



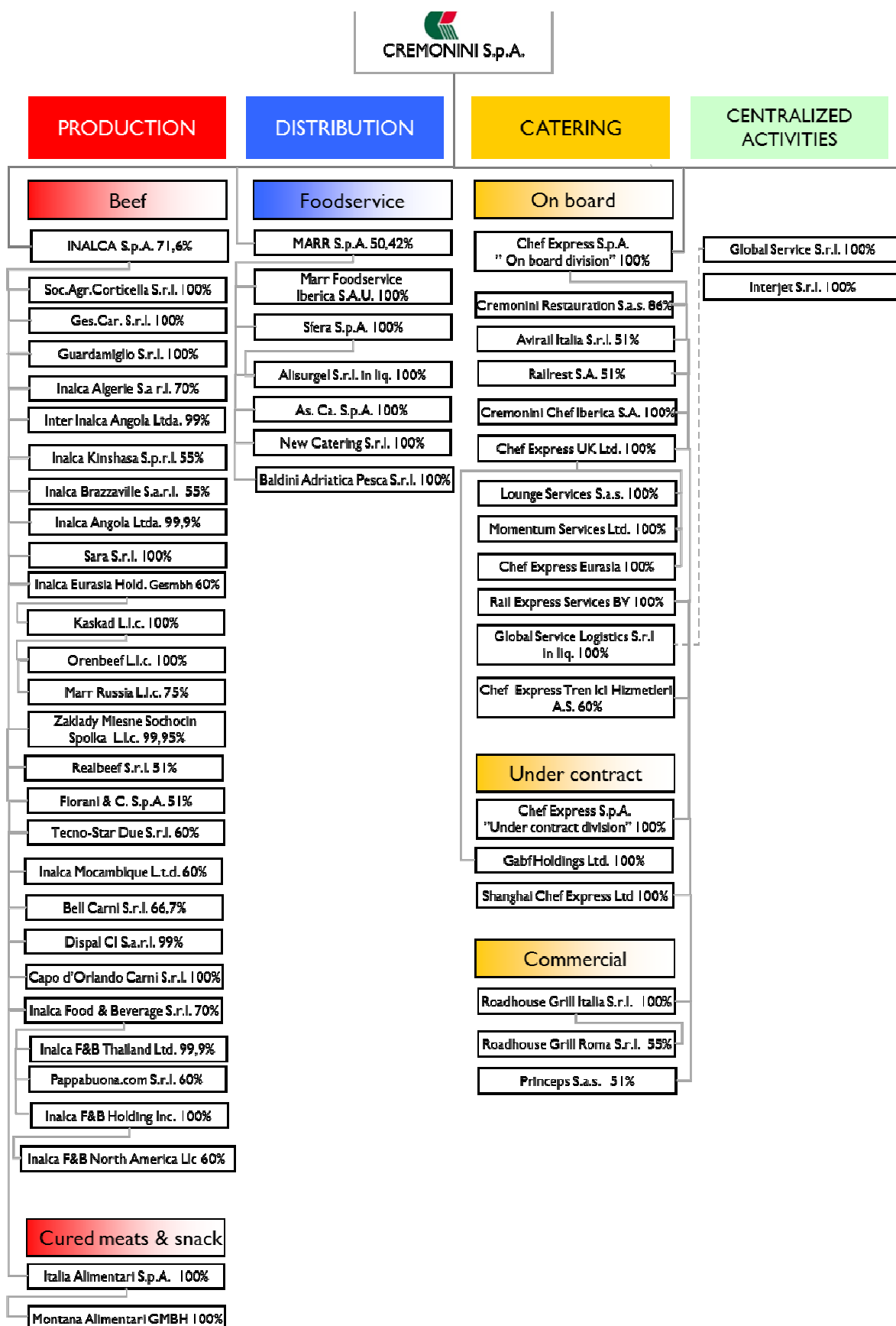
**FINANCIAL STATEMENTS
AND CONSOLIDATED FINANCIAL
STATEMENTS
31 DECEMBER 2015**

Cremonini S.p.A.
Via Modena, 53
41014 Castelvetro di Modena (Mo) Italia
Share Cap. Euro 67,073,931.60, fully paid
Modena Comp. Reg. no. 00162810360
Modena Economic Admin. Reg. no. 126967
Tax ref. & VAT no. 00162810360

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CREMONINI GROUP ORGANIZATION SCOPE OF CONSOLIDATION AS AT 31 DECEMBER 2015



CORPORATE BODIES OF CREMONINI S.p.A.

Board of Directors

Chairman	Luigi	Cremonini
Vice Chairman	Illias	Aratri
Chief Executive Officer	Vincenzo	Cremonini
Directors	Paolo Serafino Valentino Giorgio	Boni Cremonini Fabbian Pedrazzi

Board of Statutory Auditors

Chairman	Eugenio	Orienti
Statutory Auditors	Giulio Paola	Palazzo Simonelli
Alternates	Patrizia Daniele	Iotti Serra

Independent Auditors	Reconta Ernst & Young S.p.A.
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DIRECTORS' REPORT

Introduction

The financial statements as at 31 December 2015, pursuant to Legislative Decree No. 38 of 28 February 2005, have been prepared in accordance with the criteria for evaluation and measurement established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in Article 6 of Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002.

Group Performance and Analysis of the Results for the 2015 financial year

Cremonini Group recorded revenues of 3,372.3 million Euro in the 2015 financial year, compared to 3,335.9 in 2014, a increase of 36.4 million Euro (+1.1%).

The gross operating margin amounted to 264.1 million Euro compared to 258.6 in 2014, an increase of 5.5 million Euro (+2.1%), and the operating result was 167.4 million Euro compared to 170.0 in 2014, down by 2.6 million Euro (-1.5%).

The result from normal operations was 134.2 million Euro, an increase of 16.7 million Euro compared to 117.5 million Euro in 2014 (14.2%). It was influenced by two phenomena of the opposite sign that marked its trend: on the one hand, the 28.1 million Euro reduction in financial charges resulting from both the reduced debt and the interest rates applied to the Group, and on the other, the unfavourable exchange rate effect that had a negative impact for 12 million Euro (positive for 1.4 million in 2014). This latter effect is particularly due to the loss of value of the Angolan currency (Kwanza).

The pre-tax profit was also up from 135.3 million Euro in 2014 to 120.4 million Euro in 2015. In addition to the effects mentioned above, it benefits from a non-recurring income of 1.7 million Euro regarding the balance of the price of sale of the investment in Alisea that took place in March 2014. Recognition of this income was subordinate to the award of important catering services contracted to the sold company, and said condition took place in July 2015.

Lastly, the net profit of 55.1 million Euro was up compared to 41.9 million Euro in 2014. In addition to the improvement in the results, it also benefited from a reduction in current tax and an adjustment in deferred tax. The first benefit is mostly tied to the greater IRAP deductibility of the personnel cost, while the second is connected with the reduction in the IRES rate of 3.5 percentage points that was introduced by the recent Stability Law that will be applied starting from 2017.

Shown below are the summarized schedules of the financial and equity figures for 2015, compared with the consolidated financial statements for the period ended on 31 December 2014. For a more complete analysis of the Group's results, details thereof subdivided by individual business sector are subsequently shown.

Consolidated Income Statement

(Euro/000)	Year 2015	Year 2014	Change %
Total revenues	3,372,263	3,335,854	1.09
Changes in inventories of work in progress, semi-finished and finished goods	17,491	23,908	
Value of production	3,389,754	3,359,762	0.89
Cost of production	(2,835,029)	(2,810,207)	
Value added	554,725	549,555	0.94
Personnel costs	(290,596)	(290,928)	
Gross operating margin ^(a)	264,129	258,627	2.13
Amortization, depreciation and write-downs	(96,753)	(88,646)	
Operating income ^(b)	167,376	169,981	(1.53)
Net financial income (charges)	(33,132)	(52,441)	
Profit from ordinary activities	134,244	117,540	14.21
Net income (charges) from investments	(679)	3,265	
Net extraordinary financial income (charges)	1,742	(403)	
Result before taxes	135,307	120,402	12.38
Income taxes for the financial year	(41,817)	(47,386)	
Result before minority interests	93,490	73,016	28.04
(Profit) Loss attributable to minority interests	(38,361)	(31,088)	
Net profit attributable to the Group	55,129	41,928	31.48

Consolidated Balance Sheet

(Euro/000)	31.12.2015	31.12.2014	Change %
Intangible assets	165,450	165,353	
Tangible assets	810,651	782,814	
Equity investments and other financial assets	19,495	17,377	
Total fixed assets	995,596	965,544	3.11
Trade net working capital			
- Trade receivables	494,525	526,522	
- Inventories	390,975	381,099	
- Trade payables	(483,466)	(481,959)	
Total trade net working capital	402,034	425,662	
Other current assets	104,422	88,329	
Other current liabilities	(80,535)	(82,159)	
Net working capital	425,921	431,832	(1.37)
Staff Severance Indemnity Provision and other m/l term provisions	(108,732)	(114,229)	
Net invested capital	1,312,785	1,283,147	2.31
Shareholders' Equity attributable to the Group	443,833	411,457	
Shareholders' Equity attributable to minority interests	267,345	261,038	
Total Shareholders' Equity	711,178	672,495	5.75
Net medium/long-term debt	510,492	265,282	
Net short-term debt	91,115	345,370	
Net debt	601,607	610,652	(1.48)
Net equity and net debt	1,312,785	1,283,147	2.31

a – EBITDA (Gross operating margin) is an economic indicator not defined in the International Accounting Principles and the IFRS. EBITDA is the measurement used by the company's management to monitor and evaluate its operations. The managements retains that EBITDA is an important indicator for measuring the Group's performance as it is not affected by the volatile nature of the effects of the various criteria of calculating taxable income, the amount and characteristics of the invested capital as well as the relative depreciation criteria. At present, subject to a later in depth study regarding the evolution of the IFRS accounting practices, EBITDA is defined by Cremonini Group as the Profit/Loss gross of the depreciation and amortization, respectively, of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.

b – The operating profit (EBIT) is defined by the Cremonini Group as the Profit/Loss for the year gross of financial charges and income, non-recurring items and income taxes.

Net Consolidated Debt ^(c)

(Euro/000)	31.12.2015	30.09.2015	30.06.2015	31.12.2014
Payables to banks, bonds and other financial institutions				
- due within 12 months	(287,372)	(411,293)	(386,482)	(446,096)
- due between 1 and 5 years	(435,378)	(364,887)	(343,143)	(179,399)
- due beyond 5 years	(75,114)	(76,284)	(95,238)	(85,883)
Total payables to banks, bonds and other financial institutions	(797,864)	(852,464)	(824,863)	(711,378)
Liquidity				
- cash and cash equivalents	183,416	219,014	194,353	88,370
- other financial assets	12,841	11,421	10,276	12,356
Total liquidity	196,257	230,435	204,629	100,726
Total net debt	(601,607)	(622,029)	(620,234)	(610,652)

The Group's net debt as at 31 December 2015 amounted to 601.6 million Euro, down by 9.1 million Euro compared to 610.7 million Euro as at 31 December 2014.

The operational cash generation more than compensated the investments made in the period of 98.3 million and the distribution of dividends of 42.6 million to the market and to third parties.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Statement of Assets and Liabilities pursuant to CONSOB communication no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents; current securities due for sale; short-term financial receivables; derivative instruments. Negative components: due to banks; due to other financiers, leasing and factoring companies; derivative instruments and bonds.

Financial results by sector of activity

The Group operates within the food sector, with the position of market leader in three macro business areas:

- production;
- distribution;
- catering.

The Parent Company, both directly and indirectly through its subsidiaries, provides support to the operational sectors, mainly services in the financial, corporate and fiscal, human resource and IT system sectors.

Breakdown of revenues by sector

(Euro/000)	Year 2015	Year 2014	Change total value	Change %
Production				
<i>Net revenues</i>	1,406,814	1,427,536	(20,722)	(1.45)
<i>Intercompany revenues</i>	66,149	59,941		
Total revenues	1,472,963	1,487,477	(14,514)	(0.98)
Gross operating margin	111,984	121,236	(9,252)	(7.63)
Amortization, depreciation and write-downs	(51,898)	(47,625)	(4,273)	8.97
Operating profit (loss)	60,086	73,611	(13,525)	(18.37)
Distribution				
<i>Net revenues</i>	1,451,320	1,415,741	35,579	2.51
<i>Intercompany revenues</i>	29,723	25,874		
Total revenues	1,481,043	1,441,615	39,428	2.73
Gross operating margin	105,677	102,112	3,565	3.49
Amortization, depreciation and write-downs	(15,827)	(15,319)	(508)	3.32
Operating profit (loss)	89,850	86,793	3,057	3.52
Catering				
<i>Net revenues</i>	510,997	489,777	21,220	4.33
<i>Intercompany revenues</i>	274	3,802		
Total revenues	511,271	493,579	17,692	3.58
Gross operating margin	49,527	38,830	10,697	27.55
Amortization, depreciation and write-downs	(26,845)	(22,726)	(4,119)	18.12
Operating profit (loss)	22,682	16,104	6,578	40.85
Holding company property and centralized activities				
<i>Net revenues</i>	3,132	2,800	332	11.86
<i>Intercompany revenues</i>	7,431	7,463		
Total revenues	10,563	10,263	300	2.92
Gross operating margin	(3,059)	(3,551)	492	(13.86)
Amortization, depreciation and write-downs	(2,183)	(2,976)	793	(26.65)
Operating profit (loss)	(5,242)	(6,527)	1,285	(19.69)
Consolidation adjustment				
<i>Total revenues</i>	(103,577)	(97,080)		
<i>Gross operating margin</i>				
<i>Amortization, depreciation and write-downs</i>				
<i>Operating profit (loss)</i>	0	0		
Total				
Total revenues	3,372,263	3,335,854	36,409	1.09
Gross operating margin	264,129	258,627	5,502	2.13
Amortization, depreciation and write-downs	(96,753)	(88,646)	(8,107)	9.15
Operating profit (loss)	167,376	169,981	(2,605)	(1.53)

The Group's total revenues, if compared with the same period of 2014, are up by 36.4 million Euro. In detail, production was down by the 14.5 million Euro, distribution increased by 39.4 million, and catering are up by 17.7 million.

The consolidated gross operating margin was up by 5.5 million Euro: Production was down by 9.3 million, distribution was up by 3.6 million Euro and catering was up by 10.7 million.

Lastly, the consolidated operating result was down by 2.6 million Euro, with production achieving a decrease of 13.5 million, distribution growth of 3.1 million, and catering a 6.6 million Euro improvement.

Breakdown of revenues from sales and services by geographic area

Year 2015 - (Euro/000)									
	Production	%	Distribution	%	Catering	%	Other	%	Total
Italy	707,051	50.9	1,299,991	92.0	359,124	72.9	2,354	100.0	2,368,520
European Union	197,130	14.2	79,674	5.6	132,814	27.0	-	-	409,618
Extra-EU countries	483,769	34.9	31,241	2.2	717	0.1	-	-	515,727
Total	1,387,950	100.0	1,410,906	100.0	492,655	100.0	2,354	100.0	3,293,865

Year 2014 - (Euro/000)									
	Production	%	Distribution	%	Catering	%	Other	%	Total
Italy	678,910	48.1	1,271,066	92.1	339,604	69.9	2,376	100.0	2,291,956
European Union	211,314	15.0	75,285	5.5	145,671	30.0	0	-	432,270
Extra-EU countries	520,949	36.9	33,206	2.4	246	0.1	0	-	554,401
Total	1,411,173	100.0	1,379,557	100.0	485,521	100.0	2,376	100.0	3,278,627

Consolidated Balance Sheet structure by business sector

As at 31 December 2015 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	15,488	99,558	50,388	16		165,450
Tangible assets	492,522	58,875	173,212	86,042		810,651
Equity investments and other financial assets	14,506	1,137	1,936	1,916		19,495
Total fixed assets	522,516	159,570	225,536	87,974	0	995,596
<i>Trade net working capital</i>						
- Trade receivables	104,102	363,588	34,733	2,546	(10,444)	494,525
- Inventories	259,339	119,818	11,618	1	199	390,975
- Trade payables	(167,105)	(235,457)	(85,929)	(5,717)	10,742	(483,466)
Total trade and net working capital	196,336	247,949	(39,578)	(3,170)	497	402,034
Other current assets	22,603	49,176	28,554	13,817	(9,728)	104,422
Other current liabilities	(26,982)	(12,714)	(37,133)	(12,937)	9,231	(80,535)
Net working capital	191,957	284,411	(48,157)	(2,290)	0	425,921
Staff Severance Indemnity Provision and other m/l-term provisions	(67,507)	(21,855)	(12,445)	(6,925)		(108,732)
Net invested capital	646,966	422,126	164,934	78,759	0	1,312,785

As at 31 December 2014	Production	Distribution	Catering	Holding and centralized	Intercompany revenues intercompany	Total
(Euro/000)						
Intangible assets	14,850	97,989	52,468	46		165,353
Tangible assets	497,457	58,500	144,836	82,021		782,814
Equity investments and other financial assets	11,268	1,173	1,864	3,072		17,377
Total fixed assets	523,575	157,662	199,168	85,139	0	965,544
<i>Trade net working capital</i>						
- Trade receivables	136,120	370,077	33,884	4,146	(17,705)	526,522
- Inventories	253,970	116,326	10,506	1	296	381,099
- Trade payables	(173,529)	(236,273)	(84,067)	(4,866)	16,776	(481,959)
Total trade and net working capital	216,561	250,130	(39,677)	(719)	(633)	425,662
Other current assets	18,150	46,735	18,763	11,738	(7,057)	88,329
Other current liabilities	(32,227)	(15,003)	(33,643)	(8,976)	7,690	(82,159)
Net working capital	202,484	281,862	(54,557)	2,043	0	431,832
Staff Severance Indemnity Provision and other m/l-term provisions	(71,194)	(23,316)	(11,117)	(8,602)		(114,229)
Net invested capital	654,865	416,208	133,494	78,580	0	1,283,147

Net consolidated debt broken down by sector

As at 31 December 2015	Production	Distribution	Catering	Holding and centralized	Total
(Euro/000)					
Payables to banks, bonds and other financial institutions					
- due within 12 months	(111,799)	(75,776)	(72,124)	(27,673)	(287,372)
- due between 1 and 5 years	(190,877)	(152,446)	(17,468)	(74,587)	(435,378)
- due beyond 5 years	(6,176)	(30,182)	(32,752)	(6,004)	(75,114)
Total payables to banks, bonds and other financial institutions	(308,852)	(258,404)	(122,344)	(108,264)	(797,864)
Liquidity					
- cash and cash equivalents	75,049	89,861	18,099	407	183,416
- other financial assets	7,319	1,245	4,277		12,841
Total liquidity	82,368	91,106	22,376	407	196,257
Securitization and internal treasury current accounts	980	2,772	(2,156)	(1,596)	0
Total net debt	(225,504)	(164,526)	(102,124)	(109,453)	(601,607)

As at 31 December 2014	Production	Distribution	Catering	Holding and centralized	Total
(Euro/000)					
Payables to banks, bonds and other financial institutions					
- due within 12 months	(145,161)	(138,213)	(62,933)	(99,789)	(446,096)
- due between 1 and 5 years	(101,057)	(45,157)	(11,166)	(22,019)	(179,399)
- due beyond 5 years	(3,120)	(36,272)	(26,886)	(19,605)	(85,883)
Total payables to banks, bonds and other financial institutions	(249,338)	(219,642)	(100,985)	(141,413)	(711,378)
Liquidity					
- cash and cash equivalents	21,346	37,533	25,689	3,802	88,370
- other financial assets	4,661	1,323	4,548	1,824	12,356
Total liquidity	26,007	38,856	30,237	5,626	100,726
Securitization and internal treasury current accounts	50	4,101	(13,388)	9,237	0
Total net debt	(223,281)	(176,685)	(84,136)	(126,550)	(610,652)

The operating sectors of the Group

Production

This sector includes the following areas of business and companies within the scope of consolidation:

Company	Business carried out
a) Beef and meat - based products	
INALCA S.p.A. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	Slaughtering, processing and marketing of beef-based products.
GES.CAR. S.r.l. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	Service provision connected to beef processing and treatment at the INALCA plant in Ospedaletto Lodigiano.
GUARDAMIGLIO S.r.l. Via Coppalati n. 52 - Piacenza	Retail outlet management (butcher's and charcuterie shops).
SOC. AGR. CORTICELLA S.r.l. Via Corticella n. 15 - Spilamberto (MO)	Breeding cattle, both directly and by means of agistment contracts.
SARA S.r.l. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	Recovery and processing of agricultural and livestock waste.
INALCA ANGOLA Ltda. Rua Deolinda Rodrigues n. 563 - Luanda - Angola	Food marketing.
INALCA ALGERIE S.a.r.l. 08, Rue Cherif Hamani - Algiers - Algeria	Food marketing.
INTER INALCA ANGOLA Ltda. Rua Major Kayangulo n. 504 - Luanda - Angola	Food marketing.
INALCA KINSHASA S.p.r.l. Kinshasa 11eme - Rue Limete Industriel n. 112, Limete (Kinshasa) - Democratic Republic of Congo	Food marketing.
INALCA EURASIA HOLDINGS GESMBH Palais Kinsky, Freyung 4 Vienna	Control of all companies currently developed by INALCA S.p.A. in Russia.
KASKAD OOO L.L.c. Via Vostochnaya n. 5, Odinzovo (Moscow) - Russia	Real estate services.
MARR RUSSIA L.L.c. Via Vostochnaya n. 5, Odinzovo (Moscow) - Russia	Food marketing.
INALCA BRAZZAVILLE S.a r.l. 64, Avenue de France Poto-Poto (Brazzaville) Republic of Congo	Food marketing.
ZAKLADY MIESNE SOCH. Sp.z.o.o. L.L.c. Al. Jana Pawła II n. 80, Warsaw - Poland	Dormant.
TECNO-STAR DUE S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	Design of buildings and plants, management of maintenance and restructuring activities.
REALBEEF S.r.l. Contrada Tierzi - Flumeri (AV)	Slaughtering, processing and marketing of beef-based products.
FIORANI & C S.p.A. Via Coppalati n.52 Piacenza	Processing and marketing of beef-based products.
INDUSTRIA ALIMENTAR CARNES DE MOCAMBIQUE Lda - Avenida de Mocambique Km 9.5 Barrio Zimpeto Distretto 5- Maputo - Mozambique	Food marketing.
BELL CARNI S.r.l. Via Eridania n. 58 - Stienta (Rovigo)	Slaughtering, processing and marketing of beef-based products.
ORENBEEF LLC Via Pionerskaya 2 - Orenburg - Russia	Company owning the Orenburg area and factory for construction of a new slaughterhouse.
INALCA FOOD AND BEVERAGE S.r.l. Via Spilamberto n. 30/C - Castelvetro di Modena (MO)	This start-up company markets and distributes food products and drinks.
DISPAL CI S.a.r.l. 04 BP Abidjan 04 - Plateau Boulevard Carde - Ivory Coast	A company operating in the Ivory Coast and marketing food products in general.
CAPO D'ORLANDO CARNI S.r.l. Strada San Giacomo 19 - Messina	Logistics platform for the Sicilian market catchment area, smaller islands and part of Southern Italy; preparation of portioned and processed products in a protected atmosphere.

INALCA FOOD & BEVERAGE HOLDING INC 1679 South Dupont Highway, Suite 100, Dover – US	Sub-holding controlling all activities developed by Inalca Food & Beverage in the USA.
INALCA FOOD & BEVERAGE NORTH AMERICA LLC 5 West, 19° Street, 10th Floor, 10011 New York	Company whose purpose is to distribute Italian food products in the USA, in the start-up phase.
INALCA FOOD & BEVERAGE LTD (Thailand) Amphur no.333/2 Moo 9 Tambol Bangpla – The Bangplee, Samutprakarn- Thailandia	Company whose purpose is to distribute Italian food products in Thailand, in the start-up phase.
PAPPABUONA.COM S.r.l. Via Bertolini Donnino, 29 - Piacenza	Wholesale trade of foodstuffs with sales area in Europe and the Far East.

b) Cured meat and snacks

ITALIA ALIMENTARI S.p.A. Via Europa n. 14, Busseto (PR)	Production and marketing of food products (cured meats and delicatessen).
MONTANA ALIMENTARI GMBH. KirschsStrasse 20- Munchen –Germany	Marketing of food products (cured meats and delicatessen).

Breakdown of revenues by activity (Euro/000)	Year 2015	Year 2014	Chg. %
Beef and meat-based products	1,352,031	1,369,558	(1.28)
- intercompany revenues	(16,732)	(11,086)	
Net total	1,335,299	1,358,472	
Cured meats and gastronomy/snack food	140,627	130,546	7.72
- intercompany revenues	(2,963)	(1,541)	
Net total	137,664	129,005	
Total Production	1,472,963	1,487,477	(0.98)

The production sector revenues were 1,473.0 million Euro, down compared to 1,487.5 in 2014. The gross operating margin decreased from 121.2 million Euro to 112.0 million, down by 9.2 million Euro and the operating result decreased from 73.6 to 60.1 million Euro down by 13.5 million.

The beef business

The continuation of the economic crisis and the consequent fall in consumption started to also damage the food sector that at first appeared to have remained unscathed.

The beef market is still characterised by a downward consumption trend. According to the data gathered in 2015, the expenditure of Italian families for the purchase of fresh beef fell back 4-5 percentage points compared to the already negative data of last year. This downturn instead affected the consumption of pork to a lesser extent, while it made no affect on the purchase of poultry that, on the contrary recorded growth.

The reduction in revenues and in the overall profitability of the beef business is mainly due to the reduction in activities on the Russian market, which continue to be influenced by the economic crisis in progress in that country, by the strong devaluation of the rouble and by the international sanctions.

In Africa the concentration of supplies to the Angolan public administration is going through a significant financial crisis following the slump in the oil price, and this brought about a drop in revenues.

Lastly, a downward trend in the profitability of the fresh, canned and hamburger meat lines is recorded in the European market, and this phenomenon is basically due to the price factor.

Noted amongst the significant events that occurred during the year are:

- start-up of the planning activities to build a slaughter plant in south Angola, on the border with Namibia, with a local investor;
- beginning of the slaughter activities at the Orenburg facility;
- rationalisation and start-up of the activities to market and distribute Italian food products abroad through the subsidiaries Inalca Food & Beverage in Thailand, Cape Verde and the USA, Hong Kong and Malaysia;

- start-up of the storage and distribution activities at the company owned facility in Abidjan (Ivory Coast);
- signing of an agreement to enter into a joint venture with the Angolan Ministry of Agriculture concerning the privatisation of a leading local company;
- the Italian Tax Police of Modena completed its tax audit on the subsidiary INALCA S.p.A. in June. The report issued after about 18 months of activity concerns transfer price dynamics of the goods purchased on behalf of the African subsidiaries in the years 2011-2013 for almost all amounts questioned. On this subject, the company has already submitted its defence briefs to the local Regional Italian Revenue Office;
- acquisition of control (51%) of the French company Parma France S.a.s., a leading company in the export of livestock in Italy and other countries, an element that is absolutely important in the organisational framework of the company's supply chain;
- agreements were reached in Algeria, with the Algerian government, to enter into a joint venture to manage several state-owned production sites together with the facility owned by our subsidiary;
- sale of a minority stake (40%) of our Mozambique subsidiary to the company Namsov, which belongs to a prominent Namibian group that supplies frozen fish; this operation will consent a preferential access to the fish sector in order to continue commercial development in the country;
- in December the subsidiary Gescar Srl took on the former employees of Consorzio Euro 2000 and Cooperativa King Service with an open-ended contract after coming to an agreement with the trade union organisations. These workers, numbering about 900, had been taken on by a temporary employment company with a fixed-term contract following the evident financial difficulties of the consortia and to ensure regular continuation of production;
- in 2015 INALCA, which has always been attentive to food safety and food sustainability themes, prepared its first Sustainability Report, drawn up in compliance with the international GRI-Global Reporting Initiative standard (version G4, "in accordance core" option).

The investments of greater significance made during 2015 were the following:

- expansion and improvement of several plants regarding the production of canned meats in Castelvetro and Ospedaletto Lodigiano and the installation of a new cogenerator in Castelvetro;
- construction of a biogas plant at the Società Agricola Corticella S.r.l. facility;
- openings of new sales outlet managements (Guardamiglio S.r.l.);
- completion of the tempering (meat thawing) area and relevant automatic pallet handling system at the Odinzovo facility;
- acquisition of specific plants for processing meat at the subsidiary Fiorani;
- expansion of the motor vehicle fleet and new distribution platform in Mozambique;
- start-up of construction of a wharf-depository in Kinshasa;
- improvement to the Realbeef facility in Avellino with execution of a new slaughter line.

Cured meats and snacks segment

The segment was distinguished by a drop in consumption throughout 2015. This was the direct consequence of the unchanged pork scenario that, as previously mentioned, was once again influenced by the reduced buying power of families, high unemployment rates and high tax pressure.

The by now consolidated fall in sales on all the consumption distribution channels, including the discount channel, triggered competition concentrated only on the price factor, making safeguarding the margins difficult.

Also owing to the drop in demand, the raw materials market reconfirmed a depressed trend that apart from feeble occasional rises, stayed on low levels with poorly remunerative prices for the entire production chain.

In this scenario the Group tried to reduce the effects of a repositioning brought about by several key customers by entering into new commercial agreements and trying to reduce the impacts of the lower sales prices effected by the competitors as much as possible. This manoeuvre led to increased volumes (+6.5%) in the cured meats division, to the detriment of profitability.

As regards the snack division, the slowdown in sales of frozen sandwiches was confirmed again in 2015. This trend has been recorded for several years despite the high fungibility of the division's products compared to others with a lower service content. In the face of this slowdown, the company reacted by making several innovative product lines that are attracting interest in the modern distribution channels and in the discount channel, whose marketing had already started during the first quarter of 2015. A direct comparison with the same period of 2014 shows an increase both in volume and in value of 27% and 24%, respectively.

The most important investments made in 2015 involved:

- completion of the new cooked food department and expansion of the meat curing area at the Busseto facility;
- construction of a special department for producing an innovative snack and sandwich line at the Gazoldo degli Ippoliti facility.

Distribution

This sector includes the following companies within the scope of consolidation:

Company	Business carried out
Foodservice (distribution to catering)	
MARR S.p.A. Via Spagna n. 20 - Rimini	Marketing and distribution of fresh, dried and frozen food products for foodservice operators.
ALISURGEL S.r.l. in liq. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Non-operating company, now being liquidated.
MARR FOODSERVICE IBERICA S.A. Calle Goya n. 99, Madrid – Spagna	Non-operating company.
SFERA S.p.A. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Non-operational company: carries on business unit leasing operations.
AS.CA. S.p.A. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen food products for foodservice operators.
NEW CATERING S.r.l. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Distribution of foodstuff products to bars and fast-food outlets.
BALDINI ADRIATICA PESCA S.r.l. Via dell'Acero n.1/A, Santarcangelo di Romagna (RN)	Non-operational company (since 1 December 2015): carries on business unit leasing operations.

The distribution sector showed revenues growth in the 2015 financial year from 1,441.6 million Euro to 1,481.0 million, an increase of 39.4 million Euro (+2.7%). The operating margin rose from 102.1 to 105.7 million Euro, an increase of 3.6 million Euro (+3.5%). Lastly, the operating result amounted to 89.9 million Euro compared to 86.8 in 2014, an increase of 3.1 million Euro (+3.5%).

Specifically, sales in the “Street Market” category (restaurants and hotels not belonging to Groups or Chains) and those in the “National Account” category (operators of Chains and Groups and Canteens) reached 1,190.0 million Euros (1,162.5 million in 2014).

In terms of clientele categories, sales to the “Street Market” category (restaurants and hotels not belonging to groups or chains) reached 900.5 million Euro (851.0 million Euro in 2014), with an organic component up 5.4% with respect to a market that in 2015 recorded 1.3% growth in consumption (in amount) for the item "Hotels, meals and dining out" (Confcommercio Studies Office - March 2016).

Sales to the “Wholesale” category customers were 263.4 million Euro compared to 254.7 million Euro in 2014.

Noted amongst the significant events that occurred during the year are:

- on 1 June 2015 the company New Catering S.r.l., a wholly-owned subsidiary of MARR and operating in the bar segment, purchased 100% of the shares of Sama S.r.l., a company operating in Zola Predosa (Bologna) and specialised in the distribution of food products to bars and fast food outlets. With revenues topping 6 million Euro in 2014, a sales organisation of over ten salespeople, a distribution network of a dozen motor vehicles and an extensive product catalogue, in addition to being recognised for its quality excellences, Sama is a reference in food distribution to bars and fast food outlets in the Bologna area, where it has been operating since the early '60s, Modena and Reggio Emilia. The purchase of Sama, whose managerial structure has been confirmed, strengthened the presence of the MARR Group in the distribution to bars segment in which it operates through the subsidiary New Catering S.r.l. with roughly 24 million Euro in revenues in 2014. It is a leading company in the provinces of Bologna, Ferrara, Ravenna, Forlì-Cesena, Rimini, Pesaro-Urbino and Perugia. The Group's consolidation process in the food distribution to the bar segment therefore continues;
- also on 1 June 2015 the company Sama S.r.l. leased its business unit to New Catering S.r.l. that, therefore, has been carrying on the activity related to the business unit at the warehouse located in Zola Predosa (Bologna) since that date;

- in July the condition precedent for payment of the balance of the price regarding MARR's sale of the Alisea shares on 31 March 2014 was fulfilled. This condition included the award, once and for all, of important contracted catering services, and following its fulfilment in the last ten days of July, MARR received the total payment of 1.7 million Euro as balance of the price (plus interest);
- on 12 October 2015 the merger of the company Sama S.r.l. into the company New Catering S.r.l. was finalised. The legal effects of the merger started on 19 October 2015, while the accounting and tax effects started on the date the company Sama S.r.l. was formed (18 May 2015);
- on 1 December 2015 the subsidiary Baldini Adriatica Pesca S.r.l. leased its business unit to MARR S.p.A., which through its management started off the new branch MARR Baldini.

As far as the 2015 investments are concerned, it is highlighted that the purchase of the shares in the company Sama S.r.l. entailed recognising a goodwill of 1,376 thousand Euro and the entry of tangible fixed assets totalling 206 thousand Euro, which are mainly concentrated in the Industrial and Commercial Equipment and Other Assets categories.

The other investments made during the year mainly related to the expansion and remodelisation plan for several branches already started in the latter part of 2014 and which are expected to come to completion in 2016.

Catering

The business conducted in this sector, within the scope of consolidation, includes the following companies:

Company

Business carried out

a) On-board catering

CHEF EXPRESS S.p.A. – Railway Division Registered and administrative office, Via Modena n. 53 Castelvetro di Modena (MO)	Operating, under contract, on-board railway catering.
MOMENTUM SERVICES Ltd. Parklands Court, n.24 - Birmingham Great Park Rubery, Birmingham - United Kingdom	Operating, under contract, on-board catering on the trains connecting London with Paris and Brussels through the Euro tunnel.
GLOBAL SERVICE LOGISTICS S.r.l. in liquidation Via Modena n. 53 - Castelvetro di Modena (MO)	Non-operating company.
CREMONINI RESTAURATION S.a.s. 83, Rue du Charolais, Paris – France	Operating, under contract, on-board catering in France.
RAILREST S.A. Frankrijkstraat, n. 95 - Brussels - Belgium	Operating, under contract, on-board catering on Thalys high speed trains connecting Belgium with France, Holland and Germany.
CREMONINI CHEF IBERICA S.A. Paseo de la Castellana 151 bis, 1° Planta Madrid - Spain	Provides strategic advisory services, market analysis and coordination in the on-board catering segment. Also operates in the trading of food products.
CHEF EXPRESS UK LTD. 1-3 Union Street, Kingston Upon Thames, Surrey, London – United Kingdom	Holding of equity investments prevalently operating in the on-board sector.
LOUNGE SERVICES S.a.s 91, Rue du Faubourg Saint-Honoré – Paris - France	Management, under concession, of the business lounge in the Eurostar waiting rooms in Paris.
AVIRAIL ITALIA S.r.l. Via Modena n. 53, Castelvetro di Modena (MO)	Management of the logistical services for the trains in Italy.
RAIL EXPRESS SERVICES B.V. The Netherlands Carolina MacGillavrylaan 3402 – 1098 XJ Amsterdam - Holland	Operating, under contract, on-board railway catering.
CHEF EXPRESS EURASIA (Ex Chef Express Russia)	Società non ancora operativa, costituita con l'obiettivo di gestire i servizi di ristorazione nel mercato ferroviario russo, nazionale ed internazionale.
CHEF ESPRESS TREN IC HIZMETL. ANONIM SIRKETI A.S. Londra Asfaltı nro 93 Sefakoi Postakodu 34295 Kucukcekmece Istanbul - Turkey	Operating, under contract, on-board catering.

b) Under contract Catering

CHEF EXPRESS S.p.A. – Under contract Division Via Modena n. 53, Castelvetro di Modena (MO)	Operator in the commercial concession catering area. Specifically, catering is managed in the premises of major Italian railway stations, airports and hospitals and service areas of the motorway network.
GABF HOLDING Limited 90a Tooley Street London – United Kingdom	Sales of <i>bagels</i> in London and Ireland.
SHANGHAI CHEF EXPRESS RAIL CATERING MANAGEMENT COMPANY LTD 325 Tian Yao Qiao Road, Xuhui Qu, Shanghai	A company operating in the Chinese catering market, prevalently in Shanghai.

c) Commercial Catering

ROADHOUSE GRILL ITALIA S.r.l. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of steakhouses in Italy.
ROADHOUSE GRILL ROMA S.r.l. Via Modena n. 53, Castelvetro di Modena (MO)	Operating a chain of <i>steakhouses</i> in Rome.

PRINCEPS S.a.s. 22 rue Saint-Augustin 75002 Paris - France	Development of new catering operations in France.
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Breakdown of revenues by activity (Euro/000)	Year 2015	Year 2014	Chg. %
On-board catering	129,177	150,929	(14.41)
- intercompany revenues	-	-	
Net total	129,177	150,929	(14.41)
Motorway catering	289,828	262,935	10.23
- intercompany revenues	-	-	
Net total	289,828	262,935	10.23
Commercial catering	92,266	79,715	(100.00)
- intercompany revenues	-	-	
Net total	92,266	79,715	15.74
Total Catering	511,271	493,579	3.58

The catering sector showed an increase in revenues from 493.6 million Euro to 511.3 million Euro in 2014, an increase of 17.7 million Euro (+ 3.6%). The gross operating margin increased from 38.8 million Euro to 49.5 million Euro with an increase of 10.7 million Euro (+ 27.5%) and the operating result that amounted to 22.7 million Euro was up by 6.6 million Euro compared to 16.1 million Euro in 2014.

The improvement in the results is attributable to the concession catering and commercial segments that benefited from the full operation of the investments made in the past and the ongoing commercial expansion subsequent to the opening of the new Roadhouse Grill steakhouses.

Compared with the 2014 results, the on-board catering segment, on the other hand, is still affected by the conclusion of the contracts for managing the catering services of trains in France and Spain, added to which are the effects deriving from conclusion of the contract covering operating logistical services on the NTV trains in Italy.

The catering sector conducts its business in three segments:

- On-board catering: operating on-board train catering services and logistical activities in the railway stations;
- Concession catering: operating, in concession, catering services in railway stations, airports and motorway network service stations;
- Commercial catering: operating a chain of Roadhouse Grill brand steakhouses.

On-board catering

In the on-board sector, amongst the significant events that took place during the period we note:

- the completed incorporation of two companies in Turkey and Russia, the first directly controlled by Chef Express S.p.A. and the latter by Chef Express U.K., aimed at developing activities in the catering sector in the above-mentioned countries;
- the disposal of the logistics activities at Gare du Nord executed by the subsidiary Cremonini Restauration S.a.s.;

Under contract catering

Noted amongst the significant events that took place in the period are:

- the award of the Società Gestione Aeroporto Cagliari Elmas S.p.A. tenders concerning management of the catering services in four sales outlets, all previously managed within the Cagliari Elmas Airport;
- the opening to the public of new Mokà brand catering premises inside the Istituto Clinico Humanitas in Rozzano (MI) and in the Rome Termini railway station, and the opening of new Juice Bar brand catering premises inside the Milan Central and Milan Cadorna railway stations;
- the inauguration inside the Genoa Principe railway station of two new premises that have been totally renovated and adapted to the Juice Bar and Amor di Patata formats;

- the inauguration inside the Santerno Ovest, Feronia Ponte, Frascati Ponte, San Martino Ovest and Tevere Est service areas of the new "Chef Store" market, a greatly innovative format that will be gradually extended to other motorway areas managed by Chef Express S.p.A.;
- the introduction of the Juice Bar format inside the premises of the Milan Lambrate and Genoa Brignole stations, thus bringing the number of premises managed by Chef Express S.p.A. with this format up to twelve;
- the completion of the total renovations of the service areas Chienti Ovest, Tevere Est, Montefeltro Est, Feronia Ponte and Tuscolana Ovest;
- the disposal of the catering activities at the service areas Mirabella Nord (AV), Vallescrivie Est (AL), and of the railway station of Reggio Calabria;
- the temporary closing of four sales outlets inside Terminal 3 of Fiumicino due to the fire that broke out on 7 May, which seriously damaged the terminal;
- Chef Express's support of the "Pasto Buono" project of the Qui Foundation non-profit organisation, with the activity of collecting food surpluses to send to people in difficulty with the collaboration of volunteers of the Italian Red Cross, starting at the Rome, Milan and Genoa premises of Chef Express;
- the signing of an agreement with an important grantor in the motorway sector that led to the settlement of a number of legal disputes started by Chef Express S.p.A. against it;
- the conclusion of the merger of the company Healthy Bar Milano S.r.l. into Chef Express S.p.A., whose legal effects started from 10 December 2015 while the accounting and tax effects started from 1 January 2015.

