GRUPPO CAMPARI

DAVIDE CAMPARI-MILANO S.p.A.
ANNUAL REPORT
AT 31 DECEMBER 2015

BUILDING LIFESTYLE BRANDS AND PEOPLE WITH PASSION

CONTENTS

Highlights

	2015	2014	change total	change at constant exchange rates
	€ million	€ million	%	%
Net sales	**1,656.8**	**1,560.0**	**6.2%**	**2.1%**
Contribution margin	630.8	570.9	10.5%	5.5%
EBITDA before non-recurring items	380.1	337.5	12.6%	6.1%
EBITDA	**357.1**	**294.4**	**21.3%**	**14.6%**
Result from recurring activities	332.7	298.2	11.6%	5.2%
Operating result	**309.8**	**255.0**	**21.5%**	**14.7%**
Operating margin (operating result/net sales)	**18.7%**	**16.3%**		
Profit before tax	249.4	194.2	28.4%	
Group net profit	**175.4**	**128.9**	**36.1%**	
Diluted earnings per share (€)	0.30	0.22		
Average number of employees	4,196	4,229		
	31 December 2015	31 December 2014 (*)		
	€ million	€ million		
Free cash flow	200.0	177.9		
Acquisitions and sales of companies or business divisions	(22.9)	236.1		
Net debt	825.8	978.5		
Shareholders' equity - Group and non-controlling interests	1,745.8	1,579.9		
Fixed assets	2,393.6	2,326.2		
Working capital and other assets and liabilities	178.1	232.2		
ROI % (operating result/fixed assets)	**12.9%**	**10.9%**		

(*) The figures at 31 December 2014 were adjusted from those shown in the 2014 annual report, due to the changes described in Note 7 - 'Reclassifications of book values at 30 June 2014 and 31 December 2014'.

Information on the figures presented

For ease of reference, all figures in this annual report, in both the report on operations and the consolidated financial statements, are expressed in millions of Euro to one decimal place, whereas the original data is recorded and consolidated by the Group in thousands of Euro. Similarly, all percentages that relate to changes between two periods, rather than figures shown as a percentage of sales or other indicators, are always calculated on the basis of the original data in thousands of Euro. The use of values expressed in millions of Euro may therefore result in apparent discrepancies in both absolute values and percentage changes.

For information on the definition of alternative performance indicators, see the next section of this report on operations.

Corporate officers

Board of Directors [(1)]

Luca Garavoglia	Chairman
Robert Kunze-Concewitz	Managing Director and Chief Executive Officer
Paolo Marchesini	Managing Director and Chief Financial Officer
Stefano Saccardi	Managing Director and General Counsel and Business Development Officer
Eugenio Barcellona	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee [(4)(5)]
Camilla Cionini-Visani	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[(4)(5)(6)]
Karen Guerra	Director [(6)]
Thomas Ingelfinger	Director and member of the Control and Risks Committee and the Remuneration and Appointments Committee[(4)(5)(6)]
Marco P. Perelli-Cippo	Director

Board of Statutory Auditors[(2)]

Pellegrino Libroia	Chairman
Enrico Colombo	Statutory Auditor
Chiara Lazzarini	Statutory Auditor
Giovanni Bandera	Alternate Auditor
Graziano Gallo	Alternate Auditor
Piera Tula	Alternate Auditor

Independent auditors[(3)]

PricewaterhouseCoopers S.p.A.

[(1)] The nine members of the Board of Directors were appointed on 30 April 2013 by the shareholders' meeting and will remain in office for the three-year period 2013-2015. At the same shareholders' meeting, Luca Garavoglia was appointed Chairman and granted powers in accordance with the law and the Company's articles of association.

At a meeting held on the same date, the Board of Directors gave Managing Directors Robert Kunze-Concewitz, Paolo Marchesini and Stefano Saccardi the following powers for three years, until approval of the 2015 financial statements:

- individual signature: powers of ordinary representation and management, within the value or time limits established for each type of function;
- joint signature: powers of representation and management for specific types of function, within the value or time limits deemed to fall outside ordinary activities.

[(2)] The Board of Statutory Auditors was appointed on 30 April 2013 by the shareholders' meeting for the three-year period 2013-2015.

[(3)] On 30 April 2010, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. as its independent auditors for the nine-year period 2010-2018.

[(4)(5)] The Control and Risks Committee and the Remuneration and Appointments Committee were appointed by the Board of Directors on 30 April 2013 for the three-year period 2013-2015.

[(6)] Independent director.

Report on operations

Significant events during the period

Acquisitions and sales of companies, brands and distribution rights

The transactions listed below confirm the Group's increased focus on the strategically important and high-margin spirits portfolio, through the sale of non-core businesses.

Sale of non-core businesses in Jamaica

- On 31 March 2015, the Group closed the sale of the Jamaican division of Federated Pharmaceutical to Kirk Distributors Limited. The price of the transaction was € 13.0 million, which includes a total price of USD 14.4 million agreed at closing (€ 13.4 million at the exchange rate on the closing date) and post-closing contractual price adjustments of USD 0.4 million (€ 0.4 million). The sale of the business, whose assets had already been classified as 'available for sale' on 31 December 2014, generated a capital gain of € 5.0 million, which was classified as non-recurring income.
- On 10 July 2015, the Group closed the sale of the Agri-Chemicals division of J. Wray & Nephew Limited in Jamaica to Caribbean Chemicals and Agencies Limited. The price of the transaction was USD 8.2 million, unchanged with respect to the price set at the signing (USD 8.2 million, or € 7.3 million at the exchange rate on the closing date). The sale of the business, whose net assets had already been classified as 'available for sale' on 31 December 2014, had no significant financial impact on the Group's year-end financial results at 31 December 2015.
- During the period, the investment of 33.33% in Jamaica Joint Venture Investment Co. Ltd. was sold for USD 0.9 million.
- During the period, the Group completed its exit from the non-core activity of general merchandise distribution in Jamaica.

Sale of non-core businesses in Italy

- On 30 January 2015, the Group closed the sale of non-core business Limoncetta di Sorrento to Lucano 1894 S.r.l. The sale included the brand as well as 100% of Alimenta S.r.l., which were both acquired as part of Gruppo Averna; the latter owns the factory that produces the lemon concentrate. Payment for the transaction was € 7.0 million on a cash and debt-free basis. The transaction had no impact on the Group's year-end financial results at 31 December 2015. In accordance with the sale agreement, Gruppo Campari continued to manage the Limoncetta di Sorrento bottling activities on behalf of Lucano 1894 S.r.l. at its factory in Finale Emilia until December 2015.
- On 30 June 2015, the Group closed on the sale of 100% of the share capital of Enrico Serafino S.r.l. to Krause Holdings, Inc. Payment for the transaction was € 6.1 million on a cash and debt-free basis. The transaction had no significant impact on the Group's year-end financial results at 31 December 2015. The sale included the Enrico Serafino brand, vineyards, winemaking and production equipment, as well as the storeroom and real estate. Gruppo Campari and Krause Holdings entered into an exclusive distribution agreement on the closing date. Under this agreement, Gruppo Campari will continue to distribute the Enrico Serafino wines portfolio through the infrastructure of the Group dedicated to managing the winemaking business in the Italian and export markets.
- On 29 December 2015, the Group announced that it had signed an agreement to sell the non-strategic business belonging to Casoni Fabbricazione Liquori S.p.A., an Italian company, wholly owned by Fratelli Averna S.p.A,. that produces private-label alcoholic beverages and carries out bottling activities on behalf of third parties. The company became part of the Group in 2014, through the acquisition of Gruppo Averna. With this sale, the Group has continued its streamlining of non-core, low-margin activities in line with the strategy announced at the time of the acquisition. The total cost of the transaction is € 5.3 million and includes a negative net financial position of around € 2.3 million. The closing of this transaction is expected to take place by 31 March 2016.

Purchase of non-controlling interest in Kaloyiannis – Koutsikos Distilleries S.A.

On 1 December 2015, the Group acquired the remaining interests (25%) in the subsidiary Kaloyiannis–Koutsikos Distilleries S.A., the company that owns the Ouzo brand and a production establishment in Greece. The transaction was carried out through the purchase of the Dutch holding company O-Dodeca N.V., which owns the participation in question. The cost of the transaction was € 10.2 million and includes a positive net financial position of € 0.3 million. Under the agreement, the existing distribution agreement in Greece with Amvyx S.A. was terminated and the brands distributed by the Group were assigned to other distributors.

Innovation and new product launches

SKYY

During 2015, the new SKYY Infusions flavors Pacific Blueberry, Texas Grapefruit and Coastal Cranberry were launched in the US, along with SKYY Barcraft, a new line of 60-proof vodkas inspired by a selection of classic cocktails and available in Fresh Watermelon, White Sangria and Margarita Lime flavors. In Australia, the new ready-to-drink line Fused by SKYY was launched in Cucumber & Mint, Soda & Squeezed Lime, Home-style Lemonade & Splash of Bitters flavors.

Jamaican rums

In April 2015, Appleton Estate launched a new range of premium rums, with new new packaging and names inspired by the various product flavors. The Appleton Estate V/X, Appleton Estate Reserve and Appleton Estate Extra 12 Year Old rums were renamed Appleton Estate Signature Blend, Appleton Estate Reserve Blend and Appleton Estate Rare Blend 12 Year Old respectively. The US, Canada and Australia were the first markets to be involved in this initiative, with other markets to follow.

In the same month, in the Italian market, and successively in the US, the new J. Wray Gold and Silver Jamaica products were launched as replacements for the Appleton Special and White range, with the aim of focusing the Appleton Estate brand exclusively on the premium segment.

Bourbon Whiskey

In July 2015, Wild Turkey Master's Keep, a 17-year-old limited edition of Wild Turkey bourbon, was launched in the US and Australian markets. In August 2015, the Group began redesigning the packaging of Wild Turkey products, for the Australian, South African and US markets, starting with some of the main varieties, Wild Turkey Kentucky Straight Bourbon Whiskey and 86.8 Proof. Also launched in August 2015, Russell's Reserve Single Barrel Rye, a premium 104-proof rye whisky, was introduced in the US market to meet the growing demand for rye whiskey. Lastly, in October 2015 Russell's Reserve 1998, an ultra-premium bourbon, and Buckshot Peppered Maple Bourbon Whiskey, a new bourbon whiskey spiced with pepper and maple, were launched in response to the current global trend of appreciation for spicy whiskies.

Other brands

- In April 2015, Ouzo 12 Hierbos, a liqueur containing 12 types of herbs, was launched in the German market with the aim of expanding the Group's portfolio of aromatic liqueurs. Ouzo 12, an anise seed based Greek liqueur, is one of the most widely appreciated and consumed liqueurs in the world.
- In April 2015, two new variations of Cinzano 1757 were launched in Italy, one white vermouth and one dry, positioned as craft vermouths in the premium segment, with the aim of capitalizing on the renewed interest of mixologists in vermouth-based cocktails. Initially launched as a red vermouth, Cinzano 1757 is a premium vermouth, whose name refers to the year the brand was created in order to lever on the historical legacy of the brand.
- In October 2015, Cynar 70 Proof, a new liqueur enriched with dried fruit and caramel flavors, which uses the same base of herbs as Cynar and contains a higher alcohol content, was launched in the US.
- In October 2015, Negroni RTE (ready-to-enjoy) was launched in the US. It offers even the most demanding cocktail lovers the opportunity to enjoy an already perfectly mixed Negroni, even at home.
- In 2015, the new packaging was unveiled for GlenGrant's The Major's Reserve.

Other significant events

Introduction of shares with increased voting rights (loyalty shares)

On 28 January 2015, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved the resolution proposing changes to the articles of association, in order to introduce loyalty shares. The intention behind the introduction of loyalty shares was the retention and stabilization of the shareholder structure, in light of the changes introduced by Article 20 of Legislative Decree 91 of 24 June 2014. For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulations for the special list of entitlement to double voting rights, as well as the list of major shareholders included in the special register for entitlement to increased voting rights (loyalty shares), available on the Company's website (www.camparigroup.com/it/governance/loyalty-shares).

Revolving credit facility

On 27 February 2015, the Parent Company took advantage of favorable conditions in the financial markets and agreed to a five-year, € 450 million committed revolving credit facility with a pool of six leading banks. The Company may draw down on the credit line as required in order to fulfil any financial obligation that may arise. As of 31 December 2015, the committed revolving credit facility had not been used.

Bond issue

On 25 September 2015, the Parent Company successfully issued an unrated five-year bond for institutional investors only. The bond, which has a nominal value of € 600 million, matures on 30 September 2020. The issue price was equal to 99.715% of the nominal value. Coupons are payable annually at a fixed rate of 2.75%.

This was the Group's third issue on the Eurobond market, which follows the issue in 2009 of a seven-year unrated bond with a maturity date in 2016, a nominal value of € 350 million and an annual coupon payable at a fixed rate of 5.375%. It also follows the issue, in 2012, of a seven-year unrated bond with a maturity date in 2019, a nominal value of € 400 million and an annual coupon payable at a fixed rate of 4.5%.

Group operating and financial results

Sales performance

Preliminary remarks

On 1 January 2015, the Group changed its segment reporting, in accordance with the IFRS 8 guidelines. The changes were explained in the previous interim reports on 31 March 2015 and 30 June 2015. Please see those reports for more detail.

Overall performance

In 2015, the Group's net sales totaled € 1,656.8 million, an overall 6.2% increase on the previous year. The performance of the individual business segments, broken down into the organic, perimeter and exchange rate components, is shown below.

	2015		2014		total change		organic change		perimeter effect		exchange rate effect	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Americas	701,6	42,3%	613,9	39,4%	87,7	14,3%	43,1	7,0%	-23,1	-3,8%	67,7	11,0%
Southern Europe, Middle East and Africa	525,3	31,7%	505,3	32,4%	20,0	4,0%	9,7	1,9%	9,0	1,8%	1,3	0,3%
Northern, central and eastern Europe	313,9	18,9%	332,5	21,3%	-18,6	-5,6%	-12,2	-3,7%	-0,8	-0,2%	-5,6	-1,7%
Asia-Pacific	116,0	7,0%	108,2	6,9%	7,8	7,2%	6,9	6,4%	0,0	0,0%	1,0	0,9%
Total	**1.656,8**	**100,0%**	**1.560,0**	**100,0%**	**96,8**	**6,2%**	**47,4**	**3,0%**	**-15,0**	**-1,0%**	**64,4**	**4,1%**

Organic change

Organic growth in 2015 was 3.0%, an increase on the figure recorded in the first nine months of the year, when it was 2.5%. The result included growth of 4.2% in the fourth quarter.

With regard to the portfolio of **global priority brands** (Campari, Aperol, SKYY Vodka, Wild Turkey and Jamaican rums), the acceleration in organic growth seen in the first three quarters continued into the last quarter of the year, which closed with an excellent performance (+10.8%). The segment therefore closed the year with growth of +8.2%, an increase of (+7.1%) on the first nine months. Furthermore, all of the brands recorded growth in both the fourth quarter as well as the full year. Aperol and the Jamaican rum portfolio closed not only the fourth quarter, but also the full year with double-digit growth. Campari confirmed its solidity with growth throughout the whole period. Even Wild Turkey and SKYY, which lowed temporarily in the third quarter, closed both the fourth quarter and the full year with growth. Moreover, overall growth in the global priority brands in 2015 (+8.2%) accelerated considerably compared with 2014 (+4.6%); this was in line with the Group's strategic objective to pursue a gradual improvement in the sales mix, driven by the growth of brands with higher profit margins.

Regional priority brands, however, experienced a decrease of 7.9% over the full year (-8.6% in the fourth quarter), due entirely to the negative performance of Cinzano and Mondoro, already evidenced in the first nine months. The main reason for this was the persistent weakness of the Russian market. Excluding the negative effects recorded in Russia, the regional priority brands would have reported organic growth of 3.6%. Positive factors in this category included full-year and fourth-quarter growth in Frangelico and Carolans and, in particular, Espolòn, which continues to post double-digit growth.

Local priority brands reported a performance of +2.4% in the 12 months, due to growth in all of the main brands in this segment. Specifically, Crodino and Campari Soda achieved completely satisfactory results, in light of the challenging basis of comparison with respect to the previous year. The Brazilian brands closed the year with growth despite the considerably weakened economic environment.

Trends by individual geographical regions are shown below.

- The **Americas** closed the year with excellent organic growth of +7.0%, resulting from the fourth-quarter growth of +11.0%, driven mainly by Brazil, which saw an acceleration in sales ahead of the rise in excise duties, as well as Argentina and Canada, which continued their positive performance from the first nine months of the year (+5.3%). In particular, Global and regional priority brands grew by +9.7% and +14.5% respectively during the year, confirming and exceeding the already excellent growth levels of the first nine months.

In the fourth quarter, the US repeated the good results already posted in previous months (+3.3%), and closed the year with growth of +3.7%, in line with the first nine months. Growth was supported by the positive performance of Wild Turkey, Espolòn, the aperitifs and the Jamaican rums; SKYY closed the fourth quarter with good results and showed modest growth for the year. This result was highly satisfactory in light of the persistent competition in the vodka category of this market.

Regarding the other countries in the region, Argentina continued to post double-digit growth. In Jamaica, the year's performance was positive at +2.4%, as a result of the +3.6% growth in the fourth quarter. The effect of lower sales related to the non-core sugar business experienced in the first half was partially reabsorbed over the 12 months. For this market, the global brands category alone recorded double-digit growth in the year, as a result of the positive performances of the portfolio of Jamaican rums and Campari. In Canada, after the initial adjustment due to the change in the Group's distribution structure, the results were positive for both the full year and the fourth quarter.

- In **Southern Europe, the Middle East and Africa**, growth for the year came in at +1.9%, following a recovery in the fourth quarter (+1.4%) compared with the first nine months, which included the effects of a negative third quarter (-2.8%). In Italy, the positive fourth-quarter performance (+0.6%) allowed for a portion of the ground lost in the first nine months of the year (-0.5%) to be made up, although the full year closed down slightly on the previous year (-0.2%). In this market, Aperol and Campari performed well over the full year, and Crodino sales picked up; however, these results were partially offset by some regional brands, such as Cinzano sparkling wine, Riccadonna and the whiskies, whose performance continues to be penalized by the weakness in the categories concerned. Regarding the other countries in the region, the recovery continued in the Spanish market, where the Group began direct distribution in 2014, while France reported an excellent performance, with double-digit growth due to the growth of Aperol and Riccadonna.

- **Northern, central and eastern Europe**, which saw a continuation of the negative trend of the previous quarters, closed the full year with a performance of -3.7% due to the fourth quarter decrease of -6.3%. The results of the region were impacted by the contraction of the Russian market, which fell by -41.4% over the 12 months and by -33.2% in the fourth quarter alone, and saw its economy slow further and its currency devalue. Germany closed the year with a positive performance of +3.2%, even though fourth-quarter growth stalled (-3.4%) compared with the third quarter, due to a fall in Aperol sales, whose performance was slightly positive for the year, and Campari.

- The **Asia-Pacific** region closed the year with growth of +6.4% due to the fourth-quarter results (+17.3%) of Australia and Japan, a market that made up for the entire slowdown in the previous quarters.

Excluding the negative effect of the Russian market (which reduced total organic growth by -1.9%), and the lower sales of the non-core seasonal sugar business in Jamaica in the first half of the year (which reduced total organic growth by -0.4%), organic growth for 2015 would have been +5.3% (+4.4% in the first nine months of 2015).

Perimeter effect

External growth, which was negative at -1.0%, was attributed to the net effect of acquisitions and sales of businesses and brands, as well as the launch and discontinuation of distribution agreements. Relative to the acquisition and sale of businesses, 2015 included the perimeter effect of the acquisition, in June 2014, of Forty Creek Distillery Ltd and Gruppo Averna, as well as the sale of two non-core businesses in Jamaica (Federated Pharmaceutical and Agri-Chemicals), respectively completed in March and July of 2015.

The main changes to distribution agreements were the following:

- the distribution of other agency brands, including Molinari, as of 1 April 2014 in Germany and other selected markets;
- the discontinuation of several distribution agreements, including consumer goods (general merchandise) in Jamaica, third party spirits in the US, including Flor de Caña and Suntory brand products, and other third-party products in Germany and Russia.

The impact of these factors on sales in the period is analyzed in the table below.

Breakdown of the perimeter effect	€ million	% change on 2014
Acquisitions and sales of businesses		
Gruppo Averna	16.8	1.1%
Forty Creek Distillery Ltd	9.3	0.6%
Other	-8.9	-0.6%
Total acquisitions	17.2	1.1%
Distribution contracts		0.0%
New agency brands distributed	2.1	0.1%
Discontinued agency brands	(34.3)	(2.2%)
Total distribution contracts	(32.2)	(2.1%)
Total perimeter effect	(15.0)	(1.0%)

Exchange rate effects

The positive exchange rate effect of € 64.4 million in the year, equal to 4.1% of sales, is mainly associated with the revaluation of the US Dollar (+19.8%) and the Jamaican Dollar (+13.5%) with respect to the average exchange rates in 2014. More generally, a comparison of the average exchange rates of 2015 and 2014 shows that all of the Group's main currencies appreciated against the Euro, with the exception of the Russian Rouble and the Brazilian Real, which depreciated by -25.0% and -15.4% respectively compared with 2014. With regard to the Argentine Peso, following the reintroduction of the free exchange rate between the US Dollar and the Peso in December 2015, the resulting revaluation of the currency by around 30% in that month did not have any significant impact on the annual average exchange rate, which, conversely, was revalued by 5.1% compared with 2014.

The table below shows the average exchange rates for 2015 and spot rates at 31 December 2015 for the Group’s most important currencies, together with the percentage change against the Euro, compared with the corresponding average exchange rates and spot rates in 2014.

	average exchange rates		spot exchange rates	
	2015	change compared with 2014	31 December 2015	change compared with 31 December 2014
	: 1 Euro	%	: 1 Euro	%
US Dollar (USD)	1.110	19.8%	1.089	11.5%
Canadian Dollar (CAD)	1.418	3.5%	1.512	(7.0%)
Jamaican Dollar (JMD)	129.757	13.5%	130.618	6.3%
Mexican Peso (MXN)	17.598	0.4%	18.915	(5.5%)
Brazilian Real (BRL)	3.691	(15.4%)	4.312	(25.3%)
Argentine Peso (ARS)	10.256	5.1%	14.097	(27.1%)
Russian Rouble (RUB)	68.020	(25.0%)	80.674	(10.3%)
Australian Dollar (AUD)	1.476	(0.3%)	1.490	(0.5%)
Chinese Yuan (CNY)	6.973	17.4%	7.061	6.7%
UK Pound (GBP)	0.726	11.1%	0.734	6.1%
Swiss Franc (CHF)	1.067	13.8%	1.084	11.0%

Sales by region

Sales for the year are analyzed by region and key market below. The following tables show a breakdown of each market by organic, perimeter and exchange rate components. The comments, unless otherwise stated, refer to the organic component of the change in each market.

- **Americas**

The Americas region recorded an overall organic growth of +7.0% over the 12 months.

	% of Group total	2015		2014		total change		organic change		perimeter effect		exchange rate effect	
		€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
the United States	22,1%	365,3	52,1%	303,1	49,4%	62,2	20,5%	11,1	3,7%	-8,6	-2,9%	59,8	19,7%
Jamaica	5,9%	97,2	13,9%	101,5	16,5%	-4,3	-4,3%	2,5	2,4%	-18,4	-18,1%	11,6	11,4%
Brazil	4,2%	68,8	9,8%	81,7	13,3%	-12,9	-15,8%	1,1	1,4%	-1,8	-2,2%	-12,2	-14,9%
Argentina	3,1%	51,0	7,3%	36,0	5,9%	15,0	41,6%	12,5	34,7%	0,0	0,0%	2,5	6,9%
Canada	2,9%	48,9	7,0%	37,1	6,0%	11,8	31,8%	3,6	9,7%	6,8	18,2%	1,4	3,9%
Other countries	4,2%	70,4	10,0%	54,5	8,9%	15,9	29,2%	12,2	22,5%	-1,0	-1,9%	4,7	8,6%
Americas	**42,3%**	**701,6**	**100,0%**	**613,9**	**100,0%**	**87,7**	**14,3%**	**43,1**	**7,0%**	**-23,1**	**-3,8%**	**67,7**	**11,0%**

The **United States**, which is the Group's second-largest market after Italy, generated organic growth of +3.7% over the full year 2015, due to a positive fourth quarter (+3.3%), confirming the trend of the first nine months (+3.8%). Global priority brands contributed organic growth of +5.5%, as a result of the good performance of nearly all the brands, especially Wild Turkey, the Jamaican rums and the Italian aperitifs. The SKYY franchise recorded modest growth for the full year (+0.4%), despite the weak performance of SKYY Infusions. The results of the franchise were positively affected by the SKYY Barcraft line extension launched in April. The Wild Turkey franchise continued the year with very positive results, closing 2015 with a performance of +7.6%; this result was attributed to Wild Turkey bourbon, which recorded double-digit growth for the full year (+11.8%). American Honey, however, slowed slightly, especially in the last quarter of the year.

The positive results of 2015 were also confirmed by the Jamaican rums (in particular, Appleton Estate and J.Wray & Nephew Overproof), which were re-launched in the US market at the beginning of the year and closed the year with double digit growth of +19.4%. Lastly, Campari and Aperol continued to show double-digit growth, in both the fourth quarter and the full year. The regional priority brands also reported good organic growth in the 12 months (+9.5%), with positive results recorded by Espolòn, Frangelico and Carolans.

Jamaica, the second-largest market in the Americas region, closed the year with a satisfactory positive performance of +2.4%, thanks to positive results in the fourth quarter (+3.6%), which enabled it to consolidate the results of the first nine months and partially offset the negative performance of the non-core sugar business in the first half. Excluding sugar sales, the performance of this market would have been +7.9% for the year. The global priority brands in this market closed with growth of +18.9%, mainly due to Jamaican rums and Campari, which reported double-digit growth.

With regard to the rums, where the effectiveness of the price/mix strategies were confirmed by the results obtained, in 2014 the Group launched a program to streamline the local business with the goal of increasing its focus on the core business and selling off non-core activities. The program started with the termination of distribution agreements for consumer products and continued in 2015 with the sale of two non-core businesses: Federated Pharmaceutical on 31 March 2015 and Agri-Chemicals on 10 July 2015.

In **Brazil**, despite the economic and political crisis that affected the country, and which contributed to a general slowdown in consumption for most of 2015, growth of +1.4% was recorded, reversing the negative trend seen in the first three quarters. In fact, strong organic growth (+12.7%) was reported in the fourth quarter following the acceleration in sales ahead of the rise in excise duties, which enabled the region to make up for the slowdown. The brand that suffered the most during the year was Campari, while Dreher and the main premium brands, such as SKYY Vodka, Aperol, Espòlon and Wild Turkey, closed the year with positive results, thanks in part to a very favorable fourth quarter.

Argentina continued with the growth seen in the previous quarters, closing the year with double-digit organic growth of +34.7%, which included some price adjustments (equal to around 7% of the growth shown) but was mainly due to the positive volume growth of the most profitable brands. Specifically, the performance of the global priority brands was excellent, with double-digit increases by Campari and SKYY Vodka; good results were achieved by regional priority brands such as Cinzano Vermouth and Cynar.

Canada closed the 2015 full year with a positive result (+9.7%); the good growth seen in the first nine months continued in the fourth quarter, which reported double-digit growth of +20.7%. Performance was particularly influenced by regional priority brands, especially Forty Creek and Carolans, but also by good growth across the entire global priority brand category. Please note that the performance of this market was partially affected by the change in the route-to-market at the start of the year.

The **other countries** in the region grew by +22.5%, driven mainly by the performances of SKYY ready-to-drink in the Mexican market.

- **Southern Europe, Middle East and Africa**

The region, which is broken down between Italy and other markets in the table below, saw organic growth of +1.9%.

	% of Group total	2015		2014		total change		orgenic change		perimeter effect		exchange rate effect	
		€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Italy	25,1%	416,3	79,2%	411,5	81,4%	4,8	1,2%	-0,8	-0,2%	5,6	1,4%	0,0	0,0%
Other countries in the regic	6,6%	109,0	20,8%	93,9	18,6%	15,2	16,1%	10,5	11,2%	3,4	3,6%	1,3	1,4%
Southern Europe, Middle East	**31,7%**	**525,3**	**100,0%**	**505,3**	**100,0%**	**20,0**	**4,0%**	**9,7**	**1,9%**	**9,0**	**1,8%**	**1,3**	**0,3%**

(*) includes the duty free channel

Italy, the Group's main market, closed the year in line with the previous year in terms of organic growth (-0.2%). The positive performance of the last quarter (+0.6%) enabled the region to partially offset the decrease experienced in the first nine months (-0.5%) due to the negative result of the third quarter (-3.1%).

The global priority brands continued to report good growth (+4.1%), while the regional priority brands decreased by -16.6% and local priority brands broke even (-0.2%). Of the global brands, Aperol achieved an excellent performance, posting double-digit growth in the fourth quarter and continuing the trend already seen in the third quarter; extremely positive sell-out figures further confirmed this performance. Campari also reported positive full-year results, despite a decrease in the fourth quarter due to an unfavorable basis of comparison in the last quarter of 2014.

The regional brands closed the year with a sharp decline, confirming the negative trend reported in the previous quarter; this was mainly due to the sparkling wines segment, Cinzano and Riccadonna, but also to Glen Grant, due to the persistent weakness of the category. Furthermore, in relation to Averna and Braulio, there was a period of adjustment in the market following the transfer of the distribution of the two brands acquired by the Group in June 2014.

Local priority brands closed the year in line with 2014, with positive signs deriving from the trend reversal in the main Italian market in the last quarter, which closed with growth of +2.0%, driven by Crodino (+4.5% in the last quarter) and a recovery by CampariSoda, whose annual performance was slightly negative (-0.4%). These results were completely satisfactory in light of the unfavorable basis of comparison with respect to the previous year within the main Italian market (+15.0% and +5.6% respectively).

Of the brands that comprise the rest of the portfolio, good results continued to be reported in the fourth quarter by the Lemonsoda range, which benefited from the ongoing favorable weather.

The **other countries** in the region reported double-digit growth of +11.2% due to the good sales performance in Spain, where the Group launched direct distribution in 2014, and in France. While the slowdown seen in the first nine months within the duty free channel continued, although it was reduced slightly by a stable performance in the last quarter. Growth in Spain was led by global priority brands Campari, Aperol and SKYY, and regional priority brands Frangelico, Cinzano and Carolans, and, in the rest of the portfolio, by the satisfactory performance of Bulldog gin. In France, sustained growth continued to be recorded by Aperol among global priority brands, and the good performance by Riccadonna among regional priority brands.

With regard to Africa, SKYY performed well in South Africa and, in the last quarter of the year, a trend reversal was seen with Campari sales in Nigeria. However, this was not enough to offset the negative trend for the full year (-19.9%), due to the country's severe economic and political instability.

- **Northern, Central and Eastern Europe**

The region showed a total organic decline of -3.7%, which was entirely attributable to Russia and thus spread across the main markets.

	% of Group total	2015		2014		total change		organic change		perimeter effect		exchange rate effect	
		€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Germany	10,0%	165,4	52,7%	160,6	48,3%	4,8	3,0%	5,1	3,2%	-0,3	-0,2%	0,0	0,0%
Russia	1,9%	30,9	9,8%	70,3	21,2%	-39,5	-56,1%	-29,2	-41,4%	0,0	0,0%	-10,3	-14,6%
Other countries in the regic	7,1%	117,6	37,5%	101,5	30,5%	16,1	15,8%	11,8	11,6%	-0,5	-0,5%	4,7	4,6%
Northern, central and eastern	**18,9%**	**313,9**	**100,0%**	**332,5**	**100,0%**	**-18,6**	**-5,6%**	**-12,2**	**-3,7%**	**-0,8**	**-0,2%**	**-5,6**	**-1,7%**

Germany closed the year with growth of +3.2%, despite the contraction in the fourth quarter (-3.4%). Aperol was stable over the past 12 months, while Campari reported a decrease, with both brands penalized by a negative fourth quarter. However, Cinzano vermouth, Frangelico, GlenGrant, Ouzo 12 and the agency brands reported growth, while sales of Cinzano sparkling wines declined.

In **Russia**, the economic problems seen in previous quarters continued. In the last quarter, the Rouble devalued further despite the signs of recovery in September. With regard to the Group's performance, the competitive environment continues to exert severe pressure on prices mainly due to the aggressive promotional policies implemented by its main competitors and the measures put in place by distributors seeking to reduce stock levels throughout the year. The market closed -41.4% down compared with 2014, and the fourth quarter decreased by -33.2%. In this market, the portfolio primarily comprises regional priority brands which, in addition to Cinzano vermouth, includes Cinzano sparkling wines, Riccadonna and Mondoro, all of which reported a double-digit decline. However, Aperol and Wild Turkey both closed the quarter and the year with positive results, albeit with low volumes.

Regarding the outlook for this market, numerous macroeconomic indicators seem to have already reached their lowest points in 2015. In 2016, expectations are for a slowdown in inflation and moderate economic growth. However, there are numerous and varied challenges that the country must face. In early 2016, the Rouble hit record lows against the Dollar. Therefore, the country's future and the consequences for the various economic sectors – some of which could affect the Group's business – are still highly uncertain.

Regarding the **other countries** in the region, many of the Group's main brands (Aperol, Campari, Wild Turkey, Cinzano and GlenGrant) posted growth in eastern European markets (Ukraine, Czech Republic, Poland and Georgia), while Aperol and Appleton Estate continued to record positive sales growth in the UK.

- **Asia-Pacific**

The region breaks down into Australia and the other countries in the region.

	% of Group total	2015		2014		total change		organic change		perimeter effect		exchange rate effect	
		€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Australia	4,9%	80,7	69,5%	75,7	70,0%	4,9	6,5%	5,1	6,8%	0,0	0,0%	-0,2	-0,3%
Other countries in the regic	2,1%	35,4	30,5%	32,5	30,0%	2,9	9,0%	1,7	5,4%	0,0	0,0%	1,2	3,7%
Asia-Pacific	**7,0%**	**116,0**	**100,0%**	**108,2**	**100,0%**	**7,8**	**7,2%**	**6,9**	**6,4%**	**0,0**	**0,0%**	**1,0**	**0,9%**

In the **Asia-Pacific** region, 2015 closed with organic growth of +6.4% due to a good fourth quarter, which was up by +17.3%, driven by Australia and Japan.

Australia, the main market in the region, grew by +6.8% in 2015 thanks to Campari, Aperol, Wild Turkey, American Honey, SKYY and Wild Turkey ready-to-drink. Specifically, the fourth quarter reported growth of +19.2%, with all of the main brands showing double-digit growth and outperforming the market indicators.

The **other countries** in the region recorded overall organic growth of +5.4%, mainly driven by Japan (+5.2% in the 12 months) which, thanks to Wild Turkey, Campari and SKYY, made up for the first nine months' performance in the last quarter of 2015. New Zealand closed the year with positive growth (+8.2%), thanks to Coruba and Wild Turkey ready-to-drink, despite an unfavorable fourth quarter.

Sales by major brands at consolidated level

Below is a summary of the total annual change, broken down by organic growth, the perimeter effect and the exchange rate effect for the main brands, grouped into categories identified by the Group based on the priority (global, regional or local) and the rest of the portfolio.

	Percentage of Group sales	change, of which			
	%	total	organic	perimeter	exchange rate
Campari	10.1%	7.6%	6.1%	-	1.4%
Aperol	10.4%	13.2%	11.8%	-	1.4%
SKYY [1]	11.2%	18.2%	2.9%	-	15.3%
Wild Turkey portfolio [1][2]	7.8%	24.2%	8.8%	-	15.3%
Jamaican rum portfolio [3]	5.5%	28.2%	15.8%	-	12.4%
Global priority brands	**45.0%**	**16.5%**	**8.2%**	**-**	**8.3%**
Cinzano	5.2%	-15.9%	-13.6%	-	-2.3%
Frangelico	1.6%	19.7%	10.6%	-	9.0%
Averna	1.3%	36.9%	-7.5%	43.2%	1.2%
Forty Creek	1.2%	67.8%	5.1%	55.0%	7.7%
Espolòn	1.2%	51.2%	35.0%	-	16.2%
Other	6.1%	-11.3%	-12.7%	1.5%	-
Regional priority brands	**16.6%**	**-1.4%**	**-7.9%**	**5.5%**	**1.0%**
Campari Soda	3.8%	0.2%	0.0%	-	0.1%
Crodino	3.8%	1.5%	1.1%	-	0.4%
Wild Turkey ready-to-drink	2.1%	4.4%	4.7%	-	-0.3%
Brazilian brands Dreher and Sagatiba	2.0%	-11.2%	4.0%	-	-15.2%
Other	1.8%	13.1%	5.9%	-	7.2%
Local priority brands	**13.5%**	**0.9%**	**2.4%**	**-**	**-1.5%**
Rest of the portfolio	**24.9%**	**-1.6%**	**2.8%**	**-7.2%**	**2.8%**
Total	**100.0%**	**6.2%**	**3.0%**	**-1.0%**	**4.1%**

(1) Excludes ready-to-drink.
(2) Includes American Honey.
(3) Includes Appleton, J.Wray and Wray & Nephew Overproof rum.

The **global priority brands**, which represent almost half of the Group’s sales, recorded organic growth of +8.2%; changes in exchange rates, especially against the US Dollar, made a significant positive contribution. Total sales therefore increased by +16.5%, in line with the previous quarters.

Campari generated organic growth of +6.1% over the period, thanks to double-digit growth in Argentina, the US, Spain, Jamaica, the UK, Canada and Australia, as well as the good performance of its main market, Italy. Annual performance for this market was positive despite a negative fourth quarter due to comparative distortive effects. The positive results for these markets offset the slowdown in other important markets for the brand, such as Brazil and Germany. In Nigeria, the fourth quarter's results partially offset the contraction seen in the first nine months of the year.

Aperol reported double-digit growth in the past 12 months (+11.8%), in line with its performance over the first nine months (+11.4%). Strong growth was reported in the fourth quarter in Italy, the brand's main market, as well as in the UK, Switzerland, France, the US and Spain, and in many other markets that are still being developed such as Eastern Europe, Brazil and Australia. In Germany, the brand's second-largest core market, and following a few years of negative performance, the performance was largely stable with respect to the previous year despite the contraction in the last quarter.

SKYY closed the year with growth of +2.9%, confirming a positive fourth quarter in the US, its main market, as well as a generally good performance in the other markets. In the US, the performance of the SKYY franchise in the 12-month results, which includes SKYY Core, SKYY Infusions and the SKYY Barcraft line extension launched in April, was slightly positive. In the other markets, the results of the franchise were positive overall, driven by SKYY Core in Brazil, Argentina, Australia, the UK, Spain and Mexico, as well as SKYY Infusions in South Africa.

The **Wild Turkey** portfolio, which includes American Honey, grew by +8.8% in the 12 months, thanks to a growth of +19.1% in the fourth quarter alone. This growth was primarily driven by Wild Turkey bourbon, while American Honey performed in line with the previous year. Wild Turkey recorded excellent results in the last quarter in its three main markets, the US, Australia and Japan, enabling it to close the year with growth in all three markets. With regard to the other markets, Wild Turkey showed continuous development in increasingly important markets for the brand, such as Canada, Germany, the UK and Russia, although these markets still have a limited impact given the low starting point. It should be noted that the performance described above does not include the Wild Turkey ready-to-drink portfolio which, given that it is an exclusively domestic business in the Australian market, was classified under local priority brands.

The **Jamaican rum portfolio** (Appleton Estate, J.Wray and Wray & Nephew Overproof) reported organic growth of +15.8% overall, due to a very positive fourth quarter (+16.1%), driven by the performances in its main markets, the US, Jamaica, Canada, the UK and Mexico and by positive growth in some still small-sized markets, including Peru, Germany and other central European countries.

The **regional priority brands**, which account for approximately 17% of Group sales, reported a decrease of -7.9% in the full year, confirming the trend of the first nine months (-7.4%). Overall, however, the category benefited from the external growth of the brands acquired in the previous year, namely Averna, Braulio and Forty Creek, as well as a positive exchange rate effect of +1.0%, which partly offset the organic decline. The total decrease in sales was therefore only -1.4%. The negative organic performance of the year was heavily affected by Cinzano (-13.6%) and the other sparkling wines Riccadonna and Mondoro (-34.6%).

With regard to Cinzano, the vermouth reported growth in Argentina, Germany, the UK and Spain, but this growth was offset by the contraction experienced by the Russian market. The worst segment affected, however, was the sparkling wines segment which recorded sharp falls by Mondoro in Russia, the main market for this brand, and by Cinzano sparkling wine in Russia, Germany and Italy. This performance was only partially offset by the positive results of Riccadonna in Peru, France and Chile, and of Mondoro in Ukraine.

Extremely positive performances were recorded by Frangelico (+10.6%) in all of its main markets, the US, Australia, Germany and Spain respectively; by Carolans in the US and Canada; by Espolòn (+35.0%), especially thanks to continuous double-digit growth in the US, and in other markets currently being developed, including Australia, Russia, Mexico, Italy and Brazil. Furthermore, Cynar recorded positive organic growth (+1.7%), mainly driven by the results obtained in the US, France, Argentina and Brazil. Glen Grant also closed the year with good results (+4.8%), due to positive performances in France, Germany, Spain and Sweden as well as other central European markets, Australia, China and Mexico; growth in these markets enabled the brand to make up for the loss in Italy, its main market.

The **local priority brands**, which represent around 14% of the Group's portfolio, recorded organic growth of +2.4% in the year. In the fourth quarter, the category reported a good performance (+7.4%), thanks to the recovery of single-serve aperitifs, especially Crodino, in Italy, their main market. The Australian Wild Turkey ready-to-drink line reported growth of +4.7% in the year due to the good performance of its core market. Ouzo 12 posted a positive performance (+10.4%), due to growth in Germany, its main market, where it benefited from product innovation. Brazilian brands Dreher and Sagatiba closed the year with growth of +4.0%, driven by Dreher's recovery in Brazil in the fourth quarter, despite the general instability currently affecting the country.

The **rest of the portfolio**, which represents about a quarter of the Group's sales (including agency brands, that account for around 10% of Group sales), grew slightly compared with the previous year (+2.8%). In this category, note the good performances of SKYY ready-to-drink in Mexico, Australia and China, the Lemonsoda line in Italy and, in general, the agency brands in Italy, Germany, Spain and Belgium, and in the duty free channel. This positive performance was partially offset by the negative performance of non-core activities in Jamaica (sugar sales) and in the US.

Income statement

Preliminary remarks

The 2015 income statement shows an improvement over all performance indicators compared with 2014 in terms of absolute change and organic growth.

Sustained growth in sales of +6.2% in absolute terms is reflected positively across all levels of operating profitability, with the gross margin increasing by +10.3% and the results from recurring activities by +11.6%. The Group's profit before tax and net profit increased by +28.4% and +36.1%, respectively, due to reduced non-recurring charges and more favorable taxation. As a percentage of sales, all levels of profitability improved compared with 2014 in both absolute and organic terms, due to a gradual improvement in the product and market mix. Specifically, the gross margin was 55.4% of sales (53.3% in 2014), a 200-basis-point improvement, of which 90 basis points related to organic growth. The result from recurring activities was 20.1% of sales (19.1% in 2014), a 100-basis-point improvement, of which 60 basis points related to organic growth.
Analyzing the effects that made up the total change in more detail, as shown in the table below, the figures for the period reflect the very positive impact of organic growth and exchange rates and a gradual improvement in performance during the year.

- The full-year results for 2015 confirmed the positive organic growth seen in the first nine months, with sales growing by +3.0%, the gross margin by +4.7% and the result from recurring activities by +6.1%. The positive trend generated by the upturn in sales, of the global priority brand portfolio in the first nine months of the year, continued in the fourth quarter. Meanwhile the regional priority brands contracted, mainly due to the performance of certain markets, most notably Russia. This effect, combined with a generally positive geographical mix due to the good performance of the major developed markets, where profitability exceeds the Group average, allowed the Group to improve gross profit by 90 basis points at the organic level, compared with the prior period. Profitability also accelerated compared with the first nine months, where the improvement was 60 basis points. In terms of the results from recurring activities, profitability improved by 100 basis points overall, of which 60 was related to organic growth. Here too, profitability accelerated compared with the first nine months of 2015, which had seen an improvement of 30 basis points.
- The exchange rate effect was +4.1% on sales and +6.4% on the result from recurring activities; the performance of the US dollar made a positive contribution here.
- The perimeter effect had a marginally negative impact during the period, of -1.0% on sales and of -0.9% on the result from recurring activities.

Income statement

	2015		2014		total change		of which organic		of which external		of which due to exchange rates	
	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%	€ million	%
Net sales	**1,656.8**	**100.0**	**1,560.0**	**100.0**	**96.8**	**6.2%**	**47.5**	**3.0%**	**(15.0)**	**1.0%**	**64.4**	**4.1%**
Cost of goods sold	(739.8)	-44.6	(728.3)	-46.7	(11.5)	1.6%	(8.1)	1.1%	18.6	2.5%	(22.0)	3.0%
Gross margin	**917.1**	**55.4**	**831.7**	**53.3**	**85.3**	**10.3%**	**39.4**	**4.7%**	**3.6**	**0.4%**	**42.4**	**5.1%**
Advertising and promotional costs	(286.3)	-17.3	(260.8)	-16.7	(25.5)	9.8%	(10.2)	3.9%	(1.3)	0.5%	(14.0)	5.4%
Contribution margin	**630.8**	**38.1**	**570.9**	**36.6**	**59.9**	**10.5%**	**29.2**	**5.1%**	**2.2**	**0.4%**	**28.4**	**5.0%**
Overhead	(298.0)	-18.0	(272.7)	-17.5	(25.3)	9.3%	(11.0)	4.0%	(5.1)	1.9%	(9.3)	3.4%
Result from recurring activities	**332.7**	**20.1**	**298.2**	**19.1**	**34.5**	**11.6%**	**18.2**	**6.1%**	**(2.8)**	**-0.9%**	**19.1**	**6.4%**
Non-recurring income (charges)	(22.9)	-1.4	(43.2)	-2.8	20.2							
Operating result	**309.8**	**18.7**	**255.0**	**16.3**	**54.8**	**21.5%**						
Net financial income (charges)	(60.0)	-3.6	(61.1)	-3.9	1.1	-1.8%						
Portion of profit (loss) relating to companies valued at equity	-		(0.2)		0.2		-	-	-	-	-	-
Put option income (charges)	(0.4)		0.5		(0.9)		-	-	-	-	-	-
Profit before tax and non-controlling interests	**249.4**	**15.1**	**194.2**	**12.4**	**55.2**	**28.4%**	**-**	**-**	**-**	**-**	**-**	**-**
Taxes	(73.4)	-4.4	(64.6)	-4.1	(8.7)	13.5%	-	-	-	-	-	-
Net profit	**176.0**	**10.6**	**129.5**	**8.3**	**46.5**	**35.9%**	**-**	**-**	**-**	**-**	**-**	**-**
Non-controlling interests	(0.6)	0.0	(0.6)	0.0	0.0	-4.9%	-	-	-	-	-	-
Group net profit	**175.4**	**10.6**	**128.9**	**8.3**	**46.5**	**36.1%**	**-**	**-**	**-**	**-**	**-**	**-**
Total depreciation and amortization	(47.4)	-2.9	(39.4)	-2.5	(8.0)	20.3%	-4.6	11.8%	-0.6	1.6%	-2.7	7.0%
EBITDA before other non-recurring income and charges	**380.1**	**22.9**	**337.5**	**21.6**	**42.5**	**12.6%**	**22.9**	**6.8%**	**-2.2**	**-0.7%**	**21.9**	**6.5%**
EBITDA	**357.1**	**21.6**	**294.4**	**18.9**	**62.8**	**21.3%**						

The resulting changes in the Group's profitability, calculated in basis points, are as follows; for more detailed comments on the changes in profitability in the individual geographical regions, please refer to the following section 'Profitability by business area'.

Changes in profitability in basis points (*)	Total	Organic
Gross margin	200	90
Advertising and promotional costs	(60)	(10)
Contribution margin	150	70
Overhead	(50)	(20)
Result from recurring activities	100	60

(*) There could be rounding effects given that the basis points corresponding to the dilution have been rounded to the nearest ten

Net sales for the year totaled € 1,656.8 million, an increase of +6.2% compared with 2014. Organic growth and exchange rates had a positive impact of +3.0% and of +4.1% respectively, while the perimeter effect was insignificant at -1.0%. For more details on these effects and on sales by region and brand, please refer to the section above.

The **gross margin** for the period was € 917.1 million, an increase of +10.3% compared with 2014 in absolute terms; this was due to a combination of positive effects attributed to organic growth of +4.7%, exchange rates of +5.1% and the change in the perimeter of +0.4%. As a percentage of sales, it increased from 53.3% in 2014 to 55.4% in 2015, with a total increase in profitability of 200 basis points. Excluding the exchange rate and perimeter components, the increase at the organic level was 90 basis points (higher than the increase over the first nine months, which was 60 basis points), mainly due to the favorable product and market mix as mentioned in the previous section.

The full-year figures confirm that global priority brands saw good organic growth, especially in the US and other developing markets, and that sales in Italy were broadly stable. These results more than offset the dilution from growth in countries with lower profitability than the Group average, such as Argentina. As a percentage of sales in the year, the gross margin also benefited from the negative performance of countries with lower profitability than the Group average, such as Russia.

Advertising and promotional costs were 17.3% of sales, slightly up on the previous year's figure of 16.7%, due in part to investments in a number of new markets being developed, such as the UK (effect equal to 10 basis points), as well as perimeter and exchange rate effects (totaling 50 basis points).

The **contribution margin** for the period was € 630.8 million, an increase of +10.5% compared with the previous year, being the combined result of positive effects attributed to organic growth of +5.1%, an exchange rate effect of +5.0% and changes in perimeter of +0.4%. Consequently, profitability as a percentage of sales increased by 150 basis points in total, of which 70 basis points were at organic level.

Overhead increased by +9.3% in the period, due to organic growth of +4.0%, unfavorable exchange rate effects of +3.4% and external growth of +1.9%. Organic growth in overhead, which increased at a higher rate than organic growth in sales, was mainly due to costs incurred by the Group for new sales structures, especially in the UK and Canada. In the two periods under comparison overhead, as a percentage of sales, increased overall from 17.5% in 2014 to 18.0% in 2015, but with a limited total dilutive effect of 50 basis points, including 20 basis points at the organic level.

The **result from recurring activities** was € 332.7 million, an increase of +11.6% compared with the same period last year. As a percentage of sales, this measure was 20.1% compared with 19.1% last year, an overall improvement of 100 basis points, of which 60 basis points were at organic level.

The main factors that affected the results at the organic level were:

- an improvement in gross margin, which boosted profitability at organic level by 90 basis points;
- a slight increase in advertising and promotional costs, as a percentage of sales, resulting in a dilution of 10 basis points;
- an increase in overhead, which rose quicker than organic sales, diluting organic profitability by 20 basis points.

Of the -0.9% perimeter effect on the results from recurring activities, the change attributed to the acquisitions of Forty Creek Distillery Ltd and Gruppo Averna was +1.4%, or € 3.6 million. This increase was more than offset by the negative effect resulting from the termination of distribution of some agency brands.

Non-recurring income and charges showed a net negative balance of € 22.9 million, compared with a net negative balance of € 43.2 million in 2014, mainly arising from impairment losses recorded on goodwill and costs relating to the refocusing of the Group's portfolio. In 2015, these charges included impairments of brands (X-Rated) and businesses sold of € 16.2 million, and liabilities relating to restructuring processes in various Group companies of € 8.0 million, net of capital gains on asset sales.

The **operating result** for 2015 was € 309.8 million, a significant increase of +21.5% compared with the previous year, partly due to the reduced amount of non-recurring charges compared with the prior year. The return on sales, i.e. the operating result expressed, as a percentage of net sales, was 18.7% (16.3% in 2014), an increase on the same period of the previous year.

Depreciation and amortization for the period totaled € 47.4 million, an increase of € 8.0 million from 2014, mainly due to organic growth, exchange rate effects and, to a lesser extent, the perimeter effect.

EBITDA before non-recurring income and charges increased by +12.6% (+6.8% on a same-structure basis and at constant exchange rates) to € 380.1 million.
EBITDA came in at € 357.1 million, an increase of +21.3%.

Net financial charges in 2015, which include the effects of exchange rate differences, stood at € 60.0 million, a decrease on the 2014 figure of € 61.1 million. Average net debt for the period (€ 950.5 million) marked an improvement on the figure in 2014 (€ 962.8 million). Average borrowing costs, excluding the effects of exchange rate differences and non-recurring financial items, totaled 6.6%, up from 6.0% in 2014. This slight increase was due to two main factors:

- the effects of a negative carry on interest accrued on cash in the context of low market rates, compared with the cost of medium- and long-term debt. The negative carry effect was amplified in the latter part of the year by the increased availability of cash from the issue of the Eurobond 2015,
- costs incurred in the first few months of 2015, on short-term debt, obtained to fund the acquisitions of Forty Creek Distillery Ltd. and Gruppo Averna, which took place in June 2014.

Net financial charges in 2015 also include the effects of the new bond issue, which was placed on 25 September 2015.

Group profit before tax and non-controlling interests was € 249.4 million in 2015, up +28.4% on 2014.

Income taxes for the period were € 73.4 million, with a total nominal tax rate of 29.4%. This was slightly lower than the rate in 2014 (33.4%). This also includes deferred taxes of € 28.0 million in 2015 (€ 23.1 million in 2014), which were reported for the purposes of cancelling the effect of tax-deductibility of amortization on goodwill and brands, permitted under local legislation. Excluding the impact of these deferred taxes and of all the extraordinary components in the year, on tax and profit before tax, the normalized tax rate was 21.0% (24.9% in 2014), the result of a better geographical mix in terms of taxation.

Non-controlling interests for the period were minimal, at € 0.6 million, and the same as for the previous year.

Group net profit in 2015 was € 175.4 million, an increase of +36.1% compared with 2014. Net profit as a percentage of sales was 10.6% in 2015, an increase on the 2014 figure of +8.3%.

Net profit, adjusted for all the non-recurring components in the period (€ 22.9 million) **and the related tax effects and non-recurring tax effects** (€ 12.5 million), came to € 185.9 million, up +20.4% on the 2014 figure, which had also been adjusted for extraordinary components.

Basic and diluted earnings per share, of € 0.30, came to € 0.32, once adjusted for these extraordinary components, up +18.5% compared with the 2014 figure, which had also been adjusted.

Profitability by business area

As emphasized in the introduction to the 'Sales performance' section, the Group changed its segment reporting in 2015 to reflect the reorganization of the business units and its operating model. Information on the operating profitability of the new segments is therefore shown below, and compared with the appropriately reclassified 2014 figures.

In 2015, the four geographical regions, 'Americas', 'Southern Europe, Middle East and Africa', 'Northern, Central and Eastern Europe' and 'Asia-Pacific' contributed to the Group's operating result before non-recurring items by 40.7%, 29.9%, 24.5% and 4.8% respectively. The contribution of the 'Americas' region increased compared with 2014, while that of the 'Southern Europe, Middle East and Africa' and 'Northern, Central and Eastern Europe' regions decreased.

The percentage of sales and the operating result of each segment in the two periods under comparison is shown below.

	2015				2014			
	Net sales	% of total	Result from recurring activities	% of total	Net sales	% of total	Result from recurring activities	% of total
	€ million	%	€ million	%	€ million	%	€ million	%
Americas	701.6	42.3%	135.4	40.7%	613.9	39.4%	101.6	34.1%
Southern Europe, Middle East and Africa	525.3	31.7%	99.5	29.9%	505.3	32.4%	97.1	32.6%
Northern, Central and Eastern Europe	313.9	18.9%	81.6	24.5%	332.5	21.3%	85.4	28.6%
Asia-Pacific	116.0	7.0%	16.1	4.8%	108.2	6.9%	14.2	4.8%
Total	**1,656.8**	**100.0%**	**332.7**	**100.0%**	**1,560.0**	**100.0%**	**298.2**	**100.0%**

At the organic level, the Group's operating result as a percentage of sales benefited from a positive effect of 60 basis points, due to the following factors.

- Overall, the **gross margin** increased across all the regions analyzed below, as a result of an extremely favorable market and product mix in the second half of the year, which boosted profitability by a total of 90 basis points (30 basis points in the first half and 130 basis points in the second half).
- **Advertising and promotional costs** as a percentage of sales were broadly in line with 2014. A detailed analysis by segment of the 'Americas' and 'Asia Pacific' reveals that the full-year increase in these costs was less than proportional to sales, while the rise in the 'Southern Europe, Middle East and Africa' and 'Northern, Central and Eastern Europe' regions was more than proportional. The changes in individual areas in the first and second half were almost entirely due to the phasing of promotional activities during the year, whereas the full year impact was insignificant.
- Group **overhead** increased slightly, by 20 basis points, at organic level; the main contributor to this dilution was the 'Northern, Central and Eastern Europe region', and the 'Americas' to a lesser extent. It should be noted that in these two areas in 2015, the Group completed the new sales structures in the UK and Canadian markets.

The income statements for each geographical region are shown in the following paragraphs, with a breakdown of the organic change and the related dilution of profitability.

- **Americas**

The Americas region is comprised of the direct markets of the US, Jamaica, Brazil, Argentina, Mexico and Canada, which together represent around 90% of the region's sales. This area makes the largest contribution to the Group, both in terms of sales and the result from recurring activities, at 42.3% and 40.7% respectively.
The results for the year were as follows.

Americas	2015		2014		Total change		Organic change		Organic change in profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**701.6**	**100.0**	**613.9**	**100.0**	**87.7**	**14.3%**	**43.1**	**7.0%**	
Gross margin	**377.0**	**53.7**	**305.1**	**49.7**	**71.9**	**23.6%**	**27.5**	**9.0%**	**90**
Advertising and promotional costs	(124.0)	(17.7)	(106.0)	(17.3)	(18.0)	17.0%	(5.3)	5.0%	30
Overhead	(117.6)	(16.8)	(97.5)	(15.9)	(20.0)	20.5%	(7.4)	7.6%	-10
Result from recurring activities	**135.4**	**19.3**	**101.6**	**16.5**	**33.9**	**33.4%**	**14.8**	**14.6%**	**120**

Overall, the region experienced a sharp increase in both sales (+14.3%) and the result from recurring activities (+33.4%). As already shown in the section on sales, the results benefited from a strong exchange rate effect, which generated a sales increase of +11.0% and +21.6% in the result from recurring activities.

Excluding both the exchange rate and perimeter effects (the latter were insignificant), organic sales growth in the region was +7.0% (+3.4% in the first half), while the result from recurring activities increased by +14.6% (compared with a decrease of -3.1% in the first half), boosting profitability by 120 basis points; the increase in the second half alone was 290 basis points. This was due to various contrasting factors, which have been analyzed below.

At **gross margin** level, the results showed an organic increase of 9.0%, increasing profitability by 90 basis points. This was due in general to the good performance of nearly all markets in the region in the latter part of the year, together with a favorable product and market mix. The US, a highly profitable market, posted particularly high growth in the second half of the year. In addition, the start-up costs relating to the Group's new plant in Kentucky gradually decreased from the second half of 2014; the plant had incurred additional costs during the operational launch phase in the early months of 2014. This positive mix more than offset the dilution from growth in countries with lower profitability than the Group average, such as Argentina and Brazil. However, in this region, these positive effects were partially offset by the squeezed margins on the Jamaican sugar business, which fell in the first half due to a reduction in both sales prices and expected production yields following poor weather.

Advertising and promotional costs were slightly up on 2014 as a percentage of sales but, at organic level, despite the increase in absolute terms of +5% on the previous year, were slightly down by 30 basis points. These effects, which were greater in the first than the second half of the year, were due to the phasing of promotional activities.

Overhead increased by +7.6% at organic level, generating a dilution of 10 basis points (in line with the first half); the main contributor was the Canadian market, where the Group has launched direct distribution.

- **Southern Europe, Middle East and Africa**

The Southern Europe, Middle East and Africa region, which includes the direct markets Italy and Spain, as well as markets served by third-party distributors and the duty free channel, is the second-largest region both in terms of sales, contributing 31.7% to the Group's sales, and profitability, contributing 29.9% to the Group's result from recurring activities.
The results for the year were as follows.

Southern Europe, Middle East and Africa	2015		2014		Total change		Organic change		Organic change in profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**525.3**	**100.0**	**505.3**	**100.0**	**20.0**	**4.0%**	**9.7**	**1.9%**	
Gross margin	**304.6**	**58.0**	**291.6**	**57.7**	**13.0**	**4.5%**	**9.9**	**3.4%**	**80**
Advertising and promotional costs	(95.4)	(18.2)	(89.4)	(17.7)	(6.0)	6.7%	(3.7)	4.1%	-40
Overhead	(109.7)	(20.9)	(105.1)	(20.8)	(4.6)	4.4%	(1.6)	1.5%	10
Result from recurring activities	**99.5**	**18.9**	**97.1**	**19.2**	**2.4**	**2.5%**	**4.6**	**4.7%**	**50**

In 2015, sales rose overall by +4.0% and the result from recurring activities by +2.5%. The exchange rate effect was insignificant in this region, whereas some of the growth was attributable to the perimeter effect of the Averna acquisition. Excluding both the exchange rate and perimeter effects, the region recorded organic growth of +1.9% in sales (+4.7% in the first half) and +4.7% in the results from recurring activities (+16.1% in the first half), which increased the latter by 50 basis points. This was due to various contrasting factors, which have been analyzed below.

In terms of **gross margin**, the results showed an organic increase of +3.4%, increasing profitability by 80 basis points. This was due, on the one hand, to a favorable product and market mix, with a stable performance by Italy, which is a highly profitable market, and healthy growth from France, Spain and South Africa, where global priority brands, particularly aperitifs, and regional priority brands reported highly satisfactory results.

Advertising and promotional costs fell by -4.1% at organic level, leading to a slight decrease of 40 basis points in organic profitability.

Overhead rose by +1.5% in absolute terms at organic level, partly due to the adjustment to new distribution structures, such as in Spain; however, growth was slight and led to an increase in profitability of 10 basis points.

- **Northern, Central and Eastern Europe**

The Northern, Central and Eastern Europe region, which includes the direct markets of Germany, Austria, Switzerland, Benelux, the UK, Russia and Ukraine, as well as areas served by third-party distributors, contributed 18.9% to the Group's sales and 24.5% to the result from recurring activities.
The results for the year were as follows.

