NICE S.P.A.

CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015

TheNiceGroup

Nice S.p.A.

Annual Financial Statements

as at

31 December 2015

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General Information

Corporate bodies and information

Lauro Buoro (*)	Chairman of the Board of Directors
Luciano Iannuzzi (*) (**)	Director
Roberto Griffa (*)	Chief Executive Officer
Denise Cimolai (*)	Director
Emanuela Paola Banfi	Independent director
Lorenzo Galberti (*)	Director
Giorgio Zanutto (*)	Director
Antonio Bortuzzo	Independent director
Gian Paolo Fedrigo	Independent director

(*) Powers and assignments for ordinary and extraordinary management within the limits established by the law and the Articles of Association and in compliance with the prerogatives reserved for the Shareholders' Meeting and Board of Directors, as per the Board of Directors' resolution of 6 May 2015.

(**) On 11 March 2016, Luciano Iannuzzi left the office of executive Director of the Nice Group as a result of his resignation to pursue new professional opportunities. Luciano Iannuzzi was appointed Director by the Shareholders' Meeting of 24 April 2015.

Board of Statutory Auditors

Giuliano Saccardi	Chairman of the Board of Statutory Auditors
Monica Berna	Standing Statutory Auditor
Enzo Dalla Riva	Standing Statutory Auditor
David Moro	Alternate Statutory Auditor
Manuela Salvestrin	Alternate Statutory Auditor

Audit and Risk Committee

Antonio Bortuzzo
Emanuela Paola Banfi
Gian Paolo Fedrigo

Remuneration Committee

Antonio Bortuzzo
Emanuela Paola Banfi
Gian Paolo Fedrigo

Independent Auditors

BDO Italia S.p.A.

Registered office and corporate details

Nice S.p.A.
Via Pezza Alta 13 - Z.I. Rustignè
I-31046 Oderzo (TV), Italy
Ph: +39 0422 853838
Fax: +39 0422 853585
Share capital: Euro 11,600,000.00 fully paid in
Tax code 02717060277
VAT no. 03099360269
www.niceforyou.com

Investor Relations

Nicola Biondo
e-mail: ir@niceforyou.com
Ph: +39 0422 505468

Economic and financial highlights of Nice Group

Financial data (Thousands of Euro)	2015	%	2014	%	Δ %
Revenue	287,761	100.0%	270,877	100.0%	6.2%
Gross profit*	156,967	54.5%	148,803	54.9%	5.5%
EBITDA**	41,638	14.5%	41,548	15.3%	0.2%
Operating profit	33,137	11.5%	33,271	12.3%	-0.4%
Net profit	15,565	5.4%	15,877	5.9%	-2.0%
Group net profit	15,217	5.3%	15,444	5.7%	-1.5%

* ‘Gross Profit’ is defined as the difference between revenue and the cost of goods sold (consisting of the sub-items purchase of basic components, outsourced processing, and change in inventories).

** ‘EBITDA’ represents net profit before depreciation & amortisation, finance income & expenses, and taxes.

Equity data (Thousands of Euro)	**31/12/2015**	**31/12/2014**
Net working capital*	75,809	74,413
Fixed assets and other non-current assets	141,778	125,788
Non-current liabilities	(15,535)	(10,133)
Net capital invested**	**202,053**	**190,068**
Net financial position (cash)	(541)	(11,555)
- of which cash and cash equivalents	*(65,090)*	*(61,978)*
- of which financial assets	*(4,497)*	*(4,835)*
- of which financial liabilities	*69,045*	*55,258*
Shareholders’ Equity	202,594	201,623
Total financing sources	**202,053**	**190,068**

* ‘Net working capital’ is defined as the sum of inventories, trade receivables, tax receivables, other current assets, trade payables, tax payables (due within 12 months) and other current liabilities.

** ‘Net capital invested’ is defined as the algebraic sum of Net working capital (as defined above), fixed assets, other non-current assets and non-current liabilities (the latter net of medium-/long-term loans).

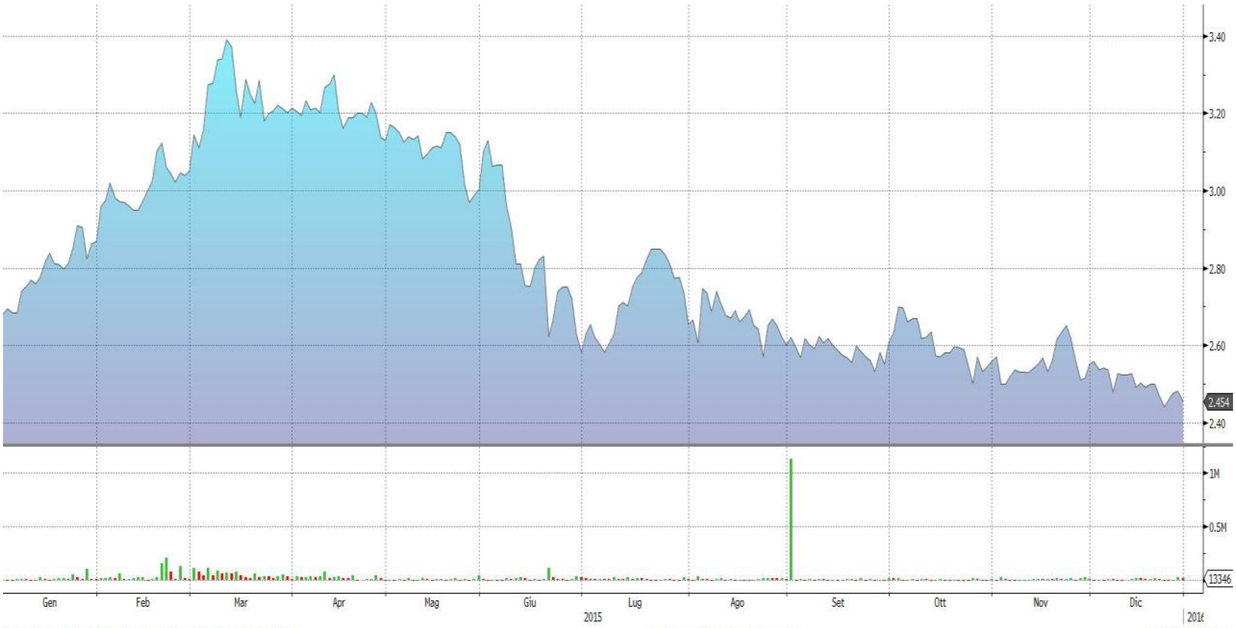
Cash flow data (Thousands of Euro)	**2015**	**2014**
Cash flow from operating activities	23,540	27,508
Cash flow used in investing activities	(11,261)	(8,627)
Free Operating Cash Flow	12,279	18,881
Acquisitions	(13,209)	-
Free Cash Flow	*(930)*	*18,881*
Cash flow used in financing activities	2,793	(18,032)
Effect of exchange-rate changes on cash and cash equivalents	1,249	(2,394)
Cash flow of the period	*3,111*	*(1,545)*
Cash and cash equivalents at the beginning of the year	**61,978**	**63,523**
Cash and cash equivalents at the end of the year	**65,090**	**61,978**

Report on Operations

This report on operations has been prepared by the Company's Directors in support of both the Consolidated and Separate Financial Statements for the year ended 31 December 2015, as required by article 1, paragraph 5 d) of Italian Legislative Decree no. 32 of 2 February 2007.
The management believes that, despite a difficult macroeconomic environment, no uncertainty regarding the Group's going concern exists as a result of its significant profitability, solid equity and financial positions.

Share performance

The share performance of Nice stock during 2015 is shown below.



As at 31 December 2015, Nice stock registered a per-share price of Euro 2.45 and the corresponding market capitalisation was Euro 284,664,000.

The following table summarises the main share and stock market data for 2015 (source: Bloomberg):

Share and stock market data	2015
Price as at 31/12/2015	€ 2.45
Maximum price in 2015 (12/03/2015)	€ 3.48
Minimum price in 2015 (22/12/2015)	€ 2.44
Market capitalisation as at 31/12/2015	284,664,000
Average no. of outstanding shares	110,664,000
No. of common shares	116,000,000

Control of the Company

As at 31 December 2015, Nice Group S.p.A. directly controlled 69.72% of Nice S.p.A.'s share capital. Nice Group S.p.A., with registered office in Oderzo (Province of Treviso) – Italy, is a holding company owned by Lauro Buoro (68.42%). The remaining 31.58% is held by Nice Group S.p.A. itself in the form of treasury shares.

The financial statements of Nice Group S.p.A. are available at the registered office in Via Pezza Alta no. 13 - Oderzo (Province of Treviso).

The financial statements of Nice S.p.A. are available on the website www.niceforyou.com, in the Investor Relations section.

Shares owned by Directors and Statutory Auditors

As at 31 December 2015, Directors and Statutory Auditors directly or indirectly held a total of 87,371,983 Nice S.p.A. shares, broken down as follows:

Full name	No. of shares held as at 01/01/2015	No. of shares bought in 2015	No. of shares held as at 31/12/2015	Nature of possession
Lauro Buoro - through Nice Group SpA	80,879,583	-	80,879,583	owned
Lauro Buoro - Nice SpA treasury shares	5,336,000	-	5,336,000	owned
Lorenzo Galberti	1,144,400	-	1,144,400	owned
Giorgio Zanutto	7,000	-	7,000	owned
Denise Cimolai	5,000	-	5,000	owned
Total	**87,371,983**	**-**	**87,371,983**	

Transactions with related parties

Nice S.p.A. is indirectly controlled by the Italian company Nice Group S.p.A.

The Group's transactions with related parties are the following:

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme;
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Nice Real Estate SL: property lease to Nice Automatismos Espana S.A;
- Nice Real Estate SRL: property lease to S.C. Nice Romania S.A. and financial payable to S.C. Nice Romania S.A.;
- Dorado Srl: company managed by Giuseppe Mallarino, who is also the CEO of Silentron S.p.A.; property lease to Silentron S.p.A.;
- Companies owned by the non-controlling interests of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC and Nice S.p.A.;
- Nice Team Sail S.r.l.: sponsorship agreement. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Modular Professional S.r.l.: supply of production material and purchase of some assets. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fly Nice: consortium set up by Nice S.p.A. and other companies controlled by Lauro Buoro. It provides air transport services to the consortium members.

Sales and purchases among related parties take place at arm's length. Balances outstanding as at the reporting date are unsecured, non-interest bearing and settled in cash. No guarantees have been given or received for receivables from or payables to related parties. For the year ended 31 December 2015, the Group made no allocation to any bad-debt provision for amounts due from related parties.
This measurement is carried out each year assessing the financial position of related parties and the market in which they operate.

Regarding the economic and financial transactions with related parties that took place during 2015, please refer to the details reported in the explanatory notes.

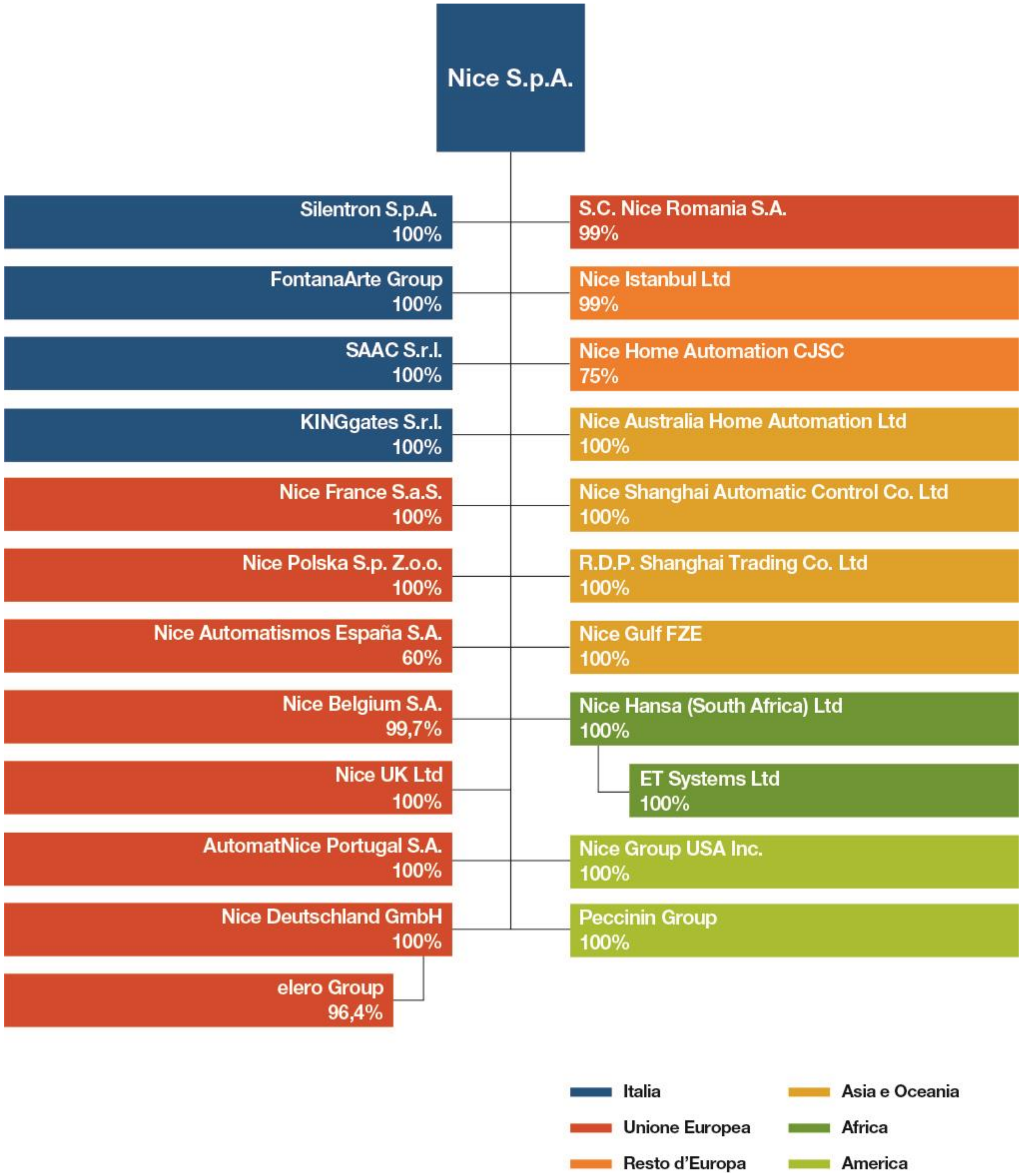
Group business description

Nice's business is the design, production and marketing of Home Automation systems. These systems provide automation of gates for residential, commercial and industrial buildings, garage doors and road barriers, and of awnings, rolling shutters, solar screens and alarm systems. The various systems can be integrated and controlled by means of a single radio control unit.
Upon acquisition of FontanaArte S.p.A., which took place in December 2010, the Group also expanded its operations to lighting.

Group structure

The following chart presents Nice Group's corporate structure as at 31 December 2015. The Group operates via 32 companies, detailed in the attachments, located as follows:

- *Italy:* Nice S.p.A., Silentron S.p.A., Saac S.r.l., FontanaArte S.p.A., King Gates Srl;
- *European Union:* Nice France Sas, Nice Automatismos Espana S.A., Nice UK Ltd, Nice Belgium S.A., Nice Polska S.p. Z.o.o., Nice Deutschland Gmbh, S.C. Nice Romania S.A., AutomatNice Portugal S.A., elero GmbH, elero AB, FontanaArte France S.a.S.;
- *Rest of Europe:* Nice Istanbul Ltd, Nice Home Automation CJSC;
- *Asia and Oceania:* Nice Shanghai Automatic Control Ltd, R.D.P. Shanghai Trading Ltd, Nice Australia Home Automation Ltd, FontanaArte Trading Co. Ltd, elero Motors & Controls Pvt. Ltd., elero Singapore Pte. Ltd., Nice Gulf FZE;
- *Americas:* Nice Group USA Inc., FontanaArte Corp., Peccinin Portoes Automaticos Industrial Ltda, Genno Tecnologia LTDA, Omegaport Equipamentos de Seguranca LTDA;
- *Africa:* Nice Hansa (South Africa) Ltd, ET Systems (Pty) Ltd.



Nice S.p.A.
Silentron S.p.A. 100%
FontanaArte Group 100%
SAAC S.r.l. 100%
KINGgates S.r.l. 100%
Nice France S.a.S. 100%
Nice Polska S.p. Z.o.o. 100%
Nice Automatismos España S.A. 60%
Nice Belgium S.A. 99,7%
Nice UK Ltd 100%
AutomatNice Portugal S.A. 100%
Nice Deutschland GmbH 100%
elero Group 96,4%
S.C. Nice Romania S.A. 99%
Nice Istanbul Ltd 99%
Nice Home Automation CJSC 75%
Nice Australia Home Automation Ltd 100%
Nice Shanghai Automatic Control Co. Ltd 100%
R.D.P. Shanghai Trading Co. Ltd 100%
Nice Gulf FZE 100%
Nice Hansa (South Africa) Ltd 100%
ET Systems Ltd 100%
Nice Group USA Inc. 100%
Peccinin Group 100%
Italia
Unione Europea
Resto d'Europa
Asia e Oceania
Africa
America

Comments on economic and financial results

Operating performance – Group economic results

Following is the 2015 income statement reclassified according to Nice Group's management scheme, including a comparison with the previous year:

(Thousands of Euro)	2015	%	2014	%	Δ %
Revenue	**287,761**	**100.0%**	**270,877**	**100.0%**	**6.2%**
Cost of goods sold	(130,794)	-45.5%	(122,074)	-45.1%	
Gross Profit	**156,967**	**54.5%**	**148,803**	**54.9%**	**5.5%**
Industrial costs	(9,590)	-3.3%	(8,946)	-3.3%	
Marketing costs	(10,027)	-3.5%	(8,333)	-3.1%	
Trade costs	(14,711)	-5.1%	(12,915)	-4.8%	
General costs	(25,353)	-8.8%	(25,190)	-9.3%	
Personnel costs	(55,648)	-19.3%	(51,871)	-19.1%	
Total Operating Costs	**(115,329)**	**-40.1%**	**(107,255)**	**-39.6%**	**7.5%**
EBITDA	**41,638**	**14.5%**	**41,548**	**15.3%**	**0.2%**
Depreciation and Amortisation	(8,501)	-3.0%	(8,277)	-3.1%	
EBIT	**33,137**	**11.5%**	**33,271**	**12.3%**	**-0.4%**
Financial management and other costs	(4,189)	-1.5%	(5,585)	-2.1%	
Pre-tax profit	**28,948**	**10.1%**	**27,686**	**10.2%**	**4.6%**
Taxes	(13,383)	-4.7%	(11,809)	-4.4%	
Net profit	**15,565**	**5.4%**	**15,877**	**5.9%**	**-2.0%**
Profit attributable to non-controlling interests	348	0.1%	433	0.2%	
Group net profit	**15,217**	**5.3%**	**15,444**	**5.7%**	**-1.5%**
Tax rate	*46.2%*		*42.7%*		

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, it is pointed out that alternative Performance indicators have been defined on page 4 of this report.

Consolidated Revenue

Nice Group sales in 2015 totalled Euro 287,761 thousand, up 6.2% year-on-year.
The following chart shows the geographical revenue breakdown:

(Thousands of Euro)	2015	%	2014	%	Δ %
France	40,079	13.9%	41,225	15.2%	-2.8%
Italy	36,657	12.7%	35,687	13.2%	2.7%
Europe 15 (1)	81,353	28.3%	77,128	28.5%	5.5%
Rest of Europe	53,677	18.7%	56,445	20.8%	-4.9%
Rest of the World	75,995	26.4%	60,392	22.3%	25.8%
Total Revenue	**287,761**	**100.0%**	**270,877**	**100.0%**	**6.2%**

(1) Excluding France and Italy

In 2015 France, which accounts for 13.9% of Group sales, reported revenue of Euro 40,079 thousand, with a decrease of 2.8% compared to 2014. Satisfactory growth on this market during the fourth quarter should be noted.

Italy reported revenue of Euro 36,657 thousand, an increase of 2.7% year-on-year, mainly due to a double digit increase in the fourth quarter of 2015.

Europe 15 reported sales of Euro 81,353 thousand, up 5.5% year-on-year.

In the Rest of Europe, 2015 sales amounted to Euro 53,677 thousand, down 4.9% year-on-year, but essentially stable at constant exchange rates: -0.4%.

The Rest of the World, with a 26.4% share of Group sales, grew by 25.8% with sales of Euro 75,995 thousand.

Profitability Indicators

Gross profit (calculated as the difference between revenue and cost of goods sold) in 2015 totalled Euro 156,967 thousand, up 5.5% compared to Euro 148,803 thousand in 2014 and with a margin on sales of 54.5%, compared to 54.9% in 2014.

EBITDA in 2015 totalled Euro 41,638 thousand, substantially stable compared to Euro 41,548 thousand in 2014, with the margin on sales decreasing from 15.3% to 14.5%.

Group net profit totalled Euro 15,217 thousand compared to Euro 15,444 thousand in 2014.

Operating performance – Financial position

As at 31 December 2015, net working capital amounted to Euro 75,809 thousand vs. Euro 74,413 thousand as at 31 December 2014, with an incidence of 25.8%.

The table below sets forth some data related to the Group cash flows:

(Euro thousand)	2015	2014
Net profit	15,565	15,877
Amortisation, depreciation and other non-monetary changes	11,064	4,442
Changes in Net Working Capital	(2,721)	7,189
Cash flow from operating activities	**23,908**	**27,508**
Investments	(11,261)	(8,627)
Free Operating Cash Flow	**12,647**	**18,881**
Acquisitions	(13,209)	-
Free cash flow	**(562)**	**18,881**
Net financial position of acquired companies	986	-
Residual debt for acquisitions	(2,168)	-
Payment of dividends	(5,257)	(4,759)
Other changes	(4,012)	(2,230)
Sub-total	**(10,451)**	**(6,989)**
Changes in the net financial position	**(11,014)**	**11,892**
Opening net financial position	**11,555**	**(337)**
Closing net financial position	**541**	**11,555**

The free operating cash flow for the year was Euro 12,647 thousand compared to Euro 18,881 thousand in 2014.

Following is the Group's net financial position as at 31 December 2015 and 31 December 2014:

(Thousands of Euro)	31/12/2015	31/12/2014
A. Cash	25	15
B. Other cash equivalents	64,909	61,963
C. Shares held for trading	-	-
D. Liquidity (A) + (B) + (C)	**64,934**	**61,978**
E. Current financial receivables	984	1,322
F. Current bank loans	(695)	(1,633)
G. Current portion of non-current debt	(6,700)	(47,885)
H. Other current financial payables	(141)	(5,693)
I. Current financial debt (F) + (G) + (H)	**(7,536)**	**(55,211)**
J. Net current financial debt (I) + (E) + (D)	**58,382**	**8,089**
Non-current financial receivables (*)	3,513	3,513
K. Non-current bank loans	(60,206)	(47)
L. Bonds issued	-	-
M. Other non-current payables	(1,148)	-
N. Non-current financial debt (K) + (L) + (M) (**)	**(57,841)**	**3,466**
O. Net financial debt (J) + (N)	**541**	**11,555**

(*) Non-current financial receivables are included in the item 'Other non-current assets' of the 'Consolidated statement of financial position'.

(**) Non-current financial debt includes also non-current finance receivables.

The Group's net financial position is a profit of Euro 541 thousand compared to Euro +11,555 thousand as at 31 December 2014. This amount was affected by an outlay of Euro 13.2 million for the acquisition of ET Systems.

The table below sets forth the reconciliation between Nice S.p.A. shareholders' equity and net profit with the corresponding consolidated shareholders' equity and net profit as at 31 December 2015 and 2014:

(Thousands of Euro)	**Shareholders' Equity 31/12/2015**	**Net Profit/(Loss) 2015**	**Shareholders' Equity 31/12/2014**	**Net Profit/(Loss) 2014**
Shareholders' equity and profit/(loss) for the year as reported in the financial statements of the parent company	**225,193**	**16,299**	**214,118**	**18,987**
Derecognition of the carrying value of consolidated equity investments:				
- difference between carrying value and shareholders' equity	(74,778)	-	(51,210)	-
- earnings	-	7,016	-	3,571
- goodwill	46,216	-	32,915	-
- other intangible fixed assets	11,353	-	11,102	-
Derecognition of the effects of transactions among consolidated companies:				
- intra-group profits included in the value of closing inventories	(4,764)	(160)	(4,604)	(364)
- intra-group dividends	-	(7,669)	-	(6,404)
Other transactions	(625)	79	(698)	87
Shareholders' equity and profit/(loss) for the year as reported in the consolidated financial statements	**202,595**	**15,565**	**201,623**	**15,877**

Other information

Research and Development

As part of the continuous process of technological innovation of products and production processes, aimed at improving technical features, product functionality and safety, a series of innovations has been implemented. The innovation programme was developed using scheduled researches, surveys and the creation of prototypes that are not for sale, followed by analysis and verification tests on product quality and functional features, also in relation to the various applicable Italian and European regulations. The implementation of this programme subsequently led to the definition of new models and/or products, or their technological and/or functional improvement.

During 2015, innovation and research work was undertaken, which led to costs in relation to projects for new products or substantial changes in existing products and new production and organisational processes.

The costs in 2015 amounted to Euro 7,866 thousand, of which 5,544 thousand related to personnel costs.

Treasury shares

Pursuant to article 2428, paragraph II no. 3 of the Italian Civil Code, it is hereby noted that, as at 31 December 2015, the Group held 5,336,000 treasury shares. The overall outlay amounted to Euro 20,771 thousand.

During 2015, treasury shares were neither purchased nor sold.

List of the Company's registered offices

Pursuant to article 2428 of the Italian Civil Code, a list of the Company's secondary offices is provided below:

Via Callalta, Oderzo (Province of Treviso):	- building used for warehousing raw materials and finished products;
	- building used as the Company's administrative and management office.
Via Anagnina, Rome:	- secondary office
Via Boccioni, Monza:	- secondary office

Information on ownership structure and compliance with codes of conduct

The information required by article 123-*bis* of Italian Legislative Decree no. 58 of 24 February 2008 as subsequently amended and supplemented (TUF) are shown in the 'Report on Corporate Governance and ownership structure as at 31.12.2015', filed concurrently with this report at the Company's s registered office, transmitted to the official storage mechanism 1INFO (www.1info.it) and published on the Company's website (www.niceforyou.com) in the Investor Relations, Corporate Governance, Reports on Corporate Governance section.

Security and personal data protection

The Security Policy Statement, required by article 34 of Italian Legislative Decree no. 196/2003 and by the technical specifications attached thereto, constitutes the minimum mandatory security measure in case of electronic processing of 'sensitive' or 'judicial' data.
At Nice S.p.A., sensitive (and/or judicial) data may be processed within the personnel files.
Following the conversion of Italian Law Decree no. 5 of 9 February 2012 (the so-called Simplification decree) into Law no. 35 of 4 April 2012, the obligation – for sensitive and judicial data controllers using electronic equipment – to draw up the Security Policy Statement and keep it updated was definitively eliminated.
Nonetheless, since the other obligations envisaged by Italian Legislative Decree no. 196/03 were still in force, the Company has prepared the document so as to formally certify that each data controller complies with these regulatory requirements.

Main risks and uncertainties which Nice Spa and Nice Group are exposed to

Following are the major risk factors which the Company and Nice Group are exposed to.
The Group is exposed to certain operational risks connected to its business, the main of which are summarised below:

- *Intellectual property risks:* Nice regularly provides for the safeguard of its brands and patents as well as its industrial know-how. It is however not possible to completely eliminate the risk of patents and products being counterfeited.
- *Risks connected to technological innovation and the development of new products:* Nice Group business is characterised by a continuous focus on technological innovation. However, competitors may produce and market in the future automation systems that are technologically more advanced or in any case more in line with

the market trends compared to those provided by Nice Group.

- *Exchange rate risk:* Nice operates in various markets and its internationalisation requires transactions to be carried out in currencies other than the Euro. Therefore, any loss in the value of non-Euro currencies could influence the Group's results.
- *Credit risk:* The Group does business only with known and reliable customers. The Group's policy is to subject customers requesting extended payment terms to procedures to check their credit rating. In addition, the balance of receivables is monitored during the year so that the amount of exposure to possible losses is not significant. Lastly, in case of new customers operating in some countries not belonging to the European Union, the Group usually requests and obtains letters of credit. Credit risk relating to the Group's other financial assets, which include cash and cash equivalents, features a maximum risk equal to the carrying value of such assets in the event of insolvency of the counterparty.

