progress and advances”, in tangible fixed assets. Other reclassifications were carried out among the items of intangible fixed assets.

Reclassifications are carried out before the entry into service of the assets and prior to the start of amortisation. As a result, there are no adjustments to accumulated amortisation.

The historical cost of intangible fixed assets and the related accumulated amortisation, and details regarding the individual items, are shown below.

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Incorporation and expansion costs	31,979,746	2,503,370	34,483,116
Accumulated amortisation	(17,225,272)	(6,481,623)	(23,706,895)
Carrying amount	**14,754,474**	**(3,978,253)**	**10,776,221**
Research and development, and advertising costs	2,656,532	4,051,405	6,707,937
Accumulated amortisation	(1,461,613)	(751,214)	(2,212,827)
Carrying amount	**1,194,919**	**3,300,191**	**4,495,110**
Industrial patents and intellectual property rights	29,840,264	2,505,207	32,345,471
Accumulated amortisation	(24,449,691)	(4,625,736)	(29,075,427)
Carrying amount	**5,390,573**	**(2,120,529)**	**3,270,044**
Concessions, licences, trademarks and similar rights	563,718	5,032	568,750
Accumulated amortisation	(180,324)	(62,834)	(243,158)
Carrying amount	**383,394**	**(57,802)**	**325,592**
Fixed assets in progress and advances	131,739	311,741	443,480
Accumulated amortisation	-	-	-
Carrying amount	**131,739**	**311,741**	**443,480**
Other	9,550,104	46,604	9,596,708
Accumulated amortisation	(5,848,675)	(1,322,620)	(7,171,295)

Carrying amount	**3,701,429**	**(1,276,016)**	**2,425,413**
TOTAL	**25,556,528**	**(3,820,668)**	**21,735,860**

Composition of "Incorporation and expansion costs"

The following table shows the composition of "Incorporation and expansion costs", recognised among assets in the financial statements with the consent of the Board of Statutory Auditors.

Description	Value at 31 Dec 2014	Purchases	Reclass.	Amort.	Value at 31 Dec 2015
Establishment costs	2,700	-	-	(1,200)	1,500
Consultants' fees	2,442,061	416,339	-	(1,090,668)	1,767,732
Cost of borrowing	2,511,772	-	-	(1,116,343)	1,395,429
Capitalised personnel expenses	674,789	-	-	(299,906)	374,883
Selection and training of personnel	9,065,388	1,417,566	-	(3,903,202)	6,579,752
Other costs	13,494	-	-	(5,997)	7,497
Corporate expenses	44,270	669,465	-	(64,307)	649,428
Total	**14,754,474**	**2,503,370**	**-**	**(6,481,623)**	**10,776,221**

"Incorporation and expansion costs" include:
- the cost of establishing the Company, of which the historical cost is the same as in the previous year;
- fees paid to consultants who worked on the start-up and expansion of operations;
- costs connected with borrowings (arrangement fees, due diligence, consultancy, other ancillary expenses);
- the cost of personnel involved in the start-up of operations (capitalised using the indirect method until 30 June 2008);
- the cost of selecting and training personnel;
- other incorporation costs;
- corporate expenses linked to capital increases.

Increases during the year reflect investment carried out by the Company in line with its expansion plan.
During the year the Company implemented a radical corporate restructuring programme, involving several areas: industrial, organisational and financial. The main elements of the new development plan are network expansion, development of intermodal transport and expansion of the fleet.
This plan entails expansion in directions never previously explored (for example, intermodal transport), and at the same time quantitative expansion on an exceptional scale.

Specifically, during the year, the Company carried out substantial investment to expand the network, launch the road-rail integrated transport service (with the new "Italobus" brand), and strengthen its financial position (via a capital increase).

Composition of "Research and development, and advertising costs"

This item, recognised among assets in the financial statements with the consent of the Board of Statutory Auditors, consists of:

Description	Value at 31 Dec 2014	Purchases	Reclass.	Amort.	Value at 31 Dec 2015
"Telecommunications systems on board trains" project	196,135	-	-	(87,171)	108,964
Market surveys	632,089	-	-	(281,160)	350,929
Advertising costs	366,695	4,051,405	-	(382,883)	4,035,217
Total	**1,194,919**	**4,051,405**	**-**	**(751,214)**	**4,495,110**

The "Telecommunications systems on board trains" project refers to the cost of the feasibility study for "Telecommunications systems on board trains", which aimed to equip trains with innovative broadband communications systems.

“Market surveys” primarily includes expenses incurred for rail transport market surveys conducted in previous years.

“Advertising costs” relates to non-recurring expenses regarding, among other things, the launch of the Italobus service within the broader scope of the Company's development plan.

Composition of “Industrial patents and intellectual property rights”

The composition of “Industrial patents and intellectual property rights” is shown below:

Description	Value at 31 Dec 2014	Purchases	Reclass.	Amort.	Value at 31 Dec 2015
Website	271,946	323,718	-	(165,441)	430,223
Software licences	707,716	-	-	(554,277)	153,439
Software implementation	4,410,911	2,052,750	128,739	(3,906,018)	2,686,382
Total	**5,390,573**	**2,376,468**	**128,739**	**(4,625,736)**	**3,270,044**

The item, “Website”, includes the cost of designing, developing, editing and restyling NTV’s website. The increase of €323,718 during the period relates to the design, creation and launch of the new website made available to customers from July.

“Software licences” regards the cost of purchasing licences for the principal software used.

“Software implementation” regards the cost of implementing the software used in operations, including: ERP SAP, relating to the procurement, accounting and control system; PITECO, relating to the treasury system; CRM, relating to the Customer Relationship Management system; software for management of the operations room; software for the ticket vending machines; and Share Point, for management of the Company's intranet.
The item rose by a total of €2,181,489 during the period, including €2,052,750 for investment (software implementation and development of existing software), and €128,739 for reclassifications from "Fixed assets in progress and advances” due to completion of IT system implementation projects, which then entered service, and development of existing systems.

Composition of “Concessions, licences, trademarks and similar rights”

The composition of “Concessions, licences, trademarks and similar rights” is shown below:

Description	Value at 31 Dec 2014	Purchases	Reclass.	Amort.	Value at 31 Dec 2015
Rail licence	82,186	5,032	-	(21,341)	65,877
NTV trademarks	223,261	-	-	(30,763)	192,498
Other concessions, licences, trademarks and other similar rights	77,947	-	-	(10,730)	67,217
Total	**383,394**	**5,032**	**-**	**(62,834)**	**325,592**

The increases during the year are due to incremental expenses regarding the rail licence.

Composition of “Fixed assets in progress and advances”

The composition of “Fixed assets in progress and advances” is shown below:

Description	Value at 31 Dec 2014	Purchases	Reclass.	Amort.	Value at 31 Dec 2015
Other fixed assets in progress and advances	131,739	440,480	(128,739)	-	443,480
Total	**131,739**	**440,480**	**(128,739)**	**-**	**443,480**

“Other fixed assets in progress and advances” of €1,443,480 primarily consist of IT development projects that are still in progress, with further investment during the year of €440,480.
Reductions reflect the entry into service of assets and are reflected in matching increases in completed assets, which were recognised when they entered service, to which reference should be made.

Composition of “Other intangible fixed assets”

The composition of “Fixed assets in progress and advances” is shown below:

Description	Value at 31 Dec 2014	Purchases	Disposals	Reclass.	Amort.	Adjustments to amort.	Value at 31 Dec 2015
Leasehold improvements – Head Office	38,671	49,100	-	-	(18,629)	-	69,142
Leasehold improvements – Stations	3,662,518	21,458	(258,264)	234,310	(1,460,932)	157,181	2,356,271
Hardware set-up	240	-	-	-	(240)	-	-
Total	**3,701,429**	**70,558**	**(258,264)**	**234,310**	**(1,479,801)**	**157,181**	**2,425,413**

“Leasehold improvements – Head Office” reflect the cost of work on renovation and non-routine maintenance of the head office premises in Viale del Policlinico, Rome.

The increase of €49,100 regards non-routine work at the head office premises during the year.

"Leasehold improvements – Stations" include design and construction cost relating to the “Casa Italo”. During 2015, net disposals were registered amounting to €101,083, deriving from the completion of lease contract to which improvements had been made in the past.

Finally, reclassifications from “Fixed assets in progress and advances” reflect the entry into service of assets.

Revaluations of intangible fixed assets

In accordance with art. 10 of Law 72/1983, there have been no revaluations of the intangible fixed assets accounted for in the financial statements.

II. Tangible fixed assets

Description	Value at 31 Dec 2014	Purchases	Reclass.	Disposals	Amort.	Adjustments to amort.	Value at 31 Dec 2015
Land and buildings	23,468	55,015	49,325	-	(24,756)	-	103,052
Plant and machinery	585,454,508	819,434	240,000	-	(21,781,290)	-	564,732,652
Industrial and commercial equipment	26,765	68,600	-	-	(12,514)	-	82,851
Other tangible assets	14,940,991	851,871	299,926	(600,000)	(4,704,900)	290,409	11,078,297
Fixed assets in progress and advances	846,754	25,659,155	(823,561)	-	-	-	25,682,348

Total	**601,292,486**	**27,454,075**	**(234,310)**	**(600,000)**	**(26,523,460)**	**290,409**	**601,679,200**

At 31 December 2015, this item amounts to €601,679,200, marking an increase of €386,714 compared with 31 December 2014. This reflects: investment of €27,454,075, reclassifications resulting in reductions of €234,310, disposals of €600,000, depreciation of €26,523,460 and adjustments to accumulated depreciation of €290,409.

Purchases during the year reflect the investment carried out during the period.

