

2/11
FE 24379
S.R.C. SOCIETA' DI REVISIONE CONTABILE S.R.L.


AMENDING

REPORT OF THE AUDITORS AS PER ARTICLE 2409 TER C.C. ON THE
FINANCIAL STATEMENTS OF THE COMPANY FACI S.p.A.

To the Shareholders of the company Faci S.p.A.,

1. we have audited the financial statements of the company Faci S.p.A. for the financial year ended at 31 December 2006. These financial statements are under the responsibility of the company's Directors. Our responsibility is to express a legal opinion on these financial statements based on a qualified audit as per article 2409 *ter* of Italian Civil Code;
2. we have conducted our audit in accordance with Italian Standards on Auditing. Those Standards require that we plan and perform our audit to obtain a reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. in our opinion, the financial statements are properly drawn up in accordance with Italian Accounting Principles, so as to give a true and fair view of the state of affairs of the company at 31 December 2006 and of the results, changes in equity and cash flows of the company for the financial year ended on that date.

Genoa, 14 June 2007


Paolo Maloberti
(partner audit)



FACI S.P.A.

***Company subject to the control and coordination activity
of Euechemia SpA***

Registered Office: Milan Via Santa Radegonda n. 11

Share Capital: Euro 9,726,600.00 fully paid up

Milan Companies Register's Office and Fiscal Code: 03545180105

***MINUTES OF THE ORDINARY SHAREHOLDERS' MEETING OF
JULY 31, 2007***

On July 31st at the time of 11.00 in Carasco (GE) Via Privata Devoto n. 36
the Ordinary Shareholders' Meeting of FACI SPA was held

whereas

- with letter dated June 11th 2007 the Ordinary Shareholders' Meeting
was called for June 29th 2007 and it was deserted, as recorded in the
minutes prepared in that same date;
- that same notice called for this day at the same time and location, in
second convocation, the Ordinary Shareholders' Meeting;

noted

- that the President of the Board of Directors will chair the meeting;
- that Ms. Silvia Traverso, unanimously voted, will act as the meeting's
Secretary;

ascertained

- that in representation of the share capital the following are present:
- JOSE'-ANTONIO ESTAUN RUIZ, holder of no. 233,813 shares, on



his own behalf;

- ENRIQUE ESTAUN RUIZ, holder of no. 233,813 share, on his own behalf;
- FACI IMMOBILIARE SpA – Sole Shareholder Company, holder of no. 5,190,000 shares, present in the person of the Sole Director, Franco Rossi;
- EUCHEMIA SpA, holder of no. 13,047,379 shares, present in the person of the Sole Director, Franco Rossi;
- that present for the Board of Directors, in addition to the President are: Modestino Cavaliere and Raffaele Benvenuto, managing directors and Stefano Rossi, director;
- that present for the Board of Statutory Auditors are: Andrea Villa, President, Simone Procaccini and Aldo Borrelli, auditors

the President pronounce

the meeting validly gathered and able to resolve on the following

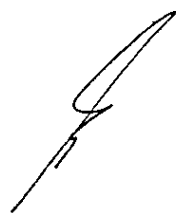
Agenda

1. Resolutions on the matters as per article 2364 of the civil code

The President of the Board of Directors takes the floor and briefly informs the Shareholders's Meeting why the Board of Directors in the meeting of March 30th 2007 availed of the statutory extended term of 180 days for the adoption of the financial statements for the year ended December 31st, 2006.

The President then reads the financial statements, containing the balance sheet, the income statement and notes there to.

He then illustrates in detail the single accounts of the balance sheet and of



the income statement, the notes and the schedules attached.

The President then reads the Director's report on operations, providing detailed comments on the corporate transactions carried out during the year, and the report of the auditors prepared by the external auditors in charge of the accounting review and audit.

Subsequently the President of the Board of Statutory Auditors, Andrea Villa, reads the report on the financial statements prepared by said Board.

Those present were invited to provide comments.

The Meeting then, after wide and exhaustive discussion, having obtained the explanations requested and noted the reports of the Board of Statutory Auditors and of the external auditors, unanimously

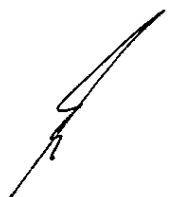
adopts

the financial statements for the year ended December 31st 2006 and the Director's report on operations, widely discharging him for his actions and

resolves

- to allocate the result for the year equal to Euro 237,422.26 as follows:
 - as to Euro 11,871.11 to the legal reserve;
 - as to the remaining part, Euro 225,551.15 to the extraordinary reserve;
- to approve the allocation of the foreign exchange reserve ex article 2426, paragraph 8 bis, recorded in the previous year for Euro 637.470,37 to the extraordinary reserve.

The financial statements and the Director's report adopted above, and the reports of the Board of Statutory Auditors and of the external auditors are



attached to these minutes.

The President takes the floor once more and informs those present that the term of the offices of the Board of Directors, of the Board of Statutory Auditors and of the external auditors has expired and it is therefore necessary to resolve with such regard.

The President proposes to appoint as members of the Board of Statutory Auditors: Antonio Argenio, Giovanna Galardi, Aldo Borrelli, Federico Calissano and Riccardo Roma and with this regard he informs that he has already taken care of consulting with them obtaining the list of their assignments as directors and auditors at other companies, in order to disclose them to this Meeting.

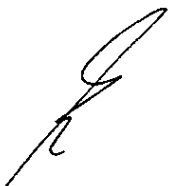
A brief discussion follows and at the end the Meeting, after verifying for each member of the Board of Statutory Auditors that no impediment to the appointment exists, given the absence of any causes of ineligibility, reasons for loosing the possibility to act as member, or other situations that compromise their independence, unanimously

resolves

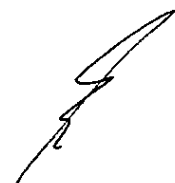
- 1) to establish as four the number of members of the Board of Directors;
- 2) to appoint, for the years 2007 - 2008 - 2009 and therefore until the adoption of the financial statements for the year ending December 31st 2009, as Directors the following individuals:
 - **MODESTINO CAVALIERE**, born in Genova on October 30th 1941, resident in Chiavari (Ge) - Via Privata Argiroffo 2/12 - Italian citizen - fiscal code CVL MST 41R30 D969Q;



- **FRANCO ROSSI**, born in Genova on September 12th 1951,
resident in Chiavari (Ge) - Corso Valparaiso 32/11 - Italian citizen
– fiscal code RSS FNC 51P12 D969J;
 - **RAFFAELE BENVENUTO**, born in Genova on September 1st
1946, resident in Genova - Via Dei Franzoni 6/9 - Italian citizen –
fiscal code BNV RFL 46P01 D969D;
 - **STEFANO ROSSI**, born in Genova on April 15th 1966, resident in
Sestri Levante (Ge) – Via Antica Romana Occidentale 394/6 -
Italian citizen – fiscal code RSS SFN 66D15 D969T;
- 3) to appoint as President of the Board of Directors Franco Rossi;
 - 4) to ask the Board of Directors to assign tasks to the Board members;
 - 5) to determine, for the current year 2007 and for those which will
follow, until the next new resolution on the matter, in Euro
12,000.00 the gross annual emolument for the Board of Directors
to be shared in equal parts among all the Board members;
 - 6) to fix, for the current year 2007 and for those which will follow,
until the next new resolution on the matter, as maximum amount,
Euro 740,000.00 as the gross annual remuneration, to be shared,
based on a fair resolution of the Board itself, among the Directors
assigned with special roles and/or tasks;
 - 7) to appoint for the three years 2007 - 2008 - 2009 and therefore
until the adoption of the financial statements for the year ending
December 31st 2009 as members of the Board of Statutory
Auditors:



- **ANTONIO ARGENIO**, born in San Severo (FG) on February 16th 1973 and here domiciled in Milano Via Santa Radegonda n. 11 – fiscal code RGN NTN 73B16 I158M, *President of the Board of Statutory Auditors*;
 - **ALDO BORRELLI**, born in Borgoforte (MN) on July 8th 1943, domiciled in Chiavari (GE), via N. Bixio 24/3 – fiscal code BRR LDA 43L08 B011D, *Auditor in charge*;
 - **GIOVANNA GALARDI**, born in Genova on February 7th, 1968 here domiciled in Piazza della Vittoria 8/20 – fiscal code GLR GNN 68B47 D969M, *Auditor in charge*;
 - **RICCARDO ROMA**, born in Napoli on February 18th 1959, resident in Chiavari (GE) Via Piacenza 233/8, fiscal code RMO RCR 59B18 F839E, *Substitute Auditor*;
 - **FEDERICO CALISSANO**, born in Genova on July 23rd, 1958, here domiciled in Piazza della Vittoria 8/20, fiscal code CLSFRC58L23D969Y, *Substitute Auditor*;
- 8) to determine the remuneration to the members of the Board of Statutory Auditors based on the current fees as issued by the National Board of Certified Accountants (Dottori Commercialisti);
- 9) to assign, in accordance with article 2409 - bis and following articles of the civil code, for the three years 2007 - 2008 - 2009 and therefore until the adoption of the financial statements for the year ending December 31st 2009, the accounting review and audit to the accounting firm “S.R.C. – Società di revisione contabile – S.R.L.” Società Unipersonale, with registered office in Genova

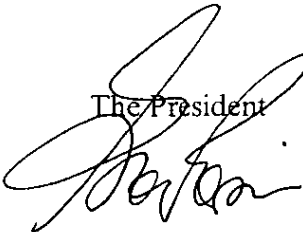


Piazza della Vittoria 8/3, fiscal code 01461280990, registered in the Auditors' Register with no. 133940 with Decree of 24/03/2004 - G.U. (Official Gazzette) IV special series no. 80 of 08/10/2004;

10) to determine for the entire three-year period in Euro 15,000.00, apart from the inflation rate adjustment, the annual fee to the accounting firm mentioned above.

No other person requesting the floor and the matter on the agenda completed, at the time of 11.50 the meeting closes, after the reading and the adoption of these minutes.

The Secretary

The President


FACI S.p.A.

Company subject to the control and coordination activity of Euechemia S.p.A.

Registered Office: Milan, Via Santa Radegonda n. 11

Share Capital € 9,726,600.00 fully paid up

Milan Companies Register's Office and Fiscal Code 03545180105

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2006

Dear Shareholders,

the financial statements that we present to your attention has been prepared in accordance with statutory requirements and is composed of:

- Balance sheet (prepared in accordance with the template provided by articles 2424 e 2424 bis civil code);
- Income Statement (prepared in accordance with the template provided by articles 2425 e 2425 bis civil code);

Notes to the financial statements.

The Notes are organised as follows:

- ✓ Part A. Accounting Principles;
- ✓ Part B. Notes to the balance sheet;
- ✓ Part C. Notes to the income statement.

Other information needed to provide a true and fair view of the financial position and the results of the company are included in the Director's Report.

The Board of Statutory Auditors has been previously informed about the accounting principles adopted for the preparation of these financial statements.

FACI S.p.A.

Company subject to the control and coordination activity of Euechemia S.p.A.

Registered Office: Milan, Via Santa Radegonda n. 11

Share Capital € 9,726,600.00 fully paid up

Milan Companies Register's Office and Fiscal Code 03545180105

DIRECTOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

Dear Shareholders,

the financial statements for the year ended at 31 December 2006, which we present for your review and approval, closed with a net profit of Euro 237,419 after relevant taxes of Euro 1,214,687 and a gross operating margin (before amortisation, depreciation and provisions) of Euro 5,918,356.

Operational Performance

The two-year comparison of the gross operating margin, changed from Euro 6,849,834 to Euro 5,918,356 shows a substantial stability of the operations and of the market trend, given the decrease in the gross operating margin is linked to the increase in the energy costs (gas and electricity).

Payables have increased by Euro 10.9 million, going from Euro 29.6 million to Euro 40.6 million, mainly due to the issuing of bonds for Euro 10 million as resolved by the extraordinary shareholders' meeting held on the 26th of July, 2006.

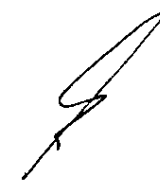
The net financial position has improved by Euro 1.06 million, going from Euro 3.85 million to Euro 4.91 million, remaining in an absolutely safe status.

The 2006 results of our branch in the Liverpool area confirm the constantly increasing trend, with sales moved from Euro 5,054,927 in 2005 to Euro 6,118,141 in 2006 and a net profit gone from Euro 171,515 in 2005 to Euro 277,189 in 2006.

Investments

During 2006 investments for Euro 2,703.6 thousand and divestments for Euro 298,5 thousand were undertaken.

Investments have regarded different divisions, both with the aim of increasing the capacity and of upgrading to more up-to-date standards the operating conditions, but mainly the efforts have concentrated in the higher value added divisions like the monoglycerides and pre-blended products.



In 2007 investments are planned to improve the capacity of the production lines for which more development is expected , such as the metallic stearates, fatty acids, the packaging lines and still the monoglycerides.

Nevertheless the main investments of the Group will be in the foreign subsidiaries: in particular in the Chinese and in the one in Singapore.


Business Trend

Sales have shown a 6.2% increase in value and a 4.0% in volumes during 2006. Such figures, already positive by themselves and higher than the average European rates of increase, have an even higher relevance given that on certain markets, namely those of the Middle and Far East, the products of the subsidiary Faci Asia Pacific Pte Ltd have been preferred by customers, due to their better competitiveness. Indeed, where the conditions were favourable, a switch of customers to the company in Singapore has happened. And this in particular when the lower logistic costs, the demand for vegetable products or the exchange rate conditions allowed to offer better terms.

The markets that have experienced the higher increases are the German (+24%), the Dutch (+124%) and the Eastern Europe (+29%). Nevertheless it has to be noted that the increased internationalisation of the European companies and their higher integration makes it more and more difficult to decrypt the "nationality" of the customers, being our main customers located in various countries.

The end of 2006 and the first half of 2007 have been characterised by uncontrollable and somehow unpredictable price changes of the raw materials. As noted in previous years, the interest that our main fat raw materials generate as renewable energy resources , the rules regarding the genetically modified products (GMO), the animal by-products, the treatment and the use of the waste products and the different consideration that such factors have in the various European and non-European nations, have all contributed to generate a really chaotic picture. The traditional competition in the oil and fats market, strongly related to the food industry and in much smaller size, practically negligible, to the oleochemicals, has been totally upset by the new uses, all almost always linked to incentives, regulations or new barriers which continuously change and which makes it impossible any future price trend forecast. Such situation is far away from any possible stability and new unpredictable events can't be excluded.