Northern, Central and Eastern Europe	2015		2014		Total change		Organic change		Organic change in profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**313.9**	**100.0**	**332.5**	**100.0**	**(18.7)**	**-5.6%**	**(12.2)**	**-3.7%**	
Gross margin	**177.8**	**56.6**	**181.5**	**54.6**	**(3.7)**	**-2.0%**	**(2.2)**	**-1.2%**	**140**
Advertising and promotional costs	(46.8)	-14.9	(46.2)	-13.9	(0.6)	1.2%	(0.5)	1.1%	-70
Overhead	(49.4)	-15.7	(49.9)	-15.0	0.5	-0.9%	(1.1)	2.2%	-90
Result from recurring activities	**81.6**	**26.0**	**85.4**	**25.7**	**(3.8)**	**-4.4%**	**(3.8)**	**-4.4%**	**-20**

Overall, sales in the region decreased by -5.6% (-1.4% in the first half), while the result from recurring activities fell by -4.4% (-8.2% in the first half). Excluding the positive perimeter effects, arising from the Averna acquisition and the insignificant exchange rate effects, sales decreased by -3.7% at organic level and the result from recurring activities by -4.4%, creating a dilution of 20 basis points. This made up virtually the whole of the first half's dilution (290 basis points). The organic figures for the region were heavily affected by the contraction in the Russian market; stripping this out, organic growth in sales and the result from recurring activities would have been +4.6% and +2.2% respectively.

At **gross margin** level, profitability increased by 140 basis points, due to the effects of the favorable geographical and product mix. As a percentage of sales, the gross margin benefited from the negative performance of Russia, a country with lower profitability than the Group average.

Advertising and promotional costs rose by +1.1% at organic level compared with 2014, due to investments in new markets, such as the UK, and a downturn in the region's sales, diluting profitability by 90 basis points.

Overhead was higher than the previous year, generating dilution of 90 basis points, mainly due to the UK, where the Group launched direct distribution.

- **Asia-Pacific**

The Asia-Pacific region, which includes the direct markets of Australia, New Zealand and China, as well as areas served by third-party distributors, made a contribution of 7.0% to the Group's sales and 4.8% to the result from recurring activities.
The results for the year were as follows.

Asia-Pacific	2015		2014		Total change		Organic change		Organic change in profitability
	€ million	%	€ million	%	€ million	%	€ million	%	basis points
Net sales	**116.0**	**100.0**	**108.2**	**100.0**	**7.8**	**7.2%**	**6.9**	**6.4%**	
Gross margin	**57.6**	**49.7**	**53.6**	**49.6**	**4.0**	**7.5%**	**4.1**	**7.7%**	**60**
Advertising and promotional costs	(20.1)	-17.3	(19.2)	-17.8	(0.9)	4.4%	(0.6)	3.4%	50
Overhead	(21.4)	-18.5	(20.2)	-18.7	(1.2)	5.9%	(0.9)	4.3%	40
Result from recurring activities	**16.1**	**13.9**	**14.2**	**13.1**	**2.0**	**13.8%**	**2.6**	**18.3%**	**150**

The region recorded an increase in both sales (+7.2%) and the result from recurring activities (+13.8%). Excluding the exchange rate and perimeter effects, the organic changes were +6.4% and +18.3% respectively. The most significant effects overall were the following.

The **gross margin** rose by +7.7%, increasing profitability by 60 basis points. This was due to a favorable market and product mix, especially in Australia, New Zealand and Japan, with positive results from the global priority brands.

Advertising and promotional costs were lower than in 2014, boosting profitability by 50 basis points; this was due to the phasing of promotional costs during the year.

Overhead grew proportionally less than sales but added a further 40 basis points.

Reclassified cash flows statement

The table below shows a simplified and restated version of the statement of cash flows in the financial statements.
The main restatement is the exclusion of cash flows relating to changes in short-term and long-term debt, and in investments in marketable securities. In this way, the total cash flow generated (or used) in the period corresponds to the change in net financial position.

	2015	2014	Change
	€ million	€ million	€ million
EBITDA	**357.1**	**294.4**	**62.8**
Write-downs on goodwill, brands and sold businesses	16.2	23.7	(7.5)
Other adjustments to operating profit	(14.8)	4.9	(19.6)
Changes in non-financial assets and liabilities	10.4	20.3	(9.9)
Taxes paid	(54.0)	(53.0)	(1.0)
Cash flow from operating activities before changes in working capital	**314.9**	**290.2**	**24.7**
Change in net operating working capital	(9.6)	(6.9)	(2.7)
Cash flow from operating activities	**305.3**	**283.3**	**22.0**
Net interest paid	(56.3)	(57.5)	1.3
Cash flow used for investment	(49.1)	(47.9)	(1.1)
Free cash flow	**200.0**	**177.9**	**22.1**
(Acquisitions) and sales of companies or business divisions	22.9	(236.1)	259.0
Sales and purchases of brands and rights, and payments of put options and earn-outs	(0.3)	(6.2)	5.9
Dividend paid out by the Parent Company	(45.7)	(46.1)	0.4
Other changes	(16.6)	(6.1)	(10.4)
Total cash flow used in other activities	(39.7)	(294.6)	254.9
Exchange rate differences and other changes	(7.6)	(9.2)	1.6
Change in net financial position due to operating activities	152.7	(125.9)	278.6
Payables for put options and earn-outs (*)	-	0.2	(0.2)
Total net cash flow for the period = change in net financial position	**152.7**	**(125.7)**	**278.3**
Net financial position at the start of the period	(978.5)	(852.8)	(125.7)
Net financial position at the end of the period	(825.8)	(978.5)	152.7

(*) This item, which is a non-cash item, is included in order to reconcile the change in the net financial position due to operating activities with the overall change in the net financial position.

During 2015, **net cash flow** reflected cash generation of € 152.7 million, compared with negative cash flow of € 125.7 million in 2014, which was due to the substantial outflows incurred for the acquisitions of Forty Creek Distillery Ltd. and Gruppo Averna.

More specifically, **free cash flow** of € 200.0 million was generated in 2015; cash flow from operating activities was € 305.3 million, which was partly absorbed by the payment of net financial interest of € 56.3 million and net investments of € 49.1 million.

A comparison of free cash flow in 2015 with the figure a year earlier (€ 177.9 million) shows some contrasting factors that boosted cash generation by € 22.1 million.

- EBITDA increased significantly, by € 62.8 million, compared with 2014;
- lower impairments on goodwill, brands and businesses sold had a negative impact of € 7.5 million;
- other adjustments to operating profit had a negative effect of € 19.6 million, which was mainly due to the use of risk provisions and capital gains on asset sales;
- changes in non-financial assets and liabilities, which reduced cash generation by € 9.9 million compared with 2014, related to the settlement of non-financial and non-trade payables and receivables, such as indirect taxation and excise duties;
- income taxes paid in the year increased by € 1.0 million, generating a slightly negative effect on free cash flow;
- working capital showed an organic decrease of € 9.6 million, which, compared with the decrease of € 6.9 million in 2014, reduced free cash flow by € 2.7 million. Please see the 'Operating working capital' section below for more details on this item.
- net interest paid and investment spending were broadly the same as in 2014.

Cash flow used in other activities was € 39.7 million, compared with € 294.6 million in 2014. This generated a lower cash requirement of € 254.9 million, due to the following factors:

- acquisitions and sales of companies and business divisions during 2015 generated total net cash of € 22.9 million (for more details, please see Note 8 'Business combinations' in the consolidated financial statements) and included the sale of non-core businesses Limoncetta di Sorrento, Federated Pharmaceutical, Agri-Chemicals and Enrico Serafino S.r.l., net of the purchase of non-controlling interests in Kaloyiannis–Koutsikos Distilleries S.A.; this contrasts with the previous year, which entailed a total outlay of € 236.1 million for the acquisitions of Forty Creek Distillery Ltd. and Gruppo Averna;
- the item 'sales and purchases of brands and rights and payments of put options and earn-outs' had a minimal impact of € 0.3 million;
- the dividend paid out by the Parent Company was € 45.7 million, slightly less than the figure in 2014 (due to the different number of shares owned by the Group) of € 46.1 million;
- the item 'other changes', which was negative in 2015 at € 16.6 million, includes the outlay for purchasing own shares, net of sales for the exercise of stock options, which involved a net cash outlay of € 29.0 million. In 2015, the item also included cash received following the closure of activities to service pension plans in Jamaica, of € 12.6 million.

Exchange rate differences and **other changes** had a negative impact of € -7.6 million on the net flow in 2015. Part of this change was due to negative exchange rate effects on both operating working capital (€ -5.2 million) and on shareholders' equity in other currencies (€ -15.7 million). The remaining part of the change, amounting to € +13.3 million, was due to the recording of certain non-cash items under that item, which were included for the purpose of reconciling the change in cash flows to the change in net financial position, such as accrued interest on medium-/long-term loans that had not yet been paid.

The change in **financial payables relating to the exercise of put options and earn-outs**, shown here purely for the purposes of reconciling the financial position for the period with the total net financial position, has not changed significantly from 2014; the decrease due to payments made in the period, of € 0.2 million, was offset by an increase in debt of the same amount, due to exchange rate differences in the period.

To conclude, **net cash flow of € 152.7 million** had been generated at 31 December 2015, corresponding to the decrease in Group financial debt compared with 31 December 2014.

Investments

Net investment in 2015 was € 49.1 million and includes acquisitions of property totaling € 54.4 million, net of sales of € 4.6 million and capital grants of € 0.6 million.

Investment relates to the following categories:
- € 41.0 million was spent on tangible assets;
- € 1.0 million on biological assets;
- € 7.7 million on intangible assets with a finite life.

The following real estate projects were carried out during the year:
- in Jamaica, environmental recovery work totaling € 3.3 million and the refurbishment of premises, production facilities and the head office in Kingston, totaling € 6.7 million;
- in Italy, activities relating to the central herb warehouse at the Novi plant of € 3.0 million;
- in the US, € 1.1 million was invested at the Lawrenceburg plant in the construction of a warehouse to store barrels for maturing inventory;
- improvements to the efficiency and production capacity of the Group's facilities in North America (€ 1.7 million, excluding Jamaica), Australia (€ 1.0 million), South America (€ 3.5 million) and other European premises (€ 8.2 million);
- the purchase of barrels for the maturing inventory of bourbons, whiskies and rums, totaling € 13.5 million;
- other interventions that are insignificant individually but together amount to € 2.9 million, supported by recurring maintenance work at the Group's sites.

Investments in biological assets totaling € 1.0 million were made in vineyards, mainly by Sella & Mosca S.p.A. Lastly, investments during the year in intangible assets with a finite life, totaling € 7.7 million, mainly related to projects to continuously streamline and upgrade current IT systems and to integrate Campari do Brasil Ltda and Campari Argentina S.A. into the Group's systems.

Breakdown of net debt

The table below shows how the debt structure changed during the two periods under review.

	31 December 2015	31 December 2014	Change
	€ million	€ million	€ million
cash and cash equivalents	844.3	230.9	613.5
payables to banks	(29.3)	(36.7)	7.4
real estate lease payables	(0.1)	(0.1)	(0.0)
private placement and bond	(441.6)	(86.0)	(355.7)
other financial receivables and payables	50.1	(5.2)	55.3
short-term net cash position	**423.4**	**103.0**	**320.5**
payables to banks	(4.4)	(9.0)	4.6
real estate lease payables	(2.0)	(1.3)	(0.7)
private placement and bond (*)	(1,266.5)	(1,097.1)	(169.3)
other financial receivables and payables	28.2	30.5	(2.4)
medium-/long-term net financial position	**(1,244.7)**	**(1,076.9)**	**(167.8)**
debt relating to operating activities	**(821.2)**	**(973.9)**	**152.7**
payables for put options and earn-outs	(4.6)	(4.6)	-
net financial position	**(825.8)**	**(978.5)**	**152.7**

(*) Including the relevant derivatives.

At 31 December 2015, the consolidated net position was € 825.8 million, an improvement on the figure of € 978.5 million reported at 31 December 2014. The overall reduction in net debt compared with 31 December 2014 was mainly due to liquidity effects relating to ordinary business management by the Group, which are commented on in the section 'Statement of cash flows' in this report.

In terms of structure, net debt at 31 December 2015 included a dominant medium-/long-term debt component. However, the short-term net financial position, which was positive at € 424.4 million at 31 December 2015, had increased sharply on the previous year's figure of € 103.0 million. This improvement compares with a partial deterioration in the long-term portion, which showed an increase in the debt balance at 31 December 2015 of € 167.8 million compared with 31 December 2014.

The transactions which most affected items in the table above are as follows:

- the changes in bonds were as follows:
  - repayment in July 2015 of € 86.0 million, relating to the first tranche of the bond issued by the Parent Company in 2003, which is also reflected in the corresponding reduction in the short-term portion;
  - reclassification under short-term liabilities of the second tranche (USD 100 million) of the private placement issued by Campari America in 2009, due to mature in June 2016;
  - reclassification under short-term liabilities of the Eurobond issued by the Parent Company in 2009, due to mature in October 2016, in a nominal amount of € 350 million;
  - issue on 25 September 2015 by the Parent Company of a new bond in an amount of € 600 million, which is reflected in the change in medium- and long-term debt and the increase in cash and in other short-term financial receivables.
- the short-term component includes an increase in other financial receivables and payables of € 55.3 million; this increase was mostly due to cash investments of € 54.2 million, of which the majority came from the Parent Company's bond issue;
- currency fluctuations between 31 December 2014 and 31 December 2015, particularly the strengthening of the US Dollar, caused debt to rise by € 18.4 million.

The Group’s net financial position shows a financial payable of € 4.6 million, which includes the residual payable for the Sagatiba earn-out and the purchase of non-controlling interests in relation to the Jamaican acquisition. No significant changes took place over the period.

Lastly, the agreements relating to a number of bond issues, the Parent Company’s revolving credit facility and the Campari America private placement include negative pledges and covenants. The covenants include the Group’s obligation to maintain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. At 31 December 2015, this multiple was 2.2 times, an improvement on the figure of 2.9 times at 31 December 2014.

Reclassified statement of financial position

The Group's summary balance sheet is shown in the table below in reclassified format, to highlight the structure of invested capital and financing sources.

	31 December 2015	31 December 2014	Change
	€ million	€ million	€ million
fixed assets	2,393.6	2,326.2	67.4
other non-current assets and liabilities	(313.0)	(266.5)	(46.6)
operating working capital	576.9	571.5	5.4
other current assets and liabilities	(85.9)	(72.9)	(13.0)
total invested capital	**2,571.6**	**2,558.4**	**13.2**
shareholders' equity	1,745.8	1,579.9	165.9
net financial position	825.8	978.5	(152.7)
total financing sources	**2,571.6**	**2,558.4**	**13.2**

It should be noted that with regard to the data shown in the 2014 annual statements, following the final allocation of values resulting from the Forty Creek Distillery Ltd. and Gruppo Averna acquisitions, the Group has carried out some reclassifications, shown below. All the effects of the final allocation at 30 June 2015 are shown in Note 7 - 'Business combinations' of the condensed financial statements appended to these annual financial statements.

	31 December 2014		
	published figures	reclassifications	post-reclassification figures
	€ million	€ million	€ million
fixed assets	2,331.9	(5.7)	2,326.2
other non-current assets and liabilities	(272.2)	5.7	(266.5)
operating working capital	571.5	-	571.5
other current assets and liabilities	(72.9)	-	(72.9)
total invested capital	**2,558.4**	**-**	**2,558.4**
shareholders' equity	1,579.9	-	1,579.9
net financial position	978.5	-	978.5
total financing sources	**2,558.4**	**-**	**2,558.4**

Invested capital at 31 December 2015 was € 2,571.6 million, € 13.2 million higher than at 31 December 2014.

There were no significant structural changes in the individual components of invested capital: overall, there were significant changes in the value of assets and liabilities as a result of fluctuations in the main currencies. Regarding financing sources, the change in shareholders' equity was mainly due to profit for the period, the dividend paid by the Parent Company and translation differences on equity held in currencies other than Euro. For details of the changes in the net financial position, totaling € 152.7 million, please see the preceding note 'Breakdown of net debt', where these are addressed in detail.

The Group's financial structure shows a ratio of debt to own funds at the end of the period of 47.3%, which was sharply down on the figure at 31 December 2014 of 61.9%. This change was due to the twofold effect of the improvement in the net financial position and the increase in shareholders' equity, as detailed in the preceding section. It should be noted that the new bond of € 600 million, issued by the Parent Company on 25 September 2015, had no significant effect on the Group's financial position since, at 31 December 2015, it had not yet been used, which is reflected in the cash position.

Operating working capital

The breakdown of the total change in operating working capital at 31 December 2015 is as follows.

	31 December 2015	31 December 2014	Change	
			total	of which organic
	€ million	€ million	€ million	€ million
receivables from customers	295.9	313.6	(17.7)	8.8
inventories, of which:				
- maturing inventory	269.8	243.5	26.4	5.5
- other inventory	228.4	237.7	(9.3)	(3.2)
total inventories	498.2	481.2	17.1	2.3
payables to suppliers	(217.2)	(223.2)	6.0	(1.5)
operating working capital	**576.9**	**571.5**	**5.4**	**9.6**
sales in the previous 12 months	1,656.8	1,560.0		
Working capital as % of sales in the previous 12 months:	34.8%	36.6%		

Operating working capital at 31 December 2015 was € 576.9 million, a total increase of € 5.4 million compared with 31 December 2014. This increase is the net result of a reduction in receivables of € 17.7 million, offset by an increase in inventories of € 17.1 million and a reduction in trade payables of € 6.0 million.

Excluding the exchange rate effect, which boosted working capital by € 5.2 million, and changes in the perimeter, which generated a net reduction of € 9.4 million, the organic increase in working capital was € 9.6 million. The changes in perimeter (€ -9.4 million) mostly related to the non-core business belonging to Casoni Fabbricazione Liquori S.p.A., whose operating working capital was reclassified under assets available for sale at 31 December 2015.

With regard to the organic increase in working capital (€ +9.6 million), € 8.8 million was due to changes in receivables and € 2.3 million to higher inventories; these increases were partially offset by an increase in trade payables of € 1.5 million. The increase in inventories was attributed to a rise in stocks of maturing inventory, which increased organically by € 5.5 million; this increase was partially offset by a decrease in stocks of finished products and other merchandise of € 3.2 million. Maturing inventory, which is located in the Americas and Scotland, was significantly affected by exchange rates (€ 20.9 million), with a total impact on the increase in stocks of maturing inventory of € 26.4 million.

At 31 December 2015, operating working capital as a percentage of net sales in the last 12 months was 34.8% (36.6% at 31 December 2014).

Investor information

The international economy

In 2015, on one side, economic activity continued to consolidate in the main developed markets, with improving prospects towards the end of the year. On the other side, emerging economies showed increased weakness, as they were affected, in particular, by the slowdown in the Chinese economy.

Regarding the economic performance in key areas for Gruppo Campari's activities, the recovery of the Italian economy experienced in the beginning of the year gradually continued over the course of 2015. In particular, starting from the first months of 2015, there was an improvement in the key macroeconomic indicators, including the business confidence index, which benefited from higher levels in the fall that were driven by more favourable expectations of the overall economy. However, towards the end of the year, uncertainty surrounding foreign demand, which began to reflect the slowdown of the global economy, deflated investment prospects. In 2015, domestic demand showed signs of recovering and started to contribute to growth. Specifically, household consumption continued to grow, boosted by the favourable consumer confidence environment, which reached historically high levels in December, and by an increase in disposable income on the back of employment growth. Labour market conditions are improving, with a rising employment rate during the year, and with more stable contractual forms due to the effects of social security relief and the new regulations under the Jobs Act. The unemployment rate over the two-month period of October and November (11.4%) was the lowest since the end of 2012.

The monetary expansion is gradually having a positive effect on corporate lending conditions: resistance to the provision of loans to companies eased during the year, and corporate loans recorded growth in the last few months for the first time since 2011. This performance was accompanied by a decrease in flows of bad receivables, which eased due to the gradual improvement in economic activity. Foreign trade increased, mainly driven by domestic and Eurozone demand, which offset the slowdown in demand from emerging countries. However the forecast of foreign orders remains favourable (source: Bank of Italy). In the third quarter of 2015, GDP grew by +0.4% on the previous quarter (source: ISTAT). The estimate for Italian GDP growth for 2015 is +0.7% in real terms (source: Bank of Italy and ISTAT).
Overall, the Italian economic recovery is expected to consolidate, based on expectations about increased domestic demand, to replace the lower impetus from foreign trade, and on monetary expansion and credit normalisation. Risks to growth are mainly expected to come from the global environment and, in particular, a slowdown in the emerging economies, which could be more severe and longer-lasting than assumed to date (source: Bank of Italy).

With regards to the Eurozone, growth continued, but remains fragile since global economic conditions have dampened exports, which were gradually offset by the positive contribution of domestic demand. Inflation remains weak, impacted by declining energy prices, but with long term inflation expectations improving thanks to the measures taken by the ECB Governing Council aimed at adjusting inflation to the monetary policy targets consistent with price stability. In particular, although the ECB's measures have had positive effects in supporting Eurozone economic activity, the emergence of risks associated with the global economic conditions made it necessary for the ECB to strengthen the monetary stimulus. In December, therefore, the ECB introduced a number of measures, including a reduction of the bank deposit rate within the Eurosystem and the expansion of the securities purchasing program to include public and local administrations in the Eurozone. In the third quarter of 2015, Eurozone GDP increased by +3.0%, supported by domestic demand. The estimate for Eurozone GDP growth for 2015 is +1.5% (source: OECD). Economic activity in Germany continued to increase but at a slower pace, and with increased consumer spending partially offset by import growth. Economic activity in France, following a fall in the second quarter due to the sharp slowdown in household spending, has started to grow at modest levels in the second half of the year.

Based on available information, economic growth in the Eurozone is likely to have continued to expand in the fourth quarter, with relatively uniform trends between countries, as evidenced by the favourable performance of business and household confidence. With regard to the rest of Europe, economic activity in the UK slowed to +1.8% in the third quarter of 2015 (source: Bank of Italy). The estimate for UK GDP growth for 2015 is +2.4% (source: OECD).

As for the other international markets, the US recovery continued during the year, recording (+2.0%) growth in the third quarter exceeding expectations. Employment resumed growth at a sustained pace and, in October, unemployment fell to 5.0%, the lowest level since the crisis (source: Bureau of Labor Statistics). The increased interest rates announced by the Fed in December 2015 had a muted impact on the financial markets, due to careful communication and confirmation that monetary conditions would remain accommodative. Estimates indicate that economic activity strengthened in the fourth quarter, despite signs of a slowdown in manufacturing activity. The estimate for US GDP growth for 2015 is +2.4% (source: OECD).

The main emerging economies showed varying performances. On the one hand, the fall in Russian GDP eased, while on the other, the recession in Brazil began to deepen, as shown by a further worsening in confidence. In China, growth prospects deteriorated. In the first half of the year, Chinese GDP growth weakened to +7.0%, as it felt the effects of the slowdown in foreign demand and the weakness in construction investment. The financial markets experienced tension in the second half of the year, with the fall in equities prices during June-August, which could have had a significant impact on GDP. These events brought to light the difficulties associated with the necessary transition to a growth model that is less export-dependent and based more on domestic demand, an approach that was also confirmed by the Chinese authorities' objective of steering the economy towards more balanced and sustainable growth (source: Bank of Italy). The other Asian countries and commodities-exporting countries suffered from the weakening of Chinese demand.

Overall, the outlook is a gradual acceleration in global growth in 2015 (source: OECD), accompanied by less uncertainty about the Eurozone recovery and the containment of the effects of the normalization of monetary policy implemented by the Federal Reserve. Risk factors include trends in oil prices and non-energy commodities, inflation, and uncertainty surrounding the emerging economics which could prove to be more intense and longer-lasting than has been assumed to date. In particular, global activity in 2016 should accelerate slightly, even though downside risks, associated with a sharper slowdown in China, have intensified (source: Bank of Italy).

Financial markets

In 2015, the financial markets in the advanced economies showed varying performances. An improvement in market conditions recorded at the start of the year, especially in Europe and Japan, as a result of the announcement of more expansionary monetary policies, was followed by a trend reversal in the middle of April. Long-term interest rates began to rise again due to the improved inflation and growth outlook, and equities prices, which suffered temporarily from the uncertainty surrounding the Greek situation, recorded an increase in volatility. After an agreement was reached between Greece and the European leaders, the volatility in the financial markets eased temporarily in July, but began to rise again from mid-August due to the risk of a slowdown in the Chinese economy. Lastly, after a temporary recovery in share prices in October and November, tensions in the equities markets resurfaced at the end of the year, especially in the emerging countries.

Risk premiums for government bonds in the advanced economies fell in the second half of the year due to the search for safer investment, following the increased tension surrounding equities prices. In the Eurozone, this effect was boosted when an agreement was reached between Greece and the European leaders. Towards the end of the year, US government bonds recorded an increase in yields following the launch of the program to raise the Federal Reserve rates.
In the bond segment, corporate risk premiums began to rise towards the end of the year for both Euro-denominated and USD-denominated bonds.

Although conditions had improved by the start of the year, the financial markets in emerging countries suffered capital outflows and a reduction in stock prices during the second half of the year, as they were affected by the slowdown in the Chinese economy.

After experiencing a substantial improvement in the first few months of the year, the Italian financial markets recorded significant losses in the second quarter, as they were affected initially by the increase in government bond yields and subsequently by the Greek situation. After recovering on the achievement of a solution to the Greek crisis, share price volatility rose sharply due to the turbulence on the financial markets and the Volkswagen scandal. After a slight recovery, share prices fell at the end of 2015, reflecting the renewed tension in the global financial markets, while Italian government bond yields dropped in the last quarter of 2015 due to the strengthening of the ECB's monetary stimulus.
In 2015, the FTSE MIB and FTSE Italia All Shares indices recorded changes of +12.7% and +15.4% respectively. The MSCI Europe index closed with a gain of +3.9%, while in the US, the S&P 500 index increased by +0.7%.

Regarding exchange rate fluctuation in the first months of the year, the Euro continued the phase of depreciation that started in May 2014, reflecting the easing of monetary policy. In the second quarter of 2015, the currency recovered slightly, recording a gain. After a largely stable third quarter, the Euro began to depreciate as a result of the strengthened monetary policy. In 2015, all the major currencies used by Gruppo Campari, except for the Brazilian Real and the Russian Rouble, rose against the Euro. Compared with 31 December 2014, the following currencies rose: US Dollar (+19.8%), Jamaican Dollar (+13.5%), Swiss Franc (+13.8%) and UK Pound (+11.1%). However, of the currencies that depreciated against the Euro, the Brazilian Real fell by -15.4% and the Russian Rouble by -25.0%. The Argentine Peso underwent a spot exchange rate devaluation of 31.8% following the reintroduction of the free exchange rate between the US Dollar and the

Peso on 17 December 2015. This devaluation had a limited impact on the year as the average exchange rate for the Argentine Peso recorded an overall revaluation of 5.1% against the Euro compared with 2014.

Spirits sector

In 2015, the Stoxx Europe 600 Food&Beverage index increased by +17.9%, outperforming the MSCI Europe market index by +14.0%.
In 2015, the largest companies in the spirits sector recorded positive performances. The sector benefited from the positive effects of the ongoing trend towards premium products in the company's offer and the favourable trend in raw materials prices.
Overall the spirits industry continues to show positive growth in demand, driven by continuous growth in demand for premium products characterized by their authenticity, provenance and craftsmanship. In the US market, the largest market in terms of size and revenue, brown spirits continue to lead growth both in volume and value. Specifically, the category showing the strongest growth is American whiskey, thanks to a rediscovery phenomenon that is influencing also the Canadian, but also Scotch whiskies. This strong growth trend is also affecting flavoured whiskey, initially introduced to the market in limited editions, which is now available through a significant expansion of the range. Other growing categories include tequila and aged rums, characterized by a premiumization trend driven by increased demand for tasting products. Cognac experienced accelerated growth in 2015, driven by growth in demand for premium products and due to the increased demand in the US market. Bitter aperitifs also showed strong growth, driven by a re-emergence of interest in classic cocktails. Furthermore, with regard to the US market, it should be noted that the important category of vodka, although continuing to show growth, is still under significant price pressure due to fierce competition in the market, arising from the high number of players in the sector, attracted by low barriers to entry. The flavoured vodka category also showed growth in 2015 following the slowdown experienced the previous year. In other developed markets, such as the UK and continental Europe, consumption of brown spirits has continued to grow, albeit in a more mature environment than in North America. Moreover, emerging markets, such as China, India, Africa and Latin America, are witnessing growing demand for premium products, which has been generated by ongoing improvements in socio-economic conditions of local population. With particular reference to the Chinese market, after a period of significantly reduced consumption of imported premium products (mainly cognac and Scotch whisky) due to the introduction of austerity measures in the last quarter of 2012, the market experience a period of stabilisation towards the end of 2015.

Recent trends include the development of craft spirits[1]. This phenomenon, which originated in the US, has experienced recent growth, but still only represents a small portion of the spirits market (approx. 2%, in volume terms, of the US spirits market; source: DISCUS, Credit Suisse Research). Craft spirits are also expanding in the other mature markets and emerging markets for the whisky, vodka and gin categories. The major sector players have reacted to this trend by stepping up the creation of limited editions, especially in the American whiskey category, fuelling the trend for premium products.

Medium- to long-term expectations regarding the performance of sector companies remain positive. Spirits stocks continue to benefit from better growth expectations than other consumer goods sectors; this is also reflected in valuations, which are at a premium to market indices. In addition, expectations of future M&As in the spirits industry remain positive, and were also strengthened with the recent M&A deal in the beer sector, which positively impacted the stock price.

Davide Campari-Milano S.p.A. stock

In the economic, industry and financial market environment described above, in 2015 the Campari stock price has initially benefited from the announcement of 2014 financial results in line with expectations. The positive share price trend continued, driven by the announcement of good results in the first quarter of 2015; this was due to a favourable mix of sales, led by the five global priority brands and by the major developed markets. Towards the end of the first half, the stock performance was slightly affected by the volatility and fall in equities prices, mainly due to the uncertainty surrounding the Greek situation. However, it subsequently improved considerably thanks to the positive results in the first half of 2015 for all performance indicators. In August, the Campari stock was affected by the high volatility in global equities prices, which were assailed by fears of a sharp slowdown in the Chinese economy. The stock recovered gradually over the rest of the year, thanks to the announcement of positive results for the first nine months of 2015; key features of these results were the very positive performance of the key profitability indicators, organic growth and improved margin expansion, which accelerated in the third quarter. Towards the end of the year, the stock was supported by a significant

[1] According to the definition of the American Distilling Institute, craft spirits are products that are distilled and bottled locally by independent distilleries, which sell fewer than 52,000 crates a year. "Independent distillery" is understood to mean a distillery in which other non-craft distilleries own an interest of less than 25%.

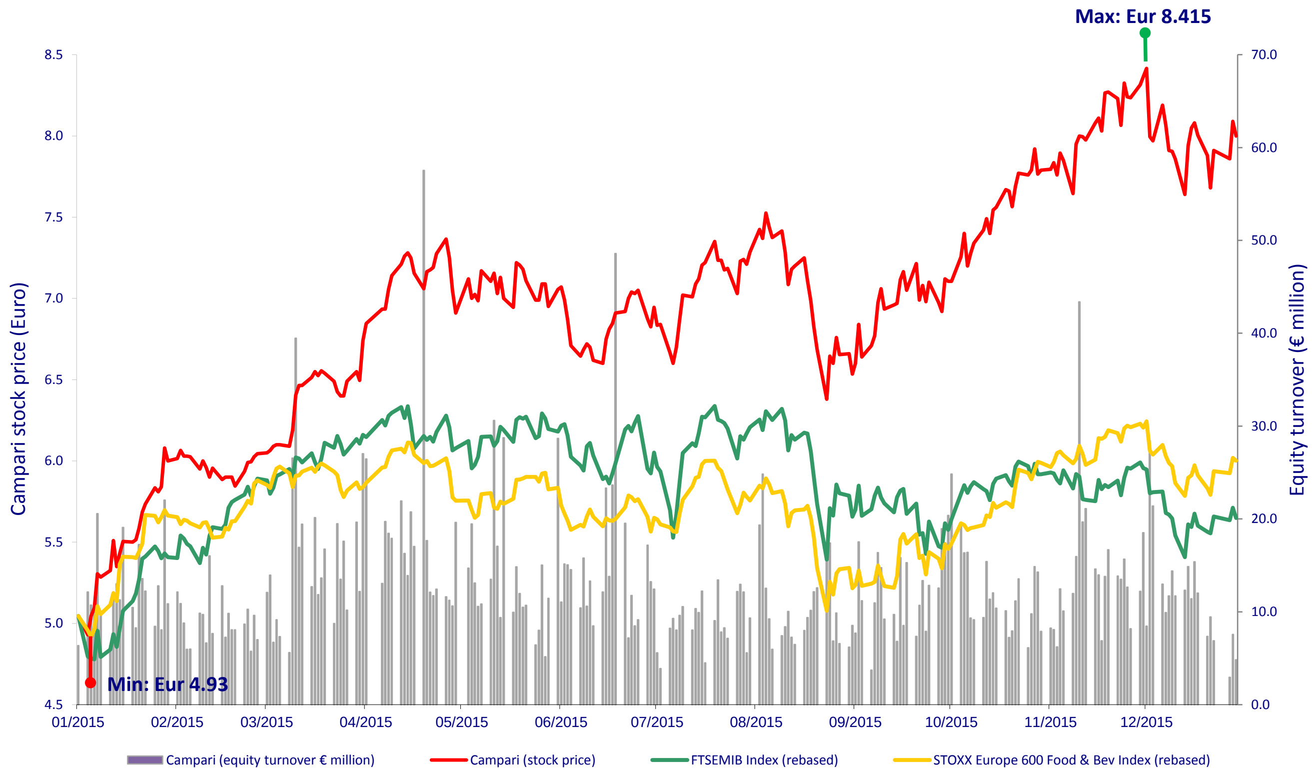
improvement in the macroeconomic environment in Italy, the Group's main market, and by positive market data on the performance of the Group's brands in its second largest market, the US. In 2015, the stock performance was also boosted by a favourable macroeconomic environment, which benefited from an increase in liquidity after the ECB strengthened its monetary stimulus, a positive scenario in terms of the exchange rates for the Group's major currencies, and a favourable trend in raw materials costs. Some of the other factors that influenced the Campari stock price are the successful closing of the sales of the Limoncetta di Sorrento brand in Italy and the Federated Pharmaceutical division in Jamaica, as well as the sales of the Enrico Serafino winery, which was completed in June, and the non-strategic businesses belonging to Casoni Fabbricazione Liquori S.p.A. These transactions, although not of high value in relation to the Group's size, confirm the Group's strategy, which aims to further strengthen its focus on the strategically important and high-margin spirits portfolio, including through the rationalisation of non-core activities.

In 2015, the Campari stock price rose by +55.0% in absolute terms, with a total shareholder return (TSR) of +56.6%. The Campari stock price outperformed the FTSE MIB by +42.4%. The stock outperformed the STOXX Europe 600 Food&Beverage index by +37.1% in the period from 1 January to 31 December 2015, and outperformed the MSCI Europe sector index by +51.1% in the same period.

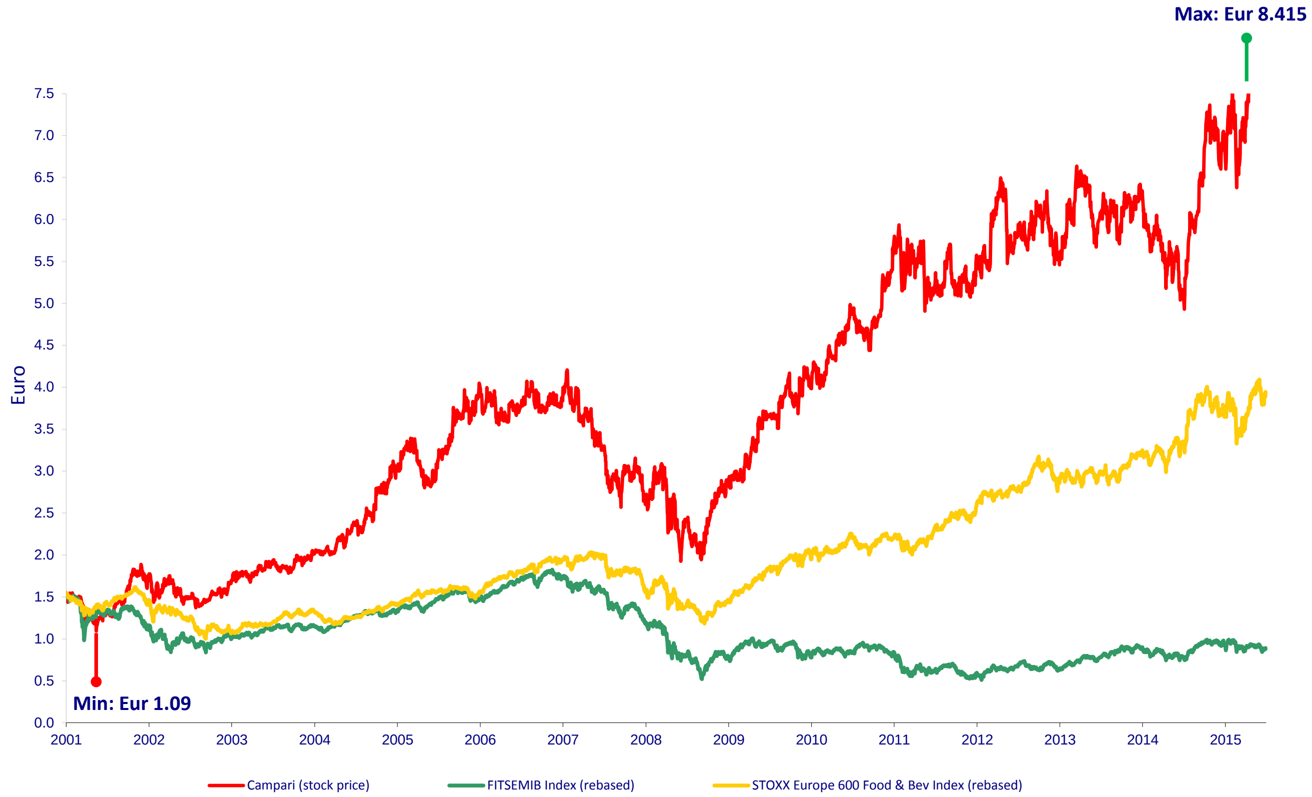
For 2015, the minimum and maximum closing prices of € 4.93 and € 8.415 were recorded on 5 January 2015 and 2 December 2015 respectively. An average of 1.9 million Campari shares were traded daily on the market managed by Borsa Italiana S.p.A. in 2015, with an average daily value of € 12.9 million. At 31 December 2015, Campari's market capitalization was € 4.6 billion.

From the date of the initial public offering (IPO) to 31 December 2015, the Campari stock price has increased in absolute terms by +416.1% (an average of +12.0% per year), with total shareholder return (TSR) up +480.8% (an average of +12.9% per year). The Campari stock price increased +459.2% against the FTSE MIB and the stock outperformed the STOXX Europe 600 Food&Beverage index by +262.4% in the period from listing to 31 December 2015, and outperformed the MSCI Europe sector index by +417.5% in the same period.

The performance of the Campari stock and the main benchmark indices from 1 January 2015 to 31 December 2015



The performance of the Campari stock and the main benchmark indices from listing (2001) to 31 December 2015



Notes:
Figures up to 2009 have been adjusted to reflect the changes in share capital in 2005 and 2009.
The STOXX Europe 600 Food &Beverage Price Index is a capitalization-weighted index which includes European companies operating in the food and beverage industry.

Shareholder base

The table below shows the major shareholders at 31 December 2015.

Shareholder[1]	Number of ordinary shares	% of share capital
Alicros S.p.A.	296,208,000	51.00%
Cedar Rock Capital[2]	62,936,560	10.84%

[1] Shareholders who have notified Consob and Davide Campari-Milano S.p.A. that they have interests of over 2% (pursuant to article 117 of Consob Regulation 11971/99 on notification of significant investments).
[2] Andrew Brown, Chief Investment Officer of Cedar Rock Capital Ltd., informed Consob in accordance with article 120 of Legislative Decree 58/1998 (TUF).

Dividend

The Board of Directors voted, at the Shareholders' Meeting, to propose a full year dividend per share of € 0.09 for 2015 (+12.5% increase compared to the previous year). The dividend will be paid on 25 May 2016 (with an ex-date for coupon no. 13 of 23 May 2016) in compliance with the Italian Stock Exchange calendar, and a record date of 24 May 2016. The Board of Directors resolved to convene the Annual Shareholders' Meeting on 29 April 2016, to approve the 2015 financial statements.

Loyalty shares

On 28 January 2015, the extraordinary shareholders' meeting of Davide Campari-Milano S.p.A. approved, by a large majority, a proposal to introduce loyalty shares as mentioned in the section on significant events during the period.
The proposal was approved with a vote in favour of 76.1% of the share capital represented at the shareholders' meeting, corresponding to 61.8% of the share capital of Davide Campari-Milano S.p.A.

On 9 April 2015, 368,251,204 shares (63.4% of the share capital of Davide Campari-Milano S.p.A) were registered on the special list for entitlement to increased voting rights (loyalty shares). These shares belong to a total of 72 shareholders. Pursuant to article 143-*quater*, paragraph 5, of Consob Regulation 11971/99, the following list of shareholders with an interest of over 2% in the share capital of Davide Campari-Milano S.p.A. were entered in the special register on 9 April 2015 for entitlement to increased voting rights (loyalty shares).

Declarer	Date of registration on the list of shareholders with increased voting rights	Holding for which increased voting rights were requested	Total investment
Alicros S.p.A.	9 April 2015	296,208,000 shares (51.000% of share capital)	296,208,000 shares (51.000% of share capital)
Cedar Rock Capital	9 April 2015	54,315,737 shares, representing 9.352% of share capital	62,936,560 shares (10.836% of share capital)

On 4 June 2015, the investment for which increased voting rights were requested for the shareholder Cedar Rock Capital was reduced to 54,116,317 shares.

The new Article 6 of the articles of association and the related Regulation on the special list for double voting rights, approved by the Board of Directors, defines the terms and conditions for registration on the list and for requesting removal from it.

For more detailed information on this subject, see the report prepared by the Board of Directors, and the Regulation on the special list for double voting rights, which is published on the Company's website (www.camparigroup.com/en/governance/loyalty-shares).

Information on the Campari stock and valuation indicators

The table below shows the performance of the Campari stock and the main valuation indicators used by Gruppo Campari since the IPO.

Year	Minimum price	Maximum price	Average price	Price at 31 December	Change in the Campari stock	Change in FTSE MIB	Average daily trading volume	Average daily trading value	Stock market capitalization at 31 December
	€	€	€	€	%	%	millions of shares	€ million	€ million
2015	4.93	8.42	6.95	8.00	+55.0%	+12.7%	1.9	12.9	4.646
2014	5.04	6.42	5.89	5.16	-15.1%	+0.2%	1.4	8.0	2.997
2013	5.46	6.64	6.00	6.08	+4.8%	+16.6%	1.3	7.9	3,531
2012	5.08	6.50	5.55	5.80	+12.7%	+7.8%	1.7	9.6	3,369
2011	4.44	5.94	5.17	5.15	+5.6%	-25.2%	2.0	10.6	2,988
2010	3.51	4.99	4.15	4.87	+33.5%	-13.2%	1.9	7.6	2,828
2009	1.94	3.71	2.82	3.65	+52.1%	+19.5%	1.6	4.5	2,118
2008	1.93	3.30	2.78	2.40	-26.8%	-49.5%	1.3	3.7	1,394
2007	3.25	4.21	3.77	3.28	-12.8%	-7.0%	1.5	5.8	1,904
2006	3.14	4.05	3.66	3.76	+20.5%	+16.0%	1.2	4.4	2,183
2005	2.24	3.39	2.86	3.12	+32.0%	+15.5%	1.0	2.8	1,812
2004	1.79	2.39	2.02	2.37	+22.9%	+14.9%	0.9	1.7	1,374
2003	1.37	1.93	1.65	1.93	+28.2%	+14.4%	0.8	1.3	1,118
2002	1.27	1.89	1.58	1.50	+13.8%	-27.3%	1.1	1.7	871
2001	1.09	1.55	1.36	1.32	-14.9%	-14.1%	1.4	2.1	767

(1) Listing on the Italian Stock exchange (MTA) took place on 6 July 2001. Average daily volume and average daily trading value excluding first week of trading

The table below shows information on dividends paid on the Campari stock since the IPO.

Year	Number of shares authorized and issued at 31 December	Number of adjusted shares at 31 December [1]	Number of shares with dividend rights [2]	Gross dividendper share(€) [3]	Total dividend (€ million) [4]
2015	580,800,000	580,800,000	578,209,403	0.090	52.0
2014	580,800,000	580,800,000	571,250,000	0.080	45.7
2013	580,800,000	580,800,000	576,009,862	0.080	46.1
2012	580,800,000	580,800,000	569,257,224	0.070	39.8
2011	580,800,000	580,800,000	578,636,980	0.070	40.5
2010	580,800,000	580,800,000	576,672,284	0.060	34.6
2009	290,400,000	580,800,000	576,380,506	0.060	34.6
2008	290,400,000	580,800,000	576,380,506	0.055	31.7
2007	290,400,000	580,800,000	578,711,092	0.055	31.8
2006	290,400,000	580,800,000	580,798,906	0.050	29.0
2005	290,400,000	580,800,000	562,712,026	0.050	28.1
2003	29,040,000	580,800,000	560,800,000	0.044	24.7
2002	29,040,000	580,800,000	560,800,000	0.044	24.7
2001	29,040,000	580,800,000	560,800,000	0.044	24.7

(1) Stock information prior to the dates on which changes were made to the amount of share capital has been adjusted to take into account the new composition of share capital as described below:

- Ten-for-one share split effective as at 9 May 2005;
- Bonus share issue via the issue of 290,400,000 new shares with a nominal value of € 0.10 each to be provided free of charge to shareholders in the ratio of one new share for each share held, which came into effect on 10 May 2010.

(2) Excluding own shares held by Davide Campari-Milano S.p.A.. For 2015, the number of shares as of the Board of Directors meeting on 1 March 2016 is to be recalculated on the basis of the total number of shares outstanding as of the dividend ex-date.

(3) For 2015, the dividend proposed by the Board of Directors will be submitted for the approval of the shareholders' meeting on 29 April 2016.

(4) For 2015, the total dividend was calculated on the basis of shares outstanding as of the Board of Directors meeting on 1 March 2016; this figure is to be recalculated based on the total number of shares outstanding as of the dividend ex-date.

The table below shows information on the main valuation indicators for the Campari stock since the IPO.

Year	earnings per share [1]	price/ shareholders' equity	price/ net profit	dividend/ net profit [2]	dividend/ price per share [2]
2015	0.30	2.66	26.5	29.7%	1.1%
2014	0.22	1.90	23.2	35.4%	1.6%
2013	0.26	2.53	23.6	30.8%	1.3%
2012	0.27	2.35	21.4	25.4%	1.2%
2011	0.27	2.19	18.7	25.4%	1.4%
2010	0.27	2.26	18.0	22.1%	1.2%
2009	0.24	2.02	15.3	25.2%	1.6%
2008	0.22	1.46	11.0	25.1%	2.3%
2007	0.22	2.17	15.2	25.4%	1.7%
2006	0.21	2.74	18.3	24.8%	1.3%
2005	0.21	2.61	14.9	23.8%	1.6%
2004	0.17	2.20	13.7	29.0%	2.1%
2003	0.14	2.04	14.0	35.6%	2.3%
2002	0.15	1.82	10.1	30.9%	2.9%
2001	0.11	1.78	12.1	38.9%	3.3%

(1) Up to 2004, Italian Accounting Standards; from 2005 IAS/IFRS.

(2) For 2015, the dividend proposed by the Board of Directors will be submitted for the approval of the shareholders' meeting on 29 April 2016.

Investor relations

Campari has adopted a communications policy aimed at financial market operators which is intended to provide complete, accurate and timely information on the Company's results, corporate initiatives and strategies, while complying with the relevant confidentiality requirements for certain types of information. The investor section of the website, a key tool for distributing information on the Company, including financial results, corporate governance, stock market listing and the calendar of events, can also be viewed using new interactive tools. A new governance section provides all the information relating to the Company’s corporate governance system, corporate bodies and shareholders’ meetings. Specifically, following approval of the proposed changes to the articles of association in order to introduce loyalty shares, a dedicated section on loyalty shares was created, containing all documentation relating to this topic. The new website was developed to be compatible with any electronic communications device, in order to allow increasingly wider and immediate access through new technologies. With reference to activities aimed at the institutional investor category, in 2015 the Company continued to communicate information to institutional investors and financial analysts, through numerous meetings organized in Milan and at the main stock exchanges in Europe and outside Europe, including in the US and Canada.

Information of interest to shareholders and investors is available on the website, and may also be requested by sending an email to investor.relations@campari.com.

Gruppo Campari and corporate social responsibility

Sustainable Campari

Gruppo Campari operates according to criteria of corporate social responsibility and sustainable corporate management, in line with the system of values that has always underpinned its activities.

As a result of the Group's international growth strategy, which it has pursued over the last 20 years, it now has 19 affiliates and 16 production sites around the world. This growth requires increased commitment, also with regard to managing the social and environmental impact, to ensure a uniform approach across all environments and in line with the Group's standards. For this reason, Gruppo Campari decided it was necessary to define a structured project dedicated to sustainability. The aim of the project was to disseminate a culture of corporate responsibility within the Group, to implement projects to support individuals and protect the environment, and to share the ensuing results with stakeholders. Therefore, 'Sustainable Campari' was officially launched in 2011, with the intention of making sustainability one of the strategic pillars underpinning the process of defining corporate policies.

Gruppo Campari's sustainability strategy comprises five key areas:

- **our people**, known as *Camparistas*, the true ambassadors of Gruppo Campari's values and whom the Group wants to support in both their professional development and personal well-being. The aim is to jointly create a company that can capitalize on market opportunities but at the same time is aware of the needs of its most important resource: the Camparistas;
- **responsible marketing and practices**, a key tool for business development that focuses on models of moderate drinking and has always been used within the limits permitted by law;
- **quality, health, safety and environment**, areas to which the Company pays particular attention in order to minimize its environmental impact and ensure the safety of both its employees and external stakeholders;
- **responsible sourcing**, aimed at providing high-quality products via the careful selection of reliable commercial partners, and establishing transparent and proper relationships with them;
- **commitment to communities**, which is reflected in the promotion of excellence, a spirit of initiative and equal opportunities in the countries in which Gruppo Campari has a significant presence.

The content of the sustainability report, which since 2012 has been an integral part of the Financial Report (is approved by the Board of Directors of Davide Campari-Milano S.p.A. in tandem with the financial statements and submitted to the Shareholders' Meeting), has gradually been enriched and expanded.

In 2014, with the direct involvement of the CEO and senior management, the Group carried out a **materiality analysis** and identified the most important social responsibility issues for Gruppo Campari. This procedure identified a set of key performance indicators (KPIs) for reporting key content. The reference point for this in-depth analysis was the GRI-G4 international sustainability reporting guidelines, combined with an analysis of best practice within and outside the sector. The set of indicators that substantiates the reporting of the Group's non-financial performance therefore comprises of indicators from the GRI-G4 guidelines and some specific KPIs, which reflect both the Group's particular features and the progress of the Sustainable Campari project.

The sustainability reporting procedure for 2015 was led by the Public Affairs & CSR department, which reports directly to the CEO with regard to the Group's sustainability policies, collaborating closely with the functional teams responsible for the various business areas at the headquarters in Sesto San Giovanni. Moreover, for the first time, the Internal Audit department launched an internal process – in line with the relevant international standards and fully consistent with the Group's intention to make its reporting process increasingly robust, in particular to provide greater assurance to the stakeholders to whom the information in this section is addressed – for checking the data, information and relevant sources to ensure the accuracy and transparency of the information communicated. In part, due to this additional internal checking process, the Group now has a robust qualitative and quantitative reporting mechanism, demonstrating its increased focus on sustainability.

Our guidelines

Integrity, passion, pragmatism and a focus on performance are the fundamental values underpinning Gruppo Campari's business model; these are complemented by close attention to the accuracy, objectivity, confidentiality, transparency and completeness of information.

The 17 articles of the Code of Ethics are based on these principles and express the sense of responsibility that should be the guiding value for all Camparistas in the performance of their duties and the conduct of their relationships, both within the Group and with third parties. The Code, which was revised and expanded in 2009, 2012 and 2015, was approved by the Board of Directors and implemented by all Group companies. The last revision to the Code was in November 2015 and focuses particularly on safety in the workplace. It also defines more clearly the circumstances in which disciplinary measures can be taken and mentions the Campari Safe Line, which is available to all Camparistas to report behavior that is not in keeping with the Code.

These values and principles are also referred to and developed further in the Business Conduct Guidelines; these provide Camparistas with an operational tool to help them better understand the types of behavior that are shared and in line with the Group's philosophy in relation to potentially sensitive issues (e.g. the use of social media, handling confidential information and accepting donations and gifts). Information on the corporate governance system and ownership structures is provided in the Corporate Governance Report. This document reports annually to shareholders and the market on the specific details of the corporate governance model adopted by the Group, and sets out the way in which the Group complies with the recommendations of the Code of Conduct for Listed Companies. Directors' remuneration policies and the risk management system are described in general terms in the Report.

Owing to the particular features of the branded beverage industry, strong emphasis is placed on communication and responsible marketing. In 2010, Gruppo Campari created a Commercial Communications Code, encapsulating its observations and commitments in this area. The Code, which sets out the principles of proper communication, has subsequently been expanded with the addition of an appendix on the digital world. More detailed information is provided in the 'Responsible marketing and practices' section.

Risk management

Gruppo Campari has a risk analysis and management system with the capacity to generate value over time. Since 2012, Internal Audit has been carefully identifying and monitoring potential and actual risks using a global plan that involves all the Group's business units. Further details are available in the Risk Management section of this Report.

In 2014, Gruppo Campari expanded its whistleblowing procedures, which were started in 2009, by activating Campari Safe Line on the Group's intranet; this is a channel that provides Camparistas with the opportunity to report behavior that is not in keeping with the Guidelines of the Code of Ethics and the Business Conduct Guidelines. As an additional assurance that the risk culture is disseminated, the Campari Safe Line was extended in 2015 to external stakeholders, so now anyone can promptly report breaches or suspected breaches of the Group's Code of Ethics. This tool has integrated the mechanisms for obtaining the feedback set out at article 17 of the Code of Ethics, e.g. the mailbox of the Parent Company's Supervisory Body, which was created pursuant to Law 231/2001.

Our people, the Camparistas

The Camparistas, as Gruppo Campari's real ambassadors, are a valuable resource and, as mentioned earlier, play a strategic role in the pursuit of the Company's success. The Group's continuous growth has helped enrich its human capital, which now reflects an increasing variety of cultures. At 31 December 2015, the Group's total headcount was 4,068, including 3,655 permanent Camparistas, or around 90% of resources. This is down slightly (8%) compared with 2014, mainly due to the reorganization in Jamaica, where the Group's non-core business divisions (i.e. pharmaceutical and agro-chemicals) were sold. Camparistas work in 24 countries, with the majority in the Americas (59%) and Europe (36%). On 31 December 2015, 1,235 Camparistas constituted 34% of the working population at global level. A geographical breakdown of this figure shows that 38% of Camparistas are in Europe, the Middle East and Africa, 32% in North America and 26% in South America (where there is a higher concentration of manpower). Excluding those in the product supply chain, Camparistas within the Group represent 45% of the total global work force.

As noted above, Gruppo Campari has recorded significant and balanced growth in its business, through both organic and external channels over the last few years. The internal reorganization and simplification of the structure, which is aimed at leveraging existing synergies, continued in 2015. As part of this process, the Group has identified solutions to keep the number of redundancies as low as possible, including through internal placements.

Campari and Camparistas

Listening and dialogue are fundamental for understanding the priorities of Camparistas, enabling the Group to improve motivation and well-being. To this end, Gruppo Campari carried out a business climate survey in 2008 (and again in 2010, 2012 and 2014) using a questionnaire to monitor the job satisfaction of Camparistas.

A special version of the survey was used in 2015, involving Camparistas in Jamaica for the first time. This extended and supplemented the survey already carried out in 2014 for all other permanent Camparistas. This represented an important step to integrating Jamaica into the Company, which started with the One Company program. The questionnaire was completed by 50% of the Company's working population in Jamaica, bearing witness to the gradual creation of a single corporate identity. After consolidating the data from Jamaica into the Group survey, global participation was 80% and there was little variation in the scores for the various themes. To ensure complete impartiality and respect for privacy, the data was analyzed (including the extraordinary edition in 2015) by the Research Division of Bocconi University, Milan.

The main themes in the questionnaire were the active involvement in the life of the Group and adherence to key values. The results of the research in Jamaica confirmed the results of the global survey, with scores in line with the Group's objectives. The Camparistas confirmed that they felt like an integral part of the Group's working life, assigning an average score of 5.5, on a scale of 1 to 7, to the measurement parameters (i.e. satisfaction in carrying out one's work, confidence in the future, sense of belonging). The Camparistas were also in line with the corporate values of passion (with a top score of 6.2), pragmatism and integrity, with the same average value of 5.5, in line with the 2014 score. These results are more than satisfactory for both areas of analysis, in comparison with the pre-set target of 5.

The survey also produced a positive result (5.11) for the Camparistas' perception of the corporate responsibility policies implemented by the Group, with the culture of sustainability also disseminated uniformly in Jamaica, which reported an average score of 5.3. The survey will be repeated at the global level in 2016 and the feedback collected will continue to guide the Group's improvement plans.

In 2015, Campari Argentina S.A. took part in the national edition of the **Great Place to Work** survey, which assessed Camparistas' opinions on the Company's ability to create an environment of safe, stimulating and inclusive working, with a particular focus on internal fairness and the absence of discrimination. The results of the survey placed Campari Argentina S.A. in the top ten businesses with fewer than 250 employees, a source of pride for all Camparistas. The voluntary turnover level is also considered to be an indicator of the well-being of Camparistas. In 2015, the Group met its target, for the third year in a row, of an annual turnover of not more than 7%; voluntary turnover in 2015 was 6.9%.

With the aim of extending access to medium- and long-term incentives to a larger band of the managerial population, and promoting a more performance-based approach to working, in 2015, the Group designed a new program adapted to the various managerial responsibilities. The new medium-term incentive plan runs parallel to the stock option incentive plan (a benefit provided to 60% of managers in 2014) and will be launched in 2016 via the payment of a bonus, within a three-year window. The two plans will cover 97% of Gruppo Campari's managers.

An inclusive working environment

Gruppo Campari recognizes the fundamental importance of human resources – the people employed by the Group in every market and country, who all have their own personal, cultural and professional characteristics. As stated in article 3 of the Code of Ethics, '*the Group rejects all forms of discrimination, particularly discrimination by race, gender, age, language, nationality, ethnic origin, religion, sexual orientation, inheritance, trade union or political affiliation and personal or social condition, and is committed to ensuring equal opportunities at work and in career advancement. Discrimination must in no way affect the hiring, training, pay, promotion, transfer and termination of employment of employees*'. The ability to create an inclusive environment which values diversity is considered an important value-added for a Group whose workers belong to **around 60 different nationalities** (50 in 2014).

Particular attention is paid to valuing female talent, especially in the last few years, to promote gender diversity at every level. In the last two years, the number of female Camparistas holding managerial roles has risen from 11% to 16%; the total number of women at managerial levels was 27% in 2015 (+1% compared with 2014). In 2015, 39% of the Group's hires were female Camparistas; this percentage rises to 67% across all functions. In light of the strategic importance accorded to diversity, defined not only in terms of race, gender, religion, ethnic origin and sexual orientation, but also in terms of different cultural and personality-based experiences and thinking, Campari America organized the **Women's Networking** event in San Francisco in April 2015.Three external speakers took part in the event, which was introduced by the Group CEO; this gave female Camparistas the opportunity to chat to each other about career paths and development.

Camparistas' training and personal growth

As stated in the Code of Ethics, training is a key pillar for Gruppo Campari, through which it promotes professional development within the various business units. In 2015, the Group confirmed its intention to build its future growth through investment in training programs and the provision of attractive career paths.

Key professional development training continued to be provided to Camparistas in 2015 through the training programs **Passion for Learning** and **Campari Way of People Management**. The new editions are now delivered in an interactive format following the creation of a platform called Campus. A fully automated e-learning course called **Product Knowledge Training** is also being developed and will be available in 2016 in various languages. Delivery of **Lead to Succeed**, which is part of the suite of global training programs to enhance professional and personal skills and was launched in 2014, continued in 2015. With the involvement of 42 participants from business units all over the world and 25 managers from the first edition, this course aims to train the managers of the future.

In a positive trend, 58% of vacant management positions were filled by promoting internal staff in 2015; this percentage reached 76% for senior management roles, a slight increase on the previous year (73%).

In 2015, the training program provided by the **Marketing Academy**, which is aimed at enhancing the competencies of Camparistas, was being revised ahead of its relaunch in 2016. The program, geared towards Camparistas in marketing functions, offers specific courses run by in-house professionals with the assistance of external lecturers. The same philosophy underpins the **Finance Academy**, a training program organized in two 40-hour modules, which was launched in 2015. This program, which aims to raise awareness of and strengthen the Group's financial culture, has been provided to staff from all business units. Many local training programs developed to meet specific training needs in the various countries were also launched in 2015.

In training Camparistas, particular attention is paid to developing a common culture in the strategic areas of quality, health, safety and environment. Specific training courses delivered by in-house professionals and/or with the assistance of external specialists break down as follows in 2015: 10,167 hours of training relating to quality and food safety were provided, along with 19,833 hours on the health and safety of workers and 1,621 hours on environmental protection, totaling **31,621 QHSE training hours**, an increase of +30% on 2014. The QHSE training hours target for 2016 was confirmed as **6 hours per Camparista**. Of the subjects covered, particularly important training courses include those on IT applications, such as Interspec Reporting and FootPrints, in various offices around the world (e.g. San Francisco, Barcelona, Kingston and Shanghai); the Lean Six Sigma training in Jamaica and Derrimut, Australia; a course for all Camparistas on various environmental aspects at the Crodo facility and one on LCA (Life Cycle Assessment) methodology at the headquarters, Canale d'Alba and Novi Ligure sites.

