FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2016

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 2016

CREMONINI S.p.A.

PRODUCTION

Beef

- INALCA S.p.A. 71.6%
- Soc.Agr.Corticella S.r.l. 100%
- Ges.Car. S.r.l. 100%
- Guardamiglio S.r.l. 100%
- Inalca Algerie S.a r.l. 70%
- Inter Inalca Angola Ltda. 99%
- Inalca Kinshasa S.p.r.l. 55%
- Inalca Brazzaville S.a.r.l. 55%
- Inalca Angola Ltda. 84.98%
- Sara S.r.l. 100%
- Inalca Eurasia Hold. Gesmbh 60%
- Kaskad L.l.c. 100%
- Orenbeef L.l.c. 100%
- Marr Russia L.l.c. 75%
- Zaklady Miesne Sochocin Spolka L.l.c. 99.95%
- Realbeef S.r.l. 51%
- Fiorani & C. S.p.A. 51%
- Tecno-Star Due S.r.l. 60%
- Inalca Mocambique Lda. 60%
- Bell Carni S.r.l. 66.7%
- Dispal CI S.a.r.l. 99%
- Capo d'Orlando Carni S.r.l. 100%
- Parma Serv S.r.l. 51%
- Parma France S.a.s. 51%
- Parmaubrac S.a.s. 51%
- Parma Lacombe S.a.s. 70%
- Parma Turc S.a.s. 51%
- Valtenna Carni S.r.l. in liq. 100%
- Inalca Food & Beverage S.r.l. 70%

- Inalca F&B Thailand Ltd. 99.9%
- Pappabuona.com S.r.l. 60%
- Inalca F&B Hong Kong Ltd 75%
- Inalca F&B (Cabo Verde) Lda 55%
- Itaus Pty Ltd 60%
- Modena Corporation Pty Ltd 100%
- Fresco Gourmet Pty Ltd 60%
- Inalca F&B Holding Inc. 100%
- Inalca F&B North America Llc 60%
- Comit S.L. 60%
- Hosteria Butarelli S.L. 100%
- Tecali S.L. 62.81%

Cured meat & Snacks

- Italia Alimentari S.p.A. 100%
- Montana Alimentari GMBH 100%

DISTRIBUTION

Foodservice

- MARR S.p.A. 50.42%
- Marr Foodservice Iberica S.A.U. 100%
- As. Ca. S.p.A. 100%
- New Catering S.r.l. 100%
- De.Al S.r.l. 100%

CATERING

On board

- Chef Express S.p.A. div. "ristoraz ferroviaria" 100%
- Cremonini Restauration S.a.s. 100%
- Avirail Italia S.r.l. in liquidaz. 51%
- Railrest S.A. 51%
- Cremonini Chef Iberica S.A. 100%
- Chef Express UK Ltd. 100%
- Lounge Services S.a.s. 100%
- Momentum Services Ltd. 100%
- Chef Express Eurasia L.l.c. 100%
- Alliance Express L.l.c. 51%
- Global Service Logistics S.r.l in liquidazione 100%
- Chef Express Tren Ici Hizmetleri A.S 60%

Under contract

- Chef Express S.p.A. Div "rist. in concessione" 100%
- Gabf Holdings Ltd. 100%
- Chef Express Shanghai 100%

Commercial

- Roadhouse S.p.A. 100%
- Roadhouse Grill Roma S.r.l. 55%
- Princeps S.a.s. 100%

CENTRALIZED ACTIVITIES

- Global Service S.r.l. 100%
- Interjet S.r.l. 100%

CORPORATE BODIES OF CREMONINI S.p.A.

Board of Directors

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

Board of Statutory Auditors

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

Independent Auditors	PricewaterhouseCoopers S.p.A.

DIRECTORS' REPORT

Introduction

The financial statements as at 31 December 2016, 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 2016 financial year

Cremonini Group recorded revenues of 3,701.5 million Euro in the 2016 financial year, compared to 3,372.3 in 2015, an increase of 329.2 million Euro (+9.8%) mainly attributable to the inclusion of some companies in the scope of the consolidation and the acquisition of business branches operating in the production and distribution sectors.

Specifically, compared to 2015, the following changes occurred:

- the Parma France Group, operating in marketing livestock in France, the control of which was acquired at the end of December 2015 and that was included in the scope of the consolidation from 1 January 2016;
- DE.AL. S.r.l., acquired and consolidated commencing from 4 April 2016, operating in the distribution sector;
- on 1 May 2016 the business branches of Unipeg Soc. Coop. Agr. and Assofood S. p. A., active in the slaughtering, processing and marketing of beef in Italy as well as pork processing;
- on 7 June 2016, 60% of ITAUS Pty Ltd and 60% of Fresco Gourmet Pty Ltd was acquired; these companies operate in Australia and specialise in the distribution of the typical *Made in Italy* food products;
- in November 2016, 60% of Grupo Comit was acquired, this company is a leader in the distribution of food products in the Canary Islands.

The gross operating margin amounted to 270.6 million Euro compared to 264.1 in 2016, an increase of 6.5 million Euro (+2.4%), and the operating result was 172.7 million Euro compared to 167.4 in 2015, up by 5.3 million Euro (3.2%).

The result from normal operations was 145.5 million Euro, an increase of 11.2 million Euro compared to 134.2 million Euro in 2015 (8.4%). It was influenced by the reduction of 4.5 million Euro in financial charges resulting from the reduced interest rates applied to the Group.

The pre-tax profit was also up from 135.3 million Euro in 2015 to 143.8 million Euro in 2016 suffered from 2.4 million Euro of non-recurring charges related to the reorganisation of the companies and newly acquired business branches, while non-recurring income of 1.7 million Euro was recognised in 2015 related to the balance of price (plus interest) from the disposal of the Alisea shares.

Lastly, the net profit was 51.4 million Euro compared to 55.1 million for the same period of 2015.

Shown below are the summarized schedules of the financial and equity figures for 2016, compared with the consolidated financial statements for the period ended on 31 December 2015. 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 2016	Year 2015*	Change %
Total revenues	**3,701,466**	**3,372,263**	**9.76**
Changes in inventories of work in progress, semi-finished and finished goods	(4,439)	17,491	
Value of production	**3,697,027**	**3,389,754**	**9.06**
Cost of production	(3,069,490)	(2,803,701)	
Value added	**627,537**	**586,053**	**7.08**
Personnel costs	(356,967)	(321,924)	
Gross operating margin [(a)]	**270,570**	**264,129**	**2.44**
Amortization, depreciation and write-downs	(97,881)	(96,753)	
Operating income [(b)]	**172,689**	**167,376**	**3.17**
Net financial income (charges)	(27,197)	(33,132)	
Profit from ordinary activities	**145,492**	**134,244**	**8.38**
Net income (charges) from investments	719	(679)	
Net extraordinary financial income (charges)	(2,421)	1,742	
Result before taxes	**143,790**	**135,307**	**6.27**
Income taxes for the financial year	(50,993)	(41,817)	
Result before minority interests	**92,797**	**93,490**	**(0.74)**
(Profit) Loss attributable to minority interests	(41,407)	(38,361)	
Net profit attributable to the Group	**51,390**	**55,129**	**(6.78)**

*It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour to "Personnel costs"

Consolidated Balance Sheet

(Euro/000)	31.12.2016	31.12.2015*	Change %
Intangible assets	220,455	165,450	
Tangible assets	941,480	810,651	
Equity investments and other financial assets	21,923	19,495	
Total fixed assets	**1,183,858**	**995,596**	**18.91**
Trade net working capital			
- Trade receivables	562,817	494,525	
- Inventories	407,084	390,975	
- Trade payables	(560,810)	(483,466)	
Total trade net working capital	409,091	402,034	
Other current assets	96,483	90,436	
Other current liabilities	(94,162)	(82,086)	
Net working capital	**411,412**	**410,384**	**0.25**
Staff Severance Indemnity Provision and other m/l term provisions	**(94,002)**	**(93,195)**	
Net invested capital	**1,501,268**	**1,312,785**	**14.36**
Shareholders' Equity attributable to the Group	490,670	443,833	
Shareholders' Equity attributable to minority interests	304,457	267,345	
Total Shareholders' Equity	**795,127**	**711,178**	**11.80**
Net medium/long-term debt	591,582	510,492	
Net short-term debt	114,559	91,115	
Net debt	**706,141**	**601,607**	**17.38**
Net equity and net debt	**1,501,268**	**1,312,785**	**14.36**

* Regarding 2015 equity information it is noted that, for a better representation of the IAS 12 "income taxes" standard rules relative to set-off of the deferred taxation, the Group considered it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 14 million as at 31 December 2015.

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)	**31.12.2016**	30.09.2016	30.06.2016	31.12.2015
Payables to banks, bonds and other financial institutions				
- due within 12 months	(362,292)	(472,439)	(438,571)	(287,372)
- due between 1 and 5 years	(497,863)	(423,577)	(401,402)	(435,378)
- due beyond 5 years	(93,719)	(73,597)	(74,037)	(75,114)
Total payables to banks, bonds and other financial institutions	**(953,874)**	**(969,613)**	**(914,010)**	**(797,864)**
Liquidity				
- cash and cash equivalents	238,730	284,433	211,613	183,416
- other financial assets	9,003	5,361	5,211	12,841
Total liquidity	**247,733**	**289,794**	**216,824**	**196,257**
Total net debt	**(706,141)**	**(679,819)**	**(697,186)**	**(601,607)**

The Group's net debt as at 31 December 2016 amounted to 706.1 million Euro, up by 104.5 million Euro compared to 601.6 million Euro as at 31 December 2015.

The net debt for the financial year was influenced by various factors that altered the comparability with previous periods. Among these the increase of the debt consequent to the acquisitions totalling over 136.5 million Euro is noted specifically, of which the more significant were:

- the acquisition of the Unipeg Soc. Coop. Agr. and Assofood S.p.A. business branches that resulted in an increase in the debt of 64.7 million Euro;
- the acquisition of DE.AL. S.r.l. that resulted in an increase in the debt of 44.7 million Euro;
- the inclusion in the scope of the consolidation of the Parma France Group that resulted in an increase in the debt of 12.7 million Euro;
- the acquisition of 60% of Grupo Comit (Canaries) that resulted in an increase in the debt of 5 million Euro;
- the acquisition of 60% of the Australian companies ITAUS Pty Ltd and Fresco Gourmet Pty Ltd that resulted in an increase in the debt of 2 million Euro;
- the finalization of the binding agreement for acquisition of 100% of Speca Alimentari S.r.l. that resulted in, considering both the payments on account and the residual debt, an increase in the debt of 7.4 million Euro.

The operational cash generation more than compensated the investments made in the period of 111.3 million and the distribution of dividends of 22.3 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 2016**	Year 2015	Change total value	Change %
Production				
Net revenues	1,686,018	1,406,814	279,204	19.85
Intercompany revenues	74,730	66,149		
Total revenues	1,760,748	1,472,963	287,785	19.54
Gross operating margin	119,095	111,984	7,111	6.35
Amortization, depreciation and write-downs	(52,712)	(51,898)	(814)	1.57
Operating profit (loss)	66,383	60,086	6,297	10.48
Distribution				
Net revenues	1,501,613	1,451,320	50,293	3.47
Intercompany revenues	42,784	29,723		
Total revenues	1,544,397	1,481,043	63,354	4.28
Gross operating margin	110,955	105,677	5,278	4.99
Amortization, depreciation and write-downs	(17,455)	(15,827)	(1,628)	10.29
Operating profit (loss)	93,500	89,850	3,650	4.06
Catering				
Net revenues	511,267	510,997	270	0.05
Intercompany revenues	405	274		
Total revenues	511,672	511,271	401	0.08
Gross operating margin	42,449	49,527	(7,078)	(14.29)
Amortization, depreciation and write-downs	(24,738)	(26,845)	2,107	(7.85)
Operating profit (loss)	17,711	22,682	(4,971)	(21.92)
Holding company property and centralize				
Net revenues	2,569	3,132	(563)	(17.98)
Intercompany revenues	9,208	7,431		
Total revenues	11,777	10,563	1,214	11.49
Gross operating margin	(1,929)	(3,059)	1,130	(36.94)
Amortization, depreciation and write-downs	(2,976)	(2,183)	(793)	36.33
Operating profit (loss)	(4,905)	(5,242)	337	(6.43)
Consolidation adjustment				
Total revenues	*(127,128)*	*(103,577)*		
Gross operating margin				
Amortization, depreciation and write-downs				
Operating profit (loss)	*0*	*0*		
Total				
Total revenues	3,701,466	3,372,263	329,203	9.76
Gross operating margin	270,570	264,129	6,441	2.44
Amortization, depreciation and write-downs	(97,881)	(96,753)	(1,128)	1.17
Operating profit (loss)	172,689	167,376	5,313	3.17

The Group's total revenues, if compared with the same period of 2015, are up by 329.2 million Euro. In detail, production was up by the 287.8 million Euro, distribution increased by 63.4 million, and catering are up by 0.4 million.
The consolidated gross operating margin was up by 6.5 million Euro: Production was up by 7.1 million, distribution was up by 5.3 million Euro and catering was down by 7.1 million.

Lastly, the consolidated operating result was up by 5.3 million Euro, with production achieving an increase of 6.3 million, distribution growth of 3.7 million, and catering down by 5.0 million.

Breakdown of revenues from sales and services by geographic area

Year 2016 - (Euro/000)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	958,785	57.4	1,364,089	93.4	393,110	78.2	1,719	100.0	2,717,703	74.8
European Union	226,966	13.6	59,327	4.1	106,280	21.1	-	-	392,573	10.8
Extra-EU countries	483,299	29.0	36,757	2.5	3,293	0.7	-	-	523,349	14.4
Total	1,669,050	100.0	1,460,173	100.0	502,683	100.0	1,719	100.0	3,633,625	100.0

Year 2015 - (Euro/000)	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	707,051	50.9	1,299,991	92.1	359,124	72.9	2,354	100.0	2,368,520	71.9
European Union	197,130	14.2	79,674	5.7	132,814	27.0	-	-	409,618	12.4
Extra-EU countries	483,769	34.9	31,241	2.2	717	0.1	-	-	515,727	15.7
Total	1,387,950	100.0	1,410,906	100.0	492,655	100.0	2,354	100.0	3,293,865	100.0

Consolidated Balance Sheet structure by business sector

As at 31 December 2016 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	34,579	136,057	49,784	35	-	220,455
Tangible assets	588,022	62,815	205,682	84,961	-	941,480
Equity investments and other financial assets	16,944	2,077	1,776	1,126	-	21,923
Total fixed assets	**639,545**	**200,949**	**257,242**	**86,122**	**0**	**1,183,858**
Trade net working capital						
- Trade receivables	189,528	362,399	30,849	3,704	(23,663)	562,817
- Inventories	252,461	142,278	12,276	1	68	407,084
- Trade payables	(212,700)	(269,733)	(95,935)	(6,930)	24,488	(560,810)
Total trade and net working capital	**229,289**	**234,944**	**(52,810)**	**(3,225)**	**893**	**409,091**
Other current assets	25,979	52,086	19,957	4,711	(6,250)	96,483
Other current liabilities	(45,309)	(14,019)	(32,830)	(7,361)	5,357	(94,162)
Net working capital	**209,959**	**273,011**	**(65,683)**	**(5,875)**	**0**	**411,412**
Staff Severance Indemnity Provision and other m/l-term provisions	**(65,981)**	**(25,076)**	**(9,198)**	**6,253**	**-**	**(94,002)**
Net invested capital	**783,523**	**448,884**	**182,361**	**86,500**	**0**	**1,501,268**

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**
Trade net working capital						
- 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	(169)	(9,728)	90,436
Other current liabilities	(26,982)	(12,714)	(38,684)	(12,937)	9,231	(82,086)
Net working capital	**191,957**	**284,411**	**(49,708)**	**(16,276)**	**0**	**410,384**
Staff Severance Indemnity Provision and other m/l-term provisions	**(67,507)**	**(21,855)**	**(10,894)**	**7,061**	**-**	**(93,195)**
Net invested capital	**646,966**	**422,126**	**164,934**	**78,759**	**0**	**1,312,785**

* Regarding 2015 equity information it is noted that, for a better representation of the IAS 12 "income taxes" standard rules relative to set-off of the deferred taxation, the Group considered it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 14 million as at 31 December 2015.

Net consolidated debt broken down by sector

As at 31 December 2016 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(146,785)	(118,559)	(36,315)	(60,633)	(362,292)
- due between 1 and 5 years	(232,511)	(145,697)	(78,013)	(41,642)	(497,863)
- due beyond 5 years	(22,456)	(31,226)	(39,432)	(605)	(93,719)
Total payables to banks, bonds and other financial institutions	**(401,752)**	**(295,482)**	**(153,760)**	**(102,880)**	**(953,874)**
Liquidity					
- cash and cash equivalents	76,881	114,160	37,251	10,438	238,730
- other financial assets	6,354	919	1,730	-	9,003
Total liquidity	**83,235**	**115,079**	**38,981**	**10,438**	**247,733**
Securitization and internal treasury current accounts	**2,893**	**2,930**	**2,081**	**(7,904)**	**0**
Total net debt	**(315,624)**	**(177,473)**	**(112,698)**	**(100,346)**	**(706,141)**

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)**

The operating sectors of the Group

Production

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

a) Beef and meat - based products

Company	Business carried out
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.ar.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. S.p.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 Modena n. 53 - 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.
INALCA FOOD & BEVERAGE LTD (Thailand) Amphur no.333/2 Moo 9 Tambol Bangpla – The Bangplee, Samutprakarn- Thailand	Company whose purpose is to distribute Italian food products in Thailand.
PAPPABUONA.COM S.r.l. Via Bertolini Donnino, 29 - Piacenza	Wholesale trade of foodstuffs with sales area in Europe and the Far East.
PARMA FRANCE S.A.S. 13 rue Claude Chappe, Le Parc de Crécy 69370 St - Didier au Mont d'or	Sub-holding of the Parma France Group that markets livestock in France.
PARMA SERV S.R.L. Viale Solferino 11- Parma	Markets livestock in Italy provides services to Parma France and the latter's subsidiaries.
PARMA TURC S.A.S. Ambronay – France	Markets livestock in France..
PARMA LACOMBE S.A.S. La Trémlolière 15600 St Santin de Maurs - France	Markets livestock in France.
PARMAUBRAC S.A.S. Le Bourg 48720 Malbouzon - France	Markets livestock in France.
INALCA FOOD & BEVERAGE HONG KONG LTD 2301, 23/F Chinachem Hollywood Centre 1-13 ,Hollywood Rd, Hong Kong	Company having the wholesale sale of Italian food products in Hong Kong as its purpose.
INALCA FOOD & BEVERAGE LDA (CABO VERDE) Rua Amilca Cabra, 1°Andar do Predio Argos - Santa Maria - Ilha do Sal - Cape Verde	Company having the distribution of Italian food products in Cape Verde as its purpose.
VALTENNA CARNI S.R.L. in liquidation Via della Costituente 1, Fermo	Company forming part of the Assofood S.p.A. business division and placed in liquidation commencing from 3 June 2016. Managed the rented Salerno factory.
ITAUS PTY LTD 90, Arthur Street - North Sidney - Australia	Company having the distribution of retail food products in Australia as its purpose.
FRESCO GOURMET PTY LTD 90, Arthur Street - North Sidney - Australia	Company having the distribution of food products to foodservice in Australia as its purpose.
COMIT - COMERCIAL ITALIANA DE ALIMENTACION S.L. Calle Peres Galdòs s/n, San Isidro - Granadilla de Albona – Tenerife	Company having the distribution of food products to foodservice in the Canary islands as its purpose.
HOSTERIA BUTARELLI S.L. Calle Herraje s/n, nave 29, Poligono Industrial de Arinaga - Agiunes - Grand Canaries	Company producing fresh pasta located in the Canary islands.
TECALI S.L. Camino Real de la Oratava 215,El Ortigal – La Laguna – Tenerife	Company producing mozzarella and fresh cheeses located in the Canary islands.
MODENA CORPORATION PTY LTD Mazars (NSW) PTY Ltd Level 12 90 Arthur Street North Sidney NSW 2060	Company controlled by ITAUS used for a new warehouse construction

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- Munich –Germany	Marketing of food products (cured meats and delicatessen).

Breakdown of revenues by activity (Euro/000)	**Year 2016**	**Year 2015**	*Chg. %*
Beef and meat-based products	1,639,590	1,352,031	*21.27*
- intercompany revenues	(16,134)	(16,732)	
Net total	**1,623,456**	**1,335,299**	
Cured meats and gastronomy/snack food	141,903	140,627	*0.91*
- intercompany revenues	(4,611)	(2,963)	
Net total	**137,292**	**137,664**	
Total Production	**1,760,748**	**1,472,963**	***19.54***

The production sector revenues were 1,760.7 million Euro, up compared to 1,473.0 in 2015. The gross operating margin increased from 112.0 million Euro to 119.1 million, up by 7.1 million Euro and the operating result increased from 60.1 to 66.4 million Euro up by 6.3 million.

The beef business

The overall macroeconomic scenario does not appear significantly changed compared to the end of last year and remains particularly complex. The meat segment continues to be in crisis due to a combination of various factors related to economic stagnation.

The beef market remains characterised by a tendency of decrease in consumption. This fall, already experienced in the past, is also confirmed by a recent ISMEA study on Nielsen figures, in accordance with which over 10 million Italians stated that they have reduced meat consumption compared to the previous year. Such falls have also involved the consumption of pork and, differing from what happened in 2015, also poultry.

In this context, the segment that recorded increased revenues thanks to the Parma France Group contribution, which was included in the scope of the consolidation commencing from 1 January 2016 and to the contribution of the Unipeg and Assofood business branches acquired on 1 May 2016.

The latter transaction, the enterprise value of which including the debt of the branches transferred amounted to 86 million Euro and is also configured as a bail out, is important from the strategic viewpoint for various aspects:
- the basis to create a fully Italian agro-zoo-technic/industrial centre is planned that shall enhance and reinforce all the national cattle supply chain;
- industrial activities will be consolidated through the rationalisation of production plants and products lines;
- new and important commercial synergies in Italy and abroad will be developed in various sales channels in which INALCA already operates.

Despite the growth in revenues and the satisfying results from canned meats and deep-frozen hamburgers, the beef segment in Italy has recorded an overall loss of marginality, mainly as an effect of the branches acquired that were in serious difficulties and for which the full synergies anticipated must still be developed.

In Africa, the sharp consumption crisis specifically related to the fall of the petroleum prices has instead determined a drop in revenues though with a substantial steadiness of profitability. These effects were partially offset by the positive results recorded in Mozambique following the opening of the new distribution platform.

In Russia, despite the devaluation of the Rouble, revenues were up, rewarding the investments made over the years and the leadership positions achieved.

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

- in January INALCA S.p.A. and Generale Conserve S.p.A., an Italian company specialised in food conserves, signed an agreement that regulated the sale of the historic canned meats brand Manzotin to INALCA;
- the subsidiary Inalca F&B S.r.l., dedicated to the distribution of *fine food made in Italy* in the world, concluded acquisitions of strategic distribution platforms, specifically in Australia and Spain (Canaries);
- the acquisition of the Unipeg Soc. business branches; Coop. Agricola and its subsidiary Assofood S.p.A, active in the slaughtering, processing and marketing of beef in Italy, as well as pork processing;
- the sale of 15% of Inalca Angola Ltda to local shareholders.

The following were the investments of greater significance made during 2016:

- completion of the slaughtering factory in Orenburg and acquisition of land for the construction of the *feedlot* directed at completion of the production chain;
- purchase of new land in Russia for the construction of a new factory that will act as a distribution hub for foodservice;
- start-up of construction of a slaughtering facility in Poland;
- construction of a biogas plant by the subsidiary Company Agricola Corticella;
- the purchase of new vehicles and the construction of a new distribution platform in Mozambique;
- construction of new refrigerating cells in the Congo Republic (Brazzaville);
- the purchase of specific plants for products processing at the Fiorani subsidiary;
- renewal of the vehicle fleet and the commencement of construction of a quay in the Democratic Congo Republic (Kinshasa).

<u>Cured meats and snacks segment</u>

2016 was characterised by a fall in consumption, a direct consequence of the unchanged pork market scenario that, as aforesaid, is once again influenced by the reduction of the purchasing power of households, high unemployment rates and tax pressure.
The by now consolidated sales contraction on all consumer distribution channels, including among which the discount channel, has created competition concentrated entirely on the price factor, making safeguarding the margins difficult.

The commodities market was characterised by strong turbulence on the prices front. The year, initiating with signs of medium/low prices with minimal swings, registered, commencing from the end of June and up to November, a sharp rise in prices of almost all commodities with peaks of 30% to then settle at high levels for the last few months of the year.

In this scenario, the company thanks to good competitiveness and assured also by its industrial structure, was able to compete on the market aggressively obtaining a reasonable result from the volumes (up almost 1.8 Percentage points), at the same time limiting the marginality fall imposed by the market.
The specific dynamics of the cured meats market were unchanged, confirming trends already seen for some years in the success of "private labels" and pre-sliced products to the detriment of commercial brands and "cuts".

The situation was even worse for snack products compared to the prior year, precisely due to the nature of the products. These are goods with a high service content (due to which the consumer price obviously takes account) and largely "non-exchangeable" with similar products prepared by the supplier or directly by the consumer.
The company has nevertheless known how to react both commercially, by arranging important contracts with modern distribution and major operators in the diet and health sectors, and industrially by proposing new product lines with a strong innovative content that have met the public's and customers' tastes.
These measures signified a growth in volumes of 27% and 24% in revenues.

Even though it is in a strongly contracted market environment, the company today has an absolute leadership role in the bar and "Ho.Re.Ca" channels, organising its presence through various distribution systems throughout the country. The competitors in the sector generally operate in more restricted territorial areas offering a partial products range compared to that offered by Italia Alimentari. Competition is stronger in the wholesale channel due to the size of the competitors but limited to a restricted group of operators.
Commodities have had differentiated trends by product. Against a substantially flat performance of bread we have registered sometimes significant increases in the second half of the year commented on fish, dairy and, to a lesser extent, sauce products.

Improvements were made to the Busseto and Gazoldo buildings during the year.

In addition to the internal change of the structures at the factories relating to the flows of goods and visitors, major interventions were carried out on the drainage network and the flows and collection of water.

