Annual Report 2015

65

CELEBRATING SOUND
SINCE 1950

Index

Translation from the original Italian text

2016 FINANCIAL CALENDAR

March 2nd, 2016

Board of Directors' meeting to approve the draft Financial Statements at December 31st, 2015

March 17th, 2016

Analyst & Investor Day: presentation on the Company's business momentum, strategic goals and growth opportunities to the financial community

April 18th, 2016

Annual General Meeting to approve the Financial Statements at December 31st, 2015

April 27th, 2016

Board of Directors' meeting to approve the Interim Financial Report at March 31st, 2016

July 27th, 2016

Board of Directors' meeting to approve the Interim Management Report at June 30th, 2016

October 26th, 2016

Board of Directors' meeting to approve the Interim Financial Report at September 30th, 2016

INVESTOR RELATIONS

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AMPLIFON WEBSITE
www.amplifon.com/corporate

2015 NEWS

Message from the Chairperson

Amplifon exceeded the key threshold of one billion euros in sales and is the absolute leader at global level: a remarkable example of Italian excellence.

Dear Shareholders,

once again in 2015, the Company showed ability in pursuing with verve its international growth targets as well as in consolidating its position as global leader, exceeding the key threshold of one billion euros in sales, and making it one of the prides of 'made in Italy'. It is the crowning glory of my father's dream, Charles, who opened his first store 65 years ago to give the joy of living back to all those with hearing loss: a mission, his mission, that today is more material than ever.

The Company has, therefore, once again proven the validity of its business model based on the extraordinary relationship established with customers, excellence and innovation in service, and the optimal management of human resources: a winning strategy in all the countries in which the Company operates.

In particular, I would like to extend my gratitude, also on behalf of the entire Board of Directors, to the 11,700 people who make all of this possible through their commitment day after day.

2015 also stands out for the change in the Company's leadership during the second half of the year, when Enrico Vita was appointed Chief Executive Officer: a seamless transition, as confirmed by the strong results achieved.

Lastly, special thanks go to the exiting Chief Executive Officer Franco Moscetti who, over the last decade, succeeded in bringing Amplifon to its current size and state of excellence. I would also like to wish Enrico Vita much success as I am confident that he will know how to guide the whole Company to reach new, exciting milestones.

Susan Carol Holland
Chairperson

Message from the Chief Executive Officer

We closed 2015 with top-notch results with contribution coming from all the Regions, paving the way for ambitious growth projects.

Dear Shareholders,

Amplifon closed 2015 with the best results in the Company's history: sales exceeded the key milestone of one billion euros, while EBITDA reached 165 million euros. This performance was made possible by the positive results recorded in all the regions in which the Group operates: in EMEA, above all, where not only the trend in organic growth proved to be stable and enduring, but overall profitability also improved markedly; in the AMERICAS where both revenues and profitability expanded significantly; and in ASIA-PACIFIC, where operating efficiency boosted sales and profitability.

Likewise, all financial indicators improved, making it possible for the Company to close the year with a noticeable decrease in financial indebtedness and strong free cash flow generation.

We are reaping the harvest of the great work done by the entire management team which focused on both organic growth and the development of the network also through acquisitions: during the year 150 stores and 85 service centers were added to the network, bringing the overall number of points of sale to around 8,700.

Consolidation of our global leadership and, at the same time, improved profitability further stimulate us to take advantage of all the opportunities offered by the industry: the penetration rate of hearing solutions and services is, in fact, very low and there is still huge growth potential. Therefore, we will intensify our efforts to further strengthen the relationship that we have established with our consumers, another driver of the Group's growth.

Enrico Vita
Chief Executive Officer

Corporate bodies & management

The Corporate Governance structure is based on the principles outlined in the Corporate Governance Code for Listed Companies, proposed by the Committee for the Corporate Governance of Listed Companies, and adopted by Amplifon in both of its versions – the first issued in

Corporate bodies

Board of Directors

Role	Name	Executive	Non Executive	Independent[1]	C.C.R.[2]	C.R.[3]
Honorary Chairperson	**Anna Maria Formiggini**		•			
Chairperson	**Susan Carol Holland**		•		•	•
Deputy Chairperson	**Franco Moscetti[4]**		•			
Chief Executive Officer (CEO)	**Enrico Vita[5]**	•				
Director	**Giampio Bracchi**		•	•	•	
Director	**Maurizio Costa**		•	•		•
Director	**Andrea Guerra**		•	•		
Director	**Anna Puccio**		•	•	•	
Director	**Giovanni Tamburi[6]**		•	•		

Board of Statutory Auditors

Chairperson	**Raffaella Pagani**
Standing auditor	**Maria Stella Brena**
Standing auditor	**Emilio Fano**
Alternate auditors	**Alessandro Grange**
Alternate auditors	**Claudia Mezzabotta**

The Board of Statutory Auditors has been appointed by the Shareholders' Meeting on April, 21st, 2015 and will remain in office until the Shareholders' Meeting to approve the 2017 annual report.

Remuneration and Appointment Committee

Chairperson	**Maurizio Costa**
Member	**Susan Carol Holland**
Member	**Andrea Guerra**

Risk and Control Committee

Chairperson	**Giampio Bracchi**
Member	**Susan Carol Holland**
Member	**Anna Puccio**

Supervisory Board

Chairperson	**Giampio Bracchi**
Member	**Maurizio Costa**
Member	**Paolo Tacciaria** (Head of Internal Audit)

Lead Independent Director

Giampio Bracchi

Executive responsible for Financial reporting

Ugo Giorcelli

Secretary of the Board of Directors

Luigi Colombo

Head of Internal Audit

Paolo Tacciaria

External Auditors

PricewaterhouseCoopers S.p.A.

The Curriculum Vitae of the members of the Board of Directors are available on the website: Amplifon.com/corporate.
(1) Directors that declare they qualify as independent as defined under current law and in the Italian Stock Exchange Corporate Governance Code.
(2) C.C.R.: Members of the Risk and Control Committee.
(3) C.R.: Members of the Remuneration and Appointment Committee.
(4) Chief Executive Officer until October 22nd, 2015.
(5) Chief Executive Officer since October 22nd, 2015.
(6) Director appointed by the minority shareholders and independent pursuant to the Corporate Governance Code for Listed Companies established by the Corporate Governance Committee for Listed Companies promoted by Borsa Italiana S.p.A..

2001 and the subsequent version issued in December 2011. A detailed description is available in its entirety in the 'Report on Corporate Governance and Ownership Structure' within the Report on Operations (pg. 85).

Management

Enrico Vita, appointed Chief Executive Officer of the Company on October 22nd, 2015, joined Amplifon in March 2014 covering the role of Executive Vice President EMEA until March 2015, when he was appointed Chief Operating Officer in addition to the role previously held. The exiting Chief Executive Officer, Franco Moscetti, who has guided the Company for 11 years has been appointed non executive Deputy Chairman.

The management of Amplifon, composed of internationally experienced leaders, defines the Company strategies and is responsible for international steering and control.

Enrico Vita
Chief Executive Officer

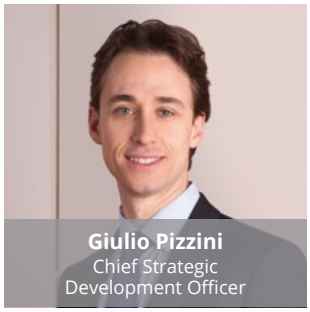
Giovanni Caruso
Chief HR Officer

Andrea Facchini
Chief Marketing Officer

Massimiliano Gerli
Chief Information Officer

Ugo Giorcelli
Chief Financial Officer

John Pappalardo
Executive Vice President
APAC



Giulio Pizzini
Chief Strategic
Development Officer

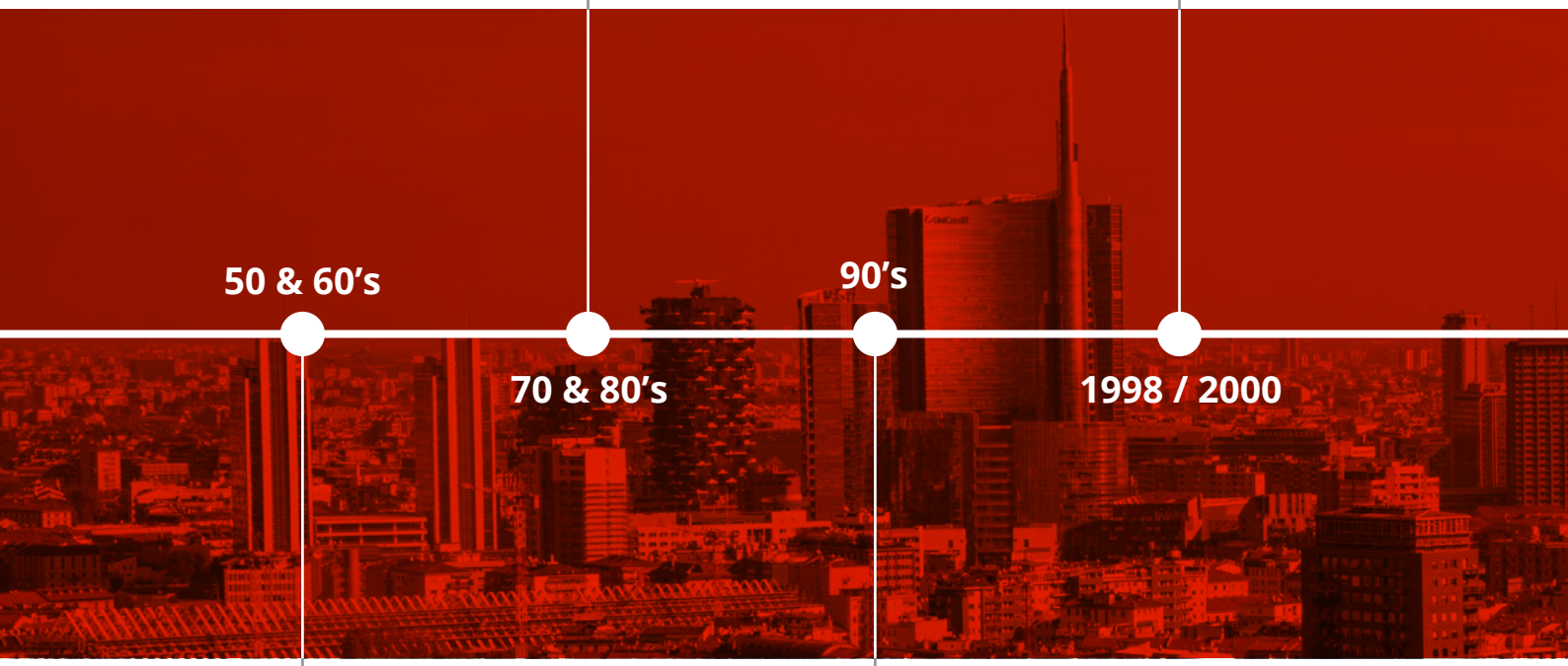
Heinz Ruch
Executive Vice President
AMERICAS

Our history

Listening to the future, all along

The CRS comes to life
In 1971, the Centre for Research and Studies (CRS) is founded to promote clinical research and disseminate information on the advances and developments in the fields of audiology and otology.

Amplifon enters the American market
By acquiring the market leader Miracle-Ear, Amplifon extends its presence to the North American market - an important milestone towards international leadership.



From small beginnings to market leaders
Amplifon is founded in Milan by Algernon Charles Holland to provide and customize hearing solutions for the many people experiencing hearing problems in the aftermath of the Second World War. In those years, the Company becomes the leader of the Italian market.

Digital & international expansion
Besides entering the Spanish and the Portuguese market following its drive for growth, Amplifon pursues continuous innovation, being the first to introduce digital hearing aids to Italy, revolutionizing customer service which becomes more and more customized.

Non-stop growth
Global, dynamic, ready to seize market opportunities: Amplifon keeps on growing organically and through acquisitions.
The Company acquires 60% of Medtechnica Orthophone to extend its presence to Israel, and enters Brazil through the acquisition of 51% of Direito de Ouvir. In 2015, Amplifon exceeds the key threshold of one billion euros in sales and is today present in 22 countries.

Internationalization
Amplifon's international vision and growth through acquisitions become a hallmark. The Company not only strengthens its presence in key markets such as the U.S.A., the Netherlands and France, but also enters Canada, Hungary, Egypt, Germany, the United Kingdom & Ireland, Belgium & Luxembourg.

Listing on the Stock Exchange
On June 27th, 2001 Amplifon is listed on the Italian Stock Exchange. Seven years later it becomes part of the STAR segment of excellence (segment for stocks committed to fulfilling stricter requirements).

A trully global business
With the acquisition of National Hearing Care (NHC) points of sale in Australia, New Zealand and India, Amplifon becomes a global company with an extensive distribution network spread over five continents. In 2012, Amplifon enters Turkey by acquiring 51% of Maxtone and is active in 20 countries.

Our mission

Bringing sound to life

The clink of two glasses, a conversation in a restaurant, a concert featuring your favorite band: we want a world in which everybody can fully experience their **passions**.

We offer excellent, bespoke **hearing solutions** to improve people's quality of life. Whether that is giving back activities shared with a loved one or the joy of hearing the full spectrum of everyday sounds.

Key differentiators

Customization

There are no identical hearing profiles, each of them has its unique traits: our business model is based on listening to each customer and understanding their needs as to deliver a solution that meets their lifestyle, the sounds they hear as well as their aesthetic preferences.

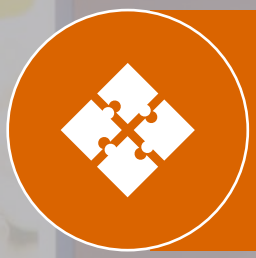
Customer Experience

The advanced skills of our network of hearing care professionals are not limited to the technical and audiological knowledge, but also include behavioral and communications skills. That's why we can establish long-term relationships, based on professionalism and trust.

Innovation

We constantly evolve the way we interact, communicate and counsel the people we help. We offer the most advanced technologies and develop new proprietary tools and protocols to always find the best solution for every single person.

Our strengths



EXPERTISE MODEL

Our hearing care professionals throughout the world have the skills and the competencies needed to meet each single customer's needs, perfectly blending innovative technologies, scientific know-how with a personal approach.

INNOVATION

We are the pioneer in adopting innovative digital technologies and developing proprietary services, tools and protocols. We are constantly innovating the way we interact, communicate and counsel people, using the newest technologies, bespoke tools and unique approaches.

GLOBAL SCALE

We are close to our customers, also in terms of vicinity, though our global network of points of sale that leverages different store concepts based on the density and maturity of each market, and offers a unique in-store experience to customers.

PARTNER OF THE MEDICAL COMMUNITY

Amplifon's Centre for Research and Studies (CRS) is a specialized partner to the medical and academic communities and an international point of reference in the fields of audiology and otolaryngology.

EMPLOYER OF CHOICE

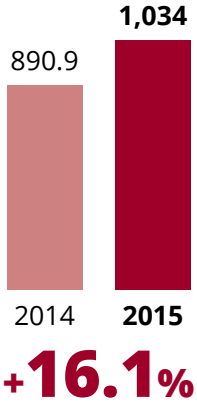
Our decision to constantly invest in talent, continuous professional development, sustaining and rewarding our people makes us the employer of choice in hearing care services, attracting and supporting people who make the difference.

2015 Highlights

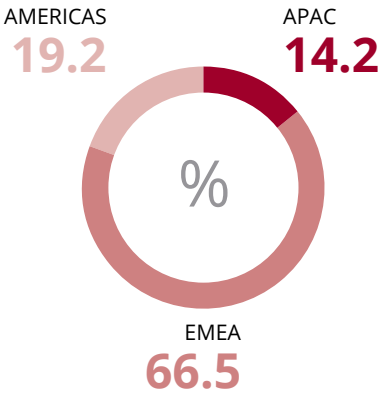
Economic & financial performance

REVENUES

(€ millions)

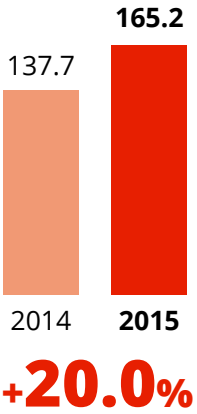


REVENUES by region



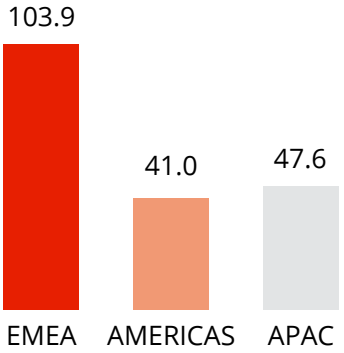
EBITDA

(€ millions)



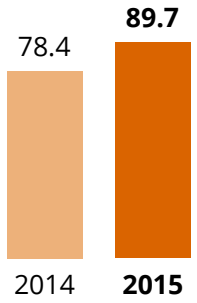
EBITDA by region*

(€ millions)



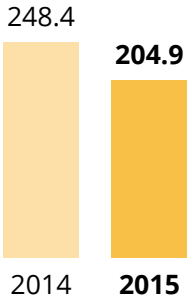
FREE CASH FLOW

(€ millions)



NET DEBT

(€ millions)



** Excluding corporate costs.*

Global leader in hearing solutions and services

9%
Market share

22
Countries

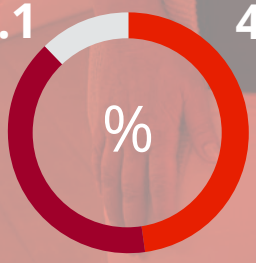
11,700
People

3,500
Points of sale

3,400
Shop-in-shops & corners

1,700
Network affiliates

PEOPLE by role

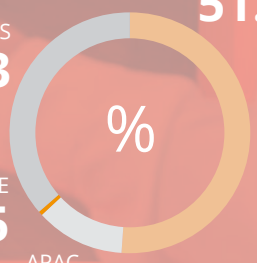


SUPPORT FUNCTIONS **12.1**

HEARING CARE PROFESSIONALS **47.4**

OTHER SHOP PERSONNEL **40.5**

PEOPLE by region



EMEA **51.2**

AMERICAS **36.3**

CORPORATE **0.5**

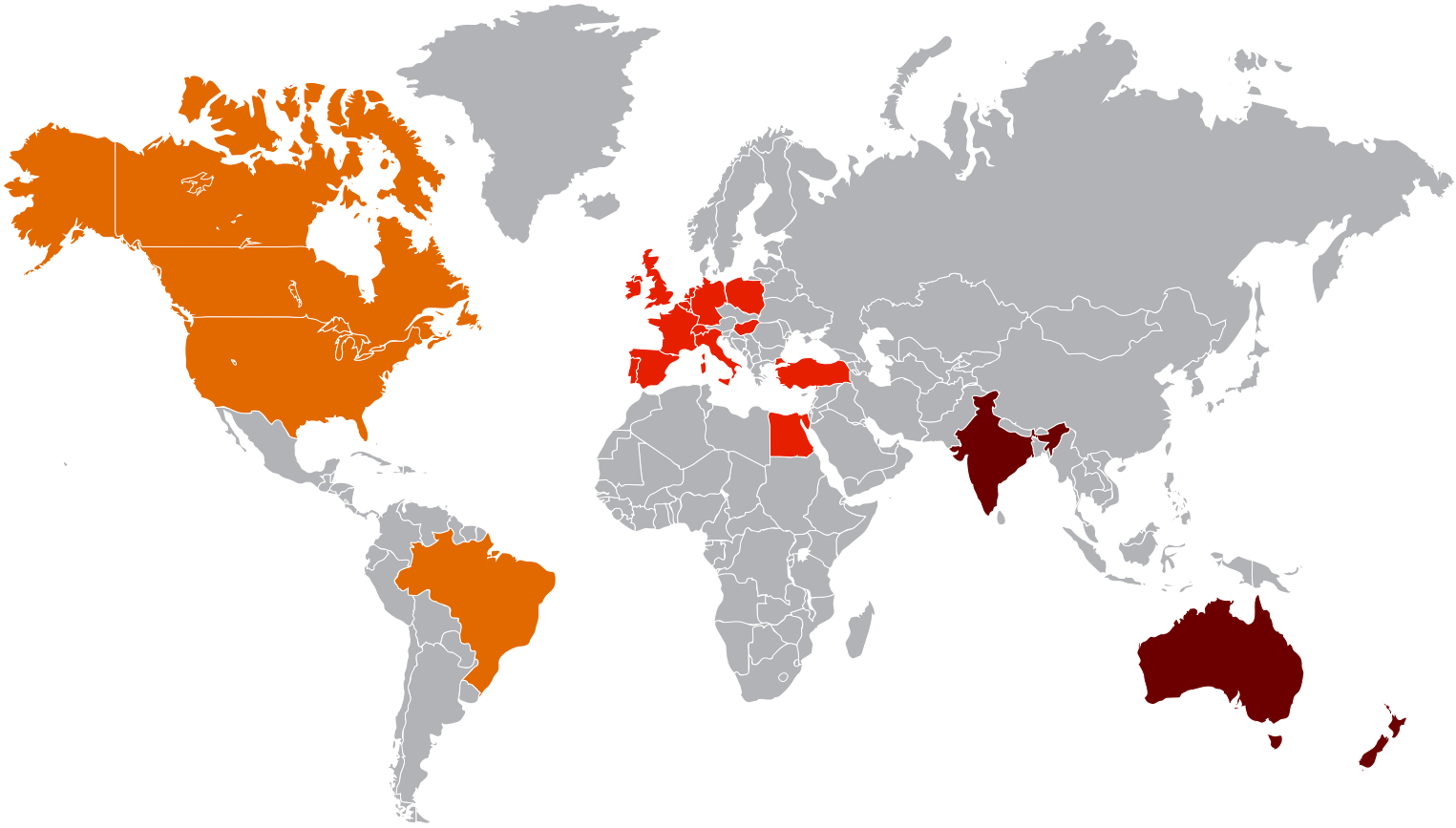
APAC **12.0**

Global presence

Amplifon is the only global retailer in the industry and the leader in terms of sales, volumes, distribution network and geographic coverage.

The Company operates under **three regions** (EMEA, AMERICAS and APAC) each of them being responsible for implementing the Company's strategic guidelines, coordinating local activities and sharing best practices.

Management teams in each country are accountable for developing the Company's business and implementing sales and marketing strategies, adapting them to local market needs and legislation.



AMERICAS

	Brand	#
USA	Miracle Ear/ Elite Hearing Network/ Amplifon Hearing Health Care	1
Canada	Miracle Ear	-
Brazil	Direito de Ouvir	-

EMEA

	Brand	#
Italy	Amplifon	1
France	Amplifon	1
The Netherlands	Beter Horen	1
Germany	Amplifon	3
UK & Ireland	Amplifon	3
Spain	Amplifon	2
Portugal	Amplifon	3

	Brand	#
Switzerland	Amplifon	1
Belgium & Luxembourg	Amplifon	2
Hungary	Amplifon	1
Turkey	Maxtone	4
Poland	Amplifon	5
Egypt	Amplifon	1
Israel	Medtechinica Orthophone	1

APAC

	Brand	#
Australia	NHC	2
New Zealand	Bay Audiology	1
India	Amplifon	1

Our brands

EMEA

	**Amplifon,** founded in 1950 in Milan by the engineer Charles Holland, is the global leader in hearing solutions and services, and is the brand under which it operates in Italy, Belgium, Egypt, France, Germany, Hungary, India, Ireland, Luxembourg, Poland, Portugal, Spain, Switzerland and the UK.
	Established in 1910 and part of Amplifon since 2001, **Beter Horen** is the leading hearing solutions and services company in the Netherlands.
	**Amplifon Medtechnica Orthophone**, joined Amplifon in 2014 and leads the hearing care services industry in Israel, also due to its focus on research and development.
	**Maxtone**, part of the Group since 2012, is the brand through which it operates in Turkey, offering innovative hearing solutions in its network of stores spread across the country's major cities.

AMERICAS

	Founded in 1948 and part of Amplifon since 1999, **Miracle-Ear** is the number one brand in hearing care in North America, thanks to its constant attention to customer satisfaction in its over 1,200 franchised stores.
	Founded in 1998, **Elite Hearing Network** is the largest hearing care network in the United States, serving about 1,700 affiliates to which it offers business intelligence tools and streamlined processes and purchasing.
	**Amplifon Hearing Health Care** has operated across the United States for the last twenty years – first as HearPO – connecting people with hearing loss who hold an affiliated medical insurance with the best hearing care providers.
	**Direito de Ouvir,** founded in 2007 and part of Amplifon since 2014, offers quality services to customers throughout the Brazilian territory.

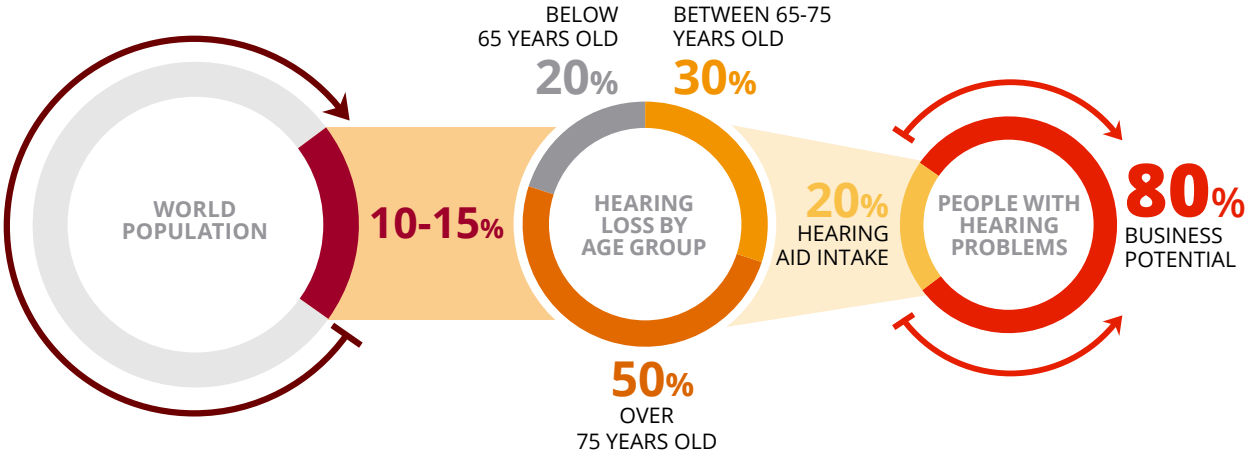
APAC

	With over 200 stores located in metropolitan cities and regional towns all across the country, **National Hearing Care** is Australia's leading independent provider of hearing care services.
	**Bay Audiology** is the leading provider of hearing solutions in New Zealand with over 70 stores and 26 service points nationwide – twice as many as the second provider in the industry.
	Acquired in 2015, **Dilworth Hearing** is well known in New Zealand for providing diagnostic and rehabilitative care: it operates under a medical model through strong relationships with GPs and ENTs.

Market scenario

Hearing loss interests all age groups, but it is more common in the elderly due to natural cell ageing.

Over **650 million people**, 10-15% of world population, have hearing loss, but only 20% of those actually look for a solution.



Hearing solutions

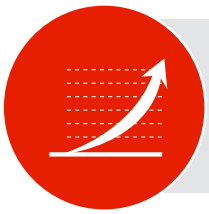
Today hearing solutions can be found in hearing aids, implantable devices and cochlear implants.

On average, **7 years** go by before people take action and approach a hearing care professional. The reasons for the delay are:

- difficulty admitting the problem;
- social stigma related to hearing loss;
- prejudice related to hearing aids;
- dissatisfaction with the use of “old technologies”.

Growth drivers

The penetration rate of hearing solutions and services is very low and there is still huge growth potential, also due to a series of extremely favorable contemporary socio-economical elements.



DEMOGRAPHIC CHANGE

Life expectancy is increasing leading to a larger ageing population and, thus, increasing the number of people with hearing loss.

BABY BOOMERS

The generation born between 1945 and 1965 is entering the stage of life in which they are most susceptible to hearing loss.

ACOUSTIC POLLUTION

Urbanization and emerging technologies are exposing people to more and more ear damaging noise pollution.

TECHNOLOGY INNOVATION

Hearing aid technology is constantly advancing both aesthetically and functionally increasing the penetration of hearing solutions.

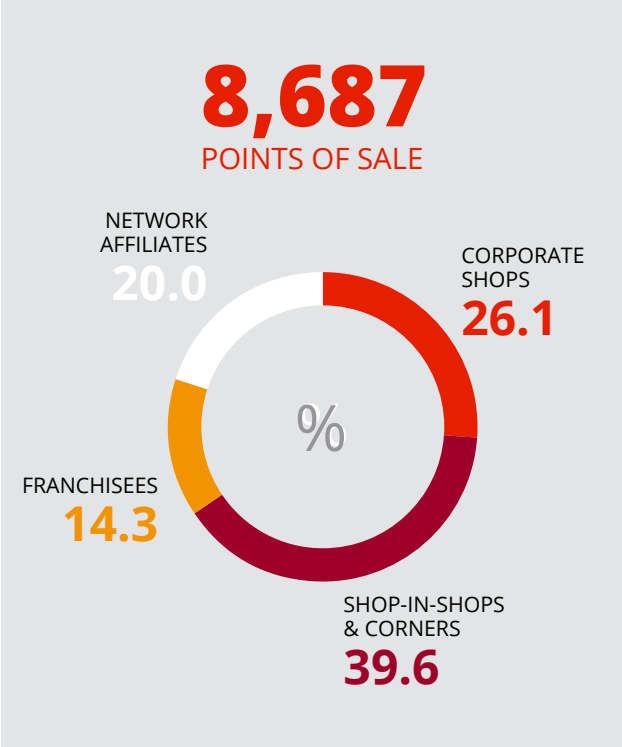
WELLNESS CULTURE

Also among seniors the desire to live full and active lives is always stronger.

EMERGING MARKETS

As GDP, industrialization and urbanization rates increase around the world, new markets arise.

Distribution network



Amplifon store

The format of Amplifon stores provides a unique 'store experience' - highly innovative in this industry - in which the customer is always addressed as a person, not someone with a medical condition, and guided step by step in the journey to rediscover the joy of hearing.

Our shop windows are designed to reduce the anxiety normally related to medical experiences, entering an Amplifon store is no longer a medical/technical decision, but an entirely positive emotional experience.

Inside our stores, each area is developed for a different reason, but all of them are designed to put customers at ease. The assessment, counseling, fine tuning appointment and follow-up phases all take place inside our stores - in an integrated process - to guarantee a pleasant experience, from a physical to a psychological standpoint.

The customer, the supporter (spouse, child, friend), the ENT specialist, the audiologist and the person responsible for customer care are then able to establish successful and enduring relationships. After that, people are more confident in using the necessary equipment to go through a detailed analysis of their hearing profile, a key factor for the selection and fitting of the ideal hearing solution.

Direct points of sale

2,269 CORPORATE SHOPS

In these stores, customers are in direct contact with Amplifon. They can be managed by Amplifon staff or by people working on behalf of the Company on a commission basis.

3,442 SHOP-IN-SHOPS & CORNERS

Located in third party premises (e.g. pharmacies, opticians and doctors' surgeries), this widespread network of outlets may be the first point of contact with customers who are then directed to a store when necessary.

Indirect points of sale

1,242 FRANCHISEES

Franchisees run retail outlets themselves under a franchising agreement, benefitting from a leading brand, advanced marketing tools and other value-added services made available by Amplifon. They purchase products exclusively from Amplifon and can make use of Service Centres as their first point of contact with customers.

1,734 NETWORK AFFILIATES

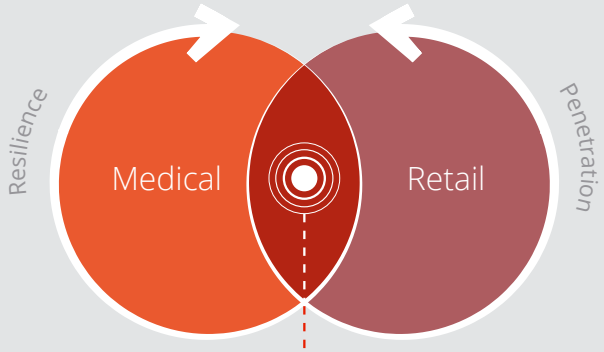
These independent retailers operate with their own brands, purchase products from Amplifon, benefitting from a variety of support activities offered by the Group, and offer hearing solutions to end users.

COUNTRY	BRAND	CORPORATE SHOPS	SHOP-IN-SHOPS & CORNERS	FRANCHISEES	NETWORK AFFILIATES	
Italy	Amplifon	559	2,864			EMEA
France	Amplifon	373	79			EMEA
The Netherlands	Beter Horen	177	50			EMEA
Switzerland	Amplifon	81				EMEA
Spain & Portugal	Amplifon	134	67	2		EMEA
Germany	Amplifon	260				EMEA
Belgium & Luxembourg	Amplifon	78	62	15		EMEA
Hungary	Amplifon	55				EMEA
Poland	Amplifon	32	1			EMEA
UK & Ireland	Amplifon	135	49			EMEA
Egypt	Amplifon	20				EMEA
Turkey	Maxtone	15				EMEA
Israel	Medtechnica Orthophone	18			45	EMEA
USA	Miracle-Ear	6		1,220		AMERICAS
	Elite Hearing Network				1,687	AMERICAS
Canada	Miracle-Ear	20				AMERICAS
Brazil	Direito de Ouvir	1	74	5		AMERICAS
Australia	National Hearing Care	146	60			APAC
New Zealand	Bay Audiology	72	26			APAC
India	Amplifon	87	110		2	APAC
Total		2,269	3,442	1,242	1,734	

Business model

Amplifon business model blends medical and retail competencies within its core activities through:

CUSTOMIZATION	INNOVATION	CUSTOMER EXPERIENCE



The customer enters the store on medical advice, already holding a prescription or an exam.

amplifon

The customer enters the store attracted by marketing and advertising activities.

Our role in the value chain

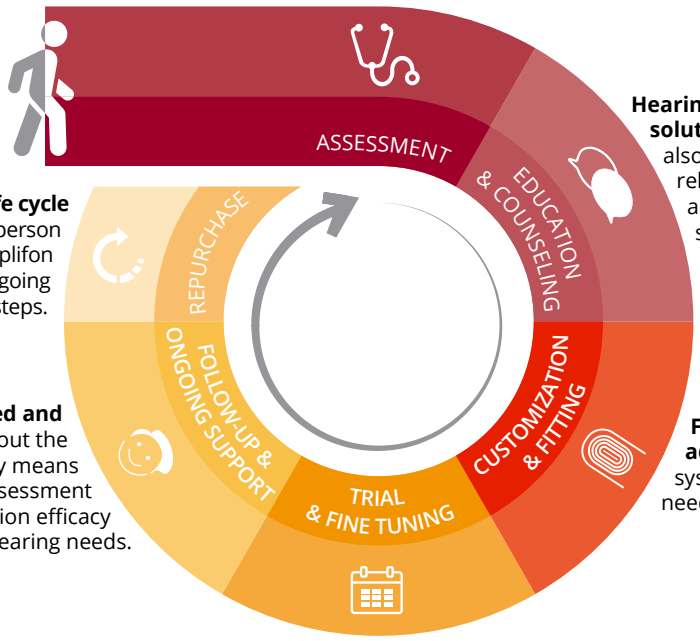
Our business model makes us the **leader in the largest segment in the value chain.**

The **value added** by the **service** in this industry represents the **most important part of the value chain.**

Service life cycle

We offer an exclusive, bespoke, all-rounded experience. We walk hand-in-hand with each person throughout the journey to rediscover all the joy of hearing, making use of constant dialogue in each appointment for the progressive optimization of the solution to meet each person's needs.

Comprehensive **specialized audiological assessment** and in-depth analysis of the person's needs and lifestyle.



Hearing care professionals propose the solution best-suited to each person, also addressing topics not directly related to hearing such as lifestyle, aesthetic preferences, psychological standing and dexterity.

A hearing aid has an average life cycle of 4-5 years. After that period, the person is naturally prone to return to Amplifon and look for a new solution, undergoing once again all the previews steps.

All-round specialised and ongoing support throughout the hearing aid life cycle by means of regular assessment of the hearing solution efficacy and the person's evolving hearing needs.

Fitting and custom-made adaptation using computer systems to meet the person's needs.

30-day free trial, weekly check-ups and fine tuning with the possibility to return the product at the end of the trial period or move forward with a purchase.

Customization: a value we cherish

EVERY SOLUTION IS UNIQUE

Two people with the same type of hearing loss may need two different hearing solutions depending on their lifestyle, the recurrent sounds they hear, aesthetic preferences, health and/or psychological standing and whether it is the first device application or a repurchase.

TECHNOLOGY ALONE IS NOT ENOUGH

The hearing device is an essential part of the hearing solution, but it is not enough to meet customer's needs. Improving one's ability to hear and communicate depends not only on the hearing aid function and intrinsic quality, but above all on the hearing care professional's ability to choose the model best-suited to the customer on the basis of scientific evidence and tailor-fit the device exploiting its technology to the fullest in relation to the person's needs.

Our people

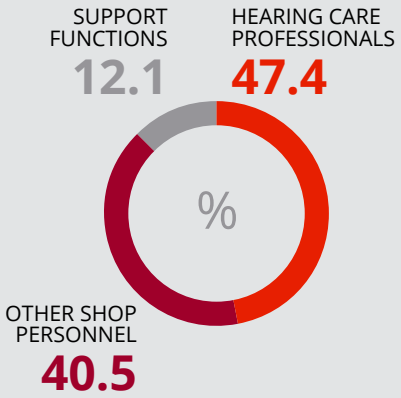
Global HR Vision

Our mission is to improve people's quality of life thanks to our professional skills and highly customized services tailored to each customer, thus creating unparalleled value for our people as well as for our stakeholders.

To fulfill this objective and continue to be the employer of choice in the hearing care industry, we are committed to attracting, training, developing, retaining and rewarding the best talent throughout their professional path.

People

BY ROLE



BY REGION

	EMEA	AMERICAS	APAC	CORPORATE	2015 TOTAL	2014 TOTAL
Hearing care professionals	2,088	43	498	0	2,629	2,309
Other shop personnel	1,688	71	528	0	2,287	2,108
Sales network	**3,776**	**114**	**1,026**	**0**	**4,916**	**4,417**
Support functions	756	221	377	0	1,417	1,372
Total employees	**4,532**	**335**	**1,403**	**63**	**6,333**	**5,789**
Sales force not on payroll	1,445	3,900*	0	0	5,345*	5,282*
Overall total	**5,977**	**4,235**	**1,403**	**63**	**11,678**	**11,071**

** Estimated number, of which 2,900 hearing care professionals.*

Key resources

HEARING CARE PROFESSIONALS & CUSTOMER SERVICE

About 5,500 people chose to pursue a career as a hearing care professional and 4.700 are active in the customer service in our over 3,500 stores and e 3,400 shop-in-shops and corners around the world. We offer them a unique opportunity: to become the best experts in the industry and continue their professional growth over time.

MARKETING & SALES MANAGEMENT

21% of the people who work in support functions are dedicated to marketing and sales management roles. We offer them a diversified role, at the same time stimulating and innovative, through which one can help improving customer service and promoting excellence in our points of sale.

BACK OFFICE

1,417 of our co-workers cover support function roles and deliver excellence and innovation in key company processes, working closely with our people in the field, in an extremely stimulating international environment.

Recruitment

Amplifon is committed to attracting resources prone to innovating and excelling, stimulated by the possibility of working both in team and in an dynamic international environment.

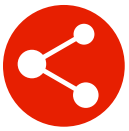
To this end, we have developed a global website dedicated to communicating the attractiveness of our industry, our Company, and the professional growth opportunities within the Group.

http://careers.amplifon.com/global

Supporting growth

CONTINUOUS LEARNING

We offer a huge array of training services tailor made for the people who work directly with customers, including classroom training, e-learning, coaching and workshops.



KNOWLEDGE SHARING

We continually promote the sharing of best practices and knowledge across our global network.

MENTORING

We propose personalized learning possibilities that benefit from the experience of our top performers for developing competencies within the organization.

PROFESSIONAL DEVELOPMENT

We support the development of career paths that are unique to each person and based on one's strengths and aspirations. Careers at Amplifon have no boundaries, if not on one's talent, and may take any amazing unconventional path.

Talent management

T-Lab: preparing the leaders of tomorrow

The T-Lab program is a periodic, structured and formal process to identify the resources with the capabilities and potential to take part in training paths to cover key positions at national and international level. We provide the participants with greater visibility, international and accelerated career opportunities, assignment to global projects, Group development programs at top-ranked business schools, mentoring from the Group's Senior Managers, and specific incentive and retention plans.

Compass Programs

The Blue and Green Compass Programs are residential, international programs aimed at boosting our people's skills and encouraging international networking and knowledge exchange. Entirely designed by and for us, the Compass programs are delivered in partnership with the best-ranked business schools in the world and offered across all areas and levels within the Company.

Rewarding results

We reward targets reached by means of performance reviews with transparent criteria to be sure that we share the same ambitious business objectives. Every year, our best professionals from all over the world are assigned shares, including our best performing hearing care professionals. Today about 450 of our hearing care professionals benefit from our Performance Stock Grant Plan, because we fundamentally believe in sharing of the value creation of our Company with the people who make it possible.

Performance Stock Grant Plan

450

HEARING CARE PROFESSIONALS

Recognizing excellence

The High Achievers Club

Each year, based on performance monitoring, high-achievers are invited to join their country's Club.

Members receive excellent benefits, from networking opportunities to special event access.

The Charles Holland Award

It is the highest honor that can be achieved by a store team at Amplifon. The annual international award is presented to stores that deliver outstanding performance and service.

Each year 50 stores out of 3,500 are chosen on the basis of their results in five categories: customer care, innovation, growth, teamwork and productivity.

Our social role

A virtuous cycle for the community

Offering hearing solutions and services is in itself an important social contribution considering the paramount importance of hearing to people's quality of life.

We actively contribute to social wellbeing: being able to hear is essential at any age as it allows the development of oral communication skills, speech comprehension and more generally interaction with others. Thus, hearing carries strong implications for the topics of integration, equal opportunities and the right to quality of life and safety.

We are fully committed to spreading **accurate information** on hearing health and to educating for **prevention**, being certain that a knowledgeable society can respond better and more promptly to hearing loss, avoiding its effect on people's lives. For this reason, the Group's companies promote and support - in collaboration with partners and institutions - various **social initiatives** and **public awareness campaigns**.

Miracle-Ear Foundation

We believe everybody deserves to hear, that is why the Miracle Ear Foundation® provides hearing aids, follow-up care, and educational resources to people with hearing loss who demonstrate personal inability to financially provide for their hearing health needs. Since 1990 the Miracle-Ear Foundation® has donated more than 10,000 hearing aids in the U.S.A..

Our commitment

THE COMMUNITY
Initiatives for disseminating the wellbeing culture and promoting prevention.

OUR PEOPLE
Training & development, rewarding performance & talent, international opportunities, engagement & accountability.

OUR CUSTOMERS
Offering customized solutions and ongoing support with positive effects on quality of life.

THE MEDICAL COMMUNITY
Promoting clinical research and disseminating scientific advances.

OUR PARTNERS
Ongoing collaboration for technological development and service improvement.

OUR SHAREHOLDERS
Continuous long-term growth and solid financial structure.

The CRS research activity

For over 40 years, we have being a specialized partner for the scientific community, supporting the development of doctors, hearing care professionals and speech therapists, through the Center for Research and Studies Amplifon (CRS).

Founded by Charles Holland in 1971, it promotes clinical research and disseminates information on the advances and developments in the fields of audiology and otology. Today the CRS is an **international point of reference** in hearing care industry.

International research projects in partnership with universities:

- AHEAD (Advancement of Hearing Assessment Methods & Devices)
- I e II, HEAR (Hereditary Deafness Epidemiology And Clinical Research)
- GENDEAF (Genetic Deafness), as a coordinator for the European Commission.

Awards

- **CRS International Award**, presented to scholars for their contribution to the development of the fields of audiology and otology.
- **Best Italian thesis** in **ENT, Audiology** and **Speech Therapy.**

Training courses and scientific conventions

- Over 600 from 1971 to 2015.
- 100-150 participants in average for event.

Editorial activities

- **Running a major audiology and otolaryngology library for professionals, researchers and students.**
- **Developing and disseminating numerous specialized editorial initiatives.**

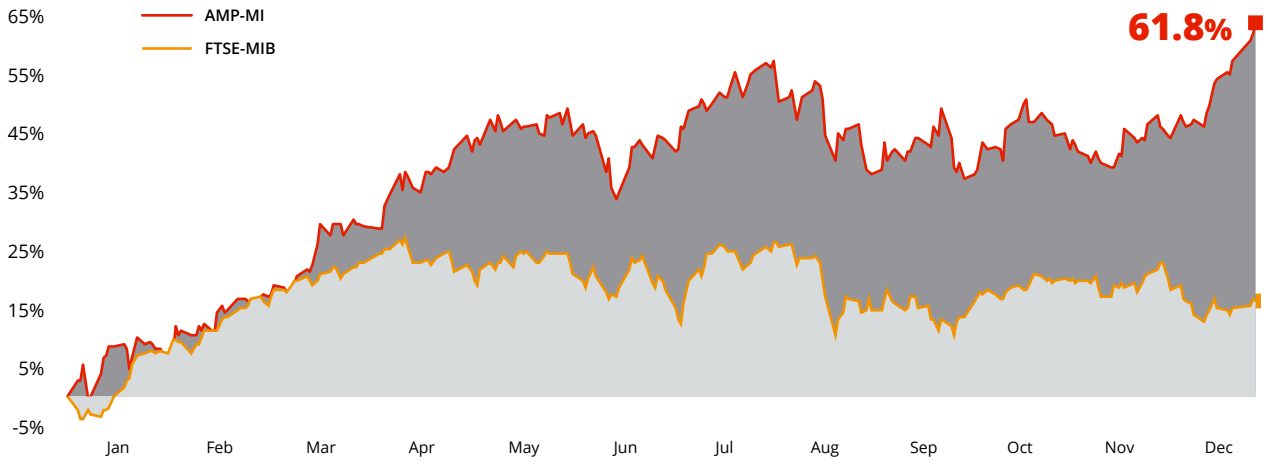
CONSENSUS PAPER: developed thanks to the CRS, it is the most important initiative in the quest for increasing public awareness on hearing related topics. They are short scientific papers for the general public, written by important international experts who address a particular aspect of hearing each year.

2011: Hearing and the elderly
2012: Hearing and children
2013: Hearing and cognition
2014: Hearing and diabetes
2015: Coping with noise

Report for Investors

Amplifon on the Stock Exchange

AMPLIFON vs FTSE ITALIAN ALL SHARE (REBASED 100)

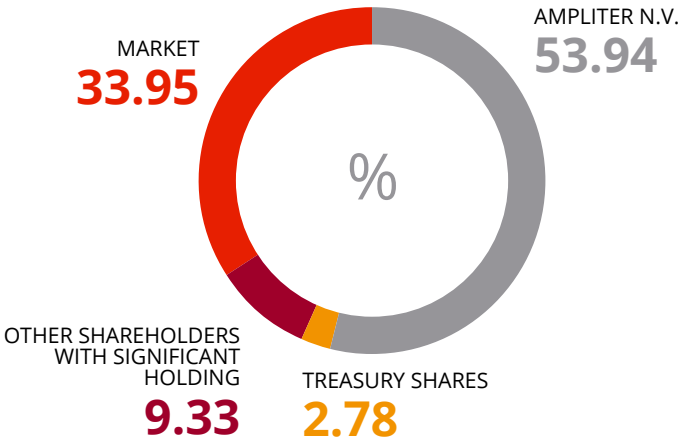


KEY SHARE DATA

Stock exchange	MTA-STAR	Nominal value	€0.02
Bloomberg ticket	AMP:IM	Average price[3]	€6.719
Share capital[1]	€4,510	Average volume[3]	419,074
N° of shares outstanding[2]	219,233,947	Market capitalization[1]	€1,753

(1) At 31.12.2015, in million Euros.
(2) Treasury shares excluded.
(3) Last 12 months.

SHAREHOLDING



Relations with the financial community

ANALYSTS COVERAGE

At December 31st, 2015 the stock was covered by 16 brokers who followed the development of the company with specific research and analyses, providing generally a positive view.

- Banca Akros
- Banca Aletti
- Bank of America Merrill Lynch
- Banca IMI
- Citigroup
- Commerzbank
- Equita Sim
- Exane BNP Paribas
- Fidentis Equities
- Goldman Sachs
- HSBC
- Intermonte
- Jefferies International
- Kepler Chevreux
- Mediobanca
- Sanford Bernstein

In January 2016 MainFirst initiated coverage of the stock.

CONFERENCE CALLS

Amplifon organizes conference calls with the financial community (analysts and institutional investors) for the release of its annual, half-year and quarterly results, besides holding an Analyst & Investor Day.

ROADSHOWS

In 2015, Amplifon organized several roadshows on the main global financial markets: New York, Boston, Denver, Toronto, Montreal, Zurich, Geneva, Luxembourg, Brussels, Amsterdam, Frankfurt, Munich, Milan, Paris and Lyon.

CONFERENCES

Throughout the year Company's management team - Chief Executive Officer and Chief Financial Officer - and Investor Relator attended numerous international healthcare conferences organized by primary institutions such as Jefferies, BofA Merrill Lynch Global, Goldman Sachs, Commerzbank, Exane BNP Paribas, Citi and Morgan Stanley; and as many conferences for Italian and/or medium sized companies organized by J.P. Morgan, Sanford Bernstein, the Italian Stock Exchange, Kepler Cheuvreux and UniCredit.

Increased voting rights

The Extraordinary Shareholders' Meeting held on January 29th, 2015, approved the proposed amendments to the corporate by-laws by including in a new Article 13, which defines the methods to be used to assign increased voting rights, in accordance with the recently introduced option provided in Art. 127-quinquies of T.U.F.. Increased voting is being established with a view to pursuing stability and loyalty of the shareholder base, and is comprised under the changes introduced to Corporate Law in Article 20 of Law 91 dated June 24th, 2014 (the "Competitiveness Decree"), which allow shareholders to exercise the option and acquire increased voting rights equal to two votes for each share held for at least 24 months from the registration date shown in the appropriate shareholders register prepared by the Company in accordance with current law and regulations.

Report on Operations at 31 December 2015

Comments on the Financial Results

In 2015 the global market conditions continued to be complex and volatile. The outlook has improved in advanced economies: the slight growth supported by the European Central Bank's expansionary policies continues, but remains weak and in the United States, where despite the first hike in rates since 2008 monetary policy continues to be accommodative, growth rates continue to be good, albeit not as high as in previous years. The weakness, however, of the emerging economies and lower growth in China have slowed the expansion of international trade and fuel the drop in the prices of raw materials.

In this environment the Amplifon Group benefitted from its worldwide presence and posted a very positive performance, achieving record results and strong growth against the prior year in terms of both sales, which for the first time in history reached and exceeded Euro 1 billion, and profitability.

In the second quarter of the year the Company and the Chief Executive Officer, Franco Moscetti, mutually agreed that the conditions for a seamless change in leadership which would further sustain the growth process, while also strengthening the Group's competitiveness, had materialized. On 22 October 2015 the Board of Directors, having acknowledged that Franco Moscetti had tendered his resignation and relinquished all powers, granted Enrico Vita (formerly the Company's Chief Operating Officer) all the powers assigned to the Chief Executive Officer.
Franco Moscetti was paid a total indemnity of €5.7 million, was granted early vesting of the 600,000 performance stock grant rights assigned and received a payment of €0.7 million as part of a non-compete agreement valid through 30 April 2017, inclusive.

More in detail, the year closed with total revenue of €1,034.0 million (+16.1% against 2014), a gross operating margin (EBITDA) of €165.2 million (+20.0% against 2014) and a net profit of €46.8 million. Net profit for recurring operations alone reaches €52.8 million, an increase of 47.4% against the prior year.

Revenue performance

For the first time in the Group's history, revenue from sales and services exceeded €1 billion, coming in at €1,033,977 thousand (€890,931 thousand in 2014), an increase against the prior year of €143,046 thousand (+16.1%), around half of which is explained by organic growth. Acquisitions contributed €27,636 thousand (+3.1%), while exchange gains amounted to €42,032 thousand (+4.7%). Sales rose in all the geographic areas where the Group operates. More in detail:

- in Europe, the Middle-East and Africa, the Amplifon Group's revenue increased (+11.4%) with positive results posted in all the countries, but particularly in Italy (+8.2%), France (+11.4%), Germany (+15.8%), Switzerland (+11.8% in local currency) and the Iberian Peninsula (+16.2%). The Middle-East and Africa also made a substantial contribution (+63.3%);
- in the Americas, revenue rose 18.5% in local currency across all channels;
- in Asia-Pacific sales rose 11.0% overall, with New Zealand reporting an increase of 19.8% in local currency.

Profit performance

The growth in revenue resulted in a significant increase in profitability across all the Group's geographies. Gross operating profit (EBITDA) amounted to a record €165,177 thousand, an increase of €27,509 thousand against the prior year (+20.0%). Net of the exchange differences, which had a positive impact of some €7,157 thousand, and the €2,186 thousand in non-recurring costs, the rise in EBITDA reaches €22,538 thousand (+16.4%). The recurring EBITDA margin reached 16.2%, an increase of 0.7 percentage points against 2014.

Changes in net debt

The net financial position continues to be extremely solid, net financial indebtedness came to €204,911 thousand at 31 December 2015 (€248,417 thousand at 31 December 2014) with free cash flow of € 89,730 thousand and total net cash flow of €43,506 thousand (versus €78,392 thousand and €26,950 thousand, respectively, in the prior year). Total cash flow improved by €27,388 thousand against 2014, net of the impact of the non-recurring items (€5,448 thousand in 2015 and €9,191 thousand in the prior year), acquisitions (€41,073 thousand in 2015 and €35,883 thousand in the prior year), the purchase of treasury shares and the payment of dividends net of the cash in resulting from the exercise of stock options (€11,751 thousand in 2015 and €9,852 thousand in the prior year) and after having absorbed CAPEX of €48,101 thousand (€42,930 thousand in the prior year).

In the second quarter the last tranche of the USD 70 million (€55.2 million at the hedging rate) private placement 2006-2016 was repaid in advance.
The advance repayment resulted in the payment of €4.3 million in interest that would have been payable to investors in the period beginning from the repayment date through the natural expiration of the private placement net of a discount which, as it was higher than the rate at which the liquidity could have been invested, had a positive impact of approximately €0.5 million pre-tax compared to total interest actually owed if the debt had been repaid to the maturity date of August 2, 2016.

At 31 December 2015 gross debt amounted to €401,625 thousand, €382,542 thousand of which long term. Cash and cash equivalents of €196,714 thousand, along with available credit lines, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

Consolidated Income Statement

(€ thousands)	FY 2015 Recurring	FY 2015 Non recurring (*)	FY 2015 Total	FY 2015 % on recurring	FY 2014 Recurring	FY 2014 Non recurring (*)	FY 2014 Total	FY 2014 % on recurring	% change on recurring
Revenues from sales and services	1,033,977	-	1,033,977	100.0%	890,931	-	890,931	100.0%	16.1%
Operating costs	(868,861)	(6,792)	(875,653)	-84.0%	(752,124)	-	(752,124)	-84.4%	15.5%
Other costs and revenues	2,247	4,606	6,853	0.2%	(1,139)	-	(1,139)	-0.1%	-297.3%
Gross operating profit (EBITDA)	**167,363**	**(2,186)**	**165,177**	**16.2%**	**137,668**	**-**	**137,668**	**15.5%**	**21.6%**
Depreciation and write-downs of non-current assets	(38,993)	(238)	(39,231)	-3.8%	(31,907)		(31,907)	-3.6%	22.2%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**128,370**	**(2,424)**	**125,946**	**12.4%**	**105,761**	**-**	**105,761**	**11.9%**	**21.4%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(12,320)	(2,620)	(14,940)	-1.2%	(15,145)		(15,145)	-1.7%	-18.7%
Operating profit (EBIT)	**116,050**	**(5,044)**	**111,006**	**11.2%**	**90,616**	**-**	**90,616**	**10.2%**	**28.1%**
Income, expenses, valuation and adjustments of financial assets	334	1,253	1,587	0.0%	673	-	673	0.1%	-50.4%
Net financial expenses	(20,871)	(2,854)	(23,725)	-2.0%	(22,986)	-	(22,986)	-2.6%	-9.2%
Exchange differences and non hedge accounting instruments	(771)	-	(771)	-0.1%	(1,747)	-	(1,747)	-0.2%	-55.9%
Profit (loss) before tax	**94,742**	**(6,645)**	**88,097**	**9.2%**	**66,556**	**-**	**66,556**	**7.5%**	**42.3%**
Current tax	(41,366)	2,053	(39,313)	-4.0%	(25,709)	8,707	(17,002)	-2.9%	60.9%
Deferred tax	(675)	(1,397)	(2,072)	-0.1%	(5,070)	1,961	(3,109)	-0.6%	-86.7%
Net profit (loss)	**52,701**	**(5,989)**	**46,712**	**5.1%**	**35,777**	**10,668**	**46,445**	**4.0%**	**47.3%**
Profit (loss) of minority interests	(93)	-	(93)	0.0%	(30)	-	(30)	0.0%	210.0%
Net profit (loss) attributable to the Group	**52,794**	**(5,989)**	**46,805**	**5.1%**	**35,807**	**10,668**	**46,475**	**4.0%**	**47.4%**

(*) See table on page 36 for details of non-recurring transactions.