Commercial Catering

We note amongst the significant events in 2015:

- the opening of 15 new Roadhouse Grill brand steakhouses to the public in the Sarca shopping centre in Sesto San Giovanni (MI), Tortona (AL), Dalmine (BG), Sondrio, Roma Boccea, Silea (TV), Senigallia (AN), Torri di Quartesolo (VI), Centro Commerciale La Romanina (Roma), Lido di Camaiore (LU), Rovato (BS), Serravalle Scrivia (AL), Asti, Pioltello (MI) and Lainate Sempione (MI), and the closing of the premises in Pesaro;
- the signing of additional contracts to open new Roadhouse Grill brand premises in Seregno (MB), Gravellona Toce (VB), Rubiera (RE), Lainate casello(MI), Baranzate (MI), Orio al Serio (BG), Tradate (MI), Giussano (MB), Castel Romano (Roma), Novara, Arese (MI), Affi (VR), Milano, Collegno (TO), Ancona, Cornaredo (MI), Cernusco Lombardone (LC) and Rome;
- the opening of the first two Roadhouse Grill brand premises abroad, in Sofia (Bulgaria), by way of a master franchising agreement with a leading local operator;
- the launch of new functions inside the Roadhouse Grill APP, and more precisely the possibility to order take away service and home delivery, which led to further consolidation of the community of people tied to the brand and who share in it and bring about its evolution and success;
- the conclusion of the merger of the company Sessanta S.r.l. into the company Roadhouse Grill Italia S.r.l., whose legal effects started from 1 December 2015 while the accounting and tax effects started from 1 January 2015.

Centralized activities (holding company, property and services)

The activities carried out in this area are mainly connected to the provision of specialised services supporting the operating sectors and management of real estate assets, and include the following companies and/or divisions:

Company	Business carried out
CREMONINI S.p.A. Via Modena n. 53, Castelvetro di Modena (MO)	Provides support services to Group companies in the areas of finance, insurance, legal and management/administration. It also manages the Group's real estate assets.
GLOBAL SERVICE S.r.l. Via Modena n. 53 - Castelvetro di Modena (MO)	<i>Personnel services:</i> processing and administrative management of payrolls.
INTERJET S.r.l. Via Belvedere n. 23 - Castelvetro di Modena (MO)	Air transport services (P.P.T)

Relationships with unconsolidated subsidiaries, associated, controlling and related companies

With reference to the Group's relationships, in the 2015 financial year, with unconsolidated subsidiaries, associated, controlling and related companies on market conditions, it should be noted that these transactions affected the types of costs and revenues summarised in the following table. Statement of assets and liabilities and income statement data are shown in specific annexes to the notes to the consolidated financial statements relating to each company, broken down by type of relationship. It should further be noted that relationships with related companies (i.e., companies referable to the controlling shareholder and outside the Cremonini Group's scope of consolidation) are overall, insignificant.

(Euro/000)	Controlling companies	Subsidiaries	Associated companies	Related companies
Revenues				
Trade income	-	5,064	31,028	5,364
Other income	62	142	170	-
Total revenues	62	5,206	31,198	5,364
Costs				
Trade expense	-	47,249	163	30,469
Other expense	-	-	127	863
Total costs	-	47,249	290	31,332
Loans and receivables				
Trade receivables	-	5,510	2,607	849
Other receivables	-	1,334	4,536	342
Total loans and receivables	-	6,844	7,143	1,191
Loans and payables				
Trade payables	-	6,355	154	20
Other payables	-	-	1	-
Total loans and payables	-	6,355	155	20

As far as relationships with both related and controlling companies are concerned, the breakdown is as follows:

(Euro/000)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Related and controlling companies:						
Better African Food Ltd	-	-	342	-	342	-
Cremofin S.r.l. (parent company)	-	-	-	-	-	-
LLC Soyuz Service	849	-	-	-	849	-
Twoford Holdings Ltd	-	20	-	-	-	20
Total related and controlling	849	20	342	-	1,191	20
(Euro/000)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Related and controlling companies:						
Better African Food Ltd	-	3,655	-	-	-	3,655
Cremofin S.r.l. (parent company)	-	-	62	-	62	-
Le Cupole S.r.l.	-	-	-	668	-	668
LLC Soyuz Service	5,364	-	-	-	5,364	-
Namsoy Fishing Enterprises Ltd	-	26,805	-	-	-	26,805
NBM Trading Consulting Ltd	-	9	-	195	-	204
Total related and controlling	5,364	30,469	62	863	5,426	31,332

The payables of 668 thousand Euro to Le Cupole refer to the rental of an industrial property, in Rimini, used for some time by MARR.

Investments

During the 2015 financial year the total of the net investments made was 96.7 million Euro.
The following is the detail of the net change in intangible and tangible assets in the 2015 financial year:

Net investments broken down by sector

(Euro/000)	Production	Distribution	Catering	Others	Total
Intangibles					
Patents and intellectual property rights	303	117	519	2	941
Concessions, licenses, trademarks and similar rights	42	11	57	-	110
Intangible assets under development and advances	179	242	346	-	767
Other intangible assets	53		102	-	155
Total intangible assets	577	370	1,024	2	1,973
Tangibles					
Land and buildings	3,675	1,066	16,808	3,006	24,555
Plant and machinery	11,164	1,581	2,969	106	15,820
Industrial and business equipment	1,285	324	818	1	2,428
Other tangible assets	6,661	534	5,783	248	13,226
Tangible assets under development and advances	15,811	780	19,650	2,459	38,700
Total tangible assets	38,596	4,285	46,028	5,820	94,729
Total	39,173	4,655	47,052	5,822	96,702

More detailed information on the investments made during the year can be found in the notes to the consolidated financial statements.

Research and development

The main research and development activities, broken-down by sector, were as follows:

Beef Segment

In 2015 INALCA developed the following research currents:

- Analysis of possible technologies to reduce the bioburden in its semi-finished and finished products based on microbiological agents able to improve the shelf-life of the products in protective atmosphere without using chemical additives;
- training and technological transfer activities on the analysis of sustainability in the beef sector and the related sustainable breeding techniques;
- identification of innovative industrial processes to recover some types of waste to reuse in internal processes with physical and enzymatic systems;
- use of organic products to replace chemical preservatives;
- assessment of innovative technological solutions aimed at improving the management and performance of recovery of water discharges.

Cured meat products segment

The Research and Development activity that Italia Alimentari S.p.A. carried out during 2015 was conducted using internal resources and was mostly focussed on the following guiding principles:

- Development of products with a marked focus on healthiness perceived for specific consumer categories

New formulations with a high "health-consciousness" content were created in this area. Particular attention was paid to the nutritional aspect. In particular, a production line that produces gluten-free rolls certified by AIC was installed, validated and certified. It is intended for consumers suffering from intolerance to gluten.

New lines of sliced products were singled out to form part of the gluten-free products, which are the main segment in the range of "health products". They combine vegetables and other plant products having specific nutritional properties with the traditional meat ingredient. Combined with the new formulations are also transformation processes such as steam cooking, which are able to respect and enhance the high quality of the raw material.

The strategy to develop toward specialised products for certain consumer categories has ventured as far as the study and subsequent implementation of sliced product formulations capable of satisfying vegetarian and vegan food styles. In particular, a new line of vegan tofu- and seitan-based products was created.

In this context, products and processes aimed at obtaining the "Halal product" certification on some cured meats made at the Busseto facility with poultry coming from a guaranteed supply chain were identified. They join the range of beef-based "Halal" products already certified by the parent company INALCA S.p.A.

As for the traditional products, the company's efforts focussed on identifying totally national production chains that allow the knowledge of the Italian nature of our products to increasingly increase and that enrich them with greater information for consumers.

- Tools adopted in the production sector to support and fund research

- INALCA takes part in the Foodbest platform through the University of Bologna. The Foodbest platform unites the food excellences of the EU territory and is the main tool for gaining access to the EU funds for research in the food sector granted by EIT - European Institute of Innovation & Technology (<http://www.foodbest.eu/>)
- On the subject of research in the sustainability sector, INALCA started up the preliminary activities for implementing the national strategic development plan called "National Technological Cluster" on sustainability (Italian Ministry of Education, University and Research Decree prot. 257/RIC of 30/05/2012). It is the most important national tool for promoting strategic sustainability projects. The project is aimed at building industrial plants in the sector of waste recovery and production of energy from renewable sources.

Foodservice segment

The activity to develop and expand the product lines of its own brand continues.

Events occurring after the end of the 2015 financial year

The following events occurred after the financial year-end:

Production

- In January Inalca S.p.A. and Generale Conserve S.p.A., an Italian company specialised in preserves, signed an agreement that regulated the sale to Inalca of the historical brand of canned meat Manzotin; contacts were made with an important Italian player for a possible consolidation project that would depict an important transaction supporting the chain.

Catering

- the opening of new Roadhouse Grill steakhouses in Rome, Udine and Genoa takes the number of premises the chain has opened in Italy to 74, and the signing of additional contract to open new premises of the chain in Cernusco sul Naviglio (MI) and Como;
- the opening to the public of a new catering premises inside the Circolo Hospital in Varese;
- the inauguration inside the Rome Tiburtina station of the first premises of the Ingredienti brand, a new brand specially conceived by Chef Express S.p.A. to offer a restaurant service at a fixed price and with a quick and easy buffet formula though marked by a particularly varied and rich offering in terms of quality and quantity;
- the completion of the total renovation of the service area at Frascati Ponte with the inauguration inside of the first premises of the Pomodoro&Mozzarella brand, a new brand specially conceived by

- Chef Express S.p.A. to tell a new story about pizza, Italy and its products in a context that combines innovation and tradition, playing and quality thanks to top quality products;
- the inauguration of the brand new Chef Express Academy, which will be not only a laboratory for the research and development of new products, but also an actual training school for Chef Express operators;
- the completed discontinuation of the logistics activities for the SNCF trains, carried out through the joint venture Avirail S.a.s.;
- the Regional Administrative Courts of Lazio totally upheld the appeal Chef Express S.p.A. presented against the administrative proceedings of the Italian Antitrust Authority that had wrongfully and abnormally sanctioned the Company for alleged anti-competitive conduct in several tenders to award the catering in the services areas of the motorway network. The judgement confirmed, in both substance and form, the fair conduct of the Company, which has always distinguished itself for promoting conditions for an increasingly open market in the interest of all operators and consumers.

Business Outlook

The results achieved in the different sectors in 2015 confirm the Group's good performance, although in the presence of a market situation that is still weak.

The Group will be involved in consolidated the income results reached in 2016 as well by pursuing policies for development on markets and products and for cost rationalisation in the various operating segments.

Other information

With reference to the compliance provided for in the Personal Data Protection Code mentioned in Legislative Decree 196/2003, it is noted that the policy document on security is updated based on the indications in the relative regulation.

Atypical and/or unusual transactions

There were no atypical and/or unusual transactions during the course of the year that, for materiality, nature of the counterparties, object of the transaction, method of determination of the transfer price and their occurrence in proximity to the year-end can raise doubts as to the correctness and completeness of these financial statements, conflict of interest, safeguarding of corporate.

Reconciliation between the Parent Company's shareholders' equity values and the profit for the year with the corresponding consolidated values

A reconciliation schedule between the shareholders' equity values of the Parent Company and the profit for the year with the Group's share of the corresponding consolidated values at 31 December 2015 is given in the annual report.

Main risks and uncertainties

The company is exposed to financial risks in the conduct its business, such as those described in more detail in the explanatory notes and where these mean: market risk (being the combination of the currency risk for foreign purchases of goods, interest rate and price risks), credit and liquidity risks.

Furthermore, consider that the company, though operating in the food sector that is characterised by a substantial stability, suffers from the general conditions of the economy and is therefore exposed, even though to a lower extent compared to other sectors, to the uncertainties of the current macroeconomic climate.

As already described in the reports for previous financial years, 2015 was again characterised by volatility in the financial markets and difficulty in access to credit, other than a consumption contraction; this has led the management to maintain high attention to the dynamics of credit management and cost curbing policies to preserve the commercial margin.

As far as concerns the evolution of the Group's financial position, this depends on numerous conditions amongst which are, other than achievement of set targets in terms of commercial working capital management, the trend of the banking and monetary markets that are also influenced by the current economic situation.

As far as concerns the specific risks and uncertainties of the Cremonini and Group business, please refer to the paragraph "Provisions for non-current liabilities and charges" in the Explanatory Notes.

Human resources

The Cremonini Group is aware that its collaborators make up an important resource for the company in order to achieve the success and future of the same company. This is why it pays a large amount of attention to the well-being of all collaborators, to the development of training programmes attentive to individual needs and to fostering a positive corporate climate able to arouse a sense of belonging and commitment to meeting common business objectives.

A total of 9,664 people work in the countries where the Group operates. The majority are in the European Union (85.5%), followed by Russia (8.7%) and Africa (5.2%). The headcount in 2014 was instead 8,778 collaborators.

The breakdown of the organizational structure based on professional designation was 145 executives, 463 middle managers, 1,911 office staff and 7,145 workers or seasonal workers.

In addition to its employees, the Group also uses a large number of salespeople and a network of haulage contractors that collaborate with agency and service agreements.

During the year, sector-based refresher and training courses were held, and they also regarding the fields of environmental safety, languages, computers and occupational safety. Despite the period of serious economic crisis, the company in no case whatsoever reduced its headcount and actually, in some cases, increased it, notwithstanding a voluntary mobility operation.

Please note the agreements with the university or secondary schools as well, which offered students traineeships that in some cases turn into employment.

Environment

In the perspective of safeguarding and respecting the environment, the Group has always been careful about the activities its companies carry out with reference to both its production processes and the optimization of the resources available, with a constant commitment to reduce water and energy consumption and the production of solid and liquid waste.

Aware that these themes have entered the value chain and form competitive leverage necessary for the sustainable development of the company, INALCA published its first Sustainability Report in 2015. It was drawn up in compliance with the international GRI-Global Reporting Initiative standard (version G4, "in accordance core" option) and based on the four cornerstones made up of sharing value with the agricultural world, construction of an integrated and sustainable chain, control of impacts and consumption, and governance of the company processes.

Water resources

This is an area of intervention in which the Group concentrated its resources regarding water consumption. The Group companies optimised the complete waste water purification and recovery cycle at its production facilities using biological systems. The efficiency indicators of the water cycle are carefully monitored in the environmental management system.

To reduce water consumption, the companies have activated several tools to reuse water inside the production cycle such as, for example, reutilisation of the waste water of the purification processes and reduced consumption of water in the slaughter operations.

Energy

- Production sector

In 2015 the subsidiary INALCA consolidated its production of energy from renewable sources at the Ospedaletto Lodigiano (LO) facility. The relevant biogas produced in fact allowed about 5,481 MWh to be produced, corresponding to 17% of the facility's electricity requirement. The plant in question is actually able to recover and optimise the excess sludge and manure coming from the Ospedaletto Lodigiano (LO) and Castelvetro (MO) facilities, as well as some types of waste coming from the

slaughter.

Thanks to approval of its framework agreement by the Italian Ministry of Agricultural, Food and Forestry Policies pursuant to Art. 10 and 11 of Italian Legislative Decree 102 of 27 May 2005 regarding the building of agro-energy chains, INALCA obtained maximum optimisation of the energy produced by this incentive system and the reinforcing of biomass flows coming from all the major production facilities of the Group.

Based on the experience gained with the anaerobic digestion plant, the authorisation procedure for another anaerobic digestion plant for the biomasses coming from the breeding activity of the subsidiary farm Corticella S.r.l. was completed.

During 2015, INALCA further strengthened the amount of energy self-produced by way of industrial cogeneration as well. In fact, a production unit having electric power of 3.6 MW was replaced at the Castelvetro (MO) facility with a new one having greater efficiency (10% more total yield) and with electric power of 3.3 MW, able to combine the greater installed power with fewer emissions into the atmosphere.

By combining systems based on fossil and renewable sources, the total energy self-production capacity came to 55,367 MWh/year, equivalent to 60% of the requirement, for the year 2015.

In line with the regulatory provisions that provide incentives for energy efficiency activities, INALCA, through its subsidiary SARA S.r.l., improved the energy efficiency level for several Group companies by producing EEB - Energy Efficiency Bonds - admissible by the GSE (electric services operator).

The Group generated a total of 3,707 EEB in 2015. Other projects tied to improving the energy efficiency of the internal lighting systems of some facilities are being studied.

During 2015, INALCA also started up its second anaerobic digestion plant to recover the energy of the manure obtained by the subsidiary farm Corticella having a 300 KWe capacity.

With respect to the reduction in incentives for the production of electricity from renewable sources and completion of the validity period of the energy efficiency projects, the new opportunities offered by the new framework of incentives in this sector and possible consistencies with the industrial structure of the Group are planned to be explored.

- Catering sector

During 2015, the installation at all sales outlets of a voltage reduction system that saves electricity consumption was completed and the project to build photovoltaic systems that will allow meet part of the electricity requirement when in full production was started up, which will concern most of the premises managed by Chef Express S.p.a. and the subsidiary Roadhouse Grill Italia S.r.l.

The lighting system at the premises being renovated or that are under construction is planned to be replaced with a new LED technology, and the heating and air conditioning system should be replaced with a high efficiency system with rotary recover. The new premises are built with a building automation system that removes management inefficiencies and saves on electricity consumption.

Moreover, the company is buying all energy coming from a renewable source that is 100% certified (Guarantee of Origin) starting from 2016.

Life Cycle of Products and Environmental Disclosure

With regard to environmental sustainability and the policy to create an integrated and sustainable supply chain, the subsidiary INALCA has achieved its first EPD (Environmental Product Declaration) regarding the Montana frozen hamburger <http://www.environdec.com/en/Detail/epd711>.

The EPD system is undoubtedly one of the most qualified objective technical references verified by third parties for providing clear and truthful information on the actual impacts and consumption of the food products.

These techniques make it possible to identify the potential of environmental improvement of the products at various points of their life cycle, to select the significant environmental performance indicators and to define environmental marketing strategies. It is an activity of growing interest for targeted company communication actions or for supporting similar initiatives of its customers, in both active and passive terms.

INALCA has also developed stable relations in the international platforms operating in the sustainability of the beef sector.

Through these research consortia, INALCA plans to acquire updated and scientifically sound information to improve the sustainability of its supply chain.

Waste production

The Group promotes the separated collection of waste and its maximum reuse. Some time ago the Group perfected the separated collection operations to top 99% of the waste produced, and it has also developed a plan aimed at improving the sustainability of the packaging products adopted, with particular reference to reduction of the weight of the packing and improvement of their sustainability characteristics.

With regard to the production sector, the goal of reducing waste was pursued above all with the anaerobic digestion plant in Ospedaletto Lodigiano that led to a reduction of about 10,000 tonnes/year of organic waste with its further exploitation.

In 2015 the Group also further developed the activities to rationalise the internal logistics regarding the flows of waste and by-products. Owing to some plant and authorisation-required adaptations on the production and recovery plants of this waste, INALCA achieved a considerable reduction in the number of haulages and an improvement in the saturation rate of the trips, above all because of the complete functional integration between the biogas and composting plants.

The Parent Company Cremonini S.p.A.

Shown below are the summarised results of the Parent Company prepared in conformity with the IAS/IFRS International Accounting Standards.

Income statement of the Parent Company Cremonini S.p.A.

(Euro/000)	Year 2015	Year 2014	Chg. %
Total revenues	6,133	6,090	0.71
Changes in inventories of work in progress, semi-finished and finished goods	-	-	
Value of production	6,133	6,090	0.71
Cost of production	(5,687)	(6,352)	
Value added	446	(262)	n.a.
Personnel costs	(2,606)	(2,575)	
Gross operating margin ^a	(2,160)	(2,837)	(23.86)
Amortization, depreciation and write-downs	(1,355)	(2,117)	
Operating income ^b	(3,515)	(4,954)	(29.05)
Net financial income (charges)	(3,492)	(13,144)	
Profit from ordinary activities	(7,007)	(18,098)	n.a.
Net income (charges) from investments	37,524	58,145	
Net extraordinary financial income (charges)	-	-	
Result before taxes	30,517	40,047	n.a.
Income taxes for the financial year	1,908	4,104	
Net profit	32,425	44,151	n.a.

Statement of Assets and Liabilities of the Parent Company Cremonini S.p.A.

(Euro/000)	Year 2015	Year 2014	Chg. %
Intangible assets	6	7	
Tangible assets	83,629	79,119	
Equity investments and other financial assets	256,940	257,735	
Total fixed assets	340,575	336,861	1.10
Trade net working capital			
- Trade receivables	1,793	2,742	
- Inventories	-	-	
- Trade payables	(4,369)	(3,135)	
Total trade net working capital	(2,576)	(393)	
Other current assets	13,630	10,647	
Other current liabilities	(12,800)	(8,983)	
Net working capital	(1,746)	1,271	n.a.
Staff Severance Provision and other medium/long-term provisions	(5,981)	(7,695)	
Net invested capital	332,848	330,437	0.73
Total Shareholders' Equity	221,712	204,760	8.28
Net medium/long-term debt	80,590	41,623	
Net short-term debt	30,546	84,054	
Net debt	111,136	125,677	(11.57)
Net equity and net debt	332,848	330,437	0.73

a – EBITDA (Gross operating margin) is an economic indicator not defined in the International Accounting Principles and the IFRS. EBITDA is the measurement used by the company's management to monitor and evaluate its operations. The managements retains that EBITDA is an important indicator for measuring the company performance as it is not affected by the volatile nature of the effects of the various criteria of calculating taxable income, the amount and characteristics of the invested capital as well as the relative depreciation criteria. At present, subject to a later in depth study regarding the evolution of the IFRS accounting practices, EBITDA is defined by Cremonini as the Profit/Loss gross of the depreciation or amortization of tangible and intangible assets, allocations and write-downs, financial expenses and income and income taxes.

b – The operating profit (EBIT) is defined by Cremonini as the Profit/Loss for the year gross of financial charges and income, non-recurring items and income taxes.

Net debt of the Parent Company Cremonini S.p.A. ^(c)

(Euro/000)	Year 2015	Year 2014
Payables to banks, bonds and other financial institutions		
- due within 12 months	(27,401)	(99,980)
- due between 1 and 5 years	(74,586)	(22,018)
- due beyond 5 years	(6,004)	(19,605)
Total payables to banks, bonds and other financial institutions	(107,991)	(141,603)
Liquidity		
- cash and cash equivalents	406	3,801
- other financial assets	-	50
Total liquidity	406	3,851
Securitization and internal treasury current accounts	(3,551)	12,075
Total net debt	(111,136)	(125,677)

Property services

Cremonini S.p.A. directly manages both its own property that is destined for civil use and property destined for the catering division business.

The direct services

The transactions and services rendered, carried out mainly in relation to Group companies, generally concern the following operational areas:

Finance: management of the centralized treasury and planning of special and medium to long-term loans;

Guarantees and advisory services: issuing of guarantees (bank and insurance) and general assistance concerning accounting, corporate law, taxes, legal and contractual services;

Fiscal consolidation: as consolidator, Cremonini S.p.A. has adhered to Article 117 of the T.U.I.R. (Consolidated Tax Code), the preparation of the "national fiscal consolidation" (NFC). All the main companies controlled by Cremonini S.p.A. have adhered to this standard.

c – The Net Debt, utilized as a financial indicator of the indebtedness, is shown as a summary of the following positive and negative components of the Statement of Assets and Liabilities pursuant to CONSOB communication no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents; current securities due for sale; short-term financial receivables; derivative instruments. Negative components: due to banks; due to other financiers, leasing and factoring companies; derivative instruments and bonds.

Relationships with Group and related companies

With particular reference to its own activities and the specific financial and service relationships with the subsidiaries and related companies it should be noted that Cremonini S.p.A.'s relationships involved the type of costs and revenues summarised in the following table. The economic and financial data by type of relationship for each company is indicated in the specific annexes to the explanatory notes. It should further be noted that the relationships with related companies are of a minor entity.

(Euro/000)	Parent Company	Subsidiaries	Associated companies	Related companies
Revenues				
Financial income	62	207	-	-
Services	-	4,114	141	-
Sales of goods	-	4	-	-
Other income	-	39,767	2	-
Total revenues	62	44,092	143	-
Costs				
Financial charges	-	72	-	-
Services	-	336	14	-
Purchase of goods	-	1	-	-
Other charges	-	642	-	1,205
Total costs	-	1,051	14	1,205
Receivables				
Financial	-	2,097	-	-
Trade	-	1,425	-	-
Other (a)	-	4,353	-	-
Total Receivables	-	7,875	-	-
Payables				
Financial	-	5,647	-	-
Trade	-	2,845	-	-
Other (a)	-	4,458	-	-
Total Payables	-	12,950	-	-

(a) mainly attributable to receivables and payables resulting from the national fiscal consolidation.

The powers granted to the Directors

The powers granted to the individual directors are those specified below:

- to the Chairman Mr. Luigi Cremonini, in addition to the legal representation mentioned in art. 21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 5 May 2014;
- to the Chief Executive Officer Vincenzo Cremonini, in addition to the legal representation mentioned in art.21 of the By-laws, the necessary powers were conferred for the completion of acts relating to the company's business, to be exercised with an individual signature, in connection with powers attributed with a Board of Directors resolution on 5 May 2014.

An Executive Committee and a General Manager have not been appointed in the current corporate bodies' structure.

During the financial year, both the Chairman and the Chief Executive Officers used their powers only for the normal management of the company's business, while significant transactions by typology, quality and value, were submitted to the examination of the Board of Directors.

* * * * *

Dear Shareholders,

Before concluding and requesting your decisions on this matter, we confirm that the draft financial statements for the year ended on December 2015, submitted for your examination and approval at this meeting, were prepared in compliance with prevailing legislation.

Please refer to the Directors' Report for comment on the overall situation of the company and the Group, as well as the Explanatory Notes for comments on individual items. We invite you to approve the financial statements for the year ended on 31 December 2015, together with the Directors' Report.

We also propose to allocate the net profit for the financial year, 32,424,796 Euro, to the "Retained earnings" reserve.

Castelvetro di Modena, 24 March 2016

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)

CREMONINI S.P.A

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Financial statements as at 31 December 2015

Statement of Assets and Liabilities– Assets

(Euro)	Note	31.12.2015	31.12.2014
Non-current assets			
Tangible assets	1	83,628,805	79,118,562
Goodwill		-	-
Other intangible assets	2	5,746	6,715
Investments in subsidiaries and associated	3	255,055,157	254,694,295
Investments in other companies	4	1,882,466	3,038,034
Financial assets held for sale		-	50,000
Deferred tax assets	5	281,982	556,092
Other non-current assets	6	4,595,892	4,932,262
Total non-current assets		345,450,048	342,395,960
Current assets			
Inventories		-	-
Current financial receivables	7	6,449,851	19,135,598
relating to related parties		6,449,851	19,135,598
Current trade receivables	8	1,810,779	2,760,264
relating to related parties		1,424,719	2,339,014
Current tax assets	9	3,330,460	1,209,520
Financial assets held for sale		1,000,223	1,000,223
Financial instruments / Derivatives	15	-	-
Cash and cash equivalents	10	406,312	3,801,225
Other current assets	11	105,574	379,722
relating to related parties		-	-
Total current assets		13,103,199	28,286,552
Total assets		358,553,247	370,682,512

Statement of Assets and Liabilities

(Euro)	Note	31.12.2015	31.12.2014
Shareholders' Equity			
Share capital	12	67,073,932	67,073,932
Reserves	13	(40,526,421)	(40,531,669)
Retained earnings		162,739,556	134,067,442
Result for the period		32,424,796	44,150,714
Total Shareholders' Equity		221,711,863	204,760,419
Non-current liabilities			
Non-current financial payables	14	84,166,546	45,360,305
relating to related parties		3,576,144	3,737,168
Financial instruments / Derivatives	15	-	-
Employee benefits	16	418,105	421,540
Non-current provisions for risks and charges	17	200,036	521,036
Deferred tax liabilities	18	5,363,623	6,752,363
Other non-current liabilities		473	473
Total non-current liabilities		90,148,783	53,055,717
Current liabilities			
Current financial payables	19	33,931,492	104,743,811
relating to related parties		6,530,801	5,227,386
Financial instruments / Derivatives	15	-	464,214.0
Current tax liabilities	20	7,038,302	3,053,329
Current trade liabilities	21	4,403,622	3,174,237
relating to related parties		2,844,485	1,589,938
Other current liabilities	22	1,319,185	1,430,785
relating to related parties		-	-
Total current liabilities		46,692,601	112,866,376
Total liabilities		358,553,247	370,682,512

Financial statements as at 31 December 2015

Income statement

(Euro)	Note	31 December 2015	31 December 2014
Revenues	23	5,003,524	5,375,476
<i>relating to related parties</i>		4,258,566	4,461,714
Other revenues	24	1,129,437	714,167
<i>relating to related parties</i>		438,978	433,348
Costs for purchases	25	(42,370)	(65,843)
<i>relating to related parties</i>		(876)	(525)
Other operating costs	26	(5,644,564)	(6,286,054)
<i>relating to related parties</i>		(354,556)	(400,600)
Personnel costs	27	(2,606,145)	(2,575,015)
Amortization and depreciation	28	(1,290,330)	(1,646,721)
Write-downs and provisions	28	(64,502)	(469,886)
Revenues from equity investments	29	37,524,160	58,145,437
<i>relating to related parties</i>		37,485,706	18,805,606
Financial (Income)/Charges	30	(3,492,306)	(13,144,289)
<i>relating to related parties</i>		197,770	(803,304)
Result before taxes		30,516,904	40,047,272
Income taxes	31	1,907,892	4,103,442
Result for the period		32,424,796	44,150,714

Other comprehensive income components

(Euro)	31 December 2015	31 December 2014
Result for the period	32,424,796	44,150,714
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Efficacious part of profits/(losses) on cash flow hedge instruments		1,149,852
Tax effect	0	(316,209)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial gain (losses)	7,239	(26,615)
Tax effect	(1,991)	7,321
Comprehensive Income	32,430,044	44,965,063

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2015

(Euro)	Other reserves												Total Shareholders' Equity	
	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Share premium reserve	Legal reserve	Merger Deficit	Reserve for IAS adjustments	Reserve for trading treasury stock	Cash flow hedge reserve	Total Reserves	Profits (Losses) carried forward	Result of the year		
Balances at 31 December 2013	67,073,932	0	67,073,932	78,279,705	14,749,280	(146,379,437)	94,514	12,787,578	(44,014)	(833,643)	(41,346,017)	81,703,619	52,363,822	159,795,356
Allocation of the results for the previous year:													52,363,822	0
- retained earnings reserve														
Consolidated comprehensive income														
- Net profit (loss) for the period													44,150,714	44,150,714
- Other Profit/(losses), net of taxes								(19,295)	833,643	814,348		I		814,349
Balances at 31 December 2014	67,073,932	0	67,073,932	78,279,705	14,749,280	(146,379,437)	94,514	12,787,578	(63,309)	0	(40,531,669)	134,067,442	44,150,714	204,760,419
Allocation of the results for the previous year:														
- retained earnings reserve												28,672,114	(28,672,114)	0
- dividend distribution												(15,478,600)	(15,478,600)	(15,478,600)
Comprehensive income														
- Net profit (loss) for the period													32,424,796	32,424,796
- Other Profit/(losses), net of taxes								5,248		5,248				5,248
Balances at 31 December 2015	67,073,932	0	67,073,932	78,279,705	14,749,280	(146,379,437)	94,514	12,787,578	(58,061)	0	(40,526,421)	162,739,556	32,424,796	221,711,863

Cash flow statements for the financial years ended as at 31 December 2015 and 2014

(Euro/000)	31.12.2015	31.12.2014
Profit for the period	32,425	44,151
Amortization and depreciation	1,290	1,647
Impairment	-	-
Net change in other provisions and non-monetary income items	2,025	1,537
Net change in Staff Severance Provision	(1,841)	(1,074)
<i>Changes in working capital</i>		
(Increase) decrease in trade receivables	884	(652)
(Increase) decrease in inventories	-	-
Increase (decrease) in trade payables	1,234	(68)
(Increase) decrease in other items of the working capital	834	(125)
Cash-flow from operating activities (A)	36,851	45,416
Net (investments) in intangible assets	(3)	(9)
Net (investments) in tangible assets	(5,785)	(2,781)
Net change in other non current assets	(1,049)	24,087
Acquisition net of Cash and cash equivalent	-	-
Cash-flow from investment activities (B)	(6,837)	21,297
Increase (Decrease) in medium-long term borrowings	38,967	(25,622)
Increase (Decrease) in medium-long term liabilities for derivatives	0	1,148
Increase (Decrease) in short-term borrowings	(56,439)	(40,033)
Increase (Decrease) in short-term liabilities for derivatives	(464)	464
Capital increase and other changes in equity	(15,473)	814
Cash flow from financing activities (C)	(33,409)	(63,229)
Cash Flow of the year (D=A+B+C)	(3,395)	3,484
Cash and cash equivalents at the beginning of the year (E)	3,801	317
Cash and cash equivalents at the end of the year (F=D+E)	406	3,801

Cremonini SpA Financial Statement as at 31 December 2015

Notes to the financial statements

Form and content of the financial statements

The financial statements as at 31 December 2015 were prepared in accordance with the accounting standards and measurement criteria laid down by the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002, as adopted by Legislative Decree no. 38 of 28 February 2005, as amended, and resolutions and ordinances promulgated in implementation of art. 9 of Legislative Decree 38/2005.

The financial statements for the year were authorised for publication by the Board of Directors meeting held on 24 March 2016.

The section on "Accounting standards" illustrates the international accounting standards adopted in the preparation of the Cremonini S.p.A. statement of assets and liabilities as at 31 December 2015.

The Cremonini S.p.A. financial statements as at 31 December 2015 were prepared in accordance with the cost method, with the exception of the following postings in the statement of assets and liabilities :

- land and buildings for which the fair value as at 1 January 2004 was adopted, as "deemed cost" as provided for by IFRS 1, as detailed later in this report;
- derivative contracts entered at the fair value against an entry in the income statement.

For the purposes of comparison, the financial statements as at 31 December 2015 show the figures for the financial year ended as at 31 December 2014.

The following classifications have been used:

- "Statement of Assets and Liabilities" for current/non-current items;
- "Income Statement" by nature;
- "Cash flow statement" (indirect method).

It is considered that these classifications provide information that better responds to representing the company's equity, economic and financial situation.

The functional and presentation currency is the Euro.

With regard to the schedules contained in these financial statements, the Statement of Assets and Liabilities and Income Statement are shown in units of Euro, while the schedule of the changes of the Shareholders' Equity and Cash Flow Statement are shown in thousands of Euro. If not otherwise indicated, the tables contained in these financial statements are shown in thousands of Euro.

Changes in accounting standards

The new IFRS and IFRIC standards adopted by the EU, in force commencing from 1 January 2015, are shown below with a brief description. The adoption of these revised standards and interpretations has not had effects on the financial statements but has resulted, in some cases, in additional information only.

New accounting standards, amendments and interpretations applicable in 2015

The measurement criteria used for the purposes of preparation of the financial statements for the 2015 year do not differ from those used for the financial statements for the financial year ended 31 December 2014, with the exception of the accounting standards, amendments and interpretations applicable from 1 January 2015, as indicated below.

- Amendments to IAS 19: Employee benefits: IAS 19 requires an entity to consider the employee or third party contributions when booked to defined benefits plans.

When the contributions are related to the performance of the service, they must be attributed to the period of service as negative benefits. The amendment clarifies that, should the amount of the contributions be independent of the number of years of service, the entity is permitted to record these contributions as a reduction of the service cost in the period in which the service is performed, instead of allocating the contributions to the periods of service. This amendment is effective for the financial years that commenced from 1 July 2014 or subsequently. This amendment is insignificant for the Group since none of its companies has plans that include contributions of employees or third parties.

Several improvements (annual IFRS improvements - 2010-2012 Cycle and 2011-2013 Cycle) in effect starting from 1 July 2014 that nonetheless had no effects on these financial statements:

- IFRS 2 Share-based payments: This improvement is applied in the future and clarifies various points linked to definition of the conditions of attaining results and service that represent accrual conditions.

- IFRS 3 Business combinations: The amendment is applied in the future and clarifies that all agreements regarding potential considerations classified as liabilities (or assets) arising from a business combination must be afterwards measured at fair value with contra entry booked to the income statement, whether or not they fall within the scope of IFRS 9 (or IAS 39, as the case may be).

- IFRS 8 Operating segments: The amendment is applied retrospectively and clarifies that: - an entity should disclose the revaluations made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8, including a brief description of the operating segments that were aggregated and the economic characteristics used to define whether the segments are "similar"; - it is necessary to present the reconciliation of the assets of the segment with the total assets only if the reconciliation is presented at the highest decision-making level, as is required for the liabilities of the segment. This amendment is insignificant for the company since it operates in a single segment.

- IAS 16 Real estate, plant and machinery and IAS 38 Intangible assets: The amendment is applied retrospectively and clarifies that in IAS 16 and IAS 38 an asset can be revalued with reference to observable figures both by adapting the gross carrying value of the asset to the market value and by determining the market value of the carrying value and adjusting the gross carrying value proportionately so that the resulting carrying value is equal to the market value. The accumulated depreciation is also the difference between the gross carrying value and the carrying value of the asset. This amendment does not apply to the Group in the period of reference.

- IAS 24 Related party disclosures: The amendment is applied retrospectively and clarifies that a management entity (an entity that supplies services relating to key management) is a related party subject to disclosure on transactions with related parties. Furthermore, an entity that makes use of a management entity must disclose the expenses incurred for the management services. This amendment has no effect on the information the company has already given.

- IFRS 3 Business combinations: The amendment is applied in the future and for the purposes of exclusion from the scope of IFRS 3, clarifies that: - not only joint ventures are outside the scope of IFRS 3, but joint arrangements are as well; - this exclusion from the scope is applied only in the accounting in the financial statements of the joint arrangement. This amendment is irrelevant for the Group and for its subsidiaries.

- IFRS 13 Fair value measurement: The amendment is applied in the future and clarifies that the portfolio exception provided for by IFRS 13 may be applied not only to financial assets and liabilities, but also to the other contracts within the scope of IFRS 9 (or IAS 39, as the case may be). This amendment makes no impact on the financial statements of the Group.

- IAS 40 Investment property: The description of ancillary services in IAS 40 differentiates between investment property and property held for the owner's use (for example: real estate, plant and machinery). The amendment is applied in the future and clarifies that in defining whether a transaction represents the purchase of an asset or a business combination, IFRS 3 has to be used and not the description of ancillary services of IAS 40.

The Group does not have such cases.

Accounting standards, amendments and interpretations applicable to future financial statements

Illustrated below are the standards and interpretations that, at the date of preparation of these financial statements, were already issued but not yet effective.

- IFRS 9 Financial instruments. The IASB issued the final version of IFRS 9 Financial Instruments in July 2014, which reflects all the phases of the project relating to financial instruments and substitutes IAS 39 Financial Instruments: Recognition and measurement and all the previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, impairment and hedge accounting. IFRS 9 is effective for the financial years commencing from 1 January 2018 or subsequently.

- IFRS 15 – Revenues deriving from contracts with customers. The IFRS was issued in May 2014 and introduces a new model that will apply in five phases to the revenues deriving from contracts with customers. IFRS 15 provides for the recording of revenues no da togliere an amount that reflects the consideration to which the entity considers that it has a right in exchange for the transfer of goods or services to the customer. The standard provides a more structured approach for the recognition and measurement of the revenues, substituting all the current requisites in the other IFRSs on the theme of revenue recognition. IFRS 15 takes effect for financial years that commence on 01 January 2018 or subsequently, with full or amended retrospective application. Early application is allowed. The company does not expect significant impacts from the application of this standard.

- Amendments to IFRS 11 - Joint control agreements: Acquisition of a shareshare. These amendments require that a joint operator who books the acquisition as a stake in a joint control agreement, the operations of which represent a business, must apply the relevant standards of IFRS 3 on the theme of accounting for business combinations. The amendments also clarify that, in the event that joint control is maintained, the stake previously held in joint control agreement does not require re-measuring at the time of the acquisition of a further stake. Furthermore, an exclusion from the scope of IFRS 11 was added to clarify that the amendments do not apply when the parties who share control, including the entity that prepares the financial statements, are subject to the joint control of the same ultimate parent party. The amendments apply to both the acquisition of the initial stake in a joint control agreement and the acquisition of every additional stake in the same joint control agreement. The amendments must be applied in the future for financial years commencing from 1 January 2016 or subsequently. Early application is allowed.

- Amendments to IAS 16 and IAS 38: Clarification of admissible amortization/depreciation methods. The amendments clarify the standard contained in IAS 16 and IAS 38 on the revenues reflecting a financial benefits model generated by the management of a business (of which the activity is a part), rather than financial benefits that are consumed with the use of the asset. It follows that a revenue based method cannot be utilised for depreciation of real estate, plant and machinery and could be used only in very limited circumstances for amortisation of the intangible assets. The amendments must be applied in the future for financial years commencing from 1 January 2016 or subsequently. Early application is allowed.

