

ITALY INNOVAZIONI SPA

Financial statements to 31/12/2018

	Name and id code
Company site	ROMA
Fiscal code	12807431007
Registration number	ROMA 1401805
Vat number	12807431007
Share capital euro	3.823.190,00
Legal form	SOCIETA' PER AZIONI
Activity Code (ATECO)	749099
Company being wound up	no
Company with a single shareholder	no
Company subject to the management and coordination of others	no
Name of the company or entity that exercises management and coordination	
Belonging to a group	no
Name of the controlling entity	
Country of the controlling entity	
Cooperative company Registration number	

All amounts are expressed in units of Euro

Financial Statements at 31/12/2018

Balance sheet (mandatory scheme)

Assets	31/12/2018	31/12/2017
A) RECEIVABLES DUE FROM SHAREHOLDERS		
Total receivables due from shareholders (A)	0	0
B) FIXED ASSETS		
I - Intangible fixed assets		
1) Start-up and expansion costs	41.541	960
2) Development costs	72.296	0
3) Industrial patents and intellectual property rights	3.100.683	3.253.650
6) Assets in process of formation and advances	213.982	185.183
7) Other	49.732	0
Total intangible fixed assets	3.478.234	3.439.793
II - Tangible fixed assets		
3) Industrial and commercial equipment	14.130	18.330
4) Other assets	3.076	619
Total tangible fixed assets	17.206	18.949
III) Financial fixed assets		
1) equity investments		
a) Subsidiary companies	75	75
Total equity investments	75	75
2) Receivables due from		
b) Associated companies		
Due beyond the following year	10.653	0
Total receivables due from associated companies	10.653	0
d-b) Due from others		
Due within the following year	180.030	180.000
Total receivables due from third parties	180.030	180.000
Total Receivables	190.683	180.000
Total financial fixed assets (III)	190.758	180.075
Total fixed assets (B)	3.686.198	3.638.817
C) CURRENT ASSETS		
I - Inventories		
4) Finished products and goods for resale	8.800	16.563
Total inventories	8.800	16.563
II Receivables		
5-b) Tax receivables		
Due within the following year	74.764	58.050
Total receivables due from tax authorities	74.764	58.050
5-d) Other receivables		
Due within the following year	10.088	8.254
Total receivables due from third parties	10.088	8.254
Total receivables	84.852	66.304
III - Current financial assets		
Total financial current assets	0	0
IV - Liquid funds		
1) Bank and post office deposits	546.645	20
3) Cash and equivalents on hand	1.046	188
Total liquid funds	547.691	208
Total current assets (C)	641.343	83.075
D) ACCRUED INCOME AND PREPAYMENTS	23.987	0
TOTAL ASSETS	4.351.528	3.721.892

Balance sheet (mandatory scheme)

Liabilities and shareholders' equity	31/12/2018	31/12/2017
A) SHAREHOLDERS' EQUITY		
I - Share capital	3.823.190	3.210.000
II - Share premium reserve	1.049.818	0
III - Revaluation reserves	0	0
IV - Legal reserve	155	155
V - Statutory reserves	0	0
VI - Other reserves, indicated separately		
Miscellaneous other reserves	2	2
Total other reserves	2	2
VII - Reserve for hedging expected cash flow operations	0	0
VIII - Retained earnings (accumulated losses)	-218.384	-117.251

IX - Net profit (loss) for the year	-379.649	-101.132
Minimised loss for the year	0	0
X - Negative reserve for own portfolio shares	0	0
Total shareholders' equity	4.275.132	2.991.774
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES		
Total reserves for contingencies and other charges (B)	0	0
C) TOTAL RESERVE FOR SEVERANCE INDEMNITIES (TFR)	102	0
D) PAYABLES		
7) Trade accounts		
Due within the following year	70.776	94.037
Total trade accounts (7)	70.776	94.037
12) Due to tax authorities		
Due within the following year	3.580	9.016
Total payables due to tax authorities (12)	3.580	9.016
13) Due to social security and welfare institutions		
Due within the following year	153	65
Total payables due to social security and welfare institutions (13)	153	65
14) Other payables		
Due within the following year	1.785	0
Due beyond the following year	0	627.000
Total other payables (14)	1.785	627.000
Total payables (D)	76.294	730.118
E) ACCRUED LIABILITIES AND DEFERRED INCOME	0	0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4.351.528	3.721.892

Income statement (value and cost of production)

	31/12/2018	31/12/2017
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	11.889	0
2) Change in work in progress, semi-finished and finished products	0	9.426
5) Other income and revenues		
Other	201	9
Total other income and revenues	201	9
Total value of production	12.090	9.435
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods for resale	5.473	9.871
7) Services	149.572	51.870
8) Use of third party assets	3.161	787
9) Personnel		
a) Wages and salaries	6.482	0
b) Related salaries	7.288	0
c) Severance	102	0
Total payroll and related costs	13.872	0
10) Depreciation, amortisation and writedowns		
a) Amortisation of intangible fixed assets	203.952	3.209
b) Depreciation of tangible fixed assets	4.529	4.251
Total Amortisation, depreciation and write-downs	208.481	7.460
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	7.763	0
14) Other operating expenses	3.314	40.467
Total cost of production	391.636	110.455
Difference between value and cost of production (A - B)	-379.546	-101.020
C) FINANCIAL INCOME AND CHARGES		
17) Interest and other financial expense		
Other	103	112
Total interest and other financial expense	103	112
Total financial income and expense (15 + 16 - 17 + - 17-bis)	-103	-112
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
Total value adjustments to financial assets and liabilities (18 - 19)	0	0
PRE-TAX RESULT(A - B + - C + - D)	-379.649	-101.132
21) PROFIT (LOSS) FOR THE YEAR	-379.649	-101.132

Financial statement, indirect method		
	Current year	Previous year
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	(379.649)	(101.132)
Income tax	0	0
Payable (receivable) interest	103	0
(Dividends)	0	0
(Capital gains)/Capital losses from business conveyance	0	0
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	(379.546)	(101.132)
<i>Adjustments to non monetary items that were not offset in the net working capital.</i>		
Allocations to preserves	0	0
Fixed asset depreciation/amortisation	208.481	0
Write-downs for long-term value depreciation	0	0
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	0	0
Other adjustments to increase/(decrease) non-monetary items	0	0
<i>Total adjustments for non-monetary items that were not offset in the net working capital</i>	208.481	0
2) Cash flow before changing net working capital	(171.065)	(101.132)
<i>Changes to the net working capital</i>		
Decrease/(increase) in inventory	7.763	0
Decrease/(increase) in payables to customers	0	0
Increase/(decrease) in trade payables	(23.261)	0
Increase/(decrease) in prepayments and accrued income	(23.987)	0
Increase/(decrease) in accruals and deferred income	0	0
Other decreases/(other increases) in net working capital	(649.111)	0
<i>Total changes to net working capital</i>	(688.596)	0
3) Cash flow after changes to the net working capital	(859.661)	(101.132)
<i>Other adjustments</i>		
Interest received/(paid)	(103)	0
(Income tax paid)	0	0
Dividends received	0	0
(Use of reserves)	102	0
Other collections/(payments)	0	0
<i>Total other adjustments</i>	(1)	0
Cash flow from current activities (A)	(859.662)	(101.132)
B) Cash flows from investments		
<i>Tangible fixed assets</i>		
(Investments)	(2.786)	0
Disposals	0	0
<i>Intangible fixed assets</i>		
(Investments)	(242.393)	0
Disposals	0	0
<i>Financial fixed assets</i>		
(Investments)	(10.683)	0
Disposals	0	0
<i>Short term financial assets</i>		
(Investments)	0	0
Disposals	0	0
(Acquisition of branches of business net of liquid assets)	0	0
Transfer of branches of business net of liquid assets	0	0
Cash flows from investments (B)	(255.862)	0

C) Cash flows from financing activities		
<i>Loan capital</i>		
Increase/(decrease) in short term bank loans	0	0
New loans	0	0
(Loan repayments)	0	0
<i>Equity</i>		
Capital increase payments	1.663.007	0
(Capital repayments)	0	0
Transfer/(purchase) of own shares	0	0
(Dividends and advances on dividends paid)	0	0
Cash flows from financing activities (C)	1.663.007	0
Increase (decrease) in liquid assets (A ± B ± C)	547.483	(101.132)
Exchange rate effect on liquid assets	0	0
Liquid assets at the start of the year		
Bank and post office deposits	20	0
Loans	0	0
Cash and valuables in hand	188	0
Total liquid assets at the start of the year	208	0
Of which not freely available	0	0
Liquid assets at the end of the year		
Bank and post office deposits	546.645	20
Loans	0	0
Cash and valuables in hand	1.046	188
Total liquid assets at the end of the year	547.691	208
Of which not freely available	0	0

NOTE TO THE ACCOUNTS CLOSED AT 31/12/2018

INTRODUCTION

The Financial Statements as at 31/12/2018, of which this Note to the accounts is an integral part according to art. 2423, paragraph 1 of the Italian Civil Code, which correspond to the results for the book entries regularly made and which were drafted in compliance with articles 2423, 2423*b*, 2424, 2424*a*, 2425, 2425*a*, 2425*b* of the Italian Civil Code, in accordance with the accounting principles contained in art. 2423 and the valuation criteria defined as in art. 2426 of the Italian Civil Code.