Finally, a macroeconomic environment such as the current one, in which the economic and financial situation of major countries has progressively deteriorated, could result in a negative performance of the Group and the sectors in which it operates.

Information on the environment and personnel

Nice Group operates according to both national and international best practices in an effort to prevent risk and to reduce environmental impact to a minimum. Furthermore, Nice Group has always paid particular attention and dedicated great effort to issues concerning employees' safety.
No significant work accidents have occurred within Nice Group and there are currently no risks of occupational diseases.

Subsidiaries established and governed by the laws of countries that do not belong to the European Union

The Board of Directors declares that the conditions are in place for listed companies as provided for by article 36 of Consob Regulation no. 16191/2007 ('Markets Regulation'). To this end it is noted that, as at 31 December 2015, the subsidiaries established and governed by the laws of countries that do not belong to the European Union, which are significant pursuant to article 36, paragraph 2 of the Markets Regulation (which refers to article 151 of the regulation adopted by Consob through its resolution no. 11971 of 1999 as subsequently amended) were three: Nice Home Automation CJSC (Russia) and Nice Group Usa, Inc. (USA) and Peccinin Portoes Automaticos Industrial Ltda:
In particular, in relation to the aforementioned subsidiaries, the Board of Directors hereby declares that:

a) Pursuant to article 36 paragraph 1 letter a) of the Markets Regulation, the income statements and the statements of financial position of the aforementioned subsidiaries are made available to the public at the Company's registered office;
b) Pursuant to article 36 paragraph 1 letter b) of the Markets Regulation, the Articles of Association, structure and powers of the relevant corporate bodies are made available to Nice S.p.A.;
c) Pursuant to article 36 paragraph 1 letter c) of the Markets Regulation, it has been ascertained that:
    - they have provided to the Statutory Auditors of the parent company the information required by the latter in order to audit the annual and interim accounts of the parent company;
    - the companies have in place an administration and accounting system that allows them to provide to the management and Statutory Auditors of the parent company the financial, equity and income statement information required for preparation of the consolidated financial statements.

Events after the reporting period

As of the date hereof, Luciano Iannuzzi has left his office of executive Director of Nice Group as a result of his resignation to pursue new professional opportunities. Luciano Iannuzzi was appointed Director by the Shareholders' Meeting of 24 April 2015.

Business outlook

Despite the uncertain macroeconomic scenario, the volume growth achieved during 2015, together with the continued ability to generate cash flows, allow Nice Group to confirm its growth plans in traditional core markets and other high-potential countries, as well as ambitious investment plans for the development of new technologies, plants and products.

Proposals for resolution

Dear Shareholders,

In concluding our report, we hereby propose:

- to approve the financial statements as at 31 December 2015;
- to distribute the net profit of Nice S.p.A., which amounts to Euro 16,299,201.66, as follows:
    1. to the Shareholders a gross dividend of Euro 0.0703 for each of the 110,664,000 outstanding shares (excluding the treasury shares held by Nice as at 31 December 2015), for a total amount of Euro 7,779,679.20
    2. the remaining amount of Euro 8,519,522.46 to an Extraordinary Reserve

Oderzo, 11 March 2016.

On behalf of the Board of Directors

The Chairman

Lauro Buoro

Consolidated Financial Statements as at 31 December 2015

Consolidated statement of financial position as at 31 December 2015 and 31 December 2014 *

(Thousands of Euro)	31/12/2015	31/12/2014	NOTES
ASSETS			
Non-current assets			
Intangible fixed assets	86,894	74,699	(2)
Tangible fixed assets	41,804	36,859	(3)
Other non-current assets	3,917	3,876	(4)
Deferred tax assets	12,675	13,867	(5)
Total non-current assets	**145,290**	**129,301**	
Current assets			
Inventories	69,548	61,287	(6)
Trade receivables	56,587	58,976	(7)
Other current assets	4,635	3,324	(8)
Tax receivables	9,948	10,856	(9)
Other current financial assets	984	1,322	(10)
Cash and cash equivalents	65,090	61,978	(11)
Total current assets	**206,792**	**197,743**	
Total assets	**352,082**	**327,044**	
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share capital	11,600	11,600	
Legal reserve	2,320	2,320	
Share premium reserve	32,179	32,179	
Treasury shares	(20,771)	(20,771)	
Retained earnings and reserves	188,735	178,898	
Translation reserves	(24,641)	(15,876)	
Profit for the period	15,217	15,444	
Group Equity	**204,639**	**203,794**	
Equity attributable to non-controlling interests	(2,044)	(2,171)	
Total shareholders' equity	**202,595**	**201,623**	(12)
Non-current liabilities			
Provisions for risks and charges	2,739	2,427	(13)
Termination benefits	1,750	1,748	(14)
Medium-/long-term loans	60,206	47	(15)
Other non-current liabilities	6,859	-	(16)
Tax payables (due after 12 months)	296	48	
Provision for deferred tax liabilities	5,195	5,910	(17)
Total non-current liabilities	**77,044**	**10,180**	
Current liabilities			
Bank overdrafts and loans	7,395	49,518	(18)
Other financial liabilities	141	5,693	(19)
Trade payables	46,211	41,284	(20)
Other current liabilities	9,005	8,578	(21)
Tax payables (due within 12 months)	9,692	10,168	(22)
Total current liabilities	**72,443**	**115,241**	
Total liabilities	**149,487**	**125,421**	
Total shareholders' equity and liabilities	**352,082**	**327,044**	

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 38.

Consolidated income statement as at 31 December 2015 and 2014*

(Thousands of Euro)	2015	2014	NOTES
Revenue	**287,761**	**270,877**	(34)
Operating costs:			
Costs for basic components, ancillary materials and consumables	(120,311)	(112,969)	(23)
Costs for services	(59,451)	(52,843)	(24)
Rental and lease costs	(8,201)	(8,043)	(25)
Personnel costs	(55,648)	(51,871)	(26)
Other operating costs	(5,607)	(7,142)	(27)
Depreciation and Amortisation	(8,501)	(8,277)	(28)
Other income	3,095	3,539	(29)
Operating profit	**33,137**	**33,271**	
Finance income	7,009	3,653	(30)
Finance expense	(10,774)	(7,462)	(31)
Other expenses	(424)	(1,776)	(32)
Pre-tax profit	**28,948**	**27,686**	
Taxes for the period	(13,383)	(11,809)	(33)
Net profit	**15,565**	**15,877**	
Net profit attributable to non-controlling interests	348	433	
Group net profit	**15,217**	**15,444**	

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 38.

Consolidated earnings per share	**2015**	**2014**
(Euro thousand)		
Average number of shares	110,664,000	110,664,000
Group net profit	15,217	15,444
Per-share data (Euro)		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.13751	0.13956
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.13751	0.13956

Consolidated statement of comprehensive income as at 31 December 2015 and 2014

(Thousands of Euro)	2015	2014
Net profit	**15,565**	**15,877**
Other items of comprehensive income after taxes not reclassified to profit or loss	(63)	(108)
- Actuarial loss on termination benefits	(63)	(108)
Other items of comprehensive income after taxes reclassified to profit or loss	(8,985)	(3,418)
- Exchange differences on translation of foreign financial statements	*(8,985)*	*(3,418)*
Total comprehensive income (loss) after taxes	**6,517**	**12,351**
Attributable to:		
Non-controlling interests	128	(956)
Owners of the parent	6,389	13,307

Consolidated statement of cash flows as at 31 December 2015 and 2014

(Thousands of Euro)	2015	2014
CASH FLOW FROM OPERATING ACTIVITY:		
Group net profit	**15,217**	**15,444**
Net profit attributable to non-controlling interests	348	433
Depreciation, amortisation and write-down	9,113	8,277
Accrual/(use) of bad-debt provision	515	(25)
Accrual/(use) of inventory write-down provision	880	(1,269)
Accrual/(use) of provision for risks	312	(1,247)
Accrual/(use) of employee benefit obligations	2	(86)
Fair value measurement of financial instruments	(367)	(319)
Accrual/(use) of deferred/prepaid tax provision	241	(889)
Changes in current assets and liabilities:		
Decrease (increase) in Receivables due from customers	1,743	5,744
Other current assets	(1,330)	547
Inventories	(7,498)	8,481
Payables due to suppliers	3,252	(7,850)
Other current liabilities	579	626
Tax receivables/payables	533	(359)
Total adjustments and changes	**8,323**	**12,064**
Cash flow from operating activities	**23,540**	**27,508**
CASH FLOW USED IN INVESTING ACTIVITIES:		
Investments in intangible fixed assets	(954)	(1,363)
Investments in tangible fixed assets	(10,307)	(7,264)
Other changes in equity investments	(13,209)	-
Cash flow used in investing activities	**(24,470)**	**(8,627)**
CASH FLOW USED IN FINANCING ACTIVITIES:		
Dividend distribution	(5,257)	(4,759)
Net change in medium-/long-term loans	61,030	(13,087)
Net change in short-term loans	(42,605)	(1,527)
Net change in other financial liabilities	(6,515)	5,160
Net change in other non-current liabilities	(857)	(3,596)
Net change in medium-/long-term tax payables	156	(139)
Net change in other non-current assets	(250)	(58)
Net change in other financial assets	2,334	(54)
Translation differences and other changes in Equity	(5,246)	28
Cash flow used in financing activities	**2,793**	**(18,032)**
Effect of exchange rate differences on cash and cash equivalents	1,249	(2,394)
Increase / (Decrease) of cash and cash equivalents	**3,112**	**(1,545)**
Cash and cash equivalents at the beginning of the period	61,978	63,523
Cash and cash equivalents at the end of the period	**65,090**	**61,978**

Consolidated statement of changes in shareholders' equity as at 31 December 2015 and 2014

(Thousands of Euro)	Share capital	Legal reserve	Share premium reserve	Treasury shares	Retained earnings and reserves	Translation reserve	Group Shareholders' Equity	Profit (Loss) attributable to non-controlling interests	Share capital and reserves attributable to non-controlling interests	Total Shareholders' Equity
Balance as at 31 December 2013	**11,600**	**2,320**	**32,179**	**(20,771)**	**183,475**	**(13,847)**	**194,956**	**125**	**(1,315)**	**193,766**
Profit for the period					15,444		15,444	433		15,877
Actuarial loss on termination benefits					(108)		(108)			(108)
Translation difference						(2,029)	(2,029)		(1,389)	(3,418)
Comprehensive income					**15,336**	**(2,029)**	**13,307**	**433**	**(1,389)**	**12,351**
Dividend distribution					(4,759)		(4,759)		(25)	(4,784)
Purchase of non-controlling interests					-		-			-
Other changes					290		290			290
Balance as at 31 December 2014	**11,600**	**2,320**	**32,179**	**(20,771)**	**194,342**	**(15,876)**	**203,794**	**433**	**(2,604)**	**201,623**
Profit for the period					15,217		15,217	348		15,565
Actuarial loss on termination benefits					(63)		(63)			(63)
Translation difference						(8,765)	(8,765)		(220)	(8,985)
Comprehensive income					**15,154**	**(8,765)**	**6,389**	**348**	**(220)**	**6,517**
Dividend distribution					(5,257)		(5,257)			(5,257)
Other changes					(288)		(288)			(288)
Balance as at 31 December 2015	**11,600**	**2,320**	**32,179**	**(20,771)**	**203,951**	**(24,641)**	**204,638**	**348**	**(2,391)**	**202,595**

Explanatory notes to the Consolidated Financial Statements as at 31 December 2015

Company information

Nice S.p.A. is an Italian joint-stock company established and located in Oderzo (province of Treviso) – Via Pezza Alta, 13 Z.I. Rustignè. It is the operating holding company of a group of entities (Nice Group), which is primarily active in the design, production and marketing of automation systems for gates, garage doors, rolling shutters, awnings, and access, security and lighting systems.

The publication of the Nice S.p.A. consolidated financial statements for the year ended 31 December 2015 was approved by the Board of Directors on 11 March 2016.

Contents and format of consolidated financial statements

The consolidated financial statements as at 31 December 2015 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union and in force on the reporting date.

The consolidated financial statements have been drawn up based on the historical-cost principle - except in the case of derivative financial instruments, which are recorded at fair value - and also on a going concern basis. The carrying value of assets and liabilities involved in fair value hedging transactions, and which otherwise would have been posted at cost, has been adjusted to take account of changes in fair value attributable to the risks hedged.

The currency unit used is the Euro and, unless otherwise indicated, all amounts are rounded to thousands of Euro.

The values used for the consolidation were taken from the statements of financial position prepared by the Directors of the individual subsidiaries. This data was properly modified and reclassified, where necessary, to make it compliant with the International Accounting Standards and the uniform classification criteria used by the Group.

Amendments to the accounting standards

The accounting standards adopted are the same as those used as at 31 December 2014, except for the adoption of the following new or revised IFRSs and IFRICs, which were applied for the first time by the Group as from 1 January 2015.

Accounting standards, amendments and interpretations effective from 1 January 2015

IFRIC 21 - Levies

IFRIC 21 is effective for annual periods beginning on or after 17 June 2014 and is applicable on a retrospective basis. This interpretation covers the accounting for outflows imposed by Governments other than those already covered in other standards (for example IAS 12 - Income Taxes) and fines and other penalties applied for violations of the law. In other words, the standards cover both liabilities for levies that are included in the scope of application of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation. The interpretation also clarifies that a liability is recognised progressively only if the obligating event occurs over a period of time provided for by the law.
If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached. These amendments did not impact the financial statements of the Group.

Annual Improvements to IFRSs: 2011-2013 Cycle
On 12 December 2013, the IASB issued 'Annual Improvements to IFRSs: 2011-2013 Cycle', which incorporates the amendments to certain standards as part of the annual improvement process. Among others, the most important topics addressed in these amendments are: scope exceptions for IFRS 3 - Business Combinations, of all types of joint arrangements (as defined in IFRS 11 - Joint Arrangements), the application of IFRS 13 - Fair Value Measurement to all contracts within the scope of IAS 39 and, finally, clarification on the relationship between IAS 40 – Investment Property and IFRS 3.
These amendments did not impact the financial statements of the Group.

Accounting standards, amendments and interpretations not yet applicable and/or not adopted early by the Group

As at the reporting date, the competent bodies of the European Union had not yet concluded the endorsement process required for the application of the following accounting standards and amendments.

IAS 19 - Defined Benefit Plans: Employee Contributions
On 21 November 2013, the IASB issued an amendment to IAS 19 on the accounting of contributions from employees or third parties to defined benefit plans. The amendment is effective at the latest for annual periods beginning on or after 1 February 2015.

IFRS 11 - Joint Arrangements – Accounting for acquisitions of interests in joint operations
On 6 May 2014, the IASB issued an amendment to IFRS 11 - Joint Arrangements - Accounting for acquisitions of interests in joint operations, regarding the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business, as defined in IFRS 3. For these cases the amendments require to apply all of the principles on business combinations accounting in IFRS 3.
The amendments are effective from 1 January 2016, with earlier application being permitted.

IAS 16 Property, plant and equipment and IAS 41 Agriculture – "Bearer Plants"
These amendments, issued on 30 June 2014, provide that bearer plants, i.e. fruit trees that will generate annual crops (for example, grape vines, hazelnut trees) must be accounted for in accordance with IAS 16 requirements (rather than IAS 41). The amendments are effective from 1 January 2016, with earlier application being permitted.

IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"
According to these standards, published on 12 May 2014, revenue-based depreciation and/or amortisation methods are not considered appropriate, since revenue generated by an activity that includes the use of a depreciated asset generally reflects factors other than the consumption of an asset's expected future economic benefits, which is instead required for depreciation/amortisation. The amendments are effective from 1 January 2016, with earlier application being permitted.

IAS 1 – Disclosure Initiative

The aim of the amendments, published on 18 December 2014, is to provide clarification on disclosure elements that may be perceived as impediments to the clear and intelligible preparation of financial statements. The amendments are effective from 1 January 2016, with earlier application being permitted.

Annual Improvements to IFRSs: 2010-2012 Cycle

As a part of the annual improvement process, on 12 December 2013, the IASB issued 'Annual Improvements to IFRSs: 2010-2012 Cycle'.

Among others, the most important topics addressed in these amendments are: changes and additions to the definitions of IFRS 2 – Share Based Payments – Definition of vesting condition; clarifications on the accounting for contingent consideration in a business combination classified as financial asset or financial liability that, according to IFRS 3 Business Combination – Accounting for contingent consideration, must be re-measured at fair value at each reporting date; amendment to the Basis for Conclusions of IFRS 13 - Fair Value Measurement – Short-term receivables and payables; finally, the disclosure required by IFRS 8 - Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, for the assessments made by management in applying the operating segment aggregation criteria.

The amendments are effective at the latest for annual periods beginning on or after 1 February 2015.

Annual Improvements to IFRSs: 2012-2014 Cycle

On 15 September 2014, the IASB issued 'Annual Improvements to IFRSs: 2012-2014 Cycle'. Among others, the most important topics addressed in these amendments are: the introduction, in IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations, of specific guidelines in case an entity reclassifies an asset from held-for-sale to held-for-distribution (or vice-versa), or when the requirements for the classification of an asset as held-for-distribution no longer exist and the introduction, provided for by IFRS 7 - Financial Instruments: Disclosure and IAS 19 – Employee Benefits, of additional guidelines to clarify whether a servicing contract constitutes continuing involvement in a transferred asset for the purposes of the disclosure required in relation to the transferred assets.

The amendments are effective at the latest for annual periods beginning on or after 1 January 2016.

IFRS 9 – Financial Instruments

The document, published on 24 July 2014, includes the results of the steps relating to classification and measurement, impairment and hedge accounting, of the IASB project aimed at replacing IAS 39:

- It introduces new criteria for the classification and measurement of financial assets and liabilities;
- With reference to the impairment model, the new standard requires that credit losses be estimated on the basis of the expected losses model (and not the incurred losses model used by IAS 39) using supportable information, available without unreasonable expense or effort including historic, current and future data;
- It introduces a new model for hedge accounting (increase in the types of transactions eligible for hedge accounting, changes in the method of accounting for forward contacts and options when included in a hedge accounting relationship, changes to effectiveness testing).

The new standard, which replaces the previous versions of IFRS 9, must be applied for financial statements beginning on or after 1 January 2018.

IFRS 15 – Revenue from Contracts with Customers

On 28 May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which is intended to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides for a single, principles based five-step model to be applied to all contracts with customers. In particular, the proposed model for revenue recognition will be structured as follows:

a) Identify the contract(s) with a customer;
b) Identify the performance obligations in the contract;
c) Determine the transaction price;
d) Allocate the transaction price to the performance obligations in the contract;
e) Recognise revenue when (or as) the entity satisfies a performance obligation.

The satisfaction of the performance obligation, and therefore the concurrent revenue recognition, takes place as control of the asset/service is passed. For the purposes of revenue recognition, the verification of the transfer of risks and benefits related to the ownership of the asset subject to sale currently required by IAS 18 is no longer relevant. The standard is effective from 1 January 2018, with earlier application being permitted.

IFRS 14 – Regulatory Deferral Accounts

The standard, published on 30 January 2014, allows only first-time adopters of the IFRS to continue recognising amounts related to Rate Regulated Activities according to the previous accounting standards adopted. Since the Company/Group is not a first-time adopter, this standard is not applicable.

IFRS 16 – Leases

On 13 January 2016, the IASB issued IFRS 16 – Leases which is intended to replace IAS 17 – Leases, as well as the interpretations IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criterion based on the right of use of an asset to distinguish leases from service contracts, identifying the following factors: the identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits arising from the use of the asset and the right to direct the use of the underlying asset.

The standard establishes a single lessee accounting model, which entails the recognition of the lease asset, including operating lease, under assets with an offsetting financial liability, also providing the option of not recognising contracts referring to ‘low-value assets’ or with a duration of less than 12 months as leases. On the contrary, the standard does not include significant changes for lessors.

The standard is effective from 1 January 2019, with earlier application being permitted only for Companies that have also applied IFRS 15 - Revenue from Contracts with Customers.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

Published on 18 December 2014, it contains amendments relating to issues that have arisen in the context of applying the consolidation exception for investment entities. The amendments introduced by the document are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted.

IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture

On 11 September 2014, the IASB published an amendment to IFRS 10 and IAS 28 - Sales or Contribution of Assets between an Investor and its Associate or Joint Venture. The document was published in order to address the current conflict between IAS 28 and IFRS 10 relating to the recognition of the gain or loss resulting from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for a share in the capital of the latter. At present, the IASB ha suspended the application of this amendment.

The Group is analysing the principles indicated and is assessing whether their adoption will have a significant impact on the consolidated financial statements.

Significant accounting estimates

The preparation of consolidated financial statements requires Directors to make discretionary assessments, estimates and assumptions that have an impact on the values of revenue, costs, assets and liabilities and the indication of contingent liabilities as at the reporting date. However, the uncertainty with regard to these hypotheses and estimates may lead to significant adjustments in the carrying amounts of assets and liabilities by the end of the next financial period.

Estimates are used to calculate:

Impairment of intangible assets with an indefinite useful life

On each reporting date, the Group tests all intangible assets with an indefinite useful life to see whether there are any indicators of impairment.

More specifically, goodwill and trademarks with indefinite useful life are tested for possible impairment at least annually and during the year if such indicators exist. This test requires estimation of the value in use of the cash generating unit to which the investment's cost and goodwill are attributed, in turn based on estimation of the future cash flows expected from the unit and discounted to present value based on an appropriate discount rate. As at 31 December 2015, the carrying value of goodwill was Euro 66,144 thousand (2014: Euro 52,897 thousand) and the carrying value of trademarks was equal to Euro 14,320 thousand. Further details are provided in note 2.

Other non-financial assets are tested annually for impairment when there are indications suggesting that carrying value may not be recovered.

Deferred tax assets

Deferred tax assets are recognised in view of all temporary differences and all tax losses carried forward, to the extent that there will possibly be adequate future taxable income in view of which these temporary differences can be absorbed and such tax losses used. A significant discretionary assessment is required to Directors to calculate the amount of deferred tax assets that can be recorded in the accounts. They have to estimate the probable timing and amount of future taxable income as well as a planning strategy for future taxes.

Other estimated items

Estimates are also used to calculate bad-debt provisions and for inventory obsolescence, depreciation and amortisation, employee benefit obligations, and provisions for risks and charges.

Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company Nice S.p.A. and of the Italian and foreign companies directly or indirectly controlled by Nice S.p.A.
Subsidiaries' financial statements are drawn up applying the same accounting standards as the Parent Company. Consolidation adjustments have been made if necessary to achieve the uniformity of any items affected by the use of different accounting standards. All the intra-group balances and transactions, including any unrealised profits deriving from relations among Group companies, have been fully derecognised.
The principles of consolidation applied include derecognition of equity investments in view of the recognition of investee companies' assets and liabilities on a line-by-line basis, and derecognition of all intra-group transactions and thus of payables, receivables, sales, purchases, and profits and losses not realised with third parties. Subsidiaries are consolidated on a line-by-line basis starting from the acquisition date, i.e. from the date when the Group takes control, and they cease to be considered as consolidated on the date when control is transferred outside the Group. Any difference between the acquisition cost and book equity of investee companies at the time of acquisition of the investment is allocated – if positive – to specific assets of the acquired companies, based on their current value as at the acquisition date, and amortised on a straight-line basis according to the investment's future useful life, with the remainder, if the prerequisites to do so exist, being allocated to Goodwill. In this latter case, the amounts are not amortised but are tested for impairment at least annually and, in any case, whenever it is deemed appropriate. If a negative difference results, this is recognised through profit or loss.
If the conditions do not exist for definitive allocation of the price paid to purchase control of a company, use is made of the longer deadline (12 months) allowed by the relevant accounting standard (IFRS 3 – 'Business combinations').
Non-controlling interests represent the part of profits or losses and of net assets not owned by the Group, for which risks and rewards were not transferred to the subsidiary and are shown as a separate item in the income statement, while in the statement of financial position they are shown among shareholders' equity items, separately from the Group shareholders' equity.

As at 31 December 2015, the subsidiaries consolidated on a line-by-line basis were the following:

- **Nice S.p.A.** is the parent company. It manages the design, production and marketing of Nice products;
- Nice France S.a.S., a company that markets the Group's products in France;
- Nice Polska Sp. z.o.o., a company that markets the Group's products in Poland;
- Nice Automatismos Espana S.A., a company that markets the Group's products in Spain;
- Nice Belgium S.A., a company that markets the Group's products in Belgium;
- Nice Shanghai Automatic Control Co. Ltd., a company that markets the Group's products in the Far Eastern market and produces a product line for the local market;
- R.D.P. Shanghai Trading Ltd., a company that purchases basic components in the Asian market for subsequent resale to the Group companies;
- Nice UK Ltd., a company that markets the Group's products in the UK;
- Nice Deutschland Gmbh, a company that markets the Group's products in Germany and handles some phases of the assembly of a product line;
- Nice Group USA Inc., a company that markets the Group's products and designs, produces and markets automation systems in the USA;

- S.C. Nice Romania S.A., a company that markets the Group's products in Romania;
- Nice Istanbul Ltd, a company that markets the Group's products in Turkey;
- Nice Australia Home Automation Pty Ltd, a company that markets the Group's products in Australia;
- AutomatNice Portugal S.A., a company that markets the Group's products in Portugal;
- Nice Hansa (SA) Pty Ltd., a company that markets the Group's products in South Africa;
- ET Systems Ltd, a company that designs, produces and markets automation systems in South Africa.
- Silentron S.p.A., a company that designs, produces and markets alarm systems;
- Nice Home Automation CJSC, a company that markets the Group's products in Russia;
- SAAC S.r.l., a company that markets and installs Nice products;
- Nice Gulf FZE, a company that markets the Group's products in the Middle East;
- **FontanaArte S.p.A.**, a company that designs, produces and markets lighting systems;
- FontanaArte Corp (USA), a company that markets lighting systems in the USA market;
- FontanaArte Trading Co. Ltd (China), a company that markets lighting systems in China;
- FontanaArte France S.A.S., a company that markets lighting systems in the French market;
- Peccinin Portoes Automaticos Industrial Ltda, a company that designs, produces and markets automation systems in the Latin American market;
- Genno Tecnologia LTDA, a company that designs, produces and markets perimeter security systems and electronic accessories in the Latin American market;
- Omegaport Equipamentos de Seguranca LTDA, a company that designs, produces and markets automation systems in the Latin American market;
- King Gates Srl, a company that operates in the automation sector, designing and producing automation systems for gates and garage doors;
- **elero GmbH**, a company that operates in the design, production and marketing of products by elero, which holds:
- elero Motors & Controls Pvt. Ltd., a company that markets elero products in India;
- elero Singapore Pte. Ltd., a company that markets elero products in Asia;
- elero AB, a company that markets the Group's products in Sweden.

It should be noted that, as at 31 December 2015, the company Nice Middle East was not included in the scope of consolidation because, as it happened in 2014, there were not the conditions for exercising control over the subsidiary due to the current complex political situation in Syria.

Translation of items and financial statements in currencies other than the Euro

Consolidated financial statements are presented in Euro, which is the Group's functional and presentation currency. Every Group company defines its own functional currency, which is used to measure the items in the individual financial statements.

Transactions in foreign currencies are initially recognised at the exchange rate (referring to the functional currency) in force on the transaction date. Monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate in force on the reporting date. All exchange differences are recognised in the income statement.

Any goodwill deriving from the acquisition of a foreign operation and any changes in the fair value that modify the carrying values of assets and liabilities deriving from the acquisition of that foreign operation, are recorded as assets and/or liabilities of foreign operations. These values are therefore expressed in the functional currency of foreign operations and are translated at the exchange rate in force on the reporting date.

The functional currency used by subsidiaries that do not belong to the Euro zone is their local currency. As at the reporting date, the assets and liabilities of such subsidiaries are translated into Euro at that date's exchange rate, and their income statement is translated using the average exchange rate for the year. Foreign exchange differences arising from translation are directly recognised in equity and are shown separately in a specific reserve. Upon disposal of a foreign company, the accumulated exchange rate differences recognised in equity for that particular foreign company are recognised through profit or loss.

