

# LARIOTEX

## FINANCIAL STATEMENTS TO 31-12-2017

Lariotex srl

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# LARIOTEX SRL

## Financial statements to 31-12-2017

Name and id code	
Company site	STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO CO
Fiscal code	03476340132
Registration number	CO 316934
VAT number	03476340132
Share capital Euro	1.000.000 f.p.
Legal form	SOCIETA' A RESPONSABILITA' LIMITATA
Activity Code (ATECO)	467610
Company being wound up	no
Company with a single shareholder	yes
Company subject to the management and coordination of others	no
Belonging to a group	no

## Balance sheet (mandatory scheme)

	31-12-2017	31-12-2016
Balance sheet (mandatory scheme)		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and expansion costs	331	827
3) industrial patents and intellectual property rights	17.326	9.809
4) concessions, licenses, trademarks and similar rights	11.883	2.184
7) other	48.083	64.110
Total intangible fixed assets	77.623	76.930
II - Tangible fixed assets		
2) plant and machinery	147.502	143.514
3) industrial and commercial equipment	41.562	48.354
4) other assets	66.427	69.711
Total tangible fixed assets	255.491	261.579
III - Financial fixed assets		
4) active derivative financial instruments	-	197.827
Total financial fixed assets	-	197.827
Total fixed assets (B)	333.114	536.336
C) Current assets		
I - Inventories		
4) finished products and goods for resale	10.862.141	7.150.310
Total inventories	10.862.141	7.150.310
II - Receivables		
1) trade accounts		
due within the following year	23.681.334	17.268.198
Total trade accounts	23.681.334	17.268.198
5-b) tax receivables		
due within the following year	1.140.072	-
Total receivables due from tax authorities	1.140.072	-
5-c) prepaid tax		
	81.697	77.419
5-d) other receivables		
due within the following year	13.203	97
Total receivables due from third parties	13.203	97
Total receivables	24.916.306	17.345.714
III - Current financial assets		
5) active derivative financial instruments	34.919	-
6) other investments	513.933	338.723
Total financial current assets	548.852	338.723
IV - Liquid funds		
1) bank and post office deposits	1.827.325	2.041.622
3) cash and equivalents on hand	147	6.582
Total liquid funds	1.827.472	2.048.204
Total current assets (C)	38.154.771	26.882.951
D) Accrued income and prepayments	57.285	72.927
Total assets	38.545.170	27.492.214
Liabilities and shareholders' equity		
A) Shareholders' equity		

I - Share capital	1.000.000	1.000.000
IV - Legal reserve	145.467	77.306
VI - Other reserves, indicated separately		
Extraordinary reserve	1.813.869	1.018.817
Miscellaneous other reserves	-	1
Total other reserves	1.813.869	1.018.818
VII - Reserve for hedging expected cash flow operations	(155.250)	187.350
IX - Net profit (loss) for the year	2.286.913	1.363.212
Total shareholders' equity	5.090.999	3.646.686
B) Reserves for contingencies and other charges		
1) pension and similar commitments	17.032	-
3) passive derivative financial instruments	189.759	7.121
4) other	123.981	122.581
Total reserves for contingencies and other charges	330.772	129.702
Total reserve for severance indemnities (TFR)	50.782	28.005
D) Payables		
4) due to banks		
due within the following year	14.816.093	9.692.627
due beyond the following year	1.215.535	1.416.379
Total payables due to banks	16.031.628	11.109.006
5) due to other providers of finance		
due within the following year	1.602.103	527.906
Total payables due to other providers of finance	1.602.103	527.906
7) trade accounts		
due within the following year	14.983.592	11.651.595
Total trade accounts	14.983.592	11.651.595
12) due to tax authorities		
due within the following year	293.917	283.113
Total payables due to tax authorities	293.917	283.113
13) due to social security and welfare institutions		
due within the following year	17.943	15.424
Total payables due to social security and welfare institutions	17.943	15.424
14) other payables		
due within the following year	23.578	24.686
Total other payables	23.578	24.686
Total payables (D)	32.952.761	23.611.730
E) Accrued liabilities and deferred income	119.856	76.091
Total liabilities and shareholders' equity	38.545.170	27.492.214