The valuation criteria defined as in art. 2426 of the Italian Civil Code are the same as those used for the financial statements for the previous reporting period, except for those items for which the Italian Legislative Decree 139/2015 introduced new valuation criteria *[delete if not applicable]* and there were not any extraordinary events that required the use of derogations as defined by art. 2423*a*, paragraph 2 and 2423, paragraph 5, of the Italian Civil Code.

With respect to the application of the transition rules regarding the new measures introduced by Italian Legislative Decree 139/2015, and partially stated already in the new accounting standards, in case of a retroactive application, according to OIC 29, the effect of the change has been included as an adjustment to the opening shareholders' net equity and, when possible, the comparative effects have been redetermined *[delete if not applicable or specify the items subjected to the retroactive application]*.

The specific sections of the note to the accounts show the criteria used for implementing art. 2423 paragraph 4, in the event of failure to comply with regulations of recognition, measurement, presentation or disclosure, when they have a negligible effect on the true and correct representation *[delete if not applicable]*.

Where relevant, principles and recommendations provided by the Italian Accounting Board (OIC) were respected, in order to give a true and correct representation of the Group's equity, as well as of the financial and economic situation. In cases where such principle and recommendations were lacking, they were integrated by IAS/IFRS issued by IASB.

There are no elements belonging to either the assets or the liabilities that have included as different items in the balance sheet at the same time.

[or]

The items of the assets and the liabilities that belong to at least one of the category in the balance sheet are recorded in detail.

With the purpose of comparing the budget balances, according to art 2423*b*, paragraph 5 of the Italian Civil Code, the budgets of the previous year were reclassified

PREPARATION CRITERIA

In compliance with the provisions of art. 2423*a* of the Italian Civil Code, while preparing the Financial Statements, arrangements were made in order to:

- evaluate the single items prudently and with a view to presenting a common corporate continuity;
- include only the profits that were actually made during the financial year;
- determine the income and the costs on an accrual basis, regardless of their financial situation;
- include all the risks and the losses on an accrual basis, even if they became known after the end of the year.
- consider separately the heterogeneous elements included in the different categories of the financial statements, in order to evaluate them;
- maintain the same valuation criteria adopted in the previous financial year.

EVALUATION CRITERIA

The criteria applied for evaluating the items of the financial statements, reported as follows, are in compliance with the provisions of art. 2426 of the Italian Civil Code.

Intangible fixed assets

Intangible fixed assets are registered, to the extent of the recoverable amount, at their historical purchase value or internal production costs, including any directly attributable ancillary charges, and they are systematically amortised at constant rates according to the residual value of using the asset.

The intangible assets that have been incurred as a deferred payment with respect to the normal market conditions are recorded, in accordance with the criterion of the amortised cost, at the value corresponding to the payables calculated according to OIC 19 "Payables".

In particular, the set-up and expansion costs derive from the capitalisation of the charges regarding the phases of the start-up and the development of the operating capability and they are amortised over years.

The development costs derive from the application of basic research results and of other initial or achieved knowledge, before the commercial production or their implementation, and they are amortised according to their useful lives [or when it is not possible to calculate the useful life exactly, they are amortised over years].

The industrial patent rights and intellectual property rights are amortised according to their estimated period of use, which will not be superior to the one provided by the licensing contracts.

The set-up value corresponds to the costs incurred for the consideration of corporate structures, when there are future economic benefits and a recoverability of the investment, and it is amortised according to its useful life, taking into account all the available information to

determine the period in which the economic benefits can be measured [or when it is not possible to calculate the useful life exactly, it is amortised over years].

In particular, according to the provisions of OIC 24, at paragraphs 68 and 92, the criteria used for estimating the useful life of the set-up were the following: [specify].

The fixed assets under construction are not subjected to any amortisation processes.

The fixed assets whose value over their lifespan is inferior to the cost to be amortised at the end of the financial year are reported at the inferior value; this is not continued if during the following financial years there is insufficient reason to do so.

The inclusion and valuation of items recorded among the intangible fixed assets were realised with the approval of the Statutory Auditors, as provided for by the Italian Civil Code.

Notes on the first implementation of Legislative Decree 139/2015 [delete the parts that cannot be applied]

The advertising costs capitalised in the financial years before the implementation of Legislative Decree 139/2015 meet the requirements for the capitalisation of the "set-up and expansion costs" and were therefore reclassified under this item. According to OIC 29, the effects were retroactively applied in the financial statements only with the purpose of reclassification.

[or]

The advertising costs capitalised in the financial years before the implementation of Legislative Decree 139/2015 do not meet the requirements for the capitalisation of the "set-up and expansion costs" and were therefore deleted from the assets included in the balance sheet. According to OIC 29, the effects were retroactively applied in the financial statements.

The research costs capitalised in the financial years before the implementation of Legislative Decree 139/2015 meet the requirements for the capitalisation of the "development costs" and were therefore recorded under this item.

[or]

The research costs capitalised in the financial years before the implementation of Legislative Decree 139/2015 do not meet the requirements for the capitalisation of the "development costs" and were therefore deleted from the assets included in the financial statements. According to OIC 29, the effects were retroactively applied in the financial statements.

In compliance with OIC 29, the possible effects resulting from the dispositions provided by OIC 24 par. 65 regarding the amortisation of the development costs were recorded in the financial statements retroactively.

In compliance with OIC 29, the possible effects resulting from the dispositions provided by OIC 24 par. 66 to 70 regarding the amortisation of the set-up costs were recorded in the financial statements retroactively.

[or]

According to art. 12 paragraph 2 of Legislative Decree 139/2015, the dispositions regarding the amortisation of the set-up costs recorded in the financial statements before the financial year starting on January 1st 2016 as defined by OIC 24, paragraphs 66 to 70, were not applied; therefore the set-up was registered in compliance with the previous financial year according to OIC 24 par. 107.

Financing related ancillary costs

The company applies the criterion of the amortised cost exclusively in cases of payables accrued since 2016, therefore previous financing related costs are still recorded under the entry "Other items" of the intangible fixed assets and are amortised according to the previous accounting principle.

Assets with a deferred payment with respect to the normal market conditions

The company applies the criterion of the amortised cost only in cases of payables accrued since 2016, therefore assets purchased during the previous financial years are still recorded according to the previous accounting principle.

[or]

The company applies the criterion of the amortised cost retroactively, also in cases of payables accrued before 2016, therefore reclassifying the value.

Tangible fixed assets

Tangible fixed assets are assessed at the date in which the transfer of risks and benefits connected to the purchased items are registered, and they are recorded, to the extent of their recoverable amount, at their historical purchase or production cost, net of their related amortisation funds, including any directly attributable ancillary costs and charges for internal indirect production costs, as well as the charges resulting from the financing of internal manufacturing incurred in the manufacturing period until the end of the useful life of the asset.

The assets for which the payment has been deferred with respect to the normal market conditions are recorded, according to the amortised cost criterion, at the value of the payable calculated in compliance with OIC 19 "Payables".

Costs incurred for existing assets for the purpose of expansion, modernisation and improving of the structural elements, as well as those incurred for making them compliant with the aims for which they were purchased, and the extraordinary maintenance operations in compliance with OIC 16, paragraphs 49 to 53, were capitalised only when a relevant and measurable increase in their productive capability and useful life was recorded.

For these assets, amortisation was applied with a single procedure to the new accounting value with regard to the residual useful life of the asset.

For the tangible fixed assets composed by a group of coordinated assets, in compliance with the provisions

of OIC 16, par. 45 and 46, the values of the single assets were assessed in order to determine their different useful life.