The exchange rates applied are shown in the table below and correspond to those published by the *Ufficio Italiano dei Cambi* (Italian Foreign Exchange Office):

Currency	Average 2015	Spot 31/12/2015	Average 2014	Spot 31/12/2014
Polish zloty – PLN	4.1841	4.2639	4.1843	4.2732
Chinese yuan renminbi – CNY	6.9733	7.0608	8.1858	7.5358
Turkish lira – TRY	3.0255	3.1765	2.9065	2.8320
Australian dollar – AUD	1.4777	1.4897	1.4719	1.4829
US dollar – USD	1.1095	1.0887	1.3285	1.2141
Pound sterling – GBP	0.7258	0.7340	0.8061	0.7789
Romanian leu – RON	4.4454	4.5240	4.4437	4.4828
South African rand – ZAR	14.1723	16.9530	14.4037	14.0353
Russian ruble – RUB	68.0720	80.6736	50.9518	72.3370
Singapore dollar - SGD	1.5255	1.5417	1.6823	1.6058
Indian rupee - INR	71.1956	72.0215	81.0406	76.7190
Swedish krona- SEK	9.3535	9.1895	9.0985	9.3930
Brazilian real - BRL	3.7004	4.3117	3.1211	3.2207
United Arab Emirates dirham - AED	4.0733	3.9966	4.8796	4.4594

Summary of the main accounting standards

The accounting standards and assessment criteria adopted for preparing the consolidated financial statements as at 31 December 2015 are shown below:

Intangible fixed assets

Intangible fixed assets purchased separately are initially capitalised at cost, while those acquired through business combinations are recognised at their fair value on the acquisition date. After initial recognition, intangible fixed assets are posted at cost, net of accumulated amortisation and accumulated impairment, if any. Intangible fixed assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the financial year in which they were incurred.

The useful life of intangible fixed assets can be assessed as definite or indefinite.

Intangible fixed assets with a definite life are amortised over their useful life and tested for impairment each time there is indication of a possible impairment. The period and method of amortisation applied to them are reviewed at the end of each financial year or more frequently if necessary. Any changes in the expected useful life and in the procedures used by the Group to achieve future economic benefits linked to the intangible asset are recognised changing the amortisation period or method, as appropriate, and are treated as changes to the accounting estimates. The amortisation charge of intangible assets with a definite life is recorded in the income statement in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are subject to an annual impairment test at an individual level or at cash generating unit level. No amortisation is recorded for these assets. The useful life of an intangible asset with an indefinite life is reviewed annually to verify if the conditions on which this classification is based still exist.

The profits or losses deriving from the sale of an intangible fixed asset are calculated as the difference between the net profit from the disposal and the carrying value of the intangible fixed asset and are recognised in the income statement at the time of sale.

Business combinations and Goodwill

Business combinations are accounted for using the purchase method. This requires recognition at fair value of identifiable assets (including intangible fixed assets which had previously not been recognised) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the acquired company.

Transaction costs are generally recognised in the income statement when they are incurred.

Any contingent considerations provided by the business combination agreement are measured at fair value on the acquisition date and included in the value of the consideration transferred as part of the business combination for determination of the goodwill. Any subsequent changes in that fair value considered as adjustments that arose during the measurement period are retrospectively included in goodwill. Changes in fair value considered as adjustments that arose during the measurement period are those that result from additional information on facts and circumstances that existed on the acquisition date, obtained during the measurement period (which cannot be longer than one year after the business combination).

Liabilities connected to the exercise of put/call options, if any, on non-controlling interests in the acquired companies are recognised as financial liabilities as required by IAS 32 and included in the measurement of the business combination cost.

Goodwill acquired in a business combination is initially measured at cost and represents the excess of the business combination cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities (of the company acquired). After initial recognition, goodwill is not subject to amortisation and is decreased by accumulated impairment losses, if any, which are determined as described below. Goodwill relating to investments in associates is included in the carrying value of those companies.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances occur that may lead to possible impairment.

For the purposes of such analyses, the goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash generating units (or groups of units) that are expected to benefit from the synergy effects of the acquisition, regardless of the allocation of other assets or liabilities to said units (or groups of units). Each unit or group of units to which goodwill is allocated represents the lowest level within the company in which goodwill is monitored for internal management purposes and is no broader than the business segments identified on the basis of the Group's segment information, determined pursuant to IFRS 8 'Operating Segments'.

Impairment, if any, is determined defining the recoverable amount of the cash generating unit (or group of units) to which goodwill is allocated. When the recoverable amount of the cash generating unit (or group of units) is lower than the carrying value, impairment is recognised. In cases in which goodwill is attributed to a cash generating unit (or group of units) the assets of which are partially disposed of, the goodwill associated with the transferred asset is considered in order to determine capital gains (losses), if any, deriving from the transaction. In such cases, the goodwill disposed of is calculated on the basis of the values of the transferred asset compared to the asset still held with reference to the same unit.

Trademarks

Trademarks with a definite useful life that are recorded in the financial statements are amortised over a period of 10 years and tested for impairment each time there is indication of a possible impairment. The useful life is reviewed annually.
The amount recorded under the trademarks item refers to the price paid in 2005 by the subsidiary Mhouse for the purchase of the Mhouse logo in the USA and the FontanaArte trademark.
The FontanaArte and Mhouse trademarks, purchased in December 2010, are considered to have an indefinite useful life and are therefore tested for impairment annually, or more frequently if events or changes in circumstances occur that may lead to possible impairment.

Software

The value registered as software refers to costs for software user licences. It is an intangible asset with a definite useful life that is amortised over a period of 3 - 5 years.

Research and development costs

Research costs are recognised in the income statement at the time they are incurred. Development costs incurred in relation to a specific project are capitalised only when the Group can prove the technical possibility of completing the intangible asset so as to make it available for use or sale, the intention to complete said asset to use or sell it, the ways

in which it would generate future economic benefits, the availability of technical, financial or other resources to complete development and its ability to reliably measure the cost attributable to the asset during its development.
During the development period, the asset is annually tested for impairment. After initial recognition, development costs are measured at cost less accrued amortisation or impairment, if any. Amortisation of the asset starts once its development has been completed and the asset is available for use. Development costs are amortised over the period in which it is foreseen that the related project will generate revenue for the Group, but in any case the time period shall not exceed 5 years. During the period in which the asset is not yet in use, it is annually tested for impairment.

Customer relations

The amount recorded reflects the purchase cost of customer relations from previous distributors. On the basis of analyses of customer loyalty, it has been deemed that customer relations shall have a defined useful life of 10 years. A survey on the continuance or not of business relations with these customers is carried out systematically, so as to assess whether or not the stated useful life is correct.

Technological know-how

The value recorded refers to the overall know-how required in the industrial technique area to produce a good, to begin a production process or to correctly use a technology; the latter are taken from studies and business management experiences and are of an innovative and confidential nature. It is believed that this asset can have a residual life of 10 years.

Tangible fixed assets

Tangible fixed assets are initially posted at their historical cost, including related costs directly chargeable and necessary to put the asset into operation for the use for which it was acquired.
Maintenance and repair expenses, which do not contribute to creating value for and/or extending the residual life of the assets, are expensed in the year in which they were incurred; otherwise, they are capitalised.
Tangible assets are presented net of the relevant accumulated depreciation and impairment, if any, determined according to the methods described below. Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset for the business. The estimated useful life is reviewed annually and any changes, if necessary, are introduced prospectively.

The main economic-technical rates used are the following:

Category	Depreciation rates
Buildings	3%
General and specific plant	10%-15.5%
Equipment (moulds)	10%-12.5%
Sundry and minor equipment	20%-25%
Office machines and furniture	12%-20%
Electronic office machines	20%-25%
Motor cars – Motor vehicles	20%-25%
Improvements on leased assets	Throughout the duration of the lease contract

The carrying value of tangible fixed assets is tested for impairment if events or changes in circumstances indicate that the carrying amount cannot be recovered. If an indication of this type exists, and if the carrying amount exceeds the expected realisable value, the assets are written down until they reflect their realisable value. The realisable value of tangible fixed assets is either the net sale price or the value in use, whichever is higher.

In defining the value in use, the expected cash flows are discounted to present value using a discount rate that reflects the current market estimate for the cost of money in relation to time and the specific risks of the asset. For assets that do not generate independent cash flows, the realisable value is determined in relation to the cash generating unit to which the asset belongs. Impairment is recorded in the income statement under depreciation and write-down costs. This impairment is restored if the factors that caused it no longer exist.

When the asset is sold or if there are no future economic benefits expected from the use of an asset, it is derecognised and any loss or profit (calculated as the difference between the sale value and the carrying amount) is recorded in the income statement for the year of the above-mentioned derecognition.

Impairment on non-financial assets

On each reporting date, the Group assesses whether there is an indication that an asset may be impaired. In this case, or if annual impairment testing is required, the Group estimates the amount. The recoverable amount is the greater between the fair value of the asset or the cash generating unit, net of sales costs, and its value in use. The recoverable amount is determined for each individual asset, except when the asset generates cash flows that are not fully independent from those generated by other assets or groups of assets. If the carrying value of an asset is higher than its recoverable amount, the asset is considered impaired and is consequently written down to its recoverable amount. In measuring the value in use, the Group discounts to present value the estimated future cash flows, using a pre-tax discount rate that reflects the market assessment of the current value of money and the specific risks of the asset. In measuring the fair value net of sales costs, an appropriate assessment model is used. This measurement is carried out using appropriate valuation multipliers and other available fair value indicators.

Impairment on continuing operations is recognised in the income statement in cost categories that are consistent with the function of the impaired asset.

For assets other than goodwill, on each reporting date, the Group also assesses the existence of any derecognition (or reduction) of previously recognised impairment and estimates the recoverable amount, should such indications exist. The value of a previously impaired asset is restored only if there has been a change in the estimates used to determine the asset's recoverable amount after recognition of the last impairment. The recovery in value cannot exceed the carrying amount that would have been determined, net of amortisation and depreciation, had no impairment been recognised in prior years. Such recovery is recognised in the income statement unless the fixed asset is recorded at a revalued amount, in which case the recovery is treated as a revaluation increase.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be subject to impairment.

Impairment of goodwill is determined by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which goodwill relates. Should the recoverable amount of the cash generating unit (or group of cash generating units) be less than its carrying value, impairment is recognised. Impairment related to goodwill cannot be restored in future years. The Group tests goodwill for impairment each year at the end of the reporting period.

Financial assets

IAS 39 envisages the following types of financial instruments: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Initially, all financial assets are recorded at fair value plus any related charges for assets other than those at fair value through profit or loss. The Group determines the classification of its financial assets after initial recognition and, where appropriate and allowed, reviews this classification on each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. After initial recognition, these assets are measured on the basis of amortised cost using the effective discount rate method, net of any provision for impairment.
The amortised cost is calculated considering each discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Profit and losses are recorded in the income statement when the loans and receivables are derecognised or in case of impairment, as well as by means of the amortisation process.

It is noted that, as at 31 December 2015, the Group did not hold any financial assets that could be classified as 'Held-to-maturity investments' and 'Available-for-sale financial assets'.

Impairment on financial assets

On each reporting date, the Group assesses whether a financial asset or group of financial assets has been impaired.

Assets measured on the basis of amortised cost

If an objective indication exists that a loan or receivable posted at amortised cost has been impaired, the impairment amount is calculated as the difference between the carrying value of the asset and the current value of the estimated future cash flows (excluding future receivable losses not yet incurred) discounted at the original effective interest rate of the financial asset (i.e., the effective interest rate calculated on the date of initial recognition). The carrying value of the asset is reduced through a provision and the amount of the loss is recognised in the income statement.
If, in a subsequent period, the entity of the impairment decreases and this decrease can be objectively traced back to an event that took place after recognition of the impairment, the previously reduced value can be restored. Subsequent reversals of impairment losses, if any, are recorded in the income statement to the extent that the carrying value of the asset does not exceed the amortised cost as at the date of restoration.
With reference to trade receivables, a provision for impairment is made when an objective indication exists (such as, for example, the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to recover all the amounts due under the original invoice terms. The carrying value of the receivable is reduced by using a specific provision. Receivables subject to impairment are written off when it is confirmed that they cannot be recovered.

Inventories

Inventories are recorded at the lower between: purchase and/or production cost, determined in accordance with the weighted average cost method, and the estimated net realisable or replacement value. The net realisable value is determined according to the estimated sale price under normal market conditions, net of direct sales costs.
Obsolete and/or slow moving inventories are written down according to their future possibility of use or realisation. The write-down is derecognised in subsequent years if the grounds for the write-down no longer exist.

Treasury shares

Treasury shares are set against shareholders' equity on the basis of their purchase cost. No profit or loss is reported in the income statement on the purchase, sale, or derecognition of treasury shares. All differences between the carrying amount and the amount paid are recorded in other capital reserves.

Cash and cash equivalents

Cash and short-term deposits comprise cash on hand, demand and short-term deposits, the latter expiring within three months or less. As far as the consolidated statement of cash flows is concerned, cash and cash equivalents are represented by cash as described above.

Financial liabilities

Trade payables

Trade payables expiring within normal trading terms are not discounted to present value and are posted at cost (identified by their nominal value), which represents their fair value as at the reporting date.

Loans

Loans are initially recognised at the fair value of the amount received, net of the related loan acquisition costs. After initial recognition, loans are measured on the basis of amortised cost using the effective interest rate method. Every profit or loss is recorded in the income statement when the liability is extinguished, as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held for trading financial liabilities and financial liabilities designated at fair value through profit or loss upon initial recognition.

Held for trading financial liabilities are all those acquired for the purpose of selling in the short term. This category includes derivative financial instruments to which the Company subscribed and that are not designated as hedging instruments in accordance with IAS 39. Separate embedded derivatives are classified as financial instruments held for trading unless they have been designated as effective hedging instruments.

Financial guarantee liabilities

The financial guarantee liabilities issued by the Group comprise those contracts requiring payment to reimburse the owner for a loss suffered due to non-compliance by a given debtor in making payment on the due date, on the basis of the debt instrument's contractual clauses. Financial collateral arrangements are recorded at their nominal value, under commitments and risks.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive the cash flows from the asset has been discharged;
- the Group maintains the right to receive cash flows from the asset, but has undertaken the contractual obligation to pay them in full and without delay to a third party;
- the Group has transferred the right to receive cash flows from the asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) it has neither retained nor transferred substantially all of the risks and rewards of the asset, but has transferred its control over the same.

If the Group has transferred the right to receive cash flows from an asset while it has neither retained nor transferred substantially all of the risks and rewards or has retained control of the asset, the Group continues to recognise the asset to the extent to which it has a continuing involvement in the asset. The continuing involvement, which consists of a guarantee on the transferred asset, is measured at the lower between the initial carrying value of the asset and the maximum amount that the Group could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or fulfilled.

Employee benefit obligations

Profit and losses deriving from actuarial valuation are recorded in the statement of comprehensive income.
Liabilities relating to defined benefit programmes, net of any assets within the scope of the plan, are determined according to actuarial assumptions and are recognised on an accrual basis, in line with the services required to obtain said benefits.
The assessment of liabilities is carried out by independent actuaries using the projected unit credit method.
Profit and losses deriving from actuarial valuation are recorded in the income statement as a cost or revenue, regardless of their amount.
The amount reflects not only the payables accrued as at the reporting date, but also future salary increases and the related statistical dynamics.

Benefits guaranteed to employees by means of defined contribution plans (also due to recent changes in the Italian law on social security contributions) are recognised on an accrual basis and, at the same time, give rise to a liability at nominal value.

Provisions for risks and charges

The provisions for risks and charges include costs and charges of a given type and of certain or probable existence that, as at the reporting date, are undetermined in terms of amount or due date.

Provisions for risks and charges are made when the Group must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount. When the Group considers that a provision for risks and charges shall be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately among the assets when, and only when, it is practically certain.

In this case, the cost of provisions, if any, net of the amount recorded for the indemnity, is presented in the income statement.

Provisions are recorded at the value representing the best estimate of the amount the entity would pay to extinguish the obligation or to transfer it to a third party at the end of the reporting period. If the effect of the discounted present value of money is significant, provisions are determined by discounting to present value the expected future cash flows using a pre-tax discount rate that reflects, where appropriate, the specific risks of liabilities. When discounting to present value, the increased provision due as time passes is recognised as a finance expense.

Leases

The definition of a contractual agreement as a lease transaction (or containing a lease transaction) is based on the essence of the agreement and requires assessing whether fulfilment of the agreement depends on the use of one or more specific assets and if the agreement transfers the right to use this asset. A review is carried out after the beginning of the agreement only if one of the following conditions occurs:

- (a) there is a change in the contractual conditions, other than a renewal or extension of the agreement;
- (b) a renewal option is exercised or an extension is granted, unless the terms of renewal or extension were initially included in the terms of the lease transaction;
- (c) there is a change in the condition according to which fulfilment depends on a specific asset; or
- (d) there is a substantial change in the asset.

In case a review is carried out, recognition of the lease will start or finish on the date when the circumstances that have caused the review for scenarios a), c) or d) change, and on the date of renewal or extension for scenario b).

Operating lease fees are recorded as costs in the income statement on a straight-line basis depending on the duration of the agreement.

Revenue and income

Revenue is recognised to the extent that it is likely that the Group gains economic benefits and the relevant amount can be reliably determined. Revenue is measured at fair value of the amount received, net of discounts, allowances, bonuses and other taxes on sales.
Revenue and costs are recorded on an accruals basis.
Revenue from the sale of products is recognised when ownership changes, which generally occurs when the goods are shipped and entails the transfer of all risks and rewards connected to the products sold.

Interest income is recognised on an accruals basis, considering the effective return of the relevant asset.

Costs and expenses

Costs and expenses are recognised on an accruals basis.

Finance expenses are recognised in the income statement at the time they are incurred.

Dividends

Revenue is recognised when the right of the shareholders to receive payment arises.

Income taxes

Current tax

Current tax for the current and previous years is calculated on the amount that is expected to be recovered or paid to tax authorities in accordance with the provisions in force.

The rates and the tax law used to calculate the amount are those issued or substantially issued as at the reporting period ending 31 December 2015.

Current tax relating to items directly recorded in the shareholders' equity is charged to the shareholders' equity and not to the income statement.

Deferred tax

Deferred tax is calculated using the so-called 'liability method' on the temporary differences, resulting on the reporting date, between the tax values taken as a reference for the assets and liabilities and the values indicated in the financial statements.

Deferred tax liabilities are recorded in view of all taxable temporary differences, except when deferred tax liabilities derive from initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the year calculated for financial statement purposes nor the profit or loss calculated for tax purposes.

Deferred tax assets are recorded in view of all deductible temporary differences and tax losses carried forward to the extent that probable future tax benefits exist and that deductible temporary differences and tax assets and liabilities carried forward could be used, except when the deferred tax asset related to deductible temporary differences comes from initial recognition of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither the profit for the year calculated for financial statement purposes nor the profit or loss calculated for tax purposes.

The recoverability of deferred tax assets is reviewed on each reporting date and is written down to the extent that it is no longer likely that sufficient tax income will be available in the future so as to allow all or part of this receivable to be used. Unrecognised deferred tax assets are reviewed annually as at the reporting date and are recorded to the extent that it has become likely that tax income is sufficient so as to allow these deferred tax assets to be recovered.

Deferred tax assets and liabilities are determined with reference to the tax rates that are expected to be applied in the year in which these assets are realised or these liabilities are extinguished, taking into account the rates in force and those already issued, or substantially issued, as at the reporting date.

Deferred tax assets and liabilities relating to items directly recorded in the shareholders' equity are directly charged to the shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset, if a legal right exists to offset current tax assets against current tax liabilities, and deferred income taxes refer to the same taxable entity and the same tax authority.

Derivative financial instruments

Derivative financial instruments (where present) are initially recorded at fair value on the date when they are issued. Subsequently, this fair value is periodically reviewed. They are recorded as assets when the fair value is positive and as liabilities when it is negative. Any profit or loss resulting from changes to the fair value are directly reported on the income statement for the year.

The fair value of currency forward contracts is determined with reference to the current forward exchange rates for contracts with a similar maturity profile.

Earnings per share

Earnings per share are calculated by dividing the consolidated net profit for the period attributable to the Group's shareholders by the weighted average number of ordinary shares outstanding in the period.

The diluted earnings per share are obtained by adjusting the weighted average of the outstanding shares so as to take into account all the potential ordinary shares with a dilution effect and purchases of treasury shares, if any. Also the Group's net profit or loss is adjusted to take account of the effects of the conversion, net of the related taxes.

Breakdown of the main items on the consolidated statement of financial position as at 31 December 2015

Non-current assets

1. Business combinations

On 2 March 2015, Nice purchased 100% of ET Systems Ltd - a South African company specialised in the production and marketing of gate automation systems, which has been operating for over twenty five years - with its five branches and sales of approximately 130 million Rand. It is currently the second largest player in this sector in South Africa.
For this acquisition, Nice paid an advance of 130 million Rand as well as 44.5 million Rand based on the economic results as shown in the financial statements as at 28/02/2015. The balance, equal to 28.5 million Rand, shall be paid in 2016.

As at 31 December 2015, the price paid was provisionally allocated to goodwill, making use of the longer term (12 months) allowed by IFRS 3 ‘Business Combinations’.

(Thousands of Euro)

ET Systems Ltd	**Fair value**	**Carrying values**
Cash	1,961	1,961
Intangible fixed assets	17	17
Tangible fixed assets	474	474
Receivables acquired	920	920
Inventory acquired	1,901	1,901
Supplier Payables acquired	(709)	(709)
Liabilities acquired	(1,907)	(1,907)
Total	2,658	2,658
Estimated price	15,448	15,448
Provisional goodwill	12,790	12,790
(Provisional) goodwill at the rate in force as at the reporting date	9,917	9,917
Liquidity connected to the acquisition		
Cash and cash equivalents acquired		1,961
Payments made		(9,890)
Net liquidity acquired / (used)		(7,929)

In 2015, ET Systems contributed to consolidated revenue with approximately Euro 8.7 million.

Genno Tecnologia Ltda and Omegaport Equipamentos de Seguranca LTDA

At the end of March 2015, Nice finalised an agreement allowing it to control and consolidate, according to IFRS 10 requirements, Genno Tecnologia LTDA and Omegaport Equipamentos de Seguranca LTDA, two Brazilian companies operating in the production and sale of home automation systems and security systems.
With this transaction, Nice has strengthened its position in the Latin American market and will be able to benefit from synergies with the subsidiary Peccinin.
Based on the agreements reached, Nice has acquired the usufruct rights over 51% of Genno Tecnologia LTDA and Omegaport Equipamentos de Seguranca LTDA share capital. The agreements set forth that Nice can acquire 100% of Genno Tecnologia LTDA and Omegaport Equipmentos de Seguranca LTDA share capital by March 2018.

The settlement on the price will occur upon Nice's exercise of the options. The maximum price for exercising the option on 100% of Genno Tecnologia LTDA and Omegaport Equipamentos de Seguranca LTDA share capital is Euro 2.8 million and Euro 3.0 million, respectively.

During the year, these companies have contributed to consolidated revenue with approximately Euro 5.2 million.

2. Intangible fixed assets

The following table shows the changes in intangible fixed assets in 2015:

(in Thousands of Euro)	**Goodwill**	**Software, licences and concessions**	**Trademarks**	**Customer relations**	**Technological know-how**	**Development costs**	**Other intangible fixed assets**	**Total**
Cost:								
As at 01/01/2014	54,748	7,314	20,051	2,543	2,649	105	4,902	92,312
Increases	-	1,201	-	-	-	-	162	1,363
Disposals	-	-	-	-	-	-	(17)	(17)
Reclassifications	-	-	-	-	-	-	-	-
Translation differences	(1,164)	-	1	264	-	-	68	(831)
As at 31/12/2014	**53,584**	**8,515**	**20,052**	**2,807**	**2,649**	**105**	**5,115**	**92,827**
Increases for acquisitions	19,300	461	-	-	-	-	8	19,769
Increases	-	747	-	-	-	-	248	995
Disposals	-	-	(2)	-	-	-	(40)	(41)
Reclassifications	-	215	-	-	-	-	(215)	-
Translation differences	(6,053)	(69)	-	72	-	-	(112)	(6,162)
As at 31/12/2015	**66,831**	**9,868**	**20,050**	**2,879**	**2,649**	**105**	**5,005**	**107,388**
Amortisation and impairment losses:								
As at 01/01/2014	-	(3,914)	(5,669)	(1,766)	(1,854)	(104)	(1,959)	(15,266)
Impairment	(659)	-	-	-	-	-	-	(659)
Amortisation	(28)	(1,146)	(50)	(299)	(220)	-	(243)	(1,986)
Disposals	-	-	-	-	-	-	16	16
Translation differences	-	-	-	(158)	-	-	(75)	(233)
As at 31/12/2014	**(687)**	**(5,060)**	**(5,719)**	**(2,223)**	**(2,074)**	**(104)**	**(2,261)**	**(18,128)**
Increases for acquisitions	-	41	-	-	-	-	-	41
Impairment	-	-	-	-	-	-	-	-
Amortisation	-	(1,192)	(11)	(320)	(268)	-	(350)	(2,141)
Disposals	-	(249)	-	-	-	-	33	(216)
Translation differences	-	31	-	(110)	-	-	30	(49)
As at 31/12/2015	**(687)**	**(6,429)**	**(5,730)**	**(2,653)**	**(2,342)**	**(104)**	**(2,548)**	**(20,493)**
Net carrying value:								
As at 31/12/2015	**66,144**	**3,439**	**14,320**	**226**	**307**	**1**	**2,457**	**86,895**
As at 31/12/2014	**52,897**	**3,455**	**14,333**	**584**	**575**	**1**	**2,854**	**74,699**

As at 31 December 2015, intangible fixed assets amounted to Euro 86,895 thousand compared to Euro 74,699 thousand as at 31 December 2014.
The change in intangible fixed assets is attributable to the increase thereof due to the investments made as well as the exchange rate differences on the opening balances of values expressed in foreign currencies (in particular the 'Goodwill' item).

Amortisation and impairment of intangible fixed assets are included under the item Depreciation and Amortisation of the income statement, discussed under point 28 below.

Impairment test on goodwill and intangible assets with an indefinite useful life allocated to each cash generating unit (CGU).

The value recognised as goodwill refers to the higher value paid for the acquisition of some investees that have been consolidated on a line-by-line basis, compared to the fair value of the assets and liabilities acquired.

The value of the goodwill has been tested for impairment in order to assess whether it is higher than the relevant recoverable amount. The recoverable amount of goodwill has been defined in relation to the value in use and it was calculated for each Cash Generating Unit (CGU) to which goodwill refers. Unlike the previous year, and in line with more recent technical trends and the internal reporting used by the Company, CGUs tested for impairment were identified based on the macro geographical areas of Nice Group's products. FontanaArte Group, whose economic benefits are measured autonomously and separately from the other business units of Nice, was included in a separate CGU. For the CGUs identified, the impairment test did not indicate any need for a write down.
The value in use of the individual CGUs was estimated using the Discounted Cash Flow method, discounting to present value the operating cash flows generated by the assets using a discount rate representing the weighted average cost of capital (wacc).
For determining the value in use, the cash flows from each individual cash generating unit shown in the 2016-2018 Business Plan were used. For estimating the value of the FontanaArte CGU, the cash flows considered refer to the entire specific forecast period, thus also including the years 2019 and 2020.
In estimating the residual value, a growth rate beyond the scope of the plan (g) identified for each CGU was used, in line with the expected of the business development in the various geographical areas where the Group operates, identifying a maximum limit of 1.5%. The WACC rate was specifically calculated for each CGU, reflecting the country risk of the products' destination markets, and ranges from 5.9% to 8.8%.
The difference between the value in use and the net capital invested as at the reporting date was compared with the carrying values of goodwill and other intangible assets with indefinite useful lives recorded in the consolidated financial statements of Nice SpA.
It should be noted that, when determining parameters, account was taken of the turmoil still present in financial markets as well as the negative economic scenario, bringing current rates to a 'normal' value in accordance with the most authoritative practices and literature on the matter. In order to acquire indications on the potential net realisable value of the Company's assets, stock market ratios were used to calculate the valuation of some listed companies operating in the sector, whose values in use have been used as a reference.
It should also be noted that the assessment method included a sensitivity analysis on the assessment parameters used (discount rate, WACC, growth rate g and EBITDA terminal value) and in particular the impairment test threshold levels. It

is currently reasonable to assume that there will be no change in the assumptions that could bring to zero the excess value in use compared to the carrying value.