Camparistas' involvement in the environment, well-being and social activities

Gruppo Campari is committed to providing Camparistas with the means to make increasingly well-informed decisions that respect the environment and people, in both their professional and personal lives.

Eco Campari is an environmental awareness program. Originally created in Brazil, it now has a global reach, with customized approaches based on the specific features of the Group's various affiliates. Education on virtuous behavior that can reduce environmental impact relates as much to internal work as to activity outside the working environment. In 2015, this initiative was extended to the US, Argentina, Peru, Canada and Russia, in addition to the 13 countries in which the project was already active. In 2015, Campari America, Canada and the UK developed a number of eco-friendly practices in line with the philosophy of Eco Campari. These include: containers and bags suitable for differentiated waste collection in each area of the office, refreshment areas with energy-saving electrical appliances and biodegradable plastic crockery, the installation of water fountains, stationery made from recycled materials, choosing local and eco-sustainable suppliers, eco-friendly office cleaning products, a shuttle service and bicycle areas to encourage green transport, posters with messages about saving water and paper in communal areas, and cloth shopping bags. The IT department at Campari America has configured all electronic devices to energy-saving mode and, with an eye to the end-of-life treatment of the resources connected with such devices, has engaged the company Green Citizen to recover such materials (in 2015, 1,871 kg of electronic waste was recycled).

Campari America and a group of volunteers took part in an exhibition, organized in conjunction with Garden for Environment on an acre of urban garden used for such purposes in the Sunset district of San Francisco. The volunteers were taken on a tour of eight 'exhibition' garden areas with orchards, composting systems and organic crop systems, all designed to show the benefits of a sustainable food system, promoted through the choice of local suppliers.

Campari do Brasil Ltda’s traditional awareness of environmental issues is evident in its **Happy Day Campari** project: a day that provided an opportunity for 63 of the Camparistas' children to explore their parents' working environment. During the day, there were educational activities on environmental sustainability, including a treasure hunt for scarce water supplies, and short informational films.

Campari also participates in the US program **Take your Daughters & Sons to Work Day**. The program introduces children to the world of work and encourages young people to create career paths that are opportunity-driven and geared towards success. In the 2015 edition, young people interested in technology gained experience of using innovation, assisted by Camparistas in various functions (IT, innovation, finance and marketing), to create product labels, marketing and publicity material and price and profitability scenarios, as well as watch their parents at work.

In 2015, the Group produced its first video on Sustainable Campari as a way of informing all Camparistas of the objectives and content of the sustainability project and to encourage daily behavior in keeping with it. New videos focusing simply and effectively on specific aspects of the global project will be released in 2016. These will be available on both the corporate intranet and the Group's website. Campari posters with direct messages about sustainability, encouraging Camparistas to adopt sustainable behavior, will be displayed in dedicated areas of the office. One of the subjects covered in the posters is the EcoCampari Smart Printing project: this encourages ways of printing that use less paper and other resources, and sets out the benefits that can be obtained in terms of lower costs and a reduced environmental impact. Following implementation, in 2015, of this project at the headquarters (Sesto San Giovanni) and three production facilities (Canale D'Alba, Crodo and Novi Ligure) in Italy, printing was reduced by over 85,700 sheets of paper; this equates to cost savings of more than € 6,200 and, in environmental terms, is equivalent to eight trees, over 12,500 liters of water and 3,400 kg of CO_2 emissions.

In the US, for the third year, Gruppo Campari developed a project to improve the well-being of Camparistas. During the year, a **Health Squad** was organized by a group of Camparista volunteers, who, in addition to their daily work, helped to make Gruppo Campari a better workplace.

In 2015, a **Health Fair** was organized, offering Camparistas the opportunity to make contact with experts in the field of psychological and physical well-being. Camparistas in the US compete in teams in **Walktober**, a challenge of walking 10,000 steps a day for a month to combat deforestation. A step-counting device is issued to all participants, who can track their performance with an app and via a social network website, where they can interact and chat with each other.

Campari Foundation

The Campari Foundation was created in 1957 with the aim of promoting and implementing social solidarity projects for current and retired Camparistas as well as their families. The Group's international growth has accompanied and influenced the way in which the foundation has developed: from its original role of supporting Camparistas and their families in Italy, it followed the corporate expansion path and in 2013 broadened its scope to include other countries.

In 2015, as in the previous year, Jamaica and Argentina received funds to be used for the promotion of training and support programs. A further grant (€ 70,000) was also approved by the Campari Foundation in 2015 for J. Wray & Nephew Foundation. In 2015, J. Wray & Nephew Foundation subsidized a number of educational initiatives through scholarships, which were taken up by 93 of the Camparistas' children (69 high-school students and 24 university students); another 13 scholarships were awarded to Camparistas. Argentina, following on from Jamaica, promoted two training and support programs; the funds for these programs (€ 30,000) will be recognized in 2016 to create a local foundation.

In 2015, the foundation received 74 applications for grants that complied with the Articles of Association and the Regulation. All the applications, which had come from Italy, were therefore accepted, resulting in the provision of grants totaling € 171,000. One-off applications relating to particularly difficult situations, received from the US, Mexico and Argentina, were also accepted, resulting in the issue of grants totaling € 11,000. In 2015, an amendment to the Articles of Association, approved by the Governing Council, introduced the option for the Foundation to provide assistance not only to Camparistas but also to external parties, in particular cases of need or deserving situations.

Responsible marketing and practices

Gruppo Campari reiterates its commitment to promoting moderate and responsible consumption of its products, which it considers an integral part of its corporate social responsibility. The Group is careful not to encourage irresponsible forms of consumption in its communications. It promotes a 'Mediterranean' style of consumption, which associates the consumption of alcoholic drinks with food and a convivial atmosphere.

In the last few years, the Group has undertaken to explain its messages of responsible drinking more clearly, using the numerous channels available to reach its consumers (e.g. product packaging and above the line (ATL) and below-the-line (BTL) communication). Gruppo Campari is also aware of the primary role that the family and the authorities can jointly play in educating consumers to drink responsibly. The Group therefore continues to encourage and **strengthen cooperation and dialogue with the relevant authorities**, by launching **initiatives**, in conjunction with **national trade associations**, to promote such a culture.

Responsible communications

The Commercial Communications Code, which was created in 2010, aims to ensure that all the Group's companies adhere to high standards of responsibility in their communications and the promotion of their products.

An internal assessment committee (the 'Committee') monitors compliance with these voluntary rules. Since 2014, this has comprised of representatives from the Group's Strategic Marketing, Corporate Legal, Public Affairs & CSR and Communications departments. In 2015, the Committee reviewed all the communications campaigns required to be examined pursuant to the Code. No complaints from external bodies were subsequently received about any of these campaigns. The Group requires all Camparistas in the marketing, sales and public relations departments to sign the Code of Commercial Communications as a way of raising their awareness, and to request compliance with said Code. In 2015, all Camparistas in the marketing and public relations departments and all of the sales force signed the Code.

Also in 2015, the obligation to sign and hence comply with the Code was extended to the external agencies that support the Group in its marketing activities. To date, 15 countries in which the Group works with external agencies have requested and subscribed to the Code. Moreover, Gruppo Campari adheres to local self-regulating advertising principles in the countries in which it operates. In 2015, Campari Australia adhered to the principles of ABAC ('Alcohol Beverages Advertising Code'), a voluntary local code.

In 2015, the Group continued to publicize messages on the responsible consumption of alcohol. All ATL advertising campaigns contained a responsible drinking message (RDM) (compared with 99% in 2014). In addition, 98% of its brands' profiles on social media carried an RDM (compared with 95% last year). The Group's attention to responsible communication therefore also extends to new technology. To this end, the Group has developed and circulated a set of Global Digital Guidelines to regulate its digital presence and activities. The legal age for the consumption of alcoholic beverages is verified via the Age Affirmation Process at all the Group's sites that promote such beverages.

In addition, the Group disseminated guidelines in 2015 on the further regulation of responsible communication, including for social media channels. Regulating BTL communication is, of course, more complicated due to the significant number of activities carried out and the difficulty of including messages on some materials. Nevertheless, the Group included an RDM in all its BTL communications in 2015, an improvement on the previous year's figure of 97%. The practice of including RDMs on promotional gadgets also continued in 2015, a commitment that will be carried on in 2016 to increase the level of coverage. Lastly, in 2015, the Group reiterated its commitment to including the 'pregnancy logo' on all packaging of alcoholic beverages sold by the Group, in order to raise awareness of the potential risks of drinking alcohol by pregnant women. Also in 2015, the focus on developing responsible commercial communications was accompanied by specific initiatives implemented by the local affiliates:

The 'Sagatiba Estúpida' campaign carried out by Campari do Brasil Ltda. in 2015 encouraged people to think about the risks of drinking alcoholic beverages and driving. Incomplete items (e.g. a tap without a basin or stairs leading to a wall) were put up in three bars in San Paolo with the message, 'drinking and driving would be more stupid', drawing customers' attention in an amusing and innovative way to the fact that 'Sagatiba can be mixed with everything but not with driving'. In addition, customers who bought drinks mixed with Sagatiba received a discount of 15 Brazilian Reals on a taxi journey, thanks to the Company's partnership with the Easy Taxi app. A video of customers' reactions to this message was subsequently shared on social media. The inclusion of the campaign on Facebook achieved excellent results in terms of involvement, and the promotional video attracted 16.5 million impressions from the approximately 5.5 million people involved.
In 2015, Campari America, in collaboration with KIIP (an advertising mobile network used by various companies to promote their brands), took part in a campaign for responsible drinking and safe driving. Under this innovative approach to mobile marketing, vouchers for free lifts during peak times of alcohol consumption were offered to people using LYFT (a ridesharing app that puts passengers needing a lift in contact with drivers). This gave consumers who used this app the opportunity to benefit from a transport service that would ensure they got home safely at times when they might drink more alcohol.

In 2015, the Group continued to support the 'I am legal' program in Jamaica. Its aim, which is promoted by the Jamaican beverage industry, is to ensure that alcoholic products are only served to people who can prove they have reached the legal drinking age. As part of the same program, a group of Camparistas took part in numerous promotional events to ensure compliance, during these events, with the guidelines laid down by the Group and by the Marketing Communication Code drawn up by JABA (Jamaica Alcohol Beverage Association), the association of producers, distributors and sellers of alcoholic beverages in Jamaica.

Responsible serving

Gruppo Campari sees bartenders as the people who can most effectively promote correct styles and habits of consumption, and are able to focus attention on the quality rather than quantity of the product. Gruppo Campari therefore has created training courses open to both employees and connoisseurs.

The Group directly trains a large number of bartenders though the Campari Academies in Sesto San Giovanni and Munich. In 2015, these units organized 160 training days involving 3,090 people, of whom 2,970 were bartenders. In other countries, however, the Group works with external partners to develop similar initiatives. The bartenders involved in Gruppo Campari's initiatives are presented with the Responsible Serving Guidelines, a six-point document that proposes a service with a particular emphasis on responsible consumption. In 2015, this was done in 16 countries where the Group operates through its own subsidiaries (six more than in 2014); most of the events sponsored by the Group in these countries involved bartenders who adhered to the six points in the document.

At each event, Campari America distributes an information document about the event, together with the Responsible Serving Guidelines, to each bartender. Campari Australia trains bartenders on the Responsible Serving Guidelines at each event, and requires them to have ‘Responsible Service of Alcohol’ certification.

Gruppo Campari and trade associations

Gruppo Campari is currently a member of 18 trade associations (it has its own distribution network in 19 countries), through which it is committed to promoting the responsible consumption of alcohol. Group managers have key roles in many of these, including DISCUS (USA), ABRABE (Brazil), Federvini (Italy) and BSI (Germany). Gruppo Campari is also a member at European level of spiritsEurope, which brings together and represents European spirits producers. In December 2015, Campari Schweiz A.G., a member of Spirit Suisse, took part in the **Fake Bills Campaign**, an initiative conceived to raise consumers' awareness of the high social cost of road accidents, the most frequent cause of which is alcohol abuse.

The **Don’t Drink and Drive** initiative***,*** promoted by Campari Rus 000 together with ABC (Alcoholic Beverages Committee), an association that groups producers and exporters of alcoholic products in Russia, had a similar objective. The initiative confirmed Gruppo Campari's focus on the issues of road safety and responsible drinking, which were conveyed through messages on product labels, training in driving schools and various engagement activities.

In Italy, Federvini, in partnership with FIPE (the Italian federation of catering and entertainment establishments), prepared the pilot project 'Beremeglio', which is designed to educate bartenders and sector operators on how to serve alcoholic drinks correctly. Launched in 2015 in the Province of Padua, the project will run for six months and is expected to involve 600 participants. The results of the project will be presented to the Ministry of Health, with a view to rolling out the program nationally over the next two years.

Quality, Health, Safety and Environment

Food safety, workers' well-being and respect for the ecosystem: the cornerstones of Gruppo Campari's production activities.

Campari has always considered the food quality and safety of its products, the health and safety of Camparistas and respect for the environment as fundamental factors in its sustainable growth. The **Global QHSE Policy**, issued in 2013 and a key element in the development of all QHSE management systems and associated activities will be **reviewed in 2016** to take into account revisions to the international reference standards and the considerable progress made by Gruppo Campari since 2013 in terms of organization and performance. The indicators reported comply with the instructions contained in the GRI-G4 guidelines, but at the moment still do not cover the complete list of required parameters. Additionally, other indicators unique to Campari's situation were developed.

QHSE perimeter
The results reported in this document relate to the Sesto San Giovanni headquarters and the Group's production sites; the change in perimeter compared with 2014 is due to the consolidation of all QHSE areas at the Derrimut site in Australia. However, it is not yet possible to include the Canadian production facility in Grimsby and certain activities relating to the Averna brand. In 2015, within this perimeter, one fine was applied for non-compliance with current regulations in the area of quality, one in the area of environment, and none in the area of health and safety.

Certification
The triple certification process in line with **ISO 22000** (food safety), **OHSAS 18001** (health and safety of work environments) and **ISO 14001** (environment) standards, which involves all the Group's production sites, continued in 2015 according to schedule. The list of plants already certified now includes the production plant of Volos in Greece. With regard the issues of health, safety and the environment; the production unit in Rothes, Scotland, which obtained three certifications by creating integrated management systems; the Crodo production unit in Italy, which maintained BRC certification by aligning the management system to version 7 of the standard; and the production unit in Lawrenceburg, Kentucky, which extended the scope of the current integrated certification to include bottling activities.

In 2016, the Group will also launch a process of aligning current management systems to the new revised certification standards adopted (ISO 9001:2015, ISO 14001:2015, BRC Issue 7:2015). Following the new certifications obtained, the percentage of bottles produced in certified production units relative to product volumes produced at the Group's sites was as follows in 2015: 81% of bottles were produced on sites with **ISO 22000, BRC, IFS, FSSC 22000 and WQA (Woolworths Quality Assured)** certification, 76% of bottles were produced on sites with **OHSAS 18001** certification and 84% of bottles were produced on sites with **ISO 14001** certification. A comparison of these figures, with those from 2014, was affected by a different balance between sites' production volumes.

In 2015, Gruppo Campari sites were also subject to several audits and operational control activities. Overall, there were **184 site audits, double the number compared with the previous year**, which break down as follows: internal audits 45%, certification audits 30%, audits by supervisory authorities 16%, customer audits 2% and insurance company audits 7%. The cross-country audit launched in 2014 continued in 2015 and involved Camparistas from different sites in conducting internal audits, with a view to promoting synergies and sharing best practices among the various production units. For example, a team from Rothes in Scotland took part in the internal audit at Canale d'Alba in Italy, while the team from Volos in Greece took part in the Rothes audit.

Management systems
A section of Gruppo Campari's intranet is dedicated to QHSE issues; the issues covered are accessible to all Camparistas. The section also serves as a place to exchange best practices and ideas and to ask questions, thereby promoting internal dialogue and the sharing of information.

The QHSE responsibilities also include the **Lean Six Sigma** project, a methodology intended to promote continuous improvement in performance. The project was launched in Italy in 2011 and extended to Europe and South America in 2013. In 2015, the Lean Six Sigma project was launched at the Derrimut site in Australia, which included organizational functions other than supply chain. Meanwhile, in Jamaica, the project was completed with the integration of the teams from the Appleton (St. Elizabeth) and New Yarmouth (Clarendon) distilleries. In early 2016, the training project will be extended to the sites in North America (Lawrenceburg in Kentucky and Arandas in Mexico).

The Group's data collection activities are supported by a number of specific IT tools developed at global level. In 2015, the Group continued applying and implementing the main tools mentioned in the 2014 report, which included in particular:

- Siemens SIMATIC IT Interspec; Interspec Reporting
- Documents Maker; Interspec Reporting Bill of Materials
- FootPrints Quality Ticketing System
- SIMATIC IT Unilab.

In 2015, Campari finalized the adoption and configuration of Enablon, a web-based system for the collection (approximately 2,000 KPIs relating to QHSE issues), management (double verification procedure through quarterly campaigns), consolidation (at site, country, regional and global levels) and analysis of data (half-yearly and annual reports with relative trend analysis). From 2016, the use of this platform will improve the accuracy and usability of information, thereby supporting more targeted and effective performance improvement plans.

Food quality and safety
The product quality index is measured indirectly by assessing market complaints, which are categorized as critical, major or minor according to their severity. The product defect index is calculated in ppm (parts per million) in relation to the number of bottles produced annually. Although the total number of complaints rose in 2015, the product defect index was 54 ppm, a decrease of -73% compared with the performance in 2014. This result is due to a significant reduction in defects following the corrective measures introduced through effective improvement plans.

Health and safety of Camparistas
In 2015, Campari reported 57 accidents involving absence from work and another 122 events with no absence from work. The incident frequency rate, which is calculated on the basis of 179 accidents and therefore takes into account events without absence from work, stood at 35.56 (number of accidents per million hours worked), an increase over 2014. This was mainly the result of employees' continuing and increased awareness in reporting events with no absence from work, which constitute 68% of total accidents reported. Twenty-four events affected external staff (contractors, suppliers and visitors) at Campari production sites.

Unfortunately, although Gruppo Campari invests in a safety culture, there was a fatality at the Arandas plant in Mexico in 2015, owing to the inadequate use of personal protective equipment by a contractor when working at heights. Corrective measures were quickly put in place, in accordance with the Group's constant commitment to apply, promote and check that Camparistas and third parties comply with regulations.

In Jamaica, a tender contracts management program was developed at the Kingston plant. This provides for formal agreements, specific training and audits to ensure that QHSE best practices are complied with, including by suppliers. The Group has adopted an innovative approach to educating and monitoring service suppliers, in order to raise their awareness of safety obligations and reduce workplace incidents. Contractors are required to sign a QHSE agreement that details the conduct required of them, taking into account environmental management, workplace safety practices and food safety; the program also requires the employees of contractor companies to comply with the provisions of the document.

The main types of accidents that occurred in 2015 included: bumping into fixed or moving objects (20%); slips and falls on the same level (13%) and incorrect movements or postures of Camparistas (6%). In 2015, 718 days were lost due to accidents, which corresponds to a severity rate of 0.14 (accident days per thousand hours worked). Overall, this is a slight improvement on 2014, thanks to the positive performance of the South America area. One hundred and sixty days were lost due to accidents experienced by external staff while working at Campari's production sites.

There was a significant incidence of near misses. In order to identify hazardous situations before an incident occurs, Camparistas have been trained and encouraged to report situations that are unsafe for their health and safety and for the protection of the environment. In 2015, 49 near misses were reported by Camparistas; this figure rises to 59 if reports made by contractors, suppliers and visitors are also included. It is essential to analyze these events to determine prevention and protection measures to prevent their occurrence. Six percent of Camparistas participate in health and safety committees at various production sites. This figure, which is a significant increase on the 3% registered in 2014, is partly the result of activities to raise awareness and engagement.

Safety Cards is a multi-functional inspection program launched at the Kingston plant to raise awareness of safety at work and improve compliance with regulations through a distinct industry culture. The actions implemented included training staff and new employees, weekly departmental meetings to share safety performance and corrective and preventive measures, better signage, technical controls and a work permit system; the latter will be introduced in 2016. The objective is to reduce accidents to zero.

The **Right Size** program, developed in the Suape plant in Brazil, is intended to raise awareness among and motivate Camparistas on the issues of food and well-being, promoting the adoption of healthy habits through medical and nutritional guidelines, monthly checks and monitoring, motivational courses and physical activity programs, in order to reduce the prevalence of overweight and hypertension.

Environment
In 2015, the Group focused on reporting specific indicators related to certain macro areas: energy and water usage, discharges and waste produced, and materials used for packaging. Two percent of Campari workers voluntarily participate in the environmental committees at the various production sites.

The PREFER-Product Environmental Footprint Enhanced by Regions project is a new initiative to achieve a better understanding of the relationship between Campari's production and logistics activities and the environment. Co-financed by the European Commission through the Life Plus[2] program and coordinated by the Institute of Management of the Sant'Anna School of Advanced Studies, it aims to test a new European methodology for assessing the environmental footprint of products and services (PEF-Product Environmental Footprint) based on a life-cycle assessment (LCA). In partnership with Consorzio dell'Asti, the plants of Novi Ligure and Canale d'Alba analyzed the environmental footprint resulting from the production of Asti sparkling wine (Cinzano, Riccadonna and Mondoro) from 'the cradle to the grave'. It also included, thanks to the valuable support of other company functions such as Purchasing, Logistics and Sales, an analysis of their suppliers and the phases of product distribution and use. The study, which can be replicated for other products in the future, will enable the Group to identify policies and specific objectives for continuous improvement with respect to its environmental performance.

Energy

Total energy consumption in 2015 was 2,623,780 GJ (Giga Joule). Total energy consumption can also be expressed as the quantity of energy used, equivalent to 4.11 MJ (Mega Joule) per bottle. Energy indicators for 2015 improved significantly compared with 2014 and fully met the 2015 target of reducing energy consumption by 2%. Energy consumption relating to the production of spirits alone, excluding distilled products, came in at 0.4 MJ per bottle produced in 2015, confirming the steady performance of measures to optimize energy use in this area in the recent past.

Water

Water is one of the resources most used by Gruppo Campari, both as an ingredient and in agricultural and industrial production. In 2015, the Group used 24,215,000 cubic meters of water, over 80% of which for irrigation and distillation. In Jamaica, the Group owns 5,000 hectares of sugar cane plantations, the irrigation of which has a significant impact on water consumption. In 2015, water consumption was 38 liters per bottle on average, and 2.4 liters per bottle for spirits plants alone. In 2015, 40% of total water volumes came from river water; 50% of the water consumed came from groundwater through licensed wells; 5% of the total came from municipal water systems. The remaining supplies comprise water from lakes and lagoons and water supplied through tanks.

Water discharge and waste

In 2015, water discharges relating to Campari's production activities totaled 4,182,000 cubic meters, of which 41% was wastewater from production processes and water used to wash machines and equipment. In 2015, water consumption in spirit production sites recorded average discharges of 1.2 liters per bottle produced. The total value of wastewater per bottle relating to process water alone, for all types of production plant, averaged 2.9 liters per bottle produced.

Approximately 2,900 wastewater samples were taken for analysis in 2015 (more than double the number for 2013 and 2014), which highlights Campari's continuous and growing focus on this important environmental aspect. Solid waste production is another indicator monitored by the Group, and its management is very important to sustainable development. Again in 2015, almost all the waste produced (more than 99%) was classified as non-hazardous: this was mainly packaging waste, specifically paper, cardboard, plastic and glass, which in most production sites are completely recycled.

With a view to constantly improving the environmental performance of its production activities, Gruppo Campari plants carried out numerous activities in 2015, which will continue in 2016, to boost efficiency in energy and water consumption and waste production. These included the introduction of a natural lighting system at the Sorocaba plant, the installation of oxygen saturation meters at the Suape wastewater treatment plant, the installation of a more energy-efficient cooling tower with a lower environmental impact at Arandas.

The National Solid Waste Policy in Brazil – which was introduced in 2010 and extends the producer's responsibility for the packaging waste from its products – has encouraged Campari do Brasil Ltda. to support environmental projects, in partnership with ABRABE (Brazilian Association of Beverages). In 2015, Campari do Brasil Ltda. started to work with the CARATES cooperative association, which collects, selects and sells recycled materials (approximately 200 tons a month) in the city of Sorocaba, where the Group has a plant. Campari do Brasil Ltda. supported the cooperative by organizing training activities for cooperative staff, with a view to boosting their motivation, and by donating equipment and materials to support operations (bags, notebooks, printers); its total investment was € 33,500.

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[2] The Life Plus program is the EU's financial instrument for the environment. The general aim of the Life Plus program is to contribute to the implementation, updating and development of legislation and environmental policy through pilot or demonstration projects with European added value.

In 2015, Gruppo Campari registered a number of environmental incidents in Jamaica relating to small accidental spills, which were promptly dealt with. Investigations were conducted to identify the causes of such events, and an action plan to prevent reoccurrence has been put in place. It should be noted that these actions include the implementation, in the distillery Appleton, of an integrated real-time monitoring system of the operating parameters.

Responsible sourcing

Supply chain management is a significant focus for ensuring the sustainability of the Company's activities as it has an impact both upstream – on workers, the community and the ecosystem in which suppliers operate – and downstream on the quality of products offered to consumers.

Gruppo Campari's responsible approach to business is therefore shown in the commitment it makes to manage the impact of its supply chain. To meet the challenge of ensuring a sustainable and secure supply chain in the long term, the Group has a continuing commitment to managing and optimizing the process at global level so that it can create value for local economies. The Global Procurement department manages 1,216 suppliers. Based in the five main geographical regions (Italy, Europe, North America, South America, APAC), they provide the raw materials and expertise that ensure the success of the Group's brands.

Gruppo Campari has its own Supplier Code (issued in 2012), whose objectives include publicizing the sustainability and ethical principles adopted by the Group. The Code has been shared with the various suppliers that the Group uses and, in 2015, was subscribed to by 88% of the suppliers of raw materials, packaging and POS materials operating in the five the geographical regions mentioned above, in which the supply chain is managed. This is a significant increase on the figure for 2014 (based on the same geographical perimeter, 72% of the suppliers involved had subscribed to the Code), although slightly lower than the stated objective of 90% for 2015. In addition, the Group invites subscribers to the Supplier Code to complete a self-assessment form that asks for evidence of their compliance with the sustainability parameters adopted by the Group.

An example of the supply chain's 360-degree focus on sustainability was provided by Mexico, a country with a tradition of growing agave plants, from which tequila is made. Campari revolutionized its supply chain in Mexico, terminating relationships with its traditional suppliers and signing contracts with seven local agave growers, with a view to fostering loyalty in the medium term. This procurement model, which is adapted to Campari's needs and strategies, meets its requirements by estimating volumes based on market forecasts rather than take and pay. The agreement sets purchase prices for raw materials that are slightly above the market average, with greater stability in the volumes required; in return, farmers undertake to guarantee product quality and faster delivery times. The medium- to long-term relationship created by this agreement enables the Group to schedule technical and financial support for the farmers, ensuring benefits and improvements that create value for the company, the suppliers and, indirectly, the local community.

Community involvement

In all countries in which it operates through its own organization, Gruppo Campari has always approached local community entities in order to contribute to the social development of the area and generate a positive impact over the long term. In Italy, for example, it reconfirmed its objective of supporting and enhancing the historic and artistic heritage related to Gruppo Campari. In Jamaica, the Group focuses on supporting the social well-being and health of the local population, while in the US, its focus is on supporting the local community.
In 2015, Gruppo Campari invested € 268,000 in the management of charity projects to meet specific local needs. Examples of some of the most notable initiatives are reported below.

As noted in 2014, one of the biggest initiatives financed by the Group in Italy is **Galleria Campari**, a display space housing some of the Company's artistic and cultural heritage, to which entry is free and open to all. In 2015, it attracted more than 10,000 visitors, including approximately 2,500 Italian and international students, in part through the numerous events it organizes. Some of these were under the umbrella of national and international initiatives, including European Heritage Days, Museum Nights and the Business Culture Week. Galleria Campari is part of the Museimpresa circuit. In 2015, through its partnership with prestigious art galleries, the Group continued the Campari Wall initiative, a wall devoted to the temporary display of works by leading contemporary artists. Works of three artists were exhibited in 2015. Through the loan of artworks from its collection, Galleria Campari also took part in important exhibitions in international museums. These included:

- the Triennale Design Museum in Milan, which held the important 'Arts and Foods' exhibition during Expo 2015 in Pavilion Zero, the only pavilion outside the exhibition area of the Fiera Milano (Rho-Pero);

- the Max Museum in Chiasso (Switzerland), which staged 'Aperitif Graphics', an exhibition dedicated to adverts for historic aperitifs.

Furthermore, 2015 saw the production and organization of 'The colors of red' exhibition, which was very well received by the public. This exciting vision of all aspects of the color red had five different themed sections. Taking visitors on a journey through all the senses, it started with Campari red, reflecting on the universe of 'reds' that have marked the cultures of the world. The exhibition included iconic design items from prestigious designers and Italian-made brands, visual and sound installations and experiences in scents and tastes. Finally, Galleria Campari took part in an important exhibition organized by Museimpresa, 'The great game of industry', which focused on Italian excellence, as represented by the 50 members of the association.

A successful event in the US since its first edition in 2013, **Negroni Week** was held again in 2015; partnered once more by IMBIBE magazine, it had an international focus for the first time, with more than 3,500 bars, restaurants and retailers in 44 countries involved. The initiative, which took place in June, was held to celebrate one of the most important cocktails in the world, mobilizing traders and fans in order to raise funds for a variety of local associations. For every Negroni sold, participating bars donated one dollar to charities; the high number of operators participating meant that the event raised USD 321,635 for 1,714 charities in 2015. **Grand Banks** of New York, the top fundraiser, financed **The Maritime Foundation**, a non-profit organization which aims to protect maritime heritage. Campari America provided this organization with additional support with a donation of USD 10,000**.**

Forty Creek Distillery Ltd. decided to contribute the funds it raised to **McNally House Charity,** a nursing home providing free, continuous assistance to people suffering from terminal illnesses. Social media was an integral part of the media campaign, with 159 million impressions and 24,712 conversations on Twitter in participating countries.

In December 2015, Forty Creek Distillery Ltd. organized a collection of basic goods, such as food products, clothing and toys, to be donated to the **Grimsby Benevolent Fund**, which is active in social solidarity projects.

In Jamaica, more than 260 Camparistas took part, together with employees of other companies, in the 2015 edition of **Jamaica's Corporate Run,** a 5K fundraising race. More than 26 million Jamaican dollars were raised for **Jamaica Kidney Kids Foundation** and **Cornwall Regional Hospital Neo Natal Unit**. Furthermore, on the occasion of the 190th anniversary of J. Wray & Nephew, the **Blood Donation** initiative was launched to encourage Camparistas to give blood and thereby increase the resources of Jamaica's Blood Bank; the response was very positive, with 130 bags of blood donated.

Report on corporate governance and ownership structure

In accordance with legal obligations, the Board of Directors annually approves the report on corporate governance and ownership structure. As well as the information pursuant to Article 123-*ter* of Legislative Decree 58 of 24 February 1998, the report contains a general description of the corporate governance system adopted by the Group, featuring information on compliance with the principles and recommendations of the Code of Conduct for Listed Companies, including specific reasons why certain recommendations have not been applied. The report also contains a description of the features of the Group's internal control and risk management system, including in relation to the financial reporting process.
The report is available online at www.camparigroup.com, in the Corporate Governance section.

Organization, Management and Control Model pursuant to Legislative Decree 231 of 8 June 2001
From 1 January 2009, the Parent Company decided to adopt an Organization, Management and Control Model pursuant to Legislative Decree 231 of 8 June 2001 on the administrative responsibility of legal entities, for the purposes of ensuring ethical and transparent conduct as an appropriate way to reduce the risk of the offences specified in the legislative decree being committed. The Parent Company also established a supervisory body responsible for monitoring compliance with the Model and proposing any changes that might be necessary following amendments to the relevant legislation.

The Board of Statutory Auditors are members of the Supervisory Board, pursuant to Law 183 of 12 November 2011. The Board of Directors, having deemed it appropriate and with the intent of streamlining of the control system have granted the Board of Statutory Auditors the functions of the Supervisory Board. For a more detailed description of the Model and the activities undertaken in 2015, please see the report on corporate governance and ownership structure published on www.camparigroup.com, in the Investors section.

Transactions with related parties
The procedures for transactions with related parties approved by the Parent Company's Board of Directors on 11 November 2010, which came into force on 1 January 2011, can be viewed at www.camparigroup.com, in the Investors section. An overview of these procedures is provided in the report on corporate governance and ownership structure.

Risk management

Risks relating to international trade and operations in emerging markets

In line with its international growth strategy, the Group currently operates in numerous markets, and plans to expand in certain emerging countries, especially in Eastern Europe, Asia and Latin America.

Operating in emerging markets means that the Group is vulnerable to various risks inherent in international business, including exposure to an often unstable local political and economic environment, exchange rate fluctuations (and related hedging difficulties), export and import quotas, and limits or curbs on investment, advertising or limitations on the repatriation of dividends.

Risks relating to the Company's dependence on licenses for the use of third-party brands and licenses granted to third parties for use of the Group's brands

At 31 December 2015, 9.5% of the Group's consolidated net sales came from production and/or distribution under license of third-party products. Should, for any reason, these licensing agreements be terminated or not renewed, this could have a negative effect on the Group's activities and operating results.

Risks relating to market competition

The Group is part of the alcoholic and non-alcoholic beverage segment, where there is a high level of competition and a large number of operators. The main competitors are large international groups involved in the current wave of mergers and acquisitions, which are operating aggressive strategies at global level. The Group's competitive position vis-à-vis the most important global players, which often have greater financial resources and benefit from a more highly diversified portfolio of brands and geographic locations, means that its exposure to market competition risks is particularly significant.

Risks relating to the Company's dependence on consumer preference and propensity to spend

An important success factor in the beverage industry is the ability to interpret consumer preferences and tastes, particularly those of young people, and to continually adapt sales strategies to anticipate market trends and strengthen and consolidate the product image. If the Group's ability to understand and anticipate consumer tastes and expectations and to manage its own brands were to cease or decline significantly, this could considerably affect its activities and operating results. Moreover, the unfavorable economic situation in certain markets is dampening the confidence of consumers, making them less likely to buy drinks.

Risks relating to legislation in the beverage industry

Activities relating to the alcoholic and soft drinks industry, production, distribution, export, import, sales and marketing, are governed by complex national and international legislation, often drafted with somewhat restrictive aims. The requirement to make the legislation governing the health of consumers, particularly young people, ever more stringent could in the future lead to the adoption of new laws and regulations aimed at discouraging or reducing the consumption of alcoholic drinks. Such measures could include restrictions on advertising or tax increases for certain product categories. Any tightening of regulations in the main countries in which the Group operates could lead to a fall in demand for its products.

Tax risks

At the reporting date, two tax-related disputes were pending with the Brazilian legal authorities. No provisions have been made for these tax risks based on current assumptions. With reference to the Parent Company (in relation to the 2004-2005 tax periods) and some subsidiaries, a number of lawsuits were pending for which sufficient risk provisions have already been made. Moreover, on 7 January 2016, Fratelli Averna S.p.A. was served a notice of assessment for the findings shown in the tax inspection report issued by the Guardia di Finanza of Palermo on 1 July 2015, related to the 2010 fiscal year. However, since the alleged violations, and thus any damages relating to actions, facts and circumstances, occurred before Gruppo Campari purchased the company on 3 June 2014; the responsibility would be borne by the previous shareholders of the company (the seller). They will be required to indemnify Fratelli Averna S.p.A., for the amount exceeding the threshold value of € 0.5 million, provided for by the contract. The amount of this allowance has been regularly allocated in a provision in the financial statements of Fratelli Averna S.p.A. For additional details, see note 40 - 'Provisions for risks and future liabilities', in the consolidated financial statements, and note 33 - 'Provisions for risks and future liabilities', in the Parent Company's separate financial statements.

Risks relating to environmental policy
With regards to the risk relating to environmental policy, the Group's industrial management has implemented dedicated procedures relating to safety and quality controls in the area of environmental pollution and the disposal of both solid and water waste. The goal of this structure is continuous monitoring and updating of the Group's industrial activities, in compliance with the regulatory requirements for each country in which the Group operates.

Risks relating to product compliance and safety
The Group is exposed to risks relating to its responsibility of ensuring that its products are safe for consumption. It has therefore put in place procedures to ensure that products manufactured in Group plants are compliant and safe in terms of quality and hygiene, in accordance with the laws and regulations in force, and voluntary certification standards. In addition, the Group has defined guidelines to be implemented if quality is accidentally compromised, such as withdrawing and recalling products from the market.

Risks relating to employees
In the various countries where the Group has subsidiaries, its dealings with employees are protected by collective bargaining agreements and locally enforced regulations. Any reorganization or restructuring undertaken, where this becomes essential for strategic reasons, are defined based on plans agreed with employee representatives.
In addition, the Group has a structure that monitors the specific safety procedures of the workplace; it should be noted that the accident rate in Group plants is very low and is confined to minor accidents.

Exchange rate and other financial risks
In 2015, around 56.2% of the Group's consolidated net sales came from outside the European Union. With the increased international operations of the Group in areas outside the Eurozone, a significant fluctuation in exchange rates could negatively influence the activities and operating results of the Group. However, the Group's stable presence and vested interest in countries such as the US, Brazil, Australia, Argentina, Russia and Switzerland allows partial coverage of this risk, since both cost and income are denominated in the same currency. Additionally, with regard to the US, a portion of the cash flows from operations is used to repay the private placement financing taken out locally, in US dollars, for the acquisition of certain companies. Therefore, exposure to foreign exchange transactions generated by sales and purchases in currencies other than the functional one has an insignificant impact on the consolidated sales in 2015.
For more information about financial risks, see note 47 - 'Nature and extent of risks arising from financial instruments'.

Other information

Structure of the Group

For information on changes to the Group's structure in 2015, see note 2 - 'Basis of consolidation', in the consolidated financial statements.

Holding and purchase of own shares and shares of the ultimate shareholder

At 31 December 2015, the Parent Company held 1,721,446 own shares, equivalent to 0.30% of the share capital. The Company purchased 11,518,418 own shares, at an average price of € 6.81, and sold 13,678,255 own shares during the year. These own shares are to be used in stock option plans as described in detail in later sections of these annual financial statements.

In addition, from 31 December 2015 until the publication of financial statements was authorized to be issued, the Company purchased an additional 995,337 own shares, at an average price of € 7.44, and sold total own shares of 126,186 for the exercise of stock options. Thus, the number of own shares on the date this report was approved was 2,590,597. During the period, Group companies did not hold and do not currently hold, either directly or indirectly, any shares of the controlling shareholder.

Adaptation plan pursuant to articles 36 and 39 of the 'Market Regulations'

In accordance with articles 36 and 39 of Consob Regulation 16191 of 29 October 2007, and subsequent amendments concerning the 'conditions for listing shares of companies that control companies established and governed by laws of non-EU countries', the Parent Company has identified the significant subsidiaries defined in accordance with Article 36, paragraph 2 of the aforementioned Regulation. Furthermore, it has verified that the conditions set out in paragraphs a), b) and c) of Article 36 have been met.

Personal data protection code

The Parent Company complies with Legislative Decree 196 of 30 June 2003, the Personal Data Protection Code. It declares that it has established appropriate preventive security measures for information obtained as a result of technological advancements. These measures outline specific handling procedures, with respect to the nature of the data, in order to minimize risks associated with the intentional or unintentional destruction or loss of the data, unauthorized access or handling, or use of the data for purposes other than those for which it was collected. The Company has prepared a specific Security Planning Document.

Other information

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis*, of Consob Regulation 11971 of 14 May 1999, the Board of Directors has decided to exercise the option to derogate from the obligations to make available to the public information and documents prescribed in relation to the significant transactions of mergers, spin-offs and capital increases through contributions in kind, acquisitions and disposals.

Research and development activities

Group companies carried out research and development activities, solely in relation to ordinary manufacturing and trading activities; therefore, the costs were expensed (in full) during the period.

Operating and financial results of the Parent Company Davide Campari-Milano S.p.A.

Financial performance

	2015		2014		Change
	€ million	%	€ million	%	%
Net sales	**566.3**	**100.0**	**546.5**	**100.0**	**3.6%**
Cost of goods sold, after distribution costs	(253.1)	-44.7	(247.0)	-45.2	2.5%
Gross margin after distribution costs	**313.3**	**55.3**	**299.5**	**54.8**	**4.6%**
Advertising and promotional costs	(65.8)	-11.6	(59.6)	-10.9	10.5%
Contribution margin	**247.4**	**43.7**	**240.0**	**43.9**	**3.1%**
Structure costs	(84.6)	-14.9	(80.2)	-14.7	5.5%
EBIT before one-offs	**162.8**	**28.7**	**159.8**	**29.2**	**1.9%**
One-offs	(2.6)	-0.5	(17.4)	-3.2	-85.1%
EBIT	**160.2**	**28.3**	**142.4**	**26.0**	**12.5%**
Net financial income (charges)	(55.0)	-	(54.1)	-	-
Dividends					
Profit before tax	**113.8**	**20.1**	**132.6**	**24.3**	**-14.1%**
Tax	(29.9)	-5.3	-33.9	-6.2	-11.6%
Net profit	**83.9**	**14.8**	**98.7**	**18.1**	-15.0%

The year ending 31 December 2015 closed with an operating result of € 160.2 million, an increase of 12.5% compared with the previous year. Net profit for the year, totaling € 83.9 million was lower than in 2014, mainly due to lower dividend income.

More specifically, net sales totaled € 566.3 million, an increase of 3.6% compared with 2014. This figure includes sales to third-party customers in the Italian market, which totaled € 380.8 million, an increase compared with 2014. This was due to both organic and external growth, deriving from sales of Averna, Braulio and Frattina products. In addition, sales to Group companies that conduct most of their operations in international markets, amounted to € 185.5 million, a slight decrease compared with the previous year.

Gross margin increased, compared with 2014, due to higher sales and lower purchasing prices for raw materials, resulting in a 50 basis-point increase as a percentage of sales.

The contribution margin showed a slight decrease as a percentage of sales; accordingly, there was a dilutive effect of 20 basis points, due to the increase of 70 basis points in **advertising and promotional investments**.

Overhead costs increased by 5.5% compared with 2014, due to the strengthening of certain specific areas of the organization.

The result of financial operations was in line with the previous year. For more detailed information on the financial position, please refer to the notes to the financial statements relating to financial income and expenses, cash equivalents and reconciliation with net debt of Davide Campari Milano S.p.A..

The lower taxes of the previous year relate to the lower taxable income realized in 2015.

Financial position

	31 December 2015	31 December 2014	change
	€ million	€ million	€ million
Fixed assets	1,978.5	1,977.2	1.4
Other net non-current assets / liabilities	(19.7)	(19.8)	0.1
Operating working capital	105.8	94.5	11.3
Other current assets and liabilities	(19.2)	(4.4)	(14.8)
Net Invested capital	**2,045.4**	**2,047.5**	**(2.0)**
Shareholders' Equity	1,008.8	989.6	19.2
Net financial position	1,036.6	1,057.8	(21.2)
Total financing sources	**2,045.4**	**2,047.5**	**(2.0)**

The Balance Sheet on 31 December 2015 showed a decrease in invested capital (and simultaneously also the sources of financing) of € 2.0 million.

Fixed assets, other assets and non-current liabilities are broadly in line with the previous year.

Operating working capital increased by € 11.3 million, mainly due to external growth resulting from sales of Averna Braulio and Frattina, which has affected, in particular, trade receivables and inventory.

Other current assets and liabilities, as a net balance, showed a liability of € 19.2 million, an increase of € 14.8 million compared with the previous period, due to the reduction in other receivables from related parties.

The company's **financial position** showed a € 21.2 million decrease in total net debt over the previous year with higher cash and cash equivalents than on 31 December 2014 and a corresponding increase in the value of bonds. For more detailed information on the financial position, cash and cash equivalents and reconciliation of net debt of Davide Campari-Milano S.p.A., please refer to the notes to the annual financial statements.

The strengthening of **shareholders' equity** by € 19.2 million was primarily driven by the economic results achieved during the year, net of the distributed portion.

Reconciliation of the Parent Company and Group net profit and shareholders' equity

Pursuant to the Consob communication of 28 July 2006, the table below shows a reconciliation between the net profit for the period and shareholders' equity for the Group and the Parent Company Davide Campari-Milano S.p.A..

	31 December 2015		31 December 2014	
	Shareholders' equity	Profit	Shareholders' equity	Profit
	€ million	€ million	€ million	€ million
Figures from the annual financial statements of Davide Campari-Milano S.p.A.	**1.008,8**	**83.9**	**989.6**	**98.7**
Elimination of carrying value of consolidated shareholdings:				
- Difference between carrying value and pro-rata value of shareholders' equity of equity investments	775.5	-	621.1	-
- Pro-rata results of subsidiaries	-	115.6	-	118.3
- Portion of Group net profit attributable to non-controlling interests	(0.3)	(0.6)	(5.1)	(0.6)
Elimination of the effects of transactions between consolidated companies:				
- Elimination of intra-group dividends	-	(26.2)	-	(79.9)
- Elimination of intra-group profits and capital gains	(38.5)	2.7	(30.8)	(7.6)
Figures from the consolidated financial statements (figures attributable to the Group)	**1,745.5**	**175.4**	**1,574.8**	**128.9**
Shareholders' equity and net profit attributable to non-controlling interests	**0.3**	**0.6**	**5.1**	**0.6**
Group's equity and net profit	**1,745.8**	**176.0**	**1,579.9**	**129.5**

Subsequent events

Innovation and new product launches

New SKYY Infusions variants
In February 2016, the new SKYYinfusion flavors, Honeycrisp Apple & Tropical Mango were launched in the US.

Other information

There are no significant events after the year-end closing to report.

Conclusions on 2015 and outlook

The Group delivered very positive results across all key performance indicators in 2015. In particular, the results were sustained by very favorable organic growth, accelerating in the last part of the year, despite the increased weakness in some emerging markets (Russia and Nigeria), due to a difficult macroeconomic environment. At the same time, the Group achieved a very positive progression in operating margins with a further improvement in the fourth quarter. These results were achieved thanks to the consistent execution of the Group's growth strategy, which drove a continuous improvement of sales mix, by brand and market, in line with the Group's objectives. In particular, high- margin global priority brands outperformed the Group's overall organic growth and accelerated in the fourth quarter, leading to operating margin improvement at Group level. The latter also benefited from the solid growth of the high-margin developed markets, particularly the US and Western Europe, and the slowdown of some emerging markets with a much lower margin than the Group average.

Looking forward, with respect to the macroeconomic environment, the Group expects the volatility in some emerging markets and the recent devaluation of the Group's key foreign currencies to continue during 2016. At the same time, the Group is confident it will achieve a positive and profitable development of the business, driven, on the one hand, by the growth of high-margin global priority brands, particularly aperitifs, American whiskies and Jamaican rums, and, on the other hand, by the positive performance of core strategic markets for the Group. In particular, the Group expects to continue exploiting the growth potential of its brands and markets thanks to the consistent investment in brand building, the positive contribution from innovation, and leveraging on the Group's strengthened distribution platform and business infrastructure.

Alternative performance indicators

This annual financial report presents and comments on certain financial indicators and restated financial statements (in relation to the statement of financial position and statement of cash flows) that are not defined by the IFRS. These indicators, which have been described below, are used to analyze the Group's business performance in the 'Highlights' and 'Report on operations' sections.

- **Financial indicators used to measure Group operating performance**

Contribution margin: calculated as the difference between net sales, the cost of goods sold (in its materials, production and distribution cost components) and advertising and promotional costs.
Result from recurring activities: the operating result for the period before non-recurring income and charges, as defined in the Consob Communication of 28 July 2006 (DEM 606423), which include, for example, capital gains/losses from equity investment disposals and restructuring costs.
EBITDA: the operating result before depreciation and amortization of tangible and intangible fixed assets.
EBITDA before non-recurring income and charges: EBITDA as defined above, calculated before non-recurring income and charges as described above.
ROS (return on sales): the ratio between the operating result and net sales for the period.
ROI (return on investment): the ratio between the operating result for the period and fixed assets at the end of the period (see the definition of fixed assets below).

- **Reclassified statement of financial position**

The items included in the restated statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:
Fixed assets: calculated as the algebraic sum of:
- Net tangible fixed assets
- Biological assets
- Investment property
- Goodwill and brands
- Intangible assets with a finite life
- Non-current assets held for sale
- Investments in affiliates and joint ventures

Other non-current assets and liabilities: calculated as the algebraic sum of:
- Deferred tax assets
- Other non-current assets, net of financial assets (classified under net debt)
- Deferred tax liabilities
- Defined benefit plans
- Provision for risks and charges
- Other non-current liabilities, net of financial liabilities (classified under net debt)

Operating working capital: calculated as the algebraic sum of:
- Inventories
- Trade receivables
- Trade payables

Other current assets and liabilities: calculated as the algebraic sum of:
- Current tax receivables
- Other current receivables, net of financial assets (classified under net debt)
- Current payables to tax authorities
- Other current payables, net of financial liabilities (classified under net debt)

Net financial position: calculated as the algebraic sum of:
- Cash and cash equivalents
- Non-current financial assets, posted to other non-current assets
- Current financial assets, posted to other receivables
- Payables to banks
- Other financial payables
- Bonds
- Non-current financial liabilities, posted to other non-current liabilities
-

- **Reclassified statement of cash flows**

Free cash flow: a cash flow that measures the Group's self-financing capacity calculated on the basis of cash flow from operations, adjusted for net interest paid and cash flow used in investments, net of income from realizing fixed assets.

Gruppo Campari
Consolidated financial statements for the year ending 31 December 2015

Financial statements

Consolidated income statement

	Notes	2015	*of which: related parties*	2014	*of which: related parties*
		€ million	*€ million*	€ million	*€ million*
Net sales	10	**1,656.8**		**1,560.0**	
Cost of goods sold	11	(739.8)		(728.3)	
Gross margin		**917.1**		**831.7**	
Advertising and promotional costs		(286.3)		(260.8)	
Contribution margin		**630.8**		**570.9**	
Overhead	12	(321.0)	*0.1*	(315.9)	*0.1*
of which: non-recurring	13	(22.9)		(43.2)	
Operating result		**309.8**		**255.0**	
Financial income (charges)	18	(60.0)		(61.1)	
of which: non-recurring		0.9		(0.8)	
Portion of profit (loss) relating to companies valued at equity				(0.2)	*(0.2)*
Put option income (charges)		(0.4)		0.5	
Profit before tax		**249.4**		**194.2**	
Taxes	20	(73.4)		(64.6)	
Profit for the period		**176.0**		**129.5**	
Profit for the period attributable to:					
Parent Company shareholders		175.4		128.9	
Non-controlling interests		0.6		0.6	
		176.0		**129.5**	
Basic earnings per share (€)	21	0.30		0.22	
Diluted earnings per share (€)	21	0.30		0.22	

Consolidated statement of comprehensive income

	Notes	31 December 2015	31 December 2014
		€ million	€ million
Profit for the period (A)		**176.0**	**129.5**
B1) Items that may be subsequently reclassified to profit or loss			
Cash flow hedge*:*			
Profit (loss) for the period	35	1.6	(1.4)
Less: profits (losses) reclassified to the separate income statement	35	0.5	0.5
Net gains (losses) from cash flow hedge		1.1	(1.9)
Tax effect	20	(0.4)	0.5
Total cash flow hedge		**0.7**	**(1.4)**
Assets available for sale			
Profit (loss) for the period	39	6.2	
Total assets available for sale		6.2	
Conversion difference		58.8	101.5
Total: items that may be subsequently reclassified to profit or loss (B1)		**65.6**	**100.1**
B2) Items that may not be subsequently reclassified to profit or loss			
Remeasurement reserve for defined benefit plans			
Profit (loss) for the period	39	(1.4)	(0.6)
Tax effect	20	0.2	0.1
Remeasurement reserve for defined benefit plans		(1.2)	(0.5)
Total: items that may not be subsequently reclassified to profit or loss (B2)		**(1.2)**	**(0.5)**
Other comprehensive income (expense) (B=B1+B2)		64.4	99.6
Total comprehensive income (A+B)		**240.4**	**229.1**
Attributable to:			
Parent Company shareholders		239.8	228.5
Non-controlling interests		0.6	0.6

Consolidated statement of financial position

	Notes	31 December 2015	*of which: related parties*	31 December 2014 (*)	*of which: related parties*
		€ million	*€ million*	€ million	*€ million*
ASSETS					
Non-current assets					
Net tangible fixed assets	22	444.1		435.2	
Biological assets	23	16.8		17.5	
Investment property	24	0.4		0.8	
Goodwill and brands	25	1,906.6		1,842.2	
Intangible assets with a finite life	27	25.6		29.8	
Investments in affiliates and joint ventures		-		0.7	
Deferred tax assets	20	12.6		21.9	
Other non-current assets	28	47.9	*2.1*	56.7	*2.2*
Total non-current assets		**2,454.1**		**2,404.7**	
Current assets					
Inventories	29	496.2		477.0	
Current biological assets	29	2.1		4.1	
Trade receivables	30	295.9		313.6	
Short-term financial receivables	31	69.9		22.8	
Cash and cash equivalents	33	844.3		230.9	
Current tax receivables	32	16.3	*2.4*	13.0	*0.2*
Other receivables	30	21.6		26.7	
Total current assets		**1,746.3**		**1,088.2**	
Assets held for sale	34	23.6		21.9	
Total assets		**4,224.0**		**3,514.8**	
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	35	58.1		58.1	
Reserves	35	1,687.4		1,516.8	
Parent Company's portion of shareholders' equity		1,745.5		1,574.8	
Non-controlling interests: shareholders' equity	36	0.3		5.1	
Total shareholders' equity		**1,745.8**		**1,579.9**	
Non-current liabilities					
Bonds	37	1,276.1	*9.6*	1,086.9	
Other non-current liabilities	37	10.5		25.8	
Defined benefit plans	39	8.3		9.4	
Provision for risks and charges	40	32.8		36.4	
Deferred tax liabilities	20	291.5		264.8	
Total non-current liabilities		**1,619.3**		**1,423.2**	
Current liabilities					
Payables to banks	38	29.3		36.7	
Other financial payables	38	465.1		117.4	
Trade payables	41	217.2		223.2	
Current payables to tax authorities	43	13.3	*0.2*	4.9	*1.0*
Other current liabilities	41	124.0	*4.1*	127.8	*1.8*
Total current liabilities		**848.9**		**509.9**	
Liabilities held for sale	34	10.0		1.7	
Total liabilities		**2,478.2**		**1,934.8**	
Total liabilities and shareholders' equity		**4,224.0**		**3,514.8**	

(*) For information on reclassifications at opening book values, see note 7 - 'Reclassifications at opening book values'.

Consolidated statement of cash flows

	Notes	2015	2014
		€ million	€ million
Operating result		**309.8**	**255.0**
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortization	14	47.4	39.4
Gains on sales of fixed assets	13	(5.4)	(0.7)
Write-downs of tangible fixed assets	13	0.5	0.8
Accruals of provisions		1.2	4.7
Utilization of provisions		(11.6)	(5.7)
Write-downs on goodwill, brands and sold businesses	13-26	16.2	23.7
Other non-cash items		0.5	5.8
Change in net operating working capital		(9.6)	(6.9)
Other changes in non-financial assets and liabilities		10.4	20.3
Income taxes paid		(54.1)	(53.0)
Cash flow from (used in) operating activities		**305.2**	**283.3**
Purchase of tangible and intangible fixed assets	22-23-27	(54.4)	(55.6)
Capital grants received		0.6	0.3
Proceeds from disposals of tangible fixed assets		4.7	6.9
Changes in receivables and payables from investments in intangible assets		0.0	0.5
Acquisitions and sales of companies or business divisions	8	22.6	(216.7)
Cash and cash equivalents at acquired companies	8	0.3	32.2
Payment of tax payables relating to acquisitions			(7.5)
Purchase and sale of brands and rights			(6.0)
Put option and earn-out payments		(0.3)	(0.2)
Interest income		5.6	5.3
Net change in securities	31	(47.8)	13.1
Closure of activities to service pension plans	39	12.6	
Dividends received		0.6	0.4
Other changes		0.6	0.2
Cash flow from (used in) investing activities		**(54.9)**	**(227.0)**
Parent Company Eurobond issue	37	600.0	
Other new medium- and long-term loans	37	0.8	
Repayment of Campari America private placement	38	(86.0)	(32.9)
Repayment of revolving loan facility	38		
Other repayment of medium- and long-term debt		(14.8)	(6.2)
Net change in short-term payables and loans to banks		3.0	(112.0)
Interest expenses		(61.9)	(62.9)
Change in other financial payables and receivables		1.4	(15.9)
Purchase and sale of own shares	44	(29.0)	(6.5)
Dividends paid to non-controlling interests		-	(0.3)
Dividends paid out by the Parent Company	35	(45.7)	(46.1)
Cash flow from (used in) financing activities		**367.8**	**(282.8)**
Effect of exchange rate differences on net operating working capital		(5.2)	(3.4)
Other exchange rate differences and other changes in shareholders' equity		0.5	19.1
Exchange rate differences and other changes in shareholders' equity		**(4.6)**	**15.7**
Net change in cash and cash equivalents: increase (decrease)		**613.5**	**(210.8)**
Cash and cash equivalents at start of period	33	230.9	441.6
Cash and cash equivalents at end of period	33	844.3	230.9

Statement of changes in shareholders' equity

		Attributable to Parent Company shareholders					Shareholders' equity	
	Notes	Share capital	Legal reserve	Retained earnings	Other reserves	Total	Non controlling interests	total
		€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2014		**58.1**	**11.6**	**1,532.5**	**(27.3)**	**1,574.8**	**5.1**	**1,579.9**
Dividend payout to Parent Company shareholders	35	-	-	(45.7)	-	(45.7)	-	(45.7)
Dividend payout to non-controlling interests		-	-	-	-	-	(0.3)	(0.3)
Purchase of non-controlling interests	35	-	-	(4.9)	-	(4.9)	(5.0)	(9.9)
Own shares acquired	44	-	-	(78.4)	-	(78.4)	-	(78.4)
Own shares sold	44	-	-	49.4	-	49.4	-	49.4
Stock options	44	-	-	14.9	(5.7)	9.2	-	9.2
Other changes		-	-	1.3	(0.1)	1.2	-	1.2
Profit for the period		-	-	175.4	-	175.4	0.6	176.0
Other comprehensive income (expense)		-	-	6.2	58.2	64.4	-	64.4
Total comprehensive income		-	-	181.6	58.2	239.8	0.6	240.4
Balance at 31 December 2015		**58.1**	**11.6**	**1,650.7**	**25.1**	**1,745.5**	**0.3**	**1,745.8**

	Attributable to Parent Company shareholders					Shareholders' equity	
	Share capital	Legal reserve	Retained earnings	Other reserves	Total	Non controlling interests	total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2013	**58.1**	**11.6**	**1,453.8**	**(131.9)**	**1,391.6**	**4.5**	**1,396.1**
Dividend payout to Parent Company shareholders	-	-	(46.1)	-	(46.1)	(0.3)	(46.4)
Own shares acquired	-	-	(21.1)	-	(21.1)	-	(21.1)
Own shares sold	-	-	14.6	-	14.6	-	14.6
Stock options	-	-	3.2	4.9	8.1	-	8.1
Change in basis of consolidation	-	-	-	-	-	0.3	0.3
Other changes	-	-	(0.9)	-	(0.9)	-	(0.8)
Profit for the period	-	-	128.9	-	128.9	0.6	129.5
Other comprehensive income (expense)	-	-	-	99.6	99.6	-	99.6
Total comprehensive income	-	-	128.9	99.6	228.6	0.6	229.1
Balance at 31 December 2014	**58.1**	**11.6**	**1,532.5**	**(27.3)**	**1,574.8**	**5.1**	**1,579.9**

Notes to the consolidated financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, controlled by Alicros S.p.A., and with registered offices at Via Franco Sacchetti 20, 2009 Sesto San Giovanni (Milan), Italy. The Company is recorded in the Milan companies register and REA (business administration register) under no. 1112227.

Founded in 1860, the Group is the sixth largest in the branded spirits industry with an extensive and diverse product portfolio: Internationally recognized brands include Aperol, Appleton Estate, Campari, Cinzano, SKYY Vodka and Wild Turkey. The Group operates in 190 countries with prime positions in Europe and the Americas. It has 16 production plants and 2 wineries around the world, a distribution network in 19 countries, and employs around 4,000 people.

The consolidated financial statements of Gruppo Campari for the year ending 31 December 2015 were approved on 1 March 2016 by the Board of Directors of the Parent Company Davide Campari-Milan S.p.A., and have authorized their publication. The Board of Directors reserves the right to amend the financial statements should any significant events occur that require changes to be made, up to the date of the shareholders' meeting of the Parent Company. The financial statements are presented in euro, the reference currency of the Parent Company and many of its subsidiaries.

2. Preparation criteria

The consolidated accounts for the year ending 31 December 2015 were prepared in accordance with the international accounting standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union. These also include all of the revised international accounting standards (International Accounting Standards - IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC).

The accounts were prepared on a cost basis, with the exception of financial derivatives, biological assets and new acquisitions, which were reported at fair value. The carrying amount of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged. Unless otherwise indicated, the figures reported in these notes are expressed in millions of euro.

Consolidation principles

The consolidated financial statements include the financial statements of the Parent Company and the Italian and foreign subsidiaries. These accounting statements, based on the same financial year as the Parent Company and drawn up for the purposes of consolidation, have been prepared in accordance with the international accounting standards adopted by the Group. Joint ventures are consolidated according to the equity method.

Form and content

In accordance with the format selected by the Group, the income statement is classified by function, and the statement of financial position shows current and non-current assets and liabilities separately. We believe that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.

In the income statement (classified by function), the operating result line is shown before and after non-recurring income and charges such as capital gains/losses on the sale of equity investments, restructuring costs and any other non-recurring income/expenses. The definition of 'non-recurring' conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064293). In 2015, the Group did not carry out any atypical and/or unusual transactions, which are defined in the Consob communication as significant/major transactions that are atypical and/or unusual because the counterparties, the object of the transaction, the method used to determine the price and timing of the transaction (proximity to year end) could give rise to doubts over the accuracy or completeness of the information provided in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of non-controlling interests. The cash flow statement was prepared using the indirect method.

