

FC14337

MICHELE SOLBIATI SASIL S.P.A.
 Registered office: Via per Gallarate, 116, OLEGGIO
 (Province of Novara) Italy
 Company Capital: 10,000,000,000 Lire
 Businesses Registry of Novara no. 13756/1997
 Novara C.C.I.A.A. [Chamber of Commerce, industry,
 crafts and agriculture] - R.E.A.
 [Economic and Business Registry] no. 162216
 Tax Code 00752020156
 ACCOUNTS as at 30 JUNE 2000

PART ONE - BALANCE SHEET

	30.06.2000	30.06.1999
ASSETS:	[Amounts in Lire]	
A) SUBSCRIBED CAPITAL UNPAID	0	0
B) INVESTMENTS/FIXED ASSETS		
I Intangible		
1) Costs of plant and expansion/development	2,116,400	4,232,800
2) Costs of research, development and advertising	0	0
3) Patents and rights to use inventions	0	0
4) Licences, authorizations, trade marks and similar rights	29,293,224	36,845,607
5) Goodwill	0	0
6) Investments in process of being made and payments on account	0	0
7) Other	26,400,795	52,022,573
Total	L. 57,810,419	L. 93,100,930
	*****	*****
II Tangible		
1) Land and buildings	5,965,554,161	5,733,518,325
2) Plant and machinery	1,656,024,554	1,674,294,271
3) Industrial and trade fixtures	138,962,842	235,264,656
4) Other assets	812,175,540	1,057,754,654
5) Tangible assets in course of construction and payments on account	444,082,466	231,738,359

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L. 9,016,799,563

L. 8,932,570,267

III - Long-term
Investments

1) [Share]holdings in:

a) subsidiary
companies

9,402,044,221

9,818,816,546

b) associated
companies

5,092,190,000

4,852,190,000

c) parent

companies

0

0

d) other companies

3,150,471,254

117,752,000

2) Loans to [Debts owing
from]:

a) subsidiary companies:

- due within 12 months

141,054,530

116,586,696

- due after 12 months

1,319,503,282

1,381,376,509

b) associated companies:

- due within 12 months

0

0

- due after 12 months

0

0

c) parent companies:

- due within 12 months

0

0

- due after 12 months

0

0

d) other companies:

- due within 12 months

0

0

- due after 12 months

560,105,199

557,289,516

3) Other securities

0

0

4) own shares

(nominal value

1,000,000,000 Lire)

3,500,000,000

3,500,000,000

Total

L. 23,165,368,486

L. 20,344,011,267

Total investments/fixed
assets (B)

L.

32,239,978,468

L. 29,369,682,514

C) CURRENT ASSETS

I - Stock:

1) Raw materials,
subsidiary
materials and
consumables

15,205,609,031

12,196,747,991

2) Products in course
of manufacture
and semi-
finished

10,574,496,181

11,094,188,867

3) Work in progress under contract	0	0
4) Finished products and goods	14,815,393,027	14,672,810,018
5) Payments on account	1,127,534,322	0
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Total L.	41,723,032,561	37,963,746,876
	*****	*****

II - Receivables [Debtors]

1) From customers:		
- due within 12 months	14,914,743,653	12,528,512,382
- due after 12 months	0	131,690,474
2) From subsidiary companies		
- due within 12 months	558,593,409	852,376,387
- due after 12 months	0	0
3) From associated companies:		
- due within 12 months	94,872,137	300,909,074
- due after 12 months	203,000,000	200,000,000
4) From parent companies:		
- due within 12 months	0	0
- due after 12 months	0	0
5) From others:		
- due within 12 months	819,724,035	640,831,786
- due after 12 months	10,960,000	315,500,000
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Total L.	16,601,893,234	14,969,820,103
	*****	*****

III - Financial assets not constituting long-term investments:

1) Holdings [participating interests] in subsidiary companies	0	0
2) Holdings in associated companies	0	0
3) Other [share]holdings	165,576,195	5,376,433,449
4) Own shares (nominal value)	0	0
5) Other holdings [securities]	0	0
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Total	165,576,195	5,376,433,449
	*****	*****

IV - Cash at bank and in hand:

1) Bank and post office deposits	2,141,858,323	1,515,162,851
2) Cheques	48,619,678	57,922,748
3) Money and cash values	51,011,618	27,193,822

Total	L.	2,241,489,619	L.	1,600,279,421
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TOTAL CURRENT

ASSETS (C)	L.	60,731,991,609	L.	59,910,279,849
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D) Assets adjustment

account [accounts
receivable and
pre-payments]

346,042,872	L.	239,143,777
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TOTAL ASSETS (A+B+C+D)	93,318,012,949	89,519,106,140
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LIABILITIES:

A) CAPITAL AND RESERVES:

I - [Subscribed] Capital	10,000,000,000	10,000,000,000
II - Share premium reserve	0	0
III - Revaluation		
[writing-up] reserves:		
- under Law 576/75	0	0
- under Law 72/83	0	0
- under Law 413/91	1,586,227,180	1,586,227,180
IV - Legal Reserve	1,305,889,186	1,251,091,904
V - Reserve for own shares in portfolio [held]	3,500,000,000	3,500,000,000
VI - Reserves required by memorandum and articles	0	0
VII - Other Reserves:		
- extraordinary	2,365,480,080	2,365,480,080
- Article 15 para 10 [Law] 429/82	1,802,353,600	1,802,253,600
- Article 8/9 Law 308	0	0
- Article 55 TUID [a consolidated law]	24,773,514	440,878,584
- Article 33 Co. 9 Law		

413/91	0	0
- Reserve for risk of depreciation		
in value of holdings	3,000,000,000	0
- Tax amnesty [da condono]	0	0
- Surplus from merger [?]		
[avanzo di fusione]	0	0
- Members non-interest-bearing account [?]		
[soci c/infruttiferi]	0	0
- Members capital increase account [?] [soci c/aumento capitale]	0	0
- Non-distributable profits under Articles 2423 and 2426 of the Civil Code	0	0
- Profits from partnerships [societa di persone]	0	0

VIII- Profit (loss) brought forward	11,870,544,918	13,953,291,499
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IX - Profit (Loss) for the accounting year	228,512,898	1,095,945,631
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TOTAL (A)	35,683,781,376	35,995,268,478
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B) PROVISION FOR LIABILITIES AND CHARGES

1) for retirement pensions and similar obligations	103,172,254	98,836,019
2) for taxation	723,120,000	974,484,000
3) other	308,516,070	137,890,358

TOTAL (B)	L. 1,134,808,324	L. 1,211,210,377
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C) [NON-CONTENTIOUS] EMPLOYEES' SEVERANCE INDEMNITY	L. 5,318,213,733	4,775,845,160
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D) DEBTS PAYABLE [CREDITORS]

1) Straight debentures:		
- due within 12 months	0	0

- due after 12 months	2,000,000,000	2,000,000,000
2) Convertible debentures:		
- due within 12 months	0	0
- due after 12 months	0	0
3) Bank overdrafts and loans:		
- due within 12 months	25,700,815,768	21,005,049,838
- due after 12 months	3,297,595,715	4,669,450,524
4) Other loans:		
- due within 12 months	0	884,492,910
- due after 12 months	0	0
5) Payments on account:		
- due within 12 months	0	0
- due after 12 months	0	0
6) Trade creditors:		
- due within 12 months	11,225,099,614	9,880,486,674
- due after 12 months	0	0
7) Loans represented by negotiable instruments:		
- due within 12 months	0	0
- due after 12 months	0	0
8) Debts to subsidiary companies:		
- due within 12 months	5,229,922,609	6,098,442,705
- due after 12 months	19,818,275	19,149,292
9) Debts to associated companies:		
- due within 12 months	1,020,000	0
- due after 12 months	0	0
10) Debts to parent companies:		
- due within 12 months	0	0
- due after 12 months	0	0
11) Debts to tax authorities		
- due within 12 months	998,083,376	492,811,680
- due after 12 months	0	28,469,500
12) Debts to National Insurance and Social Security institutions:		
- due within 12 months	755,173,398	643,340,750
- due after 12 months	0	0
13) Other debts:		
- due within 12 months	1,884,998,046	1,744,227,034
- due after 12 months	5,626,000	5,626,000
 TOTAL (D)	 L.51,118,152,801	 L.47,471,546,907
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E) LIABILITIES ADJUSTMENT ACCOUNT [ACCRUALS AND DEFERRED INCOME]	L.	63,056,715	L.	65,235,218
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TOTAL LIABILITIES

(A+B+C+D+E)

L.93,318,012,949

L.89,519,106,140

GUARANTEES GIVEN AND OTHER
SUSPENSE ACCOUNTS

Guarantees given to
third parties:

a) guarantees in
favour of subsidiary
companies:

- expressed in Lire	2,301,428,159	4,859,663,717
- expressed in foreign currencies	153,011,250	139,941,075

d) other personal
guarantees/security
in favour of third parties:

- letters of comfort given to third parties:	250,000,000	350,000,000
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in favour of subsidiary companies:

- letters of comfort in Lire	8,720,000,000	6,920,000,000
- letters of comfort in [foreign] currency	197,999,826	197,999,826
- joint obligations under Article 2362 of the Civil Code:	478,507,911	710,946,449
- leasing against replacements [?] [leasing C/subentri]	2,306,087,573	351,990,700

Other risks, obligations
and suspense
accounts:

- risks on SBF [subject to good outcome] credit operations	3,829,127,809	5,424,735,594
- leasing rentals to pay	5,041,709,620	250,686,620
- leasing rentals paid	1,431,305,689	707,640,000
- third parties for guarantees in our favour	0	252,557,812
- factored receivables "with recourse"	1,587,484,506	1,765,431,194

