

PARENT COMPANY'S ACCOUNT FOR CLIFFORD LTD  
COMPANY NUMBER 04649060)

Financial statements as at 31/12/2015

pg 24

NIKOLAUS BAGNARA S.P.A. - A.G.

**NIKOLAUS BAGNARA S.P.A. - A.G.**

Offices at Via Madonna del Riposo, 34, APPIANO SULLA STRADA DEL VINO -

Paid-up share capital of €516,500.00

Registered with the BOLZANO Chamber of Commerce, Industry, Crafts and Agriculture

Tax Code and Companies Registry entry no.00211420211

VAT no.: 00211420211 – Economic and Administrative Index no.:77007

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**Balance Sheet at 31/12/2015**

**STATEMENT OF ASSETS AND LIABILITIES**

ASSETS	31/12/2015	31/12/2014
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**A) RECEIVABLES FROM SHAREHOLDERS FOR UNPAID CONTRIBUTIONS**

<b>Total subscribed capital still unpaid (A)</b>	<b>0</b>	<b>0</b>
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**B) FIXED ASSETS**

*I – Intangible assets*

3) Industrial patent and intellectual property rights	36,024	47,469
4) Concessions, licences, trademarks and similar rights	9,915	18,387
7) Other	16,169	27,875
<b>Total intangible assets (I)</b>	<b>62,108</b>	<b>93,731</b>

*II – Tangible assets*

1) Land and buildings	7,932,203	10,747,896
2) Plant and machinery	464,126	531,420
3) Industrial and commercial equipment	166,327	157,126
4) Other assets	337,658	340,129
5) Assets being acquired and payments on account	568,309	44,759
<b>Total material assets (II)</b>	<b>9,468,623</b>	<b>11,821,330</b>

*III – Financial assets*

1) Shareholding		
a) Subsidiary companies		
b) Associate companies		

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d) Other companies	11,197	11,197
Total holdings (1)	1,174,713	1,149,713
Total financial assets (III)	1,174,713	1,149,713

<b>Total fixed assets (B)</b>	<b>10,705,444</b>	<b>13,064,774</b>
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**C) CURRENT ASSETS***I) Stock*

1) Raw materials, subsidiaries materials and consumables	10,123,490	10,423,570
5) Payments on account	753,109	311,887
Total stock (I)	10,876,599	10,735,457

*II) Receivables*

1) From customers		
Due within the next financial year	6,679,933	6,300,288
Total receivables from customers (1)	6,679,933	6,300,288
2) From subsidiary companies		
Due within the next financial year	2,994,950	2,590,491
Total receivables from subsidiary companies (2)	2,994,950	2,590,491
3) From associate companies		
Due within the next financial year	2,352,371	2,649,387
Total receivables from associate companies (3)	2,352,371	2,649,387
4-bis) Tax credits		
Due within the next financial year	37,270	14,816
Due after the next financial year	30,066	137,216
Total tax credits (4-bis)	67,336	152,032
4-ter) Prepaid taxes		
Due within the next financial year	76,157	67,590
Total prepaid taxes (4-ter)	76,157	67,590
5) Other accounts receivable		
Due within the next financial year	62,681	111,294
Total other accounts receivable (5)	62,681	111,294

Total receivables (II)	12,233,428	11,871,082
<i>III – Financial activities which are not considered assets</i>		
Total financial activities which are not considered assets (III)	0	0
<i>IV – Cash balances</i>		
1) Bank and postal deposits	286,113	130,804
3) Cash and securities in hand	310	34
Total cash balances (IV)	286,423	130,838
<b>Total current assets (C)</b>	<b>23,396,450</b>	<b>22,737,377</b>
<b>D) ACCRUALS AND DEFERRALS</b>		
Accrued income and deferred charges	575,639	279,195
<b>Total accruals and deferrals (D)</b>	<b>575,639</b>	<b>279,195</b>
<b>TOTAL ASSETS</b>	<b>34,677,533</b>	<b>36,081,346</b>

## STATEMENT OF ASSETS AND LIABILITIES

LIABILITIES	31/12/2015	31/12/2014
<b>A) NET ASSETS</b>		
I - Capital	516,500	516,500
II – Reserve from shares issue surplus	0	0
III – Write-up reserve	6,106,688	6,106,688
IV – Legal reserve	103,300	103,300
V – Statutory reserves	0	0
VI – Reserve for own shares (held in portfolio)	0	0
<i>VII – Other reserves, separately indicated</i>		
Extraordinary or optional reserve	4,963,914	3,977,664
Payments in capital account	287,481	287,481
Reserve from reduction of company capital	130,000	130,000
Reserve for foreign currency exchange gains	156,167	0
Various other reserves	199,646	258,142
Total other reserves (VII)	5,737,208	4,653,287

VIII - Profits (losses) carried forward	0	0
<i>IX - Profit (loss) for the financial year</i>		
Profit (loss) for the financial year	1,652,893	1,083,921
Residual profit (loss)	1,652,893	1,083,921
<b>Total net assets (A)</b>	<b>14,116,589</b>	<b>12,463,696</b>
<b>B) FUNDS FOR RISKS AND CHARGES</b>		
2) For taxes including deferred	671,985	630,801
3) Others	114,131	105,295
<b>Total funds for risks and charges (B)</b>	<b>786,116</b>	<b>736,096</b>
<b>C) RESERVE FOR SEVERANCE INDEMNITIES</b>	<b>771,531</b>	<b>743,903</b>
<b>D) PAYABLES</b>		
3) Payables to shareholders for financing		
Payable after the next financial year	496,500	517,000
Total payables to shareholders for financing (3)	496,500	517,000
4) Payables to banks		
Payable during the next financial year	7,927,333	8,114,775
Payables after the next financial year	4,056,660	6,371,077
Total payables to banks (4)	11,983,993	14,485,852
6) Payments on account		
Payable during the next financial year	196,988	223,153
Total payments on account (6)	196,988	223,153
7) Payables to suppliers		
Payable during the next financial year	5,092,125	5,843,707
Total payables to suppliers (7)	5,092,125	5,843,707
9) Payables to subsidiary companies		
Payable during the next financial year	8,222	48,515
Total payables to subsidiary companies (9)	8,222	48,515
10) Payables to associate companies		
Payable during the next financial year	84,377	318,741

Total payables to associate companies (10)	84,377	318,741
12) Tax liabilities		
Payable during the next financial year	505,086	130,334
Total tax liabilities (12)	505,086	130,334
13) Contributions to welfare and social security institutions		
Payable during the next financial year	175,396	147,249
Total contributions to welfare and social security institutions (13)	175,396	147,249
14) Other liabilities		
Payable during the next financial year	403,807	380,201
Payable after the next financial year	24,238	11,685
Total other liabilities (14)	428,045	391,886
<b>Total liabilities (D)</b>	<b>18,970,732</b>	<b>22,106,437</b>

**E) ACCRUALS AND DEFERRALS**

Accrued liabilities	32,565	31,209
<b>Total accruals and deferrals (E)</b>	<b>32,565</b>	<b>31,209</b>
<b>TOTAL LIABILITIES</b>	<b>34,677,533</b>	<b>36,031,346</b>

**SUSPENSE ACCOUNTS**

	31/12/2015	31/12/2014
Business risks taken on		
Sureties		
To subsidiary companies	500,000	500,000
Total sureties	500,000	500,000
Other risks		
Total business risks taken on	500,000	500,000
Other suspense accounts		
Total other suspense accounts	2,892,631	1,082,034
<b>TOTAL SUSPENSE ACCOUNTS</b>	<b>3,392,631</b>	<b>1,582,034</b>

**PROFIT AND LOSS ACCOUNT**

	<b>31/12/2015</b>	<b>31/12/2014</b>
<b>A) VALUE OF PRODUCTION:</b>		
1) Revenues from sales and services	33,615,671	30,796,865
4) Increase of fixed assets for building improvements	50,932	0
5) Other revenues and proceeds		
Other	888,349	705,672
Contributions for the fiscal year	65,050	39,500
Total other revenues and proceeds (5)	953,399	745,172
<b>Total value of production (A)</b>	<b>34,620,002</b>	<b>31,542,037</b>
<b>B) PRODUCTION COSTS:</b>		
6) For raw materials, auxiliary materials, consumables and goods	14,543,167	15,073,716
7) For services	10,729,539	9,656,140
8) For utilisation of a third party's assets	389,533	691,061
9) For personnel		
a) Wages and salaries	2,369,336	2,178,080
b) Social security contributions	893,920	775,572
c) Reserve for severance indemnities	175,656	158,683
e) Other costs	20,125	14,800
Total personnel costs (9)	3,459,037	3,127,135
10) Amortisation and write-downs		
a) Amortisation for intangible assets	37,178	36,306
b) Amortisation for tangible assets	280,521	249,650
d) Loan write-off, current assets and cash balances	88,625	51,130
Total amortisations and write-downs (10)	406,324	337,086
11) Changes in stocks of raw materials, auxiliary materials, consumables and goods	300,080	-43,311
12) Provisions for liabilities	41,325	32,489
14) Various management charges	1,660,119	449,804
<b>Total production costs (B)</b>	<b>31,529,124</b>	<b>29,324,120</b>