## Income statement (value and cost of production)

	31-12-2017	31-12-2016
Income statement (value and cost of production)		
A) Value of production		
1) Revenues from sales and services	53.393.449	40.491.006
5) Other income and revenues		
other	49.286	45.859
Total Other income and revenues	49.286	45.859
Total value of production	53.442.735	40.536.865
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	48.817.541	37.811.965
7) Services	3.579.973	3.042.075
8) Use of third party assets	171.706	155.763
9) personnel		
a) wages and salaries	362.584	300.641
b) related salaries	106.699	86.521
c) severance	24.662	19.941
Total payroll and related costs	493.945	407.103
10) depreciation, amortisation and write downs		
a) amortisation of intangible fixed assets	25.144	19.977
b) depreciation of tangible fixed assets	32.318	17.837
d) write-downs of accounts included among current assets	140.000	240.000
Total Amortisation, depreciation and write-downs	197.462	277.814
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(3.711.832)	(3.173.365)
12) Provisions for contingencies and other charges	80.000	-
14) Other operating expenses	45.602	9.909
Total cost of production	49.674.397	38.531.264
Difference between value and cost of production (A - B)	3.768.338	2.005.601
C) Financial income and charges		
15) Income from equity investments		
other	123	143
Total income from equity investments	123	143
16) other financial income		
c) from securities included among current assets not representing equity investments	2.348	432
d) income other than the above		
other	3.098	1.918
Total income other than the above	3.098	1.918
Total other financial income	5.446	2.350
17) Interest and other financial expense		
other	283.745	266.777
Total interest and other financial expense	283.745	266.777
17-bis) Currency gains and losses	(262.385)	189.097
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(540.561)	(75.187)
D) Value adjustments to financial assets and liabilities		
19) write-downs		
c) securities included among current assets not representing equity investments	18.651	6.409
d) derivative financial instruments	2.946	10.494
Total write-downs	21.597	16.903

Total value adjustments to financial assets and liabilities (18 - 19)	(21.597)	(16.903)
Pre-tax result (A - B + - C + - D)	3.206.180	1.913.511
20) Income tax for the year, current, deferred and prepaid		
Current taxes	923.545	627.718
deferred and prepaid tax	(4.278)	(77.419)
Total taxes on the income for the year	919.267	550.299
21) Profit (loss) for the year	2.286.913	1.363.212

## Financial statement, indirect method

	31-12-2017	31-12-2016
Financial statement, indirect method		
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	2.286.913	1.363.212
Income tax	919.267	550.299
Payable (receivable) interest	278.299	264.427
(Dividends)	(123)	(143)
(Capital gains)/Capital losses from business conveyance	9.652	2.137
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	3.494.008	2.179.932
Adjustments to non monetary items that were not offset in the net working capital.		
Allocations to preserves	18.432	-
Fixed asset depreciation/amortisation	57.462	37.814
Write-downs for long-term value depreciation	18.651	6.409
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	2.946	(10.494)
Other adjustments to increase/(decrease) non-monetary items	22.777	17.961
total adjustments for non-monetary items that were not offset in the net working capital	120.268	51.690
2) Cash flow before changing net working capital	3.614.276	2.231.622
Changes to the net working capital		
Decrease/(increase) in inventory	(3.711.831)	(3.173.365)
Decrease/(increase) in payables to customers	(6.413.136)	(4.903.768)
Increase/(decrease) in trade payables	3.331.997	2.896.919
Increase/(decrease) from prepayments and accrued income	15.642	(51.088)
Increase/(decrease) from accruals and deferred income	43.765	39.236
Other decreases/(other increases) in net working capital	(1.145.241)	1.179.598
Total changes to net working capital	(7.878.804)	(4.012.468)
3) Cash flow after changes to net working capital	(4.264.528)	(1.780.846)
Other adjustments		
Interest received/(paid)	(278.299)	(264.427)
(Income tax paid)	(919.267)	(550.299)
Dividends received	123	143
(Use of reserves)	-	(20.298)
Total other adjustments	(1.197.443)	(834.881)
Cash flow from current activities	(5.461.971)	(2.615.727)
B) Cash flows from investments		
Tangible fixed assets		
(Investments)	(47.963)	(203.491)
Disposals	12.379	4.500
Intangible fixed assets		
(Investments)	(25.837)	(91.660)
Short term financial assets		
(Investments)	(194.858)	(276.601)
Disposals	699	58.015
Cash flows from investments (B)	(255.580)	(509.237)
C) Cash flows from financing activities		
Loan capital		
Increase/(decrease) in short term bank loans	5.123.466	3.030.344
New loans	1.074.197	1.425.928