Tangible fixed assets acquired free of charge, in compliance with the provisions of OIC 16, par. 47 and 48, were registered according to their net market value and counterparty item "A.5 Other income" in the income statement

As for the capitalisation of financial charges, it is specified that they were realised according to the provisions of OIC 16 at par. from 41 to 44, considering that:

- the charges were actually incurred and objectively determined within the limit of the recoverable value of the referenced assets;
- the capitalised charges do not exceed the financial charges, being net of temporary investment of the borrowed funds that can be related to the realisation of the goods and incurred in the financial year;
- the financial charges for borrowed funds were usually capitalised under fixed assets under construction;
 - capitalised charges refer exclusively to assets that require a relevant construction period.

The cost of fixed assets whose useful life is limited is systematically amortised in each financial year according to economic-technical rates determined on the basis of their residual useful life.

All the assets, including those which are temporarily not in use, have been amortised, except for those whose useful life does not finish, and consist of lands, buildings not used in business activities and pieces of art.

In accordance with the provisions of OIC 16 par. 60, in the event that the value of the buildings include the value of the lands where they lie, the value of the property has been separated.

The amortisation starts from the moment the assets are available and ready for use.

The rates that reflect the results of the technical amortisation plans were adopted in-line with company's situation. They were reduced by 50% for acquisitions made during the year, since the latter are subjected to the conditions defined in OIC 16 par. 61.

The amortisation plans, in compliance with OIC 16 par. 70 are modified in cases where the useful residual life changes.

Obsolete assets and those which will not be either used or usable in the production chain, according to OIC 16 par. 80 were not amortised and were estimated at their lower value, that is either at their net accounting value or their recoverable value.

The applied rates are as follows:

Buildings: 3%

Plants and machinery: 12% to 30%

Industrial and commercial equipment: 15%

Other assets:

- fixtures and fittings: 12%
- electronic office machinery: 20%
- vehicles: 25%

The cost was revalued in compliance with the monetary revaluation laws [specify the law] and, in any case, does not exceed the recoverable value.

During the year the amortisation criteria and/or the coefficient applied were modified; according to art. 2426 paragraph 1 number 2 of the Italian Civil Code the motivations are hereby explained [*specify or delete if not applicable*]

Public grants for equipment and operations

The grants for equipment allocated by the State [or specify the body that allocated the grants] were recorded in compliance with OIC 16 par. 87 since they were acquired permanently.

[In cases in which the direct method of accounting was applied]

They were recorded, having applied the direct method and therefore used to reduce the value of tangible fixed assets to which they refer.

[In cases in which the indirect method of accounting was applied]

They were recorded, having applied the indirect method and therefore are listed under "A5 Other income and revenues" in the income statement, then deferred for accrual to the following years by the registration of the grant for a specific item under deferred income.

The grants allocated during the financial year were registered as income items.

Notes on the first implementation of the Legislative Decree 139/2015 [delete the parts that cannot be applied]

Financing related ancillary costs

The company applies the criterion of the amortised cost exclusively in cases of payables accrued since 2016, therefore previous financing related costs are still recorded under the entry "Other items" under intangible fixed assets and are amortised according to the previous accounting principle.

Assets with a deferred payment with respect to the normal market conditions

The company applies the amortised cost criterion exclusively in cases of payables accrued since 2016, thus assets purchased during the previous financial years are still recorded

according to the previous accounting principles.

[or]

The company applies the amortised cost criterion retroactively, including cases of payables accrued before 2016, thus reclassifying the value.

Equity investments

Equity investments are classified under either fixed or current assets according to their use.

According to OIC 21 par. 57, the classification and evaluation criteria used for investments that have changed its designation during the year include the following: *[delete if not applicable]*

Long-term equity investments

Long-term equity investments, whether they are listed or unlisted, were evaluated by applying to each equity investment its specific incurred cost.

According to art. 2426, paragraph 3 of the Italian Civil Code, in the event of impairment losses, measured and determined in compliance with OIC 21, par. 31 to 41, the costs have been modified *[delete if not applicable or specify the reasons art. 2427 of the Italian Civil Code, par. 1 no. 1]*

Since the requirements determining the change in the value during the previous year(s) were lacking, this year the value has been adjusted according to OIC 21 par. 42 and 43.

In the event of disposal of homogeneous holdings purchased on different dates and at different prices, the criterion for defining them was the specific cost *[or]* the lifo method *[or]* the fifo method *[or]* the weighted average method.

[In cases where the equity method has been applied, according to art. 2426, par. 1 no. 4]

The equity investments in associated and subsidiary companies and in joint ventures were evaluated according to the corresponding part of the net equity resulting from the last financial statements approved by the associates, having deducted the dividends and having made the adjustments required to meet the principles for the drafting of consolidated financial statements, as well as those required by art. 2423 and 2423a of the Italian Civil Code.

In cases where the purchase cost is higher than the net equity of the investments made during the year and shown in the table, it was *[or]* was not registered as an asset.

Short-term equity investments

Equity investments that are not registered as fixed assets are recorded at their lower value, which will be either at the purchase cost or the estimated realisable value, with reference to their market value. *[Specify whether the amortised cost was applied for short-term investments].*

Debt securities

Debt securities are estimated when the security is acquired and they are registered as either fixed or current assets according to their designation.

According to OIC 20 par. 72, the classification and evaluation criteria used in cases in which the security has changed its designation during the year are the following: *[delete if not applicable]*

Long-term securities

Long-term securities, whether they are listed or unlisted, were evaluated by recording the specific incurred cost of each security.

According to art. 2426, par. 1 no. 1 of the Italian Civil Code they are recorded using the amortised cost criterion, if applicable, except for the securities with transaction costs and other irrelevant differences between the initial value and the expiration value, in compliance with art. 2423 par. 4 of the Italian Civil Code. *[or specify any other method applied]*

According to art. 2426, paragraph 1, number 3 of the Italian Civil Code, in the event of impairment losses, measured and determined in compliance with OIC 20, par. 55 to 57, the costs have been modified *[delete if not applicable or specify the reasons art. 2427 of the Italian Civil Code, par. 1 no. 1]*

Since the requirements for determining the change in value during the previous year(s) were lacking, this year the value has been adjusted according to OIC 20 par. 58.

[delete if not applicable or specify the reasons art. 2427 of the Italian Civil Code, par. 1 no. 1]

In the event of disposal of homogeneous holdings purchased on different dates and at different prices, the criterion for defining them was the specific cost *[or]* the LIFO method *[or]* the FIFO method *[or]* the weighted average method.

Notes on the first implementation of Legislative Decree 139/2015 *[delete the parts that cannot be applied]*

[The company exercises its right not to apply the amortised cost criterion before Jan 1st 2016]

The company chose to exercise its right (OIC 20 par. 99) not to apply the amortised cost criterion for the payables registered in the financial statements at December 31st 2015 and, therefore, the amortised cost was applied exclusively to the payables incurred after January 1st 2016. Payables registered in the financial statements at December 2015 were valued at their lower value, that is either at the purchased/amortised cost or the estimated realisable value in reference to the market situation.

[The company DOES NOT exercise its right not to apply the amortised cost criterion before Jan 1st 2016]

The company did not choose to exercise its right (OIC 20 par. 100) not to apply the amortised

cost criterion for the payables registered in the financial statements at December 31st 2015 and, therefore, the amortised cost was applied retroactively also for these payables.

The effects resulting from the difference between the security of the previous year and the values estimated at their amortised cost were recorded, net of their fiscal effect, under "Retained earnings (accumulated losses)" in net equity. The effects resulting during the year are recorded in the income statement of the current financial year.

Short-term securities

Short-term securities are recorded at their lower value, that is either at the purchase cost or the estimated realisable value, in reference to the market value. *[Specify whether the amortised cost was applied for short-term securities].*

Inventories

Inventories are registered when the company transfers the risks and benefits associated with ownership of the goods, and are recorded at their lower value, that is either as the purchase cost, comprehensive of all directly attributable costs and ancillary charges and of indirect costs relating to internal production, or the estimated realisable value, with reference to the market value.

The realisable value was determined as defined by OIC 13 par. 51 to 53

(specify)

More precisely:

Fungible assets were evaluated by the application of the "Specific cost-LIFO-FIFO- weighted average cost". *[or other approved methods - see OIC 13 par. 46 to 50] (specify the method that has been applied)*

The works in progress are registered according to the expenses incurred during the financial year;

[Work in progress - criterion of the completed order]

The contract work in progress was evaluated according to completed order criterion and was recorded at cost price.

The revenues and profit margins of the completed order are recorded when the company transfers the risks and benefits associated with the realised good.

[Work in progress - percentage of completion criterion]

The contract work in progress, when the requirements defined by OIC 23, par. 43 to 46 are fulfilled, was evaluated using the percentage of completion method, and was therefore recorded according to the contract consideration accrued.