Instead, the air treatment system was improved and changes in the processing of raw material for salami

production were introduced in the Busseto factory.
Investments in specific plant at the Gazoldo factory were also significant, which are destined for increasing the production capacity and productivity relating to production of smoked bacon.
These complete the panorama of the various intervention investments in the snacks area, specifically on the lines destined for production of gluten free products.

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.
MARR FOODSERVICE IBERICA S.A. Calle Goya n. 99, Madrid – Spagna	Non-operating company.
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.
DE.AL. S.r.l. Via Tevere 125 Elice (PE)	Marketing and distribution of fresh, dried and frozen food products for foodservice operators.

The distribution sector showed revenues growth in the 2016 financial year from 1,481.0 million Euro to 1,544.4 million, an increase of 63.4 million Euro (+4.3%). The operating margin rose from 105.7 to 111.0 million Euro, an increase of 5.3 million Euro (+5.0%). Lastly, the operating result amounted to 93.5 million Euro compared to 89.9 in 2015, an increase of 3.6 million Euro (+4.1%).

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 1,263.7 million Euros (1,190.0 million in 2015).

In terms of clientele categories, sales to the "Street Market" category (restaurants and hotels not belonging to groups or chains) reached 983.9 million Euro (900.5 million Euro in 2015), with a contribution for the consolidation of DE.AL S.r.l. (from last 4 April) and SAMA S.r.l. (from 1 June 2015) that amounted to 50.9 million Euro.

As far as concerns the final reference market performance of Street Market customers, the most recent record of the Confcommercio Research Department (ICC no. 2, February 2017) being the item "Hotels, meals and eating out", which in 2016 recorded a growth in consumers' expenditure (by quantity) of +1.2% (+0.9% in 2015 – ICC no. 2, February 2017).

Sales to the National Account customers (operators in structured commercial catering and collective catering) were 279.8 million Euro and, in comparison with 289.5 million Euro in 2015, were affected by sales of 5 million Euro made in 2015 relating to the EXPO event.

Sales to the "Wholesale" category customers were 263.4 million Euro compared to 252.5 million Euro in 2016.

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

On 4 April 2016 MARR S.p.A. signed the acquisition of 100% of DE.AL. S.r.l., an Abruzzo company operating in food distribution to the foodservic*e* sector with the "PAC Food" brand.
The transaction, that received the assent of the Competition and Market Italian Antitrust Authority and whose effects commenced from 4 April, provides for an acquisition price of 36 million Euro for 100% of DE.AL. S.r.l., In addition availability of the Elice distribution centre was obtained by an appropriate lease agreement for 6 years plus a further 6, with an option for renewal for another 6 years. The company subsequently granted a lease of the business division on 1 October 2016 to the parent company MARR S.p.A., which accordingly from this date manages half of the new branch MARR Adriatico, situated in Elice (PE). On 28 July 2016 the final liquidation financial statements of the subsidiary Alisurgel S.r.l. were filed with the related distribution plan, to complete the liquidation procedure commenced on 17 October 2002. Subsequently the company was cancelled from the Register of Companies last 15 November.

On 22 November 2016 the merger with MARR S.p.A. of the fully held companies Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. was completed. This was directed at rationalisation of the financial and administrative management, as Baldini Adriatica Pesca S.r.l. and Sfera S.p.A. were companies whose activities were limited to lease of business branches to the parent company MARR S.p.A

Catering

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

Company | **Business carried out**

a) On-board catering

Company	Business carried out
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 151bis, 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. in liq. Via Modena n. 53, Castelvetro di Modena (MO)	Management of the logistical services for the trains in Italy.
CHEF EXPRESS EURASIA LLC 5, Vostochnaya Str.Odintzovo, Moscow - Russia	Company not yet operational, incorporated with the objective of managing the catering services in the national and international Russian railway market.
CHEF ESPRESS TREN IC HIZMETL. ANONIM SIRKETI A.S. Londra Asfalti nro 93 Sefakoi Postakodu 34295 Kucukcekmece Istanbul - Turkey	Operating, under contract, on-board catering.
ALLIANCE EXPRESS LLC 5, Vostochnaya Str.Odintzovo, Mosca - Russia	Operating, under contract, on-board catering on some long-distance trains in Russia.

b) Under contract Catering

Company	Business carried out
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 *bagels* 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

Company	Business carried out
ROADHOUSE S.p.A. 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 *steakhouses* in Rome.

PRINCEPS S.a.s. 22 rue Saint-Augustin 75002 Paris - France	Development of new catering operations in France.

Breakdown of revenues by activity (Euro/000)	**Year 2016**	**Year 2015**	*Chg. %*
On-board catering	103,233	129,177	*(20.08)*
- intercompany revenues	-	-	
Net total	**103,233**	**129,177**	***(20.08)***
Motorway catering	288,990	289,828	*(0.29)*
- intercompany revenues	-	-	
Net total	**288,990**	**289,828**	***(0.29)***
Commercial catering	119,449	92,266	*(100.00)*
- intercompany revenues	-	-	
Net total	**119,449**	**92,266**	***29.46***
Total Catering	**511,672**	**511,271**	***0.08***

The catering sector showed an increase in revenues from 511.3 million Euro to 511.7 million Euro in 2015, an increase of 0.4 million Euro (+0.1%). The gross operating margin decreased from 49.5 million Euro to 42.4 million Euro with a decrease of 7.1 million Euro (-14.3%) and the operating result that amounted to 17.7 million Euro was down by 5.0 million Euro compared to 22.7 million Euro in 2015.

Compared with the 2015 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 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 on-going commercial expansion subsequent to the opening of the new Roadhouse steakhouses.

The catering sector conducts its business in three segments:

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

<u>On-board catering</u>

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

- the incorporation of two companies in Turkey and Russia, the first directly controlled by Chef Express S.p.A. and the second by Chef Express UK Ltd, directed at the development of business in the catering sector in the aforesaid countries;
- the award, through the subsidiary Cremonini Restauration S.a.s., of the tender placed by the state railway companies in Turkey (TCDD – Turkiye Cumhuriyeti Devlet Demiryollari) for the management of on-board catering services on the high-speed and ordinary trains. The new contract, won at the end of an international tender, has a 3 year term and envisages overall estimated revenues of about 22.5 million Euro;
- the commencement of the management, through the subsidiary Alliance Express Llc, of the catering services on some long distance trains in Russia;
- the acquisition of the minority interest of the French subsidiaries Cremonini Restauration S.a.s. and Princeps S.a.s., thanks to which Chef Express S.p.A. now holds 100% of the share capital;
- the disposal of the logistics business on behalf of the SNCF trains, conducted through the Avirail S.a.s. joint venture, and the sale at the *Drouot* auction *in* Paris of the catering business conducted by the subsidiary Princeps S.a.s.

Under contract catering

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

- the conclusion of the tender procedures for the allocation of the motorway service areas in Italy in early 2016, with the award to Chef Express S.p.A. of 22 motorway service areas, of which 5 were already managed. Instead, 8 of the areas previously managed were awarded to other operators;
- signing of the lease contract renewals of the 19 principal premises belonging to the Centostazioni network, with contract duration of 6 + 6 years, commencing from 1 January 2016;
- opening of the renovated Harry's Bar Hotel & Restaurant in the Cremonini space in the Trevi Fountain area, the cultural centre that includes the "Città dell'Acqua' Archeological Area, the Cinema Trevi hall and catering areas a short distance from the Trevi Fountain in Rome. The catering formats are a Mokà Nature healthy bar, a Pomodoro&Mozzarella brand pizzeria, Gourmè space and a Magnum gelateria;
- the opening to the public of new catering premises within the Trieste-Ronchi dei Legionari Airport and the Catullo Airport of Verona Villafranca, and a Wine&Beer Bar within the Cagliari Airport, in addition to the signature of an agreement with Aeroporti di Roma S.p.a. for management of the catering services in three new sales outlets within Fiumicino Airport ;
- the opening to the public of new catering premises within the Ospedale di Circolo di Varese hospital and the signing of a contract with Azienda Trasporti Milanesi S.p.A. (ATM) for the opening of new catering premises within a Milan M2 metropolitan line station;
  - the inauguration, within the Roma Tiburtina station, of the first premises branded "Ingredienti", a new brand expressly devised by Chef Express S.p.A. to offer a fixed price restaurant service with a buffet formula;
- the completion of the total refurbishment of the Frascati 'ponte' service area with the inauguration within it of the first Pomodoro&Mozzarella"premises, a new brand expressly devised by Chef Express S.p.A.;
- the inauguration of the newly created Chef Express Academy, which shall not only be a laboratory for the research and development of new products, but also a true and proper training school for Chef Express operators;
- the Lazio Regional Administrative Court has admitted the appeal presented by Chef Express S.p.A. in its entirety against the administrative measure of the Anti-trust Authority that had unjustly penalised the company for alleged anti-competition conduct regarding some tenders for awarding catering in the service areas of the motorway network. The ruling confirmed, both in the substance and form, the company's correct conduct that is always distinguished for promoting conditions for an increasingly open market in the interests of all operators and consumers;
- the inauguration of the new "Attimi by Heinz Beck" restaurant created by Chef Express, in the Fiumicino Airport within the new E dock, involving Heinz Beck, a multi-starred chef of international fame, offering significant restaurant experience of very high level, including to those who travel and have limited time;
- the disposal of the sales activities of carbo/lubricants at the Plose Est (BZ) service area;
- the opening to the public of two new catering sales outlets in London by the subsidiary Bagel Factory, the first at the Willesden Green metropolitan station and the second in Praed Street, close to Paddington station.

Commercial Catering

We note amongst the significant events in 2016:

- the opening of 21 new Roadhouse Grill brand steakhouses to the public in Roma, Udine, Genoa, Cernusco Lombardone (MI), Como, Arese (MI), Gravellona Toce (VB), Olgiate Comasco (CO), Lainate (MI), Affi (VR), Turin, Rubiera, Giussano (MB), Collegno (TO), Cornaredo (MB), Roma Tiburtina, within the new Outlet Scalo Milano in Locate Triulzi (MI), Castel Romano (Rome), Curno (BG), Curtatone (MN) and Tradate (VA), taking the number of premises opened to date in Italy by the chain to 92 and the signing of additional contracts to open new Roadhouse Grill brand premises in Lucca, Cernusco sul Naviglio (MI), Ancona, Fidenza (PR), Casalecchio di Reno (BO), Lentate sul Seveso (MB), Agrate Brianza (MB), Pistoia, Gallarate (VA), San Vendemmiano (TV), Prato and Montano Lucino (CO);
- the launch of the first radio/television campaign for reinforcement of the brand and to present the new Roadhouse experience to the greater public. The important cross-media campaign was developed nationally on TV, radio and the web. This is part of the brand positioning strategy that has evolved over the years, following, and often anticipating, the casual dining catering trend.

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)	*Personnel services*: 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 2016 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	-	13,256	7,457	-
Other income	8	44	191	-
Total revenues	**8**	**13,300**	**7,648**	**-**
Costs				
Trade expense	-	1,530	1,772	33,254
Other expense	36	-	-	1
Total costs	**36**	**1,530**	**1,772**	**33,255**
Loans and receivables				
Trade receivables	17	1,098	3,916	196
Other receivables	-	2,018	5,134	220
Total loans and receivables	**17**	**3,116**	**9,050**	**416**
Loans and payables				
Trade payables	-	206	731	33
Other payables	5,436	36	-	-
Total loans and payables	**5,436**	**242**	**731**	**33**

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:						
A.G.M. S.r.l.	-	5	220	-	**220**	**5**
Bluimex Sp. Zo.o.	-	3	-	-	**-**	**3**
Cremofin S.r.l. (parent company)	17	-	-	5,436	**17**	**5,436**
Le Cupole S.r.l.	1	-	-	-	**1**	**-**
TreErre Food S.r.l.	195	-	-	-	**195**	**-**
Twoford Holdings Ltd	-	25	-	-	**-**	**25**
Total related and controlling	213	33	220	5,436	**433**	**5,469**

(Euro/000)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Related and controlling companies:						
A.G.M. S.r.l.	-	14	-	-	**-**	**14**
Cremofin S.r.l. (parent company)	-	-	8	36	**8**	**36**
Le Cupole S.r.l.	-	668	-	-	**-**	**668**
Namsov Fishing Enterprises Ltd	-	32,564	-	-	**-**	**32,564**
NBM Trading Consulting Ltd	-	8	-	1	**-**	**9**
Total related and controlling	-	33,254	8	37	**8**	**33,291**

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 2016 financial year the total of the net investments made was 111.3 million Euro.

Shown below is the schedule of the net change in non-current tangible and intangible assets for the entire 2016 financial year. It is noted that the increases concerning the production sector include about 86.7 million of non-current assets deriving from the aforesaid acquisition of the Unipeg and Assofood business branches.

Net investments broken down by sector

(Euro/000)	Production	Distribution	Catering	Others	**Total**
Intangibles					
Patents and intellectual property rights	704	282	713	1	**1,700**
Concessions, licenses, trademarks and similar rights	3,780	2	167	39	**3,988**
Intangible assets under development and advances	389	228	1,017	-	**1,634**
Other intangible assets	3,822	-	49	-	**3,871**
Total intangible assets	**8,695**	**512**	**1,946**	**40**	**11,193**
Tangibles					
Land and buildings	53,123	3,091	15,637	373	**72,224**
Plant and machinery	44,534	2,211	7,093	204	**54,042**
Industrial and business equipment	4,090	291	2,753	-	**7,134**
Other tangible assets	5,558	2,454	7,649	320	**15,981**
Tangible assets under development and advances	17,583	9	18,446	961	**36,999**
Total tangible assets	**124,888**	**8,056**	**51,578**	**1,858**	**186,380**
Total	**133,583**	**8,568**	**53,524**	**1,898**	**197,573**

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 2016 INALCA developed the following research currents:

- analysis of possible technologies to reduce the bio burden 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 2016 was conducted using internal resources and was mostly focussed on the following guiding principles:

- <u>Development of products with a marked focus on healthiness perceived for specific consumer categories</u>

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 2016 financial year

The following events occurred after the financial year-end:

Production

- the continuation of the restructuring, rationalisation and integration process of the recently acquired business branches of Unipeg and Assofood for the purpose of achieving the expected operating synergies;
- contacts were commenced for acquisition of an important player producing cured meats (specifically sliced ham) that would complete the Italia Alimentari production chain;
- the acquisition carried out in March 2017 through the subsidiary Inalca Food & Beverage S.r.l. of 57.3% of Bright View Trading Hong Kong Ltd., an important operator distributing high quality Italian food products in the former British colony;
- commencement of the construction of the new distribution hub at Odinzovo (Russia);
- the acquisition of land situated in Luanda (Angola), on which to construct a large distribution centre for the country's fresh agricultural products in a Joint Venture with a local partner;
- the continuation of construction of the slaughtering plant in Poland;
- commencement of a study to verify the feasibility of construction of a slaughterhouse in Kazakistan.

Catering

- the opening of 2 new Roadhouse Grill brand steakhouses to the public in Garbagnate (MI) and Antegnate (BG) taking the number of premises opened to date in Italy by the chain to 94 and the signing of an additional contract to open a new Roadhouse Grill brand premises in Desenzano sul Garda (BS);

- the award of a public tender relating to the management of the catering services, bar and mini-store, within the Cremona hospital.

Distribution

- on 1 January 2017 the acquisition by MARR S.p.A. was effected of 100% of Speca Alimentari S.r.l., with its registered office in Baveno (BV), owner of the company of the same name operating in the Foodservice sector. Due to the express agreement between the parties, the assets and liabilities arising from the agreement, entered into on 30 December 2016, commenced from 1 January 2017. The transaction provides for an purchase price of 7.3 million Euro, 50% of which was already paid as at 31 December 2016 and the rest in two instalments after 12 and 24 months, to which a possible adjustment could be added to be paid by the first half year of 2017 and the amount is presumed will not exceed 10% of the price defined at the closing;
- again from 1 January 2017 Speca Alimentari S.r.l. has leased its enterprise to the parent company MARR S.p.A. which manages it through the new branch MARR Speca Alimentari;
- a project was activated in mid-February aimed at increasing the commercial proposal in the Romagna area beginning with strengthening the offer of fresh fish products, commencing with a new operating structure in the historic Via Spagna headquarters in Rimini, in which the business (specialised in marketing fresh shellfish) previously carried out by the MARR Baldini branch is also joined. Thus a new branch was created that operates in the Rimini (in Via Spagna) and Cesenatico structures, called "MARR Battistini" that represents a reference point for the of fresh fish products in the important territory of Romagna.

Business Outlook

The results achieved in the different sectors in 2016 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 11,432 people work in the countries where the Group operates. The majority are in the European Union (83.1%), followed by Russia (9.6%) and Africa (5.6%). The headcount in 2015 was instead 9,664 collaborators.
The breakdown of the organizational structure based on professional designation was 159 executives, 497 middle managers, 2,212 office staff and 8,564 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.

Catering

Chef Express S.p.A. implements a constant sensitization policy of its operators regarding energy saving for the purpose of promoting values of respect for the environment and safeguarding water and energy resources.
In connection with the environmental issues, the Group abides by the legal provisions as regards the disposal of special waste.

Production

The business social responsibility and sustainable development themes were further developed and integrated during 2016 through INALCA S.p.A.'s second edition of the sustainability report, prepared in conformity with the GRI – G4 guidelines, available at the following link: (http://www.inalca.it/filiera-2/bilancio-di-sostenibilità/).
The second edition of the sustainability report evidenced the development trajectories, results and objectives of the Group in the field of economic, environmental and social sustainability. As better described in the sustainability report, to which you are referred for more in-depth analysis, INALCA has identified four main pillars at the base of its policy in this field. These constitute of a sharing of the values and sustainability principles with the agricultural world, construction of an integrated chain of production consistent with the principles and practices of sustainable production, systematic control of the environmental impacts and

consumption and realisation of sustainability governance tools.

Economic sustainability – the value generated and distributed by the Group

The value generated and distributed (EVG&D) represents the first basic indicator of value that the subsidiary INALCA has created for its stakeholders. The value transferred outside is particularly significant in the food sector, as an effect of the low added-value of the production processes and the high incidence of the raw materials and personnel in the company's income statement. Based on this indicator, recognised in the GRI – G4 guideline, INALCA's business is considerable and at a high rate of economic sustainability, as the value distributed outside is particularly high. On the basis of the data of the 2015 sustainability report, the economic value distributed is 96% of the overall value generated by INALCA.

<u>Water resources</u>

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.

Indeed, INALCA has for some time pursued objectives of improvement of the water resource management, both on the consumption reduction front and an increase in the recovery and reutilisation index.
INALCA does not utilise water originating from surface sources for its production sites, but rather water from the aquifer that offers a greater guarantee in terms of quality. Over 90% of the water supply is furthermore directly managed by INALCA, both for the phase of drawdown from the aquifer and the distribution, treatment, usage and purification phases. This integrated cycle ensures efficient management of the water resource as the distribution network is particularly supervised and controlled.
The principal INALCA factories are equipped with modern purification systems that ensure high efficiencies.
Furthermore INALCA has for some time fixed discharge limits for the Castelvetro di Modena and Ospedaletto Lodigiano factories that are more restrictive than those provided by the factory environmental authorisations.
Where the sector regulations so allow, INALCA recovers water from the purification process. This indicator has improved by 7% during recent years, reaching about 88,000 mc/year of water recovered and re-used in the production circuits.

<u>Energy</u>

- <u>Production sector</u>

The subsidiary INALCA has consolidated its energy production from renewable sources during the course of 2016 through the start-up of new systems and purchase of existing ones. Indeed, INALCA today has an organised production system based on the various technologies: biogas production from anaerobic digestion, endothermic combustion of biomasses and photovoltaic systems. In the sector of biogas production from anaerobic digestion, in addition to the system situated at the Ospedaletto Lodigiano (LO) factory, the systems at Pegognaga (MN) and Spilamberto (MO), managed by the subsidiary Soc. Agr. Corticella S. r. l. have been added; the first two are supplied by non-food slaughtering scrap, while the third prevalently by livestock effluent. INALCA has a biomasses system in Pegognaga (MN) for energy enhancement from fats, through the investee company Unitea S.r.l., while the Group has started-up two photovoltaic systems at the production sites of Capo d'Orlando (ME) and Fiorani & C. in Piacenza.

Thanks to approval of the framework agreement by the Ministry of Agricultural Food Production and Forestry Policies pursuant to arts. 10 and 11 of Legislative Decree no. 102 of 27 May 2005 regarding the construction of agro-energy chains, INALCA has obtained the maxim enhancement of the energy produced by this incentive system and the consolidation of biomass flows originating all the Group's main production factories.
On the energy efficiency front, INALCA consolidated the self-produced energy portion by industrial cogeneration during 2016. The Group's overall self-production of energy, combining systems based on fossil sources and renewable, was 117,692 MWh/year for 2016, corresponding to over 80% of its total needs.
Consistently with the regulatory directives that incentivise the business regarding energy efficiency, INALCA has enhanced its energy efficiency for some Group companies through the production of TEE - Energy

Efficiency Securities, admissible by the GSE (Electricity Services Operator).
The Inalca Group generated 5,194 TEE overall in 2016, up compared to the prior year.
Against the expectation of the reduction of incentives on matters of electricity production from renewable sources, INALCA is evaluating the opportunities provided by the new incentives framework, today prevalently directed at renewable energies other than electricity and their possible consistency with the Group's industrial set-up.

- Catering sector

During the prior year the installation was completed, at all the sales outlets, of a voltage reduction system that permits electrical consumption savings and the project to construct photovoltaic systems that will permit meeting part of the electricity needs that, when fully operative, will involve the majority of the premises managed by Chef Express S.p.a. and its subsidiary Roadhouse S.p.A.
The replacement of the lighting system with led technology is anticipated at premises being refurbished and new ones, as well as that of the heating and air conditioning with a high efficiency system with rotating recovery. The new premises are constructed with a Building Automation system that permits removing operational inefficiencies and saves on electrical consumption.
Furthermore, from 2016 all the companies will acquire an energy certificate for 100% renewable source (Guarantee of Origin).

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.

In relation to the production sector, INALCA obtained an important environmental authorisation, through its subsidiary Sara S.r.l. during the course of 2016 that allows functional updating and production strengthening of its composting system to the most recent sector environmental regulations and, with this, the improvement of the quality of the compost obtained and reused in agriculture in accordance with the principles of a circular economy.
The company also developed a plan aimed at an improvement of the sustainability of the packaging products adopted, with particular reference to:

- reduction of the packaging weight;
- use of recycled raw materials in the composition of the packaging utilised;
- improvement in the recycling by end consumer.

The objective of waste reduction was pursued above all through use of the anaerobic digestion systems that allow substantial reductions of production of organic waste.

The availability of the second anaerobic digestion system at the INALCA Pegognaga (MN) factory placed in a bari-centric position compared to the production systems of the central North will permit further rationalisation of the internal logistics regarding the scrap and by-products flows, specifically a substantial reduction of transport numbers and the simultaneous improvement of the travel saturation index, mainly thanks to the functional integration with the similar system at Ospedaletto Lodigiano.

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 2016	Year 2015*	Chg. %
Total revenues	**7,226**	**6,133**	*17.82*
Changes in inventories of work in progress, semi-finished and finished goods	-	-	
Value of production	**7,226**	**6,133**	*17.82*
Cost of production	(5,593)	(5,672)	
Value added	**1,633**	**461**	**n.a.**
Personnel costs	(2,667)	(2,621)	
Gross operating margin [(a)]	**(1,034)**	**(2,160)**	*(52.13)*
Amortization, depreciation and write-downs	(2,159)	(1,355)	
Operating income [(b)]	**(3,193)**	**(3,515)**	*(9.16)*
Net financial income (charges)	(1,837)	(3,492)	
Profit from ordinary activities	**(5,030)**	**(7,007)**	**n.a.**
Net income (charges) from investments	21,898	37,524	
Net extraordinary financial income (charges)	-	-	
Result before taxes	**16,868**	**30,517**	**n.a.**
Income taxes for the financial year	848	1,908	
Net profit	**17,716**	**32,425**	**n.a.**

*It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour to "Personnel costs"

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

(Euro/000)	Year 2016	Year 2015*	*Chg. %*
Intangible assets	7	6	
Tangible assets	83,292	83,629	
Equity investments and other financial assets	256,534	256,940	
Total fixed assets	**339,833**	**340,575**	*(0.22)*
Trade net working capital			
- Trade receivables	2,240	1,793	
- Inventories	-	-	
- Trade payables	(5,436)	(4,369)	
Total trade net working capital	**(3,196)**	**(2,576)**	
Other current assets	16,804	13,630	
Other current liabilities	(7,263)	(12,800)	
Net working capital	**6,345**	**(1,746)**	*n.a.*
Staff Severance Indemnity Provision and other m/l term provisions	**(5,113)**	**(5,981)**	
Net invested capital	**341,065**	**332,848**	*2.47*
Total Shareholders' Equity	**238,817**	**221,712**	*7.71*
Net medium/long-term debt	42,247	80,590	
Net short-term debt	60,001	30,546	
Net debt	**102,248**	**111,136**	*(8.00)*
Net equity and net debt	**341,065**	**332,848**	*2.47*

* Regarding the 2015 equity information it is noted that, for a better representation of the rules of IAS standard 12 "Income taxes" relative to set-off of deferred taxation, the company considered reclassifying portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 282 thousand as at 31 December 2015.

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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 2016	Year 2015
Payables to banks, bonds and other financial institutions		
- due within 12 months	(55,005)	(27,401)
- due between 1 and 5 years	(41,642)	(74,586)
- due beyond 5 years	(605)	(6,004)
Total payables to banks, bonds and other financial institutions	**(97,252)**	**(107,991)**
Liquidity		
- cash and cash equivalents	10,432	406
- other financial assets	-	-
Total liquidity	**10,432**	**406**
Securitization and internal treasury current accounts	**(15,428)**	**(3,551)**
Total net debt	**(102,248)**	**(111,136)**

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 the 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	-	68	-	-
Services	-	4,969	100	-
Sales of goods	-	4	-	-
Other income	8	22,687	1	-
Total revenues	**8**	**27,728**	**101**	**-**
Costs				
Financial charges	36	53	-	-
Services	-	326	6	-
Purchase of goods	-	2	-	-
Other charges	-	745	-	136
Total costs	**36**	**1,126**	**6**	**136**
Receivables				
Financial	-	5	-	-
Trade	8	1,828	79	-
Other (a)	-	429	-	-
Total Receivables	**8**	**2,262**	**79**	**-**
Payables				
Financial	5,436	9,999	-	-
Trade	-	4,532	-	-
Other (a)	-	5,198	-	-
Total Payables	**5,436**	**19,729**	**-**	**-**

(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 2016, together with the Directors' Report.