Basis of consolidation

The following changes in the basis of consolidation, resulting from company creations, acquisitions and sales, described in the Report on operations in the section 'Significant events':

- As part of the ongoing streamlining of the Group's structure, Enrico Serafino S.r.l. was sold on 30 June 2015. The operation had no significant impact on the Group's consolidated income statement;
- On 30 January 2015, the sale of the Limoncetta di Sorrento business, which included the sale of Alimenta S.r.l., was completed;
- During the year, the commercial operations of J. Wray & Nephew (UK) Ltd were taken over by Glen Grant Ltd. J. Wray & Nephew (UK) Ltd was put into liquidation during the same period;
- The merger of Wray & Nephew (Canada) Ltd and Forty Creek Distillery Ltd was completed during the year;
- The stake of 33.33% in Jamaica Joint Venture Investment Co. Ltd was sold during the year; this operation had no significant impact on the Group's consolidated income statement;
- On 1 December 2015, the Group acquired the remaining interests (25%) in the subsidiary Kaloyiannis – Koutsikos Distilleries S.A., via the acquisition of the Dutch holding company O-Dodeca N.V., the owner of said interests.

The tables below list the companies included in the basis of consolidation at 31 December 2015.

Name, activity	Head office	Share capital at 31 December 2015		% owned by Parent Company		
		Currency	Amount	Direct	Indirect	Direct shareholder
Parent Company						
Davide Campari-Milano S.p.A., holding and manufacturing company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	58,080,000			
Fully consolidated companies						
Italy						
Campari International S.r.l., trading company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	700,000	100.00		
Campari Services S.r.l., services company	Via Franco Sacchetti, 20 Sesto San Giovanni	€	160,000	100.00		
Sella & Mosca S.p.A., manufacturing, trading	Località I Piani, Alghero	€	6,180,000	100.00		
Campari Wines S.r.l., trading company	Località I Piani, Alghero	€	100,000	100.00		
Zedda Piras S.r.l., manufacturing company	Località I Piani, Alghero	€	90,440	100.00		
Teruzzi & Puthod S.r.l., manufacturing company	Località Casale 19, San Gimignano	€	90,440	100.00		
Fratelli Averna S.p.A., manufacturing company	Via Xiboli, 345, Caltanisetta	€	3,900,000	100.00		
Casoni Fabbricazione Liquori S.p.A., manufacturing and trading company	Via Venezia, 5/A, Finale Emilia	€	929,594		100.00	Fratelli Averna S.p.A.
Europe						
Campari Austria GmbH, trading company	Naglergasse 1/Top 13 A, Vienna	€	500,000		100.00	DI.CI.E. Holding B.V.
Campari Benelux S.A., finance and trading company	Avenue de la Méterologie, 10, Brussels	€	246,926,407	61.00	39.00	Glen Grant Ltd
Campari Deutschland GmbH, trading company	Bajuwarenring 1, Oberhaching	€	5,200,000		100.00	DI.CI.E. Holding B.V.
Campari España S.L., holding and trading company	Calle de la Marina 16-18, planta 28, Barcelona	€	3,272,600	100.00		
Campari RUS OOO, trading company	2nd Yuzhnoportoviy proezd 14/22, Moscow	RUB	2,010,000,000		100.00	DI.CI.E. Holding B.V.
Campari Schweiz A.G., trading company	Lindenstrasse 8, Baar	CHF	500,000		100.00	DI.CI.E. Holding B.V.
Campari Ukraine LLC, trading company	8, Illinska Street, 5th Floor, Block 8 and 9, Kiev	UAH	87,396,209		100.00	DI.CI.E Holding B.V. (99%), Campari RUS OOO (1%)
DI.CI.E. Holding B.V., holding company	Luna Arena, Herikerbergweg 114, Zuidoost, Amsterdam	€	15,015,000	100.00		
Glen Grant Ltd, manufacturing and trading company	Glen Grant Distillery, Rothes, Morayshire	GBP	24,949,000		100.00	DI.CI.E. Holding B.V.
J. Wray & Nephew (UK) Ltd, trading company	82, St. John Street, London	GBP	10,000		100.00	Glen Grant Ltd
Kaloyiannis - Koutsikos Distilleries S.A., manufacturing and trading company	6 & E Street, A' Industrial Area, Volos	€	6,811,220		100.00	DI.CI.E. Holding B.V.(75%), O. DODECA (25%)
O. DODECA N.V., holding company	Luna Arena, Herikerbergweg 238, Zuidoost, Amsterdam	€	2,000,000		100.00	DI.CI.E. Holding B.V.
Stepanow S.R.O., manufacturing and trading company	07651 Pribenìk 111, Slovakia	€	1,334,605		100.00	Casoni Fabbricazione Liquori S.p.A. (83.28%), non-controlling interests (16.72%)
TJ Carolan & Son Ltd, trading company	Ormond Building, Suite 1,05, 31-36 Upper Ormond Quay, Dublin	€	2,600	76.92	23.08	DI.CI.E Holding B.V.

Name, activity	Head office	Share capital at 31 December 2015		% owned by Parent Company		
		Currency	Amount	Direct	Indirect	Direct shareholder
Americas						
Campari America LLC, manufacturing and trading company	1255 Battery Street, Suite 500, San Francisco	USD	566,321,274	100.00		
Campari Argentina S.A., manufacturing and trading company	Avenida Corrientes, 222 - 3rd Floor, Buenos Aires	ARS	344,528,430		100.00	DI.CI.E. Holding B.V. (98.02%), Campari do Brasil Ltda. (1.98%)
Campari do Brasil Ltda., manufacturing and trading company	Alameda Rio Negro 585, Edificio Demini, Conjunto 62, Alphaville-Barueri-SP	BRL	239,778,071	100.00		
Campari Mexico S.A. de C.V., manufacturing and trading company	Avenida Americas 1592 3er Piso ol. Country Club, Guadalajara, Jalisco	MXN	818,932,900		100.00	DI.CI.E. Holding B.V.
Campari Peru SAC, trading company	Avenida Santo Toribio 115, Edificio Tempus, Piso 5, San Isidro, Lima	PEN	2,907,752		100.00	Campari Espãna S.L. (99.00%), Campari do Brasil Ltda. (1.00%)
Gregson's S.A. (in liquidation)	Andes 1365, Piso 14, Montevideo	-	-		100.00	Campari do Brasil Ltda.
J. Wray & Nephew Ltd, manufacturing and trading company	234, Spanish Town Road, Kingston	JMD	600,000		100.00	Campari Espãna S.L.
Red Fire Mexico, S. de R.L. de C.V., trading company	Camino Real Atotonilco 1081, Arandas, Jalisco	MXN	1,254,250		100.00	DI.CI.E. Holding B.V. (99.80%), Campari Mexico S.A. de C.V. (0.20%)
Forty Creek Distillery Ltd, manufacturing and trading company	297 South Service Road West, Grimsby	CAD	100		100.00	DI.CI.E. Holding B.V.
Other						
Campari (Beijing) Trading Co. Ltd, trading company	Xingfu Dasha Building, Block B, Room 511, 3 Dongsanhuan BeiLu, Chaoyang District, Beijing	RMB	65,300,430		100.00	DI.CI.E. Holding B.V.
Campari Australia Pty Ltd, manufacturing and trading company	Level 10, Tower B, 207 Pacific Highway, St Leonards, Sydney	AUD	21,500,000		100.00	DI.CI.E. Holding B.V.
Campari Japan Ltd, trading company	6-17-15, Jingumae Shibuya-ku, Tokyo	JPY	3,000,000		100.00	DI.CI.E. Holding B.V.
Campari South Africa Pty Ltd, trading company	12th Floor, Cliffe Deker Hofmeyr 11 Buitengracht street, Cape Town	ZAR	5,747,750		100.00	DI.CI.E. Holding B.V.
Campari New Zealand Ltd, trading company	c/o KPMG 18, Viaduct Harbour Av., Maritime Suar	NZD	10,000		100.00	Campari Australia Pty Ltd
Campari Singapore Pte Ltd, trading company	16 Raffles Quay # 10-00, Hong Leong Building, Singapore	SGD	100,000		100.00	Campari Australia Pty Ltd

(1) Company in liquidation.

Definition of control

Control is determined when the Group is exposed or has a right to variable returns resulting from its involvement with the investee and, at the same time, has the ability to use its power over the investee to affect these returns.

Specifically, the Group controls a subsidiary if, and only if, it has:
- power over the investee (or holds valid rights that give it the current ability to manage significant activities of the investee);
- exposure or rights to variable returns resulting from its involvement with the investee;
- the ability to use its power over the investee to affect the size of its returns.

Control is assumed to exist when the Group possesses a majority of the voting rights. In support of this assumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all relevant facts and circumstances in assessing whether it controls the investee, including contractual arrangements with other holders of voting rights, rights arising from contractual arrangements, and the Group's voting rights and potential voting rights. The Group reassesses whether or not it controls a subsidiary if facts and circumstances indicate that one or more of the three significant elements defining control have been subject to change. Consolidation of a subsidiary begins when the Group obtains control of a subsidiary, and ceases when the Group loses control thereof. The assets, liabilities, revenues and costs of the subsidiary acquired or disposed of over the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the year and all other components of the statement of comprehensive income are attributed to the shareholders of the Parent Company and to non-controlling interests, even if this results in non-controlling interests having a negative value. When necessary, appropriate adjustments are made to subsidiaries' financial statements to bring them into line with the Group's accounting policies. All intra-group assets and liabilities, shareholders' equity, revenues, costs and cash flow relating to transactions between Group entities are derecognized completely on consolidation.

Subsidiaries
All subsidiaries are consolidated on a line-by-line basis. Under this method, all assets, liabilities, expenses and revenues for consolidated companies are fully reflected in the consolidated financial statements. The carrying amount of the equity investments is derecognized against the corresponding portion of the shareholders' equity of the subsidiaries. Individual assets and liabilities are assigned the value attributed to them on the date control was acquired. Any positive difference is recorded under the asset item Goodwill, and any negative amount is reported on the income statement (see 'Business combinations' below).

Non-controlling interests in shareholders' equity and profit are reported under the appropriate items in the financial statements. Non-controlling interests in shareholders' equity are determined on the basis of the present value assigned to assets and liabilities, on the date control was assumed, both in the case that the components of non-controlling interests give holders the right to receive a proportional share of the subsidiary's net assets in the event of liquidation and in the case that the components of non-controlling interests do not give holders the right to receive a proportional share of the subsidiary's net assets in the event of liquidation.

Changes in investments in subsidiaries that do not result in the acquisition or loss of control are recorded under changes in shareholders' equity. If the Group loses control of a subsidiary, the related assets (including goodwill), liabilities, non-controlling interests and other components of shareholders' equity are derecognized, while any profit or loss is posted to the income statement. Any ownership interest maintained is recorded at fair value.

Associates and joint ventures
An associate is a company over which the Group exercises significant influence. Significant influence means the power to contribute to determining the associate's financial and management policies, without having control or joint control over it. A joint venture is a joint-control agreement in which the parties that hold joint control have rights to the net assets covered by the agreement. Joint control is the contractually agreed sharing of control of an agreement, which solely exists when decisions on relevant activities require unanimous consensus from all parties sharing control. The factors considered to determine significant influence or joint control are similar to those necessary to determine control over subsidiaries.

These companies are reported in the consolidated financial statements using the equity method, starting on the date when significant influence or joint control begins and ending when such influence or control ceases. If there is a significant loss of influence or joint control, the holding and/or investment is valued at fair value with the difference between fair value and carrying amount recorded in the income statement. If the Group's interest in any losses of affiliates exceeds the carrying amount of the equity investment in the financial statements, the value of the equity investment is derecognized, and the Group's portion of further losses are not reported, unless, and to the extent to which, the Group has a legal or implicit obligation to cover such losses. The Group assesses the existence of impairment indicators on an annual basis by comparing the value of the investment measured at equity with the recoverable value. Any impairment value is allocated to the investment, as a whole, with an offsetting entry in the income statement.

Transactions derecognized during the consolidation process
When preparing the consolidated financial statements, unrealized profits and losses resulting from intra-group transactions are derecognized, as are the entries giving rise to payables and receivables, and costs and revenues between the companies included in the basis of consolidation. Unrealized profits and losses generated on transactions with affiliated companies or joint ventures are derecognized to the extent of the Group's percentage interest in those companies. Dividends collected from consolidated companies are derecognized.

Currency conversion criteria and exchange rates applied to the financial statements
Figures expressed in currencies other than the accounting currency (euro) are converted as follows:
- income statement items are converted at the average exchange rate for the year, while statement of financial position items are converted at year-end exchange rates. Exchange rate differences resulting from the application of the different methods for conversion to euro of income statement and statement of financial position items are recorded under the currency translation reserve in shareholders' equity, until the investment in question is sold;
- any difference between the value of shareholders' equity at the end of the year, as converted at the prevailing rate, and the value of shareholders' equity converted at the year-end rate for the previous year are also recorded under the currency translation reserve.

When preparing the consolidated statement of cash flows, average exchange rates were used to convert the cash flows of subsidiaries outside the Eurozone.

The exchange rates used for conversion transactions are shown below.

	31 December 2015		31 December 2014	
	average rate	end-of-period rate	average rate	end-of-period rate
US Dollar	1.110	1.089	1.329	1.214
Canadian Dollar	1.418	1.512	1.467	1.406
Swiss Franc	1.067	1.084	1.215	1.202
Brazilian Real	3.691	4.312	3.123	3.221
Uruguayan Peso	30.279	32.604	30.840	29.586
Chinese Renminbi	6.973	7.061	8.188	7.536
UK Pound	0.726	0.734	0.806	0.779
Japanese Yen	134.269	131.070	140.369	145.230
Argentine Peso	10.256	14.097	10.778	10.276
Mexican Peso	17.598	18.915	17.664	17.868
Australian Dollar	1.476	1.490	1.472	1.483
Ukrainian Hryvnia	24.292	26.159	15.864	19.206
Russian Rouble	68.020	80.674	51.031	72.337
South African Rand	14.153	16.953	14.408	14.035
Jamaican Dollar	129.757	130.618	147.294	138.802
New Zealand Dollar	1.591	1.592	1.600	1.553

3. Summary of accounting principles

Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company, and capable of producing future benefits, as well as goodwill when purchased for consideration. Intangible assets acquired are posted to assets, in accordance with IAS 38 - Intangible Assets, *when* it is likely that the use of the assets will generate future economic benefits and when the cost can be reliably determined. If acquired separately, these assets are reported at acquisition cost including all allocable ancillary costs on the acquisition date. Intangible assets acquired through business combinations are reported separately from goodwill, at fair value, where this can reliably be measured, on the acquisition date. Subsequently, intangible assets are recorded at cost, net of accumulated amortization and any impairment losses.

Assets produced internally, excluding development costs, are not capitalized and are reported in the income statement for the financial year in which they are incurred. Intangible assets with a finite life are amortized on a straight-line basis in relation to their remaining useful life, generally three years, taking into account losses due to a reduction in accumulated value. The period of amortization of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which if identified will be considered as changes in estimates.

The costs of development projects and studies are recorded in the income statement in full in the year in which they are incurred. Advertising and promotional costs are recorded in the income statement when the Company has received the goods or services in question. Costs relating to industrial patents, concessions, licenses and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortized according to the period of use, if this can be defined, or according to contract duration. Software licenses represent the cost of purchasing licenses and, if incurred, external consultancy fees or internal personnel costs necessary for development. These costs are recorded in the year in which the internal or external costs are incurred for training personnel and other related costs.

Goodwill and brands, which result from acquisitions and qualify as intangible assets with an indefinite life, are not amortized. The possibility of recovering their reported value is ascertained at least annually, and in any case, when events occur leading to the assumption of a reduction in value using the criteria indicated in the section entitled Impairment.

For goodwill, a test is performed on the smallest cash-generating unit to which the goodwill relates. On this basis, management directly or indirectly assesses the return on investment, including goodwill. See also 'Business combinations' below. Write-downs in goodwill can no longer be recovered in future years. When control of the previously acquired company is transferred, the capital gain or loss from the transfer takes into account the corresponding residual value of the previously recorded goodwill.

Business combinations
Business combinations are recorded using the acquisition method. The cost of an acquisition is determined by the sum of the payments transferred as part of a business combination, measured at fair value, on the date of acquisition and the value of the non-controlling interests' portion of shareholders' equity, measured at fair value or as a pro-rata share of the net assets recognized for the acquired entity. Ancillary costs relating to the transaction are recognized in the income statement at the time they are incurred. In the case of business combinations achieved in stages, the interest previously held by the Group in the acquired business is revalued at fair value on the date control is acquired, and any resulting gains or losses are recognized in the income statement.

Conditional payments are measured at fair value at the acquisition date and are included among the transferred payments for the purposes of calculating goodwill. Any changes in fair value, occurring after more information is available during the measurement period, are included retrospectively in goodwill. Goodwill acquired through business combinations is initially measured at cost, as the excess of the sum of payments transferred as part of a business combination, the value of the non-controlling interests' portion of shareholders' equity, and the fair value of any interest previously held in the acquired business over the Group's portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the value of the net assets acquired and liabilities, assumed on the acquisition date, exceed the sum of the transferred payments, the value of the non-controlling interests' portion of shareholders' equity and the fair value of any interest previously held in the acquired business, this excess value is recorded in the income statement as income from the transaction.

After the initial entry, goodwill is measured at cost less cumulative impairment. To establish whether impairment has occurred, the goodwill acquired in a business combination is allocated from the date of the acquisition to the individual cash-generating units or to the groups of cash-generating units likely to benefit from merger synergies, whether or not other assets or liabilities from the acquisition are assigned to these units or groups of units. When the goodwill is part of a cash-generating unit (or group of cash-generating units) and some of the internal assets of the unit are sold, the goodwill associated with the assets sold is included in the carrying amount of the assets in order to establish the profit or loss generated by the sale. Goodwill sold in this way is measured according to the value of the assets sold and the value of the remaining portion of the unit.

Tangible fixed assets
Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses; they are not revalued. Subsequently, tangible fixed assets are recorded at cost, net of accumulated depreciation and any impairment losses. Any costs incurred after purchase are capitalized only if they increase the future financial benefits generated by using the asset.

The replacement costs of identifiable components of complex assets are allocated to assets on the statement of financial position and depreciated over their useful life. The residual value recorded for the component being replaced is allocated to the income statement; other costs are expensed in profit and loss when the expense is incurred. The financial charges incurred with respect to investments in assets that take a significant period of time to be prepared for use or sale (qualifying assets as defined in IAS 23 – Borrowing Costs), are capitalized and depreciated over the useful life for the class of assets to which they belong. All other financial charges are posted to the income statement when incurred.

Ordinary maintenance and repair expenses are expensed in profit and loss in the period in which they are incurred. If there are current obligations for dismantling or removing assets and cleaning up the related sites, the assets' reported value includes the estimated (discounted to present value) costs to be incurred when the structures are abandoned, which are reported as an offsetting entry to a specific reserve. Assets held under finance lease contracts, which essentially assign all the risks and benefits tied to ownership to the Group, are recognized as Group assets at their current value, or the present value of the minimum lease payments, whichever is lower. The corresponding liability to the lessor is reported in the financial statements under financial payables. These assets are depreciated using the policies and rates indicated below.

Leasing arrangements in which the lessor retains substantially all the risks and benefits relating to the ownership of the assets, are classified as operating leases and the related costs are reported in the income statement over the term of the contract. Depreciation is applied using the straight-line method, based on each asset's estimated useful life, as established in accordance with the Company's plans for use of such assets, taking into account wear and tear and technological obsolescence, and the likely estimated realizable value net of disposal costs. When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually. The amount to be depreciated is represented by the reported value less the estimated net market value at the end of its useful life, if this value is significant and can be reasonably determined.

Land, even if acquired in conjunction with a building, is not depreciated, nor are available-for-sale tangible assets, which are reported at the lower of their recorded value and fair value less disposal costs.

Rates are as follows:

- major real estate assets and light construction:	3%
- plant and machinery:	10%
- furniture, and office and electronic equipment:	10%-20%
- motor vehicles:	20%-25%
- miscellaneous equipment:	20%-30%

Depreciation ceases on the date that the asset is classified as available for sale, in accordance with IFRS 5, or on the date on which the asset is derecognized for accounting purposes, whichever occurs first. A tangible asset is derecognized from the statement of financial position at the time of sale, or when there are no future economic benefits associated with its use or disposal. Any profits or losses are included in the income statement in the year of this derecognition.

Capital grants

Capital grants are recorded when there is a reasonable certainty that all requirements necessary for access to such grants have been met and that the grant will be disbursed. This generally occurs at the time the decree acknowledging the benefit was issued. Capital grants that relate to tangible fixed assets are recorded as deferred income and credited to the income statement over the whole period corresponding to the useful life of the asset in question.

Impairment

The Group ascertains, at least annually, whether there are indicators of potential impairment of intangible and tangible assets. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset. Moreover, intangible assets with an indefinite useful life or not yet available for use, and goodwill are subject to impairment tests every year or more frequently, whenever there is an indication that the asset may be impaired.

The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs, and the value in use. In the absence of a binding sales agreement, the fair value is estimated based on recent transaction values (in an active market) or on the best information available, to determine the amount that could be obtained from selling the asset. The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to outside information. The discount rate applied takes into account the implicit risk of the business segment. When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the unit that incorporates the asset and generates cash flows. Impairment is reported if the recoverable value of an asset is lower than its carrying amount. This loss is posted to the income statement unless the asset was previously written up through a shareholders' equity reserve.

In this case, the reduction in value is first allocated to the revaluation reserve. If in a future period, a loss on assets, other than goodwill, does not materialize or is reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of recoverable value and may not exceed the value that would have been determined if no loss from a reduction in value had been reported. The recovery of impairment is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the recovery in value is first allocated to the revaluation reserve.

Investment property

Property and buildings, held to generate lease income (investment property), are valued at cost less accumulated depreciation and impairment losses. The depreciation rate for buildings is 3%, while land is not depreciated. Investment property is derecognized from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

Biological assets

Biological assets are valued, when first reported and at each subsequent reporting date, at their fair value, less estimated point-of-sale costs. If the fair value cannot be reliably determined, biological assets are measured at cost and depreciated over 20 years. The agricultural produce is valued at cost, which is approximately the fair value less estimated point-of-sale costs at harvest.

Financial instruments

Financial instruments held by the Group are categorized in the items below.

Financial assets include investments in affiliated companies and joint ventures, short-term securities, financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables, and cash and cash equivalents. Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that can be quickly converted into cash, and which carry an insignificant risk of a change in value. The maturity of deposits and securities in this category is less than three months. Current securities include short-term securities or marketable securities representing a temporary investment of cash that do not meet the requirements for classification as cash equivalents. Financial liabilities include financial payables, which in turn include the negative fair value of financial derivatives, trade payables and other payables. Financial assets and liabilities, other than equity investments, are recorded in accordance with IAS 39 - Financial Instruments: Recognition and Measurement in the following categories:

Financial assets at fair value with changes recorded in the income statement

This category includes all financial instruments held for trading and those designated at the time they were initially reported at fair value with changes recorded in the income statement. Financial assets held for trading are all instruments acquired with the intention of sale in the short term; this category also includes derivatives that do not satisfy the requirements set out by IAS 39 for consideration as hedging instruments. These instruments measured at fair value with changes recorded in the income statement are reported in the statement of financial position at fair value, while the related profits and losses are reported in the income statement.

Investments held to maturity

Current financial assets and securities to be held until maturity are reported on the basis of the trading date, and, at the time they are first reported, are valued at acquisition cost, represented by the fair value of the initial consideration given in exchange plus transaction costs (e.g. commissions, consulting fees, etc.). The initial reported value is then adjusted to take into account repayments of principal, any write-downs and the amortization of the difference between the repayment amount and the initial reported value. Amortization is applied on the basis of the effective internal interest rate represented by the rate, which, at the time of initial reporting, would make the present value of expected cash flows equal to the initial reported value (known as the amortized cost method). The profits and losses are recorded on the income statement when the investment is derecognized for accounting purposes or when impairment occurs beyond the amortization process.

Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market. After the initial reporting, these instruments are valued according to the amortized cost method using the effective discount rate net of any provision for impairment. Profits and losses are recorded in the income statement when loans and receivables are derecognized for accounting purposes or when an impairment occurs beyond the amortization process.

Financial assets available for sale

Financial assets available for sale, excluding derivatives, are those designated as such or not classified under any of the three previous categories. After the first reporting, the financial instruments available for sale are valued at fair value. If the market price is not available, the present value of financial instruments available for sale is measured using the most appropriate valuation methods, such as the analysis of discounted cash flows performed using market information available on the reporting date. In the absence of reliable information, they are held at cost. Profits and losses on financial assets available for sale are recorded directly in shareholders' equity up to the time the financial asset is sold or written down. At that time the accumulated profits and losses, including those previously posted to shareholders' equity, are included in the income statement for the period.

Impairment of a financial asset

The Group assesses, at least annually, whether there are any indicators that a financial asset or a group of financial assets could be impaired. A financial asset, or group of financial assets, is impaired only if there is objective evidence of impairment caused by one or more events occurring after the initial reporting date and which had an impact that can be reliably estimated on the future cash flows that may be generated by the asset or group of assets.

Derecognition of financial assets and liabilities

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized from the financial statements when:

- the rights to receive income from financial assets no longer exist;
- the Group reserves the right to receive income from financial assets, but has taken on a contractual obligation to pay such income in full and without delay to a third party;
- the Group has transferred the right to receive income from financial assets and (i) has substantially transferred all the risks and benefits relating to the ownership of the financial asset, or (ii) has neither substantially transferred nor retained all the risks and benefits relating to the ownership of the financial asset, but has transferred control of the asset.

When the Group has transferred the rights to receive financial income from an asset, and it has neither transferred nor retained all the risks and benefits, or it has not lost control of the same, the asset is reported in the statement of financial position to the extent of the Group's remaining involvement in the asset. A financial liability is derecognized from the financial statements when the underlying obligation of the liability is no longer held or has been cancelled or settled.

In cases where an existing financial liability is replaced by another from the same lender, under different conditions or where the conditions of an existing liability are changed, the replacement or change is treated in the financial statements as a derecognition of the original liability and a new liability is reported, with any difference in the accounting values allocated to the income statement.

Financial derivatives and hedging transactions

Financial derivatives are used solely for hedging purposes to reduce exchange and interest rate risk. In accordance with IAS 39, financial derivatives may be recorded using hedge accounting procedures only if, at the beginning of the hedge, a formal designation has been made and the documentation for the hedge relationship exists. It is assumed that the hedge is highly effective: it must be possible for this effectiveness to be reliably measured, and the hedge must prove highly effective during the accounting periods for which it is designated. All financial derivatives are measured at their fair value pursuant to IAS 39.

Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge: if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability attributable to a particular risk that could have an impact on the income statement, the profits or losses resulting from the subsequent valuations of the fair value of the hedging instrument are reported in the income statement. The gain or loss on the hedged item, which is attributable to the hedged risk, is reported as a portion of the carrying amount of this item and as an offsetting entry in the income statement.
- cash flow hedge: if a financial instrument is designated as a hedge of exposure to fluctuations in the future cash flow of an asset or liability reported in the financial statements, or of a transaction that is considered to be highly likely and that could have an impact on the income statement, the effective portion of the profits or losses on the financial instrument is reported in the statement of comprehensive income. Accumulated profits or losses are removed from shareholders' equity and recorded in the income statement in the same period in which the transaction being hedged has an impact on the income statement. The profit or loss associated with a hedge or the portion of a hedge that has become ineffective is posted to the income statement when the ineffectiveness is reported.

If a hedge instrument or hedge relationship is closed out, but the transaction being hedged has not been carried out, the accumulated profits and losses, which, until that time had been posted to shareholders' equity, are reported in the income statement at the time the related transaction is carried out.

If the transaction being hedged is no longer considered likely to take place, the pending unrealized profits or losses in shareholders' equity are recorded in the income statement.

If hedge accounting cannot be applied, the profits or losses resulting from the valuation of the financial derivative at its present value are posted to the income statement.

IAS 39 (Financial Instruments: Recognition and Measurement) allows the foreign currency risk of a highly probable intra-group transaction to qualify as the hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the company entering into the transaction and that the consolidated financial statements are exposed to exchange rate risk. In addition, if the hedge of a forecast intra-group transaction qualifies for hedge accounting, any gain or loss that is recognized directly in the statement of comprehensive income, in accordance with the rules of IAS 39, must be reclassified in the income statement in the same period in which the currency risk of the hedged transaction affects the consolidated income statement.

Own shares

Own shares are reported as a reduction in respect of shareholders' equity. The original cost of the own shares and the economic effects of any subsequent sales are reported as movements in shareholders' equity.

Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method, and market value. Work in progress is recorded at the acquisition cost of the raw materials used including the actual production costs incurred up to the point of production reached. Inventories of raw materials and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully written down. Low-value replacement parts and maintenance equipment not used in connection with a single asset item are reported as inventories and recorded in the income statement when used.

Non-current assets held for sale

Non-current assets classified as held for sale include non-current assets (or disposal groups) whose carrying amount will be recovered primarily from their sale rather than their ongoing use, and whose sale is highly probable in the short term (within one year) and in the assets' current condition. Non-current assets classified as held for sale are valued at the lower of their net carrying amount and present value, less sale costs, and are not amortized.

Employee benefits

Post-employment benefit plans

Group companies provide post-employment benefits for staff, both directly and by contributing to external funds. The procedures for providing these benefits vary according to the legal, fiscal and economic conditions in each country in which the Group operates. Group companies provide post-employment benefits through defined contribution and/or defined benefit plans.

Defined benefit plans

The Group's obligations and the annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method. The net cumulative value of actuarial profits and losses is recorded directly on the statement of comprehensive income and is not subsequently recognized in the income statement.

The costs associated with an increase in the present value of the obligation, resulting from the approach of the time when benefits will be paid, are included under financial charges. Service costs are posted to the income statement. The liability recognized represents the present value of the defined benefit obligation, less the present value of plan assets. In the event of a modification to the plan that changes the benefits accruing from past service, the costs arising from past service are expensed in profit and loss at the time the change to the plan is made. The same treatment is applied if there is a change to the plan that reduces the number of employees or that varies the terms and conditions of the plan (treatment is the same regardless of whether the final result is a profit or a loss).

Defined contribution plans

Since the Group fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, the Company records its contributions to the fund in respect of employees' service, without making any actuarial calculation. Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options

The Group pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly do work for one or more Group companies. Pursuant to IFRS 2 - Share-Based Payment, the total fair value of the stock options on the allocation date is to be reported as a cost in the income statement, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly do work for one or more Group companies become fully entitled to receive the stock options. Changes in the present value following the allocation date have no effect on the initial valuation, while in the event of changes to the terms and conditions of the plan, additional costs are recorded for each change in the plan that determines an increase in the present value of the recognized option.

No cost is recognized if the stock options have not been vested; if an option is cancelled, it is treated as if it had been vested on the cancellation date and any cost that has not been recognized is recorded immediately. The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions. The stock options are recorded at fair value with an offsetting entry under the stock option reserve. The dilutive effect of options not yet exercised is included in the calculation of diluted earnings per share.

Provision for risks and charges

Accruals for the provision for risks and charges are reported when:

- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.

Accruals are reported at a value representing the best estimate of the amount the Company would reasonably pay to discharge the obligation or transfer it to third parties on the reporting date. Where the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted.

The change in the related provision over time is allocated to the income statement under Financial income (charges). Provisions are periodically updated to reflect changes in estimates of cost, timescales and discount rates. Revisions to estimates of provisions are allocated to the same item in the income statement where the accrual was previously reported, or, if the liability relates to tangible assets (e.g. dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. When the Group expects that third parties will repay all, or part of the provisions, the payment is recorded under assets only if it is virtually certain, and the accrual and related repayment are posted to the income statement.

Restructuring provisions

The Group reports restructuring provisions only if there is an implicit restructuring obligation and a detailed formal restructuring program, that has led to the reasonable expectation by the third parties concerned that the Company will carry out the restructuring, either because it has already started the process or because it has already communicated the main aspects of the restructuring to the third parties concerned.

Recording of revenues, income and expense in the income statement

Revenues are reported to the extent to which it is likely that economic benefits will flow to the Group and in respect of the amount that can be reliably determined. Revenues are reported at the fair value of the sum received, net of current and deferred discounts, allowances, excise duties, returns and trade allowances.

Specifically:
- sales revenues are recorded when the risks and benefits associated with owning the items are transferred to the buyer, and the revenue amount can be reliably determined;
- service revenues are reported when services are rendered; allocations of revenues related to partially performed services are reported on the basis of the percentage of the transaction completed at the reporting date, when the revenue amount can be reliably estimated;
- financial income and charges are recorded in the period to which they relate;
- capital grants are credited to the profit and loss account in proportion to the useful life of the assets to which they relate;
- lease income from investment property is recorded on a straight-line basis for the duration of the existing leasing contracts.

Costs are recognized in the income statement when they relate to goods and services sold or consumed during the period, or as a result of systematic apportionment or when the future utility of such goods and services cannot be determined. Personnel and service costs include stock options (given their largely remunerative nature) that were allocated to employees, directors and individuals who regularly do work for one or more Group companies. Costs incurred in studying alternative products or processes, or in conducting technological research and development are considered current costs and charged to the income statement in the period in which they are incurred.

Taxes
Current income taxes are calculated on estimated taxable income, and the related payable is recorded under Tax payables. Current tax payables and receivables are recorded in the amount expected to be paid to/received from tax authorities by applying the tax rates and regulations in force or effectively approved on the reporting date. Current taxes relating to items posted directly to shareholders' equity are included in shareholders' equity.

Other non-income taxes, such as property and capital taxes, are included in operating expenses. Deferred tax assets and liabilities are calculated on all temporary differences between the asset and liability values recorded in the accounts and the corresponding values recognized for tax purposes using the liability method. Provisions for taxes that could be incurred from the transfer of undistributed profit from subsidiaries have been made only where there is a genuine intention to transfer that profit.

Deferred tax assets are reported when their recovery is likely. Deferred tax assets and liabilities are determined on the basis of tax rates projected to be applicable under the respective laws of the countries in which the Group operates, in those periods when the temporary differences are generated or derecognized. Current and deferred tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right of set-off exists, provided that realization of the asset and settlement of the liability take place simultaneously. The balance of any set-off is posted to deferred tax assets if positive and deferred tax liabilities if negative.

Transactions in foreign currencies (not hedged with derivatives)
Revenues and costs related to foreign currency transactions are reported at the exchange rate in force on the date the transaction is completed. Monetary assets and liabilities in foreign currencies are converted to euro at the exchange rate in effect on the reporting date with any related impact posted to the income statement.

Earnings per share
Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding any own shares held. For the purposes of calculating the diluted earnings (loss) per share, the weighted average of outstanding shares is adjusted in line with the assumption that all potential shares with a diluting effect will be converted. The Group's net profit is also adjusted to take into account the impact of the conversion, net of taxes.

Use of estimates
The preparation of the financial statements and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an impact on the value of assets and liabilities in the statement of financial position and on disclosures concerning contingent assets and liabilities at the reporting date. The actual results could differ from these estimates.

Estimates are used to identify the fair value of assets and liabilities recorded following business combinations, provisions for risks with respect to receivables, obsolete inventory, depreciation and amortization, asset write-downs, employee benefits, taxes, restructuring provisions and other provisions, and reserves. Figures for the individual categories are set out in the notes to the financial statements. Estimates and assumptions are reviewed periodically, and the effects of each change are reflected in the income statement in the period in which the review of the estimate occurred if such review had an impact on that period only, or additionally in subsequent periods if the review had an impact on both the current and future years.

Goodwill is subject to an annual impairment test to check for any loss in value. The calculations are based on the financial flows expected from the cash-generating units to which the goodwill is attributed, as inferred from multi-year budgets and plans.

4. Changes in accounting standards

a. Accounting standards, amendments and interpretations applied since 1 January 2015

The accounting standards applied to the financial statements in 2015 are the same as those used in the previous year.

b. Accounting standards, amendments and interpretations that have not been adopted in advance

Accounting standards, amendments and interpretations that have been harmonized

IAS 16 - IAS 38 - Clarification of Acceptable Methods of Depreciation (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify that depreciation calculated according to the revenue-based method is not considered appropriate as it reflects only the revenue generated by the asset and not the consumption of the expected future economic benefits embodied in the asset. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify the accounting treatment for the acquisition of interests in a joint operation that constitutes a business. The amendment stipulates that the IFRS 3 standard relating to business combinations, must be applied. Specifically, at the time of acquisition of a joint operation, an investor will need to measure the acquired assets and liabilities at fair value, determine the acquisition-related costs, define the deferred tax effects arising from the allocation of the price paid on the values acquired, and identify the residual element after exercising the purchase price allocation as goodwill. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IAS 16 - IAS 41 - Amendments to the standard applicable to assets represented by bearer plants (applicable from 1 January 2016)
The amendment, published in June 2014, changes the measurement method for assets represented by bearer plants, such as grapevines, rubber trees and oil palms. The amendment applies the same accounting method used for property, plant and equipment, and therefore abandons the fair value model pursuant to IAS 41 originally applied to all biological assets. Bearer plants are accounted for in the same way as other productive assets or plant. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IAS 1 – Clarifications on Presentation of Financial Statements (applicable from 1 January 2016)
The amendment, published in December 2014, introduces a series of clarifications on the concepts of materiality and aggregation, ways to present partial results in addition to those provided for by IAS 1, the structure of the notes, and disclosure regarding significant accounting policies. This amendment relates purely to the presentation of the financial statements and will not therefore have any effect on the Group’s financial position or profitability.

Accounting standards, amendments and interpretations that have not yet been harmonized

IFRS 9 - Financial Instruments (applicable from 1 January 2018)
The new document represents the first part of the process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their related classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets, based exclusively on the following categories: assets measured at amortized cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognized in the income statement. Where such investments are not held for trading purposes, changes to fair value may be reported in the statement of comprehensive income, with only the effects of paying out dividends recognized in profit or loss. When the investment is sold, the amounts recorded in the statement of comprehensive income should not be recognized in profit or loss. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, when a financial liability is measured at fair value and recognized in profit or loss, changes in fair value relating to changes in the issuer’s own credit risk are recorded in the statement of comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.

In addition, an amendment was published in November 2013, which introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonize accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately and directly record the effects of changes in own credit risk on the statement of comprehensive income. The Group is still assessing the potential impact of the new standard and related amendment on its financial assets and liabilities.

IFRS 14 - Regulatory Deferral Accounts (applicable from 1 January 2016)
Under the new standard, only first-time adopters of IFRS are allowed to continue to recognize amounts relating to the rate regulation according to the previous accounting principles adopted. In order to improve comparability with entities that already apply IFRS and hence do not recognize such amounts, the standard requires the rate regulation effect to be presented separately from the other items. The new standard is not applicable to the consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers (applicable from 1 January 2017)
The aim of the new standard is to improve the quality and uniformity of revenue recognition and of the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition may no longer be based on the earnings method but on the assets-liabilities method, which focuses on the date that control of the sold asset was transferred. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IFRS 10 – IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture (applicable from 1 January 2016)
The amendment, published in September 2014, is intended to resolve a conflict between the requirements of IFRS 10 and IAS 28 in the event that an investor sells or contributes a business to an associate or joint venture. The main change introduced by the amendment is that the gain or loss resulting from the loss of control must be recognized in full at the time of the sale or contribution of the business. A partial gain or loss is only recorded in the event of a sale or contribution involving individual assets only. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

IFRS 10–12–IAS 28–Investment Entities: Applying the Consolidation Exception (applicable from 1 January 2016)
The amendment, published in December 2014, provides that entities meeting the definition of 'investment entity' established by the standard are exempt from presenting consolidated financial statements, and should rather measure subsidiaries at fair value as provided for in IFRS 9. The Group is still assessing the impact of adopting the new standard on its consolidated financial position and profitability.

5. Seasonal factors

Sales of some Group products are more affected than others by seasonal factors, because of different consumption patterns or consumer habits.

In particular, soft drink consumption tends to be concentrated in the hottest months of the year (May-September), and summer temperature variations from one year to the next may have a significant effect on comparative sales figures. For other products, such as sparkling wines, sales in some countries are concentrated in certain periods of the year, mainly around Christmas. While external factors do not affect sales of these products, the commercial risk for the Group is higher, since the full-year sales result is determined in just two months. In general, the Group's diversified product portfolio, which includes spirits, soft drinks and wines, and the geographical spread of its sales help to substantially reduce any risks relating to seasonal factors.

6. Default risk: negative pledges and debt covenants

The agreements relating to Parent Company bond issues, the Parent Company's revolving credit facility and the Campari America private placement include negative pledges and covenants. If the Group does not comply with the clauses described below, after an observation period in which a breach has not been rectified, it may be served with notice to repay the residual debt. The ratios are monitored by the Group at the end of each quarter. The negative pledge clauses are intended to limit the Group's ability to grant significant rights over the Group's assets to third parties, in particular the contracts establish specific restrictions on selling or pledging assets. The covenants include the Group's obligation to maintain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortization and non-controlling interests, pro-rated to take account of acquisitions in the past 12 months. At 31 December 2015, this multiple was 2.2 (compared with 2.9 at 31 December 2014).

7. Reclassifications at opening book values

In June 2014, the Group completed the acquisition of Forty Creek Distillery Ltd and Gruppo Averna. Over the next 12 months, the acquisition values to be allocated were defined. These were published on 30 June 2014 and 31 December 2014, and were described in the half-year financial statements to 30 June 2015. These changes required the opening balances to be shown differently, as detailed in the following table. The above-mentioned allocation did not have any effect on the income statement for 2014 and 2015.

Information on the Report on Operations

Group statement of financial position	31 December 2014		
€ million	published figures	reclassifications	post-reclassification figures
fixed assets	2,331.9	(5.7)	2,326.2
other non-current assets and liabilities	(272.2)	5.7	(266.5)
operating working capital	571.5	-	571.5
other current assets and liabilities	(72.9)	-	(72.9)
total invested capital	**2,558.4**	**-**	**2,558.4**
shareholders' equity	1,579.9	-	1,579.9
net financial position	978.5	-	978.5
total financing sources	**2,558.4**	**-**	**2,558.4**

Information provided in the consolidated financial statements

	31 December 2014		
	published figures	reclassifications	post-reclassification figures
	€ million	€ million	€ million
ASSETS			
Non-current assets			
Net tangible fixed assets	441.5	(6.3)	435.2
Biological assets	17.5	-	17.5
Investment property	1.5	(0.7)	0.8
Goodwill and brands	1,841.0	1.3	1,842.2
Intangible assets with a finite life	29.8	-	29.8
Investments in affiliates and joint ventures	0.7	-	0.7
Deferred tax assets	19.1	2.8	21.9
Other non-current assets	56.7	-	56.7
Total non-current assets	**2,407.7**	**(2.9)**	**2,404.7**
Current assets			
Inventories	477.0	-	477.0
Current biological assets	4.1	-	4.1
Trade receivables	313.6	-	313.6
Short-term financial receivables	22.8	-	22.8
Cash and cash equivalents	230.9	-	230.9
Current tax receivables	13.0	-	13.0
Other receivables	26.7	-	26.7
Total current assets	**1,088.2**	**-**	**1,088.2**
Non-current assets held for sale	21.9	-	21.9
Total assets	**3,517.7**	**(2.9)**	**3,514.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	58.1	-	58.1
Reserves	1,516.8	-	1,516.8
Parent Company's portion of shareholders' equity	1,574.8	-	1,574.8
Non-controlling interests: shareholders' equity	5.1	-	5.1
Total shareholders' equity	**1,579.9**	**-**	**1,579.9**
Non-current liabilities			
Bonds	1,086.9	-	1,086.9
Other non-current liabilities	25.8	-	25.8
Defined benefit plans	9.4	-	9.4
Provision for risks and charges	37.9	(1.5)	36.4
Deferred tax liabilities	266.2	(1.4)	264.8
Total non-current liabilities	**1,426.1**	**(2.9)**	**1,423.2**
Current liabilities			
Payables to banks	36.7	-	36.7
Other financial payables	117.4	-	117.4
Trade payables	223.2	-	223.2
Current payables to tax authorities	4.9	-	4.9
Other current liabilities	127.8	-	127.8
Total current liabilities	**509.9**	**-**	**509.9**
Liabilities held for sale	1.7	-	1.7
Total liabilities	**1,937.8**	**(2.9)**	**1,934.8**
Total liabilities and shareholders' equity	**3,517.7**	**(2.9)**	**3,514.8**

8. Business combinations (acquisitions and sales)

As fully detailed in the Significant events section of the Report on Operations, in 2015, the Group completed the acquisitions and sales of various companies and business divisions; these included, most notably, the sale of non-core businesses Limoncetta di Sorrento, Federated Pharmaceutical, Agri-Chemicals and Enrico Serafino S.r.l., and the purchase of a non-controlling interest in Kaloyiannis – Koutsikos Distilleries S.A.

The prices of the various transactions are shown below.

Summary of the total price of purchases/sales	Federated Pharmaceutical business (*)	Agri-chemicals business (*)	Limoncetta di Sorrento business	Enrico Serafino S.r.l.	Non-controlling interest in Kaloyiannis – Koutsikos Distilleries S.A.	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Payment on closing date of transaction	13.4	7.3	7.0	6.1	(10.5)	23.3
Post-closing contractual price adjustment	(0.4)	-		(0.1)		(0.5)
Total price of acquisitions/sales of companies and businesses	13.0	7.3	7.0	6.0	(10.5)	22.8
Cash and cash equivalents					0.3	0.3
Total value of purchases/sales (*)	**13.0**	**7.3**	**7.0**	**6.0**	**(10.2)**	**23.1**
Of which still to be paid/received on 31 December 2015 (**)	0.3	-	-	-	-	0.3
Value paid/received on 31 December 2015	**12.7**	**7.3**	**7.0**	**6.0**	**(10.2)**	**22.9**

(*) at exchange rate on closing date of transaction.
(**) at exchange rate on 31 December 2015.

As a reminder, in June 2014, the Group completed the acquisition of Forty Creek Distillery Ltd and Gruppo Averna. Over the next 12 months, the final acquisition values were decided. The fair value of the net assets acquired are shown below. The individual acquisitions and values that have been incorporated in the basis of consolidation are detailed in the sections below. There were no changes compared with the figures published on 30 June 2015.

Acquisition of Forty Creek Distillery Ltd

	Provisional fair values at 30 June 2014	Adjustments and reclassifications	Fair value at 30 June 2014
	€ million	€ million	€ million
ASSETS			
Non-current assets			
Net tangible fixed assets	10.1	0.2	10.3
Brands	64.1	6.3	70.4
Equity investments in other companies	0.2	-	0.2
Total non-current assets	**74.4**	**6.5**	**81.0**
Current assets		-	-
Inventories	10.8	0.3	11.2
Trade receivables	3.4	-	3.4
Cash and cash equivalents	0.6	-	0.6
Other receivables	0.3	-	0.3
Total current assets	**15.2**	**0.3**	**15.5**
Total assets	**89.6**	**6.9**	**96.5**
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	1.8	1.3	3.2
Payables to sellers (purchase price holdback)	6.3	-	6.3
Total non-current liabilities	**8.1**	**1.3**	**9.5**
Current liabilities			
Payables to banks	0.5	-	0.5
Trade payables	1.3	-	1.3
Current payables to tax authorities	8.0	-	8.0
Other current liabilities	0.7	-	0.7
Total current liabilities	**10.5**	**-**	**10.5**
Total liabilities	**18.6**	**1.3**	**2 -**
Net assets acquired	**71.0**	**5.6**	**76.5**
Goodwill generated by acquisition	**48.9**	**(6.8)**	**42.1**
Total cost, of which:	**133.6**	**(1.2)**	**132.4**
Price paid in cash, excluding ancillary costs	119.9		118.7
Payables to sellers (purchase price holdback)	6.3		6.3
Tax payables acquired	7.5		7.5
Net cash position acquired, of which:	(0.1)		(0.1)
- Cash acquired	(0.6)		(0.6)
- Financial debt acquired	0.5		0.5

The table below summarizes the changes in values attributed to brands and goodwill generated by the acquisition, including changes arising from the definitive allocation of the acquisition price at 30 June 2015.

€ million	Goodwill	Brands	Total
Provisional fair values published on 30 June 2014	**48.9**	**64.1**	**113.0**
change resulting from the provisional allocation of acquisition values	(6.8)	6.3	(0.4)
Fair values published at 30 June 2014	**42.1**	**70.4**	**112.6**

Acquisition of Fratelli Averna S.p.A.

	Provisional fair values at 30 June 2014	Adjustments and reclassifications	Fair value at 30 June 2014
	€ million	€ million	€ million
ASSETS			
Non-current assets			
Net tangible fixed assets	18.3	(6.6)	11.8
Investment property	1.1	(0.7)	0.4
Brands	67.6	0.3	67.9
Deferred tax assets	2.6	4.4	7.0
Other non-current financial assets	5.0		5.0
Other non-current assets	1.4	-	1.4
Total non-current assets	**96.0**	**(2.6)**	**93.5**
Current assets			
Inventories	12.7	0.7	13.3
Trade receivables	21.1	(3.2)	17.9
Cash and cash equivalents	31.6	-	31.6
Other receivables	2.3	-	2.2
Total current assets	**67.7**	**(2.6)**	**65.1**
Total assets	**163.7**	**(5.1)**	**158.6**
LIABILITIES			
Non-current liabilities			
Defined benefit plans	2.5	-	2.5
Provision for risks and charges	1.8	0.5	2.3
Deferred tax liabilities	21.3	0.4	21.7
Non-current financial liabilities	15.6	-	15.6
Non-controlling interests	0.3	-	0.3
Total non-current liabilities	**41.5**	**0.9**	**42.4**
Current liabilities			
Payables to banks	25.5	-	25.5
Other financial payables	1.3	-	1.3
Trade payables	14.4	(0.7)	13.7
Current payables to tax authorities	0.5	-	0.5
Other current liabilities	3.7	0.6	4.3
Total current liabilities	**45.4**	**(0.2)**	**45.3**
Total liabilities	**86.9**	**0.7**	**87.7**
Net assets acquired	**76.8**	**(5.9)**	**70.9**
Goodwill generated by acquisition	**21.2**	**5.9**	**27.1**
Total cost, of which:	**103.7**		**103.7**
Price paid in cash, excluding ancillary costs	98.0		98.0
Net cash position acquired, of which:	5.7		5.7
- Cash acquired	(36.6)		(36.6)
- Financial debt acquired	42.3		42.3

The table below summarizes the changes in values attributed to brands and goodwill generated by the acquisition, including changes arising from the definitive allocation of the acquisition price at 30 June 2015.

€ million	Goodwill	Brands	Total
Provisional fair values published at 30 June 2014	**21.2**	**67.6**	**88.9**
Change resulting from the provisional allocation of acquisition values	5.8	0.3	6.1
Fair values published at 30 June 2014	**27.1**	**67.9**	**95.0**

9. Operating segments

On 1 January 2015, the Group changed its segment reporting, on the basis of IFRS 8 guidelines, as previously mentioned in the 'Report on operations' section of this document. Since 2012, the Group has mainly based its management analysis on the regions identified as operating segments. The previous breakdown (Italy, Rest of Europe, the Americas and Rest of the World) has now been adapted to fit the recent reorganization of business units, based on the Group's operating model and current way of working. The new geographical regions considered are the Americas; Southern Europe, Middle East and Africa; Northern, Central and Eastern Europe; and Asia-Pacific.

Profitability is analyzed at the level of profit/loss before recurring activities, equivalent to the operating result before non-recurring income and charges. In addition, the profitability of each region reflects the profit generated by the Group through sales to third parties in that region, thereby neutralizing the effects of inter-company margins.

2015	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	Total allocated	Non-allocated items and adjustments	Consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third parties	701.6	525.3	313.9	116.0	1,656.8	-	1,656.8
Net sales between segments	39.2	158.8	47.4	0.3	245.8	(245.8)	-
Total net sales	**740.8**	**684.1**	**361.3**	**116.4**	**1,902.6**	**(245.8)**	**1,656.8**
Segment result	**135.4**	**99.5**	**81.6**	**16.1**	**332.7**	**-**	**332.7**
Non-recurring income (charges)	-	-	-	-	-	(22.9)	(22.9)
Operating result	-	-	-	-	-	-	**309.8**
Financial income (charges)	-	-	-	-	-	(60.0)	(60.0)
Put option income (charges)	-	-	-	-	-	(0.4)	(0.4)
Taxes	-	-	-	-	-	(73.4)	(73.4)
Non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
Group profit for the period	-	-	-	-	-	0.0	**175.4**
Other items included in the income statement:	-	-	-	-	-	-	-
Depreciation/amortization	-	-	-	-	-	(47.4)	(47.4)

2014	Americas	Southern Europe, Middle East and Africa	Northern, Central and Eastern Europe	Asia-Pacific	Total allocated	Non-allocated items and adjustments	Consolidated
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net sales to third parties	613.9	505.3	332.5	108.2	1,560.0	-	1,560.0
Net sales between segments	14.9	59.7	17.8	0.1	92.5	(92.5)	-
Total net sales	**628.8**	**565.1**	**350.3**	**108.3**	**1,652.5**	**(92.5)**	**1,560.0**
Segment result	**101.6**	**97.1**	**85.4**	**14.2**	**298.2**		**298.2**
Non-recurring income (charges)	-	-	-	-	-	(43.2)	(43.2)
Operating result	-	-	-	-	-	-	**255.0**
Financial income (charges)	-	-	-	-	-	(61.1)	(61.1)
Put option income (charges)	-	-	-	-	-	0.5	0.5
Taxes	-	-	-	-	-	(64.6)	(64.6)
Non-controlling interests	-	-	-	-	-	(0.6)	(0.6)
Group profit for the period	-	-	-	-	-	-	**128.9**
Other items included in the income statement:							
Depreciation/amortization	-	-	-	-	-	(39.4)	(39.4)

10. Net sales

	2015	2014
	€ million	€ million
Sale of goods	1,639.4	1,544.0
Provision of services	17.4	16.0
Total net sales	**1,656.8**	**1,560.0**

For more detailed analysis of net sales, please refer to the information in the Report on operations in the 'Sales performance' section. The provision of services relates to bottling the products of third parties.

11. Cost of goods sold

A breakdown of the cost of goods sold is shown by function and by nature in the table below.

	2015	2014
	€ million	€ million
Materials and manufacturing costs	655.5	642.0
Distribution costs	84.2	86.3
Total cost of goods sold	**739.8**	**728.3**
Breakdown by type:		
Raw materials and finished goods acquired from third parties	480.7	485.8
Inventory write-downs	3.2	6.3
Personnel costs	73.9	65.0
Depreciation and amortization (*)	33.4	27.6
Utilities	15.7	20.5
External production and maintenance costs	41.2	31.0
Variable transport costs	59.9	62.0
Other costs	31.6	30.1
Total cost of goods sold	**739.8**	**728.3**

(*) Depreciation and amortization is net of € 2.7 million (€ 2.5 million in 2014) pending for final stocks of maturing inventory

The increase in the cost of goods sold is commented upon in the Report on operations, where the change in the percentage of net sales accounted for by these costs is analyzed.

Depreciation and amortization included in the cost of goods sold is reported net of € 2.7 million (€ 2.5 million in 2014) for depreciation of the tangible assets of Campari America, which was entirely pending on stock during the year, since the liquid produced undergoes a maturing process; on average, the product is matured for between five and seven years.
For a breakdown of personnel costs, see note 15 - 'Personnel costs'.

12. Overhead

A breakdown of overhead is shown by function and by nature in the two tables below.

	2015	2014
	€ million	€ million
Sales costs	133.1	122.2
General and administrative expenses	187.9	193.7
Total overhead	**321.0**	**315.9**
Agents and other variable sales costs	18.6	20.7
Depreciation/amortization	13.2	11.3
Personnel costs	165.4	149.5
Travel, business trips, training and meetings	25.2	21.0
Utilities	1.4	1.8
Services, maintenance and insurance	41.7	38.3
Operating leases and rental expenses	11.5	11.2
Other	21.1	18.9
Non-recurring (income) and charges	22.9	43.2
Total overhead	**321.0**	**315.9**

The increase in overhead, before non-recurring costs, is due mainly to an increase in personnel costs. For a breakdown of personnel costs, see note 15 - 'Personnel costs'.

The increase in the item 'Services, maintenance and insurance' is mainly attributable to costs for the outsourcing of services, various consultancy services and IT services associated with ongoing business management projects.

A breakdown of non-recurring income and charges is provided in the next section.

13. Non-recurring income and charges

The operating result for the year was affected by the following non-recurring income and charges:

	2015	2014
	€ million	€ million
Capital gains on the sale of fixed assets	6.1	0.2
Income for the termination of distribution relationships	-	2.1
Total non-recurring income	**6.1**	**2.3**
Capital losses on sale of fixed assets	-	(0.4)
Impairment of brands and sold businesses	(16.2)	(23.7)
Write-downs on fixed assets	(0.3)	-
Accruals to provisions for staff restructuring	(0.8)	(4.7)
Personnel restructuring costs	(7.1)	(8.9)
Other industrial restructuring costs	(3.2)	-
Penalty for the termination of distribution relationships	(1.4)	(3.7)
Acquisition costs	-	(1.5)
Other non-recurring charges	-	(2.4)
Total non-recurring charges	**(29.0)**	**(45.5)**

Non-recurring items include total income of € 6.1 million, mainly due to income relating to the sale of the Federated Pharmaceutical business in Jamaica for € 5.0 million.

Non-recurring liabilities were € 29.0 million and include losses of € 16.2 million due to the impairment of brands and businesses. Specifically, the X-Rated brand was written down during the year by € 14.9 million (for more details see note 26 – 'Impairment'), while the Casoni Fabbricazione Liquori business, which was reclassified under net assets available for sale, suffered impairment of € 1.3 million. Lastly, restructuring costs were € 7.9 million, of which € 0.9 million was allocated to provisions for risks and charges, due to the reorganizations under way in Group companies, including in Jamaica (€ 1.4 million), Italy (€ 1.3 million) and Brazil (€ 1.2 million).

14. Depreciation/amortization

The following table shows details of depreciation and amortization, by nature and by function, included in the income statement.

	2015	2014
	€ million	€ million
- Tangible fixed assets	30.1	25.2
- Intangible fixed assets	3.3	2.4
Depreciation and amortization included in cost of goods sold:	33.4	27.7
- Tangible fixed assets	6.9	6.4
- Intangible fixed assets	6.4	4.8
Depreciation and amortization included in structure costs:	13.2	11.2
- Tangible fixed assets	0.7	0.5
Depreciation and amortization included in advertising and promotional expenses:	0.7	0.5
- Tangible fixed assets	37.7	32.1
- Intangible fixed assets	9.7	7.2
Total depreciation and amortization in the income statement	**47.4**	**39.5**
Depreciation and amortization not included in the income statement because pending for final stocks of maturing inventory	2.7	2.5
Total depreciation and amortization	**50.1**	**41.9**

15. Personnel costs

	2015 € million	2014 € million
Salaries and wages	185.4	167.1
Social security contributions	38.3	35.5
Cost of defined contribution plans	6.7	6.5
Cost of defined benefit plans	0.6	0.1
Other costs relating to long-term benefits	(0.1)	(1.8)
Cost of share-based payments	9.3	8.1
Total personnel costs	**240.2**	**215.5**
of which:		
Included in cost of goods sold	73.9	65.0
Included in overhead:	165.4	149.5
Included in advertising and promotional expenses:	0.8	**1.0**
Total	**240.2**	**215.5**

The allocation of personnel costs to the cost of goods sold and to overhead was explained in the two previous notes. Personnel costs increased by 11.5% compared with 2014, as they mainly included the effect of the consolidation of Forty Creek Distillery Ltd. and Gruppo Averna, as well as changes to the Group's entire structure in line with local needs and trends.

16. Research and development costs

The Group’s research and development activities related solely to ordinary production and commercial activities, namely ordinary product quality control and packaging studies in various markets. Related costs are recorded in full in the income statement for the year in which they are incurred.

17. Other costs

Minimum payments under operating leases in 2015 were € 20.6 million, and relate to contracts held by Group companies on property, IT equipment, company cars and other equipment.

18. Financial income and charges

Net financial charges for the year break down as follows:

	2015 € million	2014 € million
Bank and term deposit interest	5.5	5.3
Dividends from third parties	0.6	0.4
Other income	1.7	0.2
Total financial income	**7.8**	**5.9**
Net interest payable on bonds and private placement	(61.2)	(56.1)
Interest payable on leases	(0.1)	-
Interest payable to banks	(3.0)	(4.4)
Total interest payable	**(64.4)**	**(60.5)**
Net interest on defined benefit plans	(0.1)	(0.2)
Bank charges	(3.3)	(1.6)
Other charges and exchange rate differences	0.1	(3.8)
Total financial charges	**(3.3)**	**(5.7)**
Financial charges relating to tax inspections	(0.2)	(0.5)
Acquisition costs	-	(0.2)
Non-recurring financial charges	**(0.2)**	**(0.8)**
Net financial income (charges)	**(60.0)**	**(61.1)**

Net financial charges, which include the effects of exchange rate differences, stood at € 60.0 million, in line with the previous year's figure of € 61.1 million. The average cost of debt still includes the effects of a significant negative carry on interest generated by cash and cash equivalents, compared with interest paid on medium- and long-term debt. Net financial charges for the year only incorporate the effects of the issue of the new bond from 25 September 2015, the date it was placed; in July 2015, the first tranche of the private placement of 2003 was repaid (in USD) in the amount of € 86.0 million.

The breakdown of interest payable to bondholders is shown in the table below.

	2015			2014
	Parent Company	Campari America	Total	Total
	€ million	€ million	€ million	€ million
Financial charges payable to bondholders	(51.6)	(14.7)	(66.2)	(60.6)
Net financial income (charges) on swaps	3.5		3.5	2.4
Net cost (coupons)	**(48.0)**	**(14.7)**	**(62.7)**	**(58.3)**
Net changes in fair value and other amortized cost components	0.9	(0.4)	0.5	1.3
Cash flow hedge reserve reported in the income statement during the year	1.0	-	1.0	0.8
Net interest payable on bonds and private placement	**(46.1)**	**(15.1)**	**(61.2)**	**(56.1)**

With regard to taxes paid during the year, it should be noted that:

- the private placement by Campari America pays coupons at a contractually fixed average rate of 7.76%.
- the bond issued by the Parent Company in 2003 carried average rates of 4.10%. This rate is the combined result of an average fixed rate of 4.25% on € 172.0 million and an average variable rate applicable to the € 86.0 million tranche, which was repaid in July 2015.
- following the termination of the interest rate swap (explained in note 31 - 'Current financial receivables'), the Company resumed payment of the coupon rate of 5.375% on the Eurobond issued in 2009. However, the termination generated a receivable, which is collected over the duration of the issue at the same time as payment of the coupons. In 2015, it generated a receipt of € 5.0 million. The positive effect of the termination on the income statement is shown annually in the amortized debt cost components, and in 2015, the income was € 4.6 million. For more information on the effects of the termination, see note 28 – 'Other non-current assets'.
- the Parent Company paid a fixed coupon of 4.5% (€ 400.0 million) on the nominal amount of the Eurobond issued on 18 October 2012.
- the Parent Company pays a fixed coupon of 2.75% (€ 600.0 million) on the nominal amount of the Eurobond issued on 25 September 2015.