- Amendments to IAS 27: Shareholders' equity in the separate financial statements. The amendments will permit an entity to utilise the shareholders' equity method for recognising the equity investments in subsidiaries, joint ventures and related companies in its separate financial statements. The entities that are already applying the IFRS and decide to change the recording criterion by passing to the shareholders' equity method in their separate financial statements must apply the change retrospectively. The changes are effective for the financial years commencing from 1 January 2016 or subsequently. Early application is allowed.

- Amendments to IAS 1: Initiative on disclosures in the financial statements. The amendments are aimed at introducing clarifications in IAS 1 to meet some elements that are perceived as limitations on the use of judgement by those preparing the financial statements. These amendments are applicable to the financial years commencing on 1 January 2016 or subsequent to this date.

- Amendments to IFRS 10 and IAS 28: sale or transfer of a business between an investor and one of its associates or joint ventures. The amendment aims at eliminating the conflict between the requisites of IAS 28 and IFRS 10 and clarifies that in a transaction that involves an associate or joint venture the measure to which it is possible to recognise a profit or loss depends on the fact that the activity to be sold or transferred is a business. The amendment is awaiting approval and will be applicable for financial years commencing on 1 January 2016 or subsequent to this date.

- IFRS 16 – Leases. This standard (issued in January 2016 and still not approved by the European Union) establishes that unlike the past, leases are represented in the statements of assets and liabilities of the companies, in this way increasing the visibility of their assets and liabilities. It does away with the distinction between operating leases and financial leases (for the lessee - customer of the lease), treating all contracts in question as financial leases. Short-term contracts (within 12 months) and those regarding low value assets are exempt from this treatment. The new standard will become effective starting 1 January 2019; early application is allowed provided the recent standard IFRS 15 Revenues from Contracts with Customers is also applied. The Group is

assessing the impacts of this new standard on its consolidated financial statements.

Lastly, some improvements (annual improvements IFRS - 2012-2014 Cycle) were issued which adopt the amendments to the standards in connection with the annual improvement process thereof, concentrating on amendments considered as necessary, but not urgent.

The primary amendments, which are not expected to have significant impacts on the financial statements of the Group, regard the following standards:

- IFRS 5, introduces clarification for cases where the method of sale of an asset is amended by reclassifying this by holding it for sale or distribution;
- IFRS 7, clarifies if and when service agreements constitute continuous involvement for the purpose of disclosure;
- IAS 19, clarifies that the currency of the securities used as a reference for the estimate of the discount rate must be the same as that when the benefits will be paid;
- IAS 34, clarifies the significance of "elsewhere" in cross-referencing.

Accounting standards

The measurement criteria utilised in the preparation of the consolidated financial statements for the year ended 31 December 2015 are the same used for the preparation of the consolidated financial statements as at 31 December 2014, with the exception of that described in the above section. The more significant measurement criteria adopted for the preparation of the consolidated financial statements are indicated below.

Tangible assets

The tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make them available for use. As indicated in the section on the "effects of the application of the international accounting standards", as permitted by IFRS 1, the Company has measured certain owned land and buildings at fair value, and adopted such fair value as the new cost subject to depreciation.

Apart from the foregoing, no revaluations are permitted, even if in pursuance to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor and depreciated in accordance with the criteria below.

Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When the tangible asset is made up of a number of significant components, each with a different useful life, each individual component is depreciated. The depreciated value is represented by the carrying value minus the presumable net transfer value at the end of its useful life, if material and reasonable determinable. Land (items with an undefined profit) is not depreciated, even if purchased together with a building, as well as tangible assets held for sale, measured at the lower of the carrying value and fair value after transfer charges.

Costs for improvement, upgrading and transformation increasing the value of tangible assets are entered as assets in the statement of assets and liabilities.

The recoverability of the carrying value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of assets".

Depreciation reflects the economic and technical deterioration of the asset and commences when the asset is available for use, calculated according to the linear model of the asset's estimated useful life.

The rates applied are the following:

- Buildings	2% - 4% (useful life)
- Plant and machinery	8% - 20%
- Industrial and business equipment	15% - 25%
- Other assets:	
• Furniture and fittings	10% - 15%
• Electronic office machines	20%
• Motor vehicles and means of internal transport	20%
• Cars	25%
• Other minor assets	10% - 40%

An asset is eliminated from the financial statements at the time of sale or when future economic benefits are no longer anticipated from its use or disposal. Any losses or profits (calculated as the difference between the net proceeds from sale and the carrying value) are included in the income statement at the time of the aforesaid elimination.

Leasing

The leasing contracts are classified as finance leases whenever the terms of the contracts substantially transfer all the risks and benefits of ownership to the lessee.

The assets leased are recognised as assets of the Group at their fair value on the date of execution of the contract, or, if less, at the present value of the minimum payments due for the leasing. The corresponding payable to the lessor is included in the statement of assets and liabilities as a payable for leases. The payments for rentals are split between capital and interest portions in order to obtain a constant interest rate on the remaining liability. The financial charges are directly entered in the income statement.

The costs for rentals deriving from operative leases are recognised in income statement in constant instalments on the basis of the duration of the contract.

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a valuable consideration.

Identification is defined by reference to the possibility of distinguishing acquired intangible assets from the goodwill. This requirement is normally satisfied when:

- I. the intangible assets are traceable to a legal or contractual right, or
- II. the asset is separable, that is it may be assigned, transferred, leased out or exchanged autonomously or is an integral part of other assets. Control over the business consists in the power to exploit the future economic benefits deriving from the assets and the possibility of limiting access to it by others.

Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets. No revaluations are allowed, even in pursuance to specific laws.

Intangible assets with a definite useful life are systematically amortized over their useful life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their carrying value is determined by adopting the criteria included in the section "Impairment of assets".

Goodwill and other intangible assets, if any, with an indefinite useful life, are not subject to amortization; the recoverability of their carrying value is determined at least each year and, in any case, whenever there are events implying impairment. As far as goodwill is concerned, the smallest aggregate is measured, upon which Management, assesses the return on investment, either directly or indirectly, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.

Other intangible assets have been amortized by adopting the following criteria:

- Patents and intellectual property rights	5 years
- Concessions, licences, trademarks and similar rights	5 years / 20 years
- Other assets	5 years / contract term

The amortisation period and criteria for intangible assets with a definite useful life is reviewed at least every year-end and updated if necessary.

Equity investments in subsidiaries, associated and other companies

Equity investments in subsidiaries, associated and other companies are valued at purchase, subscription or underwriting cost, eventually written-down in the case of long-term impairment; the original value is reinstated in later financial years if the reasons for the write-down no longer exist.

Equity investments in other enterprises classified, in accordance with IAS 39, as available for sale are initially recorded at their fair value and subsequently, where it might not be possible to determine a reliable fair value, possibly written-down in the event of enduring losses. The original value shall not be reinstated in the following financial years, even should the reasons for the write-down no longer exist.

Cash and cash equivalents

Cash and cash equivalents includes cash, current bank accounts, deposits payable on demand and other easily cashable short-term investments not subject to the risk of a change in value.

Receivables and other short-term assets

Trade and other short-term receivables are initially entered at their fair value and then valued at their amortized cost, after write-down. Upon entry, the nominal value of receivables represents their fair value upon said date. Given the high receivables turnover, application of amortized cost produces no effects. Provision for bad debts, as at said date, represents the difference between the carrying value of receivables and the reasonable expectation of the forecast financial flows from their collection.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled from the financial statements when:

- I. the rights of the asset to receive financial flows are extinguished;
- II. the right of the asset to receive financial flows is conserved but there is a contractual obligation to pay the total without delay to a third party;
- III. the company has transferred the right to receive financial flows from the asset and (a) it has substantially transferred all the risks and benefits of ownership of the financial asset or (b) it has not substantially transferred or retained all the risks and benefits of ownership of the asset, but has transferred control thereof.

In the cases where the company has transferred the rights to receive financial flows from an asset and has not substantially transferred or retained all the risks and benefits or lost control thereof, the asset is recorded in the company's financial statements to the extent of its residual involvement in the asset itself. In this case the Group also recognises an associated liability. The asset transferred and associated liability are measured so as to reflect the Group's rights and obligations. The residual involvement that, for example, takes the form of a guarantee on the asset transferred is valued at the lower of the initial carrying value of the asset and the maximum value of the consideration that the company could be required to pay.

Impairments of financial assets

At each reporting date, the Group assesses whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as result of one or more events that have occurred after the initial recognition of the asset (when a "loss event" occurs) and this loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets in question that can be reliably estimated. Evidence of impairment may be represented by indicators such as financial difficulties, the incapacity to deal with the obligations undertaken, insolvency in the payment of interest or significant payments that are affecting the debtors or a group of debtors; the probability that it will enter bankruptcy or other form of financial reorganisation, and where observable data indicate that there is a measurable decrease in expected future cash flows, such as changes in context or in the economic conditions related to the obligations undertaken.

As regards the financial assets carried at amortized cost, the Company firstly assesses whether objective evidence of impairment exists for each financial asset that is individually significant, or collectively in the case of financial assets that are not individually significant. If the Company determines that there is no evidence of impairment for a financial asset evaluated individually, whether significant or not, then the asset in question is included in a group of financial assets with similar credit risk characteristics and these are assessed collectively for impairment. The assets that are evaluated individually in terms of impairment and for which an impairment has been recorded or continues to be recorded are not included in any collective assessments of impairment. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying value of the asset and the present value of the future estimated cash flows (excluding the expectations of credit losses in future that have not yet occurred).

The carrying value of the asset is reduced by utilisation of a write-down provision and the amount of the loss will be disclosed in the income statement.

Should, in a subsequent financial year, the amount of the estimated write-down increase or diminish because of an event that took place after the write-down was recorded, the write-down previously recorded must be increased or diminished by adjusting the provision with a contra entry in the income statement.

For financial assets available for sale, the company assesses at every reference date of the financial statements whether there is objective evidence that an asset or a group of assets has suffered an impairment.

Impairments of non-financial assets

The company evaluates the possible existence of indicators of the impairment of non-financial assets at every year-end. In the event of cases implying an impairment of an asset, the recoverability of its value is determined by comparing the carrying value with the relevant recoverable value, which is the higher of the fair value, net of disposal charges and the usable value.

Failing a binding sales agreement, fair value is estimated on the basis of the value expressed by an active market, by recent transactions or on the basis of the best available information reflecting the sum the Company may gain by selling the asset.

The usable value is determined by discounting back the expected cash flows deriving from the use of the asset and, if material and reasonable determinable, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions, to be supported by documentary evidence, representing the best estimate of future economic conditions, occurring over the residual useful life of the asset, attaching greater importance to external indications. Discounting back is made at a rate that considers the risks inherent in the specific line of business.

Evaluation is made for each single asset or for the smallest identifiable group of assets generating autonomous incoming cash flows, deriving from constant use (the so-called cash generating unit). When the reasons for write-down no longer apply, the assets, except for goodwill, are written-up and the adjustment is entered in the income statement as a revaluation (value restoration). Revaluation is made at the lower between the recoverable value and the carrying value before write-downs previously made, minus the amortization and depreciation rates that would have been allocated should no write-down have been made.

Capital stock

The costs relative to the issue of shares or options are classified in the shareholder's equity (net of the fiscal benefits related to them) as a deduction of the revenues deriving from the issue of such instruments.

In the case of acquisition of treasury stock, the price paid, including any directly attributable accessory costs, is deducted from the shareholders' equity until the shares are cancelled, re-issued or disposed of. When the treasury stock is sold or re-issued, the price cashed, net of any directly attributable accessory costs and the relative tax effect, is entered as shareholders' equity.

Earnings per share

The basic earnings per share are calculated by dividing the company's net profit by the weighted average of the ordinary shares in circulation during the financial year, excluding the treasury shares.

For the purpose of the calculation of the diluted earnings per share, the weighted average of the shares in circulation is modified assuming the conversion of all the potential shares having a dilution effect, while the company's net profit is adjusted to take into account the effects, net of taxation, of the conversion.

Financial liabilities

Financial liabilities that fall within the field of application of IAS 39 are classified financial liabilities at fair value recorded in the income statement, as with financial payables, or as derivatives designated as hedging instruments, according to the cases. The company's financial liabilities comprise trade and other payables, loans and derivative instruments. The company determines the classification of its financial liabilities at the time of their initial recognition.

Financial liabilities are initially measured at their fair value, equal to the consideration received at the date of the settlement to which is added, in the case of financial payables, the directly attributable transaction costs.

Subsequently the non-derivative financial liabilities are measured with the amortised cost criterion, using the effective interest rate method. Profits and losses are accounted for in the income statement when the liability is extinguished, other than through the amortisation process.

The amortised cost is calculated by realising any purchase discount, premium and disbursements or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included in the financial charges of the income statement.

Derecognition of financial liabilities

The cancellation from the financial statements of the financial liability takes place when the obligation underlying the liability is extinguished, annulled or discharged. In the cases where an existing financial liability is substituted by another of the same lender, on substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability and the recording of a new liability, with the consequent booking to the income statement of any differences between the carrying values.

Accounting treatment of derivative contracts

Cremonini S.p.A. utilises derivative financial instruments to hedge the exposure to interest rate risk.

These derivative financial instruments are initially recorded at fair value at the date when they are stipulated; subsequently this fair value is periodically re-measured; they are booked as assets when the fair value is positive and as liabilities when negative.

The fair value is the price that would be received for the sale of an asset, or which would be paid for the transfer of a liability, in a normal transaction between market operators at the date of measurement.

The fair value of the derivative financial instruments utilised is determined with reference to the market value whenever it is possible to identify an active market for them. If, instead, the market value of a financial instrument is not easily identifiable, but can be identified for its components or a similar instrument, the market value is determined by the valuation of the individual components of the instrument or a similar instrument. Furthermore, the valuation of instruments for which it is not possible to identify an active market easily is determined by resorting to the value that arises from generally accepted valuation models and techniques, which ensure a reasonable approximation to the market value.

The accounting methods are the following:

- fair value hedge: the changes in fair value of the hedging instrument are booked to the income statement together with the fair value changes of the transactions hedged.
- cash flow hedge: the “effective” portion of the fair value change in the derivative instrument is booked to the shareholders’ equity and subsequently to the income statement when the transaction hedged produces its effects; the ineffective portion is directly booked to the income statement.
- financial instruments not qualified as hedges: the changes are booked to the income statement.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject matter of the hedge has been formally documented and the effectiveness of the hedge, checked periodically, is high. When the hedging derivative covers the risk of variation of the fair value of the instruments to be hedged (fair value hedge – e.g., hedging variations in fair value of fixed rate assets/liabilities), the derivatives are entered at their fair value with the recognition of the related effects in the income statement; consistently, the instruments are adjusted to reflect variations in fair value associated to the risk hedged. When the derivatives hedge risks of variation in the cash flow of the instruments to be hedged (cash flow hedge, e.g., hedging variations of cash flow of assets/liabilities by effect of exchange rate fluctuations), the variations in the fair value of the derivatives are initially entered under shareholders’ equity and subsequently entered in the income statement consistently with the economic effects produced by the transaction hedged. Variations in the fair value of derivatives not satisfying the conditions allowing them to be identified as hedging instruments are entered in the income statement.

Employee benefits

Post-Employment Benefits are in the area of those that IAS 19 defines as defined benefits plans in connection with benefits subsequent to employment. The accounting treatment provided for these forms of remuneration requires an actuarial calculation that allows the projecting of the amount of the Post-Employment Benefits already accrued into the future and actualizing this to take account of the time that will pass before the effective payment. Variables are considered in the actuarial calculation such as the average permanence of the employees, the inflation rate and anticipated interest rates. The measurement of the liability is carried out by an independent actuary. Following the amendment of IAS 19, effective for the financial years commencing from 1 January 2013 and subsequently, the profits and losses from actuarial calculation the defined benefits plans are fully recognised in the comprehensive income statement in the period to which they refer. These actuarial profits and losses are immediately classified in the undistributed profits and are not reclassified to the income statement in the subsequent periods. The welfare cost relates to a past service cost, which is recognised at the most recent date of the following:

- the date when a change or reduction of the plan occurred;
- the date when the Group recognised the correlated restructuring costs.

The Group recognised the following changes in the net obligation for defined benefits in the schedule of the profit/ (loss) for the year:

- service costs, including current and past service costs, profits and losses on non-routine reductions and extensions;
- net interest receivable or payable.

The asset or liability relating to defined benefits includes the present value of the defined benefits obligation after deducting the fair value of the assets serving the plan.

Lastly, it is recalled that, following the 2007 reform of the national legislation and the regulation, for companies with more than 50 employees, that the post-employment benefits accruing from 1 January 2007 are configured as a defined contribution plan, the payments to which are directly accounted for in the income statement, as a cost, when recognised. The post-employment benefits accrued up to 31.12.2006 remain as a defined benefits plan, without future contributions. Accordingly, its measurement was carried out by the independent actuaries based only on the expected average residual working life of the employees, without more consideration of their remuneration during a predetermined period of service. The "accrued" post-employment benefits before 1 January 2007 therefore suffers from a change in the calculation as an effect of the lack of an actuarial hypothesis, as previously provided, related to the salary increases. Specifically, the liability connected to "accrued" was evaluated on 1 January 2007 without application of the pro rata (years of service already provided/total years of service), as the relating to all on 31 December 2006 can almost be considered as fully accrued (the only exception being revaluation) in application of paragraph 67 (b) of IAS 19. It follows that for the purposes of this calculation, the "current service costs" relating to the future work of the employees to be considered as nil as they represent contribution payments to additional retirement benefit funds or the INPS Treasury Fund.

Provisions for liabilities and charges

Provisions for liabilities and charges regard costs and charges of a determined nature and certain or probable existence, the amount or date of occurrence of which is unknown as at the end of the financial year. These provisions are recorded when: (i) the existence of a current, legal or implicit obligation, deriving from a past event, is probable; (ii) the fulfilment of the obligation against payment is probable; (iii) the amount of the obligation can be reliably estimated. The provisions are recorded at the value representative of the best estimate of the amount that the company would rationally pay to extinguish the obligation or else to transfer it to third parties at the year-end. When the financial effect of the timing is significant and the dates of payment of the obligations can be reliably estimated, the allocation is discounted and the increase in the connected provision after a lapse of time is attributed to the income statement in the item "Financial income (charges)". The additional customer indemnity provision, as with other provisions for liabilities and charges, was allocated based on a reasonable estimate, taking available elements of the future probable liability into consideration.

Income taxes

Current taxes are determined on the basis of a realistic forecast of the charges to be paid in application of the prevailing tax legislation, or that substantially approved, at the year-end. The related payable is recognised net of any tax payments on account, withholdings and tax receivables that can be offset, in the item "Tax payables". Should there be a credit balance the amount is shown in the item "Other receivables" under current assets.

Deferred and prepaid income taxes are calculated on the timing differences between the values of the assets and liabilities recorded in the financial statements and the corresponding values recognised for tax purposes.

Deferred taxes payable are recorded against all the taxable timing differences, with the following exceptions:

- the deferred taxes payable deriving from the initial recognition of goodwill, or an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, there are no effects either on the financial statements profit, or profit or loss calculated for tax purposes;
- the reversing of the taxable timing differences, associated with investments in subsidiaries, related companies and joint ventures, can be checked and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recorded against all the taxable timing differences and unutilised tax receivables and losses carried forward, to the extent where their existence is probable and adequate future tax profits will be available for the use of the deductible timing differences and tax receivables and losses carried forward, except in the case where:

- deferred tax assets associated with deductible timing differences deriving from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not influence either the result of the financial statements, or the taxable profit or loss;
- the taxable timing differences, associated with investments in subsidiaries, related companies and joint ventures and deferred tax assets, are only recognised in the extent that it is probable that the deductible timing differences will reverse and adequate future tax profits will be available for the use of the deductible timing differences.

Prepaid tax assets are recognised when their recovery is probable. The value of the prepaid taxes is re-examined at every year-end and reduced to the extent to which it is no longer probable that sufficient fiscally recognised profits will be available. Prepaid tax assets and deferred tax liabilities are classified under the non-current assets and liabilities and are offset if referred to taxes that can be offset. The balance of the compensation, if receivable, is recorded under the item "Prepaid tax assets"; if payable under the item "Deferred tax liabilities". When the results of the transactions are recorded directly to shareholders' equity, the current taxes, prepaid tax assets and deferred tax liabilities are also booked to shareholders' equity or the comprehensive income statement consistently with recording of the element to which they refer.

Prepaid and deferred taxes are calculated on the basis of the tax rates that are expected to be applied in the year when such assets will be realised or these liabilities will be extinguished.

Translation criteria for the items in foreign currencies

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency at the date of the financial statements.

The exchange rate differences are recorded in the income statement, including the exchange rate differences realised on receipt of the receivables and payment of the payables in foreign currencies.

Non-monetary items measured at the historical cost in a foreign currency are translated using the exchange rate at the date of initial recording of the transaction. Non-monetary items recorded at their fair value in a foreign currency are translated using the exchange rate at the date of determination of such value. The profit or loss that emerges from the reconversion of non-monetary items is treated in line with the recording of the profits and losses relating to the change of the fair value of the aforesaid items (the translation differences on the items for which a change of the fair value is recorded in the comprehensive income statement or the income statement are recorded, respectively, in the comprehensive income statement or income statement).

Revenue recognition

Revenues from sales of products are recognised at the time of the transfer of all the liabilities and charges, deriving from ownership of the goods transferred, coincides with the shipment or delivery thereof.

The revenues for services are recognised with reference to the percentage of completion.

Revenues of a financial nature are recognised on an accruals basis. The interest income from all financial instruments measured at amortised cost is recognised utilising the effective interest rate (EIT), which is the rate that exactly discounts the future payments and receipts, estimated with the expected life of the financial instrument.

Dividends

Dividends are recognised when their distribution is certain, that is, when the subsidiaries have resolved to distribute dividends or else the authorisation of the local monetary authority that approves or the authorisation of the local monetary authority which approves expatriation.

Recognition of costs

Costs are recognised when related to assets and services purchased and/or received during the period.

Operating lease instalments are booked to the income statement on an accruals basis.

The capital portion of financial lease instalments is booked as a reduction of the financial payable, while the interest portion is recognised in the income statement.

Charges for services are recognised on an accruals basis.

Interest income from all financial instruments measured at amortised cost is recognised utilising the effective interest rate (EIT), which is the rate that exactly discounts the future payments and receipts, estimated with the expected life of the financial instrument.

Main accounting judgments, estimates and assumptions adopted by Management

Corporate management has made accounting estimates based on their overall and/or subjective judgements. The generally accepted accounting standards applied for the preparation of the interim financial statements and accounting reports, take account of past experiences and hypotheses considered as reasonable and realistic on the basis of known information at that time. The use of these accounting estimates influences the carrying value of the assets and liabilities and the information on the potential assets and liabilities at the date of the financial statements, as well as the revenues and costs for the reporting period. The effective results can differ from those estimated due to the uncertainty characterising the hypotheses and conditions on which the estimates are based. Indicated below are the critical accounting estimates of the preparation process of the financial statements and interim financial reports as these result in a high recourse to subjective judgements, assumptions and estimates relating to matters that by their nature are uncertain. Should these estimates and assumptions, based on the management's best assessment differ in the future from the effective circumstances, these would be amended appropriately in the period when the circumstances themselves vary. The changes of the conditions on which the judgements, assumptions and estimates adopted are based could determine a material impact on the subsequent results.

Shown below are the main estimates and assumptions made by the management for the preparation of these annual financial statements, of which the changes, though not foreseeable at this time, could have effects on the financial statements.

- Estimates adopted for the purpose of measurement of the impairment of the assets

For the purposes of verification of a possible impairment of the equity investments recorded in the financial statements, the company has adopted the methodology already described in the paragraph "Impairment of assets".

The discount rate utilised for the average cost of capital (WACC) was 5.5%. The evaluation of any impairment test on goodwill was carried out annually with reference to 31 December 2015.

- Estimates adopted in the actuarial calculation for the purpose of the calculation of the defined benefits in connection with the post-employment benefits

The measurement of the post-employment benefits liability was carried out by an independent actuary on the basis of the following assumptions:

- Estimates adopted in the actuarial calculation for the purpose of the calculation of the defined benefits in connection with the post-employment benefits:
 - the anticipated inflation rate is:
 - 1.50% for 2016;
 - 1.80% for 2017;
 - 1.70% for 2018;
 - 1.60% for 2019;
 - 2.00% from 2020 onwards;
 - the discount rate utilised is:
 - 1.39% (duration 7 – 10);
 - 2.03% (duration 10 +)¹;
 - the anticipated annual rate of increase in post-employment benefits is:
 - 2.625% for 2016;
 - 2.850% for 2017;
 - 2.775% for 2018;
 - 2.700% for 2019;
 - 3.000% from 2020 onwards;
 - annual Post-employment benefit payment frequency forecast at 3.0%;
 - the turnover of employees was 6,5%.

- Estimates adopted in the calculation of deferred taxes

A significant discretionary measurement is required of the directors to determine the amount of the deferred tax assets that can be booked. They must estimate the probable timing of the occurrence and the amount of the future taxable profits.

- Others

The following financial statements elements are affected by the management's estimates and assumptions:

- obsolete inventory;
- amortisation, depreciation and write-downs
- measurements of other assets.

Financial risk management

The principal risks identified, monitored and actively managed by Cremonini S.p.A. are the following:

- Market risks: deriving from company's exposure to the fluctuations in exchange rates and interest rates, and volatility of the prices of the products and services sold;
- Credit risk: deriving from the possibility of bankruptcy of a counterparty;
- Liquidity risk: deriving from the absence of financial resources to meet short-term financial commitments.

Cremonini S.p.A. utilises derivative financial instruments to hedge the exposure to interest rate risk.

¹ Average performance curve deriving from IBOXX Eurozone Corporates AA (7-10 years).

Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting); these are booked at the fair value with a contra entry to the income statement.

Market Risks

The market risk consists of the possibility that changes in the exchange rates, interest rates and prices of the products, can negatively influence the value of the assets, liabilities or expected cash flows.

Exchange rate risk

Cremonini S.p.A., operating mainly nationally, is marginally exposed to changes in exchange rates that therefore have little effect on the financial flows that originate from operations and loan transactions in currencies other than the European currency (Euro).

At 31 December 2015 the Parent Company did not have an exchange rate risk.

Sensitivity analysis

In consideration of the above comments, the changes in exchange rates with respect to the Euro should not have influenced Cremonini S.p.A.'s result for the period in any manner.

Interest rate risk

Cremonini S.p.A., as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.

The medium/long-term loans are, almost totally, stipulated with variable interest rates exposing the company to the risk of a change in future cash flows while the fixed rate loans expose the company to the risk of a change of the fair value of the loans themselves. There are also some loans originally at variable interest rates for which hedging "interest rate swap" contracts were signed by means of which the variable Euribor rate was substituted with a fixed rate.

Sensitivity analysis

As at 31 December 2015, a hypothetical increase of 1% of the Euribor, as with all the other variables, would have determined a higher pre-tax charge (and therefore a corresponding reduction of the shareholders' equity) of about 1.1 million Euro on an annual base (757 thousand Euro as at 31 December 2014).

Credit risk

The credit risk represents the company's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties utilised in financial transactions.

Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management on the basis of formalised valuation procedures for commercial partners' credit lines. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.

The monitoring of the customer is based on collection of data and information on the new customers (to permit a complete and correct evaluation of the risks that a new customer can contribute) and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year so as to ensure that the delinquent positions are never significant.

The company's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or

services to customers without an adequate level of credit line and guarantees.

The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the company implements policies that limit the loan exposure with the individual financial institutions.

At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(Euro/000)	31.12.2015	31.12.2014
Current trade receivables	1,811	2,760
Other non-current assets	4,596	4,932
Other current assets	106	380
Total	6,512	8,072

The fair value of the above categories is not indicated as the carrying value represents a reasonable approximation. The value of the Trade receivables, Other non-current assets and Other current asset items are classifiable as "Level 3" financial assets, or rather those where the inputs are not based on observable market data.

Please refer to point 8 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the economic result in the case where the company is constricted to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvability that places the company's activities at risk.

Cremonini S.p.A. systematically respects the maturities of its commitments, a conduct that allows it to operate in the market with the necessary flexibility and reliability for the purpose of maintaining a correct balance between the supply and use of financial resources.

Cremonini S.p.A. manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring by the centralised treasury of the receipts and payments flows of all the companies, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, in general it privileges the location of sources of specific long-term loans.

The table below analyses the financial liabilities and derivative financial liabilities on the basis of the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the carrying values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(Euro/000)	Within 12 months	1-5 years	Over 5 years	Total
31 December 2015				
Financial payables	33,931	78,163	6,004	118,098
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	4,404	-	-	4,404
	38,335	78,163	6,004	122,502
31 December 2014				
Financial payables	104,744	25,755	19,605	150,104
Financial instruments / Derivatives	464	-	-	464
Trade Liabilities	3,174	-	-	3,174
	108,382	25,755	19,605	153,742

Classes of financial instruments

The following elements are recognised in conformity with the accounting standards relating to financial instruments:

(Euro/000)				31 December 2015
Balance Sheet Assets	Loans and Receivables	Derivates utilised for hedging	Total	
Other non-current receivable items	4,596	-	4,596	
Current financial receivables	6,450	-	6,450	
Current trade receivables	1,811	-	1,811	
Current derivative financial instruments	3,330	-	3,330	
Financial activities available for sale	1,000	-	1,000	
Current tax receivables	-	-	-	
Cash and cash equivalents	406	-	406	
Other current receivable items	106	-	106	
Total	17,699	-	17,699	
Balance Sheet Liabilities	Other financial	Derivates utilised for	Total	
Non-current financial payables	84,167	-	84,167	
Current financial payables	33,931	-	33,931	
Derivative financial instruments	-	-	-	
Total	118,098	-	118,098	

(Euro/000)				31 December 2014
Balance Sheet Assets	Loans and Receivables	Derivates utilised for hedging	Total	
Other non-current receivable items	4,932	-	4,932	
Current financial receivables	19,136	-	19,136	
Current trade receivables	2,760	-	2,760	
Current derivative financial instruments	1,210	-	1,210	
Financial activities available for sale	1,000	-	1,000	
Cash and cash equivalents	3,801	-	3,801	
Other current receivable items	380	-	380	
Total	33,219	-	33,219	
Balance Sheet Liabilities	Other financial liabilities	Derivates utilised for hedg.	Total	
Non-current financial payables	45,360	-	45,360	
Current financial payables	104,744	-	104,744	
Derivative financial instruments	464	-	464	
Total	150,568	-	150,568	

In conformity with the requirements of the changes introduced to IFRS 7 commencing from 1 January 2009, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as "Level 2" financial assets, as the input having a significant effect on the fair value recorded are figures directly observable on the market¹.

In the same manner, with regard to the non-current financial payables, the recognition of which at fair value is indicated in paragraph 14 of these explanatory notes, financial assets are also classifiable as "Level 2" as the inputs that influence the fair value are directly observable market figures.

With regard to the "Other current and non-current assets" items, you are referred to the indications in paragraphs 6 and 11 of these explanatory notes.

¹ The company identifies as "Level 1" financial assets/liabilities those where the input has a significant effect on the fair value recorded, represented by prices quoted on an active market for assets or liabilities and as "Level 3" financial assets/liabilities those where the input is not based on observable market figures.

Capital management policy

The company's primary aim, regard capital management, is to obtain an appropriate level of own funds in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the company, in addition to pursuance of satisfying financial results and the generation of cash flows, can intervene on the dividends policy and configuration of the company's capital.

The principal indicators that the company uses for capital management are:

- 1) R.O.S. (Return on sales);
- 2) R.O.I. (Return on investments);
- 3) R.O.A.C.E. (Return On Average Capital Employed);
- 4) R.O.E. (Return on equity);
- 5) Net Debt / Equity;
- 6) Net Debt /EBITDA.

Presentation of the financial statements

The Statement of Assets and Liabilities, Income Statement and Statement of Changes in Shareholders' Equity have been drawn up in Euros, while the Financial Statements and the Explanatory Notes have been drawn up in thousands of Euro in order to facilitate their presentation and interpretation.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the end of the financial year, relationships with associated and related companies together with other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

Details of the main items of the statement of assets and liabilities

ASSETS

Non-current assets

Specific statements have been prepared for the two categories of non-current assets (tangible and intangible) which have been respectively attached in annex 3 and 4 that indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

I. Tangible assets

(Euro/000)	Balance at 31.12.2014	Purchases	Decreases	Other	Amort.	Balance at 31.12.2015
Land and buildings	70,787	3,006	-	-	(940)	72,853
Plant and machinery	341	106	-	230	(126)	551
Industrial and business equipment	4	1.00	-	-	(2)	3
Other assets	1,155	226	-	1	(219)	1,163
Fixed assets under construction and advances	6,832	2,458	-	(231)	-	9,059
Total	79,119	5,797	0	0	(1,287)	83,629

Land and buildings

The 3,006 thousand Euro increase for the year mainly refers to the purchase of a portion of building located in Rome in Vicolo dei Modelli (2,639 thousand Euro plus ancillary charges of 244 thousand Euro). Expenses for work done on other owned property in Rome and Castelvetro were also incurred.

The land & buildings are burdened with mortgages, against loans obtained, for an amount of 83.9 thousand Euro.

Plant and machinery

The investments mainly concerned the purchase of specific plants for the head office and the real estate in via Farini in Modena. Air conditioning systems previously recognised as non-current assets in progress were also reclassified to the item in question.

Other assets

The change for the year refers to increases connected with the purchase of furniture, fittings and motor vehicles.

Non-current assets in progress

The item Non-current assets in progress and advances shows an increase of about 2.5 million Euro due to the restructuring in progress inside the Via San Vincenzo complex in Rome (1.7 million Euro) and to modernisation of rooms inside the head office in Castelvetro.

Air conditioning systems were also completed and consequently reclassified during the year for 230 thousand Euro.

2. Other intangible assets

(Euro/000)	Balance at 31.12.2014	Purchases	Decreases	Other	Amort.	Balance at 31.12.2015
Patents and intellectual property rights	3	3	-	2	(3)	5
Concessions, licences, trademarks and similar rights	2	-	-	-	(1)	1
Fixed assets under development and advances	2	-	-	(2)	-	0
Long-term costs	0	-	-	-	-	0
Total	7	3	0	0	(4)	6

3. Investments in subsidiaries and associated companies

These amount to 255,055 thousand Euro (254,694 thousand Euro at 31 December 2014), higher than the previous year by 361 thousand Euro.

The main changes that took place in the financial year and the additional information list regarding the subsidiary companies are deductible, in detail, in Annexes 5 and 6.

Equity investments in subsidiaries

The main changes that took place during 2015 concerned the investment in Interjet S.r.l. only: a payment towards future capital increase for 1 million Euro and a write down on the equity investment for 639 thousand Euro.

The surplus of the residual carrying value of the single equity investments in subsidiaries compared to the measurement made with the shareholders' equity method (appendix 6) is not due to enduring impairment since it is attributable to the greater value of the assets held by the subsidiary or to the potentials and goodwill of the industrial and commercial assets they manage.

More specifically, all equity investments presenting impairment indicators were tested for impairment, and the results were positive.

4. Investments in other companies

The total change for the year, which amounted to 1.2 million Euro, regarded the share securities of Banca Popolare di Vicenza. On 29 May the bank exercised and regulated the early redemption option of all bonds of the convertible bond loan, in compliance with what the Bondholders' Meeting resolved on 10 February 2015. Following this operation, the 800 bonds previously held were converted into 1,145 shares.

In consideration of the value of withdrawal, which the shareholders who did not vote to approve the conversion of Banca Popolare into a joint stock company could legitimately exercise and which was quantified at 6.30 Euro per share, after the end of the year the carrying value of the share security was brought into line with the new market value, with recognition of a 1.2 million Euro loss.

Please refer to "Equity investments in other companies" in Appendix 5 for more details.

5. Deferred tax assets

The amount of the prepaid taxes was 282 thousand Euro, and mainly refers to the tax effect (IRES -Corporate Income Tax - and IRAP - Regional Business Tax) calculated on the taxed provisions fiscally deductible in subsequent financial years and taxation calculated on the measurement of the derivatives.

The prepaid taxes, accounted for as it is considered they will be recovered from future taxable income, originate from the timing differences described below:

(Euro/000)	31.12.2015		31.12.2014	
	Amount of timing differences	Fiscal Effect	Amount of timing differences	Fiscal Effect
Advance Taxation				
Write-down of tangible fixed assets	-		-	
Bad debt provision	768		960	
Taxed Provisions	166		486	
Interest payables deductible	-		464	
Other	95		111	
Total	1,029		2,021	
Taxable amount for IRES	1,029		2,021	
Tax Rate	27,5% - 24,0%		27.50%	
Advanced taxation for IRES		282		556
Effect of change in tax rate effective from 2017		(1)		

6. Other non-current assets

(Euro/000)	31.12.2015	31.12.2014
Tax assets	4,557	4,829
Other receivables	68	68
Other receivables	(64)	-
Accrued income and prepaid expenses	35	35
Total	4,596	4,932

The balance of the item, unaltered compared to the prior year, includes a receivable of 4.6 million Euro recognised following the presentation of an IRES (Corporate Income Tax) repayment request with reference to the years from 2007 to 2011. This amount, relating to Cremonini S.p.A. as the consolidating company, and the companies participating in the tax consolidation of such years, was originally calculated on the IRAP (Regional Business Tax) paid by the companies for costs of labour and associates and not deducted.

Current assets

7. Current financial receivables

(Euro/000)	31.12.2015	31.12.2014
Receivables from subsidiaries	6,450	17,362
Receivables from parent companies	-	1,774
Total	6,450	19,136

Details of the receivables from subsidiaries are given below; you are referred to Annex I for further details:

(Euro/000)	31.12.2015	31.12.2014
Receivables from subsidiaries	2,096	14,751
Chef Express S.p.A.	2,088	13,335
Global Service Logistics S.r.l.	8	15
Interjet S.r.l.	-	1,401
Receivables from subsidiaries for transferred tax payables	4,354	2,611
As.Ca. S.p.A.	220	52
Avirail Italia S.r.l.	7	-
Chef Express S.p.A.	3,246	-
Global Service S.r.l.	5	55
Marr S.p.A.	549	1,835
New Catering S.r.l.	95	125
Roadhouse Grill Italia S.r.l.	-	544
Roadhouse Grill Roma S.r.l.	2	-
Sfera S.p.A.	230	-
Total	6,450	17,362

Financial receivables from subsidiaries refer to the financial relationships settled through the ordinary treasury current account, the terms and conditions of which are aligned to the conditions normally applied by the banks. Specifically, the Euribor is used as the benchmark interest rate, increased by a spread that varies as a function of the indebtedness or credit position of the balances during the year.

8. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2015	31.12.2014
Receivables from customers	386	421
Due within 12 months	1,058	1,272
Provision for bad debts	(672)	(851)
Receivables from subsidiaries	1,364	2,278
As.Ca. S.p.A.	147	221
Baldini Adriatica Pesca S.r.l.	12	10
Chef Express S.p.A.	-	13
Ges.car S.r.l.	389	277
Global Service S.r.l.	58	120
Guardamiglio S.r.l.	77	88
INALCA S.p.A.	-	358
Marr S.p.A.	-	413
Roadhouse Grill Italia S.r.l.	1	-
Sara S.r.l.	-	116
Sfera S.p.A.	137	110
Soc. Agr. Corticella S.r.l.	543	552
Receivables from associated companies	61	61
Time Vending S.r.l.	61	61
Receivables from related companies	0	0
Total	1,811	2,760

The change in the bad debt provision was the following:

(Euro/000)	31.12.2015	31.12.2014
Initial balance	(851)	(851)
Merger	-	-
Utilized during the year	179	-
Accruals during the year	-	-
Final balance	(672)	(851)

At 31 December 2014 the trade receivables and bad debt provision were apportioned by due date as follows:

(Euro/000)	31.12.2015		31.12.2014	
	Amount	Bad Debt prov.	Amount	Bad Debt prov.
Trade receivables not overdue	-	-	-	-
Overdue up to 30 days	64	-	54	-
Overdue from 31 to 60 days	41	-	13	-
Overdue from 61 to 90 days	17	-	24	-
Overdue from 91 to 120 days	-	-	-	-
Overdue over 120 days	936	(672)	1,181	(851)
Total	1,058	(672)	1,272	(851)

9. Current tax assets

(Euro/000)	31.12.2015	31.12.2014
Receivables for advance on direct taxes	-	566
Receivables for withholdings	5	1
VAT credit and other taxes requested for reimbursement	3,330	648
Other sundry receivables	(2)	(2)
Provision for bad debts	(3)	(3)
Total	3,330	1,210

The increase compared to the previous financial year is due to the greater VAT credit recognised at year-end at the time of periodic liquidation.

10. Cash and cash equivalents

(Euro/000)	31.12.2015	31.12.2014
Cash	8	7
Bank and postal accounts	398	3,794
Total	406	3,801

The balance represents the cash and cash equivalents and the existence of money in circulation and notes at the year-end.

You are referred to the cash flow statement for the 2015 for the evolution of cash and cash equivalents.

11. Other current assets

(Euro/000)	31.12.2015	31.12.2014
Accrued income and prepaid expenses	31	99
Other receivables		
Advances to suppliers	34	39
Receivables from social security institutions	156	156
Provision for bad debts	(143)	(220)
Other sundry receivables	27	306
Total	105	380

LIABILITIES

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

As far as changes are concerned, please refer to the statement of changes in equity.