The following table shows the breakdown of goodwill:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
France	4,369	4,369
Italy	4,679	4,679
EU 15	16,122	16,122
Rest of Europe	8,327	8,705
Rest of the World	32,585	18,961
FontanaArte Group	62	62
Total goodwill	**66,144**	**52,897**

Trademarks

The Trademarks item mainly refers to the FontanaArte trademark, purchased in December 2010 and considered to have an indefinite useful life. In order to measure the FontanaArte trademark's value it was used an estimation method similar to that used to measure the book value of goodwill, thereby jointly assessing the trademark and goodwill for this CGU.

Software, licences and concessions

Software mainly refers to costs incurred to purchase application software for long-term use, for the management of operations and for research activities. Licence costs refer to the purchase of software user licences.

3. *Tangible fixed assets*

The following table shows changes in tangible fixed assets during 2015:

(in Thousands of Euro)	**Land and buildings**	**Plant and machinery**	**Industrial and Commercial Equipment**	**Other Tangible Assets**	**Improvements on leased assets**	**Fixed assets under construction and advances**	**Total**
Cost:							
As at 01/01/2014	18,360	13,173	28,262	13,201	4,521	1,637	79,154
Increases	405	732	1,834	983	233	3,077	7,264
Disposals	(16)	(54)	(68)	(60)	(10)	-	(208)
Reclassifications	-	-	38	-	-	-	38
Translation differences	(39)	39	134	31	-	-	165
As at 31/12/2014	**18,710**	**13,890**	**30,200**	**14,155**	**4,744**	**4,714**	**86,413**
Increases for acquisitions	111	457	301	329	17	-	1,215
Increases	994	2,008	2,416	973	312	4,487	11,189
Disposals	-	(95)	(20)	(412)	(24)	(175)	(725)
Reclassifications	-	358	314	407	3,824	(4,903)	-
Translation differences	4	(307)	(261)	(63)	5	(47)	(669)
As at 31/12/2015	**19,819**	**16,312**	**32,950**	**15,388**	**8,878**	**4,076**	**97,423**
Depreciation and impairment losses:							
As at 01/01/2014	**(3,611)**	**(7,519)**	**(21,409)**	**(10,499)**	**(997)**	**-**	**(44,035)**
Depreciation	(39)	(1,350)	(2,070)	(1,665)	(508)	-	(5,632)
Disposals	-	22	3	141	-	-	166
Translation differences	10	(22)	(29)	(12)	-	-	(53)
As at 31/12/2014	**(3,640)**	**(8,869)**	**(23,505)**	**(12,035)**	**(1,505)**	**-**	**(49,554)**
Increases for acquisitions	(11)	(141)	(42)	(172)	(9)	-	(375)
Depreciation	(555)	(1,406)	(2,171)	(1,299)	(928)	-	(6,359)
Disposals	-	95	1	57	-	-	153
Translation differences	(1)	167	322	29	(2)	-	516
As at 31/12/2015	**(4,207)**	**(10,154)**	**(25,395)**	**(13,419)**	**(2,444)**	**-**	**(55,619)**
Net carrying value:							
As at 31/12/2015	**15,612**	**6,158**	**7,555**	**1,969**	**6,434**	**4,076**	**41,804**
As at 31/12/2014	**15,070**	**5,021**	**6,695**	**2,120**	**3,239**	**4,714**	**36,859**

As at 31 December 2015, tangible fixed assets amounted to Euro 41,804 thousand, net of the depreciation for the period of Euro 6,359 thousand and net investments of Euro 11,189 thousand.

<u>Plant and machinery</u>

The increase in the item Plant and Machinery includes equipment for regulatory and operational product testing.

Industrial and commercial equipment

This item mainly relates to moulds that are lent free of charge to sub-suppliers; the investment for the year relates to equipment for of new products launched on the market.

Other assets

This item mainly includes furniture, fittings and IT equipment.

Improvements on leased assets

This item includes the investment for the construction of a new building called The Nice Place, a social hub next to the headquarters dedicated to meetings, exchanges, sharing and knowledge generation, a lively place open to new experiences and initiatives.

Fixed assets under construction and advances

This item includes advances paid for the construction of a new building at the company elero GmbH.

4. Other non-current assets

This item mainly includes a loan granted to an important customer of the Group, aimed at further consolidating the already existing industrial partnership.

5. Deferred tax assets

The following table sets forth the temporary differences that originated deferred tax assets:

	31/12/2015			**31/12/2014**		
(Thousands of Euro)	**Amount of temporary differences**	**Tax effect (% rate)**	**Tax effect**	**Amount of temporary differences**	**Tax effect (% rate)**	**Tax effect**
Unrealised profits on inventories	6,477	26.4%	1,711	6,300	26.9%	1,695
Deferred tax assets of foreign subsidiaries' tax losses	30,135	29.0%	8,733	33,219	29.1%	9,678
Other deferred tax assets			2,231			2,494
Total deferred tax assets			**12,675**			**13,867**

Where a recovery through future taxable income is deemed likely, the Group fully recognised deferred tax assets relating to temporary differences between taxable income and the statutory pre-tax profit or loss of Group companies because it believes that future taxable income will absorb all the temporary differences (including consolidation adjustments) that have generated them.

Measurement of deferred tax has been based, for Italian companies, on the Italian corporate income tax (IRES) rate (24%) and, where applicable, to the regional income tax (IRAP) rate (3.9%).In the case of foreign subsidiaries, it has been based on their local tax rates.

Deferred tax assets mainly relate to:

- Prior tax losses reported by some foreign subsidiaries that have been recognised in the financial statements since they are considered to be recoverable in a reasonably short time.
- Reversal of unrealised profits on intra-group sales recognised in inventories as at the reporting date. In relation to this point, it should be noted that this effect has been calculated applying the tax rates of the countries where the inventories were held at the end of the reporting period. Because of this, the tax rate indicated in the table is a weighted average of the various countries' tax rates.
- Other deferred tax assets mainly refer to adjustment provisions that are not relevant for tax purposes.

Current assets

6. Inventories

The following table shows the breakdown of inventories as at 31 December 2015 and 31 December 2014:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Basic components, ancillary materials and consumables	28,836	25,212
Work in progress and semi-finished products	14,930	9,648
Finished products	29,693	29,457
Inventory write-down provision	(3,911)	(3,030)
Total inventories	**69,548**	**61,287**

Inventories at the end of the year increased by Euro 8,261 thousand compared to the previous year.

Inventories are recognised net of the inventory write-down provision deemed appropriate for prudent assessment of raw materials, work in progress and semi-finished products, and finished products.

The following table shows the changes in the inventory write-down provision for the years under consideration:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Provision at the beginning of the period	**3,030**	**4,299**
Allocation	931	510
Use	(50)	(1,779)
Provision at the end of the period	**3,911**	**3,030**

7. Trade receivables

The following table sets forth the breakdown of receivables due from customers and the relevant adjustment provisions as at 31 December 2015 and 31 December 2014:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Receivables due from customers – Italy	14,903	15,156
Receivables due from customers – EU	26,907	28,594
Receivables due from customers – outside EU	21,713	21,719
Receivables due from customers	**63,523**	**65,469**
Bad-debt provision	(6,936)	(6,493)
Total trade receivables	**56,587**	**58,976**

Receivables due from customers decreased compared to the previous year mainly because of higher collections during the course of the year.

Trade receivables are non-interest bearing and are normally collected within 90-120 days.

As at 31 December 2015, trade receivables overdue but not written down were:

			Overdue but not written down		
(Thousands of Euro)	**Total**	**Not overdue**	**0-30 days**	**30-60 days**	**over 60**
Receivables as at 31/12/2015	56,587	32,141	9,260	4,291	10,894
Receivables as at 31/12/2014	58,976	34,736	8,937	3,713	11,590

As at 31 December 2015, trade receivables amounted to Euro 56,587 thousand, net of the bad-debt provision of Euro 6,936 thousand. The changes in the bad-debt provision for the periods under consideration were as follows:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Provision at the beginning of the period	**6,493**	**6,518**
Allocation	1,511	1,666
Use	(1,068)	(1,691)
Provision at the end of the period	**6,936**	**6,493**

The provision existing at the end of the period represents a prudent estimate of the current risk.

8. Other current assets

Other current assets comprise other receivables, including Nice S.p.A.'s receivable due from the parent company Nice Group S.p.A., arising from the participation in the Italian tax consolidation. For further information on this receivable, please see note 33. Taxes for the period.

9. Tax receivables

This item mainly includes receivables due from tax authorities for VAT.

10. Other current financial assets

This item mainly includes receivables and other financial assets measured at fair value.

11. Cash and cash equivalents

The following table shows the breakdown of cash and cash equivalents as at 31 December 2015 and 31 December 2014:

(Thousands of Euro)	31/12/2015	31/12/2014
Bank and post office deposits	65,065	61,963
Cash and cash on hand	25	15
Cash and cash equivalents	**65,090**	**61,978**

Cash and cash equivalents and bank demand deposits accrue interest at variable rates based on the rate of return of deposits. The fair value of cash and cash equivalents corresponds to their carrying value.
In the statement of cash flows, prepared according to changes in cash flows, cash and cash equivalents correspond to the item 'Cash and cash equivalents'.

For the analysis of changes in cash and cash equivalents during the period, reference should be made to the statement of cash flows.

12. Shareholders' Equity

The following table sets forth the breakdown of shareholders' equity:

(Thousands of Euro)	31/12/2015	31/12/2014
Share Capital	11,600	11,600
Legal Reserve	2,320	2,320
Share premium reserve	32,179	32,179
Treasury shares	(20,771)	(20,771)
Retained earnings and reserves	188,735	178,898
Translation reserves	(24,641)	(15,876)
Profit for the period	15,217	15,444
Group Shareholders' Equity	**204,638**	**203,794**
Share capital and reserves attributable to non-controlling interests	(2,392)	(2,604)
Profit attributable to non-controlling interests	348	433
Shareholders' Equity attributable to non-controlling interests	**(2,044)**	**(2,171)**
Total Shareholders' Equity	**202,594**	**201,623**

The share capital totals 116,000,000 shares with a par value of Euro 0.1 each, for a total amount of Euro 11,600,000.
The legal reserve is equal to one fifth of the share capital.
In previous financial years, as part of the buyback programme approved by the Shareholders' Meeting, the Group purchased 5,336,000 shares for a total amount of Euro 20,771 thousand. This amount is recognised as a direct reduction of shareholders' equity.

The item ‘retained earnings and reserves’ comprises earnings from previous years and the consolidation reserve.

The number of shares outstanding at the beginning and at the end of 2015 is equal to 110,664,000 and remained unchanged during the period.

The translation reserve relates to the differences caused by translation into Euro of financial statements expressed in foreign currencies.

Foreign subsidiaries do not present revenue reserves that, in the event of distribution to the parent company, would lead to a significant tax charge.

Shareholders’ equity attributable to non-controlling interests is the portion of shareholders’ equity and profit or loss for the period of subsidiaries not wholly owned.

Non-current liabilities

13. Provisions for risks and charges

The following table shows the breakdown of the provisions for risks and charges as at 31 December 2015 and 31 December 2014:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Product warranty provision	962	1,082
Provision for miscellaneous risks	1,416	1,160
Provision for bonuses to customers	-	37
Provision of Customers’ additional indemnity	361	148
Total provisions for risks and charges	**2,739**	**2,427**

<u>Product warranty provision</u>

The ‘Product warranty provision’ is allocated based on forecasts of the cost to be incurred, presumably over two financial years following the reporting date, to fulfil the obligation of contract warranty for products already sold as at the reporting date.

<u>Provision for miscellaneous risks</u>

As at 31 December 2015, the provision for miscellaneous risks mainly included amounts allocated for ongoing organisational restructuring.
In addition, Euro 500 thousand have been allocated on a prudent basis, and also taking into account the opinions of legal and tax advisors, in view of the assessments carried out by tax authorities and concluded during the year. This amount corresponds, based on present information, to the probable outflow that will be required. The Company brought claims in the competent jurisdictions, appealing against the verification notice received in December 2014. The Company believes that there are grounds limiting the risk of losing the lawsuit.

Provision for customers' additional indemnity

The Provision for customers' additional indemnity includes amounts allocated for indemnities due to the agents in the event of termination of employment due to the Company. The allocations were determined on the basis of the category and industry sector economic agreements and were calculated on the amounts of the commissions accrued by agents during 2015 and in prior years.

14. Employee benefit obligations

Employee benefit obligations entirely refer to the employees' termination benefit (TFR) provision, whose changes as at 31 December 2015 and 31 December 2014 were as follows:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
TFR at the beginning of the period pursuant to IAS 19	**1,661**	**1,835**
Increases	152	-
Use of TFR	(150)	(391)
Service cost	49	47
Interest cost	19	41
Actuarial Gain/Losses	(63)	129
TFR at the end of the period pursuant to IAS 19	**1,668**	**1,661**
Plan assets	82	87
Provision at the end of the period	**1,750**	**1,748**

The value of the TFR provision has been properly measured by the Group using actuarial methods. The liability was measured by independent actuaries using the projected unit credit method.
The capitalised policy arranged to guarantee the employees' termination benefits has been reclassified as a deduction from the employees' termination benefit provision, since it represents a plan asset. Plan assets are recorded at their carrying value, which approximates their fair value as at the reporting date.

The actuarial valuation of the TFR provision was based on calculations performed by an independent actuary, who made the following main assumptions:

- mortality rate: this information was determined by the actuary based on recent life-expectancy studies carried out by ANIA, which resulted in the creation of a new demographic base known as IPS 55. These studies were based on ISTAT mortality projection in the Italian population for the 2001-2051 period, adopting an age-shifting approach to simplify the handling of tables by generation;

- disability rate: the annual probability of ceasing work due to invalidity was determined with reference to the INPS disclosures in 2000;

- annual probability of ceasing work due to other causes: this was assumed to be 5%, based on the historical trend of this parameter for the entity;

- annual probability of request for TFR advances: this was assumed to be 2%, based on the historical trend of this parameter for the entity;

- annual interest rate: an interest rate of 1.49% was used, based on the average duration of liabilities to employees;

- annual inflation rate: this was estimated to be 2% over the time period considered.

15. Medium- and long-term loans

The change in medium- and long-term loans is due to the renegotiation of some existing loans. In particular, the item includes loans with BNP Paribas and Unicredit, each amounting to Euro 30,000 thousand, taken out to meet the strategic needs of the Group. The expected maturity of such loans is set for 2018.

16. Other non-current liabilities

This item includes the non-current portion of payables for the acquisitions carried out in the period for a total of Euro 5,603 thousand and a financial liability of Euro 1,255 thousand related to the repurchase of a non-controlling interest in a subsidiary.

17. Provision for deferred tax liabilities

The following table shows the differences that originated deferred tax liabilities as at 31 December 2015 and as at 31 December 2014:

	31/12/2015			**31/12/2014**		
(Thousands of Euro)	**Amount of temporary differences**	**Tax effect (% rate)**	**Tax effect**	**Amount of temporary differences**	**Tax effect (% rate)**	**Tax effect**
Reversal of goodwill amortisation	2,862	31.40%	899	2,646	31.40%	831
Silentron technological know-how	440	27.90%	123	660	31.40%	207
Apollo customer relations	492	35%	172	662	35.00%	232
FontanaArte trademark	14,191	27.90%	3,959	14,191	31.40%	4,456
Other differences			42			184
Total deferred tax liabilities			**5,195**			**5,910**

Following the purchase price allocation relating to the acquisitions made in previous years and the recognition of the FontanaArte trademark, tax liabilities have been allocated relating to the intangible fixed assets identified as they are not relevant for tax purposes, but were not recognised in the income statement. The rates applied are those in place in the countries where the acquired companies are based, in particular, deferred tax liabilities relating to companies based in Italy were adjusted to an IRES rate of 24%, which will come into force in 2017.

Current liabilities

18. Bank overdrafts and loans

This item mainly refers to bank advances and to the current portion of bank loans.

19. Other current financial liabilities

Other financial liabilities as at 31 December 2015 include the current portion of the payables for the acquisition of ET Systems Ltd and the fair value measurement of financial instruments. In 2015, the payable for the purchase of minorities in the subsidiary Elero, which at 31/12/2014 was recognised under current financial liabilities for Euro 5,160 thousand, was derecognised. The total amount paid was Euro 6,132 thousand and the higher value hand an impact of Euro 972 thousand on the finance expense.

20. Trade payables

The following table shows the breakdown of trade payables as at 31 December 2015 and as at 31 December 2014:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Payables due to suppliers - Italy	32,414	30,494
Payables due to suppliers – EU	9,930	6,959
Payables due to suppliers – outside EU	3,867	3,831
Total trade payables	**46,211**	**41,284**

As at 31 December 2015, trade payables amounted to Euro 46,211 thousand, an increase of Euro 4,927 thousand compared to 31 December 2014.

Trade payables are non-interest bearing and are normally settled within 90-120 days. Terms and conditions referring to related parties are not different from those applied to third-party suppliers.

It should be noted that the carrying value of trade payables corresponds to their fair value.

21. Other current liabilities

The following table shows the breakdown of other current liabilities:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Payables to personnel	4,679	4,446
Payables to social security agencies	2,465	2,240
Payables for tax consolidation	-	-
Other payables	1,861	1,892
Total other current liabilities	**9,005**	**8,578**

Payables to social security agencies

Payables to social security agencies mainly refer to amounts payable to such agencies for social security charges pertaining to the year 2015 and paid at the beginning of 2016.

Payables to personnel

Payables to personnel refer to monthly salaries, bonuses and holidays accrued and not used at the reporting date. These amounts include the related social security contributions. These payables are not significant and are generally paid within the following month, except for the payable for holidays accrued but not taken that is paid or used within the following year.

Other payables

These are payables of various origin that are not significant and are generally paid within the next month.

22. Tax payables (due within 12 months)

Tax payables due within 12 months mainly refer to the amount payable for current tax, net of the relevant prepaid taxes, and to taxes already withheld.

Breakdown of the main items on the consolidated income statement as at 31 December 2015

23. Costs for the use of basic components and consumables

The following table shows the use of basic components, ancillary materials and consumables:

(Thousands of Euro)	**2015**	**2014**
Purchase of basic components, semi-finished products and consumables:	*127,196*	*105,978*
Purchase of basic components	121,826	101,611
Other industrial purchases	3,088	2,818
Commercial purchases	2,282	1,549
Change in inventories	*(6,885)*	*6,991*
Use of basic components and consumables	**120,311**	**112,969**

The use of basic components, semi-finished products and consumables increased by Euro 7,342 thousand in absolute terms.

24. Costs for services

The following table details the costs for services:

(Thousands of Euro)	**2015**	**2014**
Direct production services	16,213	13,731
Industrial services	6,142	5,868
Trade services	22,456	19,699
General services	14,640	13,545
Total costs for services	**59,451**	**52,843**

Costs for services increased by Euro 6,608 thousand in absolute terms.
The costs of direct production services mainly refer to outsourced processing. Industrial services include costs relating to outsourced planning and design, certifications, expenses for trademarks and patents. Trade costs mainly relate to transport costs on sales, commissions, trips, travels and other trade costs, as well as marketing and advertising costs. General services include fees for directors and statutory auditors, legal, tax, notarial and financial consulting, insurance, utilities and other general costs.

25. Rental and lease costs

The following table shows the breakdown of rental and lease costs:

(Thousands of Euro)	**2015**	**2014**
Rental costs	6,075	5,733
Hire fees	2,125	2,310
Total rental and lease costs	**8,201**	**8,043**

Rental costs mainly refer to rents for Nice S.p.A.'s registered offices, owned by the related company Nice Immobiliare S.r.l. The amount of lease fees with Nice Immobiliare were determined on the basis of an appraisal provided by an independent expert.

Hire fees (mainly for motor vehicles) refer to the rents paid for vehicles under long-term leases.

26. Personnel costs

The following table details personnel costs:

(Thousands of Euro)	**2015**	**2014**
Wages and salaries	43,155	39,815
Social security costs	9,842	9,637
Termination benefits	886	874
Other expenses	1,765	1,545
Total personnel costs	**55,648**	**51,871**

Group employees as at 31 December 2015 were 1,510 compared to 1,289 in 2014.

27. Other operating costs

Other operating costs include the allocation made to the bad-debt provision in order to adjust trade receivables to their realisable value. The residual amount of this item refers to bad-debt expenses and other operating costs such as general expenses, bank commissions and various taxes and duties.

28. Depreciation and Amortisation

The following table shows the breakdown of amortisation and depreciation:

(Thousands of Euro)	**2015**	**2014**
Depreciation of tangible assets	6,359	5,632
Amortisation of intangible assets	2,142	2,645
Total amortisation and depreciation	**8,501**	**8,277**

Depreciation mainly consists of depreciation of moulds, testing machinery, industrial equipment, furniture, furnishings and hardware.

29. Other income

Other income for the year ended 31 December 2015 amounts to Euro 3,095 thousand and mainly relates to chargebacks for transport costs, insurance compensation and other customer chargebacks.

30. Finance income

The following table shows the breakdown of finance income:

(Thousands of Euro)	**2015**	**2014**
Bank interest income	874	1,159
Exchange gains	5,913	2,019
Other finance income	222	475
Total finance income	**7,009**	**3,653**

Exchange gains mainly relate to unrealised profits deriving from the translation, at the rate in force as at the reporting date, of assets and liabilities in currencies other than the Euro.

31. Finance expense

The following table shows the breakdown of finance expense:

(Thousands of Euro)	**2015**	**2014**
Cash discounts	2,407	2,223
Exchange losses	6,058	2,288
Bank interest expense	721	1,170
Other finance expense	1,588	1,781
Total finance expense	**10,774**	**7,462**

Financial expenses in 2015 amount to Euro 10,774 thousand and increased by Euro 3,312 thousand, mainly due to greater unrealised exchange losses, arising from the translation of assets and liabilities in currencies other than the Euro at the year-end exchange rate.

32. Other expenses

Other expenses refer to the costs incurred during 2015 by the Group for the restructuring of certain subsidiaries.

33. Taxes for the year

The following table shows the breakdown of income taxes, distinguishing between the current, deferred and prepaid component and between Italian and foreign taxes:

(Thousands of Euro)	2015	2014
IRES	3,573	5,213
IRAP	1,017	1,085
Current foreign tax	9,113	6,934
Current tax	**13,704**	**13,231**
Deferred (prepaid) tax	(320)	(1,423)
Total taxes	**13,383**	**11,808**

The following table shows the impact of taxes on pre-tax profit for each accounting period under consideration:

(Thousands of Euro)	2015	2014
Pre-tax profit	28,948	27,686
Income taxes	13,383	11,808
Impact on pre-tax profit	**46.2%**	**42.6%**

Reconciliation between the theoretical and effective tax charge is presented only for IRES - whose structure has the typical features of a corporate income tax - and considers the tax rate applicable to the Group. For IRAP, to which Italian companies are subject, in view of the different basis used to calculate this tax, the reconciliation between the theoretical and effective tax charge has not been prepared.

Calculation of theoretical tax	**2015**		**2014**	
Pre-tax profit	28,948		27,686	
Theoretical tax	7,961	27.5%	7,614	27.5%
Effective tax	13,383	46.2%	11,809	42.7%
Difference	*5,423*	18.7%	*4,195*	15.2%
Irap	1,017	3.5%	1,085	3.9%
Non-deductible items	2,553	8.8%	3,164	11.4%
Deferred tax	50	0.2%	557	2.0%
Effect on dividends received	105	0.4%	88	0.3%
Different tax rates in force in other countries	3,317	11.5%	641	2.3%
Other differences	(1,620)	-5.6%	(1,340)	-4.8%
Total differences	*5,423*	18.7%	*4,195*	15.2%

The tax rate for the year amounts to 46.2%, higher than 42.6% last year. The increased tax rate is mainly attributable to the different geographic distribution of profits.

Taxes have been measured with reference to the taxable income and in compliance with the legislation in force in the individual countries. The Group's Italian companies participated in the Italian Tax consolidation scheme envisaged by Articles 117 et seq. of the TUIR (Italian Consolidated Law on Income Taxes) - Italian Presidential Decree no. 917 of 22 December 1986, with Nice Group S.p.A. as consolidator. Transactions arising from such Tax consolidation scheme are governed by specific regulations approved and signed by all members of the tax consolidation scheme. Pursuant to said regulations, the companies recognise, and subsequently transfer, current tax even in case of a tax loss, recording, as a compensation, a receivable due from Nice Group S.p.A. On the other hand, if there is a tax gain, current tax as well as a payable due to the parent company as a compensation shall be recognised. Transactions among the parties are governed by a contract that envisages full recognition of the amount calculated on tax gains or losses transferred at current IRES rates.

34. Segment information

For management purposes, the Group is organised in just one business segment, within which there are product differentiations that, however, are not separate business units. Given this, consistently with the approach adopted in previous financial statements in application of IFRS 8, it was decided to provide information based on geographical areas. This aspect is currently being closely analysed and managed by the management, and the relevant operational responsibilities have been attributed.

It is noted that, in order to better show the procedures for the analysis and reading of the management data, the grouping by geographical area is presented according to the destination market.

The tables below show information on revenues and certain assets relating to the segments in which the Group operates for 2015 and 2014.

	2015					
(Thousands of Euro)	**Italy**	**France**	**EU 15**	**Rest of Europe**	**Rest of the World**	**Consolidated**
Net sales	36,657	40,079	81,353	53,677	75,995	287,761
Non-current assets (*)	19,317	11,536	30,209	21,466	50,089	132,616
Non-current liabilities (**)	(10,015)	(7,587)	(18,642)	(12,370)	(23,234)	(71,849)

(*) Excluding deferred tax assets.
(*) Excluding deferred tax.

	2014					
(Thousands of Euro)	**Italy**	**France**	**EU 15**	**Rest of Europe**	**Rest of the World**	**Consolidated**
Net sales	35,687	41,225	77,128	56,445	60,392	270,877
Non-current assets (*)	12,625	15,638	36,750	21,071	29,350	115,434
Non-current liabilities (**)	(1,373)	(521)	(1,383)	(647)	(346)	(4,270)

(*) Excluding deferred tax assets.
(*) Excluding deferred tax.

Please see the section ‘Consolidated revenue’ of the Report on Operations for an explanation of the most significant changes, as required by IAS 4.

35. Earnings per share

As required by IAS 33, information on the data used to calculate basic and diluted earnings per share (EPS) is provided. EPS is calculated by dividing the net profit for the period attributable to the Group shareholders by the weighted average number of shares outstanding during the reporting periods.

For the calculation of basic EPS, it should be noted that the numerator used is the period’s net profit or loss less the portion attributable to non-controlling interests. There are no preference dividends, conversion of preference shares and other similar effects requiring adjustments to the profit or loss attributable to holders of ordinary equity instruments.
Diluted EPS is equal to basic EPS, since there are no ordinary shares that could have dilution effect, or shares or warrants that could have the same effect, and, based on the current plan, there is no likelihood of stock options accruing.

The following table shows the profit or loss and the number of ordinary shares used to calculate basic EPS, established according to the method envisaged by IAS 33.

Consolidated earnings per share	**2015**	**2014**
(Euro thousand)		
Average number of shares	110,664,000	110,664,000
Group net profit	15,217	15,444
Per-share data (Euro)		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.13751	0.13956
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.13751	0.13956

No other transactions involving ordinary shares occurred between the reporting date and the date of preparation of the financial statements.

36. Dividends paid and proposed

The dividends proposed for approval by the Shareholders’ Meeting (not recognised as liabilities as at 31 December 2015) amount to Euro 0.0703 per share (2014: Euro 0.0475). Considering the number of outstanding shares as at 31 December 2015, the total outlay would amount to Euro 7,780 thousand. The clipping of the coupon is envisaged on 30 May 2016, payment on 1 June 2016 and the record date will be 31 May 2016.

37. Commitments and risks

The Group has entered into some lease contracts for industrial and commercial properties. In particular, the Parent Company’s existing contracts have a duration of six years and can be automatically renewed upon expiration for a further six-year period; they are index-linked to the Istat consumer price index. The lease contracts mainly relate to properties leased by the associate Nice Immobiliare Srl.

