

# SEPARATOR SHEET



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COMPANIES HOUSE

103225/2609

## MICHELE SOLBIATI SASIL S P A

Registered Office OLEGGIO (NO), Via per Gallarate 116

Share capital Euro 5,160,000

Register of Companies of Novara - Tax Number and company registration number 00752020156

Registered with the Chamber of Commerce of NOVARA under N° 162216

A FINANCIAL STATEMENTS AS OF 30.06.2003

## PART ONE - BALANCE SHEET

| ASSETS   |   | 30.06.2003 |   | 30.06.2002 |
|--|---|------------|---|------------|
| A RECEIVABLES  |   |            |   |            |
| DUE FROM   |   |            |   |            |
| SHAREHOLDERS   | € | 0          | € | 0          |
| FOR PAYMENTS DUE   |   |            |   |            |
| B FIXED ASSETS   |   |            |   |            |
| I INTANGIBLE FIXED ASSETS                                    |   |            |   |            |
| 1 Start-up & expansion costs                                 | € | 6 843      | € | 0          |
| 2 R&D and advertising costs                                  | € | 0          |   |            |
| 3 Industrial patent rights & rights to use patents of others | € | 8          | € | 281        |
| 4 Concessions, licenses, trademarks & similar rights         | € | 56,673     | € | 8,923      |
| 5 Goodwill   | € | 0          | € | 0          |
| 6 Assets under construction & advances                       | € | 0          | € | 0          |
| 7 Other  | € | 62,163     | € | 69,906     |
| Total intangible fixed assets                                | € | 125,687    | € | 79,110     |
| II TANGIBLE FIXED ASSETS                                     |   |            |   |            |
| 1 Land & buildings   | € | 3,493,898  | € | 3,336,881  |
| 2 Plants & machinery   | € | 1,750,021  | € | 878,371    |
| 3 Industrial & commercial equipment                          | € | 46,228     | € | 42,236     |
| 4 Other goods  | € | 328,550    | € | 329,969    |
| 5 Assets under construction & advances                       | € | 115,897    | € | 945,663    |
| Total tangible fixed assets                                  | € | 5,734,594  | € | 5,533,120  |
| III. FINANCIAL FIXED ASSETS                                  |   |            |   |            |
| 1 Equity investments in:                                     |   |            |   |            |
| a subsidiaries   | € | 1,050,933  | € | 1,261,465  |
| b. affiliated companies                                      | € | 6,524,529  | € | 6,665,030  |
| c parent companies   | € | 0          | € | 0          |
| d. other companies   | € | 60,815     | € | 60,815     |
| 2 Receivables  |   |            |   |            |
| a from subsidiaries  |   |            |   |            |
| - due within 12 months                                       | € | 85,176     | € | 88,489     |
| - due beyond 12 months                                       | € | 31,765     | € | 31,765     |
| b. from affiliated companies                                 |   |            |   |            |
| - due within 12 months                                       | € | 0          | € | 0          |

|   |                               |   |            |   |            |
|---|-------------------------------|---|------------|---|------------|
| - | due beyond 12 months          | € | 373,279    | € | 399,842    |
| c | From parent companies         |   |            |   |            |
| - | due within 12 months          | € | 0          | € | 0          |
| - | due beyond 12 months          | € | 0          | € | 0          |
| d | From others                   |   |            |   |            |
| - | due within 12 months          | € | 0          | € | 0          |
| - | due beyond 12 months          | € | 219,435    | € | 425,750    |
| 3 | Other securities              | € | 0          | € | 0          |
| 4 | Own shares (nominal value)    | € | 1,807,599  | € | 1,807,599  |
|   | Total Financial Fixed Assets  | € | 10,153,531 | € | 10,740,755 |
|   | <b>TOTAL FIXED ASSETS (B)</b> | € | 16,013,812 | € | 16,352,985 |

## C CURRENT ASSETS

### I INVENTORIES

|    |  |   |            |   |            |
|----|--|---|------------|---|------------|
| 1  | Raw and ancillary materials, and consumables | € | 7,462,449  | € | 6,324,318  |
| 2. | Goods in progress & semi-finished products   | € | 3,800,913  | € | 3,583,233  |
| 3. | Contracts in progress                        | € | 0          | € | 0          |
| 4  | Finished products & goods                    | € | 8,557,546  | € | 8,054,318  |
| 5  | Advances                                     | € | 0          | € | 0          |
|    | Total inventories                            | € | 19,820,908 | € | 17,961,869 |