12. Share capital

The share capital as at 31 December 2015 of Euro 67,073,932 is represented by 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., with a par value of Euro 0.52 each, fully subscribed and paid up, with normal rights.

Treasury stock

At 31 December 2015 the Parent Company did not hold any treasury stock.

13. Reserves

Share premium reserve

This reserve is made up of the share premium paid by the shareholders at the time of the Public Subscription Offer in 1998.

This reserve amounting to 78,280 thousand Euro has not undergone changes compared to 31 December 2014.

Legal reserve

The legal reserve amounting to 14,749 thousand Euro remained unchanged in the financial year, having reached the limit referred to in Article 2430 of the Italian Civil Code.

Reserve for transition to IAS

This is the reserve set up following the first-time adoption of the International Accounting Standards.

Basic earnings per share

Basic earnings per share as at 31 December 2015 amounted to 0.2514 (Euro 0.3423 at 31 December 2014) and has been calculated on the basis of net profits of Euro 32,242,796 thousand divided by the weighted average number of ordinary shares in 2015, equal to 128,988,330.

Diluted earnings per share

There is no difference between the basic and diluted earnings per share.

Non-current liabilities

14. Non-current financial payables

(Euro/000)	31.12.2015	31.12.2014
<i>Due between 1 and 5 years</i>		
Payables to banks	74,587	22,018
Payables to other financial institutions	-	-
Payables to subsidiaries for Ires reimbursement	3,576	3,737
Total payables due between 1 and 5 years	78,163	25,755
<i>Due beyond 5 years</i>		
Payables to banks	6,004	19,605
Payables to other financial institutions	-	-
Total payables due beyond 5 years	6,004	19,605
Total	84,167	45,360

The breakdown of payables to banks, with the indication of the interest rates applied, is shown below:

(Euro/000)	Credit line	Interest Rate	Current	Between 1 and 5 years	Beyond 5 years	Total 31.12.2015
Overdraft	5,200	Euribor 3 months+spread	1,493	-	-	1,493
Hot Money	20,500	Euribor 3 months+spread	3,127	-	-	3,127
Mortgages	103,371	Euribor +spread	22,780	74,587	6,004	103,371
Total			27,400	74,587	6,004	107,991

The composition of the mortgages is as follows:

Bank (Euro/000)	Interest rate	Expiry date	Current	between 1 and 5 years	beyond 5 years	Total 31.12.2015
Banca del Mezzogiorno	Euribor 3 m + spread	31/03/24	1,396	6,280	6,030	13,706
Banca Popolare commercio e industria	Euribor 3 m + spread	29/07/20	4,822	18,989	-	23,811
B. Pop. S. Felice sul Pan.	Euribor 3 m + spread	15/01/19	134	310	-	444
Banca Popolare di Vicenza	Euribor 3 m + spread	06/07/17	-	10,000	-	10,000
Banco do Brasil	Euribor 6 m + spread	10/11/18	3,667	7,333	-	11,000
Credite Agricole	Euribor 3 m + spread	15/06/18	13,000	27,000	-	40,000
ICCREA Emil Banca	Euribor 3 m + spread	31/05/17	-	5,000	-	5,000
Amortized Costs			(239)	(325)	(26)	(590)
Total			22,780	74,587	6,004	103,371

Net Debt

The Net Debt and the detail of its principal components are shown below:

(Euro/000)	31.12.2015	31.12.2014
A. Cash	8	7
B. Cash equivalent	398	3,794
C. Financial assets held for sale	-	-
D. Liquidity (A) + (B) + (C)	406	3,801
E. Current financial assets	2,096	16,574
F. Current bank liabilities	27,400	99,517
G. Current financial instruments	-	464
H. Other current financial liabilities	5,648	4,448
I- Current financial liabilities	33,048	104,429
J. Current net debt (I) - (E) - (D)	30,546	84,054
K. Non current bank liabilities	80,590	41,623
L. Bonds	-	-
M. Other non current financial liabilities	-	-
N. Non current financial instruments	0	-
O. Non current debt (K) + (L) + (M) + (N)	80,590	41,623
P. Net Debt (J) + (O)	111,136	125,677

Some loan agreements provide for financial covenants on the happening of which the bank reserves the right to rescind the loan. The covenants on the loan agreements outstanding at 31 December 2015, which were respected, are shown in the tables below.

Table I

(Euro/000)	Banca Popolare Commercio e Industria	CA_CIB Cariparma
Amount of the loans as at 31 December 2015	23,810	40,000
Recipient of the loan	Cremonini S.p.A.	Cremonini S.p.A.
Expiry date	29/07/2020	15/06/2018
Covenants		
Equity		
Net Debt/Equity	<= 4,0 (a)	<= 4,0 (a)
Net Debt/Ebitda	<= 2,75 (a)	<= 1,0 (b)
Net Debt Current / Net Debt No Current	>=4,0 (a)	

(a) covenants calculated on the consolidated financial statements of the Cremonini Group;

(b) covenants calculated on the separate financial statements of Cremonini S.p.A.;

15. Financial instruments/Derivatives

The Group uses financial instruments offered by the market (including the so-called “derivatives”) solely with a view to optimise debt costs and to hedge the risk of fluctuation in interest and exchange rates.

The interest rate swap contracts at 31 December 2014 lapsed during 2015 and their effects were recorded in the income statement.

16. Employee benefits

The item includes the payable for staff severance indemnities and the movement in the period, which was the following:

(Euro/000)	31.12.2015	31.12.2014
Opening balance	422	431
Accrued for the year	3	10
Use for the financial year	-	(46)
Actuarial gain losses	(7)	27
Other changes	0	-
Closing balance	418	422

17. Non-current provisions for liabilities and charges

(Euro/000)	31.12.2015	31.12.2014
Provisions for taxes	35	35
Labour disputes	10	110
Minor lawsuits and disputes	53	274
Provision for losses on equity investments	-	-
Provision for risks and losses	102	102
Total	200	521

(Euro/000)	Balance at 31.12.2014	Provision	Use	Balance at 31.12.2015
Provisions for taxes	35	-	-	35
Labour disputes	110	-	(100)	10
Minor law suits and disputes	274	-	(221)	53
Provision for losses on equity investments	-	-	-	-
Provision for risks and losses	102	-	-	102
Total	521	-	(321)	200

As the table shows, the decrease of the balance is due to use of several provisions allocated to cover liabilities that arose in previous financial years and were liquidated or that were a surplus in the current year.

The provisions for liabilities, unchanged since 2014, is the quantification of liabilities connected with contractual costs and charges of probable existence.

18. Deferred tax liabilities

As at 31 December 2015 this item of 5,364 thousand Euro mainly composed the deferred tax payables deriving from the revaluation of the land and buildings made during the transition to the International Accounting Standards and deferment of the taxation the capital gains realised.

(Euro/000)	31.12.2015	31.12.2014		
	Amount of timing differences	Fiscal Effect	Amount of timing differences	Fiscal Effect
Advance Taxation				
Capital Gains	5,019		7,604	
Intangible assets	16,950		16,948	
Intangible assets			4	
Total	21,969		24,556	
Tax Rate	27,5% - 24%		27.5%	
Advanced taxation for IRES		5,364		6,753
Effect of change in tax rate effective from 2017		(679)		

It is specified that the 2016 Italian Stability Law approved the change in the IRES rate from 27.5% to 24% starting from the years that will begin after 31 December 2016. Due to this regulatory provision, calculation of the deferred tax liabilities was revised, with the amount of the temporary differences that will fall after that date being estimated and with the tax effect connected to the new rate being adjusted. This adjustment led to a reduction in deferred tax payables for an amount of 679 thousand Euro.

Current liabilities

19. Current financial payables

(Euro/000)	31.12.2015	31.12.2014
Payables to subsidiaries	6,531	5,227
Payables controlling companies	-	-
Payables to banks	27,400	99,517
Payables to other financial institutions	-	-
Closing balance	33,931	104,744

With regard to the change in bank payables compared to the previous year please refer to the cash flow statement and comments in the Directors' Report with reference to the net debt.

The detail of the payables to subsidiaries is reported below; please refer to Annex I for further details:

(Euro/000)	31.12.2015	31.12.2014
Payables to consolidated subsidiaries	5,647	4,448
Global Service S.r.l.	962	297
Inalca S.p.A.	981	50
Interjet S.r.l.	933	-
Marr S.p.A.	2,771	4,101
Payables to unconsolidated subsidiaries	-	0
Payables to subsidiaries for transferred tax receivables	884	779
Alisurget S.r.l. in liq.	189	2
Baldini Adriatica Pesca S.r.l.	80	4
Chef Express S.p.A.	-	120
Global Service Logistics S.r.l.	2	4
Interjet S.r.l.	221	330
New Catering S.r.l.	-	196
Roadhouse Grill Italia S.r.l.	382	10
Roadhouse Grill Roma S.r.l.	10	58
Sfera S.p.A.	-	55
Total	6,531	5,227

Relative to the financial payables to consolidated companies please refer to the description in the item "current financial receivables" (note 7).

20. Current tax liabilities

(Euro/000)	31.12.2015	31.12.2014
VAT	-	-
IRAP	-	-
IRES	6,528	2,344
Withholding taxes	510	695
Substitute taxes and other taxes payable	-	14
Total	7,038	3,053

The increase in the balance compared to last year is consequent to the recognition of a higher tax charge with respect to advances paid during 2014 by the companies falling in the area of the tax consolidation in which Cremonini S.p.A. participates as consolidating company.

21. Current trade liabilities

(Euro/000)	31.12.2015	31.12.2014
Suppliers	1,559	1,584
Payables to consolidated subsidiaries	2,845	1,590
Avirail Italia S.r.l.	32	-
Chef Express S.p.A.	354	6
Global Service S.r.l.	2	154
INALCA S.p.A.	806	-
Inalca Food & Beverage S.r.l.	83	94
Interjet S.r.l.	1	7
Italia Alimentari S.p.A	606	560
Marr S.p.A.	95	-
New Catering S.r.l.	112	39
Realbeef S.r.l.	-	93
Roadhouse Grill Italia S.r.l.	697	539
Roadhouse Grill Roma S.r.l.	5	33
Sara S.r.l.	16	-
Tecno-Star Due S.r.l.	36	65
Total	4,404	3,174

22. Other current liabilities

(Euro/000)	31.12.2015	31.12.2014
Accrued expenses and deferred income	21	22
Inps/Inail/Scau	161	152
Inpdai/Previndai/Fasi/Besusso	29	30
Payables to other social security institutions	36	38
Other payables		
Advances and other payables from customers	18	18
Payables for employee remuneration	424	376
Guarantee deposits and down payments received	131	131
Payables to directors and auditors	425	588
Other minor payables	74	76
Total	1,319	1,431

The employees' remuneration payable includes the current wages and salaries still to be paid as at 31 December 2015, as well as the allocations relating to the holidays accrued and not taken and relating charges.

Guarantees, sureties and commitments

(Euro/000)	31.12.2015	31.12.2014
Direct guarantees – sureties		
- subsidiaries	132,686	98,079
- other companies	2,646	4,535
	135,332	102,614
Direct guarantees – letter of comfort		
- subsidiaries	133,168	98,004
- other companies	-	-
	133,168	98,004
Direct guarantees – credit mandates		
- subsidiaries	6,260	6,260
	6,260	6,260
Total guarantees, sureties and commitments	274,760	206,878

Direct guarantees – sureties

These guarantees include both the guarantees given directly by the companies, in the interests of both Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, Group VAT set-offs, participation in tenders, etc.

Other companies– It should be noted that, with reference to guarantees given to “Other companies”, this is the classification normally given to guarantees given directly to third parties by Group companies, but exclusively in their own interests. Such guarantees are rarely given in the interests of third-party companies and even in such a case, in the context of transactions effected for the benefit of Group companies. In particular this item includes the following (in thousands of Euro):

Company to which the guarantee is provided	Beneficiary	Amount	Reason
Revenue Office/VAT Office Modena	Cremonini S.p.A. and other subsidiaries	2,172	VAT for compensation
Customs Office	Cremonini S.p.A. and other subsidiaries	-	Customs rights
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc.)	Cremonini S.p.A.	-	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Other minor items	Cremonini S.p.A. and other subsidiaries	474	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		2,646	

Direct guarantees – comfort letters

Comfort letters are exclusively concerned with guarantees given to banks for the grant of loans or credit lines and include “simple” comfort letters of the Parent Company for 521 thousand Euro.

Indirect guarantees – credit mandates

Credit mandates relate to bank overdrafts and endorsement credits of subsidiaries guaranteed by credit lines granted by banks to the Company.

Details of the main items of the income statement

23. Revenues

These are broken down as follows:

(Euro/000)	2015	2014
Revenues from sales - Goods for resale	5	5
Revenues from sales - Others	4	3
Revenues from services	2,015	2,210
Advisory services to third parties	1,781	1,779
Rent income	1,160	1,346
Other revenues from ordinary activities	39	32
Total	5,004	5,375

Below is a breakdown of revenues by geographical area:

(Euro/000)	2015	2014
Italy	4,909	5,095
European Union	95	280
Non-EU countries	-	-
Total	5,004	5,375

24. Other revenues

(Euro/000)	2015	2014
Insurance reimbursements	8	1
Capital gains on disposal of capital goods	12	6
Other cost reimbursements	508	488
Services, consultancy and other minor revenues	601	219
Total	1,129	714

The increased balance is mainly due to the item "Services, consultancy and other miscellaneous", which in 2015 included the release of some provisions previously allocated that proved to be partially or totally in excess compared to the actual liability incurred.

25. Costs for purchases

(Euro/000)	2015	2014
Costs for purchases - Goods for resale	(7)	(9)
Costs for purchases - Stationery and printed paper	(7)	(4)
Changes in inventories of raw materials, secondary materials, consumables and	-	-
Other costs for purchases	(28)	(53)
Total	(42)	(66)

26. Other operating costs

(Euro/000)	2015	2014
Costs for services	(4,154)	(5,072)
Costs for leases and rentals	(150)	(155)
Other operating charges	(1,341)	(1,059)
Total	(5,645)	(6,286)

The change in the balance with respect to last year is detailed in the following tables.

Costs for services

(Euro/000)	2015	2014
Energy consumption and utilities	(237)	(235)
Maintenance and repairs	(181)	(194)
Commissions, commercial and distribution services	(841)	(855)
Third-party services and outsourcing	(39)	(33)
Other technical and general services	(2,856)	(3,755)
Total	(4,154)	(5,072)

The decrease compared to the previous year is the result of the reduction of the item "Other technical and general services" that in financial year 2014 included non-recurring costs for about 330 thousand Euro for consultancy sustained for the sale of a minority stake of ordinary INALCA S.p.A. shares.

Costs for leases and rentals

(Euro/000)	2015	2014
Instalments payable	-	-
Royalties	-	-
Lease of business premises, royalties and others	0	0
Leasing	-	-
Rents and charges payable other property assets	(150)	(155)
Leases and rentals related to real and personal property	(150)	(155)
Total	(150)	(155)

Other operating charges

(Euro/000)	2015	2014
Losses on receivables	(477)	(184)
Indirect taxes and duties	(476)	(528)
Capital losses on disposal of assets	-	-
Contributions and membership fees	(67)	(62)
Other minor costs	(321)	(285)
Total	(1,341)	(1,059)

27. Personnel costs

(Euro/000)	2015	2014
Salaries and wages	(1,906)	(1,859)
Social security contributions	(573)	(579)
Staff Severance Provision	(127)	(128)
Other personnel costs	-	(9)
Total	(2,606)	(2,575)

On 31 December 2015 the Company employed a total staff of 20 persons, as follows:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2014	0	14	6	20
Employees as at 31.12.2015	0	14	6	20
Increases (decreases)	0	0	0	0
Average no. of employees during	0	14	6	20

28. Amortization, depreciation, write-downs and provisions

(Euro/000)	2015	2014
Depreciation of tangible assets	(1,287)	(1,615)
Amortization of intangible assets	(3)	(32)
Write-downs and provisions	(65)	(470)
Total	(1,355)	(2,117)

The reduction in the balance is attributable to suspension of the depreciation process of the real estate complex located in Rome, in which the restructuring works are in the final stage. The inauguration of the renovated complex is scheduled for the first half of 2016.

Write-downs and provisions

(Euro/000)	2015	2014
Receivables write-downs	(65)	(143)
Other provisions	0	(327)
Total	(65)	(470)

29. Revenue from equity investments

(Euro/000)	2015	2014
Income (Charges) from investments in subs.	39,330	52,844
Income (Charges) from investments in other comp.	39	6,241
Write-down of investments	(1,845)	(940)
Total	37,524	58,145

The change in the balance with respect to last year is detailed in the following tables.

Income (Charges) from equity investments in subsidiaries

(Euro/000)	2015	2014
INALCA S.p.A. (dividends)	18,533	-
Marr S.p.A. (gain)	-	33,388
Marr S.p.A. (dividends)	20,797	19,456
Total	39,330	52,844

"Income from equity investments in subsidiaries" consists of dividends distributed by the subsidiary MARR S.p.A. totalling 20.8 million Euro and the dividends distributed by INALCA S.p.A. of 18.5 million Euro, as shown in the table.

Income (charges) from equity investments in other companies

The 2015 balance of the item under examination includes dividends received in the year from Banca Popolare dell'Emilia Romagna S.p.A. (3.3 thousand Euro) , Gemma S.p.A. (24.0 thousand Euro) and Futura S.r.l. (9.9 thousand Euro) .

Write-downs of investments

(Euro/000)	2015	2014
Banca Popolare di Vicenza S.p.A.	(1,206)	-
Idroenergia S.r.l.	-	(1)
Interjet S.r.l.	(639)	(939)
Total	(1,845)	(940)

As previously described in paragraph 4 "Equity investments in other companies", the carrying value of the share

security of Banca Popolare di Vicenza was brought into line with the market value (price of withdrawal that the shareholders could exercise calculated in 2016), with a 1.2 million Euro loss recognised.

30. Financial (Income)/Charge

(Euro/000)	2015	2014
Net exchange rate differences	-	-
Income (Charges) from management of derivatives	(73)	(1,238)
Net financial Income (Charges)	(3,419)	(11,906)
Total	(3,492)	(13,144)

In detail:

Income (charges) from management of derivatives

(Euro/000)	2015	2014
Realized Income (Charges) from management of derivatives	(73)	(772)
Valuation Income (Charges) from management of derivatives	-	(466)
Total	(73)	(1,238)

With reference to the measurement of the existing derivative contacts as at 31 December 2015 you are referred to the description in paragraph 15 "Liabilities from derivative instruments".

Net financial income (charges)

(Euro/000)	2015	2014
Financial Income (Charges) from controlling companies	62	20
Financial Income (Charges) from subsidiaries	136	(823)
Financial Income (Charges) from associated companies	-	-
<i>Financial income</i>		
- Bank interest receivable	22	23
- Other financial income	51	87
Total financial income	73	110
<i>Financial charges</i>		
- Interest payable on loans	(3,014)	(10,175)
- Interest payable on current accounts and others	(600)	(793)
- Other bank charges	(31)	(158)
- Other sundry charges	(45)	(87)
Total financial charges	(3,690)	(11,213)
Total	(3,419)	(11,906)

The item groups the total of the interest payable connected to the Group's treasury service and interest, commissions and charges payable to banks and other financiers. As also commented in the Directors' Report, the decrease in financial charge compared to the previous year benefitted from both the reduced debt and a positive interest rate trend that reduced the cost of money.

Below is the breakdown of financial charges and income to/from subsidiaries:

(Euro/000)	2015	2014
Chef Express S.p.A.	175	(581)
Cremonini Chef Iberica S.A.	-	42
Cremonini Restauration S.A.S.	-	(103)
Global Service Logistics S.r.l.	-	1
Global Service S.r.l.	(9)	(7)
INALCA S.p.A.	14	(334)
Interjet S.r.l.	5	58
Marr S.p.A.	(49)	(135)
Roadhouse Grill Italia S.r.l.	-	236
Total	136	(823)

31. Income taxes

(Euro/000)	2015	2014
Net income from subs. for transferred taxable amounts	633	3,228
Income from IRES reimbursement years 2007-2011	-	-
IRES previous years	158	51
	791	3,279
IRAP	-	(48)
Provision for deferred/pre-paid taxes	439	872
Effect of change in IRES tax rate effective from 2017	678	-
	1,117	824
Total	1,908	4,103

The IRES (Corporate Income Tax) balance refers to the income connected to the result of the tax consolidation in which Cremonini S.p.A. participated as the consolidating company.

As previously explained in the explanatory notes under the items of the statements of assets and liabilities, it is specified that the 2016 Italian Stability Law approved the change in the IRES rate from 27.5% to 24% starting from the years that will begin after 31 December 2016.

Due to this regulatory provision, calculation of the prepaid tax receivables and deferred tax payables was revised, with the amount of the temporary differences that will fall after that date being estimated and with the tax effect connected to the new rate being adjusted. This adjustment generated a positive effect on the income statement that totalled 678 thousand Euro.

Reconciliation of theoretical tax burden and actual tax burden

IRES

(Euro/000)	Year 2015		Year 2014	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	30,517		40,047	
Taxation rate	27.5%		27.5%	
Theoretical tax burden		(8,392)		(11,013)
Permanent differences				
Non-deductible amortization and depreciation	65		167	
Write-down of financial assets (non-deductible part)	1,845		939	
Taxes and tax amnesties	265		348	
Other non-deductible costs	334		365	
Total	2,509		1,819	
Dividends from foreign companies	(37,400)		(18,801)	
Irap deductible	(47)		(62)	
Gains on disposals subject to substitute tax			(37,303)	
Other	(81)		(172)	
Total	(37,528)		(56,338)	
Timing differences deductible in future years				
Provisions to taxed funds			327	
Other	274		230	
Total	274		557	
Timing differences taxable in future years				
Anticipated depreciations				
Other				
Total	0		0	
Reversal of timing diff. from previous years				
Capital gains on disposal of real estate	2,585		2,585	
Total	2,585		2,585	
Use of taxed provisions	(577)		(336)	
Other	(81)		(73)	
Total	(658)		(409)	
Taxable income	(2,301)		(11,739)	
Tax rate	27.5%		27.5%	
Actual tax burden		633		3,228
Ires previous years		158		51

IRAP

(Euro/000)	Year 2015 Taxable amount	Year 2014 Taxable amount
Profit before taxation	30,517	40,047
Costs not relevant for IRAP		
Financial Income/Charges	3,492	13,144
Revenues from equity investments	(37,524)	(58,145)
Write-downs and provisions		180
Personnel cost	2,606	2,575
Deductible personnel cost	(674)	(622)
Others		3,849
Total	(32,100)	(39,019)
Theoretical taxable amount	0	1,028
Taxation rate	4.65%	4.65%
Actual tax burden	0	(48)
Irap previous years		

Other information

Pursuant to the law the total fees due to the directors, members of the Board of Statutory Auditors and independent auditors are noted below:

- Directors : 1,112 thousand Euro
- Board of Statutory Auditors : 73 thousand Euro
- Independent auditors: 69 thousand Euro

(Euro/000)	Company that provided the service	Recipient	Fees pertaining to 2015
Audit	Reconta Ernst & Young S.p.A.	Cremonini S.p.A.	68,884
Compliance audit	Reconta Ernst & Young S.p.A.	Cremonini S.p.A.	0
Other services			0
Total			68,884

Events occurring after the end of the financial year

Please refer to the Directors' Report for details of the other events occurring after the financial year-end.

Castelvetro di Modena, 24 March 2016

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)

Annexes

These annexes contain information additional to that reported in the notes to the consolidated financial statements, and form an integral part thereof:

- | | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annex 1 | - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2015; |
| Annex 2 | - List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2015 financial year; |
| Annex 3 | - Statement of changes in tangible assets for the financial year ended as at 31 December 2015; |
| Annex 4 | - Statement of changes in intangible assets for the financial year ended as at 31 December 2015; |
| Annex 5 | - List of equity investments classified under non-current assets as at 31 December 2015; |
| Annex 6 | - List of equity investments in subsidiaries and associated companies as at 31 December 2015 (Article 2427, paragraph 5, of the Italian Civil Code). |

Annex I

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2015

(Euro/000)	Treasury		Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:					(a)	(b)		
Alisurget S.r.l. in liq.	-	-	-	-	-	189	-	189
As.ca. S.p.A.	-	-	147	-	219	51	366	51
Avirail Italia S.r.l.	-	-	-	32	7	-	7	32
Azienda Agricola Corticella S.r.l.	-	-	543	-	-	2	543	2
Baldini Adriatica Pesca S.r.l.	-	-	12	-	-	111	12	111
Chef Express S.p.A.	2,088	-	-	354	3,246	1,110	5,334	1,464
Ges.Car. S.r.l.	-	-	389	-	-	29	389	29
Global Service Logistics S.r.l.	9	-	58	-	-	107	67	107
Global Service S.r.l.	-	962	-	2	5	25	5	989
Guardamiglio S.r.l.	-	-	77	-	-	102	77	102
INALCA S.p.A.	-	981	-	806	-	315	-	2,102
Inalca Food & Beverage S.r.l.	-	-	-	83	-	-	-	83
Interjet S.r.l.	-	933	-	1	-	221	-	1,155
Italia Alimentari S.p.A.	-	-	-	606	-	145	-	751
Marr S.p.A.	-	2,771	-	95	549	1,301	549	4,167
Momentum Services Ltd	-	-	-	-	-	-	-	-
New Catering S.r.l.	-	-	-	112	95	26	95	138
Roadhouse Grill Italia S.r.l.	-	-	1	697	-	705	1	1,402
Roadhouse Grill Roma S.r.l.	-	-	-	5	2	10	2	15
Sara S.r.l.	-	-	-	16	-	-	-	16
Sfera S.p.A.	-	-	137	-	230	-	367	-
Tecnostar Due S.r.l.	-	-	-	36	-	9	-	45
Time Vending S.r.l.	-	-	61	-	-	-	61	-
Total subsidiaries	2,097	5,647	1,425	2,845	4,353	4,458	7,875	12,950
Controlling companies:								
Cremofin S.r.l.	-	-	-	-	-	-	-	-
Total controlling companies	-	-	-	-	-	-	-	-

(a) Other receivables include receivables for IRES (corporate tax) benefits transferred to the Parent Company.

(b) The other payables include payables for IRES (corporate tax) benefits transferred to the Parent Company.

Annex 2

List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2015 financial year

(Euro/000)	Revenues				Total	Expenses				Total
	Financial	Services	Sales	Other	revenues	Financial	Services	Sales	Other	expenses
(a)										
Subsidiaries:										
Azienda Agricola Corticella S.r.l.	-	4	-	-	4	-	-	-	-	-
Chef Express S.p.A.	175	1,136	2	214	1,527	-	79	-	-	79
Chef Express UK	-	25	-	-	25	-	-	-	-	-
Cremonini Restauration S.A.S.	-	58	-	-	58	-	-	-	-	-
Fiorani & C. S.p.A.	-	43	-	-	43	-	-	-	-	-
Ges.Car. S.r.l.	-	4	-	-	4	-	-	-	-	-
Global Service S.r.l.	-	60	-	35	95	9	185	-	3	197
Guardamiglio S.r.l.	-	20	-	-	20	-	-	-	-	-
INALCA S.p.A.	24	842	1	18,570	19,437	10	29	-	-	39
Inalca Food & Beverage S.r.l.	-	5	-	30	35	-	-	-	-	-
Interjet S.r.l.	7	11	-	2	20	2	-	-	639	641
Italia Alimentari S.p.A.	-	332	-	6	338	-	29	-	-	29
MARR S.p.A.	-	1,071	-	20,802	21,873	50	6	-	-	56
Momentum Services Ltd	-	5	-	-	5	-	-	-	-	-
New Catering S.r.l.	-	5	-	-	5	-	-	-	-	-
Railrest S.A.	-	7	-	-	7	-	-	-	-	-
Realbeef S.r.l.	-	10	-	-	10	-	-	-	-	-
Roadhouse Grill Italia S.r.l.	-	416	1	88	505	-	1	-	-	1
Roadhouse Grill Roma S.r.l.	-	17	-	-	17	-	-	-	-	-
Sara S.r.l.	-	2	-	-	2	-	-	-	-	-
Sfera S.p.A.	-	1	-	-	1	-	-	-	-	-
Tecnostar Due S.r.l.	-	40	-	22	62	-	9	-	-	9
Total subsidiaries	206	4,114	4	39,769	44,093	71	338	-	642	1,051
Associated companies:										
Quinto Valore soc.cons.a r.l.	-	40	-	-	40	-	14	-	-	14
Time Vending S.r.l.	-	101	-	1	102	-	-	-	-	-
Total associated companies	-	141	-	1	142	-	14	-	-	14
Controlling companies:										
Cremofin S.r.l.	62	-	-	-	62	-	-	-	-	-
Total controlling companies	62	-	-	-	62	-	-	-	-	-
Related companies:										
Banca Popolare di Vicenza S.p.A.	-	-	-	-	-	-	-	-	1,205	1,205
Food Trend Foundation	-	-	-	-	-	-	-	-	-	-
Idroenergia	-	-	-	-	-	-	-	-	-	-
Totale related companies	-	-	-	-	-	-	-	-	1,205	1,205

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2015

(Euro/000)	Opening position			Changes over the period				Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2014	Merger	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation provision	Balance at 31.12.2015	
Land and buildings	82,897	(12,110)	70,787		3,006		(940)	85,903	(13,050)	72,853
Plant and machinery	2,589	(2,248)	341		106		(126)	2,924	(2,373)	551
Industrial and business equipment	48	(44)	4		1		(2)	49	(46)	3
Other assets	5,349	(4,194)	1,155		226		(219)	5,456	(4,293)	1,163
Fixed assets under construction and advances	6,832	0	6,832		2,458		(231)	9,059	0	9,059
Total	97,715	(18,596)	79,119	0	5,797	0	(1,287)	103,391	(19,762)	83,629

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2015

(Euro/000)	Opening position			Changes over the period				Closing position	
	Initial cost	Amortization provision	Balance at 31.12.2014	Acquisitions	Net decreases	Class. Write-downs	Other changes	Initial cost	Amortization provision
Patents and intellectual property rights	95	(92)	3	3	-	2	(3)	100	(95)
Concessions, licences, trademarks and similar rights	2	0	2	-	-	-	(1)	7	(6)
Fixed assets under development and advances	2	0	2	-	-	(2)	-	0	0
Other intangible assets	0	0	0	-	-	-	-	0	0
Total	99	(92)	7	3	0	0	(4)	107	(101)

Annex 5

List of equity investments classified under non-current assets as at 31 December 2015

(Euro/000)									
Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Note
Subsidiaries:									
Chef Express S.p.A.	100.00	56,070	-	-	-	-	100.00	56,070	
Global Service S.r.l.	100.00	227	-	-	-	-	100.00	227	
INALCAS.p.A.	71.60	138,209	-	-	-	-	71.60	138,209	
Interjet S.r.l.	100.00	2,251	1,000	-	(639)	-	100.00	2,612	
MARR S.p.A.	50.42	57,937	-	-	-	-	50.42	57,937	
Total subsidiaries		254,694	1,000	0	(639)	0		255,055	
Other companies:									
Futura S.p.A.		963	-	-	-	-	-	963	
Banco Popolare Società Cooperativa		713	-	-	-	-	-	713	
Banca Popolare di Vicenza S.p.A.		1,294	-	-	(1,205)	50	-	139	
Other minor companies		68	-	-	-	-	-	68	
Total other companies		3,038	0	0	(1,205)	50		1,883	
Total equity investments		257,732	1,000	0	(1,844)	50		256,938	

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2015
(Article 2427.5 of the Italian Civil Code).

(Euro/000)		Registered office	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2015	Net equity at 31.12.2015	Percentage held at 31.12.2015	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Notes

CREMONINI S.P.A

Via Modena no. 53 – Castelvetro di Modena (MO), Italy

Share capital 67,073,931.60 Euro fully paid-up

Registered with the Modena Chamber of Commerce Economic and Administrative Register no. 126967

Entered in the Modena Company Register under no. 00162810360

Tax code and VAT no. 00162810360

* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE SHAREHOLDERS' MEETING

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

drawn up pursuant and consequent to

Art. 2429, paragraph 2 of the Italian Civil Code

This report was approved by the board and in time for it to be filed at the registered office of the company, during the 15 days prior to the date of first call of the shareholders' meeting to approve the financial statements commented on herein.

The board of directors thus made the following documents approved on 24/03/2016 regarding the financial year that ended on 31 December 2015 available:

- draft financial statements, complete with the explanatory notes;
- Directors' Report.

Knowledge of the company, assessment of risks and report on duties assigned

Having acknowledged the by now consolidated knowledge that the board of statutory auditors declares it has of the company and for that which concerns:

- i) the type of activity carried on;
- ii) its organisational and accounting structure;

also taking into account the size and problems of the company, it is reaffirmed that the "*planning*" stage of the supervisory activity - in which it is necessary to assess the intrinsic risks and critical issues regarding the two parameters mentioned above - was implemented by way of the positive inspection regarding what was already known based on the information acquired over time.

It was therefore possible to confirm that:

- the typical activity that the company carries on has not changed during the year under review and is consistent with what is established as the corporate purpose;
- the organisational structure and set-up of the IT structures have remained basically the same;
- the human resources making up the "*workforce*" have basically remained the same;
- what is ascertained above is indirectly confirmed by a comparison of the results of the values stated in the income statement for the past 2 years, namely that under review and the previous one. It is also possible to point out that the company operated in 2015 in terms comparable with the previous financial year and, as a result, our controls were carried out on these assumptions, having checked the essential comparability of the figures and results with those of the previous year.

This report therefore summarises the disclosure activity provided for by Art. 2429, paragraph 2 of the Italian Civil Code, and more precisely:

- on the results of the year;
- on the activity carried out to fulfil the duties provided for by the rule;
- on the observations and proposals concerning the financial statements, with particular reference to the use by the board of directors of the derogation pursuant to Art. 2423, paragraph 4 of the Italian Civil Code;
- on the receipt, if any, of complaints by shareholders pursuant to Art. 2408 of the Italian Civil Code.

The activities that the board carried out regarded, in terms of time, the entire year, and during this same year the meetings pursuant to Art. 2404 of the Italian Civil Code were regularly held, and appropriate minutes were drawn up of these meetings, which were duly signed by unanimous approval.

Activities carried out

During the periodic inspections, the board became cognizant of the evolution of the activity carried on by the company, and paid special attention to the contingent and/or extraordinary problems in order to identify their economic and financial impact on the profit for the financial year and on the capital structure. The board therefore periodically assessed the adequacy of the organisational and functional structure of the company and of any changes it may have undergone compared to the minimum requirements postulated by the results of operations.

Relations with people operating in the above-mentioned structure - directors, employees and outside consultants - sought inspiration from reciprocal collaboration in observance of the roles assigned to each one after having clarified those of the board of statutory auditors.

We were able to ascertain the following for the entire duration of the year:

- the internal administrative personnel assigned to account the company transactions has basically remained unchanged compared to the previous year;
- the level of its technical preparation is still adequate for the type of ordinary company transactions to account, and boasts sufficient knowledge of the company's problems;
- the consultants and external professionals assigned accounting, tax, corporate and labour law assistance have not changed, and therefore have a historical knowledge of the activity carried on and of the management problems, extraordinary included, that have affected the results of the financial statements.

The information required by Art. 2381, paragraph 5 of the Italian Civil Code has been provided by the CEO with a frequency even higher than the minimum 6 months set at the meetings of the board of directors held to approve the interim directors' reports drawn up every quarter, on the occasion of scheduled board of statutory auditors meetings, and through the contacts and information flows by telephone and electronically with the members of the board of directors. All of the above reveals that the executive directors have observed what the the above-mentioned rule requires of them, in both substance and form.

In conclusion, as far as has been possible to ascertain during the activity carried out during the year, the board of statutory auditors may state that:

- the decisions taken by the shareholders and the board of directors complied with the law and the articles of association, and were not manifestly imprudent or such as to definitively jeopardise the integrity of the company's assets;
- sufficient information on the overall results of operations and their foreseeable evolutions, as well as on the most significant transactions in terms of size or characteristics carried out by the company has been acquired;
- the transactions implemented were also compliant with the law and the articles of association, and do not potentially conflict with the resolutions passed by the shareholders' meeting or are such as to jeopardise the integrity of the company's assets;
- we did not find atypical and/or unusual corporate transactions carried out with third parties or related parties during the year. The inter-company transactions and those with related parties carried out during 2015 are adequately described in the explanatory notes to the financial statements, fall under ordinary operations and are regulated at market conditions;
- there are no specific observations to make regarding the adequacy of the organisational structure of the company, the adequacy of the administrative or accounting system, or the reliability of the latter in properly representing the operational transactions;
- no other significant transactions such as to require their notification in this report emerged during the supervisory activity as described above;

- there was no need to intervene due to omissions of the board of directors pursuant to Art. 2406 of the Italian Civil Code;
- no complaints pursuant to Art. 2408 of the Italian Civil Code were received;
- no complaints pursuant to Art. 2409, paragraph 7 of the Italian Civil Code were made;
- the board did not issue opinions provided for by the law during the year.

Observations and proposals regarding the financial statements and their approval

The draft financial statements as at 31 December 2015 were approved by the board of directors and consist of the statement of assets and liabilities, the income statement and the explanatory notes to the financial statements.

Furthermore:

- the board of directors also prepared the Directors' Report pursuant to Art. 2428 of the Italian Civil Code;
- said documents were delivered to the board of statutory auditors in time so that they can be filed at the registered office of the company complete with this report, and this is regardless of the deadline set by Art. 2429, paragraph 1 of the Italian Civil Code;
- the regulatory audit is assigned to the independent auditor Reconta Ernst & Young S.p.a., which has prepared its report pursuant to Art. 14 of Italian Legislative Decree no. 39 of 27 January 2010. The report, issued on 13 April 2016, contains no criticism owing to significant deviations, that is, negative judgements or impossibility to provide a judgement or requests for information, and therefore the judgement given is positive.

Then the draft financial statements were examined, regarding which the following additional information is again provided:

- the financial statements were drawn up according to the international accounting standards (IAS/IFRS) pursuant to the provisions of Italian Legislative Decree 38/2005 implementing EC regulation 1606/2002 of the European Parliament and Council dated 19/07/2002.
- The measurement criteria applied to the assets and liabilities items subject to this inviolable requirement were checked, and proved to not be essentially different from those adopted in the previous years; attention was paid to the layout given to the draft financial statements, its overall compliance with the law regarding its formation and structure, and to this regard, there are no observations that have to be pointed out in this report;
- observance of the rules of law pertaining to the preparation of the directors' report was verified, and to this regard, there are no observations that have to be pointed out in this report;
- in drawing up the financial statements, the board of directors did not depart from the rules of law pursuant to Art. 2423, paragraph 4 of the Italian Civil Code in compatibility with the international accounting standards;
- compliance of the financial statements with the transactions and information of which we became aware following the discharge of the duties typical of the board of statutory auditors was checked, and to this regard no further observations are made;
- the information required by Art. 2427-*bis* of the Italian Civil Code regarding the derivative financial instruments was provided in the explanatory notes;
- information was acquired from the board of directors and no critical issues regarding the organisational model that have to be pointed out in this report emerged;
- as regards the proposal of the board of directors concerning allocation of the net profit for the year shown at the end of the directors' report, the board of statutory auditors has nothing to say, though it does point out that the decision lies with the shareholders' meeting.

Results of the year

The net profit that the board of directors determined regarding the year that ended on 31 December 2015, as is also evident from reading the financial statements, is 32,430,044.00 Euro.

Conclusions

On the basis of what is explained above and as far as what has been brought to the knowledge of the board of statutory auditors and has been verified by the periodic audits carried out, it is unanimously deemed that there is no reason that impedes your approval of the draft financial statements as at 31 December 2015 as they have been drawn up and as they have been proposed by the board of directors.

Castelvetto (MO), 13/04/2016

Board of statutory auditors

Eugenio Orienti (Chairman)_____signed_____

Paola Simonelli (Statutory auditor)____ signed _____

Giulio Palazzo (Statutory auditor)____ signed _____



Reconta Ernst & Young S.p.A.
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Independent auditor's report
in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010 and to art. 165-bis of Legislative Decree n. 58 dated 24 February 1998
(Translation from the original Italian text)

To the Shareholders of Cremonini S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Cremonini S.p.A., which comprise Statement of financial position as at 31 December 2015, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the cash flow statement for the year then ended and a summary of significant accounting policies and other related explanatory notes.

Directors' responsibility for the financial statements

The Directors of Cremonini S.p.A. are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Cremonini S.p.A. as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Reconta Ernst & Young S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale € 1.402.500,00 i.v.
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Report on other legal and regulatory requirements

Opinion on the consistency of the Directors' Report with the financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by the law, on the consistency of the Directors' Report with the financial statements. The Directors of Cremonini S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. In our opinion the Directors' Report is consistent with the financial statements of Cremonini S.p.A. as at 31 December 2015.

Bologna, 13 April 2016

Reconta Ernst & Young S.p.A.

Signed by: Andrea Nobili, partner

This report has been translated into the English language solely for the convenience of international readers.