EBITDA is the operating result before charging amortisation, depreciation and impairment of both tangible and intangible fixed assets.

EBITA is the operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations.

EBIT is the operating result before financial income and charges and taxes.

(€ thousands)	Q4 2015 Recurring	Q4 2015 Non recurring (*)	Q4 2015 Total	Q4 2015 % on recurring	Q4 2014 Recurring	Q4 2014 Non recurring (*)	Q4 2014 Total	Q4 2014 % on recurring	% change on recurring
Revenues from sales and services	300,229	-	300,229	100.0%	267,581	-	267,581	100.0%	12.2%
Operating costs	(241,968)	-	(241,968)	-80.6%	(212,391)	-	(212,391)	-79.4%	13.9%
Other costs and revenues	822	2,590	3,412	0.3%	(758)	-	(758)	-0.3%	-208.4%
Gross operating profit (EBITDA)	**59,083**	**2,590**	**61,673**	**19.7%**	**54,432**	**-**	**54,432**	**20.3%**	**8.5%**
Depreciation and write-downs of non-current assets	(12,193)	(238)	(12,431)	-4.1%	(8,851)	-	(8,851)	-3.3%	37.8%
Operating result before the amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**46,890**	**2,352**	**49,242**	**15.6%**	**45,581**	**-**	**45,581**	**17.0%**	**2.9%**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(1,116)	(2,620)	(3,736)	-0.4%	(3,928)	-	(3,928)	-1.5%	-71.6%
Operating profit (EBIT)	**45,774**	**(268)**	**45,506**	**15.2%**	**41,653**	**-**	**41,653**	**15.6%**	**9.9%**
Income, expenses, valuation and adjustments of financial assets	116	-	116	0.0%	38	-	38	0.0%	205.3%
Net financial expenses	(5,202)	-	(5,202)	-1.7%	(6,625)	-	(6,625)	-2.5%	-21.5%
Exchange differences and non hedge accounting instruments	373	-	373	0.1%	(479)	-	(479)	-0.2%	-177.9%
Profit (loss) before tax	**41,061**	**(268)**	**40,793**	**13.7%**	**34,587**	**-**	**34,587**	**12.9%**	**18.7%**
Current tax	(15,086)	1,305	(13,781)	-5.0%	(9,241)	-	(9,241)	-3.5%	63.3%
Deferred tax	(2,428)	(3,031)	(5,459)	-0.8%	(4,998)	-	(4,998)	-1.9%	-51.4%
Net profit (loss)	**23,547**	**(1,994)**	**21,553**	**7.8%**	**20,348**	**-**	**20,348**	**7.6%**	**15.7%**
Profit (loss) of minority interests	71	-	71	0.0%	(36)	-	(36)	0.0%	-297.2%
Net profit (loss) attributable to the Group	**23,476**	**(1,994)**	**21,482**	**7.8%**	**20,384**	**-**	**20,384**	**7.6%**	**15.2%**

(*) See table on page 36 for details of non-recurring transactions.

The details of the non-recurring transactions included in the previous tables are shown below.

(€ thousands)	FY 2015	FY 2014	Q4 2015	Q4 2014
Expenses related to the transition in the Group's leadership	(6,792)	-	-	-
Restructuring costs incurred in the Netherlands	(943)	-	(415)	-
Income generated in the United States as a result of early termination of commercial partnership and compensation for damages related to unfair competition	3,062	-	518	-
Income recognized in India following the cancellation of the earn-out related to the 2012 acquisition of the Beltone stores	2,487	-	2,487	-
Impact of the non-recurring items on EBITDA	**(2,186)**	**-**	**2,590**	**-**
Goodwill impairment recognized in India	(2,620)	-	(2,620)	-
Write-down of the residual assets of restructured stores in the Netherlands	(238)	-	(238)	-
Impact of the non-recurring items on EBIT	**(5,044)**	**-**	**(268)**	**-**
Make whole payment for advanced repayment of the 2006-2016 private placement	(4,289)	-	-	-
Income generated in the United States by eliminating the discounting of receivables entirely repaid by a partner following early termination of the commercial partnership	1,435	-	-	-
Income recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd (already 40% held) pursuant to IFRS 3R related to the accounting of step up acquisitions	1,253	-	-	-
Impact of the non-recurring items pre-tax	**(6,645)**	**-**	**(268)**	**-**
Impact of the above items on the taxes for the year	2,349	-	(33)	-
Write-down of deferred tax assets recognized in Italy following change in IRES (corporate income tax) tax rate from 27.5% to 24%, effective as of 2017, as approved by the Parliament in December 2015	(1,693)	-	(1,693)	-
Income generated following allowance of the deduction for tax purposes of certain assets in Australia	-	10,668	-	-
Impact of the non-recurring items on net profit (loss)	**(5,989)**	**10,668**	**(1,994)**	**-**

Reclassified Consolidated Balance Sheet

The reclassified Consolidated Balance Sheet aggregates assets and liabilities according to operating functionality criteria, subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	31/12/2015	31/12/2014	Change
Goodwill	572,150	534,822	37,328
Non-competition agreements, trademarks, customer lists and lease rights	98,115	98,650	(535)
Software, licences, other intangible fixed assets, fixed assets in progress and advances	43,298	36,458	6,840
Tangible assets	102,675	96,188	6,487
Financial fixed assets [1]	42,326	48,583	(6,257)
Other non-current financial assets [1]	4,236	3,691	545
Non-current assets	**862,800**	**818,392**	**44,408**
Inventories	28,956	28,690	266
Trade receivables	111,727	109,355	2,372
Other receivables	34,068	33,059	1,009
Current assets (A)	**174,751**	**171,104**	**3,647**
Operating assets	**1,037,551**	**989,496**	**48,055**
Trade payables	(113,343)	(101,788)	(11,555)
Other payables [2]	(131,432)	(124,418)	(7,014)
Provisions for risks and charges (current portion)	(1,378)	(978)	(400)
Current liabilities (B)	**(246,153)**	**(227,184)**	**(18,969)**
Net working capital (A) - (B)	**(71,402)**	**(56,080)**	**(15,322)**
Derivative instruments [3]	(6,988)	(9,820)	2,832
Deferred tax assets	40,743	44,653	(3,910)
Deferred tax liabilities	(55,695)	(51,998)	(3,697)
Provisions for risks and charges (non-current portion)	(48,407)	(40,569)	(7,838)
Liabilities for employees' benefits (non-current portion)	(15,572)	(15,712)	140
Loan fees [4]	2,197	3,023	(826)
Other non-current payables	(2,600)	(250)	(2,350)
NET INVESTED CAPITAL	**705,076**	**691,639**	**13,437**
Group net equity	499,471	442,165	57,306
Minority interests	694	1,057	(363)
Total net equity	**500,165**	**443,222**	**56,943**
Net medium and long-term financial indebtedness [4]	382,542	442,484	(59,942)
Net short-term financial indebtedness [4]	(177,631)	(194,067)	16,436
Total net financial indebtedness	**204,911**	**248,417**	**(43,506)**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**705,076**	**691,639**	**13,437**

Notes for reconciling the condensed balance sheet with the statutory balance sheet:
(1) "Financial fixed assets" and "Other non-current financial assets" include equity interests valued using the net equity method, financial assets at fair value through profit and loss and other non-current assets;
(2) "Other payables" includes other liabilities, accrued liabilities and deferred income, current portion of liabilities for employees' benefits and tax liabilities;
(3) "Derivative instruments" includes cash flow hedging instruments not comprised in the net financial position;
(4) The item "loan fees" is presented in the balance sheet as a direct reduction of the short-term and medium/long-term components of the items "financial payables" and "financial liabilities" for the short term and long term portion respectively.

Condensed Reclassified Consolidated Cash Flow Statement

The condensed consolidated cash flow statement represents a summary version of the reclassified cash flow statement detailed in the following pages and its purpose is, starting from the EBIT, to detail the flows generated from or absorbed by operating, investing and financing activities.

For a complete analysis of the figures and variations with regard to the comparative period, please refer to the dedicated section of this report.

(€ thousands)	FY 2015	FY 2014
Operating profit (EBIT)	**111,006**	**90,616**
Amortization, depreciation and write-down	54,170	47,052
Provisions, other non-monetary items and gain/losses from disposals	23,944	18,887
Net financial expenses	(23,055)	(21,118)
Taxes paid	(38,242)	(11,284)
Changes in net working capital	326	(8,076)
Cash flow generated from (absorbed by) operating activities (A)	**128,149**	**116,077**
Cash flow generated from (absorbed by) operating investing activities (B)	(38,419)	(37,685)
Free cash flow (A+B)	**89,730**	**78,392**
Cash flow generated from (absorbed by) business combinations (C)	(41,073)	(35,883)
(Purchase) sale of other investments, securities and reductions of earn-out (D)	9,423	(146)
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(70,069)**	**(73,714)**
Cash flow generated from (absorbed by) operating and investing activities	**58,080**	**42,363**
Dividends	(9,356)	(9,350)
Commissions and fees on long-term financing	-	-
Treasury shares	(6,601)	(2,456)
Capital increases, third parties contributions, dividends paid to third parties by subsidiaries	4,206	1,955
Hedging instruments and other changes in non-current assets	(2,015)	(5,656)
Net cash flow from the period	**44,314**	**26,856**
Net financial indebtedness at the beginning of the period	**(248,417)**	**(275,367)**
Effect of the exchange rate fluctuations on the net financial position	(808)	94
Change in net financial position	44,314	26,856
Net financial indebtedness at the end of the period	**(204,911)**	**(248,417)**

The non-recurring transactions described above in the section on the change in net debt had a positive impact on the cash flow recorded in the period of €5,448 thousand in 2015 versus €9,191 thousand in the comparison period.

Indicators

	31/12/2015	31/12/2014
Net financial indebtedness (€ thousands)	204,911	248,417
Net Equity (€ thousands)	500,165	443,222
Group Net Equity (€ thousands)	499,471	442,165
Net financial indebtedness/Net Equity	0.41	0.56
Net financial indebtedness/Group Net Equity	0.41	0.56
Net financial indebtedness/EBITDA	1.21	1.77
EBITDA/Net financial charges	7.93	6.51
Earnings per share (EPS) (€)	0.21465	0.213789
Diluted EPS (€)	0.20812	0.207547
Earnings per share – Recurring operations (EPS) (€)	0.24212	0.164715
Diluted EPS – Recurring operations (€)	0.23475	0.159906
Group Net Equity per share (€)	2.278	2.036
Dividend per share (DPS) (€) (*)	0.043	0.043
Pay-out ratio (%) (*)	20.03%	20.11%
Dividend yield (%) (*)	0.54%	0.88%
Period-end price	7.995	4.904
Highest price in period (€)	8.015	5.025
Lowest price in period (€)	4.824	3.996
Price/earnings ratio (P/E)	37.25	22.94
Price/earnings ratio (P/E) – Recurring operations	33.02	29.77
Share price/net equity per share	3.509	2.409
Market capitalisation (€ millions)	1,752.78	1,065.06
Number of shares outstanding	219,233,947	217,181,851

(*) values determined based on the dividend proposed by the Board of Directors at the Shareholders General Meeting convened for 18 April 2016.

- The **net financial indebtedness/Net Equity** ratio is the ratio of net financial indebtedness to total net equity.

- The **net financial indebtedness/group net equity** ratio is the ratio of the net financial indebtedness to the Group's net equity.

- The **net financial indebtedness/EBITDA** ratio is the ratio of net financial indebtedness to EBITDA for the last four quarters (determined with reference to recurring business only on the basis of pro forma figures where there were significant changes to the structure of the Group).

- The **EBITDA/net financial charges ratio** is the ratio of EBITDA for the last four quarters (determined with reference to recurring business only on the basis of restated figures where there were significant changes to the structure of the Group) to net interest payable and receivable of the same last 4 quarters.

- **Earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.

- **Diluted earnings per share (EPS) (€)** is net profit for the period attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Earnings per share – recurring operations (EPS) (€)** is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period, considering purchases and sales of treasury shares as cancellations or issues of shares, respectively.

- **Diluted earnings per share – recurring operations (EPS) (€)** is net income from recurring operations for the year attributable to the Parent's ordinary shareholders divided by the weighted average number of shares outstanding during the period adjusted for the dilution effect of potential shares. In the calculation of outstanding shares, purchases and sales of treasury shares are considered as cancellations and issues of shares, respectively.

- **Net Equity per share (€)** is the ratio of Group equity to the number of shares outstanding.

- **Dividend per share (DPS) (€)** is the dividend paid in the following year resolved by the shareholders' meeting approving the accounts for the year indicated. This indicator is not given in interim reports since it is only meaningful with reference to the full year result.

- **Pay-out ratio (%)** is the ratio of the dividend paid to EPS.

- **Dividend yield (%)** is the ratio of the dividend per share paid in the following year to the share price on 31 December of the year indicated.

- **Period-end price (€)** is the closing price on the last stock exchange trading day of the period.
- **Highest price (€) and lowest price (€)** are the highest and lowest prices from 1 January to the end of the period.
- **Price/Earnings ratio (P/E)** is the ratio of the share price on the last stock exchange trading day of the period to earnings per share.
- **Price/Earnings ratio (P/E) – recurring operations** is the ratio of the share price on the last stock exchange trading day of the period to earnings per share.
- **Share price/Net equity per share** is the ratio of the share closing price on the last stock exchange trading day of the period to net equity per share.
- **Market capitalisation** is the closing price on the last stock exchange trading day of the period multiplied by the number of shares outstanding.
- **The number of shares outstanding** is the number of shares issued less treasury shares.

Income Statement Review

Consolidated Income Statement by Segment (*)

(€ thousands)	FY 2015					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	688,057	198,494	146,897	529	-	1,033,977
Operating costs	(584,907)	(161,460)	(101,364)	(27,922)	-	(875,653)
Other costs and revenues	711	4,005	2,070	67	-	6,853
Gross operating profit (EBITDA)	**103,861**	**41,039**	**47,603**	**(27,326)**	**-**	**165,177**
Depreciation and write-downs of non-current assets	(24,381)	(3,860)	(7,603)	(3,387)	-	(39,231)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**79,480**	**37,179**	**40,000**	**(30,713)**	**-**	**125,946**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(7,844)	(640)	(6,456)	-	-	(14,940)
Operating profit (EBIT)	**71,636**	**36,539**	**33,544**	**(30,713)**	**-**	**111,006**
Income, expenses, valuation and adjustments of financial assets						1,587
Net financial expenses						(23,725)
Exchange differences and non hedge accounting instruments						(771)
Profit (loss) before tax						**88,097**
Current tax						(39,313)
Deferred tax						(2,072)
Net profit (loss)						**46,712**
Profit (loss) of minority interests						(93)
Net profit (loss) attributable to the Group						**46,805**

(€ thousands)	FY 2015 – Recurring only					
	EMEA	**Americas**	**Asia Pacific**	**Corporate**	**Elim.**	**Total**
Revenues from sales and services	688,057	198,494	146,897	529	-	1,033,977
Gross operating profit (EBITDA)	104,803	37,977	45,117	(20,534)	-	167,363
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	80,661	34,117	37,513	(23,921)	-	128,370
Operating profit (EBIT)	72,817	33,477	33,677	(23,921)	-	116,050
Profit (loss) before tax						94,742
Net profit (loss) attributable to the Group						52,794

(*) For the purposes of reporting on economic data by geographic area, please note that the Corporate structures are included in EMEA.

	FY 2014 (*)					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	617,687	140,932	132,312	-	-	890,931
Operating costs	(525,136)	(113,695)	(93,560)	(19,670)	(63)	(752,124)
Other costs and revenues	(1,532)	649	(192)	(127)	63	(1,139)
Gross operating profit (EBITDA)	**91,019**	**27,886**	**38,560**	**(19,797)**	**-**	**137,668**
Depreciation and write-downs of non-current assets	(21,875)	(2,766)	(4,996)	(2,270)	-	(31,907)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**69,144**	**25,120**	**33,564**	**(22,067)**	**-**	**105,761**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(7,809)	(972)	(6,364)	-	-	(15,145)
Operating profit (EBIT)	**61,335**	**24,148**	**27,200**	**(22,067)**	**-**	**90,616**
Income, expenses, valuation and adjustments of financial assets						673
Net financial expenses						(22,986)
Exchange differences and non hedge accounting instruments						(1,747)
Profit (loss) before tax						**66,556**
Current tax						(17,002)
Deferred tax						(3,109)
Net profit (loss)						**46,445**
Profit (loss) of minority interests						(30)
Net profit (loss) attributable to the Group						**46,475**

	FY 2014 (*) – Recurring only					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	617,687	140,932	132,312	-	-	890,931
Gross operating profit (EBITDA)	91,019	27,886	38,560	(19,797)	-	137,668
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	69,144	25,120	33,564	(22,067)	-	105,761
Operating profit (EBIT)	61,335	24,148	27,200	(22,067)	-	90,616
Profit (loss) before tax						66,556
Net profit (loss) attributable to the Group						35,807

(*) The figures for 2014, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

continued Consolidated Income Statement by Segment (*)

(€ thousands)	Q4 2015					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	210,350	53,447	36,071	361	-	300,229
Operating costs	(164,801)	(44,514)	(25,450)	(7,203)	-	(241,968)
Other costs and revenues	184	914	2,286	29	-	3,412
Gross operating profit (EBITDA)	**45,732**	**9,847**	**12,907**	**(6,813)**	**-**	**61,673**
Depreciation and write-downs of non-current assets	(6,439)	(932)	(4,153)	(907)	-	(12,431)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**39,293**	**8,915**	**8,754**	**(7,720)**	**-**	**49,242**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,024)	(142)	(1,570)	-	-	(3,736)
Operating profit (EBIT)	**37,269**	**8,773**	**7,184**	**(7,720)**	**-**	**45,506**
Income, expenses, valuation and adjustments of financial assets						116
Net financial expenses						(5,202)
Exchange differences and non hedge accounting instruments						373
Profit (loss) before tax						**40,793**
Current tax						(13,781)
Deferred tax						(5,459)
Net profit (loss)						**21,553**
Profit (loss) of minority interests						71
Net profit (loss) attributable to the Group						**21,482**

(€ thousands)	Q4 2015 – Recurring only					
	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	210,350	53,447	36,071	361	-	300,229
Gross operating profit (EBITDA)	46,148	9,329	10,420	(6,814)	-	59,083
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	39,946	8,397	6,267	(7,720)	-	46,890
Operating profit (EBIT)	37,922	8,255	7,317	(7,720)	-	45,774
Profit (loss) before tax						41,061
Net profit (loss) attributable to the Group						23,476

	Q4 2014 (*)					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	193,125	39,496	34,960	-	-	267,581
Operating costs	(150,467)	(30,910)	(24,083)	(6,931)	-	(212,391)
Other costs and revenues	(983)	177	4	44	-	(758)
Gross operating profit (EBITDA)	**41,675**	**8,763**	**10,881**	**(6,887)**	**-**	**54,432**
Depreciation and write-downs of non-current assets	(5,844)	(806)	(1,476)	(725)	-	(8,851)
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	**35,831**	**7,957**	**9,405**	**(7,612)**	**-**	**45,581**
Amortization and impairment of trademarks, customer lists, lease rights and non-competition agreements and goodwill	(2,092)	(227)	(1,609)	-	-	(3,928)
Operating profit (EBIT)	**33,739**	**7,730**	**7,796**	**(7,612)**	**-**	**41,653**
Income, expenses, valuation and adjustments of financial assets						38
Net financial expenses						(6,625)
Exchange differences and non hedge accounting instruments						(479)
Profit (loss) before tax						**34,587**
Current tax						(9,241)
Deferred tax						(4,998)
Net profit (loss)						**20,348**
Profit (loss) of minority interests						(36)
Net profit (loss) attributable to the Group						**20,384**

	Q4 2014 (*) – Recurring only					
(€ thousands)	EMEA	Americas	Asia Pacific	Corporate	Elim.	Total
Revenues from sales and services	193,125	39,496	34,960	-	-	267,581
Gross operating profit (EBITDA)	41,675	8,763	10,881	(6,887)	-	54,432
Operating result before amortisation and impairment of customer lists, trademarks, non-competition agreements and goodwill arising from business combinations (EBITA)	35,831	7,957	9,405	(7,612)	-	45,581
Operating profit (EBIT)	33,739	7,730	7,796	(7,612)	-	41,653
Profit (loss) before tax						34,587
Net profit (loss) attributable to the Group						20,384

(*) The figures for 2014, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.

Revenues from sales and services

(€ thousands)	FY 2015	FY 2014	Change	Change %
Revenues from sales and services	**1,033,977**	**890,931**	**143,046**	**16.1%**

(€ thousands)	Q4 2015	Q4 2014	Change	Change %
Revenues from sales and services	**300,229**	**267,581**	**32,648**	**12.2%**

For the first time in the Group's history, revenue from sales and services exceeded €1 billion, coming in at €1,033,977 thousand (versus €890,931 thousand in 2014), an increase against the prior year of €143,046 thousand (+16.1%), driven for €73,378 thousand (+8.2%) by organic growth, for € 42,032 thousand (+4.7%) by exchange differences related to the weakening of the Euro against other currencies and for €27,636 thousand (+3.1%) by acquisitions.

In the fourth quarter alone, revenue from sales and services amounted to €300,229 thousand, an increase of €32,648 thousand (+12.2%) with respect to the same period of the period year, due primarily to organic growth of €17,815 thousand (+6.7%), exchange differences of €7,455 thousand (+2.8%) and acquisitions which contributed €7,378 thousand (+2.8%).

The following table shows the breakdown of revenues from sales and services by segment:

(€ thousands)	FY 2015	%	FY 2014	%	Change	Change %	Exchange diff.	Change % in local currency
Italy	247,723	24.0%	228,957	25.7%	18,766	8.2%		
France	117,885	11.4%	105,866	11.9%	12,019	11.4%		
The Netherlands	75,570	7.3%	73,350	8.2%	2,220	3.0%		
Germany	64,365	6.2%	55,579	6.2%	8,786	15.8%		
United Kingdom	40,781	3.9%	37,374	4.2%	3,407	9.1%	4,061	-1.7%
Switzerland	38,946	3.8%	30,624	3.4%	8,322	27.2%	4,706	11.8%
Spain	36,764	3.6%	32,335	3.6%	4,429	13.7%		
Belgium	24,567	2.4%	23,511	2.6%	1,056	4.5%		
Israel	13,898	1.3%	7,054	0.8%	6,844	97.0%	1,207	79.9%
Hungary	9,232	0.9%	8,972	1.0%	260	2.9%	(39)	3.4%
Portugal	6,760	0.7%	5,120	0.5%	1,640	32.0%		
Turkey	4,221	0.4%	3,355	0.4%	866	25.8%	(173)	31.0%
Egypt	3,547	0.3%	2,857	0.3%	690	24.2%	325	12.8%
Poland	2,494	0.2%	1,462	0.2%	1,032	70.6%	-	70.6%
Ireland	855	0.1%	784	0.1%	71	9.1%		
Luxembourg	613	0.1%	662	0.1%	(49)	-7.4%		
Intercompany eliminations	(164)	0.0%	(175)	0.0%	11			
Total EMEA	**688,057**	**66.5%**	**617,687**	**69.2%**	**70,370**	**11.4%**	**10,087**	**9.7%**
USA	190,355	18.4%	136,583	15.3%	53,772	39.4%	31,379	16.4%
Canada	6,855	0.7%	4,192	0.5%	2,663	63.5%	222	58.2%
Brazil	1,284	0.1%	157	0.0%	1,127	717.8%	(63)	880.7%
Total Americas	**198,494**	**19.2%**	**140,932**	**15.8%**	**57,562**	**40.8%**	**31,538**	**18.5%**
Australia	94,961	9.2%	89,954	10.1%	5,007	5.6%	(373)	6.0%
New Zealand	46,966	4.5%	39,060	4.4%	7,906	20.2%	176	19.8%
India	4,970	0.5%	3,298	0.4%	1,672	50.7%	604	32.4%
Total Asia Pacific	**146,897**	**14.2%**	**132,312**	**14.9%**	**14,585**	**11.0%**	**407**	**10.7%**
Corporate and intercompany eliminations	529	0.1%	-	0.0%	529			
Total	**1,033,977**	**100.0%**	**890,931**	**100.0%**	**143,046**	**16.1%**	**42,032**	**11.3%**

Europe, Middle-East and Africa

Period (€ thousands)	2015	2014	Change	Change %
I quarter	151,506	127,940	23,566	18.4%
II quarter	179,130	161,391	17,739	11.0%
I Half-year	**330,636**	**289,331**	**41,305**	**14.3%**
III quarter	147,071	135,232	11,839	8.8%
IV quarter	210,350	193,124	17,226	8.9%
II Half-year	**357,421**	**328,356**	**29,065**	**8.9%**
Total year	**688,057**	**617,687**	**70,370**	**11.4%**

Revenue from sales and services generated on the European market amounted to €688,057 thousand in 2015 versus €617,687 thousand in 2014, an increase of €70,370 thousand (+11.4%), explained by organic growth which reached €39,072 thousand (+6.3%), acquisitions, for €21,211 thousand (+3.4%), while exchange differences had a positive impact of €10,087 thousand (+1.7%).

The strong growth against the comparison period, which was higher in the first part of the year due to the weak results recorded in the prior year, was recorded in almost all countries but was boosted in particular:

- by the excellent results posted in Italy (+8.2%) where, including net of the contribution of the Audika Italia stores acquired in the second quarter of 2014, important organic growth was recorded thanks to the positive impact of the increased investments made in renewed marketing campaigns;
- by the continuous growth recorded in France (+11.4%), linked to both organic growth (+5.4%) and acquisitions (+6.0%);
- by the significant results achieved in Switzerland (+11.8% at constant exchange rates);
- by the solid trend confirmed in Germany where, while the market shrank after the strong growth registered in 2014, Amplifon continues to grow (+15.8%, +14.8% of which explained by acquisitions);
- by the excellent results recorded in the Iberian Peninsula (+16.2%) explained by both the organic growth linked to the focus on the retail channel and the contribution of the newly opened stores;
- by the positive performance of the Middle-East and Africa where the growth (+63.3%) is explained by both the consolidation for the entire period of the acquisition made in Israel at the end of April 2014, which contributed €6,844 thousand to period sales, as well as the excellent results posted in Egypt (+12.8% in local currency) and in Turkey (+31.0% in local currency).

In the fourth quarter alone, revenue from sales and services amounted to €210,350 thousand, an increase of €17,226 thousand (+8.9%) against the same period of the prior year, explained for €9,516 thousand (+4.9%) by organic growth, for €5,546 thousand (+2.9%) by acquisitions and for €2,164 thousand (+1.1%) by exchange gains.

The number of stores (direct and indirect) in the EMEA region reached 1,999 at 31 December 2015 compared to 1,869 at the end of the prior year. In addition to the stores (direct and indirect) there are also 3,172 customer contact points (2,984 at 31 December 2014).

Americas

Period (€ thousands)	2015	2014	Change	Change %
I quarter	46,331	32,970	13,361	40.5%
II quarter	49,642	33,405	16,237	48.6%
I Half-year	**95,973**	**66,375**	**29,598**	**44.6%**
III quarter	49,074	35,060	14,014	40.0%
IV quarter	53,447	39,497	13,950	35.3%
II Half-year	**102,521**	**74,557**	**27,964**	**37.5%**
Total year	**198,494**	**140,932**	**57,562**	**40.8%**

Revenue from sales and services in North America reached €198,494 thousand in 2015 versus €140,932 thousand in 2014, an increase of €57,562 thousand (+40.8%) explained for €31,538 thousand (+22.4%) by exchange gains and for €2,924 thousand (+2.1%) by acquisitions.

In local currency revenue was up by 18.5% (16.4% of which linked to organic growth) and distributed across all channels, though the highest percentage increase came from Amplifon Hearing Health Care (previously called Hear Po) which continues to benefit significantly from a new contract signed with a primary insurance company in the latter part of 2014.
The contribution from the Brazilian business (started at the end of 2014) amounted to BRL 4,752 thousand (€1,284 thousand).

Revenue from sales and services in the fourth quarter alone amounted to €53,447 thousand, an increase of €13,950 thousand (+35.3%) against the comparison period explained for €6,546 thousand (+16.6%) by exchange differences, for €6,586 thousand (+16.6%) by organic growth and for €818 thousand (2.1%) by acquisitions.

Amplifon has 26 direct stores in North America, 1,220 franchises and 1,687 wholesale points of sale. In Brazil Amplifon has one directly operated store, 5 franchises and 74 customer contact points. At the end of the previous year, there were 23 directly operated stores, 1,171 franchises, 1,881 wholesale points of sale and 77 customer contact points.

Asia Pacific

Period (€ thousands)	2015	2014	Change	Change %
I quarter	33,455	27,439	6,016	21.9%
II quarter	40,111	33,306	6,805	20.4%
I Half-year	**73,566**	**60,745**	**12,821**	**21.1%**
III quarter	37,260	36,607	653	1.8%
IV quarter	36,071	34,960	1,111	3.2%
II Half-year	**73,331**	**71,567**	**1,764**	**2.5%**
Total year	**146,897**	**132,312**	**14,585**	**11.0%**

Revenue from sales and services in Asia-Pacific amounted to €146,897 in 2015 versus €132,312 thousand in 2014, an increase of €14,585 thousand (+11.0%) explained for €3,501 thousand (2.6%) by acquisitions and for €407 thousand (0.3%) by exchange gains. In local currency growth reached 6.0% in Australia and 19.8% (8.9% of which linked to acquisitions) in New Zealand where the first part of 2014 was particularly weak while waiting for the regulatory changes to take effect which, beginning July 2014, resulted in increased subsidies. Growth reached 32.4% in India.

In the fourth quarter alone revenue from sales and services amounted to €36,071 thousand, an increase of €1,111 thousand (+3.2%) against the same period of the prior year explained for €1,352 thousand (+3.9%) by organic growth, for €1,014 thousand (+2.9%) by acquisitions, while exchange differences had a negative impact of €1,255 thousand (-3.6%).

At 31 December 2015 the Group had 307 stores in Asia-Pacific (versus 293 at 31 December 2014), as well as 196 customer contact points (116 at 31 December 2014).

Gross operating profit (EBITDA)

(€ thousands)	FY 2015			FY 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**167,363**	**(2,186)**	**165,177**	**137,668**	**-**	**137,668**

(€ thousands)	Q4 2015			Q4 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**59,083**	**2,590**	**61,673**	**54,432**	**-**	**54,432**

Gross operating profit (EBITDA) amounted to €165,177 thousand in 2015 (with an EBITDA margin of 16.0%) versus €137,668 thousand in the prior year (and an EBITDA margin of 15.5%), an increase of €27,509 thousand (+20.0%). The EBITDA margin rose 0.5 percentage points (p.p.).

In the fourth quarter alone, the gross operating profit (EBITDA) amounted to €61,673 thousand, an increase of €7,241 thousand (+13.3%) against the fourth quarter of the prior year. The EBITDA margin rose 0.2 p.p. against the comparison period to 20.5%.

The result was impacted by non-recurring items amounting to €2,186 thousand explained:
- for €6,792 thousand by the change in the Group's leadership, already recognized in the second quarter;
- for €943 thousand by the restructuring charges incurred in the Netherlands in the second half of the year;
- for €3,062 thousand by the non-recurring income posted in the United States in the third quarter as a result of the early termination of a commercial partnership (€2,544 thousand) and damages paid by a former commercial partner for unfair competition (€518 thousand);
- for €2,487 thousand by income recognized in the fourth quarter in India following the cancellation of the earn-out linked to the 2012 acquisition of the Beltone stores since no payment is expected due to the achievement of results lower than initially expected.

Exchange gains reached €7,157 thousand, €1,203 thousand of which in the fourth quarter alone.

Net of the above mentioned items, the increase against the comparison period reached €22,538 thousand (+16.4%) for the whole year and €3,448 thousand (+6.3%) for the fourth quarter alone.

The recurring EBITDA margin for FY 2015 came to 16.2% (+0.7 p.p. against 2014) and to 19.7% (-0.6 p.p. against the comparison period) in the fourth quarter alone.

The following table shows a breakdown of EBITDA by segment.

(€ thousands)	FY 2015	EBITDA Margin	FY 2014 (*)	EBITDA Margin	Change	Change %
EMEA	103,861	15.1%	91,019	14.7%	12,842	14.1%
Americas	41,039	20.7%	27,886	19.8%	13,153	47.2%
Asia Pacific	47,603	32.4%	38,560	29.1%	9,043	23.5%
Corporate (**)	(27,326)	-2.6%	(19,797)	-2.2%	(7,529)	-38.0%
Total	**165,177**	**16.0%**	**137,668**	**15.5%**	**27,509**	**20.0%**

(€ thousands)	Q4 2015	EBITDA Margin	Q4 2014 (*)	EBITDA Margin	Change	Change %
EMEA	45,732	21.7%	41,675	21.6%	4,057	9.7%
Americas	9,847	18.4%	8,763	22.2%	1,084	12.4%
Asia Pacific	12,907	35.8%	10,881	31.1%	2,026	18.6%
Corporate (**)	(6,813)	-2.3%	(6,887)	-2.6%	74	1.1%
Total	**61,673**	**20.5%**	**54,432**	**20.3%**	**7,241**	**13.3%**

The following table shows the breakdown of EBITDA by segment for recurring operations only:

(€ thousands)	FY 2015	EBITDA Margin	FY 2014 (*)	EBITDA Margin	Change	Change %
EMEA	104,803	15.2%	91,019	14.7%	13,784	15.1%
Americas	37,977	19.1%	27,886	19.8%	10,091	36.2%
Asia Pacific	45,117	30.7%	38,560	29.1%	6,557	17.0%
Corporate (**)	(20,534)	-2.0%	(19,797)	-2.2%	(737)	-3.7%
Total	**167,363**	**16.2%**	**137,668**	**15.5%**	**29,695**	**21.6%**

(€ thousands)	Q4 2015	EBITDA Margin	Q4 2014 (*)	EBITDA Margin	Change	Change %
EMEA	46,148	21.9%	41,675	21.6%	4,473	10.7%
Americas	9,329	17.5%	8,763	22.2%	566	6.5%
Asia Pacific	10,420	28.9%	10,881	31.1%	(461)	-4.2%
Corporate (**)	(6,814)	-2.3%	(6,887)	-2.6%	73	1.1%
Total	**59,083**	**19.7%**	**54,432**	**20.3%**	**4,651**	**8.5%**

(*) The figures for 2014, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.
(**) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Gross operating profit (EBITDA) amounted to €103,861 thousand in the year (with an EBITDA margin of 15.1%) versus €91,019 thousand in the prior year (and an EBITDA margin of 14.7%), an increase of €12,842 thousand (+14.1%). The EBITDA margin rose 0.4 p.p.

In the fourth quarter alone, the gross operating profit (EBITDA) amounted to €45,732 thousand, an increase of €4,057 thousand (+9.7%) against the fourth quarter of the prior year. The EBITDA margin came to 21.7%, an increase of 0.1 p.p. against the comparison period.

The result was impacted by non-recurring costs of €943 thousand linked to the restructuring charges incurred in the Netherlands in the second part of the year.

Exchange differences had a positive impact on the whole year of €298 thousand and of €129 thousand on the fourth quarter alone.

Net of the above mentioned items, the increase against the comparison period reached €13,486 thousand (+14.8%) for the full year and €4,344 thousand (+10.4%) for the fourth quarter alone.

The recurring EBITDA margin came to 15.2% in 2015 (+0.5 p.p. against 2014) and to 21.9% in the fourth quarter alone (+0.3 p.p. against the fourth quarter of the prior year).

Americas

Gross operating profit (EBITDA) amounted to €41,039 thousand in 2015 (with an EBITDA margin of 20.7%) versus €27,886 thousand in the prior year (and an EBITDA margin of 19.8%), an increase of €13,153 thousand (+47.2%). The EBITDA margin rose 0.9 p.p.

In the fourth quarter alone, the gross operating profit (EBITDA) amounted to €9,847 thousand, an increase of €1,084 thousand (+12.4%) against the fourth quarter of the prior year. The EBITDA margin fell 3.8 p.p. against the comparison period to 18.4%.

The result for the period reflects the positive impact of the €3,062 thousand in non-recurring income generated as a result of the early termination of a commercial partnership in the third quarter (€2,544 thousand) and damages paid by a former commercial partner for unfair competition in the fourth quarter (€518 thousand).

Net of these items and the exchange gains which reached €6,873 thousand (€1,269 thousand of which relative to the fourth quarter alone), EBITDA was up by €3,218 thousand in FY 2015 (+11.5%) and fell by €703 thousand (-8.0%) in the fourth quarter alone.

The recurring EBITDA margin came to 19.1% (-0.7 p.p. against the prior year) and to 17.5% in the fourth quarter alone (-4.7 p.p. against the fourth quarter of the prior year).

Asia Pacific

Gross operating profit (EBITDA) amounted to €47,603 thousand in 2015 (with an EBITDA margin of 32.4%) versus €38,560 thousand in the prior year (and an EBITDA margin of 29.1%), an increase of €9,043 thousand (+23.5%). The EBITDA margin rose 3.3 p.p.

In the fourth quarter alone gross operating profit (EBITDA) amounted to €12,907 thousand, an increase of €2,026 thousand (+18.6%) against the fourth quarter of the prior year. The EBITDA margin rose 4.7 p.p. against the comparison period to 35.8%.

The result benefitted from the €2,487 thousand in non-recurring income recognized in the fourth quarter in India following the cancellation of the earn-out linked to the 2012 acquisition of the Beltone stores since no payment is expected due to the achievement of results lower than initially expected.

Net of these items and the exchange losses of €12 thousand (-€196 thousand in the fourth quarter alone), EBITDA rose €6,568 thousand (+17.0%) in the year and fell €265 thousand (-2.4%) in the fourth quarter alone.

The recurring EBITDA margin reached 30.7% (+1.6 p.p. against the prior year) and 28.9% in the fourth quarter alone (-2.2 p.p. against the fourth quarter of the prior year).

Corporate

The net cost of centralized Corporate functions (corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8 amounted to €27,326 thousand in 2015 (2.6% of the revenue generated by Group's sales and services) versus €19,797 thousand in the prior year (2.2% of the revenue generated by Group's sales and services), an increase of €7,529 thousand (+38.0%) and of 0.4 p.p. as a percentage of revenue generated by Group's sales and services. The increase is explained by the €6,792 thousand in non-recurring costs incurred linked to the transition in the Group's leadership recognized in the second quarter.

Net of this item, the increase in centralized costs reached €737 thousand (+3.7%) and 2.0% of total revenue generated by Group's sales and services (-0.2 p.p. against the prior year).

In the fourth quarter alone, the net cost of centralized Corporate functions reached €6,813 thousand, a drop of €74 thousand (-1.1%) against the fourth quarter of the prior year, and 2.3% of revenue generated by Group's sales and services, a decline of 0.3 p.p. against the comparison period.

Operating profit (EBIT)

(€ thousands)	FY 2015			FY 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**116,050**	**(5,044)**	**111,006**	**90,616**	**-**	**90,616**

(€ thousands)	Q4 2015			Q4 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**45,774**	**(268)**	**45,506**	**41,653**	**-**	**41,653**

Operating profit (EBIT) amounted to €111,006 thousand in 2015 versus €90,616 thousand in the same period of the prior year, an increase of €20,390 thousand (+22.5%) with the EBIT margin rising 0.5 p.p. to 10.7% against the 10.2% posted in 2014.

In the fourth quarter alone the operating profit (EBIT) amounted to €45,506 thousand, an increase of €3,853 thousand (+9.3%) against the fourth quarter of the prior year. The EBIT margin fell 0.4 p.p. against the comparison period to 15.2%.

The result posted in the period was impacted by €5,044 thousand in non-recurring expenses, €2,186 thousand of which described above in the section on EBITDA and €2,858 thousand of which explained:
- for €2,620 thousand, by the goodwill impairment recognized in India in the fourth quarter;
- for €238 thousand, by the write-downs of the residual assets of restructured stores in the Netherlands already referred to in the section on EBITDA.

Exchange differences had a positive impact on the whole period of €5,402 thousand and of €713 thousand on the fourth quarter alone.

Net of the above mentioned items, the increase against the prior year reached €20,032 thousand (+22.1%) and €3,408 thousand (+8.2%) for the fourth quarter alone, while EBIT margin came to 10.6% (+0.4 p.p. against 2014) and to 15.2% in the fourth quarter alone (-0.4 p.p. against the fourth quarter of the prior year).

In addition to the non-recurring items described above, with respect to the gross operating profit (EBITDA), EBIT was also influenced by higher depreciation and amortization as a result of the investments made beginning in 2014 in both the opening of new stores and IT systems.

The following table shows a breakdown of EBIT by segment:

(€ thousands)	FY 2015	EBIT Margin	FY 2014 (*)	EBIT Margin	Change	Change %
EMEA	71,636	10.4%	61,335	9.9%	10,301	16.8%
Americas	36,539	18.4%	24,148	17.1%	12,391	51.3%
Asia Pacific	33,544	22.8%	27,200	20.6%	6,344	23.3%
Corporate (**)	(30,713)	-3.0%	(22,067)	-2.5%	(8,646)	-39.2%
Total	**111,006**	**10.7%**	**90,616**	**10.2%**	**20,390**	**22.5%**

(€ thousands)	Q4 2015	EBIT Margin	Q4 2014 (*)	EBIT Margin	Change	Change %
EMEA	37,269	17.7%	33,739	17.5%	3,530	10.5%
Americas	8,773	16.4%	7,730	19.6%	1,043	13.5%
Asia Pacific	7,184	19.9%	7,796	22.3%	(612)	-7.9%
Corporate (**)	(7,720)	-2.6%	(7,612)	-2.8%	(108)	-1.4%
Total	**45,506**	**15.2%**	**41,653**	**15.6%**	**3,853**	**9.3%**

The following table shows the breakdown of EBIT by segment for recurring operations only:

(€ thousands)	FY 2015	EBIT Margin	FY 2014 (*)	EBIT Margin	Change	Change %
EMEA	72,817	10.6%	61,335	9.9%	11,482	18.7%
Americas	33,477	16.9%	24,148	17.1%	9,329	38.6%
Asia Pacific	33,677	22.9%	27,200	20.6%	6,477	23.8%
Corporate (**)	(23,921)	-2.3%	(22,067)	-2.5%	(1,854)	-8.4%
Total	**116,050**	**11.2%**	**90,616**	**10.2%**	**25,434**	**28.1%**

(€ thousands)	Q4 2015	EBIT Margin	Q4 2014 (*)	EBIT Margin	Change	Change %
EMEA	37,922	18.0%	33,739	17.5%	4,183	12.4%
Americas	8,255	15.4%	7,730	19.6%	525	6.8%
Asia Pacific	7,317	20.3%	7,796	22.3%	(479)	-6.1%
Corporate (**)	(7,720)	-2.6%	(7,612)	-2.8%	(108)	-1.4%
Total	**45,774**	**15.2%**	**41,653**	**15.6%**	**4,121**	**9.9%**

(*) The figures for 2014, in line with the specific managerial responsibilities and as a result of the change in the reports periodically analyzed by the Chief Executive Officer and the Group's Top Management, were reclassified in order to show the Corporate overhead previously charged to EMEA separately.
(**) The impact of the centralized costs is calculated as a percentage of the Group's total sales.

Europe, Middle-East and Africa

Operating profit (EBIT) amounted to €71,636 thousand in 2015 versus €61,335 thousand in the prior year, an increase of €10,301 thousand (+16.8%). The EBIT margin rose 0.5 p.p. against the 9.9% posted in 2014 to 10.4%.

EBIT in the fourth quarter alone amounted to €37,269 thousand, an increase of €3,530 thousand (+10.5%) against the fourth quarter of the prior year. The EBIT margin rose 0.2 p.p. against the comparison period to 17.7%.

The result posted in the period was impacted by the €1,181 thousand in restructuring costs incurred in the Netherlands, €943 thousand of which already described above in the section on EBITDA.

Exchange differences had a negative impact on the whole period of €449 thousand and of which €31 thousand on the fourth quarter alone.

Net of the above mentioned items, the increase against the comparison period reached €11,932 thousand (+19.5%) for the whole year and €4,214 thousand (+12.5%) for the fourth quarter alone.

The recurring EBIT margin came to 10.6% (+0.7 p.p. against 2014) and to 18.0% in the fourth quarter alone (+0.5 p.p. against the fourth quarter of the prior year).

In addition to the non-recurring items described above, with respect to the gross operating profit (EBITDA), EBIT was also influenced by higher depreciation and amortization as a result of the investments made beginning in 2014 in both the opening of new stores and IT systems.

Americas

Operating profit (EBIT) amounted to €36,539 thousand in 2015 versus €24,148 thousand in the prior year, an increase of €12,391 thousand (+51.3%). The EBIT margin rose 1.3 p.p. against the 17.1% posted in 2014 to 18.4%.

In the fourth quarter alone the operating profit (EBIT) amounted to €8,773 thousand, an increase of €1,043 thousand (+13.5%) against the fourth quarter of the prior year. The EBIT margin rose 3.2 p.p. against the comparison period to 16.4%.

The result posted in the period was impacted by the €3,062 thousand in non-recurring expenses described above in the section on EBITDA.

Exchange gains reached €6,215 thousand in FY 2015 and €1,160 thousand in the fourth quarter alone.

Net of the above mentioned items, the increase reached €3,114 thousand (+12.9%) against FY 2014 and a decrease of €635 thousand (-8.2%) against fourth quarter 2014 alone.

The recurring EBIT margin came to 16.9% (-0.2 p.p. against 2014) and to 15.4% in the fourth quarter alone (-4.2 p.p. against the fourth quarter of the prior year).

The comparison with EBITDA and EBIT against 2014 shows that operating profit also benefitted from the completed allocation of the gains recognized as a result of the acquisitions made in 2004 and 2005.

Asia Pacific

Operating profit (EBIT) amounted to €33,544 thousand in 2015 versus €27,200 thousand in the prior year, an increase of €6,344 thousand (+23.3%), with the EBIT margin rising 2.2 p.p. against the 20.6% posted in 2014 to 22.8%.

In the fourth quarter alone operating profit (EBIT) amounted to €7,184 thousand, a decrease of €612 thousand (-7.9%) against the fourth quarter of the prior year. The EBIT margin came in at 19.9%, a decrease of 2.4 p.p. against the comparison period.

The result posted in the period was impacted by the €133 thousand in net non-recurring expenses, explained for €2,487 thousand by the non-recurring income recognized in the fourth quarter in India following the cancellation of the earn-out linked to the 2012 acquisition of the Beltone stores since no payment is expected due to the achievement of results lower than initially expected and for €2,620 thousand, by the goodwill impairment relative to the same acquisition.

Exchange losses reached €362 thousand in FY 2015 and €417 thousand in the fourth quarter alone.

Net of the above mentioned items, the increase against the prior year reached €6,839 thousand (+25.1%) while a decrease of €62 thousand (-0.8%) was posted in the fourth quarter alone.

The recurring EBIT margin came in at 22.9% against FY 2014 (+2.3 p.p.) and 20.3% against fourth quarter 2014 (-2.0 p.p.).

Corporate

The net costs of centralized Corporate functions at the EBIT level amounted to €30,713 thousand in 2015 (3.0% of revenue generated by Group's sales and services) versus €22,066 thousand in the prior year (2.5% of revenue generated by Group's sales and services), an increase of €8,647 thousand (+39.2%) and an increase of 0.5 p.p. as a percentage of revenue generated by Group's sales and services. The increase reflects the €6,792 thousand in non-recurring expenses relating the transition in the Group's leadership.

Net of this item, centralized costs amounted to €1,854 thousand (+8.4%), coming in at 2.3% of revenue generated by Group's sales and services (-0.2 p.p. against the prior year).

In the fourth quarter alone, the net cost of centralized Corporate functions reached €7,720 thousand, an increase of €108 thousand (1.4%) against the fourth quarter of the prior year, and 2.6% of revenue generated by Group's sales and services, a decline of 0.2 p.p. against the comparison period.

Profit before tax

(€ thousands)	FY 2015			FY 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**94,742**	**(6,645)**	**88,097**	**66,556**	**-**	**66,556**

(€ thousands)	Q4 2015			Q4 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**41,061**	**(268)**	**40,793**	**34,587**	**-**	**34,587**

Profit before tax for 2015 came to €88,097 thousand (with a gross profit margin of 8.5%) versus €66,556 in the same period of the prior year (and a gross profit margin of 7.5%), an increase of €21,541 thousand (+32.4%).

In addition to the €5,044 thousand in non-recurring costs described above in the section on EBIT, the profit before tax was also impacted by the following non-recurring items:

- the make whole payment of €4,289 thousand made as a result of the advance repayment of the USD 70 million private placement 2006-2016. This amount represents the interest payable to investors as of the repayment date (13 May 2015) through the natural expiration of the private placement (2 August 2016) calculated by applying the discount rate established in the contract of 50 bps to future coupon payments increased by an estimated reinvestment rate of 36 bps. If advance payment had not been made the coupons payable to investors would have amounted to €2,599 thousand in 2015 and €2,408 thousand in 2016. Since the return on cash and cash equivalents is currently very low, with interest rates close to zero, the impact of this transaction in terms of lower interest income is negligible;
- income of €1,435 thousand recognized in the US following elimination of the provisions made for receivables which were repaid entirely by a partner following early termination of a commercial partnership (described above);
- income of €1,253 thousand recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd (already 40% held) based on the provisions of IFRS 3R relating to step up acquisitions.

Net of these non-recurring items, which amounted to €6.645 thousand, the increase in profit before tax against the comparison period would have reached €28,186 thousand (+42.3%). In addition to the increase in EBIT described above and the lower exchange costs, the profit before tax also benefitted from an initial decline in interest payable as a result of the advance repayment of the last tranche of the private placement 2006-2016.

In the fourth quarter alone the profit before tax reached €40,793 thousand, an increase of €6,206 thousand against the fourth quarter of the prior year (€6,474 thousand relates to recurring operations alone).

Net profit attributable to the Group

(€ thousands)	FY 2015			FY 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**52,794**	**(5,989)**	**46,805**	**35,807**	**10,668**	**46,475**

(€ thousands)	Q4 2015			Q4 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit attributable to the Group	**23,476**	**(1,994)**	**21,482**	**20,384**	**-**	**20,384**

The Group's net profit, which was impacted by the non-recurring costs of €5,989 thousand, net of tax (€4,296 thousand of which relative to the items described above and €1,693 thousand of which relative to the write-down of deferred tax assets recognized in Italy when in December 2015 the Parliament approved the lowering of the IRES -corporate income tax- rate from 27.5% to 24% beginning in 2017), came to €46,805 thousand in 2015 versus €46,475 thousand in the prior year, which also benefitted from the €10,688 thousand in one-off tax income recorded in Australia.

The Group's recurring net profit amounted to €52,794 thousand, an increase of €16,987 thousand (+47.4%) against 2014.

In the fourth quarter alone the Group's net profit amounted to €21,482 thousand, an increase of €1,098 thousand against the comparison period. Net of the non-recurring items described above, the increase reached €3,092 thousand (+15.2%).

The tax rate, calculated net of the losses recorded in the United Kingdom for which, in accordance with the principle of prudence, deferred tax assets are not recognized, as well as the profit posted in the Germany for which no taxes were recognized due to carried forward tax losses (against which no deferred tax assets were recognized), the write-down of deferred tax assets recognized in Italy as a result of the decrease of the IRES (corporate income tax) rate from 27.5% to 24% beginning in 2017, and the investment income recorded in New Zealand not subject to tax, reached 40.2%. The rate is lower than the 41.4% recorded in 2014, calculated, again, net of the losses posted in the UK, the profits generated in Germany and the one-off tax income recorded in Australia.

Balance Sheet Review

Consolidated balance sheet by geographical area (*)

	31/12/2015				
(€ thousands)	**EMEA**	**Americas**	**Asia Pacific**	**Elim.**	**Total**
Goodwill	250,714	74,125	247,311	-	572,150
Non-competition agreements, trademarks, customer lists and lease rights	35,188	3,173	59,754	-	98,115
Software, licences, other intangible fixed assets, fixed assets in progress and advances	25,894	11,383	6,021	-	43,298
Tangible assets	83,666	3,466	15,543	-	102,675
Financial fixed assets	2,256	40,070	-	-	42,326
Other non-current financial assets	3,879	21	336	-	4,236
Non-current assets	**401,597**	**132,238**	**328,965**	**-**	**862,800**
Inventories	26,983	262	1,711	-	28,956
Trade receivables	77,945	30,327	5,943	(2,488)	111,727
Other receivables	25,146	7,996	934	(8)	34,068
Current assets (A)	**130,074**	**38,585**	**8,588**	**(2,496)**	**174,751**
Operating assets	**531,671**	**170,823**	**337,553**	**(2,496)**	**1,037,551**
Trade payables	(67,532)	(37,219)	(11,080)	2,488	(113,343)
Other payables	(108,077)	(3,634)	(19,729)	8	(131,432)
Provisions for risks and charges (current portion)	(1,378)	-	-	-	(1,378)
Current liabilities (B)	**(176,987)**	**(40,853)**	**(30,809)**	**2,496**	**(246,153)**
Net working capital (A) - (B)	**(46,913)**	**(2,268)**	**(22,221)**	**-**	**(71,402)**
Derivative instruments	(6,988)	-	-	-	(6,988)
Deferred tax assets	37,160	1,117	2,466	-	40,743
Deferred tax liabilities	(15,223)	(23,564)	(16,908)	-	(55,695)
Provisions for risks and charges (non-current portion)	(23,760)	(23,817)	(830)	-	(48,407)
Liabilities for employees' benefits (non-current portion)	(13,806)	(175)	(1,591)	-	(15,572)
Loan fees	2,023	-	174	-	2,197
Other non-current payables	(2,216)	(15)	(369)	-	(2,600)
NET INVESTED CAPITAL	**331,874**	**83,516**	**289,686**	**-**	**705,076**
Group net equity					499,471
Minority interests					694
Total net equity					**500,165**
Net medium and long-term financial indebtedness					382,542
Net short-term financial indebtedness					(177,631)
Total net financial indebtedness					**204,911**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**705,076**

(*) These items are not analyzed by operating segment but are measured and monitored by the Chief Executive Officer and by Top Management at a Group level. These items are, therefore, reported here solely to provide additional information about each geographic area. The Corporate structures are included under EMEA.

	31/12/2014				
(€ thousands)	**EMEA**	**Americas**	**Asia Pacific**	**Elim.**	**Total**
Goodwill	219,994	67,325	247,503	-	534,822
Non-competition agreements, trademarks, customer lists and lease rights	31,054	2,129	65,467	-	98,650
Software, licences, other intangible fixed assets, fixed assets in progress and advances	22,158	10,257	4,043	-	36,458
Tangible assets	76,354	3,829	16,005	-	96,188
Financial fixed assets	6,962	40,978	643	-	48,583
Other non-current financial assets	3,346	19	326	-	3,691
Non-current assets	**359,868**	**124,537**	**333,987**	**-**	**818,392**
Inventories	26,917	312	1,461	-	28,690
Trade receivables	78,367	25,459	6,307	(778)	109,355
Other receivables	25,724	6,781	564	(10)	33,059
Current assets (A)	**131,008**	**32,552**	**8,332**	**(788)**	**171,104**
Operating assets	**490,876**	**157,089**	**342,319**	**(788)**	**989,496**
Trade payables	(65,650)	(28,587)	(8,329)	778	(101,788)
Other payables	(99,055)	(4,236)	(21,137)	10	(124,418)
Provisions for risks and charges (current portion)	(978)	-	-	-	(978)
Current liabilities (B)	**(165,683)**	**(32,823)**	**(29,466)**	**788**	**(227,184)**
Net working capital (A) - (B)	**(34,675)**	**(271)**	**(21,134)**	**-**	**(56,080)**
Derivative instruments	(9,820)	-	-	-	(9,820)
Deferred tax assets	40,857	782	3,014	-	44,653
Deferred tax liabilities	(12,709)	(21,143)	(18,146)	-	(51,998)
Provisions for risks and charges (non-current portion)	(19,404)	(20,385)	(780)	-	(40,569)
Liabilities for employees' benefits (non-current portion)	(14,075)	(181)	(1,456)	-	(15,712)
Loan fees	2,751	-	272	-	3,023
Other non-current payables	-	(12)	(238)	-	(250)
NET INVESTED CAPITAL	**312,793**	**83,327**	**295,519**	**-**	**691,639**
Group net equity					442,165
Minority interests					1,057
Total net equity					**443,222**
Net medium and long-term financial indebtedness					442,484
Net short-term financial indebtedness					(194,067)
Total net financial indebtedness					**248,417**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS					**691,639**

Non-current assets

Non-current assets amounted to €818,392 thousand at 31 December 2014 versus €862,800 thousand at 31 December 2015, a net increase of €44,408 thousand explained (i) for €48,101 by capital expenditure; (ii) for €49,420 thousand by acquisitions; (iii) for €54,170 thousand by depreciation, amortization and impairment, and (iv) for €14,832 thousand by exchange gains and other net decreases for €13,775 thousand relating primarily to a drop in long-term debt due to both the repayment of debt by a partner following early termination of the commercial partnership in the United States and the reclassification of short-term portions net of new loans granted.