### II. RECEIVABLES

|    |                           |   |           |   |           |
|----|---------------------------|---|-----------|---|-----------|
| 1  | from customers            |   |           |   |           |
| -  | due within 12 months      | € | 6,636,617 | € | 6,549,586 |
| -  | due beyond 12 months      | € | 30,927    | € | 97,517    |
| 2  | from subsidiaries         |   |           |   |           |
| -  | due within 12 months      | € | 217,939   | € | 188,976   |
| -  | due beyond 12 months      | € | 0         | € | 0         |
| 3. | from affiliated companies |   |           |   |           |
| -  | due within 12 month       | € | 452,577   | € | 442,999   |
| -  | due beyond 12 months      | € | 103,291   | € | 103,291   |
| 4  | from parent companies     |   |           |   |           |
| -  | due within 12 months      | € | 0         | € | 0         |
| -  | due beyond 12 months      | € | 0         | € | 0         |
| 5. | from others               |   |           |   |           |
| -  | due within 12 months      | € | 678,978   | € | 590,975   |
| -  | due beyond 12 months      | € | 1,529     | € | 5,660     |
|    | Total receivables         | € | 8,121,858 | € | 7,979,004 |

### III OTHER (NON-FIXED) FINANCIAL ASSETS

|    |   |   |        |   |        |
|----|---|---|--------|---|--------|
| 1. | Shareholdings in subsidiaries           | € | 0      | € | 0      |
| 2. | Shareholdings in affiliated companies   | € | 0      | € | 0      |
| 3  | Other shareholdings                     | € | 15,237 | € | 15,237 |
| 4. | Own shares (nominal value Euro 516.000) | € | 0      | € | 0      |
| 5. | Other securities                        | € | 0      | € | 0      |

|  |   |            |   |            |
|--|---|------------|---|------------|
| Total  | € | 15,237     | € | 15,237     |
| <b>IV. LIQUID FUNDS</b>  |   |            |   |            |
| 1 Bank & postal accounts   | € | 929,745    | € | 1,737,271  |
| 2 Checks   | € | 8,713      | € | 8,117      |
| 3 Cash & cash equivalents  | € | 39,402     | € | 54,729     |
| Total liquid funds   | € | 977,860    | € | 1,800,117  |
| <b>TOTAL CURRENT ASSETS (C)</b>  | € | 28,935,863 | € | 27,756,227 |
| <b>D. ACCRUED INCOME &amp; PREPAID EXPENSES</b>                              | € | 737,242    | € | 150,260    |
| <b>TOTAL ASSETS (A+B+C+D)</b>  | € | 45,686,917 | € | 44,259,472 |
| <b>LIABILITIES</b>   |   |            |   |            |
| <b>A. SHAREHOLDERS' EQUITY</b>   |   |            |   |            |
| I. Capital   | € | 5,160,000  | € | 5,160,000  |
| II Share premium reserve   | € | 0          | € | 0          |
| III Revaluation reserves   |   |            |   |            |
| - as per Law 576/75  | € | 0          | € | 0          |
| - as per Law 72/83   | € | 0          | € | 0          |
| - as per Law 413/91  | € | 819,218    | € | 819,218    |
| - as per Law 342/00  |   |            |   |            |
| IV. Legal reserve  | € | 709,833    | € | 690,907    |
| V Reserve for own shares in portfolio  | € | 1,807,599  | € | 1,807,599  |
| VI. Statutory Reserves   | € | 0          | € | 0          |
| VII Other reserves   |   |            | € | 0          |
| - extraordinary  | € | 1,221,669  | € | 1,221,669  |
| - Art 15, paragraph 10 429/82  | € | 930,838    | € | 930,838    |
| - Art.8/9 Law 308  | € | 0          | € | 0          |
| - Art 55 of Unified Text on Direct Taxation                                  | € | 12,794     | € | 12,794     |
| - Art 33, paragraph 9 of L 413/91  | € | 0          | € | 0          |
| - Assets tied up for fluctuations in remission<br>Values                     | € | 1,549,371  | € | 1,549,371  |
| - Remission  | € | 0          | € | 0          |
| - Merger surplus   | € | 0          | € | 0          |
| - Non-interest bearing shareholders' account                                 | € | 0          | € | 0          |
| - Shareholders' account for share capital increases                          | € | 0          | € | 0          |
| - Non-allocated net income, Art. 2423 and 2428<br>of the Italian Civil Code  | € | 0          | € | 0          |
| - Net income from partnerships   | € | 0          | € | 0          |
| - Rounding for accounting and/or financial<br>statement conversion into Euro | € | (1)        | € | (4)        |
| VIII. Profits (losses) carried forward                                       | € | 5,789,478  | € | 5,753,875  |
| IX. Profits (losses) of the year   | € | 32,947     | € | 378,532    |
| <b>TOTAL SHAREHOLDERS' EQUITY (A)</b>  | € | 18,033,746 | € | 18.324 799 |
| <b>B. PROVISIONS FOR RISKS AND CHARGES</b>                                   |   |            |   |            |