<b>Difference between production value and production costs (A-B)</b>	<b>3,090,878</b>	<b>2,217,917</b>
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**C) FINANCIAL INCOME AND CHARGES:**

## 16) Other financial income

## a) From receivables entered in assets

Other	39,865	35,541
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Total financial income from receivables entered in assets	39,865	35,541
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## d) Income different from the foregoing

Other	1,869	13,897
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Total income different from the foregoing (d)	1,869	13,897
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Total other financial income (16)	41,734	49,438
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## 17) Interest and other financial charges

Other	607,688	586,168
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Total interest and other financial charges (17)	607,688	586,168
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17-bis) Foreign currency exchange gains and losses	27,379	91,948
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<b>Total financial income and charges (C) (15+16-17+-17-bis)</b>	<b>-538,575</b>	<b>-444,782</b>
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**D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS:**

<b>Total valuation adjustments to financial assets (D) (18-19)</b>	<b>0</b>	<b>0</b>
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**E) EXTRAORDINARY INCOME AND CHARGES:**

## 20) Income

Other	16,187	16,066
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Total income (20)	16,187	16,066
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## 21) Charges

Other	167,848	87,040
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Total charges (21)	167,848	87,040
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<b>Total extraordinary items (E) (20-21)</b>	<b>-151,661</b>	<b>-70,974</b>
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<b>PROFIT/LOSS BEFORE TAX (A-B+C+D+E)</b>	<b>2,400,642</b>	<b>1,702,161</b>
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## 22) Tax on income for the financial year, current, deferred and prepaid

Current tax	730,960	632,301
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Prepaid tax	26,565	14,061
Deferred tax	43,354	0
Total tax on income for the financial year (22)	747,749	618,240

<b>23) PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>	<b>1,652,893</b>	<b>1,033,921</b>
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**Chairman of the Board of Directors**  
**(Bagnara Bruno)**



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### **Notes to the financial statements closed at 31/12/2015**

#### **Introduction**

The financial statements closed at 31/12/2015, of which these notes form an integral part pursuant to Article 2423 (1) of the Italian Civil Code, correspond to the results of the accounting documents regularly kept and have been drawn up in accordance with Articles 2423, 2423-ter, 2424, 2424-bis, 2425 and 2425-bis of the Italian Civil Code, according to the principles of preparation established by Article 2423-bis (1) of the Italian Civil Code and valuation criteria referred to in Article 2426 of the Italian Civil Code

The valuation criteria referred to in Article 2426 of the Italian Civil Code comply with those used to prepare the financial statements for the previous financial year, and no exceptional events have occurred making it necessary to have recourse to exceptions referred to by Articles 2423-bis (2) and 2423 (4) of the Italian Civil Code

Where applicable, the principles and recommendations published by the Organismo Italiano di Contabilità [*Italian Accounting Body*] (OIC) supplemented, where lacking, by the IAS/IFRS issued by the IASB, were also observed in order to provide a true and fair view of the capital, financial and economic situation

There are no items in the assets or liabilities that fall under several items of the format of the financial statements

For the purposes of comparability of the financial statement balances, pursuant to Article 2423-ter (5) of the Italian Civil Code, the balances of the previous financial year have been reclassified

In order to provide more complete information on the capital and financial situation, these notes are

supplemented by the financial report

### Preparation criteria

In accordance with the provisions of Article 2423-*bis* of the Italian Civil Code, in preparing the financial statements

- We valued the individual items prudently and with a view to normal business continuity, and taking into account the economic function of the item of the assets or liabilities in question,
- We only included the profits actually realized during the course of the financial year,
- We determined the income and expenses on an accrual basis, irrespective of their financial appearance,
- We included all risks and losses accruing, even if they became known after year end,
- We considered separately, for the purposes of the relative valuation, different items included in the various items of the financial statements,
- We maintained the valuation criteria adopted in relation to the previous financial year unchanged

### Valuation criteria

The criteria applied in the valuation of the financial statement items, indicated below, comply with the provisions of Article 2426 of the Italian Civil Code and have only been applied to those items actually recognized

#### Intangible fixed assets

Intangible fixed assets are recognized at acquisition or internal production cost, including all directly attributable ancillary charges, and are systematically amortized at constant rates in relation to the residual possibility of use of the asset

In particular, industrial patent rights and intellectual property rights are amortized based on their presumed duration of use, which may not exceed that fixed by the licence agreements, however

The amortization of costs incurred for the arrangement of loans relates to the duration thereof

Fixed assets whose value at the year-end date is permanently lower than the residual cost to be amortized are recognized at that lower value, this is not maintained if the reasons for the adjustment

made cease to apply in subsequent financial years

The recognition and valuation of items included in the category of intangible fixed assets was made with the consent of the Board of Statutory Auditors, where provided for by the Italian Civil Code

### **Tangible fixed assets**

Tangible fixed assets are recognized at acquisition or production cost net of the relative accumulated depreciation, including all directly attributable ancillary costs and charges, indirect costs relating to internal production and charges relating to the financing of internal manufacture borne during the manufacturing period and up to the time at which the asset may be used

The costs borne on assets existing for the purposes of the expansion, modernization and improvement of structural items, and those borne to increase their correspondence with the purposes for which they were purchased, and non-routine maintenance as provided for by OIC 16 par 41-45, have only been capitalized in the presence of a significant, measurable increase in the production capacity or useful life

For these assets, depreciation has been applied in a unified manner to the new book value taking the residual useful life into account

Fixed assets whose value at the year-end date is permanently lower than the residual cost to be depreciated are recognized at that lower value, this is not maintained if the reasons for the adjustment made cease to apply in subsequent financial years

The costs of maintenance and repair of technical fixed assets have so far been attributed directly to the profit and loss account for the financial year

For tangible fixed assets comprising a set of coordinated assets, as provided for by OIC 16 par 37-38, the values of the individual assets were determined in order to identify the various durations of their useful lives

Tangible fixed assets acquired free of charge, as provided for by OIC 16 par 37-38, have been recognized based on the market value with a contra entry as extraordinary income

Financial expenses have been capitalized as provided for by OIC 16 par 33-36. as

- They are expenses actually borne and objectively determinable and fall within the limit of the

recoverable value of the reference assets,

- The capitalized expenses do not exceed the financial expenses, net of the temporary investment of funds acquired on loan, in relation to the realization of the asset and borne during the financial year,
- The financial expenses on funds acquired on loan have generally been capitalized within the limits of the portion attributable to the fixed assets in course of construction,
- The capitalized expenses relate solely to those assets requiring a significant construction period,
- The choice of capitalizing expenses has been applied constantly over time

The cost of the fixed assets whose use is limited in time is depreciated every financial year at constant rates in relation to the residual possibility of use, specifically indicating the depreciation and possible write-downs applied, rates have been applied that reflect the result of the technical depreciation plans, confirmed by business reality and reduced by 50% for acquisitions made during the financial year, as the conditions provided for by OIC par 53 apply to these

All assets, including those temporarily not used, have been depreciated, except for those whose use is not exhausted, comprising land, civil buildings not accessory to industrial investments and structures

Based on the provisions of OIC 16 par 52, if the value of the buildings also incorporates the value of the land on which they are built, the value of the building has been shown separately

Depreciation commences from the time the assets become available and ready for use

The depreciation plans, as provided for by OIC 16 par 66, are revised in the event of a change in the residual possibility of use

Obsolete assets and those no longer used or usable in the production cycle, based on OIC 16 par 73, have not been depreciated and have been valued at the lower of the net book value and the recoverable value

The rates applied are as follows

Buildings 3%-4%

Plant and machinery 10%-15%

Industrial equipment 10%

Other assets

- Furniture and fittings 12%
- Electronic office machinery 20%
- Motor vehicles 25%
- Lorries 20%
- Improvements to third party assets rate based on the term of the lease agreement

***Public grants for plant and current expenses***

The grants for plant expenses provided by the Autonomous Province of Bolzano have been recognized, in accordance with OIC 16 par 80, as they have been substantially definitively acquired

They have been recognized applying the indirect method and therefore recognized in the item of the profit and loss account 'A5 Other revenues and income', and deferred by accrual to subsequent financial years, by recognition of the grant in a suitable item of the deferred income

The grants provided for current expenses have been recognized in the income components