In such scenario the focus of the commercial policy is obviously concentrated on adjusting sales prices to the sudden variations of the raw material costs. Such aim has been reached in general terms as the substantial stability of the margins and volumes towards our main clients suggest. With regard to this, during 2006 our presence has consolidated in the main chemical industry companies, where our true global offer, together with flexibility and local presence is highly appreciated.



We are now directly present in Italy, UK, Spain, Singapore and China, further to our network of agents and distributors located in all major countries.

Relations with branches, subsidiaries, associated and parent companies

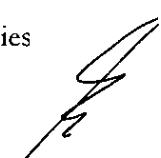
During 2006 the subsidiary (fully owned) FACI Chemicals (Zhangjiagang) Co Ltd has been established in China, in the Jiangsu province, with the aim of manufacturing metallic stearates in an area where, due to the increase of the sales market and the availability of the fat raw materials, favourable conditions for a desirable fast growth of our positions should be found. With the establishment of this new company, the Representative Office opened two years before in Shanghai is therefore absorbed as Sales Department. The investment will expand during 2007 with the construction of a plant for the manufacturing of metallic stearates, of a total capacity exceeding 10,000 tons. The start-up is planned in the forth quarter of this current year.

The UK branch (Faci UK), acquired at the end of 2002, as detailed above, shows also for the financial year 2006 a positive result and an increase in sales which have reached Euro 6,118,141 with a 21% growth and a net profit increased by 60%, to Euro 277,189 equal to the 4,5% of the turnover.

Ambrogio Pagani closes with a loss of Euro 393,625 and an operating margin of Euro 75,359. This result (the first one negative after several years of positive trend) is due to the unfavourable trend of the stearic acid market in Europe, which has increasingly suffered the competition of the Asian producers, and of the glycerine. This sub-product of the hydrolysis of the fats has reached prices incredibly low following an excess in offer due to the bio-diesel. Just few years ago the margin that the glycerine could generate was 3-4 times higher than the current one.

With this regard it helps to remind that as a group we are at the same time producers and purchasers of stearic and other fat acids. In these moments of uncertainties in the market, this double condition has to be considered in the sense of prudence, being unable to evaluate, nor in the short neither in the long term, which policy could be the best one.

Faci Asia Pacific Pte Ltd, in its 7th year of activity, shows an increase in sales, from Euro 15,457,876 in 2005 to Euro 18,269,256 in 2006. Even if the result of the year has decreased from Euro 858,732 in 2005 to Euro 561,040 in 2006, the operating margin has increased from Euro 1,646,690 in 2005 to Euro 1,835,081 in 2006. The start-up of the ester production plant, whose investment has been completed in 2006, has been the primary contributor to such result. Together with a fairly stable trend in the prices of main raw material, there have been significant increases in the prices of energy power and of some metals, like zinc. Furthermore the strength of Euro compared to all the Asian currencies



and to our destination market, which adopts the US dollar as reference, has contributed to a not particularly significant growth of the sales converted in Euros. A much more significant increase is expected in 2007, both due to the increase in volumes and to the increase of the fat raw materials showed in the first half, when they have reached a value almost twice as high than in 2006. According to a realistic estimation, such increase should be in the range of 50%.

Investments are always significant and refer, as noted, to the ester plant, the one for the stearate dispersions, whose start-up is planned in 2007, and a general enlargement project which regards the new warehouse, the installation of a new set of tanks and the development of fat based products for the pharmaceutical industry. Such project has been made possible by the assignment to the company of a new lot of adjacent land, whose use will allow a further development of the activity.


It can be noted that the majority of the investments concentrates in that area where the growth rates and the results especially in terms of turnover justify the efforts made.

Faci Asia Pacific Pte Ltd has increased its registered capital from 6,500,000 to 9,000,000 Singapore dollars during 2006.

Chifrachim Sarl, a company which promotes sales in the French market, has operated carefully, contributing to the improvement of our position in that market. In 2006 sales of our products in France and Belgium have showed an increase of about 12% in value. In this current year even more positive increases can be noted, in the range of 20%. Some agency relationships with local companies have been terminated, gaining in such way visibility with customers and efficiency in the service. The results obtained and the lower costs that such solution implies, compared to the expenses incurred for the agencies, confirm the goodness of the choice made.

Productos Metalest SL, a Faci Spa 50% associated, in November 2006 and with effects starting at the beginning of the financial year has demerged its real estate properties allocating them to Metalest Inmobiliaria SL and has changed its registered name into FACI Metalest SL. Both companies close with a loss.

The project to intensify the collaboration between the two companies with effects both in the commercial and technical field should increase the competitiveness of the Spanish company, correcting certain inefficiencies and using, where possible, the support from the group. A break-even and the relaunching of some characteristic products, where the possibility of competing in the market is deemed to be bigger, are expected.



Reinco CA, a 41% associated, shows a profit of Euro 221,275.09, with a 74.5% increase compared to the previous year, notwithstanding the intensification of the political uncertainties, demonstrating the possibility to consolidate its position in the painting industry and in the distribution of chemical products.

In accordance with point 2) of article 2428 Civil Code, the transactions taken place in the financial year with subsidiaries, associated and parent companies are shown.

Income statement	Other Income	Other Expenses	Financial Income
<i>Subsidiaries</i>			
Faci Asia Pacific Ltd			
Chifrachim Sarl	1,473.24	227,091.16	
<i>Faci Chem Zhangjiagang</i>			
<i>Associated companies</i>			
Ambrogio Pagani S.p.a.	126,344.40	2,075,510.50	
Faci Metalest S.L.	358,779.07	467,132.96	
Reinco Co S.a.	435,556.87	58,569.50	

Balance Sheet	Trade receivables	Financial receivables	Trade payables
<i>Subsidiaries</i>			
Faci Asia Pacific Ltd	2,892,061.88		79,657.91
Chifrachim Sarl	1,473.24		94,308.95
<i>Faci Chem Zhangjiagang</i>			
<i>Associated companies</i>			
Ambrogio Pagani S.p.a.			486,097.69
Faci Metalest S.L.	133,757.80		335,428.91
Reinco Co S.a.	208,527.07		28,548.01

Acquisitions, disposals, number and face value of own shares and of the parent company's

In accordance with points 3) and 4) of article 2428 of the Civil Code, we inform you that following a resolution of the ordinary shareholders' meeting held on the 28th of July 2006 the Company has purchased its own shares starting September 2006 for Euro 5 million, subsequently sold in December 2006 and in March 2007; we have not purchased or sold – nor directly neither indirectly – shares of our parent company Euechemia S.p.a.

Outlook

Summarising the notes mentioned before, 2007 shows a totally unexpected situation with regard to the raw material, whose evolution cannot be easily decoded.

The most direct effect will be the increase in turnover due to the adjustment of selling prices to the higher purchase cost of raw materials. This fact will be more evident in Asia, where the increase in prices goes together with significant increases in volumes. Such increase in turnover will not be easily reflected in the margins, at least not immediately. An increase in the working capital is expected, together with higher borrowing levels. The start-up of the Chinese plan will contribute to increase the product range offered by the group and, being in the position to operate in a highly competitive environment, to be more present in the market with quality products.

Subsequent events

With deed dated 1st March 2007 and effects starting from the 5th of March 2007 a partial demerge in favour of Faci Immobiliare S.p.a., a newco established for this purpose, has been carried out. Through this transaction the whole real estate and the 50% investment in Metalest Immobiliaria S.L. have been demerged; as to the liabilities, the bonds issued and the part of the deferred tax provision related to the buildings have been transferred.

Secondary offices

The operating and manufacturing premises of Faci S.p.a. are in Carasco (Ge) in Via Privata Devoto n. 36.

Dear Shareholders,

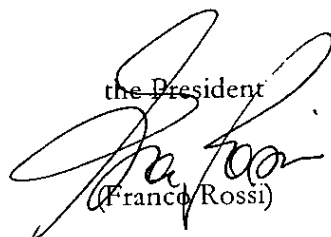
in expressing our thanks to those who have contributed to the results obtained, we invite you to approve the financial statements which we present to your approval together with our conduct and we propose to assign the profit of the year of Euro 237,422.26 as follows:

- as to Euro 11,871.11 to the legal reserve
- as to the remaining, Euro 225,551.15 to the extraordinary reserve



We then note that the foreign exchange provision as per article 2426, paragraph 8 bis, in the previous year equal to Euro 637,470.37, has been completely set free and therefore assigned to the extraordinary reserve.

For the Board of Directors

the President

(Franco Rossi)

Company under the control and the coordination of Euechemia S.p.A.
Registered Office: Milan, Via Santa Radegonda n. 11 - 20121- Italy
Share Capital € 9.726.600 fully paid up
Milan Companies Register's Office and Fiscal code: 03545180105

BALANCE SHEET

B) Fixed assets

4) concessions, licences, trademarks and similar rights

Total Intangible Assets

- 1) land and buildings
- 2) plant and machinery
- 3) industrial and commercial equipment
- 4) other assets
- 5) work in progress and down payments

Total Tangible Asset

- 1) Equity investments:
 - a) in subsidiaries
 - b) in associated companies
- 2) loans receivable:
 - a) from subsidiaries
 - due beyond the following year
 - b) from associated companies
 - due within the following year
 - due beyond the following year

Total Financial Assets

Total Fixed Assets (B)

Period end 31 December 2006	Period end 31 December 2005	Difference
142.929	16.447	126.482
0	14.592	(14.592)
19.611	1.084	18.527
-----	-----	-----
162.540	32.123	130.417
17.627.286	18.364.779	(737.493)
19.629.175	21.018.008	(1.388.833)
119.664	184.162	(64.498)
447.806	365.188	82.618
1.008.829	179.376	829.453
-----	-----	-----
38.832.760	40.111.513	(1.278.753)
5.980.904	2.997.673	2.983.231
3.797.874	3.797.874	0
50.000	50.000	0
0	270.000	(270.000)
0	135.000	(135.000)
-----	-----	-----
9.828.778	7.296.628	2.532.150
48.824.078	47.440.264	1.383.814

C) Current assets

I - Inventory

- 1) raw, ancillary and consumable materials;
- 4) finished products and goods;

Total inventory

II - Receivables

- 1) trade account
 - current portion
- 2) due from subsidiaries
 - current portion
- 3) due from associated companies;
 - current portion
- 4) due from parent companies;
 - current portion

4bis) tax receivables

- current portion
- long term

5) due from other

5b) due from other

- current portion
- long term

Total receivables

III - Investments that are not fixed assets

- 5) treasury stocks

Total investments that are not fixed assets

IV - Liquid assets

- 1) Cash at banks and post offices
- 3) cash and cash equivalents on hand

Total liquid assets

Total current assets (C)

D) Prepaid expenses

TOTAL ASSETS

	Period end 31-dic-06	Period end 31-dic-05	Difference
	3.018.602	2.724.699	293.903
	4.032.729	3.861.125	171.604
	<hr/>	<hr/>	<hr/>
	7.051.331	6.585.824	465.507
	13.647.823	14.009.032	(361.209)
	3.005.456	1.792.566	1.212.890
	342.285	246.896	95.389
	136.000	754.340	(618.340)
	1.361.711	471.368	890.343
	47.074	65.409	(18.335)
	6.100.261	1.077.389	5.022.872
	75.832	75.782	50
	<hr/>	<hr/>	<hr/>
	24.716.442	18.492.782	6.223.660
	1.250.000	0	1.250.000
	<hr/>	<hr/>	<hr/>
	1.250.000	0	1.250.000
	8.972.871	7.528.955	1.443.916
	3.740	4.107	(367)
	<hr/>	<hr/>	<hr/>
	8.976.611	7.533.062	1.443.549
	<hr/>	<hr/>	<hr/>
	41.994.384	32.611.668	9.382.716
	42.787	58.898	(16.111)
	<hr/>	<hr/>	<hr/>
	90.861.249	80.110.830	10.750.419

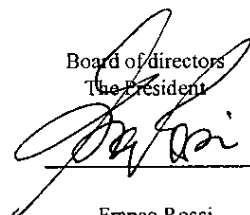
	Period end 31-dic-06	Period end 31-dic-05	Difference
LIABILITIES			
A) Shareholders' equity			
I - Share capital	9.726.600	9.726.600	0
II - Share premium reserve	668.992	668.992	0
III - Revaluation reserve			
- Revaluation reserve as per Law n° 342/00	6.667.345	6.667.345	0
- Revaluation reserve as per Law n° 448/01	8.539.344	8.539.344	0
- Revaluation reserve as per Law n° 266/05	2.652.348	2.652.347	1
IV - Legal reserve	935.942	659.647	276.295
VI - Reserve for treasury stocks	1.250.000	0	1.250.000
VII - Other reserves, split by type:			
- Extraordinary reserve	3.045.423	10.930	3.034.493
- Reserve for "Disinquinamento fiscale" as per italian standard N° OIC1	8.807.556	10.057.556	(1.250.000)
- Reserves for round euro translation	4	0	4
- Reserve for change gain per art. 2426 c.c.	637.470	0	637.470
- Reserve for capital grants as per art. 55 tax law	0	200.197	(200.197)
VIII - Retained earnings (losses)	0	(1.777.832)	1.777.832
IX - Net profit (loss) for the year	237.419	5.525.896	(5.288.477)
Total Shareholders' equity (A)	43.168.443	42.931.022	237.421
B) Reserves for risks and charges			
1) for pension and similar obligations;	900.015	904.677	(4.662)
2) for taxation	1.676.682	2.269.008	(592.326)
3) Other provisions;	135.000	135.000	0
Total reserves for risks and charges (B)	2.711.697	3.308.685	(596.988)
C) Reserves for termination indemnities	3.794.508	3.526.758	267.750
D) Payables			
1) obbligazioni			
- current portion	10.000.000	0	10.000.000
4) due to banks:			
- current portion	4.066.792	3.679.532	387.260
- long term	12.935.763	12.500.000	435.763
6) advances			
- current portion	23.745	40.311	(16.566)
7) trade account			
- current portion	9.425.350	7.324.449	2.100.901
9) due to subsidiary			
- current portion	173.967	162.527	11.440
10) due to associated company			
- current portion	850.075	565.738	284.337
11) due to parent company			
- current portion	530.628	0	530.628
12) taxes payable			
- current portion	500.056	3.163.378	(2.663.322)
13) due to social security authorities			
- current portion	678.041	697.570	(19.529)
14) other payable:			
14b) other payable:			
- current portion	1.391.189	1.522.345	(131.156)
- long term	5.165	5.165	0
Total payables (D)	40.580.771	29.661.015	10.919.756
E) Prepayments and accrued income	605.830	683.350	(77.520)
TOTAL LIABILITIES	90.861.249	80.110.830	10.750.419
GUARANTEES			
a) Total guarantees	7.006.445	7.219.811	(213.366)
TOTAL GUARANTEES	7.006.445	7.219.811	(213.366)