(Loan repayments)	(200.844)	-
Equity		
Capital increase payments	-	250.000
(Dividends and advances on dividends paid)	(500.000)	-
Cash flows from financing activities ( C)	5.496.819	4.706.272
Increase (decrease) in liquid assets (A ± B ± C)	(220.732)	1.581.308
Liquid assets at the start of the year		
Bank and post office deposits	2.041.622	466.619
Cash and valuables in hand	6.582	277
Total liquid assets at the start of the year	2.048.204	466.896
Liquid assets at the end of the year		
Bank and post office deposits	1.827.325	2.041.622
Cash and valuables in hand	147	6.582
Total liquid assets at the end of the year	1.827.472	2.048.204

# Supplementary Notes to the Financial statements to 31-12-2017

## Supplementary notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/12 /2017.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

### **Basis of preparation**

#### **Financial Statement preparation**

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account. In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3<sup>rd</sup> paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

There were no exceptional cases that made it necessary to utilize the exceptions as per art. 2423, paragraphs 4 and 5 and as per art. 2423-bis, paragraph 2 of the Italian Civil Code

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

#### **Financial statement preparation policies**

The financial statements items were valued in accordance with the principle of prudence and on a going concern. In accordance with art. 2423-bis, par.1, point 1-bis of the Italian Civil Code, the items are recognized and presented taking into account the substance of the transaction and contract.

When preparing the financial statements, the charges and incomes were entered according to an accrual basis of accounting, independently of the time collection or payment. Moreover, the risks and losses accruing during the fiscal year were taken into account even if they became known after the fiscal year's closing date.

#### **Structure and contents of the financial statement**

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was not necessary to adjust any items of the previous fiscal year.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

#### **Measurement policies**

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

**Other information****Assessment of foreign currency items**

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

**Transactions with grant back obligation**

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

## **Supplementary notes, assets**

The values entered as assets in the balance sheet were valued as required by article 2426 of the Italian Civil Code and in accordance with the national accounting standards. The criteria applied in each case are indicated in the sections concerning the individual entries.

### **Fixed assets**

#### **Intangible fixed assets**

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

The values of the assets are shown net of the accumulated depreciation and writedowns.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

<b>Intangible assets items</b>	<b>Period</b>
Corporate expenses	5 YEARS ON A STRAIGHT-LINE BASIS
Software	5 YEARS ON A STRAIGHT-LINE BASIS
Trademarks	5 YEARS ON A STRAIGHT-LINE BASIS
Other intangible assets	5 YEARS ON A STRAIGHT-LINE BASIS

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the intangible assets still in the assets.

It is pointed out that it was not necessary to apply writedown on said noncurrent charges due as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of the intangible assets were identified.

#### ***Costs for start-up and extension***

Installation and expansion costs were entered among the balance sheet assets with the consent of the board of statutory auditors, as their usefulness extends over several years; these costs were depreciated within a period no longer than five years.

#### **Tangible fixed assets**

The assets in the category of property, plant and equipment, recognized on the date on which the risks and benefits linked to the acquired asset are transferred, are entered in the financial statements at the acquisition cost, incremented by any accessory charges incurred up to the moment at which the assets are ready for use and, in any case, within the limits of the recoverable value.

These assets are recorded on the financial statements assets, net of the depreciation and writedown provisions.

The accounting amount of the assets, grouped in homogeneous classes by nature and year of acquisition, is allocated among the fiscal years during which they will presumably be used. The procedure is implemented by systematically imputing to the financial statement the depreciation quotas corresponding to the pre-established plans, defined at the time that the asset is available and ready for use, also taking into account their presumed possible residual utilization. Said plans, audited yearly, are prepared on the basis of the gross value of the assets, assuming that their realization value at the end of the process is zero.

The depreciations of property, plant and equipment whose utilization is limited in time were done in accordance with the following pre-established schedule.

<b>Property, plant and equipment items</b>	<b>Rate %</b>
Apparatus and machinery	7,50%
Telephone systems	25%
Equipment	15%

Electronic office machines	20%
Furniture and fixtures	12%
Vehicles	20%

Any disposals of assets (sales, scrapping, etc.) that took place during the fiscal year involved the elimination of their residual value. Any difference between the accounting amount and the disposal value was imputed to the income statement.