In order to evaluate the state of progress, the method.....was applied.

With reference to the valuation criteria adopted, it is hereby stated:

In compliance with OIC 13 par. 42, the definitively acquired operating grants were deducted from the purchase cost of the referenced goods.

The financial charges were included under liabilities for goods that require production period as defined by OIC 13 par. 39.

Derivative financial instruments

Derivative financial instruments are recorded at a fair value, which relates to their market value, when one exists, or at values calculated using the models and the evaluation techniques so that a reasonable approximation of the market value is ensured. The financial instruments for which it was not possible to use these methods are evaluated at their purchase price.

The market value was allocated under current assets in the balance sheet, specifically under financial fixed assets or current assets depending on their designation, or liabilities under the "provisions for liabilities and charges".

The cash flow hedges have as their counterparty a reserve of net equity, or, for the ineffective part, the income statement.

The variations between the fair value of the derivative instruments and the hedged fair values are recorded in the income statement.

Note on the first implementation of the Legislative Decree 139/2015 [delete the parts that cannot be applied]

The implementation of the new "OIC 32 principle, according to par. 138, was done retroactively, except for the pre-existing hedging operations, for which the accounting hedging was established at the date of the first implementation, and for the pre-existing embedded derivatives, for which the date of the separation was adjusted so as to coincide with the date of the first implementation of the principle.

Receivables

Receivables are classified either as fixed or current assets on the basis of their designation / origin, with respect to their ordinary activities, and they are recorded at their estimated realisable value.

The division of the amounts due within and beyond the exercise is carried out with reference to the contractual or statutory deadline, having regard to facts and events which can result in a change to their original maturity, the real ability of the debtor to fulfill their contractual obligations in the contractual terms and the projection period over which the receivable can be collected.

According to art. 2426, paragraph 1 no. 8 of the Italian Civil Code, receivables are recorded according to the amortised cost criterion, except when the effects of the application of the

amortised cost are not relevant as in the cases for some receivables (having a maturity of less than 12 months), pursuant to art. 2423, paragraph 4 of the Italian Civil Code. Due to the above mentioned principle concerning relevance, receivables were not updated if the interest rate as deduced from the contractual conditions is not significantly different from the market interest rate [*or specify the other criterion applied*].

The "time factor" as defined by art. 2426, paragraph 1 number 8, was also considered when updating the receivables with a maturity of more than 12 months in cases where there is a relevant difference between the effective and market interest rates.

Receivables, for which the amortised cost method was not applied, were recorded at their estimated realisable value.

Receivables, regardless of whether the amortised cost was applied or not, were represented in the balance sheet net of an allowances for doubtful payments to cover bad debts, as well as for the general risk applicable to the remaining receivables, based on estimates: of previous experience; the trend of past due receivables according to an index of seniority; the general economic situation; the level of risk of default in the sector and the country; and events occurring after the balance sheet date that have impacted on the values at the reporting date.

For payables covered by guarantees, the impact of enforcing collateral arrangements was taken into account; as for insured payables, only the portion not covered by insurance was considered.

In addition, an allocation was made for a specific provision for risks according to the estimate based upon past experience, relevant information regarding the returns of goods or products from customers and discounts and allowances that are likely to be granted at the point of collection.

Notes on the first implementation of Legislative Decree 139/2015 [*delete the parts that cannot be applied*]

[The company exercises its right not to apply the amortised cost and updating criterion before Jan 1st 2016]

The company chose to exercise its right (OIC 15 par. 89) not to apply the amortised cost and updating criterion for the receivables registered in the financial statements at December 31st 2015 and, therefore, these criteria were applied exclusively to the receivables incurred after January 1st 2016. Receivables registered in the financial statements at 31st December 2015 are valued at the estimated realisable value.

[The company DOES NOT exercise its right not to apply the amortised cost and updating criterion before Jan 1st 2016]

The company did not choose to exercise its right (OIC 15 par. 90) not to apply the amortised cost and updating criterion for the receivables registered in the financial statements at December 31st 2015 and, therefore, the amortised cost and the updating were applied

retroactively, also for these receivables.

The effects resulting from the difference between the values of the previous year and the values estimated at their amortised cost were recorded, net of their fiscal effect, under "Retained earnings (accumulated losses)" of the net equity. The results for the year are recorded in the income statement of the current financial year.

Tax receivables and deferred tax assets

The item "Tax receivables" includes definite amounts arising from sure and certain receivables for which a right of realisation arose through reimbursement or compensation.

The item "Deferred tax" includes assets for deferred taxes determined according to temporary deductible differences or the carrying forward of tax losses, estimated by applying the rate in force at the time when these differences are expected to disappear.

Deferred tax assets related to tax losses were recorded if there was a reasonable certainty of their future recovery, evidenced by tax planning over a reasonable period of time so that sufficient taxable income is provided for by the losses carried forward and/or the presence of taxable temporary differences that are sufficient to absorb the losses carried forward.

Financial assets for centralised treasury management

The receivables of the company that manages the group treasury account cannot be classified as cash equivalents for the nature of the counterparty, therefore they are recorded at a specific item in the current assets, since the requirements defined by OIC 14 are fulfilled. The agreement that regulates the management of the centralised treasury account presents the same contractual terms and conditions as those of a bank deposit and the counterparty risk is not relevant.

Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

Accruals and deferrals

Accruals and deferrals were registered on the basis of accrual economic competence and include revenues / costs accrued and payable in future years, and revenues / costs incurred in the financial year but relating to future years.

Therefore, only the costs and revenues relating to two or more years, whose amount change in time, were registered.

At the end of the year it was verified that the conditions that led to the initial assessment have been met, and the necessary adjustments were made, if necessary, taking into account the elements of time and possible recoverability.

Accrued income, comparable to operating receivables, was valued at its estimated realisable value, causing, if the value is lower than the accounting value, as an impairment loss in the

income statement. Accrued expenses, comparable to payables, were assessed at their nominal value.

As for prepaid expenses, the future economic benefit related to deferred costs was calculated and, if the resultant benefits were lower than the prepaid share, the value was adjusted.

Reserves for contingencies and other charges

Reserves for contingencies represent liabilities related to conditions that existed at the date of financial statements, but whose occurrence is only probable.

Reserves for charges represent certain liabilities, related to negative components for profit made in the current year, but that will be recorded next year.

The estimation process is carried out and / or adjusted at the balance sheet date based on past experience and relevant available information.

In accordance with OIC 31 par.19, since the classification criterion is critical for determining the nature of expenses, the reserves for contingencies and other charges are recorded by the management referred to by their operation (i.e. feature, ancillary or financial).

Reserves for pensions and similar commitments

They represent the liabilities associated with the provisions for supplementary pension benefits and severance grants owed to employees, the self-employed and associates, according to the law or contract in vigour at the time of the termination of employment.

The provision for the year was determined, as an estimate, so as to allow for the progressive adjustment of the provision for the total share accrued at the end of the year.

Reserves for taxes, including deferred taxes

It includes liabilities for probable taxes, resulting from preliminary investigations and litigation in progress, and liabilities for deferred taxes calculated on the basis of taxable temporary differences, applying the rate in force at the time when these differences are believed to disappear.

The provision for deferred taxes includes, in accordance with OIC 25 par. 53 to 85, the deferred taxes relating to extraordinary transactions, revaluation of assets, untaxed reserves which were not included in the income statement or the equity.

With reference to untaxed reserves that would be subjected to taxation in cases where they were distributed to shareholders, the deferred taxes have not been calculated, because, under OIC 25 par.64, there are reasonable grounds to believe that they will not be used in ways that give rise to taxability.

Employee severance indemnities

The employee severance indemnities is registered in compliance with the provisions of the law in vigour and corresponds to the company's real commitment towards the employees at the end of the year, net of advances already paid.

Payables

According to art. 2426, paragraph 1 no. 8 of the Italian Civil Code, payables are recorded according to the amortised cost criterion, except when the effects of the application of the amortised cost are not relevant to specific payables (those with a maturity of less than 12 months), pursuant to art. 2423, paragraph 4 of the Italian Civil Code. Due to the above mentioned relevance principle, payables were not updated if the interest rate that can be deduced from the contractual conditions is not significantly different from the market interest rate [*or specify the other criterion applied*].

The "time factor" defined by art. 2426, paragraph 1 number 8, was also taken into account when updating the payables with a maturity of more than 12 months in the cases where there is a difference between the effective and market interest rates.

Payables for which the amortised cost method was not applied, were recorded at their nominal value.