CREMONINI GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2015

Consolidated financial statements as at 31 December 2015

Statement of assets and liabilities - assets

(Euro/000)	Note	Year 2015	Year 2014
Non-current assets			
Tangible assets	1	810,651	782,814
Goodwill	2	149,888	150,092
Other intangible assets	3	15,563	15,262
Investments valued at equity	4	4,094	2,552
Investments in other companies	5	10,305	10,237
Financial assets held for sale		0	50
Financial instruments / Derivatives	18	5,095	285
Non-current financial receivables	6	3,338	2,126
<i>relating to related parties</i>		653	-
Deferred tax assets	7	20,515	20,472
Other non-current assets	8	43,292	48,730
Total non-current assets		1,062,741	1,032,620
Current assets			
Inventories	9	349,452	344,366
Biological assets	10	41,523	36,733
Current financial receivables	11	8,913	10,672
<i>relating to related parties</i>		5,196	7,043
Current trade receivables	12	500,157	523,629
<i>relating to related parties</i>		8,966	4,217
Current tax assets	13	23,271	16,983
Financial assets held for sale		1,000	1,000
Financial instruments / Derivatives	18	3,275	1,799
Cash and cash equivalents	14	183,416	88,370
Other current assets	15	71,404	59,301
<i>relating to related parties</i>		363	0
Total current assets		1,182,411	1,082,853
Total assets		2,245,152	2,115,473

Statement of assets and liabilities – liabilities

(Euro/000)	Note	Year 2015	Year 2014
Shareholders' Equity			
Share capital	16	67,074	67,074
Reserves	16	(16,546)	(6,614)
Retained earnings		338,176	309,069
Result for the period		55,129	41,928
Shareholders' Equity attributable to the Group		443,833	411,457
Minority interests' capital and reserves		228,984	229,950
Profit for the period attributable to minority		38,361	31,088
Shareholders' Equity attributable to minority		267,345	261,038
Total Shareholders' Equity		711,178	672,495
Non-current liabilities			
Non-current financial payables	17	510,492	265,089
Financial instruments / Derivatives	18	0	194
Employee benefits	19	25,386	27,674
Provisions for risks and charges	20	18,027	12,326
Deferred tax liabilities	21	65,320	74,229
Other non-current liabilities	22	1,018	1,138
Total non-current liabilities		620,243	380,650
Current liabilities			
Current financial payables	23	287,307	444,429
<i>relating to related parties</i>			
Financial instruments / Derivatives	18	105	1,703
Current tax liabilities	24	20,012	21,137
Current trade liabilities	25	532,328	524,896
<i>relating to related parties</i>		6,529	8,277
Other current liabilities	26	73,979	70,163
<i>relating to related parties</i>		/	0
Total current liabilities		913,731	1,062,328
Total liabilities		2,245,152	2,115,473

Consolidated financial statements as at 31 December 2015

Income statement

(Euro/000)	Note	Year 2015	Year 2014
Revenues	27	3,293,865	3,278,627
<i>relating to related parties</i>		41,456	36,482
Other revenues	28	80,140	57,227
<i>relating to related parties</i>		88	12
Change in inventories of finished and semi-		14,347	14,318
Capitalisation of internal construction costs		3,144	9,590
Costs for purchases	29	(2,274,988)	(2,269,753)
<i>relating to related parties</i>		(77,881)	(46,955)
Other operating costs	30	(560,041)	(540,857)
<i>relating to related parties</i>		(990)	(1,883)
Personnel costs	31	(290,596)	(290,928)
Amortization and depreciation	32	(63,728)	(63,581)
Write-downs and provisions	32	(33,025)	(25,065)
Revenues from equity investments		(679)	3,265
<i>relating to related parties</i>		(224)	(59)
Financial (Income)/Charges	33	(33,132)	(52,441)
<i>relating to related parties</i>		(62)	(40)
Result before taxes		135,307	120,402
Income taxes	34	(41,817)	(47,386)
Result before minority interests		93,490	73,016
Result attributable to minority interests		(38,361)	(31,088)
Result for the period attributable to the		55,129	41,928

Other comprehensive income

(Euro/000)	Year 2015	Year 2014
Result before minority interests	93,490	73,016
<i>Items to be reclassified to profit or loss in subsequent periods:</i>		
Efficacious part of profits/(losses) on cash flow hedge instruments	756	3,208
Tax effect	(208)	(882)
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>		
Efficacious part of profits/(losses) on cash flow hedge instruments	570	(1,665)
Translation effects of the financial statements expressed in foreign currencies	(17,841)	(36,040)
Tax effect	(157)	458
Comprehensive Income	76,610	38,095
Result attributable to minority interests	(31,137)	(13,583)
Result for the period attributable to the Group	45,473	24,512

Statement of changes in the shareholders' equity over the financial year ended as at 31 December 2015

	(Euro'000)										Share premium reserve	Total capital	Nominal value treasury stock in portfolio	Share capital	Other Reserves										Result attributable to the Group	Minority interests' capital and reserves	Result attributable to minority interests	Shareholders' Equity attributable to minority interests	Total	
	Share premium reserve	Legal reserve	Reserve for IAS adjustments	Reserve for trading treasury stock	Reserve translation differences	Deficit	Actual Gain	Reserve	Cash flow hedge reserve	Total Reserves					Profits (Losses) carried forward	Result attributable to the Group	Minority interests' capital and reserves	Result attributable to minority interests	Shareholders' Equity attributable to minority interests	Total										
Balances at 31 December 2013 adjusted	67,074	0	67,074	78,280	14,749	79,036	0	(21,233)	(146,379)	(2,129)	(834)	1,490	213,469	32,679	314,712	90,144	28,819	118,963	433,675											
Allocation of the results of previous year:																														
- retained earnings reserve												0	32,679	(32,679)	0	28,819	(28,819)	0	0											
- distribution of dividends												0	0	0	0	(20,675)	(20,675)	(20,675)												
Transaction on Kakad OOO LLC shares																														
Transaction on INALCA S.p.A. shares								10,881		330		11,131	41,010	110,983	52,141	110,983	163,124	37,903	56,673											
Consolidation of Fiorini & C. S.p.A.																														
Capital increase in in Bell Carri S.r.l.												0	(260)	1,195	(260)	1,195	41	41												
Capital increase in Italia Food and Beverage S.r.l.												0	0	50	0	50	50	50	50											
Capital increase in Realbeef S.r.l.												0	(532)	532	(532)	532	532	532	532											
Acquisition of 100% control in Momentum Ltd.												0	65	(260)	65	(260)	(195)	(260)	(195)											
Acquisition of 100% control in Lounge Services S.a.s.												0	23	(23)	0	23	(23)	(23)	(23)											
Deconsolidation of Firino S.a.s.												0	22	(219)	22	(219)	(197)	(219)	(197)											
Sales and deconsolidation of Alsea S.c.a.r.l												0	0	(1,032)	0	(1,032)	(1,032)	(1,032)	(1,032)											
Other changes										64		64	(60)	(4)	4	(3)	(3)	(1)	(3)											
Consolidated comprehensive income																														
- Profit for the period								(19,166)		(967)	834	(19,299)	1,883	(17,416)	(17,505)	(17,505)	(34,921)	(17,505)	(34,921)											
- Other Profits/Losses, net of taxes																														
Balances 31 December 2014	67,074	0	67,074	78,280	14,749	79,036	0	(29,598)	(146,379)	(2,702)	0	(6,614)	309,649	41,928	411,457	229,950	31,088	261,038	672,495											
Allocation of the results of previous year:																														
- retained earnings reserve												0	41,928	(41,928)	0	31,088	(31,088)	0	0											
- distribution of dividends												0	(15,479)	(27,088)	(15,479)	(27,088)	(27,088)	(27,088)	(40,567)											
- distribution of dividends from Italica												0	3,067	3,067	3,067	(3,067)	(3,067)	(3,067)	(3,067)											
Capital increase in Italica Angola																														
Acquisition of 100% control in Gecar												0	(80)	0	(80)	80	80	80	80											
Capital increase in Italia Mozambico												0	0	0	0	4,403	4,403	4,403	4,403											
Capital increase Italica Food and Beverage S.r.l.												0	38	38	0	38	38	38	38											
Capital increase Pappabuona												0	(63)	(27)	(63)	(27)	(90)	(27)	(90)											
Change in ownership interest in Zaklady												0	(114)	0	(114)	114	114	114	114											
Capital increase in Realbeef S.r.l.												0	(522)	522	(522)	522	522	522	522											
Capital increase in Bell Carri S.r.l.												0	27	0	0	27	27	27	27											
Consolidation of JFB North America												0	77	0	0	77	77	77	77											
Capital increase in Roadhouse Grill Roma												0	0	0	0	158	158	158	158											
Other changes												0	94	(67)	94	(67)	(27)	(67)	(27)											
Consolidated comprehensive income																														
- Profit for the period								(10,208)				0	55,129	(9,932)	55,129	38,361	38,361	38,361	93,490											
- Other Profits/Losses, net of taxes																														
Balances 31 December 2015	67,074	0	67,074	78,280	14,749	79,036	0	(39,806)	(146,379)	(2,702)	0	(16,546)	338,176	55,129	443,833	228,984	38,361	267,345	711,178											

Cash flow statements for the financial years ended as at 31 December 2015 and 2014

(Euro/000)	31.12.2015	31.12.2014
Net profit before minority interests	93,490	73,016
Amortization and depreciation	63,728	63,581
Amortization and depreciation	481	1,664
Net change in other provisions and non-monetary income items	43,975	29,867
Reversal of the effects from extraordinary transactions	0	0
Net change in Staff Severance Provision	(26,378)	(15,149)
<i>Changes in working capital:</i>		
(Increase) decrease in receivables from customers	11,655	(6,682)
(Increase) decrease in inventories	(9,876)	(21,094)
Increase (decrease) in payables to suppliers	1,507	4,297
(Increase) decrease in other items of the working capital	(17,717)	(2,550)
Net effects from the change in consolidation area	0	0
Cash-flow from operating activities (A)	160,865	126,950
Net (investments) in tangible assets	(96,297)	(76,486)
Net (investments) in intangible assets	(3,653)	(8,456)
Net change in other non current assets	(3,052)	8,708
Net effects from the change in consolidation area	(846)	(2,763)
Cash-flow from investment activities (B)	(103,848)	(78,997)
Increase (Decrease) medium-long term borrowings	245,404	(256,135)
Increase (Decrease) medium-long term liabilities for derivatives	(194)	(3,956)
Increase (Decrease) short term borrowings	(155,650)	14,619
Changes in other securities and other financial assets	(485)	419
Increase (Decrease) short term liabilities for derivatives	(3,074)	(3,160)
Cash-flow from distribution of dividends	(42,567)	(20,675)
Capital increase and other changes in equity	(5,405)	211,126
Cash flow from financing activities (C)	38,029	(57,762)
Cash Flow of the year (D=A+B+C)	95,046	(9,809)
Cash and cash equivalents at the beginning of the period (E)	88,370	98,179
Cash and cash equivalents at the end of the period (F=D+E)	183,416	88,370

Consolidated financial statements as at 31 December 2015

Notes

Form and content of the consolidated financial statements

The consolidated financial statements as at 31 December 2015 were prepared in accordance with the accounting policies and measurement criteria laid down by the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union according to the procedure referred to in Article 6 of the (EC) Regulation No. 1606/2002 of the European Parliament and Council of 19 July 2002, as adopted by Legislative Decree no. 28 of 28 February 2005 as amended, CONSOB communications and resolutions and ordinances promulgated in implementation of art. 9 of Legislative Decree 38/2005.

The financial statements for the year were authorised for publication by the Board of Directors on 24 March 2016.

The consolidated financial statements were prepared in accordance with the cost method, with the exception of the following statement of assets and liabilities entries:

- land and buildings for which the fair value as at 1 January 2004 was adopted, as “deemed cost” as provided for by IFRS 1, as detailed later in this report;
- the derivative contracts were entered at their fair value with a contra entry in the income statement.

For the purpose of comparison, the consolidated financial statements as at 31 December 2015 show the figures for the financial year ended as at 31 December 2014.

The following classifications were utilised:

- Statement of Assets and Liabilities by current/non-current items;
- Income Statement by nature;
- Cash flow statement (indirect method).

It is considered that these classifications provide information that better responds to representing the Group's equity, economic and financial situation.

The Euro is the Parent Company's functional currency and is used for the presentation of the consolidated financial statements. The schedules contained in these financial statements are shown in thousands of Euro. If not otherwise indicated, the schedules contained in these financial statements are shown in thousands of Euro.

The evaluation criteria adopted to prepare these financial statements are shown in the following points:

Consolidation methods

The consolidation is effected using the line-by-line method that consists of the adoption of all asset and liability items in their entirety. The main consolidation criteria adopted for the application of this method are the following:

- the subsidiary companies are consolidated commencing from the date when control is effectively transferred to the Group, and cease to be consolidated at the date when control is transferred outside the Group;
- where necessary adjustments are made to the financial statements of the subsidiaries to align their accounting policies to those of the Group;

- the assets and liabilities and the income and companies consolidated using the line-by-line method are integrated in the consolidated financial statements; the carrying value of the equity investments is eliminated against the corresponding fraction of shareholders' equity of the subsidiaries, attributing to individual elements of the assets and liabilities their current value at the date of acquisition of control (acquisition method as defined by IFRS 3 "Business combinations"). Any residual difference, if positive, is recorded in the asset item "Goodwill" and if negative in the income statement;
- reciprocal debit and credit and costs and revenues relationships between consolidated companies and the effects of all the transactions of significant relevance exchanged between the latter are eliminated;
- the minority shareholders' portion of shareholders' equity and results for the period are shown separately in the shareholders' equity and in the consolidated income statement. The result of the comprehensive income statement relating to a subsidiary is attributed to the minority shareholders even if this implies that the minority holdings have a negative balance;
- changes in the Parent Company's interest in a subsidiary that does not result in the loss of control are accounted for as capital transactions.

Changes in the Parent Company's interest in a subsidiary that does not result in the loss of control are accounted for as capital transactions.

If the Parent Company loses control of a subsidiary, it:

- eliminates the assets (including any goodwill) and the liabilities of the subsidiary;
- eliminates the carrying values of any minority interests in the ex-subsidiary;
- eliminates the accumulated exchange rate differences recorded in the shareholders' equity;
- records the fair value of the consideration received;
- records the fair value of any interest maintained in the ex-subsidiary;
- records each profit or loss in the income statement;
- reclassifies the portion held by the Parent Company of the components previously recorded in the comprehensive income statement, income statement or undistributed profits, as appropriate.

Scope of consolidation

The consolidated financial statements as at 31 December 2015 include the financial statements of the Parent Company Cremonini S.p.A. and those of the companies in the which it holds, directly or indirectly, control including therein the specific purpose entities) excluding immaterial subsidiaries.

Control is obtained when the Group has, or has the right to, variable yields deriving from its relationship with the entity in which it has an investment and, at the same time, it has the capacity to impact on such income by exercising its power over such entities.

Specifically, the Group controls a partially owned company if, and only if, the Group has:

- the power over the entity in which it has an investment (or else holds valid rights that gives it the current capacity to direct the significant activities of such entity;
- recognition or the rights to variable returns deriving from the relationship with the investee entity;
- the capacity of exercising power over the investee entity to impact on the amount of its returns.

Generally, there is a presumption that the majority of the voting rights involves control. Supporting this presumption is that when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to establish if control of the investee entity includes:

- contractual arrangements with other owners with voting rights;
- deriving from contractual arrangements;
- the Group's voting rights and potential voting rights.

The Group considers whether or not there is control of a partially owned company if the facts and circumstances indicate that there were changes in one or more of the three relevant elements for the purposes of the definition of control.

Companies that have financial statement values individually and cumulatively immaterial with respect to the Group's consolidated financial statements were excluded from the scope of the consolidation. Specifically, the exclusion regarded the following subsidiary companies:

Directly controlled

Domus Italia (in liq.)
 Inalca F&B Cabo Verde Lda
 Inalca F&B Hong Kong Ltd
 Inalca Foods Nig Limited (inactive and completely written-down)
 Inalca West Africa S.a.r.l., *start up*
 Montana Farm S.p.z.o.o. (in liq.)
 Parma France S.a.s.
 Parma Serv S.r.l.

The equity investments in these companies were measured at cost.

The complete list of the holdings included in the scope of the consolidation as at 31 December 2015, with an indication of the method of consolidation, is shown in Appendix 6.

The scope of the consolidation has been changed, compared to that of the consolidated financial statements of the previous year, as described below. The financial effects of such changes are shown, when significant, in the explanatory notes to the financial statements. The equity changes have not instead impacted significantly on the comparability with the corresponding figures of last year.

Specifically, with respect to 31 December 2014, the following companies were included in the scope of the consolidation:

- Chef Express Eurasia (formerly Chef Express Russia) company not yet operational that was set up to develop the national and international Russian railway market, held 99% by Chef Express UK and 1% by Kaskad;
- Inalca Food & Beverage Holding Inc (USA) wholly-owned subsidiary of Inalca Food & Beverage S.r.l. that constitutes the USA sub-holding of its assets;
- Inalca Food & Beverage North America L.L.C. investee held 60% by Inalca Food & Beverage Holding Inc (USA) with head office in New York, which carries on the activity of distribution of Italian food products, in the start-up phase;
- Inalca Food & Beverage Thailand Ltd subsidiary held 99.9% by Inalca Food & Beverage S.r.l.;
- Pappabuona.com S.r.l. subsidiary also 60% held by Inalca Food & Beverage S.r.l.;
- Chef Express Tren Ic Hizmetleri Anonim Sirketi A.S. subsidiary 60% held by Chef Express S.p.A.

Lastly, the following changes took place in the scope of consolidation with respect to 31 December 2014:

- the increase in the equity investment in Zaklady Miesne Sochocin Spolka L.L.C. from 90% to 99.95%;
- the increase in the equity investment in Ges.car S.r.l. from 80% to 100%;
- the merger of Salumi d'Emilia S.r.l. with Italia Alimentari S.p.A.;
- the merger of Healthy Bar Milano S.r.l. with Chef Express S.p.a.;
- the merger of Sessanta S.r.l. with Roadhouse Grill Italia S.r.l.;
- the sale of 40% of Inalca Mocambique Lda to Namsoy Group;

Changes in accounting standards

The new IFRSs and IFRICs adopted by the EU, in effect from 1 January 2015, are shown below. The adoption of these revised standards and interpretations has not had effects on the financial statements but has only resulted, in some cases, in additional information. Please also refer to the description in the Directors' Report.

New accounting standards, amendments and interpretations applicable in 2015

The measurement criteria used for the purposes of preparation of the consolidated financial statements for the year 2015 do not differ from those used for the consolidated financial statements for the financial year ended 31 December 2014, with the exception of the accounting standards and interpretations applicable from 1 January 2015, which however have not had effects on these financial statements.

- Amendments to IAS 19: Employee benefits: IAS 19 requires an entity to consider the employee or third party contributions when booked to defined benefits plans.

When the contributions are related to the performance of the service, they must be attributed to the period of service as negative benefits. The amendment clarifies that, should the amount of the contributions be independent of the number of years of service, the entity is permitted to record these contributions as a reduction of the service cost in the period in which the service is performed, instead of allocating the contributions to the periods of service. This amendment is effective for the financial years that commenced from 1 July 2014 or subsequently. This amendment is insignificant for the Group since none of its companies has plans that include contributions of employees or third parties. This amendment is insignificant for the Group since none of its companies has plans that include contributions of employees or third parties.

Several improvements (annual IFRS improvements - 2010-2012 Cycle and 2011-2013 Cycle) in effect starting from 1 July 2014 that nonetheless had no effects on these interim financial statements of the Group:

- IFRS 2 Share-based payments: This improvement is applied in the future and clarifies various points linked to definition of the conditions of attaining results and service that represent accrual conditions.

- IFRS 3 Business combinations: The amendment is applied in the future and clarifies that all agreements regarding potential considerations classified as liabilities (or assets) arising from a business combination must be afterwards measured at fair value with contra entry booked to the income statement, whether or not they fall within the scope of IFRS 9 (or IAS 39, as the case may be).

- IFRS 8 Operating segments: The amendment is applied retrospectively and clarifies that: - an entity should disclose the revaluations made by management in applying the aggregation criteria set out in paragraph 12 of IFRS 8, including a brief description of the operating segments that were aggregated and the economic characteristics used to define whether the segments are "similar"; - it is necessary to present the reconciliation of the assets of the segment with the total assets only if the reconciliation is presented at the highest decision-making level, as is required for the liabilities of the segment. This information is already provided in the financial statements.

- IAS 16 Real estate, plant and machinery and IAS 38 Intangible assets The amendment is applied retrospectively and clarifies that in IAS 16 and IAS 38 an asset can be revalued with reference to observable figures both by adapting the gross carrying value of the asset to the market value and by determining the market value of the carrying value and adjusting the gross carrying value proportionately so that the resulting carrying value is equal to the market value. The accumulated depreciation is also the difference between the gross carrying value and the carrying value of the asset. This amendment does not apply to the Group in the period of reference.

- IAS 24 Related party disclosures: The amendment is applied retrospectively and clarifies that a management entity (an entity that supplies services relating to key management) is a related party subject to disclosure on transactions with related parties. Furthermore, an entity that makes use of a management entity must disclose the expenses incurred for the management services. This amendment is insignificant for the Group in so far that it does not receive management services from other entities.

- IFRS 3 Business combinations: The amendment is applied in the future and for the purposes of exclusion from the scope of IFRS 3, clarifies that: - not only joint ventures are outside the scope of IFRS 3, but joint arrangements are as well; - this exclusion from the scope is applied only in the accounting in the financial statements of the joint arrangement. This amendment is irrelevant for the Group and for its subsidiaries.

- IFRS 13 Fair value measurement: The amendment is applied in the future and clarifies that the portfolio exception provided for by IFRS 13 may be applied not only to financial assets and liabilities, but also to the other contracts within the scope of IFRS 9 (or IAS 39, as the case may be). This amendment makes no impact on the financial statements of the Group.

- IAS 40 Investment property: The description of ancillary services in IAS 40 differentiates between investment

property and property held for the owner's use (for example: real estate, plant and machinery). The amendment is applied in the future and clarifies that in defining whether a transaction represents the purchase of an asset or a business combination, IFRS 3 has to be used and not the description of ancillary services of IAS 40. The Group does not have such cases.

Accounting standards, amendments and interpretations applicable to future financial statements

Illustrated below are the standards and interpretations that, at the date of preparation of these financial statements, were already issued but not yet effective.

- IFRS 9 Financial instruments. The IASB issued the final version of IFRS 9 Financial Instruments in July 2014, which reflects all the phases of the project relating to financial instruments and substitutes IAS 39 Financial Instruments: Recognition and measurement and all the previous versions of IFRS 9. The standard introduces new requirements for classification, measurement, impairment and hedge accounting. IFRS 9 is effective for the financial years commencing from 1 January 2018 or subsequently.

- IFRS 15 – Revenues deriving from contracts with customers. The IFRS was issued in May 2014 and introduces a new model that will apply in five phases to the revenues deriving from contracts with customers. IFRS 15 provides for the recording of revenues no da togliere an amount that reflects the consideration to which the entity considers that it has a right in exchange for the transfer of goods or services to the customer. The standard provides a more structured approach for the recognition and measurement of the revenues, substituting all the current requisites in the other IFRSs on the theme of revenue recognition. IFRS 15 takes effect for financial years that commence on 01 January 2018 or subsequently, with full or amended retrospective application. Early application is allowed. The company does not expect significant impacts from the application of this standard.

- Amendments to IFRS 11 - Joint control agreements: Acquisition of a shareshare. These amendments require that a joint operator who books the acquisition as a stake in a joint control agreement, the operations of which represent a business, must apply the relevant standards of IFRS 3 on the theme of accounting for business combinations. The amendments also clarify that, in the event that joint control is maintained, the stake previously held in joint control agreement does not require re-measuring at the time of the acquisition of a further stake. Furthermore, an exclusion from the scope of IFRS 11 was added to clarify that the amendments do not apply when the parties who share control, including the entity that prepares the financial statements, are subject to the joint control of the same ultimate parent party. The amendments apply to both the acquisition of the initial stake in a joint control agreement and the acquisition of every additional stake in the same joint control agreement. The amendments must be applied in the future for financial years commencing from 1 January 2016 or subsequently. Early application is allowed.

- Amendments to IAS 16 and IAS 38: Clarification of admissible amortization/depreciation methods. The amendments clarify the standard contained in IAS 16 and IAS 38 on the revenues reflecting a financial benefits model generated by the management of a business (of which the activity is a part), rather than financial benefits that are consumed with the use of the asset. It follows that a revenue based method cannot be utilised for depreciation of real estate, plant and machinery and could be used only in very limited circumstances for amortisation of the intangible assets. The amendments must be applied in the future for financial years commencing from 1 January 2016 or subsequently. Early application is allowed.

- Amendments to IAS 1: Initiative on disclosures in the financial statements. The amendments are aimed at introducing clarifications in IAS 1 to meet some elements that are perceived as limitations on the use of judgement by those preparing the financial statements. These amendments are applicable to the financial years commencing on 1 January 2016 or subsequent to this date.

- Amendments to IFRS 10 and IAS 28: sale or transfer of a business between an investor and one of its associates or joint ventures. The amendment aims at eliminating the conflict between the requisites of IAS 28 and IFRS 10 and clarifies that in transaction that involves an associate or joint venture the measure to which it is possible to recognise a profit or loss depends on the fact that the activity to be sold or transferred is a business. The amendment is awaiting approval and will be applicable for financial years commencing on 1 January 2016 or subsequent to this date.

- IFRS 16 – Leases. This standard (issued in January 2016 and still not approved by the European Union) establishes that unlike the past, leases are represented in the statements of assets and liabilities of the companies, in this way increasing the visibility of their assets and liabilities. It does away with the distinction between operating leases and financial leases (for the lessee - customer of the lease), treating all contracts in question as financial leases. Short-term contracts (within 12 months) and those regarding low value assets are exempt from this treatment. The new standard will become effective starting 1 January 2019; early application is allowed provided the recent standard IFRS 15 Revenues from Contracts with Customers is also applied. The Group is

assessing the impacts of this new standard on its consolidated financial statements.

Lastly, some improvements (annual improvements IFRS - 2012-2014 Cycle) were issued which adopt the amendments to the standards in connection with the annual improvement process thereof, concentrating on amendments considered as necessary, but not urgent.

The primary amendments, which are not expected to have significant impacts on the financial statements of the Group, regard the following standards:

- IFRS 5, introduces clarification for cases where the method of sale of an asset is amended by reclassifying this by holding it for sale or distribution;
- IFRS 7, clarifies if and when service agreements constitute continuous involvement for the purpose of disclosure;
- IAS 19, clarifies that the currency of the securities used as a reference for the estimate of the discount rate must be the same as that when the benefits will be paid;
- IAS 34, clarifies the significance of "elsewhere" in cross-referencing.

Accounting policies

The measurement criteria used to prepare the consolidated financial statements as at 31 December 2015 were those used to prepare the consolidated financial statements as at 31 December 2014, with the exceptions reported in the former section.

The most important measurement criteria to be adopted in the preparation of the consolidated financial statements are shown in the following points.

Tangible assets

Tangible assets are recorded at their purchase price or cost of production, including directly allocable ancillary costs necessary to make the assets usable. The Group, as allowed by IFRS 1, has measured some land and buildings it owns at fair value during the transition to the International Accounting Standards and used this fair value as the new cost subject to depreciation.

Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As indicated in the section on the "Effects of the applications of the international accounting standards", as permitted by IFRS 1, the Group has measured certain owned land and buildings at fair value, and has adopted such fair value as the new cost subject to depreciation.

Apart from the foregoing, no revaluations are permitted, even if in pursuance to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor; and depreciated in accordance with the criteria below.

Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Group. When a tangible asset is made up of a number of significant components, each with a different useful life, each individual component is depreciated. The depreciated value is represented by the carrying value minus the presumable net transfer value at the end of its useful life, if material and reasonable determinable. Land (Items with indefinite useful lives) is not depreciated, even if purchased together with a building, as well as tangible assets held for sale, measured at the lower between the carrying value and fair value after transfer charges.

Costs for improvement, modernisation and transformation increasing tangible assets are entered as assets in the statement of assets and liabilities.

The recoverability of the carrying value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of assets".

Depreciation reflects the economic and technical deterioration of an asset and starts when the asset is available for utilization and calculated according to the linear model of the estimated useful life of the asset.

The rates applied are the following:

- Buildings	2% - 5%
- Plant and machinery	7.50%-20%
- Industrial and business equipment	15%-25%
- Other assets:	
- Electronic office machines	20%

- Office furniture and fittings	10%-15%
- Motor vehicles and means of internal transport	20%
- Cars	25%
- Other minor assets	10%-40%

The residual carrying value, useful life and amortization/depreciation criteria are reviewed at every year-end and prospectively updated if necessary.

An asset is eliminated from the financial statements at the time of sale or when there are no longer future economic benefits anticipated from its use or disposal. Any losses or profits (calculated as the difference between the net proceeds from sale and the carrying value) are included in the income statement at the time of the aforesaid elimination.

Leasing

The leasing contracts are classified as finance leases whenever the terms of the contracts substantially transfer all the risks and benefits of ownership to the lessee.

The assets leased are recognised as assets of the Group at their fair value on the date of execution of the contract, or, if less, at the present value of the minimum payments due for the leasing. The corresponding payable to the lessor is included in the statement of assets and liabilities as a payable for leases. The payments for rentals are split between capital and interest portions in order to obtain a constant interest rate on the remaining liability. The financial charges are directly entered in the income statement.

The costs for rentals deriving from operative leases are recognised in income statement in constant instalments on the basis of the duration of the contract.

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Group and capable of generating future economic benefits, as well as goodwill, whenever purchased for a valuable consideration.

Identification is defined by reference to the possibility of distinguishing acquired intangible assets from the goodwill. This requirement is normally satisfied when:

- I. the intangible assets are traceable to a legal or contractual right, or
- II. the asset is separable, that is it may be assigned, transferred, leased out or exchanged autonomously or is an integral part of other assets. Control over the business consists in the power to exploit the future economic benefits deriving from the assets and the possibility of limiting access to it by others.

Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets, while those purchased by business combination are entered at fair value at the acquisition date. No revaluations are allowed, even in pursuance to specific laws.

Intangible assets with a definite useful life are systematically amortized over their useful life, based on the estimate of the period over which the assets will be used by the Group; the recoverability of their carrying value is determined by adopting the criteria included in the section "Impairment of assets".

Goodwill and other intangible assets, if any, with an indefinite useful life, are not subject to amortization; the recoverability of their carrying value is determined at least each year and, in any case, whenever there are events implying an impairment. As far as goodwill is concerned, verification is made on the smallest aggregate, upon which Management, either directly or indirectly assesses the return on investment, including the goodwill itself (cash generating unit). Write-downs are not subject to value restoration.

Goodwill is considered as having an indefinite useful life and is therefore not related to the period of the contractual license. The management has decided to use this accounting treatment since:

- the licence price initially paid is related to the value of the turnover of the business purchased and is independent with regard to the remaining contractual period;
- in the past, on expiry of the contract, the Group was always able to renew the licenses;

- the redefining of contractual relationships that occurred in the past resulted from voluntary agreements. From the conclusion of these transactions, the Group, besides having solidified trade relationships with the companies, has also obtained extensions to the contractual terms. In these cases, as in the previous, the goodwill eventually paid has not shown an impairment.

Other intangible assets have been amortized by adopting the following criteria:

- | | |
|--------------------------------------------------------|-------------------------|
| - Patents and intellectual property rights | 5 years |
| - Concessions, licences, trademarks and similar rights | 5 years / 20 years |
| - Other assets | 5 years / contract term |

The amortisation term and criteria for intangible assets with definite useful lives are reassessed at least at each year-end and adjusted prospectively, if necessary.

Equity investments in associated and other companies

An associated company is a company upon which the Group exerts a significant influence. Significant influence means the power to participate in the financial and operating policies of the investee while not having control or joint control over it.

Investments in associates are measured by using the net equity method and investments in other companies are measured at cost of acquisition, subscription or contribution.

With the net equity method, the investment in an associate is initially recognized at cost. The carrying value of the investment is increased or decreased to recognize the investor's share of the profits and losses pertaining to the subsidiary after the date of acquisition. The goodwill of the subsidiary is included in the carrying value of the investment and is subjected neither to amortization, nor to individual assessment of impairment.

The consolidated income statement for the year reflects the share attributable to the Group as the subsidiary's result for the year. Any change in the other components of the comprehensive income statement related to these subsidiaries is presented as part of the Group's comprehensive income statement. In addition, in the event that an associated company detects a change with a direct effect on shareholders' equity, the Group recognises its share, where applicable, in the statement of changes in net equity. The unrealized gains and losses deriving from transactions between the Group and its associates or joint ventures are eliminated to the extent of the investment in the associates or joint ventures.

Upon losing the Significant Influence over the associated company, the Group assesses and recognises the residual interest at fair value. Any difference between the carrying value of the investment at the date of the loss of significant influence and the fair value of the residual interest and consideration received must be recorded in the income statement.

Equity investments in other companies, classified as available for sale, regarding their insignificance and the impossibility of finding a suitable fair value measurement, are measured at the acquisition, subscription or transfer cost, as indicated in Appendix 5 and the notes that follow. The recoverability of their carrying value is verified by adopting the criteria indicated in the section "Impairment of assets"

Inventories

Inventories are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realisable value in consideration of the market trend.

Biological assets

The biological assets represented by livestock essentially have been valued at their fair value, net of accretion and sale costs.

Cash and cash equivalent

Cash and cash equivalent includes cash, current bank accounts, deposits payable on demand and other easily cashable short-term investments not subject to the risk of a change in value, except for the exchange rate risk.

Receivables and other short-term assets

Trade and other short-term receivables are initially entered at their fair value and then valued at their amortized cost, after write-down. Upon entry, the nominal value of receivables represents their fair value upon said date. Given the high receivables turnover, application of amortized cost produces no effects. Provision for bad debts, as at said date, represents the difference between the carrying value of receivables and the reasonable expectation of financial flows forecasted from their collection.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is cancelled from the financial statements when:

- I. the rights of the asset to receive financial flows are extinguished;
- II. the right of the asset to receive financial flows is conserved but there is a contractual obligation to pay the total without delay to a third party;
- III. the Group has transferred its rights to receive financial flows from the asset and (a) has substantially transferred all the risks and rewards of ownership of the financial asset or, (b) has neither transferred nor substantially retained all the risks and rewards of the asset, but has transferred its control.

In the cases where the Group has transferred the rights to receive financial flows from an asset and has not substantially transferred or retained all the risks and benefits or lost control thereof, the asset is recorded in the Group's financial statements to the extent of its residual involvement in the asset itself. In this case, the Group also acknowledges an associated liability. The asset transferred and associated liabilities are measured to reflect the rights and the obligations that the Group has retained. The residual involvement that, for example, takes the form of a guarantee on the asset transferred is measured at the lower of the initial carrying value of the asset and the maximum value of the consideration that the Group could be required to pay.

Impairment of financial assets

The Group verifies whether any figure in the financial statements, either a financial asset or a group of financial assets, has suffered impairment. A financial asset or a group of financial assets is to be considered as subject to impairment if, and only if, there is objective evidence of impairment as a result of one or more events that took place after the initial recording (when there is "an impairment event") and this impairment event has an impact, which can be reliably estimated, on the future estimated cash flows from a financial asset or a group of financial assets. Evidence of impairment can be represented by indicators such as financial difficulties, the incapacity to meet obligations, insolvency, pay interest or make other important payments, which result from the debtors, or a group of debtors, having the probability that they will go bankrupt or are subject to another form of financial reorganisation, and where observable figures indicate that there is a measurable decrease in the future estimated cash flows, such as changes in contexts or economic conditions correlated to the obligations.

The company has first of all evaluated for the financial assets accounted for at their amortised cost whether there is objective evidence of impairment for every financial asset that is individually or collectively significant; for the financial assets that are not individually significant. If the company determines that there is no evidence of impairment of a financial asset, including the assets in a group of financial assets with similar credit risk characteristics, and assesses them collectively for the purposes of verification of the write-down. Assets that are individually measured for a write-down and for which an impairment is recorded, or continues to be recorded, are included in a collective evaluation for impairment. If there is objective evidence of impairment, the amount of the loss is measured as the difference between the carrying value of the asset and the present value of the future estimated cash flows (excluding the expectations of credit losses in future that have not yet occurred).

The carrying value of the asset is reduced by utilisation of a write-down provision and the amount of the loss

will be recorded in the income statement. Should, in a subsequent financial year, the amount of the estimated write-down increase or diminish as a consequence of an event that took place after the write-down was recorded, the write-down previously recorded must be increased or diminished by adjusting the provision with a contra entry to income statement.

The company assesses financial assets available for sale, at every financial statements reference date, to ascertain whether there is objective evidence that an asset, or a group of assets, has suffered impairment.

In the case of instruments representative of capital classified as available for sale, the objective evidence should include a significant or prolonged reduction below its cost in the fair value of the instrument. The 'Significance' is measured with respect to the historical cost of the instrument and the 'prolonged' (the duration of the) period in which the fair value was below the historical cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value - any loss for impairment on that financial asset previously recorded in the income statement is deducted.

The impairment of instruments representing capital may not be reinstated and recognised in the income statement; the increases in their fair value following the impairment are reported directly in the other components of the comprehensive income statement.

Impairment of non – financial assets

At the end of each accounting period the Group assesses any indicators of impairment of non-financial assets. When there are events which give rise to a presumption of the reduction of the value of an asset or where an annual verification of impairment is required, its recoverability is checked by comparing the value of the entry with the associated recoverable value, it is represented by the greater of the fair value, minus disposal costs, and the value in use.

In the absence of a binding sales agreement, the fair value is estimated based on active market values, recent transactions or based on the best information available to reflect the amount that the business could obtain from the sale of the asset.

The usage value is calculated by discounting the cash flows anticipated from the use of the asset and, if significant and reasonably calculable, from its disposal at the end of its useful life. The cash flows can be calculated based on reasonable and documentable assumptions representative of the best estimate of future economic conditions which will be seen in the remaining useful life of the asset, giving greater significance to external indications. The discounting is made at a rate which takes account of the risk implicit in the segment of operations.

The measurement is made per individual asset or per the smallest identifiable group of assets which can independently generate cash flows from continual use (cash generating unit). When the reasons for the write-downs put into effect no longer apply, assets, excluding goodwill, are revalued and the adjustment is charged to the income statement as a value reinstatement. The revaluation is applied as the lower between the recoverable value and the carrying value before write-downs previously applied and reduced by the share of depreciation which would have been allocated if there had been no write-down.

Goodwill is checked for impairment at least once a year (at 31 December) and, more frequently when circumstances imply that the carrying value could have fallen.

The impairment of goodwill is calculated by assessing the recoverable value of the relevant cash generating unit (or group of cash generating units). Where the recoverable value of the cash generating unit is less than the carrying value of the cash generating unit to which the goodwill is allocated, an impairment is recognised. The impairment of the goodwill value cannot be restated in future financial years.

Capital stock

The costs relative to the issue of shares or options are classified in the shareholder's equity (net of the fiscal benefits related to them) as a deduction of the revenues deriving from the issue of such instruments.

In the case of acquisition of treasury stock, the price paid, including any directly attributable accessory costs, is deducted from the Group's shareholders' equity until the shares are cancelled, re-issued or disposed of. When the treasury stock is sold or re-issued, the price cashed, net of any directly attributable accessory costs and the relative tax effect, is entered as the group's shareholders' equity.

Earnings per share

Basic and Diluted

The base earnings per share are calculated by dividing the Group's net profit by the weighted average of the ordinary shares in circulation during the financial year, excluding the treasury shares.

For the purpose of calculation of the diluted earnings per share, the weighted average of the shares in circulation is modified by assuming the conversion of all the potential shares having a dilution effect, while the Group's net profit is adjusted to take into account the effects, net of taxation, of the conversion.

Financial liabilities

Financial liabilities which fall within the sphere of application of IAS 39 are classified as financial liabilities at fair value reported in the income statement, as financial debts, or as derivatives designated as hedging instruments, as applicable. The Group's financial liabilities include trade payables and other payables, loans and derivative instruments. The Group classifies its financial liabilities at the point of initial recognition.

Financial liabilities are initially valued at their fair value, amounting to the payment received on the settlement date, to which, in the case of borrowing debts, directly attributable transaction costs are added.

Subsequently non-derivative financial liabilities are measured using the authorised cost criterion, using the effective interest rate method.

The amortised cost is calculated by disclosing each discount or premium on the purchase and fees or costs which are an integral part of the effective interest rate. The amortisation at the effective interest rate is included among borrowing costs in the income statement.

Profits and losses are recognised in the income statement when the liability is settled, as well as by means of the amortisation process.

Derecognition of financial liabilities

The cancellation from the financial statements of the financial liability takes place when the obligation underlying the liability is extinguished, annulled or discharged. In the cases where an existing financial liability is substituted by another of the same lender, on substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting cancellation of the original liability and the recording of a new liability, with the consequent booking to the income statement of any differences between the carrying values.

Accounting treatment of derivative contracts

The Cremonini Group utilises derivative financial instruments to hedge the exposure to interest rate risk. These derivative financial instruments are initially recorded at fair value at the date when they are stipulated; subsequently this fair value is periodically re-measured; they are booked as assets when the fair value is positive and as liabilities when negative.

The fair value is the price that would be received for the sale of an asset, or which would be paid for the transfer of a liability, in a normal transaction between market operators at the date of measurement.

The fair value of the derivative instruments utilised is determined on an arm's length basis, should it be possible to identify an active market for these. If, instead, the market value of a financial instrument is not easily identifiable, but can be identified by its components or a similar instrument, the market value is determined by the measurement of the individual components of the instrument or of the similar instrument. Furthermore, the measurement of instruments, for which it is not possible to easily identify an active market, is determined by referring to the value obtained from generally accepted models and techniques, which ensure a reasonable approximation of the market value.