19. Income and charges relating to put options and earn-outs

The charges reported at 31 December 2015 were due to an update of the estimate of the earn-outs relating to the acquisition of Sagatiba.

20. Income taxes

Taxes are calculated based on existing regulations, applying the tax rates enforced in each country. Deferred tax income and expense is calculated, each year, based on the rates enforced at the time the temporary differences are reversed; appropriate adjustments are made if the rate is different from previous years, provided that the related law has already been issued on the date the financial report is drafted.

The amounts of current and deferred taxes recorded directly in comprehensive income or expense relate to the effects of the remeasurement of pension funds and the valuation at fair value of cash flow hedging contracts.

Details of current and deferred taxes included in the Group's income statement are as follows:

	2015	2014
	€ million	€ million
- current taxes for the year	(54.8)	(53.2)
- taxes relating to previous years and tax rate changes	0.5	0.2
Deferred tax expenses	(19.0)	(11.6)
Taxes posted to the income statement	**(73.4)**	**(64.6)**
Taxes recorded in the statement of comprehensive income	**(0.3)**	**0.6**

Reconciliation of tax charges

The table below shows a reconciliation of the theoretical tax charge with the Group's actual tax charge. The theoretical rate used is that enforced on the reporting date, based on legal provisions, taking into account the IRES rate of 27.5% applied to the Parent Company. In order to provide a clearer picture, IRAP has not been taken into account since, being a tax calculated on a tax base other than pre-tax profit, it would have had distortive effects. Tax base differences are included under the permanent differences item.

	2015	2014
	€ million	€ million
Group profit before tax	**249.4**	**194.2**
Applicable tax rate in Italy	27.5%	27.50%
Group theoretical taxes at current tax rate in Italy	**(68.6)**	**(53.4)**
Difference in tax rate of Group companies	(0,8)	(2.6)
Permanent differences	(3,3)	(5.9)
Tax incentives	4,2	3.4
Taxes relating to previous financial years	(1.4)	1.8
Other consolidation differences	(0.9)	0.3
IRAP	(2.6)	(8.3)
Actual tax charge	(73.4)	(64.6)
Actual tax rate	**29.4%**	**33.3%**

Breakdown of deferred taxes by nature

Details of deferred tax income/expense and deferred tax assets/liabilities posted to the income statement and statement of financial position are broken down by nature below.

	Statement of financial position		Income Statement		Comprehensive Income Statement	
	31 December 2015	31 December 2014	2015	2014	2015	2014
	€ million	€ million	€ million	€ million	€ million	€ million
Deferred expenses	4.4	3.1	(0.2)	(0.1)	-	-
Taxed funds	8.0	7.6	(0.8)	3.0	-	-
Past losses	2.1	5.2	(0.5)	(0.1)	-	-
Other	13.0	12.6	(2.3)	3.6	(0.5)	-
Reclassified deferred tax used	(12.4)	(6.6)	-	(0.6)	-	-
Reclassified and available for sale	(2.5)	-	-	-	-	-
Deferred tax assets	**12.6**	**21.9**	**(3.8)**	**5.9**	**(0.5)**	**-**
Accelerated depreciation	(26.6)	(24.8)	3.1	.	-	-
Capital gains subject to deferred taxation	(1.0)	(1.4)	-	-	-	-
Goodwill and brands deducted locally (*)	(230.8)	(191.4)	(20.0)	(18.5)	-	-
Adjustments to Group accounting principles	26.2	16.7	2.6	2.8	0.2	0.6
Leasing	(1.9)	(2.2)	0.3	-	-	-
Allocation of values deriving from acquisitions	(65.1)	(88.3)	1.7	-	-	-
Other	(7.2)	20.2	(2.9)	2.0	-	-
Reclassification of deferred tax assets	14.4	6.6	-	0.6	-	-
Reclassification to liabilities held for sale	0.5	-	-	-	-	-
Deferred tax liabilities	**(291.5)**	**(264.7)**	**(15.2)**	**(17.5)**	**0.2**	**0.6**
Total	(278.9)	(242.8)	(19.0)	(11.6)	(0.3)	0.6

(*) It should be noted that the impact on the income statement of goodwill and brands deductible locally, at € 28 million in 2015 (€ 23.1 million in 2014)

Deferred tax assets with respect to past losses are entirely attributable to Campari do Brasil Ltda. Local legislation does not set a time limit for their use, but does set a quantitative limit for each individual year, based on declared taxable income. The Company has also begun using these against taxable profit.

21. Basic and diluted earnings per share

Basic earnings per share are calculated as the ratio of the Group's portion of net profits for the year to the weighted average number of ordinary shares outstanding during the year; own shares held by the Group are, therefore, excluded from the denominator.

Diluted earnings per share are determined by taking into account the potential dilution effect resulting from options allocated to beneficiaries of stock option plans in the calculation of the number of outstanding shares.

Basic and diluted earnings per share are calculated as shown in the table below.

		31 December 2015	31 December 2014
Net profit attributable to ordinary shareholders	€ million	175.4	128.9
Weighted average of ordinary shares outstanding	number	578,017,199	575,083,697
Basic earnings per share	**€**	**0.30**	**0.22**
Net profit attributable to ordinary shareholders	€ million	175.4	128.9
Weighted average of ordinary shares outstanding net of dilution	number	578,055,075	582,346,153
Diluted earnings per share	**€**	**0.30**	**0.22**

22. Net tangible fixed assets

Changes in this item are indicated in the table below.

	Land and buildings	Plant and machinery	Other	Total
	€ million	€ million	€ million	€ million
Carrying amount at start of period	314.7	364.1	139.6	818.5
Accumulated amortization at start of period	(85.2)	(224.0)	(67.7)	(333.0)
Balance at 31 December 2014	**229.5**	**140.1**	**71.9**	**441.5**
Reclassification of opening values (*)	(4.6)	(1.7)	-	(6.3)
Balance at 31 December 2014 - post-reclassifications	**224.9**	**138.4**	**71.9**	**435.2**
Perimeter effect due to disposals	(1.8)	(0.7)	-	(2.5)
Investments	8.4	15.8	21.5	45.6
Disposals	(0.3)	-	(4.1)	(4.4)
Depreciation/amortization	(9.2)	(20.1)	(10.2)	(39.5)
Reclassification as assets held for sale	(3.4)	(0.1)	(0.2)	(3.6)
Exchange rate differences and other changes	8.3	9.2	(4.1)	13.5
Balance at 31 December 2015	**226.9**	**142.5**	**74.8**	**444.1**
Carrying amount at end of period	318.0	374.0	146.8	838.8
Accumulated amortization at end of period	(91.0)	(231.5)	(72.1)	(394.6)

(1) For information on reclassifications at opening book values, see note 7 - 'Reclassifications at opening book values'.

The change in the basis of consolidation as a result of disposals, equal to € 2.5 million, relates to the sale of Enrico Serafino S.r.l. during the year.

Investment of € 45.6 million was made in the following projects during the year:

- in Jamaica, environmental recovery work totaling € 3.3 million and the refurbishment of premises, production facilities and the head office in Kingston, totaling € 6.7 million;
- in Italy, activities relating to the central herbs warehouse at the Novi plant, totaling € 3.0 million;
- in the US, € 1.1 million was invested in building a warehouse at the Lawrenceburg plant to store barrels for maturing inventory;
- improvements to the efficiency and production capacity of the Group's facilities in North America (€ 1.7 million, excluding Jamaica), Australia (€ 1.0 million), South America (€ 3.5 million) and other European sites (€ 8.2 million);
- the purchase of barrels for the maturing inventory of bourbons, whiskies and rums, totaling € 13.5 million;
- other interventions that are insignificant individually but together amount to € 2.9 million, supported by recurring maintenance work at the Group's sites.

Disposals, amounting to € 4.4 million, mainly related to the sale of barrels for maturing inventory by Campari America.

The reclassification under assets held for sale relates to the sales of businesses for which agreements were signed during the year, but which will be completed at the beginning of 2016. These notably include assets belonging to Casoni Fabbricazione Liquori S.p.A. and Stepanow S.R.O.. For detailed information on reclassified amounts, see note 34 - 'Net assets held for sale'.

Lastly, it should be noted that, for greater clarity, fixed assets in progress of € 11.2 million are included under the categories to which they relate, depending on the nature of the capital expenditure.

The following table provides a breakdown of tangible fixed assets by ownership.

	Owned		
€ million	fixed assets	under finance leases	total
Land and buildings	225.6	1.3	226.9
Plant and machinery	142.5	-	142.5
Other assets	73.8	0.9	74.8
Total	**441.9**	**2.2**	**444.1**

23. Biological assets

This item includes biological assets consisting of fruit-bearing and mature vines that provide grapes for wine production and pre-production vineyards. Sella & Mosca S.p.A. owns vineyards covering approximately 563 hectares north of Alghero in Sardinia, while Terruzi & Pernod owns a 96-hectare vineyard in San Gimignano. In June, the Group sold wine production company Enrico Serafino S.r.l.. The sale agreements included the company's vineyards, which had a carrying value of € 0.8 million.

Changes in this item are indicated in the table below:

	Assets valued at fair value	Assets valued at cost	Total
	€ million	€ million	€ million
Opening value	2.8	25.8	28.6
Accumulated amortization at start of period	-	(11.1)	(11.1)
Balance at 31 December 2014	**2.8**	**14.7**	**17.6**
Investments	-	1.0	1.0
Depreciation/amortization	-	(0.9)	(0.9)
Disposal	-	(0.8)	(0.8)
Balance at 31 December 2015	**2.8**	**14.0**	**16.8**
Closing value	2.8	26.0	28.8
Accumulated amortization at end of period	-	(12.0)	(12.0)

The capital expenditure of € 1.0 million for the year mainly related to vineyard equipment that came on stream during the year.

As for the biological assets in Sardinia, with respect to the application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of Sella & Mosca S.p.A. vis-à-vis the territory in which it operates, it was decided to continue recording these assets at cost, less accumulated depreciation; valuation at fair value would require the following assumptions to be met, which do not apply in the context in which the company operates. For more information, see note 46 - 'Assets and liabilities measured at fair value'.

The depreciation rate used by Sella & Mosca S.p.A. for vineyards is 5%.

Other biological assets in Tuscany are valued at fair value, based on expert surveys of agricultural land and the related vineyards. These vineyards, which are valued at fair value, did not need to be revalued or devalued to bring them in line with the real market price.

On 31 December 2015, non-productive biological assets, recorded under biological assets in progress, totaled € 3.3 million, compared with € 2.5 million at 31 December 2014. Specifically, pre-production vineyards in Tuscany are valued at € 0.3 million, and relate to those biological assets planted in 2013, while those in Sardinia, which were planted in 2012, 2013, 2014 and 2015, are valued at € 3 million. Agricultural output during the year totaled approximately 50,138 quintals in Sardinia and some 9,669 quintals in Tuscany. Given that it was all processed, there were no inventories of this production at the year-end.

24. Investment property

At 31 December 2015, investment property of € 0.4 million related mainly to the Parent Company, and included apartments and a shop in the provinces of Milan and Verbania, as well as buildings in rural locations in the province of Cuneo. These buildings are recorded in the financial statements at their approximate fair value at the reporting date.

25. Goodwill and brands

Changes during the year are indicated in the table below.

	Goodwill	Brands	Total
	€ million	€ million	€ million
Carrying amount at start of period	1,115.2	753.8	1,868.9
Opening impairment	(19.7)	(8.3)	(19.7)
Balance at 31 December 2014	**1,095.5**	**745.5**	**1,841.0**
Reclassification of opening values (*)	0.3	1.0	1.3
Balance at 31 December 2014 - post-reclassifications	**1,095.8**	**746.5**	**1,842.2**
Impairment loss	-	(14.9)	(14.9)
Exchange rate differences	50.7	28.5	79.2
Balance at 31 December 2015	**1,146.4**	**760.1**	**1,906.6**
Carrying amount at end of period	1,165.7	784.6	1,950.2
Closing impairment	(19.2)	(24.4)	(43.7)
of which, those with an indefinite life	1,146.4	738.0	1,884.4
of which, those with a finite life	-	22.1	22.1

(1) For information on reclassifications at opening book values, see note 7 - 'Reclassifications at opening book values'.

Intangible assets with an indefinite life are represented by goodwill and brands, both deriving from acquisitions. The Group expects to obtain positive cash flows from these assets for an indefinite period of time. Goodwill and brands are not amortized but are subject to impairment tests. The impairment loss on the X-Rated brand, which was denominated in USD, was recorded in the income statement for the year in the amount of € 14.9 million, as converted at the average exchange rate. Following the impairment testing procedure (see comments below), the brand's useful life was revised to ten years.

For information on the methods of valuing impairment, see note 26 - 'Impairment'.

The positive exchange rate differences, of € 79.2 million, are due to the adjustment of values recorded in local currency to end-of-year exchange rates, and include:

- positive exchange rate differences on goodwill, of € 50.7 million, determined by positive differences on the US Dollar of € 68.7 million and on the Jamaican Dollar of € 4.9 million, which were partly offset by net negative differences on other currencies, attributable to the values denominated in Brazilian Reals, totaling €17.3 million;
- positive exchange rate differences on brands of € 28.5 million, resulting from amounts denominated in US Dollars of € 27.5 million and in Jamaican Dollars of € 7.0 million, which were partly offset by negative differences relating to the Canadian Dollar.

26. Impairment

In line with the guidance in IFRS 8, the Group reorganized its segment reporting as of 1 January 2015. The new segments reflect the Group's renewed business unit structure, based on the Group's current operating model. In this respect, the previous four business units, Americas, Italy, Rest of Europe and Rest of the World, were reorganized in the following new regions: Americas, Southern Europe, Middle East and Africa ('SEMEA') including global travel retail, Northern, Central and Eastern Europe ('NCEE') and Asia-Pacific ('APAC'). Coherently, the segment reporting structure change has made it necessary for the Group to reorganize its Cash Generating Units (CGU) structure and reallocate the original goodwill values for the purpose of impairment test. The previous CGUs (CGU Americas, CGU Italy, CGU Rest of Europe, CGU Rest of World) were redefined in the following CGUs: CGU Americas, CGU SEMEA, CGU NCEE and CGU APAC. It should be noted that the new regions, as identified above, reflect the highest level of CGUs of the Group for which the allocated goodwill is considered appropriate given the synergies and the efficiencies achieved at each regional level.

In order to test the impairment of intangible assets, goodwill value has been tested at an aggregate level by CGU. Trademark values have been tested at an individual level by brand.

Re-allocation and impairment testing of goodwill

Following the introduction of the new CGUs structure, the goodwill value as of 31 December 2014 was reallocated to the new CGUs based on the same criteria as the goodwill allocation performed at 31 December 2012, when the Group introduced the segment reporting by region for the first time. Under this criteria, the goodwill value of each CGU as of 31 December 2014 was allocated as the difference between the capital invested (allocated proportionally based on the weight of the recoverable value of each CGU) and the carrying amount of each CGU, including net operating working capital, fixed assets and intangible assets (excluding goodwill). In this respect, the goodwill value as of 31 December 2014 was reallocated proportionally to each CGU based on the weight of the recoverable value of the newly identified CGUs, applying a value in use methodology. Then the goodwill values were adjusted to take into account the perimeter changes (acquisitions and disposals) as well as goodwill write-down. Lastly, to determine the goodwill value as of 31 December 2015, the goodwill values allocated to each CGU as of 31 December 2014 were adjusted proportionally to take into account the exchange rates effects.

The carrying amounts of the CGUs were calculated by allocating, in addition to the goodwill, the brand values assigned on the basis of the profitability achieved by the brand in each CGU, as well as the fixed assets and operating working capital, which were mainly allocated on the basis of the relevant sales achieved in each region.

The recoverable amounts of CGUs were calculated based on the forecasts of operating cash flows generated in each CGU, applying a value in use methodology. The forecasts of operating cash flows were taken from the Group's 2016 budget and strategic plans drafted by the Group's subsidiaries in 2015 for the 2017-2020 period and approved by the Board of Directors of Davide Campari-Milano S.p.A.

In addition, the cash flow projections were then extrapolated beyond the five-year period covered by the budget and the strategic plans to a ten-year period, with a growth rate that does not exceed the average long-term growth rates for the market in which the Group operates. The use of a ten-year period is justified by the long life cycle of the brands with respect to the reference markets, it also takes into account the long aging process of certain brands included in some CGUs. The main assumptions used in calculating the value in use of the CGUs are the operating cash flows in the ten-year period covered by the estimates, the discount rate and the growth rate used to determine the terminal value. With regard to the cash flow projections, reference was made to both the Group's historic averages and its potential growth, expressed by expected demand in the key markets for the individual CGUs.

Estimates of future cash flows were made based on prudent criteria with respect to growth rates and sales development. In addition, projections were based on reasonableness, prudence and consistency with respect to the allocation of future general expenses, trends in capital investment, conditions of financial equilibrium and the main macroeconomic variables. Cash flow projections relate to current operating conditions and therefore do not include cash flows connected with any one-off operations.

For the purposes of determining the terminal value, the perpetuity growth method of discounting was used. Specifically, a terminal growth rate was taken that varied according to the individual CGU, from 1.0% for the CGU NCEE to 1.5% for CGU Americas, CGU SEMEA and CGU APAC, and which does not exceed the sector's estimated long-term growth rate.

The value in use of the CGUs was calculated by discounting the estimated value of future cash flows, including the terminal value, which it is assumed will derive from the continuing use of the assets, at a discount rate (net of taxes and adjusted for risk) that reflects the average weighted cost of capital. Specifically, the discount rate used was the Weighted Average Cost of Capital (WACC) determined at 31 December 2015, which was calculated differently for the four CGUs, and determined with reference to indicators and parameters observable on the main markets of each individual CGU, the present value of money and specific risks connected with the business being valued. The discount rates used on the date the valuation was performed varied for the four CGUs tested as follows: 6.4% for the CGU Americas, 7.3% for CGU SEMEA, 8.5% for the CGU NCEE and 6.3% for the CGU APAC.

Impairment testing on brands

Impairment testing was performed on brands individually using the value in use criterion. Estimates of cash flows generated by individual brands, discounted to present value using an appropriate discount rate as described above, were used to calculate the recoverable value of brands. The carrying amounts of individual brands were determined by allocating the fixed assets and working capital based on related sales, in addition to intangible assets with an indefinite life. Furthermore, based on the materiality principle, brands with immaterial trademark value (lower than € 2 million) are not subject to the annual impairment test.

It should be noted that within the annual re-assessment of the useful life of brands, X-Rated has been identified as an asset with limited useful life. This change is in line with the decision by the Group to progressively reduce the marketing investments behind the brand in its core US market where the brand performance is not sustainable given the continued weakness of the category. Nevertheless, in medium term, the brand has opportunity to further expand in some Asian markets. Pursuit to this re-assessment, in the current discounted cash flow valuation, the recoverable amount of the brand was calculated based on the expected future operating cash flow of the 10-year period between 2016 and 2025, and taking into account the tax benefits generated by intangibles amortization. Moreover, it should be noted that the brand X-Rated is subject to impairment test in 2015 and starting from 2016 the remaining trademark value will be amortized for a timeframe of 10 years.

Results of impairment testing

In relation to the goodwill, as of 31 December 2015, based on the methodologies and assumptions set out above, the impairment tests revealed that the values recorded are fully recoverable.

To take into account current market volatility and uncertainty over future economic prospects, sensitivity analyses were carried out to assess the recoverability of amounts relating to goodwill. Specifically, sensitivity analyses of recoverable values of the individual CGUs and individual brands based on the assumption of a percentage point increase in the discount rate and a percentage point reduction in the terminal growth rate. The sensitivity analysis described above confirmed that goodwill values are fully recoverable.

As of 31 December 2015, the impairment tests on brand values, carried out using the methodologies and assumptions set out above, revealed a loss in value for the X-Rated brand of USD 16.5 million, corresponding to a reduction of € 15.2 million in consolidated brands. Meanwhile, the non-recurring liability posted to the income statement in 2015, converted at the average exchange rate for the year, was € 14.9 million (see note 14 - Non-recurring overheads, above). The remaining brand trademark value of the brand X-Rated (€ 22.1 million) will be amortized at an equal annual amount of € 2.2 million for the next 10 years until 2025.

Impairment tests on other brand values revealed that the values recorded are fully recoverable. To take into account current market volatility and uncertainty over future economic prospects, a sensitivity analysis was carried out on the recoverable values of these brands using methods in line with those used for goodwill values. The sensitivity analysis described above confirmed that the values of these brands are fully recoverable.

The values for goodwill and brands at 31 December 2015 allocated by CGU are shown in the table below.

	31 December 2015	31 December 2014 [1]
	€ million	€ million
Americas	581.6	555.9
SEMEA	325.1	310.7
NCEE	220.2	210.5
APAC	19.6	18.7
Total	**1,146.4**	**1,095.8**

[1] The balances as of 31 December 2014 were reallocated values

Changes in goodwill values at 31 December 2015 compared with 31 December 2014 were due to positive exchange rate effects (€ 50.6 million), reallocated proportionally to each CGU.

The values of brands at 31 December 2015 is shown in the table below:

	31 December 2015	31 December 2014
	€ million	€ million (1)
Wild Turkey	167.7	150.4
Frangelico, Carolans	116.6	116.6
Jamaican Rum Portfolio	119.0	112.0
Glen Grant and Old Smuggler	104.3	104.3
Cabo Wabo	65.2	58.5
X-Rated	22.1 (2)	33.5
Riccadonna	11.3	11.3
Forty Creek	68.7	73.9
Averna	65.5	64.5
Others	19.6 (3)	20.5
Total	**760.1**	**745.6**

(1) Value of trademark as of the consolidated financial statements as of 31 December 2014
(2) Value of X-Rated, net of write-down of € 15.2 million

The changes in brand values at 31 December 2015 were due to the positive exchange rate effects (€ 28.7 million) and adjustments due to the final purchase price allocation of Averna Group.

27. Intangible assets with a finite life

Changes in this item are shown in the table below.

	Software	Other	Total
	€ million	€ million	€ million
Carrying amount at start of period	41.0	20.0	61.1
Accumulated amortization at start of period	(25.2)	(6.0)	(31.3)
Balance at 31 December 2014	**15.8**	**14.0**	**29.8**
Change in basis of consolidation	(0.0)	-	(0.0)
Investments	7.8	-	7.8
Decreases	-	(0.1)	(0.1)
Amortization for the period	(6.5)	(3.2)	(9.7)
Exchange rate differences and other changes	(0.1)	(2.0)	(2.1)
Balance at 31 December 2015	**17.1**	**8.6**	**25.6**
Carrying amount at end of period	48.4	18.3	66.8
Accumulated amortization at end of period	(31.4)	(9.8)	(41.1)

Intangible assets with a finite life were amortized on a straight-line basis in relation to their remaining useful life.

Investment for the period was € 7.8 million, and mainly related to the implementation of the SAP IT system and related modules rolled out in the Group's new companies and to new modules and upgrades implemented by Group companies.

28. Other non-current assets

This item breaks down as follows:

	31 December 2015	31 December 2014
	€ million	€ million
Term deposits	26.0	25.6
Financial receivables	2.1	4.9
Derivatives on Parent Company bond	9.6	-
Non-current financial assets	**37.8**	**30.5**
Equity investments in other companies	1.4	1.3
Security deposits	2.6	1.2
Receivables from defined benefit obligation	-	15.8
Other non-current receivables from main shareholders	2.2	2.2
Other non-current tax receivables	3.9	5.5
Other non-current assets	**10.2**	**26.0**
Other non-current assets	**47.9**	**56.7**

On 31 December 2015, deposits, totaling € 26.0 million, related to a cash investment by the Parent Company maturing in 2019.

Financial receivables included an amount of € 1.1 million relating to expenses incurred by the Parent Company in taking out the revolving credit facility; these were recorded on the income statement as a financial liability throughout the duration of the credit line. The item also included restricted deposits of € 1.0 million. The change compared with the previous year was due to the change in the value of the asset arising from the closure in 2012 of the derivative contract entered into by the Parent Company on the Eurobond 2009 issue. This asset was collected over the remaining duration of the underlying loan: at 31 December 2015, only the last portion, of € 4.9 million (the same amount as in 2014), was left, which was reclassified under current assets. This is explained in note 31 - 'Current financial receivables'.

Derivatives on the Parent Company loan, of € 9.6 million, included the fair value of derivatives on the USD-denominated bond issued in 2003, which had a negative balance at 31 December 2014. These were classified under financial liabilities (see note 37 - 'Bonds and other non-current liabilities' and note 38 - 'Payables to banks and other short-term financial payables').

The change in receivables, from employee benefit funds, derived from the management of residual assets belonging to the J. Wray & Nephew Ltd pension plans. For further details, please refer to the explanations in note 39 – 'Defined benefit plans'.

Other non-current tax receivables mainly related to receivables due to the Group's Italian companies from the Italian tax authorities (€ 2.7 million, of which € 2.5 relates to the Parent Company). The tax receivables recorded by the Italian companies primarily related to the entitlement to refunds, due to the higher income taxes paid in previous years due to the non-deductibility of IRAP relating to personnel and similar costs following recent legislative changes introduced by article 2, para 1, of Legislative Decree 201/2011, supplemented by article 4, para 12, of Legislative Decree 16 of 2 March 2012. Some of the receivables of the Group's Italian companies were therefore recorded as due from the parent company Alicros S.p.A. (€ 2.1 million) for the years from 2007 to 2011 relating to the tax consolidation scheme, with some recorded as due from the tax authorities (€ 0.6 million) relating to previous tax periods. Please see note 49 - 'Related Parties' for details on the relationships with parent company Alicros S.p.A..

29. Inventories and current biological assets

This item breaks down as follows:

	31 December 2015	of which, perimeter effect	31 December 2014
	€ million	€ million	€ million
Raw materials, supplies and consumables	30.4	(2.2)	38.6
Work in progress	70.4	(2.3)	60.2
Ageing inventory	269.8	-	243.5
Finished products and goods for resale	125.6	(2.2)	134.7
Inventories	**496.2**	**(6.7)**	**477.0**
Current biological assets	2.1	-	4.1
Current biological assets	**2.1**	**-**	**4.1**
Total	**498.2**	**(6.7)**	**481.2**

The perimeter effect related to the sale of Enrico Serafino S.r.l., in the amount of € 2.7 million, and the effect of the reclassification of unbranded businesses belonging to Casoni Fabbricazione Liquori S.p.A. and its subsidiary Stepanow S.R.O. as assets held for sale (€ 4.0 million). For more information, see note 35 - 'Net assets held for sale'.

Excluding the components described above, organic growth in stock on hand was € 23.8 million, offset by positive exchange rate effects of € 21.6 million. Before taking the exchange rate effect and the perimeter effect into account, stock at hand rose by € 2.3 million, the combined effect of a reduction in finished products and raw materials totaling € 15.6 million, which was offset by an increase in stocks of work in progress and maturing inventory of € 20.5 million. Current biological assets represent the fair value of the harvest of sugar cane plantations that havee not yet matured. This fair value estimate is based on the production costs incurred minus any impairment, calculated with reference to the estimated revenues from the sale of the harvest minus the costs of cultivation, harvesting and transportation to point of sale.

Inventories were reported minus the relevant provisions for write-downs. The changes are shown in the table below.

Balance at 31 December 2014	**15.8**
Change in basis of consolidation	0.2
Accruals	1.2
Utilizations	(0.3)
Exchange rate differences and other changes	(0.8)
Balance at 31 December 2015	**16.1**

30. Trade receivables and other receivables

This item breaks down as follows:

	31 December 2015	of which, perimeter effect	31 December 2014
	€ million	€ million	€ million
Trade receivables from external customers	283.6	(11.9)	301.3
Receivables in respect of contributions to promotional costs	12.3	-	12.2
Trade Receivables	**295.9**	**(11.9)**	**313.6**
Advances and other receivables from suppliers	5.2	-	5.6
Other receivables from tax authorities	5.9	(0.1)	9.7
Receivables from agents and miscellaneous customers	2.3	-	1.4
Pre-paid expenses	4.2	-	7.1
Other	3.9	(0.1)	2.9
Other Receivables	**21.6**	**(0.2)**	**26.7**

The decrease in trade receivables and other receivables was partly due to the reclassification of assets belonging to Casoni Fabbricazione Liquori S.p.A. and its subsidiary Stepanow S.R.O. as assets held for sale. For further information, see note 35 – 'Net assets held for sale'. Their carrying value is considered to be close to their fair value.

Trade receivables are shown net of year-end bonuses and payables for promotional costs. This item was reported net of the related provision for write-downs, reflecting the actual risk of uncollectibility, consistent with the disclosure of revenues on the income statement. Trade receivables are reported net of the receivables sold on a non-recourse basis by Group companies; at 31 December 2015, receivables totaling € 113.8 million had been sold (€ 98.9 million at 31 December 2014). The decrease of € 17.7 million in trade receivables includes a perimeter effect of € 11.9 and € 14.9 million from the factoring of receivables on a non-recourse basis, with the remainder from the combined effect of exchange rate differences and the Group's organic growth.

Other receivables from tax authorities totaled € 5.9 million, primarily comprised by € 2.8 million for VAT, € 1 million for excise duty and € 2.1 million for other taxes.

The table below shows receivables broken down by maturity.

31 December 2015	Trade receivables	Other receivables	Total
	€ million	€ million	€ million
Not overdue and not impaired	**216.5**	**7.0**	**223.6**
Due and not impaired:			
Less than 30 days	44.1	0.6	44.7
30-90 days	16.1	1.1	17.1
Within 1 year	15.1	11.6	26.7
Within 5 years	4.1	1.3	5.3
Due after 5 years	-	-	-
Total due and not impaired:	**79.4**	**14.6**	**93.9**
Due and impaired	**14.9**	**0.2**	**15.1**
Amount impaired	(14.9)	(0.2)	(15.1)
Total receivables broken down by maturity	**295.9**	**21.6**	**317.5**

31 December 2014	Trade receivables	Other receivables	Total
	€ million	€ million	€ million
Not overdue and not impaired	**205.2**	**10.8**	**216.0**
Due and not impaired:			
Less than 30 days	69.9	1.0	70.9
30-90 days	17.8	0.9	18.7
Within 1 year	17.8	0.7	18.5
Within 5 years	1.7	0.1	1.8
Due after 5 years	0.0	0.1	0.1
Total due and not impaired::	**107.1**	**2.8**	**110.0**
Due and impaired	**18.0**	**0.4**	**18.4**
Amount impaired	(16.7)	(0.2)	(16.9)
Total receivables broken down by maturity	**313.6**	**13.8**	**327.5**
Receivables not significant for breakdown by maturity	-	13.0	13.0
Total	**313.6**	**26.7**	**340.5**

The following table shows the changes in bad debt provisions during the period.

	Provisions for doubtful receivables	
€ million	Trade receivables	Other receivables
Balance at 31 December 2014	**16.7**	**0.2**
Accruals	3.3	-
Utilizations	(4.9)	-
Releases	(0.3)	-
Exchange rate differences and other changes	0.2	-
Balance at 31 December 2015	**14.9**	**0.2**

Accruals for the year of € 3.3 million mainly related to Parent Company and Italian company receivables of € 2.5 million, as well as impaired receivables for the Brazilian market in the amount of € 0.3 million. Utilizations for the year, reflecting the settlement of lawsuits outstanding from previous years, totaled € 2.0 million, and mainly related to the Parent Company and Italian subsidiaries in the amount of € 1.8 million.

31. Short-term financial receivables

This item breaks down as follows:

	31 December 2015	31 December 2014
	€ million	€ million
Securities and term deposits	**59.1**	**4.9**
Net accrued swap interest income/expense on bonds	1.2	1.3
Valuation at fair value of forward contracts	0.5	1.3
Other financial assets and liabilities	5.7	5.5
Restricted deposits	3.4	9.8
Other short-term financial receivables	**10.8**	**17.9**
Short-term financial receivables	**69.9**	**22.8**

Securities mainly included short-term or marketable securities, representing a temporary investment of cash, but which do not satisfy all the requirements for classification under cash and cash equivalents. The item includes securities that fall due within one year.

The change in securities in the period mainly related to investments made by the Parent Company (€ 50.0 million), which matured in April 2016. This item also included securities arising from the allocation of receivables to employee pension plan funds, of € 6.7 million (for further details, see note 39 - 'Defined benefit plans'). These assets have been designated as assets available for sale, and the change in fair value recorded between the date of allocation by the pension fund and 31 December 2015, of € 6.2 million, was posted to the statement of comprehensive income.

The other financial assets comprising the current portion (€ 4.9 million) of the receivable arising from the termination of a number of hedging agreements on the Parent Company's bond issued in 2009 (€ 4.9 million at 31 December 2014). The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying issue, until 2016.

Restricted deposits at 31 December 2015 included funds earmarked available at any time, totaling € 3.3 million, to purchase the residual shares of J. Wray & Nephew Ltd. Current financial payables include a liability of the same amount, as shown under note 38 - 'Payables to banks and other short-term financial payables'. The change compared with the previous year was due to the settlement of the purchase price holdback relating to the acquisition of Forty Creek Distillery Ltd., for which there was a liability of the same value (see note 38 - 'Payables to banks and other short-term financial payables'), which was then eliminated.

All financial receivables are current and due within a year.

32. Current tax receivables

	31 December 2015	of which, perimeter effect	31 December 2014
	€ million	€ million	€ million
Income taxes	13.6	(0.9)	12.8
Receivables from main shareholders for tax consolidation	2.7	-	0.2
Current tax receivables	**16.3**	**(0.9)**	**13.0**

Current tax receivables can all be recovered within twelve months. Receivables from the parent company mainly related to receivables for the tax consolidation of Averna S.p.A. and Campari Wines S.r.l. (€ 0.7 million each), and the Parent Company (€ 0.6 million) from the parent Alicros S.p.A., to which the Group owes € 0.7 million. All receivables and payables are non-interest-bearing; for more details, see note 49 - 'Related parties'.

33. Cash and equivalents and reconciliation with net debt

The Group's cash and equivalents break down as follows:

	31 December 2015	31 December 2014
	€ million	€ million
Bank current accounts and cash	817.7	206.9
Term deposits maturing within 3 months	26.6	24.0
Cash and cash equivalents	**844.3**	**230.9**

The cash and cash equivalents item comprises bank current accounts, other sight deposits and those that can be withdrawn within a maximum period of three months from the reporting date, which are held at leading banks and pay variable interest rates based on LIBOR depending on the currency and period concerned.

The change in cash and cash equivalents during the period was due to the proceeds from the five-year bond issued by the Company on 25 September 2015 for a nominal amount of € 600 million (for more details see the section on 'Significant events during the period' of the Report on operations).

'Cash and cash equivalents' also included securities that can be readily converted to cash consisting of short-term, highly liquid financial investments that can be quickly converted into known cash instruments, with an insignificant risk of a change in value.

The reconciliation with the Group's net debt is outlined below.

	31 December 2015	31 December 2014
	€ million	€ million
Cash and cash equivalents	844.3	230.9
Cash (A)	**844.3**	**230.9**
Securities	59.1	4.9
Other current financial receivables	10.8	17.9
Current financial receivables (B)	**69.9**	**22.8**
Current bank payables	(29.3)	(36.7)
Current portion of lease payables	(0.1)	(0.1)
Current portion of private placement and bonds	(441.6)	(86.0)
Other current financial payables	(19.9)	(28.0)
Current portion of payables for put options and earn-outs	(3.5)	(3.3)
Short-term financial debt (C)	**(494.4)**	**(154.0)**
Short-term net cash (debt) position (A+B+C)	**419.9**	**99.7**
Non-current bank debt	(4.4)	(9.0)
Current portion of lease payables	(2.0)	(1.3)
Non-current portion of private placement and bonds	(1,276.1)	(1,097.1)
Non-current portion of payables for put options and earn-outs	(1.0)	(1.3)
Non-current financial debt (D)	(1,283.5)	**(1,108.7)**
Net debt (A+B+C+D) (*)	**(863.6)**	**(1,009.0)**
Reconciliation with Group net debt, as shown in the Directors' report:		
Non-current portion of derivatives assets on bond	9.6	
Term deposits	25.6	25.6
Non-current financial receivables	2.6	4.9
Group net debt	**(825.8)**	**(978.5)**

(*) In accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

For all information concerning the items that make up net debt excluding liquidity, see note 31 – 'Current financial receivables', note 28 – 'Other non-current assets', and note 37/38 - 'Financial liabilities'.

34. Net assets held for sale

The item mainly includes net assets resulting from the sales of businesses for which contracts were signed during the year, but which will be completed at the beginning of 2016. Specifically, it includes:

- the business belonging to Casoni Fabbricazione Liquori S.p.A. and its subsidiary Stepanow S.R.O., for which an agreement was signed on 29 December 2015; the transaction is expected to be completed by 31 March 2016. The Sale of the business is part of the Group's strategy of streamlining non-core activities, the perimeter effect for this transaction had no significant impact;
- surplus real estate assets, which related to a residual portion of the Termoli site (value unchanged from 31 December 2014), for which definitive but complex sales negotiations continue with potential buyers, with whom the challenging decommissioning program is being developed.

These net assets were valued at the lower of net book value and fair value less selling costs. No write-down was considered necessary on the basis of the prices agreed for these sales: in the 2015 results, it was included as a non-recurring charge, an impairment of € 1, 3 million.

The table below summarizes the assets and liabilities held for sale, broken down by business being sold. On 31 December 2014, this asset included the Federated Pharmaceutical, Agri-Chemicals and Limoncetta di Sorrento businesses, which were sold in 2015.

	31 December 2015			31 December 2014
	Casoni Fabbricazione Liquori business	Surplus real estate assets	Total	Total
	€ million	€ million	€ million	€ million
Assets				
Net tangible fixed assets	3.6	1.0	4.7	5.2
Goodwill and brands	-	-	-	10.5
Other non-current assets	2.8	-	2.8	-
Inventories	3.8	-	3.8	5.5
Trade receivables	11.3	-	11.3	0.7
Other current assets	1.1	-	1.1	0.1
Total assets held for sale	**22.6**	**1.0**	**23.6**	**21.9**
Liabilities				
Other non-current liabilities	(1.2)	0.0	(1.2)	(0.9)
Trade payables	(5.9)	0.0	(5.9)	(0.8)
Other current liabilities	(2.9)	0.0	(2.9)	(0.1)
Total liabilities held for sale	**(10.0)**	**0.0**	**(10.0)**	**(1.7)**
Total net assets	**12.6**	**1.0**	**13.7**	**20.1**

35. Shareholders' equity

The Group manages its capital structure and makes changes to it depending on the economic conditions and the specific risks of the underlying asset. To maintain or change its capital structure, the Group may adjust the dividends paid to the shareholders and/or issue new shares. In this context, like other groups operating in the same sector, the Group uses the net debt/EBITDA multiple as a monitoring tool.

Net debt is the Group's net financial position calculated at average exchange rates for the previous 12 months; EBITDA is the Group's operating result before depreciation, amortization and non-controlling interests, pro-rated to take account of acquisitions in the past 12 months. At 31 December 2015, this multiple was 2.2 (compared with 2.9 at 31 December 2014).

For information on the composition and changes in shareholders' equity for the periods under review, see the Statement of changes in shareholders' equity.

Share capital

At 31 December 2015, the share capital of Davide Campari-Milano S.p.A. was € 58,080,000, comprising 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up.

Outstanding shares and own shares

The following table shows the reconciliation between the number of outstanding shares at 31 December 2015 and in the two prior years.

	No. of shares			Nominal value		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015	31 December 2014	31 December 2013
Outstanding shares at the beginning of the period	576,918,717	575,683,176	576,301,882	57,691,872	57,568,318	57,630,188
Purchases for the stock option plan	(11,518,418)	(3,704,964)	(8,264,835)	(1,151,842)	(370,496)	(826,484)
Disposals	13,678,255	4,940,505	7,646,129	1,367,826	494,051	764,613
Outstanding shares at the end of the period	579,078,554	576,918,717	575,683,176	57,907,855	57,691,872	57,568,318
Total own shares held	1,721,446	3,881,283	5,116,824	172,145	388,128	511,682
Own shares as a % of share capital	0.30%	0.67%	0.88%			

In 2015, 11,518,418 own shares were acquired at a purchase price of € 78.4 million, which equates to an average price of € 6.81 per share. In the same period, 13,678,255 shares were sold for a sum of € 49.4 million. Furthermore, after 31 December 2015 and until publication of the financial statements was authorized, the Company purchased an additional 995,337 own shares, at an average price of € 7.44, and own shares were sold for the exercise of stock options for a total of 126,186 shares. Thus, the number of own shares on the date this report was approved was 2,590,597.

Dividends paid and proposed

The table below shows the dividends approved and paid during the year and in the previous year, and the dividends subject to the approval of the shareholders' meeting to approve the accounts for the year ending 31 December 2015.

	Total amount		Dividend per share	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	€ million	€ million	€	€
Dividends approved and paid during the year on ordinary shares	45.7	46.1	0.08	0.08
Dividends proposed on ordinary shares	52.0	46.2	0.09	

(*) calculated on the basis of outstanding shares at the date of the Board of Directors' meeting on 1 March 2016.

Other reserves

	Stock options	Cash flow hedging	Foreign currency translation reserves	Remeasurement reserve for actuarial effects relating to defined benefit plans	Total
	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2014	**27.9**	**(4.0)**	**(48.4)**	**(2.8)**	**(27.3)**
Cost of stock options for the period	9.2	-	-	-	9.2
Stock options exercised	(14.9)	-	-	-	(14.9)
Losses (profits) reclassified in the income statement	-	1.6	-	-	1.6
Profits (losses) allocated to shareholders' equity	-	(0.5)	-	-	(0.5)
Tax effect allocated to shareholders' equity	-	(0.4)	-	(1.4)	(1.8)
Translation difference	-	-	58.8	-	58.8
Balance at 31 December 2015	**22.2**	**(3.3)**	**10.4**	**(4.2)**	**25.2**

The stock option reserve contains the provision made as an offsetting entry for the cost reported in the income statement for stock options allocated. The provision was determined based on the fair value of the options established using the Black-Scholes model. For information on the Group's stock option plans, see note 44 - 'Stock option plan'.

The hedging reserve contains amounts (net of the related tax effect) pertaining to changes resulting from fair value adjustments of financial derivatives recorded using the cash flow hedging methodology. For further information, see note 45 - 'Financial instruments: disclosures'. The translation reserve reflects all exchange rate differences relating to the conversion of the accounts of subsidiaries denominated in currencies other than euro. The remeasurement reserve for actuarial effects relating to defined benefit plans includes the effects of changes to the actuarial assumptions used to calculate net obligations for defined benefits.

36. Non-controlling interests

The non-controlling interests' equity, which amounted to € 0.3 million at 31 December 2015 (€ 5.1 million at 31 December 2014), relates to Stepanow S.R.O.. (16.72%). The change compared to the previous year was due to the purchase of the remaining interests (25%) in the subsidiary Kaloyiannis – Koutsikos Distilleries S.A. The transaction was carried out on 1 December 2015 via the purchase of the Dutch holding company O-Dodeca N.V. for a price of € 10.5 million.

37. Bonds and other non-current liabilities

The breakdown of bonds and other non-current liabilities is as follows.

	31 December 2015	31 December 2014
	€ million	€ million
Parent Company bond (USD) issued in 2003	185.6	167.5
Parent Company bond (Eurobond) issued in 2009	-	352.4
Parent Company bond (Eurobond) issued in 2012	396.2	395.2
Parent Company bond (Eurobond) issued in 2015	594.1	-
Private placement issued by Campari America in 2009	100.2	171.7
Total bonds and private placement	**1,276.1**	**1,086.8**
Payables and loans due to banks	4.4	9.0
Property leases	2.0	1.3
Derivatives on Parent Company bond (USD)		10.3
Payables for put options and earn-outs	1.0	1.3
Non-current financial liabilities	**7.4**	**21.8**
Other non-financial liabilities	3.1	4.0
Other non-current liabilities	**10.5**	**25.8**

Bonds

The bonds item included the following issues placed by the Parent Company.

- The first, with a residual nominal value of USD 200 million, was placed on the US institutional market in 2003. The transaction was structured in two tranches of USD 100 million and USD 200 million, maturing in 2015, (the bond was settled at an equivalent value of € 86.0 million in July 2015) and 2018 respectively, with a bullet repayment at maturity and interest paid six-monthly at a fixed rate of 4.63%.
- The second issue (Eurobond 2009) was launched on the European market in October 2009, and was aimed at institutional investors, with most of the bonds being placed with investors in Italy, the UK, France, Germany and Switzerland. The nominal value of this issue is € 350 million; it matures on 14 October 2016 and was placed at an agreed price of 99.431%. The coupons are paid annually at a fixed rate of 5.375%. The gross return on the bond is therefore 5.475%. The balance at 31 December 2015 was classified under short-term receivables.
- The third bond (Eurobond 2012) was issued on 18 October 2012 in order to finance the acquisition of J. Wray & Nephew Ltd. It has a duration of seven years and a nominal value of € 400 million, with maturity on 25 October 2019. The bond pays a fixed annual coupon of 4.5% and the issue price was 99.068% of par, corresponding to a gross return of 4.659%.
- The fourth Euro-denominated issue (Eurobond 2015) was placed on the European market and matures on 30 September 2020. The offer, which was aimed solely at institutional investors, was placed at 99.715% of par. Coupons are payable at a nominal fixed interest rate of 2.75%. The gross return on the bond is therefore 2.81%.

The Parent Company has put in place various instruments to hedge the exchange rate and interest rate risks.

- A cross currency swap hedging instrument was taken out on the 2003 issue to offset the risks related to fluctuations in the US dollar and movements in interest rates, which changes the US dollar-based fixed interest rate to a variable euro rate (6-month Euribor + 60 basis points).
- On the same issue, various interest rate swaps were put in place involving the payment of an average fixed rate of 4.25% on underlying USD 150 million (maturing in 2018).

The changes in the item in 2015 relate to the following:

- the valuation of existing hedging instruments relating to the 2003 issue (USD), including the impact on transactions settled during the year with the payment of the maturing tranche (a positive impact of € 19.8 million on the fair value hedge and a positive impact of € 2.8 million on the cash flow hedge) and the effects of the hedges and the amortized cost on the bonds (negative at € 18.0 million);

- the valuation of hedging instruments relating to the Eurobond issued in 2009, which were terminated early in 2012 (the positive effect of € 4.6 million was partially realized in 2015), and the effects of the amortized cost (which were negative at € 0.7 million).
- the payable for the Eurobond 2009, which matures in 2016, was reclassified under current financial liabilities (see item for further details);
- the effects of the amortized cost (negative at € 1.0 million) of the Eurobond issued in 2012.

For more information on these changes, see note 46 - ‘Assets and liabilities measured at fair value’.

Private placement

The private placement item includes a bond issue placed by Campari America on the US institutional market in June 2009 with an original nominal value of USD 250 million. The transaction was structured in three tranches with bullet maturities of USD 40 million, which matured and was settled in the first half of 2014, USD 100 million, maturing in 2016 and USD 110 million, maturing in 2019. The six-monthly coupons are based on fixed rates of 7.50% and 7.99%.

Changes in value during the year were due to the reclassification of the tranche due to expire in 2016, of € 91.6 million, under current financial payables, and to the depreciation of the US dollar, the subsidiary's functional currency, which led to an increase in the total payable of € 19.9 million.

Payables and loans due to banks

This item includes euro-denominated loans entered into with leading banks and maturing at the end of 2019; interest is mainly due at floating market rates. The portion of these falling due within 12 months (€ 4.0 million) is classified under short-term bank loans; further details are given in Note 38 - ‘Payables to banks and other short-term financial payables’. These loans are secured by mortgages on properties in Caltanissetta for an amount of € 5.1 million.

Leases

This item included payables relating to the purchase of industrial land and buildings in Finale Emilia, worth € 1.3 million, of which € 1.2 million falls due after 12 months. This financing was secured on the leased properties. The item also included payables relating to the purchase of vehicles totaling € 0.9 million, of which € 0.8 million falls due after 12 months.

Payables for put options and earn-outs

At 31 December 2015, the long-term portion of the item 'Payables for put options and earn-outs' included the best estimate of the payment of an annual earn-out agreed as part of the purchase of the Sagatiba brand, to be paid over eight years after the closing.

Interest rates and maturities

The table below showed a breakdown of the Group's main financial liabilities, together with effective interest rates and maturities. It should be noted that, as regards the effective interest rate of hedged liabilities, the rate reported included the effect of the hedging itself. Furthermore, the values of hedged liabilities are shown here net of the value of the related derivative, whether it is an asset or liability.

	Effective interest rate	Maturity	31 December 2015	31 December 2014
			€ million	€ million
Payables and loans due to banks	Variable Euribor + 115-200 basis points	2016-2019	33.6	45.7
Parent Company bond issues				
- issued in 2003 (in USD)	fixed rate from 4.03% to 4.37% (1)	2018	176.1	263.7
	6-month € LIBOR + 60 basis points(2)			
- issued in 2009 (Eurobond)	fixed rate 5.375%	2016	353.2	357.0
- issued in 2012 (Eurobond)	fixed rate 4.5%	2019	396.2	395.2
- issued in 2015 (Eurobond)	fixed rate 2.75%	2020	594.1	-
Private placement:				
- issued in 2009	fixed rate 7.50%, 7.99%	2016-2019	191.8	171.7
Property leases	Euribor + 133 basis points	2016-2026	2.1	1.3

(1) Rate applied to the portion of the bond hedged by an interest rate swap, corresponding to a nominal value of € 120 million.
(2) Rate applied to the portion of the bond hedged by an interest rate swap, corresponding to a nominal value of € 43 million.

Other non-financial liabilities

Other non-financial liabilities totaled € 3.1 million at 31 December 2014 (€ 4.0 million at 31 December 2014), and included amounts due from the Parent Company and some subsidiaries for fines and interest of € 0.6 million, and long-term liabilities accrued by Group companies on behalf of employees of € 2.5 million.

38. Payables to banks and other short-term financial payables

Current financial liabilities	31 December 2015	31 December 2014
	€ million	€ million
Payables and loans due to banks	**29.3**	**36.7**
Short-term portion of private placement issued in 2009	91.6	-
Short-term portion of Parent Company bond (USD) issued in 2003	-	86.0
Short-term portion of Parent Company bond (Eurobond) issued in 2009	350.0	-
Amortized cost effect on short-term loans and bonds	3.2	1.4
Accrued interest on bonds	16.0	12.9
Accrued swap interest on bonds	-	0.1
Property leases	0.1	0.1
Financial liabilities on hedging contracts	0.6	3.6
Non-current liabilities for hedge derivatives, not reported using hedge accounting procedures	0.1	0.1
Payables for put options and earn-outs	3.5	3.3
Other debt	-	6.8
Total other financial payables	**465.1**	**117.4**

Payables to banks

Short-term payables to banks related to short-term loans or credit facilities used by the Group to obtain additional financial resources.

Bonds and private placements

The amount shown in short-term liabilities represents the current portion of the private placement placed by Campari America on the US market in 2009, which matures in 2016, and the total value of the Parent Company's Eurobond issued in 2009, which matures in October 2016 (€ 350 million). In addition, the liability arising from the valuation of the loan at fair value made in previous years, of € 3.8 million, was also reclassified under current liabilities.

Payable for put options and earn-outs

The short-term portion of these payables (€ 3.5 million) included payables for put options (€ 3.3 million) and earn-outs (€ 0.2 million). The payable for the put option related to the purchase of residual non-controlling shares in J. Wray & Nephew Ltd., for which the Group holds restricted cash and cash equivalents guaranteeing the above-mentioned obligation, as described in note 31 - 'Current financial receivables'. The earn-out payables relate to the fourth annual tranche to be paid to Sagatiba. During the year, annual earn-outs of € 0.2 million were paid.

Other debt

The change compared with the previous year was due to the settlement of the amount still to be paid to the sellers of Forty Creek Distillery Ltd (equivalent to CAD 9.3 million) relating to the purchase price holdback stipulated by the agreement. The Group held restricted cash and cash equivalents to guarantee the above-mentioned obligation, as described in note 31 - 'Current financial receivables'.

39. Defined benefit plans

Group companies provide post-employment benefits for staff, both directly and by contributing to external funds. The procedures for providing these benefits vary according to the legal, fiscal and economic conditions for each country in which the Group operates. The benefits are provided through defined contribution and/or defined benefit plans. For defined contribution plans, Group companies pay contributions to private pension funds and social security institutions, based on either legal or contractual obligations, or on a voluntary basis. The companies fulfil all their obligations by paying the said contributions. At the end of the financial year, any liabilities for contributions to be paid are included in Other current liabilities; the cost for the period is reported according to function in the income statement.

Defined benefit plans may be unfunded, or fully or partially funded by contributions paid by the company, and sometimes by its employees, to a company or fund which is legally separate from the company and which pays out benefits to employees.

Concerning the Group's Italian subsidiaries, the defined benefit plans consist of the employee indemnity liability (TFR), to which its employees are entitled by law. Following of the supplementary pension scheme reform in 2007, for companies with at least 50 employees, TFR contributions accrued up to 31 December 2006 are considered to be 'defined benefit plans', while contributions accruing from 1 January 2007, which have been allocated to a fund held at the INPS or to supplementary pension funds, are considered to be 'defined contribution plans'. For the portion of the TFR considered as a defined benefit plan, this consists of an unfunded plan that does not therefore hold any dedicated assets. Other unfunded defined benefit plans relate to Campari Schweiz A.G. Campari Deutschland GmbH has in place a number of funded defined benefit plans for employees and former employees. These plans have dedicated assets

The liability for medical insurance in place at 31 December 2015 relates to J. Wray & Nephew Ltd. and offers access to health care provided that employees stay with the company until pensionable age and have completed a minimum period of service. The cost of these benefits is spread over the employee's service period using a calculation methodology similar to that used for defined pension plans. The present value of future benefits at the date of this report is a liability of € 2.5 million.

At 31 December 2012, following the J. Wray & Nephew Ltd. acquisition, the Group had a defined benefit pension fund for current and former employees of the companies in the J. Wray & Nephew Ltd. group, for which financial and non-financial assets were recorded. This fund, "*Lascelles Henriques et al Superannuation Fund (LHSF)*", which was created in 1960, has been changed several times over the years in terms of its operation and methods of granting benefits. Since 2009, new employees have not been eligible to join the fund. These employees may join a different defined contribution fund. In 2013, it was decided to liquidate the defined benefits fund and transfer the beneficiaries' positions to third-party insurance policies that provide the same benefits, or to the defined contribution fund. At 31 December 2014, there were no longer any obligations borne by J. Wray & Nephew Ltd. In October 2015, the assets servicing the fund were wholly liquidated by the LHSF fund; the net assets were therefore re-allocated according to the nature and type of investment.

The re-allocation of assets at 31 December 2015 was as follows:

31 December 2014	€ million
Other non-current assets	15.8
Fair value changes and exchange rate differences	0.7
Varation of the activities included in the statement of comprehensive income	0,9
Total net value of net assets allocated (*):	**17,5**
Change in securities included in the statement of comprehensive income	5.2
Total - 31 December 2015	**22.7**
Allocation of values at 31 December 2015 (*):	
- net tangible fixed assets	3.0
- current tax receivables	0.5
- securities and term deposits	6.7
- cash and cash equivalents	12.6

(*) Values converted at the exchange rate on 31 December 2015

The liability relating to the Group's defined benefit plans, which is calculated on an actuarial basis using the projected unit credit method, is reported in the statement of financial position, net of the fair value of any dedicated assets.

In cases where the fair value of dedicated assets exceeds the value of the post-employment benefit obligation, and where the Group has the right to reimbursement or the right to reduce its future contributions to the plan, the surplus is reported as a non-current asset, in accordance with IAS 19.

The following table reports changes in the present value of defined benefit obligations, and the fair values of the assets relating to the plan in 2015 and 2014.

€ million	Liabilities	Assets
Liabilities (assets) at 31 December 2014	**15.7**	**(19.7)**
Amounts included in the income statement		
- current service costs	0.6	-
- net interest	-	(0.1)
- gains/(losses) on regulations implemented	0.1	-
Total	**0.7**	**(0.1)**
Amounts included in the statement of comprehensive income		
- gains/(losses) resulting from changes in actuarial assumptions	0.1	(0.1)
- changes to plan assets (excluding components already considered in net interest payable)	-	(0.7)
- exchange rate differences	0.3	(1.1)
Total	**0.4**	**(1.9)**
Other changes		
- benefits paid	(2.2)	0.7
- benefits transferred	-	17.5
- change in basis of consolidation	(0.2)	-
- contributions to the plan by other members	0.1	(0.1)
- contributions to the plan by employees	0.2	(0.1)
Total	**(2.1)**	**18.0**
Liabilities (assets) at 31 December 2015	**14.6**	**(3.6)**

€ million	Liabilities	Assets
Liabilities (assets) at 31 December 2013	**38.6**	**(40.9)**
Amounts included in the income statement		
- current service costs	0.3	-
- past service costs	-	-
- effects of reducing/changing the plan	(2.4)	-
- net interest	0.7	(0.1)
- gains/(losses) on regulations implemented	1.0	-
Total	**(0.3)**	**(0.1)**
Amounts included in the statement of comprehensive income		
- gains/(losses) resulting from changes in actuarial assumptions	0.6	-
- changes to plan assets (excluding components already considered in net interest payable)	0.4	(0.3)
- exchange rate differences	0.3	(0.8)
Total	**1.3**	**(1.1)**
Other changes		
- benefits paid	(3.3)	0.7
- benefits transferred	(23.2)	22.2
- change in basis of consolidation	2.5	-
- contributions to the plan by other members	0.1	(0.1)
- contributions to the plan by employees	-	(0.2)
Total	**(24.0)**	**22.6**
Liabilities (assets) at 31 December 2014	**15.6**	**(19.6)**

The table below shows the total changes in obligations for defined benefit plans financed by assets that serve the plan (funded assets) and the liabilities relating to long-term unfunded benefits. It also includes benefits linked to medical cover, as described above, provided by J. Wray & Nephew Ltd. to its current and/or former employees, and the long-term benefits of the Group’s Italian companies (TFR).

Current value of obligations	Unfunded obligations		Funded obligations		
€ million	Pension plans	Medical cover	Gross value of pension plans	Fair value of assets	Net values
Liabilities (assets) at 31 December 2014	**8.6**	**2.4**	**4.6**	**(19.7)**	**(15.1)**
Amounts included in the income statement					
- current service costs	0.4	-	0.2	-	0.2
- net interest	0.1	(0.2)	0.1	(0.1)	-
- gains/(losses) on regulations implemented	-	0.1	-	-	-
Total	**0.5**	**(0.1)**	**0.3**	**(0.1)**	**0.2**
Amounts included in the statement of comprehensive income					
- gains/(losses) resulting from changes in actuarial assumptions	0.2	-	(0.1)	(0.1)	(0.2)
- changes to plan assets (excluding components already considered in net interest payable)	-	-	-	(0.7)	(0.7)
- exchange rate differences	0.0	0.1	0.2	(1.1)	(0.9)
Total	**0.2**	**0.1**	**0.1**	**(1.9)**	**(1.8)**
Other changes					
- benefits paid	(1.3)	-	(0.8)	0.7	(0.2)
- benefits transferred	(0.2)	-	-	17.5	17.5
- contributions to the plan by other members	-	-	0.1	(0.1)	-
- contributions to the plan by employees	-	0.1	0.1	(0.1)	-
Total	**(1.6)**	**0.1**	**(0.7)**	**18.0**	**17.3**
Liabilities (assets) at 31 December 2015	**7.7**	**2.5**	**4.3**	**(3.6)**	**0.7**

of which € 8.4 million included under Defined benefit plans - note 39
of which € 2.5 million included under Other non-current liabilities - note 37

Current value of obligations	Unfunded obligations		Funded obligations		
€ million	Pension plans	Medical cover	Gross value of pension plans	Fair value of assets	Net values
Liabilities (assets) at 31 December 2013	**8.1**	**4.0**	**26.6**	**(41.0)**	**(14.4)**
Amounts included in the income statement					
- current service costs	(0.1)	0.2	0.2	-	**0.2**
- effects of reducing/changing the plan	-	(2.4)	-	-	**-**
- net interest	0.2	0.4	0.1	(0.1)	**-**
- gains/(losses) on regulations implemented	-	-	1.0	-	**(1.0)**
Total	**0.2**	**(1.8)**	**1.3**	**(0.1)**	**1.2**
Amounts included in the statement of comprehensive income					
- gains/(losses) resulting from changes in actuarial assumptions	0.6	0.1	0.1	-	**0.1**
- changes to plan assets (excluding components already considered in net interest payable)	-	-	0.4	(0.3)	**0.1**
- exchange rate differences	-	0.2	-	(0.8)	**(0.8)**
Total	**0.6**	**0.4**	**0.5**	**(1.1)**	**(0.6)**
Other changes					
- benefits paid	(2.8)	-	(0.7)	0.7	**-**
- benefits transferred	-		(22.2)	22.2	**-**
- change in basis of consolidation	2.5	-	-	-	**-**
- contributions to the plan by other members	-	-	0.1	(0.1)	**-**
- contributions to the plan by employees	-	(0.1)	0.1	(0.2)	**(0.2)**
Total	**(0.2)**	**(0.1)**	**(23.8)**	**22.6**	**(1.2)**
Liabilities (assets) at 31 December 2014	**8.6**	**2.4**	**4.6**	**(19.7)**	**(15.1)**
Limits on recognition of assets					**(15.8)**

The cost of work provided is classified under personnel costs, financial liabilities on obligations are classified under financial liabilities, and the effects of the recalculation of actuarial effects are included in the other items of the statement of comprehensive income.

The table below shows a breakdown of the values of assets that service the pension plans.