The division of amounts due within and beyond the year is carried out with reference to the contractual or statutory deadline, taking into account facts and events which can result in a change to their original maturity date.

Payables arising from acquisitions of goods are recorded at the time when the risks, costs and benefits were transferred; those relating to services are recorded at the time when the service is performed; financial and the other payables of a different nature are registered at the time when the obligation to the counterparty arises.

Tax payables include liabilities for certain and determined taxes and withholdings operating as substitutes, and not yet paid at the balance sheet date, and, where reimbursements are allowed, they are recorded net of advances, withholding taxes and tax receivables.

Notes on the first implementation of Legislative Decree 139/2015 [*delete the parts that cannot be applied*]

[The company exercises its right not to apply the amortised cost and updating criterion before Jan 1st 2016]

The company chose to exercise its right (OIC 19 par.90) not to apply the amortised cost and updating criterion for the payables registered in the financial statements at December 31st 2015 and, therefore, these criteria were applied exclusively to the payables incurred after January 1st 2016. Payables registered in the financial statements at 31st December 2015 are valued at the estimated realisable value.

[The company DOES NOT exercise its right not to apply the amortised cost and updating

criteria before Jan 1st 2016]

The company did not choose to exercise its right (OIC 19 par. 91) not to apply the amortised cost and updating criterion for the payables registered in the financial statements at December 31st 2015 and, therefore, the amortised cost and the updating were applied retroactively also for these payables.

The effects resulting from the difference between the values of the previous year and the values estimated at their amortised cost were recorded, net of their fiscal effect, under the "Retained earnings (accumulated losses)" under net equity. The resultant effects occurring during the year are recorded in the income statement of the current financial year.

Currency values

Monetary assets and liabilities in foreign currencies are recorded at the exchange rate prevailing at the balance sheet date, with any gains and losses registered in the income statement.

Any net profits arising from the adjustment to the exchange rate is registered in a special reserve until they are realised, following any deductions absorbed for any losses experience.

The assets and liabilities in non-cash currency are recorded at the exchange rate at the time of their purchase, and, in accordance with OIC 26 par.31, when the cost of the financial statements is compared, according to accounting principles, to the recoverable value (fixed assets) or based upon the market value (current assets).

[Contract work in progress - adoption of the completed contract method]

With regard to the contract work in progress expressed in foreign currency, in accordance with OIC 26 par. 37, it was recorded at the historical exchange rate at the time the completed contract was prepared.

[Contract work in progress - adoption of the percentage of completion criterion]

With regard to contract work in progress expressed in foreign currency, in accordance with OIC 26 par. 38, it was recorded at the exchange rate as of the balance sheet date, and as the percentage of work completed using the completion criterion.

[or]

they were recorded at the historical exchange rate at the time the completed contract was prepared.

[In case of significant changes in exchange rates occurring after the balance sheet]

In compliance with the provisions contained in art.2427, paragraph 1 number 6a of the Italian Civil Code, it is stated that after the end of the year, the following exchange rate changes have occurred

Costs and revenues

They are presented in accordance with the principle of prudent and economic competence.

It is stated that the economic and financial transactions with group companies and related parties have taken place under normal market conditions.

INFORMATION REGARDING THE BALANCE SHEET - ASSETS

RECEIVABLES FROM SHAREHOLDERS

The amount of receivables from shareholders for payments due at the balance sheet date was equal to € 0 (€ 0 in the previous year), of which € 0 were recalled.

Changes during the year were as follows:

ASSETS

Intangible fixed assets

Intangible fixed assets are equal to a € 3.478.234 (€ 3.439.793 in the previous year).

The composition and movements of the single items are as follows:

	Start-up and expansion costs	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible assets in process and advances	Other intangible fixed assets	Total intangible fixed assets
Valore di inizio esercizio								
Costo	4.336	0	3.253.399	0	0	0	0	3.257.735
Ammortamenti (Fondo ammortamento)	4.336	0	9.960	0	0	0	0	14.296
Valore di bilancio	960	0	3.253.650	0	0	185.183	0	3.439.793
Variazioni nell'esercizio								
Incrementi per acquisizioni	45.140	152.870	23.760	0	0	1.340	0	223.110
Ammortamento dell'esercizio	9.028	30.574	164.082	0	0	0	0	203.684
Altre variazioni	4.469	-50.000	-12.645	0	0	27.459	49.732	19.015
Totale variazioni	40.581	72.296	-152.967	0	0	28.799	49.732	38.441
Valore di								

fine esercizio								
Costo	54.905	102.870	3.274.799	0	0	213.982	50.000	3.696.556
Ammortamenti (Fondo ammortamento)	13.364	30.574	174.116	0	0	0	268	218.322
Valore di bilancio	41.541	72.296	3.100.683	0	0	213.982	49.732	3.478.234

Further information is provided below

Composition of the item "Other intangible fixed assets"

The item "Other intangible fixed assets", equal to € 49.732 is composed as follows:

Composition of "start-up and expansion costs" and "development costs"

In compliance with the provisions contained in art. 2427, paragraph 1 no. 3 of the Italian Civil Code, the following charts show the composition of start-up and expansion costs and the development costs.

Composition of start-up and expansion costs

They are amortised over five years (*specify any shorter period*)

Composition of development costs:

	Description	Year opening balance	Increases of the year	Amortisation of the year	Other decreases	Total changes	Year closing balance
		0	66.804	0	0	66.804	66.804
Totale		0	66.804	0	0	66.804	66.804

Tangible fixed assets

Tangible fixed assets are equal to € 17.206 (€ 18.949 in the previous year)

The composition and movements of single items are as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible assets in process and advances	Total tangible fixed assets
Valore di inizio esercizio						
Costo	0	0	28.000	746	0	28.746
Ammortamenti (Fondo ammortamenti)	0	0	10.500	619	0	11.119

o)							
Valore di bilancio	0	0	18.330	619	0	18.949	
Variazioni nell'esercizio							
Incrementi per acquisizioni	0	0	0	2.786	0	2.786	
Ammortamento dell'esercizio	0	0	4.200	329	0	4.529	
Totale variazioni	0	0	-4.200	2.457	0	-1.743	
Valore di fine esercizio							
Costo	0	0	28.830	3.532	0	32.362	
Ammortamenti (Fondo ammortamento)	0	0	14.700	456	0	15.156	
Valore di bilancio	0	0	14.130	3.076	0	17.206	

Further information is provided below

Composition of the item "Other assets"

The item "other assets", equal to € 3.076 is structured as follows:

Fully amortised assets still in use

Below the original cost is specified:

Assets acquired free of charge and by way of exchange

Below the movements during the year are specified:

Assets for which government grants were received (calculated using the direct method)

Below the movements during the year are specified:

Financial leases

Pursuant to art. 2427, paragraph 1 number 22 of the Italian Civil Code, information regarding financial leases is provided below.

The following table analyses the information mentioned above with respect to individual contracts in vigour:

Financial fixed assets

Equity investments, other active financial securities and derivatives

The investments included in financial fixed assets amounted to € 75 (€ 75 in the previous year).

Other securities included in financial assets amounted to € 0 (€ 0 in the previous year).

The derivative financial instruments included in financial assets amounted to € 0 (€ 0 in the previous year).

The composition and movements of single items are as follows:

	Shares in subsidiary companies	Total equity investments
Valore di inizio esercizio		
Costo	75	75
Valore di bilancio	75	75
Variazioni nell'esercizio		
Valore di fine esercizio		
Costo	75	75
Valore di bilancio	75	75

Receivables

Receivables included in the financial fixed assets amounted to € 190.683 (€ 180.000 in the previous year).

The composition and movements of single items are as follows:

	Opening nominal amount	Opening provisions for bad debt	Net opening value	Provisions for bad debt	Utilisation of provisions for bad debt
Verso imprese collegate esigibili oltre esercizio successivo	0	0	0	0	0
Verso altri esigibili entro esercizio successivo	180.000	0	180.000	0	0
Totale	180.000	0	180.000	0	0

	(Writedowns)/ Reset of value	Reclassified from/(to) other items	Other movement Increase/(decreases)	Closing nominal amount	Closing provisions for bad debt	Net closing value
Verso imprese collegate esigibili oltre esercizio	0	0	10.653	10.653	0	10.653

successivo						
Verso altri						
esigibili entro	0	0	30	180.030	0	180.030
esercizio						
successivo						
Totale	0	0	10.683	190.683	0	190.683

	Year opening balance	Changes during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Crediti immobilizzati verso imprese collegate	0	10.653	10.653	0	10.653	0
Crediti immobilizzati verso altri	180.000	30	180.030	180.030	0	0
Totale crediti immobilizzati	180.000	10.683	190.683	180.030	10.653	0

Investments in subsidiary companies

Pursuant to art. 2427, par. 1 no. 5 of the Italian Civil Code, data regarding the investments in subsidiary companies are hereby reported:

	Company name	Town, if in Italy, or foreign state	Tax code (for Italian companies)	Capital in Euros	Profit (loss) for the last year in Euros	Shareholders' equity in Euros	Shares held in Euros	Share held in %	Balance sheet value or corresponding receivable
	IT CREATION	U.S.A.		94	0	0	75	80,00	75
Totale									75

Investments in companies involving unlimited liability

Pursuant to art. 2361, paragraph 2 of the Italian Civil Code, it is stated that during the meeting of the company took an investment involving unlimited liability in company.....