The recognition methods are the following:

- fair value hedge: the fair value changes of the hedging instrument are booked to the income statement together with the fair value changes of the transactions that are the object of the

hedge.

- cash flow hedge: the “effective” portion of fair value change in the derivative instrument is attributed to shareholders’ equity and subsequently to the income statement when the transaction that is the object of the hedge produces its effects; the ineffective portion is directly attributed to the income statement.
- financial instruments not qualified as hedges: the changes are booked to the income statement.

Derivatives are classified as hedging instruments when the relationship between the derivative and the subject matter of the hedge has been formally documented and the effectiveness of the hedge, checked periodically, is high. When the hedging derivative covers the risk of variation of the fair value of the instruments to be hedged (fair value hedge – e.g., hedging variations in fair value of fixed rate assets/liabilities), the derivatives are entered at their fair value with the recognition of the related effects in the income statement; consistently, the instruments are adjusted to reflect variations in fair value associated to the risk hedged. When the derivatives hedge risks of variation in the cash flow of the instruments to be hedged (cash flow hedge, e.g., hedging variations of cash flow of assets/liabilities by effect of exchange rate fluctuations), the variations in the fair value of the derivatives are initially entered under shareholders’ equity and subsequently entered in the income statement consistently with the economic effects produced by the transaction hedged. Variations in the fair value of derivatives not satisfying the conditions allowing them to be identified as hedging instruments are entered in the income statement.

Employee benefits

Post-employment benefits fall within the sphere of those which IAS 19 defines as defined post-employment benefit plans. The accounting treatment envisaged for such forms of remuneration require an actuary calculation which can project the amount of the Post-employment benefit already accrued into the future and to discount it to take account of the time that will pass before the actual payment. The actuary calculation considers certain variables such as the average service duration of employees, the level of inflation and expected interest rates. The measurement of the liability is made by an independent actuary. Following the amendment of IAS 19, in effect for accounting periods beginning from 1 January 2013, gains and losses deriving from the actuary calculation for defined benefit plans are recognised in the consolidated income statement entirely in the period to which they refer. These actuarial gains and losses are classified immediately among profits carried forward and are not reclassified in the income statement in subsequent periods. The pension cost relating to past service cost is disclosed at the most recent date of the following:

- the date on which the plan is changed or reduced;
- the date on which the Group discloses the related restructuring costs.

The Group reports the following changes of net obligation for defined benefits in the cash flow statement for the period:

- costs of labour, inclusive of current and past labour costs, gains and losses on non-routine reductions and terminations;
- interest receivable or net liabilities.

The asset or liability relating to defined benefits includes the current value of the defined benefit obligation minus the fair value of the assets for servicing the plan.

Following the reform in 2007 of the relevant national regulations, for companies with more than 50 employees, Post-employment benefits accruing from 1 January 2007 are classified as defined contribution plans, whose payments are to be recognised directly in the income statement, as a cost, when disclosed. Post-employment benefit accrued up to 31/12/2006 remains a defined benefit plan, without any future contributions. Therefore it is valued by independent actuaries based on the average expected remaining working life of the employees, without any longer having to consider the remuneration they received during a specific period of service.

Post-employment benefit *accrued* prior to 1 January 2007 therefore undergoes a change of calculation through the effect of the previously required actuarial calculation linked to salary increases no longer applying. Specifically the liability associated with Post-employment benefit accrued is subject to actuary valuation as at 1 January 2007 without *pro rata* application (years already served/total years of service), as the employee benefits up to 31 December 2006 may be considered almost entirely accrued (with the sole exception of revaluation) in application of section 67(b) of IAS 19. It follows that, for the purpose of this calculation, the “current service

costs" for the future service of employees is to be considered as nil, as it represents contribution payments to supplementary pension funds or to the INPS Treasury fund.

Provisions for liabilities and charges

Provisions for liabilities and charges involve determined costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at year-end. Provisions are recognised when:

- I. the existence of a current, legal or implied obligation is probable, arising from a previous event;
- II. the discharge of the obligation may likely carry charges;
- III. the amount of the obligation may be reliably estimated.

Provisions are entered at the value representing the best estimate of the amount the Group would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations are reliably estimable, the provision is discounted back; the increase in the provision, associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for liabilities and charges, has been appropriated, based on a reasonable estimate of future probable liabilities, and taking the elements available into consideration.

Income taxes

The taxes for the period represent the sum of current and deferred taxes.

Current taxes are calculated based on a realistic prediction of charges to be settled pursuant to current tax legislation or substantially approved on the closing date of the period in the various countries the Group operates in. The relative amount payable is reported net of any tax amounts paid, deemed payable and tax credits which may be offset, in the item Tax debts. If there is a credit, the amount is disclosed under the item Amounts payable to others, of floating capital.

Taxes on deferred and prepaid income are calculated on the temporary differences between the values of the assets and liabilities recognised in the financial statements and the corresponding values recognised for tax purposes.

Deferred tax liabilities are recognised against all temporary differences taxable, with the following exceptions:

- Deferred tax liabilities deriving from the initial reporting of goodwill or an asset or liability in a transaction which is not a business aggregation and, at the time of the settlement, have no effect on the balance sheet profit or the profit or loss calculated for tax purposes;
- the reversal of the taxable temporary differences, associated with holdings in subsidiary, related companies and joint ventures, can be verified and it is likely that they will not occur in the foreseeable future.

Prepaid tax assets are disclosed against all temporary deductible differences and tax credits and losses not used and carried forward, in the amount where it is likely there will be reasonable future tax profits which renders the use of the temporary deductible differences and tax credits and losses carried forward applicable, except in the following cases:

- prepaid tax asset related to temporary deductible differences deriving from the initial disclosure of an asset or liability in a transaction which is not a business aggregation and, at the time of the transaction itself, has no influence on the accounts, or on the tax profit or loss;
- temporary taxable differences associated with holdings in subsidiary, related companies and joint ventures, the prepaid tax assets are reported only in the amount where it is likely that the temporary deductible differences will be reversed in the foreseeable future and that there will be suitable tax profits against which the temporary differences may be used.

Prepaid tax assets are recognised when their recovery is likely. The value of prepaid taxes is re-examined for every year and is reduced in the amount it is no longer likely that sufficient taxable profits will be available.

Prepaid tax assets and deferred tax liabilities are classified as non-current assets and liabilities and may be offset if referred to taxes that can be offset. The balance of the offsetting, if receivable, is recorded under the item Prepaid tax assets; if payable, under the item Deferred tax liabilities. When the results of the transactions are recorded directly under shareholders' equity, the current taxes, the prepaid tax assets and deferred tax liabilities are also booked to shareholders' equity or in the comprehensive income statement consistently with recording of the element they refer to.

Prepaid and deferred taxes are calculated based on tax rates expected to be applied in the year when such assets will be realised or liabilities settled.

Translation criteria of the foreign currencies items and translation thereof in the financial statements

Transactions and balances

Foreign currency transactions are initially recorded in the functional currency by applying the spot exchange rate at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated to the functional currency at the exchange rate at the date of the financial statements.

Exchange rate differences are recognised in the income statement, including the exchange rate differences realised when settlement is made of the receivables and payables in foreign currency, which are recognised in the income statement, except for monetary elements that constitute part of the hedge of a net investment in a foreign operation. These differences are initially recognised in the statement of comprehensive income until the disposal of the net investment, and only then will they be recognised in the income statement. Taxes and tax receivables attributable to the exchange rate differences on the monetary elements must also be recognised in the statement of comprehensive income.

Group companies

The Cremonini Group's consolidated financial statements are prepared in Euro, which is the Parent Company's functional currency and that used for presentation.

The balances included in the financial statements of each of the Group's companies are recorded in the currency of the primary economic environment where the company operates (functional currency).

The rules for translation of the financial statements expressed in foreign currencies into the presentation currency are the following:

- I. assets and liabilities included in the financial statements, even if only for comparative purposes, are translated at the exchange rate at the year-end;
- II. the costs and revenues, charges and income, included in the financial statements, even if only for comparative purposes, are translated at the average exchange rate of the period presented;
- III. the components of the shareholders' equity, excluding the profit for the period, are translated at historic exchange rates;
- IV. the "translation reserve" includes both the exchange rate differences generated from the translation of the magnitudes at a different rate from that of the year-end, and those generated from the translation of the opening shareholders' equities at an exchange rate different from that of the year-end;
- V. on disposal of a foreign operation, the part of the comprehensive income statement referring to such foreign operation is recognised in the income statement.

The exchange rates utilised for the translation into Euro of the financial statements of foreign subsidiaries that do not use the European currency (Euro) were the following:

Currency	Year-end exchange rate		Average exchange rates	
	2015	2014	2015	2014
Dollars (USA)	1.08870	1.21410	1.10951	1.32850
Dinars (Algeria)	116.70234	106.60671	111.36131	106.86723
Readjustado Kwanza (Angola)	147.29458	124.88368	133.39524	130.56200
New Metical (Mozambique)	49.12214	38.43841	42.29755	40.71317
Renminbi (China)	7.06080	7.53580	6.97333	8.18575
Roubles (Russia)	80.67360	72.33700	68.07203	50.95184
Pounds (United Kingdom)	0.73395	0.77890	0.72585	0.80612
Zloty (Poland)	4.26390	4.27320	4.18412	4.18426

Business combinations

Business combinations that occurred before 1 January 2010 were accounted for by application of the so-called purchase method (defined in IFRS 3 "Business combinations").

The purchase method imposes measurement at the fair value of all asset and liabilities (including the so-called contingent liabilities) acquired after having identified the purchaser in connection with the business combination and determined the acquisition cost. For this purpose the company is required to measure any intangible assets acquired specifically. Any goodwill is determined only residually as the difference between the cost of the business combination (including ancillary charges and any contingent considerations) and portion applicable of the difference between the assets and liabilities acquired measured at fair value.

Business combinations occurring after 1 January 2010 are accounted for by utilising the acquisition method (IFRS 3R). The cost of an acquisition is measured as the sum of the consideration transferred measured at fair value at the date of acquisition and the amount of any minority interests in the business combination. Minority interests in any business combination must be evaluated at fair value, or else in proportion to the minority interests in the identifiable net assets of the business combination. Acquisition costs are expensed and classified under the administrative expenses.

If a business combination is conducted in several phases, the fair value of the equity investment previously held is recalculated at fair value at the date of acquisition, with any resulting profit or loss recorded in the income statement.

Any potential consideration is recorded by the purchaser at fair value at the date of acquisition. A fair value change of the potential consideration is classified as a financial asset or liability, will be recorded, in accordance with the provisions of IAS 39, in the income statement or statement of the other components of the comprehensive income statement. If this does not form part of the application of IAS 39, it will be accounted for based on the most appropriate IAS 37 or IFRS.

If the potential consideration is classified in the shareholders' equity, its value is not recalculated until its extinction is booked against the shareholders' equity.

The goodwill is initially measured at the cost that emerges as the excess over the sum of the consideration paid and the amount recognised for the minority interests, compared to the identifiable net assets acquired and the liabilities assumed by the Group. Should the consideration be less than the fair value of the net assets of the subsidiary acquired, the difference is recorded in the income statement.

After the initial recognition, the goodwill is measured at cost net of the accumulated impairment. For the purpose of verification of impairment, the goodwill acquired in a business combination must be allocated to each of the Group's cash flows generating units at the acquisition date that provides benefits from the combination synergies, disregarding the fact that other assets or liabilities of the entities acquired are assigned to such units.

Should the goodwill have been allocated to a financial flows generating unit and the entity dispose of part of the assets of such unit, the goodwill associated to the asset disposed of must be included in the carrying value of the asset when the profit or loss deriving from the disposal is determined. The goodwill associated to the asset disposed of must be determined on the basis of the relating values of the asset disposed of and of the part retained of the financial flows generating unit.

Revenue recognition

Revenues from sales of goods are recognised upon the transfer of all the liabilities and charges deriving from ownership of the goods transferred, which is generally their shipment or delivery date.

Financial income and revenues from services are recognised on an accrual basis.

Dividends are recognised in the income statement on the date on which the right to receive them matures, which, in the case of listed companies is the date on which the coupon is detached.

The interest receivable is recognised for all financial instruments measured at amortised cost using the effective interest rate, which is the rate which discounts future payments and receipts exactly, estimated according to the anticipated life of the financial instrument.

Dividends

Dividends are recognised in the income statement on the date of the right to their collection, therefore when shareholders are entitled to receive payment in conformity with locally prevailing legislation, normally coinciding with the date of the resolution of a shareholders meeting or the authorisation of the local monetary authority which approves expatriation.

Recognition of costs

Costs are recognised when related to goods and services acquired and/or received over the period.

The lease rental instalments are entered in the income statement on the basis of their pertinence.

The financial leasing instalments are entered, for as much as regards the capital portion as a reduction of the financial debt, for as much as regards the interest portion in the income statement.

Financial costs and charges for services are recognised on an accrual basis.

The interest receivable is recognised for all financial instruments measured at amortised cost using the effective interest rate, which is the rate which discounts future payments and receipts exactly, estimated according to the anticipated life of the financial instrument.

Sector information

A sector is defined as a business area or geographical area in which the Group carries out its business activities, characterised by conditions and risks differing from those applying in other sectors. In particular, the sectors of a business represent the Group's primary sectors identified as follows: Production, Distribution, Catering and Holding Company and Centralized Activities. Geographical areas (secondary sectors) have been identified in Italy, the European Union and the Non-EU countries.

The principal summarized figures by business sector are shown below:

(Euro/000)	Year 2015	Year 2014	Change total value	Change %
Production				
<i>Net revenues</i>	1,406,814	1,427,536	(20,722)	(1.45)
<i>Intercompany revenues</i>	66,149	59,941		
Total revenues	1,472,963	1,487,477	(14,514)	(0.98)
Gross operating margin	111,984	121,236	(9,252)	(7.63)
Amortization, depreciation and write-downs	(51,898)	(47,625)	(4,273)	8.97
Operating profit (loss)	60,086	73,611	(13,525)	(18.37)
Distribution				
<i>Net revenues</i>	1,451,320	1,415,741	35,579	2.51
<i>Intercompany revenues</i>	29,723	25,874		
Total revenues	1,481,043	1,441,615	39,428	2.73
Gross operating margin	105,677	102,112	3,565	3.49
Amortization, depreciation and write-downs	(15,827)	(15,319)	(508)	3.32
Operating profit (loss)	89,850	86,793	3,057	3.52
Catering				
<i>Net revenues</i>	510,997	489,777	21,220	4.33
<i>Intercompany revenues</i>	274	3,802		
Total revenues	511,271	493,579	17,692	3.58
Gross operating margin	49,527	38,830	10,697	27.55
Amortization, depreciation and write-downs	(26,845)	(22,726)	(4,119)	18.12
Operating profit (loss)	22,682	16,104	6,578	40.85
Holding company property and centralized activities				
<i>Net revenues</i>	3,132	2,800	332	11.86
<i>Intercompany revenues</i>	7,431	7,463		
Total revenues	10,563	10,263	300	2.92
Gross operating margin	(3,059)	(3,551)	492	(13.86)
Amortization, depreciation and write-downs	(2,183)	(2,976)	793	(26.65)
Operating profit (loss)	(5,242)	(6,527)	1,285	(19.69)
Consolidation adjustment				
<i>Total revenues</i>	(103,577)	(97,080)		
<i>Gross operating margin</i>				
<i>Amortization, depreciation and write-downs</i>				
<i>Operating profit (loss)</i>	0	0		
Total				
Total revenues	3,372,263	3,335,854	36,409	1.09
Gross operating margin	264,129	258,627	5,502	2.13
Amortization, depreciation and write-downs	(96,753)	(88,646)	(8,107)	9.15
Operating profit (loss)	167,376	169,981	(2,605)	(1.53)

Revenues from sales and service by geographic area

Year 2015 - (Euro/000)									
	Production	%	Distribution	%	Catering	%	Other	%	Total
Italy	707,051	50.9	1,299,991	92.0	359,124	72.9	2,354	100.0	2,368,520
European Union	197,130	14.2	79,674	5.6	132,814	27.0	-	-	409,618
Extra-EU countries	483,769	34.9	31,241	2.2	717	0.1	-	-	515,727
Total	1,387,950	100.0	1,410,906	100.0	492,655	100.0	2,354	100.0	3,293,865

Year 2014 - (Euro/000)									
	Production	%	Distribution	%	Catering	%	Other	%	Total
Italy	678,910	48.1	1,271,066	92.1	339,604	69.9	2,376	100.0	2,291,956
European Union	211,314	15.0	75,285	5.5	145,671	30.0	0	-	432,270
Extra-EU countries	520,949	36.9	33,206	2.4	246	0.1	0	-	554,401
Total	1,411,173	100.0	1,379,557	100.0	485,521	100.0	2,376	100.0	3,278,627

Consolidated statement of assets and liabilities structure by business sector

As at 31 December 2015 (Euro/000)						
	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	15,488	99,558	50,388	16		165,450
Tangible assets	492,522	58,875	173,212	86,042		810,651
Equity investments and other financial assets	14,506	1,137	1,936	1,916		19,495
Total fixed assets	522,516	159,570	225,536	87,974	0	995,596
<i>Trade net working capital</i>						
- Trade receivables	104,102	363,588	34,733	2,546	(10,444)	494,525
- Inventories	259,339	119,818	11,618	1	199	390,975
- Trade payables	(167,105)	(235,457)	(85,929)	(5,717)	10,742	(483,466)
Total trade and net working capital	196,336	247,949	(39,578)	(3,170)	497	402,034
Other current assets	22,603	49,176	28,554	13,817	(9,728)	104,422
Other current liabilities	(26,982)	(12,714)	(37,133)	(12,937)	9,231	(80,535)
Net working capital	191,957	284,411	(48,157)	(2,290)	0	425,921
Staff Severance Indemnity Provision and other m/l-term provisions	(67,507)	(21,855)	(12,445)	(6,925)		(108,732)
Net invested capital	646,966	422,126	164,934	78,759	0	1,312,785

As at 31 December 2014 (Euro/000)						
	Production	Distribution	Catering holding and centralize	Intercompany revenues	intercompany	Total
Intangible assets	14,850	97,989	52,468	46		165,353
Tangible assets	497,457	58,500	144,836	82,021		782,814
Equity investments and other financial assets	11,268	1,173	1,864	3,072		17,377
Total fixed assets	523,575	157,662	199,168	85,139	0	965,544
<i>Trade net working capital</i>						
- Trade receivables	136,120	370,077	33,884	4,146	(17,705)	526,522
- Inventories	253,970	116,326	10,506	1	296	381,099
- Trade payables	(173,529)	(236,273)	(84,067)	(4,866)	16,776	(481,959)
Total trade and net working capital	216,561	250,130	(39,677)	(719)	(633)	425,662
Other current assets	18,150	46,735	18,763	11,738	(7,057)	88,329
Other current liabilities	(32,227)	(15,003)	(33,643)	(8,976)	7,690	(82,159)
Net working capital	202,484	281,862	(54,557)	2,043	0	431,832
Staff Severance Indemnity Provision and other m/l-term provisions	(71,194)	(23,316)	(11,117)	(8,602)		(114,229)
Net invested capital	654,865	416,208	133,494	78,580	0	1,283,147

Net consolidated debt broken down by sector

As at 31 December 2015 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(111,799)	(75,776)	(72,124)	(27,673)	(287,372)
- due between 1 and 5 years	(190,877)	(152,446)	(17,468)	(74,587)	(435,378)
- due beyond 5 years	(6,176)	(30,182)	(32,752)	(6,004)	(75,114)
Total payables to banks, bonds and other financial institutions	(308,852)	(258,404)	(122,344)	(108,264)	(797,864)
Liquidity					
- cash and cash equivalents	75,049	89,861	18,099	407	183,416
- other financial assets	7,319	1,245	4,277		12,841
Total liquidity	82,368	91,106	22,376	407	196,257
Securitization and internal treasury current accounts	980	2,772	(2,156)	(1,596)	0
Total net debt	(225,504)	(164,526)	(102,124)	(109,453)	(601,607)

As at 31 December 2014 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(145,161)	(138,213)	(62,933)	(99,789)	(446,096)
- due between 1 and 5 years	(101,057)	(45,157)	(11,166)	(22,019)	(179,399)
- due beyond 5 years	(3,120)	(36,272)	(26,886)	(19,605)	(85,883)
Total payables to banks, bonds and other financial institutions	(249,338)	(219,642)	(100,985)	(141,413)	(711,378)
Liquidity					
- cash and cash equivalents	21,346	37,533	25,689	3,802	88,370
- other financial assets	4,661	1,323	4,548	1,824	12,356
Total liquidity	26,007	38,856	30,237	5,626	100,726
Securitization and internal treasury current accounts	50	4,101	(13,388)	9,237	0
Total net debt	(223,281)	(176,685)	(84,136)	(126,550)	(610,652)

Main accounting judgments, estimates and assumptions adopted by Management

The application of generally accepted accounting standards for the drafting of the interim financial statements and accounting reports means that the management of the company is required to carry out accounting estimates based on complex and/or subjective judgements, estimates based on previous experience and hypotheses considered reasonable and realistic on the basis of the information known at the time when the estimate is made. The use of these accounting estimates influences the value at which assets and liabilities are entered into the accounts and information on potential assets and liabilities at the date of the financial statements, as well as the amount of revenues and costs over the reference period. Actual results may differ from those estimated because of the uncertainty characterising the hypotheses and the conditions on which the estimates are based. Below are the accounting estimates of critical importance in the process of drawing up the interim financial statements and accounting reports because involving a high degree of reliance on subjective judgements, assumptions and estimates relating to questions that are by their nature uncertain. A change in the conditions underlying the judgement, assumptions and estimates adopted may have a significant impact on subsequent results.

Below are the main estimates and assumptions adopted by Management to prepare these annual financial statements, whose variations, unpredictable at this time, may affect the Group's economic and financial situation.

- Estimates adopted for the purposes of measuring impairment of assets

For the purposes of confirming any impairment of goodwill recorded in the financial statements the Group adopted the methodology described above in Losses of value of assets.

The recoverable value was calculated based on the calculation of the value in use.

The cash flows of cash generating units attributable to each unit of goodwill/consolidation difference were

taken from the Budget for 2013 and from estimates by the Company Management for the subsequent years using constant rates of growth greater than the scheduled inflation rates. The weighted average cost of capital (WACC) was used as the discount rate, in the amount of:

- 5.5% for the valuation of the goodwill of Chef Express SpA;
- 6.3% for the valuation of the goodwill of INALCA SpA;
- 6.44% for the valuation of the goodwill of MARR SpA;

Any impairments of assets were measured (impairment tests on goodwill) annually as at 31 December 2015.

• Estimates used in the actuarial calculation for determining defined benefit - Post-employment benefit plans

The measurement of the post-employment benefits liability was carried out by an independent actuary based on the following assumptions:

- discounting rate utilised was:
 - 1.39%² (duration 7–10)
 - 2.03%² (duration 10)
 - the anticipated inflation rate is:
 - 1.50% for 2016
 - 1.80% for 2017
 - 1.70% for 2018
 - 1.60% for 2019
 - 2.00% from 2020 onwards
 - the anticipated annual rate of increase in post-employment benefits is:
 - 2.625% for 2016
 - 2,850% for 2017
 - 2,775% for 2018
 - 2,700% for 2019
 - 3,000% from 2020 onwards
 - the annual rate of frequency of post-employment benefits advances is anticipated as 3.0%;
 - the turnover of employees was 6.5%;
- Estimates adopted in the actuarial calculation of Provisions for supplementary clientele severance indemnity

Provisions for supplementary clientele severance indemnity liabilities were valued by an independent actuary using the following assumptions:

- The voluntary turnover rate is 13% for MARR SpA, 11% for Italia Alimentari SpA, 7% for AS.CA. S.p.A, 5% for New Catering Srl.
- The company turnover rate is 2% for MARR SpA, 10% for AS.CA. SpA, 4% Italia Alimentari SpA, 7% for New Catering Srl.
- A discount rate of 0.98%.

Deferred taxes

Deferred tax assets are recognised against all tax losses carried forward, in the amount adequate future taxable profits against which these losses may be used are likely. Directors are required to use their discretion in their measurement of the amount of deferred tax assets which can be recognised. They must estimate the likely time

¹ Average yields curve that is calculated from the IBOXX Eurozone Corporates AA index (7-10 years).

² Average yields curve that is calculated from the IBOXX Eurozone Corporates AA index (+10 years).

and amount of future taxable profits and a planning strategy of future taxes.

- Other estimates and hypotheses used

The following financial statement elements were affected by management estimates and assumptions:

- inventory obsolescence
- amortisation and depreciation
- measurement of other assets

Financial risk management

The principal risks identified, monitored and actively managed by the Cremonini Group are the following:

- Market risks: deriving from Group's exposure to the fluctuations in exchange rates, interest rates and volatility of the prices of the products and services sold;
- Credit risk: deriving from the possibility of bankruptcy of a counterparty;
- Liquidity risk: deriving from the absence of financial resources to meet short-term financial commitments.

The Cremonini Group utilises derivative financial instruments to hedge the exposure to exchange rate and interest rate risks. Nevertheless, in the cases where the derivative financial instruments do not meet all the conditions provided for the accounting treatment of the hedging derivative financial instruments (hedge accounting); these are booked at the fair value with a contra entry to the income statement.

Market risk

The market risk consists of the possibility that changes in the exchange rates, interest rates and prices of the products can negatively influence the value of the assets, liabilities or expected cash flows.

Exchange rate risk

The Cremonini Group, operating internationally, is structurally exposed to changes in exchange rates that affect the financial flows that originate from operations and loan transactions in currencies other than the European currency (Euro).

The Group reports transactions settled mainly in US dollars; the Group is exposed to other currencies such as Russian roubles, pounds Sterling, Angolan kwanza, Polish zlotys, Mozambican metical and Algerian dinars.

The exchange rate changes have affected:

- on the financial result, as an effect of the significantly different costs and revenues in foreign currencies with respect to the time when the price conditions were defined, and as an effect of the translation of trade or financial receivables and payables denominated in foreign currencies;
- on the financial result and shareholders' equity of the consolidated financial statements, as an effect of the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the Euro.

The risk deriving from the formation of the income for the financial year in a foreign currency or the translation of the assets and liabilities of the companies that prepare their financial statements in a foreign currency other than the Euro is not as a norm hedged, except for a specific different valuation.

Sensitivity analysis

At 31 December 2015, the effects of an appreciation or depreciation of the Euro of 5% against the foreign currencies in which the Group operates are shown in the following table:

Effects on the pre-tax result:

(Euro/000)	Euro 5% Appreciation	Euro 5% Depreciation
US - Dollars	(1,630)	1,801
GB - Pounds	(41)	45
AU - Australian dollars	(194)	215
Angola - Readjustado Kwanza	(226)	250
Russia - Rubles	(140)	155

Interest rate risk

The Cremonini Group, as is evident from the net debt, is exposed to the risk of fluctuation in interest rates that affect the market value of financial assets and liabilities, and the amount of financial charges.

The medium/long-term loans are stipulated, almost totally, with variable interest rates exposing the Group to the risk of a change in future cash flows, while the fixed rate loans expose the Group to the risk of a change in the fair value of the loans themselves.

Sensitivity analysis

As at 31 December 2015, a hypothetical increase of 1% of the Euribor, being equal to the other variables, would have determined a higher pre-tax charge (and therefore a corresponding reduction of the shareholders' equity of about 5,979 thousand Euro on an annual basis (5,399 thousand Euro as at 31 December 2014).

Price risk

The reduction of the prices of the products and services sold generally leads to a reduction in the operating results and vice versa. The Group, which operates worldwide, is exposed to the fluctuations of prices that are also affected by the normal seasonality that characterises the individual sectors. These risks are managed directly by the individual companies through the diversification of the sources of procurement and through the following-up of the stability of the margins implemented with an optimal prices policy.

Credit risk

The credit risk represents the Group's exposure to potential losses deriving from the counter party's failure to meet obligations assumed and is evaluated both in commercial terms, i.e., correlated to the customer typologies and to the contractual terms and concentration of the sales, and in financial terms connected to the typology of the counter parties used in financial transactions.

The Group's operating practices allow control of the credit risk, through a procedure that monitors the merit classes of the customers that request deferment of payments, thus limiting sales of products and/or services to customers without an adequate level of credit line and guarantees. The monitoring of the customer is based on collection of data and information on new customers and supervision of the evolution of individual credit positions. Furthermore, the receivables balance is monitored during the financial year to ensure that the delinquent positions are not significant.

The credit risk is also mitigated by the fact that there are no major expositions due to a concentration of positions, in view of the multiple numbers of customers and particularly distributed turnover. With regard to the financial counterparty risk deriving from the use of liquidity, the Group implements policies that limit the loan exposure with the individual financial institutions.

Management of trade credit is the responsibility of the Customers Office, Debt Recovery Office and Disputes Management based on formalised valuation procedures for commercial partners' credit lines, including the recovery of receivables and eventual management of the disputes. This procedure permits the definition of those rules and operational mechanisms that ensure the generation of a payments flow such as to guarantee Cremonini S.p.A. customer solvability and the profitability of the relationship.

At the reference date of the financial statements, the maximum exposure to the credit risk is equal to the value of each category of the receivables indicated below:

(Euro/000)	31.12.2015	31.12.2014
Current trade receivables	500,157	523,629
Other non-current assets	43,292	48,730
Other current assets	71,404	59,301
Total	614,853	631,660

The fair value of the categories shown above is not given as the carrying value represents a reasonable approximation. The value of the Trade receivables, Other non-current assets and Other current asset items are classifiable as "Level 3" financial assets, or rather those where the inputs are not based on observable market data.

Please refer to point 12 of the explanatory notes to the financial statements for information regarding the maximum exposure to credit risk.

Liquidity risk

The liquidity risk represents the risk that, due to the incapacity of raising new funds or liquidate assets in the market, the company cannot meet its payment obligations, determining an impact on the financial result in the case where the company is constricted to sustain additional costs to meet its commitments or, as an extreme consequence, a situation of insolvency that places the company's activities at risk.

The Group systematically respects the maturities of its commitments, a behaviour that allows it to operate in the market with the necessary flexibility and reliability to maintain a correct balance between the supply and use of financial resources.

The Group manages the liquidity risk through prudent control of the necessary cash and cash equivalents for the normal conduct of operations and availability of credit lines that guarantee a satisfying level of resources sufficient to cover any financial necessities. These controls mainly take place through the constant monitoring by the centralised treasury of the receipts and payments flows of all the companies, pursuing the maintenance of a balance in terms of duration and composition of the payables. This specifically allows the monitoring of the resources flows generated and absorbed by normal operations. With regard to management of the resources absorbed by the investment activities, in general it privileges the location of sources of specific long-term loans.

The table below analyses the financial liabilities and the derivative financial liabilities based on the contractual maturities as at the date of the financial statements. It is noted that the amounts indicated do not reflect the carrying values (with the exception of the balances within 12 months, for which the book balances reflect reasonable estimates of the financial flows, given the insignificance of the discounting effect) as they are not discounted. The financial flows from variable rate loans were estimated utilising the average rate of indebtedness at the reference date of the financial statements.

(Euro/000)	Within 12 months	1-5 years	Over 5 years	Total
At 31 December 2015				
Financial payables	287,307	435,379	75,113	797,799
Financial instruments / Derivatives	3,170	5,095	-	8,265
Trade Liabilities	532,328	-	-	532,328
	822,805	440,474	75,113	1,338,392
At 31 December 2014				
Financial payables	444,429	179,206	85,883	709,518
Financial instruments / Derivatives	(96)	194	-	98
Trade Liabilities	524,896	-	-	524,896
	969,229	179,400	85,883	1,234,512

Classes of financial instruments

The following elements are booked conforming to the accounting standards relating to financial instruments:

(Euro/000)		31 December 2015		
Balance Sheet Assets		Loans and Receibles	Derivates utilised for hedging	Total
Non-current financial assets held for sale		-	-	-
Non-current financial instruments / Derivatives		-	5,095	5,095
Non-current financial receivables		3,338	-	3,338
Other non-current receivable items		43,292	-	43,292
Current financial receivables		8,913	-	8,913
Current trade receivables		500,157	-	500,157
Current financial assets held for sale		1,000	-	1,000
Current derivative financial instruments		3,209	66	3,275
Current tax receivables		23,271	-	23,271
Cash and cash equivalents		183,416	-	183,416
Other current receivable items		71,404	-	71,404
Total		838,000	5,161	843,161
Balance Sheet Liabilities		Other financial liabilities	Derivates utilised for hedg.	Total
Non-current financial payables		510,492	-	510,492
Non-current financial instruments / Derivatives		0	-	-
Current financial payables		287,307	-	287,307
Current financial instruments / Derivatives		-	105	105
Total		797,799	105	797,904

(Euro/000)		31 December 2014		
Balance Sheet Assets		Loans and Receibles	Derivates utilised for hedging	Total
Non-current financial receivables		50	285	335
Other non-current receivable items		2,126	-	2,126
Current financial receivables		48,730	-	48,730
Current trade receivables		10,672	-	10,672
Current derivative financial instruments		523,629	-	523,629
Current derivative financial instruments		1,567	232	1,799
Current tax receivables		16,983	-	16,983
Cash and cash equivalents		88,370	-	88,370
Other current receivable items		59,301	-	59,301
Total		751,428	517	751,945
Balance Sheet Liabilities		Other financial liabilities	Derivates utilised for hedg.	Total
Non-current financial payables		265,089	-	265,089
Current financial payables	-	152	346	194
Derivative financial instruments		444,429	-	444,429
Derivative financial instruments		1,703	-	1,703
Total		711,069	346	711,415

In conformity with the requirements brought about by the changes introduced to IFRS 7, we indicate that the derivative financial instruments, constituting hedging contracts on exchange and interest rates, are classifiable as

“Level 2” financial assets, as the inputs that have a significant effect on the fair value recorded are figures are directly observable on the market¹.

In the same manner, with regard to the non-current financial payables, the recognition of which at fair value is indicated in paragraph 17 of these explanatory notes, financial assets are also classifiable as “Level 2” as the inputs that influence the fair value are directly observable market figures.

With regard to the “Other current and non-current assets” items, you are referred to that indicated in paragraphs 6 and 11 of these explanatory notes.

Capital management policy

The company's primary aim, regarding capital management, is to obtain an appropriate level of own funds in relation to debt, with the purpose of maintaining equity solidity and achieve a functional debt/equity ratio for the purpose of adequate management of the financial leverage.

For the purpose of reaching these objectives, the company, in addition to pursuance of satisfying financial results and the generation of cash flows, can intervene on the dividends policy and configuration of the company's capital.

The principal indicators that the company uses for capital management are:

1. R.O.S. (Return on sales);
2. R.O.I. (Return on investments);
3. R.O.A.C.E. (Return On Average Capital Employed);
4. R.O.E. (Return on equity);
5. Net Debt / Equity;
6. Net Debt /EBITDA.

Information included in the Directors' Report

With respect to the nature of the Group's business activities, the events of significance occurring after the closing of the financial year, relationships with Group and related companies and other information relating to the different business sectors in which the Group operates, please refer to the Directors' Report.

¹ The company identifies as “Level 1” financial assets/liabilities those where the inputs that have a significant effect on the fair value recorded are represented by prices quoted on an active market for similar assets or liabilities and as “Level 3” financial assets/liabilities those where the inputs are not based on observable market figures.

Details of the main items of the consolidated statement of assets and liabilities

ASSETS

Non-current assets

Specific statements have been prepared for the two categories of non-current assets (intangible and tangible) which have been attached respectively in annex 3 and 4, that indicate for each item the historic cost, previous amortization and depreciation, changes over the period and final balances.

I. Tangible assets

(Euro/000)	Balance at 31.12.2014	Change in consolidation area	Purchases	Decreases	Other	Amortization	Balance at 31.12.2015
Land and buildings	597,789	134	25,536	(608)	6,274	(21,645)	607,480
Plant and machinery	119,439	(106)	20,227	(4,164)	7,595	(27,639)	115,352
Industrial and business equipment	7,034	167	2,820	(368)	122	(2,301)	7,474
Other assets	31,815	54	16,328	(2,900)	3,099	(8,317)	40,079
Fixed assets under construction and advances	26,737	(4)	42,152	(2,634)	(25,985)	-	40,266
Total	782,814	245	107,063	(10,674)	(8,895)	(59,902)	810,651

Land and buildings

All the sectors contributed to the acquisitions of the item under review, in particular: the Catering Sector (17.6 million Euro), the Production Sector (3.7 million Euro), the Financial Sector (3.0 million Euro) and the Distribution Sector (1.2 million Euro).

Catering:

The increases of the sector, which amounted to 17.6 million Euro, concerned the purchase by financial lease of new premises of the Roadhouse Grill Italia S.r.l. chain of steakhouses, the purchase of a property in the municipality of Castelvetro (MO) where a hotel activity was started and the restoration of several sales outlets, mainly at railway stations and airports, of the subsidiary Chef Express S.p.A.

Production:

These amount to 3.7 million Euro, and are for the most part attributable to improvements introduced by INALCA S.p.A. at the various facilities (Castelvetro and Ospedaletto Lodigiano, in particular) for 1.7 million Euro, and to the expansion of the production facility in Busseto (cooked food department and curing department) for 1 million Euro by the subsidiary Italia Alimentari S.p.A.

Distribution:

Improvements were made to the real estate properties of the various facilities and in particular to the head office in Santarcangelo and the branch in Sicily and at Sfera for works to enlarge the Anzola d'Emilia warehouse for about 1.2 million Euro.

The other movements contain both reclassifications of works previously recognised under the item "Non-current assets in progress" and the changes arising from the exchange rate effects, which during the year made a 5.8 million Euro negative impact.

At 31 December 2015 there were twenty- nine financial leases. Shown below are the summarized figures of the transactions:

	Corbetta Building	Ferrara Building	Bergamo Building	Padova Building
Commencement of the lease term	01/03/2007	01/06/2007	01/07/2007	29/02/2008
Duration finance lease	15 years	15 years	15 years	18 years
Nr. of lease payments	179 months	179 months	179 months	71 quarter
Value of the leased asset	1,6 thousand Euros	1,3 thousand Euros	3,0 thousand Euros	3,4 milioni di Euro
Initial payment on signing the contract	163 migliaia di Euro	133 migliaia di Euro	296 migliaia di Euro	339 thousand Euros
Amount of the monthly payment	10 thousand Euros	8 thousand Euros	19 thousand Euros	64 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	326 thousand Euros	267 thousand Euros	591 thousand Euros	339 thousand Euros
2015 payments*	91 thousand Euros	74 thousand Euros	163 thousand Euros	148 thousand Euros
Residual value as at 31 December 2015	0,9 million Euros	0,7 million Euros	1,6 million Euros	2,2 million Euros
	Trezzano Building	Rozzano Building	Corsico Building	Vicenza Building
Commencement of the lease term	10/09/2008	24/09/2008	12/08/2009	09/10/2009
Duration finance lease	18 years	18 years	18 years	18 years
Nr. of lease payments	215 months	215 months	215 months	215 months
Value of the leased asset	3,3 million Euros	3,2 million Euros	3,5 million Euros	2,6 million Euros
Initial payment on signing the contract	332 thousand Euros	316 thousand Euros	355 thousand Euros	260 thousand Euros
Amount of the monthly payment	16 thousand Euros	20 thousand Euros	15 thousand Euros	10 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	252 thousand Euros	316 thousand Euros	315 thousand Euros	215 thousand Euros
2015 payments*	147 thousand Euros	135 thousand Euros	184 thousand Euros	139 thousand Euros
Residual value as at 31 December 2015	2,2 million Euros	2,1 million Euros	2,3 million Euros	1,7 million Euros
	Modena Sud Building	Voghera Building	Mirabilandia Building	Parma Building
Commencement of the lease term	16/09/2010	02/12/2010	01/07/2011	23/12/2011
Duration finance lease	18 years	18 years	18 years	18 years
Nr. of lease payments	215 months	215 months	215 months	215 months
Value of the leased asset	4,4 million Euros	1,5 million Euros	2,4 million Euros	3,6 million Euros
Initial payment on signing the contract	437 thousand Euros	147 thousand Euros	237 thousand Euros	360 thousand Euros
Amount of the monthly payment	21 thousand Euros	7 thousand Euros	12 thousand Euros	21 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	437 thousand Euros	147 thousand Euros	237 thousand Euros	360 thousand Euros
2015 payments*	234 thousand Euros	78 thousand Euros	135 thousand Euros	203 thousand Euros
Residual value as at 31 December 2015	3,0 million Euros	1,0 million Euros	1,7 million Euros	2,9 million Euros
	Macerata Building	Capriate Building	Mestre Building	Legnano Building
Commencement of the lease term	01/05/2012	31/10/2012	19/12/2012	01/12/2005
Duration finance lease	18 years	18 years	13 years	15 years
Nr. of lease payments	215 months	215 months	155 months	179 months
Value of the leased asset	1,5 million Euros	2,3 million Euros	2,3 million Euros	3 million Euros
Initial payment on signing the contract	156 thousand Euros	465 thousand Euros	265 thousand Euros	300 thousand Euros
Amount of the monthly payment	8 thousand Euros	10 thousand Euros	18 thousand Euros	18 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	147 thousand Euros	465 thousand Euros	234 thousand Euros	300 thousand Euros
2015 payments*	87 thousand Euros	102 thousand Euros	182 thousand Euros	196 thousand Euros
Residual value as at 31 December 2015	1,2 million Euros	1,6 million Euros	2,0 million Euros	1,2 million Euros
	Cinisello Balsamo Building	Capriate works (a)	Gallarate Building	Carpi Building
Commencement of the lease term	12/07/2013	06/12/2013	01/08/2014	01/08/2014
Duration finance lease	13 years	16 years	12 years	12 years
Nr. of lease payments	155 months	186 months	143 months	48 quarter
Value of the leased asset	3,5 million Euros	2,4 million Euros	2,4 million Euros	1,6 milioni di Euro
Initial payment on signing the contract	680 migliaia di Euro	844 migliaia di Euro	224 thousand Euros	180 thousand Euros
Amount of the monthly payment	25 thousand Euros	16 thousand Euros	16 thousand Euros	33 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	307 thousand Euros	-	224 thousand Euros	180 thousand Euros
2015 payments*	229 thousand Euros	208 thousand Euros	187 thousand Euros	133 thousand Euros
Residual value as at 31 December 2015	2,5 million Euros	1,4 million Euros	1,8 million Euros	1,3 million Euros

*Values inclusive of indexation differences.