The above mentioned rates were reduced to half for the assets acquired in the course of the fiscal year, as the depreciation share thus obtained does not differ significantly from the share calculated starting at the time that the asset is available and ready for use.

The depreciation criteria for property, plant and equipment did not change compared to those applied the previous fiscal year.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the tangible assets still in the assets.

It is pointed out that it was not necessary to apply writedowns as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of property, apparatus and equipment were identified.

## Intangible fixed assets

### Changes in intangible fixed assets

After entering the depreciation charges of € 25.144 in the income statement, the value of the intangible assets amounts to € 77.623.

The following table shows the movements concerning the assets in question.

	Start-up and expansion costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
<b>Year opening balance</b>					
<b>Cost</b>	827	9.809	2.184	64.110	76.930
<b>Balance sheet value</b>	827	9.809	2.184	64.110	76.930
<b>Changes during the year</b>					
<b>Increases for purchases</b>	-	13.030	12.806	-	25.836
<b>Depreciation /amortisation for the year</b>	496	5.513	3.107	16.027	25.143
<b>Total changes</b>	(496)	7.517	9.699	(16.027)	693
<b>Year closing balance</b>					
<b>Cost</b>	331	17.326	11.883	48.083	77.623
<b>Balance sheet value</b>	331	17.326	11.883	48.083	77.623

### *Detail of the composition of long-term costs*

#### *Costs for start-up and extension*

The following schedule details the installation and expansion costs, highlighting the changes that occurred relative to the previous fiscal year. Reference is made to the discussion above for the reasons of their entering and the respective depreciation criteria.

Description	Detail	2017	2016	Absolute change	% change
<i>Start-up and expansion costs</i>					
	Corporate expenses	331	827	496-	60-
	<b>Total</b>	<b>331</b>	<b>827</b>	<b>496-</b>	

## Tangible fixed assets

## Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to €. 305.240; the depreciation reserve totals €. 49.749.

The table below shows the transactions in the assets in question.

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
<b>Year opening balance</b>				
<b>Cost</b>	149.727	52.275	79.424	281.426
<b>Amortisation (amortisation fund)</b>	6.213	3.921	9.713	19.847
<b>Balance sheet value</b>	143.514	48.354	69.711	261.579
<b>Changes during the year</b>				
<b>Increases for purchases</b>	16.274	1.134	30.555	47.963
<b>Decreases for transfers and disposals (of the balance sheet value)</b>	-	-	21.734	21.734
<b>Depreciation/amortisation for the year</b>	12.286	7.926	12.105	32.317
<b>Total changes</b>	3.988	(6.792)	(3.284)	(6.088)
<b>Year closing balance</b>				
<b>Cost</b>	166.001	53.409	85.830	305.240
<b>Amortisation (amortisation fund)</b>	18.499	11.847	19.403	49.749
<b>Balance sheet value</b>	147.502	41.562	66.427	255.491

## Finance leases operations

As required by the law, the assets acquired through financial lease are entered into the accounts as operating leases, by recording the leasing fees among the operating costs.

The following schedule shows the information requested by the law in order to show, albeit off balance sheet, the implications arising from the different accounting compared to the financial method; in the latter the user company would record the leased asset among the assets and would calculate the depreciation charges on said asset, while, at the same time, it would record the debt for the capital portion of the leasing charges to be paid. In this case, the income statement would record the interest portion and the depreciation portion of the leasing charges accruing in fiscal year.

	Amount
<b>Total value of financial leased assets at the end of the year</b>	157.371
<b>Depreciation related to the year</b>	32.528
<b>Current value of unpaid instalments at the end of the year</b>	122.916
<b>Financial liabilities for the year based on the effective interest rate</b>	2.996

## Financial fixed assets

The financial assets that were present in the 2016 financial statements have been allocated to financial assets that do not constitute fixed assets.

Inserisci Testo

## Current assets

The elements of the current assets are valued as required by numbers 8 to 11-bis of article 2426 of the Italian Civil Code. The criteria utilized are indicated in the sections of the respective financial statements' items.

## Inventory

The inventories were measured at weighted average cost. The purchase cost includes any directly attributable incidental Charges.