The following table shows future lease payments relating to such contracts and in relation to the major lease contracts held by subsidiaries:

(Euro thousand)	**31/12/2015**	**31/12/2014**
within 1 year	7,264	6,673
between 1 and 5 years	14,220	14,861
over 5 years	1,702	2,059
Total lease contract commitments	**23,185**	**23,593**

38. Related-party disclosures

Nice Spa is controlled by the Italian company Nice Group S.p.A. The Group's transactions with related parties are the following:

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme;
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Nice Real Estate SL: property lease to Nice Automatismos Espana S.A;
- Nice Real Estate SRL: property lease to S.C. Nice Romania S.A. and financial payable to S.C. Nice Romania S.A.;
- Dorado Srl: company managed by Giuseppe Mallarino, who is also the CEO of Silentron S.p.A.; property lease from Silentron S.p.A.;
- Companies owned by the non-controlling interests of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC and Nice S.p.A.;
- Nice Team Sail S.r.l.: sponsorship agreement. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Modular Professional S.r.l.: supply of production material and purchase of some assets. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fly Nice: consortium set up by Nice S.p.A. and other companies controlled by Lauro Buoro. It provides air transport services to the consortium members;

Sales and purchases among related parties take place at arm's length. Balances outstanding as at the reporting date are unsecured, non-interest bearing and settled in cash. No guarantees have been given or received for receivables from or payables to related parties.
For the year ended 31 December 2015, the Group made no allocation to any bad-debt provision for amounts due from related parties. This measurement is carried out each year assessing the financial position of related parties and the market in which they operate.

Economic and financial transactions during 2015 are summarised in the table below, which does not include the financial liabilities from the acquisition of minorities (amounts in thousands of Euro):

Company/Natural person	Revenue	Investments	Rental and lease costs	Purchase of finished products	Costs for services	Trade payables	Trade receivables	Other current payables/receivables	Financial receivables
Nice Group S.p.A.	-	-	(136)	-	-	-	11	1,341	-
Nice Immobiliare S.r.l.	-	636	(2,653)	-	-	(15)	7	685	-
Nice Real Estate SL	-	-	(418)	-	-	-	-	-	-
Nice Real Estate SRL	-	-	(65)	-	-	(24)	-	-	941
Dorado S.r.l.	-	-	(140)	-	-	-	-	-	-
Nice Home Automation related parties	4,736	-	-	-	-	-	1,836	-	-
Fly Nice consortium	-	-	-	-	(113)	-	-	-	-
Nice Team Sail S.r.l.	-	-	-	-	(300)	-	-	-	-
Fattoria Camporotondo S. agr. S.	-	-	-	(31)	-	(37)	2	-	-
Modular Professional Srl	100	-	-	-	-	-	-	-	-
Total related parties	**4,836**	**636**	**(3,412)**	**(31)**	**(413)**	**(76)**	**1,856**	**2,026**	**941**

Pursuant to Consob resolution no. 15520 of 27 July 2006, it is hereby specified that none of said transactions is considered significant and therefore it is not separately indicated in the consolidated financial statements.

The following are the fees due to Directors and Statutory Auditors for their offices held in Nice S.p.A. and in other subsidiaries of Nice S.p.A. This is in compliance with article 78 of the Issuers' Regulation no. 11971/99 as subsequently amended, and in accordance with the provisions of Attachment 3 C of the same Regulation (amounts in thousands of Euro):

Person	Office	Duration of office	Remuneration as a director	Remuneration as an employee	Fringe benefits	Total
Buoro Lauro	Chairman	2015	400		11	411
Griffa Roberto (*)	Chief Executive Officer	2015		153		153
Sordini Mauro (**)	Chief Executive Officer	2015	250		5	255
Cimolai Denise	Director	2015	12	70	3	85
Galberti Lorenzo	Director	2015	180		3	183
Zanutto Giorgio	Director	2015	380	85	4	469
Iannuzzi Luciano (***)	Director	2015	212	7	6	226
Fumagalli Dario (****)	Director	2015	10	84	2	96
Bortuzzo Antonio	Independent Director	2015	22			22
Fedrigo Gian Paolo	Independent Director	2015	12			12
Emanuela Paola Banfi	Independent Director	2015	12			12
Saccardi Giuliano	Chairman of the Board of Statutory Auditors	2015-2017	26			26
Berna Monica	Standing Statutory Auditor	2015-2017	14			14
Enzo Dalla Riva	Standing Statutory Auditor	2015-2017	14			14
Total fees			**1,544**	**399**	**33**	**1,976**

(*) Co-opted on 20 November 2015. His remuneration for the office of Director is not shown in the table as it starts from 1 January 2016.

(**) Office terminated on 20 November 2015 following resignation.

(***) Co-opted on 18 December 2014, effective 1 January 2015 and confirmed by the Shareholders' Meeting of 24 April 2015.

(****) Office terminated on 13 November 2015 following resignation.

The amounts shown above include short-term and termination benefits accrued and paid to the directors and statutory auditors of Nice Spa.

39. Financial risk management policies and objectives

The Group's net financial position results in a surplus of Euro 541 thousand in cash and cash equivalents compared to financial payables.

The Group also holds financial instruments, mainly trade receivables and payables, and in some cases bank advances or overdrafts directly arising from operations.

Credit risk

Credit risk is the exposure to potential losses arising from the failure to meet commitments made by both trade and financial counterparties.

The Group tends to minimise the risk arising from customers' default by dealing only with known, reliable and solvent customers. The Group's policy is to subject customers requesting extended payment terms to procedures to check their credit rating. In addition, the balance of receivables is monitored during the year so that the amount of exposure to losses is not significant. Lastly, in case of new customers operating in some countries not belonging to the European Union, the Group usually requests and obtains letters of credit. There is no significant concentration of credit risk in the Group.

Credit risk relating to the Group's other financial assets, which include cash and cash equivalents, features a maximum risk equal to the carrying value of such assets in the event of insolvency of the counterparty.

Liquidity risk

Liquidity risk is related to the possibility of not having the necessary financial instruments to meet the obligations relating to financial and trade liabilities within the established deadlines.
It is believed that the liquidity risk is essentially null, given the cash flows that the Group has always generated and it expects to continue to generate.

Exchange rate risk

Nice Group exports its products throughout the world: overseas sales currently exceed 85% of the total. The characteristics of the business, distribution model and financial structure are factors that expose the Group to exchange rate risk.
The main objective of Nice Group is to limit exposure in currency arising from the export of the finished product primarily through the compensation of collection and payment flows (natural hedging) settled in the same currency.
With regard to mismatch, it should be noted that the Board of Directors of 12 November 2015 approved a new Group Policy for the management of exchange rate risk, aimed at establishing financial management that allows the timely monitoring of Group currency exposure and safeguarding the margins of industrial activities.

Interest rate risk

Bank loans expose the Group to interest rate risk, particularly with reference to variable rate loans. The Group manages this risk by relying on Interest Rate Swaps (IRS).

40. Share capital management

The Group has limited payables to financial intermediaries and has a financial position that guarantees payment of an adequate dividend to shareholders and the pursuit of a growth strategy that includes acquisitions.
In order to maintain or adjust the capital structure, the Group can adjust the dividends paid to shareholders, repay share capital, or issue new shares.
No change was made to the objectives, policies or procedures during this year.

41. Financial instruments

<u>Fair Value</u>
Comparison of the carrying value and the fair value by class of all the Company's financial instruments recognised in the financial statements does not show any significant differences that should be mentioned, besides those highlighted.
As required by paragraphs 25 and 27 of IFRS 7, the table below presents the comparison of carrying value and fair value by class for all the Company's financial instruments recognised in the financial statements:

(Thousands of Euro)	Carrying value 31/12/2015	Fair value 31/12/2015
Financial assets at fair value through profit or loss	-	-
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	-	-
Financial liabilities at fair value through profit or loss	560	560
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	*560*	*560*
Financial assets measured at amortised cost	125,191	125,191
Trade receivables	*56,587*	*56,587*
Other financial assets	*3,514*	*3,514*
Cash and cash equivalents	*65,090*	*65,090*
Financial liabilities measured at amortised cost	54,861	54,861
Bank overdrafts and loans	*7,395*	*7,395*
Trade payables	*46,211*	*46,211*
Other non-current financial liabilities	*1,255*	*1,255*
Financial assets at fair value through the comprehensive income	-	-

(Thousands of Euro)	Carrying value 31/12/2014	Fair value 31/12/2014
Financial assets at fair value through profit or loss	25	25
(i) designated as such at time of initial recognition	*0*	0
(ii) classified as held for trading	*25*	*25*
Financial liabilities at fair value through profit or loss	533	533
(i) designated as such at time of initial recognition	*0*	0
(ii) classified as held for trading	*533*	*533*
Financial assets measured at amortised cost	124,454	124,454
Trade receivables	*58,976*	*58,976*
Other financial assets	*3,500*	*3,500*
Cash and cash equivalents	*61,978*	*61,978*
Financial liabilities measured at amortised cost	90,802	90,802
Bank overdrafts and loans	*49,518*	*49,518*
Trade payables	*41,284*	*41,284*
Financial assets at fair value through the comprehensive income	*0*	*0*

Fair value measurement and hierarchy

Regarding financial instruments recognised in the statement of financial position at fair value, IFRS 7 requires that their value would be classified according to a hierarchy of levels that reflects the significance of the inputs used in measuring fair value. The following levels are identified:

- Level 1 – quoted prices in an active market for the asset or liability being measured;
- Level 2 – inputs other than the quoted prices included within Level 1, that are observable in the market, either directly (prices) or indirectly (derived from prices);

- Level 3 – inputs not based on observable market data.

All assets and liabilities measured at fair value as at 31 December 2015 can be classified in Level 2 of the fair value hierarchy. In addition, during 2015 there were no transfers from Level 1 to Level 2 or Level 3 and vice versa.

With regard to derivative financial instruments, as at 31 December 2015, the Group only has IRS hedging contracts on the interest rate of a bank loan.

42. Events after the reporting period

On the date hereof, Luciano Iannuzzi has left the office of Chief Executive Officer of the Nice Group following his resignation to pursue new professional opportunities. Luciano Iannuzzi was appointed Chief Executive Officer by the Shareholders' Meeting of 24 April 2015.

These consolidated financial statements provide a true and fair view of the financial position and of the consolidated results from operations during 2015.

Oderzo, 11 March 2016.

On behalf of the Board of Directors

The Chairman

Lauro Buoro

Attachments to the consolidated financial statements

List of consolidated Companies as at 31 December 2015

Name	Registered office	Reporting date	Currency	Share capital	% ownership Direct	Indirect	total
Nice S.p.A.	Oderzo (Province of Treviso), Italy	31/12/2015	EUR	11,600,000			
Nice UK LTD	Nottinghamshire, United Kingdom	31/12/2015	GBP	765,000	100.0%		100.0%
Nice Belgium S.A.	Hervelee, Belgium	31/12/2015	EUR	212,000	99.7%		99.7%
Nice Polska S.p. Z.o.o.	Pruszkov, Poland	31/12/2015	PLN	1,000,000	100.0%		100.0%
Nice Automatismos Espana S.A.	Mostoles, Madrid, Spain	31/12/2015	EUR	150,253	60.0%		60.0%
Nice Group USA Inc.	San Antonio, Texas, USA	31/12/2015	USD	1	100.0%		100.0%
Nice France S.a.s.	Aubagne, France	31/12/2015	EUR	4,950,000	100.0%		100.0%
S.C. Nice Romania S.A.	Bucharest, Romania	31/12/2015	RON	383,160	99.0%		99.0%
Nice Deutschland Gmbh	Billerbeck, Germany	31/12/2015	EUR	50,000	100.0%		100.0%
Nice Shanghai Automatic Control Co. LTD	Shanghai, China	31/12/2015	EUR	2,300,000	100.0%		100.0%
R.D.P. Shanghai Trading Co. LTD	Shanghai, China	31/12/2015	EUR	200,000	100.0%		100.0%
Nice Istanbul Makine Ltd	Istanbul, Turkey	31/12/2015	TRY	10,560,000	99.0%		99.0%
Nice Australia Home Automation PTY Ltd	Sydney, Australia	31/12/2015	AUD	5,113,814	100.0%		100.0%
AutomatNice Portugal S.A.	Lisbon, Portugal	31/12/2015	EUR	50,000	100.0%		100.0%
Silentron S.p.A.	Turin, Italy	31/12/2015	EUR	500,000	100.0%		100.0%
Nice Hansa South Africa	Johannesburg, South Africa	31/12/2015	ZAR	213,096,975	100.0%		100.0%
Nice Home Automation CJSC	Moscow - Russia	31/12/2015	RUB	20,000	75.0%		75.0%
SAAC S.r.l.	Treviso (Italy)	31/12/2015	EUR	25,000	100.0%		100.0%
Fontana Arte S.p.A.	Milan (Italy)	31/12/2015	EUR	2,670,000	100.0%		100.0%
FontanaArte Corp. (USA)	Wilmington - Delaware (USA)	31/12/2015	USD	12,000		100.0%	100.0%
FontanaArte Trading Co. Ltd	Shanghai (China)	31/12/2015	CNY	1,136,564		100.0%	100.0%
FontanaArte France S.a.S.	Aubagne, France	31/12/2015	EUR	10,000		76.0%	76.0%
Peccinin Portoes Automaticos Industrial Ltda	Limeira, Brazil	31/12/2015	BRL	24,095,000	100.0%		100.0%
King Gates S.r.l.	Pordenone, Italy	31/12/2015	EUR	100,000	100.0%		100.0%
elero GmbH	Beuren, Germany	31/12/2015	EUR	1,600,000		96.4%	96.4%
elero Motors & Controls Pvt. Ltd.	New Delhi, India	31/12/2015	INR	638,200		96.4%	96.4%
elero Singapore Pte. Ltd	Singapore, China	31/12/2015	SGD	2		96.4%	96.4%
elero AB	Malmo, Sweden	31/12/2015	SEK	100,000		96.4%	96.4%
Nice Gulf FZE	Dubai, United Arab	31/12/2015	AED	1,008,000	100.0%		100.0%

	Emirates					
ET Systems (Pty) Ltd	Cape Town, South Africa	28/02/2016	ZAR	150	100.0%	100.0%
Genno Tecnologia LTDA	Santa Rita do Sapucaí, Brazil	31/12/2015	BRL	5,000	51.0% (*)	51.0% (*)
Omegaport Equipamentos de Seguranca LTDA	Toledo (PR), Brazil	31/12/2015	BRL	60,000	51.0% (*)	51.0% (*)

* Usufruct right on shares

Certification of consolidated financial statements pursuant to article 154-bis of the Italian Legislative Decree no. 58/98 (Consolidated Law on Finance)

1. The undersigned Roberto Griffa, in his capacity as Chief Executive Officer, and Denise Cimolai, in her capacity as Financial Reporting Manager of Nice S.p.A., herewith certify, also taking into account the requirements of article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree no. 58 of 24 February 1998:

- the appropriateness in relation to the enterprise's characteristics and
- the effective application

of administration and accounting procedures for the preparation of Consolidated Financial Statements during the period from 01 January 2015 2013 to 31 December 2015.

2. Analysis and assessment of the adequacy and effectiveness of Nice's administration-accounting internal control system has been performed through the set-up of uniform administration-accounting Internal Control System Model common to the entire Group, developed consistently with the most commonly applied international framework, i.e. the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO Report), and also through the use of international auditing standards and best practices.

3. It is further certified that:

3.1 the consolidated financial statements:

a) have been drawn up in accordance with the applicable International Accounting Standards adopted by the European Union in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002, as well as with the provisions issued in implementing article 9 of the Italian Legislative Decree no. 38/2005;

b) match the data of corporate books and accounting records;

c) are appropriate to provide a true and fair view of the assets and liabilities, results, and the financial position of the issuer and of the companies included in the scope of consolidation.

3.2 the report on operations contains a reliable operating and financial review, as well as the situation of the issuer and of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Oderzo, 11 March 2016

Roberto Griffa	Denise Cimolai
(Chief Executive Officer)	(Financial Reporting Manager)

NICE S.P.A.

REGISTERED OFFICE IN ODERZO – VIA PEZZA ALTA 13, Z.I. RUSTIGNÈ

SHARE CAPITAL: EURO 11,600,000.00 FULLY PAID IN

TREVISO COMPANIES REGISTER AND TAX CODE NO. 02717060277

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Report of the Board of Statutory Auditors of Nice S.p.A. to the Shareholders' Meeting on the consolidated financial statements

To the Shareholders' Meeting of Nice S.p.A.

The consolidated financial statements for the year ended 31 December 2015 were prepared by the Board of Directors of the Parent Company Nice S.p.A. They consist of the report on operations, IAS-compliant financial statements (statement of financial position, income statement, statement of cash flows and statement of changes in equity) and the notes to the financial statements.

This documentation, together with the Directors' report, has been made available to shareholders as provided for by the law.

The financial statements have been audited by BDO Italia S.p.A., without any remarks being made.

The Board of Statutory Auditors has duly acknowledged the standards applied for their preparation, with special reference to the scope of consolidation and uniform application of the IASs and IFRSs issued by the International Accounting Standard Board to all group companies.

The audit carried out allowed assessment of the consistency of the procedures applied with current regulations on the subject.

Oderzo, 29 March 2016

ON BEHALF OF THE BOARD OF

STATUTORY AUDITORS

The Chairman

Giuliano Saccardi

BDO

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This is an English translation of the original Italian document

INDEPENDENT AUDITORS'REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE NO.39 OF JANUARY 27th,2010

To the shareholders of Nice S.p.A.

Report of the consolidated financial statements

We have audited the consolidated financial statements of Nice S.p.A. and its subsidiaries (the Nice Group), which comprise the consolidated statement of financial position as of December 31st, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flows for the year then ended and related explanatory notes.

Directors'responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/05.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Nice Group as of December 31st 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/05.

Other matters

The consolidated financial statements for the year ended December 31st, 2014 were audited by the auditor in charge at the time who expressed an unmodified opinion on those statements on March 27th, 2015.

Report on compliance with other laws and regulation

Opinion on the consistency of the consolidated financial statements with the report on operations and of certain information set out on corporate governance and ownership structure

We have performed the procedures required by auditing standard (SA Italia) N0. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in art. 123-bis, paragraph 4 of Legislative Decree No. 58/98, which are the responsibility of the directors of Nice S.p.A., with the consolidated financial statements of Nice Group. In our opinion, the report on operations and of the information set out in the report on corporate governance and ownership structure mentioned above are consistent with the consoldiated financial statements of Nice Group as of December 31st 2015.

Padua, March 29th 2016

BDO Italia S.p.A.

Signed by: Stefano Bianchi - Partner

The report has been translated into english language solely for the convenience of International readers

Nice S.p.A. financial statements as at 31 December 2015

Nice S.p.A. statement of financial position as at 31 December 2015 and 2014*

(amounts in Euro)	Notes	31/12/2015	31/12/2014
ASSETS			
Non-current assets			
Intangible fixed assets	(1)	5,787,445	5,740,232
Tangible fixed assets	(2)	14,640,624	13,942,196
Equity investments	(3)	124,310,242	102,428,608
Other non-current financial assets	(4)	3,588,880	3,588,880
Non-current financial assets due from subsidiaries	(5)	53,344,940	53,747,536
Deferred tax assets	(6)	1,749,810	1,801,961
Total non-current assets		**203,421,941**	**181,249,413**
Current assets			
Inventories	(7)	24,709,924	21,539,042
Trade receivables	(8)	53,251,842	60,090,016
- of which to associates		*38,619,761*	*43,478,251*
Other current assets	(9)	1,370,326	1,319,057
Tax receivables	(10)	1,134,852	2,057,525
Other current financial assets	(11)	-	245,105
Cash and cash equivalents	(12)	44,221,253	34,751,233
Total current assets		**124,688,197**	**120,001,978**
Total assets		**328,110,138**	**301,251,391**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' Equity			
Share		11,600,000	11,600,000
Legal reserve		2,320,000	2,320,000
Share premium reserve		32,179,122	32,179,122
Treasury shares		(20,771,291)	(20,771,291)
Other reserves and retained earnings		183,565,576	169,803,539
Profit for the period		16,299,202	18,987,586
Total shareholders' equity	(13)	**225,192,609**	**214,118,956**
Non-current liabilities			
Provisions for risks and charges	(14)	1,206,491	1,238,470
Employee benefit obligations	(15)	472,754	545,555
Medium-/long-term loans	(16)	60,000,000	-
Other non-current liabilities		-	-
Tax payables (due after 12 months)		-	-
Provision for deferred tax liabilities	(17)	728,655	830,757
Total non-current liabilities		**62,407,900**	**2,614,782**
Current liabilities			
Bank overdrafts and loans	(18)	5,000,000	46,450,459
Other financial liabilities	(19)	140,579	532,926
Trade payables	(20)	32,476,168	33,785,920
- of which to associates		*5,068,601*	*8,154,226*
Other current liabilities	(21)	2,843,509	3,043,816
Tax payables (due within 12 months)		49,372	704,532
Total current liabilities		**40,509,629**	**84,517,653**
Total liabilities		**102,917,529**	**87,132,435**
Total shareholders' equity and liabilities		**328,110,138**	**301,251,391**

Nice S.p.A. Income Statement for 2015 and 2014 *

(amounts in Euro)	**Notes**	**2015**	**2014**
Revenue	(22)	**113,061,427**	**116,354,910**
- of which to associates		*66,552,143*	*69,362,791*
Operating costs:			
Costs for the use of basic components and consumables	(23)	(52,468,599)	(52,762,120)
Costs for services	(24)	(27,877,177)	(26,002,619)
Rental and lease costs	(25)	(3,506,112)	(3,684,929)
Personnel costs	(26)	(13,805,952)	(13,402,164)
Other operating costs	(27)	(2,174,384)	(2,758,363)
Depreciation and Amortisation	(28)	(4,112,881)	(3,611,818)
Other income	(29)	3,571,220	3,945,706
Operating profit		**12,687,542**	**18,078,603**
Finance income	(30)	8,777,100	8,738,303
Finance expense	(31)	(1,238,967)	(1,250,316)
Other expenses		(23,043)	(207,913)
Pre-tax profit		**20,202,631**	**25,358,677**
Taxes for the period	(32)	(3,903,430)	(6,371,091)
Net profit		**16,299,202**	**18,987,586**

* Pursuant to Consob resolution no. 15519 of 27 July 2006, the effects of transactions with related parties are described in note 38.

Consolidated earnings per share	**2015**	**2014**
Basic, for net profit attributable to ordinary shareholders of the parent company	0.1375	0.1396
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.1375	0.1396

Statement of comprehensive income as at 31 December 2015 and 2014

(amounts in Euro)	2015	2014
Net profit	**16,299,202**	**18,987,586**
Other items of comprehensive income after taxes not reclassified to profit or loss	-	-
Other items of comprehensive income after taxes reclassified to profit or loss		
- Actuarial gain / loss on TFR	*30,991*	*(59,058)*
Total comprehensive income (loss) after taxes	**16,330,193**	**18,928,528**

Statement of cash flows for 2015 and 2014

(amounts in Euro)	**2015**	**2014**
CASH FLOW FROM OPERATING ACTIVITY:		
Net profit	**16,299,202**	**18,987,586**
Adjustments for reconciliation of net profit to cash and cash equivalents generated (used) in operations:		
Depreciation, amortisation and write-down	4,112,881	3,611,818
Accrual/(use) of bad-debt provision	220,016	(492,613)
Accrual/(use) of inventory write-down provision	200,000	(852,672)
Accrual/(use) of provision for risks	(31,978)	(12,038)
Accrual/(use) of employee benefit obligations	(72,802)	53,834
Fair value measurement of financial instruments	(367,400)	507,000
Accrual/(use) of deferred/prepaid tax provision	(49,951)	556,642
Changes in current assets and liabilities:		
Decrease (increase) in Receivables due from customers	6,618,158	13,791,987
Other current assets	(51,269)	461,882
Inventories	(3,370,882)	5,619,161
Payables due to suppliers	(1,309,752)	(6,723,777)
Other current liabilities	(200,307)	112,356
Tax receivables/payables	267,513	(364,684)
Total adjustments and changes	**5,964,227**	**16,268,896**
Cash flow from operating activities	**22,263,429**	**35,256,482**
CASH FLOW USED IN INVESTING ACTIVITIES:		
Investments in intangible fixed assets:	(642,618)	(515,408)
Investments in tangible fixed assets:	(4,215,904)	(1,867,098)
Other changes in equity investments	(21,881,634)	(9,361,539)
Cash flow used in investing activities	**(26,740,156)**	**(11,744,045)**
CASH FLOW USED IN FINANCING ACTIVITIES:		
Dividend distribution	(5,256,540)	(4,758,552)
Net change in medium-/long-term loans	60,000,000	(10,000,000)
Net change in short-term loans	(41,450,459)	(3,549,541)
Net change in other financial liabilities	(24,947)	(411,270)
Net change in other non-current liabilities	622,596	(3,596,000)
Net change in other non-current assets	25,105	2,720,009
Net change in other financial assets	30,991	90,898
Cash flow used in financing activities	**13,946,747**	**(19,504,454)**
Increase in cash and cash equivalents	**9,470,020**	**4,007,983**
Cash and cash equivalents at the beginning of the period	34,751,233	30,743,250
Cash and cash equivalents at the end of the period	**44,221,253**	**34,751,233**

Statement of changes in shareholders' equity as at 31 December 2015 and 2014

(amounts in Euro)	Share capital	Legal reserve	Share premium reserve	Treasury shares	Retained earnings and reserves	Profit (loss) for the year	Total Shareholders' Equity
Balance as at 31/12/2013	**11,600,000**	**2,320,000**	**32,179,122**	**(20,771,291)**	**161,891,452**	**12,729,697**	**199,948,980**
Allocation of profit/(loss)					12,729,697	(12,729,697)	-
Dividend distribution					(4,758,552)		(4,758,552)
Profit for the period						18,987,586	18,987,586
Actuarial loss on termination benefits					(59,058)		(59,058)
Balance as at 31/12/2014	**11,600,000**	**2,320,000**	**32,179,122**	**(20,771,291)**	**169,803,539**	**18,987,586**	**214,118,956**
Allocation of profit/(loss)					18,987,586	(18,987,586)	-
Dividend distribution					(5,256,540)		(5,256,540)
Profit for the period						16,299,202	16,299,202
Actuarial loss on termination benefits					30,991		30,991
Balance as at 31/12/2015	**11,600,000**	**2,320,000**	**32,179,122**	**(20,771,291)**	**183,565,576**	**16,299,202**	**225,192,609**

Explanatory notes to the financial statements as at 31 December 2015

Company information

Nice S.p.A. is an Italian joint-stock company established and located in Oderzo (province of Treviso) – Via Pezza Alta, 13 Z.I. Rustignè. It is the operating holding company of a group of entities (Nice Group), which is primarily active in the design, production and marketing of automation systems for gates, doors, garages, rolling shutters, awnings, and access and security systems. Thanks to the acquisition of FontanaArte S.p.A., which took place in December 2010, the Group extended its business also to the lighting sector.

The parent company of Nice is Nice Group S.p.A., with registered office in Oderzo (province of Treviso) – Via Pezza Alta, 13 Z.I. Rustignè. The publication of the Nice S.p.A. consolidated financial statements for the year ended 31 December 2015 was approved by the Board of Directors on 11 March 2016.

Contents and format of the financial statements

The financial statements as at 31 December 2015 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union and in force on the reporting date.
The financial statements have been drawn up based on the historical-cost principle - except in the case of derivative financial instruments, which are recorded at fair value - and also on a going concern basis. The carrying value of assets and liabilities involved in fair value hedging transactions, and which otherwise would have been posted at cost, has been adjusted to take account of changes in fair value attributable to the risks hedged.
The currency unit used is the Euro and, unless otherwise indicated, all amounts are rounded to thousands of Euro.

Amendments to the accounting standards

The accounting standards adopted are the same as those used as at 31 December 2014, except for the adoption of the following new or revised IFRSs and IFRICs, which were applied for the first time by the Company as from 1 January 2015.

Accounting standards, amendments and interpretations effective from 1 January 2015

IFRS 13 – Fair Value Measurement
On 12 May 2011 the IASB issued IFRS 13 – Fair Value Measurement, which clarifies how to calculate fair value for the purposes of financial reporting and is applicable to all IFRSs that require or allow fair value measurement or disclosures based on fair value. The new standard did not have significant effects on these financial statements.