The reclassification of €234,310 relates to transfers from fixed assets in progress to "Leasehold improvements – Stations", accounted for in intangible fixed assets. Other reclassifications were carried out among the items of intangible fixed assets.

The historical cost of tangible fixed assets and the related accumulated depreciation, and details regarding the individual items, are shown below.

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Land and buildings	28,125	104,340	132,465
(Accumulated depreciation)	(4,657)	(24,756)	(29,413)
Carrying amount	**23,468**	**79,584**	**103,052**
Plant and machinery	638,552,059	1,059,435	639,611,494
(Accumulated depreciation)	(53,097,551)	(21,781,291)	(74,878,842)
Carrying amount	**585,454,508**	**(20,721,854)**	**564,732,652**
Industrial and commercial equipment	35,687	68,600	104,287
(Accumulated depreciation)	(8,922)	(12,514)	(21,436)
Carrying amount	**26,765**	**56,086**	**82,851**
Other	25,500,149	551,797	26,051,946
(Accumulated depreciation)	(10,559,158)	(4,414,491)	(14,973,649)
Carrying amount	**14,940,991**	**(3,862,696)**	**11,078,297**
Fixed assets in progress and advances	846,754	24,835,594	25,682,348
(Accumulated depreciation)	-	-	-
Carrying amount	**846,754**	**24,835,594**	**25,682,348**
Total	**601,292,486**	**386,714**	**601,679,200**

<u>Composition of "Land and buildings"</u>

Description	Value at 31 Dec 2014	Purchases	Reclass.	Disposals	Depreciation	Adjustments to deprec.	Value at 31 Dec 2015
Light constructions	23,468	55,015	49,325	-	(24,756)	-	103,052
Total	**23,468**	**55,015**	**49,325**	**-**	**(24,756)**	**-**	**103,052**

This item, with an increase for further investment amounting to €55,015, regards prefabricated buildings and light constructions located at rolling stock maintenance workshops and used in maintenance and related activities.

<u>Composition of "Plant and machinery"</u>

Description	Value at 31 Dec 2014	Purchases	Reclass.	Disposals	Depreciation	Adjustments to deprec.	Value at 31 Dec 2015
Telephone equipment	33,934	-	-	-	(9,934)	-	24,000
Other specific plant	348,691	52,300	-	-	(114,201)	-	286,790
Other plant	938,005	400,674	240,000	-	(458,469)	-	1,120,210
Leased rolling stock	584,133,878	366,460	-	-	(21,198,686)	-	563,301,652
Total	**585,454,508**	**819,434**	**240,000**	**-**	**(21,781,290)**	**-**	**564,732,652**

"Plant and machinery" includes the following assets:

- telephone and LAN equipment with a carrying amount of €24,163;
- specific equipment: train simulators (up €52,300) and machinery used for moving and maintenance of trains with a carrying amount of €286,790;
- general equipment: security systems (reclassification from fixed assets in progress of €240,000 for depreciating assets) and access control and time and attendance systems for personnel (€284,975), with a carrying amount of €1,120,210;
- finance leased rolling stock: 25 trains with a carrying amount of €563,301,652 (relating to the "rolling stock" component alone). Rolling stock is recognised at cost, including the related ancillary costs.

Further investment of €819,434 was carried out during the period, including: €379,974 for the purchase and installation of equipment to measure CO2 emissions (energy meters) regarding the allocation of Energy Efficiency Certificates; €366,460 for train works (train modifications); €52,300 for train simulator software developments; and €20,700 for access control equipment.

Composition of "Industrial and commercial equipment"

Description	Value at 31 Dec 2014	Purchases	Reclass.	Disposals	Depreciation	Adjustments to deprec.	Value at 31 Dec 2015
Sundry and minor equipment	26,765	68,600	-	-	(12,514)	-	82,851
Total	**26,765**	**68,600**	**-**	**-**	**(12,514)**	**-**	**82,851**

This item consists of sundry and minor equipment used in the maintenance of trains and other activities on board trains. The increase relates to new equipment for the washing facilities.

Composition of "Other assets"

Description	Value at 31 Dec 2014	Purchases	Reclass.	Disposals	Depreciation	Adjustments to deprec.	Value at 31 Dec 2015
Computers and monitors	537,847	-	41,590	-	(201,277)	-	378,160
Other tangible assets	1,278,256	95,663	(193,203)	-	(156,445)	-	1,024,271
Furniture and fittings	2,252,440	58,478	6,538	-	(432,098)	-	1,885,358
Food vending machines	463,884	-	-	-	(180,934)	-	282,950
Ticket vending machines	2,467,283	20,930	115,000	-	(883,525)	-	1,719,688
Telecommunications systems on board trains	6,300,314	676,800	-	(600,000)	(2,331,487)	290,409	4,336,036
Seat upholstery	1,640,967	-	-	-	(453,134)	-	1,187,833
Vehicles	-	-	330,001	-	(66,000)	-	264,001
Total	**14,940,991**	**851,871**	**299,926**	**(600,000)**	**(4,704,900)**	**290,409**	**11,078,297**

This item includes:

- computers and station monitors with a carrying amount of €378,160;
- other tangible assets with a carrying amount of €1,024,271;
- furniture and fittings for the headquarters, regional offices and stations with a carrying amount of €1,885,358;
- snack and drink vending machines (FVM) with a carrying amount of €282,950;
- automatic ticket vending machines (TVM) with a carrying amount of €1,719,688;
- onboard telecommunications systems with a carrying amount of €4,336,036;
- train seat upholstery with a carrying amount of €1,187,833;
- vehicles with a carrying amount of €264,001.

Purchases reflect investment during the period, primarily regarding installation of new aerials for telecommunications on board trains – aimed at boosting the signal – together with disposal of the existing aerials with a carrying amount of €309,591 (historical cost of €600,000 and accumulated depreciation of €290,409).

Other purchases during the year regarded: increases totalling €100,000 for advances on the purchase of new monitors to be installed on board trains; increases totalling €58,478 regarding furniture and fittings, and increases of €95,663 regarding other fixed tangible assets (defibrillators and trolleys).

Reclassifications of €299,926 were from “Fixed assets in progress and advances”, following the entry into service of assets.

Composition of “Fixed assets in progress and advances”

Description	Value at 31 Dec 2014	Purchases	Reclass.	Disposals	Value at 31 Dec 2015
Other fixed assets in progress	708,561	25,378,298	(708,561)	-	25,378,298
Advances	138,193	280,857	(115,000)	-	304,050
Total	**846,754**	**25,659,155**	**(823,561)**	**-**	**25,682,348**

Purchases during the year primarily regard an advance paid to Alstom Ferroviaria SpA regarding the acquisition of new EVO trains (€25,200,000), which are scheduled for delivery at the end of 2017.

Reclassifications regard transfers to completed assets, as described in the relevant notes.

Revaluations of tangible fixed assets

In accordance with art. 10 of Law 72/1983, there have been no revaluations of any tangible fixed assets accounted for in the Company's financial statements for the year ended 31 December 2015 or exemptions to the application of Italian GAAP.

III. Financial assets

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Receivables	66,887	-	66,887
Total	**66,887**	**-**	**66,887**

This item includes receivables other than trade and operating receivables. The amount recognised in this item regards a sum held in an escrow account with BNL-BNP Paribas, maturing on 14 May 2018.

C) Current assets

I. Inventories

Total movements in inventories

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Raw materials and consumables	2,177,549	(54,378)	2,123,171
Finished goods and other goods	412,503	(412,503)	-
Total	**2,590,052**	**(466,881)**	**2,123,171**

Inventories of raw materials and consumables include spare parts for use in maintenance of rolling stock. The value represents inventories at 31 December 2016.

Finished goods and other goods include stocks of products for provision of the refreshment service on board trains at 31 December 2015.

During 2015, the Company used up the residual stocks and did not replenish them.

The item has not changed significantly with respect to 31 December 2014.

II. Receivables

Total movements in receivables

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Due from customers	4,754,789	283,467	5,038,256
Tax assets	30,664,298	1,534,899	32,199,197
Deferred tax assets	109,419,628	(13,441,436)	95,978,192
Due from others	29,286,451	2,727,203	32,013,654
Total	**174,125,166**	**(8,895,867)**	**165,229,299**

Total movements in provisions for doubtful accounts

Description	Value at 31 Dec 2014	Increases	Decreases	Value at 31 Dec 2015
Provisions for doubtful accounts	1,048,584	252,786	-	1,301,370
Total provisions for doubtful accounts	**1,048,584**	**252,786**	**-**	**1,301,370**

The aging schedule for receivables is as follows:

Description	Within 12 months	After 12 months	After 5 years	Total
Due from customers	5,038,256	-	-	5,038,256
Tax assets	27,114,600	5,084,597	-	32,199,197
Deferred tax assets	2,515,741	19,841,803	73,620,648	95,978,192
Due from others	21,157,762	2,225,247	8,630,645	32,013,654
Total	**55,826,359**	**27,151,647**	**82,251,293**	**165,229,299**

“Receivables due from customers”, totalling €5,038,256, include trade receivables resulting from invoices both issued and to be issued. They are due from travel agencies in relation to ticket sales, from customers for ancillary services (primarily royalties) and from suppliers for penalties due under supply contracts.

"Receivables due from customers" includes an amount of €2,038,633 due from customers travelling without a valid ticket, marking an increase of €990,050 with respect to 31 December 2014. These receivables were partially written down at 31 December 2015, together with the allocation of provisions to the related "Provisions for doubtful accounts".

"Tax assets", the change in which primarily reflects movements in refundable VAT for the period, include:
- refundable VAT of €31,320,770;
- IRES tax assets in the form of withholding tax paid, totalling €878,427.