	Year opening balance	Change during the year	Year closing balance
<b>Finished products and goods for resale</b>	7.150.310	3.711.831	10.862.141
<b>Total inventories</b>	7.150.310	3.711.831	10.862.141

### Receivables included among current assets

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the provisions of art. 2426, paragraph 1, N° 8 of the Italian Civil Code.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits for a total amount of Euro 256.423.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Changes and deadline of receivables posted to current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months
<b>Trade receivables included among current assets</b>	17.268.198	6.413.136	23.681.334	23.681.334
<b>Tax receivables included among current assets</b>	-	1.140.072	1.140.072	1.140.072
<b>Assets for prepaid tax included among current assets</b>	77.419	4.278	81.697	
<b>Other receivables included among current assets</b>	97	13.106	13.203	13.203
<b>Total receivables included among current assets</b>	17.345.714	7.570.592	24.916.306	24.834.609

### Breakdown of receivables included among current assets by geographic area

The following table shows the distribution by geographical area of the credits entered among the current assets.

Geographic area	Italy	CEE	EXTRA CEE	Total
<b>Trade receivables included among current assets</b>	21.360.640	2.243.464	77.230	23.681.334
<b>Tax receivables included among current assets</b>	1.140.072	-	-	1.140.072
<b>Assets for prepaid tax included among current assets</b>	81.697	-	-	81.697
<b>Other receivables included among current assets</b>	13.203	-	-	13.203
<b>Total receivables included among current assets</b>	22.595.612	2.243.464	77.230	24.916.306

### Financial assets not classified as fixed assets

#### Changes in financial assets not classified as fixed assets

##### *Current financial asset derivative instruments*

The active derivative financial instruments refer to instruments intended to cover the financial flows or the fair value of a current asset. They have been valued at fair value in accordance with art. 2426, par.1, n° 11 bis and the positive or negative

variations of the fair value between two fiscal years are recognized respectively in the appropriate items of the income statement "D.18.d - Revaluations of derivative financial instruments" and "D.19.d - Writedowns of derivative financial instruments", with the exception of the variations of the derivatives that cover financial flows, which are required to be posted in the shareholders' equity item "VII - Reserve for transactions to cover anticipated financial flows". The fair value was determined in accordance to the market value, as it was possible to easily identify an active market.

#### *Other securities*

Current securities of fungible nature were valued on the basis of the lesser value of the cost recognized initially and of the realization cost inferable from the market trend. The weighted average cost method, as an alternative to the specific cost method was utilized to value the cost recognized initially.

	Year opening balance	Changes during the year	Year closing balance
<b>Non-current active derivative financial instruments</b>	-	34.919	34.919
<b>Other non-current shares</b>	338.723	175.210	513.933
<b>Total financial current assets</b>	338.723	210.129	548.852

## Liquid funds

Cash and cash equivalents are measured at nominal value.

	Year opening balance	Change during the year	Year closing balance
<b>Bank and post office deposits</b>	2.041.622	(214.297)	1.827.325
<b>Cash and other cash in hand</b>	6.582	(6.435)	147
<b>Total liquid funds</b>	2.048.204	(220.732)	1.827.472

## accrued income and prepayments

Accruals and deferred income were calculated according to an accrual basis of accounting, by allocating revenues and/or costs common to two fiscal years.

	Year opening balance	Change during the year	Year closing balance
<b>Accrued income</b>	7.880	(7.880)	-
<b>Deferred income</b>	65.047	(7.762)	57.285
<b>Total accrued income and prepaid expenses</b>	72.927	(15.642)	57.285

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Detail	Amount for the current fiscal year
<i>Accrued income and prepayments</i>		
	Prepaid expenses	57.285
	<b>Total</b>	<b>57.285</b>

Deferred income and prepaid expenses in detail:

#### PREPAID EXPENSES

Prepaid expenses insurance premiums €. 1.624

Prepaid expenses ordinary telephone expenses €. 252

Prepaid expenses lease fees €. 16.079

Prepaid expenses rental fees €. 370

Prepaid expenses building rental fees €. 8.449

Prepaid expenses general expenses €. 337

Prepaid expenses other bank charges €. 30.174

It is pointed out that the sum of €. 10.531 related to the prepaid expenses bank fees on loans concerns the share beyond the following fiscal year.

## **Capitalized financial assets**

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.