Investments in associates

Pursuant to art. 2427, paragraph 1 number 5 of the Italian Civil Code, data regarding the investments in associates are hereby reported:

According to art. 2361 paragraph 2 of the Italian Civil Code, the investments involving unlimited liability are hereby described

Long-term receivables - Division by geographical area

Data regarding the division of receivables according to their geographical area are hereby reported, according to art. 2427, paragraph 1 number 6 of the Italian Civil Code

Long-term receivables - Transactions with a repurchase agreement

Data regarding long-term receivables that involve a repurchase agreement are hereby reported, according to art. 2427, paragraph 1 number 6c of the Italian Civil Code:

Financial fixed assets registered at a value higher than the fair value

According to art. 2427a, paragraph 1, number 2 letter a) of the Italian Civil Code, with reference to the financial fixed assets recorded at a value higher than their fair value, the accounting value and the fair value of individual activities or group of activities are hereby reported:

According to art. 2427a, paragraph 1 number 2 letter b) of the Italian Civil Code, the accounting value was not reduced for the following reasons.....

Investments - change of designation

Information provided by art. 2427, paragraph 1 number 2 of the Italian Civil Code are hereby reported:

[delete if not applicable or specify securities, reasons and equity, financial and economic changes]

Debt securities – change of designation

Information provided by art. 2427, paragraph 1 number 2 of the Italian Civil Code are hereby reported:

[delete if not applicable or specify securities, reasons and equity, financial and economic changes]

CURRENT ASSETS

Inventories

Assets are registered as inventories when the risks and benefits connected to the purchased goods are transferred, therefore they include the assets at the company's warehouse, except for those received by third parties for which the property right was not acquired (on the basis of vision, tolling agreements and consignment), the properties owned by third parties (on the basis of vision, tolling agreements and consignment), and the goods in transit when the risks and benefits connected to the acquired goods were already transferred.

The inventories included in current assets amounted to € 8.800 (€ 16.563 in the previous year).

The composition and changes in the individual items are reported as follows:

	Year opening balance	Change during the year	Year closing balance
Prodotti finiti e merci	16.563	-7.763	8.800
Totale rimanenze	16.563	-7.763	8.800

Tangible fixed assets intended for sale

Tangible fixed assets intended for sale amounted to € 0 (€ 0 in the previous year).

According to OIC 16 par. 75 they were re-classified under current assets and therefore they were registered at the lower value, that is either as the net accounting value or as the realisable value estimated according to the market value, and are not subjected to any amortisation operations,

Receivables

Receivables included under current assets amounted to € 84.852 (€ 66.304 in the previous year).

The composition is represented as follows:

	Due within the following year	Due beyond the following year	Total nominal value	(Risk funds/write-downs)	Net value
Crediti tributari	74.764	0	74.764		74.764
Verso altri	10.088	0	10.088	0	10.088
Totale	84.852	0	84.852	0	84.852

Receivables - Division according to the expiration date

Pursuant to art. 2426, paragraph 1 number 6 of the Italian Civil Code, data regarding the division of receivables according to the expiration date are hereby reported:

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Crediti tributari iscritti nell'attivo circolante	58.050	16.714	74.764	74.764	0	0
Crediti verso altri iscritti nell'attivo circolante	8.254	1.834	10.088	10.088	0	0
Totale crediti iscritti nell'attivo circolante	66.304	18.548	84.852	84.852	0	0

Receivables registered in the current assets - Division by geographical areas

Pursuant to art. 2426, paragraph 1 number 6 of the Italian Civil Code, data regarding the division of receivables registered as current assets according to the geographical area are

hereby reported:

Receivables registered in the current assets - transactions with the obligation of reconveyance

Pursuant to art. 2427, paragraph 1 number 6c of the Italian Civil Code, data regarding receivables registered as current assets that provide for the obligation of reconveyance by the purchaser are hereby reported:

Financial operations

Financial operations included as current assets amounted to € 0 (€ 0 in the previous year).

The composition and the changes in the individual items are reported as follows:

Investments in subsidiary companies

Pursuant to art. 2427, paragraph 1 number 5 of the Italian Civil Code, data regarding the investments in subsidiary companies registered under current assets are hereby reported:

Investments in associate companies

Pursuant to art. 2427, paragraph 1 number 5 of the Italian Civil Code, data regarding the investments in associate companies registered under current assets are hereby reported:

Cash and cash equivalents

Cash and cash equivalents included under current assets amounted to 547.691 (€ 208 in the previous year).

The composition and changes in the individual items are reported as follows:

	Year opening balance	Change during the year	Year closing balance
Depositi bancari e postali	20	546.625	546.645
Denaro e altri valori in cassa	188	858	1.046
Totale disponibilità liquide	208	547.483	547.691

PREPAID AND ACCRUED EXPENSES

Prepaid and accrued expenses amounted to € 23.987 (€ 0 in the previous year).

The composition and changes in the individual items are reported as follows:

	Year opening balance	Change during the year	Year closing balance
Risconti attivi	0	23.987	23.987
Totale ratei e risconti attivi	0	23.987	23.987

Composition of accrued income:**Composition of prepaid expenses:****Capitalised borrowing costs**

In accordance with art. 2427, paragraph 1 no. 8 of the Italian Civil Code, borrowing costs registered at the values as per the balance sheet in the financial year are hereby reported.

In addition to the information regarding the assets provided in the Balance Sheet, 'Write-downs for impairment losses' and "Revaluations of tangible and intangible fixed assets" are described as follows.

Write-downs for impairment of tangible and intangible assets

Pursuant to article 2427, paragraph 1 no. 3a of the Italian Civil Code, it is stated that the reduction in values applied to tangible and intangible assets amounted to €, and were calculated on the basis of the criteria set out by the accounting standard OIC 9.

[In cases in which the ordinary method is applied]

Below the information is provided on how the recoverable amount with particular regard to the duration of the period for estimating future cash flows, the growth rate discounted to estimate further cash flows and the discount rate applied, were determined.

[In cases in which the simplified method is applied- OIC 9 par.30_35]

In particular it should be noted that the simplified method has been applied according to paragraphs 30 to 35 of OIC 9, by comparing it to the recoverable value of fixed assets, determined on the basis of the amortisation capability in ... future years *[or, if greater, on the basis of its fair value]*, with their net accounting value. Such verification of sustainability of investments is based on estimated future income flows related to the production structure as a whole.

[or]

This sustainability verification is based on estimated future income flows associated with specific business units. The differences compared to the write-downs made in previous years amounted to € ...

[or]

In previous years, value reductions were not made.

The effects of the write-down made to the operating result before and after taxes are as

follows:

Income statement's items	After the write-down	Before the write-down	Difference
Income before taxes	0	0	0
Taxes for the financial year	0	0	0
Net income	0	0	0

Revaluation of tangible and intangible fixed assets

Pursuant to article 10 of Law 72/1983, the following statements summarise the monetary and economic revaluations made by the company:

Intangible fixed assets:

Tangible fixed assets:

INFORMATION REGARDING THE BALANCE SHEET

LIABILITIES AND NET EQUITY

NET EQUITY

The existing net equity at the year end amounted to € 4.275.132 (€ 2.991.774 in the previous year).

The following tables show changes to the individual items during the financial year, which constitute the net equity and the breakdown of the 'Other reserves'.