"Deferred tax assets", amounting to €95,978,192, regard deferred IRES and IRAP tax assets, as described below.
- Deferred IRES tax assets, totalling €95,581,114, primarily regard the tax benefit obtainable in future years as a result of the potential use of accumulated tax losses for the purposes of IRES, and the tax benefit obtainable in future years as a result of the carryforward of non-deductible interest expense for the purposes of IRES. The remaining amount regards deferred tax assets on temporary differences generated by: provisions not deducted, the difference between charges for book amortisation and depreciation and tax amortisation and depreciation, the tax benefit linked to the ACE (*Aiuto alla Crescita Economica*) tax relief, and other temporary differences.
- Deferred IRAP tax assets, totalling €397,078, regard temporary differences resulting from provisions not deducted and the temporary differences resulting from the difference between charges for book amortisation and depreciation and tax amortisation and depreciation.

It should be noted that, given the change in the IRES rate from 27.5% to 24% for the tax periods after 31 December 2016, deriving from the 2016 Stability Law 208/2015, the Company reversed the deferred tax assets recognised in the financial statements, a reversal expected to be absorbed from 2017 (negative effect of €13,392,109, equivalent to 3.5% calculated on an amount of €382,631,699).
The following table shows movements in deferred tax assets by type.

Deferred tax assets	Value at 31 Dec 2014	Increases	Reversals	Value at 31 Dec 2015
IRES				
Tax losses	68,575,091	-	(12,102,199)	56,472,892
Interest expense	39,046,287	272,890	(4,978,939)	34,340,238
Entertainment expenses	-	-	-	-
Alstom risk provisions	-	-	-	-
Provisions	632,252	2,847,337	(616,128)	2,863,461
Amortisation and depreciation	86,819	24,237	(11,050)	100,006
ACE tax relief	759,944	977,847	(96,720)	1,641,071
Impairment of receivables	148,862	53,446	(148,862)	53,446
Other temporary differences	57,750	110,000	(57,750)	110,000
Total IRES	**109,307,005**	**4,285,757**	**(18,011,648)**	**95,581,114**
IRAP				
Provisions	110,817	391,374	(107,578)	394,613
Amortisation and depreciation	1,806	659	-	2,465
Total IRAP	**112,623**	**392,033**	**(107,578)**	**397,078**
Total deferred tax assets	**109,419,628**	**4,677,790**	**(18,119,226)**	**95,978,192**

"Receivables due from others", totalling €32,013,654, include:
- €16,544,181 in prepayments to RFI regarding payment of track access charges in accordance with the

advance and adjustment mechanism provided for in the framework agreement;
- €10,603,232 in prepayments to Alstom Ferroviaria SpA regarding the train maintenance contract and the purchase of materials to repair damage caused by vandalism;
- €1,209,720 in prepayments to other suppliers;
- €1,170,089 in amounts to be collected in return for transport services rendered, in relation to tickets purchased using e-money solutions and for which the related amounts have yet to be collected from card payment providers;
- €738,801 in guarantee deposits;
- a remaining amount in other receivables, primarily due from personnel as salary advances and advances on expense claims, and from INPS and INAIL.

The above receivables are due from Italian and overseas entities, as shown below.

Description	Before 12 months	After 12 months	After 5 years	Total
Belgium	153	-	-	153
China	187,268	-	-	187,268
Denmark	18,252	-	-	18,252
France	421,644	-	-	421,644
Germany	13,871	-	-	13,871
Italy	54,458,933	27,151,647	82,251,293	163,861,873
Netherlands	2,240	-	-	2,240
UK	115,893	-	-	115,893
Spain	21,933	-	-	21,933
Switzerland	220,005	-	-	220,005
Taiwan	19,029	-	-	19,029
USA	347,138	-	-	347,138
Total	**55,826,359**	**27,151,647**	**82,251,293**	**165,229,299**

IV. Cash and cash equivalents

Total movements in cash and cash equivalents

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Bank and post office deposits	37,833,195	105,224,671	143,057,866
Cash on hand	1,317,758	1,231,555	2,549,313
Total	**39,150,953**	**106,456,226**	**145,607,179**

Bank deposits regard amounts held in bank current accounts and have risen sharply compared with 31 December 2014.

The increase primarily reflects the Company's operations, the positive effects of the debt restructuring agreement and the payment by Shareholders resulting from the capital increase (€60,000), after outflows for investing activities.

Further information on movements in cash and cash equivalents is provided in the statement of cash flows, appended to the notes.

The cash balance at 31 December 2015 consists of cash held by onboard personnel, in ticket vending machines and in local offices.

D) Accrued income and prepayments

Total movements in accrued income and prepayments

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Sundry	1,871,337	(61,788)	1,809,549
Total	**1,871,337**	**(61,788)**	**1,809,549**

Accrued income and prepayments measure income and costs that are recognised in a reporting period other than that in which the associated cash flows or documentation occurs. They are recognised regardless of the date of payment or collection of the related costs or income, are attributable to two or more reporting periods and are accounted for on an accruals basis.

These items break down as follows:

Description	Value
Prepayments	1,809,549
Total	**1,809,549**

"Prepayments" primarily regard fees payable on sureties, insurance policies and other payments paid in advance for future periods.

No prepayments have a term to maturity in excess of 5 years.

SHAREHOLDERS' EQUITY AND LIABILITIES

A) Shareholders' equity

Total movements in shareholders' equity

Description	Value at 31 Dec 2014	Increases	Decreases	Value at 31 Dec 2015
Share capital	148,953,918	12,000,000	(103,746,034)	57,207,884
Share premium reserve	114,646,082	48,000,000	(114,646,082)	48,000,000
Other reserves	85,000,000	7,672,766	(85,000,000)	7,672,766
Retained earnings /(accumulated losses)	(233,691,560)	233,691,560	-	-
Profit/(Loss) for the year	(62,027,790)	62,027,790	(12,620,170)	(12,620,170)
Total	**52,880,650**	**363,392,116**	**(316,012,286)**	**100,260,480**

Share capital at 31 December 2015 amounts to €57,207,884 and consists of 645,207,884 no-par ordinary shares.

A General and Special Meeting of Shareholders held on 17 July 2015, partly for the purposes of the provisions of article 2446 of the Italian Civil Code, approved coverage of the Company's accumulated losses up to 31 March 2015, via use of available reserves and reduction of the share capital. At the same time, a capital increase was approved amounting to €60 million, fully subscribed and paid up by the Shareholders in September and December, with €12 million allocated to "share capital" and €48 million to the "share premium reserve".

“Other reserves” includes the amounts remaining at the end of the year due to the difference between the result for 2015 and the coverage of losses for the first quarter approved by the General Meeting of Shareholders on 17 July 2015.

A breakdown of shareholders’ equity according to origin, potential use, distributable nature and past use in the last three years (article 2427, paragraph 1.7-*bis* of the Italian Civil Code) is shown below:

Nature / Description	Amount	Potential use (*)	Distributable portion	Uses in the last 3 years to cover losses	Uses in the last 3 years for other reasons
Share capital	57,207,884	B	57,207,884	-	-
Legal reserve	-	-	-	-	-
Statutory reserves	-	-	-	-	-
Reserve for treasury shares	-	-	-	-	-
Share premium reserve (**)	48,000,000	A,B,C	48,000,000	-	-
Other reserves	7,672,766	A,B,C	7,672,766	-	-
Retained earnings /(accumulated losses)	-	-	-	-	-
Total	**112,880,650**	-	-	-	-
Undistributable portion	**112,880,650**	-	-	-	-
Remaining distributable portion	-	-	-	-	-

Key:

(*) Potential use
A: to increase capital; B: to cover losses; C: for distributions to shareholders

(**) The share premium reserve may only be distributed if the legal reserve has reached one-fifth of the share capital.

At 31 December 2015, unlike the situation at the end of the previous year, the Company's share capital is within legal limits and therefore the Company is no longer in the position provided for under art. 2446 of the Italian Civil Code.

B) Provisions for risks and charges

Total movements in provisions for risks and charges

Description	Value at 31 Dec 2014	Increases	Decreases	Value at 31 Dec 2015
Other	2,395,524	11,044,263	(2,323,144)	11,116,643
Total provisions for risks and charges	**2,395,524**	**11,044,263**	**(2,323,144)**	**11,116,643**

Provisions reflect the best estimate of liabilities based on the commitments assumed and the information available.

At 31 December 2015, provisions amount to €11,116,643 and relate to other provisions for liabilities resulting from events deemed likely to occur.

They break down as follows:
- €9,516,741 in provisions to cover potential losses that the Company may incur in specific disputes yet to be resolved and potential charges relating to damage to rolling stock not covered by insurance;
- €991,314 in provisions for probable losses on credit card transactions;

- €572,516 in provisions for prizes linked to loyalty programmes;
- €36,072 in provisions for risks linked to compensation payable to customers for delays to train services.

Movements are shown below.

Description	Value at 31 Dec 2014	Increases	Decreases	Value at 31 Dec 2015
Provisions for chargebacks	209,417	991,314	(209,417)	991,314
Provisions for passenger compensation	21,496	36,072	(21,496)	36,072
Provisions for Loyalty Programme	-	572,516	-	572,516
Other provisions	2,164,611	9,444,361	(2,092,231)	9,516,741
Total provisions for risks and charges	**2,395,524**	**11,044,263**	**(2,323,144)**	**11,116,643**

The reduction during the period is primarily due to the release of provisions recognised in previous years following the positive outcomes of the related disputes.

Provisions have not been allocated for risks and charges deemed to be remote and/or only possible.

C) Post-employment benefits *(TFR)*

Total movements in post-employment benefits (TFR)

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Post-employment benefits *(TFR)*	5,491,285	698,107	6,189,392
	5,491,285	**698,107**	**6,189,392**

The provisions represent the Company's effective liability at 31 December 2015 to personnel in service at that date, less advances paid.