Type of investment	Sector/nature/type/geographic region	2015	2014
		€ million	€ million
- cash and cash equivalents		-	0.2
- equity investments	Americas	0.9	2.1
- bond investments	Debt instruments issued by the Government of Jamaica Stocks & Bonds	-	24.8
- investment property		-	1.9
- other		2.8	2.4
Limits on recognition of assets		-	(15.8)
Fair value of plan assets		**3.6**	**19.7**

Obligations related to the plans described above are calculated on the basis of the following actuarial assumptions:

	Unfunded pension plans		Funded pension plans		Other plans	
	2015	2014	2015	2014	2015	2014
Discount rate	1.81%	1.49%	0.80%	1.90%-2.00%	8.50%	9.50%
Future salary increases	1%-2.5%	2.00%-2.4%	2.00%	2.00%	-	-
Growth rate of healthcare costs	-	-	-	-	7.00%	7.50%
Expected return on assets	-	-	1.00%	1.00%	-	-
Staff turnover rate	1.68%-7.41%	1.71%-8.70%	-	-	-	-
Forecast inflation rate	1.50%	0.93%-0.99%	1.00%-1.95%	0.01	-	-

The rates relating to the costs of health benefits are not included in the assumptions used in determining the above obligations. Thus, any changes in these rates would not have any effect.

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2015 is shown below. Specifically, it shows the effects on the final net obligation arising from a positive or negative percentage change in the key assumptions used.

	Unfunded pension plans			Funded pension plans			Other plans		
	change in the assumptions	Impact of positive change	Impact of negative change	Change in the assumptions	Impact of positive change	Impact of negative change	Change in the assumptions	Impact of positive change	Impact of negative change
2015									
Discount rate	+/- 0.5%	-4.09%	4.38%	+/-1%	-4.95%	5.85%	+/-1%	-9.04%	11.07%
Future salary increases	-	-	-	+/-0.25/0.5%	1.30%	-1.27%	-	-	-
Forecast inflation rate	+/- 0.5%	2.72%	-2.62%	-	-	-	-	-	
Growth rate of healthcare costs	-	-	-	-	-	-	+/-1%	8.00%	-11.93%
2014									
Discount rate	+/- 0.5%	-4.00%	4.30%	+/-1%	-10.01%	11.90%	+/-1%	-11.26%	8.49%
Future salary increases	-	-	-	+/-0.25/0.5%	-2.31%	2.31%	-	-	-
Growth rate of healthcare costs	-	-	-	-	-	-	+/-1%	8.49%	-11.26%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the net obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analyses remain unchanged from the previous year.
Given that pension liabilities have been adjusted on the basis of the consumer prices index, the pension plan is exposed to the inflation rate of the various countries in question, to interest rate risks and to changes in the life expectancy of former employees. Given that the assets servicing the plans mainly relate to investments in bonds, the Group is also exposed to market risk in the related sectors.

The following payments are the expected contributions that will be made in future years to provide for the net obligations of the defined benefit plans.

	Total	Unfunded pension plans	Funded pension plans	Other plans
	€ million	€ million	€ million	€ million
Within 12 months	0.6	0.3	0.3	0.0
Within 5 years	2.0	1.4	0.7	0.0
After 5 years	5.4	2.0	0.9	2.5
Total - 31 December 2015	**8.1**	**3.6**	**1.9**	**2.5**
Average plan duration (years)	**13.6**	**13.0**	**16.5**	**10.0**

40. Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision	Restructuring provisions	Agent severance fund	Other	Total
	€ million	€ million	€ million	€ million	€ million
Balance at 31 December 2014	**16.0**	**5.2**	**2.6**	**14.0**	**37.9**
Reclassification of opening values	0.5	-	-	(2.0)	(1.5)
Balance at 31 December 2014 - post-reclassifications	**16.5**	**5.2**	**2.6**	**12.0**	**36.4**
Accruals	4.6	0.5	0.3	1.6	7.0
Utilizations	(0.9)	(5.3)	(1.1)	(2.8)	(10.2)
Releases	(0.1)	(0.1)	-	(0.4)	(0.6)
Reclassifications to funds for staff	-	-	-	-	-
Exchange rate differences and other changes	1.5	0.9	-	(2.2)	0.2
Balance at 31 December 2015	**21.6**	**1.2**	**1.8**	**8.3**	**32.8**
of which estimated outlay:					
- due within 12 months	0.4	0.9		0.1	1.4
- due after 12 months	21.2	0.3	1.8	8.1	31.4

In relation to changes in the provisions for risks and charges from that shown in the 2014 annual financial statements, it should be noted that uses were made of the restructuring fund (€ 5.3 million) for payments during the year in connection with the restructuring processes currently under way within the Group.

The tax provision of € 21.6 million at 31 December 2015 included tax liabilities of € 1.2 million that could arise for Averna S.p.A. as a result of tax audits for the tax periods 2010-2013. The fund also incorporated € 14.8 million in liabilities obtained in the J. Wray & Nephew Ltd acquisition. The change in the year is mainly due to the provision for tax risks identified at the end of the financial year.

The agent severance fund covers the estimate of the probable liability to be incurred for disbursing the additional compensation due to agents at the end of the relationship. This amount was discounted using an appropriate rate.

At 31 December 2015, other funds reflected the recognition by the Parent Company and subsidiaries of liabilities for various lawsuits, including a legal dispute over a distribution agreement totaling € 6.4 million.

The information reported below concerns potential liabilities arising from three disputes in progress, in relation to which the Group does not however deem it necessary to make provisions as of the date of this report. There are no other significant contingent liabilities.

The first dispute related to production tax (IPI) with the Brazilian tax authorities, and contested the correct classification of products sold by Campari do Brasil Ltda. The increase in taxes and penalties stood at BRL 117.6 million (equivalent to approximately € 27.3 million at the exchange rate on 31 December 2015) plus interest.

In March 2012, the company was officially informed that the outcome of the dispute was in its favor. However, since the formulation of the ruling was not deemed sufficient to afford the company complete legal safeguards in the event of future litigation relating to the same dispute, the company's lawyers proposed to appeal in order to obtain a ruling that fully protects the company in the event of future disputes. In light of the outcome of the case, and based on the advice of its lawyers, the Group continues to believe that there is still no reason to make a specific provision. As a result, no provisions were made for this item in the accounts for the half-year ending 31 December 2015.

The second dispute relates to an inspection report by the Brazilian tax authorities concerning the payment of ICMS (tax on the consumption of goods and services) with respect to sales made by Campari do Brasil Ltda to one customer in 2007 and 2008; the company was notified of this report on 16 February 2012. The amount stipulated, including penalties, totaled BRL 49.6 million (around € 11.5 million at the exchange rate on 31 December 2015). The dispute is pending before the administrative court, and is not expected to be settled in the near future. Based on evaluations conducted by external legal consultants, who have appealed against the findings of the local tax authorities, the Group believes that the outcome of the dispute will be in favor of the company. It is therefore deemed unnecessary at present to establish a specific provision.

Lastly, in December 2015, a claim for compensation of USD 23 million was notified to subsidiary J. Wray & Nephew Ltd by Algix Jamaica Limited. This company maintains that it has suffered damage to its fish farm due to the wastewater from the sugar processing carried out by J. Wray & Nephew Ltd. The subsidiary, supported by its own legal advisers, maintains that there is no causal link between its activities and the losses alleged to have been suffered by Algix Jamaica Limited, and that the claim for damages therefore appears groundless both in terms of substance and quantification of damages. No provision was therefore created in this regard.

41. Trade payables and other current liabilities

	31 December 2015	of which, perimeter effect	31 December 2014
	€ million	€ million	€ million
Trade payables to external suppliers	217.2	(6.2)	223.2
Trade payables	**217.2**	**(6.2)**	**223.2**
Payables to staff	38.1	-	41.1
Payables to agents	4.1	-	3.8
Deferred income	6.9	-	6.1
Payables for grants not yet certain	1.3	-	2.2
Amounts due to controlling shareholder for Group VAT	4.1	-	1.8
Value added tax	14.8	(0.6)	21.6
Tax on alcohol production	40.7	(1.4)	38.2
Withholding and miscellaneous taxes	7.0	(0.1)	5.3
Other	6.9	(0.7)	7.5
Other current liabilities	**124.0**	**(2.8)**	**127.8**

The decrease in trade receivables and other receivables is mainly due to the reclassification of unbranded business assets belonging to Casoni Fabbricazione Liquori S.p.A. and its subsidiary Stepanow S.R.O. as assets held for sale. For more information, see note 34 - ‘Net assets held for sale’.

Payables for capital grants and deferred income relating to these grants break down as shown in the next paragraph.

The maturities for trade payables and other current liabilities are shown below.

31 December 2015	Trade payables	Other payables to third parties	Total
	€ million	€ million	€ million
On demand	47.9	4.5	52.4
Within 1 year	168.4	119.0	287.4
Due after 1 year	0.9	0.5	1.4
Total	**217.2**	**124.0**	**341.2**

31 December 2014	Trade payables	Other payables to third parties	Total
	€ million	€ million	€ million
On demand	51.5	14.1	65.7
Within 1 year	170.2	113.6	283.8
Due after 1 year	1.4	0.1	1.5
Total	**223.2**	**127.8**	**351.0**

42. Capital grants

The following table provides details of changes in deferred income related to capital grants between one financial year and the next. In some cases, grants are not certain; in these instances, a liability must be recorded against the grant received. Once the grants become certain, they are classified as deferred income and are reported in the income statement based on the useful life of the plant. In the interests of clarity, the table below illustrates changes in both payables and deferred income.

Proceeds received in the year mainly relate to Sella & Mosca S.p.A., and the Parent Company, and chiefly reflect funds received under the agriculture program contract for vineyard sites in Alghero, and grants for investment in Italian production plants. Grants certain to be received amounting to € 1.5 million have been reclassified under deferred income. The portion posted to the income statement for depreciation already recognized in the year was € 1.5 million.

	Payables for capital grants	Deferred income
	€ million	€ million
Balance at 31 December 2014	**2.2**	**4.0**
Proceeds received in the period	0.6	-
Grants certain to be received	(1.5)	1.7
Amounts posted to the income statement	-	(1.5)
Balance at 31 December 2015	**1.3**	**4.2**

	Payables for capital grants	Deferred income
	€ million	€ million
Balance at 31 December 2013	**2.3**	**4.3**
Proceeds received in the period	0.3	-
Grants certain to be received	(0.3)	0.6
Amounts posted to the income statement	-	(0.9)
Balance at 31 December 2014	**2.3**	**4.0**

43. Payables to tax authorities

This item breaks down as follows:

	31 December 2015	of which, perimeter effect	31 December 2014
	€ million	€ million	€ million
Taxes payable	13.2	(0.1)	3.9
Due to controlling shareholder for tax consolidation	0.2	-	1.0
Total tax payables	**13.4**	**(0.1)**	**4.9**

These payables are all due within 12 months. The corporate income tax payable is shown net of advance payments and taxes withheld at source. The perimeter effect relates to the reclassification of tax payables of the business of Casoni Fabbricazione Liquori S.p.A.. Payables to the ultimate shareholder for tax consolidation at 31 December 2015 relate to income tax payables due to Alicros S.p.A. from Zedda Piras S.r.l.. Against these payables, some Italian subsidiaries have receivables for tax consolidation totaling € 2.3 million (note 32 - 'Current tax receivables'). It should be noted that these payables and receivables are all non-interest-bearing; for further details, see Note 49 - 'Related parties'.

44. Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999 as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for the Campari Group, approved by the shareholders' meeting of 2 May 2001.

The purpose of the plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly do work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the plan approval date and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption.

The Plan regulations do not provide for loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian Civil Code. The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification.

Subsequently, further stock options were allocated each year, governed by the framework plan approved by the shareholders' meeting on 2 May 2001. The shareholders' meeting of 30 April 2015 approved a new stock option plan, establishing the maximum number of shares that may be assigned (specifying how many may be assigned to directors of the Parent Company and how many to any other beneficiary) and authorizing the board of directors of the Parent Company to identify, within the limits established by the shareholders' meeting, the beneficiaries and the number of options that may be assigned to each.

The options were therefore assigned on 1 July 2015 to the individual beneficiaries, with the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (full or partial) exercise to the end of the fifth or sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated.

The total number of options granted in 2015 for the purchase of further shares was 339,464, with the average allocation price at € 7.07, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

For the purpose of evaluating the plan in accordance with IFRS 2 - Share-based payment, the plan was divided into three different tranches, corresponding to a number of options equal to 80%, 10% and 10% vesting in five, six and seven years respectively. All tranches carry a vesting condition that requires assignees to remain with the Company for the whole vesting period. Furthermore, to exercise the second and third tranche, all options previously matured up to the end of the sixth year (second tranche) and seventh year (third tranche) must be maintained. For the purposes of IFRS 2, this takes the form of a non-vesting condition. This results in a different unit fair value for each tranche, equivalent to € 1.64 for the first tranche, € 1.50 for the second and € 1.18 for the third.

The following table shows changes in stock option plans during the periods concerned.

	31 December 2015		31 December 2014	
	No. of shares	Average allocation/exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	41,790,983	4.89	36,571,281	4.18
Options granted during the period	339,464	7.07	12,065,972	6.28
(Options cancelled during the period)	(1,357,439)	5.96	(1,905,765)	5.04
(Options exercised during the period) (*)	(13,678,255)	3.59	(4,940,505)	2.96
Options outstanding at the end of the period	27,094,753	5.51	41,790,983	4.89
of which those that can be exercised at the end of the period	3,848,851	3.82	3,946,977	2.23

(*) The average market price on the exercise date was € 6.93.

The average remaining life of outstanding options at 31 December 2015 was 3.4 years (4.1 years at 31 December 2014).
The average exercise price for the options allocated in each year is as follows:

	Average exercise price
Allocations: 2009	3.02
Allocations: 2010	3.87
Allocations: 2011	5.43
Allocations: 2012	5.25
Allocations: 2013	5.90
Allocations: 2014	6.28
Allocations: 2015	7.07

The average fair value of options granted during 2015 was € 1.58 (€ 1.40 in 2014). The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions. Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.

The following assumptions were used for the fair value valuation of options issued in 2015 and 2014:

	2015	2014
Expected dividends (€)	0.08	0.08
Expected volatility (%)	23%	20%
Historical volatility (%)	23%	20%
Market interest rate	0.96%	1.15%
Expected option life (years)	7.30	7.30
Exercise price (€)	7.07	6.28

Davide Campari-Milano S.p.A. has a number of own shares that can be used to cover stock option plans.
The following table shows changes in the number of own shares held during the periods considered.

	No. of own shares		Purchase price (€ million)	
	2015	2014	2015	2014
Balance at 1 January	3,881,283	5,116,824	22.1	30.8
Purchases	11,518,418	3,704,964	78.4	21.1
Disposals	(13,678,255)	(4,940,505)	(87.8)	(29.8)
Final balance	1,721,446	3,881,283	12.7	22.1
% of share capital	0.30%	0.67%		

In relation to the sales of own shares in the year, which are shown in the above table at the original acquisition cost (€ 87.8 million), carried out at a market price totaling € 49.4 million, the Parent Company recorded a loss of € 38.4 million, which was recorded under shareholders' equity and partly covered by the use of € 14.9 million from the stock option reserve.

45. Financial instruments - disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

31 December 2015 € million	Loans and receivables	Financial liabilities at amortized cost	Assets and liabilities measured at fair value with changes recognized in profit or loss	Assets and liabilities measured at fair value with changes recognized in the statement of comprehensive income	Hedging transactions
Cash and cash equivalents	844.3				
Current financial assets	61.1			6.7	
Other non-current financial assets	28.2				
Trade receivables	295.9				
Payables to banks		(33.6)			
Real estate lease payables		(2.1)			
Bonds		(1,525.8)			
Private placement		(191.9)			
Accrued interest on bonds		(16.0)			
Other financial liabilities		(3.2)			
Put option payables		(4.6)			
Trade payables		(217.2)			
Non-current assets for hedge derivatives, not in hedge accounting			0.4		
Current assets for hedging derivatives					1.7
Non-current liabilities for hedging derivatives					9.6
Current liabilities for hedging derivatives					(0.6)
Non-current liabilities for hedging derivatives, not reported using hedge accounting procedures			(0.1)		0.0
Total	**1,229.5**	**(1,994.4)**	**0.3**	**6.7**	**10.7**

31 December 2014 € million	Loans and receivables	Financial liabilities at amortized cost	Assets and liabilities measured at fair value with changes recognized in profit or loss	Hedging derivatives
Cash and cash equivalents	230.9			
Short-term financial receivables	19.6			
Other non-current financial assets	30.5			
Trade receivables	313.6			
Payables to banks		(45.7)		
Real estate lease payables		(1.3)		
Bonds		(1,001.2)		
Private placement		(171.7)		
Accrued interest on bonds		(12.9)		
Other financial liabilities		(8.2)		
Put option payables		(4.6)		
Trade payables		(223.2)		
Non-current assets for hedging derivatives not reported using hedge accounting procedures			0.5	-
Current assets for hedging derivatives				2.7
Non-current liabilities for hedging derivatives				(10.3)
Current liabilities for hedging derivatives				(6.7)
Non-current liabilities for hedging derivatives, not reported using hedge accounting procedures			(0.1)	-
Total	**594.6**	**(1,468.8)**	**0.4**	**(14.3)**

Fair value hedging

The Group has in place the following contracts that meet the definition of hedging instruments based on IAS 39.

- Cross currency swap on Parent Company bond issued in 2003 (USD).
  At the reporting date, the Group held a cross currency swap totaling a notional USD 200 million on the Parent Company's bond issue denominated in US dollars. This instrument has the same maturity as the underlying liability.

The derivative is valued at fair value and any changes are recognized in profit or loss; having established the effectiveness of the hedging transactions, the profit or loss on the hedged item attributable to the hedged risk is used to adjust the carrying amount of the underlying liability and is immediately reported on the income statement.

At 31 December 2015, the Parent Company's cross currency swap had a total positive fair value of € 9.6 million, reported under non-current financial liabilities. The change in the fair value of these instruments reported on the income statement in 2015 was positive at € 27.6 million. In relation to the hedged instrument, the valuation of the risks led to the recognition of a loss of € 25.6 million. The relevant cumulative liability therefore amounted to a total of € 14.0 million.

- Foreign currency hedges
  At 31 December 2015, certain Group subsidiaries held forward contracts on receivables and payables in currencies other than the euro in their accounts. The contracts were negotiated to match maturities with projected incoming and outgoing cash flows resulting from sales and purchases in individual currencies. The valuation of these contracts at the reporting date gave rise to the reporting of assets of € 2.1 million and liabilities of € 0.7 million.

In addition, in 2012, the Parent Company settled the interest rate swap on the bond issued in 2009, and thus the portion of underlying debt (€ 200 million) was reported at the original fixed rate. Similarly, the amount resulting from the valuation of the contract on the settlement date was reclassified under financial receivables and will be collected over the remaining life of the underlying loan. Please see note 28 - 'Other non-current financial assets' and note 31 - 'Current financial receivables' for information on changes in receivables. With regard to the underlying debt, the change in fair value attributable to the risk hedged as shown at the time the cover ended was recycled to the income statement over the period of the loan. In 2015, this resulted in a gain of € 4.6 million. Since the cancellation of the hedge resulted in the conversion of coupons paid to the shareholders into fixed contractual rates, this positive effect was cancelled out in the income statement.

Gains and losses on the hedged and hedging instruments used in all the Group's fair value hedges, corresponding to the above-mentioned contracts, are summarized below.

	31 December 2015	31 December 2014
	€ million	€ million
Gains on hedging instruments	25.8	28.3
Losses on hedging instruments	(0.7)	(0.5)
Total gains (losses) on hedging instruments	**25.1**	**27.8**
Gains on hedged items	5.2	4.4
Losses on hedged items	(25.9)	(28.7)
Total gains (losses) on hedged items	**(20.7)**	**(24.3)**

Derivatives used for cash flow hedging
The Group uses the following contracts to hedge its cash flows.

- Interest rate swap on Parent Company bond issued in 2003 (USD)

The Group has put in place various interest rate swaps involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on total underlying USD 150 million (maturing in 2018). Since these hedging transactions met the requirements for effectiveness, an appropriate shareholders' equity reserve equal to a liability was recorded for a gross value of € 2.8 million.

As required by IAS 39, the cash flow hedge reserve for these contracts will be recycled to the income statement at the same maturity dates as the cash flows related to the liability. During the period, an unrealized gain of € 2.8 million was posted to the reserve, together with the corresponding deferred tax effect. Moreover, the realization of the hedged cash flows generated the release of the cash flow hedge reserve, which had a positive impact on the income statement of the period of € 1.1 million.

- Interest rate swaps on Parent Company bond (Eurobond)

Just before the allocation of the Eurobond, which was issued in 2009, the Parent Company negotiated interest rate hedges, which, on the date that the loan was listed, generated a financial outlay of € 3.0 million that was included in shareholders' equity. This reserve, which was released in parallel with the cash flows generated by the underlying debt in 2015, produced a liability of € 0.4 million on the income statement.

Shortly after the allocation of the Eurobond, issued in 2015, the Company entered into an interest rate hedging agreement. On the date the bond was listed, due to the changes in interest rate trends, this agreement resulted in an initial financial liability of € 1.3 million, recorded under comprehensive income or expense and released to the income statement with the cash flows generated by the underlying debt. In 2015, an effect of € 0.1 thousand was recycled to the income statement.

- Hedging of future purchases and sales of foreign currencies

At 31 December 2015, the Group held forward currency contracts, designated as hedging instruments, on expected future sales and purchases based on its own 2016 estimates. These transactions are highly probable. Contracts were negotiated to match maturities with projected cash inflows and outflows resulting from sales and purchases in individual currencies.

At 31 December 2015, existing hedges on sales had an insignificant nominal value. These hedges met the requirements for effectiveness, and a net asset of € 0.1 million was suspended in shareholders' equity reserves. All cash flows concerned will materialize in 2016.

The following table shows when the Group expects to receive the hedged cash flows, as of 31 December 2015. The breakdown includes the cash flows arising from the Parent Company's interest rate swap involving the fixed rate interest payments on the bond issued in 2003 (in USD). These cash flows only relate to interest and have not been discounted to present value. The breakdown also shows the cash flows arising from forward foreign exchange contracts with respect to future currency sales/purchases.

31 December 2015	Within one year	1-5 years	Total
	€ million	€ million	€ million
Cash outflows	5.5	11.0	16.5
Cash inflows	6.6	12.8	19.3
Net cash flows	**1.0**	**1.8**	**2.8**

31 December 2014	Within one year	1-5 years	Total
	€ million	€ million	€ million
Cash outflows	6.8	13.7	20.5
Cash inflows	7.1	14.3	21.4
Net cash flows	**0.3**	**0.6**	**0.9**

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
Reserve at 31 December 2014	(5.5)	1.5	(4.0)
Booked to the income statement during the period	(0.5)	(0.1)	(0.6)
Recognized in equity during the period	1.6	(0.3)	1.3
Reserve at 31 December 2015	**(4.4)**	**1.1**	**(3.3)**

	Gross amount	Tax effect	Net amount
	€ million	€ million	€ million
Reserve at 31 December 2013	(3.6)	1.0	(2.6)
Booked to the income statement during the period	(0.5)	0.1	(0.4)
Recognized in equity during the period	(1.4)	0.4	(1.0)
Reserve at 31 December 2014	**(5.5)**	**1.5**	**(4.0)**

46. Assets and liabilities measured at fair value

The following information is provided in accordance with the provisions of IFRS 13 - Fair Value Measurement. It should be noted that the models currently used by the Group, to measure the fair value of financial instruments, provide for the inclusion of counterparty non-performance risk rating components.

The method used for determining fair value is described below.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid, or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;
- the fair value of non-current financial payables was obtained by discounting all future cash flows to present value at the rates in effect at the end of the year.

For commercial items and other receivables and payables, fair value corresponds to the carrying amount.

	carrying amount		Fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	€ million	€ million	€ million	€ million
Cash and cash equivalents	844.3	230.9	844.3	230.9
Interest accrued on swaps on private placements	1.2	1.3	1.2	1.3
Assets for hedge derivatives, not reported using hedge accounting procedures	0.4	0.5	0.4	0.5
Non-current assets for hedge derivatives	0.5	1.3	0.5	1.3
Other short-term financial receivables	67.8	19.6	67.8	19.6
Other non-current financial assets	28.2	30.5	28.2	30.5
Financial investments	**952.0**	**284.2**	**942.5**	**284.2**
Payables to banks	33.6	45.7	33.6	45.7
Real estate lease payables	2.1	1.3	2.1	1.3
Bond issued in 2003	185.6	250.3	191.8	258.5
Bond issued in 2009 (Eurobond)	353.2	357.0	362.6	377.0
Bond issued in 2012 (Eurobond)	396.2	395.2	440.1	454.4
Bond issued in 2015 (Eurobond)	594.1	-	617.7	-
Private placement issued in 2009	191.9	171.7	212.1	194.1
Accrued interest on bonds	16.0	12.9	16.0	12.9
Derivatives on bond issues	-	13.3	-	13.3
Financial liabilities on other hedging derivatives	0.6	3.7	0.6	3.7
Liabilities for hedging derivatives, not reported using hedge accounting procedures	0.1	0.1	0.1	0.1
Other financial liabilities	-	6.8	-	6.8
Payables for put options and earn-outs	4.6	4.6	4.6	4.6
Financial liabilities	**1,777.9**	**1,262.7**	**1,881.2**	**1,372.5**

Fair value of non-financial instruments:

- for the biological assets in Sardinia, in application of IAS 41 on the accounting treatment of biological assets (vines) and biological products (grapes), given the unique situation of Sella & Mosca S.p.A. vis-à-vis the territory in which it operates, as described below, it was decided to continue recording these assets at cost, less accumulated depreciation. Valuation at fair value would require the following assumptions to be met, which do not apply in the context in which the Company operates: the existence of an active market for biological products and assets, which is not the case in Sardinia, as the market cannot absorb grapes and vines in the quantities concerned, due to a lack of available buyers, and the fact that potential market prices cannot be set when all products or biological assets are made available for sale; and the adoption of the alternative cash flow valuation method, which cannot be used as it is not possible either to set a reliable price for the biological products concerned in the quantity concerned, or to define or measure projected cash flows;
- for the other biological assets measured at fair value, this value is based on surveys of agricultural land and the related vineyards carried out by an expert.

- for current biological assets (agricultural produce), the fair value is determined based on the sale price net of estimated sales costs.

Investment property is valued at cost, which is considered a reliable approximation of its fair value. The table below details the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation methods used:
- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than previous prices, but ones that can be observed on the market directly or indirectly;
- level 3: the methods used take into account inputs that are not based on observable market data.

In 2015, no changes were made in the valuation methods applied.

Financial instruments

Derivatives, valued using techniques based on market data, are mainly interest rate swaps and forward sale/purchases of foreign currencies to hedge both the fair value of the underlying instruments and cash flows.

The most commonly applied valuation methods include the forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below analyses financial instruments measured at fair value based on three different valuation levels.

31 December 2015	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Accrued interest on bond swaps		1.2	
Interest rate swap on bonds (Eurobond)		9.6	
Futures currency contracts		0.5	
Hedging derivatives not reported using hedge accounting procedures		0.4	
Financial assets measured at fair value with changes recognized in the statement of comprehensive income	6.7		
Liabilities valued at fair value			
Forward currency and interest rate contracts		0.6	
Hedging derivatives not reported using hedge accounting procedures		0.1	

The level 1 valuation method is used for securities in the Group's cash and cash equivalents at 31 December 2015 as a result of the final allocation of assets servicing pension plans in Jamaica (see note 31 – 'Current financial receivables'). The fair value of the instruments is represented by the stock market price at the end of 2015.

The level 2 valuation method used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves.

In 2015, there were no reclassifications between the above-mentioned levels in the fair value hierarchies.

Non-financial instruments

The table below analyses non-financial instruments measured at fair value, which include biological assets only.

31 December 2015	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Biological assets	-	4.9	-

31 December 2014	Level 1 € million	Level 2 € million	Level 3 € million
Assets valued at fair value			
Biological assets	-	6.9	-

The level 2 valuation used for biological assets is generally based on expected cash flows resulting from the sale of wine products. The sale prices of wine products, used as a reference point, relate to products that are strictly comparable with those of the Group. The parameters used are the production potential of vineyards, on land with similar characteristics and the corresponding overall market value. The sale prices of sugar are linked to the official prices in the reference markets, appropriately adjusted to take account of sales costs. In 2015, there were no reclassifications between the above-mentioned levels in the fair value hierarchies.

47. Nature and scale of the risks arising from financial instruments

The Group's main financial instruments include current accounts, short-term deposits, short and long-term bank loans, finance leases and bonds. The purpose of these is to finance the Group's operating activities. In addition, the Group has trade receivables and payables resulting from its operations. The main financial risks, to which the Group is exposed, are market (currency and interest rate risk), credit and liquidity risk. These risks are described below, together with an explanation of how they are managed.

To cover these risks, the Group makes use of derivatives, primarily interest rate swaps, cross currency swaps and forward contracts, to hedge interest rate and exchange rate risks.

Credit risk

With regard to trade transactions, the Group works with medium-sized and large customers (mass retailers, domestic and international distributors) on which credit checks are performed in advance. Each company carried out an assessment and control procedure for its customer portfolio, partly by constantly monitoring amounts received. In the event of excessive or repeated delays, supplies are suspended.

As a result, historical losses on receivables represent a very low percentage of revenues and annual outstanding receivables and do not require special coverage and/or insurance. The maximum risk at the reporting date is equivalent to the carrying amount of trade receivables. Financial transactions are carried out, with leading domestic and international institutions, whose ratings are monitored in order to minimize counterparty insolvency risk. The maximum risk at the reporting date is equivalent to the carrying amount of these assets.

Liquidity risk

The Group's ability to generate substantial cash flow through its operations allows it to reduce liquidity risk to a minimum. This risk is defined as the difficulty of raising funds to cover the payment of the Group's financial obligations. The table below summarizes financial liabilities at 31 December 2015 by maturity based on the contractual repayment obligations, including non-discounted interest.

For details of trade payables and other liabilities, see note 41 - 'Trade payables and other current liabilities'.

31 December 2015	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Payables and loans due to banks		29.3	1.6	1.6	0.4	32.8
Bonds		411.8	43.0	222.5	1,051.0	1,728.3
Derivatives on bond issues		2.8	2.8	13.1	0.0	18.7
Private placement		103.4	8.1	8.1	105.1	224.6
Property leases		0.1	0.1	0.1	2.0	2.2
Other financial payables		0.5				0.5
Total financial liabilities		**547.8**	**55.5**	**245.3**	**1,158.4**	**2,007.1**

31 December 2014	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Payables and loans due to banks		36.7	6.9	2.1	-	45.7
Bonds		128.6	394.4	25.6	604.5	1,153.2
Liabilities for derivatives on bond issues		(1.1)	1.8	1.8	(6.3)	(3.8)
Private placement		13.4	92.7	7.2	101.5	214.8
Property leases		0.1	0.1	0.1	1.1	1.3
Other financial payables		8.2	-	-	-	8.2
Total financial liabilities	**-**	**185.9**	**495.9**	**36.9**	**700.8**	**1,419.5**

The Group's financial payables, with the exception of non-current payables with a fixed maturity, consisted of short-term bank debt. Thanks to its liquidity and close management of cash flow from operations, the Group has sufficient resources to meet its financial commitments at maturity. Additionally, there are unused credit lines that can cover any liquidity requirements.

Market risks

Interest rate risk

The Group is exposed to the risk of fluctuating interest rates with respect to its financial assets, short-term payables to banks and long-term lease agreements.

Among the long-term financial liabilities, fixed rates apply to certain loans obtained by Sella & Mosca S.p.A.. The Campari America private placement also pays interest at a fixed rate. The Parent Company's bond, issued in 2003, originally had a fixed interest rate in US dollars, but this became a variable rate in euro through a derivatives contract; a portion of the debt was subsequently transferred to a fixed rate in euro through an interest rate swap. The Parent Company's 2009, 2012 and 2015 bond issues pay interest at a fixed rate. It should be noted that, at 31 December 2015, around 95% of the Group's total financial debt was fixed-rate debt.

Sensitivity analysis

The following table shows the effects on the Group's income statement of a possible change in interest rates, if all other variables are constant. A negative value in the table indicates a potential net reduction in profit and equity, while a positive value indicates a potential net increase in these items. The assumptions used, in terms of a potential change in rates, are based on an analysis of the trend at the reporting date.

The table illustrates the full-year effects on the income statement in the event of a change in rates, calculated for the Group's variable-rate financial assets and liabilities. With regard to the fixed-rate financial liabilities hedged by interest rate swaps, the change in the hedging instrument offsets the change in the underlying liability, with practically no effect on the income statement.

Net of tax, the effects are as follows:

	Increase/decrease in interest rates in basis points	Income statement	
		Increase in interest rates	Decrease in interest rates
31 December 2015	+/- 5 basis points	€ million	€ million
Euro		(0.3)	0.3
Dollar		0.3	(0.1)
Other currencies		1.1	(1.3)
Total effect		**1.2**	**(1.1)**
31 December 2014	+/- 5 basis points		
Euro		(0.3)	0.3
Other currencies		0.5	(0.5)
Total effect		**0.2**	**(0.2)**

Exchange rate risk

The expansion of the Group's international business has resulted in increased sales in markets outside of the Eurozone, which accounted for 56.2% of the Group's net sales in 2015. However, the establishment of Group entities in countries such as the United States, Brazil, Australia, Argentina, Russia and Switzerland allowed this risk to be partly hedged, given that both costs and income were denominated in the same currency. Moreover, in the case of the US, some of the cash flows from operations have been used to redeem the US dollar-denominated private placement taken out locally, to cover the acquisitions of certain companies. Therefore, exposure to foreign exchange transactions generated by sales and purchases, in currencies other than the Group's functional currencies, represented an insignificant proportion of consolidated sales in 2015. For these transactions, Group policy is to mitigate the risk by using forward sales or purchases. In addition, the Parent Company issued a bond in US currency, where the exchange rate risk has been hedged by a cross currency swap.

Sensitivity analysis

An analysis was performed on the economic effects of a possible change in the exchange rates against the euro, keeping all the other variables constant. This analysis does not include the effect on the consolidated financial statements, of the conversion of the financial statements of subsidiaries denominated in a foreign currency following a possible change in exchange rates. The assumptions adopted in terms of a potential change in rates are based on an analysis of forecasts provided by financial information agencies at the reporting date.

The types of transactions included in this analysis were as follows: the Parent Company's bond issue, denominated in US dollars, and sales and purchase transactions in a currency other than the Group's functional currency. The Parent Company's bond issue was hedged by cross currency swaps, while the other transactions were hedged by forward contracts; in both cases, therefore, a change in exchange rates would entail a corresponding change in the fair value of the hedging transaction and hedged item, but this would have no effect on the income statement. The effects on shareholders' equity are determined by changes in fair value of the Parent Company's interest rate swap and forward contracts on future transactions, which are used as cash flow hedges. The results of this analysis showed that the effects would not be significant.

48. Commitments and risks

The main commitments and risks of the Campari Group on the closing date of the accounts are shown below.

Non-cancellable operating leases

The following table shows the amounts owed by the Group, broken down by maturity, in future periods for leases on property.

Minimum future payments under operating leases	31 December 2015	31 December 2014
	€ million	€ million
Within 1 year	8.8	7.8
1-5 years	17.4	17.9
After 5 years	7.6	11.1
Total	**33.7**	**36.8**

The amount reported in the table relates to leases on cars, computers and other electronic equipment; rental fees for buildings and offices are included.

Non-cancellable financing leases

The table below shows the commitments relating to the finance leasing contract entered into for the Finale Emilia production facility, and the commitment to purchase vehicles. The contract stipulates future minimum payments, as set out in the table, which also show the relationship between the payments and their present value.

	31 December 2015		31 December 2014	
	Minimum future payments	Present value of future payments	Minimum future payments	Present value of future payments
	€ million	€ million	€ million	€ million
Within 1 year	0.4	0.2	0.2	0.1
1-5 years	1.6	1.1	0.8	0.4
After 5 years	1.1	0.9	1.1	0.9
Total minimum payments	**3.0**	**2.2**	**2.0**	**1.4**
Financial charges	(0.8)		(0.6)	
Present value of minimum future payments	**2.2**	**2.2**	**1.4**	**1.4**

Existing contractual commitments for the purchase of goods or services

These commitments total € 145.3 million, of which an amount of € 114.3 million matures by the end of the year. Commitments mainly relate to the purchase of raw materials, semi-finished goods and merchandise (€ 95.7 million), the purchase of A&P and sponsorship services (€ 17.5 million), and the purchase of packaging and pallets (€ 24.9 million).

Existing contractual commitments for the purchase of property, plant and equipment, and intangible assets.
These commitments total € 15.5 million, of which an amount of € 14.9 million will mature by the end of the year.
The commitments mainly relate to the purchase of tangible assets (€ 12.7 million) and intangible assets (€ 2.8 million).

Restrictions on the title and ownership of property, plant and equipment pledged to secure liabilities
The Group has several existing loans, with a residual balance of € 5.1 million, secured by mortgages on land and buildings and liens on machinery and equipment for an amount of € 7.9 million.

Other guarantees
The Group has issued other forms of security in favor of third parties such as customs bonds for excise taxes totaling € 66.6 million, and € 7.4 million for the promotion of wines at 31 December 2015.

49. Related parties

Davide Campari-Milano S.p.A. is controlled by Alicros S.p.A. Davide Campari-Milano S.p.A. and its Italian subsidiaries have adopted the national tax consolidation scheme governed by articles 117 *et seq* of the consolidated law on income tax (TUIR), for 2013, 2014 and 2015. The tax receivables and payables of each individual Italian company are therefore recorded as payables to the Parent Company's ultimate shareholder, Alicros S.p.A.

On 31 December 2015, the overall position of the Italian subsidiaries of Davide Campari-Milano S.p.A. and the Parent Company, to the ultimate shareholder Alicros S.p.A., as a result of the tax consolidation, amounted to a non-interest-bearing net receivable of € 2.2 million. Moreover, Alicros S.p.A., Davide Campari-Milano S.p.A. and some of its Italian subsidiaries have opted to apply the Group VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72.

On 31 December 2015, the Parent Company and its Italian subsidiaries owed Alicros S.p.A. € 4.1 million for VAT. The table below shows the net debit balance. The table also shows that the receivables and payables, arising as a result of the tax consolidation above are non-interest-bearing.

For completeness, among the relationships with the related parties, an investment of € 9.6 million made in the month of December 2015 by the ultimate shareholder Alicros S.p.A., on the bond issued by the Parent Company in September 2015, was represented. The transaction has been carried out at arm's length, through primary financial institution.

Transactions with related parties and joint ventures form part of the ordinary operations and were carried out under market conditions (i.e. conditions that would apply between two independent parties) or using criteria that allowed for the recovery of costs incurred and a return on invested capital. All transactions with related parties were carried out in the Group’s interest.

The amounts for the various categories of transaction entered into with related parties are set out in the table below.

31 December 2015	Receivables (payables) for tax consolidation € million	Receivables (payables) for Group VAT € million	Bonds € million	Other non-current tax receivables € million
Alicros S.p.A.	2.2	(4.1)	(9.6)	2.1
Total	**2.2**	**(4.1)**	**(9.6)**	**2.1**
%	8%	3%	1%	5%
31 December 2014				
Alicros S.p.A.	(0.7)	(1.8)	-	2.2
Total	**(0.7)**	**(1.8)**	-	**2.2**
%	4%	1%	-	4%

2015	Profit (loss) of joint ventures € million	Other income and charges € million
Alicros S.p.A.	-	0.1
Total	**-**	**0.1**
%	-	0%
2014		
Alicros S.p.A.	-	0.1
Jamaica Joint Venture Investment Co. Ltd.	(0.2)	
Total	**(0.2)**	**0.1**
%	100%	-

Remuneration paid to the Parent Company's directors who held management positions in the Group with strategic responsibility was as follows:

	2015 € million	2014 € million
Short-term benefits	5.2	4.9
Stock options	1.3	1.3
Total	**6.5**	**6.2**

It should be noted that, at the date of this report, a payable to directors of € 2.5 million was recorded in the accounts.

50. Employees

The following tables indicate the average number of employees at the Group, broken down by business sector, category and region.

Business segment	2015	2014
Production	2,077	1949
Sales and distribution	1,375	1496
General	744	783
Total	**4,196**	**4,229**
Category	2015	2014
Managers	188	181
Office staff	2,148	2,231
Manual workers	1,860	1816
Total	**4,196**	**4,228**
Region	2015	2014
Italy	917	950
Abroad	3,279	3,278
Total	**4,196**	**4,229**

51. Events taking place after the end of the year

There are no significant events, subsequent to the year-end.

Sesto San Giovanni (MI), 1 March 2016
Chairman of the Board of Directors
Luca Garavoglia

Certification of the consolidated financial statements pursuant to article 81-ter of Consob regulation 11971 of 14 May 1999 and subsequent revisions and amendments

1. We, Robert Kunze-Concewitz, Stefano Saccardi, managing directors, and Paolo Marchesini, managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, TUF:

- the appropriateness, in relation to the nature of the business, and
- the effective application of the administrative and accounting procedures used to prepare the consolidated financial statements for 2015.

2. We further certify that

2.1. The consolidated financial statements at 31 December 2015:

a) were prepared in accordance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the financial position of the issuer and the group of companies included in the basis of consolidation.

2.2. The report on operations contains an accurate assessment of the company's performance and operating results, and on the position of the issuer and the group of companies included in the basis of consolidation, together with a description of the main risks and uncertainties to which it is exposed.

Sesto San Giovanni (MI), Tuesday 1 March 2016

Chief Executive Officer
Robert Kunze-Concewitz

Chief Executive Officer
and director responsible for preparing
the company's accounting statements
Paolo Marchesini

Chief Executive Officer
Stefano Saccardi

Davide Campari-Milano S.p.A.

Annual financial statements at 31 December 2015

Financial statements

Income statement

	Notes	2015	2014
		€	€
Net sales	7	**566,318,600**	**546,519,624**
Cost of goods sold	8	(253,065,552)	(246,988,329)
Gross margin		**313,253,048**	**299,531,295**
Advertising and promotional costs	9	(65,824,499)	(59,556,458)
Contribution margin		**247,428,549**	**239,974,837**
Overhead	10	(87,238,392)	(97,609,500)
of which: non-recurring		(2,598,799)	(17,410,545)
Operating result		**160,190,157**	**142,365,337**
Net financial income (charges)	14	(55,000, 533)	(54,071,842)
Dividends	14	8,653,600	44,290,911
Profit before tax		**113,843,224**	**132,584,406**
Taxes	15	(29,918,978)	(33,851,573)
Profit for the period		**83,924,246**	**98,732,833**

Statement of comprehensive income

	2015	2014
	€	€
Profit for the period (A)	**83,924,246**	**98,732,833**
B1) Items that may be subsequently reclassified to profit or loss		
Cash flow hedge*:*		
Profit (loss) for the period	1,698,422	(1,213,935)
Less: profits (losses) reclassified to the separate income statement	480,660	389,523
Net gains (losses) from cash flow hedge	1,217,762	(1,603,458)
Tax effect	(464,003)	440,951
Cash flow hedge	753,759	(1,162,507)
Conversion difference	-	-
Total: items that may be subsequently reclassified to profit or loss (B1)	**753,759**	**(1,162,507)**
B2) Items that may not be subsequently reclassified to profit or loss		
Remeasurement reserve for defined benefit plans	-	-
Profit (loss) for the period	(9,171)	(313,489)
Tax effect	2,522	86,210
Remeasurement reserve for defined benefit plans	(6,649)	(227,280)
Total: items that may not be subsequently reclassified to profit or loss (B2)	**(6,649)**	**(227,280)**
Other comprehensive income (expense) (B=B1+B2)	**747,110**	**(1,389,787)**
Total comprehensive income (A+B)	**84,671,356**	**97,343,047**

Statement of Financial position

	Notes	31 December 2015	31 December 2014
		€	€
ASSETS			
Non-current assets			
Net tangible fixed assets	16	99,553,660	102,252,632
Investment property	17	395,882	412,849
Goodwill and brands	18	427,624,472	427,624,472
Intangible assets with a finite life	20	12,839,323	13,201,503
Investments in affiliates and joint ventures	21	1,438,123,914	1,433,672,560
Other non-current assets	22	41,307,253	35,599,057
Total non-current assets		**2,019,844,504**	**2,012,763,072**
Current assets			
Inventories	23	83,863,523	80,009,286
Trade receivables	24	103,549,357	96,192,030
Current financial assets	26	151,783,598	132,240,186
Cash and cash equivalents	27	561,144,487	49,215,530
Current tax receivables	25	2,180,972	525,063
Other receivables	24	7,236,898	18,717,663
Total current assets		**909,758,834**	**376,899,759**
Assets held for sale	28	1,022,246	1,022,246
Total assets		**2,930,625,584**	**2,390,685,077**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	29	58,080,000	58,080,000
Reserves	29	950,716,504	931,561,246
Total shareholders' equity		**1,008,796,504**	**989,641,246**
Non-current liabilities			
Bonds	30	1,175,827,236	915,207,560
Other non-current liabilities	30	200,372,741	211,669,029
Defined benefit plans	32	5,784,542	6,134,968
Provision for risks and charges	33	2,672,951	3,008,145
Deferred tax liabilities	15	15,375,763	14,297,422
Total non-current liabilities		**1,400,033,234**	**1,150,317,123**
Current liabilities			
Payables to banks	31	9,672,740	9,321,534
Other financial payables	31	400,837,195	135,020,354
Trade payables	34	81,620,526	81,694,712
Current payables to tax authorities	35	75,061	602,913
Other current liabilities	34	29,590,325	24,087,194
Total current liabilities		**521,795,846**	**250,726,707**
Liabilities held for sale		-	-
Total liabilities		**1,921,829,080**	**1,401,043,830**
Total liabilities and shareholders' equity		**2,930,625,584**	**2,390,685,077**

Statement of cash flows

	Notes	2015	2014
		€	€
Operating result		**160,190,157**	**142,365,337**
Adjustments to reconcile operating profit and cash flow:			
Depreciation/amortization	11	13,191,243	12,845,303
Gains on sales of fixed assets	16	(9,007)	(11,837)
Write-downs of tangible fixed assets	16	65,349	67,392
Write-downs of investments		(100,000)	14,512,000
Accruals of provisions		917,331	3,095,680
Utilization of provisions		(1,676,904)	(1,700,882)
Other non-cash items		(6,040,856)	3,126,341
Change in net operating working capital		(11,285,749)	940,912
Other changes in non-financial assets and liabilities		18,011,152	4,553,544
Income taxes paid		(32,466,740)	(35,367,590)
Cash flow from (used in) operating activities		**140,795,977**	**144,426,200**
Purchase of tangible and intangible fixed assets	16-20	(10,193,838)	(8,133,049)
Capital grants received	34	121,598	-
Proceeds from disposals of tangible fixed assets		22,378	(55,555)
Changes in receivables and payables from investments		46,035	-
Disposals (investments) in affiliated companies		100,000	(98,000,000)
Interest income		1,238,160	1,303,206
Net change in securities	26	(48,362,575)	(2,289,717)
Dividends received		8,708,160	44,299,938
Cash flow from (used in) investing activities		**(48,320,082)**	**(62,875,177)**
Parent Company Eurobond issue		600,000,000	-
Repayment of private placement		(85,984,523)	-
Other repayment of medium- and long-term debt		(195,485)	(188,691)
Net change in short-term payables and loans to banks		546,690	1,534,008
Interest expenses		(53,848,795)	(54,294,275)
Change in other financial payables and receivables		30,821,219	(47,415,032)
Purchase and sale of own shares	29	(28,991,652)	(6,518,627)
Dividends paid out by the Parent Company	29	(45,700,000)	(46,080,789)
Cash flow from (used in) financing activities		**416,647,455**	**(152,963,406)**
Other exchange rate differences and other changes in shareholders' equity		2,805,607	-
Exchange rate differences and other changes in shareholders' equity		**2,805,607**	**-**
Net change in cash and cash equivalents: increase (decrease)		**511,928,957**	**(71,412,383)**
Cash and cash equivalents at start of period	27	49,215,530	120,627,913
Cash and cash equivalents at end of period	27	561,144,487	49,215,530

Statement of changes in shareholders' equity

	Notes	Share capital	Own shares at nominal value	Legal reserve	Retained earnings	Other reserves	Total shareholders' equity
		€	€	€	€	€	€
Balance at 31 December 2014		**58,080,000**	**(388,128)**	**11,616,000**	**645,876,469**	**274,456,906**	**989,641,246**
Dividend payout to Parent Company shareholders	29	-	-	-	(45,700,000)	-	**(45,700,000)**
Own shares acquired	36	-	(1,151,842)	-	(77,273,210)	-	**(78,425,052)**
Own shares sold	36	-	1,367,826	-	48,065,575	-	**49,433,400**
Stock options costs	29	-	-	-	-	4,451,354	**4,451,354**
Portion of stock options: subsidiaries		-	-	-	-	4,724,201	**4,724,201**
Use of stock options		-	-	-	14,860,689	(14,860,689)	**-**
Profit for the period		-	-	-	83,924,246	-	**83,924,246**
Other comprehensive income (expense)		-	-	-	-	747,110	**747,110**
Total comprehensive income		**-**	**-**	**-**	**83,924,246**	**747,110**	**84,671,356**
Balance at 31 December 2015		**58,080,000**	**(172,144)**	**11,616,000**	**669,753,768**	**269,518,882**	**1,008,796,504**

	Share capital	Own shares at nominal value	Legal reserve	Retained earnings	Other reserves	Total shareholders' equity
	€	€	€	€	€	€
Balance at 31 December 2013	**58,080,000**	**(511,682)**	**11,616,000**	**597,487,361**	**270,199,305**	**936,870,984**
Dividend payout to Parent Company shareholders	-	-	-	(46,080,789)	-	**(46,080,789)**
Own shares acquired	-	(370,496)	-	(20,754,097)	-	**(21,124,593)**
Own shares sold	-	494,051	-	14,111,916	-	**14,605,966**
Stock options costs	-	-	-	-	4,319,996	**4,319,996**
Portion of stock options: subsidiaries	-	-	-	-	3,706,636	**3,706,636**
Use of stock options	-	-	-	3,182,245	(3,182,245)	**-**
Other changes	-	-	-	(803,000)	803,000	**-**
Other comprehensive income (expense)	-	-	-	-	(1,389,787)	**(1,389,787)**
Total comprehensive income	**-**	**-**	**-**	**98,732,833**	**(1,389,787)**	**97,343,047**
Balance at 31 December 2014	**58,080,000**	**(388,128)**	**11,616,000**	**645,876,469**	**274,456,906**	**989,641,246**

Notes to the financial statements

1. General information

Davide Campari-Milano S.p.A. is a company listed on the Italian stock market, with registered office at Via Franco Sacchetti 20, 2009 Sesto San Giovanni (MI), Italy. The Company is recorded in the Milan companies register and REA (business administration register) under no. 1112227.

Davide Campari-Milano S.p.A., the Parent Company of Gruppo Campari, is 51%-owned by Alicros S.p.A.. It operates directly on the national market and, through its subsidiaries, on the international market of alcoholic and non-alcoholic drinks. The Group operates in 190 countries, with prime positions in Europe and the Americas. It has 16 production plants and two wineries around the world, a distribution network in 19 countries, and employs around 4,000 people.

These financial statements are presented in euro, while the relevant notes to the financial statements are prepared in thousands of euro, unless otherwise stated. The Parent Company, Davide Campari-Milano S.p.A., has also prepared the consolidated financial statements of Gruppo Campari for the year ending 31 December 2015. The financial statements of Davide Campari-Milano S.p.A. for the year ending 31 December 2015 were approved on 1 March 2016 by the Board of Directors, which has authorized their publication. The Board of Directors reserves the right to amend the results should any significant events occur that require changes to be made, up to the date of the shareholders' meeting.

2. Preparation criteria

Compliance with IFRS

The annual financial statements of Davide Campari-Milano S.p.A. (which represent the 'separate financial statements') for the years ending 31 December 2015 and 2014, have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and ratified by the European Union. Including all of the revised international accounting standards (International Accounting Standards - IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor, the Standing Interpretations Committee (SIC). No exceptions to the application of the International Accounting Standards were made in the preparation of these separate financial statements.

Form and content

In accordance with the format chosen by Campari Group, and also adopted for the financial statements of the Parent Company, the income statement has been classified by function and the balance sheet based on the division between current and non-current assets and liabilities. We believe that this format will provide a more meaningful representation of the items that have contributed to the Company's results and its balance sheet and financial position.

In the income statement (classified by function), income and charges from non-recurring transactions such as sales of fixed assets, restructuring costs and any other non-recurring income/expenses are shown separately within the operating result. The definition of 'non-recurring' conforms to that set out in the Consob communication of 28 July 2006 (DEM/6064293). During the year, the Parent Company did not carry out any atypical or unusual transactions, as defined in the same communication. Lastly, in accordance with Consob Resolution 15519 of 27 July 2006, transactions with related parties are shown separately in the statement of financial position and income statement, as also required by IAS 24. The cash flow statement was prepared using the indirect method.

The notes to the accounts have also been harmonized with the contents of the Group's consolidated financial statements starting from 31 December 2015. Information from the previous year has therefore been reported in the same detail. Note, however, that adjustments have not been made to the financial statements published at 31 December 2014.

3. Summary of accounting principles

Intangible assets

Intangible assets include all assets without any physical form that are identifiable, controlled by the Company and capable of producing future economic benefits, as well as goodwill when purchased for consideration. Intangible assets acquired are posted to assets, in accordance with IAS 38 - Intangible Assets, when it is likely that the use of the assets will generate future economic benefits and when the cost can be reliably determined. If acquired separately, these assets are reported at acquisition cost including all allocable ancillary costs. Assets produced internally, excluding development costs, are not capitalized and are reported in the income statement for the financial year in which they are incurred. Intangible assets with a finite life are amortized on a straight-line basis in relation to their remaining useful life, taking into account losses due to a reduction in accumulated value. The period of amortization of intangible assets with a finite life is reviewed at least at the end of every financial year in order to ascertain any changes in their useful life, which if identified, will be considered as changes in estimates.

The costs of development projects and studies are recorded in the income statement in full in the year in which they are incurred. Advertising and promotional costs are recorded in the income statement when the Company has received the goods or services in question. Costs relating to industrial patents, concessions, licenses and other intangible fixed assets are recorded on the assets side of the statement of financial position only if they are able to produce future economic benefits for the Company. These costs are amortized according to the period of use, if this can be defined, or according to contract duration. Software licenses represent the cost of purchasing licenses and, if incurred, external consultancy fees or internal personnel costs necessary for development. These costs are recorded in the year in which the internal or external costs are incurred for training personnel and other related costs. Costs recorded under intangible assets are amortized over their useful life, generally taken to be three years.

Goodwill and trademarks arising from acquisitions, which qualify as intangible assets with an indefinite life, are not amortized. The possibility of recovering their reported value is reviewed at least annually, and whenever events or circumstances indicate that an impairment could occur, using the the criteria regarding the impairment of assets as described below in the section entitled 'Impairment'. For goodwill, an impairment test is performed on the smallest cash-generating unit to which the goodwill relates. On this basis, management assesses, directly or indirectly, the return on investment including goodwill. See also, the next section ‘Business Combinations’. Write-downs in goodwill can no longer be recovered in future years. When control of the previously acquired company is transferred, the capital gain or loss from the transfer takes into account the corresponding residual value of the previously recorded goodwill.

Tangible fixed assets

Property, plant and equipment are recorded at acquisition or production cost, gross of capital grants (if received) and directly charged expenses, and are not revalued. Subsequently, tangible fixed assets are recorded at cost, net of accumulated depreciation and any impairment losses. Any costs incurred after purchase are only capitalized if they increase the future financial benefits generated by using the asset.

The replacement costs of identifiable components of complex assets are capitalized and depreciated over their useful life; the residual book value of the replaced component is recognized in the income statement, while other costs are charged to income when the expense is incurred. The financial charges incurred for investments in assets, which take a significant period of time to prepare for use or sale (qualifying assets as defined in IAS 23 – Borrowing Costs), are capitalized and depreciated over the useful life for the class of assets to which they belong. All other financial charges are posted to the income statement when incurred.

Ordinary maintenance and repair costs are expensed in the period in which they are incurred. In the presence of current obligations for the dismantling and removal of assets and cleaning up the related sites, the value includes the estimated costs (discounted to present value) to be incurred when the structures are abandoned, which are reported as an offsetting entry to a specific reserve. The impact of revising the estimate of these costs is explained in the 'Provisions for risks and charges' section.

Assets held under finance lease contracts, which essentially assign to the Company all the risks and benefits tied to ownership, are recognized as Company assets at their current value, or the present value of the minimum lease payments, whichever is lower. The corresponding liability to the lessor is reported in the financial statements under financial payables. These assets are depreciated using the policies and rates indicated below.

Leasing arrangements, in which the lessor retains substantially all the risks and benefits of ownership of the assets, are classified as operating leases, with related costs reported in the income statement over the term of the contract. Depreciation is applied using the straight-line method over the estimated useful life of the individual assets, established in accordance with the Company's plans for use of such assets, taking into account wear and tear, the superseding of technology, and the likely estimated realizable value net of disposal costs.

When the tangible asset consists of several significant components with different useful lives, depreciation is applied to each component individually. The amount to be depreciated is represented by the reported value, less the estimated net market value at the end of its useful life, if this value is significant and can be reasonably determined. Land, even if acquired in conjunction with a building, is not depreciated, nor are available-for-sale tangible assets, which are reported at the lower of their recorded value and fair value less disposal costs.

Rates are as follows:

<u>Property</u>	
Buildings	3%
Light buildings	10%
<u>Plant and machinery</u>	
Plant and machinery	10%
Tanks	10%
<u>Industrial and commercial equipment</u>	
Various equipment	20%
Commercial equipment	20%
<u>Other tangible fixed assets</u>	
Furniture	12%
Office equipment	12%
Electronic equipment	20%
Miscellaneous minor equipment	20%
Goods vehicles	20%
Cars	25%

Depreciation ceases on the date that the asset is classified as available for sale, in accordance with IFRS 5, or on the date on which the asset is derecognized for accounting purposes, whichever occurs first. A tangible asset is derecognized from the statement of financial position at the time of sale or when there are no future economic benefits associated with its use or disposal. Any profits or losses are included in the income statement in the year of this derecognition.

Capital grants
Capital grants are recorded when there is a reasonable certainty that all requirements necessary for access to such grants have been met and that the grant will be disbursed. This generally occurs at the time the decree acknowledging the benefit is issued. Capital grants that relate to tangible fixed assets are recorded as deferred income and credited to the income statement over the whole period corresponding to the useful life of the asset in question.

Impairment
The Company ascertains, at least annually, whether there are indicators of a potential loss in value of intangible and tangible assets. If the Company finds that such indicators exist, it estimates the recoverable value of the relevant asset. Moreover, intangible assets with an indefinite useful life or not yet available for use, and goodwill are subject to impairment tests every year or more frequently, whenever there is an indication that the asset may be impaired.

The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs, and the value in use. In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market, or based on the best information available to determine the amount that could be obtained from selling the asset.

The value in use is determined by discounting the expected cash flows resulting from the use of the asset and, if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life. The cash flows are determined on the basis of reasonable and documented assumptions, which representing the best estimate of the future economic conditions that may occur during the remaining useful life of the asset, with greater weight given to external indicators. The discount rate applied takes into account the implicit risk of the business segment.

When it is not possible to determine the recoverable value of an individual asset, the Company estimates the recoverable value of the cash-generating unit to which the asset belongs. Impairment is reported if the recoverable value of an asset is lower than its carrying amount. This loss is posted to the income statement, unless the asset was previously written up through a shareholders' equity reserve. In this case, the reduction in value is first allocated to the revaluation reserve.

If, in a future period, a loss on assets, other than goodwill, does not materialize or is reduced, the carrying amount of the asset or cash-generating unit is increased up to the new estimate of recoverable value, and may not exceed the value that would have been calculated if no impairment had been reported. The reversal of impairment is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the reversal of the impairment is first allocated to the revaluation reserve.

Investment property

Property and buildings held to generate lease income (investment property), are valued at cost less accumulated depreciation and losses due to a reduction in value. The depreciation rate for buildings is 3%, while land is not depreciated. Investment property is derecognized from the statement of financial position when sold or when it becomes permanently unusable and no future economic benefits are expected from its disposal.

Equity investments

Investments in subsidiaries are recorded at cost and adjusted for any loss in value. The positive difference, arising at the time of the acquisition between the acquisition cost and the current value of the Company's stake is included in the carrying amount of the holding; any write-downs of this positive difference are not reinstated in subsequent periods, even if the reasons for the write-down no longer apply. If the Company's portion of the subsidiary's losses exceeds the carrying amount of the holding, the carrying amount is eliminated and the portion of any further losses is posted to liabilities as a specific reserve to the extent to which the Parent Company is required to fulfil legal or implicit obligations with respect to the subsidiary or in any event to cover its losses.

Investments in subsidiaries are subject to impairment tests on an annual basis, or more frequently if necessary. If the tests show evidence of impairment, the loss in value must be recorded as a write-down in the income statement. Investments in other companies that are not held for trading (available for sale) are recorded at fair value, if determinable, and this value is allocated to shareholders' equity up to the date of sale or the identification of a loss in value, at which time the effects previously booked to shareholders' equity are recorded in the income statement for the period. When the fair value cannot be reliably determined, investments are valued at cost, adjusted for any impairment.
Dividends received are recognized in the income statement when the right to receive payment is established, in cash or in kind, only if they arise from the distribution of profits subsequent to the acquisition of the subsidiary.

Financial instruments

Financial instruments held by the Company are categorized as follows:
Financial assets include holdings in subsidiaries, affiliates, joint ventures, short-term securities and financial receivables, which in turn include the positive fair value of financial derivatives, trade and other receivables, cash and cash equivalents. Specifically, cash and cash equivalents include cash, bank deposits and highly liquid securities that can be quickly converted into cash, and which carry an insignificant risk of a change in value. The maturity of deposits and securities in this category is less than three months.

Current securities include short-term securities or marketable securities representing a temporary investment of cash that do not meet the requirements for classification as cash equivalents. Financial liabilities include financial payables, which in turn include the negative fair value of financial derivatives, trade payables and other payables. Financial assets and liabilities, other than equity investments, are recorded in accordance with IAS 39 - Financial Instruments: Recognition and Measurement in the following categories:

- Financial assets at fair value with changes recorded in the income statement

This category includes all financial instruments held for trading and those designated at the time they were initially reported at fair value, with changes recorded in the income statement. Financial instruments held for trading are all of the instruments acquired with the intention of sale in the short term. This category also includes derivatives that do not meet the hedging criteria set out in IAS 39. These instruments measured at fair value with changes recorded in the income statement are reported in the statement of financial position at fair value, while the related profits and losses are reported in the income statement.