INCOME STATEMENT

	Period end 31 December 2006	Period end 31 December 2005	Difference
A) Value of production			
1) revenues from sales and services	69.403.061	64.345.662	5.057.399
2) changes in inventory of work in progress and finished goods	166.721	(341.665)	508.386
5) Other income and revenues			
a) capital grants	12.638	0	12.638
b) other income	512.205	526.520	(14.315)
Total value of production (A)	70.094.625	64.530.517	5.564.108
B) Costs of production			
6) raw materials	38.614.871	32.951.052	5.663.819
7) services	13.803.458	12.568.650	1.234.808
8) leases	177.635	189.458	(11.823)
9) personnel			
a) wages and salaries	7.721.516	7.171.921	549.595
b) social security contribution	2.391.972	2.334.018	57.954
c) employees leaving indemnities charges	595.209	544.598	50.611
e) other	363.657	346.046	17.611
Total personnel costs	11.072.354	10.396.583	675.771
10) Depreciation and amortisation			
a) ammortisation of intangible assets	138.673	33.419	105.254
b) depreciation of tangible assets	3.599.170	3.645.230	(46.060)
d) writedowns of fixed assets	88.115	78.504	9.611
11) changes in inventory of raw materials	(291.181)	349.733	(640.914)
13) other provisions	97.742	222.742	(125.000)
14) other operating costs	274.289	698.687	(424.398)
Total costs of production (B)	67.575.126	61.134.058	6.441.068
Difference between value and costs of production (A-B)	2.519.499	3.396.459	(876.960)
C) Financial income and expenses			
15) Income from equity investments			
b) from associate companies	0	75.000	(75.000)
16) other financial income			
a) from receivables recorded in fixed assets			
- from subsidiary	6.547	12.768	(6.221)
d) other financial income	196.401	132.586	63.815
17) Interests and other financial expenses			
d) others	(714.314)	(490.637)	(223.677)
17bis) foreign exchange gains and losses			
a) gains	107.458	971.885	(864.427)
b) losses	(663.485)	(134.084)	(529.401)
Total financial income and expenses (C)	(1.067.393)	567.518	(1.634.911)

	Period end 31 December 2006	Period end 31 December 2005	Difference
E) Extraordinary income and expenses			
20) Income			
- others	0	6.829.668	(6.829.668)
21) Expenses			
- previous years taxes	0	(13.824)	13.824
- other charges	0	(2.024.440)	2.024.440
Total extraordinary income and expenses (E)	0	4.791.404	(4.791.404)
Profit (loss) before taxes (A-B+C+D+E)	1.452.106	8.755.381	(7.303.275)
22) Income taxes for the year			
- current	(1.807.013)	(1.255.986)	(551.027)
- deferred	592.326	(1.973.499)	2.565.825
Total taxes	(1.214.687)	(3.229.485)	2.014.798
23) Net profit (loss) for the year	237.419	5.525.896	(5.288.477)

Board of directors
The President



Franco Rossi

NOTES TO THE FINANCIAL STATEMENTS

The structure of the balance sheet and income statement is that provided for by articles 2424 e 2425 civil code.

In accordance with article 2423-*ter* c.c., the financial statements are prepared in a comparison format, showing the amount related to the previous year near each account.

We note that the statements have been prepared considering the modifications introduced by Legislative Decree n. 6/2003 (Reform of the Company Act).

In accordance with article 2423 c.c. we note that:

- ✓ As to the accounting principles adopted, the general principles of clarity and true and fair view have been followed;
- ✓ The schemes of the balance sheet and income statement provide sufficient information to give a true and fair view of the financial position and the results of the company; it is therefore not considered necessary to provide further additional information;
- ✓ No cases of incompatibility arise between the statutory reporting requirements in the preparation of the financial statements and the need to provide a true and fair view; and therefore no recourse to exceptions has been made as permitted by article 2423, paragraph 4 c.c.;
- ✓ The financial statements are prepared in Euro units.

In accordance with article 2423-*ter* c.c. we note that:

- ✓ The valuation of the accounts has been made in compliance with the principles of prudence and going concern and taking into account the economic function of each asset and liability;
- ✓ Revenues and expenses have been accounted for on an accrual basis, independently from the date of collection or payment;
- ✓ Risks and losses related to the financial year have been taken into account, even if known after year end, while profits are included only if realised within the year end;
- ✓ There has been no re-grouping of accounts within the balance sheet or income statement;
- ✓ The accounting principles have not been modified compared to previous year.

In accordance with article 2424, paragraph 2 c.c. we note that there are no assets or liabilities that

can be accounted for in more than one line of the balance sheet.

Finally we note that the company is included in the consolidation of the group it belongs to and that the parent company due to prepare the consolidated financial statements is Euchemia S.p.a., with registered office in Milan. A copy of the consolidated financial statements including the director's report will be deposited at the Companies Register's office in Milan.

We refer back to the director's report for what it relates to the nature of the activity, the trend of the economic and financial situation, the relations with the subsidiaries, associated and parent companies, subject to their control and related parties, the expected trend in the operations, the subsequent events.

The company is subject to the control and coordination activity of Euchemia S.p.a.. In accordance with article 2497 bis c.c. the basic data regarding the company which exercises the control and coordination activity are provided in attachment n. 28.

Part A – ACCOUNTING PRINCIPLES

The accounting principles adopted in relation with the most significant accounts follow, in accordance with article 2426 c.c.

1. Intangible assets

Intangible assets are recognised at purchase price or production cost, including incidental charges. Goodwill is recognised upon consent of the Board of Statutory Auditors.

The cost is amortised annually, with the constant amortisation charge calculated in relation with the remaining useful life. With this regard it is noted that:

- Concessions, licences and similar rights, comprising mainly software application programs and the technology for oleochemical, are amortised over a period of 5 years;
- Trademarks are amortised over a period of 18 years;
- The goodwill deriving from the acquisition of the UK branch is amortised over a period of 5 years;
- Other intangible assets are amortised based on a reasonable allocation scheme each year.

2. Tangible assets

Tangible assets are recorded at purchase price or production cost, including incidental charges.

For some assets the cost is adjusted due to revaluations by law or as a result of the allocation of the goodwill arising on mergers.

The assets revalued are buildings and plant.

As to the buildings, the oldest revaluations are detailed in schedule 8 attached, while the most recent ones are detailed in schedules 10 and 12 attached, respectively, in application of article 3, Law n. 448/2001 e article 1, Law n. 266/05.

On the other hand, plant has been revalued both in 2000, in application of Law n. 342/2000 articles 10-16, and 2001, in application of Law n. 448/2001 article 3.

It is confirmed that the value of the buildings and of the plant recorded in the financial statements after the revaluations are not greater than the effective values attributed to such assets with regard to their consistence, production capacity, effective economic use by the company, nevertheless to current values.

The decision to proceed with the revaluation in the financial year has been taken after that a study on the real estate of the company, carried out by an independent professional, has shown higher current values.

In financial year 2005 the Company has made use of the possibility given by the 2006 Financial Act, to realign the book and fiscal values of the fixed assets; therefore the fiscal values of the buildings in San Benigno, Corte Lambruschini and San Colombano, and of the plant and equipments have been adjusted to their book values.

The beginning value of the fixed assets is depreciated annually, on a straight-line basis, applying economic-technical rates.. The depreciation rates reflect the physical useful life and the technological obsolescence of the fixed assets and are detailed in schedule 7 attached. The rates are halved for the assets acquired in the financial year, assuming that the assets purchased during the year have been started up, on average, at half year.

In the case when, independently from the depreciation accounted for, an impairment emerges, the fixed asset is written down accordingly; if in the following financial years the reasons for the write-down no longer exist, the original value is written-back.

Maintenance costs of ordinary nature are charged fully to the income statement. Maintenance costs of incremental nature are allocated to the assets they relate to and depreciated in accordance with their residual possibility of utilisation.

The fixed assets denominated in foreign currency are recorded at the foreign exchange rate of the date of purchase or at the lower one at the year end, if the reduction is deemed to last.

3. Financial fixed assets

The equity investments are valued at purchase cost or subscription. The cost is reduced in the

case of an impairment loss where the investment has incurred losses and no profits are expected, in the near future, sufficient to cover such losses. The original value is written-back in the following financial years if the reasons for the write-down no longer exist.

Receivables are recorded at face value, corresponding to the estimated realisable value.

The financial fixed assets in foreign currency are recorded at the foreign exchange rate of the date of purchase or at the lower one at the year end, if the reduction is deemed to last.

4. Inventory

Inventory is valued at the lower between purchase price or production cost – calculated with the LIFO method (last in first out) – and the net realisable value.

The adoption of this method results in a valuation that does not differ significantly from that resulting from the application of the average annual cost method.

5. Receivables

Receivables are prudently recorded at their estimated realisable value. The adjustment of the face to the estimated realisable value is made through provisioning for potential bad debts.

Receivables in foreign currency are recorded at the year end spot foreign exchange rate. The related foreign exchange gains or losses are accounted for in the income statement and the possible net gain is allocated to a specific reserve.

6. Liquid assets

Liquid assets consist of the cash in bank accounts and petty cash. They are recorded at nominal value.

Cash in foreign currency is recorded at the year-end spot exchange rate.

7. Accruals, pre-paid expenses and deferred income

Accruals, pre-paid expenses and deferred income are part of revenues and expenses, shared among more than one accounting period, whose amount varies according to the timeframe, calculated according to the accrual basis accounting rules.

8. Shareholders' equity

The shareholders' equity represents the difference between assets and liabilities and includes the shareholders' contributions, reserves of any nature and net profits not withdrawn.

9. Provisions

Provisions are recognised when there are certain or probable liabilities determined in their nature but uncertain in the amount and timing.

The amounts provided for reflect the best estimate based on information available to the Company.

Contingent liabilities are noted but not provided for.

10. Provision for employees leaving indemnity

The provision for employees leaving indemnity represents the liability accrued towards the employees in accordance with current laws and labour contracts, taking into consideration every kind of remuneration of permanent nature.

11. Payables

Payables are recorded at their nominal value, corresponding to the amount of obligations existing at year end.

Payables in foreign currency are recorded at the year end spot foreign exchange rate. The related foreign exchange gains or losses are accounted for in the income statement and the possible net gain is allocated to a specific reserve.

12. Memorandum account

Memorandum account includes guarantees, personal or collateral, given directly or indirectly against someone else's debts, and commitments.

13. Revenues and expenses

They are recognised according to prudence and accrual basis accounting principles.

Sales, net of returns, discounts and allowances, are recognised when ownership is transferred, which is in general when the goods are delivered or shipped. Financial revenues are recognised on accrual basis.

Revenues, other income, production costs and the other expenses related to transactions in foreign currency, are determined at the spot foreign exchange rate at the date of the transactions. Income and other expenses related to sales with forward return obligation, including the difference between spot and forward price, are recorded on an accrual basis.

14. Income taxes

Current income taxes are accrued based on the estimate of the tax charge calculated in

accordance with current regulations.

We note that the Company has agreed to the tax consolidation scheme as provided in articles 117 and following of the Taxation Act, as consolidated company. The consolidating company is the parent Euechemia S.p.a.

Deferred tax liabilities and assets are calculated on temporary differences between the result of the year and the taxable income.

Deferred tax assets are recognised to the extent that taxable profit will be available against which they can be recovered in the future. Deferred tax liabilities are recorded even in the case that the related liability is not very likely to arise. Deferred tax liabilities and assets are offset if the offsetting is legally allowed.

* * * * *

Parte B – NOTES TO THE BALANCE SHEET

B.I – INTANGIBLE ASSETS

In accordance with article 2427, paragraph 1 n. 2) the movements of the intangible assets, divided among historical cost, amortisation and net book value, are detailed in schedules 1-3 attached.

B.II – TANGIBLE ASSETS

In accordance with article 2427, paragraph 1 n.2) the movements of the tangible assets, divided among historical cost, depreciation and net book value, are detailed in schedules 4-6 attached.

Up until financial year 1995 tangible assets were depreciated on a straight-line basis using the maximum rates allowed by fiscal regulations. In 1997 the company has reassessed the depreciation rates of certain tangible assets based on a study carried out by external professionals on the remaining useful economic-technical life and the expected net realisable value at 31 December 1996. Such rates have turned out to be lower than the fiscal ones.

Consequently, commencing from financial year 1996, the company has been depreciating the tangible assets based on the new rates considered representative of the remaining useful economic-technical life of the assets, adding to the lower depreciation cost so recorded further depreciation charges, similar to accelerated ones, up to the maximum rates allowed by fiscal regulations.

Such higher depreciation charges, compared to those determined based on the remaining useful economic-technical life of the tangible assets, have been recorded in line B.10.b) of the income statement until financial year 2003. Such way of accounting, in accordance with article 2426 c.c.,

has allowed the company in the past not to be negatively affected from a tax point of view. In financial year 2004 such fiscal interference previously generated by such "additional" depreciation charges has been eliminated and the related deferred tax liability has been accounted for.

In accordance with Law 72/1983, art. 10 the assets held at year end revalued in previous years in relation with specific laws, are shown in schedule 8 attached. The assets revalued in 2000 in accordance with Law 342/2000 articles 10-16 are shown in schedule 9 attached, those revalued in 2001 in accordance with article 3 of Law 448/2001 in schedules 10 and 11 and those revalued in accordance with article 1 of Law n. 266/05 in schedule 12. For each asset revalued, the addition to the historical value and the variation of the accumulated depreciation due to the revaluation are shown.