Provisions made and uses during the period are shown below.

Movements	Value
Opening balance	5,491,285
Provisions	1,920,866
Uses	(1,222,759)
Closing balance	**6,189,392**

D) Payables

Total movements in payables

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Bank borrowings	220,149,131	21,363,482	241,512,613
Other borrowings	450,899,482	(6,023,040)	444,876,442
Advances	45,120	(1,073)	44,047
Due to suppliers	82,934,923	16,547,693	99,482,616
Tax liabilities	650,377	1,274,307	1,924,684
Social security payables	2,496,743	(641,446)	1,855,297
Other payables	2,824,513	2,423,378	5,247,891

Total	**760,000,289**	**34,943,301**	**794,943,590**

Payables are recognised at nominal value and the related aging schedule is as follows:

Description	Before 12 months	After 12 months	After 5 years	Total
Bank borrowings	-	-	241,512,613	241,512,613
Other borrowings	18,209,810	88,608,417	338,058,215	444,876,442
Advances	44,047	-	-	44,047
Due to suppliers	94,151,952	5,330,664	-	99,482,616
Tax liabilities	1,924,684	-	-	1,924,684
Social security payables	1,855,297	-	-	1,855,297
Other payables	5,247,891	-	-	5,247,891
Total	**121,433,681**	**93,939,081**	**579,570,828**	**794,943,590**

"Bank borrowings" represent lines of credit and accrued interest and commission expense yet to be paid at the end of the reporting period.

On 5 August 2015, with the signing of the Debt Restructuring Agreement (DRA), the debt restructuring process that led to a series of substantial changes to the conditions provided for in previous contracts was concluded, as described in greater detail below.

There were no repayments and additional financing was not obtained during the period under review. The increase is due to renegotiation of the debt and reflects accrued financial expenses and negative differentials on derivatives not paid to banks, but recognised as an increase in the related borrowing.

Bank borrowings are secured by collateral provided under the following provisions.

- "Creation of Share Pledge" – an agreement under which 100% of the Company's shares have been pledged as collateral.
- "Pledge of Claims and Project Accounts" entered into on 24 June 2008. "Second Pledge of Claims" entered into on 25 June 2009 and "Second Pledge of Claims and Project Accounts" agreed following request for the waiver of 12 June 2012. Under these agreements: i) the Company's current and future receivables have been pledged as collateral to its banks, and ii) the cash collateral represented from time to time by NTV's current accounts is periodically renewed, in accordance with the timing set out in the agreement, in favour of the "Guaranteed Creditors".
- "Framework Agreement for the Pledge of Refundable VAT" entered into on 19 December 2008 (which has extinguished and replaced the agreement named "Framework Agreement for the Transfer of Refundable VAT" entered into on 25 June 2008). Under this agreement, the Company has committed to pledge any refundable VAT from time to time outstanding in favour of the "Guaranteed Creditors".
- "Pledge of Receivables due from Rete Ferroviaria Italiana SpA as Collateral". Under this agreement, current and future receivables that may derive from the Framework Agreement and individual contracts entered into from time to time to implement this Agreement have been pledged as collateral to the banks.
- "Novation Agreement relating to the Alstom Direct Agreement", under which the agent bank has a right to replace the Company as counterparty in the contracts for the supply of trains entered into with Alstom Ferroviaria SpA, should the Company not be in a condition to meet its contractual obligations under the above agreement with Alstom Ferroviaria SpA or should it default on its loan and lease agreements.

In line with the use of finance lease accounting to account for finance leases, "Other borrowings" include the liability to the leasing company in relation to the purchase of rolling stock and the financial expenses, again due to the leasing company, at the end of the reporting period, but not yet paid. The change during the period is due to renegotiation of the debt.

"Advances" of €44,047 regard advances from customers for transport services, in accordance with the terms of commercial offerings requiring payment in advance.

"Payables due to suppliers" are recognised after commercial discounts. The nominal value of these payables has been adjusted, in the event of returns or rebates (adjustments to invoices), by the amount agreed with the counterparty.

"Tax liabilities" only refer to tax liabilities certain to be incurred and of a determinate amount. This item includes withholding tax collected in December and the current tax liability for the period recognised in the income statement (exclusively for IRAP).

"Social security payables" total €1,855,297.

"Other payables", amounting to €247,891, primarily regard amounts due to personnel for accrued compensation (€3,329,678). The remaining amount regards the liability to customers who use the Company's transport services (€1,799,613) and other smaller items. The increase in "Other payables" during the period is primarily due to accrued holiday pay due to employees.

The following geographical breakdown of the above payables shows amounts due to entities resident in Italy and those resident overseas:

Description	**Before 12 months**	**After 12 months**	**After 5 years**	**Total**
China	36,728	-	-	36,728
France	2,115,787	-	-	2,115,787
Germany	600,152	-	-	600,152
UK	873,495	-	-	873,495
Hong Kong	51,157	-	-	51,157
Ireland	3,320	-	-	3,320
Italy	117,361,348	93,939,081	579,570,828	790,871,257
Netherlands	28,923	-	-	28,923
Rep. of San Marino	28	-	-	28
USA	194,179	-	-	194,179
Switzerland	168,564	-	-	168,564
Total	**121,433,681**	**93,939,081**	**579,570,828**	**794,943,590**

<u>Debt restructuring (OIC 6)</u>

In accordance with OIC 6 - Debt restructuring and disclosure - the following information is provided.

As fully described in the report on operations, to which provides greater details, in 2014 the Company launched negotiations regarding implementation of debt restructuring that provided for agreements with both the Shareholders and its banks.

On 5 August 2015, the debt renegotiation process was concluded with endorsement of the Equity Contribution Agreement (ECA) by all the parties concerned, and acceptance by the banks of the Debt Restructuring Agreement (DRA) proposed by the Company.

On 29 September 2015, after all the condition precedents provided for had been met, the debt restructuring agreement came into full effect.

The key elements of the debt restructuring agreement signed with the banks include:

- extension of the expiry dates compared with those provided for in previous contracts. Specifically, ((i)

extension of the lease term from 2024 to 2028, with a possible further extension of up to 3 years; (ii) extension of the term to maturity of the loan facility from 2020 to 2033, with a possible further extension of up to 3 years;
- reduction of spreads;
- the acquisition of new trains financed by cash generated by the Company and from available funds (including the contribution from shareholders of €60 million);
- minimum liquidity to safeguard the Company's requirements and a liquidity reserve to be established and maintained until the new trains have been fully paid for;
- early repayment of loans (so-called cash sweep) in the event of a cash surplus with respect to liquidity requirements for investment, and within the minimum level of liquidity required to fund operations;
- a commitment to issue guarantees to RFI for the contracts governing use of the rail network;
- the payment of dividends only after full repayment of the lease, based on the debt/EBITDA ratio.

A breakdown of the restructured loans is shown below. The values refer to the accounting situation at 31 March 2015, the date on which the restructuring became effective.

Type of debt	Restructured debt		Renegotiated debt		Other loans	Total loans	% of restructured debt	% of renegotiated debt	% of other debt
	Fallen due	Not yet due	Fallen due	Not yet due					
Bank borrowings	21,446,507	203,336,902	-	-	-	**224,783,409**	27.39%	-	-
Finance lease payables	33,886,117	419,560,334	-	-	-	**453,446,451**	55.26%	-	-
Advances	-	-	-	-	44,575	**44,575**	-	-	0.01%
Payables due to suppliers	-	-	-	-	121,548,775	**121,548,775**	-	-	14.81%
Tax liabilities	-	-	-	-	690,097	**690,097**	-	-	0.08%
Social security payables	-	-	-	-	1,785,086	**1,785,086**	-	-	0.22%
Other payables	-	-	-	-	2,849,953	**2,849,953**	-	-	0.35%
Differentials on derivatives	12,822,346	2,670,544	-	-	-	**15,492,889**	1.89%	-	-
Total	**68,154,970**	**625,567,779**	**-**	**-**	**126,918,486**	**820,641,235**	**84.5%**	**0.0%**	**15.5%**

The restructuring agreement provides for a one-off repayment of bank borrowing on 31 December 2033 (assuming that the cash sweep is not activated), while the first instalment of the finance lease will be repaid on 30 June 2016.

Finally, as mentioned in the Report on Operations, the debt restructuring, together with the Business Plan, is an integral part of the corporate recovery plan and instrumental in guaranteeing compliance with the going concern principle.

E) Accrued liabilities and deferred income

Total movements in accrued income and prepayments

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Sundry	23,885,661	1,855,379	25,741,040
Total	**23,885,661**	**1,855,379**	**25,741,040**

Accrued liabilities and deferred income measure costs and income that are recognised in a reporting period other than that in which the associated cash flows or documentation occurs. They are recognised regardless of the date of payment or collection of the related costs or income, are attributable to two or more reporting periods and are accounted for on an accruals basis.

These items break down as follows:

Description	Value
Accrued liabilities	957,781
Deferred income	24,783,259
Total	**25,741,040**

"Accrued liabilities" includes the fourteenth month salaries payable to employees, and the related social security contributions.
The change during the period is due to:

- a reduction in differentials on derivatives (€12,822,346) as a result of the debt restructuring, which provides for the conversion into debt of portions of differentials accrued and unpaid before the signing of the DRA, and partial conversion into debt of portions of accruing differentials;
- a reduction in the amount of fourteenth month salaries payable to employees (€234,336) due to a reduction in the workforce and the benefits of the solidarity agreement.

“Deferred income” primarily regards the value of transport services to be rendered in relation to tickets sold at the end of the reporting period (€12,580,975), the effects of renegotiation of the loan contract in accordance with accounting standard OIC 6 (€7,337,354), and the portion of white certificates recognised and collected during the year but attributable to subsequent years (€4,546,191).