Furthermore, we suggest the following allocation of the net profit for the year of Euro 17,716,119.60:

- a dividend of Euro 0.05 for each ordinary share having the right on 29 May 2017 (coupon no.13) for a total amount of 6,449,416.50 with payment by 31 May 2017;
- allocation to the "Retained earnings" reserve of the residual sum of Euro 11,266,703.10.

Castelvetro di Modena, 27 March 2017

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

__________signed_____________

CREMONINI S.P.A

FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2016

Financial statements as at 31 December 2016

Statement of Financial Position – Assets

(Euro)	Note	**31.12.2016**	31.12.2015
Non-current assets			
Tangible assets	1	83,291,905	83,628,805
Goodwill		-	-
Other intangible assets	2	6,844	5,746
Investments in subsidiaries and associated	3	255,498,741	255,055,157
Investments in other companies	4	1,033,294	1,882,466
Financial assets held for sale		-	-
Deferred tax assets		0	0
Other non-current assets	5	3,061,209	4,595,892
Total non-current assets		**342,891,993**	**345,168,066**
Current assets			
Inventories		-	-
Current financial receivables	6	433,511	6,449,851
relating to related parties		*433,511*	*6,449,851*
Current trade receivables	7	2,240,123	1,810,779
relating to related parties		*1,914,911*	*1,424,719*
Current tax assets	8	8,709,448	3,330,460
Financial assets held for sale	4	4,404,502	1,000,223
Financial instruments / Derivatives		-	-
Cash and cash equivalents	9	10,431,825	406,312
Other current assets	10	255,395	105,574
relating to related parties		*0*	-
Total current assets		**26,474,804**	**13,103,199**
Total assets		**369,366,797**	**358,271,265**

* Regarding the 2015 equity information it is noted that, for a better representation of the rules of IAS standard 12 "Income taxes" relative to set-off of deferred taxation, the company considered reclassifying portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 282 thousand as at 31 December 2015.

Financial statements as at 31 December 2016

Statement of Financial Position - Liabilities

(Euro)	Note	**31.12.2016**	31.12.2015
Shareholders' Equity			
Share capital	11	67,073,932	67,073,932
Reserves	12	(41,137,239)	(40,526,421)
Retained earnings		195,164,353	162,739,556
Result for the period		17,716,120	32,424,796
Total Shareholders' Equity		**238,817,166**	**221,711,863**
Non-current liabilities			
Non-current financial payables	13	44,746,619	84,166,546
relating to related parties		*2,499,936*	*3,576,144*
Financial instruments / Derivatives		-	-
Employee benefits	14	353,997	418,105
Non-current provisions for risks and charges	15	245,229	200,036
Deferred tax liabilities	16	4,514,407	5,081,641
Other non-current liabilities		473	473
Total non-current liabilities		**49,860,725**	**89,866,801**
Current liabilities			
Current financial payables	17	73,137,949	33,931,492
relating to related parties		*18,133,173*	*6,530,801*
Financial instruments / Derivatives		-	-
Current tax liabilities	18	575,018	7,038,302
Current trade liabilities	19	5,488,426	4,403,622
relating to related parties		*4,531,943*	*2,844,485*
Other current liabilities	20	1,487,513	1,319,185
relating to related parties		-	-
Total current liabilities		**80,688,906**	**46,692,601**
Total liabilities		**369,366,797**	**358,271,265**

* Regarding the 2015 equity information it is noted that, for a better representation of the rules of IAS standard 12 "Income taxes" relative to set-off of deferred taxation, the company considered reclassifying portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 282 thousand as at 31 December 2015.

Financial statements as at 31 December 2016

Income statement

(Euro)	Note	31 December 2016	31 December 2015
Revenues	21	5,865,724	5,003,524
relating to related parties		*5,073,936*	*4,258,566*
Other revenues	22	1,360,040	1,129,437
relating to related parties		*556,244*	*438,978*
Costs for purchases	23	(53,349)	(42,370)
relating to related parties		*(1,696)*	*(876)*
Other operating costs	24	(5,539,778)	(5,629,788)
relating to related parties		*(334,124)*	*(354,556)*
Personnel costs	25	(2,667,092)	(2,620,921)
Amortization and depreciation	26	(2,144,079)	(1,290,330)
Write-downs and provisions	26	(15,000)	(64,502)
Revenues from equity investments	27	21,897,587	37,524,160
relating to related parties		*21,393,896*	*37,485,706*
Financial (Income)/Charges	28	(1,836,517)	(3,492,306)
relating to related parties		*(20,809)*	*197,770*
Result before taxes		**16,867,536**	**30,516,904**
Income taxes	29	848,584	1,907,892
Result for the period		**17,716,120**	**32,424,796**

Statement of comprehensive income

(Euro)	31 December 2016	31 December 2015
Result for the period	**17,716,120**	**32,424,796**
Items to be reclassified to profit or loss in subsequent periods:		
Fair value valuation financial assets available for sale	(607,760)	0
Efficacious part of profits/(losses) on cash flow hedge instruments		
Tax effect	0	0
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial gain (losses)	(4,218)	7,239
Tax effect	1,160	(1,991)
Comprehensive Income	**17,105,302**	**32,430,044**

*It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour to "Personnel costs".

Statement of changes in the shareholders' equity as at 31 December 2016

(Euro)				Other riserves										
	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Share premium reserve	Legal reserve	Merger Deficit	Merger Deficit	Reserve for IAS adjustments	Reserve for trading treasury stock	Fair valute reserve	Total Reserves	Profits (Losses) carried forward	Result of the year	**Total Shareholders' Equity**
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)**
Consolidated comprehensive income														
- Net profit (loss) for the period													32,424,796	**32,424,796**
- Other Profits/(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**
Allocation of the results for the previous year:														
- retained earnings reserve												32,424,796	(32,424,796)	**0**
- others												1		**1**
Comprehensive income														
- Net profit (loss) for the period													17,716,120	**17,716,120**
- Other Profits/(losses), net of taxes									(3,058)	(607,760)	**(610,818)**			**(610,818)**
Balances at 31 December 2016	**67,073,932**	**0**	**67,073,932**	**78,279,705**	**14,749,280**	**(146,379,437)**	**94,514**	**12,787,578**	**(61,119)**	**(607,760)**	**(41,137,239)**	**195,164,353**	**17,716,120**	**238,817,166**

Cash flow statement for the financial years ended 31 December 2016 and 31 December 2015

(Euro/000)	**31.12.2016**	31.12.2015
Profit for the period	**17,716**	**32,425**
Amortization and depreciation	2,144	1,290
Impairment	-	-
Net change in other provisions and non-monetary income items	493	2,025
Accant. al F.do trattamento di fine rapporto		
Pagamento per trattamento di fine rapporto		
Net change in Staff Severance Provision	(712)	(1,841)
Minusvalenze (Plusvalenze) su vendite di attività non correnti		
Oneri/(proventi) valutazione partecipazioni metodo PN		
Variazioni di imposte anticipate e imposte differite		
Changes in working capital		
(Increase) decrease in trade receivables	(462)	884
Altri crediti		
(Increase) decrease in inventories	-	-
Increase (decrease) in trade payables	1,067	1,234
(Increase) decrease in other items of the working capital	(8,993)	834
Cash-flow from operating activities (A)	**11,253**	**36,851**
Net (investments) in intangible assets	(6)	(3)
Net (investments) in tangible assets	(1,802)	(5,785)
Net change in other non current assets	54	(1,049)
Acquisition net of Cash and cash equivalent	-	-
Cash-flow from investment activities (B)	**(1,754)**	**(6,837)**
Increase (Decrease) in medium-long term borrowings	(38,343)	38,967
Increase (Decrease) in medium-long term liabilities for derivatives	0	-
Increase (Decrease) in short-term borrowings	39,017	(56,439)
Increase (Decrease) in short-term liabilites for derivatives	464	(464)
Capital increase and other changes in equity	(611)	(15,473)
Cash flow from financing activities (C)	**527**	**(33,409)**
Cash Flow of the year (D=A+B+C)	**10,026**	**(3,395)**
Cash and cash equivalents at the beginning of the year (E)	406	3,801
Cash and cash equivalents at the end of the year (F=D+E)	**10,432**	**406**

Cremonini SpA Financial Statement as at 31 December 2016

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 27 March 2017.

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 2016.

The Cremonini S.p.A. financial statements as at 31 December 2016 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 2016 show the figures for the financial year ended as at 31 December 2015.

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 2016

The measurement criteria used for preparing the 2016 financial statements do not depart from those used for preparing the financial statements as at 31 December 2015, with the exception of the accounting standards, amendments and interpretations listed below applicable from 1 January 2016, but which have not been applied in the company's financial statements.

- Improvements to International Financial Reporting Standards (2010-2012); most of the changes are clarifications or corrections to existing IFRS, or amendments resulting from changes previously made to IFRS.
- Improvements to International Financial Reporting Standards (2012-2014), including amendments to the following existing International Accounting Standards:
  − IFRS 5 – Non-current assets held for sale and discontinued operations: changes in disposal plans. The amendment sets out the guidelines to be followed when an entity reclassifies an asset (or group) being disposed of from the held for sale category to the held for distribution category (or vice versa), or where the classification requirements for an asset held for distribution are not met.
  − IFRS 7 – Financial Instruments: disclosures. The document governs the introduction of further guidelines to clarify whether a so called servicing contract constitutes a residual involvement in an asset transferred for the purposes of the information requested. In addition, regarding the offsetting of financial assets and liabilities, the document clarifies that the disclosure is not explicitly required for all interim financial statements. However, the above disclosure may be necessary to comply with the requirements of IAS 34 in the case of significant information.
  − IAS 19 – Employee benefits: issues related to the discount rate. The document introduces amendments to IAS 19 in order to clarify that the high quality corporate bonds used to determine the discount rate for subsequent benefits must be issued in the same currency used for the payment of benefits. The changes point out that the size of the market for high quality corporate bonds to be considered must be that at the currency level.
- Amendments to IAS 19 – Employee contributions. The above amendments provide for more details on the accounting of Pension Funds which provide for the payment of contributions by the plan participants.
- Amendments to IFRS 11 - Joint arrangements: Acquisition of an interest. The above amendments require that a joint operator accounting for the acquisition of an interest in a joint operation and in circumstances in which the activity of the joint operation constitutes a business, must apply the relevant standards of IFRS 3 in accounting for business combinations. The amendments also clarify that, in the case of maintaining a joint operation, the previously held interest in a joint operation shall not be subject to re-measurement at the time of acquiring an additional interest. In addition, an exclusion from the scope of IFRS 11 has been added to clarify that the amendments do not apply when the parties that share the control, including the entity drafting the financial statements, are subject to common control of the same controlling entity. The amendments apply both to the acquisition of the initial interest in a joint operation and to the acquisition of each additional interest in the same joint operation and must be applied prospectively.
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation. The amendments clarify the standard contained in IAS 16 and IAS 38: revenue represents a model of economic benefits generated by managing a business (of which the assets are a part of) rather than the consumption of economic benefits by making use of assets. It follows that a revenue-based method cannot be used for depreciation of property, plant and equipment and could only be used under very limited circumstances for amortisation of intangible assets. These amendments must be applied prospectively.
- Amendments to IAS 27: Equity method in separate financial statements. Changes will allow entities to use the equity method to account for equity investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities that are already applying the IFRS and decide to amend the accounting policy by using the equity method in their separate financial statements must apply the change retrospectively.
- Amendments to IAS 1: Disclosure initiative. The amendments aim to introduce clarifications in IAS 1 to address some of the elements that are perceived as restrictions on the use of discretion by those drafting financial statements. The amendments clarify that materiality considerations apply to the whole financial statements and that disclosure is only required if information is material. In the event of existing additional information which, although not required by international accounting standards, may be necessary for the reader to understand the whole financial statements, it must be included within the information itself.
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception: The amendments deal with the issues raised in the application of the exception relating to the investment entities provided for in IFRS 10. The amendments to IFRS 10 clarify that the exemption to the presentation of the consolidated financial statements applies to the parent entity that is the subsidiary of an investment entity when the investment entity assesses all of its subsidiaries at fair value.

Accounting standards, amendments and interpretations applicable to future financial statements

The standards and the interpretations that had already been issued but not yet in force at the time of drafting these financial statements are presented below.

- IFRS 9 - Financial Instruments. In July 2014, the IASB issued the final version of the IFRS 9 Financial Instruments which reflects all phases of the project in relation to financial instruments and replaces IAS 39 Financial Instruments: Recognition and measurement and all previous versions of IFRS 9. This standard introduces new requirements for the classification, measurement, impairment and *hedge accounting.* IFRS 9 is effective for the periods beginning on or after 1 January 2018.

- IFRS 15 (and subsequent clarifications issued on 12 April, 2016) - Revenue from contracts with customers. The IFRS was issued in May 2014 and introduces a new five-stage model that will apply to revenue from contracts with customers. IFRS 15 provides for the recognition of revenue for an amount reflecting the consideration that the entity expects to be entitled in exchange for goods or services to the customer. This standard provides a more structured approach to the recognition and measurement of revenue, replacing all current requirements in other IFRSs on revenue recognition. IFRS 15 is effective for financial years beginning on 1 January, 2018 or later, with full or modified retrospective application. Early application is allowed. The Group does not expect significant impacts from the application of this standard.

- IFRS 16 – Leases. In July 2014, the IASB issued the Standard version published by the IASB on 13 January, 2016, to replace IAS 17 - Leasing as well as IFRIC 4 interpretations- Determining whether an arrangement contains a lease, SIC 15 - Operating leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease. The new standard provides a new lease definition and introduces a criterion based on the right to use an asset to make a distinction between leasing contracts and service contracts by identifying as criteria: the identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is scheduled for 1 January, 2019. An early application is permitted for entities that apply IFRS 15. The Group is assessing the impacts of this new standard on its consolidated financial statements.

- Amendments to IAS 12 - *Income taxes*. The IASB clarifies how deferred tax assets relating to unrealised losses on debt instruments measured at *fair value* that result in the creation of a deductible timing difference should be accounted for when owners of said instruments expects to keep them up to maturity.

- Amendments to IAS 7 - Statement of cash flows. Improvements relate to the information to be provided with regard to changes in financial liabilities arising from both cash flows and non-cash transactions (e.g. foreign exchange gains / losses). Changes will be effective from 1 January 2017.

- Amendments to IFRS 2 - Clarifications of the classification and measurement of share based payment transactions. This amendment will apply from 1 January 2018 and deals with the following issues identified by the IFRS Interpretation Committee: (i) accounting for a payment plan through defined benefit shares that includes the achievement of results; Ii) the payment based on shares in which the adjustment mode is related to future events; (Iii) payments based on shares settled net of tax deductions; Iv) the transition from a stock-based remuneration mode.

- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment will be applicable from 1 January 2018 and deals with concerns arising from the application of IFRS 9 on financial instruments before the introduction of new insurance contractual standards. There are also two options for companies that subscribe insurance contracts with reference to IFRS 4: (i) an option allowing companies to reclassify certain revenues or costs from certain financial assets from the income statement to the statement of comprehensive income; (Ii) a temporary exemption from the application of IFRS 9 whose main activity is the subscription of contracts as described in IFRS 4.

- IFRIC 22 — Foreign Currency Transactions and Advance Consideration. The interpretation (which will be effective from 1 January 2018) deals with foreign currency transactions in the event that an entity recognises a non-monetary asset or liability arising from the payment or receipt of an advance before the entity recognises the relevant asset, cost or income. The definition does not apply to taxes, insurance or reinsurance contracts.

- Amendments to IAS 40 regarding transfers of investment property. The amendment (effective from 1 January 2018) provides: (i) that paragraph 57 of IAS 40 is amended by stipulating that an entity must transfer a property from, or to, the category of real estate investment only when there is evidence of a change in use. (ii) The list of examples given in paragraph 57 (a) to (d) is redefined as a list of non-exhaustive examples.

- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the yearly improvement programme of policies and will enter into force on1 January 2018. The improvements concerned:

- IFRS 1the short-term exemptions provided in paragraphs E3-E7 have been deleted, as the relief provided in those paragraphs had served its intended purpose;

- IFRS 12 the purpose of the Standard is clarified by specifying that disclosure requirements, except for those provided in paragraphs B10-B16, apply to the interests of an entity listed in paragraph 5 that are classified as held for sale, for distribution or as a discontinued operation pursuant to IFRS5;
- IAS 28 clarifies that the decision to measure at fair value through the profit and loss account an investment in a subsidiary or joint venture held by a venture capital is possible for all investments in subsidiaries or joint ventures from their initial recognition.

Finally, it is recalled that instead the Community approval process is suspended indefinitely for the following standards and interpretations:
- IFRS 14 – Regulatory deferral accounts. The standard allows entities adopting IFRS for the first-time to continue to recognise the rates relating to the rate regulation in accordance with previous Accounting Standards adopted.
- Amendments to IFRS 10 and IAS 28 – Sales or contribution of assets between an investor and its associate or joint venture. Document issued by the IASB on 11 September 2014 in order to resolve a conflict between the two policies cited in relation to the sale of an asset or a subsidiary company to a joint venture company.

As at the date of this Annual Financial Report it is not considered that the Accounting Standards, the interpretations and amendments of the Accounting Standards listed above can have potential significant impacts on the company's equity and financial position.

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 valuated 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.

- <u>Estimates adopted for the purpose of measurement of the impairment of the assets</u>

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 2016.

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

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:

- 0.86% (duration 7 – 10);
- 1.31% (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%.

- <u>Estimates adopted in the calculation of deferred taxes</u>

A significant discretional 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.

- <u>Others</u>

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

  - obsolete inventory;
  - amortisation, depreciation and write-downs

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

- 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. 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 2016 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 2016, a hypothetic 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 1.0 million Euro on an annual base (1.1 million thousand Euro as at 31 December 2015).

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)	**31.12.2016**	31.12.2015
Current trade receivables	2,240	1,811
Other non-current assets	3,061	4,596
Other current assets	255	106
Total	**5,557**	**6,513**

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 are 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 2016				
Financial payables	73,138	44,142	605	117,885
Financial instruments / Derivatives	-	-	-	-
Trade Liabilities	5,488	-	-	5,488
	78,626	**44,142**	**605**	**123,373**
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**

Classes of financial instruments

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

(Euro/000)	**31 December 2016**		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current derivative financial instruments	-	-	-
Non-current financial receivables	-	-	-
Other non-current receivable items	3,061	-	3,061
Current financial receivables	434	-	434
Current trade receivables	2,240	-	2,240
Current derivative financial instruments	8,709	-	8,709
Financial activities available for sale	4,405	-	4,405
Current tax receivables	-	-	-
Cash and cash equivalents	10,432	-	10,432
Other current receivable items	255	-	255
Total	**29,536**	**-**	**29,536**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	44,747	-	44,747
Current financial payables	73,138	-	73,138
Derivative financial instruments	-	-	-
Total	**117,885**	**-**	**117,885**

(Euro/000)	31 December 2015		
Balance Sheet Assets	Loans and Receibles	Derivates utilised for hedging	Total
Non-current derivative financial instruments	-	-	-
Non-current financial receivables	-	-	-
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 liabilities	Derivates utilised for hedg.	Total
Non-current financial payables	84,167	-	84,167
Current financial payables	33,931	-	33,931
Derivative financial instruments	-	-	-
Total	**118,098**	**-**	**118,098**

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 market[1].

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.

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.

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.

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 31.12.2015	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2016**
Land and buildings	72,853	432	- 59.00	5,520.00	(1,411)	77,335
Plant and machinery	551	204	-	3,196	(402)	3,549
Industrial and business equipment	3	-	-	-	(1)	2
Other assets	1,163	266	- 3.00	1,205	(325)	2,306
Fixed assets under construction and advances	9,059	962	-	(9,921)	-	100
Total	**83,629**	**1,864**	**(62)**	**0**	**(2,139)**	**83,292**

Land and buildings

The increase in the year, amounting to Euro 432 thousand, mainly refers to expenditure on property transactions in Rome and Castelvetro.

The land and buildings are burdened by mortgages, against the loans obtained, for an amount of Euro 83.9 million.

Other changes refer to reclassification of works completed in the period, which were previously recorded under the item "non-current assets in progress", in particular relating to the restructuring of the properties owned by the area called "Ex Mondadori" within the complex on Via San Vincenzo in Rome which has become operative In the second semester of 2016, and in reconditioning environments within the headquarters of Castelvetro.

Plant and machinery

The investments concerned mainly the purchase of specific facilities for the head office and the Real Estate of Rome and Via Farini in Modena.
Other transactions relate to reclassifications of works previously recorded under the item "non-current assets in progress".

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 1.0 million Euro due to the restructuring in progress inside the Via San Vincenzo complex in Rome (0.6 million Euro) and to modernisation of rooms inside the head office in Castelvetro.
Following the completion of the works, the costs incurred for the restructuring were appropriately reclassified to the relevant categories.

2. Other intangible assets

(Euro/000)	Balance at 31.12.2015	Purchases	Decreases	Other	Amort.	**Balance at 31.12.2016**
Patents and intellectual property rights	5	1	-	-	(4)	2
Concessions, licences, trademarks and similar rights	1	5	-	-	(1)	5
Total	**6**	**6**	**0**	**0**	**(5)**	**7**

3. Investments in subsidiaries and associated companies

These amount to 255,499 thousand Euro (255,055 thousand Euro at 31 December 2015), higher than the previous year by 444 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 during the year 2016 regarded shareholdings in:

- Interjet S.r.l. for a future share capital increase payment of Euro 600 thousand and a write-down of Euro 745 thousand;
- Global Service S.r.l. for the revaluation of Euro 529 thousand to restore part of past write-downs aimed at aligning the value of equity investments with the corresponding value of the company's net equity.

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 change in the balance of "Investments in other companies" totalling Euro 790 thousand is mainly attributable to the reclassification of the Banca Popolare Società Cooperative's investment in the "Available for sale financial assets".

In 2016 the write-down of Euro 136 thousand of shares held in Banca Popolare di Vicenza was carried out in order to align the value with current market price.

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

5. Other non-current assets

(Euro/000)	**31.12.2016**	31.12.2015
Tax assets	3,059	4,557
Other receivables	2	68
Other receivables	-	(64)
Accrued income and prepaid expenses	-	35
Total	**3,061**	**4,596**

The balance of the item, unaltered compared to the prior year, includes a receivable of 3.1 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

6. Current financial receivables

(Euro/000)	31.12.2016	31.12.2015
Receivables from subsidiaries	434	6,450
Total	**434**	**6,450**

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

(Euro/000)	31.12.2016	31.12.2015
Receivables from subsidiaries	**5**	**2,096**
Chef Express S.p.A.	-	2,088
Global Service Logistics S.r.l. in liq.	5	8
Loans for dividends distribution	**0**	**0**
Receivables from subsidiaries for transferred tax payables	**429**	**4,354**
As.Ca. S.p.A.	26	220
Avirail Italia S.r.l. in liq.	-	7
Chef Express S.p.A.	-	3,246
Global Service S.r.l.	98	5
Marr S.p.A.	-	549
New Catering S.r.l.	219	95
Roadhouse S.p.A.	48	-
Roadhouse Grill Roma S.r.l.	38	2
Sfera S.p.A.	-	230
Total	**434**	**6,450**

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.

7. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2016	31.12.2015
Receivables from customers	**325**	**386**
Due within 12 months	436	1,058
Provision for bad debts	(111)	(672)
Receivables from subsidiaries	**1,709**	**1,364**
As.Ca. S.p.A.	210	147
Baldini Adriatica Pesca S.r.l.	-	12
Chef Express S.p.A.	24	-
Ges.car S.r.l.	666	389
Global Service S.r.l.	157	58
Guardamiglio S.r.l.	95	77
INALCA S.p.A.	5	-
Inalca F&B S.r.l.	2	-
Interjet S.r.l.	2	-
Momentum Services Ltd	5	-
Roadhouse S.p.A.	12	1
Sfera S.p.A.	-	137
Soc. Agr. Corticella S.r.l.	514	543
Tecnostar S.r.l.	17	
Receivables from associated companies	**79**	**61**
Time Vending S.r.l.	79	61
Receivables from related companies	**127**	**0**
Cremofin S.r.l.	8	-
Fiorani & C. S.p.A.	119	-
Total	**2,240**	**1,811**

The change in the bad debt provision was the following:

(Euro/000)	31.12.2016	31.12.2015
Initial balance	(111)	(851)
Utilized during the year	-	179
Final balance	**(111)**	**(672)**

At 31 December 2016 the trade receivables and bad debt provision were apportioned by due date as follows:

(Euro/000)	31.12.2016		31.12.2015	
	Amount	Bad Debt prov.	Amount	Bad Debt prov.
Trade receivables not overdue	-	-	-	-
Overdue up to 30 days	69	-	64	-
Overdue from 31 to 60 days	13	-	41	-
Overdue from 61 to 90 days	18	-	17	-
Overdue from 91 to 120 days	336	-	-	-
Overdue over 120 days	-	(111)	936	(672)
Total	**436**	**(111)**	**1,058**	**(672)**

8. Current tax assets

(Euro/000)	31.12.2016	31.12.2015
Receivables for advance on direct taxes	1,538	-
Receivables for withholdings	-	5
VAT credit and other taxes requested for reimbursement	7,176	3,330
Other sundry receivables	(2)	(2)
Provision for bad debts	(3)	(3)
Total	**8,709**	**3,330**

The balance of 87 million is up by 5.4 million compared to 3.3 million in 2015. This increase is mainly due to the higher VAT receivable recorded at the end of the year when the periodic settlement was made. Direct tax receivables were also disclosed as a result of the recognition of a lower tax burden in respect to the advances paid in 2016 by companies falling within the scope of the tax consolidation to which Cremonini S.p.A. S. adhered as the consolidator.