**Financial fixed assets**

Long-term investments, listed and unlisted, have been valued by attributing to each investment the cost specifically borne, plus directly attributable expenses and waivers of loans provided for those parties in which an interest is held

Pursuant to Article 2426, point 3, of the Italian Civil Code, in the event of impairment, defined and determined based on OIC 21 par 29-41, the cost has been adjusted, if the conditions determining an adjustment of value in previous financial years no longer apply, the impairment has been reversed based on OIC 21 par 42-43

Receivables recognized in the financial fixed assets are shown at the presumed realizable value, this value has been determined by adjusting the nominal value of the receivables existing so as to take all risks of non-realization into account

Pursuant to Article 2426, point 3, of the Italian Civil Code, in the event of impairment, defined and determined based on OIC 21 par 36-38, the cost has been adjusted, if the conditions determining an adjustment of value in previous financial years no longer apply, the impairment has been reversed based on OIC 21 par 39

**Inventories**

In order to value inventories, two of the criteria permitted by Article 2426 (10) of the Italian Civil Code were adopted. In particular:

- For raw and subsidiary materials, consumables and goods held for resale, the LIFO criterion was adopted, as usual the valuation of blocks of marble and granite in stock in the yards is particularly complex. Following careful analyses, several blocks were found not to comply with the morphological characteristics of structure and/or form expected, compared to the time of acquisition from the quarries, in fact, purchases may also take place during extraction, or the production may be purchased per cubic metre over a certain period in lots that cannot always be calculated. In many cases, therefore, depending on the type of the aforesaid materials, a valuation was made that took the market value into account, as it is appreciably lower than the purchase cost,
- For semi-finished and end products and for works in progress during the course of the year, the criterion of the cost obtained by valuation of the raw material was adopted with the criterion described above, to which all costs directly attributable to the product or the work in progress were added in relation to the production or works executed.

**Receivables**

Current asset receivables are recognized at the presumed realizable value.

The adjustment of the nominal value to the presumed realizable value is obtained by recognizing a bad debt provision to cover receivables deemed to be written off, based on estimates made based on past experience, the trend of the ageing rates of receivables due, the general economic situation, the situation in the sector and the country risk, and on events occurring after year end affecting the values at the date of the financial statements.

If no tax value has been given to the apportionment made, the relative prepaid taxes are recognized solely for the purposes of IRES [*corporate income tax*].

The amount of receivables from persons subject to bankruptcy proceedings is also recognized as an adjustment to the value entered in the assets which is then cancelled.

For receivables backed by guarantees, the effects of enforcement of the guarantee have been taken into

account and, for any insured receivables, only the portion not covered by the insurance has been taken into account

### **Tax receivables and prepaid tax receivables**

The item 'Tax receivables' includes certain amounts determined deriving from receivables for which a realizable right exists by repayment or offsetting

The item 'Prepaid tax receivables' includes prepaid tax assets determined based on the temporary differences in tax losses that may be deducted or carried over, applying the estimated rate in force at the time such differences will be repaid

Any prepaid tax assets connected with a tax loss have been recognized in the presence of reasonable certainty as to their future recovery, demonstrated by tax planning for a reasonable period of time anticipating sufficient taxable income to make use of the losses that may be carried over and/or by the presence of sufficient taxable temporary differences to absorb the losses that may be carried over

### **Financial assets in the current assets**

Interests and securities not constituting fixed assets, if present, are recognized at the lower of the acquisition cost and the presumed realizable value deduced from the market trend

Receivables recognized in the financial assets, if present, are posted at the presumed realizable value, determined by adjusting the nominal value of the existing receivables so as to take all risks of non-realization into account

### **Cash and cash equivalents**

Cash and cash equivalents are recognized at their nominal value

### **Accruals and deferrals**

Accruals and deferrals have been recognized based on the principle of time accrual and include income/expenses accruing during the financial year and payable in subsequent financial years and income/expenses incurred by year end but accruing in subsequent financial years

Therefore only the portions of expenses and income common to two or more financial years are recognized, the amount of which varies based on time

Accrued income, similar to operating receivables, has been valued at the presumed realizable value,

applying a write-off in the profit and loss account if that value is lower than the book value. Accrued expenses, similar to payables, have been valued at the nominal value.

For deferred expenses, a valuation of the future economic benefit related to the deferred costs has been applied. If that benefit is lower than the portion deferred, the value has been adjusted.

With regard to accounting recognition, we have acted on agreement with the Board of Statutory Auditors.

### **Equity**

The share capital has been recognized at the nominal value of the shares subscribed for by the shareholders, relating to transactions on capital already completed.

### **Provisions for risks and expenses**

The provisions for risks represent the liabilities connected with situations existing at the date of the financial statements, but whose occurrence is only probable.

The provisions for expenses represent certain liabilities related to negative income components accruing during the financial year but whose actual date of payment falls in the following financial year.

The estimating process is applied at and/or adjusted to the closing date of the financial statements based on past experience and on every useful item available.

In accordance with OIC 31 par. 16, as the criterion of classification by nature of costs has to prevail, the apportionments to provisions for risks and expenses are recognized in the items of management assets (categories B, C and E of the profit and loss account) to which the transaction relates (characteristic, accessory, financial or extraordinary).

### **Provisions for retirement pensions and similar obligations**

If present, these represent the liabilities connected with the apportionments for supplementary retirement pensions and for lump-sum indemnities payable to employees, independent workers and collaborators, by law or contract, at the time of termination of employment.

The apportionment for the year is determined, also based on estimates, to allow the progressive adaptation of the relative provision to the overall portion accrued at year end.



**Provisions for taxes, including deferred taxes**

If present, this includes liabilities for probable taxes deriving from non-final assessments and disputes in progress, and liabilities for deferred taxes determined based on the taxable temporary differences, applying the estimated rate in force at the time such differences will be repaid

**Severance pay**

Severance pay is recognized observing the provisions of the legislation in force and corresponds to the Company's actual commitment vis-à-vis individual employees at the closing date of the financial statements, less advances paid

**Payables**

Payables are recognized in the liabilities based on their nominal value, deemed to represent their discharge value

Payables originating from acquisitions of goods are recognized at the time of transfer of the risks, expenses and benefits, those relating to services are recognized at the time of provision of the service, and financial and other payables at the time the obligation vis-à-vis the other party arises

Tax payables include liabilities for certain, fixed payables, and withholdings applied as a substitute, and not yet paid at the date of the financial statements, and, if offsetting is permitted, are recognized net of payments on account, withholdings on account incurred and tax receivables

**Values in foreign currency**

Assets and liabilities in foreign currency, except for fixed assets, are recognized at the spot exchange rate at the year-end date, the relative exchange-rate gains and losses being allocated to the profit and loss account

In the event of a net gain deriving from the adjustment for currency, the portion not absorbed by the possible loss for the financial year is recognized in a suitable reserve undistributable until the time of realization

With regard to the provisions of Article 2427, point 6-bis, of the Italian Civil Code, following the year end, unrealized exchange-rate differences, if valued at the date of 26 02 2016 and without taking into account the changes in equity occurring during the period 01 01 2016-26 02 2016, present a positive net

balance of €406,852 (calculated at the exchange rate on 31/12/2015, they present a positive net balance of €417,339, however)

### Commitments, guarantees and third party assets

If present, these are recognized at the bottom of the Balance Sheet, as provided for by Article 2424(3) of the Italian Civil Code and, if not recognized in the Balance Sheet and commented on in these notes, as provided for by Article 2427(9) of the Italian Civil Code

Guarantees are recognized for an amount equal to the value of the guarantee furnished or, if not determined, at the best estimate of the risk assumed

Commitments are recognized at the nominal value deduced from the relative documentation

The values posted at the time of initial recognition have been adjusted with reference to the date of preparation of the financial statements

### Expenses and income

These are recognized according to the principle of prudence and financial accrual

Economic and financial transactions with group companies and with related counterparties are made under normal market conditions

## Information on the Balance Sheet – Assets

### Receivables from shareholders

No receivables from shareholders are recognized for payments outstanding at the year-end date

### Intangible fixed assets

Intangible fixed assets are equal to €62,108 (€93,731 in the previous financial year)

The composition and transactions relating to the individual items are shown below

	Establishment and expansion costs	Research, development and advertising costs	Industrial patent rights and intellectual property rights	Concessions, licences, trade marks and similar rights
Value at start of year				
Cost	0	0	188,099	38,887
Amortization (Accumulated)	0	0	140,630	20,500

amortization)				
Financial statement value	0	0	47 469	18 387
Changes during the financial year				
Increases owing to acquisitions	0	0	5 555	0
Amortization over the year	0	0	17 000	8 472
Total changes	0	0	-11 445	-8,472
Value at year end				
Cost	0	0	193 654	38,887
Amortization (Accumulated amortization)	0	0	157 630	28 972
Financial statement value	0	0	36 024	9,915