	Year opening balance	Dividend allocations	Other destinations	Increases
Capitale	3.210.000	0	0	0
Riserva da soprapprezzo delle azioni	0	0	0	0
Riserva legale	155	0	0	0
Altre riserve				
Varie altre riserve	2	0	0	0
Totale altre riserve	2	0	0	0
Utili (perdite) portati a nuovo	-117.251	0	-101.133	0
Utile (perdita) dell'esercizio	-101.132	0	101.132	0
Totale Patrimonio netto	2.991.774	0	-1	0

Decreases	Reclassificatio	Result for the	Year closing
-----------	-----------------	----------------	--------------

		ns	year	balance
Capitale	0	613.190		3.823.190
Riserva da soprapprezzo delle azioni	0	1.049.818		1.049.818
Riserva legale	0	0		155
Altre riserve				
Varie altre riserve	0	0		2
Totale altre riserve	0	0		2
Utili (perdite) portati a nuovo	0	0		-218.384
Utile (perdita) dell'esercizio	0	0	-379.649	-379.649
Totale Patrimonio netto	0	1.663.008	-379.649	4.275.132

In order to better understand the changes to the net equity, changes to net equity during the previous years

	Year opening balance	Dividend allocations	Other destinations	Increases
Capitale	0	0	0	0
Riserva legale	0	0	0	0
Altre riserve				
Varie altre riserve	0	0	0	0
Totale altre riserve	0	0	0	0
Utili (perdite) portati a nuovo	0	0	-117.251	0
Utile (perdita) dell'esercizio	0	0	0	0
Totale Patrimonio netto	0	0	-117.251	0

	Decreases	Reclassifications	Result for the year	Year closing balance
Capitale	0	3.210.000		3.210.000
Riserva legale	0	155		155
Altre riserve				
Varie altre riserve	0	2		2
Totale altre riserve	0	2		2
Utili (perdite) portati a nuovo	0	0		-117.251
Utile (perdita) dell'esercizio	0	0	-101.132	-101.132
Totale Patrimonio netto	0	3.210.157	-101.132	2.991.774

Statement of availability and use of net equity's items

The information required by article 2427, paragraph 1 no. 7a of the Italian Civil Code regarding the specification of the items included as net equity with reference to their origin, possibility of use and distribution, as well as their utilisation in previous years, can be ascertained from the tables below:

	Amount	Origin/nature	Possible use	Available amount	Summary of uses in the three previous years to cover losses	Summary of uses in the three previous years for other reasons
Capitale	3.823.190			3.823.190	0	0
Riserva da soprapprezzo delle azioni	1.049.818	B		1.049.818	0	0
Riserva legale	155	B		155	0	0
Altre riserve						
Varie altre riserve	2	E		2	0	0

Totale altre riserve	2			2	0	0
Totale	4.873.165			4.873.165	0	0
Residua quota distribuibile				4.873.165		
Legenda: A: per aumento di capitale B: per copertura perdite C: per distribuzione ai soci D: per altri vincoli statutari E: altro						

Reserve for the hedging of expected cash flows

The information required by Article 2427a, paragraph 1 number 1 letters b-d) of the Italian Civil Code with regard to the specification of the movements during the year are summarised in the table below:

In addition to the information provided about net equity, the following additional information is specified below.

Revaluation reserves

The composition of the revaluation reserves is as follows:

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are recorded as liabilities with a total amount of € 0 (€ 0 in the previous year).

The composition and movements in the individual items are analysed as follows

With regard to information about movements for the "Provision for deferred taxes", see the section "Current, deferred and prepaid taxes on income"

EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities are recorded in liabilities with a total amount of € 102 (€ 0 in the previous year).

The composition and movements in the individual items are analysed as follows:

	Staff severance fund
Variazioni nell'esercizio	
Altre variazioni	102

Totale variazioni	102
Valore di fine esercizio	102

PAYABLES

Payables are recorded as liabilities with a total amount of € 76.294 (€ 730.118 in the previous year).

The composition and the movements in the individual items are analysed as follows:

	Year opening balance	Changes during the year	Year closing balance
Debiti verso fornitori	94.037	-23.261	70.776
Debiti tributari	9.016	-5.436	3.580
Debiti vs.istituti di previdenza e sicurezza sociale	65	88	153
Altri debiti	627.000	-625.215	1.785
Totale	730.118	-653.824	76.294

Payables- Division according to their maturity

According to art. 2427, paragraph 1, number 6 of the Italian Civil Code, data regarding the division of payables according to their maturity are hereby reported:

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months	of which beyond 5 years
Debiti verso fornitori	94.037	-23.261	70.776	70.776	0	0
Debiti tributari	9.016	-5.436	3.580	3.580	0	0
Debiti verso istituti di previdenza e di sicurezza sociale	65	88	153	153	0	0
Altri debiti	627.000	-625.215	1.785	1.785	0	0
Totale debiti	730.118	-653.824	76.294	76.294	0	0

Payables - Division according to the geographical area

According to art. 2427, paragraph 1, number 6 of the Italian Civil Code, data regarding the division of payables according to the geographical area are hereby reported:

Payables secured by collateral on corporate assets

Information regarding collateral on corporate assets is given below, pursuant to art. 2427, paragraph 1 number 6 of the Italian Civil Code:

As for payables secured by collateral, information regarding maturities, reimbursements and interest rates is hereby provided:

Payables - transactions with a repurchase agreement

According to article 2427, paragraph 1 number 6c of the Italian Civil Code, data regarding payables deriving from transactions that provide for the obligation of reconveyance by the purchaser are hereby provided:

Loans made by shareholders

Information relating to loans made by the company's shareholders are presented below, in accordance with art. 2427, paragraph 1 number 19a of the Italian Civil Code.

Loans also comprise those made by individuals in charge of financing and management activities.

Debt restructuring

Due to the continuing economic and financial difficulties, the company triggered a restructuring operation for debt during the year.

Information provided by Guide OIC 6 concerning the restructuring operation, through the division of the debt in relation to the nature of the creditor, is reported below:

	Expired due restructured	Not expired due restructured	Other payables	Total payables	% restructured payables	% Other payables
Debiti verso fornitori	0	0	70.776	70.776	0	100,00
Debiti tributari	0	0	3.580	3.580	0	100,00
Debiti verso istituti di previdenza	0	0	153	153	0	100,00
Totale	0	0	74.509	74.509	0	100,00

ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income are registered as liabilities with a total amount of 0 (€ 0 in the previous year).

The composition and movements of the individual items are represented as follows:

Composition of accrued liabilities:

Composition of deferred income

INFORMATION REGARDING THE INCOME STATEMENT

PRODUCTION VALUE

Revenues from sales and services by business category

In relation to the provisions of art. 2427, paragraph 1 number 10 of the Italian Civil Code, the following tables report the breakdown of revenues by business segment:

	Business category	Current year value
		11.889
Totale		11.889

Revenues from sales and services by geographical area

Pursuant to art. 2427, paragraph 1 number 10 of the Italian Civil Code, the following tables report the division of revenues by geographical area:

	Geographic area	Current year value
	NORD ITALIA	11.889
Totale		11.889

Other revenues and income

Other revenues and income are registered under production value in the income statement, with a total amount of € 201 (€ 9 in the previous year).

The composition of the individual items is detailed as follows:

	Previous year value	Changey	Current year value
Altri			
Sopravvenienze e insussistenze attive	0	201	201
Altri ricavi e proventi	9	-9	0
Totale altri	9	192	201
Totale altri ricavi e proventi	9	192	201

PRODUCTION COSTS

Costs for services

Costs for services are registered under production costs in the income statement with a total amount of € 149.572 (€ 51.870 in the previous years).

The composition of the individual items is detailed as follows:

	Previous year value	Change	Current year value
Compensi agli amministratori	65	45.230	45.295
Compensi a sindaci e	11.920	9.650	21.570

revisori			
Pubblicità	0	3.000	3.000
Consulenze fiscali, amministrative e commerciali	0	34.841	34.841
Servizi da imprese finanziarie e banche di natura non finanziaria	0	245	245
Spese di viaggio e trasferta	0	4.340	4.340
Altri	39.885	396	40.281
Totale	51.870	97.702	149.572

Expenses for leased assets

Expenses for leased assets are registered under production costs in the income statement with a total amount of € 3.161 (€ 787 in the previous year).

The composition of the individual items is detailed as follows:

	Previous year value	Change	Current year value
Affitti e locazioni	787	24	811
Royalties, diritti d'autore e brevetti	0	2.350	2.350
Totale	787	2.374	3.161

Other operating expenses

Other operating expenses are registered under production costs in the income statement with a total amount of € 3.314 (€ 40.467 in the previous year).