9. Cash and cash equivalents

(Euro/000)	**31.12.2016**	31.12.2015
Cash	9	8
Bank and postal accounts	10,423	398
Total	**10,432**	**406**

The balance, which represents the available cash and cash equivalents at the year-end, includes a short-term Time Deposit of 10 million, with a high rate of return.
You are referred to the cash flow statement for the 2016 for the evolution of cash and cash equivalents.

10. Other current assets

(Euro/000)	**31.12.2016**	31.12.2015
Accrued income and prepaid expenses	83	31
Other receivables		
Advances to suppliers	52	34
Receivables from social security institutions	239	156
Provision for bad debts	(143)	(143)
Other sundry receivables	24	27
Total	**255**	**105**

LIABILITIES

SHAREHOLDERS' EQUITY AND LIABILITIES

Shareholders' equity

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

11. Share capital

The share capital as at 31 December 2016 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 2016 the Parent Company did not hold any treasury stock.

12. 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 2015.

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.

Revaluation reserve
This reserve identifies changes in the fair value of financial instruments available for sale. Changes for the period that affected the reserve in question were a decrease in the value of the shares held in Banco Popolare Società Cooperativa.

Basic earnings per share
Basic earnings per share as at 31 December 2016 amounted to 0.1373 (Euro 0.2514 at 31 December 2015) and has been calculated on the basis of net profits of Euro 17,716,120 thousand divided by the weighted average number of ordinary shares in 2016, equal to 128,988,330.

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

Non-current liabilities

13. Non-current financial payables

(Euro/000)	**31.12.2016**	31.12.2015
Due between 1 and 5 years		
Payables to banks	41,642	74,587
Payables to other financial institutions	-	-
Payables to subsidiaries for Ires reimursement	2,500	3,576
Total payables due between 1 and 5 years	**44,142**	**78,163**
Due beyond 5 years		
Payables to banks	605	6,004
Payables to other financial institutions	-	-
Total payables due beyond 5 years	**605**	**6,004**
Total	**44,747**	**84,167**

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 31.12.2016**
Overdraft	5,700	Euribor 3 months+spread	915	-	-	915
Hot Money	25,000	Euribor 3 months+spread	14,507	-	-	14,507
Mortgages	81,830	Euribor +spread	39,583	41,642	605	81,830
Total			**55,005**	**41,642**	**605**	**97,252**

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 31.12.2016**
MCC - Banca del Mezzogiorno	Euribor 3 m + spread	31/03/22	2,138	9,219	614	**11,971**
UBI Banca S.p.A.	Euribor 3 m + spread	29/07/20	4,922	14,067	-	**18,989**
B. Pop. S. Felice sul Panaro Soc. Coop. P.A.	Euribor 3 m + spread	15/01/19	136	174	-	**310**
Banca Popolare di Vicenza S.p.A.	Euribor 3 m + spread	06/07/17	10,000	-	-	**10,000**
Banco do Brasil AG	Euribor 6 m + spread	10/11/18	4,400	4,400	-	**8,800**
CA - CIB e CariParma (Pool)	Euribor 3 m + spread	15/06/18	13,000	14,000	-	**27,000**
ICCREA e Emil Banca (Pool)	Euribor 3 m + spread	31/05/17	5,000	-	-	**5,000**
Amortized Costs			(125)	(218)	(9)	**(352)**
Interest payable accrued			112	-	-	**112**
Total			**39,583**	**41,642**	**605**	**81,830**

Net Debt

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

(Euro/000)	**31.12.2016**	31.12.2015
A. Cash	9	8
B. Cash equivalent	10,423	398
C. Financial assets held for sale	-	-
D. Liquidity (A) + (B) + (C)	**10,432**	**406**
E. Current financial assets	**5**	**2,096**
F. Current bank liabilities	55,005	27,400
G. Current financial instruments	-	-
H. Other current financial liabilities	15,433	5,648
I- Current financial liabilities	**70,438**	**33,048**
J. Current net debt (I) - (E) - (D)	**60,001**	**30,546**
K. Non current bank liabilities	42,247	80,590
L. Bonds	-	-
M. Other non current financial liabilities	-	-
N. Non current financial instruments	-	-
O. Non current debt (K) + (L) + (M) + (N)	**42,247**	**80,590**
P. Net Debt (J) + (O)	**102,248**	**111,136**

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 2016, which were respected, are shown in the tables below.

Table 1

(Euro/000)	UBI Banca S.p.A.	CA - CIB e CariParma (Pool)
Amount of the loans as at 31 December 2016	18,988	27,000
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 Corrent / Net Debt No Corrent	>= 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.;

14. Employee benefits

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

(Euro/000)	**31.12.2016**	31.12.2015
Opening balance	418	422
Accrued for the year	6	3
Use for the financial year	(74)	-
Actuarial gain losses	4	(7)
Closing balance	**354**	**418**

15. Non-current provisions for liabilities and charges

(Euro/000)	**31.12.2016**	31.12.2015
Provisions for taxes	93	35
Labour disputes	-	10
Minor lawsuits and disputes	50	53
Provision for risks and losses	102	102
Total	**245**	**200**

(Euro/000)	Balance at 31.12.2015	Provision	Use	**Balance at 31.12.2016**
Provisions for taxes	35	58	-	93
Labour disputes	10	-	(10)	-
Minor law suits and disputes	53	-	(3)	50
Provision for losses on equity investments	-	-	-	-
Provision for risks and losses	102	-	-	102
Total	**200**	**58**	**(13)**	**245**

The movement of the balance, as shown in the table, is due to the use of certain provisions allocated to liabilities arising in previous years and settled or exceeded in the current financial year and the provision for a liability related to a formal notice of assessment issued following a tax audit for the 2013 tax period.
The provisions for liabilities, unchanged since 2015, are the quantification of liabilities connected with contractual costs and charges of probable existence.

16. Deferred tax liabilities

For a better representation of IAS standard 12 "Income Taxes" in respect of deferred taxation, deferred tax assets have been set-off when there is a legally enforceable right to offset current tax assets with the corresponding current tax liabilities. The effect of this reclassification on comparative financial statements figures led to a reduction in deferred tax assets and liabilities of Euro 282 thousand at 31 December 2015.

As at December 31, 2016, the deferred taxes amounted to Euro 4,514 thousand and represent Euro 4,627 thousand of deferred taxes and 113 thousand of pre-paid taxes.

The first items consist principally of deferred tax liabilities arising from the revaluation of land and buildings, carried out during the transition to international accounting standards, and the deferral of taxation on capital gains realised while deferred taxes refer to the tax effect calculated on the taxed funds taxable in subsequent years.
The details of the individual positions are shown in the following tables.

(Euro/000)	**31.12.2016**		31.12.2015	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Bad debt provision	160		768	
Taxed Provisions	152		166	
Other	157		95	
Total	**469**		**1,029**	
Taxable amount forIRES	**469**		**1,029**	
Tax Rate	24.00%		27,5% - 24%	
Advanced taxation for IRES		**113**		**282**
Effect of change in tax rate effective from 2017				**(1)**

(Euro/000)	31.12.2016		31.12.2015	
	Amount of timing differences	**Fiscal Effect**	**Amount of timing differences**	**Fiscal Effect**
Advance Taxation				
Capital Gains	2,435		5,019	
Intangible assets	16,846		16,950	
Total	**19,281**		**21,969**	
Tax Rate	24.0%		27,5% - 24%	
Advanced taxation for IRES		**4,627**		**5,364**
Effect of change in tax rate effective from 2017				**(679)**

Current liabilities

17. Current financial payables

(Euro/000)	**31.12.2016**	31.12.2015
Payables to subsidiaries	12,697	6,531
Payables controlling companies	5,436	-
Payables to banks	55,005	27,400
Closing balance	**73,138**	**33,931**

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 1 for further details:

(Euro/000)	**31.12.2016**	31.12.2015
Payables to consolidated subsidiaries	**9,999**	**5,647**
Chef Express S.p.A.	2,170	-
Global Service S.r.l.	1,055	962
Inalca S.p.A.	2,893	981
Interjet S.r.l.	951	933
Marr S.p.A.	2,930	2,771
Payables to unconsolidated subsidiaries	**-**	**-**
Payables to subsidiaries for transferred tax receivables	**2,698**	**884**
Alisurgel S.r.l. in liq.	-	189
Baldini Adriatica Pesca S.r.l.	-	80
Chef Express S.p.A.	2,190	-
Global Service Logistics S.r.l. in liquidazione	-	2
Interjet S.r.l.	262	221
Marr S.p.A.	246	-
Roadhouse S.p.A.	-	382
Roadhouse Grill Roma S.r.l.	-	10
Total	**12,697**	**6,531**

Relative to the financial payables to consolidated companies please refer to the description in the item "current financial receivables" (note 6).

18. Current tax liabilities

(Euro/000)	**31.12.2016**	31.12.2015
IRES	-	6,528
Withholding taxes	575	510
Total	**575**	**7,038**

The decrease in the balance compared to the previous year is due to the recognition of a lower tax burden in respect to the advances paid in 2016 by companies falling within the scope of the tax consolidation to which Cremonini S.p.A. adhered as the consolidator.

19. Current trade liabilities

(Euro/000)	31.12.2016	31.12.2015
Suppliers	**956**	**1,559**
Payables to subsidiaries	**4,532**	**2,845**
Avirail Italia S.r.l. in liq.	12	32
Chef Express S.p.A.	325	354
Global Service S.r.l.	10	2
INALCA S.p.A.	1,670	806
Inalca Food & Beverage S.r.l.	86	83
Marr S.p.A.	373	-
Italia Alimentari S.p.A	470	606
Marr S.p.A.	-	95
New Catering S.r.l.	87	112
Realbeef S.r.l.	103	-
Roadhouse S.p.A.	1,218	697
Roadhouse Grill Roma S.r.l.	151	5
Sara S.r.l.	6	16
Tecno-Star Due S.r.l.	21	36
Total	**5,488**	**4,404**

20. Other current liabilities

(Euro/000)	31.12.2016	31.12.2015
Accrued expenses and deferred income	20	21
Inps/Inail/Scau	165	161
Inpdai/Previndai/Fasi/Besusso	28	29
Payables to other social security institutions	36	36
Other payables		
Advances and other payables from customers	-	18
Payables for employee remuneration	558	424
Guarantee deposits and down payments received	131	131
Payables to directors and auditors	472	425
Other minor payables	78	74
Total	**1,488**	**1,319**

The employees 'remuneration payable includes the current wages and salaries still to be paid as at 31 December 2016, as well as the allocations relating to the holidays accrued and not taken and relating charges.

Guarantees, sureties and commitments

(Euro/000)	31.12.2016	31.12.2015
Direct guarantees – sureties		
- subsidiaries	210,499	132,686
- other companies	7,776	2,646
	218,275	**135,332**
Direct guarantees – letter of comfort		
- subsidiaries	148,493	133,168
	148,493	**133,168**
Direct guarantees – credit mandates		
- subsidiaries	6,260	6,260
	6,260	**6,260**
Total guarantees, sureties and commitments	**373,028**	**274,760**

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	2,776	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.	5,000	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Other minor items	Cremonini S.p.A. and other subsidiaries	-	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**7,776**	

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

21. Revenues

These are broken down as follows:

(Euro/000)	**2016**	2015
Revenues from sales - Goods for resale	6	5
Revenues from sales - Others	5	4
Revenues from services	2,504	2,015
Advisory services to third parties	1,740	1,781
Rent income	1,554	1,160
Other revenues from ordinary activities	57	39
Total	**5,866**	**5,004**

The increase in the item concerned is mainly attributable to higher revenues for services provided to subsidiaries (collateral guarantees and insurance cover) and for the leasing of the restructured property of Via San Vincenzo in Rome, which became operational in the second half of 2016.

Below is a breakdown of revenues by geographical area:

(Euro/000)	**2016**	2015
Italy	5,814	4,909
European Union	52	95
Non-EU countries	-	-
Total	**5,866**	**5,004**

22. Other revenues

(Euro/000)	**2016**	2015
Insurance reimbursements	5	8
Capital gains on disposal of capital goods	-	12
Other cost reimbursements	622	508
Services, consultancy and other minor revenues	733	601
Total	**1,360**	**1,129**

The increased balance is mainly due to the item "Services, consultancy and other miscellaneous", which in 2016 included the release of some provisions previously allocated that proved to be partially or totally in excess compared to the actual liability incurred.

23. Costs for purchases

(Euro/000)	**2016**	2015
Costs for purchases - Goods for resale	(13)	(7)
Costs for purchases - Stationery and printed paper	(9)	(7)
Other costs for purchases	(31)	(28)
Total	**(53)**	**(42)**

24. Other operating costs

(Euro/000)	**2016**	2015*
Costs for services	(4,021)	(4,139)
Costs for leases and rentals	(60)	(150)
Other operating charges	(1,459)	(1,341)
Total	**(5,540)**	**(5,630)**

*It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour to "Personnel costs"

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

Costs for services

(Euro/000)	**2016**	2015*
Energy consumption and utilities	(282)	(237)
Maintenance and repairs	(285)	(181)
Commisions, commercial and distribution services	(717)	(841)
Third-party services and outsourcing	(25)	(24)
Purchasing services	(3)	-
Other technical and general services	(2,709)	(2,856)
Total	**(4,021)**	**(4,139)**

Costs for leases and rentals

(Euro/000)	**2016**	2015
Lease of business premises, royalties and others	**0**	**0**
Rents and charges payable other property assets	(60)	(150)
Leases and rentals related to real and personal property	**(60)**	**(150)**
Total	**(60)**	**(150)**

Other operating charges

(Euro/000)	**2016**	2015
Losses on receivables	(640)	(477)
Indirect taxes and duties	(449)	(476)
Contributions and membership fees	(101)	(67)
Other minor costs	(269)	(321)
Total	**(1,459)**	**(1,341)**

25. Personnel costs

(Euro/000)	**2016**	2015*
Salaries and wages	(1,902)	(1,906)
Social security contributions	(618)	(573)
Staff Severance Provision	(127)	(127)
Other personnel costs	(20)	(15)
Total	**(2,667)**	**(2,621)**

*It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour to "Personnel costs"

On 31 December 2016 the Company employed a total staff of 20 persons, as follows:

	Factory staff	Office staff	Managers	**Total**
Eployees as at 31.12.2015	0	14	6	20
Eployees as at 31.12.2016	**0**	**15**	**5**	**20**
Increases (decreases)	0	1	(1)	0
Average no. of employees during year	**0**	**14**	**6**	**20**

26. Amortization, depreciation, write-downs and provisions

(Euro/000)	**2016**	2015
Depreciation of tangible assets	(2,139)	(1,287)
Amortization of intangible assets	(5)	(3)
Write-downs and provisions	(15)	(65)
Total	**(2,159)**	**(1,355)**

The increase in the balance is attributable to commencement of depreciation of the real estate complex located in Rome following the completion of renovation works. The lease of the renovated complex began in

July 2016.

Write-downs and provisions

(Euro/000)	**2016**	2015
Receivables write-downs	(15)	(65)
Total	**(15)**	**(65)**

27. Revenue from equity investments

(Euro/000)	**2016**	2015
Income (Charges) from investments in subs.	22,139	39,330
Income (Charges) from investments in other comp.	111	39
Revaluation of investments	529	-
Write-down of investments	(881)	(1,845)
Total	**21,898**	**37,524**

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)	**2016**	2015
INALCA S.p.A. (dividends)	-	18,533
Marr S.p.A. (dividends)	22,139	20,797
Total	**22,139**	**39,330**

"Income from equity investments in subsidiaries" consists of dividends distributed by the subsidiary MARR S.p.A. totalling 22.1 million Euro.

Income (charges) from equity investments in other companies

The 2016 balance of the item under examination includes dividends received in the year from Banca Popolare dell'Emilia Romagna S.p.A. (76.2 thousand Euro) , Gemma S.p.A. (28.5 thousand Euro) and Banco Popolare (6.3 thousand Euro) .

Write-downs of investments

(Euro/000)	**2016**	2015
Banca Popolare di Vicenza S.p.A.	(136)	(1,206)
Interjet S.r.l.	(745)	(639)
Total	**(881)**	**(1,845)**

As already described in paragraphs 3 "Investments in subsidiaries and associates" and 4 "Investments in other companies", the receivables are impaired. In particular, the value of Banca Popolare di Vicenza shares was revalued to market value and a loss of Euro 136 thousand was recorded; the investment in Interjet S.r.l. was written down to reflect losses incurred in 2016.

28. Financial (Income)/Charge

(Euro/000)	**2016**	2015
Income (Charges) from management of derivatives	-	(73)
Net financial Income (Charges)	(1,837)	(3,419)
Total	**(1,837)**	**(3,492)**

In detail:

Income (charges) from management of derivatives

(Euro/000)	2016	2015
Realized Income (Charges) from management of derivatives	-	(73)
Total	**0**	**(73)**

Net financial income (charges)

(Euro/000)	2016	2015
Financial Income (Charges) from controlling companies	**(36)**	**62**
Financial Income (Charges) from subsidiaries	**15**	**136**
Financial income		
- Bank interest receivable	3	22
- Other financial income	58	51
Total financial income	**61**	**73**
Financial charges		
- Interest payable on loans	(1,677)	(3,014)
- Interest payable on current accounts and others	(164)	(600)
- Other bank charges	(30)	(31)
- Other sundry charges	(6)	(45)
Total financial charges	**(1,877)**	**(3,690)**
Total	**(1,837)**	**(3,419)**

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)	2016	2015
Chef Express S.p.A.	40	175
Global Service S.r.l.	(10)	(9)
INALCA S.p.A.	25	14
Interjet S.r.l.	(18)	5
Marr S.p.A.	(22)	(49)
Total	**15**	**136**

29. Income taxes

(Euro/000)	2016	2015
Net income from subs. for transferred taxable amounts	329	633
IRES previous years	(40)	158
	289	**791**
IRAP	-	-
Provision for deferred/pre-paid taxes	566	439
IRAP previous years	(6)	-
Effect of change in IRES tax rate effective from 2017	-	678
	560	**1,117**
Total	**849**	**1,908**

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.

Reconciliation of theoretical tax burden and actual tax burden

IRES

(Euro/000)	Year 2016		Year 2015	
	Taxable amount	Tax	Taxable amount	Tax
Profit before taxation	**16,868**		**30,517**	
Taxation rate	27.5%		27.5%	
Theoretical tax burden		**(4,639)**		**(8,392)**
Permanent differences				
Non-deductible amortization and depreciation	199		65	
Write-down of financial assets (non-deductible part)	881		1,845	
Taxes and tax amnesties	256		265	
Other non-deductible costs	299		334	
Total	**1,635**		**2,509**	
Dividends from foreign companies	(21,138)		(37,400)	
Irap deductible	(12)		(47)	
Gains on disposals subject to substitute tax	(529)		-	
Other	(240)		(81)	
Total	**(21,919)**		**(37,528)**	
Timing differences deductible in future years				
Provisions to taxed funds	15		-	
Other	340		274	
Total	**355**		**274**	
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	(654)		(577)	
Other	(66)		(81)	
Total	**(720)**		**(658)**	
Taxable income	**(1,196)**		**(2,301)**	
Tax rate	27.5%		27.5%	
Actual tax durden		**329**		**633**
Ires previous years		**(40)**		**158**

IRAP

(Euro/000)	Year 2016	Year 2015
	Taxable amount	Taxable amount
Profit before taxation	**16,868**	**30,517**
Costs not relevant for IRAP		
Financial Income/Charges	1,837	3,492
Revenues from equity investments	(21,898)	(37,524)
Write-downs and provisions		
Personnel cost	2,667	2,621
Deductible personnel cost		(674)
Ohers		
Total	**(17,394)**	**(32,085)**
Theoretical taxable amount	**0**	**0**
Taxation rate	3.90%	4.65%
Actual tax burden	**0**	**0**
Irap previous years	**(6)**	

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 : 1,095 thousand Euro
- Board of Statutory Auditors : 73 thousand Euro
- Independent auditors: 67 thousand Euro

(Euro/000)	Company that provided the service	Recipient	Fees pertaining to 2016
Audit	PricewaterhouseCoopers S.p.A.	Cremonini S.p.A.	67,143
Compliance audit	PricewaterhouseCoopers S.p.A.	Cremonini S.p.A.	0
Other services			0
Total			**67,143**

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, 27 March 2017

THE CHAIRMAN

OF THE BOARD OF DIRECTORS

(Cav. Lav. Luigi Cremonini)

_________signed__________

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 2016;
Annex 2	-	List of revenues and costs from/to subsidiaries, associated controlling and related companies for the 2016 financial year;
Annex 3	-	Statement of changes in tangible assets for the financial year ended as at 31 December 2016;
Annex 4	-	Statement of changes in intangible assets for the financial year ended as at 31 December 2016;
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 2016 (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 2016

(Euro/000)	Treasury		Trade		Other		**Total**	
	Receivables	Payables	Receivables	Payables	Receivables	Payables	**Receivab**	**Payables**
Subsidiaries:					(a)	(b)		
As.ca. S.p.A.	-		210		26	36	**236**	**36**
Avirail Italia S.r.l. in liq.	-			12			**-**	**12**
Azienda Agricola Corticella S.r.l.	-		514				**514**	**-**
Chef Express S.p.A.	-	2,170	24	325		3,266	**24**	**5,761**
Fiorani & C. S.p.A.	-		119				**119**	**-**
Ges.Car. S.r.l.	-		666				**666**	**-**
Global Service Logistics S.r.l. in liquidazione	5					106	**5**	**106**
Global Service S.r.l.	-	1,055	157	10	98	15	**255**	**1,080**
Guardamiglio S.r.l.	-		95				**95**	**-**
INALCA S.p.A.	-	2,893	5	1,670			**5**	**4,563**
Inalca Food & Beverage S.r.l.	-		2	86			**2**	**86**
Interjet S.r.l.	-	951	2			262	**2**	**1,213**
Italia Alimentari S.p.A.	-			470			**-**	**470**
Marr S.p.A.	-	2,930		373		1,194	**-**	**4,497**
Momentum Services Ltd	-		5				**5**	**-**
New Catering S.r.l.	-			87	219	26	**219**	**113**
Realbeef S.r.l.	-			103			**-**	**103**
Roadhouse S.p.A.	-		12	1,218	48	293	**60**	**1,511**
Roadhouse Grill Roma S.r.l.	-			151	38		**38**	**151**
Sara S.r.l.	-			6			**-**	**6**
Tecnostar Due S.r.l.	-		17	21			**17**	**21**
Total subsidiaries	**5**	**9,999**	**1,828**	**4,532**	**429**	**5,198**	**2,262**	**19,729**
Associated companies:								
Time Vending S.r.l.	-		79				**79**	**-**
Total associated companies	**-**	**-**	**79**	**-**	**-**	**-**	**79**	**-**
Related companies:								
A.O. Konservny							**-**	**-**
Total related companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Controlling companies:								
Cremofin S.r.l.	-	5,436	8	-	-	-	**8**	**5,436**
Total controlling companies	**-**	**5,436**	**8**	**-**	**-**	**-**	**8**	**5,436**

(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 2016 financial year

(Euro/000)	Revenues Financial	Services	Sales	Other (a)	**Total revenues**	Expenses Financial	Services	Sales	Other	**Total expenses**
Subsidiaries:										
Azienda Agricola Corticella S.r.l.	-	4	-	-	**4**	-	-	-	-	**-**
Chef Express S.p.A.	43	1,676	1	302	**2,022**	2	80	-	1	**83**
Chef Express UK Ltd	-	26	-	-	**26**	-	-	-	-	**-**
Cremonini Restauration S.A.S.	-	13	-	-	**13**	-	-	-	-	**-**
Fiorani & C. S.p.A.	-	47	-	-	**47**	-	-	-	-	**-**
Ges.Car. S.r.l.	-	4	-	-	**4**	-	-	-	-	**-**
Global Service S.r.l.	-	61	-	42	**103**	10	176	-	1	**187**
Guardamiglio S.r.l.	-	15	-	-	**15**	-	-	-	-	**-**
INALCA S.p.A.	25	883	1	41	**950**	-	28	1	-	**29**
Inalca Food & Beverage S.r.l.	-	10	1	33	**44**	-	-	-	-	**-**
Interjet S.r.l.	-	11	-	-	**11**	19	-	-	743	**762**
Italia Alimentari S.p.A.	-	341	-	4	**345**	-	20	-	-	**20**
MARR S.p.A.	-	1,160	-	22,145	**23,305**	22	5	1	-	**28**
Momentum Services Ltd	-	5	-	-	**5**	-	-	-	-	**-**
New Catering S.r.l.	-	6	-	-	**6**	-	-	-	-	**-**
Railrest S.A.	-	8	-	-	**8**	-	-	-	-	**-**
Realbeef S.r.l.	-	13	-	-	**13**	-	-	-	-	**-**
Roadhouse S.p.A.	-	603	1	95	**699**	-	-	-	-	**-**
Roadhouse Grill Roma S.r.l.	-	36	-	-	**36**	-	-	-	-	**-**
Sara S.r.l.	-	2	-	-	**2**	-	-	-	-	**-**
Tecnostar Due S.r.l.	-	45	-	25	**70**	-	17	-	-	**17**
Total subsidiaries	**68**	**4,969**	**4**	**22,687**	**27,728**	**53**	**326**	**2**	**745**	**1,126**
Associated companies:										
Quinto Valore S.c.a.r.l.	-	-	-	-	**-**	-	6	-	-	**6**
Time Vending S.r.l.	-	101	-	-	**101**	-	-	-	-	**-**
Total associated companies	**-**	**101**	**-**	**-**	**101**	**-**	**6**	**-**	**-**	**6**
Controlling companies:										
Cremofin S.r.l.	-	-	-	8	**8**	36	-	-	-	**36**
Total controlling companies	**-**	**-**	**-**	**8**	**8**	**36**	**-**	**-**	**-**	**36**
Related companies:										
Banca Popolare di Vicenza S.p.A.	-	-	-	-	**-**	-	-	-	136	**136**
Totale related companies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**136**	**136**

(a) Other revenues include dividends from subsidiaries

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2016

(Euro/000)	Opening position			Changes over the period					Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2015	Merger	Acquisitions	Net decreases	Reclass./ Other changes	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2016
Land and buildings	85,903	(13,050)	72,853	-	432	(59)	5,520	(1,411)	91,796	(14,461)	77,335
Plant and machinery	2,924	(2,373)	551	-	204	-	3,196	(402)	6,324	(2,775)	3,549
Industrial and business equipment	49	(46)	3	-		-	-	(1)	49	(47)	2
Other assets	5,456	(4,293)	1,163	-	266	(3)	1,205	(325)	6,924	(4,618)	2,306
Fixed assets under construction and advances	9,059	0	9,059	-	962	-	(9,921)	-	100	0	100
Total	**103,391**	**(19,762)**	**83,629**	**0**	**1,864**	**(62)**	**0**	**(2,139)**	**105,193**	**(21,901)**	**83,292**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2016

(Euro/000)	Opening position			Changes over the period				Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2015	Acquisitions	Net decreases	eclass./Write-downs Other changes	Amortization	Initial cost	Amortization provision	Balance at 31.12.2016
Patents and intellectual property rights	100	(95)	5	1	-	-	(4)	100	(98)	2
Concessions, licences, trademarks and similar rights	7	(6)	1	5	-	-	(1)	12	(7)	5
Fixed assets under development and advances	0	0	0	-	-	-	-	0	0	0
Other intangible assets	0	0	0	-	-	-	-	0	0	0
Total	**107**	**(101)**	**6**	**6**	**0**	**0**	**(5)**	**112**	**(105)**	**7**

Annex 5

List of equity investments classified under non-current assets as at 31 December 2016

(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	-	-	529	-	100.00	756	
INALCAS.p.A.	71.60	138,209	-	-	-	-	71.60	138,209	
Interjet S.r.l.	100.00	2,612	600	-	(745)	-	100.00	2,467	
MARR S.p.A.	50.42	57,937	-	-	-	-	50.42	57,937	
Imprenditori per E-Marco Polo	-	-	60	-	-	-	60.00	60	
Total subsidiaries		**255,055**	**660**	**0**	**(216)**	**0**		**255,499**	
Other companies:									
Futura S.p.A.		963	-	-	-	-		963	
Banco Popolare Società Cooperativa		713	-	-	-	(713)		0	
Banca Popolare di Vicenza S.p.A.		139	-	-	(136)	-		3	
Other minor companies		68	-	-	-	(1)		67	
Total other companies		**1,883**	**0**	**0**	**(136)**	**(714)**		**1,033**	
Financial assets held for sale									
Banca Pop. dell'Emilia Romagna		1,000	3,184					4,184	
Banco Popolare Società Cooperativa			116		(608)	713		221	a)
Total Financial assets held for sale		**1,000**	**3,300**	**0**	**(608)**	**713**		**4,405**	

a) the investment write-off has been booked in the specific equity reserve "Fair value reserve"

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2016 (Article 2427.5 of the Italian Civil Code).