Investments

In 2015 the Amplifon Group, in line with its growth strategy continued with and accelerated the investments in its distribution network, by opening new points of sale, as well as renewing and relocated existing ones. Increased customer focus and the objective to increase control of operations also drove IT investments, where a lot of work was done on the technological infrastructure, the implementation of front-office systems particularly in relation to CRM and store systems.

The following table shows a breakdown of non-current assets by geographical area.

(€ thousands)		31/12/2015	31/12/2014	Change
	Goodwill	250,714	219,994	30,720
	Non-competition agreements, trademarks, customer lists and lease rights	35,188	31,054	4,134
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	25,894	22,158	3,736
	Tangible assets	83,666	76,354	7,312
	Financial fixed assets	2,256	6,962	(4,706)
	Other non-current financial assets	3,879	3,346	533
EMEA	**Non-current assets**	**401,597**	**359,868**	**41,729**
	Goodwill	74,125	67,325	6,800
	Non-competition agreements, trademarks, customer lists and lease rights	3,173	2,129	1,044
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	11,383	10,257	1,126
	Tangible assets	3,466	3,829	(363)
	Financial fixed assets	40,070	40,978	(908)
	Other non-current financial assets	21	19	2
Americas	**Non-current assets**	**132,238**	**124,537**	**7,701**
	Goodwill	247,311	247,503	(192)
	Non-competition agreements, trademarks, customer lists and lease rights	59,754	65,467	(5,713)
	Software, licences, other intangible fixed assets, fixed assets in progress and advances	6,021	4,043	1,978
	Tangible assets	15,543	16,005	(462)
	Financial fixed assets	-	643	(643)
	Other non-current financial assets	336	326	10
Asia Pacific	**Non-current assets**	**328,965**	**333,987**	**(5,022)**

Europe, Middle-East and Africa

Non-current assets came to €401,597 thousand at 31 December 2015 versus €359,868 thousand at 31 December 2014, an increase of €41,729 thousand explained:

- for €27,776 thousand, by investments in plant, property and equipment, relating primarily to the opening of new and renewal of existing stores as part of the continuing introduction of the new concept store;
- for €9,064 thousand, by investments in intangible assets, relating primarily to technological infrastructure, implementation of new store and sales support systems and, more specifically, to the renewal of the front-office system;
- for €40,982 thousand, by acquisitions made during the period;
- for €35,611 thousand, by amortization, depreciation and impairment;
- for €482 thousand, by other net decreases.

Americas

Non-current assets came to €132,238 thousand at 31 December 2015 versus €124,537 thousand at 31 December 2014, an increase of €7,701 thousand explained:

- for €2,670 thousand, by investments in plant, property and equipment, relating primarily to the renewal and opening of new stores in Canada;
- for €2,271 thousand, by investments in intangible assets relating primarily to joint investment plans with the franchisees for the renewal and relocation of stores and further implementation of front-office systems;
- for €3,913 thousand, by acquisitions made during the period;
- for €4,500 thousand, by amortization and depreciation;
- for €12,592 thousand, by exchange gains;
- for €9,245 thousand, other net decreases relating primarily to decreases in long-term receivables due to both the repayment of debt by a partner following early termination of the commercial partnership in the United States and the reclassification of short-term portions net of new loans granted.

Asia Pacific

Non-current assets came to €328,965 thousand at 31 December 2015 versus €333,987 thousand at 31 December 2014, a decrease of €5,022 thousand explained:

- for €3,882 thousand, by investments in plant, property and equipment, relating primarily to the opening, restructuring and relocation of a few stores;
- for €2,438 thousand by investments in intangible assets, relating primarily to the implementation of a new front-office system in Australia and the Group's back-office system in New Zealand;
- for €4,525 thousand, by acquisitions made during the period;
- for €14,059 thousand, by amortization, depreciation and impairment;
- for €1,808 thousand, by other net decreases, relating primarily exchange differences.

Net invested capital

Net invested capital came to €705,076 thousand al 31 December 2015 versus €691,639 thousand at 31 December 2014, an increase of €13,437 thousand. The increase in non-current assets described above was partially offset by a drop in working capital due to a rise in trade payables and amounts owed agents linked to the higher volumes recorded in 2015 against the prior year, as well as a decrease in deferred tax assets.

The following table shows the breakdown of net invested capital by geographical area.

(€ thousands)	31/12/2015	31/12/2014	Change
EMEA	331,874	312,793	19,081
Americas	83,516	83,327	189
Asia Pacific	289,686	295,519	(5,833)
Total	**705,076**	**691,639**	**13,437**

Europe, Middle-East and Africa

Net invested capital came to €331,874 thousand at 31 December 2015, an increase of €19,081 thousand against 31 December 2014. The increase in non-current assets described above was partially offset by a drop in working capital due to a rise in trade payables and amounts owed agents linked to the higher volumes recorded in 2015 against the prior year, as well as a decrease in deferred tax assets.

Factoring without recourse in the period involved trade receivables with a face value of €45,411 thousand (€47,452 thousand in 2014) and VAT credits with a face value of €17,243 thousand (€14,057 thousand in the prior year).

Americas

Net invested capital came to €83,516 thousand at 31 December 2015, an increase of €189 thousand against the amount recorded at 31 December 2014. The increase in non-current assets described above and trade receivables as a direct consequence of higher sales was almost entirely offset by an increase in trade payables, deferred tax liabilities and other long-term liabilities.

Asia Pacific

Net invested capital came to €289,686 thousand at 31 December 2015, a drop of €5,833 thousand against the amount recorded at 31 December 2014, largely in line with the decrease in non-current assets described above.

Net financial indebtedness

(€ thousands)	31/12/2015	31/12/2014	Change
Net medium and long-term financial indebtedness	382,542	442,484	(59,942)
Net short-term financial indebtedness	19,083	17,057	2,026
Cash and cash equivalents	(196,714)	(211,124)	14,410
Net financial indebtedness	**204,911**	**248,417**	**(43,506)**
Group net equity	499,471	442,165	57,306
Minority interests	694	1,057	(363)
Net Equity	**500,165**	**443,222**	**56,943**
Financial indebtedness/Group net equity	**0.41**	**0.56**	
Financial indebtedness/net equity	**0.41**	**0.56**	

Net financial indebtedness amounted to €204,911 thousand at 31 December 2015, a decrease of €43,506 thousand with respect to 31 December 2014. Net of the impact of non-recurring transactions (€5,448 thousand in 2015 and €9,191 thousand in the prior year), acquisitions (€41,073 thousand in 2015 and €35,883 thousand in the prior year), the purchase of treasury shares and payment of dividends net the amounts received for the exercise of stock options (€11,751 thousand in 2015 and €9,852 thousand in the prior year), total cash flow was up €27,388 thousand against the prior year.

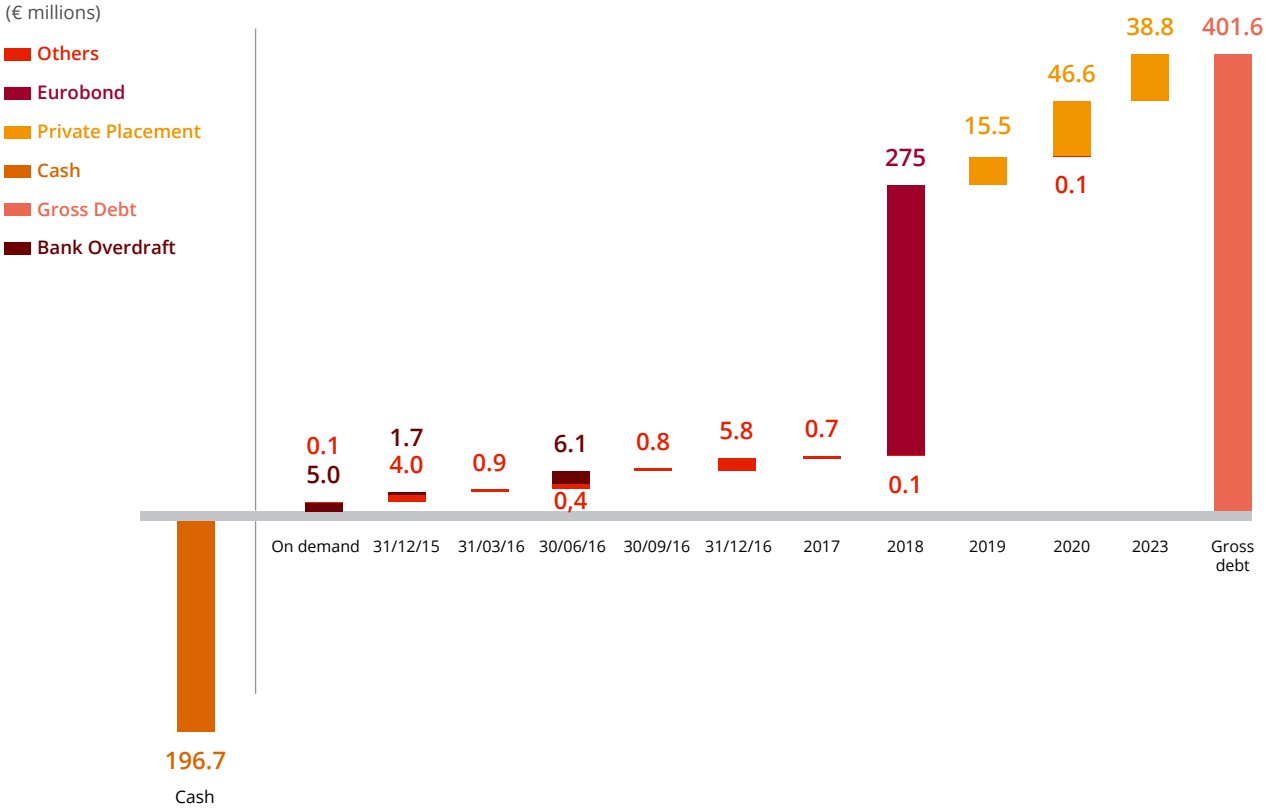
In the second quarter of the year the last tranche of the USD 70 million (€55.2 million at the hedging rate) private placement 2006-2016 was repaid in advance. The advance repayment resulted in the payment of €4.3 million in interest that would have been payable to investors in the period beginning from the repayment date through the natural expiration of the private placement net of a discount which, as it was higher than the rate at which the liquidity could have been invested, had a positive impact of appro-

ximately €0.5 million pre-tax compared to total interest actually owed if the debt had been repaid to the maturity date of August 2, 2016.

At 31 December 2015 total financial indebtedness amounted to €204,911 thousand against cash and cash equivalents totalling €196,714 thousand. Long-term debt amounted to €382,542 thousand, €5,450 thousand of which relating to deferred payments for acquisitions. Short-term debt amounted to €19,083 thousand, €7,844 thousand of which explained by the interest payable on the Eurobond and the private placement and €4,581 thousand of which relating to the best estimate of the deferred payments for acquisitions. Excluding these items, as shown in the chart below, debt is primarily long term (falling due beginning in 2018). Cash and cash equivalents, which amount to €196.7 million, along with the unused portion of credit lines granted of €77.7 million, ensure the flexibility needed to take advantage of any opportunities to consolidate and develop business that might materialize.

Debt Maturity & Cash Equivalents at 31.12.2015

(€ millions)



Interest payable on financial indebtedness amounted to €24,269 thousand at 31 December 2015, versus €21,938 thousand at 31 December 2014. When looking at this number it is important to bear in mind that the financial expenses incurred in the period reflect:

- the make whole payment of €4,289 thousand incurred when the USD 70 million private placement 2006-2016 was repaid in advance on 13 May 2015. This amount represents the interest payable to investors as of the repayment date through the natural expiration of the private placement (2 August 2016) and was calculated by applying the discount rate established in the contract of 50 bps to future coupon payments increased by an estimated reinvestment rate of 36 bps. If advance payment had not been made the coupons payable to investors would have amounted to €2,599 thousand in 2015 and €2,408 thousand in 2016. Since the return on cash and cash equivalents is currently very low, with interest rates close to zero, the impact of this transaction in terms of lower interest income is negligible;
- the positive impact of the elimination of the provisions equal to €1,435 thousands for the amounts payable by a partner following early termination of the commercial partnership in the United States.

Interest receivable on bank deposits at 31 December 2015 reached €932 thousand, versus €1,013 thousand at 31 December 2014.

Covenants

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) is subject to the following covenants:

- ratio of Group net debt/equity must not exceed 1.5;
- ratio of Group net debt/EBITDA in the last 4 quarters (determined based solely on recurring operations and figures which have been restated in the event the Group's structure has changed significantly) must not exceed 3.5.

In the event of relevant acquisitions, the above ratios may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months, 2 times over the life of the loan.

At 31 December 2015 these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.41
Net financial indebtedness/EBITDA for the last 4 quarters	1.21

In accordance with standard international practices, the private placement is subject to other covenants, which limit the issue of guarantees, certain sale and lease back transactions, as well as other extraordinary transactions.

Neither the €275 million Eurobond maturing in 2018 issued in July 2013 nor the remaining €0.5 million of long term debt, including the short term portions, are subject to covenants.

The ratio of net debt/net invested capital at 31 December 2015 was 29.06% (35.92% at 31 December 2014).

The reasons for the changes in net debt are detailed in the next section on the statement of cash flows.

Cash Flow

The reclassified cash flow statement shows the change in net debt between the start and the end of the period. The financial statements include a cash flow statement based on cash holdings as per IAS 7 showing the change in cash holdings between the beginning and the end of the period.

(€ thousands)	FY 2015	FY 2014
OPERATING ACTIVITIES		
Net profit (loss) attributable to the Group	46,805	46,475
Minority interests	(93)	(30)
Amortization, depreciation and write-downs:		
- Intangible fixed assets	24,095	22,055
- Tangible fixed assets	27,455	24,997
- Goodwill	2,620	-
Total amortization, depreciation and write-downs	*54,170*	*47,052*
Provisions	24,339	18,795
(Gains) losses from sale of fixed assets	(395)	92
Group's share of the result of associated companies	(126)	(201)
Financial income and charges	23,035	24,260
Current and deferred income taxes	41,386	20,111
Change in assets and liabilities:		
- Utilization of provisions	(10,017)	(8,107)
- (Increase) decrease in inventories	2,288	6,218
- Decrease (increase) in trade receivables	(1,008)	2,960
- Increase (decrease) in trade payables	6,156	(863)
- Changes in other receivables and other payables	2,907	(8,284)
Total change in assets and liabilities	326	(8,076)
Dividends received	10	408
Net interest charges	(23,065)	(21,525)
Taxes paid	(38,242)	(11,284)
Cash flow generated from (absorbed by) operating activities	**128,149**	**116,077**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(13,773)	(14,914)
Purchase of tangible fixed assets	(34,328)	(28,016)
Consideration from sale of tangible fixed assets and businesses	9,682	5,245
Cash flow generated from (absorbed by) investing activities	*(38,419)*	*(37,685)*
Cash flow generated from operating and investing activities (Free cash flow)	**89,730**	**78,392**
Business combinations (*)	(41,073)	(35,883)
(Purchase) sale of other investments, securities and reductions of earn-out	9,423	(146)
Cash flow generated from acquisitions	*(31,650)*	*(36,029)*
Cash flow generated from (absorbed by) investing activities	**(70,069)**	**(73,714)**
FINANCING ACTIVITIES:		
Changes in hedging derivatives	-	-
Fees paid on medium/long-term financing	-	-
Other non-current assets	(2,015)	(5,656)
Dividend distributions	(9,356)	(9,350)
Treasury shares	(6,601)	(2,456)
Capital increases (reduction)/third parties contributions in subsidiaries / dividends paid to third parties by the subsidiaries	4,206	1,955
Cash flow generated from (absorbed by) financing activities	**(13,766)**	**(15,507)**
Changes in net financial indebtedness	**44,314**	**26,856**
Net financial indebtedness at the beginning of the period	(248,417)	(275,367)
Effect of disposal of assets on net financial indebtedness	-	-
Effect of exchange rate fluctuations on net financial indebtedness	(808)	94
Changes in net indebtedness	44,314	26,856
Net financial indebtedness at the end of the period	**(204,911)**	**(248,417)**

(*) The item refers to the net cash flow absorbed by the acquisition of businesses and equity investments.

The change in net debt of €43,506 thousand is explained by:

(i) Investing activities:
- capital expenditure on property, plant and equipment and intangible investments of €48,101 thousand relating primarily to the renewal and repositioning of stores based on the concept store, technological infrastructure, the implementation of new front-office systems and of the new version of the Group's back-office system;
- acquisitions of €41,073 thousand including the debt of the acquired companies;
- net proceeds from the disposal of other assets, equity investments, securities and the impact of the lower earn-out amounting to €19,105 thousand explained for €6,399 thousand by the payment of old debt relative to the sale of a business unit reimbursed by a partner following early termination of the commercial partnership in the United States, for €1,084 thousand by the sale of material goods to the latter, and for €4,614 thousand by the cancellation of earn-outs in India and Brazil.

(ii) Operating activities:
- interest payable on financial indebtedness and other net financial charges of €23,065 thousand, €4,289 thousand of which relative to the make whole payment due as a result of the advance repayment of the private placement 2006-2016;
- payment of taxes amounting to €38,242 thousand, a significant increase against the comparison period which had benefitted from the €8,013 thousand one-off tax refund posted in Australia and the €3,735 thousand drop in taxes in the United States linked to early deductions taken of some intangible assets;
- cash flow generated by operations of €189,456 thousand.

(iii) Financing activities:
- payment of €9,356 thousand in dividends to shareholders;
- net proceeds from capital increases following the exercise of stock options of €4,206 thousand;
- purchase of €6,601 thousand in treasury shares;
- increase in non-current assets relating primarily to loans granted by the American companies to franchisees for the renewal of stores, investments and development in the US which amounted to €2,015 thousand, net of repayments.

(iv) Exchange losses of €808 thousand.

The net impact on the cash flow generated by the non-recurring transactions described above in the section about the change in net financial debt reached €5,448 thousand in 2015 versus €9,191 thousand in the comparison period:

(€ thousands)	FY 2015	FY 2014
Payment of non-recurring expenses recognized in prior years	-	(2,557)
Restructuring charges paid in the year	(501)	-
Drop in taxes in the United States linked to early deductions taken of some intangible assets	-	3,735
Tax income following the Australian tax authorities' allowance of tax deductions for the amortization of part of the assets acquired in 2010 as a result of the NHC Group acquisition	-	8,013
Change in the Group's leadership	(5,700)	-
Penalty payment received following early termination of a commercial partnership in the United States	2,163	-
Trade receivables collected in the United States as a result of early termination of commercial partnership in the United States	1,159	-
Damages paid by a commercial partner in the United States for unfair competition	518	-
Make whole payment made following advance repayment of the 2006-2016 private placement	(4,289)	-
Cash flow generated (absorbed) by operating activities	**(6,650)**	**9,191**
Reimbursement of old debt relative to the sale of a business by a partner following early termination of the commercial partnership in the United States	7,484	-
Cash flow generated (absorbed) by investing activities	**7,484**	**-**
Free Cash Flow	**834**	**9,191**
Cancellation of earn-outs in India	2,487	-
Recalculation of earn-outs in Brazil	2,127	-
Cash flow generated by investing activities related to acquisitions	**4,614**	**-**
Total cash flow generated by non-recurring transactions	**5,448**	**9,191**

Acquisition of companies and businesses

In 2015 the Group continued to grow externally and made a series of acquisitions involving small regional chains (a total of 120 stores and contact points, in addition to some customer lists) with a view to increasing regional coverage, particularly in Germany and France. The complete control of Amplifon Poland Sp.z o.o., already 63% held, was also acquired.

More in detail:
- 60 stores were acquired in Germany;
- 41 points of sale and a customer list relating to one store were acquired in France;
- 3 stores were acquired in Belgium;
- a customer list relating to one store was acquired in Switzerland;
- 100% of Bon Ton Hearing & Speach Ltd was acquired in Israel (already 8.9% held) which manages 3 stores;
- 4 stores were acquired in Spain;
- 3 stores were acquired in Canada;
- customer lists relating to 5 stores in Oklahoma and 4 stores in Indiana were purchased in the United States;
- the remaining shares of Dilworth Hearing Limited, already 40% held, were purchased in New Zealand. Dilworth Hearing, manages six stores in Auckland and Hamilton.

The total investment amounted to €41,073 thousand, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

Statement of changes in Net Equity and the results for the period of the Parent Company Amplifon S.p.A. and the Group Net Equity and results for the period in question as at 31 December 2015

(€ thousands)	Net equity	Net result
Net equity and year-end result as reported in the Parent company's financial statements	**371,240**	**29,977**
Elimination of carrying amount of consolidated investments:		
- difference between carrying amount and the pro-quota value of net equity	(128,221)	-
- pro-quota results reported by the subsidiaries	129,224	129,224
- pro-quota results reported by investments valued at equity	1,294	126
- difference from consolidation	123,281	-
Elimination of the effects of intercompany transactions:		
- elimination of impairment net of reversals of investments and intercompany receivables	3,918	14,286
- intercompany dividends	-	(126,091)
- intercompany profits included in the year-end value of inventories net of fiscal effect	(675)	62
- exchange differences and other changes	104	(872)
Net equity and year-end result as stated in the consolidated financial statements	**500,165**	**46,712**
Minority equity and result for the year	694	(93)
Group net equity and result for the year	**499,471**	**46,805**

Risk management

Every business faces risks and risk management is even more important in a constantly changing business environment characterized by extremely volatile and unstable global market conditions.

Amplifon, in line with the most advanced management systems and best practices for the design and implementation of internal control and risk management systems, and the Corporate Governance Code issued by the Corporate Governance Committee of the Italian Stock Exchange to which it adheres, pays the utmost attention to the identification, assessment and management of risk.

Risk management is an ongoing activity which, based on the initial identification and assessment of the events that could negatively impact the ability of the Group and its subsidiaries to reach targets (particularly strategic goals), includes the definition which steps need to be taken to respond to the risk, implementation and subsequent updates which take place at least one a year at a Group level.
Risk management is entrusted to the Group's top management, Market Directors and local Management teams which are supported by the Group Risk and Compliance Officer who use self-assessment techniques to gather information and assess risk, as well as find ways to address and mitigate them.
The management and updating of the risks identified is supported and monitored through a continuous dialogue between Group and local management, as well as with the Group Risk and Compliance Officer.
At least once a year, during the annual risk review, the Chief Executive Officer contributes directly to the mapping of the Group's risk with a view to identifying priorities in order to align risk with strategies.

For ease of assessment, risk factors are grouped into categories: those originating outside the company, those stemming from Amplifon's own organization, and those that are more financial in nature.

The main external risks identified, grouped by type, are the following:

Political, economic, social, legal and regulatory environment
The Amplifon Group operates in the "medical" sector which is regulated differently in different countries. A change in regulations (for example, in reimbursement conditions, the way in which coverage is calculated, in the ability to access national health coverage, in the role of the ENT doctors and, more in general, in the laws relating to hearing aids), does and will have a significant and immediate impact on performances, similar to the negative repercussions that affected the Netherlands in 2013, Switzerland and New Zealand in 2011, and the positive ones that affected Germany beginning year-end 2013 and New Zealand mid-2014, as would any changes in social policies which result in the public sector having a larger or smaller role in the treatment of hearing pathologies.

Typically the impact on the market of any regulatory changes relating to refunds is felt for a limited time of between two and six quarters, after which the market returns to the pre-change growth rates. It is more difficult to understand the possible impact of changes in the regulations governing the final sale price of hearing aids, as any changes can cause an immediate decline in unit prices and, consequently, in results, while the recovery in market growth is much slower. In the Netherlands, for example, the regulatory changes implemented early 2013 caused results to drop sharply in 2013, while volumes didn't pick-up until 2014 and the recovery in sales and profitability is still well below the levels recorded prior to the changes.

Well aware that other unexpected and unforeseen changes could take place in addition to those mentioned above (in Switzerland, New Zealand, the Netherlands and Germany), including in light of the widespread adoption of austerity programs and the growing attention of the media and social networks on the hearing aid sector, the Group has implemented a series of measures which ensure the ability to react in a timely manner to these events with a view to reducing the impact of any unfavourable changes or maximizing the upside in the event the changes are favourable.

More in detail: (i) regular reporting has been introduced in order to monitor the main changes in regulations, analyze the impact and address compliance strategies, that are discussed with the Corporate management and approved by headquarters; (ii) mapping of the sector regulations in all countries of operation has been initiated, together with monitoring by a specific corporate function of regulatory changes in close cooperation with the Group's Compliance division with the support of Legal Affairs; (iii) mapping of trade bodies and associations in the Group's countries of operation has been initiated, including to ensure that Amplifon's managers are sufficiently involved in determining the strategies to be undertaken; (iv) a program to monitor news, information and discussions relating to the hearing aid sector on the main media and social networks has been put into place.

The market sector in which the Amplifon Group operates is less sensitive than others to fluctuations in the general economic cycle, but it is, however, influenced. More specifically, the current volatility of the global markets lessens the visibility of future results with the risk that lower or less buoyant sales will, in the short term, have a direct impact on margins due to the cost structure of the stores which is largely fixed. In the United States, where the Group's business model is based on commercial partners and other indirect channels, the economic performance and financial solidity of the latter must be monitored carefully in order to react quickly, including by repositioning stores as was done in the period 2011-2014 with some of the Miracle Ear franchise stores that were part of structures managed by partners who were experiencing difficulties.

With regard to demographic changes, there are a number of factors including the growing number of senior citizens (baby boomers), the increased average life expectancy and the declining age at which the hearing aid market is being accessed, which represent both a great opportunity and a risk, as the opportunity could be missed as a result of the failure to correctly forecast the penetration rate and, consequently, to calculate the growth opportunities. In the marketing plans, therefore, particular attention is paid to interpreting trends, developing both communication and technology by making significant investments in digital marketing, CRM systems, as well as the continuous assessment of the campaigns/activities.

Competition and the Market

The arrival of new market competitors and players, like optical chains, able to take advantage of distribution channels comprised of existing stores, as well as hearing aid manufacturers who can benefit from higher margins as a result of their manufacturing activities, or on-line retailers, could result in greater price pressure (Amplifon, which stands out for the quality of the service provided, has high fixed costs and any pressure on retail prices would cause, at least in the short term, margins to shrink) and also represent an obstacle to external growth due to increased competition for acquisition targets.

The risk that new players may enter the market could also be increased by regulatory changes relating to store personnel qualified to sell hearing aids in the event qualifications should become less stringent (as has already happened in some countries) and/or professions like audiologist/hearing aid specialist become more accessible, which would make it easier to recruit these professionals.

Both organic growth, supported with investments in store renovation, new openings and increased productivity, and marketing, particularly digital marketing, as well as external growth, through new acquisitions, are key to countering competition and developing the market. These activities call for significant financial resources and the Group, after completely restructuring its debt in 2013 through capital market issues with long term maturities falling due beginning in 2018, pays the utmost attention to both treasury management, as well as to the continuous maintenance of existing credit lines and relationships with both banks and capital market investors, in order to be able to dedicate the greatest possible amount of cash, operating cash flow and "new finances" to new important investment activities and growth.

In the United States where the Group is totally focused on the indirect channel, the growth is, above all, linked to the ability to attract new partners and take advantage of growth opportunities presented by the market. After the rationalization that in 2014 resulted in a new focus on the channels that ensure the greatest volumes and are the most attractive to new partners (Elite wholesale, Miracle Ear and Amplifon Hearing Health Care, formerly Hear PO), an important plan calling for substantial investments in all types of marketing was implemented.

Technological Innovation
The Amplifon Group stands out for the quality of its customer service and the personalization of the hearing solutions provided. Any technological changes affecting the development of "self-fitting" hearing aids would detract from the importance of customization. Testing, the assistance and support given to the customer when choosing the best solution, as well as post-sales service, would continue to be key.

The Amplifon Group has set up a work-group to monitor continuously the technological changes affecting the fitting of hearing aids and to inform Corporate managers of all innovations or changes. This workgroup is also studying and developing alternatives to hearing aids and new marketing methods (the role digital marketing is becoming increasingly important).

The development of an alternative to the hearing aid as a remedy for hearing loss (e.g. surgical techniques or the use of pharmaceuticals) would have a very significant impact, but the risk is considered very remote.

Relationships with the Medical Community
Doctors are important influencers of customers' buying choices. The relationship with medical professionals is, therefore, of primary importance, both in countries where a prescription is obligatory (as is the case in a majority of the countries that the Group works in), and in those where it is not, as there is a strong bond between patients and their doctors. A corporate position was, therefore, created to coordinate relationships with the medical profession internationally, with a view to disseminating information and providing professional and scientific support. At the same time, thanks to CSR (the Company's research centre), the Group continues to be a reference-point for the international scientific community as a result of the numerous conferences and seminars organized, the collaboration with numerous universities, as well as its scientific publications.

Relationships with Customers
Amplifon's business consists essentially of providing high quality service to customers in terms of both technical performance and personal relations. This is what distinguishes the Group from the competition. The lack of customer satisfaction, therefore, represents a big risk for the Company.
In order to monitor customer satisfaction continuously, Amplifon carries out regular customer satisfaction surveys, and frequent training programs for its hearing aid specialists, defines sales policies that focus on customer satisfaction, and is developing new store procedures focused on customer service excellence.

The main internal risks identified, grouped by type, can be described as follows:

Organization and Processes
In the current economic situation, characterized by extreme volatility in factors that can significantly impact business, the ability to implement strategic measures in a timely manner is vital in all the countries where the Group operates. It follows that the corporate processes must be adequately structured, applied and monitored in order to maximize operating efficiency, as well as control the performance indicators of each single point of sale. These processes are even more important with acquisitions as it is crucial to assess all the risks arising from these transactions: mistakes in assessing those risks, like slow and delayed integration of acquired businesses, could result in significantly higher costs and inefficiencies for the Group.

Over time the Group has implemented, in all the main countries of operation, a number of projects to standardize IT processes, compliance with the administrative/accounting procedures defined in Law 262/2005 and the Business Performance Management projects in the stores, with a view to more effective monitoring and international comparison, along with the worldwide cash pooling project the purpose of which is to manage liquidity more efficiently, as well as monitor the Group's daily cash position in order to take timely action with regard to any critical areas; the Group has completed deployment in Italy and started deployment in Australia, Spain and the Netherlands of a new proprietary front office system (FOX) developed based on the experience matured by Amplifon over the years and began. This system allows for more efficient and effective management of all store activities, and also makes customer information available immediately. It will be installed gradually in all the countries where the Group has directly operated stores.

Similarly, the growing number of countries in which the Group operates and the number of projects to be implemented, has made it necessary to possess the knowhow needed to develop and carry out these same projects and, therefore, the IT structures have been reinforced with a particular focus on project management.

Rapid implementation of strategic decisions is ensured by an organization based on uniform geographical regions and a leadership team that works with the Chief Executive Officer, along with the Vice Presidents of the three geographical regions (EMEA, Americas and APAC), the corporate heads of the various functions (innovation and development, HR, administration and finance, purchasing).

Human Resources

One of Amplifon's strengths is its customer service. Human resources, therefore, are very important in this regard, but they also present certain issues and areas of risk. Specifically:

- limited availability of hearing aid specialists, the difficulty of attracting new ones while also running the risk that others begin working for the competition can significantly affect the Group's organic growth, together with the risk of losing customers and increased labour costs due to salary increases;
- deficiencies in staff's technical and sales skills can lead to ineffective sales teams in certain countries and could pose a significant risk to the ability to reach organic growth targets;
- the risk that the sales force commits illegal acts or violates the Group's rules.

The Group has taken the following steps to mitigate these risks:

- defined a Code of Conduct, which has been distributed in all countries of operation and in Italy the Internal Organizational Model was adopted pursuant to Legislative Decree 231/2001;
- drawn up a profile of the ideal hearing aid specialist in order to assure that recruitment methods reflect the Group's commercial policies. Steps have also been taken to increase the supply of hearing aid specialists through agreements with universities and specialized institutes;
- increased and centralized internal training programs;
- implemented a structured performance management system with a view to aligning individual objectives, corporate strategies, the incentive system and the results achieved, as well as providing all employees and collaborators with a valid tool for their professional development;
- increased the attention being paid to store procedures through both the development of a new procedure focused on providing excellent customer service and the definition of a standardized store manual in order to facilitate rapid implementation in countries where the Group's presence is more recent.

Financial risks

With a view to structured management of treasury activities and financial risks, in 2012 the Group finalized and adopted a Treasury Policy which contains guidelines for the management of:

- currency risk;
- interest rate risk;
- credit risk;
- price risk;
- liquidity risk.

Currency risk

This includes the following types:

- foreign *exchange transaction risk*, that is the risk of changes in the value of a financial asset or liability, of a forecasted transaction or a firm commitment, changes due to exchange rate fluctuations;
- *foreign exchange translation risk*, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

The Amplifon Group's foreign exchange transaction risk is largely limited as each country is largely autonomous in the operation of its business, sustaining costs in the same currency as it realizes revenue, with the exception of Israel, where purchases are made in Euros and US dollars.
The size, however, of the subsidiary with respect to the Group and the fact that the products purchased subject to currency risk represent only a small part of total costs, ensures that any significant currency volatility will not have a material impact on the subsidiary or the Group.

The foreign exchange transaction risk, therefore, derives primarily from intragroup transactions (medium-long term and short term loans, charge backs for intercompany service agreements) which result in currency risk for the companies operating in currencies other than that of the intragroup transaction. Additionally, investments in financial instruments denominated in a currency different from the investor's home currency can result in foreign exchange transaction risk. Foreign exchange translation risk arises from investments in the United States, United Kingdom, Switzerland, Hungary, Turkey, Poland, Israel, Australia, New Zealand, India, Egypt and Brazil.

The group's strategy aims to minimize the impact of currency volatility on the income statement and calls for significant positions in foreign currency to be hedged against foreign exchange risk. These include: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, (ii) intercompany loans in currencies other than the Euro between Amplifon S.p.A. and the Group companies in the United Kingdom and Australia.

The intercompany loans between the Australian and New Zealand companies, between the American and Canadian companies, as well as the loan granted Amplifon S.p.A. to the English subsidiary, are considered equity investments insofar as the loans are non-interest-bearing and not expected to be repaid. The impact of exchange differences is recognized directly in the translation reserve at equity without passing through the income statement.

The risks arising from other intragroup transactions (two loans granted to the Hungarian subsidiary and the Brazilian holding, as well as a loan granted to the Turkish subsidiary which was repaid in full in 2015) are not hedged as the amounts are not material.

In light of the above, during the year currency fluctuations did not result in significant foreign exchange gains or losses being recognized in the Amplifon Group's consolidated financial statements.

In accordance with the Group Treasury Policy foreign exchange translation risk was not hedged. The impact of the foreign exchange translation risk can be seen, as a whole, in the Group's Euro denominated EBITDA which rose 4.3 percentage points with respect to the Group's total EBITDA.

Interest rate risk
Interest rate risk includes the following situations:
- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (private placement and Eurobond).The cash flow risk derives from floating rate bank loans.
The Group's strategy is to minimize cash flow risk, especially with respect to long-term exposures, through a balanced division between fixed- and floating-rate loans, judging whether to switch floating-rate borrowings to fixed-rate when each loan is taken out, as well as over the life of the loans including in light of the current market rates. In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2015, all the medium/long debt (€376 million) is linked to fixed rate capital market issues which to date have yet to be converted to floating rate debt as currently interest rates are low and the

possibility that they will increase is limited. The risk, therefore, is that any conversions of debt from fixed to floating could result in financial costs that are, as a whole, higher with respect to the current fixed rate.

Credit risk

Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the holder/investor.

In the Amplifon Group credit risk arises from:

(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) from the sale of Group-owned American stores to franchisees, with the payment spread over up to 12 years, following the transformation of the subsidiary Sonus's business model from the direct to the indirect channel;
(iv) the loans granted to indirect channel and commercial partners in the United States and in Spain for investments and business development.

With regard to the risk under (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency - while existing - is remote and further mitigated by the fact that they are factored without recourse, on a quarterly basis, by specialized factoring companies. Conversely, the credit risk arising from sales with private individuals based on instalment payment plans is increasing, as is that arising from sales to US indirect channel firms (wholesalers and franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single partner does not exceed a few million US dollars. Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and policies with local management. With regard to private customers, who are largely paying cash, installment or financed sales have been limited to a maximum term of 12 months and, when possible, are managed by external finance companies which advance the whole amount of the sale to Amplifon. The situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by diversifying the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both liquidity invested and/or deposited and to the notional amount of derivative contracts. The counterparty limits are higher if the counterparty has a Standard & Poor's and Moody's short term rating equal to at least A-1 and P-1, respectively. The Group's CEO and CFO may not carry out transactions with non-investment grade counterparties unless specifically authorized to do so.

With regard to the risk referred to in (iii) above, in the event payments fail to be made on the stores sold, ownership will revert back to Amplifon, while the loans made in the US referred to in (iv) above, are generally personally guaranteed by the beneficiaries and repayments are typically made when the invoices for the purchases of hearing aids are paid.

Price risk

This arises from the possibility that the value of a financial asset or liability may change due to changes in market prices (other than those caused by currency or interest-rate fluctuations) due to both characteristics specific to the financial asset or liability or the issuer, as well as market factors. This risk is typical of financial assets not listed on an active market, which may not be easy to liquidate at a level close to their fair value.

In the Amplifon Group price risk arises from certain financial investments in listed instruments, mainly bonds. Given the size of these investments, this risk is not significant and, therefore, is not hedged.

Liquidity risk

This risk often arises when an entity is experiencing difficulty finding sufficient funds to meet its obligations and includes the risk that the counterparties that have granted loans or lines of credit may request repayment. This risk, which had become particularly significant due, initially, to the 2008 financial crisis and, more recently, to the sovereign debt crisis affecting the peripheral Euro zone countries and the single currency itself, while smaller, still exists.

In this situation the Group continues to pay the utmost attention to cash flow and debt management, maximizing the positive cash flow from operations, while also monitoring credit lines in order to ensure adequate availability of irrevocable long term credit lines even though after the capital market transactions completed in 2013 debt is largely long term with the first significant portion falling due only as of mid-2018.

These activities, along with the liquidity, current credit lines and the positive cash flow that the Group continues to generate, lead us to believe that, at least in the short term, liquidity risk is not significant.

Hedging instruments

Hedging instruments are used by the Group exclusively to mitigate, in line with company strategy, interest rate and currency risk and comprise exclusively financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with high credit ratings and transactions that fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments that match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the effectiveness of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used include:

- cross currency swaps;
- interest rate swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognised in profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognised in net equity are subsequently transferred to the income statement in the period in which the transaction that is hedged against affects the income statement; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (so-called basis adjustment); any ineffectiveness of the hedge is recognised in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above starting from the time when the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralised and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by ex post evidence, that the hedge will be highly effective for the period in which the hedged risk is present;
- if the hedged risk is that there may be changes in cash flow arising from a future transaction, the latter is highly probable and has exposure to changes in cash flow that could affect profit and loss.

Derivatives are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely they are classified consistently with the hedged item.

In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have in place any hedges of a net investment.

Treasury shares

Implementation of the buyback program approved during the Shareholders' Meetings held on 16 April 2014 and on 21 April 2015 continued in the period. The purpose of the program is to increase treasury shares in order to service stock-based incentive plans, as well as ensure the availability of treasury shares to use as a form of payment for acquisitions. As resolved by the shareholders, the treasury shares may be purchased on one or more occasions on a revolving basis for up to a total number of new shares, which together with the treasury shares already held and in accordance with the law, amounts to 10% of the company's share capital. The purchase price of the shares may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase. The authorization to purchase shares was in effect through and including 20 October 2016.
In 2015 957,000 shares were purchased at an average price of €6.897 as part of this program.

A total of 1,946,375 of the performance stock grant rights assigned in 2011 vested in the period and 600,000 rights assigned to the Chief Executive Officers Franco Moscetti (300,000 of which were assigned in 2012 and 300,000 in 2014) vested in advance on 22 October 2015 in accordance with the agreements reached relating to the transition in the Group's leadership. 12,500 of the rights assigned in April 2013 were also exercised and vested in advance in accordance with the agreements reached with an exiting employee.
A total of 2,113,250 rights were exercised, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

The treasury shares held at 31 December 2015, therefore, now total 6,263,750 or 2.78% of the Company's share capital.

Information relating to the treasury shares held by the Company purchased in 2005, 2006, 2007, 2014 and 2015, as well as sold in 2015, is provided below.

	N. of shares	Average purchase price (Euro) Selling price (Euro)	Total amount (Euro)
Total at 31 December 2014	**7,420,000**	**6.273**	**46,547**
Purchases	957,000	6.897	6,601
Disposals made following exercise of performance stock grants Assigned January 2011	(828,333)		
Disposals made following exercise of performance stock grants Assigned April 2011	(672,417)		
Disposals made following exercise of performance stock grants Assigned March 2012 to CEO (vested in advance)	(300,000)	6.345	(13,408)
Disposals made following exercise of performance stock grants Assigned April 2014 to CEO (vested in advance)	(300,000)		
Disposals made following exercise of performance stock grants Assigned April 2013	(12,500)		
Total at 31 December 2015	**6,263,750**	**6.345**	**39,740**

Research and development

The Group did not carry out any research and development activities in the year.

Transactions between group companies and with related parties

Pursuant to and in accordance with Consob Regulation n. 17221 of 12 March 2010, on 24 October 2012, subject to the favourable opinion of the Independent Directors' Committee, Amplifon S.p.A.'s Board of Directors adopted new Regulations for Related Party Transactions which took effect 1 December 2012 and substituted the version approved by the Board on 3 November 2010.

In 2015 the Company and the Chief Executive Officer, Franco Moscetti, mutually agreed that the conditions for a seamless change in leadership which would further the growth process, while also strengthening the Group's competitiveness, had materialized. Franco Moscetti was paid a total indemnity of €5.7 million, was granted early vesting of the 600,000 performance stock grant rights assigned and received a payment of €0.7 million as part of a non-compete agreement valid through 30 April 2017, inclusive. The Committee of Independent Directors expressed a favourable opinion of the transaction which was approved by the Company's Board of Directors.

All the other transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual, and fall within the Group's normal course of business and are conducted at arm's-length as dictated by the nature of the goods and services provided.

Information on transactions with related parties, including specific disclosures required pursuant to Consob Bulletin of 28 July 2006, is provided in Note 34 of the consolidated financial statements and in Note 31 of the separate financial statements.

Contingent liabilities

With regard to the investigation, mentioned in the 2014 Annual Report, begun by the Financial Administration of a series of Italian banks in reference to medium/long term loans granted by the latter abroad in order to verify if the loans were subject to substitute tax, ordinary duties, stamps, liens, surveys and government subsidies, including the syndicated loan of €303.8 million and AUD 70 million granted to the Amplifon Group in December 2010 by a pool of 15 Italian and foreign banks to finance the acquisition of the Australian group NHC, in 2015, in addition to what had already taken place in 2014, other Provincial branches of the Financial Administration submitted motions for self-assessment, canceling previously issued notices due to dismissal of the claims, including the Provincial branch in Milan with regard, specifically, to the Amplifon loan. The first dismissals were issued and the first refunds of the amounts paid to the Financial Administration at the beginning of the dispute were received.
In light of the above Amplifon, its consultants and the banks involved believe, though the uncertainty typical of any dispute remains, the other motions will likely be granted and that the banks will be able to begin the procedures needed to request restitution of any advance payments made.

In Spain, the owner of three stores leased to Amplifon and regularly returned in 2014 when the lease expired, filed suit against Amplifon complaining about the state of the property when it was returned and other alleged breaches. Amplifon believes that the court will find in its favor. In any case, any damage award would not exceed a few thousand Euros.

Currently the Group is not subject to any other particular risks or uncertainties.

Subsequent events after 31 December 2015

The main events that took place after the end of the year are described below:

On 11 February 2016 the Articles of Incorporation were updated following the partial subscription of a capital increase servicing stock option plans which resulted in the issue of 17,000 ordinary shares of Amplifon S.p.A. with a par value of €0.02 each. The share capital, entirely subscribed and paid-in, amounted to €4,510,294 at 1 March 2016.

Implementation of the buyback program approved during the Shareholders' Meeting held on 21 April 2015 continued in 2016 and a total of 228,000 shares were purchased between year-end 2015 and the date of this report at an average price of € 7.554. Exercise of the performance stock grants assigned in 2011 continued as a result of which, as at 2 March 2016, the Company transferred a total of 65,167 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 6,426,583 or 2.85% of the Company's share capital.

In the first few months of 2016 the Group continued to grow externally and made a series of minor acquisitions: 14 points of sale were purchased in Germany, France and Spain.

Outlook

This year the Group expects to see a favourable trend in revenue and the key performance indicators, thanks to solid organic growth, which will benefit from the new marketing initiatives, as well as the innovative services that will be offered to strengthen consumer engagement, and the continuous expansion of the network. In terms of market strategy, the Company intends focus mainly on reinforcing its leadership in key markets (Italy, the United States, Australia) and strengthening its competitive positioning in select markets with significant growth opportunities (like France and Germany).
With regard to the different geographies, sales are expected to show solid growth in Europe and profitability is expected to improve thanks to the plans to expand the network both externally (France and Germany) and internally (the Iberian Peninsula), as well as the positive effect that the investments in marketing and communication campaigns are expected to have despite the persistent price pressure in the Dutch market. Revenue is expected to continue to grow at a robust pace in the Americas thanks to the contribution of all the Group's channels which will benefit from the marketing initiatives and commercial policies, in part already implemented in 2015. These initiatives will guarantee sustainable long-term growth, while lowering operating leverage in the current year. Lastly, in Asia Pacific organic growth is expected to be stable, above market expectations, and profitability is expected to be maintained at current levels by focusing on operating efficiency.

This report contains forward looking statements ("Outlook") relating to future events and the Amplifon Group's operating, economic and financial results. These forecasts, by definition, contain elements of risk and uncertainty, insofar as they are linked to the occurrence of future events and developments. The actual results may be very different with respect to the original forecast due to a number of factors, the majority of which are out of the Group's control.

Report on Corporate Governance and Ownership Structure

at 31 December 2015 (in accordance with art. 123-*bis* TUF)

1. Issuer Profile

Amplifon S.p.A., an Italian multinational company with its registered office in Milan, is worldwide leader in customized retail hearing solutions, services, and customer care.

Founded in 1950, Amplifon is active in 22 Countries: directly through Amplifon S.p.A. in Italy, through its subsidiaries in France, Germany, Switzerland, the Netherlands, Belgium, Luxemburg, the UK, Ireland, Spain, Portugal, Hungary, Poland, Turkey, Israel, the USA, Canada, Australia, New Zealand, India, Egypt and Brazil.
The hearing aids are fitted in dedicated points of sale, service centres and, to a marginal extent, at customers' homes. The points of sale are operated both directly and indirectly through agents and franchisees.

The Company's mission is to help people with hearing difficulties to rediscover the joy of a full and active life through solutions which provide maximum hearing satisfaction in all of daily life's different situations.

Amplifon S.p.A.'s corporate governance is based on the traditional organizational model with Shareholders' Meetings, a Board of Directors and a Board of Statutory Auditors. Descriptions of these bodies are provided below and are found throughout this report.

The Shareholders' Meeting is convened at least once a year, in ordinary session, to approve the annual financial report, appoint and remove members of the Board of Directors and the Statutory Auditors, as well as approve their remuneration, and to also resolve on other matters falling under its prerogative as provided for by law. In extraordinary session, shareholders meet to amend the Company's articles of incorporation and association, as well as to resolve on other matters falling under its prerogative as provided for by law.

An auditing firm, listed in the special register kept by CONSOB, is responsible for carrying out the independent audit of the financial statements in accordance with the law.

2. Information on Ownership Structure (pursuant to art. 123-*bis*, par. 1 TUF) at 31 December 2015

a) Structure of share capital (pursuant to art. 123-*bis*, par. 1, letter a), TUF)
The share capital at 31 December 2015 amounted to €4,509,953.94 broken down in 225,497,697 ordinary shares with a nominal value of €0.02 each; 219,233,947 of which with voting rights and 6,263,750 of which with voting rights suspended pursuant to art. 2357 *ter*, paragraph 2 of the Italian Civil Code as they represent the Company's treasury shares.
There were no shares with limited voting rights nor shares for which increased voting rights had matured at 31 December 2015.

	N. of shares	% of share capital	Listed (indicate the markets) / non listed	Rights and obligations
Ordinary shares	225,497,697	100%	MTA – STAR Segment	
Of which Shares with limited voting rights	-			
Of which Shares with increased voting rights	-			
Of which Shares with no voting rights	6,263,750	2.778%		Treasury shares

The Company, as from financial year 2001, has implemented Stock Option and Performance Stock Grant Plans which involve capital increases: the description of these plans can be found in the notes to the accounts in the annual report under Note 31, "Stock Options – Performance Stock Grant" and in the Remuneration Statement prepared as per art. 84-*bis* of the Issuers' Regulations, documents available on the Company's website www.amplifon.com/corporate.

There were no instruments granting subscription rights of newly issued shares in existence at 31 December 2015.

b) Share transfer restrictions (pursuant to art. 123-*bis*, par. 1, letter b), TUF)
At 31 December 2015 the following share transfer restrictions were in effect:
N. 55,785,124 ordinary shares of Amplifon were pledged by the shareholder Ampliter N.V. in favour of the Bondholders, Trustee, Registrar, Transfer Agent, Principal Paying and Exchange Agent, Calculation Agent, Parallel Debt Creditor and Custodian (the Secured Parties), pursuant to a Deed of pledge executed on 14 November 2013 as part of Ampliter N.V.'s issue of senior secured bonds in the aggregate amount of EUR 135 million, due in 2018, exchangeable into existing ordinary shares of Amplifon.

c) Significant interests in share capital (pursuant to art. 123-*bis*, par. 1, letter c), TUF)
Based on the declarations received under art. 120 of TUF, the following shareholders hold significant interests in the Company's share capital at 31 December 2015:

Declarant	Direct shareholder	% of ordinary capital (*)	% of voting capital
Ampliter N.V.	Ampliter N.V.	54.843	55.483
FMR LLC	FMR LLC	5.136	5.246
Tamburi Investment Partners S.p.A.	Tamburi Investment Partners S.p.A.	4.325	4.351

(*) The percentages refer to the share capital disclosed to CONSOB pursuant to Art. 120 of T.U.F. With regard, specifically, to the majority shareholder Ampliter N.V., reference is made to the declaration dated 20/03/2012.

At 31 December 2015 n. 55,785,124 ordinary shares of Amplifon or 24.739% of the share capital and 25.445% of the shares with voting rights had been pledged by Ampliter N.V. as part of the bond issue referred to in b) above.

d) Shares with special rights (pursuant to art. 123-*bis*, par. 1, letter d), TUF)

At 31 December 2015 there were no shares granting special rights of control. On 29 January 2015 shareholders met in extraordinary session and amended the Company's Articles of Association in accordance with art. 127-*quinquies* of Legislative Decree n. 58 dated 24 February 1998 - TUF granting two votes for each share held by the same party without interruption for a period of at least 24 months as of the registration date shown in a specific register. Shareholders may request to be registered at any time. The registration will take place within the fifteenth day of the month subsequent to having received the request. At 31 December 2015 n. 121,190,246 shares or 53.743% of the share capital and 55.279% of the shares with voting rights, of which n. 119,386,120 shares or 52.943% of the share capital and 54.456% of the shares with voting rights, held by the majority shareholder Ampliter N.V., were registered in the above mentioned specific register. If Ampliter N.V. continues to hold these shares without interruption, the latter will be granted increased voting rights as of 2 April 2017.

e) Employee share ownership: exercise of voting rights (pursuant to art. 123-*bis*, par. 1, letter e), TUF)

No specific mechanisms for the exercise of voting rights under employee share ownership are provided for.

f) Restrictions on voting rights (pursuant to art. 123-*bis*, par. 1, letter f), TUF)

At 31 December 2015, the only limits on voting rights are those pursuant to art. 2357 ter, paragraph 2 of the Italian Civil Code (voting rights suspended) related to the Company's treasury shares as described in paragraph 2 a).

As part of the issue made by Ampliter N.V. of the senior secured bonds for a total aggregate amount of EUR 135 million, the voting rights pertaining to the Amplifon shares pledged by Ampliter N.V. may be exercised by the latter unless Ampliter N.V. fails to pay the bondholders, or if any other default events occur as per the Deed of pledge, and the Secured Parties exercise the voting rights.

Furthermore, at 31 December 2015, n. 2,250,358 shares had been loaned by Ampliter N.V. as part of the same transaction. These shares (included in the percentages shown in the table found in item c) above) do not grant voting rights to Ampliter N.V..

g) Shareholders' agreements (pursuant to art. 123-*bis*, par. 1, letter g), TUF)

At 31 December 2015, there were no known shareholder agreements pursuant to art. 122 of TUF.

h) Change of control clauses (pursuant to art. 123-*bis*, par. 1, letter h), TUF) and provisions relating to takeover bids (pursuant to art. 104, par. 1-*ter*, and 104-*bis*, par. 1)

In the course of their normal business, the Company and its subsidiaries may stipulate agreements with financial partners which, as is common practice in international contracts, include clauses which grant each of the parties the right to rescind or amend said agreements in the event the direct or indirect control of the parties themselves should change.

At 31 December 2015, a Eurobond issued by Amplifon S.p.A., which amounted to €275 million at 31 December 2015, maturing in 2018, and the residual debt of the private placement expiring between 2020 and 2025, which amounted to USD 130 million at 31 December 2015, contain, as is normally the practice in these kinds of financial transactions, change of control clauses in the event the controlling shareholder of Amplifon S.p.A. should change based on which the Company must advise the parties of same and the latter may request repayment.

i) Authority to increase share capital and authorizations to buyback shares (pursuant to art. 123-*bis*, par. 1, letter m), TUF)

i.1) Authority to increase share capital

Pursuant to the powers granted during the Extraordinary Shareholders' Meeting held on 27 April 2006 pursuant to art. 2443 of the Italian Civil Code, on 28 October 2010 the Board of Directors resolved to increase share capital against payment in one or more instalments for up to a maximum amount of €150,000.00 through the issue of 7,500,000 ordinary shares of a nominal value of €0.02 per share, with dividend rights, to be offered in subscription to employees of the Company and its subsidiaries without option rights pursuant to art. 2441, final paragraph, of the Italian Civil Code and art. 114-*bis* and art. 134, second paragraph, of Decree 58/98 and subsequent amendments, based on the strategic importance of the position held within the Group. Any board resolution to increase share capital as per the powers granted must be subscribed within the period indicated (at any rate, not after 31 December 2020) and the share capital will be considered increased by an amount equal to the subscriptions tendered at the expiration date.

On 16 April 2014 shareholders granted the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, the power to increase share capital, without payment, for a period of five years from the resolution date, in one or more instalments for up to a maximum amount of €100,000.00, through the issue of a maximum of 5,000,000 ordinary shares of a nominal value of €0.02 per share, with dividend rights, to be assigned to employees of Amplifon S.p.A. and/or its subsidiaries pursuant to art. 2349 of the Italian Civil Code as part of the Company's existing or future stock grant plans. These capital increases must be made through the use of distributable earnings or available reserves as per the last regularly approved annual report.

For a detailed description of the Stock Option Plans, please refer to the notes to the accounts in the annual report, specifically Note 31, "Stock Options – Performance Stock Grant", and the information circular prepared as per art. 84-*bis* of the Issuers' Regulations published on the Company's website www.amplifon.com/corporate.

At 31 December 2015, no other authorizations to increase share capital or issue other securities were in place.

i.2) Authorizations to buyback shares

On 21 April 2015 shareholders, after having revoked the authorization granted on 16 April 2014, authorized, pursuant to and in accordance with article 2357 of the Italian Civil Code, the purchase, in one or more instalments, of up to a maximum of new ordinary shares which will result in the Company holding a maximum of 10% of the Company's share capital in the event the power granted is fully exercised in the timeframe indicated herein, as permitted by law and taking into account the treasury shares already held, in order to provide the Company with a means to:

(i) have treasury shares available to service stock-based incentive plans, both existing and future, benefiting directors and/or employees and/or partners of the Company or its subsidiaries;

(ii) use treasury shares as a means of payment in the acquisition of companies or the exchange of equity interests.

The shares may be purchased for a period of eighteen months from the date of the shareholders' approval at a unit price that may not be 10% above or below the official stock price recorded by the stock exchange on the day prior to each single purchase and may be purchased on regulated markets including through the purchase and sale of derivatives traded on regulated markets that call for the physical delivery of the underlying shares, as well as by assigning proportional put options to shareholders; the purchases will be made in accordance with the methods

provided in both article 132 of Legislative Decree n. 58 dated 24 February 1998 and article 144-*bis* of CONSOB resolution n. 11971 of 14 May 1999, with the sole exception of public tender and exchange offers, taking into account the specific exemption provided for in the third paragraph of article 132 of Legislative Decree n. 58 dated February 24th, 1998, as well as with any and all other applicable laws and regulations.
In the same resolution, on 21 April 2015 shareholders also authorized, pursuant to and in accordance with article 2357-*ter* of the Italian Civil Code, the disposal, in one or more instalments, at any time and for an unlimited period of time, of the treasury shares purchased, in accordance with laws and regulations in effect at the time of the transaction. The sale transactions may be carried out prior to having completed all purchases, on one or more occasions on the market, including as a result of trading or block sales, and/or through transfer to directors, employees or partners of the Company and/or its subsidiaries, in implementation of incentive plans and/or other disposals involving the exchange or disposal of blocks of stock, including through swaps or transfers, or lastly as a result of capital market transactions involving the assignment or disposal of treasury shares (including, for example, mergers, spin-offs, the issue of convertible bonds or warrants serviced by treasury shares).