## Supplementary notes, liabilities and net equity

The entries of the equity investment and the liabilities of the balance sheet were entered in accordance with the national accounting standards; the criteria specifically applied are indicated in the sections concerning the individual entries.

### Shareholders' equity

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

### Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

	Year opening balance	Destination of the previous year's result	Other changes		Result for the year	Year closing balance
		Other destinations	Increases	Decreases		
<b>Capital</b>	1.000.000	-	-	-		1.000.000
<b>Legal reserve</b>	77.306	68.161	-	-		145.467
<b>Other reserves</b>						
<b>Extraordinary reserve</b>	1.018.817	1.295.052	-	500.000		1.813.869
<b>Miscellaneous other reserves</b>	1	-	-	1		-
<b>Total other reserves</b>	1.018.818	1.295.052	-	500.001		1.813.869
<b>Reserve to hedge expected cash flow transactions</b>	187.350	-	40.701	383.301		(155.250)
<b>Profit (loss) for the year</b>	1.363.212	(1.363.212)	-	-	2.286.913	2.286.913
<b>Total shareholders' equity</b>	3.646.686	1	40.701	883.302	2.286.913	5.090.999

### Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

	Amount	Origin / nature	Possible use	Available amount
<b>Capital</b>	1.000.000	Share capital		-
<b>Legal reserve</b>	145.467	Profits	B	-
<b>Other reserves</b>				
<b>Extraordinary reserve</b>	1.813.869	Profits	A;B;C	1.813.869
<b>Total other reserves</b>	1.813.869			1.813.869
<b>Reserve to hedge expected cash flow transactions</b>	(155.250)			-
<b>Total</b>	2.804.086			1.813.869
<b>Unavailable amount</b>				77.623
<b>Residual available share</b>				1.736.246

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

### Changes to the reserve for hedge operations on expected cash flows

In accordance with art. 2427-bis, paragraph 1b-quater of the Italian Civil Code, the following schedule illustrates the movements of the fair value reserves that occurred during the fiscal year.

	Reserve to hedge expected cash flow transactions
Year opening balance	187.350
Changes during the year	
Increases for fair value change	40.701
Decreases for fair value change	383.301
Year closing balance	(155.250)

## Provisions for risks and charges

The provisions for risks and charges were allocated to cover liabilities whose existence was deemed to be certain or probable and for which the amount or the contingency date could not be determined at the fiscal year's closing date.

The provisions were established on the basis of the principles of prudence and accrual, in compliance with the accounting standard OIC 31. The related provisions are recorded in the income statement of the accrual period, on the basis of the by the nature cost classification criterion.

	Provisions for pension liabilities and similar obligations	Passive derivative financial instruments	Other funds	Total provisions for risks and charges
Year opening balance	-	7.121	122.581	129.702
Changes during the year				
Operating accrual	17.032	188.830	80.000	285.862
Use in the financial year	-	6.192	78.600	84.792
Total changes	17.032	182.638	1.400	201.070
Year closing balance	17.032	189.759	123.981	330.772

### Other provisions

The following schedule shows the composition of the item in question, as entered in the financial statements, in accordance with art. 2427, par.1 of the Italian Civil Code.

Description	Detail	Amount for the current fiscal year
<i>other</i>		
	Other prov.for defer.risks and charges	123.981
	<b>Total</b>	<b>123.981</b>

## Staff severance fund

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

	Staff severance fund
Year opening balance	28.005
Changes during the year	
Operating accrual	22.877

	Staff severance fund
Other changes	(100)
Total changes	22.777
Year closing balance	50.782

## Payables due to companies controlled by parent companies

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

### Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months
Payables to banks	11.109.006	4.922.622	16.031.628	14.816.093	1.215.535
Payables to other financiers	527.906	1.074.197	1.602.103	1.602.103	-
Payables to suppliers	11.651.595	3.331.997	14.983.592	14.983.592	-
Tax payables	283.113	10.804	293.917	293.917	-
Payables due to social security and welfare institutions	15.424	2.519	17.943	17.943	-
Other payables	24.686	(1.108)	23.578	23.578	-
<b>Total payables (D)</b>	<b>23.611.730</b>	<b>9.341.031</b>	<b>32.952.761</b>	<b>31.737.226</b>	<b>1.215.535</b>

#### *Payables due to banks*

The following table shows the subdivision of the item "Debts to banks".