TOTAL

L.26,296,662,343

L.22,021,592,987

PART TWO - PROFIT AND LOSS ACCOUNT

A) VALUE OF PRODUCTION/OUTPUT

1) Income from sales and provision of services [turnover]	77,162,263,314	78,189,719,948
2) Fluctuations in stock of products in course of production, semi-finished and finished	(377,109,677)	(1,032,769,596)
3) Variation in work in progress under contract	0	0
4) Own work capitalised	0	0
5) Other income and receipts:		
- other income and receipts	590,747,417	3,332,703,439
- contributions on account of accounting year	0	0
TOTAL	L.77,375,901,054 *****	L.80,489,653,791 *****

B) COSTS OF PRODUCTION

6) Raw materials, subsidiary [secondary] materials, consumables and goods	28,489,849,047 *****	23,972,753,447 *****
7) External services:		
- on purchases	70,336,862	48,455,862
- trade [commercial]	5,075,766,800	4,767,677,053
- industrial	19,975,760,898	22,343,238,257
- general	789,036,323	1,063,049,668
Total external services	L.25,910,900,883	28,222,410,840
8) Enjoyment of third party assets [rents]	1,496,869,802	1,716,161,131
9) Staff:		
a. salaries and wages	10,435,942,551	9,591,538,786
b. social [security etc] charges	3,680,279,029	3,503,696,567
c. severance indemnity	805,000,492	708,695,856

d. pensions and similar obligations	0	0
e. other costs	336,075,304	30,637,658
10) Amortisation and depreciation:		
a. amortisation of intangible assets	35,811,061	89,785,203
b. amortisation of tangible assets	1,283,446,001	1,303,535,649
c. other depreciation of fixed assets	0	0
d. depreciation of receivables included in current capital [assets] and of cash	43,572,955	41,919,327
11) Fluctuations in stock of raw materials, subsidiary [secondary] materials and consumables and goods (3,008,861,040)		2,950,127,521
12) Provision for risks	308,516,070	1,019,461,358
13) Other reserves	4,336,235	3,682,574
14) Sundry operating charges	1,672,658,416	1,887,550,383
TOTAL	L. 71,494,396,806 *****	L. 75,041,956,300 *****

DIFFERENCE BETWEEN
PRODUCTION VALUE AND
COST OF PRODUCTION (A-B) L. 5,881,504,248
***** L. 5,447,697,491

C) INCOME AND FINANCIAL
CHARGES

15) Income from shareholdings:		
- in subsidiary companies	241,106,229	0
- in associated companies	0	153,125,000
- in other companies	1,870,600	1,430,450
16) Other income from financial assets:		
a. from debtors shown under fixed assets:		

- from subsidiary companies	27,560,578	26,851,375
- from associated companies	0	0
- from parent companies	0	0
- from other persons etc.	16,263,762	14,765,909
b. from securities shown under fixed assets not constituting [share]holdings		
	0	0
c. from securities shown under current assets not constituting [share]holdings		
	0	0
d) various income from the above:		
- from subsidiary companies	0	0
- from associated companies	6,750,000	11,276,000
- from parent companies	0	0
- from other persons etc.	743,396,915	961,553,735
17) Interest and other borrowing charges:		
- from subsidiary companies	0	0
- from associated companies	0	0
- from parent companies	0	0
- from other persons	3,534,401,453	3,940,669,079
TOTAL C (15+16-17)		
	L. (2,497,453,369)	L. (2,771,666,610)
	*****	*****

D) ADJUSTMENTS IN
VALUE OF
FINANCIAL ASSETS

18) Revaluations [writing up]:		
a. of [share]holdings	0	0
b. of financial fixed assets not constituting [share]holdings		
	0	0
c. of securities shown under current assets not constituting [share]holdings		
	0	0
19) Depreciation:		
a. of [share]holdings	2,752,443,320	0
b. of financial fixed assets not constituting [share]holdings		
	0	0

c. of securities shown under current assets not constituting [share]holdings	0	0
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TOTAL ADJUSTMENTS (D) (18-19)	L. (2,752,443,320)	0
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E) EXTRAORDINARY
INCOME AND CHARGES

20) Income:		
- capital gains on alienations [sales of assets]	3,000,000	0
- other extraordinary income	1,386,973,700	74,668,184

21) Charges:		
- capital losses on alienations [sales of assets]	0	140,845,822
- taxes on previous years	0	0
- other extraordinary charges	47,639,361	26,182,612

TOTAL EXTRAORDINARY ITEMS (20-21)	L. 1,342,334,339	L. (92,360,250)
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PRE-TAX PROFITS (A- B +/-C +/-D +/-E)	L. 1,973,941,898	L. 2,583,670,631
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22) TAXES ON PROFITS FOR THE ACCOUNTING YEAR	L. 1,745,429,000	L. 1,487,725,000
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23) Profit (loss) for the accounting year	L. 228,512,898	L. 1,095,945,631
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These Accounts are in accordance with the accounting records.

THE BOARD OF DIRECTORS

[signatures beside all the following names:]

(Dott. Vittorio SOLBIATI)

(Avv. Francesco MOLINARI)

(Carlo LAVAZZA)

(Dott. Andrea SOLBIATI)

(Maria Leopolda SOLBIATI)

(Eraldo BIANCHI [Accountant])

(Emanuele CASTELLINI)