The composition of the individual items is detailed as follows:

	Previous year value	Change	Current year value
Imposte di bollo	454	176	630
Imposta di registro	0	400	400
Altri oneri di gestione	40.013	-37.729	2.284
Totale	40.467	-37.153	3.314

FINANCIAL INCOME AND EXPENSES

Investment income

Pursuant to art. 2427, paragraph 1 number 11 of the Italian Civil Code, the following table shows income from investments different which are defined as distinct from dividends:

Interest and other financial expenses - Division by type of debt

Pursuant to art. 2427, paragraph 1 number 12 of the Italian Civil Code, the following table shows the division of the item "Interest and other financial charges":

Gains and losses on foreign exchange

Information regarding the division of profits and losses on foreign exchange arising from the valuation at year-end compared to those actually incurred:

INCOME OF EXCEPTIONAL SIZE OR INCIDENCE

Pursuant to art. 2427, paragraph 1 number 13 of the Italian Civil Code, the following chart reports income of exceptional size or incidence:

COSTS OF EXCEPTIONAL SIZE OR INCIDENCE

Pursuant to art. 2427, paragraph 1 number 13 of the Italian Civil Code, the following chart reports costs of exceptional size or incidence:

CURRENT, DEFERRED AND PREPAID TAXES ON INCOME

The composition of the individual items is represented as follows:

It is pointed out that deferred taxes also contain repayments related to the initial valuations of the deferred tax provision that produced direct effects on the net equity.

The following tables, drafted on the basis of the provisions suggested by OIC 25, show the information required by art. 2427, paragraph 1 number 14, letters a) and b) of the Italian Civil Code.

In particular, they contain information on the summary values of the movements of "Deferred tax assets and liabilities", on the composition of deductible temporary differences which resulted in "Deferred tax assets", on the composition of taxable temporary differences that gave rise to "Deferred tax liabilities" and the information on the use of tax losses. Temporary differences for which no deferred taxes were detected are also specified.

The following information is also provided:

Reconciliation between ordinary and effective tax rates

The following table, prepared on the basis of the provisions suggested by OIC 25, allows for the reconciliation of the ordinary IRES rate with the effective tax rate.

Composition and movements in deferred tax liabilities and deferred tax assets

The tables below for IRES and IRAP summarise the changes during period resulting from increases in temporary differences arising during the year and the decreases of transferred

temporary differences under the item "Provision for deferred taxes" and "Receivables from prepaid taxes".

Reconciliation between the balance sheet tax burden and the theoretical tax burden

In accordance with guidance provided by the OIC, the following table allows for the reconciliation between tax burden as per the balance sheet and the theoretical tax burden, for IRES and IRAP:

OTHER INFORMATION

Employment data

Information concerning the staff is hereby reported, according to art. 2427, paragraph 1 number 15 of the Italian Civil Code:

	Average number
Impiegati	1
Totale Dipendenti	1

Remuneration of corporate bodies

Information regarding managers and auditors is hereby reported, according to art. 2427, paragraph 1 number 16 of the Italian Civil Code:

	Directors	Auditors
Compensi	45.295	21.570

Remuneration of the statutory auditor or of the audit firm

Information regarding the remuneration of the statutory auditor or of the audit firm is hereby reported, according to art. 2427, paragraph 1 number 16 a of the Italian Civil Code:

	Value
Servizi di consulenza fiscale	10.000
Totale corrispettivi spettanti al revisore legale o alla società di revisione	10.000

Category of shares issued by the company

Information required according to article 2427, paragraph 1 number 17 of the Italian Civil Code regarding data on the shares that constitute the company's capital, the amount and the nominal value of subscribed shares during the year can be inferred from the following tables:

	Description	Initial amount, number	Initial amount, face value	Shares underwritten during the year, number	Shares underwritten during the year, face value	Final amount, number	Final amount, face value
	ORDINARIE	3.210.000	3.210.000	613.190	613.190	3.823.190	3.823.190
Totale		3.210.000	3.210.000	613.190	613.190	3.823.190	3.823.190

Securities issued by the company

Information required by art. 2427, paragraph 1 number 18 of the Italian Civil Code, regarding securities issued by the company can be inferred from the following table:

Financial instruments

Information required by art. 2427, paragraph 1 number 19 of the Italian Civil Code, regarding financial instruments issued by the company, can be ascertained from the following table:

Commitments, guarantees and contingent liabilities that are not recorded in the balance sheet

Pursuant to art. 2427, paragraph 1, number 9 of the Italian Civil Code, the following chart reports commitments, guarantees and contingent liabilities that are not recorded in the balance sheet:

Commitments

.....

Guarantees

The beneficiaries of guarantees issued by the company are specified below :

With regard to these guarantees, it is stated:

[Co-sureties]

It is pointed out that, with regard to the guarantee issued to, registered at its whole value under the item "Guarantees" with a total amount of €...., the overall debt guaranteed is inferior, and equal to €....

[Guarantees with a beneficium divisionis clause]

It is pointed out that, with regard to the guarantee issued to, registered as a pro-rata amount under the item "Guarantees" with a total amount of €...., it is specified that the overall debt existing as of the date of the financial statement is equal to €....., and the guaranteed pro-rata amount is equal to €.....

Contingent liabilities

.....

Information regarding assets and funding for a specific transaction

Information concerning the assets intended for a specific transaction is hereby reported, in accordance with art. 2447a of the Italian Civil Code:

.....

Information concerning funding for a specific transaction is hereby reported, in accordance with art. 2447i of the Italian Civil Code:

.....

Transactions with related parties

Information concerning the transactions with related parties, pursuant to art 2427, paragraph 1 number 22a of the Italian Civil Code, is hereby reported:

.....

Agreements not disclosed in the balance sheet

Information concerning the nature and the economic objective of the agreements not included in the balance sheet, in accordance with art. 2427, paragraph 1 number 22c of the Italian Civil Code, is hereby reported:

.....

Relevant events after the reporting period

Information concerning the nature and the equity, financial and economic impact of significant events occurring after the reporting period, pursuant to art. 2427, paragraph 1 number 22c of the Italian Civil Code, is hereby reported:

.....

Name and registered office of companies drafting the consolidated financial statements of the largest/smallest set of companies they belong to

The following table reports information required by article 2427, paragraph 1 number 22d and 22e of the Italian Civil Code:

Address where a copy of the consolidated financial statements can be obtained

Pursuant to art. 2427, paragraph 1 number 22 e of the Italian Civil Code, it is stated that a copy of the consolidated financial statements is available at.... [specify place]

Derivative financial instruments

For each class of derivative financial instruments, information provided by art. 2427 a, paragraph 1, number 1 of the Italian Civil Code is hereby provided:

.....

Information regarding companies or entities that perform management and coordination activities - art. 2497a of the Italian Civil Code

The company is not subject to management or coordination activities by any other company or entity.

[or]

The company is subjected to management and coordination activities by the company or is subjected to management and coordination jointly by the following subjects

Pursuant to article. 2497a, paragraph 4 of the Italian Civil Code, key data from the latest financial statements of the company(ies) exercising direction and coordination activities are reported below:

Information required by law as relating to Start-ups and innovative SMEs

[Start-ups]

Research and development costs as required by Legislative Decree 179/2012

Research and development costs are hereby reported, so as to fulfill the requirement as defined by art. 25, paragraph 2, letter h, sub 1 of Legislative Decree 179/2012, concerning the designation of "innovative start-up".

Research and development costs are equal to, or greater than, 15% of the higher value of either the cost or the total production value, and therefore the requirement has been fulfilled, as shown by the values below:

A - Research and development cost: €.

B – The higher value of either the cost or the total production value: €.

Ratio between A and B%

[Innovative SMEs]

Research and development costs according to Legislative Decree 3/2015

Research and development costs are hereby reported, so as to fulfill the requirement as defined by art. 4, paragraph 1 of Legislative Decree 3/2015, concerning the designation of "innovative SME".

Research and development costs are equal to, or greater than, 3% of the higher value of either the cost or the total production value, and therefore the requirement has been fulfilled, as shown by the values below:

A - Research and development cost: €.

B – The higher value of either the cost or the total production value: €.

Ratio between A and B%

Description	Amount
SPESE RICERCA	72.296
Totale	72.296

Allocation of the operating profit

Pursuant to article. 2427, paragraph 1 number 22 f of the Italian Civil Code, it is suggested that the operating results of the company's activities should be allocated as follows:

.....

Information regarding the obligation for the drafting of the Consolidated Financial Statements

The company took advantage of the exemption from drafting a consolidated financial statements in accordance with Article 27 of Legislative Decree 127/1991, since the size requirements set out in paragraph 1 of that Article were not met

[or]

the conditions provided by paragraph 3a were lacking.

[or]

since, pursuant to art.27 paragraph 3 of Legislative Decree 127/1991, it is controlled by the company..... based in, which prepared the consolidated financial statements.

The Board of Directors

RENDE GIORGIO

Declaration of conformity

This is a truthful copy of the documents filed by the company.