Amendments to IAS 1 – Presentation of Financial Statements.
On 16 June 2011, the IASB issued an amendment to IAS 1 – Presentation of Financial Statements, requiring entities to group items presented in OCI (Other Comprehensive Income) based on whether or not they may be subsequently reclassified to profit or loss. The amendment had limited effects on the presentation
of Other Comprehensive Income in these Financial Statements.

Amendments to IAS 19 – Employee Benefits
On 16 June 2011, the IASB issued an amendment to IAS 19 - Employee Benefits, retrospectively applicable to the year starting as from 1 January 2013. The amendment changes the rules for recognising defined benefit plans and

termination benefits. The main changes concerning defined benefit plans refer to total recognition in the statement of financial position of the plan deficit or surplus, the introduction of net finance expense and their classification in the defined benefit plans.
Pursuant to the transitional provisions set forth in IAS 19 under paragraph 173, the Company applied this amendment to IAS 19 retrospectively as from 1 January 2013, adjusting the opening balance in the statement of financial position as at 1 January 2012 and 31 December 2012, as well as the financial data for 2012, as if the amendment had always been applied. Please refer to Note 15 for the retrospective effects of the application of the amendment to IAS 19.

IFRS 7 – Financial instruments: Disclosures
On 16 December 2011, the IASB issued some amendments to IFRS 7 – Financial Instruments: disclosures. The amendment requires disclosures on the effects or potential effects of offsetting financial assets and liabilities on the statement of financial position. The adoption of this amendment had no significant effects on disclosures in these financial statements.

On 17 May 2012, the IASB issued a set of amendments to IFRSs (‘Improvements to International Financial Reporting Standards – 2009-2011 Cycle’).The following ones should be noted:
IAS 1 - *Presentation of Financial Statements*: the amendment clarifies the way in which comparative information shall be presented in case an entity modifies any accounting policies and makes a retrospective restatement or reclassification, as well as in case it presents additional statements of financial position to those required by the standard. The amendment was applied for the retrospective restatement of financial data due to the application of the amendment to IAS 19.
IAS 16 - Property, plant and equipment: the amendment clarifies that spare parts and stand-by equipment shall be capitalised only if they meet the definition of Property, plant and equipment, otherwise they shall be classified as Inventories.
IAS 32 - Financial instruments: Presentation: the amendment removes a conflict between IAS 12 — Income taxes and IAS 32 on the accounting of taxes relating to distributions to shareholders, establishing that said distributions have to be recognised in profit or loss based on whether they refer to profit generated by operations originally recorded in profit or loss.

Accounting standards, amendments and interpretations not yet applicable and/or not adopted early by the Company

IFRS 10 – Consolidated Financial Statements
On 12 May 2011, the IASB issued IFRS 10 – Consolidated Financial Statements (subsequently amended on 28 June 2012), which replaces SIC 12 – Consolidation: Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements, renamed as Separate Financial Statements and that governs the accounting for equity investments in separate financial statements. The standard is to be applied from 1 January 2014, and early adoption from 1 January 2013 is allowed.

IFRS 11 – Joint Arrangements
On 12 May 2011, the IASB issued IFRS 11 - Joint Arrangements (subsequently amended on 28 June 2012), which replaces IAS 31 - Interests in Joint Ventures and SIC 13 - Jointly Controlled Entities: Non-monetary Contributions by Venturers. The new standard provides criteria for the identification of joint arrangements based on the rights and obligations arising from such arrangements rather than on their legal form and establishes the equity method as the sole accounting method in consolidated financial statements for joint ventures. The effective date is 1 January 2014, and early adoption from 1 January 2013 is allowed.

IFRS 12 - Disclosure of Interests in Other Entities

On 12 May 2011, the IASB issued IFRS 12 – Disclosure of Interests in Other Entities (subsequently amended on 28 June 2012), which is a new and complete standard on additional disclosures to be provided on all types of interests, including those in subsidiaries, joint ventures, associates, special purpose entities and other unconsolidated structured entities. The effective date is 1 January 2014, and early adoption from 1 January 2013 is allowed.

IAS 32 – Financial Instruments: amendments

On 16 December 2011, the IASB issued some amendments to IAS 32 - Financial Instruments: Presentation, to clarify the application of certain criteria for offsetting the financial assets and liabilities present in IAS 32. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

As at the reporting date, the competent bodies of the European Union had not yet concluded the endorsement process required for the application of the following accounting standards and amendments.

IFRS 9 – Financial Instruments

On 12 November 2009, the IASB published IFRS 9 – Financial Instruments; this standard was subsequently amended. The Standard, which shall be applied retrospectively from 1 January 2015, represents the first step to entirely replace IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities. In particular, as for financial assets, the new standard uses a single approach based on the management of financial instruments and the contractual cash flows characteristics of the financial assets in order to determine the relevant measurement criteria. As for financial liabilities, the main change concerns the accounting for changes in the fair value of a financial liability measured at fair value through profit or loss. Under IFRS 9, the changes in fair value attributable to changes in the liability's credit risk shall be recognised in Other Comprehensive Income and no longer through profit or loss.

IFRIC 21 – Levies – interpretation of IAS 37

On 20 May 2013, the IASB issued IFRIC 21 – Levies, an interpretation of IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 clarifies when an entity shall recognise a liability for the payment of levies imposed by governments, except for those that are within the scope of other standards (e.g. IAS 12 - Income Taxes). IFRIC 21 is effective for annual periods beginning on or after 1 January 2014.

IAS 36 – Recoverable Amounts Disclosures for Non-Financial Assets - amendment

On 29 May 2013, the IASB issued an amendment to IAS 36 – Recoverable Amounts Disclosures for Non-Financial Assets, governing the disclosures required for impaired assets with a recoverable amount based on fair value less costs of disposal. The amendment is to be applied retrospectively for annual periods beginning on or after 1 January 2014.

IAS 39 - Financial instruments: Recognition and Measurement - amendments

On 27 June 2013, the IASB issued some narrow scope amendments to IAS 39 - Financial instruments: Recognition and Measurement, entitled 'Novation of Derivatives and Continuation of Hedge Accounting'. The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

Narrow scope amendments to IAS 19 - Employee Benefits

On 21 November 2013, the IASB issued some narrow scope amendments to IAS 19 – Employee Benefits, entitled 'Defined benefit plans: Employee contributions'. The objective of the amendments is to simplify the accounting for contributions to defined benefit plans by employees or third parties in specific circumstances. The amendments are retrospectively applicable to periods beginning on or after 1 July 2014, and early adoption is allowed.

Annual improvements to IFRSs - 2010-2012 Cycle e Annual Improvements to IFRSs - 2011-2013 Cycle

On 12 December 2013 the IASB issued a set of amendments to IFRSs. Among the other things, the most significant issues that these amendments deal with are: the definition of vesting condition in IFRS 2 – Share-based Payment, the aggregation of operating segments in IFRS 8 – Operating Segments, and the definition of key management personnel in IAS 24 – Related Party Disclosures, scope exception of IFRS 3 – Business Combinations, for joint arrangements of all types (as defined in IFRS 11 – Joint Arrangements), and some clarifications on scope exceptions of IFRS 13 – Fair Value Measurement.

Significant accounting estimates

The preparation of financial statements requires directors to make discretionary assessments, estimates and assumptions that have an impact on the values of revenue, costs, assets and liabilities and the indication of contingent liabilities as at the reporting date. However, the uncertainty with regard to these hypotheses and estimates may lead to significant adjustments in the carrying amounts of assets and liabilities by the end of the next financial period.

Estimates are used to calculate:

Impairment of intangible assets with an indefinite useful life

On each reporting date, the Company checks all intangible assets with an indefinite useful life to see whether there are any indicators of impairment.

More specifically, goodwill is tested for possible impairment at least annually and during the year if such indicators exist. This test requires estimation of the value in use of the cash generating unit to which the investment's cost and goodwill are attributed, in turn based on estimation of the future cash flows expected from the unit and discounted to present value based on an appropriate discount rate. As at 31 December 2015, the carrying value of goodwill was Euro 3,460 thousand (2014: Euro 3,460 thousand). Further details are provided in note 1. Intangible fixed assets.

Deferred tax assets

Deferred tax assets are recognised in view of all temporary differences and all tax losses carried forward, to the extent that there will possibly be adequate future taxable income in view of which these temporary differences can be absorbed and such tax losses used. A significant discretionary assessment is required to directors to calculate the amount of deferred tax assets that can be recorded in the accounts. They have to estimate the probable timing and amount of future taxable income as well as a planning strategy for future taxes.

Other estimated items

Estimates are also used to calculate bad-debt provisions and for inventory obsolescence, depreciation and amortisation, employee benefit obligations, and provisions for risks and charges.

Summary of the main accounting standards

The accounting standards and assessment criteria adopted to prepare the financial statements as at 31 December 2015 are set out below:

Intangible fixed assets

Intangible fixed assets purchased separately are initially capitalised at cost. After initial recognition, intangible fixed assets are posted at cost, net of accumulated amortisation and accumulated impairment, if any. Intangible fixed assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the financial year in which they were incurred.
The useful life of intangible fixed assets can be assessed as definite or indefinite.
Intangible fixed assets with a definite life are amortised over their useful life and tested for impairment each time there is indication of a possible impairment. The period and method of amortisation applied to them are reviewed at the end of each financial year or more frequently if necessary. Any changes in the expected useful life and in the procedures used by the Company to achieve the future economic benefits linked to the intangible asset are recognised changing the amortisation period or method, as appropriate, and are treated as changes to the accounting estimates. The amortisation charge of intangible assets with a definite life is recorded in the income statement in the cost category consistent with the function of the intangible asset.
Intangible assets with an indefinite useful life are subject to an annual impairment test at an individual level or at cash generating unit level. No amortisation is recorded for these assets. The useful life of an intangible asset with an indefinite life is reviewed annually to verify if the conditions on which this classification is based still exist.
The profits or losses deriving from the sale of an intangible fixed asset are calculated as the difference between the net profit from the disposal and the carrying value of the intangible fixed asset and are recognised in the income statement at the time of sale.

Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances occur that may lead to possible impairment.

For the purposes of such analyses, the goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Company's cash generating units (or groups of units) that are expected to benefit from the synergy effects of the acquisition, regardless of the allocation of other assets or liabilities to said units (or groups of units). Each unit or group of units to which goodwill is allocated represents the lowest level within the company in which goodwill is monitored for internal management purposes and is no broader than the business segments identified on the basis of the Group's segment information, determined pursuant to IFRS 8 'Operating Segments'.

Impairment, if any, is determined defining the recoverable amount of the cash generating unit (or group of units) to which goodwill is allocated. When the recoverable amount of the cash generating unit (or group of units) is lower than the carrying value, impairment is recognised. In cases in which goodwill is attributed to a cash generating unit (or group of units) the assets of which are partially disposed of, the goodwill associated with the transferred asset is considered in order to determine capital gains (losses), if any, deriving from the transaction. In such cases, the goodwill disposed of is calculated on the basis of the values of the transferred asset compared to the asset still held with reference to the same unit.

Trademarks

Trademarks with a definite useful life that are recorded in the financial statements are amortised over a period of 10 years and tested for impairment each time there is indication of a possible impairment. The useful life is reviewed annually.
The amount recorded under the trademarks item refers to the price paid in 2005 by the subsidiary Mhouse for the purchase of the Mhouse logo in the USA.

Software

The value registered as software refers to costs for software user licences. It is an intangible asset with a definite useful life that is amortised over a period of 3 - 5 years.

Research and development costs

Research costs are recognised in the income statement at the time they are incurred. Development costs incurred in relation to a specific project are capitalised only when the Company can prove the technical possibility of completing the intangible asset so as to make it available for use or sale, the intention to complete said asset to use it or sell it, the ways in which it would generate future economic benefits, the availability of technical, financial or other resources to complete development, and its ability to reliably measure the cost attributable to the asset during its development.
During the development period, the asset is annually tested for impairment. After initial recognition, development costs are measured at cost less accrued amortisation or impairment, if any. Amortisation of the asset starts once its development has been completed and the asset is available for use. Development costs are amortised over the period in which it is foreseen that the related project will generate revenue for the Company, but in any case the time period that shall not exceed 5 years. During the period in which the asset is not yet in use, it is annually tested for impairment.

Customer relations

The amount recorded reflects the purchase cost of customer relations from previous distributors. On the basis of analyses of customer loyalty, it has been deemed that customer relations shall have a defined useful life of 10 years. A survey on the continuance or not of business relations with these customers is carried out systematically, so as to assess whether or not the stated useful life is correct.

Tangible fixed assets

Tangible fixed assets are initially posted at their historical cost, including related costs directly chargeable and necessary to put the asset into operation for the use for which it was acquired.
Maintenance and repair expenses, which do not contribute to creating value for and/or extending the residual life of the assets, are expensed in the year in which they were incurred; otherwise, they are capitalised.
Tangible assets are presented net of the relevant accumulated depreciation and impairment, if any, determined according to the methods described below. Depreciation is calculated on a straight-line basis according to the estimated useful life of the asset for the business. The estimated useful life is reviewed annually and any changes, if necessary, are introduced prospectively.

The main economic-technical rates used are the following:

Category	Depreciation rates
Buildings	3%
General and specific plant	10%-15.5%
Equipment (moulds)	10%-12.5%
Sundry and minor equipment	20%-25%
Office machines and furniture	12%-20%
Electronic office machines	20%-25%
Motor cars – Motor vehicles	20%-25%
Improvements on leased assets	Throughout the duration of the lease contract

The carrying value of tangible fixed assets is tested for impairment if events or changes in circumstances indicate that the carrying amount cannot be recovered. If an indication of this type exists, and if the carrying amount exceeds the expected realisable value, the assets are written down until they reflect their realisable value. The realisable value of tangible fixed assets is either the net sale price or the value in use, whichever is higher.

In defining the value in use, the expected cash flows are discounted to present value using a discount rate that reflects the current market estimate for the cost of money in relation to time and the specific risks of the asset. For assets that do not generate independent cash flows, the realisable value is determined in relation to the cash generating unit to which the asset belongs. Impairment is recorded in the income statement under depreciation and write-down costs. This impairment is restored if the factors that caused it no longer exist.

When the asset is sold or if there are no future economic benefits expected from the use of an asset, it is derecognised and any loss or profit (calculated as the difference between the sale value and the carrying amount) is recorded in the income statement for the year of the above-mentioned derecognition.

Impairment on non-financial assets

On each reporting date, the Company assesses whether there is an indication that an asset may be impaired. In this case, or if annual impairment testing is required, the Company estimates the amount. The recoverable amount is the greater between the fair value of the asset or the cash generating unit, net of sales costs, and its value in use. The recoverable amount is determined for each individual asset, except when the asset generates cash flows that are not fully independent from those generated by other assets or groups of assets. If the carrying value of an asset is higher than its recoverable amount, the asset is considered impaired and is consequently written down to its recoverable amount. In measuring the value in use, the Company discounts to present value the estimated future cash flows using a pre-tax discount rate that reflects the market assessment of the current value of money and the specific risks of the asset. In measuring the fair value net of sales costs, an appropriate assessment model is used. This measurement is carried out using appropriate valuation multipliers and other available fair value indicators.

Impairment on continuing operations is recognised in the income statement in cost categories that are consistent with the function of the impaired asset.

For assets other than goodwill, on each reporting date the Company also assesses the existence of any derecognition (or reduction) of previously recognised impairment and estimates the recoverable amount, should such indications exist. The value of a previously impaired asset is restored only if there has been a change in the estimates used to determine the asset's recoverable amount after recognition of the last impairment. The recovery in value cannot exceed the carrying amount that would have been determined, net of amortisation and depreciation, had no impairment been recognised in prior years. Such recovery is recognised in the income statement unless the fixed asset is recorded at a revalued amount, in which case the recovery is treated as a revaluation increase.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be subject to impairment.

Impairment of goodwill is determined by assessing the recoverable amount of the cash generating unit (or group of cash generating units) to which goodwill relates. Should the recoverable amount of the cash generating unit (or group of cash generating units) be less than its carrying value, impairment is recognised. Impairment related to goodwill cannot be restored in future years. The Company tests goodwill for impairment each year at the end of the reporting period.

The assessment approach is the Discounted Cash Flow method, where operating cash flows generated by the individual CGUs are discounted to present value. The net invested capital and overall goodwill determined for equity investments are subtracted from the result.
The values obtained exceed total invested capital.

Equity investments in subsidiaries

Equity investments in subsidiaries are recorded at purchase or underwriting cost, including price and put/call option adjustments, if any, on non-controlling interests of subsidiaries, from which potential capital repayments are deducted and, if necessary, adjusted for impairment, which is determined in the same way as indicated above for tangible assets and subsequent re-determinations of the put/call options themselves. The original amount is restored in subsequent years if the grounds for the impairment no longer exist. These adjustments are charged to the income statement.

Financial assets

IAS 39 envisages the following types of financial instruments: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Initially, all financial assets are recorded at fair value plus any related charges for assets other than those at fair value through profit or loss. The Company determines the classification of its financial assets after initial recognition and, where appropriate and allowed, reviews this classification on each reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on an active market. After initial recognition, these assets are measured on the basis of amortised cost using the effective discount rate method, net of any provision for impairment.
The amortised cost is calculated considering each discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs. Profit and losses are recorded in the income statement when the loans and receivables are derecognised or in case of impairment, as well as by means of the amortisation process.

It is noted that, as at 31 December 2015, the Company did not hold any financial assets that could be classified as 'Held-to-maturity investments' and 'Available-for-sale financial assets'.

Impairment on financial assets

On each reporting date, the Company assesses if a financial asset or group of financial assets has been impaired.

Assets measured on the basis of amortised cost

If an objective indication exists that a loan or receivable posted at amortised cost has been impaired, the impairment amount is calculated as the difference between the carrying value of the asset and the current value of the estimated future cash flows (excluding future receivable losses not yet incurred) discounted at the original effective interest rate of the financial asset (i.e., the effective interest rate calculated on the date of initial recognition). The carrying value of the asset is reduced through a provision and the amount of the loss is recognised in the income statement.
If, in a subsequent period, the entity of the impairment decreases and this decrease can be objectively traced back to an event that took place after recognition of the impairment, the previously reduced value can be restored. Subsequent reversals of impairment losses, if any, are recorded in the income statement to the extent that the carrying value of the asset does not exceed the amortised cost as at the date of restoration.
With reference to trade receivables, a provision for impairment is made when an objective indication exists (such as, for example, the likelihood of insolvency or significant financial difficulties of the debtor) that the Company will not be able to recover all the amounts due under the original invoice terms. The carrying value of the receivable is reduced by using a specific provision. Receivables subject to impairment are written off when it is confirmed that they cannot be recovered.

Inventories

Inventories are recorded at the lower between: purchase and/or production cost, determined in accordance with the weighted average cost method, and the estimated net realisable or replacement value. The net realisable value is determined according to the estimated sale price under normal market conditions, net of direct sales costs.
Obsolete and/or slow moving inventories are written down according to their future possibility of use or realisation. The write-down is derecognised in subsequent years if the grounds for the write-down no longer exist.

Treasury shares

Treasury shares are set against shareholders' equity on the basis of their purchase cost. No profit or loss is reported in the income statement on the purchase, sale, or derecognition of treasury shares. All differences between the carrying amount and the amount paid are recorded in other capital reserves.

Cash and cash equivalents

Cash and short-term deposits comprise cash on hand, demand and short-term deposits, the latter expiring within three months or less. As far as the statement of cash flows is concerned, cash and cash equivalents are represented by cash as described above.

Financial liabilities

Trade payables

Trade payables expiring within normal trading terms are not discounted to present value and are posted at cost (identified by their nominal value), which represents their fair value as at the reporting date.

Loans

Loans are initially recognised at the fair value of the amount received, net of the related loan acquisition costs. After initial recognition, loans are measured on the basis of amortised cost using the effective interest rate method. Every profit or loss is recorded in the income statement when the liability is extinguished, as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held for trading financial liabilities and financial liabilities designated at fair value through profit or loss upon initial recognition.

Held for trading financial liabilities are all those acquired for the purpose of selling in the short term. This category includes derivative financial instruments to which the Company subscribed and that are not designated as hedging instruments in accordance with IAS 39. Separate embedded derivatives are classified as financial instruments held for trading unless they have been designated as effective hedging instruments.

Financial guarantee liabilities

Financial guarantee liabilities issued by the Company comprise those contracts requiring payment to reimburse the owner for a loss suffered due to non-compliance by a given debtor in making payment on the due date, on the basis of the debt instrument's contractual clauses. Financial collateral arrangements are recorded at their nominal value, under commitments and risks.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive the cash flows from the asset has been discharged;
- the Company maintains the right to receive cash flows from the asset, but has undertaken the contractual obligation to pay them in full and without delay to a third party;
- the Company has transferred the right to receive cash flows from the asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) it has neither retained nor transferred substantially all of the risks and rewards of the asset, but has transferred its control over the same.

If the Company has transferred the right to receive cash flows from an asset while it has neither retained nor transferred substantially all of the risks and rewards or has retained control over the asset, the Company continues to recognise the asset to the extent to which it has a continuing involvement in the asset. The continuing involvement, which consists of a guarantee on the transferred asset, is measured at the lower between the initial carrying value of the asset and the maximum amount that the Company could be required to pay.

Financial liabilities

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or fulfilled.

Employee benefit obligations

Benefits guaranteed to employees, paid when or after employment is terminated, by means of defined benefit programmes (Employees' termination benefits accrued as at 31 December 2015 or pension plans) or other long-term benefits (retirement indemnity) are recognised in the period when the right accrues.

Liabilities relating to defined benefit programmes, net of any assets within the scope of the plan, are determined according to actuarial assumptions and are recognised on an accrual basis, in line with the services required to obtain said benefits.
The assessment of liabilities is carried out by independent actuaries using the projected unit credit method.
Profit and losses deriving from actuarial valuation are recorded in the statement of comprehensive income. The amount reflects not only the payables accrued as at the reporting date, but also future salary increases and the related statistical dynamics.
Benefits guaranteed to employees by means of defined contribution plans (also due to recent changes in the Italian law on social security contributions) are recognised on an accrual basis and, at the same time, give rise to a liability at nominal value.

Provisions for risks and charges

The provisions for risks and charges include costs and charges of a given type and of certain or probable existence that, as at the reporting date, are undetermined in terms of amount or due date.
Provisions for risks and charges are made when the Company must fulfil a current obligation (legal or implicit) arising from a past event, when an outflow of resources in order to fulfil this obligation is probable and it is possible to make a reliable estimate of its amount. When the Company considers that a provisions for risks and charges shall be partly or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately among the assets when, and only when, it is practically certain.
In this case, the cost of provisions, if any, net of the amount recorded for the indemnity, is presented in the income statement.
Provisions are recorded at the value representing the best estimate of the amount the entity would pay to extinguish the obligation or to transfer it to a third party at the end of the reporting period. If the effect of the discounted present value of money is significant, provisions are determined by discounting to present value the expected future cash flows using a pre-tax discount rate that reflects, where appropriate, the specific risks of liabilities. When discounting to present value, the increased provision due as time passes is recognised as a finance expense.

Leases

The definition of a contractual agreement as a lease transaction (or containing a lease transaction) is based on the essence of the agreement and requires assessing whether fulfilment of the agreement depends on the use of one or more specific assets and if the agreement transfers the right to use this asset. A review is carried out after the beginning of the agreement only if one of the following conditions occurs:

(e) there is a change in the contractual conditions, other than a renewal or extension of the agreement;

(f) a renewal option is exercised or an extension is granted, unless the terms of renewal or extension were initially included in the terms of the lease transaction;

(g) there is a change in the condition according to which fulfilment depends on a specific asset; or

(h) there is a substantial change in the asset.

In case a review is carried out, recognition of the lease will start or finish on the date when the circumstances that have caused the review for scenarios a), c) or d) change, and on the date of renewal or extension for scenario b).

Operating lease fees are recorded as costs in the income statement on a straight-line basis depending on the duration of the agreement.

Revenue and income

Revenue is recognised to the extent that it is likely that the Company gains economic benefits and the relevant amount may be reliably determined. Revenue is measured at fair value of the amount received, net of discounts, allowances, bonuses and other taxes on sales.
Revenue and costs are recorded on an accruals basis.
Revenue from the sale of products is recognised when ownership changes, which generally occurs when the goods are shipped and entails the transfer of all risks and rewards connected to the products sold.

Interest income is recognised on an accruals basis, considering the effective return of the relevant asset.

Costs and expenses

Costs and expenses are recognised on an accruals basis.

Finance expenses are recognised in the income statement at the time they are incurred.

Dividends

Revenue is recognised when the right of the shareholders to receive payment arises.

Income taxes

Current tax

Current tax for the current and previous years is calculated on the amount that is expected to be recovered or paid to tax authorities in accordance with the provisions in force.

The rates and the tax law used to calculate the amount are those issued or substantially issued as at the reporting period ending 31 December 2015.

Current tax relating to items directly recorded in the shareholders’ equity is charged to the shareholders’ equity and not to the income statement.

Deferred tax

Deferred tax is calculated using the so-called ‘liability method’ on the temporary differences, resulting on the reporting date, between the tax values taken as a reference for the assets and liabilities and the values indicated in the financial statements.

Deferred tax liabilities are recorded in view of all taxable temporary differences, except when deferred tax liabilities derive from initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the profit for the year calculated for financial statement purposes nor the profit or loss calculated for tax purposes.

Deferred tax assets are recorded in view of all deductible temporary differences and tax losses carried forward to the extent that probable future tax benefits exist and that deductible temporary differences and tax assets and liabilities carried forward could be used, except when the deferred tax asset related to deductible temporary differences comes from initial recognition of an asset or liability that is not a business combination and that, at the time of the transaction, affects neither the profit for the year calculated for financial statement purposes nor the profit or loss calculated for tax purposes.

The recoverability of deferred tax assets is reviewed on each reporting date and is written down to the extent that it is no longer likely that sufficient tax income will be available in the future so as to allow all or part of this receivable to be used. Unrecognised deferred tax assets are reviewed annually as at the reporting date and are recorded to the extent that it has become likely that tax income is sufficient so as to allow these deferred tax assets to be recovered.

Deferred tax assets and liabilities are determined with reference to the tax rates that are expected to be applied in the year in which these assets are realised or these liabilities are extinguished, taking into account the rates in force and those already issued, or substantially issued, as at the reporting date.

Deferred tax assets and liabilities relating to items directly recorded in the shareholders' equity are directly charged to the shareholders' equity and not to the income statement.

Deferred tax assets and liabilities are offset, if a legal right exists to offset current tax assets against current tax liabilities, and deferred income taxes refer to the same taxable entity and the same tax authority.

Derivative financial instruments

Derivative financial instruments (where present) are initially recorded at fair value on the date when they are issued. Subsequently, this fair value is periodically reviewed. They are recorded as assets when the fair value is positive and as liabilities when it is negative. Any profit or loss resulting from changes to the fair value are directly reported on the income statement for the year.

The fair value of currency forward contracts is determined with reference to the current forward exchange rates for contracts with a similar maturity profile.

Earnings per share

Earnings per share are calculated by dividing the consolidated net profit for the period attributable to the Company's shareholders by the weighted average number of ordinary shares outstanding in the period.

The diluted earnings per share are obtained by adjusting the weighted average of the outstanding shares so as to take into account all the potential ordinary shares with a dilution effect and purchases of treasury shares, if any. Also the Group's net profit or loss is adjusted to take account of the effects of the conversion, net of the related taxes.

Breakdown of the main items on the statement of financial position as at 31 December 2015

The following is a description of changes in the financial statement items. The amounts are expressed in thousands of Euro.