The goodwill on merger, allocated in 1996 on some assets based on said external professional's evaluation, obtained partial fiscal deductions in 1997 for Euro 6,317 thousand.

As further indicated in the memorandum account, some of the buildings have been mortgaged in favour of financial institutions.

Work in progress mainly relate to advances to suppliers for the acquisition of plant and equipments.

Finally, in relation to the main movements during the period, the following is noted:

- ✓ the increases relate to the purchase/modernisation of the production plant for Euro 1,227.7 thousand; to the purchase of equipment for Euro 0,8 thousand; to the purchase of automobiles, furniture and electronic office machines for Euro 287.7 thousand and to the acquisition of work in progress for Euro 911.3 thousand.
- ✓ the decreases relate mainly to the sale of plant for Euro 59.3 thousand, to the sales of automobiles and electronic machines for Euro 157.4 thousand and to the allocation of work in progress for Euro 81.9 thousand.

B.III – FINANCIAL ASSETS

In accordance with article 2427, paragraph 1, n.2) the movements of the financial assets are detailed in schedules 13 and 14 attached.

The information relevant to the investments in subsidiaries and associated companies as per article 2427, paragraph 1, n. 5) are gathered in schedule 15 attached.

As to the composition of the financial assets in subsidiaries and associated companies, the following is noted:

- ✓ the value of the investment in the subsidiary FACI Asia Pacific PTE LT was written-down in 2001; the net equity in 2006 shows and improvement as such as to make the write-back to the original value possible, nevertheless it has been decided prudentially not to do so in this

financial year and to wait for the consolidation of positive results; the value of the subsidiary has increased by Euro 1,259,255.52 following the increase of the registered capital from 6,500,000 to 9,000,000 Singapore dollars;

- ✓ the value of the associated company Reinco Co has been written-down in 1999; the net equity of the last financial statements available shows an improvement, and results in such amounts as to allow the recovery of the losses of previous years are expected in the future;
- ✓ the subsidiary Cifrachim Sarl has been established in France in 2003 and it's still a start-up; in 2005 Euro 95,000 have been provided for against future losses;
- ✓ in 2006 the subsidiary FACI Chem Zhangjiagang Co Ltd has been established and its first financial statements will be closed in 2007;
- ✓ Ambrogio Pagani S.p.A. is the associated company that with deed of the 20th of January 2005 has merged with Futura S.r.l.; following the merge FACI S.p.a. owns the 25% of the registered capital of such company;
- ✓ in November 2006 and with effects starting at the beginning of the period, the demerge of the real estate of the associated company Productos Metalest SL, which has changed its denomination into FACI Metalest SL, in favour of the recipient Metalest Inmobiliaria SL, has been carried out; both investments are accounted for in the balance sheet with a value higher than the corresponding share of net equity, nevertheless results in such amounts as to allow a recovery of such losses are expected in the future.

C.I - INVENTORY

The composition of the inventory is detailed in schedule 16.

C.II -RECEIVABLES

The composition of the receivables is detailed in schedule 16.

The trade receivables derive from ordinary commercial transactions. The provision for bad debt is deemed fair.

Receivables which fall due in more than 12 months are detailed in schedule 16. No receivables are due in more than 5 years. In defining the due date of the receivables the contractual and, if the case, the customary terms are taken into account.

In accordance with article 2427, paragraph 1, n. 6-ter) it is noted that no receivables related to transactions, which require the purchaser a future sale-back exist.

C.IV - LIQUID ASSETS

The composition of the liquid assets is detailed in schedule 16.

D – ACCRUED INCOME AND PRE-PAID EXPENSES

The composition of the accrued income and pre-paid expenses is detailed in schedule 16.

A – SHAREHOLDERS' EQUITY

The movements and the composition of the shareholders' equity are detailed in schedules 18 and 19. As to the composition the following is noted:

- ✓ following the monetary revaluations made in 2000, 2001 e 2005, the company has recorded in the equity temporarily non-taxable reserves for Euro 17,859,036. The reserves correspond to the amount of revaluations net of the relative substitute tax. No deferred taxes have been provided for, since no utilisations that can generate taxation are expected;
- ✓ the share premium reserve totals Euro 668,992 and was created following the merger by incorporation in 1996;
- ✓ the tax suspension on the net equity reserves and the profit of the year, amounting to Euro 11,847,182 and generated in year 2004 following the elimination of the fiscal "interference" for Euro 18,879,296 net of deferred taxes of Euro 7,032,538, remains for Euro 370,726 since it is substituted following the realigning made in year 2005, for Euro 14,699,871; therefore the tax suspension, till year 2007, will be equal to Euro 14,699,871.
- ✓ following the purchase of own shares for Euro 5,000,000 made in accordance with the resolution of the 28th of July 2006, a reserve of the same amount has been recorded, then decreased to Euro 1,250,000 due to the sale for Euro 3,750,000 made following the resolution of the 11th of December 2006.

Finally it is noted that in order to obtain the highest possible fiscal benefit, the Company has made use of the possibility to deduct, off the accounting records, depreciation charges higher than those accounted for in the statutory accounts, both the 'additional' to those economic-technical and the accelerated ones. On these higher fiscal depreciation charges, deferred taxes have been calculated.

It is noted that due to the above, the net equity reserves and the profits of the year, also future ones, benefit from tax suspension for an amount corresponding to the excess of the depreciation charges deducted compared to those recorded in the income statement, net of the deferred tax liabilities accrued in relation to the amounts deducted.

In accordance with article 2427, paragraph 1, n. 7*bis*), for each item of the net equity, the origin, the possibilities for their utilisation and distribution and their actual utilisation in the last three years, have been detailed in schedule 18 attached.

In accordance with article 2427, paragraph 1, n. 17) it is noted that the share capital is made up of

18,705,000 shares of € 0.52 each in face value.

In accordance with article 2427, paragraph 1, n. 18) it is noted that the Company has not issued any preferred shares but has issued bonds.

In accordance with article 2427, paragraph 1, n. 19) it is noted that the Company has not issued any financial instrument during the financial year.

No assets are allocated for specific affairs.

B – PROVISIONS

The composition and the movements of the provisions are detailed in schedule 20.

C – PROVISION FOR EMPLOYEES LEAVING INDEMNITY

The composition and the movement of the provision for employees leaving indemnity are detailed in schedule 21.

D – PAYABLES

The composition of the payables is detailed in schedule 17.

The trade payables derive from ordinary commercial transactions.

There exist no payables due to shareholders for loans.

Payables which fall due in more than 12 months are detailed in schedule 17. No payables are due in more than 5 years. In determining the due date of the payables the contractual and, if the case, customary terms are taken into account.

In accordance with article 2427, paragraph 1, n. 6-ter) it is noted that no payables related to transactions, which require the purchaser a future sale-back exist.

E – ACCRUED EXPENSES AND DEFERRED INCOME

The composition of accrued expenses and deferred income is detailed in schedule 17.

MEMORANDUM ACCOUNT

In accordance with article 2427, paragraph 1, n. 9) the main items of the memorandum account noted at the end of the balance sheet are detailed as follows:

- ✓ mortgages on company buildings for Euro 1,746,016;
- ✓ guarantees for Euro 5,257,847 granted in favour of the subsidiary Faci Asia.

* * * * *

Part C – NOTES TO THE INCOME STATEMENT

A – VALUE OF PRODUCTION

In accordance with article 2427, paragraph 1, n. 10) the geographical distribution of sales revenues is detailed in schedule 22. The distribution by kind of activities has not been included since not relevant.

B – COST OF PRODUCTION

In accordance with article 2427, paragraph 1), n. 16) the remuneration of the Directors and of statutory and external auditors are noted in schedule 26.

The information required by article 2427 paragraph 1, n. 22) are not noted since not relevant.

As to wages and salaries, in accordance with article 2427, paragraph 1, n. 15) the average number of employees divided by category is noted in schedule 25. It is reminded that the Company has adopted the National Collective Labour Agreement for the chemical industry.

C – FINANCIAL INCOME AND EXPENSES

With regard to the financial income we highlight that it mainly refers to bank interests and interests on loans to subsidiaries.

In accordance with article 2427, paragraph 1, n. 11) it is noted that your Company has not received income from investments other than dividends.

As to the financial expenses, in accordance with article 2427, paragraph 1, n. 12) their composition is detailed in schedule 23.

In accordance with article 2427, paragraph 1, n. 8) it is noted that no financial expenses have been recorded as assets in the balance sheet.

As to the foreign exchange gains and losses, an unrealised net loss of Euro 164,637 has been recorded in the period, therefore the foreign exchange reserve ex article 2426 n. 8-bis provided for against the unrealised net profit of the previous year for Euro 637,470 is released for that same amount.

In accordance with article 2427, paragraph 1, n. 6-bis) it is noted that the movements in the foreign exchange rates happened after year end have not determined significant effects.

TAXES

The current taxes refer to IRES (Corporate Tax) and IRAP (Regional Tax on Productive Activities).

As to deferred tax liabilities and assets, the information required by article 2427, paragraph 1, n. 14) are noted in schedules 27 and 28.

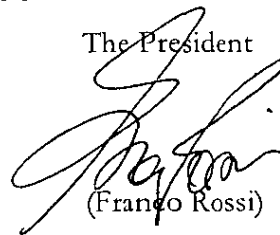
The impact of the deferred taxation on the income statement is to lower the current taxes.

CASH-FLOW STATEMENT

The cash-flow statement in schedule 30 attached links the movements occurred, during the year, in the company's net equity to the financial situation.

For the Board of Directors

The President



(Franco Rossi)

ATTACHMENTS

The following attachments contain additional information, further to those included in the notes, of which they are full part.

1. Schedule of the movements in intangible fixes assets– historical cost;
2. Schedule of the movements in intangible assets – accumulated amortisation;
3. Schedule of the movements in intangible assets – net book values;
4. Schedule of the movements in tangible assets– historical costs;
5. Schedule of the movements in tangible assets – accumulated depreciation;
6. Schedule of the movements in tangible assets – net book values;
7. List of depreciation rates;
8. Schedule summarising the monetary revaluations ex article. 10 Law 72/83;
9. Schedule summarising the monetary revaluations ex article 10-16 Law 342/00;
10. Schedule summarising the monetary revaluations ex article 10-16 Law 448/01;
11. Schedule summarising the monetary revaluations ex article 3, paragraphs 1-3 Law 448/01;
12. Schedule summarising the monetary revaluations ex article 1, paragraphs 469 and following ones, Law 266/05;
13. Schedule of the movements in financial assets – investments in subsidiaries, associated and parent companies;
14. Schedule of the movements in financial assets other than the investments in subsidiaries and associated and parent companies;
15. Relevant information on the investments in subsidiaries and associated companies;
16. Schedule of the other assets;
17. Schedule of the other liabilities;
18. Schedule of the movements in the shareholders' equity;
19. Schedule of the composition of the shareholders' equity;
20. Schedule of the movements in provisions;
21. Schedule of the movements in the provision for employees leaving indemnity;
22. Trade receivables, trade payables and sales revenues distribution by geographical area;
23. Composition of interests and other financial expenses;
24. Composition of extraordinary income and expenses;
25. Average number of employees;
26. Schedule of the remuneration of Directors, statutory and external auditors;
27. Schedule of the movements and composition of deferred tax assets;
28. Schedule of the movements and composition of deferred tax liabilities;
29. Financial statements of the company that controls and coordinates;
30. Cash-flow statement.

SCHEDULE OF THE MOVEMENTS IN INTANGIBLE ASSETS - HISTORICAL COST

DESCRIPTION	Cost 31/12/2005 (A)	Revaluations 31/12/2005 (B)	(Write-downs) 31/12/2005 (C)	Historical Cost 31/12/2005 (A+B+C)	Acquisitions	Revaluations	Other increases	(Disposals)	Forex adjustments	Historical Cost 31/12/2006
Concessions, licences, trademarks and similar rights	272.973,43	0,00	0,00	272.973,43	244.240,49	0,00	0,00	0,00	55,45	517.269,37
Goodwill	72.960,75	0,00	0,00	72.960,75	0,00	0,00	0,00	0,00	1.499,42	74.460,17
Other	30.979,50	0,00	0,00	30.979,50	24.513,78	0,00	0,00	0,00	0,00	55.493,28
TOTAL	376.913,68	0,00	0,00	376.913,68	268.754,27	0,00	0,00	0,00	1.554,87	647.222,81

SCHEDULE OF THE MOVEMENTS IN INTANGIBLE ASSETS - ACCUMULATED AMORTISATION

DESCRIPTION	Cumulated amortisation 31/12/2005 (A)	Revaluations 31/12/2005 (B)	Revaluations 31/12/2005 (A+B)	Revaluations	Other increases	Reclassifications	Forex rate	Amortisation of the year	Accumulated amortisation 31/12/2006
Concessions, licences, trademarks and similar rights	256.526,14	0,00	256.526,14	0,00	0,00	0,00	20,60	117.793,47	374.340,21
Goodwill	58.368,60	0,00	58.368,60	0,00	0,00	0,00	1.199,54	14.892,03	74.460,17
Other	29.895,12	0,00	29.895,12	0,00	0,00	0,00	0,00	5.987,14	35.882,26
TOTAL	344.789,86	0,00	344.789,86	0,00	0,00	0,00	1.220,14	138.672,64	484.682,64

SCHEDULE OF THE MOVEMENTS IN INTANGIBLE ASSETS - NET BOOK VALUES

DESCRIPTION	Net Book Value 31/12/2005	Acquisitions	Other Increases (decreases)	(Depreciation)	Net Book Value 31/12/2006
Concessions, licences, trademarks and similar rights	16.447,29	244.240,49	34,85	(117.793,47)	142.929,16
Goodwill	14.592,15	0,00	299,88	(14.892,03)	(0,01)
Other	1.084,38	24.513,78	0,00	(5.987,14)	19.611,02
TOTAL	32.123,82	268.754,27	334,73	(138.672,64)	162.540,17