At the close of financial year 2015 Amplifon held a total of n. 6,263,750 ordinary shares, equal to 2.778% of the share capital; n. 7,420,000 of these shares were already held at the close of financial year 2014 and n. 957,000 were purchased during the year, while a total of n. 2,113,250 shares were transferred to directors, employees and/or staff members as part of the stock-based incentive plans.

l) Co-ordination and direction activities (pursuant to art. 2497 *et seq*. of the Italian Civil Code)
The Company is not subject to direction or co-ordination by other parties.

It is opportune to point out that Anna Maria Formiggini, Sole Administrator of the direct Parent Company Ampliter N.V. and Chairman of the Board of Directors of the indirect Parent Company Amplifin S.p.A., is the non-executive Honorary Chairman of Amplifon S.p.A. and that Susan Carol Holland, Deputy Chairman of the indirect Parent Company of Amplifin S.p.A., is the non-executive Chairman of Amplifon S.p.A.

It is the Company's view that the mere presence of directors serving on the boards of both the Company and its parent companies is not to be construed as exercising control or co-ordination given the lack of involvement in operations.

Furthermore, none of the factors commonly recognized as indicative of exercising direction and co-ordination activities were found to exist with Amplifon S.p.A. and its parent company.

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The information requested in art. 123-*bis*, first paragraph, letter i), *"agreements between the company and the directors and members of the Management Board and the Supervisory Board which call for indemnity in the event of resignation or dismissal without cause or termination following a takeover bid"* can be found in the Remuneration Statement published in accordance with art. 123-*ter* of TUF.

The information requested in art.123-*bis*, first paragraph, letter l), *"the norms governing nomination and replacement of directors and members of the Management Board and the Supervisory Board, as well as amendments to the Articles of Association, if different from those provided for under the applicable laws and regulations"* can be found in the section regarding the Board of Directors found in this report.

3. Compliance (pursuant to art. 123-*bis*, par. 2, letter a), TUF)

The Company adopted the last version of the Corporate Governance Code issued, approved by the Corporate Governance Committee in July 2015.
The Corporate Governance Code is available on the Corporate Governance Committee's website at "http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf".

Neither the Company nor any of its subsidiaries are subject to foreign legislation which could impact or influence the Company's corporate governance structure.

4. Board of Directors

4.1 Appointment and replacement (pursuant to art. 123-*bis*, par. 1, letter l), TUF)

The Company is managed by a Board of Directors comprised of between three and eleven members, as resolved by shareholders.

The members of the Board of Directors are elected based on a list of candidates presented by the shareholders and/or a group of shareholders who own at least 1% of share capital (as per CONSOB Resolution n.19499 dated 28 January 2016).

The lists presented must indicate the candidates in sequential numerical order and must be filed at the Company's registered office at least 25 days prior to the date of the Shareholders' Meeting in first call. The Company will also publish the lists on its website and in accordance with other modalities indicated in the CONSOB regulation issued pursuant to art. 147-*ter*, par. 1-*bis* of Legislative Decree 58/1998 at least 21 days prior to the Shareholders' Meeting.

Each shareholder who submits a list or is party to a list must submit the certificate issued by the authorized intermediary, by the legal deadline set for the Company's publication of said lists.

Based on the Company's Articles of Association, at least one of the members of the Board of Directors, or two if the Board is comprised of more than seven members, must meet the requisites for an independent statutory auditor set forth in the applicable norms and regulations.

Only those candidates included in lists presented by shareholders holding voting rights equal to half the amount required in order to be entitled to present lists will be considered.

Based on the Articles of Association, the Board of Directors will be appointed in compliance with the current law governing gender equality rounding up the number of candidates belonging to the least represented gender in the event application of the quota criteria does not result in a whole number.

The directors will be elected based on the lists submitted, the majority of votes obtained in the sequential numerical order in which the candidates appear on said lists. One director, in possession of the requisite of independence pursuant to the law and in no way connected, even indirectly, to the shareholders who submitted or cast more votes for the list, will be elected from the minority list on the basis of sequential numerical order and the majority of votes obtained.

The directors are appointed for a maximum term of three years and may be re-elected. If one or more of the directors should resign, for whatever reason, during their term, the Board of Directors will act in accordance with art. 2386 of the Italian Civil Code.

If one or more of the resigned directors was included in a list containing candidates who were not elected, the Board of Directors will appoint substitute directors based on the sequential numerical order of said list providing the candidates are still eligible for election and willing to accept the assignment.

In any event the Board will ensure that the total number of independent directors appointed complies with the law, including with respect to gender quotas.
In the event the exiting director was an independent director, the Board will attempt, to the extent possible, to appoint the first of the non-elected independent directors included in the exiting directors' list.
The Board of Directors is vested with the broadest powers for the Company's ordinary and extraordinary administration. It meets at least once every three months and has adopted an organization and *modus operandi* which guarantee effective and efficient performance of its functions. The Board of Directors, including through its delegates, reports on a timely basis to the Board of Statutory Auditors on its work and on any transactions carried out by the Company and its subsidiaries having a significant impact on profitability, assets and liabilities or financial position; in particular, it reports on transactions representing a potential conflict of interests.

Succession planning
During the meeting held on 6 March 2013 the Board of Directors, pursuant to the Risk and Control Committee's proposal, approved the succession plan relative to the appointment of executive directors in the event of unexpected vacancies or expiration of the term.

Based on this procedure the Chairman of the Board of Directors and, if unable, the Risk and Control Committee, after consulting with the Chairman of the Board of Statutory Auditors, will:
- seek to understand the situation and decide which is more opportune: succession or a temporary appointment;
- inform the Directors and the Board of Statutory Auditors;
- call a Board of Directors' meeting in order to adopt the measures deemed opportune.

4.2. Composition (pursuant to art. 123-*bis*, par. 2, letter d), TUF)
At 31 December 2015 the Board of Directors was comprised as follows:

Name and date of birth	Office held	In office since	Date of first appointment	List	Exec.	Non-exec.	Ind.	Indep. TUF	% BoD	Other appoint-ments
Anna Maria Formiggini 19/02/1924	Honorary Chairman	17/04/2013	19/02/2001	M		X			20	1
Susan Carol Holland 27/05/1956	Chairman	17/04/2013	19/02/2001	M		X			100	1
Franco Moscetti 09/10/1951	Deputy Chairman	17/04/2013	14/12/2004	M		X			100	3
Enrico Vita 16/02/1969	Chief Executive Officer (CEO)	20/10/2015	20/10/2015	M	X				100	1
Giampio Bracchi 27/01/1944	Director	17/04/2013	24/04/2007	M		X	X	X	91	4
Maurizio Costa 29/10/1948	Director	17/04/2013	24/04/2007	M		X	X	X	85	4
Andrea Guerra 26/05/1965	Director	17/04/2013	08/03/2011	M		X	X	X	40	5
Anna Puccio 10/03/1964	Director	21/04/2015	21/04/2015	M		X	X	X	100	2
Giovanni Tamburi 21/05/1954	Director	17/04/2013	17/04/2013	m		X	X	X	66	7

KEY
Office held: Chairman, Deputy Chairman, CEO, etc..
In office since: Date of first appointment.
List: indicated as M/m depending on whether the director was elected on a majority list or a minority list (art. 144-*decies* of the CONSOB's Issuers' Regulations).
Exec.: marked if the director qualifies as executive.
Non exec.: marked if the director qualifies as non-executive.
Ind.: marked if the director qualifies as independent under the Code's criteria.
Indep. TUF: marked if the director meets the independence qualifications established by par. 3, art. 148 of TUF (art. 144-*decies* of the CONSOB's Issuers' Regulations).
% BoD: indicates the director's attendance record in percentage terms at Board meetings (the calculation of this percentage reflects the number of meetings attended by the director relative to the number of Board meetings held during the year or after the director's appointment).
Other appointments: indicates the total number of appointments held in other companies listed on regulated markets (in Italy or abroad), in financial, banking, insurance or large companies, identified on the basis of the criteria established by the Board of Directors.

It is to be noted that:

- On 7 January 2015 the director Luca Garavoglia tendered his resignation, for personal reasons, as non-executive Independent Director and as member of the Risk and Control Committee, of the Remuneration and Appointments Committee, as well as of the Supervisory Board.
- During the meeting held on 29 January 2015 the Board of Directors, in accordance with the Articles of Association, co-opted Anna Puccio to act as Director and also revisited the composition of the Committees and the Supervisory Board which are now comprised as follows:

  - Risk and Control Committee
    Chairman: Giampio Bracchi
    Member: Susan Carol Holland
    Member: Anna Puccio

  - Remuneration and Appointments Committee
    Chairman: Maurizio Costa
    Member: Susan Carol Holland
    Member: Andrea Guerra

  - Supervisory Board
    Chairman: Giampio Bracchi
    Member: Maurizio Costa
    Member: Paolo Tacciaria (Head of Internal Audit)

- On 21 April 2015 shareholders appointed Anna Puccio to the Board of Directors. Anna Puccio will remain in office through the end of the term of the Board of Directors appointed by shareholders on 17 April 2013 and, therefore, through the Shareholders' Meeting convened to approve the financial statements as of 31 December 2015.

- On 20 October 2015 shareholders resolved to set the number of directors comprising the Board of Directors at nine and appointed Enrico Vita as a member of the Board. Enrico Vita will remain in office through the Shareholders' Meeting convened to approve the financial statements as of 31 December 2015.

- During the meeting held on 22 October 2015, the Board of Directors appointed Enrico Vita, Chief Executive Officer, as General Manager and Director of the Board.

The professional characteristics of the Directors are described in the annual report in the section "Corporate Governance and personnel" (the annual report can be found on the Company's website www.amplifon.com/corporate).

For a more detailed description of the criteria used to evaluate the independence of the directors, please refer to section 4.6 of this report.

The list of the other companies in which the Directors of Amplifon S.p.A. have other appointments can be found in Annex 1 of this report.

The members of the Board Committees formed as resolved by the Board of Directors on 17 April 2013, and revised by the Board during the meeting held on 29 January 2015, along with their attendance records for the year are shown below:

Name	Office held	EC	% EC	N.C.	% N.C.	R.A.C.	% R.A.C.	R.C.C.	% R.C.C.
Susan Carol Holland	Chairman	n/a	n/a	n/a	n/a	M	100	M	100
Giampio Bracchi	Director	n/a	n/a	n/a	n/a			C	100
Maurizio Costa	Director	n/a	n/a	n/a	n/a	C	100		
Andrea Guerra	Director	n/a	n/a	n/a	n/a	M	60		
Anna Puccio	Director	n/a	n/a	n/a	n/a			M	100

KEY
n/a: not applicable.
E.C.: Executive Committee; C/M for chairman/member of Executive Committee.
% E.C.: indicates the director's attendance record in percentage terms at Executive Committee meetings (the calculation of this percentage reflects the number of meetings attended by the director relative to the number of Executive Committee meetings held during the year or after the director's appointment to this committee).
N.C.: Nominations Committee; C/M for chairman/member of the Nominations Committee.
% N.C.: indicates the director's attendance record in percentage terms at Nominations Committee meetings (the calculation of this percentage reflects the number of meetings attended by the director relative to the number of Nominations Committee meetings held during the year or after the director's appointment to this committee).
R.A.C.: C/M: chairman/member of the Remuneration and Appointments Committee.
% R.A.C.: indicates the director's attendance record in percentage terms at Remuneration and Appointments Committee meetings (the calculation of this percentage reflects the number of meetings attended by the director relative to the number of Remuneration and Appointments Committee meetings held during the year or after the director's appointment to this committee).
R.C.C.: C/M: chairman/member of the Risk and Control Committee.
%. R.C.C.: indicates the director's attendance record in percentage terms at Risk and Control Committee meetings (the calculation of this percentage reflects the number of meetings attended by the director relative to the number of Risk and Control Committee meetings held during the year or after the director's appointment to this committee).

Maximum number of appointments allowed in other companies
Pursuant to the Corporate Governance Code for listed companies issued by Borsa Italiana S.p.A. in March 2006, and updated in December 2011, on 19 December 2012 Amplifon S.p.A.'s Board of Directors defined general criteria for the maximum permitted number of directorships or statutory auditorships in other companies deemed to be compatible with holding the office of director: '*Non-executive directors and the Chairman will not be able to assume directorships or statutory auditorships in more than 5 companies listed on regulated markets (including foreign markets), financial, banking, insurance or large companies, while independent directors may not assume more than 10 directorships or statutory auditorships'. Please note that 'the limit on the number of appointments does not include subsidiaries nor the parent companies of Amplifon S.p.A.'.*

Induction Programme
Following the appointment of the Directors specific meetings will be held with the company management during which information relating to the sector, the competitive environment, the Group structure, the Company and the organization will be provided.

4.3. Role of the Board of Directors (pursuant to art. 123-*bis*, par. 2, letter d), TUF)

4.3.1 Activities carried out in 2015 and expected for 2016

During 2015 the Board of Directors met nine times:

- 23 January
- 29 January
- 3 March
- 20 March
- 29 April
- 23 July
- 22 September
- 22 October
- 17 December

Meetings lasted an average of four hours each.
Four meetings have been scheduled for 2016, with the possibility of holding other ones in order to examine specific topics related to operations and to evaluate strategic development plans as, to date, the Company has not instituted a Strategic Committee insofar as the Company believes that this role can be filled through specific Board of Directors' meetings.

The Board meetings are called by the Chairman, or on the Chairman's behalf, by way of a registered letter sent to each director or standing auditor at least five days prior to the meeting or, in urgent cases, via telegram, fax, or return receipt e-mail at least one day prior to the scheduled meeting date.

The Board of Directors may also be called, after having notified the Chairman of the Board itself, by two members of the Board of Statutory Auditors.

The Board members usually receive the documentation relating to the meeting together with the summons for the Board of Directors' meeting, unless for reasons of confidentiality or lack of readiness it is not advisable or possible.

In 2015 the Chairman of the Board of Directors invited the Manager charged with preparing the Company's financial reports to attend all the meetings; several Group Market Directors were also invited to report directly to the Board on the micro and macro-economic trends in the countries for which they are responsible, as were a few members of the Executive Leadership Team and some managers, in order to discuss specific topics.

All the other aspects relating to the functioning of the Board of Directors are governed by specific regulations, compliance with which is monitored by the Chairman with the assistance of the Board Secretary.

4.3.2 Role of the Board of Directors

The Board of Directors is vested with the broadest powers for the Company's ordinary and extraordinary administration and may perform all activities deemed necessary to achieve the Company's purpose, with the exception of those powers attributed by law or the Articles of Association to the Shareholders' Meeting. In detail, the Board of Directors:

- resolves on the opening and closure of secondary offices and the transfer of the registered office within the borders of Italy;
- indicates which of the Directors should represent the Company;
- resolves on reduction of share capital in the event of shareholder withdrawal;
- resolves on the amendments needed to be made to the Articles of Association in light of new norms and regulations;
- within the limits envisaged in art. 2420 *ter*, art. 2443 and art. 2436 of the Italian Civil Code, assumes decisions on mergers and spin-offs pursuant to art. 2505, art. 2505 *bis* and art. 2506 *ter* of the Italian Civil Code;
- examines and approves the strategic, operational and financial plans of the Company and the Group companies and periodically monitors implementation; defines the corporate governance system for the Company and the Group structure;
- defines the nature and level of risk compatible with the Company's strategic objectives;
- evaluates the adequacy of the general organizational and administrative structure of the Company and its strategically relevant subsidiaries put in place by the Chief Executive Officer, particularly with regard to and on an annual basis, the adequacy, efficiency and effective functioning of the internal control and risk management systems, and the management of conflicts of interest;
- grants and revokes the Chief Executive Officer's powers, defining the limits and means of operation, without prejudice to the powers reserved exclusively for the Board pursuant to art. 2381 of the Italian Civil Code, as well as in relation to art. 20 of the Articles of Association;
- determines, following the advice of the Remuneration and Appointments Committee a remuneration policy for the Directors, the Key Managers and the Head of Internal Audit; determines, after examining the proposals of the Remuneration and Appointments Committee and consulting the Board of Statutory Auditors pursuant to art. 2389 par. 3 of the Italian Civil Code, the remuneration of the Chief Executive Officer and the other Directors holding particular offices, including as members of Board committees, as well as, in the event the shareholders have not done so, the breakdown of the Board members' global compensation;
- evaluates the Company's general performance, paying particular attention to the information received from the executive Directors, and periodically comparing the results achieved with forecasts;
- examines and approves the Company's and its subsidiaries' operations, in case such operations have a significant impact on the Company's profitability, assets and liabilities or financial position, paying special attention to situations in which one or more Directors have a direct or indirect (through third parties) interest and, more in general, transactions involving related parties; toward this end establishes the general criteria to identify relevant transactions;
- evaluates, at least once a year, the size, composition and performance of the Board of Directors and its committees and may provide opinions about the profile of the professionals that should serve on the Board;
- evaluates the need to adopt a succession plan for the Chief Executive Officers;
- provides information in the report on corporate governance:
  - on the composition of the Board, indicating, for each member, the qualifications, office held within the Board, the main professional experiences, as well as how long the office has been held;
  - on how the duties assigned are fulfilled and, more specifically on the number and the average duration of the Board meetings held during the year and the attendance record of each Board member;
  - on the principal characteristics of the internal control and risk management system expressing the Board's opinion as to the adequacy and efficacy of the latter with respect to Group's characteristics and risk profile;
- evaluates any exceptions to the non-compete provisions contained in art. 2390 of the Italian Civil Code authorized by the shareholders in light of organizational needs pointing out any critical areas to the shareholders during their next meeting. Toward this end, each Director will inform the Board, upon accepting his/her appointment of any activities carried out which could be considered in competition with the Company and, subsequently, of any relevant changes in this regard;
- provides the shareholders with information about the activities carried out and planned and works to ensure that the shareholders receive the information needed to be able to make informed decisions during Shareholders' Meetings. All the Directors usually attend the Shareholders' Meeting and any absences must be justified;
- assesses whether or not it is opportune, in the event of significant changes in the Company's market capitalization or in the composition of its shareholders, to propose that shareholder amend the Articles of Association with regard to the percentages needed to mobilize shares and the steps taken to protect minority shareholders.

During the meeting held on 29 April 2015, the Board allocated the global remuneration approved during the Shareholders' Meeting held on 21 April 2015 to its individual members and on 22 October 2015 adjusted this allocation to reflect the composition of the new Board of Directors approved during the Shareholders' Meeting held on 20 October 2015.

The Board also resolved to pay the Independent Directors, in the event they should be called upon to chair one of the committees instituted by the Board or the Supervisory Board, an additional fee of €25,000 for each chairmanship or, in the event they are called upon to serve on one of the committees instituted by the Board

or the Supervisory Board, an additional fee of €15,000 for each membership.

The additional fees have no impact on the global remuneration approved by the Shareholders' Meeting, insofar as they are not considered as being in addition to said amounts.

The Board, in all of the meetings dedicated to examining the yearly and periodic accounting records, also looks at the reports on operations of each single subsidiary and the Group as a whole prepared by the Chief Executive Officer.

In the resolution dated 22 October 2015, the Board determined the powers of the Chief Executive Officer and the limits on the exercise of powers which should be exercised in accordance with the guidelines approved by the Board of Directors, as well as the forecast investments and expenses indicated in the budgets approved by the Board of Directors.

Toward this end the Chief Executive Officer was granted single signatory powers for an amount of up to €10 million per transaction, as well as for the transfer of funds, without limits, between the Company's bank accounts.

The Chief Executive Officer may also exercise powers relating to bank loans and lines of credit in joint signature with the Group's CFO for an amount of up to €20 million per transaction, as well as transfer funds, without limits, to affiliates and associates; in joint signature with the Chief HR Officer or a member of the Board of Directors the CEO may stipulate, take disciplinary action relating to, or terminate any employment contract with a company Executive.

The Chief Executive Officer may also carry out, including through sub-delegation, extraordinary transactions by executing the necessary deeds and contracts for an amount of up to €10 million per transaction involving, for example, acquisitions or disposals of controlling interests in companies, acquisitions or disposals of business divisions, agreements relative to joint or similar ventures, in the countries in which Amplifon is already present through one or more subsidiaries.
The Board of Directors also granted the General Manager certain single signatory powers for an amount of up to €10 million per transaction to the extent that the transactions are in accordance with the guidelines, the investment plans and budgets approved by the Board of Directors.

During the meeting held on 24 October 2012, the Board of Directors approved the Regulations for related party transactions issued pursuant to and in accordance with CONSOB Regulation n. 17221 of 12 March 2010. Please refer to Chapter 12 below for information on "Directors' interests and related party transactions".

The Risk and Control Committee, with the support of the Head of Internal Audit, prepared a report summarizing the interviews conducted with the members of the Board of Directors regarding the evaluation of the Board's composition and performance.

This report was shared by the Independent Directors during their periodic meeting held in accordance with the Corporate Governance Code and submitted to the Board by the Chairman of the Risk and Control Committee and the Lead Independent Director Giampio Bracchi during the meeting held on 17 December 2015.

The comments included in the report were shared with those present, underlining the areas of improvement.

The Shareholders' Meeting did not authorise any exceptions to the non-compete provisions contained in art. 2390 of the Italian Civil Code.

4.4. Executive Bodies

4.4.1 Chief Executive Officers

To date the Company has deemed it sufficient to appoint a single Chief Executive Officer in the person of Enrico Vita, who also serves as the General Manager and substitutes the previous Chief Executive Officer and General Manager Franco Moscetti, appointed non-executive Deputy Chairman.

During the meeting held on 22 October 2015 the Chief Executive Officer and General Manager was granted the same powers previously granted to Chief Executive Officer and General Manager Franco Moscetti described above in paragraph 4.3.2.

The Chief Executive Officer will report to the Board every three months on the activities carried out in order to fulfil his duties, as the previous Chief Executive Officer has continuously done.

4.4.2 Chairman

The Chairman acts in accordance with the law and the Company's Articles of Association, without operational powers and does not have a specific role in determining Company strategies.

Reporting to the Board

The Chief Executive Officer must report to the Board at least every three months on the most significant events which occurred within the Group and on the market conditions which could influence operations.
Furthermore, the heads of the various subsidiaries present in the markets where the Group operates provide, as deemed appropriate, the Board with information regarding each subsidiary's operation and the reference markets (please also refer to paragraph 4.3.1).

4.5. Other Executive Directors

The Chief Executive Officer is the only Executive Director.

If deemed opportune members of the Executive Leadership Team and of the Management Team may also be called upon to discuss specific transactions with the Board of Directors.

4.6. Independent Directors

During the meeting held on 17 December 2015, the Board of Directors evaluated whether or not the five Independent Directors (Giampio Bracchi, Maurizio Costa, Andrea Guerra, Anna Puccio and Giovanni Tamburi) still qualified as such.

This evaluation was carried out on the basis of the criteria outlined in the Code and the prudent assessment of the Board with the abstention of the Director in question. More in detail, the Board examined, on the basis of the declarations made by the persons concerned and/or available information, the relationships which could potentially compromise independence.

The Board of Statutory Auditors verified the correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of its members, informing the Company of the following findings which will be included in the annual report on supervisory activities:
"*The Board of Statutory Auditors verified correct application of the assessment criteria and procedures adopted by the Board of Directors for evaluating the independence of the directors Giampio Bracchi, Maurizio Costa, Andrea Guerra, Anna Puccio and Giovanni Tamburi. The assessment criteria were found to be adequate*".

On 17 December 2015 a meeting of the Independent Directors took place in order to discuss the Group's risk management and internal control systems, in general, including the quality and the functioning of the corporate governance and the qualifications of the independent directors also in light of the latest version of the Corporate Governance Code issued in July 2015.

Based on the Regulations for the Board of Directors "once a Director has stated to qualify as independent, he/she must maintain this status for the duration of the mandate and, in the event he/she no longer qualifies as independent, will resign, without prejudice to the Board of Directors' power to co-opt the same Director immediately".

4.7. Lead Independent Director

Although without an active role in operations, the Chairman of the Company is a representative of the issuer's Parent Company. Consequently, in accordance with the Code, on 17 April 2013 the Board, during the first meeting following appointment by the Shareholders' Meeting (held the same day), appointed Giampio Bracchi, non-executive independent director, Lead Independent Director.

In an effort to enhance their contribution and the performance of the Board itself, Giampio Bracchi acts as a point of reference for the non-executive Directors (in particular the Independent Directors). The Lead Independent Director works with the Chief Executive Officer in order to ensure that the Directors receive adequate information in a timely manner. The Lead Independent Director may also call, at his own initiative or at the request of other directors, special meetings of just the independent directors to discuss issues considered of interest in relation to the operation of the Board or management of the business.

The Lead Independent Director, in addition to chairing the meetings of the Independent Directors, carried out his activities by attending meetings of the Risk and Control Committee, as well as the Supervisory Board.

5. Treatment of corporate information

On 24 October 2012 the Board updated the "Procedures for the internal management and external disclosure of company documents and information, with particular reference to price sensitive information" approved on 15 March 2007.

The purpose of these procedures is to govern the internal management and external disclosure of price sensitive information, that has yet to be publicly announced, relating to Amplifon, to one of its subsidiaries, to the Amplifon stock and to any other financial instruments issued by Amplifon which, if publicly disclosed, could have a significant impact on the prices of financial instruments issued by the Company.

The procedures can be found on the corporate website www.amplifon.com/corporate.

These procedures are linked to the procedures regarding the creation and updating of the Register of the persons with access to sensitive information and to those relating to Internal Dealing.

5.1 Register of persons with access to price sensitive information

In accordance with art.115-*bis* of TUF and art. 152-*bis* of Consob Regulations for Issuers, the Company has created a Register of persons who, given the activities they carry out or the role they hold in Amplifon or its subsidiaries, have or may have access to price sensitive information periodically or on a regular basis.

This Register is maintained and updated by the Group's Chief HR Officer.

5.2 Internal Dealing Code

The Internal Dealing Code, adopted by the Board of Directors in 2006 and subsequently amended in 2014, establishes procedures for how any transactions involving shares and other financial instruments issued by the Company carried out by relevant persons or close associates of relevant persons should be disclosed to the market.

Relevant Persons bound by the Code are defined as:

a) members of the Amplifon Board of Directors and Board of Statutory Auditors;
b) persons performing managerial duties in Amplifon, and managers who have regular access to price sensitive information and the power to adopt management decisions that might affect Amplifon's development and future prospects;
c) members of the Boards of Directors and Boards of Statutory Auditors, persons performing managerial duties and managers who have regular access to price sensitive information and the power to adopt management decisions that might affect the development and future prospects in a company directly or indirectly controlled by Amplifon, if the book value of the investment in such controlled company represents more than 50% of Amplifon own assets, as reported in its latest approved financial statements;
d) anyone holding an interest equal to at least 10% of Amplifon voting share capital, as well as any other party which controls Amplifon.

Close associates of the relevant persons are also bound by the same procedures.

Transactions of a total amount of more than €5,000 per calendar year must be reported and disclosed to Consob within five trading sessions following the date on which the transactions were carried out.

Relevant Persons are barred from carrying out any transactions involving the Company's financial instruments, regardless of the amount, thirty days prior to the approval of the draft annual or fourth quarter financial statements, and fifteen days prior to the approval of the first and third quarter financial statements, as well as the half-year report, for each year.

The Internal Dealing Code is published on the corporate website www.amplifon.com/corporate.

6. Board Committees (pursuant to art. 123-*bis*, par. 2, letter d), TUF)

On 17 April 2013 the Board of Directors appointed the Risk and Control Committee and the Remuneration and Appointments Committee, the composition of which was revised during the meeting held on 29 January 2015 following the resignation of Luca Garavoglia and the appointment of co-opted Director Anna Puccio, while it was deemed unnecessary, for the moment, to appoint a Nominations Committee as the functions are attributed to the Remuneration and Appointments Committee as provided for in the comment to art. 4 of the Corporate Governance Code. As described in paragraph 4.3.2, committee members are to receive a supplementary fee in addition to the global remuneration approved by the shareholders. The Board also indicated that the committees were to perform their activities in accordance with the guidelines found in the Corporate Governance Code.

The committees are comprised of at least three non-executive Directors, the majority of which are independent, and minutes are taken at the meetings. In order to perform their duties, the committees may access all information and

company systems as deemed necessary and they may invite non-members to attend the meetings.

The Risk and Control Committee has a budget which is approved by the Board. The Risk and Control Committee and the Remuneration and Appointments Committee, therefore, have the power to make expenditures if deemed necessary.

7. Nominations Committee

The Board deemed that, for the moment, it was unnecessary to form a Nominations Committee, including in light of the outcome of the self-assessment process relating to the balanced composition of the Board itself and to its professional profile, attributing the functions to the Remuneration Committee as provided for in the comment to art. 4 of the Corporate Governance Code.

During the meeting held on 17 April 2013 the Board, therefore, resolved to form a Remuneration and Appointments Committee, in accordance with the requirements for the composition of both Committees, with the duties described in articles 5 and 6 of the Corporate Governance Code. More in detail:

a) provide the Board of Directors with opinions about the size and composition of the Board of Directors and recommendations as to the professional profile of the Board members, as well as the maximum number of assignments as director and statutory auditor deemed compatible with serving on the Company's Board of Directors and relating to any exercise of the powers granted to the shareholders, in general, as well as any allowable exceptions to the non-compete clauses provided for in art. 2390 of the Italian Civil Code;
b) propose candidates to act as Directors in the event it is necessary for the Board to co-opt a director to substitute an Independent Director;
c) provide the Board of Directors with recommendations regarding succession plans for Group Executives with strategic responsibilities.

In 2015 the Remuneration and Appointments Committee met six times. Minutes of the meetings were taken regularly and the meetings lasted around two hours each. During four of these six meetings, organization of the transition in the Group's Top Management was discussed, as were details of a succession plan, the proposal to appoint a new Director and the powers to be granted to the Chief Executive Officer.
For more information about the duration of the meetings, the composition and functioning of the Committee, please refer to section 1.3 of the Remuneration Statement published in accordance with art. 123-*ter* of TUF.

8. Remuneration Committee

Please refer to the **Remuneration Statement**
Part 1
Chapter 1 "Governance"- section 1.3 "Remuneration Committee".

9. Directors' Compensation

Please refer to the **Remuneration Statement**
Part 1
Chapter 4 "Directors' Compensation";
Chapter 5 "Compensation of the Chief Executive Officer and General Manager";
Chapter 6 "Compensation of Executives with strategic responsibilities";
Chapter 7 "Main changes with respect to the prior year".

10. Risk and Control Committee

10.1. Composition and duties of the Risk and Control Committee (pursuant to art. 123-*bis*, par. 2, letter d), TUF)

The Board of Directors appointed the Risk and Control Committee during the meeting held on 17 April 2013 and revisited its composition during the meeting held on 29 January 2015 following the resignation of Luca Garavoglia and appointment of co-opted Director Anna Puccio.
At 31 December 2015, the Risk and Control Committee comprised:

- Giampio Bracchi: Chairman, non-executive Independent Director;
- Susan Carol Holland: non-executive Chairman;
- Anna Puccio: non-executive Independent Director.

The current members were found to possess the qualifications deemed necessary to fulfil the committee's duties as outlined in the Code.

In order to perform its tasks, the Risk and Control Committee works with the Group's Head of Internal Audit, Paolo Tacciaria, the former Head of Internal Control, appointed as per the Chief Executive Officer's recommendation in March 2005.

Furthermore, in order to carry out its "internal audit" activities, the Committee may engage KPMG Advisory S.p.A. as a 'co-sourcer', under the supervision of the Head of Internal Audit.

As indicated in Chapter 6, the Risk and Control Committee submits a budget to the Board and has the power to make expenditures as deemed necessary.

In 2015 the Risk and Control Committee met on five occasions, distributed evenly throughout the year:

- 24 February;
- 28 April;
- 21 July;
- 20 October;
- 14 December.

Minutes are taken regularly during the meetings and filed with the office of the Head of Internal Audit.

All the members of the Risk and Control Committee attended the meetings, which lasted on average around two hours. The Chairman of the Board of Statutory Auditors or who on his/her behalf also attended, as did the Head of Internal Audit.

Given the similarity of the topics addressed, the meetings of the Risk and Control Committee are held jointly with those of the Board of Statutory Auditors to the extent allowed by the specific responsibilities and assignments, as well as the respective agendas.

In order to encourage a reciprocal exchange of information and in light of discussions involving certain issues, the Chief Executive Officer was invited to attend the meetings; in certain instances the Group's CFO and Manager charged with preparing the company's financial reports was also invited to attend, as were several consultants and Company managers.

In 2016 the Risk and Control Committee is expected to meet at least five times.

10.2. Functions of the Risk and Control Committee

The Risk and Control Committee assists the Board of Directors with matters related to internal control and risk management, while also monitoring the adequacy and proper working of the internal control system.

The Risk and Control Committee:
- assists the Board in the assessment of the adequacy and proper working of the Company's internal control system and risk management expressing its opinion on specific aspects;
- examines and approves the proposals presented by the management, the Head of Internal Audit and the independent auditors for improving the structure of the economic and financial reporting needed to monitor and fully represent the Company's performance;
- expresses an opinion regarding the appointment, dismissal, compensation and hiring of resources to be dedicated to Internal Audit;
- monitors the independence, adequacy, efficacy and efficiency of Internal Audit;
- assesses the work programme prepared by the Head of Internal Audit and receives his periodic reports;
- assesses any findings emerging from the periodic reports prepared by the Head of Internal Audit based on the information provided by the Board of Statutory Auditors and by its individual members;
- reports to the Board of Directors, at least once every six months, at the time the annual and half-year financial statements are approved, on its activity and on the adequacy of the internal control and risk management system;
- assesses, along with the Manager charged with preparing Company's financial reports and the independent auditors, the appropriateness of the accounting standards adopted and their uniformity with a view to the preparation of the consolidated financial statements;
- assesses the work of the independent auditors, also as regards the independence of their opinions, and the results thereof as set out in the independent auditors' report and their letter of recommendations;
- assesses the proposals presented by the independent auditing firm in order to obtain the relevant audit engagement;
- performs the other duties entrusted to it by the Board of Directors, particularly as regards to relations with the independent auditors.

In 2015 internal control, in line with the functions described above, was focused on the following activities:
- compliance with the Corporate Governance Code: monitoring regulatory changes and the functioning of the company's governance;
- guidance and supervision of the internal audit activities particularly with regard to maintaining an adequate Group control system, as well as the constant monitoring of the main risks, debt and the financial position;
- overseeing the activities involving the application of the Internal Organizational Model pursuant to Legislative Decree 231/2001;
- providing support to the Manager charged with preparing the Company's financial reports;
- other supervisory activities which, directly or indirectly, are aimed at obtaining information relating to the internal control system (including, for example, meetings with Company managers and consultants).

11. Internal Control and Risk Management system

The internal control system consists of the set of rules, procedures and organizational structures designed to ensure, through a proper identification, assessment managing and monitoring of the primary risks process, that the business is run safely, correctly and in line with the objectives agreed upon. This internal control system helps guarantee the safeguarding of the Company's assets, the efficiency and efficacy of the Company's operations, the reliability of financial information as well as compliance with laws and regulations.

The Board of Directors is responsible for the internal control system and toward this end works with the Risk and Control Committee, the Chief Executive Officer and the Head of Internal Audit.

The Board of Directors provides the guidelines for the internal control and risk management system in a specific document which summarizes and describes the individuals involved, the different components and the mode of operation along with the criteria to be used to assess the system as a whole.

During the year the Board, based also on the contribution of the Risk and Control Committee and the Head of Internal Audit, expressed a positive opinion on the adequacy, efficiency and actual functioning of the internal control system through internal audit's activities, meetings with the Company management, the Board of Statutory Auditors and the independent auditors; examined the reports presented by the Chairman of the Supervisory Board, pursuant to Legislative Decree 231/2001, whose purpose is also to verify that the internal control system works properly, albeit for different reasons.

It should also be noted that during the meeting held on 17 December 2015, the Board acknowledged and assessed the Group's risk map on the basis of a report entitled "Group Risk Reporting 2015" in which there is a summary and an evaluation of the Group's primary risks selected through processing all the risks identified by each of the Countries which report regularly on risk identification, assessment and management.

The main features of the existing internal control and risk management systems in relation to the financial reporting process pursuant to art. 123-*bis*, par. 2b), TUF are discussed below.

Introduction
Amplifon, in line with the most advanced management systems and best practices for the design and implementation of internal control systems, treats risk management as one of its highest priorities.
Every business faces risks and risk management is even more important in a constantly changing business environment characterized by recessionary pressures.
Amplifon's Management carefully weighs risks against opportunities, channelling resources to create the best possible balance in keeping with the acceptable threshold of risk.

Risks are appraised for the Group as a whole and at a local (countries where the Group is present) level, through regular risk assessment exercises involving the Group's entire management team. The risks are then prioritized in relation to the Group's objectives and those of its subsidiaries, and in consideration of both the probability and impact of residual risks.
Accordingly, systems are set up to monitor the underlying risk factors, in order to mitigate the risks and take advantage of business opportunities arising from the ability to anticipate competitive dynamics.

Risk management and risk monitoring activities, therefore, complete the Group's risk analysis activities on an ongoing basis.

For ease of assessment, risk factors are grouped into homogeneous categories: those originating outside the Company, those stemming from Amplifon's own organization and those of a more specifically financial nature.

The internal control and risk management system used to monitor the financial reporting process should, therefore, be viewed not as an independent system, but as part of the overall risk management apparatus which, as such, is continuously updated in order to guarantee an effective system that reflects the Group's organizational evolution and operational changes.

Below is a description of the main features of Amplifon's internal control and risk management systems in relation to the financial

reporting process, i.e. the process leading to the preparation and public disclosure of the annual financial report and of the quarterly and half-year reports.

Main features of the existing internal control and risk management systems in relation to the financial reporting process
The Amplifon Group, through the work done by the Manager charged with preparing the Company's financial reports, has set up a system of administrative and accounting procedures for the preparation of the separate and consolidated financial statements and of the interim financial reports.

The system was designed and implemented with the help of a leading consulting firm and is based on the framework of the Committee of Sponsoring Organizations of the Treadway Commission (CoSO). According to that framework, the internal control system is viewed as a process involving all business functions and, therefore, provides reasonable assurance as to:
- the reliability, accuracy and timeliness of financial reporting;
- the effectiveness and efficiency of operations;
- compliance with laws and regulations.

The model adopted, after preliminary activities and initial implementation, calls for a set of recurring activities that ensure it is kept up to date, in good working order and applied correctly.

Phases of the internal control and risk management processes in relation to the financial reporting process
In the initial "scoping" phase, the single account lines of the consolidated financial statements were studied to identify material and significant accounts, their underlying processes, and the specific Group companies on which to develop and implement the model.

The outcome of the "scoping" phase is reviewed each year to make sure it is adequate and provides the necessary coverage in light of the ever changing perimeter of consolidation and the importance of the individual annual report items.

For purely operational reasons and to ensure the consistency and governance of the entire system, the model was implemented gradually: starting with Amplifon S.p.A. and then applied, little by little, to the other Group companies. Within the individual companies the model was also implemented gradually, again for operational reasons only. It initially addressed certain cycles, and eventually reached full coverage of the processes defined as "in-scope". A simplified procedure, rather, was defined for immaterial or newly acquired companies based on the implementation of a set of key controls. In the case of new acquisitions the set of key controls is implemented immediately, to then continue with full implementation when the interests acquired are material.
Currently the model is fully in place at all the subsidiaries deemed material based on the qualitative and quantitative criteria described above, in simplified form (set of key controls) at the immaterial subsidiaries in countries where the Group has been present for at least two years and is in the process of being implemented at the most recently acquired subsidiaries.

For each Company and each process defined as "in-scope", the following steps are in place:
- Narrative mapping of the process with identification of key risks and controls to ensure:
  - completeness, i.e. that all transactions and data are entered and processed within the systems so that they are duly reflected in the financial statements;
  - accuracy, i.e. that the transactions and data are entered and processed correctly and neutrally so that the financial statements provide precise, objective information;
  - cut-off, i.e. that all transactions and data are entered for the period to which they pertain so that the financial statements represent the Company's and the Group's real economic and financial situation with respect to the period under review;
  - promptness, i.e. that all transactions and data are processed speedily so that the financial statements can be prepared correctly by the legal deadline;
  - reliability, i.e. that the information managed is fair, consistent with the accounting standards used and in line with the legal and regulatory standards.
- Assessment of controls' design with respect to each objective listed above; identification of principal gaps.
- Identification of actions and remediation processes in order to implement any compensating controls, or process modifications, ensuring proper control of the areas in question.
- Preparation of a risk control matrix that summarizes:
  - the sub-process;
  - the risk;
  - the objective of the control;
  - the description of the control;
  - the type of control (preventive, detective, manual, automatic);
  - the possibility of fraud risk, if any;
  - IT support for the control;
  - the frequency (daily, monthly, quarterly, yearly);
  - the person in charge of the control;
  - the gap identified in the control, if any.
- On the basis of the Risk Control Matrix, at least once a year and under the coordination and supervision of the Manager charged with preparing the Company's financial reports, regular checks are performed by headquarter personnel, internal audit personnel or the external consultant to make sure the tests are being carried out.
- The initial narrative of the process then evolves into an actual Company procedure, which is reviewed at least once a year to make sure it reflects any changes that have occurred.
- The results of the tests, kept on file with the Consolidated Financial Statements function, and the progress reports of activities underway at individual Group companies, are analysed each quarter by a Steering Committee made up of:
  - the Manager charged with preparing the Company's financial reports
  - the Head of Internal Audit
  - the Group Accounting & Finance Director

When data is submitted for the periodic financial reports (quarterly, half-yearly and yearly), regardless of the materiality of the country or company, the Market Directors and the CFOs of each country send the parent company a letter confirming that the submitted data is complete, accurate, consistent with the accounting records, as well as compliant with the accounting standards used and with all laws and regulations, and that they are responsible for implementing an adequate internal control system to prevent or identify any fraudulent or erroneous reporting.

Bodies and positions involved
Board of Directors: issued the regulations for the Manager charged with preparing the Company's financial reports and is brought regularly up to date on the activities of the Risk and Control Committee.

Manager charged with preparing the Company's financial reports: through a specially appointed team, plays a proactive role in the ongoing implementation and progressive maintenance of the internal control and risk management systems in relation to the financial reporting process, and periodically checks the status of operations and tests' results. As part of the Steering Committee, evaluates possible critical situations and, together with the Head of Internal Audit and the Group Accounting & Finance Director, defines the necessary actions to be taken.

Head of Internal Audit: works with the Manager charged with preparing the Company's financial reports on the ongoing implementation and progressive maintenance of the internal control and risk management systems in relation to the financial reporting process, updates the Steering Committee on tests performed at the request of and to support the

Manager charged with preparing the Company's financial reports, and periodically checks the status of operations and the results of tests performed by external consultants or headquarter personnel. As part of the Steering Committee, evaluates possible critical situations together with the Manager charged with preparing the Company's financial reports and the Group Accounting & Finance Director. Reports periodically to the Risk and Control Committee about the work carried out.

Group Accounting & Finance Director: coordinates the implementation and progressive maintenance of the internal control and risk management systems in relation to the financial reporting process, oversees testing at foreign affiliates, and updates the Steering Committee on the status of operations and tests' results. As part of the Steering Committee, evaluates possible critical situations together with the Manager charged with preparing the Company's financial reports and the Head of Internal Audit and defines the necessary actions to be taken.

Market Directors and Finance & Control Directors of the subsidiaries: oversee proper implementation of the administrative and accounting procedures defined in the model and, upon submission of data for the periodic financial reports (quarterly, half-yearly and yearly), regardless of the materiality of the Country or the company, send the parent company a letter confirming that the submitted data is complete, accurate, consistent with the accounting records and compliant with the accounting standards used and with all laws and regulations, and confirming that they are responsible for implementing an adequate internal control system to prevent or identify any fraudulent or erroneous reporting.

Company-level manager: a manager has been appointed, at each material subsidiary, to serve as the focal point for the implementation and ongoing maintenance of the model.

Process owner: for each procedure, a process owner is appointed to oversee its ongoing maintenance.

11.1. Executive Director in charge of the internal control and risk management system

The Chief Executive Officer oversees the planning and operation of the internal control and risk management system (*Sistema di Controllo Interno e di Gestione dei Rischi* or 'SCIGR'), along with the implementation of the system and identification of the primary business risks.
The responsibilities of the Director in charge of the SCIGR are outlined in the document "Board of Directors – Role, Organization and Mode of Operation" and accurately reflect the relative provisions found in the Corporate Governance Code (application criteria 7.C.4).
During the year the Chief Executive Officer, in his capacity as director in charge of the SCIGR, established channels of communication and worked with the Head of Internal Audit and the Risk and Control Committee.

As mentioned above, the Chief Executive Officer works with the Head of Internal Audit and the Company's divisions in order to identify the primary business risks and evaluates the procedures and rules which comprise the internal control system including with regard to the operating conditions, as well as laws and regulations.

11.2. Head of Internal Audit

The Board of Directors, as per the Chief Executive Officer's recommendation, appointed the Group Risk and Compliance Officer, Paolo Tacciaria, the Company's Head of Internal Audit (formerly Internal Control Officer). The proposal was first submitted to the Risk and Control Committee.

The Head of Internal Audit's compensation was established based on company policies and on the Remuneration and Appointments Committee's recommendations and approved by the Board of Directors.
The Head of Internal Audit reports to the Board of Directors and reports on his activities to the Risk and Control Committee which oversees his activities, monitoring the independence, adequacy, efficacy and efficiency of his operations.
The Head of Internal Audit also interacts with the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System in order to ensure that his duties are fulfilled consistently and comply with the requirement for independence as per the Company's corporate governance system and the Corporate Governance Code.

The Head of Internal Audit is not responsible for any operations and does not report to the head of any operational divisions.

The Head of Internal Audit must verify that the internal control and risk management system is adequate, fully operational and functional:

- carries out and facilitates the activities needed to identify, assess and manage the Company's risks;
- prepares an internal audit plan, which he presents to the Risk and Control Committee and, subsequently, to the Board of Directors, for the verification of the work being carried out by the Group's companies in order to ensure that the company's risks are being properly monitored in line with the best practices, including the recommendations found in the Corporate Governance Code;
- meets periodically with the Board of Statutory Auditors and the Independent Auditors;
- oversees and facilitates compliance with the Corporate Governance Code and the functioning of the corporate governance;
- provides autonomous and independent assistance to the Manager charged with preparing company's financial reports.

Periodically prepares reports on the work carried out which are presented to the Risk and Control Committee, the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System, in addition to assisting the Risk and Control Committee with the preparation of the periodic reports for the Board of Directors on the internal control system and risk management.

Pursuant to the Supervisory Board Regulations, the Head of Internal Audit is also an active member of the Supervisory Board and works to support the activities carried out.
In order to fulfil his duties, the Head of Internal Audit has access to all the information deemed useful, as well as the resources and means included in the Risk and Control Committee's budget as per chapter 6 and may, after obtaining an initial estimate, make expenditures as deemed necessary.

The Head of Internal Audit carries out the internal audits, approved by the Board of Directors, which are performed in collaboration with the consulting company KPMG Advisory S.p.A., the co-sourcer.
The Head of Internal Audit works on internal orientation, planning, raising awareness and supervision, while the operations are carried out by the consultants who guarantee a direct and professional presence in all the different countries where the Group is active.
The internal audit plan is prepared based on the results of the Group's risk mapping, the indications provided by the managers and any organizational changes that have taken place, and also includes the follow-up activities relating to the work carried out in prior years.

11.3. Organizational model pursuant to Legislative Decree 231/2001

On 14 March 2005 the Board of Directors resolved to adopt an Internal Organizational Model ("the Model") in accordance with the recommendations of Legislative Decree 231/2001 which has made companies administratively responsible in criminal proceedings for certain types of crimes committed by directors, managers or employees in the interests of or to the benefit of the companies themselves.

The Model was prepared in order to prevent the occurrence of the crimes envisaged under the Decree and is based on the guidelines for Organizational Models issued by Confindustria (the Federation of Italian Industrialists) and other industry associations.

The Model consists of a general and a special part. The general part sets out the guiding principles underlying the conduct of company transactions, describes how the Supervisory Committee is formed and works, as well as the applicable penalties. The special part includes the procedures to be used to monitor the Company's activities deemed "sensitive" pursuant to Legislative Decree 231/2001, as well as some of the procedures to be used for the timely discipline of some of these activities.

The model's adoption is a way for fostering the conduct of company activities in accordance with the principles of fairness and transparency in order to safeguard the company's image, the work of its employees and partners, while at the same time fostering the achievement of greater efficiency.
The Organizational Model is, by definition, dynamic and for this reason is updated each year to reflect regulatory and organizational changes, as well as with regard to any violations. The application of the model is also monitored.
In the current version the most sensitive activities include crimes against public administrations, corporate crimes and market abuse.

The Supervisory Board, comprised of two independent Directors and the Head of Internal Audit, met five times in 2015:
- 24 February;
- 28 April;
- 21 July;
- 20 October;
- 14 December.

The Supervisory Board and the Board of Statutory Auditors maintained an open channel of communication in order to facilitate a constant exchange of information, as well as the participation of the Statutory Auditors in periodic meetings, as deemed opportune.

11.4. Independent Auditors

The Shareholders' Meeting held on 21 April 2010 resolved to grant the assignment for the financial audit of the parent company and consolidated financial statements of Amplifon S.p.A. to the company PricewaterhouseCoopers S.p.A. for the nine-year period 2010-2018.

11.5. Manager charged with preparing the Company's financial reports

The Company's Statutory call for the Board of Directors to appoint a Manager charged with preparing Company's financial reports, subject to the unbinding opinion of the Board of Statutory Auditors. The Manager charged with preparing Company's financial reports must possess certain professional requisites or precisely at least three years of management experience in the field of accounting, finance and control with the Group's companies or other listed companies.
In the meeting held on 25 June 2007 the Board, after having received a favourable opinion from the Board of Statutory Auditors, appointed the Group's CFO, Ugo Giorcelli, Manager charged with preparing Company's financial reports and approved the "Rules for the Manager charged with preparing Company's financial reports" in the subsequent meeting held on 12 September 2007. These rules govern the responsibilities, the activities, the relationships with other corporate divisions, the powers and methods of the Manager charged with preparing Company's financial reports in accordance with proven best practices.

11.6. Coordination among the personnel involved in the internal control and risk management system

The Board of Directors prepares and approves the document "Guidelines for the Internal Control and Risk Management System" which, in addition to indicating the objectives of the internal control and risk management system, also describes the personnel involved, inside and outside of the Company, and describes the responsibilities and procedures for interaction.
The Director in charge of the Internal Control and Risk Management System is in charge of implementing the Board of Directors' guidelines.

12. Directors' interests and related party transactions

During the meeting held on 24 October 2012, the Board of Directors approved the new "Regulations for related party transactions" issued pursuant to and in accordance with CONSOB Regulation n. 17221 of 12 March 2010, designed to govern the definition, approval and execution of related party transactions entered into by the Company or its wholly owned Italian and foreign direct and indirect subsidiaries.

The document is available on the company's corporate website (www.amplifon.com/corporate).

The Regulations adopted by the Board of Directors are designed to ensure the real transparency, as well as the substantive and procedural fairness, of all related party transactions in accordance with current norms and regulations and, in particular, with CONSOB Regulations.

Please note that the Company, in light of its characteristics, structure, size, business and internal organization deemed it opportune to:
- not apply the procedures to other relevant parties;
- not define materiality thresholds lower than those indicated in the CONSOB Regulations for the definition of material related party transactions;
- not let the Shareholders' Meeting approve transactions underway in the event the Independent Directors' Committee issues a negative opinion;
- without prejudice to mandatory financial and accounting disclosures called for under applicable laws and regulations, not apply the Regulations to:
  - decisions relating to Stock Option Plans approved during the Shareholders' Meetings in accordance with art. 114-*bis* of the TUF;
  - resolutions relating to the compensation of members of the Board of Directors and the Directors holding particular offices, executives with strategic responsibilities, as long as: (i) the Company has adopted a compensation policy; (ii) a committee comprising exclusively non-executive directors, primarily independent, was involved in the definition of the compensation policy; (iii) a report on the compensation policy was presented to the shareholders for approval; and (iv) the compensation assigned is in line with that policy;
  - ordinary transactions conducted in accordance with market or standard conditions;
  - the transactions entered into between the Company and its subsidiaries, including jointly controlled, or between

affiliates, as long as no related party of Amplifon has a significant interest in the subsidiary or affiliate involved in the transaction;
- the transactions which must be completed in order to comply with the supervisory authority's instructions;
- immaterial transactions, meaning those related party transactions representing a total of not more €1,000,000;

- regulate the adoption of framework resolutions defining the characteristics and ensuring that complete information about their implementation is provided to the Board at least quarterly;
- apply the procedures to urgent transactions.

Pursuant to the Regulations, the Company adopted the operational procedures needed to select and manage the related party transactions and, similarly, the Board of Directors defined its own internal regulations governing the approval and execution of the transactions in which a director holds an interest, either directly or indirectly (through third parties).

13. Appointment of Statutory Auditors

As per art. 24 of the Company's Articles of Association, the Board of Statutory Auditors consists of three standing auditors and two alternate auditors, in possession of the requisites, including professional and personal characteristics, as well as those relative to cumulative appointments and laws governing gender equality.
When forming the Board of Statutory Auditors, if application of the gender equality quota criteria does not result in a whole number, the number of candidates belonging to the least represented gender shall be rounded up.
More in detail, with regard to the professional requisites, pursuant to article 1, paragraph 3 of Ministerial Decree n. 162 dated 30 March 2000 in reference to paragraph 2, letters b) and c) of the same article 1, strictly related to the company's activities is to be construed as related to commercial and corporate law, corporate finance, finance, statistics, the fields of medicine and electronic engineering, as well as like or analogous disciplines while sectors in which the company operates are to be construed as wholesale and retail production and commercialisation of the instruments, devices and products referred to in article 2 of the Articles of Association.

The ordinary Shareholders' Meeting appoints the Board of Statutory Auditors and determines its remuneration. The minority is entitled to elect one Statutory Auditor and one Alternate Auditor. The Board of Statutory Auditors is appointed, with the exception of what is specified in the second to last paragraph of art. 24 of the Articles of Association, on the basis of lists submitted by the shareholders or groups of shareholders who own at least 1% of the shares with voting rights (percentage defined yearly by a CONSOB's resolution). The lists, where the candidates are listed in sequential numerical order, must be filed at the company's registered office at least twenty five days before the date set for the Shareholders' Meeting. The Company will publish the lists on its website, as well as in accordance with the other modalities indicated by CONSOB in the regulation issued pursuant to art. 147-*ter*, paragraph 1-*bis* of Legislative Decree 58/1998 at least twenty one days before the Shareholders' Meeting.
Each shareholder who presents a list, or is party to a list, must present the certification issued by a licensed intermediary entitling the shareholder to present the list along with the lists or within the timeframe in which the Company must publish the lists under the law.

With regard to the election of a minority Statutory Auditor, if several lists have obtained the same number of votes, the list presented by the majority of shareholders shall prevail.

In the event two or more lists which are not connected, including indirectly, with the shareholders who presented or voted for the other, obtain the same number of votes, a run-off election is held between these lists with the participation of all the shareholders present at the Shareholders' Meeting. The candidates on the list that obtain the simple majority of votes will be elected.

If a standing auditor needs to be replaced due to death, resignation or expiration of the term, the alternate auditor belonging to the same list as the previous auditor takes over, without prejudice to the laws in effect governing gender equality.

14. Composition and role of the Board of Statutory Auditors (pursuant to art. 123-*bis*, par. 2, letter d), TUF)

As per the Articles of Association, the Board of Statutory Auditors is comprised of three Standing Auditors and two Alternate Auditors who remain in office for three financial years and may be re-elected.
The Board of Statutory Auditors, appointed on 21 April 2015 and in office through the Shareholders' Meeting to approve the 2017 annual report, consists of the following members:

Name and date of birth	Office held	In office since	Date of first appointment	List	% attend. B.S.A.	Other appointments
Raffaella Pagani 21/06/1971	Chairman	21/04/2015	21/04/2015	m	100%	16
Maria Stella Brena 31/03/1962	Standing	21/04/2015	18/04/2012	M	100%	16
Emilio Fano 19/01/1954	Standing	21/04/2015	18/04/2012	M	100%	14
Alessandro Grange 11/09/1950	Alternate	21/04/2015	21/04/2015	m	-	13
Claudia Mezzabotta 03/02/1970	Alternate	21/04/2015	18/04/2012	M	-	12

KEY
Office held: Chairman, Standing Auditor, Alternate Auditor.
List: indicated as M/m depending on whether the statutory auditor was elected on a Majority list or a minority list (art. 144-*decies* of the Issuers' Regulations).
% attend. B.S.A.: indicates the statutory auditor's attendance record in percentage terms at meetings of the Board of Statutory Auditors (the calculation of this percentage reflects the number of meetings attended by the statutory auditor relative to the number of meetings of the Board of Statutory Auditors held during the year or after the statutory auditor's appointment or through the termination date).
Other appointments: indicates the total number of appointments held in companies described in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code.