- Investments held to maturity

Current financial assets and securities to be held until maturity are reported on the basis of the trading date, and, at the time they are first reported, are valued at acquisition cost, represented by the fair value of the initial consideration given in exchange plus transaction costs (e.g. commissions, consulting fees, etc.). The initial reported value is then adjusted to take into account repayments of principal, any write-downs and the amortization of the difference between the repayment amount and the initial reported value. Amortization is applied on the basis of the effective internal interest rate represented by the rate which, at the time of the initial reporting, would make the present value of expected cash flows equal to the initial reported value (known as the amortized cost method). The profits and losses are recorded on the income statement when the investment is derecognized for accounting purposes or when impairment occurs beyond the amortization process.

- Loans and receivables

Loans and receivables are non-derivative financial instruments with fixed or determinable payments, which are not listed on an active market. After the initial reporting, these instruments are valued according to the amortized cost method using the effective discount rate net of any provision for impairment. Profits and losses are recorded in the income statement when loans and receivables are derecognized for accounting purposes or when an impairment occurs beyond the amortization process.

Financial assets available for sale

Financial assets available for sale, excluding derivatives, are those designated as such or not classified under any of the three previous categories. After the first reporting, financial instruments available for sale are valued at fair value. If the market price is not available, the present value of financial instruments available for sale is measured using the most appropriate valuation methods, such as the analysis of discounted cash flows performed using market information available on the reporting date. In the absence of reliable information, they are held at cost. Profits and losses on financial assets available for sale are recorded directly in comprehensive income or expense up to the time the financial asset is sold or written down. At that time, the accumulated profits and losses, including those previously posted to comprehensive income or expense, are included in the income statement for the period.

Impairment of a financial asset

The Company assesses, at least annually, whether there are any indicators that a financial asset or a group of financial assets could have lost value. A financial asset or group of financial assets is written down only if there is objective evidence of impairment caused by one or more events that occurred following the initial reporting date of the asset or group of assets, and which had an impact that can be reliably estimated on the future cash flows that may be generated by the asset or group of assets.

Derecognition of financial assets and liabilities

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized from the financial statements when:

- the rights to receive income from financial assets no longer exist;
- the Company reserves the right to receive income from financial assets, but has taken on a contractual obligation to pay such income in full and without delay to a third party;
- the Company has transferred the right to receive income from financial assets and (i) has transferred substantially all the risks and benefits relating to the ownership of the financial asset, or (ii) has neither transferred nor retained all the risks and benefits relating to the ownership of the financial asset, but has transferred control of the asset.

When the Company has transferred the rights to receive financial income from an asset, and has neither substantially transferred nor retained all the risks and benefits, or has not lost control of the same, the asset is reported on the balance sheet to the extent of the Company's remaining involvement in the asset.

A financial liability is derecognized from the financial statements when the underlying obligation of the liability is no longer held or has been cancelled or settled. In cases where an existing financial liability is replaced by another of the same lender under different conditions, or where the conditions of an existing liability are changed, the replacement or change is treated in the financial statements as a derecognition of the original liability, and a new liability is reported, with any difference in the accounting values allocated to the income statement.

Financial derivatives and hedging transactions
Financial derivatives are used solely for hedging purposes to reduce exchange and interest rate risk. In accordance with IAS 39, financial derivatives are recorded using hedge accounting procedures only if, at the beginning of the hedge, a formal designation has been made and the documentation for the hedging relationship exists, and if it is assumed that the hedge is highly effective; it must be possible for this effectiveness to be reliably measured, and the hedge must prove highly effective during the accounting periods for which it is designated. All financial derivatives are measured at their fair value pursuant to IAS 39.

Where financial instruments meet the requirements for being reported using hedge accounting procedures, the following accounting treatment is applied:

- fair value hedge - if a financial derivative is designated as a hedge against exposure to changes in the fair value of an asset or liability, attributable to a particular risk that could have an impact in the income statement, the profits or losses resulting from the subsequent valuations of the fair value of the hedging instrument are reported in the income statement. The gain or loss on the hedged item, which is attributable to the hedged risk, is reported as a portion of the carrying amount of this item and as an offsetting entry in the income statement.
- cash flow hedge - if a financial instrument is designated as a hedge against exposure to fluctuations in future cash flows arising from an asset or liability reported in the accounts, or against a highly likely expected transaction that could have an impact on the income statement, the effective portion of the profits or losses on the financial instrument is reported in the statement of comprehensive income.

Accumulated profits or losses are removed from comprehensive income or expense and recorded in the income statement in the same period in which the transaction being hedged has an impact on the income statement. The profit or loss associated with a hedge, or the portion of the hedge that has become ineffective, is posted to the income statement when the ineffectiveness is reported.

If a hedging instrument or hedging relationship is closed out, but the transaction being hedged has not been carried out, the accumulated profits and losses, which, until then had been posted to comprehensive income or expense, are reported in the income statement at the time the related transaction is carried out.

If the transaction being hedged is no longer considered likely to take place, the unrealized profits or losses suspended in comprehensive income or expense are recorded in the income statement. If hedge accounting cannot be applied, the profits or losses resulting from the valuation of the financial derivative, at its present value, are posted to the income statement.

Own shares
Own shares are reported as a reduction to shareholders' equity. The original cost of the own shares and the financial effects of any subsequent sales are recognized directly in shareholders' equity.

Inventories
Inventories of raw materials, semi-finished and finished products are valued at the lower of purchase or production cost, determined using the weighted average method, and market value. Work in progress is recorded at the acquisition cost of the raw materials used, including the actual production costs incurred up to the point of production reached. Inventories of raw materials, and semi-finished products that are no longer of use in the production cycle and inventories of unsaleable finished products are fully impaired. Low-value replacement parts and maintenance equipment not used in connection with a single asset item are reported as inventories and recorded in the income statement when used.

Non-current assets held for sale
Non-current assets classified as available for sale include fixed assets (or asset disposal groups) whose carrying amount will be recovered primarily from their sale, rather than their ongoing use, and whose sale is highly probable in the short term (within one year) and in the assets' current condition. Non-current assets classified as held for sale are valued at the lower of their net carrying amount and present value, less sale costs, and are not amortized.

Employee benefits

Post-employment benefit plans
The Company provides post-employment benefits through defined contribution and/or defined benefit plans.

- Defined benefit plans.
  The Company's obligation and annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method. The net cumulative value of actuarial profits and losses is recorded directly on the statement of comprehensive income and is not subsequently recognized in the income statement. The costs associated with an increase in the present value of the obligation, resulting from the approach of the time when benefits will be paid, are included under financial charges. Service costs are recorded on the income statement. The liability recognized represents the present value of the defined benefit obligation. In the event of a modification to the plan that changes the benefits accruing from past service, the costs arising from past service are expensed in profit and loss at the time the change to the plan is made. The same treatment is applied if there is a change to the plan that reduces the number of employees or that varies the terms and conditions of the plan (treatment is the same regardless of whether the final result is a profit or a loss).
- Defined contribution plans.
  Since the Company fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, it records its contributions to the fund on behalf of employees, without making any actuarial calculation.
  Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Compensation plans in the form of stock options
The Company pays additional benefits in the form of stock option plans to employees, directors and individuals who regularly do work for one or more Group companies.

Pursuant to IFRS 2 - Share-Based Payment, the total fair value of the stock options on the allocation date is reported as an expense in the income statement, with an increase in the respective shareholders' equity reserve, in the period beginning at the time of allocation and ending on the date on which the employees, directors and individuals who regularly do work for one or more Group companies become fully entitled to receive the stock options. Changes in the present value, following the allocation date, have no effect on the initial valuation, while in the event of changes to the terms and conditions of the plan, additional costs are recorded for each change in the plan that determines an increase in the present value of the recognized option. No cost is recognized if the stock options have not been vested; if an option is cancelled, it is treated as if it had been vested on the cancellation date and any cost that has not been recognized is recorded immediately. The fair value of the stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and risk-free rate, while also considering the non-vesting conditions. The stock options are recorded at fair value with an offsetting entry under the stock option reserve.

Provision for risks and charges
Accruals for the provision for risks and charges are reported when:

- there is a current legal or implicit obligation resulting from a past event;
- it is likely that the fulfilment of the obligation will require some form of payment;
- the amount of the obligation can be reliably estimated.
-

Accruals are reported at a value representing the best estimate of the amount the Company would reasonably pay to discharge the obligation or transfer it to third parties on the reporting date. Where the financial impact of time is significant, and the payment dates of the obligations can be reliably estimated, the accrual is discounted. The change in the related provision over time is allocated to the income statement under Financial income (charges).

Provisions are periodically updated to reflect changes in estimates of cost, timescales and discount rates. Revisions to estimates of provisions are allocated to the same item in the income statement where the accrual was previously reported, or, if the liability relates to tangible assets (e.g. dismantling and restoration), these revisions are reported as an offsetting entry to the related asset. When the Company expects that all or part of the provisions will be repaid by third parties, the payment is recorded under assets only if it is virtually certain, and the accrual for the provision is posted to the income statement net of the related repayment.

Restructuring provisions
The Company reports restructuring provisions, only if there is a legal or implicit obligation and a detailed formal restructuring program that has led to the reasonable expectation by the third parties concerned that the Company will carry out the restructuring, either because it has already started the process or because it has already communicated the main aspects of the restructuring to the third parties concerned.

Recording of revenues, income and expense in the income statement
Revenue is recognized, to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenues are reported at the fair value of the sum received, net of current and deferred discounts, allowances, excise duties, returns and trade allowances.

Specifically:
- sales revenues are recorded when the risks and benefits associated with owning the items are transferred to the buyer, and the revenue amount can be reliably determined;
- service revenues are reported when services are rendered; allocations of revenues related to partially performed services are reported on the basis of the percentage of the transaction completed at the reporting date, when the revenue amount can be reliably estimated;
- financial income and charges are recorded in the period to which they relate;
- capital grants are credited to the profit and loss account in proportion to the useful life of the assets to which they relate;
- dividends are reported on the date the shareholders' meeting passes the related resolution;
- lease income from investment property is recorded on a straight-line basis for the duration of the existing leasing contracts.

Costs are recognized in the income statement when they relate to goods and services sold or consumed during the period, or as a result of systematic apportionment or when the future utility of such goods and services cannot be determined. Personnel and service costs include stock options (in keeping with their largely remunerative nature) that were allocated to employees, directors and individuals who regularly do work for the Company. The cost is determined in relation to the fair value of the option assigned. The portion applicable to the period is determined proportionally over the period to which the incentive applies (known as the vesting period). Costs incurred in studying alternative products or processes, or in conducting technological research and development, are considered current costs and charged to the income statement in the period in which they are incurred.

Taxes
Current income taxes are calculated on the basis of estimated taxable income. Current tax payables and receivables are recorded in the amount expected to be paid to/received from tax authorities by applying the tax rates and regulations in force or effectively approved on the reporting date. Current taxes relating to items posted directly to comprehensive income or expense are recorded in comprehensive income or expense.

Other non-income taxes, such as property and capital taxes, are included in operating expenses. Deferred tax assets and liabilities are calculated on temporary differences between the asset and liability values, recorded in the accounts and the corresponding values recognized for tax purposes using the liability method. Deferred tax assets are reported when their recovery is likely. Deferred tax assets and liabilities are determined on the basis of tax rates that are expected to apply in those periods when the temporary differences are generated or eliminated.

Current and deferred tax assets and liabilities are offset when these relate to income taxes levied by the same tax authority and a legal right to offset exists, provided that realization of the asset and settlement of the liability take place simultaneously. The balance of any set-off is posted to deferred tax assets if positive and deferred tax liabilities if negative. Deferred tax assets and liabilities are classified under non-current assets and liabilities.

The Company has also opted for the national tax consolidation procedure, governed by article 117 *et seq* of the consolidated law on corporate income tax (TUIR) for 2013, 2014 and 2015, pursuant to the regulation drawn up by Alicros S.p.A., the direct controlling entity of the Company. The decision to adopt this procedure is reflected in the accounting entries.

Transactions in foreign currencies (not hedged with derivatives)
Revenues and costs related to foreign currency transactions are reported at the exchange rate in force on the date the transaction is completed. Monetary assets and liabilities in foreign currencies are converted to euro at the exchange rate in effect on the reporting date with any related impact posted to the income statement.

Use of estimates
The preparation of the accounts and related notes, in accordance with IFRS, requires the management to make estimates and assumptions that have an impact on the value of balance sheet assets and liabilities and on disclosures concerning contingent assets and liabilities at the reporting date. The actual results could differ from these estimates. Estimates are used to identify provisions for risks with respect to receivables, obsolete inventory, depreciation and amortization, asset write-downs, employee benefits, taxes, restructuring provisions and provisions for other risks and related accruals. Figures for the individual categories are set out in the notes to the financial statements.

Estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement in the period in which the review of the estimate occurred, if such review had an impact on that period only or additionally in subsequent periods, if the review had an impact on both the current and future years.

Goodwill is subject to an annual impairment test to check for any loss in value. The calculations are based on the financial flows expected from the cash-generating units to which the goodwill is attributed, as inferred from multi-year budgets and plans.

4. Changes in accounting principles

a. Accounting standards, amendments and interpretations applied since 1 January 2015

The accounting standards applied to the financial statements in 2015 are the same as those used in the previous year.

b. Accounting standards, amendments and interpretations not yet harmonized that have not been adopted in advance

Accounting standards, amendments and interpretations that have been harmonized
IAS 16 - IAS 38 - Clarification of Acceptable Methods of Depreciation (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify that depreciation calculated according to the revenue-based method is not considered appropriate as it reflects only the revenue generated by the asset and not the consumption of the expected future economic benefits embodied in the asset. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations (applicable from 1 January 2016)
The amendment was issued in May 2014 to clarify the accounting treatment for the acquisition of interests in a joint operation that constitutes a business. The amendment stipulates that the IFRS 3 standard relating to business combinations must be applied. Specifically, at the time of acquisition of a joint operation, an investor will need to measure the acquired assets and liabilities at fair value, determine the acquisition-related costs, define the deferred tax effects arising from the allocation of the price paid on the values acquired, and identify the residual element after exercising the purchase price allocation as goodwill. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IAS 16 - IAS 41 - Amendments to the standard applicable to assets represented by bearer plants (applicable from 1 January 2016)
The amendment, published in June 2014, changes the measurement method for assets represented by bearer plants, such as grapevines, rubber trees and oil palms. The amendment applies the same accounting method used for property, plant and equipment, and therefore abandons the fair value model pursuant to IAS 41 originally applied to all biological assets. Bearer plants are accounted for in the same way as other productive assets or plant. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IAS 1 – Clarifications on Presentation of Financial Statements (applicable from 1 January 2016)
The amendment, published in December 2014, introduces a series of clarifications on the concepts of materiality and aggregation, ways to present partial results in addition to those provided for by IAS 1, the structure of the notes, and disclosure regarding significant accounting policies. This amendment relates purely to the presentation of the financial statements and will not therefore have any effect on the Company's financial position or profitability.

Accounting standards, amendments and interpretations that have not yet been harmonized

IFRS 9 - Financial Instruments (applicable from 1 January 2018)
The new document represents the first part of the process intended to wholly replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. Specifically, the recognition and measurement criteria for financial assets and their related classification in the financial statements have been modified. The new provisions establish a classification and measurement model for financial assets, based exclusively on the following categories: assets measured at amortized cost or assets measured at fair value. The new provisions also establish that investments other than those in subsidiaries, associates and joint ventures are measured at fair value and recognized in the income statement. Where such investments are not held for trading purposes, changes to fair value may be reported in the statement of comprehensive income, with only the effects of paying out dividends recognized in profit or loss. When the investment is sold, the amounts recorded in the statement of comprehensive income should not be recognized in profit or loss. On 28 October 2010, the IASB included in the provisions of IFRS 9 the recognition and measurement criteria for financial liabilities. Specifically, the new provisions require that, when a financial liability is measured at fair value and recognized in profit or loss, changes in fair value relating to changes in the issuer's own credit risk are recorded in the statement of comprehensive income; this component is allocated directly to the income statement to ensure symmetry with other accounting items related to the liability, avoiding an accounting mismatch.

In addition, an amendment was published in November 2013, which introduced three important changes. The most important change relates to hedge accounting, and introduces a new model that incorporates a number of improvements intended to harmonize accounting treatment with the risk management policy operated by the company. The other two changes relate to the period of first-time application of the standard, giving companies the option to adopt the standard immediately and directly record the effects of changes in its own credit risk on the statement of comprehensive income. The Company is still assessing the potential impact of the new standard and related amendment on its financial assets and liabilities.

IFRS 14 - Regulatory Deferral Accounts (applicable from 1 January 2016)
Under the new standard, only first-time adopters of IFRS are allowed to continue to recognize amounts relating to the rate regulation according to the previous accounting principles adopted. In order to improve comparability with entities that already apply IFRS and hence do not recognize such amounts, the standard requires the rate regulation effect to be presented separately from the other items. The new standard is not applicable to the financial statements.

IFRS 15 - Revenue from Contracts with Customers (applicable from 1 January 2018)
The aim of the new standard is to improve the quality and uniformity of revenue recognition and of the comparability of financial statements prepared in accordance with IFRS and US accounting principles. Under the new standard, revenue recognition may no longer be based on the earnings method but on the assets-liabilities method, which focuses on the date that control of the sold asset was transferred. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IFRS 10 – IAS 28 – Sales or contributions of assets between an investor and its associate/joint venture (applicable from 1 January 2016)
The amendment, published in September 2014, is intended to resolve a conflict between the requirements of IFRS 10 and IAS 28, in the event that an investor sells or contributes a business to an associate or joint venture. The main change introduced by the amendment is that the gain or loss resulting from the loss of control must be recognized in full at the time of the sale or contribution of the business. A partial gain or loss is only recorded in the event of a sale or contribution involving individual assets only. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

IFRS 10–12–IAS 28–Investment Entities: Applying the Consolidation Exception (applicable from 1 January 2016)
The amendment, published in December 2014, provides that entities meeting the definition of 'investment entity' established by the standard are exempt from presenting consolidated financial statements, and should rather measure subsidiaries at fair value as provided for in IFRS 9. The Company is still assessing the impact of adopting the new standard on its financial position and profitability.

5. Default risk: negative pledges and debt covenants

The agreements relating to a number of bond issues, the Parent Company's revolving credit facility and the Campari America private placement include negative pledges and covenants. The covenants include the Group's obligation to maintain particular levels for certain financial indicators, most notably the ratio of net debt to EBITDA. The negative pledge clauses are intended to limit the Company's ability to grant significant rights to the assets of the Company and the companies it directly or indirectly controls to third parties, in particular by establishing specific restrictions on selling or pledging assets.

These indicators are calculated at consolidated level, i.e. taking into account all the companies directly or indirectly controlled by the Company. The Company therefore monitors both the restrictions and the levels of the financial indicators, as it is also the guarantor of the private placements issued by Campari America (Skyy Spirits, LLC), whose agreements include the same covenants. If the Company fails to fulfil these obligations, after an observation period in which any breach has not been rectified, it could be served with notice to repay the residual debt. The Company monitors these values constantly. The most significant financial index, which compares net debt with EBITDA, was 2.2 times at 31 December, an improvement on the figure of 2.9 times at 31 December 2014.

6. Segment reporting

Segment information is provided in detail in the notes to the consolidated accounts.

7. Net sales

	2015 € Thousand	2014 € Thousand)
Sale of goods	380,806	359,673
Sales of assets to associates	185,512	186,846
Total net sales	**566,319**	**546,520**

Net sales of € 566,319 thousand, up 3.6% on the previous year, included sales of € 380,806 thousand to Italian clients, an increase of 5.9% compared with sales realized in 2014 due to organic growth of 4.6%. The change incorporated an external growth component of 1.3%, attributable to sales of the Averna, Braulio, Frattina, Riccadonna and Mondoro branded products, for which the Company commenced distribution in January 2015. Sales to Group companies that primarily conduct their businesses on the international markets totaled € 185,512 thousand, a slight decrease on the previous year when the figure was € 186,846 thousand. International sales were, in fact, affected by the difficult situation on certain key markets, but offset by growth on the Italian market.

8. Cost of goods sold

	2015 € Thousand	2014 € Thousand
Materials and manufacturing costs	227,521	221,261
Distribution costs	25,545	25,727
Total cost of goods sold	**253,066**	**246,988**
Raw materials and finished goods acquired from third parties	193,434	185,447
Inventory write-downs	841	631
Personnel costs	19,675	19,359
Depreciation/amortization	6,759	6,773
Utilities	3,785	4,399
External production and maintenance costs	6,577	6,446
Variable transport costs	19,394	19,846
Other costs	2,601	4,088
Total cost of goods sold	**253,066**	**246,988**

The cost of goods sold totaled € 253,066 thousand, rose mainly because of the increase in sales volumes associated with the perimeter effect driven by the Averna, Braulio and Frattina products. The other components of the cost of goods sold were in line with those recorded in 2014.

9. Advertising and promotional costs

	2015	2014
	€ Thousand	€ Thousand
Advertising space	24,440	22,014
Sponsorships, trade fairs and events	6,800	4,096
Media production	11,950	7,983
Promotions aimed at consumers and customers	25,730	22,205
Market research	1,890	1,475
Other advertising and promotional costs	3,145	2,891
Depreciation/amortization	143	186
Trade allowances for promotional purposes	(8,274)	(1,294)
Total advertising and promotional costs	**65,824**	**59,556**

Advertising and promotional costs, of € 65,824 thousand, rose by 10.5% in absolute terms compared with the previous year, but were broadly the same as a percentage of net sales (11.6% in 2015 compared with 10.9% in 2014).

10. Overhead

	2015	2014
	€ Thousand	€ Thousand
Sales costs	23,853	22,260
General and administrative expenses	63,386	75,349
Total overhead	**87,238**	**97,610**
Agents and other variable sales costs	6,170	6,081
Depreciation/amortization	6,290	5,886
Personnel costs	43,823	39,710
Travel, business trips, training and meetings	2,713	2,715
Utilities	650	684
Services, maintenance and insurance	18,910	17,303
Operating leases and rental expenses	1,570	1,621
Other	4,514	6,198
Non-recurring (income) and charges	2,599	17,411
Total overhead	**87,238**	**97,610**

Overhead decreased significantly, compared with the previous year, mainly as a result of certain non-recurring costs accounted for in 2014. Excluding the effect of these costs (see below for the related details), overhead would have increased by 5.5%. Specifically, sales costs increased slightly as they were affected by agents' fees paid out on the domestic market as a result of higher sales and the perimeter effect, as described above. Added to this were personnel costs due to the necessary strengthening of the structure in certain specific and strategic areas of the organization.

A breakdown of non-recurring income and charges is shown in the following table:

	2015 € Thousand	2014 € Thousand
Capital gains from sales of equity interests	1,978	-
Other non-recurring income	450	-
Capital gains from the sale of buildings	31	12
Total non-recurring income	**2,459**	**12**
Non-recurring charges from adaptations	(2,219)	-
Personnel restructuring costs	(1,326)	(1,202)
Acquisition costs	(437)	(516)
Charges for future recapitalizations of subsidiaries	(685)	-
Write-downs of Group company assets	(100)	(14,512)
Various taxes	-	(196)
Penalties	(205)	(658)
Capital losses on sale of fixed assets	(87)	(67)
Penalty for the termination of distribution relationships	-	(264)
Other non-recurring charges	-	(7)
Total non-recurring charges	**(5,058)**	**(17,422)**
Total (net)	**(2,599)**	**(17,411)**

Net non-recurring charges totaled € 2,599 thousand and were due to the reorganization and related restructuring of employees (€ 1,326 thousand); consultancy for the sale of businesses carried out during the year (€ 437 thousand); and liabilities arising from the adaptations made by the Company (€ 2,219 thousand). Of these costs, which were partially offset by income totaled € 2,459 thousand, with € 1,978 thousand attributed to the sale of the share capital of Enrico Serafino S.r.l., completed on 30 June 2015. For more details, see 'Significant events during the year' in the Report on operations). Lastly, the effect of recapitalizing the subsidiary Campari Wines S.r.l. (€ 785 thousand) was also included under liabilities. For more details, see note 21 - 'Investments in subsidiaries'.

11. Depreciation/amortization

Depreciation and amortization recorded in the income statement, by function, is shown below; it should be noted that there were no impairment losses in the two years shown.

	2015 € Thousand	2014 € Thousand
- Tangible fixed assets	6,743	6,757
- Intangible fixed assets	16	16
Depreciation and amortization included in cost of goods sold:	**6,759**	**6,773**
- Tangible fixed assets	3,285	3,332
- Intangible fixed assets	3,006	2,554
Depreciation and amortization included in structure costs:	**6,290**	**5,886**
- Tangible fixed assets	142	186
- Intangible fixed assets	-	-
Depreciation and amortization included in advertising and promotional expenses	**143**	**186**
- Tangible fixed assets	10,170	10,275
- Intangible fixed assets	3,021	2,570
Total depreciation and amortization in the income statement	**13,191**	**12,845**

12. Personnel costs

The item breaks down as shown in the table below.

	2015	2014
	€ Thousand	€ Thousand
Salaries and wages	42,081	39,679
Social security contributions	13,551	12,745
Cost of defined contribution plans	3,099	2,927
Cost of defined benefit plans	43	11
Cost of share-based payments	4,724	3,707
Total personnel costs	**63,498**	**59,069**
of which:		
Included in cost of goods sold	19,674	19,359
Included in overhead:	43,823	39,710
Total	**63,498**	**59,069**

13. Research and development costs

The Company's research and development activities mainly related to ordinary production and commercial activities, in particular, product quality control and studies on packaging, the cost of which (€ 1,124 thousand) was included in advertising and promotional expenses. These costs were not capitalized, but fully expensed to the income statement in the period when incurred.

14. Net financial income and charges

The table below shows the changes in the items relating to financial income and charges between the years under comparison.

	2015	2014
	€ Thousand	€ Thousand
Bank and term deposit interest	960	1,567
Dividends from third parties	55	9
Other income	332	3
Total financial income	**1,346**	**1,579**
Net interest payable on bonds	(46,106)	(42,481)
Interest payable to banks	(1,649)	(654)
Total interest payable	**(47,755)**	**(43,134)**
Net interest on defined benefit plans	(88)	(203)
Bank charges	(334)	(297)
Other charges and exchange rate differences	178	(2,918)
Total financial charges	**(244)**	**(3,418)**
Interest received (paid) from/to related parties	(8,166)	(8,296)
Total interest paid (received) to/from related parties	**(8,166)**	**(8,296)**
Financial charges relating to tax inspections	(182)	(549)
Acquisition costs	-	(254)
Non-recurring financial charges	**(182)**	**(803)**
Net financial income (charges)	**(55,001)**	**(54,072)**
Dividends received from related parties	8,654	44,291
Total dividends from related parties	**8,654**	**44,291**

Net financial charges, which included the effects of exchange rate differences, stood at € 55,001 thousand, in line with the previous year's figure of € 54,072 thousand. The average cost of debt still includes the effects of a significant negative carry on interest generated by cash and cash equivalents, compared with interest paid on medium- and long-term debt. Net financial charges for the year only incorporated the effects of the issue of the new bond (€ 600 million) from 25 September 2015, the date it was placed; in July 2015, the first tranche of the private placement of 2003 was repaid (in USD) in the amount of € 85,985 thousand.

The financial income and charges arising from bond issues and the related hedging instruments are shown below.

	2015	2014
	€ Thousand	€ Thousand
Financial charges payable to bondholders	(51,560)	(47,379)
Net financial income (charges) on swaps	3,542	2,364
Net cost (coupons)	(48,017)	(45,015)
Net changes in fair value and other amortized cost components	1,431	2,145
Cash flow hedge reserve reported in the income statement during the year	481	390
Net interest payable on bonds	(46,106)	(42,481)

In 2015, dividends of € 8,654 thousand and interest of € 8,166 thousand paid to related parties were recognized (for more details, see note 40 -'Related parties'). More detailed information on financial management performance is provided in the notes on the financial situation and financial instruments (note 38 - 'Nature and extent of risks arising from financial instruments').

15. Income taxes

Taxes are calculated based on the regulations in force, applying the current rate of 27.5% for IRES and 3.9% for IRAP. Deferred tax income and expense is calculated each year based on the rates in force at the time the temporary differences are reversed; appropriate adjustments are made if the rate is different from previous years, provided that the related law has already been issued on the date the financial report is drafted.

Based on the provisions of article 1, para. 61 of Law 208/2015, deferred taxes were recalculated in accordance with the new rates that will be applicable when the taxes are reversed, i.e. 24% for IRES (for reversals from 1 January 2017) and 3.9% for IRAP, with the difference posted to the income statement. The total positive effect recorded on the income statement equated to € 2,572 thousand. The amounts of current and deferred taxes recorded directly in comprehensive income or expense relate to the effects of the remeasurement of pension funds and the valuation at fair value of cash flow hedging contracts.

Details of current and deferred taxes included in the income statement and the statement of comprehensive income are as follows:

	2015	2014
	€ Thousand	€ Thousand
- current taxes for the year	(31,485)	(35,198)
- taxes relating to previous years and tax rate changes	2,181	(113)
- deferred tax liabilities	(614)	1,460
Taxes posted to the income statement	**(29,919)**	**(33,852)**
Taxes recorded in the statement of comprehensive income	**(461)**	**527**

Reconciliation of tax charges

The following table shows a reconciliation of the theoretical tax charge with the Company's actual tax charge. The theoretical rate used is that in force on the reporting date, based on legal provisions, taking into account the rates for both IRES and IRAP, which have different tax bases. Tax base differences were included under permanent differences.

	2015	2014
	€ Thousand	€ Thousand
Profit before tax	**113,843**	**132,584**
Current tax rate	31.40%	31.40%
Theoretical taxes at current rate	**35,747**	**41,631**
Tax incentives	(4,205)	3.402
Permanent differences	(1,588)	(4.644)
Taxes relating to previous financial years	(2,181)	113
Taxes at rate other than nominal rate (IRAP)	2,114	-
Other differences	32	152
Actual tax liability in income statement	29,919	33,851
Actual tax rate in income statement	**26.28%**	**25.53%**

Pre-tax profit represents the income on which tax was calculated, in accordance with current tax regulations. Tax incentives related solely to the Allowance for Corporate Equity (ACE). Permanent differences mainly concerned the tax effect of dividends received from subsidiaries. Lastly, taxes at rates other than the nominal rate were due to the difference in the taxable bases of IRAP and IRES.

Breakdown of deferred taxes by nature

Details of deferred tax income/assets and expenses/liabilities posted to the income statement and statement of financial position are broken down by nature below.

	Balance Sheet		Income statement		Statement of comprehensive income	
	31 December 2015	31 December 2014	2015	2014	2015	2014
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Deferred expenses	809	684	125	87	-	-
Taxed funds	1,295	1,319	(24)	(19)	-	-
Other	4,495	7,137	354	2,727	-	-
Reclassification	(6,599)	(9,139)	-	-	-	-
Deferred tax assets	**-**	**-**	**455**	**2,795**	**-**	**-**
Accelerated depreciation	(366)	(599)	233	238	-	-
Capital gains subject to deferred taxation	(491)	(998)	508	483	-	-
Goodwill and trademarks deductible locally	(18,007)	(18,288)	281	(2,048)	-	-
Cash flow hedging	(42)	422	-	-	(464)	441
Non-realized exchange rate gains	(209)	(328)	119	(328)	-	-
Leases	(1,944)	(1,944)	-	-	-	-
Other	(916)	(1,701)	362	320	-	-
Reclassification	6,599	9,139	-	-	-	-
Deferred tax liabilities	**(15,376)**	**(14,297)**	**1,502**	**(1,336)**	**(464)**	**441**
Total	(15,376)	(14,297)	1,958	1,460	(464)	441
Tax rate changes	-	-	(2,572)	-	-	-
Total deferred income tax	**-**	**-**	**(614)**	**1,460**	**(464)**	**441**

Deferred taxes arose from temporary differences and mainly related to costs that were deductible on the basis of certain tax measures, the creation of tax provisions, such as provisions for inventory write-downs, provisions for risks, bad debt provisions, provisions for miscellaneous risks such as taxes and directors' remuneration, and finally non-realized exchange rate losses. Temporary differences involving the reporting of deferred tax liabilities related mainly to the amortization of brands, the deferral of capital gains carried out in previous years, accelerated depreciation and amortization and finally non-realized exchange rate gains. The amounts credited and debited in relation to this item are taken from the income statement for the period under comprehensive income or expense if the temporary difference is also recorded under comprehensive income or expense.

16. Net tangible fixed assets

	Land and buildings	Plant and machinery	Other	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Carrying amount at start of period	105,425	136,260	18,863	260,549
Accumulated amortization at start of period	(36,409)	(108,051)	(13,836)	(158,296)
Balance at 31 December 2014	**69,016**	**28,209**	**5,027**	**102,253**
Investments	1,845	5,110	579	7,534
Disposals	-	(14)	-	(14)
Depreciation/amortization	(3,025)	(5,747)	(1,381)	(10,152)
Other reclassifications	938	(963)	26	-
Impairments	(4)	(61)	-	(65)
Balance at 31 December 2015	**68,770**	**26,533**	**4,251**	**99,554**
Carrying amount at end of period	108,199	139,298	19,383	266,880
Accumulated amortization at end of period	(39,429)	(112,765)	(15,132)	(167,327)

Land and buildings
This item includes the land that the Novi Ligure facility occupies, the buildings essential for carrying out the business, i.e. the building that accommodates the Company's headquarters, and the Crodo and Canale production units. It also includes the water system, plumbing works and light buildings.

Of the increase of € 1,845 thousand during the year, € 1,600 thousand related to building works for the construction of the herbs warehouse at the Novi plant, while the remaining € 245 thousand related to restructuring works at the Canale and Crodo units.

Plant and machinery
The item includes plants, machinery and tanks for the production units, as well as the facilities attached to the building that houses the Company's headquarters. The increase of € 5,110 thousand during the year related to investments in production lines, and to new plants at the Novi Ligure site (€ 2,642 thousand), mainly for the herbs project (€ 1,119 thousand), and the Crodo site (€ 1,197 thousand). Other minor investments totaled € 152 thousand and were made at the Sesto San Giovanni headquarters.

Other
This item includes various equipment, including laboratory apparatus and other assets such as furniture, office machines, electronic machines, minor equipment, cars and goods vehicles. The total increase of € 591 thousand mainly related to the purchase of industrial equipment (€ 343 thousand).

Tangible assets by ownership
It should be noted that there were no fixed assets under finance leases, so all of the fixed assets reported in the table above are owned by the Company.

17. Investment property

Investment property (€ 396 thousand) consists of apartments and commercial premises in Milan and Verbania. It also includes two buildings in rural locations in the province of Cuneo. Depreciation of € 17 thousand was reported under overhead. These buildings were recorded in the financial statements at their approximate fair value at the reporting date.

18. Goodwill and brands

Goodwill and brands were recorded at € 307,082 thousand and € 120,542 thousand respectively. A breakdown of these costs is shown in the table below.

	Goodwill	Brands	Total
	€ Thousand	€ Thousand	€ Thousand
Carrying amount at start of period	307,082	120,542	427,624
Impairment	-	-	-
Balance at 31 December 2015	**307,082**	**120,542**	**427,624**

There were no changes during the year. The goodwill was generated following the merger of subsidiaries. Specifically, goodwill related to the mergers of Francesco Cinzano & C.ia S.p.A. (completed in 2003), Campari-Crodo S.p.A. (completed in 2004) and Barbero 1891 S.p.A. (2006). Goodwill was not amortized, but is instead subject to impairment tests, which are carried out annually or more frequently if events or changes in circumstances indicate a possible loss in value.

The changes break down as follows:

	Brands
	€ Thousand
Riccadonna-Mondoro, of which:	12,328
Riccadonna	11,300
Mondoro (USA)	1,028
GlenGrant	98,263
Old Smuggler	6,000
X-Rated Fusion Liqueur	1,553
Cinzano	772
Cynar	1,626
Balance at 31 December 2015	**120,542**

Brands are not amortized because they are deemed to have an indefinite useful life, and are instead subject to impairment tests on an annual basis, or more frequently if events or changes in circumstances indicate a possible loss of value. At 31 December 2015, the impairment tests carried out on both brands and goodwill reported in the financial statements did not reveal any permanent loss of value.

19. Impairment

With reference to the verification of a possible impairment of intangible assets belonging to Davide Campari-Milano S.p.A., a valuation of goodwill was performed at the aggregate level, based on fair value less selling costs.

This methodology applied parameters inferred from the valuation assigned to comparable businesses acquired, in an active market, in terms of type of business acquired and transaction structure: these implicit parameters or multiples were derived from the ratio between the acquisition price and specific economic and financial indicators relating to those companies. The fair value method was used to determine the recoverable amount for goodwill, using the EV/EBITDA multiple, inferred from a sample of transactions comparable to the acquisition. The use of this multiple was considered particularly effective as it avoided distortions caused by the different tax regulations and financial structures; was less sensitive to distortions caused by variations in extraordinary profit; and facilitated comparison at the international level.

As of 31 December 2015, the impairment test, applied according to the methodology described above, revealed the full recoverability of the book value. In addition, in light of the current market volatility and uncertainty as to the future economic outlook, a sensitivity analysis was developed to assess the recoverable goodwill value of Davide Campari-Milano S.p.A., assuming a reduction of up to 20% of the financial indicator to which the multiple was applied. The sensitivity analysis described above confirmed that the value of the goodwill is fully recoverable. The impairment testing of goodwill of Davide Campari-Milano S.p.A., on 31 December 2015, confirmed the value displayed in the previous note and amounted to € 307,082 unchanged from the previous year. It is noted that the value of the brands belonging to DCM S.p.A. have also been tested, with the goal of verifying the potential loss of value of those same brands, as part of the impairment test performed at the Group level,.

20. Intangible assets with a finite life

Changes in this item are shown in the table below.

	Software	Other	Total
	€ Thousand	€ Thousand	€ Thousand
Carrying amount at start of period	17,942	11,000	28,941
Accumulated amortization at start of period	(12,822)	(2,918)	(15,740)
Balance at 31 December 2014	**5,120**	**8,081**	**13,202**
Investments	4,979	61	5,040
Decreases	(2,381)	-	(2,381)
Amortization for the period	(2,348)	(673)	(3,021)
Balance at 31 December 2015	**5,370**	**7,469**	**12,839**
Carrying amount at end of period	20,540	11,061	31,600
Accumulated amortization at end of period	(15,169)	(3,592)	(18,761)

The significant capital expenditure on information technology related to the completion of several major projects to integrate Parent Company IT systems with the new global Group platform. The systems of all Group companies will also be migrated to the new platform over the next few years. These investments were made not only for operational purposes, but also for various processes in business intelligence and business process management systems. These entailed the purchase of user and software licenses totaling € 4,517 thousand, and the finalization of further incremental spending on software (€ 462 thousand).

21. Investments in subsidiaries

The following matters relating to investments in subsidiaries should be noted:

- On 30 June 2015, the sale of the subsidiary Enrico Serafino S.r.l was completed (for more details, see 'Significant events during the year' of the Report on operations); this was preceded by the recapitalization of said company via the waiver of debt of € 4,047 thousand, which resulted in the increases and decreases in the holding shown in the table below. The sale generated a capital gain, net of the impairment due to the debt waiver, of € 1,978 thousand; this was recognized under 'Non-recurring income', as described in note 10 - 'Overhead'.
- The subsidiary Campari Wines S.r.l. showed net negative equity of € 785 thousand at 31 December 2015. Therefore, in February 2016, prior to the publication of this annual financial report, the Company showed its intention to recapitalize the subsidiary via the definitive waiver of debt owed to it by Campari Wines S.r.l. in the amount of € 800 thousand. The effects on the income statement were the impairment of the relevant holding by € 100 thousand and the allocation of provisions for risks and future liabilities of € 685 thousand, both of which were shown as non-recurring liabilities for the year (see note 10 - 'Overhead').
- The negative difference between the cost recorded for the equity investment in Campari do Brasil Ltda. and the related portion of shareholders' equity remains. However, this difference was not considered to represent impairment in line with the impairment tests carried out.

Other changes recorded in the value of shareholdings relate to the booking of units in stock option plans issued by the Company and allocated to directors and employees of subsidiaries, and the related recognition of the capitalization at the subsidiaries themselves.

€ Thousand	31 December 2014	Stock options issued by subsidiaries	Increases	Decreases	31 December 2015
Campari America (Skyy Spirits, LLC)	499,316	1,262			500,578
Campari Benelux S.A.	170,850	90			170,940
Campari do Brasil Ltda.	127,042	347			127,389
Campari España S.L.	327,234	350			327,584
Campari International S.r.l.	756	(14)			742
Campari Services S.r.l.	282	111			393
Campari Wines S.r.l.	-	90	100	(100)	90
DI.CI.E. Holding B.V.	36,901	2,061			38,962
Enrico Serafino S.r.l.	-	-	4,047	(4,047)	-
Fratelli Averna S.p.A.	98,000	28			98,028
Sella & Mosca S.p.A.	26,260	100			26,360
Teruzzi & Puthod S.r.l.	-	24			24
T.J. Carolan & Son Ltd.	100,851	1			100,852
Zedda Piras S.r.l.	46,181	-			46,181
Total	**1,433,673**	**4,451**	**4,147**	**(4,147)**	**1,438,124**

The list of shareholdings including the additional information required by Consob communication DEM/6064293 of 28 July 2006 is as follows:

31 December 2015			Share value	capital net	Profit (loss) 2015	Percentage investment		Company value
Name	Head office	Currency	Amount	€ Thousand	€ Thousand	Direct	Indirect	€ Thousand
Campari (Beijing) Trading Co. Ltd.	Beijing	RMB	65,300,430	(2,232)	723		100	
Campari America, LLC	San Francisco	USD	566,321,274	1,070,563	45,353	100		500,578
Campari Argentina S.A.	Buenos Aires	ARS	344,528,430	23,394	1,174		100	
Campari Australia Pty Ltd.	Sydney	AUD	21,500,000	30,628	2,411		100	
Campari Austria GmbH	Vienna	€	500,000	2,502	1,269		100	
Campari Benelux S.A.	Brussels	€	246,926,407	270,866	10,821	61	39	170,940
Campari Deutschland GmbH	Oberhaching	€	5,200,000	21,170	13,769		100	
Campari do Brasil Ltda.	Barueri	BRL	239,778,071	64,538	6,674	100		127,389
Campari España S.L.	Barcellona	€	3,272,600	316,866	966	100		327,584
Campari International S.r.l.	Sesto San Giovanni	€	700,000	3,396	1,534	100		742
Campari Japan Ltd.	Tokyo	JPY	3,000,000	114	11		100	
Campari Mexico S.A. de C.V.	Jalisco	MXN	818,932,900	46,858	1,605		100	
Campari New Zealand Ltd.	Maritime Suar	NZD	10,000	3,133	428		100	
Campari Peru SAC	Lima	PEN	2,907,752	873	137		100	
Campari RUS OOO	Moscow	RUB	2,010,000,000	26,212	17,502		100	
Campari Schweiz A.G.	Baar	CHF	500,000	1,829	915		100	
Campari Services S.r.l.	Sesto San Giovanni	€	160,000	459	79	100		393
Campari Singapore Pte Ltd.	Singapore	SGD	100,000	98	33		100	
Campari South Africa Pty Ltd.	Cape Town	ZAR	5,747,750	(256)	(206)		100	
Campari Ukraine LLC	Kiev	UAH	87,396,209	2,713	(288)		100	
Campari Wines S.r.l.	Alghero	€	100,000	(685)	(1,721)	100		90
Casoni Fabbricazione Liquori S.p.A.	Finale Emilia	€	929,594	18,441	6120		100	
DI.CI.E. Holding B.V.	Amsterdam	€	15,015,000	340,709	31,182	100		38,962
Forty Creek Distillery Ltd.	Grimsby	CAD	100	101,963	2,701		100	
Fratelli Averna S.p.A.	Caltanissetta	€	3,900,000	35,915	3,857	100		98,028
Glen Grant Ltd	Rothes	GBP	24,949,000	158,455	2,527		100	
Gregson's S.A.	Montevideo	UYU		709	124		100	
J. Wray & Nephew (UK) Ltd.	London	GBP	10,000	27	0		100	
J. Wray & Nephew Ltd.	Kingston	JMD	600,000	160,957	13,915		100	
Kaloyannis - Koutsikos Distilleries S.A.	Volos	€	6,811,220	23,768	2,143		100	
Red Fire Mexico, S. de R.L. de C.V.	Jalisco	MXN	1,254,250	(298)	(12)		100	
Sella & Mosca S.p.A.	Alghero	€	6,180,000	13,462	(1,216)	100		26,360
Stepanow S.R.O.	Slovakia	€	1,334,605	1,789	(17)		100	
T J Carolan & Son Ltd.	Dublin	€	2,600	152,737	14,481	76.92	23.08	100,852
Teruzzi & Puthod S.r.l.	San Gimignano	€	90,440	4,457	(303)	100		24
Zedda Piras S.r.l.	Alghero	€	90,440	14,328	518	100		46,181
O. DODECA N.V.	Amsterdam	€	2,000,000	6,643	283		100	
Total investments in subsidiaries								**1,438,124**

22. Other non-current assets

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Term deposits	26,046	25,615
Financial receivables	1,140	4,927
Derivatives on bond issues	9,579	-
Non-current financial assets	**36,765**	**30,542**
Equity investments in other companies	149	149
Other non-current receivables from related parties	1,936	1,936
Other non-current tax receivables	2,457	2,972
Other non-current non-financial assets	**4,542**	**5,057**
Other non-current assets	**41,307**	**35,599**

Note the following changes to the financial assets:

- Term deposits include investments maturing in 2019, but with a clause that allows release on demand by the Company;
- Financial receivables include an amount of € 1.1 million relating to expenses incurred in taking out the revolving credit facility; these are recorded on the income statement as a financial liability throughout the duration of the credit line. The change compared with the previous year is due to the change in the value of the asset arising from the closure of the derivative contract entered into on the Eurobond 2009 issue in 2012. This asset is collected over the remaining duration of the underlying loan: at 31 December 2015, only the last short-term portion, of € 4.9 million (the same amount as in 2014), was left. This is explained in note 26 - 'Current financial receivables'.
- The item 'Derivatives on the bond issue', of € 9.6 million, includes the fair value of derivatives on the USD-denominated bond issued in 2003, which had a negative balance at 31 December 2014, and was therefore classified under financial liabilities.

Non-financial assets include tax receivables of € 2,457 thousand, which derive from the right to a refund on the additional income tax paid in previous years due to the non-deductibility of IRAP relating to personnel and similar costs following recent legislative changes introduced by article 2, paragraph 1, of Legislative Decree 201/2011, supplemented by article 4, paragraph 12 of Legislative Decree 16 of 2 March 2012, for which the Company had submitted the relevant refund applications.

23. Inventories

This item breaks down as follows:

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Raw materials, supplies and consumables	11,099	12,862
Maintenance materials	1,437	1,418
Work in progress	35,741	28,433
Finished products and goods for resale	35,588	37,296
Inventories	**83,864**	**80,009**

The slight rise in the value of inventories at the end of the period compared with the previous year mainly relates to work in progress, while stocks of finished products fell slightly, given the increase in sales, thanks to the growing efficiency of forecasting and warehouse management. Inventories are reported minus the relevant provisions for write-downs. The changes are shown in the table below.

	€ Thousand
Balance at 31 December 2014	**406**
Accruals	506
Utilizations	(337)
Balance at 31 December 2015	**576**

24. Trade receivables and other receivables

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Trade receivables from external customers	52,785	43,849
Trade receivables from related parties	46,398	47,806
Receivables in respect of contributions to promotional costs	4,366	4,537
Trade receivables	**103,549**	**96,192**
Other receivables from tax authorities	298	276
Receivables from related parties	3,686	13,755
Pre-paid expenses	996	3,296
Receivables from pension organizations	492	540
Other	1,765	805
Other receivables	**7,237**	**18,718**

All receivables are due within 12 months. Their carrying value is considered to be close to their fair value. The trade receivables item is reported net of the related provision for write-downs, which reflects the actual risk of uncollectibility. Receivables due from tax authorities consist of various tax refund applications. For details on receivables from related parties, please refer to note 40 - 'Related parties'.

The increase in the value of trade receivables from third parties is essentially due to the perimeter effect relating to the sales of Averna, Braulio, Frattina, Riccadonna and Mondoro products. For details on the decrease in receivables from related parties, which is due to the reduction in the relevant sales, see note 7 on sales above.

The table below shows receivables broken down by maturity.

31 December 2015	Trade receivables	of which: related parties	Other receivables	of which: related parties	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Not due and not impaired	**74,563**	**43,119**	**4,598**	**1,046**	**79,160**
Not due and impaired	**-**	**-**	**-**	**-**	**-**
Due and not impaired:	-	-	-	-	-
Less than 30 days	16,576	738	-	-	16,576
30-90 days	6,605	589	323	323	6,928
Within 1 year	3,588	1,606	442	442	4,030
Within 5 years	2,217	346	1,876	1,876	4,092
Total due and not impaired:	**28,986**	**3,279**	**2,640**	**2,640**	**31,627**
Due and impaired	3,638	-	103	-	3,741
Amount impaired	(3,638)	-	(103)	-	(3,741)
Total receivables broken down by maturity	**103,549**	**-**	**7,238**	**-**	**110,787**

31 December 2014	Trade receivables	of which: related parties	Other receivables	of which: related parties	Total
	€ Thousand)	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Not due and not impaired	54,605	45,313	2,668	2,663	57,273
Not due and impaired					0
Due and not impaired:					
Less than 30 days	24,208	-	5,138	5,136	29,346
30-90 days	8,183	579	1,838	1,835	10,021
Within 1 year	6,062	1,893	1,813	1,696	7,875
Within 5 years	1,201	21	2,031	1,812	3,232
Due after 5 years	(7)	-	153	153	146
Total due and not impaired:	**39,647**	**2,493**	**10,973**	**10,632**	**50,620**
Due and impaired	5,767	-	103	-	5,870
Amount impaired	(3,827)	-	(103)	-	(3,930)
Total receivables broken down by maturity	**96,192**	**47,806**	**13,641**	**13,295**	**109,833**
Receivables not significant for breakdown by maturity			5,078	460	5,078
Total	**96,192**	**47,806**	**18,719**	**13,755**	**114,911**

The following table shows the changes in bad debt provisions during the period.

	Provisions for doubtful receivables	
€ Thousand	Trade receivables	Other receivables
Balance at 31 December 2014	**3,827**	**103**
Accruals	1,788	-
Utilizations	(1,977)	-
Balance at 31 December 2015	**3,638**	**103**

Utilizations for the year were mainly due to the settlement of lawsuits outstanding from previous years, while accruals for the period are due to an accurate analysis of the recoverability of receivables at 31 December 2015.

25.Current tax receivables

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Tax credits	1,534	525
Receivables from related parties for tax consolidation	647	-
Current tax receivables	**2,181**	**525**

Receivables from the tax authorities included an amount due from IRAP, which rose compared with the previous year, given that more payments on account were made in 2015 compared with the tax due for the year. Receivables from related parties for tax consolidation related solely to direct taxes (IRES - corporate income tax) covered by the tax consolidation scheme. These were due from Alicros S.p.A. and do not earn interest. The reversal of the payable to related parties recorded in the previous financial year and the corresponding receivable recorded at 31 December 2015 relates mainly to the submission of supplementary declarations for 2013 and 2014 for the recovery of costs not deducted in the year they were due and the recovery of taxes paid abroad.

26. Current financial assets

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Securities and term deposits	**50,036**	**1,675**
Net accrued swap interest income/expense on bonds	1,220	1,339
Financial receivables from related parties	94,641	122,892
Valuation at fair value of forward contracts	459	888
Other financial assets	5,427	5,446
Other current financial assets	**101,748**	**130,565**
Current financial assets	**151,784**	**132,240**

Securities include investments in assets maturing in the short term or immediately tradable that represent a temporary investment of cash, but which do not satisfy all the requirements for classification under cash and equivalents. All assets classified here fall due within one year. Financial receivables from related parties relate almost entirely to the Group's cash pooling assets. See note 40 – 'Related Parties' for further details. Other financial assets include the current portion (€ 4,939 thousand) of the receivable arising from the termination of a number of hedging agreements on the Parent Company's bond issue launched in 2009 (€ 4,921 thousand at 31 December 2014). The termination of these agreements led to the recording of a financial receivable, which will be collected over the remaining duration of the underlying issue, the natural expiry of which is in 2016.

27. Cash and equivalents and reconciliation with net debt

The table below provides a reconciliation of this item with the cash and cash equivalents shown on the statement of cash flows.

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Bank current accounts and cash	561,138	49,216
Term deposits maturing within 3 months	7	-
Cash and cash equivalents	**561,144**	**49,216**

Cash and cash equivalents, totaling € 561,144, were much higher than the previous year, due to the receipt of the proceeds from the five-year bond issued by the Company on 25 September 2015 for a nominal amount of € 600 million. For more details, see the section on 'Significant events during the period' of the Report on operations.

The reconciliation with the Company's net financial position is shown in the table below.

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Cash and cash equivalents	561,144	49,216
Liquidity (A)	**561,144**	**49,216**
Securities	50,036	1,675
Other short-term financial receivables	101,748	130,565
Short-term financial receivables (B)	**151,784**	**132,240**
Short-term bank debt	(9,673)	(9,322)
Current portion of bonds	(350,000)	(85,985)
Other short-term financial payables	(50,837)	(49,036)
Short-term financial debt (C)	**(410,510)**	**(144,342)**
Short-term net cash (debt) position (A+B+C)	**302,418**	**37,114**
Non-current portion of bonds	(1,166,248)	(925,471)
Other non-current financial payables	(200,000)	(200,000)
Non-current financial debt (D)	**(1,366,248)**	**(1,125,471)**
Net debt (A+B+C+D) (*)	**(1,063,830)**	**(1,088,357)**
Reconciliation with Group net debt, as shown in the Directors' report:		
Term deposits	26,046	25,615
Non-current financial receivables	1,140	(25,584)
Group net debt	**(1,036,644)**	**(1,057,815)**

(*) In accordance with the definition of net debt set out in Consob communication DEM 6064293 of 28 July 2006.

For all information concerning the items that make up net debt excluding liquidity, see note 22 – 'Other non-current assets', note 26 - 'Current financial receivables', note 30 - 'Bonds and other non-current liabilities' and note 31 - 'Payables to banks and other current financial payables'.

28. Non-current assets held for sale

A residual portion of the Termoli site is recorded under non-current assets held for sale, for € 1,022 thousand. Definitive but complex negotiations for the sale of the land are continuing with potential buyers, with whom the difficult sales program is being prepared.

29. Shareholders' equity

The Company manages its capital structure and makes changes to it depending on the economic conditions and the specific risks of the underlying asset. To maintain or change its capital structure, the Company may adjust the dividends paid to the shareholders and/or issue new shares. It should be noted that risk capital management is carried out at Group level. Please see the relative notes to the consolidated financial statements. For information on the composition and changes in shareholders' equity for the periods under review, please refer to 'Statement of changes in shareholders equity'.

Share capital

At 31 December 2015, the share capital comprised 580,800,000 ordinary shares with a nominal value of € 0.10 each, fully paid-up. Following a resolution of the shareholders' meeting of 30 April 2015, the Company allocated the 2014 profit of € 98,732 thousand, partly to the payment of dividends (€ 45,700 thousand, equivalent to € 0.08 per outstanding share) and partly to earnings carried forward (€ 50,032 thousand).

Outstanding shares and own shares

Changes in outstanding shares and own shares during the year were as follows:

	No. of shares			Nominal value		
	31 December 2015	31 December 2014	31 December 2013	31 December 2015 €	31 December 2014 €	31 December 2013 €
Outstanding shares at the beginning of the period	576,918,717	575,683,176	576,301,882	57,691,872	57,568,318	57,630,188
Purchases for the employee stock option plan	(11,518,418)	(3,704,964)	(8,264,835)	(1,151,842)	(370,496)	(826,484)
Disposals	13,678,255	4,940,505	7,646,129	1,367,826	494,051	764,613
Outstanding shares at the end of the period	579,078,554	576,918,717	575,683,176	57,907,855	57,691,872	57,568,318
Total own shares held	1,721,446	3,881,283	5,116,824	172,145	388,128	511,682
Own shares as a % of share capital	0.3%	0.7%	0.9%			

In 2015, 11,518,418 own shares were acquired at a purchase price of € 78,425 thousand, equating to an average price of € 6.81 per share. 13,678,255 own shares were sold at a market value of € 87,840 thousand. Own shares therefore amounted to 1,721,446 at 31 December 2015. In relation to the sales of own shares in the year, the Company recorded a net loss of € 49,433 thousand, which was recorded under shareholders' equity. This loss was partially offset by the use of the stock option reserve in the amount of € 14,861 thousand. Furthermore, after 31 December 2015 and until publication of these financial statements was authorized, the Company purchased an additional 995,337 own shares, at an average price of € 7.44, and own shares were sold for the exercise of stock options for a total of 126,186 shares. Thus, the number of own shares on the date this report was approved was 2,590,597.

Dividends paid and proposed

The table below shows the dividends approved and paid in 2015 and 2014 and the dividend submitted for the approval of the shareholders' meeting called to approve the accounts for the year ending 31 December 2015.

	Total amount		Dividend per share	
	31 December 2015 € Thousand	31 December 2014 € Thousand	31 December 2015 €	31 December 2014 €
Dividends approved and paid during the year on ordinary shares	45,700	46,081	0.08	0.08
Dividends proposed on ordinary shares(*)	52,039		0.09	

(*) calculated on the basis of outstanding shares at the date of the Board of Directors' meeting on 1 March 2016.

Other reserves

	Stock options	Cash flow hedging	Program contract reserve	Remeasurement reserve for actuarial effects relating to defined benefit plans	Extraordinary reserve	Reserve for VAT deductions 4-6% (various laws)	Reserve for grants (Law 696/83)	Equity investment transfer reserve (Leg. Decree 544/92)	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Balance at 31 December 2014	**27,800**	**(4,029)**	**3,776**	**(465)**	**243,222**	**1,086**	**26**	**3,041**	**274,458**
Stock option costs	4,724								4,724
Stock options in subsidiaries	4,451								4,451
Stock options exercised	(14,861)								(14,861)
Losses (profits) reclassified in the income statement		(481)							(481)
Profits (losses) allocated to shareholders' equity				(9)					(9)
Cash flow hedge reserve allocated to shareholders' equity		1,698							1,698
Tax effect allocated to shareholders' equity		(464)		3					(461)
Balance at 31 December 2015	**22,115**	**(3,275)**	**3,776**	**(472)**	**243,222**	**1,086**	**26**	**3,041**	**269,520**

- Stock option reserve

Provisions made to the stock option reserve during the year with respect to share-based payments totaled € 9,176 thousand, with an offsetting entry posted to the related shareholdings of € 4,724 thousand, for the allocation of stock options to directors and employees of subsidiaries. Options cancelled over the year amounted to € 492 thousand, of which € 478 thousand related to directors and employees of subsidiaries. Lastly, options exercised during the year by beneficiaries at Davide Campari-Milano S.p.A. and its subsidiaries amounted to € 7,906 thousand and € 6,955 thousand respectively. For more information, see note 38 - 'Stock option plans'.

- *Cash flow* hedge reserve

The cash flow hedge reserve contains amounts (net of the related tax effect) pertaining to changes from fair value adjustments to financial derivatives recorded using cash flow hedging methodology; for further information, see note 37 - 'Financial instruments: disclosures'.

- Reserve for the Program Contract, "Agricultural and industrial consortium for disadvantaged areas in Piedmont"

The reserve of € 3,776 thousand was created in 2010 following the request for financial assistance submitted under the program contract agreed on 24 July 2008 between the Piedmont agricultural and industrial consortium, of which the Company is a part, and the Italian Ministry of Economic Development, pursuant to the legislation in force. As the investment program for which the reserve was created has been completed, the reserve will be released over the next year.

- Remeasurement reserve for actuarial effects relating to defined benefit plans

The reserve includes the effects of changes to the actuarial assumptions used to calculate net obligations for defined benefits.

Retained earnings

Following the resolution of the shareholders' meeting of 30 April 2015, the profit for the year to 31 December 2014, amounting to € 98,733 thousand, was allocated as follows:

- € 45,700 to dividends;
- € 55,033 carried forward.

Availability of items under shareholders' equity

Shareholders' equity at 31 December 2015	Amount	Possible utilizations	Portion available	Summary of utilizations in the three previous years:	
nature/description	€ Thousand		€ Thousand	to hedge losses	for other reasons
Share capital [1]	58,080	- - -			
Capital reserves:					
Reserve for own shares	(172)	- - -			
Legal reserve [2]	1,500	B	1,500		
Earnings reserves:					
Legal reserve	10,116	B	10,116		
Extraordinary reserve	243,222	A, B, C	243,222		
Equity investment transfer reserve (Leg. Decree 544/92)	3,041	A, B, C	3,041		
Reserve for VAT deductions 4% Law 64/86	592	A, B, C	592		
Reserve for VAT deductions 6% Law 67/86	451	A, B, C	451		
Reserve for VAT deductions 6% Law 130/83	23	A, B, C	23		
Reserve for VAT deductions 4% Law 675/77	2	A, B, C	2		
Reserve for VAT deductions 6% Law 526/82	18	A, B, C	18		
Reserve for capital grants (Law 696/83)	26	A, B, C	26		
Program contract reserve	3,776	- - -			
Merger surplus reserve	3,868	A, B, C	3,868		
Profit carried forward from previous years	581,961	A, B, C	581,961		
Other reserves:					
Cash flow hedge reserve	(3,275)	- - -	-		
Pension funds remeasurement reserve	(473)		-		
Stock option reserve	22,115	- - -	-		
Total reserves and share capital	**924,872**		**844,820**		
Non-distributable portion			11,616		
Residual distributable portion			833,204		
Profit for the year	**83,924**				
Grand total	**1,008,796**				

(1) of which € 50,581 in earnings and € 7,499 for shareholder payments
(2) for shareholder payments
Key:
A: for capital increase
B: to hedge losses
C: for distribution to shareholders

30. Bonds and other non-current liabilities

The breakdown of bonds and other non-current liabilities is as follows.