	Goodwill	Intangible fixed assets in progress and payments on account	Other intangible fixed assets	Total intangible fixed assets
Value at start of year				
Cost	0	0	27 875	254 861
Amortization (Accumulated amortization)	0	0	0	161 130
Financial statement value	0	0	27 875	93 731
Changes during the financial year				
Increases owing to acquisitions	0	0	0	5,555
Amortization over the year	0	0	11 706	37,178
Total changes	0	0	-11 706	-31 623
Value at year end				
Cost	0	0	16 169	248 710
Amortization (Accumulated amortization)	0	0	0	186 602
Financial statement value	0	0	16,169	62 108

Further information is provided below

***Composition of the item "Other intangible fixed assets"***

The item "Other intangible fixed assets" equal to €16,169 is composed of the following

	Initial balance	Final balance	Change
Deferred charges on loans	27.875	16 169	-11,706
Totals	27.875	16,169	-11,706

***Composition of the "establishment and expansion costs" and of the "research development and advertising costs"***

No "Establishment and expansion costs" or "Research, development and advertising costs" are recognized

**Tangible fixed assets**

Tangible fixed assets amount to €9,468,623 (€11,821,330 in the previous financial year)

The composition and transactions relating to the individual items are shown below

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets in course of construction and payments on account	Total tangible fixed assets
Value at start of year						
Cost	4,954,133	1,941,640	404,052	1,431,446	44,759	8,776,030
Revaluations	7,022,077	0	0	0	0	7,022,077
Depreciation (accumulated depreciation)	1,228,314	1,410,220	246,926	1,091,317	0	3,976,777
Financial statement value	10,747,896	531,420	157,126	340,129	44,759	11,821,330
Changes during the financial year						
Increases owing to acquisitions	16,700	6,826	45,456	114,437	523,550	706,969
Reclassifications (of the financial statement value)	95,644	0	0	-95,644	0	0
Decreases owing to sales and disposals (in the financial statement value)	2,776,529	0	2,937	56	0	2,779,522
Depreciation over the financial year	55,863	74,188	33,318	117,152	0	280,521
Other changes	-95,645	68	0	95,944	0	367
Total changes	-2,815,693	-67,294	9,201	-2,471	523,550	-2,352,707
Value at year end						
Cost	2,289,948	1,948,466	444,088	1,414,562	568,309	6,665,373
Revaluations	7,022,077	0	0	0	0	7,022,077
Depreciation (accumulated depreciation)	1,379,822	1,484,340	277,761	1,076,904	0	4,218,827
Financial statement value	7,932,203	464,126	166,327	337,658	568,309	9,468,623

Further information is provided below

**Composition of the item "Other assets"**

The item "Other assets" equal to €337,658 is composed of the following

	Initial balance	Final balance	Change
Office furniture and ordinary machinery	18,389	16,110	-2,279
Electronic office machinery	68,944	69,128	184
Cars	57,815	92,866	35,051
Lorries	62,529	46,176	-16,353
Improvements to third party property	132,452	112,758	-19,694
Time and attendance system	0	620	620
Totals	340,129	337,658	-2,471

**Other information**

**Financial lease transactions**

Information on the financial lease transactions is provided below, pursuant to Article 2427, point 22 of the Italian Civil Code, with regard to the effects on 'equity' and on the 'operating profit/loss'

	Amount
<b>Assets</b>	
a) Contracts in progress	
a 1) Financial lease assets at the previous year end	1,123 004
Relative accumulated amortization and depreciation	77,500
a 2) Assets acquired under financial leases during the course of the financial year	2 001 000
a 3) Assets under financial lease paid off during the course of the financial year	0
a.4) Portions of amortization and depreciation attributable to the financial year	62,000
a 5) Adjustments/write-backs of value on financial lease assets	0
a 6) Financial lease assets at the end of the financial year	3,062,004
Relative accumulated amortization and depreciation	139,500
b) Assets paid off	
b 1) Higher/lower overall value of the assets paid off, determined according to the financial methodology, in relation to their net book value at year end	0
Total (a 6+b 1)	3 062 004
<b>Liabilities</b>	
c) Implicit payables	
c 1) Implicit payables for financial lease transactions at the previous year end	862 032
of which falling due in the following financial year	107 729
of which falling due after the following financial year but within 5 years	444 467
of which falling due after more than 5 years	309 836
c 2) Implicit payables arising during the financial year	2 001 000
c 3) Repayment of principal portions and payments during the course of the financial year	360 781
c 4) Implicit payables for financial lease transactions at year end	2,502,251
of which falling due in the following	318,318

financial year	
of which falling due after the following financial year but within 5 years	1 194,968
of which falling due after more than 5 years	988,965
d) Gross overall effect at year end (a 6+b 1-c 4)	559,753
e) Tax effect	168,934
f) Effect on equity at year end (d-e)	390,819

	Amount
a 1) Reversal of fees on financial lease transactions	224,440
a 2) Recognition of financial charges on financial lease transactions	50,054
a 3) Recognition of portions of amortization and depreciation on existing contracts	62,000
a 4) Adjustments/write-backs of value on financial lease assets	0
a) Effect on profit/loss before tax (lower/higher costs)	112,386
b) Recognition of tax effect	33,918
c) Net effect on operating profit/loss of the recognition of lease transactions with the financial method compared to the equity method adopted (a-b)	78,468

The table below shows the aforesaid information with regard to the individual contracts existing

	Lease company contract reference	Current value of instalments not yet due	Interest payable on accrual
Unicredit Leasing Spa	IF/1352115	616,641	29 519
Sg Leasing Spa	SS 312097	74,276	3 722
SG Leasing Spa	SS 320477	63,386	3,841
SG Leasing Spa	SI 341382	505,048	11,935
Cassa Rurale del Renon Soc. Coop	nr 00019263	0	1,036
<b>Totals</b>		<b>1,259,351</b>	<b>50,053</b>

Historical cost	Accumulated amortization and depreciation at start of year	Amortization and depreciation during the financial year	Adjustments to value for the financial year	Book value
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Unicredit Leasing Spa	890 504	0	0	0	890 504
Sg Leasing Spa	170 000	42 500	17,000	0	110,500
SG Leasing Spa	140 000	35,000	14 000	0	91,000
SG Leasing Spa	620 000	0	31 000	0	589,000
Cassa Rurale del Renon Soc Coop	1 381 000	0	0	0	1 381,000
Totals	3.201.504	77.500	62 000	0	3.062.004

### Financial fixed assets – Interests, other securities and treasury shares

The interests included in the financial fixed assets amount to €1,174,713 (€1,149,713 in the previous financial year)

The financial fixed assets essentially comprise interests

- in five subsidiary companies, of which two are British operating in the mining sector, one is American with a significant interest in companies operating in the sector, and two Italian, one operating in the property sector and one in the services sector in the stone industry,
- in four foreign associated companies, some operating in the quarry sector and others in the production and marketing of marble and granite blocks, slabs and tiles,
- in one resident company, operating in the handling sector, with the loading and unloading of blocks in particular,
- in two consortia and one association

The composition and transactions relating to the individual items are shown below

	Interests in subsidiary companies	Interests in associated companies	Interests in other companies	Total interest
Value at start of year				
Cost	769,207	369 309	11,197	1,149,713
Financial statement value	769 207	369,309	11 197	1,149,713
Changes during the financial year				
Increases owing to acquisitions	25 000	0	0	25,000
Total changes	25 000	0	0	25,000
Value at year end				
Cost	794,207	369,309	11,197	1 174 713
Financial statement value	794,207	369,309	11 197	1,174,713

### Financial fixed assets - Receivables

No receivables included in the financial fixed assets are recognized

### List of interests in subsidiary companies

Details of the interests in subsidiary companies are set out below, pursuant to Article 2427, point 5, of the Italian Civil Code

Name	Town or State	Capital in euros	Profit (Loss) in last financial year in euros	Equity in euros	Portion held in euros	Portion held as a %	Financial statement value or corresponding receivable
Bagnara Holding Company Inc	Georgia - USA	367	55,551	1,091,409	367	100 00	740,671
Clifford Limited <i>Company Reg No 04649060</i>	London - UK	7,537	-4,955	-4,548	7,537	100 00	7,535
NB Immobiliare Srl	Italy	30,000	10,751	285,905	20,000	66 67	20,000
Sheringham Limited <i>Company Reg No 05260621</i>	Romford, UK	3,000	-18,084	-580,789	2,000	66 67	1,001
Bagnara Stonecare Srl	Italy	25,000	1,643	26 642	25,000	100 00	25,000
Total							794,207

**Note:** We take note that Clifford Limited is taking advantage of exemption from audit as per section 479A of the Companies Act 2006, in relation to the financial statements ended 31 December 2015.