SCHEDULE 4 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS IN TANGIBLE ASSETS - HISTORICAL COST

DESCRIPTION	Cost 31/12/2005 (A)	Revaluations 31/12/2005 (B)	(Write-downs) 31/12/2005 (C)	Historical Cost 31/12/2005 (A+B+C)	Acquisitions	Revaluations	(Disposals)	(Write-downs and adjustments)	Historical Cost 31/12/2006	Total including revaluations
Land and buildings	10.544.324,13	18.414.766,00	0,00	28.959.090,13	0,00	0,00	0,00	0,00	28.959.090,13	18.414.766,00
Plant and machinery	73.739.208,74	9.553.843,00	0,00	83.293.051,74	1.227.767,12	0,00	(59.289,28)	5.824,28	84.467.353,87	9.553.843,00
Industrial and commercial equipment	1.849.461,10	28.868,00	0,00	1.878.329,10	8.035,17	0,00	0,00	696,61	1.887.060,88	28.868,00
Other assets	2.694.272,51	0,00	0,00	2.694.272,51	287.695,95	0,00	(157.382,63)	2.266,58	2.826.852,41	0,00
Work-in-progress and down payments	179.375,53	0,00	0,00	179.375,53	911.360,75	0,00	(81.907,58)	0,00	1.008.828,70	0,00
TOTAL	89.006.642,01	27.997.477,00	0,00	117.004.119,01	2.434.858,99	0,00	(298.579,48)	8.787,47	119.149.185,98	27.997.477,00

SCHEDULE 5 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS IN TANGIBLE ASSETS - ACCUMULATED DEPRECIATION (ORDINARY CHARGES)

DESCRIPTION	Accumulated depreciation 31/12/2005 (A)	Revaluations 31/12/2005 (B)	Accumulated depreciation 31/12/2005 (A+B)	Revaluations	Other increases	(Decreases)	Forex adjustments	Depreciation of the year	Accumulated depreciation 31/12/2006	Total including revaluations
Land and buildings	10.594.311,24	0,00	10.594.311,24	0,00	0,00	0,00	0,00	737.492,61	11.331.803,85	0,00
Plant and machinery	17.338.204,98	44.936.839,00	62.275.043,98	0,00	0,00	(47.664,22)	1.748,22	2.609.050,98	64.838.178,96	44.936.839,00
Industrial and commercial equipment	1.694.167,59	0,00	1.694.167,59	0,00	0,00	0,00	451,75	72.777,55	1.767.396,89	0,00
Other assets	2.329.084,02	0,00	2.329.084,02	0,00	0,00	(131.443,88)	1.557,22	179.848,76	2.379.046,12	0,00
TOTALE	31.955.767,83	44.936.839,00	76.892.606,83	0,00	0,00	(179.108,10)	3.757,19	3.599.169,90	80.316.425,81	44.936.839,00

SCHEDULE OF THE MOVEMENTS IN TANGIBLE ASSETS - NET BOOK VALUE

DESCRIPTION	Net Book Value 31/12/2005	Acquisitions	(Decreases)	Other Increases (decreases)	(Depreciation charges)	Net Book Value 31/12/2006
Land and buildings	18.364.778,89	0,00	0,00	0,00	(737.492,61)	17.627.286,28
Plant and machinery	21.018.007,76	1.227.767,12	(13.373,27)	5.824,28	(2.609.050,98)	19.629.174,91
Industrial and commercial equipment	184.161,51	8.035,17	(451,75)	696,61	(72.777,55)	119.663,98
Other assets	365.188,49	287.695,95	(27.495,97)	2.266,58	(179.848,76)	447.806,29
Work-in-progress and down payments	179.375,53	911.360,75	(81.907,58)	0,00	0,00	1.008.828,70
TOTALE	40.111.512,18	2.434.858,99	(123.228,57)	8.787,47	(3.599.169,90)	38.832.760,17

LIST OF DEPRECIATION RATES

DESCRIZIONE	% 31/12/2006	% 31/12/2005	% Differenza
Intangible assets			
Concessions, licences, trademarks and other rights			
minimum rate	10,00%	10,00%	0,00%
maximum rate	20,00%	20,00%	0,00%
Goodwill	20,00%	20,00%	0,00%
Other intangible assets			
minimum rate	12,50%	12,50%	0,00%
maximum rate	33,33%	33,33%	0,00%
Tangible assets			
Land and buildings			
minimum rate	2,18%	2,18%	0,00%
maximum rate	5,50%	5,50%	0,00%
Plant and machinery			
minimum rate	0,03%	0,03%	0,00%
maximum rate	12,50%	12,50%	0,00%
Industrial and commercial equipment			
minimum rate	0,88%	0,88%	0,00%
maximum rate	25,00%	25,00%	0,00%
Other assets			
minimum rate	12,00%	12,00%	0,00%
maximum rate	25,00%	25,00%	0,00%

FACI S.p.A.

SCHEDULE 8 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE SUMMARISING THE MONETARY REVALUATIONS EX ARTICLE 10 LAW 72/83

CATEGORIES	Historical cost not revalued (A)	Historical cost revalued (B)	Law 72 19/03/1983 (E)	Law 413 30/12/1991 (F)	Revaluation from merger (G)	Balance Sheet value (A+B+C+D +E+F+G)
Land and buildings	10.544.324,13	6.213.367,00	0,00	1.299.158,00	10.902.241,00	28.959.090,13
Plant and machinery	74.913.510,63	2.603.637,00	494.495,00	0,00	6.455.711,24	84.467.353,87
Industrial and commercial equipment	1.858.192,88	24.869,00	3.999,00	0,00	0,00	1.887.060,88
TOTAL	87.316.027,64	8.841.873,00	498.494,00	1.299.158,00	17.357.952,24	115.313.504,88

SCHEDULE SUMMARISING THE MONETARY REVALUATIONS EX ARTICLES 10-16 LAW 342/80

(ITEMS)	Historical cost not revalued (A)	Acc. Dep not revalued (B)	Historical cost revaluation (C)	Acc. Dep revaluation (D)	Historical cost 31/12/2006 (A+C)	Acc. Dep 31/12/2006 (B+D)
Plant prod. & distribution thermal energy	1.880.360,20	1.661.209,24	4.330.700,00	3.703.205,00	6.211.060,20	5.364.414,24
Plant prod. & distribution electrical energy	959.056,61	1.128.454,59	630.274,00	460.876,00	1.589.330,61	1.589.330,59
Plant distribution Nitrogen compressed air	102.610,63	30.846,42	145.460,00	99.495,00	248.070,63	130.341,42
Plant fat depuration & filtration	381.336,53	452.726,40	825.789,00	734.893,00	1.207.125,53	1.187.619,40
Plant hydrogenation	1.324.164,21	1.317.089,35	3.708.131,00	3.205.102,00	5.032.295,21	4.522.191,35
Plant discontinuous scission	1.246.457,79	1.590.006,27	3.711.802,00	3.236.145,00	4.958.259,79	4.826.151,27
Plant continuous scission	672.285,52	137.461,33	617.857,00	344.135,00	1.290.142,52	481.596,33
Plant glycerine processing	321.299,37	203.280,87	1.491.893,00	1.266.201,00	1.813.192,37	1.469.481,87
Plant searine distillation	684.025,22	430.580,21	2.830.155,00	2.426.803,00	3.514.180,22	2.857.383,21
Plant distillation and fractioning fatty acids	1.270.972,27	1.041.555,52	2.167.213,00	1.726.159,00	3.438.185,27	2.767.714,52
Plant stearate direct	4.406.313,28	3.423.069,09	9.437.442,00	8.313.116,00	13.843.755,28	11.738.185,09
Plant stearate direct L type	131.066,21	(7.753,83)	208.452,00	145.961,00	339.518,21	138.207,17
Plant stearate for filtration	624.402,39	807.404,66	1.513.212,00	1.249.303,00	2.137.614,39	2.056.707,66
Plant stearate dispersion	427.936,03	131.664,12	1.552.797,00	1.329.688,00	1.980.733,03	1.461.352,12
Plant production ethylene	829.627,03	888.119,48	1.703.332,00	1.468.344,00	2.532.959,03	2.356.463,48
Plant production monoglyceride	1.434.854,37	280.995,66	950.214,00	776.168,00	2.385.068,37	1.057.163,66
Plant production esters	1.779.965,15	203.755,64	308.168,00	124.310,00	2.088.133,15	328.065,64
Plant production epoxide	1.194.719,67	745.719,87	1.963.232,00	1.529.408,00	3.157.951,67	2.275.127,87
Tanks	4.326.648,11	2.739.114,84	10.081.139,00	8.892.772,00	14.407.787,11	11.631.886,84
Packaging	4.986.689,23	2.032.918,19	3.638.171,00	2.764.326,00	8.624.860,23	4.797.244,19
Plant water treatment	672.828,75	219.155,70	1.053.902,00	888.119,00	1.726.730,75	1.107.274,70
Boiler	65.021,14	43.357,47	244.853,00	206.118,00	309.874,14	249.475,47
Fire protection system	1.034.810,25	195.291,47	46.200,00	44.134,00	1.081.010,25	239.425,47
Plant production acid dimer	58.496,39	16.684,26	7.739,00	2.058,00	66.235,39	18.742,26
TOTALE	30.815.946,35	19.714.706,82	53.168.127,00	44.936.839,00	83.984.073,35	64.651.545,82

SCHEDULE SUMMARISING THE MONETARY REVALUATIONS EX ARTICLE 3 LAW 448/01

ITEMS	Historical cost not revalued (A)	Acc. Dep not revalued (B)	Historical cost revaluation (C)	Acc. Dep revaluation (D)	Historical cost 31/12/2006 (A+C)	Acc. Dep 31/12/2006 (B+D)
Building - former "Garibaldi"	3.820.238,80	1.774.928,65	88.000,00	0,00	3.908.238,80	1.774.928,65
Building - San Benigno	1.182.300,96	596.345,96	1.409.000,00	0,00	2.591.300,96	596.345,96
Building - Corte Lambruschini	699.776,75	171.427,30	42.000,00	0,00	741.776,75	171.427,30
TOTAL	5.702.316,51	2.542.701,91	1.539.000,00	0,00	7.241.316,51	2.542.701,91

SCHEDULE 11 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE SUMMARISING THE MONETARY REVALUATIONS EX ARTICLE 3 PARAGRAPHS 1-3 LAW 448/01

ITEMS	Historical cost not revalued 31/12/2005	Historical cost revalued	Disposals 31/12/2006	Cumulated dep not revalued at 31/12/01	Acc. Dep revaluation	Total revaluations L. 448/01	Dep Fund Utilisation 31/12/2006	Acquisitions 31/12/2006	Amorti 31/12/2006	Residual value 31/12/2006
Plant prod. & distribution thermal energy	6.208.910,54	0,00	0,00	5.605.189,00	645.400,00	645.400,00	0,00	2.149,66	204.278,11	846.645,96
Plant prod. & distribution electrical energy	1.584.430,61	0,00	0,00	1.570.471,00	173.600,00	173.600,00	0,00	4.900,00	28.927,82	0,02
Plant distribution Nitrogen compressed air	248.070,63	0,00	0,00	183.840,00	44.800,00	44.800,00	0,00	0,00	10.960,50	117.729,21
Plant fa depuration & filtration	1.141.349,69	0,00	0,00	1.074.838,00	121.100,00	121.100,00	0,00	65.775,84	53.334,42	19.506,13
Plant hydrogenation	5.030.838,40	0,00	0,00	4.842.446,00	486.500,00	486.500,00	0,00	1.456,81	150.091,24	510.103,86
Plant discontinuous scission	4.958.259,79	0,00	0,00	4.849.010,00	457.100,00	457.100,00	0,00	0,00	183.307,91	132.108,52
Plant continuous scission	1.258.004,68	0,00	0,00	892.174,00	241.500,00	241.500,00	0,00	32.137,84	42.923,49	808.546,19
Plant glycerine processing	1.813.192,37	0,00	0,00	1.636.685,00	216.300,00	216.300,00	0,00	0,00	23.725,96	343.710,50
Plant stearine distillation	3.503.992,94	0,00	0,00	3.012.443,00	389.900,00	389.900,00	0,00	10.187,28	76.806,08	656.797,01
Plant distillation and fractioning fatty acids	3.438.185,27	0,00	0,00	3.060.275,00	493.500,00	493.500,00	0,00	0,00	126.195,04	670.470,75
Plant stearate direct	13.786.376,01	0,00	0,00	12.198.505,00	1.368.500,00	1.368.500,00	0,00	57.379,27	462.618,71	2.105.570,19
Plant stearate direct L-type	339.518,21	0,00	0,00	275.118,00	64.400,00	64.400,00	0,00	0,00	1.146,06	201.311,04
Plant stearate for filtration	2.171.674,48	0,00	0,00	2.051.842,00	282.800,00	282.800,00	0,00	0,00	106.413,37	80.906,73
Plant stearate dispersion	1.868.305,96	0,00	0,00	1.613.377,00	214.200,00	214.200,00	0,00	112.427,07	23.607,63	519.380,91
Plant production ethylene	2.532.234,18	0,00	0,00	2.384.739,00	228.900,00	228.900,00	0,00	724,85	93.963,40	176.495,55
Plant production monoglyceride	2.307.096,82	0,00	0,00	1.247.804,00	167.300,00	167.300,00	0,00	77.971,55	1.501,40	1.327.904,71
Plant production esters	1.879.785,44	0,00	0,00	625.892,00	184.800,00	184.800,00	0,00	208.347,71	82.637,76	1.760.067,51
Plant production epoxide	3.144.162,29	0,00	0,00	2.710.615,00	496.300,00	496.300,00	0,00	13.789,38	103.097,18	882.823,80
Tanks	14.385.480,96	0,00	0,00	12.759.678,00	1.221.500,00	1.221.500,00	0,00	37.306,15	331.401,25	2.775.900,27
Packaging	8.276.034,85	0,00	0,00	5.580.513,00	1.137.500,00	1.137.500,00	0,00	356.825,38	380.839,70	3.827.616,04
Plant water treatment	1.721.389,35	0,00	0,00	1.435.960,00	178.500,00	178.500,00	0,00	5.341,40	495,82	619.456,05
Boiler	309.874,14	0,00	0,00	278.786,00	37.100,00	37.100,00	0,00	0,00	3.005,78	60.398,67
Plant water distribution	50.142,68	3.158,00	0,00	11.006,00	2.442,00	5.600,00	0,00	2.078,77	6.527,68	16.872,08
Fire protection system	983.940,82	3.859,00	0,00	231.474,00	135.441,00	139.300,00	0,00	97.069,43	54.050,51	841.584,78
Plant production acid dimer	66.235,39	0,00	0,00	21.075,00	7.000,00	7.000,00	0,00	0,00	3.311,77	47.493,13
TOTAL	83.007.486,50	7.017,00	(57.060,09)	70.153.755,00	8.596.383,00	9.003.400,00	0,00	1.085.868,39	2.551.856,82	19.301.906,48