(Euro/000) Name	Capital stock (in Euro if not otherwise stated)	Net profit (loss) for the year ended 31.12.2016	Net equity at 31.12.2016	Percentage held at 31.12.2016	Carrying value (A)	Valuation based on NE (B)	Difference (B) - (A)	Notes
Subsidiaries:								
Chef Express S.p.A.	8,500,000	5,062	32,934	100.00%	56,070	44,945	(11,125)	
Global Service S.r.l.	93,000	350	756	100.00%	756	405	(351)	
INALCAS.p.A.	187,017,167	11,112	406,888	71.60%	138,209	313,866	175,657	
Interjet S.r.l.	2,500,000	(762)	2,467	100.00%	2,467	2,612	145	
MARR S.p.A.	33,262,560	55,803	280,623	50.42%	57,937	137,057	79,120	
Imprenditori per E-Marco Polo	100,000	(3)	100	60.00%	60	0	(60)	
Total subsidiaries					**255,439**	**498,885**	**243,446**	

CREMONINI S.P.A

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

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 2016

drawn up pursuant and consequent to

Art. 2429.2 of the Italian Civil Code

This report was approved by the Board in time for it to be filed at the company's registered office 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 made available the following documents approved on 27/03/2017, regarding the financial year that ended on 31 December 2016:

- 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 of the company that the Board of Statutory Auditors states that it has and for that which concerns:

i) the type of business 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 conducts 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 largely remained unchanged;
- that 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 2016 on 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. It is noted that the costs for temporary work were reclassified from the item "Services" to "Personnel costs" for a better representation; consequently the comparative figures at 31 December 2015 were restated for the purpose of adopting the necessary amendments.

This report therefore summarises the disclosure activity provided for by Art. 2429.2 of the Italian Civil Code, and more precisely:

- on the results of the year;
- on the work carried out to fulfil the duties provided for by the regulations;
- on the observations and proposals concerning the financial statements, with particular reference to the use by the Board of Directors of the exemption pursuant to Art. 2423.4 of the Italian Civil Code;
- on the receipt, if any, of complaints by shareholders pursuant to Art. 2408 of the Italian Civil Code.

The work that the Board carried out regarded the entire year in terms of time, 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 company's business and paid special attention to contingent and/or extraordinary problems in order to identify their financial impact on the profit for the financial year and the capital structure. The Board therefore periodically assessed the adequacy of the company's organisational and functional structure and any changes it may have undergone compared to the minimum requirements postulated by the results of operations.

Relationships with people operating in the above-mentioned structure - directors, employees and outside consultants - were inspired by 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 for the company's transactions have 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 it has sufficient knowledge of the company's problems;

- the consultants and external professionals assigned accounting, tax, corporate and labour law advice 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. 2381.5 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 periodic management 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 above-mentioned regulations require 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 can state that:

- the decisions taken by the shareholders and the Board of Directors complied with the law and the Bylaws, and were not manifestly imprudent or such as to definitively jeopardise the integrity of the company's assets;

- sufficient information has been acquired on the overall results of operations and their foreseeable evolution, as well as on the most significant transactions in terms of size or characteristics carried out by the company;

- the transactions implemented were also compliant with the law and the Bylaws, and do no 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;

- during the financial year the Board issued, on 11/04/2016, a proposal motivated pursuant to art. 13 of Legislative Decree no. 39 of 27 January 2010, for the conferment of the appointment as independent auditor for the three-years 2016 – 2018 to PricewaterhouseCoopers s.p.a.

Observations and proposals regarding the financial statements and their approval

The draft financial statements as at 31 December 2016 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 to be filed at the registered office of the company complete with this report, and this is regardless of the deadline set by Art. 2429.1 of the Italian Civil Code;
- the regulatory audit is assigned, on a proposal motivated by the Board of Statutory Auditors, to the independent auditor PricewaterhouseCoopers 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 2017, contained 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 was positive.

  The draft financial statements were then 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 not to 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 to be mentioned in this report;
- observance of the legal regulations pertaining to the preparation of the directors' report was verified, and on this regard, there are no observations to be mentioned in this report;
- in drawing up the financial statements, the Board of Directors did not depart from the legal regulations pursuant to Art. 2423.4 of the Italian Civil Code in compliance 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, we have seen the latter's Annual Report prepared on 14/02/2017, and there are no critical issues to be mentioned in this report emerged regarding the organisational model;

- 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 for the year

The net profit that the Board of Directors determined regarding the year that ended on 31 December 2016, as is also evident from reading the financial statements, is 17,716,120 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 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 2016 as drawn up and as proposed by the Board of Directors.
Lastly, it is recalled that with approval of the financial statements as at 31 December 2016 the mandate granted to the undersigned Board of Statutory Auditors expires.

Castelvetro (MO), 13/04/2017

The Board of Statutory Auditors

Eugenio Orienti (Chairman)__________signed________________

Paola Simonelli (Statutory auditor)____signed___________

Giulio Palazzo (Statutory auditor)_____signed______________

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INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010 AND ARTICLE 165-BIS OF LEGISLATIVE DECREE No. 58 OF 24 FEBRUARY 1998

To the Shareholders of
Cremonini SpA

Report on the financial statements

We have audited the accompanying financial statements of the Cremonini SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 December 2016, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity and the cash flows statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The Directors of Cremonini SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' 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) drawn up pursuant to article 11 of Legislative Decree No. 39 of 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 audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit 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 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 the 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.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Cremonini SpA as of 31 December 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Other matter

The financial statements of Cremonini SpA for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 13 April 2016.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the Directors of the Company, with the financial statements of Cremonini SpA as of 31 December 2016. In our opinion, the report on operations is consistent with the financial statements of Cremonini SpA as of 31 December 2016.

Bologna, 13 April 2017

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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CREMONINI GROUP

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

Consolidated financial statements as at 31 December 2016

Consolidated Statement of Financial Position - Assets

(Euro/000)	Note	**Year 2016**	Year 2015*
Non-current assets			
Tangible assets	1	941,481	810,651
Goodwill	2	194,938	149,888
Other intangible assets	3	25,517	15,563
Investments valued at equity	4	6,491	4,094
Investments in other companies	5	9,714	10,305
Financial assets held for sale		10,241	0
Financial instruments / Derivatives	18	5,401	5,095
Non-current financial receivables	6	3,256	3,338
relating to related parties		1,073	*653*
Deferred tax assets	7	6,962	6,529
Other non-current assets	8	41,164	43,292
Total non-current assets		**1,245,165**	**1,048,755**
Current assets			
Inventories	9	366,904	349,452
Biological assets	10	40,180	41,523
Current financial receivables	11	9,286	8,913
relating to related parties		*6,275*	*5,196*
Current trade receivables	12	567,303	500,157
relating to related parties		*5,227*	*8,966*
Current tax assets	13	31,673	23,271
Financial assets held for sale		4,405	1,000
Financial instruments / Derivatives	18	236	3,275
Cash and cash equivalents	14	238,730	183,416
Other current assets	15	66,193	71,404
relating to related parties		*24*	*363*
Total current assets		**1,324,910**	**1,182,411**
Total assets		**2,570,075**	**2,231,166**

* Regarding 2015 equity information it is noted that, for a better representation of the IAS 12 "income taxes" standard rules relative to set-off of the deferred taxation, the Group considered it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 14 million as at 31 December 2015.

Consolidated financial statements as at 31 December 2016

Consolidated Statement of Financial Position - Liabilities

(Euro/000)	Note	**Year 2016**	Year 2015*
Shareholders' Equity			
Share capital	16	67,074	67,074
Reserves	16	(18,045)	(17,108)
Retained earnings		390,251	338,738
Result for the period		51,390	55,129
Shareholders' Equity attributable to the Group		490,670	443,833
Minority interests' capital and reserves		263,050	228,984
Profit for the period attributable to minority		41,407	38,361
Shareholders' Equity attributable to minority interests		304,457	267,345
Total Shareholders' Equity		**795,127**	**711,178**
Non-current liabilities			
Non-current financial payables	17	592,427	510,492
Financial instruments / Derivatives	18	-	-
Employee benefits	19	29,057	25,386
Provisions for risks and charges	20	15,159	16,476
Deferred tax liabilities	21	49,787	51,334
Other non-current liabilities	22	11,574	1,018
Total non-current liabilities		**698,004**	**604,706**
Current liabilities			
Current financial payables	23	348,803	287,307
relating to related parties		*5,459*	*-*
Financial instruments / Derivatives	18	2,202	105
Current tax liabilities	24	20,837	20,012
Current trade liabilities	25	607,238	532,328
relating to related parties		*969*	*6,529*
Other current liabilities	26	97,864	75,530
relating to related parties		*14*	*1*
Total current liabilities		**1,076,944**	**915,282**
Total liabilities		**2,570,075**	**2,231,166**

* Regarding 2015 equity information it is noted that, for a better representation of the IAS 12 "income taxes" standard rules relative to set-off of the deferred taxation, the Group considered it to reclassify portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 14 million as at 31 December 2015.

Consolidated financial statements as at 31 December 2016

Income statement

(Euro/000)	Note	**Year 2016**	Year 2015*
Revenues	27	3,633,625	3,293,865
relating to related parties		*20,713*	*41,456*
Other revenues	28	67,841	80,140
relating to related parties		*101*	*88*
Other revenues - Non recurring		-	-
Change in inventories of finished and semi-finished		(8,281)	14,347
Capitalisation of internal construction costs		3,842	3,144
Costs for purchases	29	(2,499,576)	(2,274,988)
relating to related parties		*(34,582)*	*(77,881)*
Other operating costs	30	(571,271)	(528,713)
relating to related parties		*(1,974)*	*(990)*
Other operating costs - Non recurring		-	-
Personnel costs	31	(357,682)	(321,924)
Amortization and depreciation	32	(71,081)	(63,728)
Write-downs and provisions	32	(27,150)	(33,025)
Revenues from equity investments		720	(679)
relating to related parties		*(142)*	*(224)*
Financial (Income)/Charges	33	(27,197)	(33,132)
relating to related parties		*(37)*	*(62)*
Financial (Income)/Charges - Non recurring		-	-
Result before taxes		**143,790**	**135,307**
Income taxes	34	(50,993)	(41,817)
Result before minority interests		**92,797**	**93,490**
Result attributable to minority interests		(41,407)	(38,361)
Result for the period attributable to the Group		51,390	55,129

Statement of conprehensive income

(Euro/000)	**Year 2016**	Year 2015*
Result before minority interests	**92,797**	**93,490**
Items to be reclassified to profit or loss in subsequent periods:		
Fair value valuation financial assets available for sale	(608)	0
Efficacious part of profits/(losses) on cash flow hedge instruments	(3,268)	756
Tax effect	807	(208)
Items not to be reclassified to profit or loss in subsequent periods:		
Efficacious part of profits/(losses) on cash flow hedge instruments	(625)	570
Translation effects of the financial statements expressed in foreign currencies	4,758	(17,841)
Tax effect	172	(157)
Comprehensive Income	**94,033**	**76,610**
Result attributable to minority interests	(44,920)	(31,137)
Result for the period attributable to the Group	49,113	45,473

*It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour to "Personnel costs".

Statement of changes in consolidated shareholders' equity as at 31 December 2016

(Euro/000)	Share capital	Nominal value treasury stock in portfolio	Total Share capital	Other Reserves: Share premium reserve	Legal reserve	Reserve for IAS adjustments	Reserve for trading treasury stock	Reserve translation differences	Deficit Merger	Reserve Actuarial Gain Losses	Cash flow hedge reserve	Cash flow hedge reserve	Total Reserves	Profits (Losses) carried forward	Result attributable to the Group	**Shareholders' Equity 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 2014	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(29,598)**	**(146,379)**	**(2,702)**	**0**	**(838)**	**(7,452)**	**309,907**	**41,928**	**411,457**	**229,950**	**31,088**	**261,038**	**672,495**
Allocation of the results of previous year:																				
- retained earnings reserve														41,928	(41,928)	**0**	31,088	(31,088)	**0**	**0**
- distribution of dividends														(15,479)		**(15,479)**	(27,088)		**(27,088)**	**(42,567)**
- distribution of dividends from INALCA														3,067		**3,067**	(3,067)		**(3,067)**	**0**
Change in the scope of consolidation and other operations with minority shareholders														(685)		**(685)**	5,325		**5,325**	**4,640**
Consolidated comprehensive income																**0**				
- Profit for the period															55,129	**55,129**		38,361	**38,361**	**93,490**
- Other Profits/Losses, net of taxes								(10,208)		276			**(9,656)**	0		**(9,656)**	(7,224)		**(7,224)**	**(16,880)**
Balances 31 December 2015	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(39,806)**	**(146,379)**	**(2,426)**	**0**	**(838)**	**(17,108)**	**338,738**	**55,129**	**443,833**	**228,984**	**38,361**	**267,345**	**711,178**
Allocation of the results of previous year:																				
- retained earnings reserve													**0**	55,129	(55,129)	**0**	38,361	(38,361)	**0**	**0**
- distribution of dividends													**0**			**0**	(22,713)		**(22,713)**	**(22,713)**
Change in the scope of consolidation and other operations with minority shareholders								1,340					1,340	(3,616)		(2,276)	14,905		14,905	12,629
Consolidated comprehensive income																				
- Profit for the period															51,390	51,390		41,407	41,407	92,797
- Other Profits/Losses, net of taxes								(450)	0	(283)	(608)	(936)	(2,277)			(2,277)	3,513		3,513	1,236
Balances 31 December 2016	**67,074**	**0**	**67,074**	**78,280**	**14,749**	**79,036**	**0**	**(38,916)**	**(146,379)**	**(2,709)**	**(608)**	**(1,774)**	**(18,045)**	**390,251**	**51,390**	**490,670**	**263,050**	**41,407**	**304,457**	**795,127**

Consolidated Cash flow statements for the financial years ended 31 December 2016 and 31 December 2015

(Euro/000)	**31.12.2016**	31.12.2015
Net profit before minority interests	**92,797**	**93,490**
Amortization and depreciation	71,081	63,728
Amortization and depreciation	1,017	1,872
Net change in other provisions and non-monetary income items	39,020	42,188
Reversal of the effects from extraordinary transactions	0	0
Net change in Staff Severance Provision	(25,888)	(26,473)
Changes in working capital:		
(Increase) decrease in receivables from customers	26,895	12,909
(Increase) decrease in inventories	3,041	(8,657)
Increase (decrease) in payables to suppliers	(47,262)	1,520
(Increase) decrease in other items of the working capital	5,335	(17,873)
Net effects from the change in consolidation area	0	0
Cash-flow from operating activities (A)	**166,036**	**162,704**
Net (investments) in tangible assets	(108,826)	(97,933)
Net (investments) in intangible assets	(10,057)	(1,859)
Financial flow acquisition and disposal of shareholding or branch of business net of cash and cash equivalent	(130,961)	(2,843)
Net change in other non current assets	977	(1,311)
Net effects from the change in consolidation area	0	0
Cash-flow from investment activities (B)	**(248,867)**	**(103,946)**
Increase (Decrease) medium-long term borrowings	81,090	245,404
Increase (Decrease) medium-long term liabilities for derivatives	0	(194)
Increase (Decrease) short term borrowings	69,784	(158,602)
Changes in other securities and other financial assets	3,838	(485)
Increase (Decrease) short term liabilites for derivatives	5,136	(122)
Cash-flow from distribution of dividends	(22,713)	(42,567)
Capital increase and other changes in equity	1,010	(7,146)
Cash flow from financing activities (C)	**138,145**	**36,288**
Cash Flow of the year (D=A+B+C)	**55,314**	**95,046**
Cash and cash equivalents at the beginning of the period (E)	183,416	88,370
Cash and cash equivalents at the end of the period (F=D+E)	**238,730**	**183,416**

Consolidated financial statements as at 31 December 2016

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 27 March 2017.

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 2016 shows the figures for the financial year ended as at 31 December 2015.

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

Agrosakmara Llc
Cibo Sapiens S.r.l.
DMS S.r.l. (in liquidation)
Fratelliditalia SA
Imprenditori per E-Marco Polo (I-EMP) S.r.l.
Inalca Eurasia Kaz Llp
Inalca Foods Nig Limited (inactive, being cancelled)
Inalca F&B China Hld Ltd
Inalca F&B Malaysia Sdn Bhd
Inalca F&B Usa LLC
Italia Alimentari Canada Ltd (start-up)
Montana Farm S.p.z.o.o. (in liquidation)
PeckInalca Lda
Quinto Valore S.c.a.r.l.
Sociedade de Carnes e Derivados de Angola S.A.

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 2016, 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 2015, the following companies were included in the scope of the consolidation:

- Parma France S.a.s. subsidiary held 51% by INALCA S.p.A.;
- Parma Serv. S.r.l. subsidiary held 51% by INALCA S.p.A.;
- Parma Turc S.a.s. subsidiary held 51% by Parma France S.a.s.;
- Parma Lacombe S.a.s. subsidiary held 70% by Parma France S.a.s.;
- Parmaubrac S.a.s. subsidiary held 51% by Parma France S.a.s.;
- Inalca Food & Beverage Hong Kong Ltd subsidiary held 75% by Inalca Food & Beverage S.r.l.;
- Inalca Food & Beverage Lda (Cabo Verde) subsidiary held 55% by Inalca Food & Beverage S.r.l.;
- DE.AL. S.r.l. subsidiary held 100% by MARR S.p.A.;
- Valtenna Carni S.r.l. in liquidation subsidiary held 100% by INALCA S.p.A.;
- ITAUS Pty Ltd subsidiary held 60% by Inalca Food & Beverage S.r.l.;
- Fresco Gourmet Pty Ltd subsidiary held 60% by Inalca Food & Beverage S.r.l.;
- Alliance Express Llc subsidiary held 51% by Chef Express Eurasia Llc;
- Comit-Comercial italiana de alimentaciòn S.L. subsidiary held 60% by Inalca Food & Beverage S.r.l.;
- Hosteria Butarelli S.L. subsidiary held 100% by Comit - Comercial italiana de alimentaciòn S.L.;
- Tecali S.L. subsidiary held 62.81% by Comit - Comercial italiana de alimentaciòn S.L.;
- Modena Corporation Pty Ltd subsidiary held 100% by ITAUS Pty Ltd.

Lastly, the following changes took place in the scope of consolidation with respect to 31 December 2015:

- the sale of 15% of Inalca Angola L.t.d.a. to two Angolan investors;
- the increase in the equity investment in Cremonini Restauration S.a.s. from 86% to 100%;
- the increase in the equity investment in Princeps S.a.s. from 51% to 100%;
- the increase in the equity investment in Inalca Food & Beverage S.r.l. from 70% to 90%;
- the reduction in the equity investment in IF&B Thailand from 99.9% to 84.9% following a capital increase reserved for third parties.

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 2016

The measurement criteria used for preparing the 2016 financial statements do not depart from those used for preparing the financial statements as at 31 December 2015, with the exception of the accounting standards, amendments and interpretations listed below applicable from 1 January 2016, but which have not been applied in the company's financial statements.

- Improvements to International Financial Reporting Standards (2010-2012); most of the changes are clarifications or corrections to existing IFRS, or amendments resulting from changes previously made to IFRS.
- Improvements to International Financial Reporting Standards (2012-2014), including amendments to the following existing International Accounting Standards:

− IFRS 5 – Non-current assets held for sale and discontinued operations: changes in disposal plans. The amendment sets out the guidelines to be followed when an entity reclassifies an asset (or group) being disposed of from the held for sale category to the held for distribution category (or vice versa), or where the classification requirements for an asset held for distribution are not met.

− IFRS 7 – Financial Instruments: disclosures. The document governs the introduction of further guidelines to clarify whether a so called servicing contract constitutes a residual involvement in an asset transferred for the purposes of the information requested. In addition, regarding the offsetting of financial assets and liabilities, the document clarifies that the disclosure is not explicitly required for all interim financial statements. However, the above disclosure may be necessary to comply with the requirements of IAS 34 in the case of significant information.

− IAS 19 – Employee benefits: issues related to the discount rate. The document introduces amendments to IAS 19 in order to clarify that the high quality corporate bonds used to determine the discount rate for subsequent benefits must be issued in the same currency used for the payment of benefits. The changes point out that the size of the market for high quality corporate bonds to be considered must be that at the currency level.

- Amendments to IAS 19 – Employee contributions. The above amendments provide for more details on the accounting of Pension Funds which provide for the payment of contributions by the plan participants.
- Amendments to IFRS 11 - Joint arrangements: Acquisition of an interest. The above amendments require that a joint operator accounting for the acquisition of an interest in a joint operation and in circumstances in which the activity of the joint operation constitutes a business, must apply the relevant standards of IFRS 3 in accounting for business combinations. The amendments also clarify that, in the case of maintaining a joint operation, the previously held interest in a joint operation shall not be subject to re-measurement at the time of acquiring an additional interest. In addition, an exclusion from the scope of IFRS 11 has been added to clarify that the amendments do not apply when the parties that share the control, including the entity drafting the financial statements, are subject to common control of the same controlling entity. The amendments apply both to the acquisition of the initial interest in a joint operation and to the acquisition of each additional interest in the same joint operation and must be applied prospectively.
- Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation. The amendments clarify the standard contained in IAS 16 and IAS 38: revenue represents a model of economic benefits generated by managing a business (of which the assets are a part of) rather than the consumption of economic benefits by making use of assets. It follows that a revenue-based method cannot be used for depreciation of property, plant and equipment and could only be used under very limited circumstances for amortisation of intangible assets. These amendments must be applied prospectively.
- Amendments to IAS 27: Equity method in separate financial statements. Changes will allow entities to use the equity method to account for equity investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities that are already applying the IFRS and decide to amend the accounting policy by using the equity method in their separate financial statements must apply the change retrospectively.
- Amendments to IAS 1: Disclosure initiative. The amendments aim to introduce clarifications in IAS 1 to address some of the elements that are perceived as restrictions on the use of discretion by those drafting financial statements. The amendments clarify that materiality considerations apply to the whole financial statements and that disclosure is only required if information is material. In the event of existing additional information which, although not required by international accounting standards, may be necessary for the reader to understand the

whole financial statements, it must be included within the information itself.
- Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception: The amendments deal with the issues raised in the application of the exception relating to the investment entities provided for in IFRS 10. The amendments to IFRS 10 clarify that the exemption to the presentation of the consolidated financial statements applies to the parent entity that is the subsidiary of an investment entity when the investment entity assesses all of its subsidiaries at fair value.

Accounting standards, amendments and interpretations applicable to future financial statements

The standards and the interpretations that had already been issued but not yet in force at the time of drafting these financial statements are presented below.