### List of interests in associated companies

Details of the interests in associated companies are set out below, pursuant to Article 2427, point 5, of the Italian Civil Code

Name	Town or State	Capital in euros	Profit (Loss) in last financial year in euros	Equity in euros	Portion held in euros	Portion held as a %	Financial statement value or corresponding receivable
Shin Bagnara Co Ltd	Seoul - South Korea	257,655	130,101	1,817,651	128,827	50 00	112,332
Azul Aran S L	Barcelona (Spain)	6,010	12,381	186,884	3,005	50 00	3,005
Intenia S L	Lleida - Spain	4,000	1,273	4,411	2,000	50 00	2,000
C R G Quarries (PVT) Ltd	Mutoko (Zimbabwe)	3	-97,639	-1,631,105	1	33 33	251,972
Total							369,309

### Interests in enterprises involving unlimited liability

Pursuant to Article 2361, point 2. of the Italian Civil Code, it is noted that the Company does not have any interests in enterprises involving unlimited liability



**Non-current receivables – Distribution by geographical area**

At the year end in question, there are no non-current receivables recognized in the financial statements, on which account the distribution by geographical area is omitted, pursuant to Article 2427, point 6, of the Italian Civil Code

**Non-current receivables – Repurchase agreements**

The Company does not have any non-current receivables deriving from transactions providing for the purchaser's repurchase obligation, pursuant to Article 2427, point 6-ter. of the Italian Civil Code

**Financial fixed assets - Value****Financial fixed assets recognized at a value higher than the fair value**

Pursuant to Article 2427-bis, section 1, point 2, of the Italian Civil Code, there are no financial fixed assets recognized at a value higher than their fair value, the latter has not been determined, as the application of the criteria indicated in Article 2427-bis, section 3, letter b), would not have produced reliable results

**Current assets****Current assets - Inventories**

Goods are recognized in the inventories at the time of transfer of ownership and consequently include goods existing in the Company's warehouses, excluding those received from third parties for which no property rights have been acquired (under approval, in course of manufacture, on consignment), goods owned by third parties (under approval, in course of manufacture, on consignment) and goods in transit if property rights have already been acquired

The inventories included in the current assets amount to €10,876,599 (€10,735,457 in the previous financial year)

The composition and transactions relating to the individual items are shown below

	Raw, subsidiary and consumable materials	Payments on account (made)	Total inventories
Value at start of year	10 423 570	311 887	10,735,457
Change during the financial year	-300 080	441 222	141,142
Value at year end	10 123 490	753 109	10,876 599

**Current assets - Receivables**

The receivables included in the current assets amount to €12,233,428 (€11,871,082 in the previous financial year)

They are composed of the following

	Nominal value	Bad debt provision	Bad debt provision = interest on agreements	Net value
From customers – due within the following financial year	8,266,138	1,586,205	0	6,679,933
From subsidiaries - due within the following financial year	2,994,950	0	0	2,994,950
From associates - due within the following financial year	2,352,371	0	0	2,352,371
Tax receivables - due within the following financial year	37,270	0	0	37,270
Tax receivables - due after the following financial year	30,066	0	0	30,066
Prepaid taxes - due within the following financial year	76,157	0	0	76,157
From other parties - due within the following financial year	62,681	0	0	62,681
<b>Totals</b>	<b>13,819,633</b>	<b>1,586,205</b>	<b>0</b>	<b>12,233,428</b>

**Receivables – Breakdown by due date**

Details of receivables subdivided by due date are set out below, pursuant to Article 2427, point 6, of the Italian Civil Code

	Receivables from customers recognized in the current assets	Receivables from subsidiary companies recognized in the current assets	Receivables from associated companies recognized in the current assets	Receivables from parent companies recognized in the current assets
Value at start of year	6,300,288	2,590,491	2,649,387	0
Change during the financial year	379,645	404,459	-297,016	0
Value at year end	6,679,933	2,994,950	2,352,371	0
Portion due within the financial year	6,679,933	2,994,950	2,352,371	0
Portion due after the financial year	0	0	0	0

	Tax receivables recognized in the current assets	Prepaid tax assets recognized in the current assets	Receivables from other parties recognized in the current assets	Total receivables recognized in the current assets
Value at start of year	152,032	67,590	111,294	11,871,082
Change during the financial year	-84,696	8,567	-48,613	362,346
Value at year end	67,336	76,157	62,681	12,233,428

Portion due within the financial year	37 270	76,157	62 681	12 203 362
Portion due after the financial year	30 066	0	0	30,066

### Receivables recognized in the current assets – Distribution by geographical area

Details of receivables recognized in the current assets subdivided by geographical area are set out below, pursuant to Article 2427, point 6, of the Italian Civil Code

Total				
Receivables recognized in the current assets by geographical area				
Geographical area		Italy	EU	Non-EU
Receivables from customers recognized in the current assets	6 679 933	3 005 484	1 371,877	2,302,572
Receivables from subsidiaries recognized in the current assets	2 994,950	622 237	1,016,205	1,356,508
Receivables from associates recognized in the current assets	2 352 371	0	291,624	2,060,747
Tax receivables recognized in the current assets	67,336	67,336	0	0
Prepaid tax assets recognized in the current assets	76,157	76,157	0	0
Receivables from other parties recognized in the current assets	62,681	62,681	0	0
Total receivables recognized in the current assets	12,233 428	3,833,895	2,679,706	5,719,827

### Receivables recognized in the current assets – Repurchase agreements

There are no receivables recognized in the current assets deriving from transactions providing for the purchaser's repurchase obligation, pursuant to Article 2427, point 6-ter, of the Italian Civil Code

### Current assets – Financial assets

There are no financial assets recognized in the current assets

### Current assets – Cash and cash equivalents

The cash and cash equivalents included in the current assets amount to €286,423 (€130,838 in the previous financial year)

The composition and transactions relating to the individual items are shown below

	Bank and post office deposits	Cheques	Cash and other cash securities	Total cash and cash equivalents
Value at start of year	130 804	0	34	130,838
Change during the financial year	155,309	0	276	155 585
Value at year end	286,113	0	310	286 423

### Accrued income and deferred expenses

Accrued income and deferred expenses amount to €575,639 (€279,195 in the previous financial year)

The composition and transactions relating to the individual items are shown below

	Discount on loans	Accrued income	Other deferred expenses	Total accrued income and deferred expenses
Value at start of year	0	0	279,195	279,195
Change during the financial year	0	0	296 444	296 444
Value at year end	0	0	575 639	575,639

The accrued income mainly relates to costs incurred for insurances, subscriptions, other services and prepaid lease instalments accruing in subsequent financial years

### Capitalized financial expenses

There are no financial expenses attributed to the financial year at values recognized in the Balance Sheet assets, pursuant to Article 2427, point 8, of the Civil Code

To supplement the information provided on the Balance Sheet assets, the 'Write-downs owing to impairment' and 'Revaluations of tangible and intangible fixed assets' are set out below

### Write-downs owing to impairment of tangible and intangible fixed assets

Pursuant to Article 2427, point 3-*bis*, of the Italian Civil Code, no impairment has been applied to the intangible and tangible fixed assets

### Revaluation of intangible and tangible fixed assets

The Company has not revalued any of the intangible and tangible fixed assets, pursuant to Article 10 of Law 72/1983

In 2008, however, the Company made use of the possibility introduced by Decree 185/08 (converted into Law No 2 of 28 January 2009) to revalue, solely for statutory purposes, depreciable commercial properties and the corresponding land recognized in its assets at 31 12 2007, whose book value was lower than the market value

By means of the aforesaid revaluation, the residual book value of the property belonging to the category

of depreciable property equal to €1,135,020 was prudently adjusted to a market value of €3,643,323 and that of the property belonging to the category of non-depreciable property equal to €1,640,883 to a market value of €5,932,349

The revaluation was made according to the legal indications and the value of the revalued property does not exceed the limit identified based on the factors and criteria referred to in Article 11, section 2, of Law No 342/2000 expressly recalled by Decree Law No 185/2008

The accounting method used is that which provides for the revaluation of the historical cost with the resulting lengthening of the depreciation period

### Information on the Balance Sheet – Liabilities and Equity

#### Equity

The equity existing at year end is equal to €14,116,589 (€12,463,696 in the previous financial year)

The tables below indicate the changes made during the financial year to the individual items forming the Equity and details of the item 'Other reserves'

In particular, the profit for the previous financial year amounting to €1,083,921 has been apportioned to the Extraordinary Reserve

An amount equal to €29,870 was released from the Reserve for prepaid taxes and an amount equal to €28,626 was released from the "Reserve for the repayment of IRES for the year 2007-2011", allocating them to the Extraordinary Reserve

The Company also allocated a portion of the Extraordinary Reserve equal to €156,167 to an unavailable reserve owing to unrealized foreign exchange differences