Non-current assets

1. Intangible fixed assets

The table below shows the change in the historical cost and accumulated amortisation of intangible fixed assets during 2015:

(in Thousands of Euro)	**Goodwill**	**Software, licences and concessions**	**Trademarks**	**Customer relations**	**Technological know-how**	**Development costs**	**Other intangible fixed assets**	**Total**
Cost:								
As at 01 January 2014	3,460	4,382	5,968	785	-	104	-	14,699
Redefinition of scope of consolidation								-
Increases		512					164	676
Reclassifications								-
Translation differences								-
As at 31 December 2014	**3,460**	**4,894**	**5,968**	**785**	**-**	**104**	**164**	**15,375**
Increases		412				123	106	641
Disposals								-
Reclassifications		215					(215)	-
Translation differences								-
As at 31 December 2015	**3,460**	**5,521**	**5,968**	**785**	**-**	**227**	**55**	**16,016**
Amortisation and impairment losses:								
As at 01 January 2014	**-**	**(2,503)**	**(5,918)**	**(514)**	**-**	**(104)**	**-**	(9,039)
Redefinition of scope of consolidation								-
Amortisation		(466)	(50)	(80)				(596)
Translation differences								-
As at 31 December 2014	**-**	**(2,969)**	**(5,968)**	**(594)**	**-**	**(104)**	**-**	**(9,635)**
Amortisation		(516)		(78)				(594)
Disposals								-
Translation differences								-
As at 31 December 2015	**-**	**(3,485)**	**(5,968)**	**(672)**	**-**	**(104)**	**-**	**(10,229)**
Net carrying value:								
As at 31 December 2015	**3,460**	**2,036**	**-**	**113**	**-**	**123**	**55**	**5,787**
As at 31 December 2014	**3,460**	**1,925**	**-**	**191**	**-**	**-**	**164**	**5,740**

Investments mainly involve:

Software, licences and concessions

Software mainly refers to costs incurred to purchase application software for long-term use, for the management of operations and for research activities. Licence costs refer to the purchase of software user licences.
These intangible fixed assets are amortised over a residual useful life of 3/5 and 10 years.

Goodwill

It should be noted that the amount of Euro 3,460 thousand recognised as goodwill relates to the surplus paid by the Company in relation to the takeover of Motus, a company acquired in 2000 and subsequently merged.
The impairment test did not show the need to make any write-downs. In particular, it should be noted that the income cash flows due to this cash generating unit, as shown in the budget for the 2016-2018 period, are such as to largely exceed the goodwill recognised.

2. Tangible fixed assets

The table below shows the change in the historical cost and accumulated depreciation of tangible fixed assets during 2015:

(in Thousands of Euro)	Land and buildings	Plant and machinery	Industrial and Commercial Equipment	Other Tangible Assets	Improvements on leased assets	Fixed assets under construction and advances	Total
Cost:							
As at 1 Jan. 2014	-	6,969	19,014	6,793	3,976	1,080	37,832
Increases		374	1,217	329	233	2,044	4,197
Disposals		(2)	(29)	(63)			(94)
Reclassifications		23	13		38	(75)	(1)
Translation differences							-
As at 31 December 2014	**-**	**7,364**	**20,215**	**7,059**	**4,247**	**3,049**	**41,934**
Increases		615	1,270	384	158	1,823	4,250
Disposals			(5)	(86)		(5)	(96)
Reclassifications		164	80	759	3,593	(4,596)	-
Translation differences							-
As at 31 December 2015	**-**	**8,143**	**21,560**	**8,116**	**7,998**	**271**	**46,088**
Amortisation and impairment losses:							
As at 1 Jan. 2014	**-**	**(4,645)**	**(13,171)**	**(5,452)**	**(1,771)**	**-**	**(25,039)**
Amortisation		(647)	(1,343)	(517)	(509)		(3,016)
Disposals			3	60			63
Reclassifications							-
Translation differences							-
As at 31 December 2014	**-**	**(5,292)**	**(14,511)**	**(5,909)**	**(2,280)**	**-**	**(27,992)**
Amortisation		(701)	(1,389)	(560)	(868)		(3,518)
Disposals			1	61			62
Reclassifications							-
Translation differences							-
As at 31 December 2015	**-**	**(5,993)**	**(15,899)**	**(6,408)**	**(3,148)**	**-**	**(31,448)**
Net carrying value:							
As at 31 December 2015	**-**	**2,150**	**5,661**	**1,708**	**4,850**	**271**	**14,640**
As at 31 December 2014	**-**	**2,072**	**5,704**	**1,150**	**1,967**	**3,049**	**13,942**

Investments mainly involve:

<u>Plant and machinery</u>

This item includes shelving and equipment for regulatory and operational product testing, as well investment in production machinery.

<u>Industrial and commercial equipment</u>

This item mainly includes moulds that are lent free of charge to sub-suppliers; the investment for the year relates to equipment for new products launched on the market.

Other assets

This item mainly includes furniture, furnishings, IT equipment and electronic laboratory equipment. During 2015, new IT equipment (computers and printers) were purchased and investments were made in electronic equipment, which is used in technical offices.

Expenses for improvements on leased assets

The increase refers to advances for the construction of a new building called The Nice Place, a 3,000 square metre social hub next to the headquarters dedicated to meetings, exchanges, sharing and knowledge generation, a lively place open to new experiences and initiatives.

This space will host workshops, conferences and exhibitions on digital innovation and design, as well as spaces to newly welcome current customers and prospects, equipped with a training room for the home automation section and a light room for the lighting section in order to experience and physically touch the product. Finally, a large kitchen will provide catering to company employees and guests at TheKitchen.

The Nice Place is the location for starting a new Open Innovation path.

Fixed assets under construction and advances

This item includes advances paid for plant and improvements on leased assets.

3. Equity investments

Equity investments as at 31 December 2015 and changes in the year were the following:

	31/12/2015						
(Thousands of Euro)	Opening Amount	Acquisitions	Disposals	Increases	Value adjustments	Closing amount	Share Held
Nice France S.a.s.	11,074					11,074	100.0%
Nice Polska S.p. Z.o.o.	1,475					1,475	100.0%
Nice Automatismos Espana S.a.	877					877	60.0%
Nice Belgium S.a.	116					116	99.7%
Nice U.K. LTD	901					901	100.0%
S.C. Nice Romania S.a.	103					103	99.0%
Nice Deutschland G.m.b.h.	11,305			6,132		17,437	100.0%
Nice Group USA Inc.	10,070					10,070	100.0%
Nice Shanghai Automatic Control Ltd	1,800					1,800	100.0%
R.D.P. Shanghai Trading	200					200	100.0%
Nice Australia Home Automation Ltd	2,525			1,099		3,624	100.0%
Nice Istanbul Ltd	5,024					5,024	99.0%
AutomatNice Portugal	-					-	100.0%
Nice Hansa South Africa Pty	2,221			14,650		16,871	100.0%
Silentron spa	5,639					5,639	100.0%
Nice Home Automation CJSC	7,190					7,190	75.0%
SAAC Srl	2,060					2,060	100.0%
Nice Middle East	-					-	51.0%
FontanaArte S.p.A.	6,700					6,700	100.0%
Peccinin	27,639					27,639	100.0%
King Gates srl	5,300					5,300	100.0%
Nice Gulf FZE	210					210	100.0%
NiceFactory d.o.o. Beograd	-					-	100.0%
Total Equity Investments	**102,429**	**-**	**-**	**21,881**	**-**	**124,310**	

The changes in 2015 were as follows:

- Nice Deutschland: capitalisation of Euro 6,132 thousand for the acquisition of the subsidiary Elero Gmbh;
- Nice Australia: capitalisation of Euro 1,099 thousand through conversion of financial receivables;
- Nice Hansa: capitalisation for Euro 14,650 thousand for the acquisition of the subsidiary E.T. System.

Differences, if any, in the book value of some equity investments and the shareholders' equity of the relevant subsidiaries are justified by the recoverable amount of the cash generating unit which the subsidiaries belong to.

4. Other non-current financial assets

This item mainly includes a loan granted to an important customer of the Group, aimed at further consolidating the already existing industrial partnership.

5. Non-current financial assets due from subsidiaries

The item non-current financial assets due from subsidiaries refers to medium-/long-term loans provided to some subsidiaries and also includes the amount of accrued interest that has not yet been received.
The following table sets out in detail the fair value of these loans:

(Thousands of Euro)	31/12/2015	31/12/2014
Loans to Nice Hansa	2,818	2,769
Loans to FontanaArte	20,749	19,749
Loans to Elero Gmbh	22,051	21,748
Loans to Nice Gulf	156	153
Loans to Nice Home Automation CJSC	7,571	8,243
Loans to Nice Australia	-	1,086
Total other non-current assets	**53,345**	**53,748**

Loans to foreign subsidiaries accrue interest at Euribor 3 and 12 month market rates increased by a spread between 1.85% and 2%.

6. Deferred tax assets

The following table sets forth the temporary differences that originated deferred tax assets:

	31/12/2015			31/12/2014		
(Thousands of Euro)	Amount of temporary differences	Tax effect (% rate)	Tax effect	Amount of temporary differences	Tax effect (% rate)	Tax effect
Non-deductible amortisation of trademarks	200	27.9%	56	200	31.4%	63
Provision for products within the guarantee period	316	27.9%	88	316	31.4%	99
Inventory write-down provision	2,452	27.9%	684	2,252	31.4%	707
Bad-debt provision after taxes	3,248	24.0%	780	2,995	27.5%	824
Provision for returns	150	24.0%	36	150	27.5%	41
Deferred tax assets on accrued expense	304	27.9%	85	171	31.4%	54
Other deferred tax assets	82	24.0%	21	48	27.5%	14
Total deferred tax assets	**6,752**		**1,750**	**6,132**		**1,802**

The Company has recognised deferred tax assets deriving from temporary differences between taxable income and pre-tax statutory results, since future taxable income is expected to be sufficient to absorb all the temporary differences that generated them. In determining deferred tax assets, reference is made to the IRES rate (24%) and, where applicable, the IRAP rate (3.9%).

The most significant effects mainly refer to adjustment provisions that are not relevant for tax purposes.

Current assets

7. Inventories

The following table shows the breakdown of inventories at the end of the years under consideration:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Basic components, ancillary materials and consumables	12,683	12,452
Work in progress and semi-finished products	5,258	4,038
Finished products	9,221	7,301
Inventory write-down provision	(2,452)	(2,252)
Total inventories	**24,710**	**21,539**

Inventories are recognised net of the inventory write-down provision deemed appropriate for prudent assessment of raw materials, work in progress and semi-finished products, and finished products.

8. Trade receivables

The following table shows the breakdown of trade receivables and the relevant adjustment provisions as at 31 December 2015 and 31 December 2014:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Receivables due from customers – Italy	9,586	10,292
Receivables due from customers – EU	2,260	2,481
Receivables due from customers – outside EU	5,244	6,078
Provision for bad debts by third parties	(2,458)	(2,238)
Total receivables due from third parties	*14,633*	*16,612*
Receivables due from subsidiaries	39,829	44,688
Provision for bad debts by subsidiaries	(1,060)	(1,060)
Provision for returns	(150)	(150)
Total receivables due from subsidiaries	*38,619*	*43,478*
Total trade receivables	**53,252**	**60,090**

As at the reporting date the company did not feature any significant concentration of credit risks. Trade receivables are non-interest bearing and are due within 90-120 days.

As at 31 December, the breakdown of trade receivables due from third parties by their maturity date was as follows:

			Overdue but not written down		
(Thousands of Euro)	**Total**	**Not overdue**	**0-30 days**	**30-60 days**	**over 60**
Receivables as at 31/12/2015	14,633	11,379	1,257	289	1,708
Receivables as at 31/12/2014	16,612	11,307	1,091	488	3,726

Trade receivables as at 31 December 2015 totalled Euro 53,252 thousand, net of the bad-debt provision of Euro 3,518 thousand and the provision for returns, which totals Euro 150 thousand. The changes in the bad-debt provision for the periods under consideration were as follows:

(Thousands of Euro)	31/12/2015	31/12/2014
Provision at the beginning of the period	**3,298**	**3,790**
Allocation	900	1,100
Use	(680)	(1,592)
Provision at the end of the period	**3,518**	**3,298**

The allocation of Euro 900 thousand made during the year was necessary in order to adjust receivables to their estimated realisable value on the basis of the examination of the individual credit positions. The provision existing at the end of the period represents a prudent estimate of the current risk.

9. Other current assets

The following table shows the breakdown of other current assets:

(Thousands of Euro)	31/12/2015	31/12/2014
Advances on expenses	8	9
Advances to suppliers	-	-
Interest receivable	4	39
Other receivables	1	25
Other current assets	1,357	1,246
Total other current assets	**1,370**	**1,319**

Advances on expenses mainly refer to advances paid to employees for travel costs, while other receivables mainly refer to insurance compensations.

Other current assets mainly include advance payments for hardware and software maintenance expenses and the credit balance to the parent company Nice Group s.p.a. deriving from participation in the tax consolidation. For further details, please see note 32 on taxes.

10. Tax receivables

This item mainly includes receivables due from tax authorities for VAT.

11. Other current financial assets

The decrease in financial assets relates to the non-application of fair value to the derivatives held by the company.

12. Cash and cash equivalents

The following table shows the breakdown of cash and cash equivalents:

(Thousands of Euro)	31/12/2015	31/12/2014
Bank and post office deposits	44,214	34,741
Cash and cash on hand	7	10
Total cash and cash equivalents	**44,221**	**34,751**

Cash and cash equivalents and bank demand deposits accrue interest at variable rates based on the rate of return of deposits. The fair value of cash and cash equivalents corresponds to their carrying value.

In the statement of cash flows, prepared according to changes in cash flows, cash and cash equivalents correspond to the item 'Cash and cash equivalents'.

For the analysis of changes in cash and cash equivalents during the period, reference should be made to the statement of cash flows.

13. Shareholders' Equity

The following table sets forth the breakdown of shareholders' equity:

(Thousands of Euro)	31/12/2015	31/12/2014
Share capital	11,600	11,600
Legal reserve	2,320	2,320
Share premium reserve	32,179	32,179
Treasury shares	(20,771)	(20,771)
Other reserves and retained earnings	183,566	169,803
Profit for the year	16,299	18,988
Total Shareholders' Equity	**225,193**	**214,119**

The share capital totals 116,000,000 shares with a par value of Euro 0.1 each, for a total amount of Euro 11,600.
The legal reserve totals Euro 2,320 thousand and corresponds to one fifth of the share capital. It is unchanged compared to the previous year.
In previous financial years, as part of the buyback programme approved by the Shareholders' Meeting, the Group purchased 5,336,000 shares for a total amount of Euro 20,771 thousand. This amount is recognised as a direct reduction of shareholders' equity.

Consequently, also the number of outstanding shares did not change in the year and stood at 110,664,000.
The item other reserves and retained earnings includes the profits from previous years.

The following table shows, pursuant to art. 2427, paragraph 1 no. 7-bis of the Italian Civil Code, the description, the possibility of use and distribution, and any use in previous years of each item of the shareholders' equity as at 31 December 2015.

Table pursuant to article 2427, no. 7-bis

Type/description	*Amount*	*Possibility of use*	*Amount available*	*Summary of uses made in the previous three years*	
				to cover losses	*for other reasons*
Share capital	11,600,000		-		
Share capital reserves:					
Share premium reserve	11,407,831	A,B,C	11,407,831		
Revenue reserve:					
Legal reserve	2,320,000	B	-		
Extraordinary reserve	181,039,900	A,B,C	181,039,900		18,314,892
Reserves for exchange gains	-	A,B	-		
Merger surplus	1,225,459	A,B,C	1,225,459		
Reserve for stock option plan	-	A,B,C	-		
Reserve for application of IASs	1,288,603	B	--		
Retained earnings	11,614	A,B,C	11,614		
Profit for the year	16,299,202	A,B,C	16,299,202		
TOTAL	**225,192,609**		**209,984,006**		
Non-distributable share			-		
Remaining distributable share			**209,984,006**		

Key:

A: for share capital increase

B: to cover losses

C: for distribution to shareholders

Non-current liabilities

14. Provisions for risks and charges

The following table shows the breakdown of provisions for risks and charges:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Product warranty provision	317	317
Provision for miscellaneous risks	823	823
Provision for bonuses to customers	-	37
Provision for customers' additional indemnity	66	61
Total provisions for risks and charges	**1,206**	**1,238**

<u>Product warranty provision</u>

The 'Product warranty provision' is allocated based on forecasts of the cost to be incurred, presumably over two financial years following the reporting date, to fulfil the obligation of contract warranty for products already sold as at the reporting date.

Provision for miscellaneous risks

The Provision for miscellaneous risks mainly includes a prudent estimate, also taking into account the opinions of legal and tax advisors, and amounts to Euro 500 thousand, in view of the assessments carried out by tax authorities and concluded during 2013. This amount corresponds, based on present information, to the probable outflow that will be required. The Company brought claims in the competent jurisdictions, appealing against the verification notice received in December 2014. The Company believes that there are grounds limiting the risk of losing the lawsuit.

15. Employee benefit obligations

Employee benefit obligations entirely refer to the employees' termination benefit (TFR) provision, whose changes as at 31 December 2015 and 31 December 2014 were as follows:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
TFR at the beginning of the period pursuant to IAS 19	633	579
Use of TFR	(56)	(23)
Interest Cost	9	18
Actuarial Gains/Losses	(31)	59
TFR at the end of the period pursuant to IAS 19	**555**	**633**
Plan assets	(82)	(87)
Provision at the end of the period	**473**	**546**

The value of the TFR provision has been properly measured by the Company using actuarial methods. The liability was measured by an independent actuary using the projected unit credit method.
The capitalised policy arranged to guarantee the employees' termination benefits has been reclassified as a deduction from the employees' termination benefit provision, since it represents a plan asset. Plan assets are recorded at their carrying value, which approximates their fair value as at the reporting date.

The actuarial valuation of the TFR provision was based on calculations performed by an independent actuary, who made the following main assumptions:

- mortality rate: this information was determined by the actuary based on recent life-expectancy studies carried out by ANIA, which resulted in the creation of a new demographic base known as IPS 55. These studies were based on ISTAT mortality projection in the Italian population for the 2001-2051 period, adopting an age-shifting approach to simplify the handling of tables by generation;

- disability rate: the annual probability of ceasing work due to invalidity was determined with reference to the INPS disclosures in 2000;

- annual probability of ceasing work due to other causes: this was assumed to be 5%, based on the historical trend of this parameter for the entity;

- annual probability of request for TFR advances: this was assumed to be 2%, based on the historical trend of this parameter for the entity;

- annual interest rate: an interest rate of 2.03% was used, based on the average duration of liabilities to employees;

- annual inflation rate: this was estimated to be 1.5% over the time period considered.

16. Medium-/long-term loans

This item included loans with BNP Paribas and Unicredit, each amounting to Euro 30,000 thousand, taken out to meet the strategic needs of the Group. The expected maturity of such loans is set for 2018.

17. Provision for deferred tax liabilities

The provision for deferred tax liabilities includes deferred tax liabilities allocated in view of temporary differences between the tax value and the carrying value of Motus goodwill.

Current liabilities

18. Bank overdrafts and loans

This item refers mainly to a short-term loan taken out with Friuladria.

19. Other current financial liabilities

This item mainly includes the liabilities from the fair value measurement of derivative financial instruments as at 31 December 2015.

20. Trade payables

The following table shows the breakdown of trade payables as at 31 December 2015:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Payables due to suppliers - Italy	26,931	25,566
Payables due to suppliers – EU	3,907	6,004
Payables due to suppliers – outside EU	1,638	2,216
Total trade payables	**32,476**	**33,786**

As at 31 December 2015, trade payables amounted to Euro 32,476 thousand, with a decrease of Euro 1,310 thousand compared to 31 December 2014.
Trade payables are non-interest bearing and are normally settled within 120 days. Terms and conditions referring to related parties are not different from those applied to third-party suppliers.

It should be noted that the carrying value of trade payables corresponds to their fair value.

21. Other current liabilities

The following table shows the breakdown of other current liabilities:

(Thousands of Euro)	**31/12/2015**	**31/12/2014**
Payables to social security agencies	907	893
Payables to personnel	1,501	1,686
Other current liabilities	436	465
Total other current liabilities	**2,844**	**3,044**

<u>Payables to social security agencies</u>

Payables to social security agencies mainly refer to amounts payable to such agencies for social security charges pertaining to the year 2014 and paid at the beginning of 2015.

Payables to personnel

The amounts due to employees relate to holidays not taken, monthly payments and accrued bonuses. These amounts include the related social security contributions. These payables are not significant and are generally paid within the following month, except for the payable for holidays accrued but not taken that is paid or used within the following year.

Other payables

Other payables mainly refer to advances received from customers and to directors' fees that have not yet been paid. These payables are not significant and are generally paid within the next month.

Breakdown of the main items on the income statement for the year 2015

22. Revenue

The following table shows the breakdown of revenue on the basis of geographical areas:

(Thousands of Euro)	2015	2014
Italy	26,377	24,798
France	22,274	26,105
Europe 15	19,154	18,455
Rest of Europe	27,715	30,754
Rest of the World	17,541	16,243
Total	**113,061**	**116,355**

23. Costs for the use of basic components, ancillary materials and consumables

The following table shows the use of basic components, ancillary materials and consumables:

(Thousands of Euro)	2015	2014
Purchase of basic components, semi-finished products and consumables:	*49,098*	*58,382*
Purchase of basic components	47,693	57,521
Other industrial purchases	673	493
Commercial purchases	732	368
Change in inventories of basic components	*231*	*3,034*
Change in inventories of semi-finished and finished products	*3,140*	*(8,654)*
Use of basic components and consumables	**52,469**	**52,762**

The use of basic components, semi-finished products, and consumables is substantially in line with the previous year.

24. Costs for services

The following table details the costs for services:

(Thousands of Euro)	2015	2014
Direct production services	10,916	9,897
Industrial services	4,503	5,332
Trade services	7,662	6,342
General services	4,796	4,432
Total costs for services	**27,877**	**26,003**

Costs for services increased by Euro 1,874 thousand. Such increase is mainly due to direct production services (outsourced processing) and to commercial services.

Industrial services include costs relating to outsourced planning and design, certifications, expenses for trademarks and patents.

General services include fees for directors and statutory auditors, legal, tax, notarial and financial consulting and other general and administrative costs.

25. Rental and lease costs

The following table shows the breakdown of rental and lease costs:

(Thousands of Euro)	**2015**	**2014**
Rental costs	2,788	2,814
Hire fees	718	871
Total rental and lease costs	**3,506**	**3,685**

Rental and lease costs are in line with the previous year. Rental costs mainly refer to rents for Nice S.p.A.'s registered offices, owned by the related company Nice Immobiliare S.r.l. The amount of lease fees with Nice Immobiliare were determined on the basis of an appraisal provided by an independent expert.
Hire fees refer to the fees for hiring cars.

26. Personnel costs

The following table details personnel costs:

(Thousands of Euro)	**2015**	**2014**
Wages and salaries	10,238	9,781
Social security costs	2,843	2,937
Termination benefits	648	661
Other costs	77	23
Total personnel costs	**13,806**	**13,402**

It is noted that the item Termination benefits also includes profit from the application of actuarial methods to determine the TFR provision as at 31 December 2015.

The table below shows the number of employees for the years in consideration:

Unit (at the end of the period)	**31/12/2015**	**31/12/2014**
Blue-collar workers	34	36
White-collar workers	200	193
Middle managers	20	23
Senior managers	8	9
Total staff	**262**	**261**

27. Other operating costs

Other operating costs mainly relate to the allocation made to the bad-debt provision of Euro 900 thousand and to other operating costs, such as general costs, bank commission, contingent liabilities, and various taxes and duties.

28. Depreciation and Amortisation

The following table shows the breakdown of amortisation and depreciation:

(Thousands of Euro)	**2015**	**2014**
Intangible fixed assets	595	596
Tangible fixed assets	3,518	3,016
Total amortisation and depreciation	**4,113**	**3,612**

Amortisation for the year ended 31 December 2015 totalled Euro 595 thousand.

Depreciation for the year ended 31 December 2015 totalled Euro 3,518 thousand. This depreciation largely consists of depreciation on moulds, testing equipment, industrial equipment, furniture and furnishings, hardware. The increase of Euro 502 thousand is due to the opening of the new space called The Nice Place.

29. Other income

Other income for the year ended 31 December 2015 amounts to Euro 3,571 thousand and mainly relates to chargebacks for transport costs, insurance compensation, other customer chargebacks and contingent assets.

30. Finance income

The following table shows the breakdown of finance income:

(Thousands of Euro)	**2015**	**2014**
Bank interest income	254	485
Exchange gains	142	54
Dividends	7,669	6,404
Interest on loans	535	1,343
Other interest income	177	452
Total finance income	**8,777**	**8,738**

Finance income for the year ended 31 December 2015 amounts to Euro 8,777 thousand, compared to Euro 8,738 thousand in the previous year.

31. Finance expense

The following table shows the breakdown of finance expense:

(Thousands of Euro)	**2015**	**2014**
Cash discounts to customers	198	150
Bank interest expense	468	913
Other finance expense	454	110
Exchange losses	119	77
Total finance expense	**1,239**	**1,250**

Finance expense in the year ended 31 December 2015 totalled Euro 1,239 thousand, compared to Euro 1,250 thousand in the previous year, essentially in line with the previous year.

32. Taxes for the year

The following table shows the breakdown of income taxes:

(Thousands of Euro)	**2015**	**2014**
IRES	3,100	4,836
IRAP	853	978
Total current tax	**3,953**	**5,814**
Prepaid/deferred tax	(50)	557
Substitute tax		
Total taxes	**3,903**	**6,371**

The table shows the income tax impact on pre-tax profit:

(Thousands of Euro)	**2015**	**2014**
Pre-tax profit	20,203	25,359
Taxes for the period	3,903	6,371
Impact on pre-tax profit	**19.3%**	**25.1%**

Income taxes in 2015 totalled Euro 3,903 thousand compared to Euro 6,371 thousand in the previous year, with a tax rate of 19.3% compared to 25.1% in the previous year.

Reconciliation between the theoretical and effective tax charge is presented only for IRES - whose structure has the typical features of a corporate income tax - and considers the tax rate applicable to the Company. For IRAP, in view of the different basis used to calculate this tax, the reconciliation between the theoretical and effective tax charge has not been prepared.

The summary was as follows:

Calculation of potential tax	**2015**		**2014**	
Pre-tax profit	20,203		25,359	
Tax rate – 27.5%				
Theoretical tax	5,556	27.5%	6,974	27.5%
Effective tax	3,903	19.3%	6,371	25.1%
Difference	*(1,653)*		*(603)*	
Irap	853	4.2%	977	3.9%
Non-deductible costs and provisions	627	3.1%	875	3.5%
Deferred tax	(50)	-0.2%	557	2.2%
Effect on dividends received	(2,004)	-9.9%	(1,673)	-6.6%
Use of provisions after taxes	(105)	-0.5%	(610)	-2.4%
Portion of deductible IRAP	(69)	-0.3%	(92)	-0.4%
ACE	(735)	-3.6%	(419)	-1.7%
Other tax changes	(170)	-0.8%	(219)	-0.9%
Total differences	*(1,653)*		*(603)*	

It should be noted that the effective tax rate is 19.3% following the main factors below:

- The partial non-deductibility (for IRES purposes) of IRAP (current and deferred) increases the tax rate by 4.2%;
- The tax impact on the dividends received reduces the tax rate by -9.9%;

Taxes have been measured with reference to the taxable income and in compliance with the legislation in force. The Company participated in the Italian tax consolidation envisaged by articles 117 et seq. of the TUIR (Italian Consolidated Law on Income Taxes) – Italian Presidential Decree no. 917 of 22 December 1986, with Nice Group S.p.A. as consolidator. Transactions arising from such Tax consolidation are settled by specific regulations approved and underwritten by all members of the Tax consolidation. Pursuant to said regulations, the companies recognise, and subsequently transfer, current tax even in case of a tax loss, recording, as a compensation, a receivable due from Nice Group S.p.A. On the other hand, if there is a tax gain, current tax as well as a payable due to the parent company as a compensation shall be recognised. Transactions among the parties are governed by a contract that envisages full recognition of the amount calculated on tax gains or losses transferred at current IRES rates.

33. Segment information

Paragraph 4 of IFRS 8 envisages that, should the consolidated and the separate financial statements of the Company be published together, the segment information shall refer solely to the consolidated financial statements.
Consequently, no segment information is provided in these financial statements.

34. Earnings per share

As required by IAS 33, information on the data used to calculate basic and diluted earnings per share (EPS) is provided. Pursuant to IAS 33, para. 4, whenever, as in this case, an entity presents both consolidated and separate financial statements, EPS shall be provided only in relation to consolidated data.