The Board of Statutory Auditors was appointed based on the 2 lists presented by, respectively, the majority shareholder Ampliter N.V. (List n. 1) and a few minority shareholders (List n. 2) as per the documentation filed on the website www.amplifon.com/corporate.

No known connections link the two Lists.
The personal and professional characteristics called for in art. 144-*decies* of the Issuers' Regulations of the candidates listed below were published on the company's website www.amplifon.com/corporate.

List n. 1:

Standing auditors:
Fano Emilio
Brena Maria Stella
Levi Giuseppe

Alternate auditors:
Mezzabotta Claudia
Coazzoli Mauro

List n. 2:

Standing auditors:
Pagani Raffaella

Alternate auditors:
Grange Alessandro

The following candidates were appointed members of the Board of Statutory Auditors:

Standing auditors:
Pagani Raffaella (Chairman)
Fano Emilio
Brena Maria Stella

Alternate auditors:
Mezzabotta Claudia
Grange Alessandro

as a result of the following votes being cast:
- Shares in favour of List n. 1 - n. 129,742,286 equal to 69.22% of the share capital represented at the Shareholders' meeting.
- Shares in favour of List n. 2 - n. 57,602,092 equal to 30.73% of the share capital represented at the Shareholders' meeting.

Subsequent to the appointment of the new Board of Statutory Auditors on 21 April 2015, individual meetings were held with the Group management in order to foster understanding of the sector and provide updates relative to both the sector and the company's business.

The Statutory Auditors possess the requisite standing, professional abilities and independence provided for by law, the Articles of Association and the Corporate Governance Code, as verified by the Board of Statutory Auditors upon appointment.

The Board of Statutory Auditors met six times during the year. The meetings lasted, on average, more than two hours.
The Board of Statutory Auditors fulfils its duties in accordance with the standards of professionalism and independence provided for by law, the Articles of Association and the regulations for Corporate Governance to which the issuer adheres.
Through a constant exchange of information regarding the independent auditors' activities, the Board of Statutory Auditors verifies that the independent auditors possess the requisite of independence in existence at the time of their appointment.

The Chairman of the Board of Statutory Auditors or a delegated statutory auditor attended all the meetings of the Risk and Control Committee and the Remuneration and Appointments Committee and coordinated his supervisory activities through the exchange of information and updates provided by the Head of Internal Audit. There was also a constant exchange of information with the Supervisory Board.
Furthermore, as mentioned in chapter 10 above, given the similarity of the topics addressed, the meetings of the Risk and Control Committee are held jointly with those of the Board of Statutory Auditors to the extent allowed by the specific responsibilities and assignments, as well as the respective agendas.
The Board of Statutory Auditors, in its capacity as "Internal Control and Internal Audit Committee", carried out all of the supervisory activities referred to in art. 19 of Legislative Decree 39/2010.

The Board of Statutory Auditors plans to meet at least seven times in 2016. The first two meetings took place on 4 February and 24 February.

15. Relations with Shareholders

The Board of Directors works to ensure that shareholders receive relevant information and documentation in a timely manner. Toward this end, the Company constantly updates its website where there is a specific section dedicated to "Governance" and a very detailed "Investors" section. Both sections are easily reached from the corporate website's home page.

Mrs. Francesca Rambaudi, currently responsible for Investor Relations, manages the flow of information provided to shareholders, financial analysts and institutional, as well as retail, investors in full compliance with the standards of transparency and equal treatment of all parties established in the rules for corporate disclosures. In order to fulfil her duties, the Investor Relator is supported by an internal resource and an external company specialized in media relations.

The Company actively endeavours to provide investors, the financial market and the press with adequate information in compliance with the law and the applicable regulations, particularly with regard to the handling of price sensitive information. Toward this end the company regularly issues press releases, meets periodically with institutional investors and the financial community and constantly updates the corporate documentation made available on its website.

16. Shareholders' Meetings (pursuant to art. 123-*bis*, par. 2, letter c), TUF)

The Shareholders' Meetings are regulated by a specific set of regulations which was approved by the Shareholders' Meeting held on 24 April 2007 and which can be found in the corporate website www.amplifon.com/corporate. The Articles of Association and the Shareholders' Meetings Regulations govern all aspects of the Shareholders' meetings in accordance with current norms and regulations.

With the exception of those powers attributed exclusively to shareholders and unless resolved otherwise by shareholders upon appointment, the Board of Directors is vested with the broadest powers for the company's ordinary and extraordinary administration and may perform all activities deemed necessary to achieve the company's purpose (please also refer to paragraph 4.3.2 above).

The above mentioned Regulations guarantee each shareholder's right to take the floor and participate in discussions.

During the Shareholders' meeting the Board reported on its activities in order to ensure that the shareholders were

adequately informed and that they might help contribute to informed resolutions.

17. Other Corporate Governance practices (pursuant to art. 123-*bis*, par. 2, letter a), TUF)

No other Corporate Governance practices have been adhered to other than those described above.

18. Changes since year end

No changes have been made to the company's corporate governance structure since year end.

Annex 1
List of Amplifon S.p.A's directors' appointments in other companies at 31 December 2015 [1]

Name	Office held in Amplifon S.p.A.	Other companies	Office held
Anna Maria Formiggini	Honorary Chairman	Amplifin S.p.A.	Chairman
Susan Carol Holland	Chairman	Amplifin S.p.A.	Deputy Chairman
Franco Moscetti	Non-executive Deputy Chairman	Diasorin S.p.A. Fideuram Investimenti SGR S.p.A. SPAC Capital for Progress 1	Independent Director Independent Director Independent Director
Enrico Vita	Chief Executive Officer	Elica S.p.A.	Independent Director
Giampio Bracchi	Independent non-executive Director	IntesaSanPaolo Private Banking S.p.A. CIR S.p.A. Banca del Sempione S.A. Partners Group Italy - Sgr	Chairman Director Director Chairman
Maurizio Costa	Independent non-executive Director	RCS MediaGroup S.p.A. F.I.E.G. Federazione Italiana Editori Giornali Mediobanca S.p.A. Audipress	Chairman Chairman Director Chairman
Andrea Guerra	Independent non-executive Director	Eataly S.r.l. Ariston Thermo S.p.A. Fondo Strategico Italiano Uni Bocconi Coach Inc.	Executive Chairman Director Committee Member Member of the Board of Directors Member of the Board of Directors
Anna Puccio	Independent non-executive Director	Fondazione Italiana Accenture Università Ca' Foscari Venezia	Chief Executive Officer Director
Giovanni Tamburi	Independent non-executive Director	Tamburi Investment Partners S.p.A. Azimut Benetti S.p.A. Eataly S.r.l. iGuzzini illuminazione S.p.A. Interpump Group S.p.A. Prysmian S.p.A. Zignago Vetro S.p.A.	Chairman and CEO Director Director Director Director Director Director

[1] The offices held with listed companies or, at any rate, of note are listed based on the information provided by the Directors.

Comments on the financial results of Amplifon S.p.A.

Reclassified Income Statement

	FY 2015				FY 2014			
(€ thousands)	Recurring	Non-recurring	Total	% on recurring	Recurring	Non-recurring	Total	% on recurring
Revenues from sales and services	247,823	-	247,823	100.0%	226,531	-	226,531	100.0%
Operating cost	(219,678)	(6,792)	(226,470)	-88.6%	(203,481)	-	(203,481)	-89.8%
Other income and revenues	18,217	-	18,217	7.4%	17,127	-	17,127	7.6%
Other expenses	(80)	-	(80)	0.0%	(1,759)	-	(1,759)	-0.8%
Gross operating profit (EBITDA)	**46,282**	**(6,792)**	**39,490**	**18.7%**	**38,418**	**-**	**38,418**	**17.0%**
Depreciation and write-downs of non-current assets	(10,772)	-	(10,772)	-4.3%	(8,188)	-	(8,188)	-3.6%
Operating profit (EBIT)	**35,510**	**(6,792)**	**28,718**	**14.3%**	**30,230**	**-**	**30,230**	**13.3%**
Income, expenses, valuation and adjustments of financial assets	40,507	(10,104)	30,403	16.3%	32,541	-	32,541	14.4%
Net financial expenses	(17,001)	(3,918)	(20,919)	-6.9%	(18,603)	(15,500)	(34,103)	-8.2%
Exchange differences and non hedge accounting instruments	169	-	169	0.1%	(662)	-	(662)	-0.3%
Income (loss) before taxes	**59,185**	**(20,814)**	**38,371**	**23.9%**	**43,506**	**(15,500)**	**28,006**	**19.2%**
Current income taxes	(6,759)	2,133	(4,626)	-2.7%	(2,988)	-	(2,988)	-1.3%
Deferred income taxes	(2,075)	(1,693)	(3,768)	-0.8%	(3,686)	-	(3,686)	-1.6%
Net profit (loss)	**50,351**	**(20,374)**	**29,977**	**20.3%**	**36,832**	**(15,500)**	**21,332**	**16.3%**

EBITDA: operating result before charging amortisation, depreciation and impairment of both tangible and intangible assets.

EBIT: operating result before financial income and charges and taxes.

The details of the non-recurring transactions included in the previous table are shown below.

(€ thousands)	FY 2015	FY 2014
Expenses related to the transition in the Group's leadership	(6,792)	-
Impact of the non-recurring items on EBITDA	**(6,792)**	**-**
Impact of the non-recurring items on EBIT	**(6,792)**	**-**
Write-down of equity investment in UK	(10,104)	-
Write-down of financial assets vs. UK companies	(3,918)	(15,500)
Impact of the non-recurring items pre-tax	**(20,814)**	**(15,500)**
Impact of the above items on the taxes for the year	2,133	-
Write-down of deferred tax assets recognized in Italy following change in IRES (corporate income tax) tax rate from 27.5% to 24%, effective as of 2017, as approved by the Parliament in December 2015	(1,693)	-
Impact of the non-recurring items on net profit (loss)	**(20,374)**	**(15,500)**

Reclassified Balance Sheet

The reclassified Balance Sheet aggregates assets and liabilities according to operating functionality criteria. subdivided by convention into the following three key functions: investments, operations and finance.

(€ thousands)	31/12/2015	31/12/2014	Change
Goodwill	540	415	125
Other intangible assets	21,812	13,169	8,643
Tangible assets	19,621	20,125	(504)
Financial fixed assets	491,347	494,569	(3,222)
Other non-current financial assets	1,061	1,005	56
Non-current assets	**534,381**	**529,283**	**5,098**
Inventories	8,621	9,203	(582)
Trade receivables (1)	39,213	38,071	1,142
Other receivables (2)	11,176	12,603	(1,427)
Current assets (A)	**59,010**	**59,877**	**(867)**
Operating assets	**593,391**	**589,160**	**4,231**
Trade payables (3)	(26,760)	(29,378)	2,618
Other payables (4)	(36,762)	(34,660)	(2,102)
Current liabilities (B)	**(63,522)**	**(64,038)**	**516**
Net working capital (A)+(B)	**(4,512)**	**(4,161)**	**(351)**
Derivative instruments (5)	(6,990)	(9,822)	2,832
Deferred tax assets	20,523	24,368	(3,845)
Provisions for contingency and obligations (non-current portion)	(10,852)	(10,581)	(271)
Liabilities for employees' benefits (non-current portion)	(3,805)	(4,659)	854
Deferred tax liabilities	(1,841)	-	(1,841)
Loan fees (6)	1,490	2,031	(541)
NET INVESTED CAPITAL	**528,394**	**526,459**	**1,935**
Net Equity	**371,240**	**341,764**	**29,476**
Net short-tem financial indebtedness	(166,125)	(180,284)	14,159
Net medium and long-term financial indebtedness	323,279	364,979	(41,700)
Total net financial indebtedness	**157,154**	**184,695**	**(27,541)**
OWN FUNDS AND NET FINANCIAL INDEBTEDNESS	**528,394**	**526,459**	**1,935**

(1) The item "Trade receivables" includes "Trade receivables" and "Receivables – related parties".
(2) The item "Other receivables" includes "Other receivables" and "Other receivables – related parties".
(3) The item "Trade payables" includes "Trade payables" and "Trade payables – related parties".
(4) The item "Other payables" includes "Other payables – third parties", "Other payables – related parties", "Liabilities for employees' benefits - current portion" and "Tax payables".
(5) The item "Derivative instruments" includes *cash flow hedges, fair value hedges* and *non hedge* accounting instruments not comprised in the net financial position.
(6) The item "Loan fees" is recognized in the balance sheet as a direct reduction of the short and long-term components of "Financial payables" and "Financial liabilities".

Condensed Reclassified Cash Flow Statement

The condensed cash flow statement represents a summary version of the reclassified cash flow statement detailed in the following pages and its purpose is, starting from EBIT, to detail the flows generated from or absorbed by operating, investing and financing activities.

(€ thousands)	FY 2015	FY 2014
Operating profit (EBIT)	**28,718**	**30,230**
Amortization. depreciation and write-downs	10,772	8,188
Provisions. other non-monetary items and gain/losses from disposals	9,044	6,527
Net financial expenses	(15,631)	(17,532)
Write-down of financial current assets	(3,918)	(15,500)
Dividends received	40,082	32,541
Taxes paid	(2,416)	(1,206)
Change in net working capital	(6,269)	(4,800)
Cash flow generated from (absorbed by) operating activities (A)	**60,382**	**38,448**
Cash flow generated from (absorbed by) operating investing activities (B)	(11,554)	(11,720)
Free cash Flow (A +B)	**48,828**	**26,728**
Purchases of equity investments/share capital increases in subsidiaries (C)	(10,244)	(17,936)
(Purchase) sale of other investments and securities (D)	2,633	-
Cash flow generated from (absorbed by) investing activities (B+C+D)	**(19,165)**	**(29,656)**
Hedging instruments	-	-
Other non-current assets	15	(513)
Fees paid on medium and long-term borrowings	-	-
Dividends paid	(9,356)	(9,350)
Treasury shares	(6,601)	(2,456)
Share capital increases	4,206	1,814
Net cash flow from the period	**29,481**	**(1,713)**
Net financial indebtedness at the beginning of the period	**(184,695)**	**(182,981)**
Changes in net financial position	29,481	(1,713)
Merger of Sonus Italia S.r.l.	(1,940)	-
Net financial indebtedness at the end of the period	**(157,154)**	**(184,695)**

Revenues from sales and services

(€ thousands)	FY 2015	%	FY 2014	%	Change	%
Hearing aid line sales	245,679	99.1%	220,921	97.5%	24,758	11.2%
Biomedical line sales	284	0.1%	2,860	1.3%	(2,576)	-90.1%
Total sales	**245,963**	**99.2%**	**223,781**	**98.8%**	**22,182**	**9.9%**
Hearing aid line services	1,815	0.7%	1,997	0.9%	(182)	-8.9%
Biomedical line services	45	0.0%	753	0.3%	(708)	-94.7%
Total services	**1,860**	**0.8%**	**2,750**	**1.2%**	**(890)**	**-32.4%**
Revenues from sales and services	**247,823**	**100.0%**	**226,531**	**100.0%**	**21,292**	**9.4%**

Revenue from sales and services, including the €100 thousand generated by the French branch, increased by €21,292 thousand (+9.4%) with respect to the prior year rising from the €226,531 thousand posted in 2014 to €247,823 thousand in 2015. The increase is extremely significant considering that the biomedical business was sold to third parties at the beginning of the year.

In 2015 sales for hearing solutions rose 11.2% against 2014 to €232 million. The double digit growth represents an important target, reached for the last time in 2006. Significant growth was also posted in volumes which rose 6.6% against 2014. Growth against the prior year was recorded in each quarter of 2015, testimony to the validity of the new TV marketing strategy. The results obtained thanks to the consistency in the advertising campaigns, even in periods which historically were not viewed as particularly conducive to good returns on TV investments, confirmed the company's ability to understand and tap into the market's changing behavioral trends over the last few years.

In 2015 conversion of store traffic into sales increased significantly. All the store performance indicators improved, testimony to both the validity and quality of the databases, as well as the constant training of the hearing aid specialists which had a very positive impact on what was an already high level of customer satisfaction, one of Amplifon's strong points since its inception.

Gross operating profit (EBITDA)

(€ thousands)	FY 2015			FY 2014		
	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Gross operating profit (EBITDA)	**46,282**	**(6,792)**	**39,490**	**38,418**	**-**	**38,418**

Gross operating profit (EBITDA) amounted to €39,490 thousand in 2015 versus €38,418 thousand in 2014. an increase of €1,072 thousand (2.8%).

The non-recurring cost is connected to the transition in the Group's leadership.

The increase in recurring EBITDA alone came to €7,864 thousand (20.5%) against the period of comparison.

The comparison of the increase in total net sales (+9.4%) with the increase in recurring EBITDA (+20.5%) illustrates the very satisfying result linked to careful cost control. EBITDA as a percentage of total net sales rose from the 17.0% posted in 2014 to 18.7% in 2015.

Operating profit (EBIT)

	FY 2015			FY 2014		
(€ thousands)	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Operating profit (EBIT)	**35,510**	**(6,792)**	**28,718**	**30,230**	**-**	**30,230**

The operating profit (EBIT) amounted to €28,718 thousand in 2015 versus €30,230 thousand in 2014, a drop of €1,512 thousand (-5.0%). Recurring EBIT, however, rose €5,280 thousand (17.5%) against the comparison period.

Profit before tax

	FY 2015			FY 2014		
(€ thousands)	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Profit before tax	**59,185**	**(20,814)**	**38,371**	**43,506**	**(15,500)**	**28,006**

Profit before tax rose in 2015 with respect to 2014 by €10,365 thousand. In addition to the items discussed in the section on EBIT above. non-recurring transactions in the year also refer to the write-downs of an equity investment and financial receivables due from the UK subsidiaries in order to align them with their recoverable value. Recurring profit before tax shows an increase of €15,679 thousand (36.0% against the comparison period).

Net profit

	FY 2015			FY 2014		
(€ thousands)	Recurring	Non recurring	Total	Recurring	Non recurring	Total
Net profit	**50,351**	**(20,374)**	**29,977**	**36,832**	**(15,500)**	**21,332**

Net profit for 2015, which was impacted by non-recurring expenses of €20,374 thousand net of tax (explained for €18,681 thousand by the items described above which were only partially deductible for tax purposes, and for €1,693 thousand by adjustments made to deferred tax assets and liabilities as a result of the drop in the corporate income tax rate (IRES) from 27.5% to 24% beginning 2017, as per the 2016 "Stability law"), reached €29,977 thousand versus €21,332 thousand in 2014, an increase of €8,645 thousand.
The increase for recurring operations alone reached €13,519 thousand.

Non-current assets

(€ thousands)	31/12/2015	31/12/2014	Change
Goodwill	540	415	125
Other intangible assets	21,812	13,169	8,643
Tangible assets	19,621	20,125	(504)
Financial fixed assets	491,347	494,569	(3,222)
Other non-current financial assets	1,061	1,005	56
Non-current assets	**534,381**	**529,283**	**5,098**

Non-current assets amounted to €534,381 thousand at 31 December 2015 versus €529,283 thousand at 31 December 2014, an increase of €5,098 thousand attributable to:

- an increase in goodwill following the merger of the subsidiary Sonus Italia S.r.l.;
- an increase in intangible assets as a result of the development of new software to support both the sales network and head office;
- a decrease in the value of equity investments as a result largely of the merger of Sonus Italia S.r.l. and the completion of the liquidation of Amplimedical S.r.l.;
- increase in the value of equity investments as a result of the periodic valuation of stock option and stock grant plans held by employees of subsidiaries and the purchase of the remaining interest in Amplifon Poland Sp.z o.o.

Net invested capital

Net invested capital amounted to €528,394 thousand at 31 December 2015 versus €526,459 thousand at 31 December 2014, an increase of €1,935 thousand attributable primarily to:

- the increase in non-current assets described above;
- a decrease in warehouse inventories of €582 thousand thanks to efficient management of trial returns and an increase in branch stock rotation;
- an increase in trade receivables of €1,142 thousand due to the significant increase in sales posted in the year;
- a decrease in other receivables of €1,427 thousand due primarily to the drop in the receivables from the parent company linked to tax consolidation;
- an increase in the fair value of derivatives of €2,832 thousand;
- decrease in tax credits due primarily to the drop of 3.5 percentage points in the IRES tax rate already approved and effective starting from 1st of January 2017.

Net equity

(€ thousands)	31/12/2015	31/12/2014	Change
Share capital	4,510	4,492	18
Share premium account	197,779	191,906	5,873
Statutory reserve	934	934	-
Treasury shares	(39,740)	(46,547)	6,807
Stock option reserve	21,558	21,509	49
Cash flow hedge reserve	(5,096)	(7,421)	2,325
Extraordinary reserve	2,767	2,767	-
Other reserves	785	756	29
Profit (loss) carried forward	157,766	152,036	5,730
Profit (loss) for the year	29,977	21,332	8,645
Net Equity	**371,240**	**341,764**	**29,476**

Net equity amounted to €371,240 thousand at 31 December 2015 versus €341,764 thousand at 31 December 2014, an increase of €29,476 thousand explained by:

- an increase in share capital and the share premium reserve of 895,846 shares following the exercise of stock options;
- a decrease in treasury shares following the purchase of 957,000 shares and the exercise of 2,113,250 stock grants;
- an increase in the cash flow hedge reserve;
- the net profit posted in 2015.

Net financial indebtedness

(€ thousands)	31/12/2015	31/12/2014	Change
Net medium and long-term financial indebtedness	323,279	364,979	(41,700)
Short-term net financial indebtedness	(22,387)	(29,456)	7,069
Cash and equivalents	(143,738)	(150,828)	7,090
Net financial indebtedness	**157,154**	**184,695**	**(27,541)**

Net financial indebtedness amounted to €157,154 thousand at 31 December 2015, an increase of €27,541 thousand with respect to 31 December 2014.

The company maintained the debt structure set up in 2013 as a result of the USD 130 million private placement made by the American subsidiary Amplifon USA Inc. with 7, 10 and 12 year maturities (falling due between 2013 and 2025) and the issue of a €275 million 5-year bond loan reserved for non-American institutional investors that is listed on the Luxembourg Stock Exchange's Euro MTF market. The last tranche of the USD 70 million private placement made in 2006, originally due in 2016, was also repaid in advance.

The undrawn portion of credit lines granted amounted to €69 million.

Covenants

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) made by Amplifon USA Inc. and guaranteed by Amplifon S.p.A. is subject to the following covenants:

- the ratio of the consolidated net financial indebtedness to the Group's consolidated net equity must not exceed 1.5;
- the ratio of the consolidated net financial indebtedness to consolidated EBITDA in the last four quarters (determined based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 3.5.

These ratios, in the event relevant acquisitions are made, may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months on two occasions over the life of the loan.

At 31 December 2015 these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.41
Net financial indebtedness/EBITDA for the last 4 quarters	1.21

As is typical international practice, the two private placements are also subject to other covenants which limit the ability to issue guarantees and complete sale and lease back, as well as extraordinary, transactions.

The €275 million Eurobond due in 2018 and issued in July 2013 is not subject to any covenants.

Reclassified Cash Flow Statement

The reclassified cash flow statement shows the change in net debt between the start and the end of the period. The notes to the financial statements include a cash flow statement based on cash holdings as per IAS 7 showing the change in opening and closing cash in the period.

(€ thousands)	FY 2015	FY 2014
OPERATING ACTIVITIES		
Net income (loss)	29,977	21,332
Amortization. depreciation and write-downs:		
- other intangible fixed assets	4,499	2,647
- tangible fixed assets	6,273	5,541
Total amortization. depreciation and write-downs	*10,772*	*8,188*
Provisions and other non-monetary items	9,028	6,509
(Gains) losses from sale of fixed assets	16	18
Financial income and charges	(10,200)	1,375
Current and deferred income taxes	8,394	6,674
Change in assets and liabilities		
- Utilization of provisions	(5,013)	(1,754)
- (Increase) decrease in inventories	1,169	1,831
- Decrease (increase) in trade receivables	(335)	4,915
- Increase (decrease) in trade payables	(1,417)	1,527
- Increase (decrease) in other receivables/payables non-financial net of tax receivables/payables	(673)	(11,319)
Total change in current assets and liabilities	*(6,269)*	*(4,800)*
Dividends received	40,082	32,541
Interest received/paid	(15,084)	(16,683)
Taxes paid	(2,416)	(1,206)
Write-down of financial current assets	(3,918)	(15,500)
Cash flow generated from (absorbed by) operating activities	**60,382**	**38,448**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(5,688)	(5,976)
Purchase of tangible fixed assets	(5,910)	(5,746)
Consideration from sale of tangible fixed assets and businesses	44	2
Cash flow generated from (absorbed by) investing activities	*(11,554)*	*(11,720)*
Cash flow generated from operating and investing activities (Free cash flow)	**48,828**	**26,728**
Business combinations	(10,244)	(17,936)
Consideration from sale of tangible fixed assets. businesses and reductions of earn-out	2,633	-
Cash flow generated from acquisitions	*(7,611)*	*(17,936)*
Cash flow generated from (absorbed by) investing activities	**(19,165)**	**(29,656)**
FINANCING ACTIVITIES:		
Hedging derivatives	-	-
Commissions paid for medium/long-term financing	-	-
Other non-current assets	15	(514)
Dividends distributions	(9,356)	(9,350)
Treasury shares	(6,601)	(2,456)
Capital increases	4,206	1,814
Cash flow generated from (absorbed by) financing activities	**(11,736)**	**(10,506)**
Net financial indebtedness at the beginning of the period	**29,481**	**(1,713)**
Opening net financial indebtedness	(184,695)	(182,981)
Merger of Sonus Italia S.r.l.	(1,940)	-
Changes in net indebtedness	29,481	(1,713)
Net financial indebtedness at the end of the period	**(157,154)**	**(184,695)**

The decrease in net financial indebtedness of €27,541 thousand, net of the amount relative to the Sonus Italia S.r.l. merger, is attributable primarily to:

a) investing activities:
- net increase in property, plant and equipment and intangible assets of €11,554 thousand relating largely to investments in information technology, namely in the renewal of front office systems and the implementation of new centralized IT systems for the processing of corporate data;
- an increase in the value of equity investments as a result of the elimination of receivables payable by the UK subsidiary.

b) operating activities:
- interest payable on financial indebtedness and other net financial charges of €15,084 thousand;
- payment of taxes which amounted to €2,416 thousand;
- dividends received from subsidiaries amounting to €40,082 thousand;
- write-downs of subsidiaries' financial assets amounting to €14,022 thousand;
- cash flow generated by current operations of €51,822 thousand.

c) financing activities:
- capital increase following the exercise of stock options of €4,206 thousand;
- purchase of treasury shares for €6,601 thousand;
- dividends paid amounting to €9,356 thousand.

Related party transactions

Pursuant to Consob Regulation n 17221 of 12 March 2010, on 24 October 2012, Amplifon S.p.A.'s Board of Directors, subject to the favourable opinion of the Independent Directors' Committee, approved new regulations for related party transactions. The new regulations took effect on 1 December 2012 and substituted the regulations approved by the Board on 3 November 2010.

The transactions carried out with related parties, including intra-group transactions, do not qualify as atypical, unusual, are part of the Group companies' normal course of business and are conducted at arm's length and are carried out in accordance with market conditions, taking into account the characteristics of the goods and services provided.

The information regarding related party transactions, including the information requested in Consob Bulletin of 28 July 2006, can be found in Note 31 of the separate financial statements.

Parent companies

Transactions carried out with the parent company Amplifin S.p.A. relate to:
- a lease for the premises owned by Amplifin S.p.A., located in Milan, via Ripamonti 133, where Amplifon S.p.A.'s registered office and head office are located, and the pertinent share of the condominium fees and maintenance costs;
- leases relating to stores owned by the parent company and used for commercial activities;
- a secondment agreement for the transfer of Amplifon S.p.A. employees;
- a tax consolidation contract for the three year period 2014 - 2016.

Subsidiaries

Financial transactions with subsidiaries
Amplifon S.p.A. and its subsidiaries have short and long term loans outstanding, and participate in cash pooling. All such transactions are subject to market rates.

Service contracts with subsidiaries
Amplifon S.p.A. has entered into contracts with its subsidiaries which govern certain centralized services, such as strategic planning, human resource management (with special reference to the shared remuneration policy, incentives, the training and hiring of personnel, and career internationalization programs), marketing, administration and control, assistance in banking relationships and the implementation of shared information systems. The cost of these services is charged to them by Amplifon S.p.A. as agreed upon in the relative contracts.

Representative of Data controller

During the Board of Directors meeting held on 22 October 2015 the Board appointed Enrico Vita, currently the Group's Chief Executive Officer, representative of "Data controller" in accordance with the law.

Branch offices

Amplifon S.p.A. has set up a branch office - 'Amplifon Succursale de Paris' - with offices in Arcueil, 22 avenue Aristide Briand, France.

Outlook

2016 opens with an important number of trials underway (+31.4% against 2015), setting the tone for a decidedly positive outlook for business beginning already in the first part of the year.
The effectiveness of our TV campaigns, which have always been key to the development of our business, will be accompanied by local marketing designed specifically to address the peculiarities of the Italian market. A renewed focus on maximizing ROI will make it possible to concentrate on the most profitable strategies for our business in each region.
The number of steps taken to constantly improve our funnel performance boost will be instrumental in converting store traffic into sales.
Toward this end, in our view the further improvement of the database and the knowhow of the hearing aid specialists' ability to access and leverage on the data provided are of fundamental importance. These two factors, along with the excellent technical knowhow of the region's staff, will be among the factors that drive our ability to achieve the ambitious targets set for this year. In light of these considerations, we are confident in our ability to significantly increase organic growth over the course of the new year.
The steps taken to further increase customer satisfaction will be among the most important elements of the company's sales policy which, at the same time, will continue to focus even more decidedly on the development of digital marketing, crucial to our continuing to be a market player.

Consolidated Financial Statement at 31 December 2015

Consolidated Statement of Financial Position

(€ thousands)		31/12/2015	31/12/2014	Change
ASSETS				
Non-current assets				
Goodwill	**Note 5**	572,150	534,822	37,328
Intangible fixed assets with finite useful life	**Note 6**	141,413	135,108	6,305
Tangible fixed assets	**Note 7**	102,675	96,188	6,487
Investments valued at equity		1,433	2,000	(567)
Financial assets measured at fair value through profit or loss	**Note 8**	29	4,512	(4,483)
Long - term hedging instruments	**Note 9**	11,526	7,568	3,958
Deferred tax assets	**Note 24**	40,743	44,653	(3,910)
Other assets	**Note 8**	45,100	45,762	(662)
Total non-current assets		**915,069**	**870,613**	**44,456**
Current assets				
Inventories	**Note 10**	28,956	28,690	266
Trade receivables	**Note 11**	111,727	109,355	2,372
Other receivables	**Note 11**	34,068	33,059	1,009
Hedging instruments	**Note 9**	451	467	(16)
Cash and cash equivalents	**Note 12**	196,714	211,124	(14,410)
Total current assets		**371,916**	**382,695**	**(10,779)**
TOTAL ASSETS		**1,286,985**	**1,253,308**	**33,677**

(€ thousands)		31/12/2015	31/12/2014	Change
LIABILITIES				
Net Equity	**Note 13**			
Share capital		4,510	4,492	18
Share premium account		197,774	191,903	5,871
Treasury shares		(39,740)	(46,547)	6,807
Other reserves		2,587	(9,568)	12,155
Profit (loss) carried forward		287,535	255,410	32,125
Profit (loss) for the period		46,805	46,475	330
Group net equity		**499,471**	**442,165**	**57,306**
Minority interests		**694**	**1,057**	**(363)**
Total net equity		**500,165**	**443,222**	**56,943**
Non-current liabilities				
Medium/long-term financial liabilities	**Note 15**	394,152	438,719	(44,567)
Provisions for risks and charges	**Note 16**	48,407	40,569	7,838
Liabilities for employees' benefits	**Note 17**	15,571	15,711	(140)
Hedging instruments	**Note 9**	-	8,773	(8,773)
Deferred tax liabilities	**Note 24**	55,695	51,998	3,697
Payables for business acquisitions	**Note 18**	5,450	10,034	(4,584)
Other long-term debt	**Note 18**	2,600	250	2,350
Total non-current liabilities		**521,875**	**566,054**	**(44,179)**
Current liabilities				
Trade payables	**Note 19**	113,343	101,788	11,555
Payables for business acquisitions	**Note 20**	4,581	1,692	2,889
Other payables	**Note 20**	130,407	123,667	6,740
Hedging instruments	**Note 9**	6	362	(356)
Provisions for risks and charges	**Note 21**	1,378	978	400
Liabilities for employees' benefits	**Note 22**	1,025	752	273
Short-term financial liabilities	**Note 23**	14,205	14,793	(588)
Total current liabilities		**264,945**	**244,032**	**20,913**
TOTAL LIABILITIES		**1,286,985**	**1,253,308**	**33,677**

Consolidated Income Statement

(€ thousands)		FY 2015 Recurring	FY 2015 Non recurring	FY 2015 Total	FY 2014 Recurring	FY 2014 Non recurring	FY 2014 Total	Change
Revenues from sales and services	**Note 25**	1,033,977	-	1,033,977	890,931	-	890,931	143,046
Operating costs	**Note 26**	(868,861)	(6,792)	(875,653)	(752,124)	-	(752,124)	(123,529)
Other income and costs	**Note 27**	2,247	4,606	6,853	(1,139)	-	(1,139)	7,992
Gross operating profit (EBITDA)		**167,363**	**(2,186)**	**165,177**	**137,668**	**-**	**137,668**	**27,509**
Amortisation, depreciation and impairment	**Note 28**							
Amortisation of intangible fixed assets		(23,952)	-	(23,952)	(22,008)	-	(22,008)	(1,944)
Depreciation of tangible fixed assets		(26,562)	(238)	(26,800)	(24,428)	-	(24,428)	(2,372)
Impairment and impairment reversals of non-current assets		(799)	(2,620)	(3,419)	(616)	-	(616)	(2,803)
		(51,313)	**(2,858)**	**(54,171)**	**(47,052)**	**-**	**(47,052)**	**(7,119)**
Operating result		**116,050**	**(5,044)**	**111,006**	**90,616**	**-**	**90,616**	**20,390**
Financial income, charges and value adjustments to financial assets	**Note 29**							
Group's share of the result of associated companies valued at equity		126	-	126	201	-	201	(75)
Other income and charges, impairment and revaluations of financial assets		208	1,253	1,461	472	-	472	989
Interest income and charges		(20,483)	(2,854)	(23,337)	(20,549)	-	(20,549)	(2,788)
Other financial income and charges		(388)	-	(388)	(2,436)	-	(2,436)	2,048
Exchange gains and losses		2,681	-	2,681	1,860	-	1,860	821
Gain (loss) on assets measured at fair value		(3,452)	-	(3,452)	(3,608)	-	(3,608)	156
		(21,308)	**(1,601)**	**(22,909)**	**(24,060)**	**-**	**(24,060)**	**1,151**
Profit (loss) before tax		**94,742**	**(6,645)**	**88,097**	**66,556**	**-**	**66,556**	**21,541**
Current and deferred income tax	**Note 30**							
Current tax		(41,366)	2,053	(39,313)	(25,709)	8,707	(17,002)	(22,311)
Deferred tax		(675)	(1,397)	(2,072)	(5,070)	1,961	(3,109)	1,037
		(42,041)	**656**	**(41,385)**	**(30,779)**	**10,668**	**(20,111)**	**(21,274)**
Total net profit (loss)		**52,701**	**(5,989)**	**46,712**	**35,777**	**10,668**	**46,445**	**267**
Net profit (loss) attributable to Minority interests		(93)	-	(93)	(30)	-	(30)	(63)
Net profit (loss) attributable to the Group		**52,794**	**(5,989)**	**46,805**	**35,807**	**10,668**	**46,475**	**330**

Income (loss) and earnings per share (€ per share)	**Note 33**	**FY 2015**	**FY 2014**
Earnings per share			
- base		0.21465	0.213789
- diluted		0.20812	0.207547
Dividend per share		0.043 (*)	0.043

(*) Proposed by the Board of Directors to the shareholders' meeting called for April 18th 2016.

Statement of Comprehensive Income

(€ thousands)		FY 2015	FY 2014
Net income (loss) for the period		**46,712**	**46,445**
Other comprehensive income (loss) that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit plans	**Note 17**	221	(3,383)
Tax effect on components of other comprehensive income that will be not reclassified subsequently to profit or loss		(58)	652
Total other comprehensive income (loss) that will not be reclassified subsequently to profit or loss after the tax effect (A)		**163**	**(2,731)**
Other comprehensive income that will be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedging instruments	**Note 9**	3,530	(6,490)
Gains/(losses) on exchange differences from translation of financial statements of foreign entities		9,473	24,696
Tax effect on components of other comprehensive income that will be reclassified subsequently to profit or loss		(1,205)	1,785
Total other comprehensive income (loss) that will be reclassified subsequently to profit or loss after the tax effect (B)		**11,798**	**19,991**
Total other comprehensive income (loss) (A)+(B)		**11,961**	**17,260**
Comprehensive income (loss) for the period		**58,673**	**63,705**
Attributable to the Group		58,856	63,725
Attributable to Minority interests		(183)	(20)

Statement of Changes in Consolidated Net Equity

(€ thousands)		Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve
Balance at 1 January 2014		**4,482**	**189,312**	**934**	**2,770**	**(44,091)**
Appropriation of FY 2013 result						
Share capital increase		10	1,803			
Treasury shares						(2,456)
Dividend distribution						
Implicit cost of stock options and stock grants	**Note 31**					
Other changes			787		837	
- Hedge accounting	**Note 9**					
- Actuarial gains (losses)						
- Translation difference						
- Result for FY 2014						
Total comprehensive income (loss) for the period						
Balance at 31 December 2014		**4,492**	**191,902**	**934**	**3,607**	**(46,547)**

(€ thousands)		Share capital	Share premium account	Legal reserve	Other reserves	Treasury shares reserve
Balance at 1 January 2015		**4,492**	**191,902**	**934**	**3,607**	**(46,547)**
Appropriation of FY 2014 result						
Share capital increase		18	4,188			
Treasury shares						(6,601)
Dividend distribution						
Implicit cost of stock options and stock grants	**Note 31**					
Other changes			1,684		29	13,408
- Hedge accounting	**Note 9**					
- Actuarial gains (losses)						
- Translation difference						
- Result for FY 2015						
Total comprehensive income (loss) for the period						
Balance at 31 December 2015		**4,510**	**197,774**	**934**	**3,636**	**(39,740)**

Stock option reserve	Cash flow hedge reserve	Actuarial gains and losses	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
15,614	**(2,716)**	**598**	**249,432**	**(48,567)**	**12,848**	**380,616**	**460**	**381,076**
			12,848		(12,848)			
						1,813		**1,813**
						(2,456)		**(2,456)**
			(9,350)			**(9,350)**		**(9,350)**
7,861						**7,861**		**7,861**
(1,714)		(2,434)	2,480			**(44)**	617	**573**
	(4,705)					*(4,705)*		*(4,705)*
		(2,731)				*(2,731)*		*(2,731)*
				24,686		*24,686*	*10*	*24,696*
					46,475	*46,475*	*(30)*	*46,445*
	(4,705)	**(2,731)**		**24,686**	**46,475**	**63,725**	**(20)**	**63,705**
21,761	**(7,421)**	**(4,567)**	**255,410**	**(23,881)**	**46,475**	**442,165**	**1,057**	**443,222**

Stock option reserve	Cash flow hedge reserve	Actuarial gains and losses	Profit (loss) carried forward	Translation difference	Profit (loss) for the period	Total Shareholders' equity	Minority interests	Total net equity
21,761	**(7,421)**	**(4,567)**	**255,410**	**(23,881)**	**46,475**	**442,165**	**1,057**	**443,222**
			46,475		(46,475)	**-**		-
						4,206		**4,206**
						(6,601)		**(6,601)**
			(9,356)			**(9,356)**		**(9,356)**
10,719						**10,719**		**10,719**
(10,645)			(4,994)			**(518)**	(180)	**(698)**
	2,325					*2,325*		*2,325*
		163				*163*		*163*
				9,563		*9,563*	*(90)*	*9,473*
					46,805	*46,805*	*(93)*	*46,712*
	2,325	**163**		**9,563**	**46,805**	**58,856**	**(183)**	**58,673**
21,835	**(5,096)**	**(4,404)**	**287,535**	**(14,318)**	**46,805**	**499,471**	**694**	**500,165**

Consolidated Cash Flow Statement

(€ thousands)	FY 2015	FY 2014
OPERATING ACTIVITIES		
Net profit (loss)	46,712	46,445
Amortization, depreciation and write-downs:		
- intangible fixed assets	24,095	22,055
- tangible fixed assets	27,455	24,997
- goodwill	2,620	-
Provisions	24,339	18,795
(Gains) losses from sale of fixed assets	(395)	92
Group's share of the result of associated companies	(126)	(201)
Financial income and charges	23,035	24,260
Current, deferred tax assets and liabilities	41,386	20,111
Cash flow from operating activities before change in working capital	***189,121***	***156,554***
Utilization of provisions	(10,017)	(8,107)
(Increase) decrease in inventories	2,288	6,218
Decrease (increase) in trade receivables	(1,008)	2,960
Increase (decrease) in trade payables	6,156	(863)
Changes in other receivables and other payables	2,907	(8,284)
Total change in assets and liabilities	***326***	***(8,076)***
Dividends received	10	408
Interest received (paid)	(25,114)	(21,763)
Taxes paid	(38,242)	(11,284)
Cash flow generated from (absorbed by) operating activities (A)	**126,101**	**115,839**
INVESTING ACTIVITIES:		
Purchase of intangible fixed assets	(13,773)	(14,914)
Purchase of tangible fixed assets	(34,328)	(28,016)
Consideration from sale of tangible fixed assets	9,682	5,245
Cash flow generated from (absorbed by) operating investing activities (B)	***(38,419)***	***(37,685)***
Purchase of subsidiaries and business units	(42,333)	(38,050)
Increase (decrease) in payables through business acquisition	528	7,522
(Purchase) sale of other investments, business units and securities	9,423	(146)
Cash flow generated from (absorbed by) acquisition activities (C)	**(32,382)**	**(30,674)**
Cash flow generated from (absorbed by) investing activities (B+C)	**(70,801)**	**(68,359)**
FINANCING ACTIVITIES:		
Increase (decrease) in financial payables	(60,802)	2,936
(Increase) decrease in financial receivables	1,902	1,255
Derivatives instruments and other non-current assets	-	-
Commissions paid for medium/long-term financing	-	-
Other non-current assets and liabilities	(2,015)	(5,656)
Treasury shares	(6,601)	(2,456)
Dividends distributed	(9,356)	(9,350)
Capital increases and minority shareholders' contributions and dividends paid to third parties by subsidiaries	4,206	1,955
Cash flow generated from (absorbed by) financing activities (D)	**(72,666)**	**(11,316)**
Flows of cash and cash equivalents (A+B+C+D)	**(17,366)**	**36,164**
Cash and cash equivalents at beginning of period	**211,124**	**170,322**
Effect of discontinued operations on cash & cash equivalents	-	(163)
Effect of exchange rate fluctuations on cash & cash equivalents	1,696	2,634
Net liquid assets acquired	1,260	2,167
Flows of cash and cash equivalents	(17,366)	36,164
Cash and cash equivalents at the end of period	**196,714**	**211,124**

Related-party transactions relate to rentals of the main office and certain stores, to recharges of maintenance costs and general services of the above-mentioned buildings and to commercial transactions, personnel costs and loans. They are detailed in note 34, where the related financial flows can be easily deduced.

Supplementary Information to Consolidated Cash Flow Statement

The fair values of the assets and liabilities acquired are summarised in the following table:

(€ thousands)	FY 2015	FY 2014
- Goodwill (*)	32,353	15,677
- Customer lists	14,403	16,201
- Trademarks and non-competition agreements	-	508
- Other intangible fixed assets	163	374
- Tangible fixed assets	1,357	4,668
- Financial fixed assets	-	37
- Current assets	4,185	14,367
- Provisions for risks and charges	(3,165)	(1,735)
- Current liabilities	(7,319)	(11,314)
- Other non-current assets and liabilities	(1,984)	(4,014)
- Minority interests	705	(551)
Total investments	**40,698**	**34,218**
Net financial debt acquired	1,635	3,831
Total business combinations	**42,333**	**38,050**
(Increase) decrease in payables for businesses combinations	(528)	(7,522)
Disposal of businesses (reduction in earn-outs), purchase of investments and shares	(9,423)	146
Cash flow absorbed by (generated from) acquisitions	**32,382**	**30,674**
(Net liquid assets acquired)	(1,260)	(2,167)
Net cash flow absorbed by (generated from) acquisitions	**31,122**	**28,507**

(*) The line "goodwill" is presented net of the step up acquisition of the New Zealand group Dilworth Hearing Limited accounted for in accordance with the requirements of IFRS 3R. The impact, equal to €1,673 thousand, represents the fair value at the acquisition date of such investment, already owned and equal to 40%.

1. General Information

The Amplifon Group is global leader in the distribution of Hearing Aid systems and in their fitting and customization to meet the needs of hearing impaired patients.

The parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is controlled directly by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

The consolidated financial statements at 31 December 2015 have been prepared in accordance with International Accounting Standards and the regulations implementing Article 9 of legislative Decree No. 38 of 28 February 2005. These standards include the IAS and IFRS issued by the International Accounting Standard Board, as well as the SIC and IFRIC interpretations issued by the International Financial Reporting Interpretations Committee, which were endorsed in accordance with the procedure set out in Article 6 of Regulation (EC) no. 1606 of 19 July 2002 by 31 December 2015. International Accounting Standards endorsed after that date and before the preparation of these financial statements are adopted in the preparation of the consolidated financial statements only if early adoption is allowed by the Endorsing Regulation and the accounting standard itself and the Group has elected to do so.

The publication of the consolidated financial statements of the Amplifon Group at 31 December 2015 was authorised by the resolution of the Board of Directors of 2 March 2016. These financial statements are subject to the approval of the Shareholders' Meeting of Amplifon S.p.A. on 18 April 2016.

2. Accounting policies

2.1. Presentation of financial statements

The consolidated financial statements at 31 December 2015 have been prepared in accordance with the historical cost convention with the exception of derivative financial instruments, certain financial investments measured at fair value and assets and liabilities hedged by a fair value hedge, as more fully explained hereafter, as well as on the going concern assumption.
The following table lists the international accounting standards and the interpretations approved by IASB and endorsed to be adopted in Europe and applied for the first time in the financial year under review.

Description	Endorsement date	Publication in O.J.E.C.	Effective date	Effective date for Amplifon
Interpretation IFRIC 21 Taxes	13 June '14	14 June '14	Fiscal years that start on or after the 17th Jun '14	1 Jan '15
Annual improvements to IFRS 2011-2013	18 Dec '14	19 Dec '14	Fiscal years that start on or after the 1st Jan '15	1 Jan '15

IFRIC 21 "Levies", an interpretation of IAS 37 "Provisions, contingent liabilities and contingent assets" provides guidance on when to recognize a liability for a levy imposed other than income tax and, in particular, establishes which event triggers the obligation and when the liability should be recognized.

The annual improvements 2011-2013 include minor amendments to different standards relating to sections of a few standards that were unclear.
- with reference to IFRS 3 "Business Combinations" the IASB has clarified that the provisions of this standard are not applicable to the formation of all the joint control agreement, so as defined by IFRS 11;
- with the amendment to IFRS 13 "Fair value measurement", the IASB clarified that the exception for the measurement at fair value on a net basis of a portfolio of assets and liabilities is also applicable in relation to contracts that fall within the scope of IAS 39 or IFRS 9, although these contracts do not meet the definition of assets or financial liabilities under IAS 32 (eg contracts for the purchase or sale of non - financial assets with the net cash settlement);
- some sections of the IFRS 1 "First time adoption of International Financial Reporting Standards" and IAS 40 "Investment property".

The adoption of these principles does not significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

With respect to the presentation of the financial statements, prepared in accordance with IAS 1 "Presentation of the financial statements" and IAS 7 "Cash flow statement" the following should be noted that:
- statement of financial position: the Group distinguishes between current and non-current assets and liabilities;
- income statement: the Group classifies costs by nature, as such classification is deemed to be more representative of the mainly commercial and distribution activities carried out by the Group;
- statement of comprehensive income (loss): this includes the net result of the period and the effects of changes in exchange rates, the cash flow hedge reserve and actuarial gains and losses that are recognised directly in net equity; those items are disclosed on the basis of whether they will potentially be reclassified subsequently to profit or loss;
- statement of changes in net equity: the Group includes all changes in net equity, including those arising from transactions with the shareholders (dividend distributions, increases in share capital);
- cash flow statement: this is prepared using the indirect method for defining cash flows deriving from operating activities.

The Group maintained unchanged the classification and presentation of the explanatory notes of the financial statement with the exception of the presentation of the operative sectors that follows the requirements of IFRS 8 as explained in paragraph 4.

2.2. Use of estimates in preparing the financial statements

Preparation of the financial statements schedules and explanatory notes required the use of estimates and assumptions in respect of the following items:

- provisions for impairment, calculated on the basis of the asset's estimated realisable value;
- provisions for risks and charges, calculated on the basis of a reasonable estimate of the amount of the potential liability, not least in relation to any claim made by the counterparty;
- provisions for obsolescence, in order to adjust the carrying value of inventory to reflect realisable value;
- provisions for employee benefits, recognised on the basis of the actuarial valuations made;
- amortisation and depreciation, recognised on the basis of the estimated remaining useful life and recoverable amount;
- income tax, which is recognised on the basis of the best estimate of the expected tax rate for the full year;
- IRSs and currency swaps (instruments not traded on regulated markets), marked to market at the reporting date based on the yield curve and exchange rate fluctuations and subject to credit/debit valuation adjustments, which are supported by market quotations.

Estimates are periodically reviewed and any adjustments due to changes in the circumstances which determined such estimates or additional information are recognised in the income statement. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not affect their overall reliability.

The Group tests goodwill for impairment at least once a year. This requires an estimation of the value in use of the cash-generating unit to which the goodwill pertains. This calculation requires estimating of future cash flows and the after-tax discount rate reflecting market conditions at the date of the valuation.

2.3. Future accounting principles and interpretations

International accounting standards and the interpretations approved by IASB and endorsed in Europe

The following table lists the international accounting standards and the interpretations approved by IASB and to be adopted in Europe after 31 December 2015.

Description	Endorsement date	Publication in O.J.E.C	Effective date	Effective date for Amplifon
Amendments to IAS 27: equity method in separate financial statements	18 Dec '15	23 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 1- disclosure initiative	18 Dec '15	19 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Annual Improvements to IFRSs 2012–2014 Cycle	15 Dec '15	16 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 16 and IAS 38: clarification of acceptable methods of depreciation and amortization	2 Dec '15	3 Dec '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IFRS 11: accounting for acquisitions of interests in Joint Operations	24 Nov '15	25 Nov '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Amendments to IAS 16 and IAS 41: bearer plants	23 Nov '15	24 Nov '15	Financial years beginning on or after 1 Jan '16	1 Jan '16
Defined benefit plans: employee contributions (amendments to IAS 19)	17 Dec '14	9 Jan '15	Financial years beginning on or after 1 Feb '15	1 Jan '16
Annual improvements to IFRSs 2010-2012	17 Dec '14	9 Jan '15	Financial years beginning on or after 1 Feb '15	1 Jan '16

The amendment to IAS 27 "Equity method in the separate financial statements", has introduced the equity method as accounting option to recognize investments in subsidiaries, associates and joint ventures, whereas previously the IAS 27 stated that they were valued at cost or in accordance with IFRS 9 (IAS 39 for companies that have not adopted IFRS 9).

The amendments to IAS 1 "Disclosure Initiative (Amendments to IAS 1)" clarify certain aspects with regard to the presentation of financial statements stressing the emphasis on the significance of the disclosures of the financial statements, making clear that it is no longer provided for a specific order for the presentation of the notes on the balance sheet and allowing the possibility of aggregate /disaggregate items so that the line items provided at least in IAS 1 can be aggregated if deemed insignificant.

The "Annual improvements to IFRSs (2012-2014 Cycle)" include amendments to different standards relating to sections that were unclear. In detail the amendments relate to the following:

- IAS 19 "Employee Benefits": with the amendment to IAS 19, the IASB clarified that the discount rate of a bond for defined benefit plans must be determined on the basis of "high - quality corporate bonds or government bonds" denominated the same currency used to pay benefits;
- IFRS 7 "Financial Instruments: Disclosures": the IASB has clarified that an entity which transferred the financial instruments and has derecognised them entirely from its own balance sheet - is obligated to provide the information required by reference to his involvement ("continuing involvement") if applicable. Furthermore the disclosures required by IFRS 7 with reference to offsetting of financial assets and liabilities are required only in relation to the annual financial statements and will be disclosed, in interim financial statements, if deemed to be necessary;
- IAS 34: with the amendment to IAS 34, the IASB clarified that the additional disclosures required by this standard can be included in the notes to the interim financial statements or can be included in other documents (such as risk reports), inserted through referrals in the interim financial statements, provided that users of the interim financial statements will have access to the same conditions and at the same time the interim financial statements.

The "Annual improvements to IFRSs (2012-2014 Cycle)" include amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations , which are not currently relevant for the Amplifon Group.

With the amendments to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets", IASB clarified that revenue-based amortization cannot be used for property, plant and equipment, insofar as this method is based on factors, such as volumes and sale prices, that do not reflect the actual consumption of the economic benefits pertaining to the underlying asset.

The objective of IFRS 11 "Accounting for acquisitions of interests in joint operations" is to clarify the accounting treatment of acquisitions of interests in jointly run business operations.

Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture", refer to the accounting of fruit trees.

The amendment to IAS 19 "Employee benefits" relates to the accounting of defined benefit plans that call for third party or employee contributions.

The "Annual improvements to IFRSs (2010-2012 Cycle)" include amendments to different standards relating to sections of a few standards that were unclear.

In summary:

- IFRS 2 "Share-based Payment": with the amendments to IFRS 2, the IASB has clarified the criteria and characteristics that "performance condition" must comply with;
- with the amendment to IFRS 3 "Business combinations", the IASB clarified the aspects of classification and valuation of contingent consideration;
- the amendment to IFRS 8 "Operating Segments" has introduced a new disclosure obligation, requiring a brief description of the operating segments that were aggregated and the economic indicators that have been used for such aggregation. Also it made it clear that the reconciliation of the activities of the reportable operating segments with total assets of the entity is required only in cases where such information is provided regularly to the entity's chief operating decision maker ("CODM");
- with the amendment to IFRS 13, the IASB clarified that the amendments to IAS 39 subsequent to the publication of IFRS 13 had not intended to exclude the possibility of evaluating receivables and short-term debts without taking into account discounting, if this effect is considered not significant. The amendments

to IFRS 13, since they relate only to the Basis for Conclusions, are not subject to endorsement by the European Union;
- with the amendments to IAS 16 and IAS 38, the IASB has clarified how to apply the method of the revaluation required by the above-mentioned principles;
- with the amendment to IAS 24, the IASB has extended the definition of "related party" to "management companies ".

Below are the International Financial Reporting Standards, interpretations, amendments to existing standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB which on 26 February 2016 had not yet been endorsed for adoption in Europe:

Description	Effective date
IFRS 9: financial Instruments (issued on 24 July 2014)	Financial years beginning on or after 1 Jan '18
IFRS 15 revenue from contracts with customers (issued on 28 May 2014) and related Amendment (Issued on 11 September 2015), formalising the deferral of the Effective Date by one year to 2018	Financial years beginning on or after 1 Jan '18
IFRS 14 regulatory deferral accounts (issued on 30 January 2014)	Financial years beginning on or after 1 Jan '16
Amendments to IFRS 10 and IAS 28: sale or contribution of assets between an Investor and its associate or joint venture (issued on 11 September 2014)	To be defined
Amendments to IFRS 10, IFRS 12 and IAS 28: investment entities: applying the consolidation exception (issued on 18 December 2014)	Financial years beginning on or after 1 Jan '18
IFRS 16 Leases (Issued on 13 January 2016)	Financial years beginning on or after 1 Jan '19
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (Issued on 19 January 2016)	Financial years beginning on or after 1 Jan '17

The issue of the definitive version of IFRS 9 "Financial instruments" completed the project to revise the accounting standard relating to financial instruments. The new standard: (i) changes the way in which financial assets are classified and measured; (ii) introduces the concept of expected credit losses as one of the variables to be considered in the measurement and impairment of financial assets (iii) changes the hedge accounting model. The new IFRS 9 is effective for annual periods beginning on or after 1 January 2018.

Based on IFRS 15 "Revenue from contracts with customers", the company must recognize revenue when the control of the goods or services is transferred to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard introduces a five step model to be used to analyze and recognize revenue in relation to the timing and the amount. It is foreseeable that the new standard could result in a change in the timing of revenue recognition (earlier or later with respect to current standards), as well as the use of new methods (for example, the recognition of revenue at a specific point in time versus over time or vice versa). The new standard calls for additional information about the nature, amount, timing and uncertainty of the revenue streams and cash flows generated by contracts with customers. The standard, as defined in an amendment to the principle issued on September 11, 2015, must be applied for annual periods beginning on or after 1 January 2018 and earlier application permitted.

IFRS 14 "Regulatory deferral accounts" relates to rate regulated activities, namely sectors subject to regulated tariffs.

The amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures" resolved a conflict between the two standards relating to the accounting to be used when a parent entity sells or transfers a subsidiary to another entity subject to joint control ("joint venture") or "significant influence" ("associate entity").

"Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)" clarifies certain aspects of investment entities.

With the publication of the new accounting standard IFRS 16 "Leases", the IASB replaces the accounting rules provided by IAS 17, deemed no longer appropriate for the leasing representation in the current economic context. The new accounting standard requires that all leases should be recognized in the balance sheet as assets and liabilities are they "financial", whether "operative".

Amendments to "IAS 12: recognition of deferred tax assets for unrealized losses" clarifies how to account for deferred tax assets related to debt instruments measured at fair value.

With reference to IFRS 9 and IFRS 15 described above, the Amplifon Group is continuing the activities aimed to the identification and determination of the impact on its consolidated financial statements and is starting the analysis with reference to IFRS 16. For a first evidence of the magnitude of the expected impacts of the adoption of IFRS 16 refer to note 35 "Guarantees, commitments and contingent liabilities" where the future commitments for operating lease are exposed, and to note 26 "operating costs" rental cost for shops, offices and other property are displayed.

With reference to the other standards and interpretations detailed above, it is not expected that the adoption significantly affect the valuation of assets, liabilities, costs and revenues of the Group.

2.4. Subsidiaries

The consolidation area includes companies which are controlled by the Group. Control is defined as the power to influence the financial and operating policies of a company. The existence of control over a company is determined on the basis of: (i) voting rights, including potential ones, that the Group is entitled to and by virtue of which the Group may exercise the majority of the votes that can be cast at the ordinary Shareholders' meeting; (ii) the content of possible agreements between shareholders or the existence of specific clauses in the entity's by-laws which grant the Group the power to manage the company; (iii) control by the Group of a sufficient number of votes to exercise de facto control in the Shareholders' meeting of the company.

Income statement items are included in the consolidated financial statements starting from the date control is acquired and up to the date such control ceases. All payables and receivables, as well as the revenue and expense items deriving from transactions between companies included in the consolidation are eliminated entirely; capital gains and losses deriving from transfers of assets between consolidated companies are also eliminated, as are the profits and losses arising from transfers of assets between consolidated companies that come to form inventories of the acquiring company, write-downs and reversals of holdings in consolidated companies, and intragroup dividends. Assets, liabilities, costs and revenues of subsidiaries are recorded in full, allocating to minority shareholders their share of net equity and of the net result.
The financial statements of subsidiaries companies are adjusted in order to make the measurement criteria consistent with those adopted by the Group.

The closing dates of subsidiaries are aligned with that of the Parent company; where this is not the case, the subsidiaries prepare appropriate financial statements for consolidation purposes.

2.5. Jointly-controlled companies

A joint control arrangement is an agreement based on which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.
There are two types of joint control arrangements: joint operations or joint ventures.
In a joint operation agreement the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. These parties are referred to as joint operators and each joint operator recognizes the pertinent share of assets, liabilities, costs and revenue relative to the jointly operated activity.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. A joint venturer recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method.

2.6. Associated companies

Investments in associates are accounted for using the equity method. A company is considered an associate if the Group participates in decisions relating to the company's operating and financial policies even if the latter is not a subsidiary nor subject to joint control. Under the equity method, on initial recognition, the investment in an associate is recognized at cost in the balance sheet and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The goodwill relating to the associate is included in the carrying amount and is not subject to amortization. The profits generated as a result of transactions carried out by the Group with associates are eliminated to the extent of the Group's interest in the associate. The financial statements of companies accounted for based on the equity method are adjusted to be in line with the Group's accounting policies.

2.7. Business combinations

Business combinations are accounted for in the financial statements as follows:

- acquisition cost is determined on the basis of the fair value of assets transferred, liabilities taken over, or the shares transferred to the seller in order to obtain control;
- acquisition- costs related to business combinations are recognised in the income statement for the period in which the costs were incurred;
- the fair value of the shares transferred is determined according to the market price at the exchange date;
- where the agreement with the seller provides for a price adjustment linked to the profitability of the business acquired, over a defined timeframe or at a pre-established future date (earn-out), the adjustment is included in the acquisition price as of the acquisition date and is valued at fair value as at the date of acquisition;
- at the acquisition date, the assets and liabilities, including contingent ones, of the acquired company are recognised at their fair value at that date. When determining the value of these assets we also consider the potential tax benefits applicable to the jurisdiction of the acquired company;
- when the values of assets, liabilities and contingent liabilities recorded differ from their corresponding tax base at the acquisition date, deferred tax assets and liabilities are recognised;
- any difference between the acquisition cost of the investment and the corresponding share of net assets acquired is recorded as goodwill, if positive, conversely it is charged to the income statement, if negative; income items are included in the consolidated financial statements starting from the date control is acquired and up to the date control ceases.

2.8. Functional currency, presentation currency and translation criteria applied to foreign currency items

The consolidated financial statements of the Amplifon Group are presented in Euros, the functional currency of the parent company, Amplifon S.p.A.

The financial statements of subsidiaries and jointly-controlled companies are prepared in the functional currency of each company. When this currency differs from the reporting currency of the consolidated financial statements, the financial statements are translated using the current exchange rate method: income statement items are translated using the average exchange rates of the year, asset and liability items are translated using year-end rates and net equity items are translated at historical rates. Exchange differences are recorded under "translation difference" in the consolidated net equity; when the company is disposed of, the cumulative differences booked in net equity are taken to the income statement.

Foreign currency transactions are recorded at the exchange rate at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currency and valued at cost are reported at the exchange rate used upon initial recognition. Non-monetary assets and liabilities denominated in foreign currency and valued at fair value, at recoverable value, or realizable value, are translated using the exchange rate of the date when the value was determined.

Any exchange rate differences arising from the settlement of monetary assets and liabilities or from the translation at exchange rates that are different from those used upon initial recognition, during the year or in previous financial statements, are recognised in the income statement.

2.9. Intangible fixed assets

Intangible assets purchased separately and those acquired through business combinations carried out prior to the adoption of the IFRS are initially measured at cost, whilst those acquired through business combinations completed after the date of transition to the IFRS, are initially measured at fair value. Expenditure incurred after the initial acquisition is recorded as an increase in the cost of the intangible asset to the extent that the expenditure can generate future economic benefits.

Intangible assets having a finite useful life are amortised systematically along their useful life and written down for impairment (see § 2.12). Amortisation begins when the asset is available for use and ceases when the asset is classified as held for sale (or included in a disposal group classified as held for sale). Both the useful life and the amortisation criterion are periodically reviewed and, where significant changes have occurred compared to the previously adopted assumptions, the amortisation charge for the current year and subsequent ones is adjusted.

The periods of amortisation are shown in the following table:

Asset type	Years
Software	2.5- 5
Licences	2-5
Non-competition agreements	5-7
Customer lists	10-15
Trademarks and concessions	5-15
Other	4-10

2.10. Goodwill

Goodwill is recognised in the financial statements following business combinations and is initially recorded at cost, which is the excess of the cost of acquisition over the Group's share in the fair values of the assets, liabilities and contingent liabilities acquired.

Goodwill is classified as an intangible asset. As of the acquisition date, the goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are allocated to those units or groups of units.
Subsequent to initial recognition, goodwill is not amortised but valued at cost less any cumulative impairment losses (see § 2.12).

If goodwill has been allocated to a cash-generating unit and the company disposes of an asset which is part of the unit, the goodwill associated with the asset disposed of is included in the book value of the asset when the gain or loss on disposal is calculated; this proportion is determined according to values relating to the asset disposed of and the retained portion.

2.11. Tangible assets

Tangible fixed assets are recorded at purchase or production cost, inclusive of accessory costs that are directly attributable to the assets. Operating assets acquired under finance lease agreements whereby all risks and benefits of ownership are substantially transferred to the Group are recognised at the time of signing the agreement (finance lease) at the lower of their fair value and the present value of the minimum payments due under the lease terms. A liability equal to the amount due to the lessor is recorded under financial liabilities.

Leases where the lessor does not substantially transfer all the risks and rewards of ownership associated with the assets are classified as operating leases. The costs incurred for operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

The value upon initial recognition of tangible fixed assets, or their significant elements (except for land), net of their residual value, is depreciated on a straight-line basis over their useful life and is written down for impairments (see § 2.12). Depreciation starts when the asset becomes available for use and terminates when it is classified as held for sale (or included as part of a disposal group classified as held for sale). The useful life and the depreciation rate, as well as the residual value, are periodically reviewed and, where significant changes have occurred compared to the previously adopted assumptions, the depreciation charge for the current year and subsequent ones is adjusted.

Maintenance costs that do not add value to an asset are charged to the income statement in the year in which they are incurred. Maintenance costs that add value to an asset are recorded with the fixed asset item to which they relate and are depreciated on the basis of the future residual useful life of the asset.

Leasehold improvements, such as to premises, shops and branches held under operating leases, are capitalised and depreciated over the shorter of the term of the lease and the useful life of the tangible asset installed.

The periods of depreciation are shown in the following table:

Asset type	Years
Buildings, constructions and leasehold improvements	4-39
Plant and machinery	3-10
Industrial and commercial equipment	3-10
Motor vehicles	2.5-5
Computers and office machinery	2.5-5
Furniture and fittings	4-16
Other tangible fixed assets	4-10

2.12. Impairment of intangible fixed assets, tangible fixed assets, investments in associated companies and goodwill

The Group verifies the recoverable value of an asset whenever an impairment indicator exists and, for intangible fixed assets with an indefinite life, other tangible assets and goodwill, the assessment is carried out yearly. The recoverable value is defined as the higher of the asset's fair value less costs to sell and its value in use.

Fair value is the price that would be received to sell an asset or paid to transfer a liability (in an orderly transaction between market participants (at the measurement date).

Value in use is determined by reference to the present value of the future estimated cash flows that are expected to be generated by the continued use of an asset and its disposal at the end of its useful life,

discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks associated with the asset. Where the value in use of a single asset cannot be determined due to the fact that the asset does not generate independent cash flows, the value in use is estimated by reference to the cash-generating unit that the asset relates to.

With regard to goodwill, the impairment test is performed for the smallest cash-generating unit that the goodwill relates to and which is used by the Group to evaluate, either directly or indirectly, the return on the investment which includes the goodwill itself.

Impairment losses are recognised in the income statement when the carrying value of the asset is higher than its recoverable value. Except for goodwill, for which impairment losses cannot be reversed, when there is an indication that an impairment loss is no longer justified or may have decreased, the carrying value of the asset is adjusted to its recoverable value. The increased carrying value of an asset due to an impairment reversal does not, however, exceed the carrying value that the asset would have had (net of the write-down or depreciation) if the impairment had not been recognised in previous years. The reversal is immediately recognised in the income statement.

2.13. Financial assets (excluding derivatives)

Financial assets are initially recognised in the financial statements, at the transaction date, at their fair value. This value is increased by the transaction costs that are directly attributable to the purchase of the asset, excluding ancillary costs related to the purchase of financial assets held for trading that are recognised in the income statement when incurred.

Subsequent to initial recognition, the accounting treatment of financial assets depends on their functional destination:

- financial assets held for trading, acquired for the purpose of generating short-term gains from price fluctuations, are measured at fair value and any gains and losses arising from the changes in fair value are included in the income statement;
- receivables and loans represented by non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are valued at amortised cost using the effective interest rate method and written down for impairment; any impairment losses are measured as the difference between the carrying amount of the receivable and the present value of estimated future cash flows based on the original effective interest rate of the financial asset; the amount of the impairment loss is charged to provision if it originated from revising an estimate, or is charged directly against the asset's carrying value in the event that it is related to a finally determined loss, and is recognised in the income statement. If in a subsequent period the amount of the impairment loss is reduced and such reduction can be objectively traced to an event occurring after the impairment was recognised, the impairment loss may be reversed up to its amortised cost by using provisions if it originated from revising an estimate, or it is charged directly against the asset's carrying value in the event that it is related to a finally determined loss, and is recognised in the income statement. Impairment losses are recognised where there are objective difficulties in recovering receivables, e.g. (i) financial difficulties experienced by the debtor, (ii) non-payment of several instalments under the contract and/or significantly delayed payment of instalments or (iii) the significant age of the receivables;
- shares and other securities which do not fall into the above categories are classifed as financial assets measured at fair value through profit or loss. Such classification is in line with the Group strategy which requires the return on such assets to be managed and measured at fair value.

Financial assets are derecognised from the financial statements when the related contractual rights expire, or when Amplifon S.p.A. substantially transfers all the risks and rewards of ownership associated with the financial asset. In the latter case the difference between the sale consideration and the net book value of the asset sold is recognised in the income statement.

2.14. Inventories

Inventories are valued at the lower of purchase or production cost and their net realizable value (represented by their open market value). Inventories are valued using the weighted average cost method.

2.15. Cash and cash equivalents and financial assets

The item cash and cash equivalents comprises liquid funds and financial investments with a maturity, at the acquisition date, of less than three months and for which there is an insignificant risk of a change in value. These financial assets are recorded at their nominal value.

2.16. Provisions for risks and charges

Provisions for risks and charges relate to costs and charges of a specific nature which are certain or probable and whose amount or timing is uncertain at the reporting date.

Provisions are recognised if the following conditions apply: (i) the Group has a present obligation (legal or constructive) that has arisen as a result of a past event; (ii) it is probable that the fulfilment of the obligation will require the use of resources which produce economic benefits; (iii) the amount can be estimated reliably.

The amount recognised as a provision in the financial statements represents the best estimate of the expenditure required by the company to settle the obligation at the reporting date or to transfer it to a third party.

When the time value of money is significant and the due dates of the obligations can be reliably estimated, the provision is discounted to its present value; when the provision is discounted, the increase in provision related to the passage of time is charged to the income statement as a financial charge.

Specifically:

- the agents' leaving indemnity includes the estimate of amounts due to agents, calculated using actuarial methods and having regard to the probability that such amounts will be paid, as well as the expectations as to the time of payment;
- the warranty and repair provision includes the estimate of costs for warranty services to be provided on products sold, calculated on the basis of historical/statistical data and the warranty period;
- the provision for risks arising from legal disputes includes the estimate of charges relating to legal disputes with employees or agents, or associated with the provision of services.

2.17. Employees' benefits

Post-employment benefits are defined on the basis of pension plans, even if not formalised, which due to their characteristics can be classified as either defined-contribution or defined-benefit plans.

Under a defined-contribution plan the company's obligation is limited to the payment of the contributions agreed with the employees and it is determined on the basis of the contributions due at the end of the period, as reduced by any amounts already paid.

Under defined-benefit plans the liability recorded in the books is equal to: (a) the present value of the defined-benefit obligation at the reporting date; (b) plus any actuarial gains (minus any actuarial losses); (c) less any past service costs that have not yet been recorded; (d) less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

Under defined-benefit plans, the cost charged to the income statement is equal to the algebraic sum of the following elements: (a) current service cost; (b) the financial charges arising from the increase in liabi-

lity due to the passage of time; (c) the expected return on plan assets; (d) past service cost; (e) the effect of any curtailments or settlements under the plan.

Actuarial gains and losses are recognised in other comprehensive income.

Net financial charges on defined-benefit plans are recognised in profit or loss under financial income and charges.

2.18. Stock option and stock grant

The Group grants certain top executives and other beneficiaries who hold key positions within the Group the right to participate in share capital plans (stock options and stock grants).

Stock options plans are the equity settled; the beneficiary has the right to purchase Amplifon S.p.A. shares at a predefined price if certain conditions are met.
Stock grants are equity settled too and the beneficiary receives a free allotment of shares in Amplifon S.p.A. at the end of the vesting period (7 years).

For equity settled stock options and stock grants, the fair value is recognised in the income statement under personnel expenses over the period running from the date they are granted to the vesting date and a corresponding amount is recorded in a net equity reserve. The fair value of the stock options and stock grants is determined at the date they are granted, taking account of the market conditions at that date.

At each reporting date, the Group reviews the assumptions about the number of stock options and stock grants which are likely to be exercised and records the effect of any change in estimate in the income statement adjusting the corresponding net equity reserve. In the event that the stock options are exercised, the amount received from the exercise of the stock options at the strike price is recorded as an increase in share capital and in the share premium account.
In case of free stock allotment (i.e. "stock grant"), the corresponding increase in share capital is recognised at the end of the vesting period.

2.19. Financial liabilities (excluding derivatives)

Financial liabilities include financial payables, lease obligations and trade payables.
Financial payables are initially recognised at fair value less any directly attributable transaction costs. Lease obligations are initially recognised at the fair value of the operating assets that are the subject of the agreements or, if lower, at the present value of the minimum payments due. Trade payables are generally recorded at nominal value except in those cases where the fair value of the consideration significantly differs from the nominal value.

Subsequent to initial recognition, the financial liabilities are valued at the amortised cost; the difference between the initial book value and the repayment value is recognised in the income statement using the effective interest rate method.

When a financial liability is hedged against interest rate risk in a fair value hedge, any changes in fair value due to the hedged risk are not included in the calculation of the amortised cost. These changes are amortised starting from the moment fair value hedge accounting is discontinued (§ 2.23).

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or fulfilled.

2.20. Revenues, interest income and dividends

Revenues are recognised on the basis of the fair value of the sale consideration agreed, net of discounts, reductions, returns, rebates and tax, if any. Revenues from the sale of products are recognised at the time when the Group transfers to the purchaser the risks and rewards of ownership, that is on transfer of title (which usually coincides with the dispatch or delivery of the products) or with the end of the trial period, if applicable.

Revenues are discounted to their present value and if the discounting effect is significant, the implicit financial element is separated, interest receivable being indicated separately. The financial element is allocated between the amount pertaining to the current year and future years, with the latter being accounted for as deferred income.
Revenues from services are recognised when the services are provided, based on the accrual method of accounting and based on the stage of completion of the transaction at the reporting date.

Interest income is recognised on the basis of the effective interest rate.
Dividends are recognised when the shareholders' right to receive payment is established.

2.21. Current and deferred income taxes

Current income tax payables and receivables are recorded at the amount that is expected to be paid to/received from the tax authorities at the rates enacted or substantially enacted, and the laws in force at the reporting date.

Deferred tax assets and liabilities are recognised on the temporary differences between the value of assets and liabilities in the financial statements and the corresponding tax bases.

Deferred income taxes are not recognised: (i) when they derive from the initial recognition of goodwill or of an asset or liability in a transaction other than a business combination and which, at the time of the transaction, does not affect either the accounting profit or the taxable profit /loss; (ii) when they relate to temporary differences related to investments in subsidiaries and joint ventures, where the reversal of temporary differences may be controlled and it is probable that it will not occur in the foreseeable future.

Deferred tax assets, including those arising from unused tax losses and tax credits, are recorded only to the extent their recovery is highly probable.

Deferred tax assets are not discounted to present value and are calculated using tax rates that are expected to apply when the taxes are paid or settled in the respective countries where the Group operates.

Deferred tax assets and liabilities are debited or credited directly to net equity if they relate to elements which are recognised directly in net equity. Deferred tax assets and liabilities are recorded respectively under non-current assets and liabilities and are offset only when a legally enforceable right to offset current tax assets against current tax liabilities exists and this will result in a lower tax charge. Moreover, when there is a legally enforceable right of set-off, deferred tax assets and deferred tax liabilities are offset only if at the time of their reversal they will not generate any current tax asset or liability.

When an asset is revalued for tax purposes and the revaluation does not relate to an accounting revaluation of an earlier period, or to one that is expected to be carried out in a future period, deferred tax assets are recognised in the income statement on the temporary difference arising as a result of the revaluation.

2.22. Value added tax

Revenues, costs and assets are recognised net of valued added tax (VAT), except where VAT applied to the purchase of goods or services is non-deductible, in which case it is recognised as part of the purchase cost of the asset or as part of the expense recorded in the income statement.

The net amount of indirect tax on sales which may be recovered from/paid to the tax Authorities is included in the financial statements under other receivables or payables, depending on whether it is a debit or a credit balance.

2.23. Derivative financial instruments

The Group enters into derivative financial instruments for the purpose of neutralizing the financial risks it is exposed to and which it decides to hedge in accordance with its adopted strategy (see § 4).

The documentation which formalises the hedging relationship for the purpose of the application of hedge accounting includes the identification of:

- hedging instrument;
- hedged item or transaction;
- nature of the risk;
- methods that the company intends to adopt to assess the hedge effectiveness in offsetting the exposure to changes in the fair value of the hedged item or the cash flows associated with the risk that is hedged against.

On initial recognition these instruments are measured at fair value. On subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognised in profit and loss in an item separate from that in which changes in the fair value of the hedging instrument and the hedged item are recognised;

(iii) if these instruments qualify as cash flow hedges, starting from that date, any changes in the fair value of the derivative are recognised in net equity, but only to the extent of the effective amount of the hedge, with the amount of any hedge ineffectiveness being recognised in the income statement; changes in the fair value of the derivative that are recognised in net equity are subsequently transferred to the income statement in the period in which the transaction that is hedged against affects the income statement; when the hedged item is the purchase of a non financial asset, changes to the fair value of the derivative taken to equity are reclassified and adjusted according to the purchase cost of the asset which is the hedged item (referred to as basis adjustment);

(iv) if these instruments qualify as hedges of net investment of a foreign operation, starting from that date any changes in the fair value of the derivative are adjusted as part of the "translation difference", to the extent of the effective amount of the hedge and the ineffective portion is charged to the income statement;

(v) hedging is carried out by the designated instrument, considered as a whole. In the case of options or forward contracts, however, only part of the derivative instrument is designated as the hedging instrument; the remainder is recognised in the income statement. More specifically, in the case of options, only the changes in fair value due to changes in the intrinsic value are designated as hedging instrument; conversely, fair value changes of options due to changes in the time value are recognised in the income statement and are not considered in the assessment of the hedge effectiveness. In the case of forward contracts, only changes in fair value due to changes in the spot rate are designated as a hedging instrument; conversely the fair value changes due to changes in the forward points are recognised in the income statement and are not considered in the assessment of the hedge effectiveness.

If the hedge becomes ineffective or the Group changes its hedging strategies, hedge accounting is discontinued. In particular, hedge accounting is discontinued prospectively when the hedge becomes ineffective or when there is a change in the hedging strategies.

If, in a fair value hedge, the hedged item is a financial instrument measured using the effective interest rate method, the adjustments made to the book value of the hedged item are amortised starting from the date when fair value hedge accounting is discontinued and the hedged item is no longer adjusted for fair value changes attributable to the hedged risk.

Financial instruments hedging exchange rate risk due to forecasted transactions and firm commitments are represented on the statement of financial position according to the cash-flow hedge accounting model.

Derivatives are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under assets or liabilities if related to derivatives which do not qualify for hedge accounting criteria, conversely they are classified according to the hedged item.

In particular, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

2.24. Share capital, treasury shares, dividend distribution and other net equity items

Ordinary shares issued by the parent company Amplifon S.p.A. are classified as part of net equity. Any costs incurred to issue new shares, also following the exercise of stock option plans, are classified as a reduction in net equity.

Purchases and disposals of treasury shares, as well as any gains or losses on purchase/disposal, are recognised in the financial statements as changes in net equity. Dividends distributed to the shareholders are recorded as a reduction in net equity and as a liability of the period when the dividend payment is approved by the Shareholders' Meeting.

2.25. Earnings (loss) per share

Earnings per share are determined by comparing the Group's net profit to the weighted-average number of shares outstanding during the accounting period. For the calculation of the diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming the conversion of all potential shares with a dilutive effect.

3. Financial risk management

With a view to structured management of treasury activities and financial risks, since 2012 the Group adopted a Treasury Policy which contains guidelines for the management of:
- currency risk;
- interest rate risk;
- credit risk;
- price risk;
- liquidity risk.

Currency risk
This includes the following types:
- foreign exchange transaction risk, that is the risk of changes in the value of a financial asset or liability, of a forecasted transaction or a firm commitment, changes due to exchange rate fluctuations;
- foreign exchange translation risk, that is the risk that the translation of the assets, liabilities, costs and revenues relating to net investment in a foreign operation into the reporting currency gives rise to an exchange gain or loss.

In the Amplifon Group foreign exchange transaction risk is substantially limited in view of the fact that each country is largely autonomous in the management of its business, sustaining costs in the same currency as its income, with the exception of Israel, where purchases are made in Euros and US dollars.

The size, however, of the subsidiary with respect to the Group and the fact that the products purchased subject to currency risk represent only a small part of total costs, ensures that any significant currency volatility will not have a material impact on the subsidiary or the Group.

The foreign exchange transaction risk, therefore, derives primarily from intragroup transactions (medium-long term and short term loans, charge-backs for intercompany service agreements) which result in currency risk for the companies operating in currencies other than that of the intragroup transaction. Additionally, investments in financial instruments denominated in a currency different from the investor's home currency can result in foreign exchange transaction risk. Foreign exchange translation risk arises from investments in the United States, United Kingdom, Switzerland, Hungary, Turkey, Poland, Israel, Australia, New Zealand, India, Egypt and Brazil.

The Group's strategy aims to minimize the impact of currency volatility on the income statement and calls for significant positions in foreign currency to be hedged against foreign exchange risk. These include: (i) bonds issued in US dollars by Amplifon S.p.A. and subscribed by Amplifon USA Inc, (ii) intercompany loans in currencies other than the Euro between Amplifon S.p.A. and the Group companies in the United Kingdom and Australia.

The intercompany loans between the Australian and New Zealand companies, between American and Canadian companies, as well as a loan granted by Amplifon S.p.A. to the English subsidiary, are considered equity investments as they are non-interest bearing and need not be repaid. The impact of changes in exchange rates is, therefore, recognized directly in the translation reserve without passing through the income statement.

The risks arising from other intragroup transactions (two loans granted to the Hungarian subsidiary and the Brazilian holding, as well as a loan granted to the Turkish subsidiary which was repaid in full in 2015) are not hedged as the amounts are not material.

In light of the above, during the year currency fluctuations did not result in significant foreign exchange gains or losses being recognized in the Amplifon Group's consolidated financial statements.

In accordance with the Group Treasury Policy foreign exchange translation risk was not hedged. The impact of the foreign exchange translation risk can be seen, as a whole, in the Group's Euro denominated EBITDA which rose 4.3 percentage points with respect to the Group's total EBITDA.

Currency risk - sensitivity analysis
The 2013-2015 private placement issued in US Dollars and equal to USD 130 million, is object of currency risk hedging. In particular, as a consequence of the derivative instruments in place, the Group could fix the Euro/Dollar exchange rate for the whole duration of the loan.
Therefore, it is reasonable to assume that any change in exchange rates will not give rise to a significant profit and loss effect as the foreign currency positions and the hedging derivatives will automatically generate changes of the same amount but of the opposite sign.

Similar considerations may be made with regard both intercompany loans denominated in currencies other than Euro between Amplifon S.p.A. and UK and Australia subsidiaries.

The intercompany loans existing between the companies in Australia and New Zealand, between American and Canadian companies as well as an intercompany loan granted by Amplifon S.p.A. to its UK affiliate, are considered equity investments insofar as they are not interest bearing and are not expected to be repaid. Any changes in exchange rates are, therefore, charged directly to the translation reserve without impacting the income statement.

As a consequence the sensitivity analysis of the above mentioned items is not disclosed.
This analysis excludes receivables, payables and future commercial flows which have not been hedged since, as stated above, these are not significant.

Interest rate risk
Interest rate risk includes the following situations:
- fair value risk, namely the risk that the value of a fixed rate financial asset or liability changes due to fluctuations in market interest rates;
- cash flow risk, namely the risk that the future cash flows of a floating rate financial asset or liability fluctuate due to changes in market interest rates.

In the Amplifon Group fair value risk arises on the issue of fixed rate bonds (Private Placement and Eurobond). The cash flow risk derives from floating rate bank loans.

The Group's strategy is to minimize cash flow risk, especially with regard to long-term exposures, through a balanced mix of fixed and floating rate loans, evaluating over the life of the loan when, based on market rates, to convert floating into fixed rate debt. In any event, at least 50% of the debt must be hedged against interest rate risk. At 31 December 2015, the entire medium-term debt (€376 million) is linked to fixed rate capital market issues which to date have yet to be converted to floating rate debt as currently interest rates are low and the possibility that they will increase is limited. The risk, therefore, is that any conversions of debt from fixed to floating could result in financial costs that are, as a whole, higher with respect to the current fixed rate.

Interest rate risk - sensitivity analysis
As mentioned above, all the indebtedness generates interest at a fixed rate. More in detail:
- the USD private placements are hedged against interest rate risk. As a result of the swaps, the Euro interest rate was set at 3.9% (average rate) for the different tranches of the 2013-2025 private placement (equal to USD 130 million);
- the €275 million 5-year bond loan reserved for non-American institutional investors and listed on the Luxembourg Stock Exchange's Euro MTF issued on 16 July 2013 by Amplifon S.p.A. (Eurobond) has a coupon of 4.875%.

With respect to the remaining financial assets and liabilities at floating-rate the following table highlights the higher/lower income before tax arising from increases/decreases in interest rates.

In light of interest rate levels at 31 December 2015 (ECB Euro rate of 0.05%), sensitivity analysis considers an upside of 1% and a downside of - 0.25%.

(€ thousands)

2015	Note	Balance as at 31 December 2015	Average exposure	Increase/decrease in interest rates (in %)	Effect on profit before tax
Current assets					
Bank current accounts and short-term bank deposits	**12**	195,934	160,310	1%	1,603
Current liabilities					
Bank current accounts	**23**	(443)	(1,712)	1%	(17)
Short-term bank borrowings	**23**	(4,446)	(4,955)	1%	(50)
Total effect on profit before tax					**1,536**
Current assets					
Bank current accounts and short-term bank deposits	**12**	195,934	160,310	-0,25%	(401)
Current liabilities					
Bank current accounts	**23**	(443)	(1,712)	-0,25%	4
Short-term bank borrowings	**23**	(4,446)	(4,955)	-0,25%	12
Total effect on profit before tax					**(384)**

(€ thousands)

2014	Note	Balance as at 31 December 2015	Average exposure	Increase/decrease in interest rates (in %)	Effect on profit before tax
Current assets					
Bank current accounts and short-term bank deposits	**12**	210,454	152,498	1%	1,525
Current liabilities					
Bank current accounts	**23**	(387)	(1,362)	1%	(14)
Short-term bank borrowings	**23**	(4,232)	(2,752)	1%	(28)
Total effect on profit before tax					**1,484**
Current assets					
Bank current accounts and short-term bank deposits	**12**	210,454	152,498	-0,25%	(381)
Current liabilities					
Bank current accounts	**23**	(387)	(1,362)	-0,25%	3
Short-term bank borrowings	**23**	(4,232)	(2,752)	-0,25%	7
Total effect on profit before tax					**(371)**

Credit risk
Credit risk is the risk that the issuer of a financial instrument defaults on its obligations resulting in a financial loss for the holder/investor.

In the Amplifon Group credit risk arises from:
(i) sales made as part of ordinary business operations;
(ii) the use of financial instruments that require settlement of positions with other counterparties;
(iii) from the sale of Group-owned American stores to franchisees, with the payment spread over up to 12 years, following the transformation of the subsidiary Sonus's business model from the direct to the indirect channel;
(iv) from the loans granted to indirect channel and commercial partners in the United States and in Spain for investments and business development.

With regard to the risk under (i) above, the only positions with a high unit value are amounts due from Italian public-sector entities for which the risk of insolvency - while existing - is remote and further mitigated by the fact that they are factored without recourse, on a quarterly basis, by specialized factoring companies. Conversely, the credit risk arising from sales with private individuals based on instalment payment plans is increasing, as is that arising from sales to US indirect channel firms (wholesalers and franchisees). This credit risk, however, is spread out over a number of partners and the amount owed by any single partner does not exceed a few million US dollars. Due to typical business risks, some may not be able to honor their debts. This would result in higher working capital and credit losses. While each subsidiary is responsible for collection of receivables, the Group has set up a centralized system of monthly reporting relative to trade receivables in order to monitor the composition and due dates for each country, and shares credit recovery initiatives and policies with local management. With regard to private customers, who are largely paying cash, installment or financed sales have been limited to a maximum term of 12 months and, when possible, are managed by external finance companies which advance the whole amount of the sale to Amplifon. The situation of the indirect channel in the US is closely monitored by local management.

The risk referred to in (ii) above, notwithstanding the inevitable uncertainties linked to sudden and unforeseeable counterparty default, is managed by diversifying the main national and international investment grade financial institutions and through the use of specific counterparty limits with regard to both liquidity invested and/or deposited and to the notional amount of derivative contracts.The counterparty limits are higher if the counterparty has a Standard & Poor's and Moody's short term rating equal to at least A-1 and P-1, respectively. The Group's CEO and CFO may not carry out transactions with non-investment grade counterparties unless specifically authorized to do so.

With regard to the risk referred to in (iii) above, in the event payments fail to be made on the stores sold, ownership will revert back to Amplifon, while the loans made in the US referred to in (iv) above, are generally personally guaranteed by the beneficiaries and repayments are typically made when the invoices for the purchases of hearing aids are paid.

The credit rating of financial assets represented by S&P rating (short term for current items and long-term for the relevant items), is detailed below:

			Rating S&P					
(€ thousands)		31/12/2015	A-1+	A-1	A-2	A-3	B	Others (*)
Non-current assets								
Financial assets at fair value through profit and loss	**Note 8**	29						29
Hedging instruments – long term	**Note 9**	2,382	2,382					
Current assets								
Hedging instruments		451		56	133	256		6
Bank current accounts and short-term bank deposits	**Note 12**	195,934	25,768	33,563	21,289	58,433	5,219	51,611
Cash on hand		780						
Total cash and cash equivalents	**Note 12**	**196,714**						

(*) Other financial assets are primarily representative of investments in time deposits with unrated counterparties but that amply meet the minimum capital requirements by Banca d'Italia, and investments in money market liquidity funds mainly targeted towards bank deposits, usually with credit institutions having their registered office in an EU member state, that are repayable on demand and money market instruments and government Bonds of European Union.

Price risk

This arises from the possibility that the value of a financial asset or liability may change due to changes in market prices (other than those caused by currency or interest-rate fluctuations) whether these changes arise from specific characteristics of the financial asset or liability or the issuer of the financial liability, or are caused by market factors. This risk is typical of financial assets not listed on an active market, which may not be easily realised at a value close to their fair value.

In the Amplifon Group price risk arises from certain financial investments in listed instruments, mainly bonds. Given the size of these investments, this risk is not significant and is therefore not hedged.

Liquidity risk

This risk often arises from the possibility that an entity may have difficulty finding sufficient funds to meet its obligations. It includes the risk that the counterparties that have granted loans or lines of credit may request repayment.

This risk, which had become particularly significant, first as a result of the 2008 financial crisis and more recently as a result of the crisis involving the peripheral Euro zone countries' sovereign debt crisis and the single currency itself, still exists albeit smaller.

In this situation the Group continues to pay the utmost attention to cash flow and debt management, maximizing the positive cash flow from operations, while also monitoring credit lines in order to ensure adequate availability of irrevocable long term credit lines even though after the capital market transactions completed in 2013 debt is largely long term with the first significant portion falling due only as of mid-2018.

These activities, along with the liquidity, current redit lines and the positive cash flow that the Group continues to generate, lead us to believe that, at least in the short term, liquidity risk is not significant.

Hedging instruments

Hedging instruments are used by the Group exclusively to mitigate, in line with company strategy, interest rate and currency risk and comprise exclusively financial derivatives. In order to maximize the effectiveness of these hedges the Group's strategy calls for:

- large counterparties with high credit ratings and transactions that fall within the limits determined in the treasury policy in order to minimize counterparty risk;
- the use of instruments that match, to the extent possible, the characteristics of the risk hedged;
- monitoring of the effectiveness of the instruments used in order to check and, possibly, optimize the structure of the instruments used to achieve the purposes of the hedge.

The derivatives used by the Group are generally plain vanilla financial instruments. More in detail, the types of derivatives used during the year include:

- cross currency swaps;
- interest rate swaps;
- foreign exchange forwards.

On initial recognition these instruments are measured at fair value. At subsequent reporting dates the fair value of derivatives must be re-measured and:

(i) if these instruments fail to qualify for hedge accounting, any changes in fair value that occur after initial recognition are taken to profit and loss;

(ii) if these instruments subsequently qualify as fair value hedges, from that date any changes in the fair value of the derivative are taken to profit and loss; at the same time, any fair value changes due to the hedged risk are recorded as an adjustment to the book value of the hedged item and the same amount is recorded in the income statement; any ineffectiveness of the hedge is recognised in profit and loss;

(iii) if these instruments qualify as cash flow hedges, from that date any changes in the fair value of the derivative are taken to net equity; changes in the fair value of the derivative that are recognised in net equity are subsequently transferred to the income statement in the period in which the transaction that is hedged against affects the income statement; when the object of the hedge is the purchase of a non-financial asset, changes to the fair value of the derivative taken to net equity are reclassified to adjust the purchase cost of the asset hedged (so-called basis adjustment); any ineffectiveness of the hedge is recognised in profit and loss.

The Group's hedging strategy is reflected in the accounts as described above starting from the time when the following conditions are satisfied:

- the hedging relationship, its purpose and the overall strategy are formally defined and documented; the documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk to be neutralised and the procedures whereby the entity will assess the effectiveness of the hedge;
- the effectiveness of the hedge may be reliably assessed and there is a reasonable expectation, confirmed by ex post evidence, that the hedge will be highly effective for the period in which the hedged risk is present;
- if the hedged risk is that there may be changes in cash flow arising from a future transaction, the latter is highly probable and has exposure to changes in cash flow that could affect profit and loss.

Derivatives are recognised as assets if their fair value is positive and as liabilities if their fair value is negative. These balances are shown under assets or liabilities if related to derivatives which do not qualify for hedge accounting, conversely they are classified consistently with the hedged item.

In detail, if the hedged item is classified as a current asset or liability, the positive or negative fair value of the hedging instrument is included under current assets or liabilities; if the hedged item is classified as a non-current asset or liability, the positive or negative fair value of the hedging instrument is included under non-current assets or liabilities.

The Group does not have in place any hedges of a net investment.

Reconciliation table

The following table illustrates the link between items reported on the statement of financial position and the categories of financial instrument defined by IAS 39 and IFRS 7.

		31 December 2015									
(€ thousands)			Included in net financial position				Excluded from net financial position				
		Total	Amortised cost		Fair Value Net equity	Fair Value through PL		Amortised cost		Fair Value through PL	Fair Value Net Equity
Consolidated statement of financial position			Loans and receivables	Fin. liab. at amortised cost	Cash flow hedge derivatives	Fair value hedge no HA	Loans and receivables	Fin. liab. at amortised cost	FA/FL AFS	Non hedge derivatives	Cash flow hedge derivatives
Non-current assets											
Financial assets measured at FV through PL	**Note 8**	29							29		
Other assets	**Note 8**	36,069					36,069				
Hedging instruments	**Note 9**	11,526			18,516						(6,990)
Current assets											
Cash and cash equivalents	**Note 12**	196,714	196,714								
Trade receivables	**Note 11**	111,727					111,727				
Other receivables	**Note 11**	34,068					34,068				
Hedging instruments	**Note 9**	451				451					
Non-current liabilities											
Financial liabilities	**Note 15**	(394,152)	(70)	(395,538)				1,456			
Hedging instruments	**Note 9**	-									
Payables for business acquisitions	**Note 18**	(5,450)	(5,450)								
Other long-term debt	**Note 18**	(2,600)					(2,600)				
Trade payables											
Payables for business acquisitions	**Note 19**	(113,343)						(113,343)			
Other long-term debt	**Note 20**	(4,581)		(4,581)							
Hedging instruments	**Note 20**	(130,407)						(130,407)			
Financial lease liabilities	**Note 9**	(6)				(6)					
Financial payables	**Note 23**	(14,205)	(7,058)	(7,888)				741			
Total			**184,136**	**(408,007)**	**18,516**	**444**	**179,264**	**(241,553)**	**29**	**-**	**(6,990)**
Total net financial position				**(204,911)**							

(€ thousands)			31 December 2014								
			Included in net financial position				Excluded from net financial position				
		Total	Amortised cost		Fair Value Net equity	Fair Value through PL		Amortised cost		Fair Value through PL	Fair Value Net Equity
Consolidated statement of financial position			Loans and receivables	Fin. liab. at amortised cost	Cash flow hedge derivatives	Fair value hedge no HA	Loans and receivables	Fin. liab. at amortised cost	FA/FL AFS	Non hedge derivatives	Cash flow hedge derivatives
Non-current assets											
Financial assets measured at FV through PL	**Note 8**	4,512							4,512		
Other assets	**Note 8**	32,399					32,399				
Hedging instruments	**Note 9**	7,568			2,433						5,135
Current assets											
Cash and cash equivalents	**Note 12**	211,124	211,124								
Trade receivables	**Note 11**	109,355					109,355				
Other receivables	**Note 11**	33,059					33,059				
Hedging instruments	**Note 9**	467				467					
Non-current liabilities											
Financial liabilities	**Note 15**	(438,719)	(247)	(440,819)				2,346			
Hedging instruments	**Note 9**	(8,773)			6,183						(14,956)
Payables for business acquisitions	**Note 18**	(10,034)	(10,034)								
Other long-term debt	**Note 18**	(250)					(250)				
Non-current liabilities											
Trade payables	**Note 19**	(101,788)						(101,788)			
Payables for business acquisitions	**Note 20**	(1,692)		(1,692)							
Other long-term debt	**Note 20**	(123,667)						(123,667)			
Hedging instruments	**Note 9**	(362)				(362)					
Financial lease liabilities		(823)	(823)								
Financial payables	**Note 23**	(13,971)	(5,087)	(9,561)				677			
Total			**194,933**	**(452,073)**	**8,616**	**105**	**174,563**	**(222,432)**	**4,512**	**-**	**(9,821)**
Total net financial position				**(248,417)**							

Key:
Fin. liab. at amortised cost: financial liabilities at amortised cost
FA/FL AFS available for trading: financial assets/liabilities available for trading
FA/FL designated at FV: financial assets/liabilities designated at fair value
Fair value through net equity: fair value recognised directly in net equity

Fair value hierarchy levels and financial instruments measurement techniques

At 31 December 2015, the Amplifon Group held the following financial instruments measured at fair value:

- financial assets designated at fair value through profit or loss: this item includes investments in bonds and other listed securities made by the subsidiary Amplinsure RE AG (formerly Amplinsure RE AG) which was performing reinsurance activity. The change against the comparison period is linked to the gains realized on portfolio assets following the liquidation of the company in order to transfer the assets to a protected cell company, a special vehicle company with segregated assets and liabilities registered in Malta. The fair value of these instruments at the reporting date is determined on the basis of stock exchange prices on the last trading day;
- hedging derivatives: these are instruments not listed in official markets; entered into for the purpose of hedging interest-rate and/or currency risk. The fair value of these instruments is determined by the dedicated department using valuation models based on market-derived inputs such as forward interest-rate curve, exchange rates, etc. (source: Bloomberg). The measurement technique adopted is the discounted cash flow approach. Own risk and counterparty risk (credit/debit value adjustments) were taken into account when calculating fair value. These credit/debit value adjustments were determined based on market information such as the value of CDSs (Credit Default Swaps) in order to determine the counterparty risk of individual banks and the yield to maturity of the Eurobond when determining Amplifon's risk and taking into account the mutual break close where present.

The following table shows the fair value measurement on the basis of a hierarchy reflecting the level of significance of the data used for the valuation.

This hierarchy consists of the following levels:

1. quoted (unadjusted) prices in active markets for identical assets and liabilities;
2. input data other than the above quoted prices, but which can be observed directly or indirectly in the market;
3. input data on assets or liabilities not based on observable market data.

(€ thousands)		2015				2014			
		Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets									
Financial assets at fair value through profit and loss	**Note 8**	29			**29**	4,512			**4,512**
Hedging instruments									
- Long-term	**Note 9**		11,526		**11,526**		7,568		**7,568**
- Short-term	**Note 9**		451		**451**		466		**466**
Liabilities									
Hedging instruments									
- Long-term	**Note 9**						(8,773)		**(8,773)**
- Short-term	**Note 9**		(6)		**(6)**		(362)		**(362)**

There were no transfers between the levels during the period.

4. Segment information

In accordance with IFRS 8 "Operating Segments", the schedules relative to each operating segment are shown below.

The Amplifon Group's business (distribution and personalization of hearing solutions) is organized in three specific geographical areas which comprise the Group's operating segments: Europe, Middle East and Africa - EMEA - (Italy, France, The Netherlands, Germany, the United Kingdom, Ireland, Spain, Portugal, Switzerland, Belgium, Luxemburg, Hungary, Malta, Egypt, Turkey, Poland and Israel), Americas (USA, Canada and Brazil) and Asia-Pacific (Australia, New Zealand and India). The Group also operates via centralized Corporate functions (Corporate bodies, general management, business development, procurement, treasury, legal affairs, human resources, IT systems, global marketing and internal audit) which do not qualify as operating segments under IFRS 8. These areas of responsibility, which coincide with the geographical areas (the Corporate functions are recognized under EMEA), represent the organizational structure used by management to run the Group's operations. The reports periodically analyzed by the Chief Executive Officer and Top Management are divided up accordingly, by geographical area.

Performances are monitored and measured for each operating segment/geographical area, through operating profit including amortization and depreciation (EBIT), along with the portion of the results of equity investments in associated companies valued using the equity method. Financial expenses are not monitored insofar as they are based on corporate decisions regarding the financing of each region (own funds versus borrowings) and, consequently, neither are taxes.

Items in the statement of financial position are not analyzed by managerial segment, but are measured and monitored on an overall Group level. The income statement and statement of financial position are prepared using the same methods and accounting standards used to draw up the consolidated financial statements.

With regard to the tables shown below, beginning this year and in accordance with the change made to the reports analyzed by the Chief Executive Officer and the Group's Top Management, corporate overhead is shown separately in the column "Corporate".

Statement of Financial Position as at 31 December 2015 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	250,714	74,125	247,311	-	572,150
Intangible fixed assets with finite useful life	61,082	14,556	65,775	-	141,413
Tangible fixed assets	83,666	3,466	15,543	-	102,675
Investments valued at equity	1,433	-	-	-	1,433
Financial assets measured at fair value through profit and loss	29	-	-	-	29
Hedging instruments	11,526	-	-	-	11,526
Deferred tax assets	37,160	1,117	2,466	-	40,743
Other assets	4,673	40,091	336	-	45,100
Total non-current assets					**915,069**
Current assets					
Inventories	26,983	262	1,711	-	28,956
Receivables	103,091	38,323	6,877	(2,496)	145,795
Hedging instruments	451	-	-	-	451
Cash and cash equivalents					196,714
Total current assets					**371,916**
TOTAL ASSETS					**1,286,985**
LIABILITIES					
Net Equity					**500,165**
Non-current liabilities					
Medium/long-term financial liabilities					394,152
Provisions for risks and charges	23,760	23,817	830	-	48,407
Liabilities for employees' benefits	13,806	175	1,590	-	15,571
Hedging instruments	-	-	-	-	-
Deferred taxes	15,223	23,564	16,908	-	55,695
Payables for business acquisitions	5,384	66	-	-	5,450
Other long-term debt	2,216	15	369	-	2,600
Total non-current liabilities					**521,875**
Current liabilities					
Trade payables	67,532	37,219	11,080	(2,488)	113,343
Payables for business acquisitions	4,515	66	-	-	4,581
Other payables	107,140	3,546	19,729	(8)	130,407
Hedging instruments	6	-	-	-	6
Provisions for risks and charges	1,378	-	-	-	1,378
Liabilities for employees' benefits	937	88	-	-	1,025
Short-term financial liabilities					14,205
Total current liabilities					**264,945**
TOTAL LIABILITIES					**1,286,985**

(*) The balance sheet items are not subject to analysis based on specific managerial responsibilities but are measured and monitored by the CEO and the Top Management at total Group level. Therefore, they are listed here only for the purposes to disclose on geographical area. The Corporate functions are located in the Area EMEA.

Statement of Financial Position as at 31 December 2014 (*)

(€ thousands)	EMEA	AMERICAS	APAC	ELIM.	CONSOLIDATED
ASSETS					
Non-current assets					
Goodwill	219,994	67,325	247,503	-	534,822
Intangible fixed assets with finite useful life	53,212	12,386	69,510	-	135,108
Tangible fixed assets	76,354	3,829	16,005	-	96,188
Investments valued at equity	1,357	-	643	-	2,000
Financial assets measured at fair value through profit and loss	4,512	-	-	-	4,512
Hedging instruments	7,568	-	-	-	7,568
Deferred tax assets	40,857	782	3,014	-	44,653
Other assets	4,439	40,997	326	-	45,762
Total non-current assets					**870,613**
Current assets					
Inventories	26,917	312	1,461	-	28,690
Receivables	104,091	32,240	6,871	(788)	142,414
Hedging instruments	467	-	-	-	467
Cash and cash equivalents					211,124
Total current assets					**382,695**
TOTAL ASSETS					**1,253,308**
LIABILITIES					
Net Equity					**443,222**
Non-current liabilities					
Medium/long-term financial liabilities					438,719
Provisions for risks and charges	19,404	20,385	780	-	40,569
Liabilities for employees' benefits	14,074	181	1,456	-	15,711
Hedging instruments	8,773	-	-	-	8,773
Deferred taxes	12,709	21,143	18,146	-	51,998
Payables for business acquisitions	5,282	2,444	2,308	-	10,034
Other long-term debt	-	12	238	-	250
Total non-current liabilities					**566,054**
Current liabilities					
Trade payables	65,650	28,587	8,329	(778)	101,788
Payables for business acquisitions	1,692	-	-	-	1,692
Other payables	98,376	4,164	21,137	(10)	123,667
Hedging instruments	362	-	-	-	362
Provisions for risks and charges	978	-	-	-	978
Liabilities for employees' benefits	678	74	-	-	752
Short-term financial liabilities					14,793
Total current liabilities					**244,032**
TOTAL LIABILITIES					**1,253,308**

(*) The balance sheet items are not subject to analysis based on specific managerial responsibilities but are measured and monitored by the CEO and the Top Management at total Group level. Therefore, they are listed here only for the purposes to disclose on geographical area. The Corporate functions are located in the Area EMEA.

Income Statement - FY 2015 (*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	688,057	198,494	146,897	529	-	1,033,977
Operating costs	(584,907)	(161,460)	(101,364)	(27,922)	-	(875,653)
Other income and costs	711	4,005	2,070	67	-	6,853
Gross operating profit by segment (EBITDA)	**103,861**	**41,039**	**47,603**	**(27,326)**	**-**	**165,177**
Amortisation, depreciation and impairment						
Amortisation	(10,341)	(3,715)	(7,128)	(3,387)	619	(23,952)
Depreciation	(21,277)	(716)	(4,188)	-	(619)	(26,800)
Impairment and impairment reversals of non-current assets	(607)	(69)	(2,743)	-	-	(3,419)
	(32,225)	**(4,500)**	**(14,059)**	**(3,387)**	**-**	**(54,171)**
Operating result by segment	**71,636**	**36,539**	**33,544**	**(30,713)**	**-**	**111,006**
Financial income, charges and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity	53	-	73	-	-	126
Other income and charges, impairment and revaluations of financial assets						1,461
Interest income and charges						(23,337)
Other financial income and charges						(388)
Exchange gains and losses						2,681
Gain (loss) on assets measured at fair value						(3,452)
						(22,909)
Net profit (loss) before tax						**88,097**
Current and deferred income tax						
Current income tax						(39,313)
Deferred tax						(2,072)
						(41,385)
Total net profit (loss)						**46,712**
Minority interests						(93)
Net profit (loss) attributable to the Group						**46,805**

(*) For the purpose of reporting on economic data by geographical area note that the corporate structures are placed in EMEA .

Income Statement - FY 2014 (*)

(€ thousands)	EMEA	AMERICAS	APAC	CORPORATE	ELIM.	CONSOLIDATED
Revenues from sales and services	617,687	140,932	132,312	-	-	890,931
Operating costs	(525,136)	(113,695)	(93,560)	(19,670)	(63)	(752,124)
Other income and costs	(1,532)	649	(192)	(127)	63	(1,139)
Gross operating profit by sector (EBITDA)	**91,019**	**27,886**	**38,560**	**(19,797)**	**-**	**137,668**
Amortisation, depreciation and impairment						
Amortisation	(10,082)	(3,312)	(6,668)	(1,946)	-	(22,008)
Depreciation	(19,134)	(426)	(4,544)	-	(324)	(24,428)
Impairment and impairment reversals of non-current assets	(468)	-	(148)	(324)	324	(616)
	(29,684)	(3,738)	(11,360)	(2,270)	-	(47,052)
Operating result by sector	**61,335**	**24,148**	**27,200**	**(22,067)**	**-**	**90,616**
Financial income, charges and value adjustments to financial assets						
Group's share of the result of associated companies valued at equity	20	-	181	-	-	201
Other income and charges, impairment and revaluations of financial assets						472
Interest income and charges						(20,549)
Other financial income and charges						(2,436)
Exchange gains and losses						1,860
Gain (loss) on assets measured at fair value						(3,608)
						(24,060)
Net profit (loss) before tax						**66,556**
Current and deferred income tax						
Current income tax						(17,002)
Deferred tax						(3,109)
						(20,111)
Total net profit (loss)						**46,445**
Minority interests						(30)
Net profit (loss) attributable to the Group						**46,475**

(*) The 2014 figures, in line with the specific management responsibilities and with a corresponding change in reporting periodically analyzed by the CEO and the Top Management of the Group, have been reclassified to separately expose central costs that were previously reported in EMEA. For the purpose of reporting on economic data by geographical area note that the corporate structures are placed in EMEA.

5. Acquisitions and Goodwill

During 2015 the Group continued its external growth with a series of acquisitions of small regional chains for a total of 120 among shops and touch-points, on top of some client lists, with aim to increase the geographic coverage with a particular focus on Germany and France. Moreover, the Group acquired full control of Amplifon Poland Sp.z o.o. already owned with a stake equal to 63%.

More in detail:
- 60 stores were acquired in Germany;
- 41 points of sale and a customer list relating to one store were acquired in France;
- 3 stores were acquired in Belgium;
- a customer list relating to one store was acquired in Switzerland;
- 100% of Bon Ton Hearing & Speech Ltd was acquired in Israel (already 8.9% held) which manages 3 stores;
- 4 stores were acquired in Spain;
- 3 stores were acquired in Canada;
- customer lists relating to 5 stores in Oklahoma and 4 stores in Indiana were purchased in the United States;
- the remaining shares of Dilworth Hearing Limited that manages six stores in Auckland and Hamilton, already 40% held, were purchased in New Zealand.

The total investment amounted to €41,073 thousand, including the debt consolidated and the best estimate of the earn-out linked to sales and profitability targets payable over the next few years.

The table below summarises all the acquisitions made throughout 2015 (amounts in € thousand):

Company name	Date	Location	Total purchase price	Cash acquired	Financial debts acquired	Total cost	Expected annual turnover (*)	Contribution to turnover from the purchase date
Mailo Audition	05/01/2015	France						
Northern Sound Hearing Clinic (FSJ) Ltd.	01/04/2015	Canada						
Northern Sound Hearing Clinic (1998) Ltd.	01/04/2015	Canada						
Dilworth Hearing Limited	01/04/2015	New Zealand						
Dilworth Hearing Takapuna Limited	01/04/2015	New Zealand						
Dilworth Hearing Hamilton Limited	01/04/2015	Nuova Zelanda						
DB 5	01/05/2015	France						
101028922 Saskatchewan Ltd.	01/05/2015	Canada						
MC Audition	01/06/2015	France						
Abeille Audition	01/07/2015	France						
Audivi SPRL	01/07/2015	Belgio						
Bon Ton Hearing & Speech Ltd	14/08/2015	Israel						
LCA Audition	01/10/2015	France						
Audition Spa SPRL	01/10/2015	Belgio						
Chablais Audition	06/11/2015	France						
Atout Audition	01/12/2015	France						
Audition Carlier	02/12/2015	France						
Marie Françoise Payrard	04/12/2015	France						
Total share deals			**12,890 (**)**	**1,238**	**1,630**	**13,282**	**12,801**	**7,208**
Das Ohr Hörgeräte GmbH	01/01/2015	Germany						
Hörakustik Birgit Reinhardt	01/01/2015	Germany						
Hörgeräte Heinen	01/01/2015	Germany						
Hörstudio Ingrid Siefken	01/01/2015	Germany						
Braunberger Hörgeräte GmbH	01/01/2015	Germany						
Weigmann GmbH	01/02/2015	Germany						
Hörgeräte Weigmann Salzgitter GmbH	01/02/2015	Germany						
Hörgeräte Weigmann Weserbergland GmbH	01/02/2015	Germany						
Hörinstitut Sandra Malz e.K.	01/02/2015	Germany						
Hörgeräte Enderle-Ammour GmbH	01/03/2015	Germany						
Optik Gerber GmbH	01/04/2015	Germany						
Optique Colin	22/04/2015	France						
Hörakustik Bohn e.K.	01/05/2015	Germany						
Hörgeräte Susanne Koch GmbH	01/05/2015	Germany						
Audarmor	26/05/2015	France						
Ihr Hörengel Stefan Spath	01/06/2015	Germany						
Hörwelt Raschke	01/06/2015	Germany						
MB Hörsysteme	01/06/2015	Germany						
Correction Auditive Jean-Christophe Noël	01/06/2015	France						
Better Sound Hearing Aid Service	15/06/2015	United States						
Hörgeräte Sommer GbR	01/07/2015	Germany						
Hörgeräte Brenninger	01/07/2015	Germany						
Amplifon Genk (A. Moons)	01/07/2015	Belgium						
Correction Auditive de l'Eure	20/07/2015	France						
Wilhelm Böckhoff GmbH	01/09/2015	Germany						
Steinmeier KG	01/09/2015	Germany						
Steinmeier Akustik und Optik GmbH	01/09/2015	Germany						
Beaurepaire	22/09/2015	France						
Isidro Perez Audioprotesico SL	30/09/2015	Spain						
Opale Audition	01/10/2015	France						
Terzo-Zentrum Frankfurt GmbH	12/10/2015	Germany						
AEI Hearing, Inc	12/10/2015	United States						
Jose Maria Oca de Arias	02/11/2015	Spain						
Hörwerk GmbH	03/11/2015	Germany						
Kurpfalz Hören GmbH & Co. KG	04/11/2015	Germany						
Commonweath Hearing, LLC	15/11/2015	United States						
La Correction auditive PE Duvoisin SA	11/12/2015	Switzerland						
Total asset deals			**27,791**			**27,791**	**19,894**	**8,130**
Total			**40,681**	**1,238**	**1,630**	**41,073**	**32,695**	**15,338**

(*) Annual turnover is the best available estimate of the turnover of the firm or business acquired. Information on the turnover of the acquired firm or business since the beginning of the period is not available.