	Value at start of year	Allocation of dividends	Other apportionments	Increases
Capital	516 500	0	0	0
Revaluation reserves	6 106.688	0	0	0
Legal reserve	103,300	0	0	0
Other reserves				
Extraordinary or optional reserve	3,977 664	0	-97 671	1 083 921
Capital contribution payments	287 481	0	0	0
Share capital reduction reserve	130.000	0	0	0
Reserve for gains on foreign currency	0	0	156 167	0

translations				
Sundry other reserves	258,142	0	-58 495	0
Total other reserves	4,653,287	0	1	1,083,921
Profit/(loss) for the financial year	1 083,921	0	-1,083,921	
Total equity	12,463,696	0	-1,083,920	1,083,921

	Decreases	Reclassifications	Operating profit	Value at year end
Capital	0	0		516,500
Revaluation reserves	0	0		6,106,688
Legal reserve	0	0		103 300
Other reserves				
Extraordinary or optional reserve	0	0		4,963 914
Capital contribution payments	0	0		287,481
Share capital reduction reserve	0	0		130,000
Reserve for gains on foreign currency translations	0	0		156,167
Sundry other reserves	0	-1		199,646
Total other reserves	0	-1		5,737,208
Profit/(loss) for the financial year			1,652,893	1,652,893
Total equity	0	-1	1,652,893	14,116,589

Description	Amount
Reserve for provisional contributions pursuant to Article 55 of the TUIR [Income Tax Consolidation Act]	84,711
Prepaid tax reserve	67,590
Reserve for IRES refunds	47 345
Total	199,646

For a better understanding of the changes in equity, the movements made in the equity items in the previous financial year are set out below

	Value at start of year	Allocation of dividends	Other apportionments	Increases
Capital	516,500	0	0	0
Revaluation reserves	6 106 688	0	0	0
Legal reserve	103,300	0	0	0
Other reserves				
Extraordinary or optional reserve	3,765,667	141,754	21,616	332,134
Capital contribution payments	287 481	0	0	0
Share capital reduction reserve	130,000	0	0	0
Reserve for gains on foreign currency translations	279,755	0	-21,616	0
Sundry other reserves	4,462,903	141,754	0	332,134
Total other reserves	332,134	0	-332,134	
Profit/(loss) for the financial year	11,521,525	141,754	-332 134	332,134

	Decreases	Reclassifications	Operating profit	Value at year end
Capital	0	0		516.500
Revaluation reserves	0	0		6.106.688
Legal reserve	0	0		103.300
Other reserves				
Extraordinary or optional reserve	0	1		3.977.664
Capital contribution payments	0	0		287.481
Share capital reduction reserve	0	0		130.000
Reserve for gains on foreign currency translations	0	3		258.142
Sundry other reserves	0	4		4.653.287
Total other reserves			1.083.921	1.083.921
Profit/(loss) for the financial year	0	4	1.083.921	12.463.696

### Statement of availability and use of equity items

The information required by Article 2427, point 7-bis, of the Italian Civil Code on the specification of equity items with regard to their origin, possibility of use and distributability and use in previous financial years can be deduced from the statements below

	Amount	Origin/nature	Possibility of use	Portion available	Summary of uses made in the previous three financial years - to cover losses	Summary of uses made in the previous three financial years - for other reasons
Capital	516.500	Shareholders' contribution		0	0	0
Revaluation reserves	6.106.688	Other nature	A-B-C	6.106.688	0	0
Legal reserve	103.300	Profits	B	0	0	0
Other reserves						
Extraordinary or optional reserve	4.963.914	Profits	A-B-C	4.963.914	0	211.500
Capital contribution payments	287.481	Shareholders' contribution	A-B	287.481	0	0
Share capital reduction reserve	130.000	Other nature	A-B-C	130.000	0	0
Reserve for gains on foreign currency translations	156.167	Profits	A-B	156.167	0	0
Sundry other reserves	199.646	Profits	A-B-C	199.646	0	0
Total other reserves	5.737.208			5.737.208	0	211.500
Total	12.463.696			11.843.896	0	211.500
Residual portion distributable				11.843.896		

Description	Amount	Origin/nature	Possibility of use	Portion available	Summary of uses made in the previous three financial years - to cover losses	Summary of uses made in the previous three financial years - for other reasons
Reserve for provisional contributions pursuant to Article 55 of the TUIR [Income Tax Consolidation Act]	84.710		A-B-C	84.710	0	0
Prepaid tax reserve	67.591	Profits	A-B-C	67.591	0	0

				restricted			
	Reserve for IRES refunds	47,345	Profits	A-B-C restricted	47,345	0	0
Total		199 646					

The following information is provided to supplement that provided on equity

### Revaluation reserves

The revaluation reserves are composed as follows

	Initial balance	Use to cover losses	Other movements	Final balance
Law No. 2/2009	6,106,688	0	0	6,106,688
Totals	6,106,688	0	0	6,106,688

### Provisions for risks and expenses

The provisions for risks and expenses are recognized in the liabilities for a total of €786,116 (€736,096)

The composition and transactions relating to the individual items are shown below

	Provision for retirement pensions and similar obligations	Provision for taxes, including deferred taxes	Other provisions	Total provisions for risks and expenses
Value at start of year	0	630,801	105 295	736 096
Changes during the financial year				
Apportionment during the financial year	0	43,354	41,325	84,679
Use during the financial year	0	2,170	32,489	34,659
Total changes	0	41 184	8,836	50,020
Value at year end	0	671,985	114,131	786,116

With regard to information on the movements in the "Provision for deferred taxes", see the section "Current, deferred and prepaid taxes on operating profit "

The other provisions for risks and expenses include the "Provision for restoration and clean-up works" for €72,806, deriving from the reclassification in the financial statements of the Provision for depreciation of the land, as provided for by OIC 16 and the bad debt provision for €41,325

### Severance pay

Severance pay is recognized in the liabilities for a total of €771,531 (€743,908 in the previous financial year)



The composition and transactions relating to the individual items are shown below

Severance pay	
Value at start of year	743,908
Changes during the financial year	
Apportionment during the financial year	116 097
Use during the financial year	88 474
Total changes	27 623
Value at year end	771 531

### Payables

Payables are recognized in the liabilities for a total of €18,970,732 (€22,106,437 in the previous financial year)

The composition of the individual items is shown below

	Initial balance	Final balance	Change
Payables to shareholders for loans	517 000	496 500	-20 500
Payables to banks	14,485,852	11 983,993	-2,501,859
Payments on account	223 153	196,988	-26,165
Payables to suppliers	5 843,707	5 092 125	-751 582
Payables to subsidiary companies	48 515	8 222	-40 293
Payables to associated payables	318,741	84 377	-234 364
Tax payables	130 334	505,086	374,752
Payables to pension and social security institutions	147 249	175 396	28 147
Other payables	391 886	428 045	36 159
<b>Totals</b>	<b>22,106,437</b>	<b>18,970,732</b>	<b>-3,135,705</b>

### Payables – Breakdown by due date

Details of the payables subdivided by due date are provided below, pursuant to Article 2427, point 6, of the Italian Civil Code

	Value at start of year	Change during the financial year	Value at year end	Portion falling due within the financial year	Portion falling due after the financial year	Over a term of more than 5 years
Payables to shareholders for loans	517,000	-20 500	496 500	0	496 500	0
Payables to banks	14,485,852	-2,501,859	11 983,993	7,927 333	4 056,660	613 868
Payments on account	223,153	-26,165	196,988	196,988	0	0
Payables to suppliers	5,843,707	-751 582	5 092 125	5,092 125	0	0
Payables to subsidiary companies	48 515	-40 293	8 222	8,222	0	0
Payables to associated payables	318,741	-234 364	84,377	84 377	0	0
Tax payables	130 334	374 752	505 086	505,086	0	0
Payables to pension and social security	147,249	28 147	175 396	175,396	0	0

institutions						
Other payables	391,886	36,159	428,045	403,807	24,238	0
Total payables	22,106,437	-3,135,705	18 970,732	14 393 334	4,577,398	613,868

### Payables – Distribution by geographical area

Details of the payables subdivided by geographical area are provided below, pursuant to Article 2427, point 6, of the Italian Civil Code

Total				
Payables by geographical area				
Geographical area		Italy	EU	Non-EU
Payables to shareholders for loans	496,500	496,500	0	0
Payables to banks	11,983,993	11 983 993	0	0
Payments on account	196,988	196,988	0	0
Payables to suppliers	5,092,125	3,703 658	155,978	1,232,489
Payables to subsidiary companies	8 222	8,222	0	0
Payables to associated payables	84,377	0	0	84,377
Tax payables	505,086	505,086	0	0
Payables to pension and social security institutions	175,396	175,396	0	0
Other payables	428,045	428,045	0	0
Payables	18,970,732	17,497,888	155 978	1,316 866