- IFRS 9 - Financial Instruments. In July 2014, the IASB issued the final version of IFRS 9: Financial Instruments, which reflects all phases of the project in relation to financial instruments and replaces IAS 39 Financial Instruments recognition and measurement and all previous versions of IFRS 9. This standard introduces new requirements for the classification, measurement, impairment and hedge accounting. IFRS 9 is effective for the periods beginning on 1 January, 2018 or later.
- IFRS 15 (and subsequent clarifications issued on 12 April, 2016) - Revenue from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-stage model that will apply to revenue from contracts with customers. IFRS 15 provides for the recognition of revenues in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services to the customer. This standard provides a more structured approach to the recognition and measurement of revenue, replacing all current requirements in other IFRSs on revenue recognition. IFRS 15 is effective for financial years beginning on 1 January, 2018 or later, with full or modified retrospective application. Early application is allowed.
The company does not expect significant impacts from the application of this standard.
- IFRS 16 – *Leases.* Standard published by the IASB on 13 January, 2016, to replace IAS 17 - Leasing as well as IFRIC 4 interpretations- Determining whether an arrangement contains a lease, SIC 15 – Operating Leases - Incentives and SIC 27 - Evaluating the substance of transactions in the legal form of a lease. The new standard provides a new lease definition and introduces a criterion based on the right to use an asset to make a distinction between leasing contracts and service contracts by identifying as criteria: the identification of the asset, the right to replace it, the right to obtain substantially all the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is scheduled for 1 January, 2019. An early application is permitted for entities that apply IFRS15. The company is assessing the impacts of this new standard on its own financial statements.
- Amendments to IAS 12 - Income taxes. The IASB clarifies how deferred tax assets relating to unrealised losses on debt instruments measured at fair value that result in the creation of a deductible timing difference should be accounted for when the owner of said instruments expects to hold it until it falls due.
- Amendments to IAS 7 - Statement of cash flows. Improvements relate to the information to be provided with regard to changes in financial liabilities arising from both cash flows and non-cash transactions (e.g. foreign exchange gains / losses). Changes will be effective from 1 January 2017.
- Amendments to IFRS 2 — Clarifications of classification and measurement of share based payment transactions. The above amendment will apply from 1 January 2018 and deals with the following issues identified by the IFRS Interpretation Committee: (i) accounting for a plan of payment through defined benefit shares that includes the achievement of results; ii) the payment based on shares in which the adjustment mode is related to future events; (Iii) payments based on shares settled net of tax deductions; Iv) the transition from a stock-based remuneration mode.
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment will be applicable from 1 January 2018 and deals with concerns arising from the application of IFRS 9 on financial instruments before the introduction of new insurance contractual standards. Two options are also provided for companies that subscribe insurance contracts with reference to IFRS 4: (a) an option allowing companies to reclassify certain revenues or costs from determined financial assets from the income statement to the statement of comprehensive income; (Ii) a temporary exemption from the application of IFRS 9 whose main activity is the signing of contracts as described in IFRS 4.
- IFRIC 22 — Foreign Currency Transactions and Advance Consideration. The interpretation (which will be effective from 1 January, 2018) deals with foreign currency transactions in the event that an entity recognises a non-monetary asset or liability arising from the payment or receipt of an advance before the entity recognises the relevant asset, cost or income. The definition does not apply to taxes, insurance or reinsurance contracts.
- Amendments to IAS 40 regarding transfers of investment property. The amendment (effective from 1 January

2018) provides (i) that paragraph 57 of IAS 40 is amended by stipulating that an entity must transfer a property from, or to, the category of real estate investment only when there is evidence of a change in use. (ii) The list of examples given in paragraph 57 (a) to (d) is redefined as a list of non-exhaustive examples.
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the yearly policies improvement programme and will enter into force on 1 January 2018. The improvements concerned: - IFRS 1the short-term exemptions provided in paragraphs E3-E7 have been deleted, as the relief provided in those paragraphs had served its intended purpose;
- IFRS 12 the purpose of the Standard is clarified by specifying that disclosure requirements, except for those provided in paragraphs B10-B16, apply to the interests of an entity listed in paragraph 5 that are classified as held for sale, for distribution or as a discontinued operation pursuant to IFRS5;
- IAS 28 clarifies that the decision to measure at fair value through the profit and loss account an investment in a subsidiary or joint venture held by a venture capital company is possible for all investments in subsidiaries or joint ventures from their initial recognition.

Finally, it is recalled that, for the following standards and interpretations, the Community approval process is instead suspended indefinitely:
- IFRS 14 – Regulatory deferral accounts. The standard allows entities adopting IFRS for the first-time to continue to recognise the amounts relating to the rate regulation in accordance with previous Accounting Standards adopted.
- Amendments to IFRS 10 and IAS 28 – Sales or contribution of assets between an investor and its associate or joint ventur*e.* Document issued by the IASB on 11 September 2014 in order to resolve a conflict between the two policies cited in relation to the sale of an asset or a subsidiary company to a joint venture company.

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	
	2016	2015	**2016**	2015
Dollars (USA)	1.05410	1.08870	1.10690	1.10951
Dinars (Algeria)	116.37897	116.70234	121.09718	111.36131
Readjustado Kwanza (Angola)	175.75716	147.29458	182.07854	133.39524
New Metical (Mozambique)	75.19949	49.12214	69.31561	42.29755
Renminbi (China)	7.32020	7.06080	7.35222	6.97333
Roubles (Russia)	64.30000	80.67360	74.14457	68.07203
Pounds (United Kingdom)	0.85618	0.73395	0.81948	0.72585
Zloty (Poland)	4.41030	4.26390	4.36321	4.18412

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 2016**	Year 2015	Change total value	Change %
Production				
Net revenues	1,686,018	1,406,814	279,204	19.85
Intercompany revenues	74,730	66,149		
Total revenues	1,760,748	1,472,963	287,785	19.54
Gross operating margin	119,095	111,984	7,111	6.35
Amortization, depreciation and write-downs	(52,712)	(51,898)	(814)	1.57
Operating profit (loss)	66,383	60,086	6,297	10.48
Distribution				
Net revenues	1,501,613	1,451,320	50,293	3.47
Intercompany revenues	42,784	29,723		
Total revenues	1,544,397	1,481,043	63,354	4.28
Gross operating margin	110,955	105,677	5,278	4.99
Amortization, depreciation and write-downs	(17,455)	(15,827)	(1,628)	10.29
Operating profit (loss)	93,500	89,850	3,650	4.06
Catering				
Net revenues	511,267	510,997	270	0.05
Intercompany revenues	405	274		
Total revenues	511,672	511,271	401	0.08
Gross operating margin	42,449	49,527	(7,078)	(14.29)
Amortization, depreciation and write-downs	(24,738)	(26,845)	2,107	(7.85)
Operating profit (loss)	17,711	22,682	(4,971)	(21.92)
Holding company property and centralize				
Net revenues	2,569	3,132	(563)	(17.98)
Intercompany revenues	9,208	7,431		
Total revenues	11,777	10,563	1,214	11.49
Gross operating margin	(1,929)	(3,059)	1,130	(36.94)
Amortization, depreciation and write-downs	(2,976)	(2,183)	(793)	36.33
Operating profit (loss)	(4,905)	(5,242)	337	(6.43)
Consolidation adjustment				
Total revenues	*(127,128)*	*(103,577)*		
Gross operating margin				
Amortization, depreciation and write-downs				
Operating profit (loss)	*0*	*0*		
Total				
Total revenues	3,701,466	3,372,263	329,203	9.76
Gross operating margin	270,570	264,129	6,441	2.44
Amortization, depreciation and write-downs	(97,881)	(96,753)	(1,128)	1.17
Operating profit (loss)	172,689	167,376	5,313	3.17

Revenues from sales and service by geographic area

Year 2016 - (Euro/000)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	958,785	57.4	1,364,089	93.4	393,110	78.2	1,719	100.0	2,717,703	74.8
European Union	226,966	13.6	59,327	4.1	106,280	21.1	-	-	392,573	10.8
Extra-EU countries	483,299	29.0	36,757	2.5	3,293	0.7	-	-	523,349	14.4
Total	1,669,050	100.0	1,460,173	100.0	502,683	100.0	1,719	100.0	3,633,625	100.0

Year 2015 - (Euro/000)

	Production	%	Distribution	%	Catering	%	Other	%	Total	%
Italy	707,051	50.9	1,299,991	92.1	359,124	72.9	2,354	100.0	2,368,520	71.9
European Union	197,130	14.2	79,674	5.7	132,814	27.0	-	-	409,618	12.4
Extra-EU countries	483,769	34.9	31,241	2.2	717	0.1	-	-	515,727	15.7
Total	1,387,950	100.0	1,410,906	100.0	492,655	100.0	2,354	100.0	3,293,865	100.0

Consolidated statement of assets and liabilities structure by business sector

As at 31 December 2016 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Intercompany revenues	Total
Intangible assets	34,579	136,057	49,784	35	-	220,455
Tangible assets	588,022	62,815	205,682	84,961	-	941,480
Equity investments and other financial assets	16,944	2,077	1,776	1,126	-	21,923
Total fixed assets	**639,545**	**200,949**	**257,242**	**86,122**	**0**	**1,183,858**
Trade net working capital						
- Trade receivables	189,528	362,399	30,849	3,704	(23,663)	562,817
- Inventories	252,461	142,278	12,276	1	68	407,084
- Trade payables	(212,700)	(269,733)	(95,935)	(6,930)	24,488	(560,810)
Total trade and net working capital	**229,289**	**234,944**	**(52,810)**	**(3,225)**	**893**	**409,091**
Other current assets	25,979	52,086	19,957	4,711	(6,250)	96,483
Other current liabilities	(45,309)	(14,019)	(32,830)	(7,361)	5,357	(94,162)
Net working capital	**209,959**	**273,011**	**(65,683)**	**(5,875)**	**0**	**411,412**
Staff Severance Indemnity Provision and other m/l-term provisions	**(65,981)**	**(25,076)**	**(9,198)**	**6,253**	**-**	**(94,002)**
Net invested capital	**783,523**	**448,884**	**182,361**	**86,500**	**0**	**1,501,268**

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**
Trade net working capital						
- 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	(169)	(9,728)	90,436
Other current liabilities	(26,982)	(12,714)	(38,684)	(12,937)	9,231	(82,086)
Net working capital	**191,957**	**284,411**	**(49,708)**	**(16,276)**	**0**	**410,384**
Staff Severance Indemnity Provision and other m/l-term provisions	**(67,507)**	**(21,855)**	**(10,894)**	**7,061**	**-**	**(93,195)**
Net invested capital	**646,966**	**422,126**	**164,934**	**78,759**	**0**	**1,312,785**

* Regarding 2015 equity information it is noted that, for a better representation of the IAS 12 "income taxes" standard rules relative to set-off of the deferred taxation, the Group considered it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets with the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. The effect of the equity reclassification was a reduction in deferred tax assets and liabilities of 14 million as at 31 December 2015.

Net consolidated debt broken down by sector

As at 31 December 2016 (Euro/000)	Production	Distribution	Catering	Holding and centralized	Total
Payables to banks, bonds and other financial institutions					
- due within 12 months	(146,785)	(118,559)	(36,315)	(60,633)	(362,292)
- due between 1 and 5 years	(232,511)	(145,697)	(78,013)	(41,642)	(497,863)
- due beyond 5 years	(22,456)	(31,226)	(39,432)	(605)	(93,719)
Total payables to banks, bonds and other financial institutions	**(401,752)**	**(295,482)**	**(153,760)**	**(102,880)**	**(953,874)**
Liquidity					
- cash and cash equivalents	76,881	114,160	37,251	10,438	238,730
- other financial assets	6,354	919	1,730	-	9,003
Total liquidity	**83,235**	**115,079**	**38,981**	**10,438**	**247,733**
Securitization and internal treasury current accounts	**2,893**	**2,930**	**2,081**	**(7,904)**	**0**
Total net debt	**(315,624)**	**(177,473)**	**(112,698)**	**(100,346)**	**(706,141)**

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)**

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.

- <u>Estimates adopted for the purposes of measuring impairment of assets</u>

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;
- 5.18% for the valuation of the goodwill of MARR SpA;

Any impairments of assets were measured (impairment tests on goodwill) annually as at 31 December 2016.

- <u>Estimates used in the actuarial calculation for determining defined benefit - Post-employment benefit plans</u>

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

- discounting rate utilised was:
  - 0.86% [1](duration 7–10);
  - 1.31% [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%;

- <u>Estimates adopted in the actuarial calculation of Provisions for supplementary clientele severance indemnity</u>

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 0.39%.

<u>Deferred taxes</u>

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

- <u>Other estimates and hypotheses used</u>

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

- inventory obsolescence

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

[2] Average performance curve deriving from IBOXX Eurozone Corporates AA (+10 years).

- 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 2016, 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	617	(682)
GB - Pounds	92	(101)
AU - Australian dollars	(83)	92
Angola - Readjustado Kwanza	(840)	927
Russia - Rubles	(563)	622

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 2016, 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 7,031 thousand Euro on an annual basis (5,979 thousand Euro as at 31 December 2015).

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)	31.12.2016	31.12.2015
Current trade receivables	567,303	500,157
Other non-current assets	41,164	43,292
Other current assets	66,193	71,404
Total	**674,660**	**614,853**

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 are 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 insolvability 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 2016				
Financial payables	348,803	498,708	93,719	941,230
Financial instruments / Derivatives	(1,966)	5,401	-	3,435
Trade Liabilities	607,238	-	-	607,238
	954,075	**504,109**	**93,719**	**1,551,903**
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**

Classes of financial instruments

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

(Euro/000)	31 December 2016		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial assets held for sale	10,241	-	**10,241**
Non-current financial instruments / Derivatives	-	5,401	**5,401**
Non-current financial receivables	3,256	-	**3,256**
Other non-current receivable items	41,164	-	**41,164**
Current financial receivables	9,286	-	**9,286**
Current trade receivables	567,303	-	**567,303**
Current financial assets held for sale	4,405	-	**4,405**
Current derivative financial instruments	235	1	**236**
Current tax receivables	31,673	-	**31,673**
Cash and cash equivalents	238,730	-	**238,730**
Other current receivable items	66,193	-	**66,193**
Total	**972,486**	**5,402**	**977,888**
Balance Sheet Liabilities	**Other financial liabilities**	**Derivates utilised for hedg.**	**Total**
Non-current financial payables	592,427	-	**592,427**
Non-current financial instruments / Derivatives	-	-	**-**
Current financial payables	348,803	-	**348,803**
Current financial instruments / Derivatives	2,115	87	**2,202**
Total	**943,345**	**87**	**943,432**

(Euro/000)	31 December 2015		
Balance Sheet Assets	**Loans and Receibles**	**Derivates utilised for hedging**	**Total**
Non-current financial receivables	-	-	**-**
Non-current derivative financial instruments	-	5,095	**5,095**
Other non-current receivable items	3,338	-	**3,338**
Current financial receivables	43,292	-	**43,292**
Current trade receivables	8,913	-	**8,913**
Current derivative financial instruments	500,157	-	**500,157**
Current financial receivables	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**
Current financial payables	-	-	**-**
Derivative financial instruments	287,307	-	**287,307**
Derivative financial instruments	-	105	**105**
Total	**797,799**	**105**	**797,904**

In conformity with the requirements brought about by the changes introduced to IFRS 13, 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 market[1].

1The 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.

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.

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.

1. Tangible assets

(Euro/000)	Balance at 31.12.2015	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2016**
Land and buildings	607,480	794	72,459	(316)	37,877	(25,023)	693,271
Plant and machinery	115,352	1,793	54,718	(732)	14,345	(29,028)	156,448
Industrial and business equipment	7,474	323	7,324	(203)	544	(3,195)	12,267
Other assets	40,079	1,543	16,829	(1,132)	3,760	(10,710)	50,369
Fixed assets under construction and advances	40,266	41	38,094	(1,072)	(48,203)	-	29,126
Total	**810,651**	**4,494**	**189,424**	**(3,455)**	**8,323**	**(67,956)**	**941,481**

Land and buildings

All the sectors contributed to the acquisitions of the item under review, in particular: the Production Sector (53.1 million Euro), the Catering Sector (15.8 million Euro), the Distribution Sector (3.1 million Euro) and the Financial Sector (0.4 million Euro).

Production:

The sector was up by 53.1 million Euro, 49.9 million ascribable to the business complex recognised in Inalca S.p.A. following acquisition of the Assofood S.p.A. and Unipeg Soc. Coop. Agr. business branches.
Furthermore, improvements were made to the Busseto and Gazoldo buildings by the subsidiary Italia Alimentari S.p.A. for a cost of around a million Euro.

Catering:

The increases of the sector, which amounted to 15.9 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.

Distribution:

Improvements were made to the property of the various factories and branches for a total of 3.1 million Euro. Specifically, the interventions involved the MARR Urbe (Rome) branch for a total of 1.4 million, expansion of the building of the MARR Bologna (Anzola dell'Emilia) branch for1.4 million Euro and investments made at the new MARR Adriatico branch and MARR Rome.

Financial:
Expenses were incurred for interventions on property owned in Rome and Castelvetro.

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, which impacted by 7.3 million Euro in the year.

At 31 December 2016 there were thirty- eight 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 thousand Euros
Initial payment on signing the contract	163 thousand Euros	133 thousand Euros	296 thousand Euros	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
2016 payments*	89 thousand Euros	73 thousand Euros	160 thousand Euros	160 thousand Euros
Residual value as at 31 December 2016	0,8 million Euros	0,7 million Euros	1,5 million Euros	2,0 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
2016 payments*	150 thousand Euros	136 thousand Euros	181 thousand Euros	136 thousand Euros
Residual value as at 31 December 2016	2,1 million Euros	2,0 million Euros	2,1 million Euros	1,6 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
2016 payments*	230 thousand Euros	77 thousand Euros	132 thousand Euros	199 thousand Euros
Residual value as at 31 December 2016	2,8 million Euros	1,0 million Euros	1,6 million Euros	2,7 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	3,0 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
2016 payments*	95 thousand Euros	99 thousand Euros	195 thousand Euros	194 thousand Euros
Residual value as at 31 December 2016	1,1 million Euros	1,5 million Euros	1,8 million Euros	1,20 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	1,9 million Euros
Initial payment on signing the contract	680 thousand Euros	844 thousand Euros	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
2016 payments*	244 thousand Euros	205 thousand Euros	184 thousand Euros	151 thousand Euros
Residual value as at 31 December 2016	2,3 million Euros	1,2 million Euros	1,7 million Euros	1,5 million Euros

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

*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	1,7 million Euros	1,1 million Euros	2,2 million Euros	1,9 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
2016 payments*	123 thousand Euros	7 thousand Euros	126 thousand Euros	67 thousand Euros
Residual value as at 31 December 2016	1,4 million Euros	1,1 million Euros	2,1 million Euros	1,9 million Euros

	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	2,3 million Euros	2,2 million Euros	1,6 million Euros
Initial payment on signing the contract	168 thousand Euros	297 thousand Euros	267 thousand Euros	146 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
2016 payments*	138 thousand Euros	67 thousand Euros	44 thousand Euros	78 thousand Euros
Residual value as at 31 December 2016	1,3 million Euros	2,3 million Euros	2,0 million Euros	1,3 million Euros

	Treviso Silea Building	Casello Building	Olgiate Building	Gravellona Toce Building
Commencement of the lease term	29/05/2015	29/05/2015	05/04/2016	15/03/2016
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	3,2 million Euros	2,7 million Euros	2,0 million Euros	1,7 million Euros
Initial payment on signing the contract	320 thousand Euros	275 thousand Euros	257 thousand Euros	174 thousand Euro
Amount of the monthly payment	23 thousand Euros	18 thousand Euros	16 thousand Euros	11 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	32 thousand Euros	275 thousand Euros	257 thousand Euros	174 thousand Euros
2016 payments*	269 thousand Euros	41 thousand Euros	22 thousand Euros	14 thousand Euros
Residual value as at 31 December 2016	2,6 million Euros	2,0 million Euros	1,8 million Euros	0,7 million Euros

	Collegno Building	Como Lipomo Building	Cornaredo Building	Tradate Building
Commencement of the lease term	02/08/2016	15/02/2016	05/08/2016	19/10/2016
Duration finance lease	12 years	12 years	12 years	12 years
Nr. of lease payments	143 thousand Euros	143 thousand Euros	143 thousand Euros	143 thousand Euros
Value of the leased asset	1,4 million Euros	1,7 million Euros	0,9 million Euros	1,0 million Euros
Initial payment on signing the contract	266 thousand Euros	276 thousand Euros	197 thousand Euros	500 thousand Euros
Amount of the monthly payment	17 thousand Euros	18 thousand Euros	13 thousand Euros	14 thousand Euros
Interest rate	Euribor	Euribor	Euribor	Euribor
Amount of final option	266 thousand Euros	276 thousand Euros	197 thousand Euros	250 thousand Euros
2016 payments*	9 thousand Euros	18 thousand Euros	5 thousand Euros	2 thousand Euros
Residual value as at 31 December 2016	1,1 million Euros	1,4 million Euros	0,7 million Euros	0,6 million Euros

	Fidenza Building	Curtatone Building
Commencement of the lease term	29/09/2016	29/09/2016
Duration finance lease	12 years	12 years
Nr. of lease payments	143 thousand Euros	143 thousand Euros
Value of the leased asset	1,4 million Euros	0,6 million Euros
Initial payment on signing the contract	240 thousand Euros	148 thousand Euros
Amount of the monthly payment	15 thousand Euros	9 thousand Euros
Interest rate	Euribor	Euribor
Amount of final option	240 thousand Euros	148 thousand Euros
2016 payments*	7 thousand Euros	1,0 thousand Euros
Residual value as at 31 December 2016	0,3 million Euros	0,5 million Euros

*Values inclusive of indexation differences.

Plant and machinery

The larger increases for 2016 were made in the sectors:

- Production (for a total of 44.7 million Euro) by:
  - INALCA S.p.A. (38.9 million Euro) due to 33.5 million for the acquisition of the Assofood Unipeg business branches. Improvements to the existing plant, factories and production lines were also conducted;

- Italia Alimentari S.p.A. (3.3 million Euro) that arranged for an extraordinary revision of the plant and machinery in the Gazoldo factory, destined to increase the production capacity and productivity relating to the production of smoked bacon and interventions in the snacks area, specifically on the lines destined for the production of gluten free products ;
- Fiorani and C. S.p.A. (1.0 million Euro) for the purchase of specific machinery;
- Industria Alimentar Carnes de Mocambique Lda (475 (475 thousand Euro) for the purchase of parts of refrigerating cells for the new platform;
- Az. Agr. Corticella S. r. l. (405 thousand Euro) for the implementation of a biogas system.

- Catering (for a total of 7.6 million Euro) by:
  - Roadhouse S.p.A. (4. 3 million Euro) new plant and improvements of the existing plant, specifically in the Curno, Curtatone, Lainate Casello, Cernusco Lombardone, Tradate, Udine and Como steakhouses;
  - Chef Express S.p.A. (2.6 million euro) for improvements on the plants of the airport and railway catering premises operated by the company;
  - Roadhouse Grill Roma S.r.l. (377 thousand Euro), specifically Castel Romano and Roma Tiburtina.

- Distribution (for a total of 2.2 million Euro) almost exclusively attributable to MARR S.p.A. for works conducted at the various branches indicated in detail in the item "Land and buildings".
  Added to these are investments in plant and machinery of the subsidiary As.Ca of 91 thousand Euro and in industrial and commercial equipment of the subsidiary New Catering S.r.l. of 140 thousand Euro.

The decreases mainly concerned the catering sector (Chef Express S.p.A. and Princeps S.a.s.), consequent to the disposal of plant related to the refurbishment of some premises and termination of the catering business at the *Drouot* auction house 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 (+ 2.2 million Euro).

<u>Other assets</u>

The main investments that justify the increase with respect to 31 December 2015 involved various sectors. In detail the higher increases can be ascribed to:

- Roadhouse S.p.A. for fitting-out new steakhouses (4,2 million Euro);
- Chef Express S.p.A. (2.7 million Euro) for purchases of furniture and fittings, electronic machinery and signs;
- MARR S.p.A. for the purchase, by means of a financial lease agreement, of new infrastructure hardware totalling Euro 1,112 thousand Euro for the Group ERP, in addition to the purchase of electronic machinery and industrial vehicles (2.8 million Euro);
- Inalca Kinshasa S.p.r.l. (1.6 million Euro) for the purchase of a truck and trailers for the purpose of improving logistics efficiency;
- INALCA S.p.A. (1. 5 million Euro) for the purchase of electronic machinery and motor vehicles;
- Industria Alimentar Carnes de Mocambique Lda (0.9 million Euro) for commercial vehicles for distribution in loco;
- Momentum Services L.t.d. (571 thousand Euro) for the purchase of a new EPOS system for electronic payments;
- Roadhouse Grill Roma S.r.l. (439 thousand Euro), specifically for fitting-out premises situated in Castel Romano and Roma Tiburtina;
- Inalca F&B Thailand Ltd (348 thousand Euro) for the purchase of vehicles, office fittings and computers.

The decreases for the period of 1.1 million Euro almost totally refer to Chef Express S.p.A. (764 thousand Euro for refurbishment of premises) and to the sale of industrial vehicles and motor vehicles by the subsidiary MARR S.p.A. (235 thousand Euro).

Non-current assets under construction and advances

The greater increases regarded these sectors:

- 19.0 million Euro for catering, incurred by:
  - Roadhouse Grill Italia for updating works of new premises of the steakhouse chain (14.1 million Euro).
  - Chef Express S.p.A. 4.5 million Euro for investments made for the refurbishment of various station buffets and motorway service areas;
  - Roadhouse Grill Roma S.r.l. on premises to be opened in the future for about 413 thousand Euro (Roma Tiburtina, Castel Romano and Roma Battistini);

- 18.1 million Euro for production, incurred by:
  - Orenbeef L.l.c. for construction of the new slaughterhouse in Orenburg (Russia) for about 6.8 million Euro;
  - Kaskad Llc, 4.5 million Euro for the purchase of land for the construction of a new factory that will act as a distribution hub for foodservice and a new bacon production line;
  - Inalca Brazzaville S.a.r.l., 2.4 million Euro for the construction of a new building on leased land in Pointe Noire and expansion of the refrigeration cells in Brazzaville;
  - Inalca Mocambique Lda for construction of a new factory in Maputo (1.8 million Euro);
  - Italia Alimentari S.p.A., 0.9 million Euro, mainly for plant and machinery for the cured meats and snacks lines at the Gazoldo factory, expansion of the salami seasoning department at the Busseto factory and a slicing line for Italia Alimentari Canada Ltd;
  - Zaklady, 571 thousand Euro for the purchase of new machinery;
  - Inalca Kinshasa S.p.r.l., 543 thousand Euro for works at the factory owned in Nathalice in the Congo;

The refurbishment works were concluded on the property owned by the parent company Cremonini S.p.A. during the financial year in the area defined as "Ex Mondadori", within the Via San Vincenzo, Rome, complex (0.9 million Euro) that became operational in the second half of 2016.

There are mortgages, secured by non-current tangible assets, for amounts of about 422 million Euro 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 discretional measurements".