SCHEDULE SUMMARISING THE MONETARY REVALUATIONS EX ARTICLE 1 LAW 266/05

ITEMS	Historical cost not revalued (A)	Acc. Dep not revalued (B)	Historical cost revaluation (C)	Acc. Dep revaluation (D)	Historical cost 31/12/2006 (A+C)	Acc. Dep 31/12/2006 (B+D)
Building - F.A.C.I.	14.642.095,27	6.787.642,41	89.749,06	0,00	14.731.844,33	6.787.642,41
Building - former "Garibaldi"	3.856.336,57	1.774.928,65	51.902,23	0,00	3.908.238,80	1.774.928,65
Building - former "Rocca"	3.323.288,27	1.495.820,42	18.205,41	0,00	3.341.493,68	1.495.820,42
Building - San Benigno I	1.928.630,92	596.345,96	662.670,04	0,00	2.591.300,96	596.345,96
Building - Corte Lambuschini	464.634,70	171.427,30	277.142,05	0,00	741.776,75	171.427,30
Building - former "Mectron"	740.300,68	267.729,11	27.923,75	0,00	768.224,43	267.729,11
Building - San Benigno II	86.764,76	115.060,41	894.165,39	0,00	980.930,15	115.060,41
Building - San Colombano	71.555,05	122.849,59	992.273,41	0,00	1.063.828,46	122.849,59
TOTAL	25.113.606,22	11.331.803,85	3.014.031,34	0,00	28.127.637,56	11.331.803,85

SCHEDULE 13 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS IN FINANCIAL ASSETS - INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

COMPANY	%	Historical cost 31/12/2005	Revaluation	Book Value 31/12/2005	Acquisitions	Revaluations	Other Increases	(Disposals)	(Write-downs)	Other decreases	Balance Sheet value 31/12/2006
Subsidiaries											
- FACI Asia Pacific PTE LTD	100,00%	2.989.672,94	0,00	2.989.672,94	0,00	0,00	1.259.255,52	0,00	0,00	0,00	4.248.928,46
- Cifrachim Srl	100,00%	8.000,00	0,00	8.000,00	0,00	0,00	0,00	0,00	0,00	0,00	8.000,00
- FACI Chem Zhangjiagang	100,00%	0,00	0,00	0,00	0,00	0,00	1.723.975,74	0,00	0,00	0,00	1.723.975,74
Total subsidiaries		2.997.672,94	0,00	2.997.672,94	0,00	0,00	2.983.231,26	0,00	0,00	0,00	5.980.904,20
Associated companies											
- Ambrogio Pagani	25,00%	526.786,04	0,00	526.786,04	0,00	0,00	0,00	0,00	0,00	0,00	526.786,04
- Reinco Ca	41,00%	668.888,89	0,00	668.888,89	0,00	0,00	0,00	0,00	0,00	0,00	668.888,89
- FACI Metalest SL	50,00%	2.602.198,96	0,00	2.602.198,96	0,00	0,00	0,00	0,00	0,00	(807.587,06)	1.794.611,90
- Metalest Immobiliaria SL	50,00%	0,00	0,00	0,00	0,00	0,00	807.587,06	0,00	0,00	0,00	807.587,06
Total associated companies		3.797.873,89	0,00	3.797.873,89	0,00	0,00	807.587,06	0,00	0,00	(807.587,06)	3.797.873,89
TOTAL		6.795.546,83	0,00	6.795.546,83	0,00	0,00	3.790.818,32	0,00	0,00	(807.587,06)	9.778.778,09

SCHEDULE 14 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS FINANCIAL ASSETS OTHER THAN THE INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

DESCRIPTION	Cost 31/12/2005 (A)	Revaluations 31/12/2005 (B)	(Write-downs) 31/12/2005 (C)	Book value 31/12/2005 (A+B+C)	Acquisitions	Revaluations	Other Increases	Reclassifications	(Decreases) (Svalutazioni)	Balance Sheet value 31/12/2006
Receivables from subsidiaries - Loan to Cifrachim Srl	50.000,00	0,00	0,00	50.000,00	0,00	0,00	0,00	0,00	0,00	50.000,00
Receivables from associated companies - Loan to Metaltest	405.000,00	0,00	0,00	405.000,00	0,00	0,00	0,00	0,00	(405.000,00)	0,00
Receivables from others - FACI Chem Zhangjiagang Co Ltd	46.080,53	0,00	0,00	46.080,53	0,00	0,00	0,00	0,00	(46.080,53)	0,00
TOTAL	501.080,53	0,00	0,00	501.080,53	0,00	0,00	0,00	0,00	(451.080,53)	50.000,00

SCHEDULE 15 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

RELEVANT INFORMATION ON THE INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

COMPANY	Registered Office	Registered Capital	Net Equity	Result of the last period	% ownership	Net equity owned	Balance Sheet value 31/12/2006	Difference
Subsidiaries								
- FACI Asia Pacific PTE LTD	Singapore	4.455.004,46	6.012.229,48	561.039,50	100,00%	6.012.229,48	4.248.928,46	1.763.301,02
- Cifrachim Srl	Neully sur Seine	8.000,00	(48.378,00)	32.644,00	100,00%	(48.378,00)	8.000,00	(56.378,00)
Associated companies								
- Ambrogio Pagani	Bergamo	516.000,00	10.008.347,00	(393.625,00)	25,00%	2.502.086,75	526.786,04	1.975.300,71
- Reince Ca	Venezuela	321.128,43	1.229.091,87	221.275,09	41,00%	503.927,67	668.888,89	(164.961,22)
- FACI Metaltest SL	Spagna	3.413.736,80	2.936.996,89	(476.739,91)	50,00%	1.468.498,45	1.794.611,90	(326.113,46)
- Metaltest Immobiliaria SL	Spagna	1.538.585,60	1.478.445,91	(60.139,69)	50,00%	739.222,96	807.587,06	(68.364,11)

- Financial statements for the year ended 31 December 2006
- Financial statements for the year ended 31 March 2007

FACI S.p.A.

SCHEDULE 16 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE OTHER ASSETS

DESCRIPTION	Value at 31/12/2006	Value at 31/12/2005	Difference
Inventory			
Raw materials			
- Raw materials ending balance - Carasco	2.826.422,19	2.592.275,93	234.146,26
- Raw materials ending balance - UK	192.179,46	132.422,90	59.756,56
Finished goods			
- Finished goods ending balance - Carasco	3.766.717,28	3.623.545,14	143.172,14
- Finished goods ending balance - UK	321.016,50	291.477,19	29.539,31
- Slow moving provision - UK	(55.005,21)	(53.897,57)	(1.107,64)
Total inventory	7.051.330,22	6.585.823,59	465.506,63
Receivables			
Trade receivables due within the following year			
- Trade receivables	10.923.523,86	10.883.232,44	40.291,42
- Trade receivables forex adjustments	(71.915,40)	24.960,25	(96.875,65)
- Trade receivables UK	1.347.554,80	1.054.291,43	293.263,37
- Trade receivables forex adjustments UK	(1.190,32)	1.197,10	(2.387,42)
- Trade receivables - Acceptance Drafts	2.307.144,34	2.832.693,36	(525.549,02)
- Accrued Sales	19.489,82	21.660,82	(2.171,00)
- Accrued Credit Notes Payable (-)	(209.811,18)	(221.448,88)	11.637,70
- Accrued Credit Notes Payable UK(-)	0,00	(1.199,47)	1.199,47
- Bad debt provision	(654.867,81)	(581.089,71)	(73.778,10)
- Bad debt provision UK	(12.105,50)	(5.265,47)	(6.840,03)
Receivables from subsidiaries due within the following year			
- Trade receivables from subsidiaries	2.893.535,12	1.681.166,82	1.212.368,30
- Cifrachim netting account	111.399,34	111.399,34	0,00
- FACI Chem Zhangjiagang Co Ltd netting account	521,85	0,00	521,85
Receivables from associated companies due within the following year			
- Trade receivables from associated companies	342.284,87	171.896,06	170.388,81
- Receivable from Ambrodio Pagani S.p.a. for dividends resolved	0,00	75.000,00	(75.000,00)
Receivables from parent companies due within the following year			
- Receivables for def tax assets on fiscal losses transf to parent Euchemia	0,00	671.528,00	(671.528,00)
- Receivables transferred to parent Euchemia for Faci UK income tax	85.579,51	33.716,74	51.862,77
- Receivables for withholding tax on bank accts transf to parent Euchemia	50.420,14	49.095,52	1.324,62
Tax receivables due within the following year			
- VAT	1.361.710,92	471.367,64	890.343,28
Tax receivables due beyond the following year			
- VAT Administration for unsettled claims	1.164,61	1.164,61	0,00
- Receivable for Gov Concessions Tax	516,46	516,46	0,00
- Income Tax (IRPEF) advance on Employees Leaving Indemnity (TFR)	6.404,14	25.368,74	(18.964,60)
- Revaluation of the Income Tax (IRPEF) advance on ELI (TFR)	38.938,99	38.359,11	629,88

FACI S.p.A.

SCHEDULE 16 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE OTHER ASSETS

DESCRIPTION	Value at 31/12/2006	Value at 31/12/2005	Difference
Other receivables due within the following year			
- Advances to suppliers	375,40	5.049,69	(4.674,29)
- Advances to INAIL white collars	47.008,25	52.266,42	(5.258,17)
- Advances to INAIL blue collars	137.575,22	147.509,14	(9.933,92)
- Advances to INAIL managers	2.833,51	3.888,70	(1.055,19)
- Advances to INAIL temps	608,85	81,15	527,70
- Advances to employees for travelling	2.312,88	2.149,13	163,75
- Other receivables	28.335,29	27.654,94	680,35
- Other receivables UK	12.298,44	10.034,88	2.263,56
- Advances to CEDIS	184,83	601,90	(417,07)
- Advances to suppliers UK	39.658,35	284,62	39.373,73
- Advances to employees - UK	372,30	0,00	372,30
- Receivables for Production Bonus	0,00	136.845,16	(136.845,16)
- Receivables for grant Law 488/92	691.023,00	691.023,00	0,00
- Receivables from shareholders	130.229,72	0,00	130.229,72
- Receivables from bondholders for underwriting	5.000.000,00	0,00	5.000.000,00
- Down payment for real estate management expenses	7.445,45	0,00	7.445,45
Other receivables due beyond the following year			
- Security deposit	62.963,59	62.913,59	50,00
- Security deposit Shanghai office	5.931,67	5.931,67	0,00
- Security deposit 3rd application Law 488	6.900,00	6.900,00	0,00
- Security deposit UK	37,23	36,48	0,75
Total receivables	24.716.442,54	18.492.781,38	1.200.737,66
Short-term financial assets			
- Own shares 2,5% of registered capital	1.250.000,00	0,00	1.250.000,00
Total short-term financial assets	1.250.000,00	0,00	1.250.000,00
Liquid assets			
Bank and postal accounts	8.972.871,19	7.528.955,48	1.443.915,71
Petty cash	3.739,80	4.106,72	(366,92)
Total liquid assets	8.976.610,99	7.533.062,20	(366,92)
Accrued income and prepayments			
Prepayments			
- Other prepayments	17.901,25	31.696,05	(13.794,80)
- Other prepayments UK	24.885,48	27.201,72	(2.316,24)
Total accrued income and prepayments	42.786,73	58.897,77	(16.111,04)

FACI S.p.A.

SCHEDULE 17 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE OTHER LIABILITIES

DESCRIPTION	Value at 31/12/2006	Value at 31/12/2005	Difference
Payables			
Bonds due within the following year	10.000.000,00	0,00	10.000.000,00
Payables due to banks due within the following year	4.066.792,42	3.679.531,77	387.260,65
Payables due to banks due beyond the following year	12.935.763,19	12.500.000,00	435.763,19
Down payments due within the following year			
- Advances from customers	23.744,63	40.311,45	(16.566,82)
Trade payables due within the following year			
- Trade payable	7.054.557,16	6.107.539,56	947.017,60
- Trade payable forex adjustment	5.129,12	(484,96)	5.614,08
- Trade payable UK	941.328,06	619.866,70	321.461,36
- Trade payable forex adjustment UK	(14.063,08)	2.663,21	(16.726,29)
- Accrued payables	586.956,86	631.583,08	(44.626,22)
- Trade payables - Acceptance drafts	863.825,60	0,00	863.825,60
- Accrued payables UK	38.339,85	22.057,10	16.282,75
- Accrued Credit Notes Receivable (-)	(41.561,31)	(58.658,90)	17.097,59
- Accrued Credit Notes Receivable UK (-)	(9.162,49)	(116,74)	(9.045,75)
Payables due to subsidiaries within the following year			
- Trade payables	173.966,86	162.527,26	11.439,60
Payables due to associated companies within the following year			
- Trade payables	850.074,61	565.737,66	284.336,95
Payables due to parent companies within the following year			
- Payables due to Euechemia for the transfer of the IRES receivable	530.628,00	0,00	530.628,00
Tax payables due within the following year			
- Irap	7.780,00	265.021,63	(257.241,63)
- Withholding tax IRPEF blue collars	205.727,33	188.171,44	17.555,89
- Withholding tax IRPEF white collars	133.643,03	116.802,67	16.840,36
- Withholding tax IRPEF managers	44.519,00	40.151,80	4.367,20
- Withholding tax IRPEF free-lance and agents	831,93	92.238,45	(91.406,52)
- Withholding tax IRPEF temps	86.673,00	7.804,83	78.868,17
- Withholding tax IRPEF on bonds interests	9.967,20	0,00	9.967,20
- Substitute tax on buildings revaluation 2006	0,00	361.684,00	(361.684,00)
- Substitute tax on buildings realignment 2006	0,00	74.968,00	(74.968,00)
- Substitute tax on plant revaluation 2006	0,00	1.921.832,00	(1.921.832,00)
- Substitute tax on plant realignment 2006	0,00	7.728,00	(7.728,00)
- VAT UK	10.914,83	86.974,97	(76.060,14)
Payables due to Social Security withing the following year			
- Accrued INPS charges blue collars	1.004,79	33.727,66	(32.722,87)
- Accrued INPS charges white collars	658,13	19.780,16	(19.122,03)
- Accrued INPS charges managers	145,66	173,39	(27,73)
- Accrued INAIL charges blue collars	134.652,55	135.682,66	(1.030,11)
- Accrued INAIL charges white collars	49.910,59	45.620,93	4.289,66
- Accrued INAIL charges managers	2.981,53	2.796,00	185,53
- Accrued INPS charges temps	1.580,70	2.025,45	(444,75)
- Accrued INPS charges directors	201,48	201,48	0,00

FACI S.p.A.