	Bellinzago Lombardo Building	Cernusco Building	Dalmine Building	Lainate Sempione Building
Commencement of the lease term	28/07/2014	21/12/2015	23/03/2015	31/07/2015
Duration finance lease	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months
Value of the leased asset	1,5 million Euros	0,7 million Euros	2,2 million Euros	1,4 million Euros
Initial payment on signing the contract	212 thousand Euros	170 thousand Euros	241 thousand Euros	244 thousand Euros
Amount of the monthly payment	14 thousand Euros	11 thousand Euros	16 thousand Euros	17 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	212 thousand Euros	170 thousand Euros	241 thousand Euros	244 thousand Euros
2015 payments*	47 thousand Euros	0 thousand Euros	39 thousand Euros	14 thousand Euros
Residual value as at 31 December 2015	1,5 million Euros	0,5 million Euros	2,0 million Euros	1,1 million Euros

a) the first 107 instalments amount to 15,800 Euro and the subsequent 79 to 3,200 Euro.

	Pavia Building	Pioltello Building	Rovato Building	Senigallia Building
Commencement of the lease term	01/02/2015	20/11/2015	05/08/2015	11/06/2015
Duration finance lease	12 years	12 years	12 years	12 years
Nr. of lease payments	143 months	143 months	143 months	143 months
Value of the leased asset	1,7 million Euros	1,3 million Euros	1,0 million Euros	1,6 million Euros
Initial payment on signing the contract	168 thousand Euros	297 thousand Euros	267 thousand Euros	131 thousand Euros
Amount of the monthly payment	12 thousand Euros	19 thousand Euros	18 thousand Euros	9 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	168 thousand Euros	297 thousand Euros	267 thousand Euros	131 thousand Euros
2015 payments*	130 thousand Euros	3 thousand Euros	5 thousand Euros	4 thousand Euros
Residual value as at 31 December 2015	1,4 million Euros	1,0 million Euros	0,7 million Euros	0,3 million Euros

	Treviso Silea Building
Commencement of the lease term	29/05/2015
Duration finance lease	12 years
Nr. of lease payments	143 thousand Euros
Value of the leased asset	3,2 million Euros
Initial payment on signing the contract	320 thousand Euros
Amount of the monthly payment	23 thousand Euros
Interest rate	Euribor
Amount of final option	32 thousand Euros
2015 payments*	102 thousand Euros
Residual value as at 31 December 2015	2,8 million Euros

*Values inclusive of indexation differences.

Plant and machinery

The larger increases for 2015 were made in the sectors:

- Production (for a total of 12.2 million Euro) by:
 - INALCA S.p.A. (6.2 million Euro) for the purchase of a new cogeneration plant, improvements on existing plants and on the production lines;
 - Italia Alimentari S.p.A. (3.4 million Euro) for investments in production lines of the new cooked food department, the enlargement of the Busseto meat curing area and the purchase of plants and extraordinary maintenance at the Gazoldo facility;
 - Fiorani e C. S.p.A. (1.1 million Euro) for the purchase of special machinery;
 - Inalca F&B Thailand Ltd (504 thousand Euro) for construction of the new warehouse/refrigerator;
 - Realbeef S.r.l. (388 thousand Euro) for a new slaughter line.
- Catering (for a total of 6.3 million Euro) by:
 - Chef Express S.p.A. (3 million Euro) for improvements on plants of the airport and railway catering premises under the company's management;
 - Roadhouse Grill Italia S.r.l. (2.7 million Euro) for new plants and improvements of the existing plants, in particular at the Rovato, Lido di Camaiore, Lainate Sempione, Tortona, Legnano, Pioltello, Asti, Treviso Sud, and Sondrio steakhouses;
 - Roadhouse Grill Roma S.r.l. (412 thousand Euro), Boccea and Romanina in particular.
- Distribution (for a total of 1.6 million Euro) due almost only to MARR S.p.A. for the plan to enlarge and

modernise several branches started already in the latter part of 2014 (Naples, Sicily and Scapa).

The decreases mainly involved the catering sector and result from the disposal of the logistics activities at Gare du Nord in Paris.

The other movements refer to both reclassification of works that were previously recorded under the item “non-current assets in progress” and the changes deriving from exchange rate effects, negative for 733 thousand Euro, and write-downs of plants that totalled approximately 600 thousand Euro recognised during the year following the fire that broke out at the Fiumicino airport.

Other assets

The major investments that justify the increase as at 31 December 2015 involved a number of sectors. In detail, the primary increases can be attributed to:

- Inalca Kinshasa S.p.r.l. (4.6 million Euro) for the purchase of lorries and trailers in order to improve logistical efficiency;
- Roadhouse Grill Italia S.r.l. for (3.2 million Euro);
- Chef Express S.p.A. (2.7 million Euro) for the purchase of furniture and fittings, electronic machinery and signs;
- MARR S.p.A. for the purchase of electronic machinery and industrial motor vehicles (1.9 million Euro);
- INALCA S.p.A. (902 thousand Euro) for the purchase of electronic machinery and motor vehicles;
- Italia Alimentari S.p.A. (398 thousand Euro) for the purchase of forklift trucks for the cooked food department;
- Roadhouse Grill Roma S.r.l. (374 thousand Euro), Boccea and Romanina in particular;
- Inalca Angola Ltda. (346 thousand Euro) for commercial motor vehicles for on site distribution.

The decreases of the period, which totalled 2.9 million Euro, almost all refer to the disposal of industrial motor vehicles and cars of the subsidiary MARR S.p.A. for 1.4 million Euro, and for 1.0 million Euro to Chef Express S.p.A. for the write-down of assets resulting from the previously mentioned fire that broke out at Terminal 3 of the Fiumicino airport.

Non-current assets under construction and advances

The greatest increases regarded the sector:

- Catering for 22.0 million Euro, incurred by:
 - Chef Express S.p.A. for investments made to restore various railway station buffets and motorway Services Areas, which totalled 12.4 million Euro;
 - works to adapt new premises of the Roadhouse Grill Italia S.r.l. chain of steakhouses for 8.3 million Euro;
 - Roadhouse Grill Roma S.r.l. on future premises for about 1.3 million Euro;
- Production for 16.9 million Euro, incurred by:
 - Inalca Mocambique Lda. for the construction of a new facility (5.9 million Euro);
 - Orenbeef L.L.C. for the construction of the new slaughterhouse in Orenburg (Russia) for about 4.1 million Euro;
 - Italia Alimentari S.p.A. to enlarge the meat curing department at the Busseto facility for 2.9 million Euro;
 - Società Agricola Corticella S.r.l. for the biogas plant for 1.2 million Euro;
 - Fiorani & C. S.p.A. for the purchase of special machinery for 825 thousand Euro;
 - Dispal CI S.a.r.l. to build buildings and plants for 566 thousand Euro;
 - Kaskad L.L.C. for the construction of the refrigerator plant at the Odinzovo - Moscow facility (534 thousand Euro);
- Distribution: they amounted to 0.8 million Euro and refer to works still in progress at the MARR branch in Naples, the Santarcangelo di Romagna warehouse, and the expansion of the building in Anzola dell'Emilia, where the MARR Bologna branch carries on its activity.

Works to restore the properties owned by the parent company Cremonini S.p.A. in the real estate complex in Via San Vincenzo in Rome also continued (2.5 million Euro);

There are mortgages and liens secured by non-current tangible assets for amounts of about 304.0 million Euros against loans obtained.

2. Goodwill

Goodwill is not amortized with the exclusion of that with a defined useful life, the amortization of which is correlated to the term of the concession; recoverability of the related book value is verified at least annually and anyway when events occur that presuppose impairment.

The verification is carried out at the level of the smallest aggregate on the basis of which corporate management measures, directly or indirectly, the return on the investment that includes the goodwill (cash generating unit); for the main hypotheses utilized for the determination of recoverable value you are referred to that shown in the paragraph "Main estimates used by management and discretionary measurements".

(Euro/000)	Balance at 31.12.2014	Change in consolidation area	Purchases	Decreases	Other	Amortization	Balance at 31.12.2015
Production - Beef	2,504	535	126				3,165
Production - Others	0						0
Distribution	97,439		1,376		48		98,863
Catering	50,149				(67)	(2,222)	47,860
Holding company and services	0						0
Total	150,092	535	1,502	0	(19)	(2,222)	149,888

(Euro/000)	
Balance at 31.12.2014	150,092
Change in consolidation area	535
Purchases	1,502
Decreases	0
Other	(19)
Amortization	(2,222)
Balance at 31.12.2015	149,888

In addition to the 535 thousand Euro increase consequent to Inalca Food & Beverage Thailand entering the scope of consolidation, during the year the item goodwill rose by about 1.5 million Euro due to the following transactions:

- the purchase of the company Sama S.r.l. (then merged into New Catering S.r.l.) operating in the distribution to bars sector and in fast food catering that took place on 1 June 2015;
- the purchase of the company Pappabuona.com S.r.l., active in the wholesale trade of Italian food products.

These transactions particularly led to the following effects:

(Euro/000)	Pappabuona.com S.r.l.	Branch of Business Sama
Acquisition price	180	1,703
Costs directly attributable to the business combination	-	-
Total cost of the business combination	180	1,703
Fair value of assets acquired and contingent liabilities assumed	54	327
Goodwill	126	1,376

The aggregation cost regarding these transactions was determined based on the carrying values stated in the shares transfer agreement. The details of the net assets acquired and of the goodwill are explained below:

Book values determined in conformity with the IFRS immediately prior to the combination (Euro/000)	Pappabuona .com S.r.l.	Branch of Business Sama
Intangible and tangible assets	73	206
Inventories	60	293
Other current assets	1,056	10
Payables to employees and social security institutions	(31)	(88)
Payables to agents and FISC	-	(94)
Payables to agents and FISC	(1,104)	-
Fair value of assets acquired, liabilities and contingent liabilities assumed	54	327

3. Other intangible assets

(Euro/000)	Balance at 31.12.2014	Change in consolidation area	Purchases	Decreases	Other	Amortization	Balance at 31.12.2015
Patents and intellectual property rights	1,432	2	1,040	(94)	65	(963)	1,482
Concessions, licences, trademarks and similar rights	13,025	-	106	-	315	(936)	12,510
Fixed assets under development and advances	134	-	851	(63)	(258)	-	664
Long-term costs	671	64	155	-	89	(72)	907
Total	15,262	66	2,152	(157)	211	(1,971)	15,563

The item "Industrial patent rights" mainly comprises the purchases and implementation of company software. The acquisitions for the year refer to software applications for both the management and the administrative/finance areas.

As regards the item concessions, the increases are almost entirely due to the subsidiary Orenbeef L.L.c. in the start-up phase for the new production facility in Russia.

"Non-current assets in progress and advances" represents the capitalisation of the costs regarding transactions in progress at year-end, which will be completed during the following year and in those to come.

4. Investments valued at equity

The main changes that took place during the financial year, deducible in detail from appendix 5, are commented on below. Appendix 6 also shows the list and figures required by art. 2427.5 *quinquies* of the Italian Civil Code).

Equity investments in subsidiaries companies

The main change that affected the item under review refers to the purchase of the stake in the Parmafrance Group that after being purchased in December 2015, was not consolidated by virtue of the shareholder agreements that envisage actual control starting from January 2016.

Other controlling stakes were also purchased during the year, in Italia Alimentari Canada Ltd. and Parma Serv S.r.l., which are not consolidated owing to their limited significance and/or non-operativeness.

Compared to 31 December 2014, lastly the subsidiary Inalca F&B Holding Inc. and its subsidiary Inalca Food & Beverage North America LLC entered into the scope of consolidation starting from 1 April 2015.

Equity investments in associated companies

The change in the value of associated companies mainly refers to the write-up of the Avirail S.a.s. and Time Vending S.r.l. equity investments on the basis of the latest financial statements available and to the payment of dividends that the same companies made during 2015.

The investment in Parma France S.a.s., previously classified amongst the associated companies, was instead reclassified amongst the subsidiaries after the majority of the previously mentioned shares was purchased.

5. Investments in other companies

During the year the equity investment in Gester Soc. Coop, company with offices in Piacenza that deals with processing, handling and shipment of butchered meats, was purchased for the amount of 820 thousand Euro and payments for the total amount of 383 thousand Euro were made in the company B.F. Holding S.p.A.

With reference to the investment in Banca Popolare di Vicenza, whose carrying value instead dropped by 1,155 thousand Euro, please note that:

- on 29 May the bank exercised and regulated the early redemption option of all bonds of the convertible bond loan, in compliance with what the Bondholders' Meeting resolved on 10 February 2015. Following this transaction, the 800 bonds previously held were converted into 1,145 shares that brought about an increase in the investment of 50 thousand Euro;
- in consideration of the value of withdrawal, which the shareholders who did not vote to approve the conversion of Banca Popolare into a joint stock company could legitimately exercise and which was quantified at 6.30 Euro per share, after the end of the year the carrying value of the share security was brought into line with the new market value, with recognition of a 1.2 million Euro loss.

For further detail on "Investments in other companies" please refer to Annex 5.

6. Non-current financial receivables

(Euro/000)	31.12.2015	31.12.2014
<i>Receivables from associated companies</i>		
- Inalca F&B Cabo Verde Lda	653	-
Interest-bearing and non-interest-bearing loans to third parties	2,685	2,126
Total	3,338	2,126

As at 31 December 2015 the balance of the item, of 3,338 thousand Euro relates primarily to MARR SpA; specifically it includes the MARR SpA amount of financial receivables due from Adria Market and other commercial partners and the amount of receivables from vehicle transporters following sales to them of the transport vehicles for shipping the MARR SpA goods (a total of 2,021 thousand).

7. Deferred tax assets

The amount of these taxes mainly refers to the tax effect (IRES and IRAP) calculated on the taxed provisions, write-downs of non-current financial assets fiscally deductible in subsequent financial years and write-downs of non-current intangible assets.

It is pointed out that the 2016 Italian Stability Law approved the change in the IRES rate from 27.5% to 24% starting from the years that will begin after 31 December 2016. Due to this regulatory provision, calculation of the prepaid tax receivables was revised, with the amount of the temporary differences that will fall after that date being estimated and with the tax effect connected to the new rate being adjusted. This adjustment led to a reduction in the prepaid tax receivables (with the same negative effect on the income statement) for 1.7 million Euro.

8. Other non-current assets

(Euro/000)	31.12.2015	31.12.2014
Trade receivables	9,759	14,280
Provision for bad debts	(880)	(1,072)
Tax assets	12,511	12,262
Other receivables	16,393	18,124
Deferred income and prepaid expenses	5,509	5,136
Total	43,292	48,730

Non-current "Trade receivables", which totalled 8,879 thousand Euro (of which 2,512 thousand Euro with expiry date beyond 5 years) are fully attributable to the subsidiary MARR S.p.A. and for the most part concern agreements and deferrals in payment defined with the customers.

The item "Other receivables" is mostly due to the Distribution sector, as in past years. It above all comprises MARR S.p.A. trade receivables for 13.0 million Euro (14.9 million Euro as at 31 December 2014). There were also receivables for the "end of operations bonuses" that totalled about 709 thousand Euro, which Chef Express S.p.A. accrued from the oil companies (693 thousand Euro as at 31 December 2014). These bonuses, anticipated by the domestic collective agreements signed between the trade associations, are provided for, re-valued each year and will be paid to the company by the petroleum companies at the time of termination of the activities.

The "Accruals and deferrals" are mostly connected with long-term promotional contributions paid to the customers.

Current asset

9. Inventories

(Euro/000)	31.12.2015	31.12.2014
Raw materials, secondary materials and consumables	44,445	45,304
Work in progress and semi-finished goods	4,703	4,163
Finished goods and goods for resale	294,845	290,038
Advances	6,396	5,711
Provision for write-down of inventories	(937)	(850)
Total	349,452	344,366

The increase compared to the previous year is mainly attributable to the distribution sector, and is concentrated in the frozen fish products category.

10. Biological assets

The amount of Biological assets refers entirely to the measurement, according to IAS 41, of cattle owned by Società Agricola Corticella, the Group's agricultural company and Realbeef S.r.l.

The increase on the 2014 value derives from: both the number of cattle (49,414 head 2015 compared to the 44,799 of the 2014 period), in order to provide for the procurement needs of the segment.

11. Current financial receivables

(Euro/000)	31.12.2015	31.12.2014
Receivables from subsidiaries	681	319
Dispal CI	-	-
Domus Italia S.r.l.	129	130
Inalca F&B Cabo Verde LDA	513	100
Inalca F&B Hong Kong	38	-
Inalca F&B Usa	-	64
Parma France S.a.s.	1	-
West Africa	-	25
Receivables from associated companies	4,515	4,952
Farm Service S.r.l.	270	270
Frimo S.a.m.	841	788
Avirail s.a.s.	3,404	3,894
Receivables from controlling companies	0	1,773
Cremofin S.r.l.	-	1,773
Other financial receivables	3,717	3,628
Treasury receivables from minorities	3,717	3,628
Totale	8,913	10,672

12. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2015	31.12.2014
Trade receivables	492,040	519,038
Due within 12 months	542,244	564,765
Provision for bad debts	(50,204)	(45,727)
Receivables from unconsolidated subsidiaries	5,510	226
Inalca F&B Cabo Verde Lda	2,701	-
Inalca Emirates Trading	2,469	-
Parma Serv S.r.l.	340	226
Receivables from associated companies	2,607	4,365
Avirail France S.a.s.	1,064	717
Farm Service S.r.l.	181	211
Food & co	2	2
Parma France S.a.s.	-	1
Time Vending S.r.l.	69	96
Quinto Valore soc.cons.a r.l.	1,291	3,338
Total	500,157	523,629

The Group's credit risk is primarily attributable to the amount of trade receivables. The amounts disclosed in the financial statements are net of provisions for bad debts, estimated by the Group management based on historical experience and their measurement in the current economic climate.

At 31 December 2015, the composition of the overdue trade receivables from third parties is the following:

(Euro/000)	31.12.2015		31.12.2014	
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	276,739	(1,688)	281,507	(505)
Overdue up to 30 days	90,215	(203)	84,359	(242)
Overdue from 31 to 60 days	30,121	(170)	32,931	(152)
Overdue from 61 to 90 days	24,190	(235)	25,621	(97)
Overdue from 91 to 120 days	110,298	(37,562)	139,558	(36,276)
Overdue over 120 days	20,440	(11,226)	15,069	(9,527)
Total	552,003	(51,084)	579,045	(46,799)

The fair value of the categories shown above is not given as the carrying value represents a reasonable approximation.

The change in the bad debt provision was the following:

(Euro/000)	31.12.2015	31.12.2014
Initial balance	(46,799)	(46,024)
Change in scope of consolidation	-	1,330
Utilized during the year	15,506	14,047
Exchange differences effect	224	353
Accruals during the year	(20,015)	(16,505)
Final balance	(51,084)	(46,799)

13. Current tax assets

(Euro/000)	31.12.2015	31.12.2014
Receivables for advance on direct taxes	5,005	2,135
Receivables for withholdings	49	67
IRPEG dispute	6,061	6,040
VAT credit and other taxes requested for reimbursement	7,581	6,864
Other sundry receivables	4,578	1,933
Bad debts provision	(3)	(56)
Total	23,271	16,983

The increase in tax receivables compared to the previous year is justified by the increased receivable for advances on direct taxes, the greater VAT receivables and other CICE (*Crédit d'impôt pour la compétitivité et l'emploi*) receivables that were requested as repayment by the French subsidiary Cremonini Restauration S.a.s. With reference to the direct taxes, please note that with regard to last year, some Italian Group companies benefited from greater deductibility of the cost of workers employed with open-end contracts in effect in 2015.

As for the item "IRPEG dispute", please refer to the paragraph "Provisions for liabilities and charges".

14. Cash and cash equivalents

(Euro/000)	31.12.2015	31.12.2014
Cash	15,894	16,518
Checks	4	18
Bank and postal accounts	167,518	71,834
Total	183,416	88,370

The balance represents the cash and cash equivalents and the existence of money and notes in circulation at the year-end. You are referred to the cash flow statement for the evolution of the cash and cash equivalents, while please refer to item 23 of the explanatory notes to the consolidated financial statements for the composition of the Net Debt.

15. Other current assets

(Euro/000)	31.12.2015	31.12.2014
Accrued income and prepaid expenses	5,223	6,273
<i>Other receivables</i>		
Advances to suppliers	48,865	42,937
Receivables from insurance companies	5,211	959
Receivables from social security institutions	3,133	1,128
Receivables from agents	2,264	2,562
Receivables from employees	1,698	721
Down payments	8	518
Guarantee deposits	624	612
Other sundry receivables	9,055	7,800
Provision for bad debts	(4,677)	(4,209)
Total	71,404	59,301

The item "Advances to suppliers" relates to 40.3 million Euro for the Distribution sector and 7.1 million Euro for production, both amounts are associated with the typical procurement methods; these include in particular payments made to overseas suppliers for the purchase of goods under the F.O.B. clause.

"Receivables from insurance companies" concern refunds for claims not yet received as at the closing date of these financial statements and they mostly pertain to the fire at Terminal 3 of the Fiumicino airport, which since May caused several sales outlets managed by the company to be temporarily closed.

The item "Other miscellaneous", which totalled 9.1 million Euro, increased by about 1.3 million Euro (7.8 in 2014); this item contains receivables and advances for various types of re-invoicings and includes:

- 3.0 million Euro from the subsidiary INALCA S.p.A. for receivables for energy certificates (1.5 million Euro) and about 600 thousand Euro for a dispute open with Customs and written down;
- 900 thousand Euro for Agrea farming contributions to collect from the consolidated subsidiary Società Agricola Corticella S.r.l.;
- 540 thousand Euro as payment of advances to Customs made by the investee Inalca Kinshasa.

The "Bad debts provision" refers mainly to receivables from suppliers and agents.

LIABILITIES

Shareholders' Equity

As regards the changes within the Shareholders' Equity refer to the statement of changes in the Shareholders' Equity.

16. Share capital and reserves

The share capital amounts to 67,073,932 thousand Euro and represents 128,988,330 ordinary shares of the Parent Company Cremonini S.p.A., fully subscribed and paid-up, with normal rights and a par value of Euro 0.52 each.

Treasury stock

The Parent Company did not hold treasury shares at 31 December 2015.

Reserves

The legal reserve of 14,749 thousand Euro remained unchanged in the period, having reached the limit set out by art. 2430 of the Civil Code.

The share premium reserve was made up of the premium paid by the shareholders under the IPO during 1998. The amount of the reserve of 78,280 thousand Euro did not change over 31 December 2014.

The cash flow hedge reserve records the profits or losses deriving from the valuation of the financial instruments designated to hedge variable rate loans.

The reserve for transition to IAS/IFRS was set up following the first-time adoption of the International Accounting Standards.

The basic earnings per share as at 31 December 2014 amounted to Euro 0.4274 (Euro 0.3251 as at 31 December 2014) and was calculated on the basis of net profits of 55,128,960 Euro divided by the weighted average number of ordinary shares in 2014 equal to 128,988,330. There is no difference between basic and diluted earnings per share.

The reconciliation between the shareholders' equity of the Parent Company and the corresponding consolidated figures is the following:

(Euro/000)	Financial year as at 31.12.2015		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	189,288	32,424	221,712
Elimination of carrying value of consolidated subsidiaries:			
- Pro rata subsidiary profits (losses)	-	65,034	65,034
- Difference between the carrying value and pro rata shareholder's equity, net of the effects of intra-Group transactions	59,044		59,044
- Investments write-up/write-down	(4,478)	4,478	-
- Dividends	47,032	(47,032)	-
- Consolidation differences	97,723	0	97,723
Elimination of the effects of commercial transactions between Group companies	(816)	427	(389)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	911	(202)	709
Total adjustments	199,416	22,705	222,121
Group's share of net equity and profit/(loss)	388,704	55,129	443,833
Minorities' share of net equity and profit/(loss)	228,984	38,361	267,345
Consolidated financial statements shareholders' equity and profit/(loss) for the year	617,688	93,490	711,178

Non-current liabilities

17. Non-current financial payables

(Euro/000)	31.12.2015	31.12.2014
<i>Due between 1 and 5 years</i>		
Bonds	-	-
Payables to banks	414,921	169,643
Payables to other financial institutions	20,458	9,563
Total payables due between 1 and 5 years	435,379	179,206
<i>Due beyond 5 years</i>		
Payables to banks	12,179	24,422
Payables to other financial institutions	62,934	61,461
Total payables due beyond 5 years	75,113	85,883
Total	510,492	265,089

Shown below is a breakdown of payables to banks with the indication of the interest rates applied:

(Euro/000)	Credit line	Interest Rate	Current portion	Between 1 and 5 years	Beyond 5 years	Balance at 31.12.2015
Overdraft	129,041	Euribor + spread	16,599	-	-	16,599
Advances - Imports	67,824		5,148	-	-	5,148
Advances - Exports	88,400		8,639	-	-	8,639
Advances on invoices Italy	320,364		44,720	-	-	44,720
Advances subj. to collection	98,400	Euribor + spread	20,287	-	-	20,287
Hot Money	110,357	Euribor + spread	43,675	-	-	43,675
Mortgages	535,451	Euribor + spread	110,590	413,581	11,280	535,451
Altri Rapporti	15,771		13,532	1,340	899	15,771
Total	1,365,608		263,190	414,921	12,179	690,290

You are referred to the Directors' Report for a careful examination of the net debt and its components, both current and non-current.

The payables to other financial institutions detailed in the following table; these mainly constitute payables deriving from the booking, in accordance with the financial methodology, of the lease contracts and the private placement of bonds in American dollars concluded by the subsidiary MARR S.p.A. in July 2013. the latter loan amounts to 43 million dollars (originally 30.6 million Euro), with due dates of 10 million dollars after 7 years and 33 million dollars after 10 years and provides an average coupon of about 5.1%. The increase in its value is attributable to the change in the dollar/euro exchange rate. It is recalled that to hedge the risk of fluctuation in the quotations of the dollar against the euro there are specific Cross Currency Swap contracts in existence; you are referred to the paragraph "Derivative instruments" for the effects of these.

The amounts due to other financial institutions, detailed in the following table, mainly constitute the payables deriving from the recording, in accordance with the financial method, of the lease contracts.

Other financial institutions	Interest rate	Expiry date	Current	Non current	Balance at 31.12.2015
Leasing					
Bellinzago Lombardo	Euribor + spread	28/07/2026	-	1,493	1,493
Bergamo	"	01/07/2022	129	1,511	1,640
Capriate	"	31/10/2030	51	1,527	1,578
Capriate Opere	"	06/12/2029	152	1,229	1,381
Carpi	"	01/08/2026	87	1,208	1,295
Cernusco	"	21/12/2027	-	503	503
Cinisello balsamo	"	12/07/2026	163	2,346	2,509
Corbetta	"	01/03/2022	73	799	872
Corsico	"	12/08/2027	147	2,142	2,289
Dalmine	"	23/03/2027	-	1,959	1,959
Ferrara	"	01/06/2022	67	661	728
Gallarate	"	01/08/2026	131	1,713	1,844
Lainate Sempione	"	31/07/2027	-	1,145	1,145
Legnano	"	01/12/2020	180	1,031	1,211
Macerata	"	01/05/2030	56	1,148	1,204
Mestre	"	19/12/2025	132	1,824	1,956
Mirabilandia	"	01/07/2029	81	1,660	1,741
Modena Sud	"	16/09/2028	126	2,914	3,040
Padova	"	29/02/2026	141	2,034	2,175
Parma	"	23/12/2029	122	2,740	2,862
Pavia	"	01/02/2027	97	1,329	1,426
Pioltello	"	20/11/2027	0	998	998
Rovato	"	05/08/2027	0	706	706
Rozzano	"	24/09/2026	122	1,985	2,107
Senigallia	"	11/06/2027	-	322	322
Treviso Silea	"	29/05/2027	208	2,559	2,767
Trezzano	"	10/09/2026	129	2,091	2,220
Vicenza	"	09/10/2027	111	1,607	1,718
Voghera	"	02/12/2028	62	976	1,038
Other minor leasings			49	22	71
Bond Private Placement	0.051	2020 - 2023	749	39,126	39,875
Due to Factoring companies	Euribor + spread		20,022	-	20,022
Other Relationships	"		690	84	774
Total			24,077	83,392	107,469

18. Financial Instruments/Derivatives

(Euro/000)	31.12.2015	31.12.2015	31.12.2015
	IRS	Exchange Rates	Total
Non-current assets	-	5,095	5,095
Current assets	-	3,275	3,275
Non-current liabilities	-	-	0
Current liabilities	(105)	-	(105)
Total	(105)	8,370	8,265

The Group uses financial instruments offered by the market (including so-called “derivatives”) solely with a view to optimizing debt cost and hedging interest and exchange rate fluctuations.

Several interest rate swap contracts were in effect as at 31 December 2015, through which the variable Euribor rate was replaced with a fixed rate. The measurement of these contracts resulted in the recognition of a 105 thousand Euro liability (346 thousand as at 31 December 2014).

Measurement of the contracts covering foreign exchange rate risks instead led to the recognition of a total asset of 3,275 thousand Euro recorded under current assets and an asset of 5,095 thousand Euro under non-current assets (of which 3,763 thousand beyond 5 years). This latter asset represents the positive fair value of the cross currency swap contracts that MARR S.p.A. entered into to cover the risk of the US dollar varying against the Euro with reference to the bond-based private placement in US dollars finalised in July 2013.

Details of the changes recognised in the period are given below:

(Euro/000)	31 December 2015			31 December 2014		
	CFH Reserve Gross	Deferred taxes	CFH Reserve Net	CFH Reserve Gross	Deferred taxes	CFH Reserve Net
Opening balance - Parent company	0	0	0	(1,150)	316	(834)
Opening balance - Consolidated companies	(2,312)	636	(1,676)	(4,350)	1,196	(3,154)
Changes of the period						
Hedge instruments						
Profit/(Loss) of the period	(245)	67	(178)	(4,874)	1,340	(3,534)
Riclass. Profit/(Loss) to Income statement	260	(71)	189	4,854	(1,334)	3,520
	15	(4)	11	(20)	6	(14)
Net change of the period Other comprehensive income	756	(208)	548	3,208	(882)	2,326
Closing balance - Consolidated companies	(1,541)	424	(1,117)	(2,312)	636	(1,676)
Closing balance - Parent company	0	0	0	0	0	0

19. Employee benefits

(Euro/000)	31.12.2015	31.12.2014
Staff Severance Provision	25,270	27,516
Other benefits	116	158
Total	25,386	27,674

(Euro/000)	31.12.2015	31.12.2014
Opening balance	27,516	27,502
Effect of the change in consolidation area	31	(376)
Use for the financial year	(2,597)	(2,315)
Financial year provision	887	1,045
Actuarial gain losses	(583)	1,651
Other changes	16	9
Closing balance	25,270	27,516

The change for the year is tied not only to the portion accrued during the period, net of the ordinary change in the item, but also to the personnel that entered the Group after the purchase of the company Sama S.r.l., then incorporated into New Catering S.r.l., and the entry of the company Pappabuona S.r.l. in scope of consolidation.

It is pointed out that the allocation for the period includes an actuarial gain totalling 583 thousand Euro that were recorded net of the theoretical tax effect in the special shareholders' equity reserve as required by IAS 19.

20. Provision for liabilities and charges

(Euro/000)	31.12.2015	31.12.2014
Provisions for taxes	447	447
Labour disputes	1,559	1,093
Minor lawsuits and disputes	993	1,548
Supplementary clientele severance indemnity	4,377	4,005
Provision for rewards and promotions	1,654	1,260
Provision for future risks and losses	8,997	3,973
Total	18,027	12,326

The "Provision for agents' leaving indemnities" was allocated based on the reasonable estimate of the future probable liability while considering the elements available. The increase for the year includes not only the portion of indemnities accrued, but also the provision for agents' leaving indemnities acquired following the previously mentioned purchase of the company Sama S.r.l.

The allocation for "Cases and other miscellaneous disputes" is mainly ascribable to the company INALCA S.p.A. and regards a liability connected with a case in progress with the Customs Agency for about 590 thousand Euro, whose verdict by the Court of Cassation is awaited. The first instance was lost at the Regional Tax Commission.

As for the "Provision for liabilities", 6.3 million Euro were allocated in 2015 for an INPS claim regarding joint liability towards a contractor received by the subsidiary Gescar S.r.l.

The provision for supplementary customers' severance indemnity has been allocated on the basis of a reasonable estimate of probable future liabilities, considering the available elements. In relation to the fiscal dispute currently on-going deriving from the verification carried out by the "Guardia di Finanza", IV Group Section in San Lazzaro di Savena (BO), because of presumed breaches in terms of direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) finalised in the month of July of the year 2000, it should be pointed out that on 28 February 2004, the recourses for direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) were discussed in a public hearing. The amount involved in the dispute concerning taxes and the relevant sanctions, for the main inspection known as "C.R.C." (The other inspections concerning insignificant amounts or others that were abandoned) amounts to approximately 4.7 million Euros plus interest.

In its sentence no. 73/2/04, the Rimini Provincial Tributary Commission, Section II, accepted the recourse presented for IRAP referring to the main inspection, while it partly rejected, with reference to the other inspections, the recourses presented, confirming the conclusions of the Inland Revenue.

On 20 December 2004, MARR S.p.A. impugned the aforementioned sentence, presenting an appeal to the Rimini Section of the Bologna Regional Tributary Commission.

The matter was discussed before Section 24 of the Emilia Romagna Regional Tributary Commission on 16 January 2006.

As regards the reasons put forward by the company in the documentation for the second stage of the proceedings, the Bologna Tributary Commission disposed in Order 13/24/06 on 3 April 2006, that a technical consultancy be carried out, assigning the duty to a board of three professionals to provide an opinion, among other things, on the disputed matter, and asked them to ascertain, on the basis of contractual agreements and economic and financial relations effectively on-going between the parties involved in the complex operation, whether the cost sustained by MARR S.p.A. and being disputed concerns the business of the company or not.

On 18 November 2006, the board of consultants deposited its report, concluding that: "in summary, it can be stated that these capital losses are relevant in as much as they are objectively referable to the business of the company".

On 15 January 2007, the dispute was again discussed in a public hearing during which the findings in the report of the board of consultants were again presented. In sentence 23/10/07, the Bologna Tributary Commission reviewed its first phase sentence in favour of MARR S.p.A. as regards the four findings subject of the dispute but, without providing any motivation, it completely rejected the conclusions drawn by the technical consultants it itself appointed with reference to the principal inspection known as "CRC", thus confirming that established by the judges in the first phase of the proceedings.

By reason of this, an appeal was presented on 22 April 2008 before the Supreme Court of Cassation. The State Bar met to discuss the matter on 3 June 2008.

Although the outcome of the appeal was negative, although it must be pointed out that there were two technical consultancies in perfect agreement with each other during this phase, comprising four undoubtedly authoritative professionals, three of them appointed by the Tributary Commission itself, the opinions expressed being undoubtedly fully in favour of MARR Spa, and on the basis of the opinion expressed by the defence lawyers representing the Company, we believe it reasonable to hypothesise the successful outcome of the dispute.

On 10 February 2014, the Supreme Court of Cassation, in sentence 20055/14 (filed on 24 September 2014), accepted the appeal by the Company, repealing the impugned sentence no. 23/2007 by the Regional Taxation Commission for Emilia Romagna, submitting for the second degree judge (in another proceeding) the decision regarding the claim, stating the need for the decision to be taken by proceeding with an "adequate assessment of the expert findings", consistently described by the same Court as "extremely favourable to the taxpayer". On 16 December 2014, the Company filed the claim again with the above-mentioned Taxation Commission.

Again with reference to MARR S.p.A., during the course of 2007, several disputes arose with the Customs Authorities concerning the payment of preferential customs duties on certain imports of fish products. With reference to the most significant of these disputes, involving import duties amounting to approximately 250 thousand Euros concerning the purchase of certain goods from Mauritania, it must be pointed out that the judges in the first phase of proceedings rejected the recourses presented by the Company in May 2008, but in any case accepted the fact that the company was entirely extraneous to the claimed irregularities, as they were attributable exclusively to its suppliers, from whom, as already formally notified to them, all expenses and costs inherent and/or consequent to the aforementioned dispute will be reclaimed.

The appeal made by the Company against the first grade sentence has not been accepted by the Regional Tax Commission of Florence.

It should be noted that the Company appealed to the Supreme Court of Cassation in May 2013.

As at 31 December 2015, MARR S.p.A. had paid 6,061 thousand Euros as payment of taxes while awaiting judgment; this amount was classified under tax receivables.

The incentives and promotions fund was related to the development of the Roadhouse Grill Club bonus operation. This operation, valid throughout Italy, involved the accumulation of points and the accrual of credits which could be used in Roadhouse Grills by adopters of the initiative.

As already stated in the report, the Italian Tax Police of Modena notified a report on findings to the subsidiary INALCA S.p.A. during the year under review. The report on findings contained a recovery of significant taxation proposal regarding only the subject of transfer pricing with the African subsidiaries. As mentioned before, in the opinion of the companies and consultants asked on the subject of this notification, it is unfounded, so consequent liabilities are not expected.

21. Deferred tax liabilities

As at 31 December 2015 the amount of this item, 65,320 thousand Euro, derived primarily from the effects of the application of international accounting standards, (of which revaluation of the real estate), the different tax treatment of the leases and the effects deriving from the consolidation entries, instalment capital gains and other miscellaneous.

It is specified that the 2016 Italian Stability Law approved the change in the IRES rate from 27.5% to 24% starting from the years that will begin after 31 December 2016. Due to this regulatory provision, we revised the calculation of the deferred tax payables, with the amount of the temporary differences that will fall after that date being estimated and with the tax effect connected to the new rate being adjusted. This adjustment led to a reduction in the deferred tax payables (with the same positive effect on the income statement) for 6.7 million Euro.

22. Other non-current liabilities

(Euro/000)	31.12.2015	31.12.2014
Accrued expenses and deferred income	568	836
Non - current tax liabilities	27	1
Payables for acquisition of equity investments/branches of business	-	-
Payables to Social Security Institutions	33	61
Other payables	390	240
Total	1,018	1,138

The item "Accrued income and deferrals" comprises both deferred income on rents received from third parties in previous financial years relative to the sales outlet of the subsidiary Chef Express S.p.A. at Susa airport, as well as further deferred interest income from MARR S.p.A.'s customers.

The item "Other miscellaneous payables" on the other hand is represented by deposits paid by the haulage contractors of the subsidiary Marr S.p.A.

Current liabilities

23. Current financial payables

(Euro/000)	31.12.2015	31.12.2014
Payables to controlling companies	-	-
Payables to unconsolidated subsidiaries	-	-
Payables to associated companies	0	0
Other payables		
Payables to banks	263,190	420,747
Payables to other financial institutions	24,077	23,646
Other payables	40	36
Closing balance	287,307	444,429

The breakdown of the items “Due to banks” and “Due to other financial institutions” is shown in item 17 above.

Net Debt

The overall net debt and details of its chief elements is shown below.

(Euro/000)	31.12.2015	31.12.2014
A. Cash	15,894	16,518
B. Cash equivalent	167,522	71,852
C. Financial assets held for sale	-	-
D. Liquidity (A) + (B) + (C)	183,416	88,370
E. Current financial assets	9,566	10,558
F. Current bank liabilities	263,190	420,747
G. Current financial instruments	(3,170)	(96)
H. Other current financial liabilities	24,077	23,647
I- Current financial liabilities	284,097	444,298
J. Current net debt (I) - (E) - (D)	91,115	345,370
K. Non current bank liabilities	427,100	194,065
M. Other non current financial liabilities	83,392	71,023
N. Non current financial instruments	-	194
O. Non current debt (K) + (L) + (M) + (N)	510,492	265,282
P. Net Debt (J) + (O)	601,607	610,652

Several loan contracts require financial covenants. The bank reserves the right to revoke the loans in the event of failure to comply with the covenants. The covenants on loans in force as at 31 December 2015, all completely complied with, are listed in the following tables.