### Payables backed by real guarantees on company assets

The information concerning real guarantees on company assets is provided below, pursuant to Article 2427, point 6, of the Italian Civil Code

	Payables backed by mortgages	Total payables backed by real guarantees	Payables not backed by real guarantees	Totals
Payables to shareholders for loans	0	0	496,500	496,500
Payables to banks	4 994 663	4 994,663	6,989,330	11,983,993
Payments on account	0	0	196,988	196,988
Payables to suppliers	0	0	5,092,125	5,092,125
Payables to subsidiary companies	0	0	8,222	8,222
Payables to associated payables	0	0	84,377	84,377
Tax payables	0	0	505 086	505.086
Payables to pension and social security institutions	0	0	175,396	175 396
Other payables	0	0	428 045	428 045
Total payables	4,994 663	4 994 663	13 976 069	18,970,732

These involve mortgages registered on properties owned to guarantee the loans arranged with credit

institutions

### Payables – Repurchase agreements

No payables deriving from transactions providing for the purchaser's repurchase obligation are recognized in the financial statements, pursuant to Article 2427, point 6-ter, of the Italian Civil Code

### Loans provided by shareholders

The information concerning loans provided by Company shareholders is provided below, pursuant to Article 2427, point 19-bis, of the Italian Civil Code

These are non-interest-bearing loans, with no maturity date and with no subordination obligation

	Maturity date (dd/mm/yyyy)	Portion falling due	Portion with clause on subordination at maturity
	31/12/2016	496.500	0
Total		496.500	0

### Debt restructuring

The Company has not performed any debt restructuring transactions

### Accrued expenses and deferred income

Accrued expenses and deferred income are recognized in the liabilities for a total of €32,565 (€31,209 in the previous financial year)

The composition and transactions relating to the individual items are shown below

	Accrued expenses	Premiums on loans issued	Other deferred income	Total accrued expenses and deferred income
Value at start of year	12.347	0	18.862	31.209
Change during the financial year	3.134	0	-1.778	1.356
Value at year end	15.481	0	17.084	32.565

The accrued expenses relate to the portion of bank interest payable accruing during the financial year in question

Deferred income relates to the portions of contributions received from the Province accruing in subsequent years

### Guarantees

Details of the beneficiaries of the guarantees issued by the Company are provided below

	Initial balance	Final balance	Change
GUARANTEES	500,000	500,000	0
- to subsidiary companies	500,000	500,000	0

These guarantees comprise a guarantee furnished in favour of the subsidiary company N B Immobiliare S r l in relation to the property transaction in the municipality of Appiano s s d v (BZ)

### Other memorandum accounts

Further information concerning the other memorandum accounts is provided below

	Initial balance	Final balance	Change
OTHER MEMORANDUM ACCOUNTS	1,082,034	2,892,631	1,810,597

This comprises the amount of the fees and possible purchase option still payable in relation to the existing lease agreements

### Information on the Profit and Loss Account

#### Production value

#### Revenues from sales and services by business category

With regard to the provisions of Article 2427, point 10, of the Italian Civil Code, the distribution of revenues by business category is shown in the tables below

	Total		
Revenues from sales and services by business category			
Business category		Provision of services	Sale of raw, subsidiary and semi-finished materials

Value for the current financial year	33,615,671	109 275	33,506 396
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### Revenues from sales and services by geographical area

With regard to the provisions of Article 2427, point 10, of the Italian Civil Code, the distribution of revenues by geographical area is shown in the tables below

Total				
Revenues from sales and services by geographical area				
Geographical area		Italy	EU	Non-EU
Value for the current financial year	33,615,671	11,569 676	8 337 963	13,708,032

### Other items of the production value

#### Other revenues and income

Other revenues and income are recognized in the production value in the profit and loss account for a total of €953,399 (€745,172 in the previous financial year)

The composition of the individual items is shown below

	Previous period	Current period	Change
Property income	54,963	36,294	-18,669
Reimbursement of expenses	390,058	347 573	-42 485
Insurance reimbursements	17,453	21,570	4,117
Ordinary capital gains	47,423	199 375	151 952
Reinstatement of value of previous write-downs	108 144	65,446	-42,698
Other revenues and income	85,853	216,313	130,460
Capital grants	1,778	1 778	0
Contributions for operating expenses	39 500	65 050	25 550
<b>Totals</b>	<b>745,172</b>	<b>953,399</b>	<b>208,227</b>

### Production costs

#### Costs of services

The costs of services are recognized in the production costs in the profit and loss account for a total of €10,729,539 (€9,656,140)

The composition of the individual items is shown below

	Previous period	Current period	Change
Transport	2 941 347	3,602,137	660,790

Storage	12,094	31,909	19,815
External production	4,172,696	4,152,096	-20,600
Electricity	242,991	226,996	-15,995
Water	37,411	38,896	1,485
Maintenance and repair costs	281,648	232,817	-48,831
Services and technical advice	283,430	380,787	97,357
Directors' fees	0	231,549	231,549
Commission payable	725,810	684,991	-40,819
Advertising	242,564	369,916	127,352
Legal expenses and advice	6,549	13,485	6,936
Telephone expenses	67,171	65,290	-1,881
Insurances	73,226	73,349	123
Entertainment expenses	14,877	11,249	-3,628
Travel and transfer expenses	199,275	255,086	55,811
Costs of training, preparation and refresher courses	4,578	5,137	559
Other	350,473	353,849	3,376
<b>Totals</b>	<b>9,656,140</b>	<b>10,729,539</b>	<b>1,073,399</b>

### Costs of use of third party property

The costs of use of third party property are recognized in the production costs of the profit and loss account for a total of €389,533 (€691,061 in the previous financial year)

The composition of the individual items is shown below

	Previous period	Current period	Change
Rental and leases	163,982	172,490	8,508
Movable property leasing fees	527,079	217,043	-310,036
<b>Totals</b>	<b>691,061</b>	<b>389,533</b>	<b>-301,528</b>

### Sundry management expenses

The sundry management expenses are recognized in the production costs in the profit and loss account for a total of €1,660,119 (€449,804 in the previous financial year)

The composition of the individual items is shown below

	Previous period	Current period	Change
ICI [local property tax] / IMU [single municipal tax]	77,290	78,190	900
Registration tax	1,377	1,375	-2
Losses on receivables	275,872	72,568	-203,304

Subscriptions to journals newspapers etc	362	889	527
Ordinary capital losses	640	1 395,580	1 394 940
Other management expenses	94 263	111 517	17,254
<b>Totals</b>	<b>449,804</b>	<b>1,660,119</b>	<b>1,210,315</b>

## Financial income and expenses

### Investment income

With regard to the provisions of Article 2427, point 11, of the Italian Civil Code, it is noted that there is no investment income other than dividends

### Exchange rate gains and losses

Information on the subdivision of exchange rate gains and losses deriving from the valuation at year end compared to those actually realized is provided below

	Portion realized	Portion subject to valuation	Total
Exchange rate gains	290,813	447 815	738,628
Exchange rate losses	680 773	30 476	711 249

### Distribution of interest and other financial expenses by type of payables

With regard to the provisions of Article 2427, point 12, of the Italian Civil Code, the subdivision of the item "interest and other financial expenses" is shown in the table below

	Bond loans	Payables to banks	Other	Total
Interest and other financial expenses	0	314 619	293 069	607 688

### Extraordinary income and expenses

With regard to the provisions of Article 2427, point 13, of the Italian Civil Code, the composition of the extraordinary income and expenses is shown in the tables below

	Previous period	Current period	Change
Other contingent assets	16 062	16,187	125
Other extraordinary income	4	0	-4
<b>Totals</b>	<b>16,066</b>	<b>16,187</b>	<b>121</b>

	Previous period	Current period	Change
Other contingent liabilities	21,828	51,180	29,352
Adjustments to revenues from discounts, reductions, returns, etc. on sales made in previous years	65,212	116,212	51,000
Other extraordinary expenses	0	456	456
<b>Totals</b>	<b>87,040</b>	<b>167,848</b>	<b>80,808</b>

### Current deferred and prepaid income taxes

The composition of the individual items is shown below

	Current taxes	Deferred taxes	Prepaid taxes	Transparency income (expenses)
IRES [corporate income tax]	608,285	43,354	26,565	0
IRAP [regional business tax]	122,675	0	0	0
<b>Totals</b>	<b>730,960</b>	<b>43,354</b>	<b>26,565</b>	<b>0</b>

The current taxes also include repayments relating to initial recognitions of the 'Provision for deferred taxes' that directly affected the equity

The tables below, prepared based on the indications suggested by OIC 25, contain the information required by Article 2427, point 14, letters a) and b), of the Italian Civil Code