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Bond issued in 2003 (USD)	185,568	167,530
Bond issued in 2009 (Eurobond)	-	352,415
Bond issued in 2012 (Eurobond)	396,165	395,166
Bond issued in 2015 (Eurobond)	594,092	-
Total bond issues	**1,175,825**	**915,111**
Derivatives on bond issue (USD)	-	10,264
Other loans from related parties	200,000	200,000
Non-current financial liabilities	**200,000**	**210,264**
Other non-financial liabilities	373	1,405
Other non-current liabilities	**200,373**	**211,669**

The table below shows a breakdown of the Company's main financial liabilities, together with effective interest rates and maturities. It should be noted that, as regards the effective interest rate of hedged liabilities, the rate reported includes the effect of the hedging itself. Furthermore, the values of hedged liabilities include the value of the related derivative, whether it is an asset or liability.

	Effective interest rate at 31 December 2015	Maturity	31 December 2015 € Thousand	31 December 2014 € Thousand
Payables and loans due to banks	Variable Euribor + 115-200 basis points	2014	-	9,322
Company bond issues:				
- issued in 2003 (in USD)	fixed rate from 4.03% to 4.37%(1)	2018	176,090	263,653
	6-month € LIBOR + 60 basis points(2)			
- issued in 2009 (Eurobond)	fixed rate 5.375%	2016	353,185	357,041
- issued in 2012 (Eurobond)	fixed rate 4.5%	2019	396,165	395,166
- issued in 2015 (Eurobond)	fixed rate 2.75%	2020	594,092	
Other loans from related parties	4.19-4.25%	2019	200,000	232,070

(1) Rate applied to the portion of the bond issue hedged by an interest rate swap, corresponding to a nominal value of €128,977 thousand
(2) Rate applied to the portion of the bond issue hedged by an interest rate swap, corresponding to a nominal value of €42,992 thousand

Bonds
Bonds issued by the Company include the following four loans:

- The first bond was placed on the US market and structured in two tranches of USD 100 million and USD 200 million, maturing in 2015 (bond settled by the Company in July 2015) and 2018, with a bullet repayment at maturity. The six-monthly coupons are based on an original fixed rate of 4.63%.
- The second bond, of € 350 million, was placed on the European market (Eurobond 2009) with a maturity of October 2016 and was therefore classified under short-term liabilities at 31 December 2015. The offer was placed at a price of 99.431% and pays coupons annually, calculated at a fixed rate of 5.375%. The gross return on the bond is therefore 5.475%.
- The third bond (Eurobond 2012), of € 400 million, was placed on the European market and matures on 25 October 2019. The offer was placed at a price of 99.068%; coupons are paid annually at a fixed rate of 4.5%. The gross return on the bond is therefore 4.659%.
- The fourth bond (Eurobond 2015), of € 600 million, was placed on the European market and matures on 30 September 2020. The offer was placed at 99.715% of the nominal value. Coupons are payable at a nominal fixed interest rate of 2.75%. The gross return on the bond is therefore 2.81%.

The Company has put in place various instruments to hedge the exchange rate and interest rate risks.

- A cross currency swap has been taken out on the first bond placed on the US market to offset the risks related to fluctuations in the US dollar and movements in interest rates; this changes the US dollar-based fixed interest rate to a variable euro rate (6-month Euribor + 60 basis points).
- On the same bond, various interest rate swaps were put in place involving the payment of an average fixed rate of 4.25% on underlying USD 150 million (maturing in 2018).

The changes in the reported bond values and associated hedges in 2015 relate to the following:

- for the 2003 bond (USD), the valuations of existing hedging instruments (which have a positive effect of € 19,830 thousand, including the impact of the transactions settled during the year with the payment of the maturing tranche) and the effects on the hedged bonds and the amortized cost (a negative effect of € 18,040 thousand); as the derivative's value was positive at 31 December 2015, it was accordingly reclassified under non-current financial assets (note 22).
- the payable for the 2009 Eurobond, which matures in 2016, was reclassified under current financial liabilities (see note 31 - 'Payables to banks and other current financial payables' for further details);
- the effects of the amortized cost (negative at € 999 thousand) for the Eurobond issued in 2012.

For more information on the changes during the year, see note 37 - 'Financial instruments'.

Other debt
The item includes the loans taken out with Group companies. They will be settled with a bullet repayment in 2019. For further details on these transactions, see note 40 - 'Related parties'.

31. Payables to banks and other short-term financial payables

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Payables and loans due to banks	**9,673**	**9,322**
Short-term portion of bond (USD) issued in 2003	-	85,984
Short-term portion of Eurobond issued in 2009	350,000	-
Amortized cost effect on short-term bonds	3,185	1,359
Accrued interest on bonds	15,338	12,383
Short-term portion of derivatives on bond (USD) issued in 2003	-	3,045
Financial liabilities on hedging contracts	119	178
Other financial liabilities in respect of related parties	32,196	32,070
Total other financial payables	**400,837**	**135,020**

Payables to banks

Short-term payables to banks relate to short-term loans or credit facilities used by the Company to obtain additional financial resources. At 31 December 2015, the item only included payables to factoring companies, of € 9,673 thousand.

Bonds

The changes in the reported bond values and associated hedges in 2015 relate to the following:

- the amount shown under short-term liabilities relating to the Eurobond issued in 2009 represents the total value of the bond maturing in July 2016, of € 350 million, as well as the liabilities arising from the valuation at fair value made in previous years, of € 3,185 thousand;
- for the 2003 issue (USD), the valuations of existing hedging instruments (which have a positive effect of €7,715 thousand due to the settlement of transactions during the year via payment of the maturing tranche) and the effects on the hedged and the amortized cost (a negative effect of € 7,840 thousand).

Other financial liabilities

The item includes liabilities arising from cash pooling management by some Companies in respect of other Group companies. The corresponding asset positions for the Company are shown under Current financial assets and explained in note 26 - 'Current financial assets'. For more details, see note 40 - 'Related parties'.

32. Defined benefit plans

The employee liability indemnity (TFR), which relates to the Company's employees, pursuant to article 2120 of the Italian civil code, falls under the scope of IAS 19. Employee indemnity liability (TFR) contributions accrued up to 31 December 2006 remain in the company. For contributions accruing from 1 January 2007, employees have the choice to allocate them to a complementary pension scheme, or keep them in the company, which will transfer the TFR contributions to a fund held at the INPS (Italian social security agency). Consequently, TFR contributions accrued from 1 January 2007 are classified as defined contribution plans.

Since the Company usually pays contributions through a separate fund, without further obligations, it records its contributions to the fund for the year to which they relate, in respect of employees' service, without making any actuarial calculation. Since the contributions in question had already been paid by the Company at the reporting date, no liability is recorded in the statement of financial position. Conversely, TFR contributions accrued up to 31 December 2006 will continue to be classified as defined benefit plans, with the actuarial valuation criteria remaining unchanged in order to show the current value of the benefits payable on the amounts accrued at 31 December 2006 when employees leave the Company.

The tables below summarize the components of the net cost of benefits reported in the income statement and the statement of comprehensive income in 2015 and 2014.

€ Thousand	Liabilities
Liabilities at 31 December 2014	**6,135**
Movements recognized in the income statement	
- current service costs	43
- net interest	88
Total	**130**
Reassessment of gains/(losses) recognized in the income statement	
- gains/(losses) resulting from changes in actuarial assumptions	9
Total	**9**
Changes in balance sheet items	
- benefits paid	(555)
- change in basis of consolidation	65
Total	**(490)**
Liabilities at 31 December 2015	**5,784**

€ Thousand	Liabilities
Liabilities at 31 December 2013	**6,931**
Movements recognized in the income statement	
- net interest	203
Total	**203**
Reassessment of gains (losses) recognized in the income statement	
- gains/(losses) resulting from changes in actuarial assumptions	313
Total	**313**
Changes in balance sheet items	
- benefits paid	(1,081)
- TFR for employees transferred from/to Group Companies	(231)
Total	**(1,312)**
Liabilities at 31 December 2014	**6,135**

The main assumptions used in determining the obligations resulting from the plans described are indicated below.

	2015	2014
Discount rate	1.81%	1.49%
Staff turnover rate	2.95%	2.70%
Forecast inflation rate	1.50%	0.6%-1.5%

Quantitative sensitivity analysis of the significant assumptions used at 31 December 2015 is shown below.

	Change in the assumptions	Impact of positive change	Impact of negative change
Discount rate	+/- 0.5%	-4.09%	4.38%
Staff turnover, disability and early retirement	+/- 0.5%	-0.16%	0.18%
Forecast inflation rate	+/- 0.5%	2.72%	-2.62%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the obligation of reasonable changes to the key assumptions made at the end of the financial year. The methodology and the assumptions made in preparing the sensitivity analyses remain unchanged from the previous year. Given that pension liabilities have been corrected on the basis of the consumer prices index, the pension plan is exposed to the inflation rate, to interest rate risks and to changes in the life expectancy of former employees. In view of the fact that nothing has been done to support the plans, the Company is not exposed to market risk in the sectors in which the plan is invested.

The following payments are the expected contributions that will be made in future years:

	31 December 2015
	€ Thousand
Within 12 months	219
Within 5 years	848
After 5 years	997
Total	**2,064**
Average plan duration (years)	**9.5**

Cash flows expected for future payments into the plan are not likely to have a significant effect on the Company's statement of financial position or income statement.

33. Provisions for risks and charges

The table below indicates changes to this item during the period.

	Tax provision	Restructuring provisions	Agent severance fund	Other	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Balance at 31 December 2014	**1,227**	**107**	**1,522**	**153**	**3,009**
Accruals			210	685	895
Utilizations	(926)	(36)	(160)		(1,122)
Releases		(71)	(15)	(22)	(108)
Balance at 31 December 2015	**301**	**-**	**1,557**	**816**	**2,674**
of which estimated outlay:					
- due within 12 months	301	-	-	685	986
- due after 12 months	-	-	1,557	131	1,668

The tax provision at 31 December 2015 included estimated potential liabilities of € 301 thousand arising from outstanding disputes, including some for incorporated companies for tax years 2004-2005. The provision for risks included under 'Other' mainly related to estimated future liabilities that the Company will incur due to legal disputes in progress.

34. Payables to suppliers and other liabilities

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Trade payables to external suppliers	80,903	77,845
Trade payables to associates	718	3,850
Trade payables	**81,621**	**81,695**
Payables to staff	11,791	11,850
Payables to agents	1,586	1,478
Deferred income	1,194	485
Amounts due to ultimate shareholder for Group VAT	4,139	1,830
Tax on alcohol production	3,374	2,399
Withholding and miscellaneous taxes	3,423	1,874
Other payables to Group companies	3,309	2,633
Other	774	277
Other current liabilities	**29,590**	**24,087**

The taxes shown related to salaries, payments and supplier invoices for December. These payables are all due within 12 months. For further details on payables to related parties, see note 40 - 'Related parties'.

The following table shows a breakdown of payables by maturity.

31 December 2015	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Trade payables	26,163	56,591	867	-	-	81,620
of which: related parties	241	476				
Other payables	559	28,541	491	-	-	29,591
of which: related parties	22	1,337				
Total	**24,722**	**85,132**	**1,358**	**0**	**0**	**111,211**

31 December 2014	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ Thousand)	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Trade payables	13,927	66,936	407	425		81,695
of which: related parties	885	2,965				3,850
Other payables	447	23,641				24,088
of which: related parties	4	4,459				4,463
Total	**14,374**	**90,577**	**407**	**425**	**0**	**105,783**

The payment terms applied to suppliers are generally 60 days from the end of the month of invoice. The item Other payables includes payables to agents for accrued fees not yet due, and payables to directors, which will be settled during 2016. The Company does not hold any financial assets pledged to secure liabilities.

Capital grants

Grants relate mainly to the funds received for investments in production plants at Novi Ligure. The following table provides details of changes in deferred income relating to capital grants. In some cases, grants are not certain; in these instances, a liability must be recorded against the grant received. Once the grants become certain, they are classified as deferred income and are therefore reported in the income statement based on the useful life of the plant. Grants that became certain in 2015 amounted to € 1,382 thousand. In the interests of clarity, the table below illustrates changes in both payables and deferred income.

	Payables for capital grants	Deferred income
	€ Thousand	€ Thousand
Balance at 31 December 2014	**1,260**	**477**
Proceeds received in the period	122	
Amounts posted to the income statement		(669)
Reclassification	(1,382)	1,382
Balance at 31 December 2015	**-**	**1,189**

35. Current payables to tax authorities

This item breaks down as follows:

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Tax payables	75	274
Due to ultimate shareholder for tax consolidation		329
Current payables to tax authorities	**75**	**603**

Payables to tax authorities relate to IRES payables and mainly include the instalments due in 2015 from previous tax inspections determined in the past.

Payables to related parties for tax consolidation relate solely to indirect taxes (VAT) covered by the Group's tax consolidation scheme. These are due to Alicros S.p.A., the ultimate shareholder, and do not earn interest. For further details on the reversal of the payable to related parties recorded in the previous financial year and the receivable recorded at 31 December 2015 (under current tax receivables, note 25), see note 40 - 'Related parties'.

36. Stock option plan

Pursuant to Consob resolution 11971 of 14 May 1999, as amended, and Consob communication 11508 of 15 February 2000, the following information is provided on the stock option plan (the 'Plan') approved by the Board of Directors of Davide Campari-Milano S.p.A. on 15 May 2001, which incorporated the framework plan for the general regulation of stock options for the Campari Group, approved by the shareholders' meeting of 2 May 2001.

The purpose of the plan is to offer beneficiaries who occupy key positions in the Group the opportunity of owning shares in Davide Campari-Milano S.p.A., thereby aligning their interests with those of other shareholders and fostering loyalty, in the context of the strategic goals to be achieved. The recipients are employees, directors and/or individuals who regularly do work for one or more Group companies, who have been identified by the Board of Directors of Davide Campari-Milan S.p.A., and who, on the plan approval date and until the date that the options are exercised, have worked as employees and/or directors and/or in any other capacity at one or more Group companies without interruption. The Plan regulations do not provide for loans or other incentives for share subscriptions pursuant to article 2358, paragraph 3 of the Italian Civil Code.

The Board of Directors of Davide Campari-Milano S.p.A. has the right to draft regulations, select beneficiaries and determine the share quantities and values for the execution of stock option plans. In addition, Davide Campari-Milano S.p.A. reserves the right, at its sole discretion, to modify the Plan and regulations as necessary or appropriate to reflect revisions of laws in force, or for other objective reasons that would warrant such modification. Subsequently, further stock options were allocated each year, governed by the framework plan approved by the shareholders' meeting on 2 May 2001.

The shareholders' meeting of 30 April 2015 approved a new stock option plan, establishing the maximum number of shares that may be assigned (specifying how many may be assigned to directors of the Parent Company and how many to any other beneficiary) and authorizing the board of directors of the Parent Company to identify, within the limits established by the shareholders' meeting, the beneficiaries and the number of options that may be assigned to each.

The options were therefore assigned on 1 July 2015 to the individual beneficiaries, with the right to exercise options in the two-year period following the end of the seventh year from the allocation date, with the right to bring forward the (full or partial) exercise to the end of the fifth or sixth year from allocation, with the consequent one-off application of a reduction of 20% or 10% respectively of the total number of options allocated. The total number of options granted for the purchase of further shares was 339,464, with the average allocation price at € 7.07, equivalent to the weighted average market price in the month preceding the day on which the options were granted.

For the purpose of evaluating the plan in accordance with IFRS 2 - Share-based payment, the plan was divided into three different tranches, corresponding to a number of options equal to 80%, 10% and 10% and vesting in five, six and seven years respectively. All tranches carry a vesting condition that requires assignees to remain with the Company for the whole vesting period. Furthermore, to exercise the second and third tranche, all options previously matured up to the end of the sixth year (second tranche) and seventh year (third tranche) must be maintained. For the purposes of IFRS 2, this takes the form of a non-vesting condition. This results in a different unit fair value for each tranche, equivalent to € 1.64 for the first tranche, € 1.50 for the second and € 1.18 for the third.

The following table shows changes in stock option plans during the periods concerned:

	31 December 2015		31 December 2014	
	No. of shares	Average allocation/exercise price (€)	No. of shares	Average allocation/exercise price (€)
Options outstanding at the beginning of the period	41,790,983	4.89	36,571,281	4.18
Options granted during the period	339,464	7.07	12,065,972	6.28
(Options cancelled during the period)	(1,413,775)	5.96	(1,905,765)	5.04
(Options exercised during the period) (*)	(13,678,255)	3.59	(4,940,505)	2.96
Options outstanding at the end of the period	27,038,417	5.51	41,790,983	4.89
of which those that can be exercised at the end of the period	3,848,851	3.82	3,946,977	2.23

(*) The average market price on the exercise date was € 6.93.

The average remaining life of outstanding options at 31 December 2015 was 3.4 years (4.1 years at 31 December 2014).

The average exercise price for the options allocated in each year is as follows:

	Average exercise price
Allocations: 2009	2.91
Allocations: 2010	3.87
Allocations: 2011	5.44
Allocations: 2012	5.25
Allocations: 2013	5.94
Allocations: 2014	6.28
Allocations: 2015	7.07

The average fair value of options granted during 2015 was € 1.58 (€ 1.40 in 2014). The fair value of stock options is represented by the value of the option calculated by applying the Black-Scholes model, which takes into account the conditions for exercising the option, as well as the current share price, expected volatility and the risk-free rate and the non-vesting conditions. Volatility was estimated with the help of data supplied by a market information provider together with a leading bank, and corresponds to the estimate of volatility recorded in the period covered by the plan.

The following assumptions were used for the fair value valuation of options issued in 2015 and 2014:

	2015	2014
Expected dividends (€)	0.08	0.08
Expected and historic volatility (%)	23%	20%
Market interest rate	0.96%	1.15%
Expected option life (years)	7.30	7.30
Exercise price (€)	7.07	6.28

Davide Campari-Milano S.p.A. has a number of own shares that can be used to cover the stock option plan.

The following table shows changes in the number of own shares held during the comparison periods.

	No. of own shares		Purchase price (€ Thousand)	
	2015	2014	2015	2014
Balance at 1 January	3,881,283	5,116,824	22,141	30,804
Purchases	11,518,418	3,704,964	78,425	21,125
Disposals	(13,678,255)	(4,940,505)	(87,840)	(29,791)
Final balance	1,721,446	3,881,283	12,727	22,141
% of share capital	0.30%	0.67%		

In relation to the sales of own shares in the year, which are shown in the above table at the original acquisition cost (€ 87,840 thousand), carried out at a market price totaling € 49,433 thousand, the Company recorded a loss of € 38,407 thousand, which was recorded under shareholders' equity and partly covered by the use of € 14,861 thousand from the stock option reserve.

37. Financial instruments - disclosures

The value of individual categories of financial assets and liabilities held by the Group is shown below.

31 December 2015 € Thousand	Loans and receivables	Financial liabilities at amortized cost	Assets and liabilities measured at fair value with changes recognized in profit or loss	Hedging transactions
Cash and cash equivalents	561,144	-	-	-
Current financial assets	119,915	-	-	-
Other non-current financial assets	27,186	-	-	-
Trade receivables	103,549	-	-	-
Payables to banks	-	(9,673)	-	-
Bonds	-	(1,525,827)	-	-
Accrued interest on bonds	-	(15,338)	-	-
Other financial liabilities	-	(205,320)	-	-
Trade payables	-	(81,621)	-	-
Non-current assets for hedging derivatives, not in hedge accounting	-	-	129	-
Current assets for hedging derivatives	-	-	-	1,679
Non-current assets for hedging derivatives	-	-	-	9,579
Current liabilities for hedging derivatives	-	-	-	(64)
Non-current liabilities for hedging derivatives, not reported using hedge accounting procedures	-	-	(55)	-
Total	**811,795**	**(1,837,778)**	**74**	**11,194**

31 December 2014 € Thousand	Loans and receivables	Financial liabilities at amortized cost	Assets and liabilities measured at fair value with changes recognized in profit or loss	Hedging derivatives
Cash and cash equivalents	49,216	-	-	-
Short-term financial receivables	129,488	-	-	-
Other non-current financial assets	30,542	-	-	-
Trade receivables	96,192	-	-	-
Payables to banks	-	(9,321)	-	-
Bonds	-	(1,002,551)	-	-
Accrued interest on bonds	-	(12,383)	-	-
Other financial liabilities	-	(232,070)	-	-
Trade payables	-	(81,695)	-	-
Non-current assets for hedging derivatives not reported using hedge accounting procedures	-	-	525	-
Current assets for hedging derivatives	-	-	-	2,227
Current liabilities for hedging derivatives	-	-	-	(3,224)
Non-current liabilities for hedging derivatives	-	-	-	(10,263)
Total	**305,438**	**(1,338,020)**	**525**	**(11,260)**

Assets and liabilities measured at fair value

The method used for determining fair value was as follows:

- for financial assets and liabilities that are liquid or nearing maturity, it is assumed that the carrying amount equates to fair value; this assumption also applies to term deposits, securities that can be readily converted to cash and variable-rate financial instruments;
- for the valuation of hedging instruments at fair value, the Company used valuation models based on market parameters;

The fair value of non-current financial payables was obtained by discounting all future cash flows at the rates in effect at the end of the year. Investment property is valued at cost, which is considered a reliable approximation of its fair value.

For commercial items and other receivables and payables, fair value corresponds to the carrying amount; these are not reported in the table below.

	carrying amount		fair value	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Cash and cash equivalents	561,144	49,216	561,144	49,216
Accrued interest on bond swaps	1,220	1,339	1,220	1,339
Assets for hedging derivatives, not reported using hedge accounting procedures	129	525	129	525
Non-current assets for hedging derivatives	459	888	459	888
Derivatives on bond issue (USD)	9,579	-	9,579	-
Current financial assets	55,334	6,595	55,334	6,595
Other financial current receivables from related parties	94,641	122,892	94,641	122,892
Other non-current financial assets	27,186	30,542	27,186	30,542
Financial assets	**749,693**	**211,998**	**749,693**	**211,998**
Payables to banks	9,673	9,322	9,673	9,322
Bond issued in 2003	185,568	250,344	191,753	258,473
Bond issued in 2009 (Eurobond)	353,185	357,042	362,624	376,993
Bond issued in 2012 (Eurobond)	396,165	395,166	440,100	454,372
Bond issued in 2015 (Eurobond)	594,092	-	617,699	-
Accrued interest on bonds	15,338	12,383	15,338	12,383
Liabilities for derivatives on bond issues	-	13,309	-	13,309
Financial liabilities on other hedging derivatives	64	178	64	178
Other financial liabilities	55	195	55	195
Other financial liabilities in respect of related parties	232,196	231,874	232,196	231,874
Financial liabilities	**1,786,335**	**1,269,813**	**1,896,501**	**1,357,100**
Net financial assets (liabilities)	**(1,036,642)**	**(1,057,816)**	**(1,119,808)**	**(1,145,102)**

Fair value - hierarchy

The Company enters into derivatives contracts with a number of top-rated banks. Derivatives are valued using techniques based on market data, and largely consist of interest rate swaps. The most commonly applied valuation methods include the forward pricing and swap models, which use present value calculations. The models incorporate various inputs, including the credit rating of the counterparty, market volatility, spot and forward exchange rates and current and forward interest rates.

The table below details the hierarchy of financial instruments valued at fair value, based on the valuation methods used:

- level 1: the valuation methods use prices listed on an active market for the assets and liabilities subject to valuation;
- level 2: the valuation methods take into account inputs other than previous prices, but that can be observed on the market directly or indirectly;
- level 3: the techniques used take into account inputs that are not based on observable market data.

In 2015, no changes were made in the valuation methods applied.

€ Thousand	31 December 2015	Level 1	Level 2	Level 3
Assets valued at fair value				
Accrued interest on bond swaps	1,220		1,220	
Interest rate swap on bonds (Eurobond)	9,579		9,579	
Forward currency and interest rate contracts	459		459	
Hedging derivatives not reported using hedge accounting procedures	129		129	
Liabilities valued at fair value				
Forward currency and interest rate contracts	64		64	
Hedging derivatives not reported using hedge accounting procedures	55		55	

€ Thousand	31 December 2014	Level 1	Level 2	Level 3
Assets valued at fair value				
Accrued interest on bond swaps	1,339		1,339	
Forward contracts on sales and purchases in foreign currency	888		888	
Hedging derivatives not reported using hedge accounting procedures	525		525	
Liabilities valued at fair value				
Forward contracts on sales and purchases in foreign currency	178		178	
Interest rate and cross currency swap on bond (USD)	13,309		13,309	

The level 2 valuation method used for financial instruments measured at fair value is based on parameters such as exchange rates and interest rates, which are priced on active markets or are observable on official rate curves. In 2015, no reclassifications were made between the levels indicated above in the fair value hierarchies.

Hedging transactions

Hedging derivatives

The Company currently holds various derivative instruments to hedge both the fair value of underlying instruments and cash flows. The table below shows the fair value of these derivative instruments, recorded as assets or liabilities, and their notional values.

	31 December 2015		31 December 2014	
	Assets	Liabilities	Assets	Liabilities
	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Interest rate and cross currency swap on bond (USD)	12,428	-	-	(8,669)
Accrued interest on bond swap	1,220	-	1,339	-
Futures currency contracts	284	(63)	888	(145)
Hedging derivatives at fair value	**13,932**	**(63)**	**2,227**	**(8,814)**
Interest rate swap on bond (USD)	-	(2,849)	-	(4,640)
Forward currency contracts for future operations	175	(1)	-	(34)
Derivatives used for cash flow hedging	**175**	**(2,580)**	**-**	**(4,674)**
Hedging derivatives not reported using hedge accounting procedures	129	(55)	525	-
Total derivatives	**14,236**	**(2,968)**	**2,752**	**(13,487)**

Fair value hedging

The Company has in place the following contracts that meet the definition of hedging instruments based on IAS 39.

- Cross currency swap on bond (USD).
  At the reporting date, the Company held a cross currency swap totaling a notional USD 200 million on the bond denominated in US dollars. This instrument has the same maturity as the underlying liability.

The derivative is valued at fair value and any changes are recognized in profit or loss; having established the effectiveness of the hedging transactions, the profit or loss on the hedged item attributable to the hedged risk is used to adjust the carrying amount of the underlying liability and is immediately reported on the income statement. At 31 December 2015, the cross currency swap had a positive fair value of € 9,579 thousand (comprising: € 12,428 thousand positive and € 2,849 thousand negative), reported under non-current financial liabilities. The change in the fair value of these instruments recognized in profit or loss in 2015 represented income of € 25,753 thousand. The liability recorded on the hedged item was € 25,583 thousand.

Moreover, in 2012, the Parent Company settled the interest rate swap on the Eurobond issued in 2009, and thus the portion of underlying debt (€ 200 million) was reported at the original fixed rate. Similarly, the amount resulting from the valuation of the contract on the settlement date was reclassified under financial receivables and will be collected over the remaining life of the underlying loan. See note 26 - 'Current financial receivables' for information on changes to receivables.

As regards the underlying debt, the change in fair value attributable to the risk hedged as shown at the time the cover ended was recycled to the income statement over the period of the loan. In 2015, this resulted in a gain of € 4,627 thousand. As the cancellation of the hedge resulted in the net coupons paid to bondholders being converted into fixed contractual rates, this positive effect is cancelled out in the income statement.

Gains and losses on the hedged and hedging instruments used in the group's fair value hedges, corresponding to the above-mentioned contracts, are summarized below.

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Gains on hedging instruments	25,753	29,361
Losses on hedging instruments	(242)	(457)
Total gains (losses) on hedging instruments	**25,511**	**28,905**
Gains on hedged items	4,627	4,431
Losses on hedged items	(25,583)	(28,742)
Total gains (losses) on hedged items	**(20,957)**	**(24,310)**

Derivatives used for cash flow hedging

The Company uses the following contracts to hedge its cash flows:

- Interest rate swaps on Company bonds (USD).
  The Company has put in place various interest rate swaps involving the payment of an average fixed rate of 4.25% (rates from 4.03% to 4.37%) on underlying USD 150 million (maturing in 2018). Since these hedging transactions met the requirements for effectiveness, a specific reserve under comprehensive income or expense equating to a liability was recorded at a gross value of € 2,849 thousand. As required by IAS 39, the cash flow hedge reserve for these contracts will be recycled to the income statement at the same maturity dates as the cash flows related to the liability. During the period, an unrealized gain of € 2,817 thousand was posted to the reserve, together with the corresponding deferred tax effect. Moreover, the realization of the hedged cash flows generated the release of the cash flow hedge reserve, which had a positive impact on the income statement for the period of € 1,026 thousand.
- Interest rate swaps on Company bonds (Eurobond).
  Shortly after the allocation of the Eurobond, issued in 2012, the Company entered into an interest rate hedging agreement. On the date the bond was listed, due to the changes in interest rate trends, this agreement resulted in an initial financial liability of € 2,998 thousand, recorded under comprehensive income or expense and released to the income statement with the cash flows generated by the underlying debt. In 2015, an effect of € 484 thousand was recycled to the income statement. Shortly after the allocation of the Eurobond, issued in 2015, the Company entered into an interest rate hedging agreement. On the date the bond was listed, due to the changes in interest rate trends, this agreement resulted in an initial financial liability of €1,326 thousand, recorded under comprehensive income or expense and released to the income statement with the cash flows generated by the underlying debt. In 2015, an effect of €61 thousand was recycled to the income statement.
- Forward contracts on sales and purchases in foreign currency.
  In order to cancel out the negative consequences of unexpected, unfavorable changes in financial variables on exchange rates, the Company has appropriate hedging instruments in place aimed at reducing or transferring exposure to exchange rate risks. With regard to hedges on future sales and purchases, the amount recorded under comprehensive income or expense is € 208 thousand. The profit, which was temporarily recorded under comprehensive income or expense, will be booked to the income statement when the transactions generate an effect on the income statement.

The following table shows when the Group expects to receive the hedged cash flows, as of 31 December 2015.
These cash flows only relate to interest and have not been discounted to present value.

31 December 2015	Within one year	1-5 years	Due after 5 years	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Cash outflows	5,482	10,963	-	16,445
Cash inflows	6,543	12,758	-	19,302
Net cash flows	**1,062**	**1,795**	**-**	**2,857**

31 December 2014	Within one year	1-5 years	Due after 5 years	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Cash outflows	6,392	13,696	-	20,088
Cash inflows	6,612	14,301	-	20,913
Net cash flows	**220**	**605**	**-**	**825**

The overall changes in the cash flow hedge reserve and the associated deferred taxes are shown below.

	Gross amount	Tax effect	Net amount
	€ Thousand	€ Thousand	€ Thousand
Reserve at 31 December 2014	(5,556)	1,527	(4,030)
Booked to the income statement during the period	(481)	(118)	(598)
Recognized in equity during the period	1,698	(346)	1,352
Reserve at 31 December 2015	**(4,339)**	**1,063**	**(3,276)**

38.Nature and scale of the risks arising from financial instruments

Credit risk

Davide Campari-Milano S.p.A. enters directly into commercial transactions on the Italian market and on the foreign markets via its Group companies. As described in note 26 - 'Trade receivables and other receivables', the composition of receivables from Italian customers is extremely varied in terms of the different market channels, their size, commercial characteristics, and importance of volumes. It includes a high number of clients from all over Italy, with a balance between the two sales channels (mass retail and purchasing consortia, and traditional retail) with a significant presence in the horeca (hotels/restaurants/cafés) sector. The Company has an extremely broad product portfolio, formed of both the Campari Group's products and products distributed under license.

There is no market concentration risk because the first ten customers account for only 26.0% of total sales. The Company has a Credit Management department exclusively dedicated to monitoring the progress of receivables, chasing up payment and managing in a targeted and timely manner the exposure of individual customers using internal risk monitoring procedures. Bad debts are pursued regularly with the assistance of lawyers in order to continuously update progress on individual cases. This is then reflected in the provisions for doubtful receivables. Trade receivables from third parties for which there is impairment are classified as doubtful; these have mainly been due for more than one year and are the subject of legal proceedings. The other trade receivables are due from Group companies. Receivables are mainly denominated in euro. The maximum risk at the reporting date is equivalent to the carrying amount of trade receivables.

Liquidity risk

The Company's ability to generate substantial cash flow through its operations allows it to reduce liquidity risk. This risk is defined as the difficulty of raising funds to meet financial obligations. The Company manages financial flows with the Italian subsidiaries through a centralized cash management department, with transactions settled at market rates (see note 40 - 'Related parties', for more information). Detailed information is provided below on payables and financial liabilities at 31 December 2015, compared with the previous year. The table below summarizes financial liabilities by maturity at 31 December 2015 compared with the previous year based on the contractual repayment obligations, including non-discounted interest. It specifies the period in which financial flows are due.

31 December 2015	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Payables and loans due to banks	-	9,673	-	-	-	9,673
Bonds	-	411,818	43,006	222,458	1,051,000	1,728,282
Derivatives on bond issues	-	2,793	2,793	13,133	-	18,719
Financial payables to related parties	-	8,500	8,500	8,500	208,500	234,000
Other financial payables	-	119	-	-	-	119
Total financial liabilities	**-**	**432,903**	**54,299**	**244,091**	**1,259,500**	**1,990,792**
Assets for derivatives on currencies		(588)	-	-	-	(588)
Financial liabilities net of hedging assets	**-**	**432,315**	**54,299**	**244,091**	**1,259,500**	**1,990,205**

31 December 2014	On demand	Within 1 year	Due in 1 to 2 years	Due in 3 to 5 years	Due after 5 years	Total
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Payables and loans due to banks	-	9,322	-	-	-	9,322
Bonds	-	128,588	394,440	25,627	604,545	1,153,199
Derivatives on bond issues	-	(1,084)	1,826	1,826	(6,325)	(3,756)
Financial payables to related parties	-	31,874	-	-	200,000	231,874
Other financial payables	-	195	-	-	-	195
Total financial liabilities	**-**	**168,895**	**396,266**	**27,453**	**798,220**	**1,390,834**
Assets for derivatives on currencies	-	(1,414)	-	-	-	(1,414)
Financial liabilities net of hedging assets	**-**	**167,482**	**396,266**	**27,453**	**798,220**	**1,389,421**

Payables to banks for current accounts and lines of credit represent the negative balance of cash management. Moreover, the Company has granted loans to subsidiaries, with interest charged at market rates.

Market risks

Interest rate risk

The Company has bonds, mainly with a fixed rate, either because they are issued directly under an agreement or because they have been converted, after issue, using hedging derivatives, as described above. The Company is therefore exposed to fair value risk. The portion of debt at fixed rates was around 97% of total financial payables at 31 December 2015. Other financial liabilities, which are broadly taken out at variable rates, account for only a modest proportion of total debt. The Company is therefore only partially exposed to the risk of interest rate fluctuations.

Sensitivity analysis

The following table shows the effects on the income statement of a potential change in interest rates, if all the Company's other variables are held constant. The assumptions used in terms of a potential change in rates are based on an analysis of the trends at the reporting date. The table illustrates the full-year effects on the income statement in the event of a change in rates, calculated for the Company's variable-rate financial assets and liabilities. The impact on the income statement is shown net of taxes.

Increase/decrease in rates (in basis points)	Increase in interest rates	Decrease in interest rates
31 December 2015	Income statement (€ Thousand)	
Euribor +/- 5 basis points	(299)	299
31 December 2014		
Euribor +/- 13 basis points	(466)	466

Exchange rate risk

The Company has issued bonds denominated in US dollars for which it has fair value hedges in place for the related exchange rate risk. The sensitivity analysis shows that there is no impact on the income statement, as a change in exchange rates generating a positive effect on the fair value of the derivatives would produce the same negative effect on the underlying, and vice versa. In addition, the Company also has hedging instruments in place to minimize the exchange rate risk, aimed at avoiding a situation where unexpected variations in exchange rates occur on purchases and sales transactions. Lastly, there were no significant receivables or payables exposed to exchange rate risk at 31 December 2015.

39. Commitments and risks

Non-cancellable operating leases

The amounts owed by the Company in future periods for operating leases on equipment are indicated in the table below.

	31 December 2015	31 December 2014
	€ Thousand	€ Thousand
Within 1 year	2,602	2,750
1-5 years	4,704	3,900
Total commitments for operating leases	**7,306**	**6,650**

Operating lease contracts relate to cars (€ 1,173 thousand), hardware (€ 766 thousand) and equipment for production units and general services for the headquarters (€ 947 thousand).

Existing contractual commitments for the purchase of goods or services, property, plant and equipment
The Company's other commitments for purchases of goods or services are shown below.

€ Thousand	Purchase of assets	Purchase of raw materials, semi-finished products and finished products	Sponsorship pledges	Advertising and promotional costs	Packaging, habillage	Other	Total
Within 1 year	2,226	53,362	4,769	3,289	16,053	8,434	88,133
1-5 years	590	22,400	-	-	-	413	23,403
After 5 years	-	5,600	-	-	-	100	5,700
Total commitments	**2,816**	**81,362**	**4,769**	**3,289**	**16,053**	**8,948**	**117,236**

Contractual commitments for fixed assets mainly relate to the purchase of equipment and improvements to the Company's production units (€ 310 thousand) and the implementation of the Group's new IT system and management software (€ 2,506 thousand). Commitments for the purchase of raw materials mainly relate to grapes for Cinzano brand wine and sparkling wines. Sponsorship commitments relate to the partnership agreement between the Manchester United football team and the Aperol brand. The item Other includes an estimate of the contractual commitments in place for the purchase of goods, maintenance materials and supplies, as well as services associated with the activities of the Company's production units.

Guarantees Given
Guarantees given by the Company break down as follows:

	31 December 2015 € Thousand	31 December 2014 € Thousand
Guarantees issued to third parties	72,207	52,899
Guarantees issued to third parties in the interests of related parties	84,448	108,948
Total sureties	**154,654**	**161,847**
Other guarantees	193,514	173,527
Total guarantees given	**350,168**	**335,374**

Guarantees to third parties mainly represent guarantees to customs for excise duties and exemption labels totaling € 64,105 thousand, for the promotion of wines totaling € 7,371 and other guarantees of € 730 thousand.

Guarantees issued to third parties in the interests of Group companies are guarantees given by Davide Campari-Milano S.p.A. in favor of third parties for sureties on customs and duties, credit lines and other sureties and guarantees resulting from the commercial or financial activities of Group companies.

Other guarantees issued to third parties are represented by a guarantee given by Davide Campari-Milano S.p.A. in relation to the USD 210,000 thousand private placement issued by Campari America reserved for US institutional investors. At the reporting date, the value of the guarantee included the nominal amount of the debt and interest accrued.

40. Related parties

Relationships with Group companies and the controlling company

The Company has procedures in place governing transactions with related parties, as defined in IAS 24 and in the Consob communications on this subject, with the aim of monitoring and collecting the necessary information concerning transactions in which directors and managers have a personal interest, as well as transactions with related parties, in order to monitor, and in some cases, authorize them. The procedure identifies the individuals responsible for reporting the above-mentioned information, defines which transactions should be reported, defines the content of the information required, and sets the timescales within which the information must be submitted.

In addition, pursuant to Consob Resolution 17221 of 12 March 2010, the Company has also adopted a procedure for transactions with related parties, approved by the Board of Directors on 11 November 2010 and in force from 1 January 2011. The procedure sets out the principles to which the Company adheres to ensure the substantial and procedural transparency and probity of transactions with related parties, whether carried out directly or via subsidiaries, and also gives a definition of related parties (providing an updated list of related parties), in a manner consistent with IAS 24. The procedure also identifies the individuals responsible for reporting the above-mentioned information, defines which transactions should be reported, defines the content of the information required, and sets the timescales within which the information must be submitted.

The main intra-group activities, paid for at market prices, are carried out on the basis of contractual relationships, which in particular, relate to:
- ✓ the management of investments;
- ✓ the settlement of financial flows through the centralized intra-Group cash and financial management system;
- ✓ the sharing of general, administrative and legal services;
- ✓ IT support;
- ✓ commercial agreements.

In addition, a fiscal relationship exists with the Parent Company, Alicros S.p.A., following the decision taken to adopt the national tax consolidation procedure governed by article 117 *et seq* of the consolidated law on corporate income tax (TUIR) for 2013, 2014 and 2015. On 1 January 2008, the Company joined the Group-wide VAT scheme, pursuant to article 73, paragraph 3 of Presidential Decree 633/72, in accordance with its status as a subsidiary. The controlling entity, which adopted the Group VAT scheme as the parent company, is Alicros S.p.A.
The receivables and payables arising as a result of the tax consolidation scheme are non-interest-bearing.

For completeness, among the relationships with the related parties, an investment of € 9.6 million made in the month of December 2015 by the Parent Company Alicros S.p.A., on the bond issued by the Company in September 2015, was represented. The transaction has been carried out at arm's length, through primary financial institution.

No other transactions have taken place with the controlling entities, nor with their directly and/or indirectly owned subsidiaries, other than with Group companies. The Company is not subject to management and coordination activity by other companies, pursuant to articles 2497 *et seq* of the Italian Civil Code, in that all decisions made by the management bodies, including strategic decisions, are taken in complete autonomy and independence.

For further details on the relationships with Group companies, see the following tables.

31 December 2015	Trade receivables	Financial receivables	Receivables (payables) for tax consolidation	Other receivables	Other non-current assets	Trade payables	Financial payables	Receivables (payables) for Group VAT	Other non-current liabilities	Other current liabilities
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Alicros S.p.A.			647		1,936		9,600	(4,139)		
Campari (Beijing) Trading Co. Ltd	976			(585)						
Campari America, LLC	2,187			1,331		(315)				242
Campari Argentina S.A.	2,113			1,049						
Campari Australia Pty Ltd.	4,297			661						
Campari Austria GmbH	1,568			16						
Campari Benelux S.A.	1,570	61,221		16			2,135		200,000	
Campari Deutschland GmbH	12,007			17						14
Campari do Brasil Ltda.	310			372		10				29
Campari España S.L.	(1,865)	5		184						
Campari International S.r.l.	6,261			96			10,387			67
Campari Japan Ltd.	(1)			1						
Campari Mexico S.A. de C.V.	217			24		(373)				
Campari Peru S.A.C.	1,657									
Campari RUS OOO	7,199			(1,728)						14
Campari Schweiz A.G.	2,687			126						
Campari Services S.r.l.		15		162		74	298			796
Campari Ukraine	617			101						
Campari Wines S.r.l.		5,499		321		7				3
Fratelli Averna S.p.A.	(4)	13		19		981	6,969			18
Forty Creek Distillery Ltd.	(2)			212		0				
Glen Grant Ltd	2,387	2		380		379				(1)
J. Wray & Nephew Ltd.	1,209			423		(306)				
Sella&Mosca S.p.A.	54	20,825		395		240			126	176
T.J. Carolan & Son Ltd.	696	2		35		18				
Campari New Zealand Ltd.	254			16						
Teruzzi & Puthod S.r.l.		7,049		15						
Zedda Piras S.r.l.	3	6		3		2	11,280		25	
Stepanow S.R.O.		4								
Casoni Fabbricazione Liquori S.p.A.	3			23			1,127			
Total - 31 December 2015	**46,398**	**94,641**	**647**	**3,686**	**1,936**	**717**	**42,796**	**(4,139)**	**200,152**	**1,359**
%	45%	62%	100%	55%	5%	1%	10%	14%	100%	5%
Total - 31 December 2014	**47,806**	**122,892**	**(329)**	**13,295**	**1,936**	**3,850**	**29,739**	**(1,370)**	**202,135**	**870**

Intra-group transactions are carried out via the centralized cash management system, with interest charged at market rates (3-month Euribor on the day preceding the end of each quarter, plus a spread that reflects market conditions). The Parent Company owes the ultimate shareholder, Alicros S.p.A., € 4,139 thousand for Group VAT and had a tax consolidation liability of € 647 thousand. A long-term tax receivable is also recorded in the amount of € 1,936 thousand. Amounts due to and from Alicros S.p.A. are non-interest-bearing.

Financial dealings with related parties

2015	Net sales and cost of goods sold	Advertising and promotional costs	Overhead	Dividends	Financial income and charges
	€ Thousand	€ Thousand	€ Thousand	€ Thousand	€ Thousand
Alicros S.p.A.			110		
Campari America, LLC	15,425	217	2,449	-	-
Campari Argentina S.A.	805	-	1,651	-	-
Campari Australia Pty Ltd.	8,897	327	806	-	-
Campari Austria GmbH	9,541	140	392	-	0
Campari (Beijing) Trading Co. Ltd.	935	314	(399)	-	-
Campari Benelux S.A.	10,391	191	686	-	(8,466)
Campari Deutschland GmbH	50,721	601	2,757	-	-
Campari do Brasil Ltda.	374	3	1,493	-	-
Campari España S.L.	2,630	215	(1,699)	-	5
Campari International S.r.l.	31,117	834	1,916	2,500	-
Campari Japan Ltd.	2	-	17	-	-
Campari Mexico S.A. de C.V.	963	20	656	-	-
Campari Peru S.A.C.	2,968		839	-	-
Campari RUS OOO	13,422	601	(3,448)	-	-
Campari Schweiz A.G.	14,043	216	874	-	-
Campari Services S.r.l.	4	-	(2,316)	-	46
Campari Ukraine	2,013	3	13	-	-
Campari Wines S.r.l.	(30)	(5)	584	-	32
Casoni Fabbricazione Liquori S.p.A.	(54)	-	103	-	3
Fratelli Averna S.p.A.	(9,270)	(200)	(910)	-	13
Enrico Serafino S.r.l.	1	-	3	-	11
Glen Grant Ltd	(3,035)	795	174	-	2
J. Wray & Nephew Ltd.	1,424	329	2,184	-	-
Kaloyannis-Koutsikos Distillieres S.A.	-	-	2	-	-
Campari New Zealand Ltd.	631	-	(82)	-	-
Sella&Mosca S.p.A.	(507)	-	148	-	125
Stepanow S.R.O.	-	-	1	-	21
Teruzzi & Puthod S.r.l.	(222)	-	29	-	35
Zedda Piras S.r.l.	1	-	22	-	6
T.J. Carolan & Son Ltd.	5,062	278	(23)	6,154	4
Wray & Nephew (Canada) Ltd.	1,707	6	270	-	-
Total - 2015	**159,958**	**4,884**	**9,303**	**8,654**	**(8,164)**
%	51%	7%	11%	100%	15%
Total - 2014	**170,519**	**1,823**	**6,460**	**44,291**	**(8,296)**

For information on remuneration and salaries for directors and general managers, see note 41 - 'Remuneration for directors, general managers and auditors' below.

41.Remuneration owing to directors, general managers and auditors

The remuneration paid to the Company's directors with strategic responsibilities is set out below.

	2015	2014
	€ Thousand	€ Thousand
Short-term benefits	5,247	4,741
Defined contribution benefits	41	41
Stock options	1,250	1,277
Total	**6,539**	**6,059**

At 31 December 2015, payables accrued in relation to directors amounted to € 2,473 thousand.

Members of the board of auditors carry out their audit duties at the Company and in some of the companies included in the scope of consolidation. They receive remuneration for these activities approved by the relevant corporate bodies, as indicated in the Report on remuneration pursuant to article 123-*ter* of the TUF, published together with the annual financial report. Amounts of € 190 thousand for activities carried out at the Company and € 157 for work carried out at subsidiaries were approved.

42.Employees

All of the Company's employees are based in Italy. The number of staff in each category is shown below.

	31 December 2015	31 December 2014
Managers	104	94
Office staff	386	372
Manual workers	153	158
Total	**643**	**624**

43.Publication of payments pursuant to article 149-*duodecies* of the Issuer Regulation

PricewaterhouseCoopers S.p.A. has been engaged to audit the separate financial statements and the consolidated financial statements of Davide Campari-Milano S.p.A. from 2010 to 2018.

The following table, pursuant to article 149-*duodecies* of the Consob Issuer Regulation, shows payments made for 2015 for external auditing activities and for miscellaneous auditing services provided by a company of the PricewaterhouseCoopers network. In addition, it should be noted that these services are compatible with the provisions of Legislative Decree 39 of 27 January 2010.

	Service provider	Recipient	Payments in 2015
			€ Thousand
Audit	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A.	220
	PricewaterhouseCoopers S.p.A.	Subsidiaries	786
	PricewaterhouseCoopers network	Subsidiaries	872
Other audit related services	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A.	250
	PricewaterhouseCoopers S.p.A.	Subsidiaries	8
Other services	PricewaterhouseCoopers S.p.A.	Parent Company - Davide Campari-Milano S.p.A.	22
	PricewaterhouseCoopers network	Subsidiaries	262
Total			**2,420**

Other audit related services mainly include attestation activities for business combinations and sale of subsidiaries and businesses for € 250 thousand, and other services related to tax compliance review, for € 249 thousand.

44. Off-balance sheet transactions

No off-balance sheet agreements, as described in article 2427, para. 1, no. 22-*ter*, or other transactions, including between affiliates, took place during the year that could generate exposures or benefits for the Company that would affect the financial position or operating results of the Company or the Group to which it belongs.

45. Events taking place after the end of the year

No significant events took place after the end of the year.

46. Proposal for the appropriation of profit

In conclusion, to these notes to the financial statements, we invite you to approve the financial statements for the year ending 31 December 2015 and to allocate the profit for the year of € 83,924 thousand as follows:

- distribution of a dividend of € 0.09 per ordinary share outstanding, except for own shares held by the Company at the ex-date; including own shares currently held, the total dividend is € 52.0 million;
- the remaining amount of around € 31.9 million to be carried forward as retained earnings.

It is proposed that the dividend of € 0.09 per share be paid on 25 May 2016 (with an ex-dividend date of 23 May 2016 with coupon no. 13, in accordance with the Borsa Italiana calendar, and a record date of 24 May 2016).

Sesto San Giovanni (MI), 1 March 2016
Chairman of the Board of Directors
Luca Garavoglia

Certification of the annual financial statements

pursuant to article 81-*bis* of Legislative Decree 11971 of 14 May 1999 as subsequently amended and consolidated

1. We, the undersigned, Robert Kunze-Concewitz and Stefano Saccardi, as managing directors, and Paolo Marchesini, as managing director and the director responsible for preparing the accounting documents of Davide Campari-Milano S.p.A., hereby certify, taking into account the provisions of paragraphs 3 and 4, article 154-*bis*, of the TUF:

• the appropriateness, in relation to the nature of the business, and

• the effective application

of the administrative and accounting procedures used to prepare the annual financial statements for 2015.

2. We further certify that:

2.1. The annual financial statements to 31 December 2015:

a) were prepared in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002;

b) correspond to the figures contained in the accounting records;

c) provide a true and fair view of the issuer's balance sheet, financial position and operating results.

2.2. The report on operations contains an accurate assessment of the company's performance and operating results, and on the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Sesto San Giovanni (MI), Tuesday, 1 March 2016

Managing Director
Robert Kunze-Concewitz

Managing Director
and Director responsible for preparing
the company's accounting statements
Paolo Marchesini

Managing Director
Stefano Saccardi

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INDEPENDENT AUDITORS REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE 39 OF 27 JANUARY 2010

To the shareholders of
Davide Campari-Milano SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Campari group, which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors responsibility for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance 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 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 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 misstatements.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor 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 group preparation of consolidated financial statements that give a true and fair view, 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 group internal control. An audit also includes evaluating the appropriateness of accounting policies used and

PricewaterhouseCoopers SpA

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the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Campari group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended, in accordance 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 38/2005.

Report on compliance with other laws and regulations

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

We have performed the procedures required under auditing standard (SA Italia) 720B 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 58/98, which are the responsibility of the directors of Davide Campari-Milano SpA, with the consolidated financial statements of the Campari 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 Campari group as of 31 December 2015.

Milan, 14 March 2016

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

INDEPENDENT AUDITORS REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE 39 OF 27 JANUARY 2010

To the shareholders of
Davide Campari-Milano SpA

Report on the separate financial statements

We have audited the accompanying separate financial statements of Davide Campari-Milano SpA, which comprise the statement of financial position as of 31 December 2015, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors responsibility for the financial statements

The directors of Davide Campari-Milano SpA are responsible for the preparation of separate financial statements that give a true and fair view in accordance 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 38/2005.

Auditors responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree 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 financial statements are free from material misstatements.

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

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 separate financial statements give a true and fair view of the financial position of Davide Campari-Milano SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended, in accordance 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 38/2005.

Report on compliance with other laws and regulations

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

We have performed the procedures required under auditing standard (SA Italia) 720B 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 58/98, which are the responsibility of the directors of Davide Campari-Milano SpA, with the separate financial statements of Davide Campari-Milano SpA 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 separate financial statements of Davide Campari-Milano SpA as of 31 December 2015.

Milan, 14 March 2016

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

REPORT OF THE BOARD OF STATUTORY AUDITORS

pursuant to art. 153 of Legislative Decree 58/1998 and Article 2429 of the Italian Civil Code

Dear Shareholders,
This report refers to the activities performed by the Board of Statutory Auditors of Davide Campari-Milano S.p.A. (hereinafter the "Company" and, jointly with its subsidiaries, the "Group") for the financial year ended at 31 December 2015 (hereinafter the "Financial year").

1. In carrying out supervisory and control activities, the Board of Statutory Auditors acknowledges that:

   a) it monitored compliance with the Law, Articles of Association and adherence to the principles of correct administration pursuant to Article 2403 of the Italian Civil Code and Article 149 of Legislative Decree 58/1998, (hereinafter the "T.U.F.") and in accordance with the requirements of Consob Communication 1025564 of 6 April 2001, and subsequent amendments, and taking into account the standards issued by the Italian Association of Chartered Accountants;

   b) it attended the meetings of the Board of Directors and the Control and Risks Committee required by Article 21 of the Articles of Association, and it has periodically received information from the directors about the general business and outlook, as well as the most significant economic, financial and capital transactions approved and implemented during the financial year by the Company and Group Companies, also in compliance with Article 150, paragraph 1 of the T.U.F. Specifically, it is noted that the directors provided extensive information on introduction of shares with increased voting rights (loyalty shares) and a bond issue.
   The Board of Statutory Auditors believes that the transactions approved and implemented comply with the law and the Articles of Association, and are not manifestly imprudent or risky, or in potential conflict of interest, or contrary to the resolutions approved by the Shareholders' Meeting, or such that would compromise the integrity of the share capital. The resolutions of the Board of Directors are executed with the utmost compliance by management and by the organization;

   c) it did not identify any atypical and/or unusual transactions with Group companies, third parties or related parties, nor did it receive any information to this effect from the Board of Directors, the independent auditors or the director of the internal control and risk management system. In its Report on Operations, the Board of Directors provided an appropriate description of the impact of the most significant operational, financial and balance-sheet transactions carried out as part of ordinary operations with subsidiaries under normal market conditions. Based on the results of the activities conducted by the Internal Audit Department, the Board of Statutory Auditors also believes that any related-party transactions were adequately managed. In this regard, the Board of Statutory Auditors wishes to point out that from 1 January 2011, the Company adopted procedures for related-party transactions in compliance with the requirements of Consob Regulation 17221 of 12 March 2010 and Consob Communication of 24 September 2010, in addition to specific standards in the Group's Code of Ethics, in order to prevent or manage transactions in which there are situations of conflict of interest or personal interest of the directors. Pursuant to Article 4 of the above-mentioned Regulation, the Board of Statutory Auditors verified that the procedures adopted complied with the principles of this Regulation, and checked that they were being followed;

   d) it reviewed and supervised the adequacy of the Company's organizational structure with regard to competence, compliance with principles of correct administration by gathering information from the heads of the competent corporate functions and holding meetings with representatives of the independent auditors, PricewaterhouseCoopers S.p.A., appointed to conduct the statutory audit, including for the purpose of exchanging

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important data and information, from which no serious issues arose. In addition, no serious issues arose from the annual reports issued by the Board of Statutory Auditors, pursuant to Article 2429, Paragraph 2 of the Italian Civil Code, of the subsidiaries Tenute Sella & Mosca S.p.A., Campari Wines S.r.l., Campari International S.r.l., Campari Services S.r.l., Fratelli Averna S.p.A, and Casoni Fabbricazione Liquori S.p.A.;

e) it evaluated and monitored, to the extent of its responsibility pursuant to Article 19 of Legislative Decree 39/2010, the financial reporting process, the adequacy of the internal control, administration and accounting systems, as well as the reliability of the latter for the purpose of providing a true and fair view of operations through:
i. the periodic exchange of information with the CEOs, and, specifically, with the director in charge of preparing corporate accounting documents pursuant to Article 154-*bis* of the T.U.F.;
ii. the examination of reports prepared by the head of the Internal Audit department, including information on the outcome of any corrective measures taken following the audit activities;
iii. the obtaining of information from the heads of corporate functions;
iv. meetings and exchanges of information with the administrative and control bodies of subsidiaries Tenute Sella & Mosca S.p.A., Campari Wines S.r.l., Campari International S.r.l., Campari Services S.r.l., Fratelli Averna S.p.A, and Casoni Fabbricazione Liquori S.p.A. pursuant to paragraphs 1 and 2 of Article 151 of the T.U.F., during which the Board of Statutory Auditors obtained information about administrative and control systems and the company's general business performance;
v. performing detailed analysis of activities carried out, and reviewing the results of the work of the external auditor;
vi. participating in the work of the Control and Risks Committee and, when specific issues so required, working with the committee on such issues.

From the work carried out, no irregularities were found that indicated inadequacies in the internal control and risk management system;

f) it held meetings with managers of the independent auditors pursuant to Article 150, paragraph 3 of the T.U.F. and Article 19 of Legislative Decree 39/2010, during which no facts or situations emerged that should be highlighted in this report; it also monitored events pursuant to Article 19 of Legislative Decree 39/2010;

g) it monitored the implementation methods of the Code of Conduct for Listed Companies promoted by Borsa Italiana S.p.A., adopted by the Company, under the terms illustrated in the Report on Corporate Governance and Ownership Structure approved by the Board of Directors on 1 March 2016. The Board of Statutory Auditors verified, *inter alia*, that the criteria and assessment procedures adopted by the Board of Directors to evaluate the independence of its members were correctly applied. The Board of Statutory Auditors has also verified compliance with the criteria of independence of its members, as required by the above-mentioned Code of Conduct, also acknowledging compliance with the limit on simultaneous offices as set out in Article 144-*terdecies* of the Issuer Regulation adopted by Consob resolution 11971 of 14 May 1999;

h) it looked over and gathered information on the management activities and procedures implemented in accordance with Italian Legislative Decree 231/2001 regarding the administrative responsibilities of Bodies for the violations mentioned in the aforesaid regulations.
The Board of Statutory Auditors notes that the meeting of the Board of Directors held on 30 April 2013, exercising its right granted by Article 6, paragraph 4-*bis* of Legislative Decree 231/2001, conferred on the Board of Statutory Auditors the functions pertaining to the Supervisory Body pursuant to Article 6, paragraph 1(b) of the above-mentioned Legislative Decree 231/01. The Board of Statutory Auditors, in its capacity as the

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Supervisory Body, therefore monitored the operation, effectiveness and appropriateness of the organizational, management and control model adopted by the Company, and also recommended that it should be updated.

i) it ensured that the information flows provided by the non-EU subsidiaries are adequate to conduct audits of the annual and interim financial statements pursuant to Article 36 of the Market Regulation adopted through Consob Resolution 16191 of 29 October 2007;

j) it monitored the implementation of organizational measures related to the development of corporate activities.

The Board of Statutory Auditors also released its opinions pursuant to Article 2389 of the Italian Civil Code in the light of the evaluations of the Remuneration and Appointments Committee required by Article 22 of the Articles of Association.

The Board of Statutory Auditors met eight times in 2015, also attending the meetings of the Board of Directors and the Control and Risk Committee.

Taking into account the information obtained, the Board of Statutory Auditors believes that activities were conducted in compliance with the principles of correct administration, and that the organizational structure, internal control system and the accounting and administrative system are fully adequate for corporate requirements.

2. As far as relations with the independent auditors are concerned, the Board of Statutory Auditors reports that:

a) the independent auditors, PricewaterhouseCoopers S.p.A., on 14 March 2016 issued the "annual confirmation of independence", pursuant to Article 17, paragraph 9(a) of Legislative Decree 39/2010;

b) the independent auditors, PricewaterhouseCoopers S.p.A., on 14 March 2016 issued the report required by Article 19, paragraph 3 of Legislative Decree 39/2010, which states that no significant shortcomings were detected in the internal audit system with regard to the financial information process;

c) the independent auditors, PricewaterhouseCoopers S.p.A., on 14 March 2016 released, pursuant to Articles 14 and 16 of Legislative Decree 39/2010, the reports which show:
i. the separate and consolidated financial statements as at 31 December 2015 were prepared clearly and provide a true and fair view of the Company's and Group's balance sheet, financial situation, operating results, changes in shareholders' equity and cash flows for the Financial Year;
ii. the consistency of the Reports on Operations and the information required by Article123-*bis* paragraph 4) of Legislative Decree 58/98.,included in the Report on corporate governance and ownership structure, with the consolidated and separate financial statements;

d) in addition to the tasks required by the regulations for listed companies, as stated in the Notes to the financial statements, independent auditors PricewaterhouseCoopers S.p.A. and the companies belonging to the PricewaterhouseCoopers S.p.A. network were appointed to carry out services other than auditing, for a sum of € 284,000, in compliance with the provisions of Article 17 of Legislative Decree 39/2010.
Also taking into account the above, the Board of Statutory Auditors believes that there are no critical issues with regard to the independence of PricewaterhouseCoopers S.p.A.;

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e) during the year, the external auditor did not issue any opinions required by law since the prerequisites for issuing such opinions were not met.

3. The Board of Statutory Auditors is not aware of any facts or statements that should be reported to the Shareholders' Meeting. During the course of the work carried out, and on the basis of information obtained, no omissions, non-conformities, irregularities or other circumstances were identified that would require notification to the Supervisory Body or mention in this report.

4. The Board of Directors provided the financial statements and report on operations to the Board of Statutory Auditors in a timely manner. To the extent of its authority, the Board of Statutory Auditors reports that the layouts used are in compliance with the law, that the accounting principles used, which are described in the notes to the financial statements, are appropriate for the activities and transactions carried out by the Company, that the procedure adopted (impairment test) to identify any impairment losses on goodwill and trademarks reported in the financial statements has been approved by the Board of Directors in autonomy and advance with respect to the approval of the Annual Report, and that the financial statements correspond to the facts and the information as identified by the Board of Statutory Auditors following its participation in meetings with corporate bodies and the supervisory activities undertaken.

5. Taking into account the results of the specific tasks performed by the external auditors in its audit of the accounting records and of the reliability of the company financial statements, as well as its own supervisory activities, the Board of Statutory Auditors expresses its favorable opinion concerning the approval of the separate financial statements at 31 December 2015 and agrees with the proposal of the Board of Directors concerning the distribution of profits.

Milan, 15 March 2016

For the Board of Statutory Auditors
The Chairman

Pellegrino Libroia

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Davide Campari - Milano S.p.A.

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