No accrued liabilities have a term to maturity in excess of 5 years. With respect to deferred income, this item includes income from the debt restructuring agreement that will be recycled through the income statement after 5 years, based on the term of the lease agreement.

MEMORANDUM ACCOUNTS

Total movements in the memorandum accounts

Description	Value at 31 Dec 2014	Change	Value at 31 Dec 2015
Third party commitments	162,354,897	15,615,465	177,970,362
Contingent liabilities	19,840,863	(7,164,620)	12,676,243
Total	**182,195,760**	**8,450,845**	**190,646,605**

Memorandum accounts are recognised at nominal value and consist of the following items.

Third party commitments

€177,970,362 relates to the off-balance sheet portion of the financial expenses payable to the leasing company, Mediocredito Italiano, based on the contractually agreed floating rate of interest.

Contingent liabilities

The negative amount of €12,676,243 represents the fair value of hedging instruments. The following table shows the fair value disclosures required by art. 2427-bis of the Italian Civil Code.

Counterparty	Type	Category	Expiry	Fair value
Banco Popolare (formerly Efibanca)	Zero Cost Collar	Collar	31 Dec 2016	(633,702)
Banca Popolare di Lodi	Zero Cost Collar	Collar	31 Dec 2016	(633,702)
Banca Monte dei Paschi di Siena	Zero Cost Collar	Collar	31 Dec 2016	(2,404,341)
Banca Intesa Sanpaolo	Zero Cost Collar	Collar	31 Dec 2016	(9,004,498)

Total	**(12,676,243)**

Litigation

The principal concluded, pending and potential legal actions are described below.

Concluded legal actions

Lawsuit brought before the Civil Court of Rome – On 16 January 2012, Ferrovie dello Stato Italiane SpA and the acting Chief Executive Officer of the FS group notified NTV of an action requesting the Civil Court of Rome: (i) to confirm and declare that certain statements made to the national press by NTV have caused serious damage to the reputation of the acting Chief Executive Officer of the FS group and/or Ferrovie dello Stato Italiane SpA and constitute an act of defamation to the detriment of such parties and as a result (ii) to order NTV to pay an amount that the court deems fair as compensation for non-monetary damages, in addition to an adjustment for inflation and legal interest. On 30 January 2015, the court issued ruling 2267/2015, rejecting the above claims.

Lawsuit brought before the Civil Court of Rome – On 3 April 2013, Rete Ferroviaria Italiana SpA ("RFI") notified NTV SpA of a writ of summons requesting the Civil Court of Rome: to order NTV SpA to compensate financial loss and non-pecuniary damages incurred by said Operator, deriving from statements made by NTV SpA with reference to the "cage" built by RFI at Rome Ostiense station. With ruling 19122/2015 filed on 25 September 2015, the court rejected the claims brought by the plaintiff.

Pending legal actions

Pending legal actions in which the Company is involved are briefly described below.

Appeal to the Campania Regional Administrative Court - NTV SpA appeared before the Campania – Naples Regional Administrative Court in the case brought by the "AssoCampaniaFelix" federation, the "Comitato per la Difesa dell'Agro Nolano", the "Associazione Eco-Culturale èidos" and other parties (hereinafter, jointly, the "plaintiffs") in order to obtain, among other things, cancellation of ruling no. 1203 of 30 December 2008 in which the President of the Campania Regional Authority approved the final project to build an NTV train maintenance depot. On 2 December 2009, Interporto Campano SpA (also called to appear in the aforementioned legal proceedings) reached an agreement with the plaintiffs to settle the pending action before Campania Regional Administrative Court and consequently to have it cancelled. As a result of this agreement, at a hearing on 3 December 2009 before the Regional Administrative Court the case was adjourned to a later date. On 26 January 2011, AssoCampaniaFelix and the Comitato per la Difesa dell'Agro Nolano waived their right of appeal. The action is still pending as a waiver has yet to be received from the other plaintiffs.

Lawsuits brought before the Civil Court of Rome – On 28 February 2013, a supplier lodged a claim pursuant to art. 702-bis of the Code of Civil Procedure, requesting that NTV SpA be ordered to pay the sum of €226,200 for failure to pay an invoice. In a ruling issued on 14 May 2014, this lawsuit was combined with a case brought by the same supplier (claim pursuant to art. 702-bis of the Code of Civil Procedure, lodged on 17 October 2014), requesting that NTV SpA be ordered to pay the sum of €145,384 plus interest and legal costs for alleged modifications made to a contract awarded to the supplier and compensation for damages incurred. At a hearing on 7 April 2016, the court decided to appoint an independent court-appointed expert to assess the causes for the delay in completing the works and the fairness of the amounts charged by the supplier, and adjourned the proceedings (converted to ordinary proceedings) until 16 November 2016 in order to appoint the expert. The related amounts have been recognised in the financial statements for the year ended 31 December 2015.

Lawsuit brought before the Lazio Regional Administrative Court – On 11 February 2014, a consumers' association notified NTV SpA of an appeal requesting annulment of (i) measures to authorise the installation of "Train Repeater" systems and "Wi-Fi access points" on board Italo trains, and (ii) any other related, concomitant or consequential action.

Lawsuits brought before the Civil Court of Rome - On 29 July 2014, a supplier notified NTV SpA of a court order to pay an amount of €166,104 plus interest and legal costs, which the Company has challenged before the court. At the first hearing, the court rejected the claimant's request for provisional enforcement of the above court order.
On 9 April 2015, the same supplier notified the Company of another provisionally enforceable court order to pay an amount of €197,640 plus interest and legal costs and a corresponding writ of execution, which the Company has challenged.
Both of the above challenges of the court orders have been combined with a previous lawsuit brought by NTV SpA against this supplier - regarding termination for breach of the procurement contract awarded to the latter and consequent compensation for damages – and adjourned until a hearing on 12 January 2017 for admission of preliminary evidence as requested by the parties.
On 28 January 2016, the same supplier also notified the Company of another court order to pay an amount of €244,000 plus interest and legal costs, which was also challenged by the Company. The preliminary hearing (indicated in the summons) is scheduled on 9 July 2016.

Lawsuit brought before the Piedmont Regional Administrative Court On 4 March 2015, Rete Ferroviaria Italiana SpA notified NTV SpA of a special appeal to the President of the Republic challenging and consequently requesting annulment of (i) determination 70/2014 of 31 October 2014 and the related annex, (ii) determination 76/2014 of 27 November 2014 and the related annex, (iii) Presidential order 2015/2 of 6 February 2015, (iv) determination 16/2014 of 6 March 2014, (v) determination 24/2014 of 17 April 2014 and (vi) the Regulations, dated 16 January 2014, issued by the Transport Regulator and any other related, connected and/or consequential action. Following the challenge lodged by NTV SpA and the Transport Regulator pursuant to art. 10, paragraph 1 of Presidential Decree 1199/1971, Rete Ferroviaria Italiana SpA transferred its appeal to a different jurisdiction, namely Lazio Regional Administrative Court. NTV SpA appeared before the court. On 10 March 2016, Lazio Regional Administrative Court issued ruling 3084, disclaiming its territorial jurisdiction over the case and indicating that the appropriate jurisdiction was Piedmont Regional Administrative Court, before which Rete Ferroviaria Italiana SpA has resumed its appeal.

Lawsuits brought before Justices of the Peace – NTV SpA is the defendant in lawsuits brought by certain passengers complaining about alleged damage, to property and otherwise, caused by delays to the train in which they were travelling or by accidents affecting them on board trains. Where quantifiable and if the risk of losing the case is deemed to be likely, specific provisions have been allocated for risks and charges.

Lawsuits brought before the Labour Court – NTV SpA is the defendant in actions regarding the following matters: claim for a permanent employment contract, request for payment of compensation in lieu of notice, post-employment amounts due and compensation for damages, appeal against transfer of workplace, and demotion. Where quantifiable and if the risk of losing the case is deemed to be likely, specific provisions have been allocated for risks and charges.

Potential court actions

The Company may be involved in lawsuits brought by members of staff who have opposed transfer to another workplace, and from suppliers who have raised objections regarding execution of contractual obligations. Currently, such risk is deemed to be likely, albeit moderate and insignificant.

Sureties and guarantees provided by third parties on behalf of the Company

As required by accounting standard OIC 22, the value of guarantees provided by third parties securing the Company's debt is not shown below the balance sheet, although it is shown here in order to aid the reader in assessing the Company's financial position.

Sureties in favour of the tax authorities

These sureties have been provided in order to enable the Company to access the VAT refunds due from the tax authorities.