SCHEDULE 17 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE OTHER LIABILITIES

DESCRIPTION	Value at 31/12/2006	Value at 31/12/2005	Difference
- Payables to the FACI workers fund	1.610,00	1.510,00	100,00
- Fonchim	67.896,32	62.410,66	5.485,66
- Social security charge payable	382.513,04	382.255,96	257,08
- Accrued INAIL charges temps	404,05	563,44	(159,39)
- NIC + SMP social security charges payable - UK	20.962,00	0,00	20.962,00
- Accrued Social security changes on the bonus	13.520,50	10.822,00	2.698,50
Payables to other creditors due within the following year			
- Trade Unions charges for blue and white collars payable	3.403,66	2.201,54	1.202,12
- White collar wages payable	0,00	188.490,87	(188.490,87)
- Managers wages payable	21.686,00	31.389,00	(9.703,00)
- Blue collars accrued 14th month salary	161.980,85	162.657,72	(676,87)
- Technical clerks accrued 14th month wage	46.878,73	42.692,45	4.186,28
- Administrative clerks accrued 14th month wage	40.832,76	40.319,12	513,64
- Managers accrued 14th month wage	25.400,00	19.125,28	6.274,72
- Blue collars accrued vacation	244.208,23	254.529,17	(10.320,94)
- Technical employees accrued vacation	77.469,93	62.597,14	14.872,79
- Administrative employees accrued vacation	85.203,13	75.839,94	9.363,19
- Managers accrued vacation	64.432,19	54.412,19	10.020,00
- Blue collars accrued 'frozen' vacation	12.369,97	17.802,58	(5.432,61)
- Technical clerks accrued 'frozen' vacation	4.250,93	0,00	4.250,93
- Administrative clerks accrued 'frozen' vacation	6.532,47	3.905,42	2.627,05
- Managers accrued 'frozen' vacation	1.030,04	1.030,04	0,00
- Accrued wages - payable	306.056,64	348.103,91	(42.047,27)
- 1/5 transferred wage payable	1.130,00	580,00	550,00
- Conai	480,71	447,51	33,20
- Other payables	230.621,65	49.328,62	181.293,03
- Down payment for real estate management expenses	0,00	8.500,00	(8.500,00)
- Accrued canteen benefit due to employees	38.303,09	79.634,75	(41.331,66)
- Accrued remuneration to directors - Compensi amministratori e colla	13.502,10	21.788,10	(8.286,00)
- Other payables UK	429,02	22.059,67	(21.630,65)
- Accrued Property Tax UK	4.987,34	34.910,40	(29.923,06)
Payables to other creditors due beyond the following year			
- Security deposits payable San Benigno	5.164,57	5.164,57	0,00
Total payables	40.580.771,15	29.661.014,76	10.919.756,39
Accrued expenses and deferred income			
Accruals			
- Accrued interests	63.101,95	56.221,44	6.880,51
Deferred income			
- Grants 3rd application Law 488	542.727,91	627.128,91	(84.401,00)
Total accruals and deferred income	605.829,86	683.350,35	(77.520,49)

SCHEDULE 19 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS IN THE SHAREHOLDERS' EQUITY

DESCRIPTION	Closing balance 31/12/2005	Result destination 31/12/2005	Other increase	(Decreases) distribution	Other (decreases)	Result 31/12/2006	Closing balance 31/12/2006
Share capital	9.726.600,00						9.726.600,00
Share premium reserve	668.992,44						668.992,44
Revaluation reserves							
- Revaluation reserve Law 342/00	6.667.344,95						6.667.344,95
- Revaluation reserve Law 448/01	8.539.344,00						8.539.344,00
- Revaluation reserve Law 266/05	2.652.347,34		0,00				2.652.347,34
Legal reserve	659.647,02	276.294,65					935.941,67
Reserve for own shares	0,00		5.000.000,00		(3.750.000,00)		1.250.000,00
Other reserves							
- Extraordinary reserve	10.930,18	3.034.493,03					3.045.423,21
- Fiscal interference elimination reserve	10.057.556,16	(1.250.000,00)					8.807.556,16
- Rounding reserve	0,00		4,00				4,00
- Forex reserve ex article 2426, paragraph 8 bis c.c.	0,00	637.470,37					637.470,37
- Capital grants ex article 55 Tax Act reserve	200.196,81	(200.196,81)					0,00
Retained earnings (losses)	(1.777.831,81)	1.777.831,81					0,00
Net profit (loss) for the year	5.525.896,00	(5.525.896,00)				237.419,00	237.419,00
Total Net Equity	42.931.023,09	(1.250.002,95)	5.000.004,00	0,00	(3.750.000,00)	237.419,00	43.168.443,14

SCHEDULE OF THE COMPOSITION OF THE SHAREHOLDERS' EQUITY

DESCRIPTION	Shareholders payments	Profits destination	Other	Closing balance 31/12/2006	Usable for losses recovery	Usable for registered capital increases	Distributable	Summary utilisation last three years	
								Losses recovery	Other cases
Share capital	9.726.600,00			9.726.600,00	9.726.600,00				
Share premium reserve	668.992,44			668.992,44	668.992,44				
Revaluation reserves									
- Revaluation reserve Law 342/00			6.667.344,95	6.667.344,95	6.667.344,95	6.667.344,95	6.667.344,95		
- Revaluation reserve Law 448/01			8.539.344,00	8.539.344,00	8.539.344,00	8.539.344,00	8.539.344,00		
- Revaluation reserve Law 266/05			2.652.347,34	2.652.347,34	2.652.347,34	2.652.347,34	2.652.347,34		
Legal reserve		935.941,67		935.941,67	935.941,67				
Reserve for own shares		1.250.000,00		1.250.000,00	1.250.000,00				
Other reserves									
- Accelerated depreciation reserve			0,00	0,00					
- Extraordinary reserve		3.045.423,21		3.045.423,21	3.045.423,21	3.045.423,21	3.045.423,21		
- Fiscal interference elimination reserve		8.807.556,16		8.807.556,16	8.807.556,16	8.807.556,16	8.807.556,16		
- Rounding reserve		4,00		4,00					
- Forex reserve ex article 2426, paragraph 8 bis c.c.		637.470,37	4,00	637.470,37					
- Capital grants ex article 55 Tax Act reserve		0,00	0,00	0,00	0,00				
Retained earnings (losses)			0,00	0,00					
Net profit (loss) for the year			237.419,00	237.419,00	237.419,00	237.419,00	237.419,00	1.777.831,81	
Total net equity	10.395.592,44	14.676.391,41	18.096.459,29	43.168.443,14	42.530.968,77	31.868.427,10	31.199.434,66	1.777.831,81	0,00

FACI S.p.A.

SCHEDULE 20 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS IN PROVISIONS

DESCRIPTION	Closing balance 31/12/2005	Accruals 31/12/2006	Other increases	(Utilisations)	Other (decreases)	Closing balance 31/12/2006
Provision for agents and directors termination allowance						25.585,92
- Additional agents allowance	27.989,89	(2.403,97)				143.040,36
- Provision for agents termination allowance	243.040,36	0,00		(100.000,00)		731.388,57
- Provision for directors termination allowance 1999	633.646,32	97.742,25				
Deferred taxes						1.676.682,47
- Deferred taxes provision	2.269.008,47			(592.326,00)		
Other provisions						40.000,00
- Provision for pending litigations	40.000,00	0,00				95.000,00
- Provision for potential losses of subsidiary Cifrachim	95.000,00	0,00				
Total provisions	3.308.685,04	95.338,28	0,00	(692.326,00)	0,00	2.711.697,32

FACI S.p.A.

SCHEDULE 11 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS OF THE PROVISION FOR EMPLOYEES LEAVING INDEMNITY ACCOUNT

DESCRIPTION	Closing balance 31/12/2005	Accruals 31/12/2006	Other increases	(Utilisations)	(Substitute tax)	Other (decreases)	Closing balance 31/12/2006
Blue collars	2.095.350,64	216.804,75		(68.643,92)	0,00	0,00	2.243.511,47
Technical employees	653.825,58	95.144,50		(40.125,00)	0,00	0,00	708.845,08
Administrative employees	564.469,29	54.889,04		(13.900,00)	0,00	0,00	605.458,33
Managers	211.575,01	24.131,21		0,00	0,00	0,00	235.706,22
Substitute tax on the revaluation of the provision (TFR)	1.537,08	27.119,55		(27.670,23)	0,00	0,00	986,40
Total provision for employees leaving indemnity account	3.516.757,60	418.089,05	0,00	(150.339,15)	0,00	0,00	3.794.507,50

Prospetti allegati alla nota integrativa

FACI S.p.A.

SCHEDULE 22 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SALES REVENUES DISTRIBUTION BY GEOGRAPHICAL AREA

DESCRIPTION	FACI Carasco	FACI UK	Total
Sales revenues			
- Italy	16.304.283,79	5.178,15	16.309.461,94
- United Kingdom	1.078.957,92	4.293.927,46	5.372.885,38
- Other EU countries	29.785.167,48	1.487.656,26	31.272.823,74
- East Europe	4.992.898,58	38.862,00	5.031.760,58
- Asia, Far East	5.078.142,78	176.384,21	5.254.526,99
- America	3.342.855,13	113.076,25	3.455.931,38
- Africa	152.121,24	4.139,99	156.261,23
- Other countries	2.550.493,43	0,00	2.550.493,43
Total	63.284.920,35	6.119.224,32	69.404.144,67

Figures are gross of returns and discounts

FACI S.p.A.

SCHEDULE 23 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

COMPOSITION OF INTEREST AND OTHER FINANCIAL EXPENSES

DESCRIPTION	31/12/2006	31/12/2005	Difference
Interests and other financial expenses			
Related to bank loans			
- Interest payables on banks overdrafts	21.023,20	55.475,33	(34.452,13)
- Interest on guarantees	1.299,95	7.290,40	(5.990,45)
- Interest on the Mediocredito bank loan	1.947,82	4.723,20	(2.775,38)
- Interest on loans	610.161,19	423.019,44	187.141,75
Related to payables to others			
- Interest on delayed taxes	15,00	0,00	15,00
- Interests on security deposits	129,11	129,11	0,00
- Interest on bonds issued	79.737,44	0,00	79.737,44
Total	714.313,71	490.637,48	223.676,23

FACI S.p.A.

SCHEDULE 24 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

COMPOSITION OF EXTRAORDINARY INCOME AND EXPENSES

DESCRIPTION	31/12/2006	31/12/2005	Difference
Extraordinary income			
Other extraordinary income			
- Contingent income on tax realignment	0,00	6.812.042,00	(6.812.042,00)
- Other income on add def tax asset on 04 fiscal loss	0,00	17.626,00	(17.626,00)
Total	0,00	6.829.668,00	(6.829.668,00)
Extraordinary expenses			
Previous years taxes	0,00	13.824,00	(13.824,00)
Other extraordinary expenses			
- Substitute tax on realignment of buildings	0,00	74.968,00	(74.968,00)
- Substitute tax on realignment of plant	0,00	1.921.832,00	(1.921.832,00)
- Substitute tax on realignment of equipment	0,00	7.728,00	(7.728,00)
- Contingent expenses	0,00	19.510,44	(19.510,44)
- Contingent expenses UK	0,00	401,30	(401,30)
Total	0,00	2.038.263,74	(2.038.263,74)

FACI S.p.A.

SCHEDULE 25 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

AVERAGE NUMBER OF EMPLOYEES

CATEGORIES	Average number 31/12/2006	Average number 31/12/2005	Difference
Blue collars	119	119	0
Technical clerks	29	25	4
Administrative clerks	25	26	-1
Middle management	10	8	2
Top management	5	4	1
Total	188	182	6

FACI S.p.A.