Table I

(Euro/000)	Centrobanca (a)(I)	Unicredit (a)(II)	Banco Popolare commercio e Industria (a)(I)
Amount of the loans as at 31 December 2015	4,444	30,000	8,333
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	31/12/2019	15/05/2019	20/05/2018
Covenants			
Net Debt/Equity	<= 1,5	<= 2	<= 1,5
Net Debt/Ebitda	<= 3,6	<= 3	<= 3
Ebitda/Net financial expenses		>= 4,0	

Table 2

(Euro/000)	Fin. In Pool BNP Paribas (Linea unica come da Amendement del 31/03/2015)) (a)(II)	USPP (originari 33 mil USD) (a)(II)	USPP (originari 10 mil USD) (a)(II)	Banca Intesa San Paolo (a)(I)
Amount of the loans as at 31 December 2015	75,570	30.311 (*)	9.186 (*)	20,000
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	31/03/2020	11/07/2023	11/07/2020	31/12/2018
Covenants				
Net Debt/Equity	<2	<2	<2	<=2
Net Debt/Ebitda	< 3,5	< 3,5	< 3,5	<= 3,5
Ebitda/Net financial expenses	> 4	> 4	> 4	>=4

(a) covenants calculated on the MARR Group's consolidated financial statements;

(I) Indices verified annually at the year-end;

(II) Indices that are respected and verified with reference to 31 December and 30 June of each year;

(*)The USD value is shown at the exchange rate as at 3/12/15.

Table 3

(Ruble/000)	Sberbank	Sberbank
Amount of the loans as at 31 December 2015	750,000	1,000,000
Recipient of the loan	Marr Russia L.L.c.	Marr Russia L.L.c.
Expiry date	03/06/2016	21/09/2018
Covenants		
Net Debt/Ebitda (b)	< 4,0	< 4,0
Total liabilities/Equity capital (b)	< 2,6	<1,5
Net Debt/Ebitda (c)	< 4,0	< 4,0

(b) covenants calculated on the financial statements of Marr Russia L.L.c. (quarterly verified);

(c) covenants calculated on the consolidated financial statements of the INALCA Group (annually verified).

Table 4

(Euro/000)	Intesa San Paolo(d)	Unicredit S.p.A. (d)
Amount of the loans as at 31 December 2015	20,000	115,000
Recipient of the loan	INALCA S.p.A	INALCA S.p.A
Expiry date	31/12/2019	19/12/2018
Covenants		
Net Debt/EBITDA	< 2,5	< 2,3
Ebitda/Net financial expenses	> 4,0	> 5,0

Table 5

(Euro/000)	BNL S.p.A. (d)	Cariparma S.p.A. (d)
Amount of the loans as at 31 December 2015	25,000	10,000
Recipient of the loan	INALCA S.p.A	INALCA S.p.A
Expiry date	17/12/2019	22/12/2020
Covenants		
Net Debt/EBITDA	<4,0	< 4,0
Net Debt/Equity	< 0,9	< 0,9

(d) covenants calculated in a timely manner on the consolidated figures of the Inalca Group on an annual basis and half-yearly with relevance to the interest rates applied to the recipient of the loan, INALCA S.p.A.

Table 6

(Euro/000)	Banca Popolare Commercio e Industria	CA_CIB Cariparma
Amount of the loans as at 31 December 2014	23,810	40,000
Recipient of the loan	Cremonini S.p.A.	Cremonini S.p.A.
Expiry date	29/07/2020	15/06/2018
Covenants		
Equity		
Net Debt/EBITDA	<= 4,0 (e)	<= 4,0 (e)
Net Debt/Equity	<= 2,75 (e)	<= 1,0 (f)
Ebitda/Net financial expenses	>=4,0 (e)	

(e) covenants calculated on the consolidated financial statements of Cremonini Group;

(f) covenants calculated on the separate financial statements of Cremonini S.p.A.

24. Current tax liabilities

(Euro/000)	31.12.2015	31.12.2014
VAT	1,517	2,419
IRAP	1,250	1,673
IRES	6,530	5,026
Withholding taxes	7,435	7,077
Substitute taxes and other taxes payable	3,280	4,942
Total	20,012	21,137

IRAP and IRES payables relate to 2015 financial year taxes not yet paid at the year-end.

25. Current trade liabilities

(Euro/000)	31.12.2015	31.12.2014
Suppliers	525,818	517,002
Payables to unconsolidated subsidiaries	6,355	0
Parma France S.a.s.	3,113	-
Parma Turc S.a.s.	2,044	-
Parma Lacombe	393	-
Parmaubrac S.a.s.	375	-
Parma Sofreilm S.a.s.	46	-
Parma Serv S.r.l.	384	-
Payables to associated companies	155	7,894
Avirail France S.a.s.	106	70
Parma France S.a.s.	-	4,028
Parma Lacombe	-	994
Parma Turc S.a.s.	-	2,760
Frimo S.a.m.	20	-
Quinto Valore S.c.a.r.l.	29	42
Payables to controlling companies	0	0
Total	532,328	524,896

Current trade payables refer primarily to balances deriving from commercial operations and the amount payable to Trade Agents.

26. Other current liabilities

(Euro/000)	31.12.2015	31.12.2014
Accrued expenses and deferred income	3,133	3,101
Inps/Inail/Scau	10,213	8,092
Inpdai/Previndai/Fasi/Besusso	148	143
Enasarco/FIRR	840	806
Payables to other social security institutions	6,299	7,618
Other payables		
Advances and other payables to customers	14,512	10,315
Payables for employee remuneration	35,055	33,673
Payables for acquisition of equity investments	-	-
Guarantee deposits and down payments received	229	240
Payables to directors and auditors	953	1,117
Payables to agents	91	132
Other minor payables	2,506	4,926
Total	73,979	70,163

The payables to employees include the unpaid current remuneration at 31 December 2015 and allocations relating to deferred remuneration.

Guarantees, sureties and commitments

(Euro/000)	31.12.2015	31.12.2014
Direct guarantees – sureties		
- related companies	-	-
- other companies	113,859	113,698
	113,859	113,698
Direct guarantees – letter of comfort		
- associated companies	10,224	13,446
- other companies	-	-
	10,224	13,446
Other risks and commitments	39,704	27,539
Total guarantees, sureties and commitments	163,787	154,683

Direct guarantees - sureties

These guarantees include both the guarantees given directly by the companies, both in the interests of Group companies and third parties to banks for loans or credit lines, and those guarantees for which the Parent Company is jointly liable, given by banks or insurance companies, for a variety of commercial transactions, for Group VAT set-offs, for participation in tenders, etc.

Other companies – It should be noted that, with reference to guarantees to “Other companies”, this is the classification normally given to guarantees given directly to third parties by Group companies, but exclusively in their own interests- Such guarantees are rarely given in the interests of third-party companies and even in such a case, in the context of transactions effected for the benefit of Group companies. In particular, this item includes the following (in thousands of Euro):

Company to which the guarantee is provided (Euro/000)	Beneficiary	Amount	Reason
Revenue Office/VAT Office Modena	Cremonini S.p.A. and other subsidiaries	13,734	VAT for compensation.
Highways and Oil Companies	Cremonini S.p.A. subsidiaries	18,558	Guaranteeing successful conclusion of contracts (services, maintenance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc)	Cremonini S.p.A. and other subsidiaries	10,116	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Public Agencies	Cremonini S.p.A. subsidiaries	40,607	Guarantees release for the timely execution of contracts lasting several years.
Airports	Cremonini S.p.A. subsidiaries	8,771	Guaranteeing successful conclusion of contracts.
Other minor items	Cremonini S.p.A. and other subsidiaries	22,073	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		113,859	

Direct guarantees – comfort letters

The letters of comfort solely regard the guarantees provided to the lending institutions for the granting of loans or credit lines.

Indirect guarantees – credit mandates

The credit mandates relate to bank overdrafts and endorsement credits of subsidiaries guaranteed by credit lines granted by banks to the Group.

Other risks and commitments

Details of “Other risks and commitments”, for commitments of Group companies, are shown below (in thousands of Euro):

Description	Company to which the risk or commitment refers	Amount
Promise of purchase of property	Roadhouse Grill Italia S.r.l.	16,459
Credit letter of purchase of goods	Marr S.p.A. - As.Ca.	21,723
Other sundry	Fiorani & C S.p.A. - Italia Alimentari S.p.A.	1,522
Total		39,704

“Commitments for real estate purchases” regard preliminary contracts to buy real estate where the Roadhouse Grill S.r.l. “steakhouse” chain can be further developed. (Baranzate, Curno, Lainate, Collegno, Como, Seregno, Olgiate, Saronno, Tradate, Gravellona e Cornaredo).

The item “Letters of credit for goods purchases” relates to letters of credit, issued by some banks, to guarantee obligations to our foreign suppliers.

The “Other miscellaneous” item regards third party consignment goods at the Fiorani & C. S.p.A. and Italia Alimentari S.p.A. warehouses.

Details of the main items of the consolidated income statement

27. Revenues

Revenues are broken down as follows:

(in thousands of Euros)	31.12.2015	31.12.2014
Revenues from sales - Finished goods	1,037,240	1,025,494
Revenues from sales - Goods for resale	1,974,775	1,886,882
Revenues from sales - Oil	14,220	18,210
Revenues from sales - Others	60,856	51,651
Revenues from services	184,574	271,675
Advisory services to third parties	1,761	2,412
Rent income	4,668	5,582
Other revenues from ordinary activities	15,771	16,721
Total	3,293,865	3,278,627

Below is a breakdown of revenues by geographical area:

(Euro/000)	31.12.2015	31.12.2014
Italy	2,368,520	2,291,956
European Union	409,618	432,270
Non-EU countries	515,727	554,401
Total	3,293,865	3,278,627

As regards the revenues trend, you are referred to the details in the Directors' Report.

28. Other revenues

The other revenues can be broken-down as follows:

(Euro/000)	31.12.2015	31.12.2014
Contributions by suppliers and others	40,841	34,176
Operating grants	2,546	2,223
Other sundry revenues	36,753	20,828
Total	80,140	57,227

The item "Contributions from suppliers and others" mainly includes the contributions obtained for various reasons from suppliers for the commercial promotion of their products at our customers/sales outlets and the trend is connected to the increase in the purchase cost of the goods.

Other sundry revenues

(Euro/000)	31.12.2015	31.12.2014
Rent income	1,038	1,350
Insurance reimbursements	6,969	3,423
Capital gains on disposal of capital goods	4,423	1,454
Other cost reimbursements	9,629	2,794
Services, consultancy and other minor revenues	14,694	11,807
Total	36,753	20,828

The increase in insurance refunds regards the fire at the Fiumicino airport, while that of the repayments of

miscellaneous costs is the consequence of the transaction on some legal disputes. Both are better described in the Directors' Report.

29. Costs for purchases

(Euro/000)	31.12.2015	31.12.2014
Costs for purchases - Raw materials	(669,080)	(654,528)
Costs for purchases - Goods for resale	(1,364,904)	(1,408,560)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(72,929)	(71,028)
Costs for purchases - Finished goods	(24,548)	(24,306)
Costs for purchases - Oil	(13,656)	(16,802)
Costs for purchases - Stationery and printed paper	(1,779)	(1,833)
Changes in inventories of raw materials, secondary materials, consumables and goods for	(203)	17,381
Other costs for purchases	(127,889)	(110,077)
Total	(2,274,988)	(2,269,753)

"Oil purchases" related to the sale of fuel in the motorway service stations and refer to the corresponding "Revenue from oil sales", an item attributable entirely to the Catering sector. The decrease in these costs is the direct consequence of the disposal during the first half of 2014 of several sales outlets where the Company carried on this activity.

30. Other operating costs

(Euro/000)	31.12.2015	31.12.2014
Costs for services	(463,913)	(454,190)
Costs for leases and rentals	(76,167)	(69,433)
Other operating charges	(19,961)	(17,234)
Total	(560,041)	(540,857)

Costs for services

(Euro/000)	31.12.2015	31.12.2014
Energy consumption and utilities	(40,815)	(41,351)
Maintenance and repairs	(22,098)	(21,146)
Transport on sales	(83,630)	(82,130)
Commissions, commercial and distribution services	(131,594)	(110,676)
Third-party services and outsourcing	(40,148)	(58,406)
Purchasing services	(54,653)	(47,482)
Other technical and general services	(90,975)	(92,999)
Total	(463,913)	(454,190)

The increase in the balance is partly related to the higher number of premises managed by the subsidiary Chef Express S.p.A. during the current year.

The increase in the item "Commissions, commercial and distribution services", which amounted to about 20.9 million, is mainly due to the subsidiary INALCA S.p.A. that, as mentioned in the Directors' Report, contacted a temporary employment company to ensure regular continuation of production following the financial difficulties of the consortia to whom it turned for the production activities. The increase in this item almost totally offsets the decrease in "Third party supplies and tertiarizations", under which the costs for the services supplied by the consortia were instead recorded.

The increase in "Services for purchases" is due to Inalca S.p.A. and Inalca Kinshasa as a result of higher transport costs, customs charges and other additional charges for purchases of meat and fish.

Costs for leases and rentals

(Euro/000)	31.12.2015	31.12.2014
Lease of business premises, royalties and others	(50,846)	(45,789)
Costs for leases	(203)	(189)
Leases and rentals related to real and personal property	(25,118)	(23,455)
Total	(76,167)	(69,433)

The costs for use of third-party assets principally refer to the catering sector and regard costs incurred for awarding catering services operations. The increase compared to the prior year is directly connected to the acquisition of new sales outlets and the increase in sales.

It is specified with reference to relationships with related companies that the item "Rents and instalment" relating to immovable and movable assets" includes amounts ascribable to MARR S.p.a.'s business, specifically: rent of 668 thousand Euro to Le Cupole S.r.l. for an industrial property in Rimini.

Other operating charges

(Euro/000)	31.12.2015	31.12.2014
Losses on receivables	(405)	(375)
Indirect taxes and duties	(9,344)	(8,920)
Capital losses on disposal of assets	(4,451)	(1,177)
Contributions and membership fees	(1,397)	(1,528)
Other minor costs	(4,364)	(5,234)
Total	(19,961)	(17,234)

The increase in the balance is justified by the increase in capital losses on the disposal of assets to a large extent due to the disposal of the logistics activity at Gare du Nord, carried on through the subsidiary Cremonini Restauration S.a.s.

31. Personnel costs

(Euro/000)	31.12.2015	31.12.2014
Salaries and wages	(214,036)	(212,922)
Social security contributions	(61,791)	(63,205)
Staff Severance Provision	(10,550)	(9,839)
Pension and similar provisions	(11)	(381)
Other personnel costs	(4,208)	(4,581)
Total	(290,596)	(290,928)

This item includes all the personnel costs, including holiday accruals and additional monthly pay as well as the connected welfare charges, allocation for employee leaving indemnities and other contractually envisaged costs.

As at 31 December 2015 Group employees amounted to 9,664 compared to 8,778 at 31 December 2014. The break down by category and average number of employees in 2015 is shown in the following schedule:

	Factory staff	Office staff	Managers	Total
Employees as at 31.12.2014	6,264	2,369	145	8,778
Employees as at 31.12.2015	7,145	2,374	145	9,664
Increases (decreases)	881	5	0	886
Average no. of employees during year 2015	6,575	2,292	146	9,013

32. Amortization, depreciation, write-downs and provisions

(Euro/000)	31.12.2015	31.12.2014
Depreciation of tangible assets	(59,902)	(60,654)
Amortization of intangible assets	(3,826)	(2,927)
Other write-downs of fixed assets	(2,309)	(1,728)
Write-downs and provisions	(30,716)	(23,337)
Total	(96,753)	(88,646)

For more details on the amortization and depreciation items, please refer to the movement of tangible and intangible assets shown in Appendices 3 and 4.

With reference to the item "Write-downs and provisions", on the other hand, please note that as pointed out in the paragraph "Provisions for liabilities and charges", in 2015 6.3 million Euro were allocated for an INPS claim regarding joint liability towards a contractor.

The same item was also affected by greater charges for provisions for liabilities to cover personnel cases and for write-downs on assets to adjust them to their fair value.

33. Financial (Income)/Charges

(Euro/000)	31.12.2015	31.12.2014
Net exchange rate differences	(11,989)	1,419
Income (Charges) from management of derivatives	(245)	(4,874)
Net financial Income (Charges)	(20,898)	(48,986)
Total	(33,132)	(52,441)

Exchange rate differences

(Euro/000)	31.12.2015	31.12.2014
Realized exchange rate profits	18,767	19,364
Realized exchange rate losses	(18,919)	(16,958)
Unrealized exchange rate profits	31,171	22,495
Unrealized exchange rate losses	(39,685)	(21,060)
Realized income from management of exchange rate derivatives	4,192	2,042
Evaluated income from management of exchange rate derivatives	4,758	2,141
Realized charges from management of exchange rate derivatives	(10,627)	(5,560)
Evaluated charges from management of exchange rate derivatives	(1,646)	(1,045)
Total	(11,989)	1,419

The net exchange rate valuation differences refer to the valuation of balances in the statement of assets and liabilities in foreign currencies to the existing exchange rates at the end of the financial year.

Income (Charges) from management of derivatives

(Euro/000)	31.12.2015	31.12.2014
Realized Charges from management of derivatives	(245)	(4,408)
Valuation Income from management of derivatives	-	(466)
Total	(245)	(4,874)

Net financial Income (Charges)

(Euro/000)	31.12.2015	31.12.2014
Financial Income (Charges) due to controlling companies	62	20
<i>Financial income</i>		
- Bank interest receivable	198	585
- Other financial income	4,099	3,122
Total financial income	4,297	3,707
<i>Financial charges</i>		
- Interest payable on loans	(5,369)	(21,558)
- Interest payable on factoring	(2,487)	(3,843)
- Interest payable on current accounts and others	(8,358)	(15,494)
- Other bank charges	(488)	(4,110)
- Other sundry charges	(8,555)	(7,708)
Total financial charges	(25,257)	(52,713)
Total	(20,898)	(48,986)

As also mentioned in the Directors' Report, the decrease in financial charge compared to the previous year benefitted from both the reduced debt and a positive interest rate trend that reduced the cost of money.

34. Income taxes

(Euro/000)	31.12.2015	31.12.2014
IRES	(41,885)	(41,094)
IRAP	(9,450)	(11,401)
Net deferred tax assets/liabilities	9,518	5,109
Total	(41,817)	(47,386)

Income taxes benefited from a reduction of current taxes and an adjustment of deferred taxes.

The first benefit is mostly tied to the greater IRAP deductibility of the personnel cost, while the second is connected with the reduction in the IRES rate of 3.5 percentage points that was introduced by the recent Stability Law that will be applied starting from 2017.

This latter adjustment generated a positive effect on the income statement that totalled 5.1 million Euro.

Other information

Pursuant to the law the total fees due to the directors, members of the Board of Statutory Auditors and independent auditors, where applicable, are noted below:

- Directors/ Statutory Auditors : 6,210 thousand Euro
- Independent auditors: 1,055 thousand Euro

Subsequent events

With regard to the events subsequent to the year-end, please refer to the Directors' Report.

* * * * *

Castelvetro di Modena, 24 March 2016

THE CHAIRMAN
OF THE BOARD OF DIRECTORS
(Cav. Lav. Luigi Cremonini)

Annexes

These annexes contain information additional to that reported in the notes to the consolidated financial statements, and form an integral part thereof:

- Annex 1 - Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2015;
- Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2015;
- Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2015;
- Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2015;
- Annex 5 - List of equity investments classified under financial assets as at 31 December 2015 and others;
- Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2015 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation.

Annex I

Breakdown of receivables and payables from/to subsidiaries, associated, controlling and related companies as at 31 December 2015

(Euro/000)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	Receivables	Payables
Subsidiaries:						
Domus Italia S.r.l.in liq.	-	-	129	-	129	-
Inalca Emirates Trading	2,469	-	-	-	2,469	-
Inalca F&B Cabo Verde LDA	2,701	-	1,166	-	3,867	-
Inalca F&B Hong Kong Ltd	-	-	38	-	38	-
Parma France S.a.s.	-	3,113	1	-	1	3,113
Parma Lacombe S.a.s.	-	393	-	-	-	393
Parma Serv S.r.l.	340	384	-	-	340	384
Parma Sofrelin S.a.s.	-	46	-	-	-	46
Parma Turc S.a.s.	-	2,044	-	-	-	2,044
Parmaubrac S.a.s.	-	375	-	-	-	375
Bad debts provision	-	-	-	-	-	-
Total subsidiaries	5,510	6,355	1,334	-	6,844	6,355
Associated companies:						
Avirail S.a.s.	1,064	105	3,404	-	4,468	105
Farm Service S.r.l.	181	-	270	1	451	1
Food & Co S.r.l.	2	-	-	-	2	-
Frimo S.a.m.	-	20	841	-	841	20
Quinto Valore S.c.a.r.l.	1,291	29	-	-	1,291	29
Time Vending S.r.l.	69	-	21	-	90	-
Bad debts provision	-	-	-	-	-	-
Total associated companies	2,607	154	4,536	1	7,143	155
Related and controlling companies:						
Better African Food Ltd	-	-	342	-	342	-
LLC Soyuz Service	849	-	-	-	849	-
Twoford Holdings Ltd	-	20	-	-	-	20
Total related companies	849	20	342	-	1,191	20

Annex 2

List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2015

(Euro/000)	Trade		Other		Total	
	Revenues	Costs	Revenues	Costs	Revenues	Costs
Subsidiaries:						
Domus Italia S.r.l. in liq.	-	-	9	-	9	-
Inalca Emirates Trading	2,880	-	-	-	2,880	-
Inalca F&B Cabo Verde LDA	1,354	-	129	-	1,483	-
Parma France S.a.s.	-	18,219	4	-	4	18,219
Parma Lacombe S.a.s.	-	10,543	-	-	-	10,543
Parma Serv S.r.l.	830	874	-	-	830	874
Parma Sofreilm S.a.s.	-	46	-	-	-	46
Parma Turc S.a.s.	-	16,677	-	-	-	16,677
Parmaubrac S.a.s.	-	890	-	-	-	890
Total subsidiaries	5,064	47,249	142	-	5,206	47,249
Associated companies:						
Avirail S.a.s.	2,728	-	46	22	2,774	22
Farm Service S.r.l.	3,149	-	-	-	3,149	-
Frimo S.a.m.	-	163	53	-	53	163
Quinto Valore S.c.a.r.l.	25,025	-	5	105	25,030	105
Time Vending S.r.l.	126	-	66	-	192	-
Total associated companies	31,028	163	170	127	31,198	290
Controlling companies						
Cremofin S.r.l.	-	-	62	-	62	-
Total controlling companies	-	-	62	-	62	-
Related companies:						
Better African Food Ltd	-	3,655	-	-	-	3,655
Le Cupole S.r.l.	-	-	-	668	-	668
LLC Soyuz Service	5,364	-	-	-	5,364	-
Namsov Fishing Enterprises Ltd	-	26,805	-	-	-	26,805
NBM Trading Consulting Lda	-	9	-	195	-	204
Total related companies	5,364	30,469	-	863	5,364	31,332

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2015

(Euro/000)	Opening position			Changes over the period						Closing position			
	Initial cost	Depreciation provision	Balance at 31.12.2014	Net effects of the change in consolidation area	Acquisitions	Net decreases	Devaluation	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2015
Land and buildings	776,532	(178,743)	597,789	134	25,536	(608)	(345)	12,392	(5,773)	(21,645)	799,831	(192,351)	607,480
Plant and machinery	454,972	(335,533)	119,439	(106)	20,227	(41,64)	(614)	8,941	(732)	(27,639)	460,189	(344,837)	115,352
Industrial and business equipment	32,816	(25,782)	7,034	167	2,820	(368)	(25)	218	(71)	(2,301)	33,603	(26,129)	7,474
Other assets	109,458	(77,643)	31,815	54	16,328	(2,900)	(213)	3,555	(243)	(8,317)	115,124	(75,045)	40,079
Fixed assets under construction and advances	26,737	0	26,737	(4)	42,152	(2,634)	(194)	(25,577)	(214)	-	40,266	0	40,266
Total	1,400,515	(617,701)	782,814	245	107,063	(10,674)	(1,391)	(471)	(7,033)	(59,902)	1,449,013	(638,362)	810,651

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2015

(Euro/000)	Opening position			Changes over the period					Closing position			
	Initial cost	Amortization provision	Balance at 31.12.2014	Net effects change in consolidation area	Acquisitions	Net decreases	Reclass. Other changes	Exchange Differences	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2015
Patents and intellectual property rights	15,081	(13,649)	1,432	2	1,040	(94)	78	(13)	(963)	14,033	(12,551)	1,482
Concessions, licences, trademarks and similar rights	19,845	(6,820)	13,025	-	106	-	185	130	(936)	17,893	(5,383)	12,510
Fixed assets under development and advances	134	0	134	-	851	(63)	(258)	-	-	664		664
Other intangible assets	4,940	(4,269)	671	64	155	-	89	-	(72)	5,718	(4,811)	907
Total	40,000	(24,738)	15,262	66	2,152	(157)	94	117	(1,971)	38,308	(22,745)	15,563

Annex 5

List of equity investments classified under financial assets as at 31 December 2015 and others

(Euro/000)	Percentage	Initial value	Purchases or	Disposals	(Write-downs)	Other changes	Percentage	Final value	Notes
Company name			subscriptions		Revaluations				
Subsidiaries:									
Domus Italia S.r.l. in liq.	56.00	-	-	-	-	-	56.00	-	
Inalca F&B Holding	100.00	97	-	-	-	(97)	100.00	-	(a)
Inalca F&B Cabo Verde	95.00	95	-	(40)	-	-	55.00	55	
Inalca F&B Hong Kong	-	-	11	-	-	-	75.00	11	
Inalca Foods Nig Limited	57.00	-	-	-	-	-	57.00	-	
Inalca West Africa S.a.r.l.	90.00	91	10	(101)	-	-	90.00	-	
Italia Alimentari Canada	-	-	202	-	-	-	60.00	202	
Montana Farm S.p.zo.o.	100.00	176	-	-	-	-	100.00	176	
Parma France S.a.s.	-	-	1,622	-	-	404	51.00	2,026	
Parma Serv S.r.l.	-	-	100	-	-	-	51.00	100	
Total subsidiaries		459	1,945	(141)	0	307		2,570	
Associated companies:									
Avirail S.a.s.	49.00	725	-	-	124	(432)	49	417	
Consorzio I.R.I.S. a r.l.	37.50	4	-	-	-	-	38	4	
Farm Service S.r.l.	30.00	174	-	-	-	-	30	174	
Frimo SAM	45.30	527	-	-	-	-	45	527	
Inalca Emirates Trading	-	-	35	-	-	-	49	35	
Quinto Valore s.c.a.r.l.	50.00	45	-	-	-	-	50	45	
Parma France S.a.s.	30.40	404	-	-	-	(404)	-	-	
Time Vending S.r.l.	50.00	214	-	-	248	(140)	50	322	
Total associated companies		2,093	35	0	372	(976)		1,524	
Other companies:									
Banca Popolare Soc Coop	-	713	-	-	-	-	-	713	
Banca Popolare di Vicenza	-	1,294	50	-	(1,205)	-	-	139	
B.F. Holding S.p.A.	-	5,000	383	-	-	-	-	5,383	
Class China e Commerce S.r.l.	-	127	-	-	-	-	-	127	
Centro Agroalimentare Riminese	-	280	-	-	-	-	-	280	
Emil Banca	-	-	10	-	-	-	-	10	
Futura S.p.A.	-	963	-	-	-	-	-	963	
Gester Soc. Coop	-	-	820	-	-	-	-	820	
Nuova Campari S.p.A.	-	1,549	-	-	-	-	-	1,549	
Other companies	-	311	10	-	-	-	-	321	
Total other companies		10,237	1,273	0	(1,205)	0		10,305	
Total equity investments		12,789	3,253	(141)	(833)	(669)		14,399	

(a) Company now included in the scope of consolidation

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2015 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation

(Euro/000)		Share capital	Result for the	Shareholders'	Control	Shareholding	Portion of the		Difference	Participants at	Control	Shareholding
		(expressed in Euro, unless otherwise indicated)	financial year ended 31.12.2015	equity at 31.12.2015	share at 31.12.2015	at 31.12.2015	Book value (A)	Shareholders' Equity (B)	(B) - (A)	31.12.2015	share at 31.12.2014	at 31.12.2014
Company name		HD										Notes
Investments valued at equity:												
Associated companies:												
Avira! S.a.s.	Paris (France)	100,000	254	851	49.00%	42.11%	417	359	(58)	Cremonini Restauration S.a.s.	49.00%	42.11%
Quinto Valore s.c.a.r.l.	Reggio Emilia	90,000	-	90	50.00%	35.80%	45	32	(13)	INALCA S.p.A.	50.00%	35.80%
Time Vending S.r.l.	Castelvetro di Modena	100,000	495	643	50.00%	50.00%	322	322	(1)	Chef Express S.p.A.	50.00%	50.00%
Investments valued at cost:												
Subsidiaries												
Domus Italia S.r.l. in liq.	Magnago (Milan)	50,000	(50)	44	56.00%	28.07%	-	12	12	Inalca Food & Beverage S.r.l.	56.00%	28.07% (b)
Inalca F&B Cabo Verde	Isla do Sal (Cabo Verde)	100,000	(1,522)	97	55.00%	27.57%	55	27	(28)	Inalca Food & Beverage S.r.l.	-	- (a)(b)
Inalca F&B Hong Kong	Hong Kong	HKD 10,000	-	nd	75.00%	37.59%	11	nd	nd	Inalca Food & Beverage S.r.l.	-	- (a)
Inalca Foods Nig Limited	Benin City (Nigeria)	Naira 10,000,000	nd	nd	57.00%	40.81%	-	nd	nd	INALCA S.p.A.	57.00%	40.81% (a)(b)
Inalca West Africa S.a.r.l.	Dakar (Senegal)	CFA 66,000,000	199	25	90.00%	64.44%	-	nd	nd	INALCA S.p.A.	90.00%	64.44% (a)(b)
Inalca Alimentari Canada Ltd	Brampton (Canada)	CAD 500,000	nd	nd	60.00%	42.96%	202	nd	nd	Italia Alimentari S.p.A.	-	-
Montana Farm Sp.zo.o.	Platyny (Polonia)	Zloty 3,3394,000	6	60	100.00%	71.60%	176	43	(133)	Italia Alimentari S.p.A.	100.00%	71.60% (a)(b)
Parma France S.a.s.	St Didier au Mont d'or (Francia)	1,000,000	193	3,032	51.00%	36.52%	2,026	1,107	(919)	INALCA S.p.A.	30.40%	21.77%
Parma Serv S.r.l.	Parma	10,000	6	28	51.00%	36.52%	100	10	(90)	INALCA S.p.A.	-	-
Associated companies:												
Consorzio I.R.I.S. a r.l.	Bolzano	10,000	8	16	37.50%	37.50%	4	6	2	Interjet S.r.l.	37.50%	37.50% (c)
Farm Service S.r.l.	Reggio Emilia	500,000	(177)	1,041	30.00%	21.48%	174	224	50	INALCA S.p.A.	30.00%	21.48% (b)
Frimo SAM	Principality of Monaco	150,000	152	1,204	45.30%	32.43%	527	391	(136)	INALCA S.p.A.	45.30%	32.43% (b)
Inalca Emirates Trading	Abu Dhabi	nd			49.00%	35.08%	35	nd	nd	INALCA S.p.A.	-	-

NOTES

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies / (b) The figures refer to 31 December 2014, the last financial statements available/ (c) The figures refer to 31 December 2008, the last financial statements available.

Continued: Annex 6

(thousands Euro)		Share capital	Result for the	Shareholders'	Control	Shareholding	Consolidation	Participants at	Control	Shareholding	Notes
Company name	HQ	(expressed in Euro, unless otherwise indicated)	financial year ended 31.12.14	equity at 31.12.15	share at 31.12.2015	at 31.12.2015			share at 31.12.2014	at 31.12.2014	
Companies consolidated on a line-by-line basis:											
Alisurget S.r.l. in liquidazione	Santarcangelo di Romagna (RN)	10,000	257	459	100.00%	50.42%	Line by line	MARR: 97% Sfera: 3%	100.00%	50.42%	
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	516,000	2,395	5,981	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Avirail Italia S.r.l.	Milan	100,000	15	315	510.00%	510.00%	Line by line	Chef Express S.p.A.	510.00%	510.00%	
Baldini Adriatica Pesca S.r.l.	Santarcangelo di Romagna (RN)	10,000	50	72	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Bell Cami s.r.l.	Stienta (RO)	90,000	(25)	66	66.67%	47.73%	Line by line	INALCA S.p.A.	66.67%	47.73%	
Capo d'Orlando Cami S.r.l.	Messina	10,000	17	454	100.00%	716.00%	Line by line	INALCA S.p.A.	100.00%	716.00%	
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	10,268	23,496	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Chef Express Eurasia	Moscow (Russia)	RUR 1,000,000	(58)	(37)	100.00%	100.00%	Line by line	Chef Express UK99%Kaskad:1%	-	-	(a)(b)
Chef Express Shanghai	Shanghai (China)	CNY 6.616.690	(374)	193	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	(a)
Chef Express Tren İci Hizmetleri A.Ş.	Istanbul (Turkey)	TRY 50,000	(57)	(38)	60.00%	60.00%	Line by line	Chef Express S.p.A.	-	-	(a)(b)
Chef Express UK Ltd.	London (United Kingdom)	GBP 80,000	1,085	1,195	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	(a)
Cremonini Chef Iberica S.A.	Madrid (Spain)	1,500,012	(242)	1,157	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Cremonini Restauration S.a.s.	Paris (France)	1,500,000	249	3,131	86.00%	86.00%	Holding	Chef Express S.p.A.	86.00%	86.00%	
Cremonini S.p.A.	Castelvetro di Modena (MO)	67,073,932	32,425	221,712			Line by line				
Dispal CI	Abidjan (Ivory Coast)	FCFA 744.500.044	(140)	730	99.00%	70.88%	Line by line	INALCA S.p.A.	99.00%	70.88%	
Fiorani & C. S.p.A.	Piacenza	500,000	605	2,676	510.00%	36.52%	Line by line	INALCA S.p.A.	510.00%	36.52%	
Gabf Holdings Limited	London (United Kingdom)	GBP 7,880,953	241	(2,205)	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	(a)
Ges.Car. S.r.l.	Castelvetro di Modena (MO)	500,000	(5,446)	(2,871)	100.00%	716.00%	Line by line	INALCA S.p.A.	80.00%	57.28%	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	94	405	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Global Service Logistics S.r.l. in liquidazione	Castelvetro di Modena (MO)	90,000	4	61	100.00%	100.00%	Line by line	Global Service S.r.l.	100.00%	100.00%	
Guardamiglio S.r.l.	Piacenza	4,135,000	1,045	13,068	100.00%	716.00%	Line by line	INALCA S.p.A.	100.00%	716.00%	
INALCA S.p.A.	Castelvetro di Modena (MO)	87,017,167	20,932	395,981	716.00%	716.00%	Line by line	Cremonini S.p.A.	716.00%	716.00%	
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 4,772,730.050	2,740	52,409	99.90%	715.3%	Line by line	INALCA S.p.A.	99.90%	715.3%	(a)
Inalca Algerie S.a.r.l.	Algeri (Algeria)	DA 500,000,000	(1290)	3,901	70.00%	50.12%	Line by line	INALCA S.p.A.	70.00%	50.12%	(a)
Inalca Brazzaville S.a.r.l.	Brazzaville (Congo Rep.)	2,715	2,135	4,102	55.00%	39.38%	Line by line	INALCA S.p.A.	55.00%	39.38%	(a)
Inalca Eurasia Holding Gesmbh	Vienna (Austria)	35,000	(13)	120,894	60.00%	42.96%	Line by line	INALCA S.p.A.	60.00%	42.96%	(a)(b)
Inalca Food & Beverage S.r.l.	Modena	30,000	(353)	(323)	70.00%	50.12%	Line by line	INALCA S.p.A.	70.00%	50.12%	
Inalca Food & Beverage Holding Inc (USA)	Dover (USA)	USD 120,000	(140)	110	100.00%	50.12%	Line by line	Inalca Food & Beverage Srl	-	-	(a)(b)
Inalca Food & Beverage North America Lc	New York (USA)	USD 200,000	24	39	60.00%	30.07%	Line by line	Inalca Food & Beverage Holding Inc (-	-	(a)(b)
Inalca Food & Beverage Ltd (Thailand)	Samutprakarn (Thailand)	THB 100,000,000	368	2,905	99.90%	50.07%	Line by line	Inalca Food & Beverage Srl	-	-	(a)(b)
Inalca Kinshasa S.p.r.l.	Kinshasa (Congo Rep.)	USD 2,700,000	883	8,315	55.00%	39.38%	Line by line	INALCA S.p.A.	55.00%	39.38%	(a)
Industria Alimentar Carnes de Mocambique Ltd	Maputo (Mocambique)	MZN 390,000,000	(111)	9,976	60.00%	42.96%	Line by line	INALCA S.p.A.	100.00%	716.00%	(a)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 900,000	253	2,542	99.00%	70.88%	Line by line	INALCA S.p.A.	99.00%	70.88%	(a)
Interjet S.r.l.	Castelvetro di Modena (MO)	2,500,000	(623)	2,612	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Italia Alimentari S.p.A.	Bussato (PR)	40,248,000	1,268	58,12	100.00%	716.00%	Line by line	INALCA S.p.A.	100.00%	716.00%	
Kaskad L.L.C.	Moscow (Russia)	Rubli 3,028,105,232	309	42,845	100.00%	42.96%	Line by line	Inalca Eurasia Holding Gesmbh	100.00%	42.96%	(a)
Lounge Services S.a.s.	Paris (France)	40,000	6	55	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Marr Foodservice Iberica S.A.U.	Madrid (Spain)	600,000	(3)	410	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Marr Russia L.L.C.	Moscow (Russia)	Rubli 100,000,000	2,456	22,250	75.00%	53.70%	Line by line	Kaskad L.L.C.	75.00%	32.22%	(a)
MARR S.p.A.	Rimini	33,262,560	56,484	266,773	50.42%	50.42%	Line by line	Cremonini S.p.A.	50.42%	50.42%	
Momentum Services Ltd.	Birmingham (United Kingdom)	269,258	1,832	2,999	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Montana GMBH	Munaco (Germany)	25,000	22	1	100.00%	100.00%	Line by line	Italia Alimentari S.p.A.	100.00%	100.00%	
New Catering S.r.l.	Santarcangelo di Romagna (RN)	33,900	1,252	4,043	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Orenbeef L.L.C.	Orenburg (Russia)	Rubli 660,000,000	(1,688)	13,636	100.00%	716.00%	Line by line	Kaskad L.L.C.	100.00%	42.96%	(a)
Pappabuona.com S.r.l.	Piacenza	60,000	(63)	27	60.00%	30.07%	Line by line	Inalca Food & Beverage S.r.l.	-	-	(b)
Principis S.a.s.	Paris (France)	200,000	(226)	(103)	510.00%	510.00%	Line by line	Chef Express S.p.A.	510.00%	510.00%	
Rail Express Services BV	Amsterdam (Holland)	100,000	(1)	80	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Railrest S.A.	Bruxelles (Belgium)	500,000	741	1,520	510.00%	510.00%	Line by line	Chef Express S.p.A.	510.00%	510.00%	
Realbeef S.r.l.	Flumeri (AV)	300,000	(654)	(333)	510.00%	36.52%	Line by line	INALCA S.p.A.	510.00%	36.52%	
Roadhouse Grill Italia S.r.l.	Castelvetro di Modena (MO)	20,000,000	1,154	23,890	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	
Roadhouse Grill Roma S.r.l.	Castelvetro di Modena (MO)	1,200,000	(80)	870	55.00%	55.00%	Line by line	Roadhouse Grill Italia S.r.l.	55.00%	55.00%	
Sara S.r.l.	Castelvetro di Modena (MO)	100,000	(166)	151	100.00%	716.00%	Line by line	INALCA S.p.A.	100.00%	716.00%	
Sfera S.p.A.	Santarcangelo di Romagna (RN)	220,000	559	1,040	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Società Agricola Corticella S.r.l.	Spillamberto (MO)	5,000,000	3,772	17,201	100.00%	716.00%	Line by line	INALCA S.p.A.	100.00%	716.00%	
TECNO-STAR DUE S.r.l.	Castelvetro di Modena (MO)	10,400	21	341	60.00%	42.96%	Line by line	INALCA S.p.A.	60.00%	42.96%	
Zakłady Mięsne Soch. Sp.zo.o.	Warsaw (Poland)	Zloty 1,800,000	(294)	871	99.95%	71.56%	Line by line	INALCA S.p.A.	90.00%	64.44%	(a)

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. / (b) Subsidiary consolidated starting from 2015



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Independent auditor's report

in accordance with articles 14 and 16 of Legislative Decree n. 39, dated 27 January 2010
and to art. 165-bis of Legislative Decree n. 58 dated 24 February 1998
(Translation from the original Italian text)

To the Shareholders of Cremonini S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Cremonini Group, which comprise Statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated comprehensive income statement, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other related explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors of Cremonini S.p.A. are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with article 11, paragraph 3 of Legislative Decree n. 39, dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Cremonini Group as at 31 December 2015, and of its financial performance and its cash flows for the

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year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement article 9 of Legislative Decree n. 38, dated 28 February 2005.

Report on other legal and regulatory requirements

Opinion on the consistency of the Directors' Report with the consolidated financial statements

We have performed the procedures required under audit standard SA Italia n. 720B in order to express an opinion, as required by the law, on the consistency of the Directors' Report with the consolidated financial statements. The Directors of Cremonini S.p.A. are responsible for the preparation of the Directors' Report in accordance with the applicable laws and regulations. In our opinion the Directors' Report is consistent with the consolidated financial statements of Cremonini Group as at 31 December 2015.

Bologna, 13 April 2016
Reconta Ernst & Young S.p.A.
Signed by: Andrea Nobili, partner

This report has been translated into the English language solely for the convenience of international readers.