Guarantor	Beneficiary	Underlying obligation	Expiry	Commitment
Assicurazioni Generali SpA	Tax authorities	VAT refund 2010	31 December 2015	14,791,127.96
Assicurazioni Generali SpA	Tax authorities	VAT refund 2011	31 Dec 2016	8,542,903.54
Assicurazioni Generali SpA	Tax authorities	VAT refund 2nd quarter 2012	8 July 2017	2,500,408.76
Assicurazioni Generali SpA	Tax authorities	VAT refund 3rd quarter 2012	8 July 2017	3,623,619.02
Assicurazioni Generali SpA	Tax authorities	VAT refund 1st quarter 2013	28 Oct 2017	6,333,899.52
Assicurazioni Generali SpA	Tax authorities	VAT refund 2nd quarter 2013	24 Dec 2017	5,080,930.37
Assicurazioni Generali SpA	Tax authorities	VAT refund 3rd quarter 2013	24 Dec 2017	4,423,264.57
Assicurazioni Generali SpA	Tax authorities	VAT refund 1st quarter 2014	24 Dec 2017	4,960,762.20
Assicurazioni Generali SpA	Tax authorities	VAT refund 2012	31 Dec 2018	11,557,994.50
Assicurazioni Generali SpA	Tax authorities	VAT refund 2nd quarter 2014	31 Dec 2018	3,377,950.25
			Total	**65,192,860.69**

Sureties in favour of RFI SpA

Guarantor	Beneficiary	Underlying obligation	Expiry	Commitment
Assicurazioni Generali SpA	RFI SpA	Contract for use of network infrastructure 2014-2015	9 June 2016	10,300,800.00
Intesa Sanpaolo SpA	RFI SpA	Framework Agreement for HS/HC infrastructure	12 Dec 2020	9,699,200.00
			Total	**20,000,000.00**

Other sureties

Guarantor	Beneficiary	Underlying obligation	Expiry	Commitment
Intesa Sanpaolo SpA	Ministry for Economic Development	"ITALO PIU' SPECIALE ESTATE" loyalty programme	31 Jan 2015	54,000.00
Intesa Sanpaolo SpA	Grandi Stazioni SpA	Lease of premises located at Venice Mestre station	27 May 2015	26,137.84
Intesa Sanpaolo SpA	Ministry for Economic Development	"PIU' AMICI, PIU' VANTAGGI" loyalty programme	30 June 2015	5,600.00
Intesa Sanpaolo SpA	GEAL Srl	Roma Ostiense lease contract	24 July 2016	450,453.32
Intesa Sanpaolo SpA	PANAM Srl	Lease of Head Office Viale del Policlinico	25 Oct 2015	237,500.00

Intesa Sanpaolo SpA	Ministry for Economic Development	"Auguri Italo, passaparola!" loyalty programme	31 Dec 2015	5,600.00
Intesa Sanpaolo SpA	Centostazioni SpA	SSTM lease Rimini	8 June 2016	3,448.49
Intesa Sanpaolo SpA	Centostazioni SpA	SSTM lease Ancona	8 June 2016	3,448.49
Intesa Sanpaolo SpA	Centostazioni SpA	SSTM lease Pesaro	8 June 2016	3,448.49
Intesa Sanpaolo SpA	Grandi Stazioni SpA	Casa Italo - FI_SMN station	20 June 2017	86,697.49
Intesa Sanpaolo SpA	Grandi Stazioni SpA	Casa Italo - FI_SMN station – additional space for TVMs	20 June 2017	10,891.85
Intesa Sanpaolo SpA	RFI SpA	Lease of premises and space Milan Porta Garibaldi (train shed)	2 Oct 2017	21,028.00
Intesa Sanpaolo SpA	RFI SpA	Lease of premises and space Roma Ostiense (train shed)	30 Oct 2017	50,220.00
Intesa Sanpaolo SpA	Grandi Stazioni SpA	Lease of space at Naples Central station	20 Nov 2017	51,216.31
Intesa Sanpaolo SpA	Grandi Stazioni SpA	Lease of space at Naples Central station - Additional space for TVMs	20 Nov 2017	10,466.89
Intesa Sanpaolo SpA	RFI SpA	Lease of premises and space Turin Lingotto (train shed)	28 Dec 2017	15,167.07
Intesa Sanpaolo SpA	Ministry for Economic Development	"ITALO PIU' loyalty programme	31 Dec 2017	40,000.00
BNL Gruppo BNP Paribas	Grandi Stazioni SpA	Venice Santa Lucia station	28 Feb 2018	43,663.94
Intesa Sanpaolo SpA	RFI SpA	Lease of premises and space Venice Marghera (train shed)	9 Mar 2018	28,000.00
BNL Gruppo BNP Paribas	Grandi Stazioni SpA	Casa Italo - Bologna Central	14 May 2018	66,887.17
BNL Gruppo BNP Paribas	Grandi Stazioni SpA	Casa Italo - Bologna Central - additional space for TVMs	14 May 2018	5,445.93
BNL Gruppo BNP Paribas	Grandi Stazioni SpA	Casa Italo - Bologna Central - additional space for TVMs	14 May 2018	1,815.21
Intesa Sanpaolo SpA	Centostazioni SpA	TVM space - MI_Rogoredo	15 May 2018	6,545.65
Intesa Sanpaolo SpA	Centostazioni SpA	TVM space - MI_Porta Garibaldi	22 May 2018	32,728.24
Intesa Sanpaolo SpA	Centostazioni SpA	TVM space - RM_Ostiense	29 May 2018	6,545.65
Intesa Sanpaolo SpA	Centostazioni SpA	Lease of TVM space Salerno from 1 Aug 2012	24 Apr 2019	6,755.10
Intesa Sanpaolo SpA	Centostazioni SpA	TVM space Padua	25 July 2015	6,755.10
Intesa Sanpaolo SpA	Centostazioni SpA	Lease of space at Padua station	26 Nov 2019	18,306.00
Intesa Sanpaolo SpA	Centostazioni SpA	Lease of space at Salerno station	15 July 2020	22,506.00
Intesa Sanpaolo SpA	Centostazioni SpA	Lease of space at Milan Porta Rogoredo station	15 July 2020	12,166.00
Intesa Sanpaolo SpA	Centostazioni SpA	Lease of space at Milan Porta Garibaldi station	15 July 2020	458,607.00
BNL Gruppo BNP Paribas	Centostazioni SpA	Lease Milan Platform 1	18 May 2021	36,336.00
Intesa Sanpaolo SpA	Grifone di Cipullo Vincenzo & C, SAS	Lease Via Vitruvio,43	27 Dec 2021	6,360.00
Intesa Sanpaolo SpA	Centostazioni SpA	Lease of TVM space SALERNO	10 Feb 2023	

				19,000.00
Intesa Sanpaolo SpA	Centostazioni SpA	TVM lease PADUA	23 May 2022	13,876.76
			Total	**1,867,623.99**

Unsecured Leasing & Guarantee Facility

The unsecured "Leasing and Guarantee Facilities Agreement" currently provided by Banca IMI SpA: this is an unsecured line of credit designed to guarantee, on the Company's behalf, its obligations to Mediocredito Italiano SpA under the lease agreement for the supply of 25 AGV trains manufactured by Alstom Ferroviaria SpA.

The total amount provided to NTV for this type of guarantee amounts to €478,000,000. At 31 December 2015, the amount effectively guaranteed is €438,872,893.

INCOME STATEMENT

A) Value of production

The value of production includes the following items:

Description	Value for 2014	Changes	Value for 2015
Revenue from sales and services	261,469,272	42,381,076	303,850,348
Increase in fixed assets for internal work	-	1,625,045	1,625,045
Other income	6,379,466	10,573,858	16,953,324
Total	**267,848,738**	**54,579,979**	**322,428,717**

"Revenue from sales and services" regards revenue from transport services rendered, including ancillary services. This revenue is up €42,381,076 in 2015 compared with the previous year.

"Increase in fixed assets for internal work" include the costs incurred in order to train personnel, capitalised in intangible fixed assets, as required by accounting standard OIC 12.

"Other income" primarily consists of:
- €8,662,529 in income from Energy Efficiency Certificates (EECs or White Certificates) during the period corresponding to 18,363 TOE (Tonnes of Oil Equivalent);
- €3,740,428 in ordinary contingent assets;
- €1,121,270 in income from the chargeback to other railway companies of costs relating to the shared use of locomotives;
- €1,103,720 in penalties received;
- €805,449 in revenue from royalties and the sale of advertising space;
- €305,321 in capital and revenue grants.

Regarding income from White Certificates, the following should be noted.
Via a Ministerial Decree of 1 December 2014, the Ministry of Economic Development authorised NTV SpA to benefit from white certificates in relation to the energy-saving measures implemented on its new fleet of high-speed trains for a five-year period from 1 April 2013.

In this regard, the Ministerial Decree determined that, during the first phase, white certificates would be issued on the basis of energy-saving reporting submitted by NTV SpA itself, and in any case prudentially

equivalent to 80% of the minimum value of access to the mechanism (28,000 TOE per annum), in advance, and subject to adjustment on the basis of the recordings made. Consequently, the Company used the calculations and assessments provided by the manufacturer of the new fleet of high-speed trains.
The Decree also specified that reporting subsequent to the first occasion – and related further allocations of white certificates to the Company – would be based on measurements of actual energy consumption recorded by appropriate equipment installed on board high-speed trains.

Subsequent to 22 July 2015, and the necessary installation period, the first data recorded by the onboard measuring equipment were gathered by the Company. On this occasion, it emerged that the actual consumption of the new train fleet was above the levels specified by the manufacturer. This finding was notified to the Ministry and GSE in the first report.

On 11 February 2016, the Company requested GSE to postpone the launch of the reporting period to the year in which the equipment was installed and therefore to start from 1 January 2015.Consequently, the useful life of this initiative will run from 1 January 2015 to 31 December 2019.
Subsequently, in a letter of 23 February 2016, having noted the Company's request and the related reasons, GSE notified NTV SpA of its acceptance, in advance and subject to adjustment, of the EECs declared by the Company.

The savings made in 2015, amounting to approximately €8.7 million, are reflected in the item "Other income" in these financial statements.

B) Production costs

Production costs are down €20,775,542 compared with 2014, primarily due to reductions in track access charges, labour costs and the cost of the refreshment service on board trains.