EPS is calculated by dividing the net consolidated profit or loss for the period attributable to the Company's shareholders by the weighted average number of shares outstanding during the reporting periods.
For the calculation of basic EPS the numerator used is the period's consolidated profit or loss less the portion attributable to non-controlling interests. There are no preference dividends, conversion of preference shares and other similar effects requiring adjustments to the profit or loss attributable to holders of ordinary equity instruments.
Diluted EPS is equal to basic EPS, since there are no ordinary shares that could have dilution effect, or shares or warrants that could have the same effect, and there are no stock options accrued but not yet exercised.

The following table shows the consolidated profit or loss and the number of ordinary shares used to calculate basic EPS, established according to the method envisaged by IAS 33.

Consolidated earnings per share	**2015**	**2014**
(Euro thousand)		
Average number of shares	110,664,000	110,664,000
Group net profit	15,217	15,444
Per-share data (Euro)		
Basic, for net profit attributable to ordinary shareholders of the parent company	0.13751	0.13956
Diluted, for net profit attributable to ordinary shareholders of the parent company	0.13751	0.13956

No other transactions involving ordinary shares occurred between the reporting date and the date of preparation of the financial statements.

35. Dividends paid and proposed

The dividends proposed for approval by the Shareholders' Meeting (not recognised as liabilities as at 31 December 2015) amount to Euro 0.0703 per share (2014: Euro 0.0475). Considering the number of outstanding shares as at 31 December 2015, the total outlay would amount to Euro 7,780 thousand. The clipping of the coupon is envisaged on 30 May 2016, payment on 1 June 2016 and the record date will be 31 May 2016.

36. Commitments and risks

The Company has entered into some lease contracts for industrial and commercial properties. These contracts have a duration of six years and can be automatically renewed upon expiration for a further six-year period; they are index-linked to the Istat consumer price index. The lease contracts mainly relate to properties leased by the associate Nice Immobiliare Srl.

The future lease fees in relation to these contracts are as follows:

Lease contract commitments	**31/12/2015**	**31/12/2014**
within 1 year	3,210	3,318
between 1 and 5 years	6,416	8,344
over 5 years	1,656	375
Total lease contract commitments	**11,282**	**12,037**

The Company has also issued some comfort letters in favour of subsidiaries, as shown in the table below:

Beneficiary	**Currency**	**Amount (€/000)**	**Expiry**
SAAC Srl	EUR	700	evergreen
FontanaArte Spa	EUR	3,100	evergreen

37. Research and development costs

During 2015 innovation and research work was undertaken, which led to costs in relation to projects for new products or substantial changes in existing products and new production and organisational processes.
The costs in 2015 amounted to Euro 3,643 thousand, of which Euro 2,497 thousand related to personnel costs.

38. Related-party disclosures

Nice S.p.A.'s parent company is Nice Group S.p.A., with registered office in Oderzo (province of Treviso) - via Pezza Alta, 13 Z.I. Rustignè. The Company carries out transactions with direct or indirect subsidiaries, with the parent company and with third parties that are directly or indirectly linked by shared interests with the Controlling shareholder. Transactions with these subjects are marked by utmost transparency and take place at arm’s length.
Transactions with related companies are the following:

- Nice Group S.p.A.: property lease and receivables from participation in the Italian tax consolidation scheme;
- Nice Immobiliare S.r.l.: property leases and renovation of a building;
- Companies belonging to the non-controlling shareholders of Nice Home Automation CJSC: trade relations with Nice Home Automation CJSC;
- Nice Team Sail S.r.l.: sponsorship agreement. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fattoria Camporotondo S.agr.s.: supply of wine products. This company is indirectly managed by Lauro Buoro, who is also the Chairman of Nice S.p.A.;
- Fly Nice: consortium set up by Nice S.p.A. and other companies controlled by Lauro Buoro. It provides air transport services to the consortium members;

Sales and purchases among related parties take place at arm’s length. Balances outstanding as at the reporting date are unsecured, non-interest bearing and settled in cash. No guarantees have been given or received for receivables from or payables to related parties.

Pursuant to Consob resolution no. 15519 of 27 July 2006, the economic and financial transactions that took place with all the subsidiaries and associates during 2012 are summarised in the following table (amounts in thousands of Euro):

Company	Sales revenue	Other revenue	Finance income	Purchase of finished products	Rental and lease costs	Costs for services	Capex	Other payables/receivables	Trade receivables	Trade payables
Nice Group S.p.A.					136			937	11	
Nice Immobiliare S.r.l.					2,493		636		7	(225)
Nice Team Sail S.r.l.						300				
Fattoria Camporotondo				37					2	37
Fly Nice consortium						113				
Total related parties	**-**	**-**	**-**	**37**	**2,629**	**413**	**636**	**937**	**20**	**(188)**
Nice France	22,116	1,617		484		1,423			13,354	1,513
Nice Polska	10,602	6		44		125			119	74
Nice Automatismos Espana	5,280	188		64		151			4,808	142
Nice Belgium	2,353	59		19		23			36	18
Nice U.K.	1,920	87		42					69	
Nice Romania	1,487	1							1,390	
Nice Deutschland	4,117	103		89		736			9,551	538
Nice Shanghai Automatic Control	1,075			4,478					2,170	1,162
R.D.P. Shanghai Trading	0	9		4,079		1			(93)	725
Nice Usa	2,097	5		148		113			855	307
Nice Istanbul	2,463	38		50		157			788	155
Nice Australia	959	41	13	1					356	1
Nice Portugal	1,305	45				29			737	19
Silentron S.p.A.	241	101		1,730		4			122	409
Nice Home Automation CJSC	4,744	5		90		246			16	96
Nice Hansa	457	26	49	-					107	
SAAC Srl	212	18				2			1,085	3
Nice Middle East	0								1,060	
Fontana Arte	68	18		1		1			60	7
King Gates S.r.l.	1,035	5		41		1			606	42
Elero GmbH	105	127	470	261					10	
Elero Sweden	721	31							317	
Nice Gulf	2,958	82	3	45		4			2,077	45
Peccinin	182	69				4			173	1
E.T. System	55	2							35	
Total subsidiaries	**66,552**	**2,683**	**535**	**11,666**	**-**	**3,020**	**-**	**-**	**39,808**	**5,257**
Total	**66,552**	**2,683**	**535**	**11,703**	**2,629**	**3,433**	**636**	**937**	**39,828**	**5,069**

The following are the fees due to Directors and Statutory Auditors for their offices held in Nice S.p.A. and in other subsidiaries of Nice S.p.A. This is in compliance with article 78 of the Issuers' Regulation no. 11971/99 as subsequently amended, and in accordance with the provisions of Attachment 3 C of the same Regulation (amounts in thousands of Euro):

Person	**Office**	**Duration of office**	**Remuneration as a director**	**Remuneration as an employee**	**Fringe benefits**	**Total**
Buoro Lauro	Chairman	2015	400		11	411
Griffa Roberto (*)	Chief Executive Officer	2015		153		153
Sordini Mauro (**)	Chief Executive Officer	2015	250		5	255
Cimolai Denise	Director	2015	12	70	3	85
Galberti Lorenzo	Director	2015	180		3	183
Zanutto Giorgio	Director	2015	380	85	4	469
Iannuzzi Luciano (***)	Director	2015	212	7	6	226
Fumagalli Dario (****)	Director	2015	10	84	2	96
Bortuzzo Antonio	Independent Director	2015	22			22
Fedrigo Gian Paolo	Independent Director	2015	12			12
Emanuela Paola Banfi	Independent Director	2015	12			12
Saccardi Giuliano	Chairman of the Board of Statutory Auditors	2015-2017	26			26
Berna Monica	Standing Statutory Auditor	2015-2017	14			14
Enzo Dalla Riva	Standing Statutory Auditor	2015-2017	14			14
Total fees			**1,544**	**399**	**33**	**1,976**

(*) Co-opted on 20 November 2015. His remuneration for the office of Director is not shown in the table as it starts from 1 January 2016.

(**) Office terminated on 20 November 2015 following resignation.

(***) Co-opted on 18 December 2014, effective 1 January 2015 and confirmed by the Shareholders' Meeting of 24 April 2015.

(****) Office terminated on 13 November 2015 following resignation.

The amounts shown above include short-term and termination benefits accrued and paid to the directors and statutory auditors of Nice Spa.

39. Financial risk management policies and objectives

The Company's net financial position is a profit of Euro 35,926 thousand, especially deriving from operations. The Company holds other financial instruments, mainly trade receivables, which directly arise from operations.

Credit risk

The Company does business only with known and reliable customers. The Company's policy is to subject customers requesting extended payment terms to procedures to check their credit rating. In addition, the balance of receivables is monitored during the year so that the amount of exposure to losses is not significant. Lastly, in case of new customers operating in some countries not belonging to the European Union, the Company usually requests and obtains letters of credit.
Credit risk relating to the Company's other financial assets, which include cash and cash equivalents, features a maximum risk equal to the carrying value of such assets in the event of insolvency of the counterparty.

Exchange rate risk
Nice Group exports its products throughout the world: overseas sales currently exceed 85% of the total. The characteristics of the business, distribution model and financial structure are factors that expose the Group to exchange rate risk.
The main objective of Nice Group is to limit exposure in currency arising from the export of the finished product primarily through the compensation of collection and payment flows (natural hedging) settled in the same currency.
With regard to mismatch, it should be noted that the Board of Directors of 12 November 2015 approved a new Group Policy for the management of exchange rate risk, aimed at establishing financial management that allows the timely monitoring of Group currency exposure and safeguarding the margins of industrial activities.

Interest rate risk
Bank loans expose the Group to interest rate risk, particularly with reference to variable rate loans. The Group manages this risk by relying on Interest Rate Swaps (IRS).

40. Share capital management

The Group has limited payables to financial intermediaries and has a positive net financial position, which guarantees payment of an adequate dividend to shareholders and the pursuit of a growth strategy that includes acquisitions.
In order to maintain or adjust the capital structure, the Company can adjust the dividends paid to shareholders, repay the share capital, or issue new shares.
No change was made to the objectives, policies or procedures during this year.

41. Financial instruments

Fair Value

Comparison of the carrying value and the fair value by class of all the Company's financial instruments recognised in the financial statements does not show any significant differences that should be mentioned, besides those highlighted.

As required by paragraphs 25 and 27 of IFRS 7, the table below presents the comparison of carrying value and fair value by class for all the Company's financial instruments recognised in the financial statements:

(Thousands of Euro)	Carrying value	Fair value
	31/12/2015	31/12/2015
Financial assets at fair value through profit or loss	-	-
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	-	-
Financial liabilities at fair value through profit or loss	140	140
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	*140*	*140*
Financial assets measured at amortised cost	154,318	154,318
Loans to subsidiaries	*53,345*	*53,345*
Trade receivables	*53,252*	*53,252*
Other financial assets	*3,500*	*3,500*
Cash and cash equivalents	*44,221*	*44,221*
Financial liabilities measured at amortised cost	37,476	37,476
Bank overdrafts and loans	*5,000*	*5,000*
Trade payables	*32,476*	*32,476*
Financial assets at fair value through the comprehensive income	-	-

(Thousands of Euro)	Carrying value	Fair value
	31/12/2014	31/12/2014
Financial assets at fair value through profit or loss	25	25
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	*25*	*25*
Financial liabilities at fair value through profit or loss	533	533
(i) designated as such at time of initial recognition	-	-
(ii) classified as held for trading	*533*	*533*
Financial assets measured at amortised cost	152,309	152,309
Loans to subsidiaries	*53,968*	*53,968*
Trade receivables	*60,090*	*60,090*
Other financial assets	*3,500*	*3,500*
Cash and cash equivalents	*34,751*	*34,751*
Financial liabilities measured at amortised cost	80,236	80,236
Bank overdrafts and loans	*46,450*	*46,450*
Trade payables	*33,786*	*33,786*
Financial assets at fair value through the comprehensive income	-	-

Fair value measurement and hierarchy

Regarding financial instruments recognised in the statement of financial position at fair value, IFRS 7 requires that their value would be classified according to a hierarchy of levels that reflects the significance of the inputs used in measuring fair value. The following levels are identified:

- Level 1 – quoted prices in an active market for the asset or liability being measured;
- Level 2 – inputs other than the quoted prices included within Level 1, that are observable in the market, either directly (prices) or indirectly (derived from prices);
- Level 3 – inputs not based on observable market data.

All assets and liabilities measured at fair value as at 31 December 2015 can be classified in Level 2 of the fair value hierarchy. In addition, during 2015 there were no transfers from Level 1 to Level 2 or Level 3 and vice versa.

With regard to derivative financial instruments, as at 31 December 2015, the Company only has IRS hedging contracts on the interest rate of a bank loan.

These consolidated financial statements provide a true and fair view of the financial position, and of the profit or loss for 2015.

Oderzo, 11 March 2016.

On behalf of the Board of Directors

The Chairman

Lauro Buoro

Attachments to the Company's financial statements

Summary of the main financial statement data of subsidiaries as at 31/12/2015

						% ownership			
Name	**Registered office**	**Currency**	**Share capital**	**Shareholders' equity in Euro**	**Profit/Loss for the year in Euro**	**Direct**	**Indirect**	**Total**	**Carrying value in Euro**
Nice UK LTD	Nottinghamshire, United Kingdom	GBP	765,000	1,971,474	927,595	100.00%		100.00%	901,000
Nice Belgium S.A.	Hervelee, Belgium	EUR	212,000	1,016,866	308,484	99.70%		99.70%	116,000
Nice Polska S.p. Z.o.o.	Pruszkov, Poland	PLN	1,000,000	6,694,344	1,354,577	100.00%		100.00%	1,475,000
Nice Automatismos Espana S.A.	Mostoles, Madrid, Spain	EUR	150,253	918,147	135,708	60.00%		60.00%	877,000
Nice France S.a.s.	Aubagne, France	EUR	4,950,000	1,671,267	(1,303,607)	100.00%		100.00%	11,074,000
S.C. Nice Romania S.A.	Bucharest, Romania	RON	383,160	1,154,535	(132,407)	99.00%		99.00%	103,000
Nice Deutschland GmbH	Billerbeck, Germany	EUR	50,000	6,247,571	(20,533)	100.00%		100.00%	17,437,000
Nice Shanghai Automatic Control Co. LTD	Shanghai, China	EUR	2,300,000	2,499,790	249,403	100.00%		100.00%	1,300,000
R.D.P. Shanghai Trading Co. LTD	Shanghai, China	EUR	200,000	1,032,609	(21,866)	100.00%		100.00%	200,000
Nice Istanbul Makine Ltd	Istanbul, Turkey	TRY	10,560,000	3,568,436	84,171	99.00%		99.00%	5,023,500
Nice Australia Home Automation PTY Ltd	Sydney, Australia	AUD	5,113,814	1,524,084	(121,508)	100.00%		100.00%	3,624,000
AutomatNice Portugal S.A.	Lisbon, Portugal	EUR	50,000	230,947	71,252	100.00%		100.00%	-
Silentron S.p.A.	Turin, Italy	EUR	500,000	2,500,602	796,591	100.00%		100.00%	5,639,000
Nice Hansa South Africa	Johannesburg, South Africa	ZAR	22,000,000	9,454,955	(696,775)	100.00%		100.00%	16,871,000
Nice Group USA, Inc	San Antonio - Texas (USA)	USD	1,000	15,133,126	840,242	100.00%		100.00%	10,070,000
Nice Home Automation CJSC	Moscow, Russia	RUB	20,000	(1,615,308)	171,602	75.00%		75.00%	7,190,000
SAAC S.r.l.	Treviso, Italy	EUR	25,000	(65,834)	(96,636)	100.00%		60.00%	2,060,000
Nice Middle East Ltd	Damascus, Syria	SYP	3,000,000	(1,060,250)	-	51.00%		51.00%	-
FontanaArte S.p.A.	Milan, Italy	EUR	2,670,000	1,587,274	(737,676)	100.00%		100.00%	6,200,000
Peccinin Portoes Automaticos Industrial Ltda	Limeira, Brazil	BRL	24,095,000	9,372,962	1,869,839	100.00%		100.00%	27,638,605
King Gates S.r.l.	Pordenone, Italy	EUR	100,000	4,723,859	187,827	100.00%		100.00%	5,300,000
Nice Gulf FZE	Dubai, United Arab Emirates	AED	1,008,000	(332,255)	(189,330)	100.00%		100.00%	210,000

Information pursuant to article 149-*duodecies* of Consob Issuers' Regulations

The following table, which has been prepared pursuant to article 149-*duodecies* of Consob Issuers' Regulations, shows the 2015 fees for services provided to Nice Group by the independent auditors and by entities belonging to their network.

Type of services	Entity supplying the service	Recipient		Fees (in thousands of Euro)
Audit	BDO Italia S.p.A.	Parent company		53
Audit	BDO Italia S.p.A.	Subsidiaries		36
Audit	BDO network	Subsidiaries		46
Other services	BDO network	Subsidiaries	(1)	8
Total fees				**143**

(1) Agreed audit procedures

Certification of the financial statements pursuant to article 154-*bis* of the Italian Legislative Decree no. 58/98 (Consolidated Law on Finance)

1. The undersigned Roberto Griffa, in his capacity as Chief Executive Officer, and Denise Cimolai, in her capacity as Financial Reporting Manager of Nice S.p.A., herewith certify, also taking into account the requirements of article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree no. 58 of 24 February 1998:

- the appropriateness in relation to the enterprise's characteristics and

- the effective application of administration and accounting procedures for the preparation of the Financial Statements during the period from 01 January 2015 to 31 December 2015.

2. Analysis and assessment of the adequacy and effectiveness of Nice's administration-accounting internal control system has been performed through the set-up of uniform administration-accounting Internal Control System Model common to the entire Group, developed consistently with the most commonly applied international framework, i.e. the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO Report), and also through the use of international auditing standards and best practices.

3. It is further certified that:

3.1 the financial statements:

a) have been drawn up in accordance with the applicable International Accounting Standards adopted by the European Union in accordance with Regulation (EC) no. 1606/2002 of the European Parliament and Council, dated 19 July 2002, as well as with the provisions issued in implementing article 9 of the Italian Legislative Decree no. 38/2005;

b) match the data of corporate books and accounting records;

c) are appropriate to provide a true and fair view of assets and liabilities, results and the financial position of the issuer.

3.2 the report on operations contains a reliable operating and financial review, as well as the situation of the issuer and of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Oderzo, 11 March 2016

Roberto Griffa	Denise Cimolai
(Chief Executive Officer)	(Financial Reporting Manager)

NICE S.P.A.

REGISTERED OFFICE IN ODERZO – VIA PEZZA ALTA 13, Z.I. RUSTIGNÈ

SHARE CAPITAL: EURO 11,600,000.00 FULLY PAID IN

TREVISO COMPANIES REGISTER AND TAX CODE NO. 02717060277

*** * * ***

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING

Dear Shareholders,

During the year ended 31 December 2015, we performed the supervisory activity required by the law, in accordance with the standards of conduct for the Board of Statutory Auditors recommended by the Italian Associations of Chartered Certified Accountants, bearing in mind the recommendations provided by Consob with its Memorandum no. 1025564 of 6 April 2001 as subsequently amended.

As regards the ways in which the Board of Statutory Auditors carried out its institutional activity, we declare that we:

- attended the Shareholders' Meetings and all the meetings the Board of Directors held during the year, and obtained regular information from Directors about the work carried out and about the most important transactions undertaken by the Company or its subsidiaries;
- monitored the Group's organisational evolution;
- monitored the functioning of internal audit and administration-accounting systems to assess their appropriateness for operational needs, as well as

their reliability in terms of representing operating events. In carrying out this activity, we were supported by the Internal Audit department and by the outcome of systematic audits carried out by the Independent Auditors BDO Italia S.p.A. on the regular maintenance of the Company's accounts, which were concluded without any faults being underlined;

- assessed compliance with legal requirements on the preparation of financial statements, consolidated financial statements and the relevant report on operations by means of direct checks, information acquired by the Financial Reporting Manager, as well as specific information acquired by the Independent Auditors;
- monitored concrete approaches to implement the corporate governance rules established by current regulations and by the Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A.

In addition, in compliance with the above-mentioned Consob memorandums, we provide you with the following information:

1. The most important transactions at an economic, financial and equity level undertaken by the Company and its subsidiaries were carried out in compliance with the law and with the Articles of Association. Based on the information acquired, we have been able to ascertain that they were not manifestly imprudent, hazardous, in conflict of interest or in any case such as to jeopardize the integrity of Company assets.
2. We have not found any atypical and/or unusual transactions undertaken during the year with third parties, related parties or intra-group.

In their report on operations, and above all in the explanatory notes, the Directors indicate and describe the main transactions with third parties, related parties or intra-group, highlighting their characteristics and economic impact. As regards this, we recall the business combination transactions performed by the Group in 2015:

- capitalisation of Nice Deutschland of Euro 6,132 thousand;
- capitalisation of Nice Australia of Euro 1,099 thousand;
- capitalisation of Nice Hansa of Euro 14,650 thousand;
- on 02 March 2015, ET Systems Ltd was purchased. This is a South African company specialised in the production and marketing of gate automation systems.
- at the end of March 2015, an agreement allowing it to control and consolidate, according to IFRS 10 requirements, Genno Tecnologia LTDA and Omegaport Equipamentos de Seguranca LTDA was finalised: the Brazilian companies operate in the production and sale of home automation systems and security systems.

We have duly acknowledged that the acquisitions respond to the Company's interest and we have also duly acknowledged the fairness of the prices agreed. We furthermore ascertained that the ordinary operating procedures applied within the Group ensure that all commercial transactions with related parties are concluded at arm's length and in compliance with the Procedure for the performance of such transactions, which was approved by the Company's Board of Directors on 30 November 2010 and updated on 07 June 2013. To this end, these transactions with related parties are described in detail in the Explanatory Notes and in the Report on Operations.

3. We believe that the information on the transactions indicated in point 2 above provided by Directors in their report on operations and in the explanatory notes is appropriate. We also refer to the description of business combinations.
4. The reports of the Independent Auditors BDO Italia S.p.A., issued on 29 March 2016, on the separate and consolidated financial statements of Nice S.p.A. as at 31.12.2015 do not contain any remarks or significant references.
5. No claims pursuant to article 2408 of the Italian Civil Code were submitted during the year.
6. No petitions were submitted to the Board of Statutory Auditors during the year.
7. During 2015, Italian and foreign companies of the BDO Italia S.p.A. network provided services amounting to a total of Euro 143 thousand to Companies belonging to the Nice S.p.A. Group; in particular, Euro 135 thousand related to audit activities and Euro 8 thousand to other services.
8. As far as we know, no further assignments were awarded, either by Nice S.p.A. or by its subsidiaries, to parties linked by continual relations with the firms appointed to audit the accounts.
9. During 2015, the Board of Statutory Auditors expressed an opinion on the proposal to renew the authorisation for the purchase/sale of treasury shares.
10. During 2015, 8 meetings of the Board of Directors and 9 meetings of the Board of Statutory Auditors were held. It is moreover noted that the 'Internal

Audit and Risk Management Committee' met 5 times, including in its capacity as the 'Committee for the Performance of Transactions with Related Parties', while the 'Remuneration Committee' met 4 times. At least one member of the Board of Statutory Auditors participated in the meetings of the Board of Directors and of the Committees.

11. We have no particular comments to make concerning compliance with the principles of proper management, which appear to have been constantly observed.
12. During 2015, the Company's organisational structure was further improved so as to manage, direct, coordinate and control development of the various activities carried out by the Group's operating companies through the systematic direction of decision-making processes.
13. For the 2016-2018 period, the Internal Audit department's functions have been entrusted to Vittorio Gennaro, the Chief Executive Officer of the consulting firm Operari Srl, as for the three-year period 2013-2015. He was appointed by the Board of Directors on 11 March 2016, upon the proposal of the Director in charge of the internal audit system, after obtaining the favourable opinion of the Internal Audit Committee and of the Board of Statutory Auditors.

    This year, the Internal Audit activity continued both through specific inspection activities and the check and assessment of the internal audit system implemented in the Group Companies, with suggestions put forth in order to rectify any deficiencies found and with support provided to the declarations made by the Financial Reporting Manager. The Internal Audit Manager, an office established by the Company in compliance with the provisions of the Corporate Governance Code, provided support to the activities of the Internal Audit and Risk Committee.

On 12 November 2015, the Board of Directors approved the updating of the Organisational Model pursuant to Italian Law no. 231/2001, prepared with the support of Operari srl, which now takes into account the new rules on money laundering, environmental and corporate crimes.

In the report on operations the Directors represent the perception, on a prudent basis, of the risks stemming from the markets' macroeconomic trends and those, more specific, relating to the sector in which the Group operates.

Lastly, based on the results of the supervisory activity performed by the Internal Audit department and on the indications emerging in the various meetings with Group representatives, the Board of Statutory Auditors duly acknowledges that the checks performed during the year did not cause the emergence of reprehensible facts in the overall internal audit system of an entity such as to require their mention in this report.

14. In 2015, the Group's Administration Division strengthened the corporate information systems of subsidiaries so as to maintain effective supervision over the management of the entire Group's data and information, the main features of which the Directors described in their report on operations. The report also included information on the internal audit system as this applies to financial information processes, showing its overall appropriateness and

consistency with the best practices applied on regulated markets. The IT system allows to automatically consolidate the Group’s data.

15. The Board monitored the appropriateness of the instructions given by the Company to its subsidiaries pursuant to article 114, paragraph 2 of the Italian Legislative Decree no. 58/98, so as they provide the necessary information for compliance with the disclosure requirements pursuant to the law, and no exceptions were found.
16. During the systematic meetings of the Board of Statutory Auditors and the Independent Auditors, pursuant to article 150, paragraph 2 of the Italian Legislative Decree no. 58/1998, no significant aspects to be reported emerged.
17. The Board checked the Company's adoption of the latest version of the Corporate Governance Code recommended by Borsa Italiana in July 2015, applied its rules and justified divergences, if any, and duly described it in the reports indicated below.

    To this end, it is noted that, in the 'Report on Corporate Governance and Ownership Structure' of Nice Spa, the Board of Directors provided information on the Company and the Group in line with the principles set forth in the Corporate Governance Code for listed companies. Similarly, and again in compliance with the Corporate Governance Code, they issued Nice Spa's '2016 Annual Report on Remuneration' pursuant to article 123-*ter* of the T.U.F. [the Italian Consolidated Law on Finance] and 84-*quater* of Consob Issuers’ Regulation.

18. In conclusion, we herewith declare to you that our supervisory activity did not reveal omissions, reprehensible facts or irregularities such as to require reporting to the Supervisory Boards or mention to Shareholders.
19. Lastly, we express our consent, for what falls within our competence, to the approval of the 2015 financial statements as presented by the Board of Directors with the Report on Operations, and to the proposal made by the Board itself to distribute a dividend of Euro 0.0703 per share.

Oderzo, 29 March 2016

ON BEHALF OF THE BOARD OF

STATUTORY AUDITORS

The Chairman

Giuliano Saccardi

BDO

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35131 Padova

This is an English translation of the original Italian document

INDEPENDENT AUDITORS'REPORT IN ACCORDANCE WITH ART. 14 AND 16 OF LEGISLATIVE DECREE NO.39 OF JANUARY 27th,2010

To the shareholders of Nice S.p.A.

Report of the financial statements

We have audited the financial statements of Nice S.p.A., which comprise the statement of financial position as of December 31st, 2015, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended and related explanatory notes.

Directors'responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/05.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Nice S.p.A. as of December 31st 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as the regulation issued to implement art. 9 of Legislative Decree No. 38/05.

Other matters

The financial statements for the year ended December 31st, 2014 were audited by the auditor in charge at the time who expressed an unmodified opinion on those statements on March 27th, 2015.

Report on compliance with other laws and regulation

Opinion on the consistency of the financial statements with the report on operations and of certain information set out on corporate governance and ownership structure

We have performed the procedures required by auditing standard (SA Italia) NO. 720B in order to express an opinion, as required by law, on the consistency of the report on operations and of the information set out in the report on corporate governance and ownership structure referred to in art. 123-bis, paragraph 4 of Legislative Decree No. 58/98, which are the responsibility of the directors of Nice S.p.A., with the financial statements of Nice S.p.A.. In our opinion, the report on operations and of the information set out in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Nice S.p.A. as of December 31st 2015.

Padua, March 29th 2016

BDO Italia S.p.A.

Signed by: Stefano Bianchi - Partner

The report has been translated into english language solely for the convenience of International readers