Entry	Payables of bank account	Payables of short loans	Payables of medium loans	Total
4)	11.041.747	3.774.347	1.215.534	16.031.628

#### *Other payables*

The following table shows the subdivision of the item "Other debts".

Description	Detail	Amount for the current fiscal year
<i>OTHER PAYABLES</i>		
	Payables due to suppl. pension funds	1.920
	Debiti F.I.R.R.	4.475
	Personnel for remuneration	17.183
	<b>Total</b>	<b>23.578</b>

## Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

Geographic area	Italy	CEE	EXTRA CEE	Total
Payables to banks	16.031.628	-	-	16.031.628
Payables to other financiers	1.602.103	-	-	1.602.103
Payables to suppliers	3.747.857	3.653.964	7.581.771	14.983.592
Tax payables	293.917	-	-	293.917
Payables due to social security and welfare institutions	17.943	-	-	17.943
Other payables	23.578	-	-	23.578
Payables due to companies controlled by parent companies	21.717.026	3.653.964	7.581.771	32.952.761

## Payables covered by real guarantees on company assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

## Loans by shareholders

The company did not receive any loans from shareholders.

## **accrued liabilities and deferred income**

Accruals and deferred income were calculated according to an accrual basis of accounting, by separating costs and/or revenue common to two fiscal years.

	Year opening balance	Change during the year	Year closing balance
Accrued liabilities	76.091	43.765	119.856
<b>Total accrued liabilities and deferred income</b>	<b>76.091</b>	<b>43.765</b>	<b>119.856</b>

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Detail	Amount for the current fiscal year
<i>Accrued income and prepayments</i>		
	Accrued liabilities	119.856
	<b>Total</b>	<b>119.856</b>

Accrued liabilities in detail:

### ACCRUED LIABILITIES

Accrued liabilities premiums Inail €. 1.146

Accrued liabilities insurance premiums €. 66.181

Accrued liabilities bank fees and charges €. 1.539

Accrued liabilities bank interest expenses and commitment fees €. 16.651

Accrued liabilities employee costs €. 34.339.

## **Supplementary notes, income statement**

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

## **Value of production**

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them.

Revenues generated by the sale of goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits.

## **Breakdown of net revenue by business category**

The following table illustrates the distribution of the revenues from sales and services by categories of activities.

<b>Business category</b>	<b>Current year value</b>
<b>Sale of goods</b>	53.393.449
<b>Total</b>	53.393.449

## **Breakdown of net revenue by geographic area**

The following table illustrates the distribution of the revenues from sales and services by geographical area.

<b>Geographic area</b>	<b>Current year value</b>
<b>Italy</b>	47.316.559
<b>CEE</b>	5.930.796
<b>EXTRA CEE</b>	146.094
<b>Total</b>	53.393.449

## **Cost of production**

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

## **Financial income and charges**

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

## Composition of share income

The dividends are recognized in the fiscal year in which their distribution is declared.

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code other than dividends.

## Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

	Interest and other financial liabilities
Payables to banks	269.482
other	14.263
<b>Total</b>	<b>283.745</b>

## **Gains/losses on foreign exchange**

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
<i>Currency gains and losses</i>	<i>262.385-</i>		
Gain on foreign exchange		-	1.309.650
Loss on foreign exchange		180.111	1.391.924
<b>Total entry</b>		<b>180.111-</b>	<b>82.274-</b>

## **Value adjustments to financial assets and liabilities**

During this fiscal year a write-down of securities included in current assets not classified as fixed assets was done, by adjusting them through the release a provision of Euro 18.651.

## **Amount and nature of the single income/cost items of exceptional size or effect**

No revenues or other positive components derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

No costs derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

## **Income tax for the year, current, deferred and prepaid**

### **Deferred tax assets and liabilities**

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation exclusively for the IRES 24%, as there were no temporary changes of IRAP.

The information requested by art. 2427, n° 14 of the Italian Civil Code is shown below:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;

- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons
- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;
- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons.

	Prepaid taxes 1.01.2017	Amount 2017	IRES 24%	Prepaid taxes 31.12.17
Writedowns of accounts included among current assets	48.000	16.424	(3.942)	51.942
Other provision	29.419	1.400	(336)	29.755
Amount 31/12/2017	77.419		4.278	81.697

## **Supplementary notes, financial statement**

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components.