|  |  |              |              |
|--|--|--------------|--------------|
| 1  | retirement pension & similar obligations     | € 3,629      | € 61,057     |
| 2  | for taxes                                    | € 0          | € 108,305    |
| 3  | other  | € 82,376     | € 17 089     |
| TOTAL PROVISIONS FOR RISKS AND CHARGES (B) |  | € 86,005     | € 186,451    |
| C  | EMPLOYEE TERMINATION INDEMNITIES             | € 3,117,498  | € 2,914,278  |
| D  | PAYABLES                                     |              |              |
| 1.   | Ordinary bonds                               |              |              |
| -  | due within 12 months                         | € 0          | € 1,032,914  |
| -  | due beyond 12 months                         | € 1,000,000  | € 0          |
| 2.   | Convertible bonds                            |              |              |
| -  | due within 12 months                         | € 0          | € 0          |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 3.   | Payables due to banks                        |              |              |
| -  | due within 12 months                         | € 12,192,789 | € 10,506,408 |
| -  | due beyond 12 months                         | € 338,155    | € 793,125    |
| 4  | Payables due to other providers of finance   |              |              |
| -  | due within 12 months                         | € 258,964    | € 287,886    |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 5  | Advances                                     |              |              |
| -  | due within 12 months                         | € 0          | € 0          |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 6.   | Payables due to suppliers                    |              |              |
| -  | due within 12 months                         | € 5,497,510  | € 5,449,382  |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 7  | Payables represented by credit instruments   |              |              |
| -  | due within 12 months                         | € 0          | € 0          |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 8.   | Payables due to subsidiaries                 |              |              |
| -  | due within 12 months                         | € 2,650,416  | € 2,676,569  |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 9  | Payables due to affiliated companies         |              |              |
| -  | due within 12 months                         | € 84,645     | € 114,384    |
| -  | due beyond 12 months                         | € 11,287     | € 10,934     |
| 10.  | Payables due to parent companies             |              |              |
| -  | due within 12 months                         | € 0          | € 0          |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 11   | Tax payables                                 |              |              |
| -  | due within 12 months                         | € 440,850    | € 393,012    |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 12.  | Payables due to social security institutions |              |              |
| -  | due within 12 months                         | € 462,539    | € 421,483    |
| -  | due beyond 12 months                         | € 0          | € 0          |
| 13.  | Other payables                               |              |              |
| -  | due within 12 months                         | € 1,302,910  | € 1,132,591  |
| -  | due beyond 12 months                         | € 2,906      | € 2,906      |
| Total                                      |  | € 24,242,971 | € 22,821,594 |

|   |                                      |              |              |
|---|--------------------------------------|--------------|--------------|
| E | ACCRUED EXPENSES AND DEFERRED INCOME | € 206,697    | € 12,350     |
|   | TOTAL LIABILITIES (A+B+C+D+E)        | € 45,686,917 | € 44,259,472 |

#### MEMORANDUM ACCOUNTS

##### GUARANTEES GRANTED AND OTHER MEMORANDUM ACCOUNTS

Guarantees granted to third parties.