The following table shows a breakdown of production costs:

Description	Value for 2014	Changes	Value for 2015
Raw materials, consumables and goods	3,085,488	(2,237,047)	848,441
Services	220,952,778	(18,787,452)	202,165,326
Lease expense	9,532,856	(833,766)	8,699,090
Personnel expenses	46,107,103	(4,069,615)	42,037,488
Amortisation, depreciation and impairments	43,845,931	(3,921,263)	39,924,668
Provisions for doubtful accounts included in current assets and cash and cash equivalents	1,048,584	(795,798)	252,786
Change in inventories of raw materials, consumables and goods	172,419	294,463	466,882
Provisions for risks	209,416	781,898	991,314
Other provisions	2,889,431	7,249,798	10,139,229
Other operating costs	1,736,928	1,543,240	3,280,168
Total	**329,580,934**	**(20,775,542)**	**308,805,392**

Cost of raw materials, consumables and goods

The most important item is represented by the goods used in the provision of onboard refreshments. This item totals €537,893, marking a sharp reduction compared with the previous year due to negotiations with suppliers and the introduction of efficiency measures regarding the service model. This item also includes the cost of purchasing technical equipment regarding trains, printers, advertising materials and staff uniforms.

Cost of services

The main items included in the “Cost of services” are as follows:

- €89,386,895 for track access charges and traction energy paid to the network operator;
- €46,269,513 for maintenance, primarily of trains;
- €10,981,135 in sales commissions;
- €9,010,862 in bank commissions and fees;
- €8,366,749 for technical consultants;
- €7,402,116 in promotional costs, magazine and newspaper inserts and advertising posters;
- €6,876,631 for cleaning, essentially of trains, plant and stations;
- €5,955,431 for outsourced services, mainly regarding the catering service, customer services and the contact centre;
- €4,761,164 for utilities and onboard connectivity;
- €4,637,686 in insurance expenses;
- €2,267,216 paid to external providers of transport (primarily for logistics relating to customer services and onboard catering;
- €1,796,255 in travel expenses for personnel;
- €1,401,863 for security and surveillance.
- €1,396,821 in fees paid to consultants, freelance personnel and Directors;
- €1,019,748 for staff catering.

Lease expense

“Lease expense” primarily regards the lease of properties, totalling €4,533,424 (essentially relating to the lease of space within stations and operating equipment), the cost of hiring IT equipment and of software licences (€1,299,379) and the cost of leasing rolling stock used in operations and for the movement of trains (€1,828,992).
This item also includes hire charges for sundry equipment and company vehicles.

Personnel expenses

This item includes the cost of employees, including merit salary increases, promotions, cost-of-living increases, the cost of unused holiday entitlement and provisions required by law and collective labour contracts.
Personnel expenses are down €4,069,615 compared with the previous year, reflecting actions undertaken to reduce this cost item in line with the plan's objectives.

Amortisation and depreciation

Charges for amortisation and depreciation are calculated on the basis of the useful life of the asset and its use in operations and, in any event, in accordance with the rules set out in art. 102 of Presidential Decree 917/1986, as described above.

Provisions for doubtful accounts included in current assets and cash and cash equivalents

This item reflects the impact of the impairment of doubtful accounts receivable from customers subject to bankruptcy proceedings.

Change in inventories of raw materials, consumables and goods

This item regards the change in stocks of materials used to repair damage caused by vandalism.

Provisions for risks

This item regards provisions for probable losses on e-money transactions assessed at €991,314 at the end of the reporting period. The corresponding item for 2014 has been reclassified from "Other provisions" to enable a clearer and more transparent comparison.

Other provisions

This item, totalling €10,139,229, consists of the following:
- provisions to cover potential losses that the Company may incur in specific disputes yet to be resolved and deemed likely, and also in the light of the opinions of the respective legal advisors, totalling €9,444,361;
- provisions for loyalty programmes, totalling €694,868.

Other operating costs

"Other operating costs" consist of expenses of a different nature from those described above. They primarily regard: ascertained losses on e-money transactions, totalling €1,856,131, and non-deductible VAT on invoices issued, totalling €525,785, whilst non-deductible VAT on invoices paid is recognised as an increase in the purchase cost, as required by the relevant accounting standard.

C) Financial income and expenses

Financial income and expenses consist of the following:

Description	Value for 2014	Changes	Value for 2015
Other income	1,700,572	(806,363)	894,209
(Interest and other financial expenses)	(31,958,179)	18,235,211	(13,722,968)
Foreign exchange gains/(losses)	(8,839)	8,248	(591)
Total	**(30,266,446)**	**17,437,096**	**(12,829,350)**

The reduction with respect to the previous year reflects the decrease in financial expenses deriving from the debt restructuring.

Other income

Description	Parent companies	Unconsolidated subsidiaries	Associated companies	Other	Total
Interest on bank and post office deposits	-	-	-	575,039	575,039
Other interest income	-	-	-	319,170	319,170
Total	**-**	**-**	**-**	**894,209**	**894,209**

"Other interest income" consists of interest on refundable VAT.

Interest and other financial expenses

Description	Parent companies	Unconsolidated subsidiaries	Associated companies	Other	Total
Interest on borrowings	-	-	-	(3,351,926)	(3,351,926)

Interest on leases	-	-	-	(2,820,066)	(2,820,066)
Other interest expense	-	-	-	(7,550,976)	(7,550,976)
Total	**-**	**-**	**-**	**(13,722,968)**	**(13,722,968)**

“Other interest expense” includes negative differentials on hedging derivatives.

E) Extraordinary income and expenses

Extraordinary income and expenses consist of the following:

Description	Value for 2014	Changes	Value for 2015
Gains on disposals	380,090	(380,090)	-
Sundry gains	9,194,318	(6,915,353)	2,278,965
(Losses on disposals)	(54,001)	(276,674)	(330,675)
(Sundry losses)	(2,790,759)	2,085,054	(705,705)
Total	**6,729,648**	**(5,487,063)**	**1,242,585**

The difference compared with the previous year reflects the following exceptional events.

Sundry income

This item includes extraordinary income primarily relating to income deriving from the debt restructuring, recognised in extraordinary income and expenses as indicated in the relevant accounting standards.

Losses on disposals

This item includes the loss incurred following the sale of onboard telecommunication equipment, as described in the notes above on fixed assets, to which reference should be made.

Sundry expenses

This item primarily includes debt restructuring expenses, recognised in extraordinary income and expenses as indicated in the relevant accounting standards.

INCOME TAX EXPENSE

Income tax expense for the period is shown below:

Description	Value for 2014	Changes	Value for 2015
Current tax expense:			
IRES	-	-	-
IRAP	-	1,215,294	1,215,294
Withholding tax	-	-	-
Total current tax expense	**-**	**1,215,294**	**1,215,294**
Deferred tax expense/(income):			
IRES	(23,797,905)	19,512,149	(4,285,756)
IRAP	(150,023)	(242,010)	(392,033)
Reversals of taxation for previous years			
IRES	614,913	17,396,735	18,011,648
IRAP	91,811	15,766	107,577
Total deferred tax expense/(income)	**(23,241,204)**	**36,682,641**	**13,441,436**
Total income tax expense	**(23,241,204)**	**37,897,935**	**14,656,730**

Reconciliation of effective tax expense and tax expense computed at statutory rate (IRES)

IRES	Taxable income	Taxation
Profit before tax	**2,036,560**	
Tax charge applying statutory rate (27.5%)		**560,054**
Differences that will not reverse in future periods:		
Increases (non-deductible charges and expenses)	2,028,531	
Reductions (tax-exempt components of profit or loss)	-	
Total	**2,028,531**	
Temporary differences deductible in future periods:		
Interest expense not deductible in the period	1,137,043	
Undeducted provisions	10,872,508	
Differences between book and tax amortisation and depreciation	100,986	
Impairment of receivables	222,693	
Other temporary differences	400,000	
Total	**12,733,230**	
Reversal of temporary differences from previous periods		
Interest expense not deductible in the period	(39,217)	
Undeducted provisions	(2,231,913)	
Differences between book and tax amortisation and depreciation	-	
Impairment of receivables	(541,316)	
Other temporary differences	(210,000)	
Total	**(3,022,446)**	
Taxable income	**13,775,875**	
Effective tax charge (27.5%)		**3,788,366**
Use of accumulated tax losses	(13,775,875)	
Net taxable income	-	
Current IRES (27.5%)		-

Reconciliation of effective tax expense and tax expense computed at statutory rate (IRAP)

IRAP	Taxable income	Taxation
Difference between value of production and production costs	**13,623,325**	
Costs not recognised for purposes of IRAP	53,420,817	
Total	**67,044,142**	**3,067,845**
Tax charge applying statutory rate (4.58%)		
Differences that will not reverse in future periods:		
Increases (non-deductible charges and expenses)	2,934,721	
Reductions (tax-exempt components of profit or loss)	(2,684,939)	
Deduction of personnel expenses for purposes of IRAP	(40,735,105)	
Total	**(40,485,323)**	
Taxable income	**26,558,819**	
Current IRAP (4.58%)		**1,215,294**

Deferred tax liabilities and assets

Deferred tax assets are recognised if there is reasonable certainty that taxable income in the year in which they will reverse is at least equal to the amount of the differences to be offset.

Deferred tax assets deriving from non-deductible interest expense have been recognised as a result of ACE (*Aiuto alla Crescita Economica*) tax relief, on undeducted provisions during the period, on the difference between book and tax amortisation and depreciation and from other temporary differences.

The recognition of deferred tax assets is subject to meeting the conditions required by the relevant accounting standards for the recognition of future tax benefits. This primarily regards the existence of reasonable certainty that the Company's future taxable income will be at least equal to the amount of the accumulated tax losses or interest expense to be offset.

The principal temporary differences resulting in the recognition of deferred tax assets are shown in the following table, together with the related effect on taxation.