## **Supplementary notes, other information**

The other information requested by the Italian Civil Code is shown below.

### **Employment data**

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

	Average number
Office staff	6
Blue collar workers	7
<b>Total employees</b>	<b>13</b>

### **Remuneration, advances and credits granted to directors and auditors and commitments on their behalf**

The following schedule shows the information requested by art. 2427, n° 16 of the Italian Civil Code; it is specified that there are no advances and credits and that no commitments were assumed on behalf of the administrative body as a result of providing any type of guarantee.

	Directors	Auditors
<b>Remuneration</b>	221.000	6.240

### **Remuneration to legal auditor or audit company**

The following table shows the remunerations payable to the statutory auditor, subdivided by the types of services provided.

	Value
<b>Legal audit of annual accounts</b>	6.240
<b>Total remuneration due to the legal auditor or audit firm</b>	<b>6.240</b>

### **Category of shares issued by the company**

This paragraph of the explanatory notes is not pertinent since the share capital is not represented by shares.

### **Securities issued by the company**

The company did not issue securities.

### **Details of other financial instruments issued by the company**

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

### **Commitments, guarantees and potential liabilities not posted to the balance sheet**

The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code.

	Amount
Commitments	124.680

## Information on assets and loans addressed to specific deals

### Assets destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

### Financing destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

## Information on transactions with correlated parties

For the purpose of the requirements of the legislation in effect, no transactions were conducted with related parties during the fiscal year.

## Information on agreements not posted to the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

## Information on significant events after yearend

With regard to point 22-quater of art. 2427 of the Italian Civil Code, no significant events occurred after the fiscal year's closing date that significantly impacted on the balance sheet, financial position, and income statement.

## Companies that draft the largest/smallest group of companies that they belong to as subsidiary

There are no cases such as those mentioned at art. 2427, numbers 22-quinquies and sexies of the Italian Civil Code.

## Information regarding derivative financial instruments as per art. 2427-b Civil Code

In compliance with the requirements of art. 2427-bis of the Italian Civil Code, in accordance with the principle of truthful and accurate reporting of the company's commitments, the appropriate information is provided below

KIND	ISSUER	FAIR VALUE
Irs	Intesa San Paolo	€ . - 929,00
Option on rate	Intesa San Paolo	€ . + 394,00
Option on rate	Intesa San Paolo	€ . + 108,00
Option on rate	Intesa San Paolo	€ . + 275,00
Option on currency	Intesa San Paolo	€ . -15.556,00
Option on currency	Intesa San Paolo	€ . + 2,00
Option on currency	Intesa San Paolo	€ . - 14.236,00
Option on currency	Intesa San Paolo	€ . - 21.686,00

Option on rate	Banca Popolare di Milano	€. + 8,24
Terminable Option on currency	Banca Popolare di Sondrio	€. + 2.648,05
Option on currency	Banca Popolare di Sondrio	€.+52,21
Option on currency	Banca Popolare di Sondrio	€. -42.736,08
Option on currency	Banca Popolare di Sondrio	€. 206,33
Option on currency	Banca Popolare di Sondrio	€. -37.266,36
Option on currency	Banca Popolare di Sondrio	€. + 339,28
Option on currency	Banca Popolare di Sondrio	€. -15.357,44
Option on currency	Banca Popolare di Sondrio	€. + 12.895,49
Option on currency	Banca Popolare di Sondrio	€. -15.431,52
Option on rate	Banco BPM	€. +8,24
Option on currency	Banco BPM	€. - 26.560,15
Flexi forward	Deutsche Bank	€. + 18.000,53

## Summary of balance sheet of the company exercising management and coordination activities

In accordance with art. 2497-bis, par. 4 of the Italian Civil Code, it is certified that the company is not subject to management and coordination activity by other companies.

## Proposed use of profits or hedging of losses

Dear Shareholders: in view of the discussion above, the administrative body proposes to allocate the profit for fiscal year Euro 2.286.913,30 as follows:

EUR 54.533,22 to the legal reserve;

EUR 2.232.380,08 to the extraordinary reserve post 2016;

## **Supplementary notes, final part**

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2017 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records

VERTEMATE CON MINOPRIO, 3/05/2018

### **Board of directors**

Pierluigi Biondi, Chief

Fabio Massimo Berneri, Board member