|  |             |             |  |
|--|-------------|-------------|--|
| a) Guarantees in favor of subsidiaries                       |             |             |  |
| - Expressed in Euro  | € 258,228   | € 258,228   |  |
| - Expressed in other currencies                              | € 64,307    | € 78,498    |  |
| b) Guarantees in favor of affiliated companies               |             |             |  |
| - Expressed in Euro  | € 129,114   | € 226,552   |  |
| c) Guarantees against third parties                          | € 25,823    | € 25,823    |  |
| d) Other personal guarantees                                 |             |             |  |
| - In favour of third parties                                 |             |             |  |
| Patronage letters granted to third parties                   | € 129,114   | € 129,114   |  |
| - In favour of subsidiaries                                  |             |             |  |
| Patronage letters in Euro                                    | € 2,875,632 | € 3,056,392 |  |
| Patronage letters in other currencies                        | € 0         | € 0         |  |
| Third party guarantees – Art. 2382 of the Italian Civil Code | € 3,396,543 | € 361,129   |  |
| Leasing with transfers                                       | € 199,458   | € 261,303   |  |
| - In favour of affiliated companies                          |             |             |  |
| Patronage letters in Euro                                    | € 1,755,953 | € 1,755,953 |  |
| Leasing with transfers                                       | € 736,484   | € 244,197   |  |

Other risks, obligations and memorandum accounts

|  |              |              |  |
|--|--------------|--------------|--|
| - Risks on receivables subject to final payment                                  |              |              |  |
| - Notes paid in advance in the bank account and which have not expired           | € 1,907,443  | € 2,635,374  |  |
| - Notes withheld after collection in the bank account and which have not expired | € 1,063,262  | € 604,690    |  |
| - Payable leasing fees   | € 4,811,100  | € 2,630,901  |  |
| - Paid leasing fees  | € 2,517,860  | € 1,246,610  |  |
| - Factored "pro solvendo" receivables  | € 864,278    | € 661,111    |  |
| Currency purchase with future delivery   | € 1,841,318  | € 0          |  |
| Financial Administration dispute account   | € 175,000    | € 0          |  |
|  | € 22,750,917 | € 14,175,875 |  |

#### SECOND PART – INCOME STATEMENT

##### A. TOTAL REVENUES

|   |   |            |   |             |
|---|---|------------|---|-------------|
| 1) Revenue from sales and services  | € | 42,221,040 | € | 45,943,303  |
| 2) Change in stocks of works in progress,<br>and semi-manufactured and finished goods |   | 720,908    | € | (1,577,322) |
| 3) Change in current orders   |   | 0          | € | 0           |
| 4) Work performed for own purposes and capitalized                                    |   | 0          | € | 0           |
| 5) Other revenues & proceeds  |   |            |   |             |
| - Other revenues and proceeds   |   | 290,975    | € | 254,827     |
| - Allocations to trading account  |   | 0          | € | 0           |
| Total   |   | 43,232,923 | € | 44,620,808  |

#### B COST OF PRODUCTION

|   |   |             |   |            |
|---|---|-------------|---|------------|
| 6) for raw materials, consumables, expendables & goods                          | € | 13,552,909  | € | 11,494,758 |
| 7) for services   |   |             |   |            |
| - on purchases  | € | 51,710      | € | 29,557     |
| - commercial  | € | 2,824,193   | € | 2,965,011  |
| - industrial  | € | 12,421,577  | € | 11,979,632 |
| - general   | € | 331,570     | € | 319,364    |
| Total services  | € | 15,629,050  | € | 15,293,564 |
| 8) for use of third party assets  | € | 1,514,783   | € | 1,300,468  |
| 9) for personnel  |   |             |   |            |
| - wages & salaries  | € | 6,317,030   | € | 6,135,467  |
| - Social Security charges   | € | 2,174,171   | € | 2,065,197  |
| - Severance indemnity   | € | 442,285     | € | 454,641    |
| - Retirement and similar items  | € | 0           | € | 0          |
| - Other costs   | € | 504,283     | € | 454,039    |
| 10) Value adjustments   |   |             |   |            |
| - Amortization of intangible fixed assets                                       | € | 25,831      | € | 18,221     |
| - depreciation of tangible fixed assets   | € | 571,657     | € | 635,931    |
| - other fixed asset write-downs   | € | 0           | € | 0          |
| - Allowance for doubtful accounts incl<br>in current assets and of liquid funds | € | 22,666      | € | 24,090     |
| 11) Change in stocks of raw materials, consumables,<br>expendables & goods      | € | (1,138,131) | € | 2,088,979  |
| 12) Provisions for risks  | € | 82,376      | € | 17,089     |
| 13) Other provisions  | € | 3,629       | € | 4,088      |
| 14) Other operating costs   | € | 852,935     | € | 995,020    |
| TOTAL COST OF PRODUCTION (B)  | € | 40,555,474  | € | 40,981,552 |
| DIFF BETWEEN TOTAL REVENUES<br>AND COST OF PRODUCTION (A-B)                     | € | 2,677,449   | € | 3,639,256  |