SCHEDULE 26 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE REMUNERATION OF DIRECTORS, STATUTORY AND EXTERNAL AUDITORS

DESCRIZIONE	Numero	31/12/2006	31/12/2005
Directors	5	685.800,36	684.921,00
Statutory auditors	3	39.209,47	35.449,95
External auditors	1	15.000,00	12.000,00
Total		740.009,83	732.370,95

SCHEDULE 27 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS AND COMPOSITION OF DEFERRED TAX ASSETS

DESCRIPTION	Year	Amount expense/income	Deferred Tax assets 31/12/2005	Accrual Ires 33%	Accrual Irap 4,25%	(Utilisation) Ires 33%	(Utilisation) Irap 4,25%	Adjustments	Deferred Tax assets 31/12/2006
Agency termination allowance accruals	2001	4.040,00	1.505,00	0,00	0,00	0,00	0,00	0,00	1.505,00
Agency termination allowance accruals	2004	114.000,00	42.465,00	0,00	0,00	0,00	0,00	0,00	42.465,00
Agency termination allowance accruals	2005	125.000,00	46.563,00	0,00	0,00	(33.000,00)	(4.250,00)	0,00	9.313,00
Additional agents allowance accrued not paid	2006	13.136,63	0,00	4.335,00	558,00	0,00	0,00	0,00	4.893,00
Inventory slow-moving provision UK	2002	52.388,00	19.514,00	0,00	0,00	0,00	0,00	0,00	19.514,00
Inventory slow-moving provision UK	2005	1.510,00	562,00	0,00	0,00	0,00	0,00	0,00	562,00
Inventory slow-moving provision UK (forex adjustment)	2006	1.107,21	0,00	365,00	47,00	0,00	0,00	0,00	412,00
Pending litigation provision	2004	40.000,00	14.900,00	0,00	0,00	0,00	0,00	0,00	14.900,00
Taxes and other charges accrued not paid	2005	1.960,00	730,00	0,00	0,00	(646,71)	(83,29)	0,00	0,00
Entertainment expenses - partially deductible	2006	44.450,00	0,00	11.735,00	1.511,00	0,00	0,00	0,00	13.246,00
Entertainment expenses - partially deductible	2005	33.925,00	10.109,00	0,00	0,00	(2.239,00)	(288,00)	0,00	7.582,00
Entertainment expenses - partially deductible	2004	35.390,00	7.909,00	0,00	0,00	(2.336,00)	(301,00)	0,00	5.272,00
Entertainment expenses - partially deductible	2003	23.750,00	3.541,00	0,00	0,00	(1.568,00)	(202,00)	0,00	1.771,00
Entertainment expenses - partially deductible	2001	17.985,00	1.340,00	0,00	0,00	(1.187,00)	(153,00)	0,00	0,00
Entertainment expenses - partially deductible	2005	18.800,60	7.003,00	0,00	0,00	(6.204,00)	(799,00)	0,00	0,00
Remuneration of statutory auditors letter b)	2006	22.558,90	0,00	7.444,00	959,00	0,00	0,00	0,00	8.403,00
Directors remuneration accrued not paid	2005	12.476,54	4.456,00	0,00	0,00	0,00	0,00	0,00	4.456,00
Unrealised foreign exchange losses	2005	13.502,00	4.117,00	0,00	0,00	(4.117,00)	0,00	0,00	0,00
Unrealised foreign exchange losses	2006	180.205,70	0,00	59.468,00	0,00	0,00	0,00	0,00	59.468,00
Non deductible goodwill amortisation UK	2002	7.685,00	2.536,00	0,00	0,00	0,00	0,00	327,00	2.863,00
Non deductible goodwill amortisation UK	2003	7.094,00	2.342,00	0,00	0,00	0,00	0,00	301,00	2.643,00
Non deductible goodwill amortisation UK	2004	7.092,00	2.340,00	0,00	0,00	0,00	0,00	301,00	2.641,00
Non deductible goodwill amortisation UK	2005	10.536,00	3.925,00	0,00	0,00	0,00	0,00	0,00	3.925,00
Non deductible goodwill amortisation UK	2006	10.752,05	0,00	3.548,00	457,00	0,00	0,00	0,00	4.005,00
Additional depreciation of San Benigno I building (rev)	2005	18.541,00	6.907,00	0,00	0,00	0,00	0,00	0,00	6.907,00
Additional depreciation of C. Lambruschini building (rev)	2005	8.065,00	3.004,00	0,00	0,00	0,00	0,00	0,00	3.004,00
Additional depreciation of San Benigno II building (rev)	2005	49.179,00	18.319,00	0,00	0,00	0,00	0,00	0,00	18.319,00
Additional depreciation of FACI building (rev)	2005	1.954,00	728,00	0,00	0,00	0,00	0,00	0,00	728,00
Additional depreciation of ex Rocca building (rev)	2005	1.206,00	0,00	0,00	0,00	0,00	0,00	0,00	449,00
Additional depreciation of ex Rocca building (rev)	2005	420,00	157,00	0,00	0,00	0,00	0,00	0,00	157,00
Additional depreciation of San Colombano building (rev)	2005	1.536,00	572,00	0,00	0,00	0,00	0,00	0,00	572,00
Additional depreciation of San Benigno I building (rev)	2006	19.541,00	0,00	6.119,00	788,00	0,00	0,00	0,00	20.329,00
Additional depreciation of C. Lambruschini building (rev)	2006	8.065,00	0,00	2.661,00	343,00	0,00	0,00	0,00	3.004,00
Additional depreciation of San Benigno II building (rev)	2006	49.179,00	0,00	16.229,00	2.090,00	0,00	0,00	0,00	18.319,00
Additional depreciation of FACI building (rev)	2006	1.954,00	0,00	645,00	83,00	0,00	0,00	0,00	728,00
Additional depreciation of ex Garibaldi building (rev)	2006	1.206,00	0,00	398,00	51,00	0,00	0,00	0,00	449,00
Additional depreciation of ex Rocca building (rev)	2006	420,00	0,00	139,00	18,00	0,00	0,00	0,00	157,00
Additional depreciation of ex Mectron building (rev)	2006	1.536,00	0,00	507,00	65,00	0,00	0,00	0,00	572,00
Additional depreciation of San Colombano building (rev)	2006	54.575,00	0,00	18.010,00	2.319,00	0,00	0,00	0,00	20.329,00
Depreciation of realigned fixed assets deductible 08	2006	1.777.869,64	0,00	586.697,00	75.559,00	0,00	0,00	0,00	662.256,00
TOTAL			226.322,00	718.300,00	3.532,00	(51.297,71)	(6.076,29)	929,00	973.025,00

FACI S.p.A.

SCHEDULE 28 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

SCHEDULE OF THE MOVEMENTS AND COMPOSITION OF DEFERRED TAX LIABILITIES

DESCRIPTION	Year	Amount expense/income	Deferred Tax liabilities 31/12/2005	Accrual Ires 33%	Accrual Irap 4,25%	(Utilisation) Ires 33%	(Utilisation) Irap 4,25%	Adjustments	Deferred Tax liabilities 31/12/2006
Deferred income on grants Law 488	2005	627.128,91	233.606,00	0,00	0,00	(27.852,00)	(3.587,00)	0,00	202.167,00
Dividends from Ambrogio Pagani not cashed (5%)	2005	75.000,00	1.238,00	0,00	0,00	(1.238,00)	0,00	0,00	0,00
Unrealised foreign exchange gains	2005	649.947,00	214.482,00	0,00	0,00	(214.482,00)	0,00	0,00	0,00
Unrealised foreign exchange gains	2006	15.569,02	0,00	5.138,00	0,00	0,00	0,00	0,00	5.138,00
Accelerated depreciation fiscal interference elim Carasco	2004	590.797,00	220.072,00	0,00	0,00	0,00	0,00	0,00	220.072,00
Accelerated depreciation deducted off the books Carasco	2004	3.351.494,00	1.249.577,00	0,00	0,00	0,00	0,00	(1.145,00)	1.248.432,00
Accelerated depreciation deducted off the books UK	2004	42.475,00	15.822,00	0,00	0,00	0,00	0,00	0,00	15.822,00
Accelerated depreciation deducted off the books Carasco	2005	1.494.862,00	556.837,00	0,00	0,00	0,00	0,00	0,00	556.837,00
Accelerated depreciation deducted off the books UK	2005	9.923,00	3.696,00	0,00	0,00	0,00	0,00	0,00	3.696,00
Accelerated depreciation deducted off the books UK	2005	4.557,00	0,00	0,00	0,00	0,00	0,00	1.697,00	1.697,00
Accelerated depreciation deducted off the books Carasco	2006	1.054.400,82	0,00	347.952,00	44.812,00	0,00	0,00	0,00	392.764,00
Accelerated depreciation deducted off the books UK	2006	8.273,60	0,00	2.730,00	352,00	0,00	0,00	0,00	3.082,00
TOTAL			2.495.330,00	355.820,00	45.164,00	(243.572,00)	(3.587,00)	552,00	2.649.707,00

FACI S.p.A.

SCHEDULE 29 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

FINANCIAL STATEMENTS OF THE COMPANY THAT EXERCISES THE CONTROL AND COORDINATION ACTIVITY

Euchemia S.p.a.

Registered Office: Genova, Piazza della Vittoria n. 8/20

Share capital: € 10.600.000,00 interamente versato

Genova Companies Register's Office and Fiscal code: 03690290105

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

BALANCE SHEET

ASSETS

B) Fixed Assets

C) Current Assets

TOTAL ASSETS

Year end 31-dic-05	Year end 30-dic-04	Difference
13.221.297	13.232.435	(11.138)
806.623	1.660.436	(853.813)
14.027.920	14.892.871	(864.951)

LIABILITIES

A) Shareholders' Equity

Share Capital

Reserves

Profit (Loss) for the year

Total Shareholders' Equity(A)

D) Payables

TOTAL LIABILITIES

10.600.000	10.600.000	0
1.819.273	1.923.466	(104.193)
(93.172)	(104.195)	11.023
12.326.101	12.419.271	(93.170)
1.701.819	2.473.600	(771.781)
14.027.920	14.892.871	(864.951)

INCOME STATEMENT

B) Costs of production

C) Financial income and expenses

Profit before taxes (A-B+C+D+E)

Income taxes

Profit (Loss) for the year

41.552	55.967	(14.415)
(51.621)	(49.162)	(2.459)
(93.173)	(105.129)	11.956
1	934	(933)
(93.172)	(104.195)	11.023

FACI S.p.A.

SCHEDULE 30 ATTACHED TO THE NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

CASH-FLOW STATEMENT

Operating activities, cash flows provided by or (used in)

Net profit for the year	237.419,00
Amortisation of intangible assets	138.673,00
Depreciation of tangible assets	3.599.170,00
Increase (decrease) in long-term liabilities	(329.238,00)
Decrease (increase) in inventories	(465.507,00)
Decrease (increase) in trade receivables short-term	(1.021.548,00)
Decrease (increase) in financial receivables short-term	(5.203.764,00)
Increase (decrease) in trade payables short-term	2.380.110,00
Increase (decrease) in other short-term liabilities	(2.360.898,00)
a) Net cash flow from operating activities (used in)/provided by	(3.025.583,00)

Investing activities, cash flows provided by or (used in)

Net capital expenditure in intangible assets	(269.089,00)
Net capital expenditure in tangible assets	(2.320.418,00)
Net capital expenditure in financial fixed assets	(2.532.150,00)
Net capital expenditure in financial current assets	(1.250.000,00)
b) Net cash flow from investing activities (used in)/provided by	(6.371.657,00)

Financing activities, cash flows provided by or (used in)

Increase (decrease) in long-term debt	10.435.763,00
Increase (decrease) in capital and reserves of third parties	3,00
Decrease (increase) in medium/long-term receivables	17.763,00
c) Net cash flow from financing activities (used in)/provided by	10.453.529,00
Net increase (decrease) in cash and cash equivalents	1.056.289,00
Opening net liquidity	3.853.530,00
Changes in liquidity	1.056.289,00
Closing net liquidity	4.909.819,00



FACI S.p.A.

Company subject to the control and coordination activity of Euechemia S.p.A.

Registered Office: Milan, Via Santa Radegonda n. 11

Share Capital € 9,726,600.00 fully paid up

Milan Companies Register's Office and Fiscal Code 03545180105

REPORT OF THE BOARD OF STATUTORY AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2006 IN ACCORDANCE WITH ARTICLE 2429 CIVIL CODE

Dear Shareholders,

with this report we inform you about our activity, in accordance with article 2429 of the civil code.

OPINION ON THE FINANCIAL STATEMENTS

1. We have reviewed the financial statements for the year ended 31 December 2006 summarised as follows.

BALANCE SHEET	31/12/2006	31/12/2005
<u>Assets</u>		
B) Fixed assets	48.824.078	47.440.264
C) Current assets	41.994.384	32.611.668
D) Accrued income and prepaid expenses	42.787	58.898
<i>Total assets</i>	90.861.249	80.110.830
<u>Shareholders' equity and liabilities</u>		
A) Shareholders' equity	43.168.443	42.931.022
B) Provisions	2.711.697	3.308.685
C) Employees leaving indemnity provision	3.794.508	3.526.758
D) Payables	40.580.771	29.661.015
E) Accrued expenses and deferred income	605.830	683.350
<i>Total shareholders' equity and liabilities</i>	90.861.249	80.110.830



INCOME STATEMENT	31/12/2006	31/12/2005
A) Value of production	70.094.625	64.530.517
B) Costs of production	67.575.126	61.134.058
<i>Difference between value and costs of production (a-b)</i>	2.519.499	3.396.459
C) Financial income and expenses	(1.067.393)	567.518
E) Extraordinary income and expenses		4.791.404
<i>Profit before taxes (a-b+c+d+e)</i>	1.452.106	8.755.381
Income taxes	(1.214.687)	(3.229.485)
Profit (loss) for the year	237.419	5.525.896

These financial statements are under the responsibility of the company's Directors. Since we are not requested to perform the analytical check on the merits of the financial statements' content, we have watched over their general set-up, their general compliance with the law as to its preparation and structure and with this regard we have no particular observations to note.

We have examined the compliance with the law with regard to the preparation of the Director's report and with this regard we have no particular observations to note.

Based on our knowledge, the Directors, in preparing the financial statements, have not deviated from the law in accordance with article 2423, paragraph 4 of the civil code.

We have examined the correspondence of the financial statements to the facts and to the information of which we have knowledge thanks to the fulfilment of our obligations and we have no observations.

In accordance with article 2426 c.c., point 6, we have given our consent to the recording of the goodwill in the assets.

2. In our opinion, the financial statements reviewed, as a whole, have been prepared with clarity and give a true and fair view of the economic and financial position and of the results of the Company for the year ended at 31 December 2006, in compliance with the laws that regulate the financial statements.

REPORT ON THE VIGILANCE ACTIVITY

During the year ended our activity has been guided by the rules of conduct for the Board of Statutory Auditors recommended by the National Certified Accountants Board (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri).

We have watched over the compliance with the law and with the company act and over the observance of the principles of proper management.

During the year we have attended all the shareholders' ordinary and extraordinary meetings and all the Board of Directors meetings.

We have obtained from the Board of Directors, during the meetings, the information about the general trend in the operations and their expected development and about the most significant transactions, by size or characteristics, carried out by the company, this in accordance with article 2381, paragraph 5, civil code.

The Board of Statutory Auditors has carried out at the Company's premises the quarterly reviews besides the one specifically made for the review of the draft financial statements.

We have assessed and watched over the adequacy of the administrative and accounting organisation adopted by the Company and over its proper functioning.

No complaints as per article 2408 civil code have been received.

We have given favourable opinion to the demerge proposal resolved on the 11th of December 2006.

Taking into consideration also the results of the activity carried out by the external auditors, results disclosed in the report of the auditors attached to the financial statements, we suggest to the Shareholders' to adopt the financial statements for the year ended at 31 December 2006 as prepared by the Board of Directors.

The Board of Statutory Auditors

Andrea Villa

Aldo Borrelli

Simone Procaccini