(Euro/000)	Balance at 31.12.2014	Change in consolidation scope	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2016**
Production - Beef	3,165	244	10,937	-	(535)	-	13,811
Distribution	98,863	-	36,184	-	(94)	-	134,953
Catering	47,860	-	24	-	(151)	(1,559)	46,174
Total	**149,888**	**244**	**47,145**	**0**	**(780)**	**(1,559)**	**194,938**

(Euro/000)	
Balance at 31.12.2015	149,888
Change in consolidation scope	244
Purchases	47,145
Decreases	0
Other	(780)
Amortization	(1,559)
Balance at 31.12.2016	**194,938**

In addition to the increase of 244 thousand Euro during the financial year consequent to the inclusion of the Parma France Group in the scope of the consolidation the goodwill item increased by 47 million Euro as an effect of the following transactions:

- the acquisition in the Distribution sector of the DE.AL S.r.l. business division completed on 4 April 2016. This company operates in food distribution to independent, non-domestic, catering operators and determined the recognition of goodwill of 36.2 million;
- the recent company and business branches acquisitions in the Production sector, cited in the Directors' Report and preambles, determined the recognition of goodwill of about 10.9 million.

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:

(Euro/000)	Gruppo Parma France	Branch of Business Unipeg Assofood	DE.AL S.r.l.
Acquisition price	2,026	2,048	36,000
Costs directly attributable to the business combination	0	0	0
Total cost of the business combination	**2,026**	**2,048**	**36,000**
Fair value of assets acquired and contingent liabilities assume	1,782	(3,512)	(184)
Goodwill	**244**	**5,560**	**36,184**

Book values determined in conformity with the IFRS immediately prior to the combination (Euro/000)	Gruppo Parma France	Branch of Business Unipeg Assofood	DE.AL S.r.l.
Intangible and tangible assets	880	86,001	1,691
Investments	664	2,950	1,237
Inventories	586	8,859	5,166
Receivables	20,763	66,127	15,588
Other current assets	406	2,936	245
Minority interests' capital and reserves	(4,032)	0	0
Employee benefits	0	0	(1,074)
Risks provisions	(150)	(5,097)	(188)
Payables to employees and social security institutions	(8,290)	(61,608)	(8,747)
Trade payables	(8,605)	(94,276)	(13,195)
Othre current liabilities	(440)	(9,404)	(907)
Fair value of assets acquired, liabilities and contingent liabilities assumed	**1,782**	**(3,512)**	**(184)**

(Euro/000)	Gruppo Parma France	Branch of Unipeg Assofood	DE.AL S.r.l.
Acquisition price	(2,026)	(2,048)	(36,000)
Net of cash acquired	(8,290)	(61,608)	(8,747)
Acquisition Cash out	**(10,316)**	**(63,656)**	**(44,747)**

(Euro/000)	ITAUS Pty Ltd	Fresco Gourmet Pty Ltd	Gruppo Comit
Acquisition price	1,056	1,042	5,950
Costs directly attributable to the business combination	0	0	0
Total cost of the business combination	**1,056**	**1,042**	**5,950**
Fair value of assets acquired and contingent liabilities assume	156	400	2,115
Goodwill	**900**	**642**	**3,835**

Book values determined in conformity with the IFRS immediately prior to the combination (Euro/000)	ITAUS Pty Ltd	Fresco Gourmet Pty Ltd	Gruppo Comit
Intangible and tangible assets	131	208	1,269
Investments	42	19	219
Inventories	840	745	1,858
Receivables	581	845	4,838
Other current assets	30	18	0
Equity attributable to minority interests	(104)	(266)	(2,523)
Employee benefits	(33)	(5)	0
Risks provisions	0	0	0
Net Debt	(667)	28	904
Trade payables	(621)	(756)	(3,629)
Othre current liabilities	(43)	(436)	(821)
Fair value of assets acquired, liabilities and contingent	**156**	**400**	**2,115**

(Euro/000)	ITAUS Pty Ltd	Fresco Gourmet Pty Ltd	Gruppo Comit
Acquisition price	(1,056)	(1,042)	(5,950)
Net of cash acquired	(667)	28	904
Acquisition Cash out	**(1,723)**	**(1,014)**	**(5,046)**

The goodwill provisionally attributed to the acquisitions illustrated above is justified by the important strategic value of such transactions that have permitted the Group to significantly reinforce its presence in areas not overseen before.

As at the date of these annual financial statements, excluding the effects of the now definitive identification of the net assets regarding the Parma France Group, the purchase price allocation provided by IFRS 3 has not yet been completed for the remaining business combinations. The allocations illustrated in summary above, deriving from the management's best estimates based on the information currently available, are therefore provisional. As required by IFRS 3 the allocation procedure will be completed within 12 months.

3. Other intangible assets

(Euro/000)	Balance at 31.12.2015	Change in consolidation area	Purchases	Decreases	Other	Amortization	**Balance at 31.12.2016**
Patents and intellectual property rights	1,482	1,260	1,648	(997)	94	(1,119)	2,368
Development costs	-	-	-	-	351	(70)	281
Concessions, licences, trademarks and similar rights	12,510	12	3,988	-	261	(818)	15,953
Fixed assets under development and advances	664	-	1,675	(41)	(462)	-	1,836
Long-term costs	907	-	3,953	(82)	707	(406)	5,079
Total	**15,563**	**1,272**	**11,264**	**(1,120)**	**951**	**(2,413)**	**25,517**

The item "Industrial patent rights" mainly includes the purchases and implementation of corporate software. The acquisitions for the year refer to INALCA, Roadhouse, MARR and Chef Express. About 400 thousand Euro of the increases for the period are justified by the contribution of the Assofood and Unipeg business branches.

In January 2016 the acquisition of the historic canned meats brand Manzotin from Generale Conserve, an Italian company specialised in food conserves, was concluded. The acquisition determined an increase of the item "Concessions, licenses and brands and similar rights" of about 3.5 million Euro.

The other non-current intangible assets that have a defined life, and are consequently amortised during the life thereof, increased by 3.6 million Euro following recognition of a non-competition agreement.

The item "Non-current assets in progress and advances" represents the capitalisation of costs relating to operations in progress at the period-end that will be completed during the current and following years.

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 involved the item under examination refers to the equity investment in the Parma France Group that, acquired in December 2015, was consolidated commencing from January 2016.
Furthermore, the subsidiaries Inalca F&B Cabo Verde Lda and Inalca F&B Hong Kong Ltd were included in the scope of the consolidation.

Also acquired in the financial year were controlling interests companies that are not consolidated due to their limited relevance and/or are non-operative. The most significant are Inalca F&B China Hld Ltd, Inalca F&B Malaysia Sdn Bhd, Italia Alimentari Canada Ltd, Inalca Eurasia Kaz Llp, Fratelliditalia SA, Imprenditori per E-Marco Polo (E-MP) and Quinto Valore S.c.ar.l.

Equity investments in associated companies

The changes in the value of the related companies mainly refers to the incorporation of Griglia Doc S.r.l. and recognition of the equity investments in Unitea S.r.l. and Unieffebi S.r.l., included in the Assofood and Unipeg business branches.

Following the inclusion in the scope of the consolidation of the Parma France Group the equity investment in Parma Sofrelim S.a.s. was also recognised (50% held by Parma France). Lastly, the values of the equity investments in Avirail S.a.s., Griglia Doc S.r.l., Parma Sofrelim S.a.s. and Time Vending S.r.l. were updated based on the last financial statements available.

5. Investments in other companies

The change in the balance of "Equity investments in other companies" of 812 thousand Euro is mainly attributable to the reclassification of the equity investment in Banca Popolare Società Cooperativa in "Financial assets available for sale".

The shareholding of 136 thousand Euro in Banca Popolare di Vicenza was written-down in 2016 for the purpose of aligning the value with the current market prices.

6. Non-current financial receivables

(Euro/000)	**31.12.2016**	31.12.2015
Receivables from subsidiaries		
- Fratelliditalia SA	335	-
- Inalca F&B Cabo Verde Lda	-	653
Receivables from associated companies		
- Frigomacello S.r.l.	738	
Interest-bearing and non-interest-bearing loans to third parties	2,183	2,685
Total	**3,256**	**3,338**

As at 31 December 2016 the balance of the item, of 3,256 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 1,595 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.

8. Other non-current assets

(Euro/000)	**31.12.2016**	31.12.2015
Trade receivables	10,729	9,759
Provision for bad debts	(859)	(880)
Tax assets	11,491	12,511
Other receivables	15,225	16,393
Deferred income and prepaid expenses	4,578	5,509
Total	**41,164**	**43,292**

Non-current "Trade receivables", which totalled 10,729 thousand Euro (of which 2,835 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 deferments 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 12.2 million Euro (13.0 million Euro as at 31 December 2015). There were also receivables for the "end of operations bonuses" that totalled about 749 thousand Euro, which Chef Express S.p.A. accrued from the oil companies (709 thousand Euro as at 31 December 2015). 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)	**31.12.2016**	31.12.2015
Raw materials, secondary materials and consumables	54,191	44,445
Work in progress and semi-finished goods	5,444	4,703
Finished goods and goods for resale	299,606	294,845
Advances	8,551	6,396
Provision for write-down of inventories	(888)	(937)
Total	**366,904**	**349,452**

The increase compared to the previous year is prevalently attributable to the distribution sector and specifically to the stocking policies pursued, aimed at gathering specific commercial opportunities in the frozen fish market. Higher inventories were also recorded as an effect of the previously mentioned inclusion in the scope of the consolidation of the companies acquired and the acquisition of the Assofood and Unipeg business branches.

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 decrease compared to 2015 derives from the reduction of the number of head being reared (48,288 head in 2016 compared to 49,414 in 2015).

11. Current financial receivables

(Euro/000)	**31.12.2016**	31.12.2015
Receivables from subsidiaries	**1,659**	**681**
Agrosakmara Llc	143	-
DMS S.r.l. in liq.	2	129
Inalca F&B Cabo Verde LDA	-	513
Inalca F&B Hong Kong Ltd	-	38
Inalca F&B Malaysia SDN BHD	511	-
Italia Alimentari Canada Ltd	855	-
Parma France S.a.s.	-	1
Peckinalca Lda	2	-
SCDA Angola SA	146	-
Receivables from associated companies	**4,395**	**4,515**
Avirail S.a.s.	1,225	3,404
Farm Service S.r.l.	333	270
Frimo S.a.m.	895	841
Unitea S.r.l.	1,942	-
Receivables from controlling companies	**0**	**0**
Cremofin S.r.l.	-	-
Other financial receivables	**3,232**	**3,717**
Treasury receivables from minorities	3,232	3,717
Provision for bad debts	-	-
Totale	**9,286**	**8,913**

12. Current trade receivables

Trade receivables are broken down as follows:

(Euro/000)	31.12.2016	31.12.2015
Trade receivables	**562,272**	**492,040**
Due within 12 months	616,491	542,244
Provision for bad debts	(54,219)	(50,204)
Receivables from parent companies	**17**	**0**
Cremofin S.r.l.	17	-
Receivables from unconsolidated subsidiaries	**1,098**	**3,041**
Bottega Mediterranea SDN BHD	199	-
Cibo Sapiens S.r.l.	18	-
E-Marco Polo (E-MP) Spa	29	-
Fratelliditalia SA	112	-
Inalca F&B Cabo Verde Lda	-	2,701
Inalca F&B China Hld Ltd	2	-
Inalca F&B Malaysia SDN BHD	45	-
Inalca F&B Shanghai Co Ltd	73	-
Italia Alimentari Canada Ltd	157	-
Parma Serv S.r.l.	-	340
Quinto Valore S.c.a.r.l.	185	-
Top Best International HLD	278	-
Provision for bad debts	-	-
Receivables from associated companies	**3,916**	**5,076**
Avirail S.a.s.	416	1,064
Farm Service S.r.l.	481	181
Food & co S.r.l.	2	2
Frigomacello S.r.l.	100	-
Griglia Doc S.r.l.	21	-
Inalca Emirates Trading Llc	1,235	2,469
Time Vending S.r.l.	124	69
Parma Sofrelim S.a.s.	15	-
Quinto Valore soc.cons.a r.l.	-	1,291
Sardinia Logistica S.r.l.	69	-
Unitea S.r.l.	1,443	-
Unieffebi S.r.l.	11	-
Bad debts provision	(1)	-
Total	**567,303**	**500,157**

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 2016, the composition of the overdue trade receivables from third parties is the following:

(Euro/000)	31.12.2016		31.12.2015	
	Amount	Bad Debt Prov.	Amount	Bad Debt Prov.
Trade receivables not overdue	318,842	(166)	276,739	(1,688)
Overdue up to 30 days	90,555	(68)	90,215	(203)
Overdue from 31 to 60 days	39,033	(25)	30,121	(170)
Overdue from 61 to 90 days	33,665	(3,879)	24,190	(235)
Overdue from 91 to 120 days	116,754	(39,706)	110,298	(37,562)
Overdue over 120 days	28,371	(11,234)	20,440	(11,226)
Total	**627,220**	**(55,078)**	**552,003**	**(51,084)**

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)	**31.12.2016**	31.12.2015
Initial balance	(51,084)	(46,799)
Change in scope of consolidation	(4,873)	-
Utilized during the year	17,643	15,506
Other movements	6,230	-
Exchange differences effect	(485)	224
Accruals during the year	(22,509)	(20,015)
Final balance	**(55,078)**	**(51,084)**

13. Current tax assets

(Euro/000)	**31.12.2016**	31.12.2015
Receivables for advance on direct taxes	10,700	5,005
Receivables for withholdings	62	49
IRPEG dispute	6,040	6,061
VAT credit and other taxes requested for reimbursement	9,946	7,581
Other sundry receivables	4,928	4,578
Bad debts provision	(3)	(3)
Total	**31,673**	**23,271**

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 for repayment by the French subsidiary Cremonini Restauration S.a.s.

As for the item "IRPEG dispute", please refer to the paragraph "Provisions for liabilities and charges".

14. Cash and cash equivalents

(Euro/000)	**31.12.2016**	31.12.2015
Cash	17,573	15,894
Checks	34	4
Bank and postal accounts	221,123	167,518
Total	**238,730**	**183,416**

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)	**31.12.2016**	31.12.2015
Accrued income and prepaid expenses	5,508	5,223
Other receivables		
Advances to suppliers	46,428	48,865
Receivables from insurance companies	470	5,211
Receivables for contributions to be collected	-	-
Receivables from social security institutions	1,195	3,133
Receivables from agents	2,554	2,264
Receivables from employees	657	1,698
Down payments	3,896	8
Guarantee deposits	589	624
Other sundry receivables	11,468	9,055
Provision for bad debts	(6,572)	(4,677)
Total	**66,193**	**71,404**

The item "Advances to suppliers" relates to 42.2 million Euro for the Distribution sector and 3.8 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.

"Due from insurance companies" relates to receivables reimbursable from claims not yet received at the year-end. Last year's balance included receivables for reimbursements relating to the fire at Terminal 3 of the Fiumicino airport (Rome).

The item "Confirmatory down payments" relates to 3,674 thousand Euro, being the payments on account paid during 2016 for acquisition of 100% of Speca Alimentari S.r.l. 2.2 million of the residual debt of 3.7 million will be paid by December 2017 and 1.5 million by December 2018.

The item "Others" of 11.5 million Euro increased by about 2.4 million Euro (9.1 in 2015); this item contains receivables and prepayments for various re-invoicing, in addition to amounts advanced for on-going disputes.
Noted among the more significant are receivables for energy certificates of 1.1 million Euro and 700 thousand euro of payments made for customs and tax disputes claimed by INALCA S.p.A., receivables for agricultural grants to be received by Company Agricola Corticella S.r.l., 560 thousand euro of prepayments to the customs by Kinshasa S.p.r.l., receivables from leasing companies and confirmatory down payments for the opening of new premises made by Roadhouse S.p.A.

The "Bad debt provision" mainly refers to receivables from suppliers and agents.

SHAREHOLDERS' EQUITY AND 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 2016.

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 2015.

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 revaluation reserve records the fair value changes of financial instruments available for sale. The movement of the period that involved the reserve under examination is an impairment of the equity investment in Banco Popolare Società Cooperativa.

The basic earnings per share as at 31 December 2016 amounted to Euro 0.3984 (Euro 0.4274 as at 31 December 2015) and was calculated on the basis of net profits of 51,389,914 Euro divided by the weighted average number of ordinary shares in 2016 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 31.12.2016		
	Capital stock and reserve	Profit/(loss)	Shareholders' equity
Parent Company's shareholders' equity and profit/(loss) for the year	**221,101**	**17,716**	**238,817**
Elimination of carryng value of consolidated subsudiaries:			
- Pro rata subsidiary profits (losses)	-	59,831	59,831
- Difference between the carryng value and pro rata shareholder's equity, net of the effects of intra-Group transactions	63,776		63,776
- Investments write-up/write-down	(3,715)	3,715	-
- Dividends	30,145	(30,145)	-
- Consolidation differences	127,812	0	127,812
Elimination of the effects of commercial transactions between Group companies	(548)	67	(481)
Adjustment of the financial statement of the consolidated companies in accordance with the Group principles and shareholders' equity valuation of investments	709	206	915
Total adjustments	*218,179*	*33,674*	*251,853*
Group's share of net equity and profit/(loss)	**439,280**	**51,390**	**490,670**
Minorities' share of net equity and profit/(loss)	263,050	41,407	304,457
Consolidated financial statements shareholders' equity and profit/(loss) for the year	**702,330**	**92,797**	**795,127**

Non-current liabilities

17. Non-current financial payables

(Euro/000)	31.12.2016	31.12.2015
Due between 1 and 5 years		
Bonds	-	-
Payables to banks	472,794	414,921
Payables to other financial institutions	25,914	20,458
Total payables due between 1 and 5 years	**498,708**	**435,379**
Due beyond 5 years		
Payables to banks	23,061	12,179
Payables to other financial institutions	70,658	62,934
Total payables due beyond 5 years	**93,719**	**75,113**
Total	**592,427**	**510,492**

Shown below is a breakdown of payables to banks with the indication of the interest rates applied:

(Euro/000)	Credit line	Current portion	Between 1 and 5 years	Beyond 5 years	Balance at 31.12.2016
Overdraft	130,857	27,609	50	-	27,659
Advances - Imports	39,246	5,212	-	-	5,212
Advances - Exports	89,110	9,779	-	-	9,779
Advances on invoices Italy	146,816	27,341	-	-	27,341
Advances subj. to collection	126,995	27,615	-	-	27,615
Hot Money	81,430	33,017	-	-	33,017
Mortgages	669,203	174,492	472,149	22,562	669,203
Others	13,242	10,927	1,807	508	13,242
Amortized cost		(1,033)	(1,212)	(9)	(2,254)
Total	**1,296,899**	**314,959**	**472,794**	**23,061**	**810,814**

You are referred to the Directors' Report for a careful examination of the net debt and its components, both current and non-current.

You are referred to the description in the Directors' Report for an examination of the components of the net debt, both current and non-current.
The payables to other financial institutions detailed in the following table; 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 are 10 million dollars in 2020 and 33 million dollars in 2023 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 MARR S.p.A. entered into specific Cross Currency Swap contracts. You are referred to the paragraph "Derivative instruments" for the effects thereof.

Other financial institutions	Interest rate	Expiry date	Current	Non current	Balance at 31.12.2016
Leasing					
Bellinzago Lombardo	Euribor + spread	28/07/2026	-	1,404	**1,404**
Bergamo	"	01/07/2022	131	1,360	**1,491**
Capriate	"	14/05/2029	53	1,457	**1,510**
Capriate Opere	"	14/05/2029	159	1,067	**1,226**
Carpi	"	01/08/2026	119	1,415	**1,534**
Casello	"	29/05/2027	136	1,874	**2,010**
Cernusco	"	21/12/2027	-	1,126	**1,126**
Cinisello Balsamo	Fixed	12/07/2026	169	2,177	**2,346**
Collegno	Euribor + spread	02/08/2028	-	1,134	**1,134**
Como Lipomo	"	15/02/2028	-	1,410	**1,410**
Corbetta	"	01/03/2022	74	715	**789**
Cornaredo	"	05/08/2028	-	654	**654**
Corsico	"	11/08/2027	151	1,991	**2,142**
Curtatone	"	29/09/2028	-	494	**494**
Dalmine	"	26/03/2027	144	1,918	**2,062**
Ferrara	"	01/06/2022	68	593	**661**
Fidenza	"	29/09/2028	-	325	**325**
Gallarate	"	01/08/2026	136	1,575	**1,711**
Gravellona Toce	"	15/08/2028	-	726	**726**
Lainate Sempione	"	31/07/2027	122	1,761	**1,883**
Legnano	"	01/12/2020	182	848	**1,030**
Macerata	Fixed	01/05/2030	58	1,089	**1,147**
Mestre	Fixed	19/12/2025	136	1,688	**1,824**
Mirabilandia	Euribor + spread	01/07/2029	84	1,559	**1,643**
Modena Sud	"	16/09/2028	126	2,723	**2,849**
Olgiate Comasco	"	05/04/2028	-	1,772	**1,772**
Padova	"	01/03/2026	149	1,883	**2,032**
Parma	"	23/12/2029	128	2,612	**2,740**
Pavia	"	16/01/2027	99	1,230	**1,329**
Pioltello	"	20/11/2027	156	2,118	**2,274**
Rovato	"	05/08/2027	133	1,864	**1,997**
Rozzano	"	23/09/2026	129	1,851	**1,980**
Senigallia	"	11/06/2027	88	1,185	**1,273**
Tradate	"	19/10/2028	-	550	**550**
Treviso Silea	"	29/05/2027	222	2,335	**2,557**
Trezzano	"	09/09/2026	137	1,945	**2,082**
Vicenza	"	08/10/2027	114	1,493	**1,607**
Voghera	"	02/12/2028	64	911	**975**
Other minor leasings	"		418	951	**1,369**
Bond Private Placement	5.10%	2020 - 2023	751	40,480	**41,231**
Due to Factoring companies	Euribor + spread		23,370	-	**23,370**
Other Relationships	"		364	309	**673**
Total			**28,370**	**96,572**	**124,942**

18. Financial Instruments/Derivatives

(Euro/000)	31.12.2016	31.12.2016	31.12.2016
	IRS	Exchange Rates	Total
Non-current assets	-	5,401	5,401
Current assets	-	236	236
Non-current liabilities	-	-	0
Current liabilities	(87)	(2,115)	(2,202)
Total	**(87)**	**3,522**	**3,435**

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 2016, through which the variable Euribor rate was replaced with a fixed rate. The measurement of these contracts resulted in the recognition of

a 87 thousand Euro liability (105 thousand as at 31 December 2015).
The measurement of the hedging contracts for exchange rate risks instead resulted in the recognition of a current liability of 2,115 thousand Euro, related to purchases of forward American dollars and euros by the subsidiary Marr Russia L.l.c., an asset of 236 thousand Euro shown in current assets and an asset of 5,401 thousand euro in the non-current assets (3,852 of which after 5 years). The latter asset represents the positive fair value of the Cross Currency Swap contracts entered into by MARR S.p.A. to hedge the risk of a change of the dollar against the euro, with reference to the private placement of bonds in American in American dollars concluded in July 2013.

19. Employee benefits

(Euro/000)	**31.12.2016**	31.12.2015
Staff Severance Provision	28,825	25,270
Other benefits	232	116
Total	**29,057**	**25,386**

(Euro/000)	**31.12.2016**	31.12.2015
Opening balance	25,270	27,516
Effect of the change in consolidation area	4,215	31
Use for the financial year	(2,497)	(2,597)
Financial year provision	1,274	887
Actuarial gain losses	589	(583)
Other changes	(26)	16
Closing balance	**28,825**	**25,270**

The change for the year is related, in addition to the portion due in the period, to the organic flow in the Group following a change in the scope of consolidation and the aforesaid acquisitions of the business branches.
It is noted that the allocation for the period includes actuarial losses totalling 589 thousand Euro booked, net of the theoretical tax effect, in the appropriate shareholders' equity reserve as provided in IAS 19.

20. Provision for liabilities and charges

(Euro/000)	**31.12.2016**	31.12.2015*
Provisions for taxes	521	447
Labour disputes	1,781	1,559
Minor lawsuits and disputes	1,039	993
Supplementary clientele severance indemnity	6,411	4,377
Provision for losses on equity investments	93.00	-
Provision for rewards and promotions	161	103
Provision for future risks and losses	5,153	8,997
Total	**15,159**	**16,476**

(*) The forecast of the liability affiliated to the Roadhouse Grill Club premium, previously recognised in the "Provision for premiums and promotions" was reclassified in the item "Accruals and deferrals" to better reflect the substance of the operation that envisages the recognition of discount vouchers usable at the time of payment. The restatement of the balance at 31 December 2015 resulted in a reduction of the item under examination of 1,551 thousand Euro.

The provision for "Miscellaneous cases and other disputes" is mainly ascribable to INALCA S.p.A. and regards a liability for a legal action in progress with the Customs Office of about 590 thousand Euro, for which judgement by the Cassation is awaited, having lost the first instance judgement at the Regional Tax Commission.

The additional client expenses provision was allocated based on a reasonable estimate of the probable future liability. The increase for the year includes the effects of consolidation of DE.AL. S.r.l. and the acquisition of the Unipeg and Assofood business branches that respectively resulted in an increase of the liability of 126 thousand Euro and 1.4 million Euro.

The additional client expenses provision was allocated based on a reasonable estimate of the probable future liability. The increase for the year includes the effects of consolidation of DE.AL. S.r.l. and the acquisition of the Unipeg and Assofood business branches that respectively resulted in an increase of the liability of 126 thousand

Euro and 1.4 million Euro.

The provision for liabilities was allocated mainly against probable liabilities connected to legal disputes in progress and a liability related to an Inps folder regarding joint and several liability of the subsidiary Gescar S.r.l. to a contractor. The reduction of the balance compared to last year was determined by the reduction of the appropriation in 2015 against the latter liability and an assessment of future charges to be sustained for the reorganisation of the DE.AL. businesses acquired during 2016.

In relation to the existing tax dispute deriving from the audit by the Fiscal Police, IV Group of the San Lazzaro di Savena (BO) Sections, for alleged breaches on matters of direct taxes (1993-1999 tax years) and VAT (1998 and 1999 tax years) completed in June 2000, it is noted that on 28 February 2004 the appeals on matters of direct taxes (1993 – 1999 tax years) and VAT (1998 and 1999 tax years) were presented and discussed in a public hearing. The matters were disputed for taxes and connected penalties, regarding the principal observation known as "C.R.C." of about Euro 4.7 million, in addition to interest (the other observations are of an immaterial amount or were abandoned).