(**) The item "Total purchase price" includes the considerations, equal to €835 thousands, paid to obtain the full control of the company Amplifon Poland Sp.z o.o. (Poland) already owned with a stake equal to 63%.

A summary of the book values and fair values of assets and liabilities, deriving from the provisional allocation of the purchase price due to business combinations, is provided in the following table.

(€ thousands)	EMEA	Americas	APAC (*)	Total (*)
Cost of acquisitions of the period	**33,522**	**3,359**	**4,638**	**41,519**
Assets and liabilities acquired - Book value				
Current assets	2,347	278	314	2,939
Current liabilities	(4,669)	(298)	(742)	(5,709)
Net working capital	**(2,322)**	**(20)**	**(428)**	**(2,770)**
Other intangible and tangible assets	1,132	67	321	1,520
Provisions for risks and charges	(3,165)	-	-	(3,165)
Other non-current assets and liabilities	111	4	-	115
Non-current assets and liabilities	**(1,922)**	**71**	**321**	**(1,530)**
Net invested capital	**(4,244)**	**51**	**(107)**	**(4,300)**
Minority interests	**-**	**-**	**(130)**	**(130)**
Net financial position	**(445)**	**(339)**	**403**	**(381)**
NET EQUITY ACQUIRED - BOOK VALUE	**(4,689)**	**(288)**	**166**	**(4,811)**
DIFFERENCE TO BE ALLOCATED	**38,211**	**3,647**	**4,472**	**46,330**
ALLOCATIONS				
Customer lists	11,323	1,676	1,404	14,403
Deferred tax assets	1,995	5	17	2,017
Deferred tax liabilities	(3,523)	(200)	(393)	(4,116)
Total allocations	**9,795**	**1,481**	**1,028**	**12,304**
TOTAL GOODWILL	**28,416**	**2,166**	**3,444**	**34,026**

(*) The item "APAC" and the item "Total" include, in addition to the consideration for the purchase of 60% of the shares of the Dilworth Hearing Limited Group described above, also the impacts of the application of the IFRS 3R with regard to step up acquisitions equal to €1,673 thousands that represented the fair value at the purchase date of the already owned stake equal to 40%. The item "Total purchase price" includes the considerations, equal to €835 thousands, paid to obtain the full control of the company Amplifon Poland Sp.z o.o. (Poland) already owned with a stake equal to 63%.

The variations of goodwill and of the amounts booked as such as a consequence of the acquisitions performer during the period are highlighted in the table below.

(€ thousands)	Net carrying value at 31/12/2014	Business combinations	Disposals	Impairment	Other net changes	Net carrying value at 31/12/2015
Italy	576	-	-	-	(36)	540
France	58,094	5,808	-	-	-	63,902
Iberian Peninsula	23,975	-	-	-	-	23,975
Hungary	1,026	-	-	-	(1)	1,025
Switzerland	11,918	-	-	-	1,308	13,226
The Netherlands	32,781	-	-	-	-	32,781
Belgium and Luxembourg	9,305	139	-	-	-	9,444
Germany	61,778	22,437	-	-	-	84,215
Poland	217	-	-	-	-	217
United Kingdom and Ireland	15,729	-	-	-	964	16,693
Turkey	1,057	-	-	-	(8)	1,049
Israel	3,538	32	-	-	77	3,647
USA and Canada	64,877	2,166	-	-	7,082	74,125
Brazil	2,448	-	-	-	(2,448)	-
Australia and New Zealand	245,072	3,444	-	-	(1,205)	247,311
India	2,431	-	-	(2,620)	189	-
Total Goodwill	**534,822**	**34,026**	**-**	**(2,620)**	**5,922**	**572,150**

Business combinations contains the provisional allocation to goodwill of the portion of the purchase price not directly attributable to the fair value of the assets and liabilities, but which reflects the expectations of obtaining a positive contribution in terms of free cash flow for an indefinite period.

The item "impairment" refers to value reductions of the goodwill booked in India in 2012 with the acquisition of "Beltone" shops performed on the basis of the results of the impairment test that highlighted the impossibility to recover the amount with future cash flows.

The item "other net changes ", which is almost entirely related to positive differences in exchange rates, includes the amount of €2,127 thousand relating to the cancellation of goodwill booked in November 2014 with the acquisition of the Brazilian subsidiary. The latter was also determined on the basis of a certain future deferred payment amount to be paid to the seller on the basis of expected results and projected by the seller. Further analysis led to restate the future payment amount due and this has led to the cancellation of temporary allocation of goodwill and the payable connected to the deferred payment.

An analysis for the determination of the goodwill's recoverable value assigned to each of the cash generating units to which it refers to such cash generating units coincide with the markets in which the Group operates. The detail of the goodwill assigned to each market is presented in the table at the beginning of the paragraph.

All cash generating units (CGUs) were tested for impairment determining the value in use using the discounted cash flow (DCF) method net of tax, thus aligned with the post-tax discount rates used.

With regard to Brazil, despite the elimination of goodwill described above, an impairment test was, nonetheless carried out, in order to verify the recoverability of the net value of the subsidiary's other intangible assets.

The CGUs' value in use was determined by discounting estimated future cash flows based on the three year business plan (2016-2018). In particular situations when, due to significant changes in regulations or the business model, the third year no longer reflects full capacity and cannot reasonably be used as a basis for the perpetual growth model, the impairment test was based on a five-year plan.

In the United Kingdom, in light of the difficulties unique to this market and the losses recorded by the English subsidiary, a premiere consultancy was asked to examine the business plan in order to ensure that the underlying assumptions were reasonable and prudent.

The DCF calculation assumed a weighted average cost of capital and used a discount rate that reflected the estimated current cost of borrowing taking into account, through the use of an adequate increase in "Beta" as described below, the specific risks of each CGU and the risk that the plan targets are not fully met.

In accordance with international best practices, "Beta" (the measure of financial asset's systemic risk), was determined based on the data found in a well-known international database relative to the sector "medical products and services".

The perpetual growth rate for each country was adjusted to reflect the International Monetary Fund's forecast for inflation in 2019. Where impairment testing is based on periods of 5 years, the forecasts for 2021 were used.

	Italy	France	The Netherlands	Germany	Belgium and Luxembourg	Swiss	Iberian Peninsula	UK	USA	Hungary	Oceania	India	Turkey	Poland	Israel	Brasil	Egypt
Growth rate	1.2%	1.4%	1.5%	1.7%	1.5%	1.0%	1.4%	2.0%	2.0%	3.0%	2.4%	4.8%	6.0%	2.5%	1.9%	4.5%	7.0%
WACC (*) 2015	7.56%	6.84%	6.87%	6.60%	6.77%	6.87%	7.75%	10.35%	7.91%	8.97%	9.24%	16.50%	16.67%	9.03%	7.95%	20.59%	13.23%
Cash flow time horizon	3 years	3 years	3 years	3 years	3 years	3 years	3 years	5 years	3 years	3 years	3 years	5 years	3 years	3 years	3 years	5 years	3 years
WACC 2014	5.38%	6.77%	7.21%	6.17%	5.17%	5.95%	6.07%	9.13%	6.36%	10.17%	8.07%	12.98%	14.41%	9.32%	6.18%	n/a	n/a

(*) WACC: weighted average cost of capital.

A sensitivity analysis was also carried out to determine the changes in values of underlying assumptions, which after considering any consequent changes to the other variables used make the CGU's recoverable value equal to its book value.

This analysis, shown in the table below, showed that only significant deviations from the business targets, in interest rates and perpetual growth rates, would reduce recoverable value to a level close to book value for all the CGUs, with the sole exception of the UK where the margin for deviations was lower.

	Negative % changes growth rate expected on the basis of each business plan which would make the CGU's recoverable value equal to its book value	Negative % changes in cash flow expected on the basis of each business plan which would make the CGU's recoverable value equal to its book value	% changes in the discount rates which would make the CGU's recoverable value equal to its book value
Italy	> 100%	95.0%	> 100%
France	24.0%	73.0%	15.0%
The Netherlands	5.0%	44.0%	4.1%
Germany	6.9%	47.0%	5.4%
Belgium and Luxembourg	79.0%	85.0%	29.0%
United Kingdom	1.4%	17.0%	0.9%
Switzerland	> 100%	90.0%	46.0%
Iberian Peninsula	11.9%	61.0%	8.5%
United States	57.0%	82.0%	26.0%
Hungary	46.0%	78.0%	22.0%
Oceania	7.4%	46.0%	5.8%
India	n/a(*)	n/a(*)	n/a(*)
Poland	29.9%	61.0%	15.0%
Israel	15.0%	65.0%	10.0%
Turkey	53.0%	67.0%	15.0%
Brazil	10.4%	45.0%	6.0%

(*) The impairment test gave a negative result, therefore the goodwill was completely written down, since there were no other intangible fixed assets and as a consequence the sensitivity analysis are not applicable.

6. Intangible fixed assets

The following table shows the changes in intangible fixed assets:

(€ thousands)	Historical cost at 31/12/2014	Accumulated amortisation and write-downs at 31/12/2014	Net book value at 31/12/2014	Historical cost at 31/12/2015	Accumulated amortisation and write-downs at 31/12/2015	Net book value at 31/12/2015
Software	67,232	(46,432)	20,800	77,302	(54,375)	22,927
Licenses	9,411	(7,572)	1,839	9,992	(8,365)	1,627
Non-competition agreements	4,765	(4,765)	-	3,684	(3,684)	-
Customer lists	162,359	(86,407)	75,952	178,612	(100,357)	78,255
Trademarks and concessions	32,350	(10,085)	22,265	31,946	(12,644)	19,302
Other	20,402	(8,979)	11,423	18,884	(5,814)	13,070
Fixed assets in progress and advances	2,829	-	2,829	6,232	-	6,232
Total	**299,348**	**(164,240)**	**135,108**	**326,652**	**(185,239)**	**141,413**

(€ thousands)	Net book value at 31/12/2014	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 31/12/2015
Software	20,800	5,999	(17)	(6,941)	13	(6)	3,079	22,927
Licenses	1,839	548	-	(788)	7	-	21	1,627
Non-competition agreements	-	-	-	-	-	-	-	-
Customer lists	75,952	-	(19)	(12,202)	14,403	(69)	190	78,255
Trademarks and concessions	22,265	-	-	(2,690)	-	-	(273)	19,302
Other	11,423	2,880	(835)	(1,331)	143	(30)	820	13,070
Fixed assets in progress and advances	2,829	4,346	(30)	-	-	(38)	(875)	6,232
Total	**135,108**	**13,773**	**(901)**	**(23,952)**	**14,566**	**(143)**	**2,962**	**141,413**

The variation of the item "Business combinations" is detailed as follows:
- for €11,474 thousands to the temporary allocation of the considerations paid for the acquisitions made in EMEA;
- for €1,676 thousands to the temporary allocation of the consideration of one acquisition made in the Americas;
- for €1,416 thousands to the temporary allocation of the consideration related to the acquisitions made in Asia Pacific.

The increase in intangible assets in the period is primarily attributable to:
- investments in IT infrastructures and to new implementations on shops' systems and sales support systems, with specific regard to the front office systems;
- activities performed in the scope of the joint investment with the American franchisee aimed at the renewal and relocation of shops.

The item "Other net changes" refers to the exchange rate changes that occurred during the period.

7. Tangible fixed assets

The following table shows the changes in tangible fixed assets:

(€ thousands)	Historical cost at 31/12/2014	Accumulated amortisation and write-downs at 31/12/2014	Net book value at 31/12/2014	Historical cost at 31/12/2015	Accumulated amortisation and write-downs at 31/12/2015	Net book value at 31/12/2015
Land	162	-	162	162	-	162
Buildings, constructions and leasehold improvements	103,334	(64,522)	38,812	115,835	(75,551)	40,284
Plant and machines	30,778	(24,038)	6,740	33,685	(25,976)	7,709
Industrial and commercial equipment	38,184	(25,326)	12,858	40,648	(27,039)	13,609
Motor vehicles	5,619	(3,168)	2,451	6,588	(3,410)	3,178
Computers and office machinery	33,571	(26,347)	7,224	35,507	(28,043)	7,464
Furniture and fittings	68,245	(44,179)	24,066	74,639	(49,391)	25,248
Other tangible fixed assets	3,536	(2,391)	1,145	4,148	(3,032)	1,116
Fixed assets in progress and advances	2,730	-	2,730	3,905	-	3,905
Total	**286,159**	**(189,971)**	**96,188**	**315,117**	**(212,442)**	**102,675**

(€ thousands)	Net book value at 31/12/2014	Investments	Disposals	Amortisation	Business combinations	Impairment	Other net changes	Net book value at 31/12/2015
Land	162	-	-	-	-	-	-	162
Buildings, constructions and leasehold improvements	38,812	9,608	(739)	(10,316)	383	(364)	2,900	40,284
Plant and machines	6,740	2,425	(23)	(2,078)	507	(42)	180	7,709
Industrial and commercial equipment	12,858	3,871	(25)	(2,909)	41	(134)	(93)	13,609
Motor vehicles	2,451	1,907	(88)	(1,262)	18	(2)	154	3,178
Computers and office machinery	7,224	2,838	(17)	(3,607)	83	(25)	968	7,464
Furniture and fittings	24,066	6,961	(25)	(6,235)	220	(66)	327	25,248
Other tangible fixed assets	1,145	301	(4)	(393)	105	(16)	(22)	1,116
Fixed assets in progress and advances	2,730	6,417	(43)	-	-	(7)	(5,192)	3,905
Total	**96,188**	**34,328**	**(964)**	**(26,800)**	**1,357**	**(656)**	**(778)**	**102,675**

The investments of the period refer primarily to the enlargement of the network with the opening of new shops and to the existing shops' renewal program on the basis of the concept store. This programme includes expenditure on opening, renovating and in some cases relocating stores under the Group's strategy of increasing customer focus and increasing operative efficiency.

The increase of "Business combinations" in the period, equal to €1,357 thousands is detailed below:
- for €981 thousands to the to the temporary allocation of the price related to the acquisitions made in the EMEA region;
- for €67 thousands to the temporary allocation of the price related to the acquisition made in the Americas region;
- for €309 thousands to the temporary allocation of the purchase price related to the acquisitions made in the Asia Pacific region.

The amount related to "impairment" is primarily due to the shops' renewal and relocation activity described above.

"Other net changes" are primarily attributable to the variations of exchange rate occurred during the period.

8. Other non-current assets

(€ thousands)	31/12/2015	31/12/2014	Change
Financial assets measured at fair value through profit and loss	29	4,512	(4,483)
Financial long-term receivables	11,726	11,773	(47)
Deposits and other restricted amounts	24,343	20,626	3,717
Other non-current assets	9,031	13,363	(4,332)
Total	**45,129**	**50,274**	**(5,145)**

The financial assets valued at fair value through profit and loss, until the first quarter of 2015, were primarily composed of investments in obligations and other listed securities performed by the controlled company Amplium RE AG (previously Amplinsure RE AG) that performed reinsurance activities in the Dutch market.

The variation against the previous period is due to the liquidation of the above mentioned company to transfer the activity to a protected cell company (a special vehicle company with segregated assets and liabilities registered in Malta).

Non-current financial assets refer largely to the loans granted by American subsidiaries to franchisees in order to support investment and development in the United States.

Security deposits and other secured amounts refer for €23,940 thousand to contributions made to the pension plans benefitting commercial partners in the United States.

The other long-term assets include €4,418 thousand (€8,627 thousand in the comparison period) related to the medium/long-term portion of the amounts payable to the American subsidiaries for the sale of freehold stores to franchisees. The decrease in these receivables against the comparison period is linked to both the repayment of debt by a partner following early termination of a commercial relationship with Amplifon and the reclassification of short-term debt net of new loans granted.

Both long-term financial receivables and other non-current assets are discounted when the interest rate applied differs from the market rate.

9. Derivatives and hedge accounting

The following table shows the fair values of the derivatives outstanding at the end of the comparative period and at the reporting date giving separately the fair value of those derivatives that qualify as fair value hedges and cash flow hedges and those that do not qualify for hedge accounting.

(€ thousands)	Fair value 31/12/2015		Fair value 31/12/2014	
Type	**Assets**	**(Liabilities)**	**Assets**	**(Liabilities)**
Fair value hedge	-	-	-	-
Cash flow hedge	11,526	-	7,568	(8,773)
Total hedge accounting	**11,526**	**-**	**7,568**	**(8,773)**
Non hedge accounting	451	(6)	467	(362)
Total	**11,977**	**(6)**	**8,035**	**(9,135)**

Cash Flow Hedges

In 2015, cash flow hedging transactions involved the following financial risks:

- currency and interest rate risk relating to the last tranche of the USD 70 million 2006-2016 private placement until the 13th of May 2015, when the whole tranche has been repaid, before the agreed dates;
- currency and interest rate risk relating to the USD 130 million 2013-2025 private placement.

(€ thousands)		Fair value 31/12/2015		Fair value 31/12/2014	
Purpose of hedging	**Hedged risk**	**Assets**	**(Liabilities)**	**Assets**	**(Liabilities)**
Private placement 2006-2016	Exchange rate and interest rate	-	-	7,568	(4,832)
Private placement 2013-2025	Exchange rate and interest rate	11,526	-	-	(3,941)
	Total	**11,526**	**-**	**7,568**	**(8,773)**

The following table details the gains or losses from the derivatives currently in place and the impact on the statement of financial position of the cash flow hedge reserve. Amounts are shown before the tax effect.

(€ thousands)	Recognised in net equity (Debit)/Credit	Reclassified to the income statement - Effective portion (Loss) Gain	Reclassified to the income statement - Ineffective portion (Loss) Gain
1/1/2014 - 31/12/2014	13,385	20,014	(139)
1/1/2015 - 31/12/2015	23,826	20,094	280

The maturity of the hedges is in line with the duration of the item hedged. Please refer to Note 15 for details.

Non hedge accounting derivatives
Non-hedge accounting derivatives comprise forwards hedging the exchange risk on intragroup loans denominated in currencies other than the Euro between Amplifon S.p.A. and subsidiaries in the UK and Australia. The instruments mature in January 2016.

10. Inventories

(€ thousands)	31/12/2015			31/12/2014		
	Cost	Obsolescence provision	Net	Cost	Obsolescence provision	Net
Goods	33,619	(4,741)	28,877	34,257	(5,567)	28,690
Work-in-progress	78	-	78	-	-	-
Total	**33,697**	**(4,741)**	**28,956**	**34,257**	**(5,567)**	**28,690**

The movements in the provision for obsolescence for inventories in the year are as follows:

(€ thousands)	
Balance at 31/12/2014	**(5,567)**
Provision	(921)
Utilization	1,794
Business combination	-
Translation differences and other movements	(47)
Balance at 31/12/2015	**(4,741)**

11. Receivables

(€ thousands)	31/12/2015	31/12/2014	Change
Trade receivables	111,593	109,216	2,377
Trade receivables - Subsidiaries	100	64	36
Trade receivables Parent company	32	71	(39)
Trade receivables - Associated companies and joint ventures	2	4	(2)
Total trade receivables	**111,727**	**109,355**	**2,372**
Tax receivables due to tax consolidation – Parent company	-	*3,069*	*(3,069)*
Other tax receivables	*10,122*	*9,462*	*660*
Total tax receivables	10,122	12,531	(2,409)
Other receivables	12,229	9,677	2,552
Non-financial prepayments and accrued income	11,717	10,851	866
Total	**34,068**	**33,059**	**1,009**
Trade receivables	**145,795**	**142,414**	**3,381**

Trade receivables
The breakdown of trade receivables is detailed in the table below:

(€ thousands)	31/12/2015	31/12/2014	Change
Trade receivables	126,134	122,068	4,066
Sales returns provision	(7,825)	(6,175)	(1,650)
Allowance for doubtful accounts receivables	(6,716)	(6,677)	(39)
Total	**111,593**	**109,216**	**2,377**

All the other receivables have payment term of between 30 and 120 days and there is no significant concentration of credit risk.

The current year movements in the allowance for doubtful accounts are as follows:

(€ thousands)	
Net value al 31/12/2014	**(6,677)**
Provisions	(3,814)
Reversals	583
Utilisation for charges	3,452
Business combinations	(5)
Translation differences and other net changes	(255)
Net value at 31/12/2015	**(6,716)**

The face value of the factoring without recourse transactions carried out in the year amounted to €45,411 thousand and net proceeds to €44,289 thousand (versus €47,452 thousand and €46,047 thousand, respectively, at 31 December 2014). The transactions relate to receivables generated in the year and, therefore, did not have a significant impact on the comparison of working capital with the prior year.

Tax receivables
Tax receivables, amounted to €10,122 thousand and include:
- €6,598 thousand of VAT and other indirect tax receivables. Factoring without recourse of VAT receivables amounted to €17,243 thousand with net proceeds reaching €16,789 thousand (€14,057 thousand and €13,639 thousand, respectively, at December 31, 2014);
- €2,900 thousand in tax advances;
- €614 thousand in withholding taxes.

Other receivables
Other receivables amounted to €12,229 thousand and include:
- the current portion of the amounts owed to the US companies for the sale of freehold stores to franchisees and the loans granted to franchisees for store renovation, capital expenditure and development of the US market which amounted to €4,728 thousand;
- advances paid suppliers which amounted to €902 thousand.

Non-financial accrued income and prepaid expenses
This item refers primarily to prepaid rent of €2,912 thousand, advertising expenses of €3,095 thousand, services of €1,170 thousand and insurance premiums of €1,288 thousand.

12. Cash and cash equivalents

(€ thousands)	31/12/2015	31/12/2014	Change
Bank current accounts	130,640	122,162	8,478
Short-term bank deposits	40,163	78,267	(38,104)
Funds	25,131	10,024	15,107
Cash on hand	780	671	109
Total	**196,714**	**211,124**	**(14,410)**

Cash and cash equivalents are deposited with top rated banks (refer to the table in Section 3) and earn interest at market rates.

13. Share capital

At 31 December 2015 the fully paid in and subscribed share capital consisted of 225,497,697 ordinary shares with a par value of €0.02.

At 31 December 2014 share capital was made up of 224,601,851 shares. The increase recorded in the period is due to the exercise of 895,846 stock options, equivalent to 0.4% of the share capital.

Implementation of the buyback program approved during the Shareholders' Meetings held on 16 April 2014 and on 21 April 2015 continued in the period. The purpose of the program is to increase treasury shares in order to service stock-based incentive plans, as well as ensure the availability of treasury shares to use as a form of payment for acquisitions. As resolved by the shareholders, the treasury shares may be purchased on one or more occasions on a revolving basis for up to a total number of new shares, which together with the treasury shares already held and in accordance with the law, amounts to 10% of the company's share capital. The purchase price of the shares may not be 10% higher or lower than the stock price registered at the close of the trading session prior to each single purchase.
In 2015 957,000 shares were purchased at an average price of €6.897 as part of this program.

A total of 1,946,375 of the performance stock grant rights assigned in 2011 vested in the period and 600,000 rights assigned to the Chief Executive Officers Franco Moscetti (300,000 of which were assigned in 2012 and 300,000 in 2014) vested in advance on 22 October 2015 in accordance with the agreements reached relating to the transition in the Group's leadership. N. 12,550 of the rights assigned in April 2013 were also exercised and vested in advance in accordance with the agreements reached with an exiting employee.
A total of 2,113,250 rights were exercised, as a result of which the Company transferred the same number of treasury shares to the beneficiaries.

The treasury shares held at 31 December 2015, therefore, now total 6,263,750 or 2.78% of the Company's share capital.

Following are disclosed the information relating to treasury shares, arising from purchases made in the years 2005, 2006, 2007, 2014, 2015 and from the sales during 2015.

	N. of shares	Average purchase price (Euro) / Selling price (Euro)	Total amount (Euro)
Total at 31 December 2014	**7,420,000**	**6.273**	**46,547**
Purchases	957,000	6.897	6,601
Disposals made following exercise of performance stock grants Assigned January 2011	(828,333)		
Disposals made following exercise of performance stock grants Assigned April 2011	(672,417)		
Disposals made following exercise of performance stock grants Assigned March 2012 to CEO (vested in advance)	(300,000)	6.345	(13,408)
Disposals made following exercise of performance stock grants Assigned April 2014 to CEO (vested in advance)	(300,000)		
Disposals made following exercise of performance stock grants Assigned April 2013	(12,500)		
Total at 31 December 2015	**6,263,750**	**6.345**	**39,740**

14. Net financial position

In accordance with the requirements of the Consob communication dated 28 July 2006 and in compliance with the CESR (now ESMA) Recommendation of 10 February 2005 "Recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses", the Group's net financial position at 31 December 2015, was as follows:

(€ thousands)	31/12/2015	31/12/2014	Change
Liquid funds	(196,714)	(211,124)	14,410
Payables for business acquisitions	4,581	1,692	2,889
Other short term loans- third parties (including current portion)	967	468	499
Other financial payables	13,978	15,002	(1,024)
Non hedge accounting derivative instruments	(443)	(105)	(338)
Short-term financial position	**(177,631)**	**(194,067)**	**16,436**
Private placement 2006-2016	-	57,656	(57,656)
Private placement 2013-2025	119,408	107,075	12,333
Eurobond 2013-2018	275,000	275,000	-
Finance lease obligations	1,130	1,088	42
Other medium/long-term debt	70	247	(177)
Hedging derivatives	(18,516)	(8,616)	(9,900)
Medium/long-term acquisition payables	5,450	10,034	(4,584)
Net medium and long-term indebtedness	**382,542**	**442,484**	**(59,942)**
Net financial indebtedness	**204,911**	**248,417**	**(43,506)**

In order to reconcile the above items with the statutory statement of financial position, we detail the breakdown of the following items:

Long-term loans, the private placement 2013-2025, the Eurobond and finance lease obligations are shown in the statutory statement of financial position:

a. under the caption "Medium/long-term financial liabilities" described in § 15 of the explanatory notes for the long-term portion.

(€ thousands)	31/12/2015
Private placement 2013-2025	119,408
Eurobond 2013-2018	275,000
Finance lease obligations	1,130
Other medium/long-term debt	70
Loan, private placement 2013-2025 and Eurobond fees	(1,456)
Medium/long-term financial liabilities	**394,152**

b. under the item "financial payables", described in § 23 of the explanatory notes for the current portion.

(€ thousands)	31/12/2015
Short term debt	12,777
Current portion of finance lease obligations	1,201
Short-term financial liabilities	**13,978**
Other short term debt (including current portion of other long- term debt)	967
Loan, private placement 2013-2025 and Eurobond fees	(740)
Financial liabilities	**14,205**

All the other items in the net financial indebtedness table correspond to items in the statement of financial position schedule.

The **long/medium term portion of the net financial position** reached €382,542 thousand at 31 December 2015 versus €442,484 thousand at 31 December 2014, an improvement of €59,942 thousands primarily due to the early reimbursement of the private-placement 2006-2016 occurred in the month of May.

As a consequence of the impact of such operation on the cash availabilities, the **short-term net financial position** registered a negative variation equal to €16,436 thousands going from a positive amount of €194,067 thousands at 31 December 2014 to an amount, always positive, equal to €177,631 thousands at 31 December 2015.

15. Financial liabilities

Long-term financial liabilities break down as follows:

(€ thousands)	31/12/2015	31/12/2014	Change
Private placement 2006-2016	-	57,656	(57,656)
Private placement 2013-2025	119,408	107,075	12,333
Eurobond 2013-2018	275,000	275,000	-
Loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(1,456)	(2,347)	891
Other medium long term debt	70	247	(177)
Finance lease obligations	1,130	1,088	42
Total medium/long-term financial liabilities	**394,152**	**438,719**	**(44,567)**
Short term debt	14,205	14,793	(588)
- of which loan, private placement 2013-2025 and Eurobond 2013-2018 fees	(740)	(677)	(63)
- of which current-portion of lease obligations	1,201	822	379
Total short-term financial liabilities	**14,205**	**14,793**	**(588)**
Total financial debt	**408,357**	**453,512**	**(45,155)**

Main long-term financial liabilities are detailed below.

- *Eurobond 2013-2018*
  A €275 million 5-year bond loan reserved for non-American institutional investors and listed on the Luxembourg Stock Exchange's Euro MTF market issued on 16 July 2013.

Issue Date	Debtor	Maturity	Face Value (/000)	Fair Value (/000)	Nominal interest rate Euro
16-Jul-13	Amplifon S.p.A.	16-Jul-18	275,000	297,395	4.875%
	Total in Euro		**275,000**	**297,395**	**4.875%**

- *Private placement 2013-2025*
  A USD 130 million private placement made in the USA by Amplifon USA and guaranteed by Amplifon S.p.A. and other Group subsidiaries.

Issue Date	Issuer	Maturity	Currency	Face Value (/000)	Fair value (/000)	Nominal interest rate (*)	Euro Interest rate after hedging (**)
16-Jul-13	Amplifon USA	31- Jul -20	USD	7,000	7,789	3.85%	3.39%
30-May-13	Amplifon USA	31- Jul -20	USD	8,000	9,542	4.46%	3.90%
31-Jul-13	Amplifon USA	31- Jul -20	USD	13,000	14,496	3.90%	3.42%
31- Jul-13	Amplifon USA	31- Jul -20	USD	52,000	62,216	4.51%	3.90%-3.94%
31- Jul-13	Amplifon USA	31- Jul -20	USD	50,000	61,919	4.66%	4.00%-4.05%
	Total			**130,000**	**155,962**		

(*) The rate applied if the Group's net debt/ EBITDA ratio is less than 2.75x. Above this level a step-up of 25 bps will be applied. When the ratio exceeds 3.25x but is less than or equal to 3.5x. an additional step-up of 25 bps will kick-in. If the ratio exceeds 3.50x an additional step-up of 75 bps will be applied.

(**) The hedging instruments that determine the interest rate as detailed above, are also fixing the exchange rate at 1.2885, the total equivalent of the bond resulting in €100,892 thousands.

On 13 May 2015 the last tranche of the USD 70 million Private Placement 2006-2016 issued on 2 August 2006 with institutional investors by Amplifon U.S.A. Inc., was repaid in advance (with respect to the original expiration date of 2 August 2016).

As a result of this transaction a make whole payment of €4,265 thousand was made. This amount corresponds to the interest that would have been payable to investors in the period beginning from the early repayment date through the natural expiration of the private placement (2 August 2016) and calculated by applying a contractual discount of 50 bps to future interest payments plus a reinvestment rate of 36 bps.

Following this operation, almost all Group's financial debt is placed in the long term, with the first significant reimbursement due in 2018.

(€ thousands)

Debtor Repayments	Nominal amount and maturity date	Average rate 2015/360	Amount at 31/12/14	Exchange rate effect	Repayments as at 31/12/2015	New loans	Business combinations	Amount at 31/12/2015	Short-term portion	Medium and LT portion
Eurobond Bullet 16/7/2018	**EUR 275,000**	4.88%	**275,000**	-	-	-	-	**275,000**	-	275,000
	16/07/2018									
Private placement Amplifon 2006-2016 Instalments at 2/8/2016	**USD 70,000**	6.41%	**57,656**	5,435	(63,091)	-	-	-	-	
	02/08/2016									
Private placement 2013-2025 Amplifon USA (*) Instalments at 31/1 and 31/7 from 31/1/2014	**USD 7,000**	3.85%	**5,766**	664	-	-	-	**6,430**	-	6,430
	31/07/2020									
Private placement 2013-2025 Amplifon USA (*) Instalments at 31/1 and 31/7 from 31/1/2014	**USD 8,000**	4.46%	**6,589**	759	-	-	-	**7,348**	-	7,348
	31/07/2023									
Private placement 2013-2025 Amplifon USA (*) Instalments al 31/1 and 31/7 dal 31/1/2014	**USD 13,000**	3.90%	**10,708**	1,233	-	-	-	**11,941**	-	11,941
	31/07/2020									
Private placement 2013-2025 Amplifon USA (*) Instalments at 31/1 and 31/7 from 31/1/2014	**USD 52,000**	4.51%	**42,830**	4,933	-	-	-	**47,763**	-	47,763
	31/07/2023									
Private placement 2013-2025 Amplifon USA (*) Instalments at 31/1 and 31/7 from 31/1/2014	**USD 50,000**	4.66%	**41,182**	4,744	-	-	-	**45,926**	-	45,926
	31/07/2025									
TOTAL LONG TERM DEBT			**439,731**	**17,768**	**(63,091)**	**-**	**-**	**394,408**	**-**	**394,408**
Other			**773**	**(78)**	**(423)**	**208**	**-**	**480**	**410**	**70**
TOTAL			**440,504**	**17,690**	**(63,514)**	**208**	**-**	**394,888**	**410**	**394,478**

(*) Considering the effect of the interest rate and currency hedges disclosed above, the total Euro equivalent of the private placement 2013-2025 is €100,892 thousand.

The following table shows the maturities of medium/long-term debt at 31 December 2015 based on contractual obligations:

(€ thousands)	Private placement 2013-2025 (*)	Eurobond 2013-2018	Other	Total
2017			410	**410**
2018		275,000	70	**275,070**
2020	15,522			**15,522**
2023	46,566			**46,566**
2025	38,804			**38,804**
Total	**100,892**	**275,000**	**480**	**376,372**

(*) Amounts related to the private placement are reported at the hedging exchange rate.

Covenants:

The USD 130 million private placement 2013-2025 (equal to €100.9 million including the fair value of the currency hedges which set the Euro/USD exchange rate at 1.2885) is subject to the following covenants:

- the ratio of Group net financial indebtedness to Group shareholders' equity must not exceed 1.5;
- the ratio of net financial indebtedness to EBITDA in the last four quarters (determined based solely on recurring business and restated if the Group's structure should change significantly) must not exceed 3.5.

In the event of relevant acquisitions, the above ratios may be increased to 2.0 and 4.0, respectively, for a period of not more than 12 months, 2 times over the life of the loan.

At 31 December 2015 these ratios were as follows:

	Value
Net financial indebtedness/Group net equity	0.41
Net financial indebtedness/EBITDA for the last 4 quarters	1.21

In determining the above mentioned ratios, the EBITDA value has been determined on the basis of restated figures, in order to include the main changes in the Group structure:

(€ thousands)	
Group EBITDA 2015	165,177
EBITDA normalised (from acquisitions and disposals)	665
Acquisitions and non recurring costs	3,357
EBITDA for covenant calculation	169,199

The two private placements are also subject to other covenants applied in current international practice which limit the ability to issue guarantees and complete sale and lease back, as well as extraordinary, transactions.

The €275 million Eurobond, due in 2018 and issued in July 2013, is not subject to any covenants nor is the remaining €0.5 million in long term debt, including the short term portion.

16. Provisions for risks and charges (medium/long term)

(€ thousands)	31/12/2015	31/12/2014	Change
Product warranty provision	11,130	7,722	3,408
Contractual risks	1,552	1,772	(220)
Agents' leaving indemnity	33,869	29,786	4,083
Other risk provisions	1,856	1,289	567
Total	**48,407**	**40,569**	**7,838**

(€ thousands)	Net value at 31/12/2014	Provision	Reversals	Utilisation	Other net changes	Translation differences	Business combinations	Net value at at 31/12/2015
Product warranty provision	7,722	4,511	(284)	(4,014)	-	37	3,158	11,130
Contractual risks	1,772	658	(235)	(717)	72	2	-	1,552
Agents' leaving indemnity	29,786	2,168	(454)	-	-	2,369	-	33,869
Other risk provisions	1,289	383	(50)	(124)	363	(6)	1	1,856
Total	**40,569**	**7,720**	**(1,023)**	**(4,855)**	**435**	**2,402**	**3,159**	**48,407**

The "contractual risk provision" refers to the risk of claims from employees and agents, as well as those arising from the supply of services.

Agents' leaving indemnity mainly comprises the agents' leaving indemnity provision recognised in Amplifon SpA's separate financial statements amounting to €9,216 thousand and equivalent provisions in the US and Belgian subsidiaries amounting to €23,818 thousand and €835 thousand respectively.

The main assumptions used in the actuarial calculation of the agents' leaving indemnity of Amplifon S.p.A were:

	FY 2015
Economic assumptions	
Annual discount rate	1.39%
Demographic assumptions	
Probability of agency contract termination by the company	2.70%
Probability of agent's voluntary termination	8.25%
Mortality rate	RG48
Disability percentage	INPS tables divided by age and sex

17. Liabilities for employees' benefits (medium/long term)

(€ thousands)	31/12/2015	31/12/2014	Change
Defined-benefit plans	11,698	11,889	(191)
Other defined-benefit plans	3,806	3,714	92
Other provisions for personnel	67	109	(42)
Total	**15,571**	**15,712**	**(141)**

Provisions for defined-benefit plans include mainly the severance pay potentially owed by the Parent Company, as well as severance owed by the Swiss subsidiaries.

The way in which these benefits are guaranteed varies based on the legal, tax and economic conditions of each country in which the Group operates.

The change in the provision for defined-benefit plans is detailed below:

(€ thousands)	FY 2015
Net present value of the liability at the beginning of the year	**(11,889)**
Current service cost	(72)
Financial charges	(23)
Business combinations	-
Actuarial losses (gains)	329
Amounts paid	699
Translation differences	(742)
Net present value of the liability at the end of the year	**(11,698)**

It should be noted that the current cost of severance indemnity is recognised under personnel expense in the consolidated financial statements, while actuarial gains and losses are recognised, in the other comprehensive income.

The main assumptions used in the actuarial estimate of the liability for employee benefits were as follows:

	Italy		Switzerland	
	FY 2015	FY 2014	FY 2015	FY 2014
Economic assumptions				
Annual discount rate	1.39%	0.91%	0.90%	1.20%
Expected annual inflation rate	1.50% 2016 1.80% 2017 1.70% 2018 1.60% 2019 and 2.00% from 2020 onward	0.60% 2015 1.20% 2016 1.50% 2017 and 2018	1.00%	1.00%
Annual rate of increase of severance indemnity	2016 2.625% 2017 2.850% 2018 2.775% 2019 2.700% and 3.000% from 2020 onward	1.950% 2015 2.400% 2016 2.625% 2017 and 2018	2.00%	2.00%
Demographic assumptions	3.000% from 2019 onward			
Mortality rate	RG48 mortality tables published by the General Accounting Office of the State	RG48 mortality tables published by the General Accounting Office of the State	BVG 2010 GT tables	BVG 2010 GT tables
Disability percentage	INPS tables divided by age and sex	INPS tables divided by age and sex	BVG 2010 GT tables	BVG 2010 GT tables
Retirement age	100% on meeting the requirements for compulsory national social insurance	100% on meeting the requirements for compulsory national social insurance	100% on meeting the requirements for compulsory national social insurance (65m/60f)	100% on meeting the requirements for compulsory national social insurance (65 m/60f)

The sensitivity analysis performed with a change of economic variables (above detailed) of 0.25% shows no material impacts.

Provisions for other benefits are explained primarily by:
- for €1,591 thousand, the payment of mandatory seniority benefits in Australia;
- for €2,010 thousand, the other severance benefits payable upon termination in France that are similar to the "trattamento di fine rapporto" or "TFR" in Italy.

18. Other long-term liabilities

(€ thousands)	31/12/2015	31/12/2014	Change
Payables for business acquisitions	5,450	10,034	(4,584)
Other long-term debt	2,600	250	2,350
Total	**8,050**	**10,284**	**(2,234)**

Acquisition liabilities include the estimate of the contingent consideration to be paid if certain sales and/or profit targets are reached for acquisitions made in Germany and France (acquisitions of various companies and business divisions), in Switzerland (Micro-Electric Hörgeräte AG), in Turkey (Makstone Isitme Ürünleri Perakende Satis A.S.), in Israel (Medtechnica Ortophone Ltd) and in Canada (Northern Sound Hearing Clinic Ltd.).

19. Trade payables

(€ thousands)	31/12/2015	31/12/2014	Change
Trade payables – Associated companies	3	-	3
Trade payables – Joint venture	245	121	124
Trade payables – Related parties	1,496	1,142	354
Trade payables – Third parties	111,599	100,525	11,074
Total	**113,343**	**101,788**	**11,555**

Trade payables do not bear interest and are paid within 60 to 120 days.

20. Other payables

(€ thousands)	31/12/2015	31/12/2014	Change
Other payables	75,785	67,850	7,935
Accrued expenses and deferred income	36,587	36,047	540
Tax payables	18,035	19,770	(1,735)
Total other debt	**130,407**	**123,667**	**6,740**
Payables for business acquisitions	4,581	1,692	2,889
Total	**134,988**	**125,359**	**9,629**

The other payables mainly comprise: (i) €5,162 thousand relating to customer down-payments; (ii) €15,221 thousand relating to social security liabilities; (iii) €30,814 thousand liabilities to personnel; and (iv) €13,065 thousand relating to commission due to agents.

Accrued expenses and deferred income include €29,379 thousand relating to deferred income from after-sales services and guarantees.

Payables for business acquisitions refer to the current portion of the contingent consideration (earn-out) to be paid upon reaching certain sales and/or profitability targets relative to the acquisitions made in France and Germany (various acquisitions of companies and business units), Poland (Amplifon Poland Sp.z o.o.), Turkey (Makstone Isitme Ürünleri Perakende Satis A.S.), Switzerland (Micro-Electric Hörgeräte AG and La Correction auditive PE Duvoisin SA), Belgium (Audivi SPRL, Audition Spa SPRL and Moons), and Canada (Northern Sound Hearing Clinic Ltd.).

Tax payables include mainly: (i) €9,740 thousand in direct taxes; (ii) €4,351 thousand in withholding taxes; (iii) €3,566 thousand in VAT and other indirect taxes.

21. Provisions for risks and charges (current portion)

(€ thousands)	31/12/2015	31/12/2014	Change
Other provisions for risks	1,378	978	400
Total	**1,378**	**978**	**400**

The other risk provisions mainly include premium reserves of the company Amplifon Cell which conducts reinsurance activities and the costs allocated for the restoration of the shops at the end of the lease period.

22. Liabilities for employees' benefits (current portion)

(€ thousands)	31/12/2015	31/12/2014	Change
Liabilities for employees benefits- current portion	1,025	752	273
Total	**1,025**	**752**	**273**

This item mainly includes the current portion of long-term incentive for some employees of the Group.

23. Short-term financial debt

(€ thousands)	31/12/2015	31/12/2014	Change
Bank current accounts	*443*	*387*	*56*
Short-term bank borrowings	*4,447*	*4,232*	*215*
Current portion of long-term debts	*410*	*182*	*228*
Current portion of finance lease obligations	*1,201*	*822*	*379*
Payables to banks and other financing	6,501	5,623	878
Current portion of fees on loans	(740)	(677)	(63)
Short-term financial debt	557	286	271
Financial accrued expenses and deferred income	7,887	9,561	(1,674)
Total	**14,205**	**14,793**	**(588)**

For the current portion of medium and long term loans refer to § 15.

Accrued expenses and deferred income of €7,887 thousand relate to the interest owed on the Eurobond (€6,171 thousand) and the 2013-2025 private placement (€1,690 thousand).

24. Deferred tax assets and liabilities

The net balance of deferred tax assets and liabilities at 31 December 2015 was as follows:

(€ thousands)	31/12/2015	31/12/2014	Change
Deferred tax assets	40,743	44,653	(3,910)
Deferred tax liabilities	(55,695)	(51,998)	(3,697)
Net position	**(14,952)**	**(7,345)**	**(7,607)**

The changes of deferred tax assets and liabilities during the year, without considering the balances compensations, are detailed below

Deferred tax assets

(€ thousands)	Balance at 31/12/2014	Recognised in PL	Recognised in net equity	Businesses combinations and changes in consolidation area	Exchange differences and other changes	Balance at 31/12/2015
Deferred tax on severance indemnity and pension funds	2,265	277	(58)	-	792	3,276
Deferred tax on tax losses carried forward	7,590	216	-	82	(199)	7,689
Deferred tax on tangible fixed assets	2,212	(484)	-	1,913	(423)	3,218
Deferred tax on trademarks and concessions	18,832	(3,431)	-	-	-	15,401
Deferred tax on other provisions	8,374	(635)	-	22	(29)	7,732
Other deferred tax	5,380	(817)	(1,127)	-	(9)	3,427
Total	**44,653**	**(4,874)**	**(1,185)**	**2,017**	**132**	**40,743**

The change in deferred tax assets presented in profit and loss includes the impairment of the deferred tax assets booked in Italy and equal to €1,693 thousands as a consequence of the reduction of "IRES" from 27.5% to 24% starting from 2017 and approved by the Italian Parliament in December 2015.

Deferred tax liabilities

(€ thousands)	Balance at 31/12/2014	Recognised in PL	Recognised in net equity	Businesses combinations and changes in consolidation area	Exchange differences and other changes	Balance at 31/12/2015
Deferred tax on severance indemnity and pension funds	(4)	(7)	-	-	(31)	(42)
Deferred tax on tangible and intangible fixed assets	(45,573)	2,000	-	(4,116)	(2,353)	(50,042)
Deferred tax on trademarks and concessions	(6,403)	767	-	-	75	(5,561)
Deferred tax on other provisions	(7)	34	-	-	(75)	(48)
Other deferred tax	(11)	9	-	-	-	(2)
Total	**(51,998)**	**2,803**	**-**	**(4,116)**	**(2,384)**	**(55,695)**

The net change in deferred tax assets and liabilities is provided below:

(€ thousands)	Balance at 31/12/2014	Recognised in PL	Recognised in net equity	Businesses combinations and changes in consolidation area	Exchange differences and other changes	Balance at 31/12/2015
Deferred tax on severance indemnity and pension funds	2,261	270	(58)	-	761	3,234
Deferred tax on tax losses carried forward	7,590	216	-	82	(199)	7,689
Deferred tax on tangible and intangible fixed assets	(43,361)	1,516	-	(2,203)	(2,776)	(46,824)
Deferred tax on trademarks and concessions	12,429	(2,664)	-	-	75	9,840
Deferred tax on other provisions	8,367	(601)	-	22	(104)	7,684
Other deferred tax	5,369	(809)	(1,127)	-	(9)	3,424
Total	**(7,345)**	**(2,072)**	**(1,185)**	**(2,099)**	**(2,252)**	**(14,952)**

Deferred tax assets on prior-year losses carried forward are as follows:

(€ thousands)	31/12/2015	31/12/2014	Change
Iberian Peninsula	2,457	2,608	(151)
Germany	3,308	3,308	-
The Netherlands	1,517	1,599	(82)
United States and Canada	167	8	159
Israel	240	65	175
Total	**7,689**	**7,588**	**101**

At 31 December 2015 the following prior-year losses had not given rise to deferred tax assets:

(€ thousands)	Prior-year tax losses	Rate	Deferred tax assets not recognised in the accounts	Due date
UK	84,747	20.00%	16,949	No expiry
Germany	30,333	32.00%	9,707	No expiry
Italy	2,381	27.50%	655	No expiry
India	9,267	31.00%	2,873	5 -10 years
Canada	1,264	26.21%	331	15-20 years
Poland	680	19.00%	129	5 years
Total	**128,672**		**30,644**	

25. Revenues from sales and services

(€ thousands)	FY 2015	FY 2014	Change
Revenues from sale of products	1,000,185	859,179	141,006
Revenues from services	33,792	31,752	2,040
Total	**1,033,977**	**890,931**	**143,046**

The increase of €143,046 thousand posted in the period is explained for €73,261 thousand (+8.2%) by organic growth, for €42,149 thousand (+4.7%) by acquisitions, by exchange differences linked to the weakening of the Euro against other currencies and for €27,636 thousand (+3.1%) by acquisitions.

26. Operating costs

(€ thousands)	FY 2015	FY 2014	Change
Cost of raw materials, consumables and supplies and change in inventories of raw materials, consumables and supplies	(243,505)	(207,447)	(36,058)
Personnel expenses – Point of sale	(175,042)	(157,273)	(17,769)
Commissions – Point of sale	(79,618)	(72,213)	(7,405)
Rental costs – Point of sale	(50,584)	(44,429)	(6,155)
Total	**(548,749)**	**(481,362)**	**(67,387)**
Other personnel expenses	(139,419)	(115,532)	(23,887)
Other rental costs	(4,780)	(4,898)	118
Other costs for services	(182,705)	(150,332)	(32,373)
Total other operating costs	**(326,904)**	**(270,762)**	**(56,142)**
Total operating costs	**(875,653)**	**(752,124)**	**(123,529)**

The breakdown of "Personnel expenses – stores" and "Other personnel costs" is as follows:

(€ thousands)	FY 2015	FY 2014	Change
Wages and salaries	(231,997)	(205,002)	(26,995)
Stock options and performance stock grant	(10,719)	(7,861)	(2,858)
Social contributions	(49,595)	(44,386)	(5,209)
Other personnel costs	(21,049)	(14,417)	(6,632)
Directors' remuneration and oversight bodies	(1,101)	(1,139)	38
Total	**(314,461)**	**(272,805)**	**(41,656)**

Staff headcount by geographical area:

	31/12/2015		31/12/2014	
	Number	Average	Number	Average
Italy	428	443	459	424
France	812	769	728	705
Switzerland	241	239	235	231
Hungary	111	113	111	105
Germany	841	745	662	624
Iberian Peninsula	416	383	351	330
Belgium and Luxemburg	117	113	111	98
The Netherlands	648	647	642	650
Poland	87	76	64	64
United Kingdom and Ireland	506	517	520	522
Israel	167	159	156	156
Turkey	50	48	47	41
Egypt	171	165	148	148
Total EMEA	**4,595**	**4,417**	**4,234**	**4,098**
USA and Canada	298	279	261	240
Brasil	37	37	37	37
Total Americas	**335**	**316**	**298**	**277**
Australia	755	739	725	722
New Zealand	321	297	254	250
India	327	301	278	259
Total Asia Pacific	**1,403**	**1,337**	**1,257**	**1,231**
Total Group	**6,333**	**6,070**	**5,789**	**5,606**

27. Other income and costs

(€ thousands)	FY 2015	FY 2014	Change
Other income and costs	6,853	(1,139)	7,992
Total	**6,853**	**(1,139)**	**7,992**

The total amount includes:
- income posted in the United States of €3,062 thousand linked to early termination of a commercial partnership in the third quarter and damages paid by a former commercial partner for unfair competition in the fourth quarter;
- income reported in India of €2,487 thousand following the cancellation of the earn-out linked to the 2012 acquisition of the Beltone stores for failure to achieve the results expected initially;
- acquisition costs of €1,185 thousand;
- income of €775 thousand connected to the sale of the biomedical business in Italy (the net gain reached €561 thousand).

28. Depreciation and amortisation

(€ thousands)	FY 2015	FY 2014	Change
Amortisation of intangible fixed assets	*(23,952)*	*(22,008)*	*(1,944)*
Depreciation of tangible fixed assets	*(26,800)*	*(24,428)*	*(2,372)*
Amortisation and depreciation	(50,752)	(46,436)	(4,316)
Impairment	(3,419)	(616)	(2,803)
Total	**(54,171)**	**(47,052)**	**(7,119)**

"Impairment" refers primarily to:
- the goodwill impairment of €2,620 thousand recognized in India in the fourth quarter;
- a write-down of €238 thousand relating to the assets of a few restructured stores in the Netherlands.

29. Financial income, charges and changes in value of financial assets

(€ thousands)	FY 2015	FY 2014	Change
Proportionate of the result of associated companies valued at equity	**126**	**201**	**(75)**
Other income, charges, revaluation and write-downs of financial assets	**1,461**	**472**	**989**
Interest income on bank accounts	932	1,013	(81)
Interest payable on short and long-term bank loans	(24,269)	(21,938)	(2,331)
Interest income and expenses	**(23,337)**	**(20,925)**	**(2,412)**
Other financial income and charges	**(388)**	**(2,060)**	**1,672**
Exchange gains	**7,550**	**6,142**	**1,408**
Exchange losses	**(4,869)**	**(4,282)**	**(587)**
Gain/(losses) on financial assets at fair value – Non hedge derivatives	**(3,452)**	**(3,608)**	**156**
Total	**(22,909)**	**(24,060)**	**1,151**

Interest payable on financial indebtedness amounted to €24,269 thousand at 31 December 2015 (versus €21,938 thousand at 31 December 2014) and reflects the make whole payment made of €4,289 thousand as a result of the early repayment of the USD 70 million Private Placement 2006-2016. This amount corresponds to the interest that would have been payable to investors in the period beginning from the early repayment date (13 May 2015) through the natural expiration of the private placement (2 August 2016), calculated by applying a contractual discount of 50 bps to future interest payments plus a reinvestment rate of 36 bps. If advance payment had not been made the interest payables would have amounted to €2,599 thousand in 2015 and €2,408 thousand in 2016.

"Other income, charges, revaluations and write-downs of financial assets" includes income of €1,253 thousand recognized in New Zealand following the acquisition of 100% of Dilworth Hearing Ltd (already 40% held) based on IFRS 3R and accounting of step up acquisitions.

Interest receivable on bank deposits at 31 December 2015 reached €932 thousand, versus €1,013 thousand at 31 December 2014.

"Other financial income and charges" includes €1,435 thousand in income recognized when the discounting of receivables, which were repaid entirely by a partner in the United States who terminated a commercial relationship in advance, was eliminated.

The gains and losses on financial assets measured at fair value refer primarily to currency hedges on intragroup loans offset by exchange gains and losses.

Financial charges include €1,122 thousand (€1,409 thousand in 2014) relating to the cost of factoring without recourse of receivables payable by the Italian public sector.

30. Income tax

(€ thousands)	FY 2015	FY 2014	Change
Current income tax	(39,313)	(17,002)	(22,311)
Deferred income tax	(2,072)	(3,109)	1,037
Total	**(41,385)**	**(20,111)**	**(21,274)**

(€ thousands)	FY 2015	FY 2014	Change
Profit (loss) before tax	88,097	66,556	21,541
Tax for the year	(41,385)	(20,111)	(21,274)
Tax rate	**-47.0%**	**-30.2%**	**-16.80%**

The tax rate amounts to 47.0% in respect of 30.2% of to the comparative period.

The change is linked to the fact that the comparative period 2014 benefitted of a recognition of a tax income of AUD 15.7 million (€10,668 thousands) following the Australian tax authorities' allowance of tax deductions for the amortization of part of the assets acquired in 2010 as a result of the NHC Group acquisition.

The following table reconciles tax recognised in the consolidated financial statements to theoretical tax on the basis of Italy's current tax rates.

(€ thousands)	December 2015 Tax effect	%	December 2014 Tax effect	%
Reconciliation to effective tax rate				
Effective tax rate	**41,385**	**47.0%**	**20.111**	**30.2%**
United Kingdom and Germany : use of non-recognition of deferred taxes on the year's losses and non-recognition of deferred taxes on the year's losses	(3,619)	-4.1%	(2,862)	-4.3%
Effect of different tax rate of companies not taxed in Italy	(4,873)	-5.5%	(3,993)	-6.0%
Current and deferred taxes: change of tax rate and corrections of errors	(3,207)	-3.6%	266	0.4%
Non-deductible expense net of non taxable income	(2,890)	-3.4%	(2,692)	-4.0%
Australia recognition of a tax income following the Australian tax authorities' allowance of tax deductions for the amortization of part of the assets acquired in 2010	-	-	10,668	16.0%
Effective tax rate net of IRAP/CVAE	**26,796**	**30.3%**	**21,498**	**32.3%**
IRAP [regional tax on productive activity] , CVAE and other taxes not linked to PBT	(2,411)	-2.8%	(3,195)	-4.8%
Corporate tax rate	**24,385**	**27.5%**	**18,303**	**27.5%**

The tax rate of the period is influenced by the losses registered in the United Kingdom and in other minor countries on which according to the principle of prudence no deferred tax assets has been recognized net of Germany profits for which no taxes were recognized due to carried forward tax losses against which no deferred tax assets were recognized; by the cumulative effects of different corporate taxes under existing tax laws in foreign countries where there is an important contribution of the countries with higher tax incidence than the theoretical; by the impairment of the deferred tax assets recognized in Italy as a result of the IRES reduction from 27.5% to 24 % from 2017 and by corporate taxes as IRAP in Italy and CVAE in France, taxes whose tax base is not directly related to the income before taxes .