Deferred tax liabilities/(assets)	Value at 31 December 2015 Temporary differences	Taxation
Deferred IRES tax assets		
Non-deductible financial expenses	(1,137,043)	(272,890)
Undeducted provisions	(10,872,508)	(2,847,337)
Differences between book and tax amortisation and depreciation	(100,986)	(24,237)
ACE - *Aiuto alla Crescita Economica* tax relief	(4,074,357)	(977,846)
Impairment of receivables	(222,693)	(53,446)
Other temporary differences	(400,000)	(110,000)
Total deferred IRES tax assets	**(16,807,587)**	**(4,285,756)**
Deferred IRAP tax assets		
Undeducted provisions	(8,119,802)	(391,374)
Undeducted amortisation and depreciation	(13,673)	(659)
Total deferred IRAP tax assets	**(8,133,475)**	**(392,033)**
Deferred tax liabilities:		
Accelerated amortisation and depreciation	-	-
Tax amortisation and depreciation	-	-
Impairment of receivables	-	-
Total deferred tax liabilities	-	-
Reversal of temporary differences from previous periods for purposes of IRAP		
Tax losses	13,775,875	3,788,366
Non-deductible financial expenses	39,217	10,784
Undeducted provisions	2,231,913	613,776
Impairment of receivables	541,316	148,862
Other temporary differences	210,000	57,750
Total reversals of IRES	**16,798,321**	**4,619,538**
Reversal of temporary differences from previous periods for purposes of IRAP		
Undeducted provisions	2,231,913	107,578
Total reversals of IRAP	**2,231,913**	**107,578**
Deferred tax liabilities/(assets)		**49,327**
2016 Stability Law adjustment (3.5%)	382,631,699	13,392,109
Deferred tax liabilities/(assets)		**13,441,436**

In general, adjustments result from the use of provisions made in previous periods and reflect the reversal of temporary differences resulting in the recognition of deferred tax assets in previous periods.

Another adjustment was made to bring the deferred tax assets credit accounted for into line with the new rate of 24% introduced by the 2016 Stability Law, from 2017.

The following tax rates were used to calculate deferred tax assets:
- IRES rate of 27.50% or 24.00%, depending in the year in which the reversal takes place;
- IRAP rate of 4.58%, based on geographical area.

Disclosure on use of tax losses (IRES)

The following tax losses were offset against taxable income during the period.

Disclosure on use of tax losses	Taxable income	Taxation
Tax losses used		
for period under review	-	-

for previous years	13,775,875	3,788,366
Total use	**13,775,875**	**3,788,366**

FINANCE LEASES

The disclosures required by article 2427 of the Italian Civil Code, with the aim of describing the situation that would result from the application of finance lease accounting instead of operating lease accounting, are not necessary as the financial statements already reflect this situation.

To help in understanding the financial statements, readers should note that the Company is a party to a finance lease agreement with Mediocredito Italiano SpA covering the purchase of rolling stock. As previously described in the notes, this agreement is recognised in the financial statements as a finance lease, as this is deemed to provide a more accurate view of the Company's operating results and financial position.

The impact of use of finance lease accounting on the financial statements is as follows:

- The value of trains is recognised in the financial statements: the value of the leased trains is accounted for in tangible fixed assets, with a matching entry in financial liabilities;
- The upfront payment to Mediocredito Italiano: reclassification of the upfront payment to Mediocredito Italiano SpA as an increase in the value of the trains;
- Depreciation of the trains: depreciation of the various train components is charged to the income statement over their useful lives (the main component, the rolling stock, has a useful life of 30 years, the other two identified components, being the onboard telecommunications systems and seat upholstery have useful lives of 5 and 6 years);
- the financial liability recognised is equal to the discounted value of the trains;
- Financial expenses: finance lease payments are apportioned between the financial charge and the outstanding liability. Financial expenses are allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each reporting period (a fixed rate amortisation schedule equal to the rate implicit in the lease).

OTHER INFORMATION

As required by law, the annual compensation paid to Directors and members of the Board of Statutory Auditors are shown below, in accordance with article 2427, paragraph 1.16 of the Italian Civil Code:

Category	Annual compensation
Directors	426,090
Board of Statutory Auditors	101,000

As required by art. 37, paragraph 16 of Legislative Decree 39/2010 and letter 16-bis of art. 2427 of the Italian Civil Code, the total annual fee paid to the Independent Auditors in 2015 for their audit of the annual accounts totals €108,750 (net of expenses and VAT), which breaks down as follows:

Type of service	Annual fees
Auditing	103,750
Attestations	5,000

Total	**108,750**

RELATED PARTY TRANSACTIONS

The Company engages in transactions with associated companies, Directors and key management personnel. The following table shows the nature of transactions.

Related party	Nature of transactions
Assicurazioni Generali group	Insurance for trains, equipment and stations
Intesa Sanpaolo Spa group	Loan agreement
Intesa Sanpaolo Spa group	Derivatives – Collar
Intesa Sanpaolo Spa group	Lease agreement
Intesa Sanpaolo Spa group	Commissions on payment services
SNCF group	Commercial services
Essecieffe Services Srl	Senior management consultancy
Telecom Italia group	RIAT project and telephony

Regarding the derivative collar contract entered into with Intesa Sanpaolo, on 30 December 2015 the Company signed an agreement that provided for amendments to certain characteristics of the instrument relating to the period June 2015 – December 2016. The financial impact of these amendments was €3,301,757.

As required by art. 2427.22 *bis* of the Italian Civil Code, the disclosure regarding the most significant[5] transactions entered into with related parties is provided below.

Impact of related party transactions	31 December 2015				
	Costs	Revenue	Investment	Other assets	Liabilities
Assicurazioni Generali group	3,045,375	-	-	-	-
Intesa Sanpaolo Spa group	15,624,119	-	510,409,053	-	584,397,857
SNCF group	10,294,448	-	-	-	5,872,709
Essecieffe Services Srl	303,333	-	-	-	-
Telecom Italia group	480,363	-	-	-	743,714
Total	**29,747,638**	**-**	**510,409,053**	**-**	**591,014,280**

Trading with the above related parties is conducted on an arm's length basis, in accordance with the principles set out in the regulations adopted by the Company.

* * * * *

These financial statements, consisting of the balance sheet, income statement and the notes, provide a true and fair view of the financial position and operating results for the period and are consistent with the underlying accounting records.

[5] Significant transactions are considered to be those in excess of €500,000.

The Chairman
of the Board of Directors
Andrea Faragalli Zenobi

STATEMENT OF CASH FLOWS

Amounts in euros

A. Statement of cash flows (indirect method)	31 Dec 2015	31 Dec 2014	Increase/ (Decrease)
Profit/(Loss) for the year	**(12,620,170)**	**(62,027,790)**	**49,407,620**
Income taxes	14,656,730	(23,241,204)	37,897,934
Interest expense/(interest income)	12,828,759	30,257,607	(17,428,848)
(Gains)/Losses on disposals of assets	330,675	-	330,675
1. Profit/(Loss) for the period before taxation, interest, dividends and gains/losses on disposals	**15,195,994**	**(55,011,387)**	**70,207,381**
Adjustments for non-cash items that have not had a matching effect on net working capital			
Provisions	13,051,409	5,364,699	7,686,710
Amortisation and depreciation of fixed assets	39,924,668	43,845,931	(3,921,263)
Impairment of receivables	252,786	1,048,584	(795,798)
2. Cash flow before changes in net working capital	**68,424,857**	**(4,752,173)**	**73,177,030**
Changes in net working capital			
Decrease/(increase) in inventories	466,881	172,420	294,461
Decrease/(increase) in receivables due from customers	(536,253)	(1,047,774)	511,521
Increase/(decrease) in payables due to suppliers	(6,488)	(43,179,483)	43,172,995
Decrease/(increase) in accrued income and prepayments	61,788	1,075,796	(1,014,008)
Increase/(decrease) in accrued expenses and deferred income	(3,260,607)	7,105,958	(10,366,565)
Other changes in current assets	12,235,802	46,146,866	(33,911,063)
Other changes in current liabilities	1,839,872	(2,637,904)	4,477,776
3. Cash flow after changes in net working capital	**79,225,853**	**2,883,706**	**76,342,147**
Other adjustments			
Interest collected/(paid)	(5,327,827)	(6,964,302)	1,636,475
Use of provisions	(3,632,183)	(2,971,784)	(660,399)
4. Cash flow after other adjustments	**70,265,843**	**(7,052,380)**	**77,318,223**
Cash flow from/(for) operating activities (A)	**70,265,843**	**(7,052,380)**	**77,318,223**
B. Cash flow from/(for) investing activities			
Tangible fixed assets			
(Purchases)	(27,454,075)	(2,913,017)	(24,541,058)
Proceeds from disposals	80,000	-	80,000
Intangible fixed assets			
(Purchases)	(9,447,313)	(2,479,356)	(6,967,957)
Proceeds from disposals	-	-	-
Cash flow from/(for) investing activities (B)	**(36,821,388)**	**(5,392,373)**	**(31,429,015)**
C. Cash flow from/(for) financing activities			
Third party financing			
Lease repayments (principal)	-	(14,490,833)	14,490,833
Increase/(decrease) in borrowings	13,011,771	7,452,786	5,558,985
Equity financing			
Increase/(decrease) in capital contributions	12,000,000	-	12,000,000
Increase/(decrease) in reserves	48,000,000	6,998,880	41,001,120
Cash flow from/(for) financing activities (C)	**73,011,771**	**(39,167)**	**73,050,938**
Increase (decrease) in cash and cash equivalents (a ± b ± c)	**106,456,226**	**(12,483,920)**	**118,940,146**
Cash and cash equivalents at beginning of period	39,150,953	51,634,873	(12,483,920)
Cash and cash equivalents at end of period	145,607,179	39,150,953	106,456,226
Increase (decrease) in cash and cash equivalents	**106,456,226**	**(12,483,920)**	**118,940,146**

The Chairman
of the Board of Directors
Andrea Faragalli Zenobi