In particular, they contain information on the summary values of the movement during the financial year in the 'Overall prepaid and deferred taxes', on the composition of the deductible temporary differences giving rise to 'Prepaid tax assets', on the composition of the taxable temporary differences giving rise to 'Deferred tax liabilities' and information on the use of tax losses. The temporary differences for which no deferred tax has been recognized are also specified

	IRES	IRAP
<b>A) Temporary differences</b>		
Total deductible temporary differences	276,935	0
Total taxable temporary differences	2,205,971	0
Net temporary differences	1,929,036	0
<b>B) Tax effects</b>		
Provision for deferred (prepaid) taxes at start of year	497,868	65,343
Deferred (prepaid) during the financial year	32,617	0
Provision for deferred (prepaid) taxes at	530,485	65,343



year end		
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Description	Amount at end of previous financial year	Change occurring during the financial year	Amount at end of financial year	IRES rate	Tax effect of IRES	IRAP rate	Tax effect of IRAP
Directors fees outstanding	0	7 975	7 975	28 00	2 193	0	0
Bad debt provision and non-deductible apportionment for risks on receivables	245,782	23 178	268,960	28 00	73 964	0	0

Description	Amount at end of previous financial year	Change occurring during the financial year	Amount at end of financial year	IRES rate	Tax effect of IRES	IRAP rate	Tax effect of IRAP
Capital gains - Ordinary	0	157 650	157 650	28 00	43,354	0	0
Contingencies resulting from reversal of tax-related entries - Amortization	134 393	-7 890	126 503	28 00	34 788	0	0
Statutory revaluation of properties	1 921 818	0	1 921 818	27 50	528 500	0	0

## Financial report

This has been prepared based on the indications provided by OIC 10

Cash flows deriving from operating income are shown based on the 'indirect method'

FINANCIAL REPORT (INCOME FLOW BY THE INDIRECT METHOD)		
	Current financial year	Previous financial year
<b>A Cash flows deriving from operating income (indirect method)</b>		
Profit (loss) for the financial year	1,652,893	1,083,921
Income taxes	747,749	618,240
Interest payable/(receivable)	565,954	536,730
(Dividends)	0	0
(Gains)/Losses on the sale of assets	(1 196 205)	(46 783)
<b>1 Profit / (loss) for the financial year before income taxes, interest, dividends and gains/losses on sale</b>	<b>1,770,391</b>	<b>2,192,108</b>
<i>Adjustments for non-monetary items having no contra entry in the net working capital</i>		
Apportionments to provisions	157,422	136 211
Amortization and depreciation of fixed assets	317,699	285,956
Write-downs owing to impairment	0	0
Other adjustments upwards / (downwards) owing to non-monetary items	88 625	51 130
<i>Total adjustments for non-monetary items having no contra entry in the net working capital</i>	<b>563,746</b>	<b>473 297</b>
<b>2 Cash flow prior to changes in the net working capital</b>	<b>2,334,137</b>	<b>2,665,405</b>
<i>Changes in the net working capital</i>		

Decrease/(Increase) in inventories	(141,142)	(129,332)
Decrease/(Increase) in receivables from customers	(468,270)	(712,467)
Decrease/(Increase) in payables to suppliers	(751,582)	885,593
Decrease/(Increase) in accrued income and deferred expenses	(296,444)	55,549
Increase/(Decrease) in accrued expenses and deferred income	1,356	(55,770)
Other decreases / (Other increases) in net working capital	(274,087)	(414,536)
<i>Total changes in the net working capital</i>	<i>(1,930,169)</i>	<i>(370,963)</i>
<b>3 Cash flow following changes in the net working capital</b>	<b>403,968</b>	<b>2,294,442</b>
<i>Other adjustments</i>		
Interest collected/(paid)	0	(426,640)
(Income taxes paid)	(485,816)	(650,939)
Dividends collected	0	0
(Use of provisions)	(123,133)	12,055
Other collections/(payments)	0	0
<i>Total other adjustments</i>	<i>(608,949)</i>	<i>(1,065,524)</i>
<b>Cash flow from operating income (A)</b>	<b>(204,981)</b>	<b>1,228,918</b>
<b>B Cash flow deriving from investment activities</b>		
<i>Tangible fixed assets</i>		
(Flow from investments)	1,686,452	(837,598)
Flow from disinvestments	1,581,939	980
<i>Intangible fixed assets</i>		
(Flow from investments)	(5,555)	(47,654)
Flow from disinvestments	0	0
<i>Financial fixed assets</i>		
(Flow from investments)	(25,000)	(1)
Flow from disinvestments	0	0
<i>Short-term financial assets</i>		
(Flow from investments)	0	110,090
Flow from disinvestments	0	0
<i>(Acquisition) or disposal of subsidiary companies or business branches net of cash and cash equivalents</i>	<i>0</i>	<i>0</i>
<b>Cash flow from investment activities (B)</b>	<b>3,237,836</b>	<b>(774,183)</b>
<b>C Cash flow deriving from financing activities</b>		
<i>Third party resources</i>		
Increase/(Decrease) in short-term payables to banks	(187,442)	1,105,418
Arrangement of loans	0	0
(Repayment of loans)	(2,689,829)	(1,343,794)
<i>Own resources</i>		
Paid in capital increase	1	0
(Paid in capital repayment)	0	(141,751)
Sale (Purchase) of treasury shares	0	0
(Dividends and interim dividends paid)	0	0
<b>Cash flow from financing activities (C)</b>	<b>(2,877,270)</b>	<b>(380,127)</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>155,585</b>	<b>74,608</b>
<b>Cash and cash equivalents at start of year</b>	<b>130,838</b>	<b>56,230</b>
<b>Cash and cash equivalents at year end</b>	<b>286,423</b>	<b>130,838</b>

## Other information

**Employment figures**

Details concerning employees are provided below, pursuant to Article 2427, point 15, of the Italian Civil Code

	Managers	Executives	Clerical workers	Manual workers	Other employees	Total employees
Average number	0	1	46	33	0	80

**Fees payable to corporate bodies**

Information on the directors and auditors is provided below, pursuant to Article 2427, point 16, of the Italian Civil Code

	Value
Fees payable to directors	193,667
Fees payable to auditors	35,326
Total fees payable to directors and auditors	228,993

**Fees payable to the statutory auditor or to the auditing company**

Information on the fees payable to the statutory auditor or to the auditing company is provided below, pursuant to Article 2427 point 16-*bis* of the Italian Civil Code

	Value
Statutory audit of the annual accounts	6 947
Total fees payable to the statutory auditor or to the auditing company	6 947

**Classes of shares issued by the Company**

The information required by Article 2427, point 17, of the Italian Civil Code concerning details of the shares forming the Company capital, the number and nominal value of the shares subscribed during the financial year can be found in the tables below

	Total	
Shares issued by the company by class		
Description		Ordinary shares
Initial quantity number	10 000	10 000
Initial quantity, nominal value	516,500	516 500
Final quantity, number	10,000	10,000
Final quantity nominal value	516,500	516 500

**Securities issued by the Company**

Pursuant to Article 2427, point 18, of the Italian Civil Code, it is noted that the Company has not issued any shares granting full rights or convertible bonds

**Financial instruments**

Pursuant to Article 2427, point 19, of the Italian Civil Code, it is noted that the Company has not issued any financial instruments and consequently the fair value, amount and nature are not indicated, pursuant to Article 2427-*bis*, section 1, point 1, of the Italian Civil Code

**Information on the companies or entities carrying out management and coordination activities – Article 2497 *bis* of the Italian Civil Code**

The Company is not subject to the management or coordination of other companies or entities

To supplement the section 'Other information' of the notes, the following information is provided

**Transactions with managers, directors, auditors and shareholders**

No transactions have been performed with managers, directors, auditors and shareholders of the Company or subsidiary, associated or parent companies or companies subject to the control of the latter, in accordance with the indications supplied by the Italian accounting principles

**Related-party transactions**

During the course of the financial year in question, significant transactions were concluded with related parties. These were commercial transactions, involving the purchase and sale of goods, performed with foreign subsidiary or directly or indirectly associated companies, performed under normal market conditions

**Derivative financial instruments**

Pursuant to Article 2427 *bis*, section 1, point 1, of the Civil Code, information on fair value, amount and nature is provided for the following categories of financial instruments

**Agreements not resulting from the Balance Sheet**

The Company has not arranged any agreements not resulting from the Balance Sheet, pursuant

to Article 2427, point 22-ter, of the Italian Civil Code

**Information on the obligation to prepare the Consolidated Financial Statements**

The Company has made use of the right of exemption from the obligation to prepare the consolidated financial statements pursuant to Article 27 of Legislative Decree 127/1991, as the requirements of size referred to in the first paragraph thereof do not apply

**Chairman of the Board of Directors**

**Bruno Bagnara**