31. Stock option - Performance stock grant

General characteristics of stock option plans

- The purpose of the issue and therefore of the award of the option rights, is to offer the beneficiaries, who hold particularly important positions within the Group, the possibility to participate in Amplifon's share capital in order to align their interests with those of the Shareholders and to obtain their loyalty, given the significant strategic objectives to be attained;
- the award of the option rights is unconditional;
- the price of the shares includes the information related to the company's performance;
- the award of 14 March 2005, 30 September 2005 and 23 January 2006 were made in accordance with an EGM resolution taken on 19 February 2001 which authorised the Directors to increase Amplifon S.p.A.'s share capital, in one or more stages, by up to 750,000 ordinary shares with a par value of €0.20 (that is 7,500,000 ordinary shares with a par value of €0.02 following the share split approved by shareholders on 27 April 2006);
- the award of 15 March 2007, 18 December 2008 and 6 November 2009, 16 December 2010 and 19 April 2011 were made in accordance with an EGM resolution taken on 27 April 2006 which authorised the Directors to increase Amplifon S.p.A.'s share capital, in one or more stages, by up to €150,000 par value through the issuance of 7,500,000 ordinary shares with a par value of €0.02;
- the shares servicing for the purposes of the stock option plan are ordinary shares, issued in accordance with article 2441, paragraphs 5 and 8 for the purpose of a stock option plan;
- the exercise of the rights shall be in compliance with the Regulations filed with Borsa Italiana S.p.A. and Consob;
- the Board of Directors is entitled to draft regulations, choose the beneficiaries and determine the quantity and values for the execution of the stock option plans;
- Amplifon S.p.A reserves the indisputable right to modify the plan and the regulations when deemed necessary or merely opportune, following any modification to the provisions of the laws in force at the time of the award, or for any other objective reason that might justify such modification.

The characteristic of the stock options plans currently in place are as follow:

A) Award of 30 September 2005

On 30 September 2005 the Board of Directors resolved the third award of stock options:
- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- one-third of the granted rights awarded vest one year following the award date, one-third two years after the award date and the remaining portion three years after the same date, with the exception of the employees of companies with headquarters in France and Spain for whom the options vest for two-thirds two years following the award date and for the remaining portion after three years;
- for each granted option right awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within seven years, starting from the vesting date, with the exception of the employees of companies having their headquarters in Switzerland for whom the exercise period lasts 10 years;
- only for employee beneficiaries on the payroll at 1 October 2005 of the companies with registered office in Italy who have undersigned the new Regulation approved by the Remuneration Committee on 12 September 2007, 100% of their option rights may be exercised not earlier than three years from the date of award, meaning that the beneficiary shall subscribe to Amplifon shares and to the terms and conditions listed below only after three years have elapsed from the date of award. The deadline for subscribing to the shares is seven years from the vesting date;
- non-exercised rights shall be automatically lost after such term;
- the price per share which the beneficiary shall pay to Amplifon S.p.A. for the subscription following the

exercise of the option rights is defined as equal to the price per share corresponding to the average of the prices reported in the last month before the granting date, that is €56.97 or €5.697 following the share split approved by the Shareholders' Meeting of 27 April 2006;

- only for employee beneficiaries on the payroll at 1 October 2005 of the companies with registered office in Italy who have undersigned the new Regulation approved by the Remuneration Committee on 12 September 2007, the price per share is fixed at €5.713;
- the exercise of the vested option rights shall take place in one or several tranches, as long as the minimum quantity for each tranche is equal to 1,000 rights

Stock Option Plan of 30 September 2005 - general rules

	FY 2015			FY 2015		
	No. of options	Strike price (€)	Market Price (€)	No. of options	Strike price (€)	Market Price (€)
Option rights at 1 January	**365,672**	**5.697**	**4.904**	**765,000**	**5.697**	**4.038**
(Option rights exercised in the period)	118,002	5.697	7.175(*)	-	-	-
(Option rights cancelled in the period)	4,000	5.697	-	50,000	-	-
(Option rights forfeited in the period)	68,670	5.697	-	349,328	-	-
Option rights at 31 December	**175,000**	**5.697**	**7.995**	**365,672**	**5.697**	**4.904**
of which exercisable at 31 December	*175,000*			*365,672*		

(*) Average weighted market price at the exercises

Stock options plan 30 September 2005

Italian beneficiaries who subscribed to the Regulation approved on 12 September 2007

	FY 2015			FY 2014		
	No. of options	Strike price (€)	Market Price (€)	No. of options	Strike price (€)	Market Price (€)
Option rights at 1 January	**425,000**	**5.713**	**4.904**	**437,000**	**5.713**	**4.038**
(Option rights exercised in the period)	425,000	5.713	7.024(*)	-	-	-
(Option rights cancelled in the period)	-	-	-	12,000	-	-
(Option rights forfeited in the period)	-	-	-	-	-	-
Option rights at 31 December	**-**	**-**	**-**	**425,000**	**5.713**	**4.904**
of which exercisable at 31 December	-	-	-	*425,000*		

(*) Average weighted market price at the exercises

B) Stock options award 23 January 2006

On 23 January 2006 the Board of Directors resolved the fourth award of stock options:

- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- one-third of the granted rights awarded vest one year following the award date, one-third two years after the award date and the remaining portion three years after the same date, with the exception of the employees of companies with headquarters in Spain for whom the options mature for two-thirds two years following the award date and for the remaining portion after three years;
- for each granted option right awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within seven years, starting from the vesting date;
- solely for the Beneficiaries employed in companies with registered offices in Italy who have accepted the new Regulation, approved by the Remuneration Committee on 12 September 2007, 100% of the option rights awarded may not be exercised until three years following the award date, meaning that the beneficiary will only be able to subscribe ordinary shares of Amplifon under the terms and conditions indicated below following three years from the award date. The deadline for subscribing to the shares is seven years from the vesting date;
- non-exercised rights shall be automatically forfeited after such term;
- the price per share which the beneficiary shall pay to Amplifon S.p.A. for the subscription following the exercise of the option rights is equal to the price per share corresponding to the average of the prices reported in the last month before the award date, that is €57.31 or €5.731 after the share split;
- solely for employee beneficiaries on the payroll at 12 October 2007 of the companies with registered offices in Italy who have undersigned the new Regulation approved by the Remuneration Committee on 12 September 2007, the price per share is fixed at €5.749;
- the exercise of the vested option rights shall take place in one or several *tranches*, as long as the minimum quantity for each *tranche* is equal to 1,000 rights.

	FY 2015			FY 2014		
	No. of options	**Strike price (€)**	**Market Price (€)**	**No. of options**	**Strike price (€)**	**Market Price (€)**
Option rights at 1 January	**-**	**-**	**-**	**15,000**	**5.731**	**4.038**
Options restored in period	33,334	5.731	-	-	-	-
(Option rights exercised in the period)	33,334	5.731	7.551(*)	-	-	-
(Option rights cancelled in the period)	-	-	-	15,000	-	-
(Option rights forfeited in the period)	-	-	-	-	-	-
Option rights at 31 December	**-**	**-**	**-**	**-**	**-**	**-**
of which exercisable at 31 December	-			-		

(*) Average weighted market price at the exercises

C) Stock options award 15 March 2007

On 15 March 2007, the Board of Directors resolved an award of stock options under the following terms and conditions:

- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- the options awarded to employees resident in Italy vest after three years from the award date; one-third of the granted rights vest one year following the award date, one-third two years after the award date and the remaining portion three years after the same date, with the exception of the employees of companies with headquarters in France for whom the options mature for two-thirds two years following the award date and for the remaining portion after three years;
- for each granted option right awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within seven years, starting from the vesting date;
- non-exercised rights shall be automatically forfeited after such term;
- the price per share which the beneficiary will pay to Amplifon S.p.A. for the subscription following the exercise of the option rights is equal to the price per share corresponding to the average of the prices reported in the last month before the award date, that is €6.914 after the share split;
- the exercise of the vested option rights shall take place in one or several *tranches*, as long as the minimum quantity for each *tranche* is equal to 1,000 rights.

	FY 2015			FY 2014		
	No. of options	**Strike price (€)**	**Market Price (€)**	**No. of options**	**Strike price (€)**	**Market Price (€)**
Option rights at 1 January	**170,000**	**6.914**	**4.904**	**170,000**	**6.914**	**4.038**
(Option rights exercised in the period)	**-**	**-**	**-**	**-**	**-**	**-**
(Option rights cancelled in the period)	-	-	-	-	-	-
(Option rights forfeited in the period)	13,333	-	-	-	-	-
Option rights at 31 December	**156,667**	**6.914**	**7.995**	**170,000**	**6.914**	**4.904**
of which exercisable at 31 December	*156,667*			*170,000*		

D) Stock options award 18 December 2008

On 18 December 2008, the Board of Directors resolved an award of stock options under the following terms and conditions:

- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- the option rights awarded to each beneficiary vest and therefore give right to the subsequent related subscription of Amplifon ordinary shares, under the following terms and conditions, for an amount of 50% after two years and one day from the award date and the remaining portion after three years and one day from the award date;
- for each granted option awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within five years, starting from the date of maturity;
- non-exercised rights shall be automatically forfeited after such term;
- the price per share which the beneficiary shall pay to Amplifon S.p.A. for the subscription following the exercise of the option rights shall be equal to the price per share corresponding to the average of the prices reported in the last month before the award date, that is €0.735;
- on 19 December 2012 the Board of Directors approved an amendment to the operational regulation of the 2008 Stock Option Plan in respect of French beneficiaries only, in order to align it with local requirements for the qualification of the plan. This amendment applies more restrictive exercise conditions and resulted in a reduction in the fair value of the options concerned; higher costs are not therefore to be recognised;
- the exercise of the vested option rights shall take place in one or several *tranches*, as long as the minimum quantity for each *tranche* is 1,000 rights.

	FY 2015			FY 2014		
	No. of options	**Strike price (€)**	**Market Price (€)**	**No. of options**	**Strike price (€)**	**Market Price (€)**
Option rights at 1 January	**233,500**	**0.735**	**4.904**	**268,500**	**0.735**	**4.038**
(Option rights exercised in the period)	113,500	0.735	6.940 (*)	35,000	0.735	4.565 (*)
(Option rights cancelled in the period)				-	-	-
(Option rights forfeited in the period)				-	-	-
Option rights at 31 December	**120,000**	**0.735**	**7.995**	**233,500**	**0.735**	**4.904**
of which exercisable at 31 December	*120,000*			*233,500*		

(*) Average weighted market price at the exercises.

E) Stock options award 6 November 2009

On 6 November 2009, the Board of Directors resolved an award of stock options under the following terms and conditions:

- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- the option rights grant awarded to each beneficiary vest and therefore give right to the subsequent related subscription of Amplifon ordinary shares, under the following terms and conditions, for an amount of 50% after two years and one day from the award date and the remaining portion after three years and one day from the award date;
- for each granted option right awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within five years, starting from the date of maturity;
- non-exercised rights shall be automatically forfeited after such term;
- the price per share which the beneficiary shall pay to Amplifon S.p.A. for the subscription following the exercise of the option rights shall be equal to the price per share corresponding to the average of the prices reported in the last month before the award date, that is €2.837;
- the exercise of the vested option rights shall take place in one or several *tranches*, as long as the minimum quantity for each *tranche* is 1,000 rights.

	FY 2015			FY 2014		
	No. of options	**Strike price (€)**	**Market Price (€)**	**No. of options**	**Strike price (€)**	**Market Price (€)**
Option rights at 1 January	**70,000**	**2.837**	**4.904**	**90,000**	**2.837**	**4.038**
(Option rights exercised in the period)	-	-	-	20,000	2.837	4.907 (*)
(Option rights cancelled in the period)	-	-	-	-	-	-
(Option rights forfeited in the period)	-	-	-	-	-	-
Option rights at 31 December	**70,000**	**2.837**	**7.995**	**70,000**	**2.837**	**4.904**
of which exercisable at 31 December	*70,000*			*70,000*		

(*) Average weighted market price at the exercises.

F) Stock options award 16 December 2010

On 16 December 2010, the Board of Directors resolved an award of stock options under the following terms and conditions:

- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- the option rights awarded to each beneficiary vest and therefore give right to the subsequent related subscription of Amplifon ordinary shares, for an amount of 50% after two years and one day from the award date and the remaining portion after three years and one day from the award date;
- for each granted option right awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within five years, starting from the date of maturity;
- non-exercised rights shall be automatically forfeited after such term;
- the price per share which the beneficiary will pay to Amplifon S.p.A. for the subscription following the exercise of the option rights shall be equal to the price per share corresponding to the average of the prices reported in the last month before the award date, that is €3.746;
- the exercise of the vested option rights shall take place in one or several *tranches*, as long as the minimum quantity for each *tranche* is 1,000 rights.

	FY 2015			FY 2014		
	No. of options	**Strike price (€)**	**Market Price (€)**	**No. of options**	**Strike price (€)**	**Market Price (€)**
Option rights at 1 January	**483,599**	**3.746**	**4.904**	**737,438**	**3.746**	**4.038**
(Option rights exercised in the period)	81,010	3.746	5.721 (*)	203,839	3.746	4.841 (*)
(Option rights cancelled in the period)	-	-	-	50,000	-	-
(Option rights forfeited in the period)	-	-	-	-	-	-
Option rights at 31 December	**402,589**	**3.746**	**7.995**	**483,599**	**3.746**	**4.904**
of which exercisable at 31 December	*402,589*			*483,599*		

(*) Average weighted market price at the exercises.

G) Stock options award 19 April 2011

On 19 April 2011 Amplifon's Board of Directors, under the 2010-2011 stock option plan approved on 16 December 2010 and as indicated by its Remuneration Committee, granted 215,000 options to key Group employees. This completed the 2006-2011 stock option plan launched at the EGM held on 27 April 2006. The conditions set were as follows:

- the objective of the plan is to offer option rights to beneficiaries covering key positions within the Group;
- the option rights awarded to each beneficiary vest and therefore give right to the subsequent related subscription of Amplifon ordinary shares, for an amount of 50% after two years and one day from the award date and the remaining portion after three years and one day from the award date;
- for each option right awarded, the exercise and therefore the subsequent related subscription of Amplifon ordinary shares must take place within five years, starting from the vesting date;
- unexercised rights shall be automatically forfeited after such term;
- the price per share which the beneficiary will pay to Amplifon S.p.A. for the subscription following the exercise of the option rights shall be equal to the price per share corresponding to the average of the prices reported in the last month before the award date, that is €4.227;
- the exercise of the vested option rights shall take place in one or several *tranches*, provided that the minimum quantity for each *tranche* shall be 1,000 rights.

	FY 2015			FY 2014		
	No. of options	**Strike price (€)**	**Market Price (€)**	**No. of options**	**Strike price (€)**	**Market Price (€)**
Option rights at 1 January	**195,000**	**4.227**	**4.904**	**215,000**	**4.227**	**4.038**
(Option rights exercised in the period)	125,000	4.227	5.858 (*)	-	-	-
(Option rights cancelled in the period)	-	-	-	20,000	-	-
(Option rights forfeited in the period)	-	-	-	-	-	-
Option rights at 31 December	**70,000**	**4.227**	**7.995**	**195,000**	**4.227**	**4.904**
of which exercisable at 31 December	*70,000*			*195,000*		

(*) Average weighted market price at the exercises.

Residual life of awarded stock options

Options assigned up to 31/12/2015

		Residual life				Exercisable	
Strike price	**Awarded on**	**< 1 year**	**1-5 years**	**5-10 years**	**Total**	**Number of shares**	**Average expiring date**
5.697	30/09/2005	58,332	116,668	-	175,000	175,000	2 years
6.914	15/03/2007	79,999	76,668	-	156,667	156,667	1 year
0.735	18/12/2008	120,000	-	-	120,000	120,000	1 year
2.837	06/11/2009	35,000	35,000	-	70,000	70,000	1 year
3.746	16/12/2010	-	402,589	-	402,589	402,589	2 years
4.227	19/04/2011	-	70,000	-	70,000	70,000	3 years
Total		**293,331**	**700,925**		**994,256**	**994,256**	

General characteristics of the Performance Stock Grant Plan 2011-2020

On 16 December 2010 the Board of Directors – as resolved by the Shareholders' Meeting held on 13 December 2010 – approved the regulation of the Performance Stock Grant Plan 2011-2020 with the following general characteristics:

- The Plan provides for the grant of rights, each of which gives the right to Company stock to be granted to beneficiaries in key positions in the Group at the end of the vesting period (4 years).
- For each grant cycle, the Board of Directors is empowered to identify the beneficiaries and to set the number of rights to be granted to each beneficiary.
- The Board may also make such changes to the Plan as it considers necessary, at its sole discretion, with the aim e.g. of: (i) accommodating changes in the law; or (ii) making it possible for the Beneficiaries to benefit or continue to benefit from favorable regulations.
- The vesting of rights and the consequent grant of all or some of the Shares shall be subject to the following conditions:
  I. on the award date of the shares the beneficiary must be an employee of a Group company, and not be working out a period of notice following dismissal or resignation;
  II. on the award date of the shares the reference price should be at least equal to the reference price;
  III. the individual performance levels assigned to the beneficiary must not be lower - throughout the reference period - than 100% achievement. Where these conditions are not met, the number of shares due to the beneficiary will be reduced by 25% for each reference period in which targets are not met.

On 24 April 2013 the Board of Directors approved, based on proposal of the Remuneration Committee of 27 February 2013, the amendments to the "2011-2020 Performance Stock Grant" plan as approved by the shareholders meeting held on 17 April 2013.

In particular the condition which links the transformation of rights to the performance of Amplifon's stock in the last three months of the vesting period was cancelled (see point II above).
Furthermore the exercise period, subsequent to vesting, was extended to 2.5 years (each grant cycle, therefore, will have a total duration of 7 years), the prime objective of which is to reduce the risk of a large number of shares being sold at the same time. The remaining conditions are unchanged.

Below are reported the details of the cycles of assignment of the *Performance Stock Grant plan* 2011-2020.

A) Stock grant 15 January 2011

	FY 2015		FY 2014	
	N. rights granted	**Market Price (€)**	**N. rights granted**	**Market Price (€)**
Option rights at 1 January	**1,090,750**	**4.904**	**1,170,500**	**4.038**
Rights granted in the period	-	-	-	-
(Rights converted in the period)	828,333	7.070 (*)	-	-
(Rights cancelled in the period)	27,125	-	79,750	-
Option rights at 31 December	**235,292**	**7.995**	**1,090,750**	**4.904**

(*) Average weighted market price at the exercises.

B) Stock grant 16 May 2011

	FY 2015		FY 2014	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**912,500**	**4.904**	**937,500**	**4.038**
Options rights restored in period	10,000	-	-	-
Rights granted in the period	-	-	-	-
(Rights converted in the period)	672,417	7.222 (*)	-	-
(Rights cancelled in the period)	39,750	-	25,000	-
Option rights at 31 December	**210,333**	**7.995**	**912,500**	**4,904**

(*) Average weighted market price at the exercises.

C) Stock grant 15 March 2012

	FY 2015		FY 2014	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**1,893,000**	**4.904**	**2,032,750**	**4.038**
Rights granted in the period	-	-	-	-
(Rights converted in the period)	300,000	7.036 (*)	-	-
(Rights cancelled in the period)	52,625	-	139,750	-
Option rights at 31 December	**1,540,375**	**7.995**	**1,893,000**	**4.904**

(*) Average weighted market price at the exercises.

D) Stock grant 2 May 2013

	FY 2015		FY 2014	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**1,654,250**	**4.904**	**1,757,000**	**4.038**
Rights granted in the period	-	-	-	-
(Rights converted in the period)	12,500	7.200 (*)	-	-
(Rights cancelled in the period)	203,750	-	102,750	-
Option rights at 31 December	**1,438,000**	**7.995**	**1,654,250**	**4.904**

(*) Average weighted market price at the exercises.

General characteristics of the New Performance Stock Grant Plan 2014-2021

On 28 April 2014 the Board of Directors – as resolved by the Shareholders' Meeting held on 16 April 2014 and based on the recommendations of the Remuneration & Appointment Committee– approved the regulations of the New Performance Stock Grant Plan 2014-2021 with the following general characteristics:

- the plan provides for the grant of rights, each of which gives the right to a Company share to be granted at the end of the vesting period (3,5 years) to beneficiaries falling within one of the following clusters:
  1. Executives & Senior Managers;
  2. International Key Managers and Group & Country Talents;
  3. High Performing Audiologists & Sales Managers.

- the vesting of the rights and, therefore, the grant of the related shares is subject to the following main condition that as of the date of grant of the shares the beneficiary is an employee of one of the company of the Group and no notice period subsequent to resignation and/or withdrawal is under way. Furthermore for the Cluster 1 and Cluster 2 the plan foresee further conditions to attribute the financial instruments:
  - Cluster 1: achievement of Group 3 years business targets;
  - Cluster 2: level of the Individual Performance of the Beneficiary are not lower, in all the Reference Periods, to Fully Meets Expectations.

- the exercise of the vested rights should be performed within the deadline of the exercise period (2.5 years from the date of vesting of the rights) and is subject to a minimum threshold value of the Amplifon Spa share defined by the Board of Directors.

For each cycle of assignment, the Board of Directors is empowered to identify the beneficiaries and to set the number of rights to be granted to each beneficiary.

The Board of Directors may at any time make changes to the Regulations as may be necessary and/or appropriate in connection with, in particular, the case of changes to the applicable law.

On 21 April 2015, following the proposal of the Board of Directors of 3 March 2015 and heard the opinion of the Remuneration and Appointment Committee, the Shareholders' Meeting discussed and approved the modifications to the share plan for the period 2014-2021 (the "New Plan of Performance Stock Grant").

In particular, the modification approved by the Shareholders' Meeting concerns the extension of the plan also to collaborators not related to the Company by employment contracts and the subsequent variation in the identification of the beneficiaries who are currently defined as employees and collaborators of a Group's entity, belonging to the following categories:

- Cluster 1: Executives e Senior Managers
- Cluster 2: International Key Managers; Group e Country Talents
- Cluster 3: High Performing Audiologists e Sales Managers

This extension will allow to include also the agents currently working in Italy Spain and Belgium with the aim to adequately sustain, also in terms of retention, the different business models through which the Amplifon Group operates.

On 29 April 2015 the Board of Directors of the Company, approved the modification to the operative Regulation of the plan, in line with the changes approved by the Shareholders' Meeting.

Below are reported the details of the cycles of assignment of the New Performance Stock Grant plan 2014-2021.

A) Stock Grant 28 April 2014

	FY 2015		FY 2014	
	N. rights granted	Market Price (€)	N. rights granted	Market Price (€)
Option rights at 1 January	**2,749,500**	**4.904**	**-**	**-**
Rights granted in the period			2,796,500	4.620
(Rights converted in the period)	300,000	7.027 (*)	-	-
(Rights cancelled in the period)	324,000	-	47,000	-
Option rights at 31 December	**2,125,500**	**7.995**	**2,749,500**	**4.904**

(*) Average weighted market price at the exercises.

B) Stock Grant 29 April 2015

On the 29 April 2015, have been granted to the Group's employees and collaborators belonging to the categories detailed above, rights for the free award of share equal to 2,518,000 rights (subordinate to the general conditions of the "New Plan of Performance Stock Grant") at the end of the vesting period fixed at 3.5 years.
The unitary fair value of the stock grant assigned in the period is equal to €6.13.

The assumptions adopted in the calculation of the fair value are the following.

Model used	**Binomial (Cox-Ross-Rubinstein method)**
Price at grant date	6.88 €
Threshold	5 €
Exercise Price	0.00
Volatility (6 years)	31.91%
Risk free interest rate	0.267%
Maturity (in years)	3.5
Vesting Date	3 months after the date of approval from the Board of the project of Consolidated Financial Statement as of 31.12.17 (i.e. June 2018).
Expected Dividend Yield	0.75%

The figurative cost of this award cycle recorded in the income statement at 31 December, 2015 amounted to € 2,684 thousand.

	FY 2015	
	N. rights granted	Market Price (€)
Option rights at 1 January	**-**	**-**
Rights granted in the period	2,518,000	6.88
(Rights converted in the period)	-	-
(Rights cancelled in the period)	118,500	-
Option rights at 31 December	**2,399,500**	**7.995**

C) Stock Grant 22 October 2015

On the 22 October 2015, n.191,500 rights for free award of shares (subordinated to the general conditions of the "New Plan of Performance Stock Grant") have been granted to the Group's employees and collaborators belonging to the categories detailed above, at the end of a vesting period of 3.5 years.

The unitary fair value of the stock grant assigned in the period is equal to €6.57.

The assumptions adopted in the calculation of the fair value are the following.

Model used	**Binomial (Cox-Ross-Rubinstein method)**
Price at grant date	7.19 €
Threshold	5 €
Exercise Price	0.00
Volatility (6 years)	24.32%
Risk free interest rate	0.415%
Maturity (in years)	3.5
Vesting Date	3 months after the date of approval from the Board of the project of Consolidated Financial Statement as of 31.12.17 (i.e. June 2018)
Expected Dividend Yield	0.75%

The figurative cost of this award cycle recorded in the income statement at 31 December, 2015 amounted to Euro 66 thousand.

	FY 2015	
	N. rights granted	**Market Price (€)**
Option rights at 1 January	**-**	**-**
Rights granted in the period	191,500	7.19
(Rights converted in the period)	-	-
(Rights cancelled in the period)	-	-
Option rights at 31 December	**191,500**	**7.995**

32. Subsidiaries with relevant non-controlling interests, joint ventures and associated

The following table shows the main income statement and balance sheet highlights of the subsidiaries with relevant minority shareholders. The figures are shown before intragroup elisions.

(€ thousands)	31/12/2015	31/12/2014
Non - current assets	1,679	2,643
Current assets	3,070	3,563
Non - current liabilities	335	598
Current liabilities	3,052	3,383
Revenues	9,654	8,089
Net profit (loss) for the year	(191)	(116)
Dividends paid to minorities	-	-
Net financial positions	(653)	(696)
Cash flows	(23)	410

The following table shows the main income statement and balance sheet highlights of the Dutch joint venture Comfoor BV, accounted for using the equity method. The company is active in the hearing protection sector.

(€ thousands)	31/12/2015	31/12/2014
Non - current assets	1,374	1,344
Current assets	3,064	2,479
Non - current liabilities	51	51
Current liabilities	1,765	1,265
Revenues	7,846	6,517
Amortisation, depreciation and impairment	(457)	(412)
Interest income and charges	(24)	(12)
Net profit (loss)	116	418
Net financial positions	189	46
Cash flows	143	4

The reconciliation of the economic-financial figures provided with the carrying amount of the interest in the joint venture recognized in the consolidated financial statements is shown in the following table:

(€ thousands)	31/12/2015	31/12/2014
Joint.venture net equity	2,624	2,507
% ownership	50%	50%
Book value	**1.312**	**1.254**

The following table summarizes the key financial figures of the remaining associates accounted for using the equity method

(€ thousands)	31/12/2015 (*)	31/12/2014 (*)
Non - current assets	61	514
Current assets	143	1.268
Non - current liabilities	-	193
Current liabilities	62	411
Revenues	355	4.612
Net profit (loss)	10	483

(*) The data of the company Audiogram Audifonos SL, included in detail, relate respectively to 31/12/2014 and 31/12/2013, date of the last approved financial statements held by the Group at the time of preparation of this document and the same document in the comparative period.

The list of associates accounted for using the equity method, with the percentage of ownership from 20% to 50 %, is reported in Annex 1.

33. Earnings per share

Basic EPS

Basic earnings per share is obtained by dividing the net profit for the year pertaining to the ordinary shareholders of the parent company by the weighted average number of shares outstanding in the year, considering purchases and disposals of own shares as cancellations and issues of shares.

Earnings per share is determined as follows.

Earnings per share from operating activities	**FY 2015**	**FY 2014**
Net profit (loss) pertaining to ordinary shareholders (€ thousand)	46,805	46,475
Average number of shares outstanding in the year	218,047,951	217,387,623
Average earnings per share (€ per share)	0.21465	0.213789

Diluted EPS

Diluted earnings per share is obtained by dividing the net income for the year pertaining to ordinary shareholders of the Parent company by the weighted-average number of shares outstanding during the year adjusted by the diluting effects of potential shares. In the calculation of shares outstanding, purchases and sales of treasury shares are considered as cancellation or issue of shares.

The 'potential ordinary share' categories refer to the possible conversion of Group employees' stock options and stock grants. The computation of the average number of outstanding potential shares is based on the average fair value of shares for the period; stock options and stock grants are excluded from the calculation since they have anti-diluting effects.

Weighted average diluted number of shares outstanding	FY 2015	FY 2014
Average number of shares outstanding in the year	218,047,951	217,387,623
Weighted average of potential and diluting ordinary shares	6,843,633	6,537,546
Weighted average of shares potentially subject to options in the period	224,891,584	223,925,169

The diluted earnings per share was determined as follows:

Diluted earnings per share	FY 2015	FY 2014
Net profit pertaining to ordinary shareholders (€ thousand)	46,805	46,475
Average number of shares outstanding in the period	224,891,584	223,925,169
Average diluted earnings per share (€)	0.20812	0.207547

34. Transactions with parent companies and related parties

The Parent company, Amplifon S.p.A. is based in Milan, in Via Ripamonti 133. The Group is directly controlled by Ampliter N.V. and indirectly by Amplifin S.p.A., owned by Susan Carol Holland, with 100% of the shares, whilst Anna Maria Formiggini Holland retains usufruct.

In 2015 the company and the Chief Executive Officer, Franco Moscetti, mutually agreed that the conditions for a seamless change in leadership which would further the growth process, as well as strengthen the Group's competitiveness, had materialized. Franco Moscetti was paid a total indemnity of €5.7 million, he was granted with an early vesting of the 600,000 performance stock grant rights assigned and received a payment of €0.7 million as part of a non-compete agreement valid through 30 April 2017. The Committee of Independent Directors expressed a favorable opinion of the transaction which was approved by the Company's Board of Directors.

Other transactions with related parties, including intercompany transactions, do not qualify as atypical or unusual, and fall within the Group's normal course of business and are conducted at arm's-length as dictated by the nature of the goods and services provided.

The following table details transactions with related parties.

Parent company and other related parties

	31/12/2015						FY 2015		
(€ thousands)	Trade receivables	Trade payables	Other assets	Financial liabilities	Financial payables	Tax payables	Revenues for sales and services	Operating costs	Interest income and expenses
Amplifin S.p.A.	32					377		(1,749)	
Total - Parent Company	**32**	**-**	**-**	**-**	**-**	**377**	**-**	**(1,749)**	**-**
Audiogram Audifonos SL (Spain)	3								
Comfoor BV (The Netherlands)	2	246					16	(2,939)	
Comfoor GmbH (Germany)		3						(41)	
Medtechnica Ortophone Shaked Ltd (Israel)	99		5				192		
Ruti Levinson Institute Ltd (Israel)	257						543	(40)	
Kolan Ashdod Speech & Hearing Inst. Ltd (Israel)	402						703		
Afik - Test Diagnosis & Hearing Aids Ltd (Israel)	142	4					221		
Total - Other related parties	**905**	**253**	**5**	**-**	**-**	**-**	**1,675**	**(3,020)**	**-**
Bardissi Import (Egypt)		204			117			(1,128)	
Meders (Turkey)		1,222			60			(2,507)	(10)
Nevo (Israel)	54								
Ortophone (Israel)		59						(338)	
Moti Bahar (Israee)								(170)	
Asher Efrati (Israel)								(105)	
Arigcom (Israel)		7						(74)	
Tera (Israel)			150						5
Frederico Abrahao (Brazil)				57	233				(32)
Others			20	14					
Total - Other related parties	**54**	**1,492**	**170**	**71**	**410**	**-**	**-**	**(4,322)**	**(37)**
Total	**991**	**1,745**	**175**	**71**	**410**	**377**	**1,675**	**(9,091)**	**(37)**
Total as per financial statement	**111,727**	**113,343**	**45,100**	**394,152**	**14,205**	**18,035**	**1,033,977**	**(875,653)**	**(23,337)**
% of financial statement total	**0.89%**	**1.54%**	**0.39%**	**0.02%**	**2.89%**	**2.09%**	**0.16%**	**1.04%**	**0.16%**

The trade receivables, revenue from sales and services and other income with related parties refer primarily to:

- the recovery of maintenance costs and condominium fees and the recharge of personnel costs to Amplifin S.p.A.;
- trade receivables payable by associates (mainly in Israel) which act as resellers and to which the Group supplies hearing aids.

The trade payables and operating costs refer primarily to:

- commercial transactions with Comfoor BV and Comfoor GmbH, joint ventures from which hearing protection devices are purchased and then distributed in Group stores;
- commercial transactions involving the purchase of hearing aids, other products and services in Turkey and Egypt with, respectively, Meders and Bardissi Import (both companies that belong to their minority shareholders). These companies distribute hearing aids in their respective countries and the purchase conditions applied, defined in the Group's framework agreement, are in line with market conditions;
- existing agreements with the parent company Amplifin S.p.A. for:
  - the lease of the property in Milan at Via Ripamonti No. 133, the registered office and corporate headquarters of Amplifon S.p.A. and ancillary services including routine property maintenance, cafeteria, office cleaning, porters and security;
  - the rental of retail store space;
- the recharge of personnel costs to the Israeli subsidiary by the minority shareholders Moti Bahar and Asher Efrati, as well as rents, administrative and commercial services by Ortophone (Israel).

The tax payables refer to the IRES (corporate income tax) payable by Amplifon S.p.A. to the parent company as a result of the tax consolidation agreement entered into for the three year period 2014-2016.

Financial transactions refer primarily to loans granted to Group companies in Turkey, Egypt and Brazil by their respective minority shareholders and a long-term receivable payable by an affiliate in Israel.

Other related parties

The total remuneration of Group Directors, Board of Auditors and Key Managers for the period amounted to €18,168 thousand and is made up as follows:

Directors and Board of Auditors and Key managers:

(€ thousands)

First Name and Surname	Office Held	Period in which the office has been held	Term of office ends upon	Fixed compens.	Committee attendante fees	Non equity variable compensation: Bonuses and other incentives	Non equity variable compensation: Profit sharing	Fringe benefit.	Tot.	FV equity compen.	Termination allowance	Tot.
Anna Maria Formiggini	Honorary Chairman	01/01/2015-31/12/2015	Approval 2015 financ. stat	190	-	-	-	-	190	-	-	190
Susan Carol Holland	Chairman	01/01/2015-31/12/2015	Approval 2015 financ. stat	215	-	-	-	5	220	-	-	220
Franco Moscetti	CEO	01/01/2015-22/10/2015	22/01/2015	150	-	-	-	-	150	1,449 (*****)	5,700	8,729
	Managing Director	01/01/2015-22/10/2015	22/01/2015	595	-	823	-	12	1430			
	Vice-Chairmen non Executive	22/10/2015-31/12/2015	Approval 2015 financ. stat	28	-	-	-	-	28		-	28
Enrico Vita	CEO	22/10/2015-31/12/2015	Approval 2015 financ. stat	123	-	-	-	-	123	347	-	1,352
	Managing Director (*)	Permanent		454	-	401	-	27	882		-	
Giampio Bracchi	Indep. Director	01/01/2015-31/12/2015	Approval 2015 financ. stat	55	50	-	-	-	105	-	-	105
Maurizio Costa	Indep. Director	01/01/2015-31/12/2015	Approval 2015 financ. stat	55	40	-	-	-	95	-	-	95
Anna Puccio	Indep. Director	29/01/2015-31/12/2015	Approval 2015 financ. stat	54	15		-	-	69	-	-	69
Andrea Guerra	Indep. Director	01/01/2015-31/12/2015	Approval 2015 financ. stat	55	15	-	-	-	70	-	-	70
Giovanni Tamburi	Indep. Director	01/01/2015-31/12/2015	Approval 2015 financ. stat	55	-		-	-	55	-	-	55
Giuseppe Levi	Chairman of the Board of Auditors	01/01/2015-21/04/2015	Approval 2014 financ. stat	-	-	-	-	-	-	-	-	-
Raffaella Pagani	Chairman of the Board of Auditors	21/04/2015-31/12/2015	Approval 2017 financ. stat	45	-	-	-	-	45	-	-	45
Emilio Fano	Standing Auditor	01/01/2015-31/12/2015	Approval 2017 financ. stat	30	-	-	-	-	30	-	-	30
Maria Stella Brena	Indep. Director	01/01/2015-31/12/2015	Approval 2017 financ. stat	30	-	-	-	-	30	-	-	30
Total				**2,133**	**120**	**1,224**	**-**	**44**	**3,522**	**1,796**	**5,700**	**11,018**
Other key managers **A. Baroli** **E. Bortesi (**)** **G. Caruso** **A. Facchini** **M. Gerli** **U. Giorcelli** **P. Mirabelle (***)** **J. Pappalardo** **G. Pizzini (****)** **H. Ruch**			Permanent	2,529	-	1,789	-	394	4,712	1,886	552	7,150
Total other key managers				**2,529**	**-**	**1,789**	**-**	**394**	**4,712**	**1,886**	**552**	**7,150**
Grand total				**4,663**	**120**	**3,013**	**-**	**438**	**8,234**	**3,682**	**6,252**	**18,168**

(*) Appointed Managing Director on 22 October 2015 (formerly Chief Operating Officer and Executive Vice President EMEA)
(**) Employment ended on 31 December 2015.
(***) Employment ended on 31 January 2015.
(****) Employment started on 29 September 2015.
(*****) Includes €1,092 thousand related to the anticipated vesting of 600,000 performance stock grant.

Below are detailed stock options and stock grant awarded to the Board of Directors, General Managers and Key Managers.

Stock option

(€ thousands)

First Name and Surname	Office held	Plan (when approved)	Options held at the beginning of the period			Options granted in the period	Options exercised during the period			Options held at the end of the period.	FV options in FY 2015 (€ '000)
			No. Of options	Exercise price	Exercise period	No. of options	No. of options	Exercise price	Market price at the exercise date		
Franco Moscetti	CEO and Managing Director	Plan 30 September 2005	200,000	5.713	(1/3) 30/09/2006 - 30/09/2015 (1/3) 30/09/2007 - 30/09/2015 (1/3) 30/09/2008 - 30/09/2015	-	200,000	5.713	7.015 (*)	-	-
Total			**200,000**			**-**	**200,000**	**-**	**-**	**-**	**-**
Other key managers (Key managers): A. Baroli E. Bortesi (**) G. Caruso A. Facchini M. Gerli U. Giorcelli P. Mirabelle (***) J. Pappalardo G. Pizzini (****) H. Ruch		Plan 30 September 2005	125,000	5.697	(1/3) 30/09/2006 - 30/09/2016 (1/3) 30/09/2007 - 30/09/2017 (1/3) 30/09/2008 - 30/09/2018	-				125,000	
		Plan 30 September 2005	130,000	5.713	(1/3) 30/09/2006 - 30/09/2015 (1/3) 30/09/2007 - 30/09/2015 (1/3) 30/09/2008 - 30/09/2015	-	130,000	5.713	7.009 (*)	-	-
		Plan 16 December 2010	227,438	3.746	(1/2) 17/12/2012 - 17/12/2017 (1/2) 17/12/2013 - 17/12/2018	-	-	-	-	227,438	-
Total			**482,438**				**130,000**			**352,438**	**-**
Grand total			**682,438**			**-**	**330,000**	**-**		**352,438**	**-**

(*) Weighted average of the market price of the underlying shares at the exercise date.
(**) Employment ended on 31 December 2015.
(***) Employment ended on 31 January 2015.
(****) Employment started on 29 September 2015.

Stock grant

(€ thousands)			Financial instruments granted during the FY not vested during the period		Financial instruments granted in the period				
Name and surname	**Office held**	**Plan (and approval date)**	**Num. of financial instruments**	**Vesting period**	**Num. of financial instruments**	**FV at grant date**	**Vesting period**	**Grant date**	**Market price on grant date**
Franco Moscetti	CEO and Managing director	Performance Stock Grant 15 March 2012							
		Performance Stock Grant 28 April 2014							
Enrico Vita	CEO and Managing director	Performance Stock Grant 28 April 2014	100,000	30/06/2017					
		Performance Stock Grant 29 April 2015			120,000	6.13	30/06/2018	29/04/15	6.88
Total			**700,000**		**120,000**				
Other Key managers: **A. Baroli** **E. Bortesi** (***) **G. Caruso** **A. Facchini** **M. Gerli** **U. Giorcelli** **P. Mirabelle** (****) **J. Pappalardo** **G. Pizzini** (*****) **H.Ruch**		Performance Stock Grant 15 Jan 2011							
		Performance Stock Grant 15 March 2012	335,000	30/06/2016					
		Performance Stock Grant 2 May 2013	340,000	30/06/2017					
		Performance Stock Grant 28 April 2014	535,000	30/06/2017					
		Performance Stock Grant 29 April 2015			420,000	6.13	30/06/2018	29/04/15	6.88
		Performance Stock Grant 22 October 2015			30,000	6.57	30/06/2018	22/10/15	7.19
Total other Key managers			**1,210,000**		**450,000**				
Total			**1,310,000**		**570,000**				

(*) Weighted average of the market price of the underlying shares at the exercise date.
(**) The rights vested in advance due to the end of employment relationship.
(***) Employment ended on 31 December 2015.
(****) Employment ended on 31 January 2015.
(*****) Employment started on 29 September 2015.

	Financial instruments vested in the period		Financial instruments exercised in the period			
Financial instruments cancelled or expired during the period	Vested financial instruments not exercised	Vested financial instruments exercised	Num. of financial instruments	Market price on exercise date	Financial instruments at the end of the period	Fair value FY 2015 (Euro/000)
		300,000 (**)	300,000	7.037 (*)	-	478
		300,000 (**)	300,000	7.027 (*)	-	971
					100,000	194
					120,000	153
-		**600,000**	**600,000**		**220,000**	**1,796**
		180,000	180,000	7.697 (*)	-	-
					335,000	366
52,500					287,500	246
140,000					395,000	767
30,000					390,000	497
					30,000	10
222,500		**180,000**	**180,000**		**1,437,500**	**1,886**
222,500		**780,000**	**780,000**		**1,657,500**	**3,682**

35. Guarantees provided, commitments and contingent liabilities

Guarantees provided to third parties
At 31 December 2015 the item included the following:

(€ thousands)	31/12/2015	31/12/2014
Guarantees provided to third parties	116,157	155,377
Total	**116,157**	**155,377**

With regard to the guarantees relating to financial liabilities recognized in the financial statements, only the amount of the guarantee in excess of the liability recognized in the financial statements is shown, in addition to the interest not yet paid (where present).

The guarantees provided include:
- the guarantee issued to the subscribers of the 2013-2025 private placements issued by Amplifon USA of €44,823 thousand;
- the guarantee issued by Amplifon USA and National Hearing Centres Pty to the investitors of the Eurobond 2013-2018 issued by Amplifon S.p.A in 2013, amounting to €34,048 thousand;
- pledges made to third parties relative to tenders and rental security deposits amounting to €3,629 thousand;
- surety bonds issued by Amplifon S.p.A. to the Revenue Office for VAT credits amounting to €25,728 thousand;
- miscellaneous guarantees, totaling €7,928 thousand, which include comfort letters issued on behalf of subsidiaries to third parties.

Obligations
Obligations with regard to future rent instalments amounted at the 31 December 2015 to €223,454 thousand, of which €196,710 thousand relates to the lease of stores, €12,973 thousands relates to the rent of offices, € 9,988 thousands relates to the operating leasing of cars and € 3,783 thousands relates to other operating leasing. The average lease term is equal to 4.4 years.

Contingent liabilities- uncertainties
With regard to the investigation, mentioned in the 2014 Annual Report, begun by the Financial Administration of a series of Italian banks in reference to medium/long term loans granted by the latter abroad in order to verify if the loans were subject to substitute tax, ordinary duties, stamps, liens, surveys and government subsidies, including the syndicated loan of €303.8 million and AUD 70 million granted to the Amplifon Group in December 2010 by a pool of 15 Italian and foreign banks to finance the acquisition of the Australian group NHC, in 2015, in addition to what had already taken place in 2014, other Provincial branches of the Financial Administration submitted motions for self-assessment, canceling previously issued notices due to dismissal of the claims, including the Provincial branch in Milan with regard, specifically, to the Amplifon loan. The first dismissals were issued and the first refunds of the amounts paid to the Financial Administration at the beginning of the dispute were received.
In light of the above Amplifon, its consultants and the banks involved believe, though the uncertainty typical of any dispute remains, the other motions will likely be granted and that the banks will be able to begin the procedures needed to request restitution of any advance payments made.

In Spain, the owner of three stores leased to Amplifon and regularly returned in 2014 when the lease expired, filed suit against Amplifon complaining about the state of the property when it was returned and other alleged breaches. Amplifon believes that the court will find in its favor. In any case, any damage award would not exceed a few thousand Euros.

Currently the Group is not subject to any other particular risks or uncertainties.

36. Transactions arising from untypical/unusual operations

Pursuant to Consob Communication of 28 July 2006, it should be noted that during 2015 the Group carried out no atypical and/or unusual transactions, as defined by the Communication.

37. Translation of foreign companies' financial statements

The exchange rates used to translate non-Euro zone companies' financial statements are as follows:

	31/12/2015		31/12/2014	
	Average exchange rate	Year-end exchange rate	Average exchange rate	Year-end exchange rate
Australian dollar	1.478	1.490	1.472	1.483
Canadian dollar	1.419	1.512	1.466	1.406
New Zealand dollar	1.593	1.592	1.600	1.552
US dollar	1.110	1.089	1.328	1.214
Hungarian florin	309.996	315.980	308.706	315.54
Swiss franc	1.068	1.084	1.215	1.202
Egyptian lira	8.552	8.520	9.416	8.685
Turkish lira	3.025	3.177	2.906	2.832
New Israeli Sheqel	4.312	4.248	4.722	4.720
Brazilian Real	3.700	4.312	3.086	3.221
Indian rupee	71.196	72.022	81.041	76.719
British pound	0.726	0.734	0.806	0.779
Polish Zloty	4.184	4.264	4.184	4.273

38. Subsequent events

The main events that took place after the end of the year are described below:

On 11 February 2016 the Articles of Incorporation were updated following the partial subscription of a capital increase servicing stock option plans which resulted in the issue of 17,000 ordinary shares of Amplifon S.p.A. with a par value of €0.02 each. The share capital, entirely subscribed and paid-in, amounted to €4,510,294 at 1 March 2016.

Implementation of the buyback program approved during the Shareholders' Meeting held on 21 April 2015 continued in 2016 and a total of 228,000 shares were purchased between year-end 2015 and the date of this report at an average price of € 7.554. Exercise of the performance stock grants assigned in 2011 continued as a result of which, as at 2 March 2016, the Company transferred a total of 65,167 treasury shares to the beneficiaries. The treasury shares held at the date of this report, therefore, now total 6,426,583 or 2.85% of the Company's share capital.

In the first few months of 2016 the Group continued to grow externally and made a series of minor acquisitions: 14 points of sale were purchased in Germany, France and Spain.

Milan, 2 March 2016

On behalf of the Board of Directors
CEO
Enrico Vita

Annexes

Consolidation Area

As required by § 38 and 39 of Law 127/91 and § 126 of Consob's resolution 11971 dated 14 May 1999, as amended by resolution 12475 dated 6 April 2000, the following is the list of companies included in the consolidation area of Amplifon S.p.A. at 31 December 2015.

Parent company:

Company name	Head office	Currency	Share Capital
Amplifon S.p.A.	Milan (Italy)	EUR	4,509,954

Subsidiaries consolidated using the line-by-line method:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held at 31/12/2015
Amplifon Groupe France SA	Arcueil (France)	D	EUR	48,550,898	100.0%
SCI Eliot Leslie	Lyon (France)	I	EUR	610	100.0%
Audition Carlier SAS	Saint-Nazaire (France)	I	EUR	1,000	100.0%
Chablais Audition SARL	Publier (France)	I	EUR	4,000	100.0%
LCA Aubagne SAS	Aubagne (France)	I	EUR	1,000	100.0%
Marie Françoise Payrard SARL	Annonay (France)	I	EUR	37,000	100.0%
Atout Audition SARL	Saint-Geneviève des Bois (France)	I	EUR	5,000	100.0%
Amplifon Iberica SA	Barcelona (Spain)	D	EUR	26,578,809	100.0%
Fundación Amplifon Iberica	Madrid (Spain)	I	EUR	30,000	100.0%
Amplifon Portugal SA	Lisboa (Portugal)	I	EUR	720,187	100.0%
Amplifon Magyarország Kft	Budapest (Hungary)	D	HUF	3,500,000	100.0%
Amplibus Magyarország Kft	Budaörs (Hungary)	I	HUF	3,000,000	100.0%
Amplifon AG	Baar (Switzerland)	D	CHF	1,000,000	100.0%
Amplium AG (in liquidation)	Zug (Switzerland)	I	CHF	100,000	100.0%
Hearing Supplies SA	Lugano (Switzerland)	I	CHF	100,000	100.0%
Amplifon Nederland BV	Doesburg (The Netherlands)	D	EUR	74,212,052	100.0%
Auditech BV	Doesburg (The Netherlands)	I	EUR	22,500	100.0%
Electro Medical Instruments BV	Doesburg (The Netherlands)	I	EUR	16,650	100.0%
Beter Horen BV	Doesburg (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Customer Care Service BV	Elst (The Netherlands)	I	EUR	18,000	100.0%
Amplifon Belgium NV	Bruxelles (Belgium)	D	EUR	495,800	100.0%
Audition Spa SPRL	Spa (Belgium)	I	EUR	12,400	100.0%
Amplifon Luxemburg Sarl	Luxemburg (Luxemburg)	I	EUR	50,000	100.0%
Amplifon Deutschland GmbH	Hamburg (Germany)	D	EUR	6,026,000	100.0%
Amplifon München GmbH	München (Germany)	I	EUR	1,245,000	100.0%
Amplifon Bayern GmbH	München (Germany)	I	EUR	30,000	100.0%
Sanomed GmbH	Hamburg (Germany)	I	EUR	25,000	100.0%
Amplifon Poland Sp.z o.o.	Lodz (Poland)	D	PLN	3,340,760	100.0%
Amplifon UK Ltd	Manchester (UK)	D	GBP	69,100,000	100.0%
Amplifon Ltd	Manchester (UK)	I	GBP	1,800,000	100.0%
Ultra Finance Ltd	Manchester (UK)	I	GBP	75	100.0%
Amplifon Ireland Ltd	Wexford (Ireland)	I	EUR	1,000	100.0%
Amplifon Cell	Ta' Xbiex (Malta)	D	EUR	1,000,125	100.0%

Makstone İşitme Ürünleri Perakende Satış A.Ş.	Istanbul (Turkey)	D	TRY	300,000	51.0%
Medtechnica Ortophone Ltd (*)	Tel Aviv (Israel)	D	ILS	1,000	60.0%
Bon Ton Hearing & Speech Ltd	Sderot (Israel)	I	ILS	100	60.0%
Matan Rishon Ltd (*)	Rishon LeZion (Israel)	I	ILS	200	40.2%
Amplifon Middle East SAE	Cairo (Egypt)	D	EGP	3,000,000	51.0%
Miracle Ear Inc.	St. Paul – MN (USA)	I	USD	5	100.0%
Elite Hearing, LLC	Minneapolis – MN (USA)	I	USD	1,000	100.0%
Miracle Ear Canada Ltd.	Vancouver (Canada)	I	CAD	200	100.0%
101028922 Saskatchewan Ltd (in liquidation)	Regina (Canada)	I	CAD	0	100.0%
Amplifon USA Inc.	Dover – DE (USA)	D	USD	52,500,010	100.0%
Amplifon Hearing Health Care, Inc.	St. Paul – MN (USA)	I	USD	10	100.0%
Ampifon IPA, LLC	New York – NY (USA)	I	USD	1,000	100.0%
Amplifon South America Holding LTDA	São Paulo (Brazil)	D	BRL	3,636,348	100.0%
Direito de Ouvir Amplifon Brasil SA	Franca (Brazil)	I	BRL	4,126,463	51.0%
Amplifon Australia Holding Pty Ltd	Sydney (Australia)	D	AUD	392,000,000	100.0%
ACN 119430018 Pty Ltd (in liquidation)	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Pty Ltd	Sydney (Australia)	I	AUD	100	100.0%
National Hearing Centres Unit Trust	Sydney (Australia)	I	AUD	0	100.0%
Amplifon NZ Ltd	Takapuna (New Zealand)	I	NZD	130,411,317	100.0%
Bay Audiology Ltd	Takapuna (New Zealand)	I	NZD	10,000	100.0%
Dilworth Hearing Ltd	Takapuna (New Zealand)	I	NZD	232,400	100.0%
Dilworth Hearing Takapuna Ltd	Takapuna (New Zealand)	I	NZD	28,000	100.0%
Dilworth Hearing Hamilton Ltd	Takapuna (New Zealand)	I	NZD	100,000	100.0%
Amplifon India Pvt Ltd	New Delhi (India)	I	INR	600,000,000	100.0%
NHanCe Hearing Care LLP (in liquidation) (***)	New Delhi (India)	I	INR	1,000,000	0.0%

(*) Medtechnica Ortophone Ltd and its subsidiaries despite being owned by Amplifon at 60%, is consolidated 100% without exposure of non-controlling interest due to the put-call option to be exercised in 2017 and related to the purchase of the remaining 40%.
(**) MMatan Rishon Ltd is owned at 67% by Medtechnica Ortophone Ltd, that is owned at 60% by Amplifon S.p.A, but as described above, are consolidated at 100% without exposure of non-controlling interest due to the put- call option to be exercised in 2017 and the purchase of the remaining 40%. For this reason, the interests of third parties are considered to be equal to 33%.
(***) Consolidated company because the Amplifon Group has de facto control.

Companies valued using the equity method:

Company name	Head office	Direct/Indirect ownership	Currency	Share Capital	% held at 31/12/2015
Audiogram Audifonos SL	Palma de Mallorca (Spain)	I	EUR	3,006	49.0%
Comfoor BV	Doesburg (The Netherlands)	I	EUR	18,000	50.0%
Comfoor GmbH	Emmerich am Rhein (Germany)	I	EUR	25,000	50.0%
Medtechnica Ortophone Shaked Ltd	Tel Aviv (Israel)	I	ILS	1,001	30.0%
Ruti Levinson Institute Ltd	Ramat HaSharon (Israel)	I	ILS	105	12.0%
Kolan Ashdod Speech & Hearing Inst. Ltd	Ashdod (Israel)	I	ILS	100	22.2%
Afik - Test Diagnosis & Hearing Aids Ltd	Jerusalem (Israel)	I	ILS	100	12.0%
Lakeside Specialist Centre Ltd	Mairangi Bay (New Zealand)	I	NZD	0	50.0%

Annex II

Information pursuant to § 149-duodecies of Consob Issuers' Regulations

The following table, prepared pursuant to §149-duodecies Consob Issuers' Regulations, shows the fees for both audit and non-audit services provided by the auditing company and entities that are part of its network in relation to the 2015 financial year.

	Subject that provided the service	Recipient	2015 fees (€)
Independent auditing services and certification services	PricewaterhouseCoopers	Parent company - Amplifon S.p.A.	276,333 (*)
	PricewaterhouseCoopers	Subsidiaries	1,064,046
	Other	Subsidiaries	29,317
Services other than auditing (**)	PricewaterhouseCoopers	Parent company - Amplifon S.p.A. and its subsidiaries	364,291
	Other	Other subsidiaries	12,125
Totale			**1,746,112**

(*) Includes certification services (Tax declaration and VAT returns) and additional audit procedures with respect to the migration of the accounting system.

(**) Other services mainly include tax assistance services provided to American, Israeli and Indian subsidiaries and legal advice regarding privacy and the development of a platform for the support of digital marketing.

Declaration in respect of the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree 58/98

We, the undersigned, Enrico Vita, Managing Director and Ugo Giorcelli, Executive Responsible for Corporate Accounting Information for Amplifon S.p.A., taking into account the provisions of § 154-bis, paragraphs 3 and 4 of Law 58/98, certify:

- the adequacy, by reference to the characteristics of the business and
- the effective application

of the administrative and accounting procedures for the preparation of the consolidated financial statements during the course of 2015.

We also certify that the consolidated financial statements at 31 December 2015:

- correspond to the underlying accounting entries and records;
- have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union as well as the provisions issued to implement § 9 of Law 38/2005, and give a true and fair view of the financial position, result of operations and cash flow of the issuer and of all of the companies included in the consolidation.

The report on operations includes a reliable operating and financial review of the Company and all of the companies included in the consolidation as well as a description of the main risks and uncertainties to which they are exposed.

2 March 2016

CEO
Enrico Vita

Executive Responsible for Corporate Accounting Information
Ugo Giorcelli

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

To the shareholders of
Amplifon SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Amplifon Group, which comprise the statement of financial position as of 31 December 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, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of Amplifon SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Auditors' responsibility

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

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

PricewaterhouseCoopers SpA

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Amplifon Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Report on compliance with other laws and regulations

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

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

Milano, 4 March 2016

PricewaterhouseCoopers SpA

Signed by

Ettore Corno
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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