#### C. FINANCIAL PROCEEDS AND CHARGES

|                                    |   |   |   |   |
|------------------------------------|---|---|---|---|
| 15) Proceeds from shareholdings in |   |   |   |   |
| - subsidiaries                     | € | 0 | € | 0 |
| - affiliated companies             | € | 0 | € | 0 |
| - other companies                  | € | 0 | € | 0 |

16) Other financial proceeds

a) from receivables booked amongst fixed assets

|                        |   |       |   |       |
|------------------------|---|-------|---|-------|
| - subsidiaries         | € | 1,072 | € | 7,129 |
| - affiliated companies | € | 0     | € | 0     |
| - parent companies     | € | 0     | € | 0     |
| - other parties        | € | 4,985 | € | 5,953 |

b) from non-equity securities booked amongst fixed assets € 0 € 0

c) from non-equity securities booked amongst current assets € 0 € 0

d) Proceeds other than the above

|                        |   |         |   |         |
|------------------------|---|---------|---|---------|
| - subsidiaries         | € | 0       | € | 0       |
| - affiliated companies | € | 0       | € | 0       |
| - parent companies     | € | 0       | € | 0       |
| - other parties        | € | 447,102 | € | 421,920 |

17) Interest payable and other financial charges

|                        |   |           |   |           |
|------------------------|---|-----------|---|-----------|
| - subsidiaries         | € | 0         | € | 0         |
| - affiliated companies | € | 0         | € | 0         |
| - parent companies     | € | 0         | € | 0         |
| - other parties        | € | 1,619,870 | € | 1,449,932 |

TOTAL (15+16+17) € (1,166,712) € (1,014,919)

0

D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS

18) Revaluations

|   |   |   |   |   |
|---|---|---|---|---|
| a) of shareholdings                                       | € | 0 | € | 0 |
| b) of non-equity financial assets                         | € | 0 | € | 0 |
| c) of non-equity securities booked amongst current assets | € | 0 | € | 0 |

19) Write-downs

|   |   |         |   |           |
|---|---|---------|---|-----------|
| a) of shareholdings                                       | € | 487,314 | € | 1,374,224 |
| b) of non-equity financial assets                         | € | 0       | € | 0         |
| c) of non-equity securities booked amongst current assets | € | 0       | € | 0         |

Total adjustments (18-19) € (487,314) € (1,374,224)

EXTRAORDINARY PROCEEDS AND CHARGES

20) Proceeds:

|  |   |        |   |        |
|--|---|--------|---|--------|
| - Capital gains from disposal of assets                      | € | 11,505 | € | 0      |
| - Other extraordinary proceeds                               | € | 80,689 | € | 64,859 |
| - Rounding from conversion of financial statements into Euro | € | 0      | € | 0      |

21) Charges:

|  |   |         |   |        |
|--|---|---------|---|--------|
| - Capital losses from disposal of assets                     | € | 0       | € | 0      |
| - Taxes relative to previous years                           | € | 185,005 | € | 10,580 |
| - Other extraordinary charges                                | € | 28,788  | € | 16,010 |
| - Rounding from conversion of financial statements into Euro | € | 0       | € | 0      |

TOTAL EXTRAORDINARY ITEMS (20-21) € (121,598) € 38,269



|  |             |   |           |
|--|-------------|---|-----------|
| PROFIT (LOSS) BEFORE INCOME TAX (A-B+-C+-D+-E) € | 901,824     | € | 1,288,382 |
| 22) Income taxes for the year                    |             |   |           |
| a) Current income tax                            | € 1,167,544 | € | 1,036,522 |
| b) deferred (advance) income tax                 | € (298,667) | € | (126,672) |
|  |             |   |           |
|  | € 868,877   | € | 909,850   |
| 23) Profit (loss) for the year                   | € 32,947    | € | 378,532   |

These financial statements are consistent and true with respect to accounting records.  
The BOARD OF DIRECTORS

(Mr Vittorio Solbiati)  
(Mr. Francesco Molinari)  
(Mr. Carlo Lavazza)  
(Mr Andrea Solbiati)  
(Mrs Maria Leopolda Solbiati)  
(Mr Eraldo Bianchi)  
(Mr. Emanuele Maria Castellini)