The Rimini Provincial Tax Commission, Section II, only admitted the appeals presented with reference to the main observation for IRAP (Regional Business Tax) purposes with ruling no. 73/2/04, while, with reference to the other observations, it partially rejected the appeals presented and confirmed the conduct of the Tax Office.

On 20 December 2004 MARR S.p.A. contested the aforesaid ruling and presented a main appeal before the Bologna Regional Tax Commission, Rimini detached Section.

On 16 January2006 the dispute was discussed before the no. 24 Sect. of the Emilia Romagna Regional Tax Commission.

Against the reasons presented by the company in the submissions for the II instance of judgement, the Bologna Tax Commission, with order no. 13/24/06, provided a technical consultation by an officially designated expert on 3 April 2006, giving an assignment to a panel composed of three professionals to provide an opinion, amongst other things, on the matters of disputed, or rather it requested a Court Appointed Consultant to ascertain, based on the contractual agreements, as well as the effective financial relationships between the parties concerned in the complex transaction, if the cost supported by MARR S.p.A. disputed is or is not inherent to the company's business.

On 18 November 2006 the Court Appointed Consultant filed his calculation concluding that: "in summary, it can be established that these capital losses have the requisite of pertinence as they are objectively referable to the business of the company".

On 15 January 2007 the dispute was again discussed in a public hearing when the results of the calculation of the Court Appointed Consultant panel were presented. The Bologna Tax Commission, with ruling no. 23/10/07, restated, in a sense favourable to MARR S.p.A., the first instance ruling with reference to four observations regarding the dispute but, without any motivation, it completely disregarded the conclusions of the technical consultants that it had appointed with reference to the main observation known as "CRC" therefore confirming the item laid down by the first instance judges.

On the basis of this an appeal was filed before the Supreme Court on 22 April 2008.

The Attorney General was constituted in judgement on 3 June 2008.

Though faced by the negative result of the second instance judgement, showing that in the same instance of the legal action two good technical consultants were in complete agreement, prepared by four certainly authorative professionals of which three, appointed by the Bologna Tax Commission itself, had no uncertainties that were fully favourable to MARR S.p.A. and, considering the opinion of the lawyers assigned to assist the company, we have considered it reasonable to hypothesise a good result from the dispute.

On 10 February 2014 the Supreme Court, with ruling 20055/14 (filed on 24 September 2014) admitted the company's appeal, annulling the contested ruling no. 23/2007 issued by the Emilia Romagna Regional Tax Commission Emilia Romagna Regional Court., referring the decision on this dispute to the second instance judge (in another sitting) prescribing the necessity that said decision is made, proceeding with the: "adequate assessment of the appraisal results", consistently defined as "broadly favourable to the tax payer" by the Court.

On 16 December 2014 the company arranged to resume the dispute at the Tax Commission indicated; the date fixed for negotiation of the dispute is still awaited.

During 2007 various disputes arose with the Customs Office, regarding the payment of preferential customs duties on some fish imports. The most significant of these disputes, for duties of about Euro 250 thousand on some goods purchased originating from Mauritania, it is noted that the first instance judges rejected the appeals presented by the company in May 2008. However, they established the company's absolute non-involvement in the disputed irregularities, as they were exclusively attributable to its suppliers, by whom it was fully reimbursed for any cost incurred to date however.

The appeal submitted by the company against the first instance ruling was not admitted by the Florence Regional Tax Commission. It is noted that the company presented an appeal to the Supreme Court in May 2013.

Up to 31 December 2016 MARR S.p.A. has paid 6,040 thousand Euro by way of settlement of taxes pending judgement; the amount was classified under tax receivables.
With reference to the tax dispute relating to INALCA S.p.A.'s transfer pricing, already mentioned in last year's financial statements, the conclusion thereof with the payment of about 1 million Euro is noted, a totally marginal amount compared to that originally disputed.

21. Deferred tax liabilities

As shown in the recitals of the Explanatory Notes, it is noted that, for a better representation of the rules of the IAS 12 "Income taxes" standard relative to the set-off of deferred taxation, the Group considered it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legally exercisable right to set-off current tax assets against the corresponding current tax liabilities, as a consequence reclassifying the comparative figures. As at 31 December 2016 the amount of this item of 49,787 thousand Euro mainly derived from the effect consequent to application of the international accounting standards (among which is the revaluation of the real estate), different tax treatment of leasing and the effects deriving from the consolidating entries, instalments of capital gains and other miscellaneous items.

22. Other non-current liabilities

(Euro/000)	**31.12.2016**	31.12.2015
Accrued expenses and deferred income	276	568
Non - current tax liabilities	27	27
Payables for acquisition of equity investments/branches of business	10,470	-
Payables to Social Security Institutions	40	33
Other payables	761	390
Total	**11,574**	**1,018**

The item "Deferred Expenses and Accrued Income" comprises both deferred income on rents received from third parties in previous financial years relating to the sales outlet of the subsidiary Chef Express S.p.A. at the Autoporto di Susa, as well as further deferred income on interest receivable from customers of MARR S.p.A.

The payables for acquisition of equity investments refer to the payables for purchase of a portion of the subsidiary DE.AL. S.r.l. of 9 million Euro with due date in April 2017 and Speca Alimentari S.r.l. of 2. 2 million to be paid by December 2017.

Instead, the item "Other miscellaneous payables" represents security deposits paid by the transporters of its subsidiary MARR S.p.A.

Current liabilities

23. Current financial payables

(Euro/000)	31.12.2016	31.12.2015
Payables to controlling companies	**5,436**	**0**
Cremofin S.r.l.	5,436	-
Payables to unconsolidated subsidiaries	**23**	**-**
Cibo Sapiens S.r.l.	23	-
Payables to associated companies	**0**	**0**
Other payables		
Payables to banks	314,959	263,190
Payables to other financial institutions	28,370	24,077
Other payables	15	40
Closing balance	**348,803**	**287,307**

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)	31.12.2016	31.12.2015
A. Cash	17,573	15,894
B. Cash equivalent	221,157	167,522
C. Financial assets held for sale	-	-
D. Liquidity (A) + (B) + (C)	**238,730**	**183,416**
E. Current financial assets	**8,767**	**9,566**
F. Current bank liabilities	314,959	263,190
G. Current financial instruments	1,966	(3,170)
H. Other current financial liabilities	45,131	24,077
I- Current financial liabilities	**362,056**	**284,097**
J. Current net debt (I) - (E) - (D)	**114,559**	**91,115**
K. Non current bank liabilities	495,855	427,100
M. Other non current financial liabilities	95,727	83,392
N. Non current financial instruments	-	-
O. Non current debt (K) + (L) + (M) + (N)	**591,582**	**510,492**
P. Net Debt (J) + (O)	**706,141**	**601,607**

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 2016, all completely complied with, are listed in the following tables.

Table 1

(Euro/000)	Centrobanca (a)(I)	Unicredit (a)(II)	UBI Banca S.p.A. (a)(I)	ICCREA (a)(I)
Amount of the loans as at 31 December 2016	3,611	30,000	5,000	27,000
Recipient of the loan	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.	MARR S.p.A.
Expiry date	31/12/2019	15/05/2019	20/05/2018	04/08/2019
Covenants				
Net Debt/Equity	<= 1.5	<= 2	<=1.5	<=1.5
Net Debt/Ebitda	<= 3.6	<= 3	<= 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 2016	66,124	31.306 (*)	9.487 (*)	14,680
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 Euro value is shown at the Euro/USD exchange rate on 31/12/16.

Table 3

(Euro/000)	Sberbank	Sberbank	Sberbank
Amount of the loans as at 31 December 2016	9,576 (*)	6,221 (*)	10,109 (*)
Recipient of the loan	Orenbeef L.l.c.	Marr Russia L.l.c.	Marr Russia L.l.c.
Expiry date	25/06/2023	03/06/2017	21/09/2018
Covenants			
Net Debt/Ebitda (b)	< 5.0	< 4.0	< 4.0
Total liabilities/Equity capital (b)	-	< 2.6	< 1.5
Net Debt/Ebitda (c)	< 4,0	< 4,0	< 4.0
Net Debt/Ebitda (d)	< 6.0	-	-

(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).
(d) covenants calculated on the financial statements of Orenbeef L.l.c. (quarterly verified);
(*) The Euro value is shown at the Euro/RUR exchange rate on 31/12/16

Table 4

(Euro/000)	Intesa San Paolo (e)	Unicredit S.p.A. (e)
Amount of the loans as at 31 December 2016	17,500	102,500
Recipient of the loan	INALCA S.p.A	INALCA S.p.A
Expiry date	31/12/2019	19/12/2018
Covenants		
Net Debt/EBITDA	< 3.5	< 3.25
Net Debt/Equity	< 0.9	
Ebitda/Net financial expenses		> 5.0

Table 5

(Euro/000)	BNL S.p.A. (e)	Cariparma S.p.A. (e)	Intesa San Paolo (e)
Amount of the loans as at 31 December 2016	25,000	10,000	40,000
Recipient of the loan	INALCA S.p.A	INALCA S.p.A	INALCA S.p.A
Expiry date	17/12/2019	22/12/2020	30/06/2022
Covenants			
Net Debt/EBITDA	< 3.0	< 3.5	< 3.5
Net Debt/Equity	< 0.9	< 0.9	< 0.9

Table 6

(Euro/000)	BPER S.p.A. (e)	ING Bank (e)	Ubi Banca (e)
Amount of the loans as at 31 December 2016	20,000	50,000	40,000
Recipient of the loan	INALCA S.p.A	INALCA S.p.A	INALCA S.p.A
Expiry date	23/12/2019	19/12/2021	13/12/2021
Covenants			
Net Debt/EBITDA	< 3.5	< 3.5	< 3.5
Net Debt/Equity	< 0.9	< 0.9	< 0.9

(e) covenants calculated in a timely manner on the consolidated figures of the INALCA Group on an annual and half-yearly basis with relevance to the rates applied to INALCA S.p.A., the beneficiary of the loan.

Table 7

(Euro/000)	UBI Banca S.p.A.	CA - CIB e CariParma (Pool)
Amount of the loans as at 31 December 2016	18,988	27,000
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 (f)	<= 4.0 (f)
Net Debt/Equity	<= 2.75 (f)	<= 1.0 (g)
Ebitda/Net financial expenses	>=4.0 (f)	

(f) covenants calculated on the consolidated financial statements of Cremonini Group;
(g) covenants calculated on the financial statements of Cremonini S.p.A.;

Table 8

(Euro/000)	Banca Popolare di Milano S.c.a.r.l. (h)	BNL S.p.A. (h)	Carisbo S.p.A.(h)	UBI Banca (h)
Amount of the loans as at 31 December 2016	20,000	15,000	15,000	10,000
Recipient of the loan	Chef Express S.p.A.	Chef Express	Chef Express S.p.A.	Chef Express S.p.A.
Expiry date	30/06/2021	18/10/2019	31/12/2021	13/12/2020
Covenants				
Net Debt/EBITDA	<=3.0	<=3.0	<=3.0	<=3.0
Net Debt/Equity	<=2.0	<=2.0	<=2.0	<=2.0
Ebitda/Net financial expenses				

(h) covenants calculated on the financial statements of Cremonini S.p.A. al 31 December of each year.

Table 9

(Euro/000)	ING BANK (i)
Amount of the loans as at 31 December 2016	5,000
Recipient of the loan	Roadhouse S.p.A.
Expiry date	05/05/2021
Covenants	
Net Debt/EBITDA	<=4.0
Net Debt/Equity	<=2.75
Ebitda/Net financial expenses	

(i) covenants calculated on the financial statements of Cremonini S.p.A. at 31 December of each year.

24. Current tax liabilities

(Euro/000)	31.12.2016	31.12.2015
VAT	1,781	1,517
IRAP	789	1,250
IRES	841	6,530
Withholding taxes	9,381	7,435
Substitute taxes and other taxes payable	8,045	3,280
Total	**20,837**	**20,012**

IRAP and IRES payables relate to 2016 financial year taxes not yet paid at the year-end.

25. Current trade liabilities

(Euro/000)	31.12.2016	31.12.2015
Suppliers	**606,302**	**525,818**
Payables to unconsolidated subsidiaries	**206**	**6,384**
Agrosakmara Llc	76	-
Parma France S.a.s.(a)	-	3,113
Parma Turc S.a.s.(a)	-	2,044
Parma Lacombe S.a.s.(a)	-	393
Parmaubrac S.a.s.(a)	-	375
Parma Sofrelim S.a.s.	-	46
Parma Serv S.r.l.	-	384
Quinto Valore S.c.a.r.l.	130	29
Payables to associated companies	**730**	**126**
Avirail S.a.s.	-	106
Frigomacello S.r.l.	1	-
Griglia Doc S.r.l.	15	-
Frimo S.a.m.	20	20
Unitea S.r.l.	468	-
Unieffebi S.r.l.	226	-
Payables to controlling companies	**0**	**0**
Cremofin S.r.l.	-	-
Total	**607,238**	**532,328**

Current trade payables refer primarily to balances deriving from commercial operations and the amount payable to Trade Agents.

26. Other current liabilities

(Euro/000)	31.12.2016	31.12.2015*
Accrued expenses and deferred income	6,019	4,684
Inps/Inail/Scau	12,018	10,213
Inpdai/Previndai/Fasi/Besusso	169	148
Enasarco/FIRR	988	840
Payables to other social security institutions	3,847	6,299
Other payables		
Advances and other payables to customers	14,356	14,512
Payables for employee remuneration	44,029	35,055
Payables for acquisition of equity investments	11,302	-
Guarantee deposits and down payments received	256	229
Payables to directors and auditors	1,092	953
Payables to agents	93	91
Other minor payables	3,695	2,506
Total	**97,864**	**75,530**

(*) the balance at 31 December 2015 of the item "Accruals and deferrals" was restated to include the liability affiliated to the Roadhouse Grill Club bonus scheme previously recognised in the "Provision for bonuses and promotions". This reclassification was carried out to better reflect the substance of the scheme that provides for the recognition of discount vouchers usable at the time of payment. The balance at 31 December 2015 of this item increased to 1,551 thousand Euro.

The item "Accruals and deferrals" includes the liability connected to the development of the Roadhouse Grill Club bonus scheme. This scheme, valid throughout Italy, provides for the accumulation of points and the accrual of credits utilizable in the Roadhouse premises participating in the initiative. The liability that amounted to 1,843 thousand Euro at 31 December 2016 increased by 292 thousand euro compared to 1,551 in 2015 as an effect of the commercial expansion of the Roadhouse brand steakhouse chain.

The payable to employees includes the current remuneration yet to be paid as at 31 December 2016 and the allocations relating to deferred remuneration. The significant increase of the payable compared to last year is justified by the increased headcount consequent to the acquisition of the Assofood and Unipeg business branches and to the continuous development of the commercial and in concession catering businesses (specifically Roadhouse and Chef Express). Such increase has more than compensated for the reduction of the headcount deriving from the conclusion of the contracts for operating on-board catering services in France.

The reduction of "Due to various institutions" of 2.4 million Euro is fully ascribable to the subsidiary Cremonini Restauration and is correlated to conclusion of the businesses conducted in France.

The payables for acquisition of equity investments refer to the payables for purchase of portions of the subsidiaries DE.AL. S.r.l. of 9 million Euro with due date in April 2017 and Speca Alimentari S.r.l. of 2.2 million to be paid by December 2017.

Guarantees, sureties and commitments

(Euro/000)	**31.12.2016**	31.12.2015
Direct guarantees – sureties		
- related companies	-	-
- other companies	131,184	113,859
	131,184	**113,859**
Direct guarantees – letter of comfort		
- associated companies	5,788	10,224
- other companies	-	-
	5,788	**10,224**
Other risks and commitments	34,789	39,704
Total guarantees, sureties and commitments	**171,761**	**163,787**

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	25,978	VAT for compensation.
Highways and Oil Companies	Cremonini S.p.A. subsidiares	36,509	Guaranteeing successful conclusion of contracts (services, maintainance).
Ferrovie dello Stato and operating companies (Grandi Stazioni, Cento Stazioni, Fer Servizi, Trenitalia, etc)	Cremonini S.p.A. and other subsidiaries	11,167	Guaranteeing concessions for on-board catering services, station buffets and operation of storage facilities.
Public Agencies	Cremonini S.p.A. subsidiares	29,500	Garantees release for the timely execution of contracts lasting several years.
Airports	Cremonini S.p.A. subsidiares	12,403	Guaranteeing successful conclusion of contracts.
Other minor items	Cremonini S.p.A. and other subsidiaries	15,627	Administration of rented properties, energy supplies, credit cards, successful conclusion of contracts, etc.
Total		**131,184**	

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 S.p.A.	12,909
Credit letter of purchase of goods	Marr S.p.A.- As.Ca.	20,374
Other sundry	Fiorani & C S.p.A. - Italia Alimentari S.p.A.	1,506
Total		**34,789**

"Commitments for real estate purchases" regard preliminary contracts to buy real estate where the Roadhouse S.p.A. "steakhouse" chain can be further developed. (Saronno, Seregno, Baranzate, Cernusco sul Naviglio, Ancona, Casalecchio, Agrate e Montano Lucino).

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)	31.12.2016	31.12.2015
Revenues from sales - Finished goods	1,292,602	1,037,240
Revenues from sales - Goods for resale	1,955,830	1,974,775
Revenues from sales - Oil	12,022	14,220
Revenues from sales - Others	59,958	60,856
Revenues from services	274,519	184,574
Advisory services to third parties	1,670	1,761
Rent income	3,281	4,668
Other revenues from ordinary activities	33,743	15,771
Total	**3,633,625**	**3,293,865**

Below is a breakdown of revenues by geographical area:

(Euro/000)	31.12.2016	31.12.2015
Italy	2,717,703	2,368,520
European Union	392,573	409,618
Non-EU countries	523,349	515,727
Total	**3,633,625**	**3,293,865**

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)	31.12.2016	31.12.2015
Contributions by suppliers and others	39,089	40,841
Operating grants	3,290	2,546
Other sundry revenues	25,462	36,753
Total	**67,841**	**80,140**

The item "Contributions from suppliers and others" mainly includes the contributions obtained for various titles from the suppliers for commercial promotion of their products at our customers/sales outlets.
It is recalled that in 2016 this item, following centralisation of suppliers' deliveries on logistical platforms instead of, as in the past, at the individual MARR branches, also includes about 3.4 million Euro (2.7 million in 2015) the corresponding logistics debited to the suppliers, MARR having assumed the charges for internal distribution from the logistical platforms to the branches.

Other sundry revenues

(Euro/000)	31.12.2016	31.12.2015
Rent income	4,283	4,510
Insurance reimbursements	6,350	6,969
Capital gains on disposal of capital goods	1,139	4,423
Other cost reimbursements	2,937	9,629
Services, consultancy and other minor revenues	10,753	11,222
Total	**25,462**	**36,753**

The balance at 31 December 2015 of the "Refunds of miscellaneous costs" item included compensation recognised following the transaction on some legal disputes commenced by Chef Express S.p.A. against a major grantor in the motorway sector.

The "Consultancy and other miscellaneous services" included various sales, including the green energy certificates, accounted for as additional revenues.

29. Costs for purchases

(Euro/000)	**31.12.2016**	31.12.2015
Costs for purchases - Raw materials	(837,104)	(669,080)
Costs for purchases - Goods for resale	(1,439,252)	(1,364,904)
Costs for purchases - Secondary materials, consumables, semi-finished goods, packages	(81,245)	(72,929)
Costs for purchases - Finished goods	(24,932)	(24,548)
Costs for purchases - Oil	(11,323)	(13,656)
Costs for purchases - Stationery and printed paper	(1,886)	(1,779)
Changes in inventories of raw materials, secondary materials, consumables and goods for resale	608	(203)
Other costs for purchases	(104,442)	(127,889)
Total	**(2,499,576)**	**(2,274,988)**

You are referred to the Directors' Report and the marginality analysis, subdivided by individual business sectors, for a careful examination of the purchases cost trend. Nevertheless it is noted that the item under examination was strongly influenced by the change in the scope of the consolidation, consequent to the acquisitions made during the year and acquisitions of the business branches.

"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.

30. Other operating costs

(Euro/000)	**31.12.2016**	31.12.2015*
Costs for services	(472,675)	(432,585)
Costs for leases and rentals	(80,531)	(76,167)
Other operating charges	(18,065)	(19,961)
Total	**(571,271)**	**(528,713)**

*It is specified that the comparative figures as at 31 December 2015 of the item "Services costs" were restated for the purpose of adopting the reclassification of the charges for temporary work in the "Personnel costs".

Costs for services

(Euro/000)	**31.12.2016**	31.12.2015*
Energy consumption and utilities	(43,501)	(40,815)
Maintenance and repairs	(24,585)	(22,098)
Transport on sales	(97,906)	(83,630)
Commisions, commercial and distribution services	(119,468)	(105,703)
Third-party services and outsourcing	(37,965)	(34,711)
Purchasing services	(46,761)	(54,653)
Other technical and general services	(102,489)	(90,975)
Total	**(472,675)**	**(432,585)**

*It is specified that the comparative figures as at 31 December 2015 of the item "Services costs" were restated for the purpose of adopting the reclassification of the charges for temporary work in the "Personnel costs".

The increase of 40 million Euro in services costs is mainly attributable to the previously mentioned change in the scope of the consolidation, consequent to the acquisitions made during the year and acquisitions of the Assofood and Unipeg business branches.

Furthermore, increases related to the development of the catering businesses and higher number of premises managed by Chef Express S.p.A. and Roadhouse S.p.A. are noted.

Costs for leases and rentals

(Euro/000)	31.12.2016	31.12.2015
Lease of business premises, royalties and others	(53,195)	(50,846)
Costs for leases	(33)	(203)
Leases and rentals related to real and personal property	(27,303)	(25,118)
Total	**(80,531)**	**(76,167)**

The costs for use of third-party assets, up by 4.4 million Euro principally refer to the catering sector and regard costs incurred for awarding catering services operations.
The increase in the costs, connected to the higher number of catering premises managed, is partially compensated by the costs reduction connected to the termination of catering services on the trains and of logistics activities in France (1.1 million Euro in 2015).
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)	31.12.2016	31.12.2015
Losses on receivables	(847)	(405)
Indirect taxes and duties	(9,297)	(9,344)
Capital losses on disposal of assets	(1,036)	(4,451)
Contributions and membership fees	(1,653)	(1,397)
Other minor costs	(5,232)	(4,364)
Total	**(18,065)**	**(19,961)**

The item "Losses on disposal of assets" last year included the removal of the non-current tangible assets that were in the catering premises involved in the terminal 3 fire at Fiumicino airport.

31. Personnel costs

(Euro/000)	31.12.2016	31.12.2015 *
Salaries and wages	(250,398)	(214,036)
Social security contributions	(71,927)	(61,791)
Staff Severance Provision	(13,575)	(10,550)
Pension and similar provisions	(25)	(11)
Other personnel costs	(21,757)	(35,536)
Total	**(357,682)**	**(321,924)**

It is specified that the comparative figures as at 31 December 2015 were restated for the purpose adopting the reclassification of the charges for temporary labour in the "Other personnel costs"

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 11,432 compared to 9,664 at 31 December 2015.

The increase is mainly attributable to the Production and Catering sectors that increased their headcounts by 947 and 779 employees, respectively, and to a lesser extent Distribution.
Specifically, increase in the Production sector is linked for the effects deriving from the acquisition of the Assofood and Unipeg business branches, as well as staff operating in the newly consolidated companies and strengthening the transport staff of the subsidiary Inalca Kinshasa S.p.r.l. (Democratic Congo Republic).
Instead, the increases in the Catering sector concerned the subsidiaries Roadhouse S.p.A. and Roadhouse Grill Roma S.r.l. as an effect of the new premises openings.
An increase of 42 employees compared to 31 December 2015 was recorded in the Distribution sector, due principally to the headcount of the newly acquired DE.AL. merged into the Group, other than the effect of the acquisition of Sama commencing from 1 June 2015.

The break down by category and average number of employees in 2016 is shown in the following schedule:

	Factory staff	Office staff	Managers	**Total**
Employees as at 31.12.2015	7,145	2,374	145	9,664
Employees as at 31.12.2016	**8,564**	**2,709**	**159**	**11,432**
Increases (decreases)	1,419	335	14	1,768
Average no. of employees during year 2016	**8,021**	**2,614**	**154**	**10,789**

32. Amortization, depreciation, write-downs and provisions

(Euro/000)	**31.12.2016**	31.12.2015
Depreciation of tangible assets	(67,956)	(59,902)
Amortization of intangible assets	(3,125)	(3,826)
Other write-downs of fixed assets	(984)	(2,309)
Write-downs and provisions	(26,166)	(30,716)
Total	**(98,231)**	**(96,753)**

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)	**31.12.2016**	31.12.2015
Net exchange rate differences	(10,717)	(11,989)
Income (Charges) from management of derivatives	(53)	(245)
Net financial Income (Charges)	(16,427)	(20,898)
Total	**(27,197)**	**(33,132)**

Exchange rate differences

(Euro/000)	**31.12.2016**	31.12.2015
Realized exchange rate profits	22,362	18,767
Realized exchange rate losses	(32,167)	(18,919)
Unrealized exchange rate profits	21,774	31,171
Unrealized exchange rate losses	(20,184)	(39,685)
Realized income from management of exchange rate derivatives	2,079	4,192
Evaluated income from management of exchang rate derivatives	235	4,758
Realized charges from management of exchange rate derivatives	(1,357)	(10,627)
Evaluated charges from management of exchange rate derivatives	(3,459)	(1,646)
Total	**(10,717)**	**(11,989)**

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)	**31.12.2016**	31.12.2015
Realized Charges from management of derivatives	(53)	(245)
Total	**(53)**	**(245)**

Net financial Income (Charges)

(Euro/000)	31.12.2016	31.12.2015
Financial Income (Charges) due to controlling companies	**(36)**	**62**
Financial income		
- Bank interest receivable	587	198
- Other financial income	3,642	4,099
Total financial income	**4,229**	**4,297**
Financial charges		
- Interest payable on loans	(4,982)	(5,369)
- Interest payable on factoring	(1,897)	(2,487)
- Interest payable on current accounts and others	(5,522)	(8,358)
- Other bank charges	(537)	(488)
- Other sundry charges	(7,682)	(8,555)
Total financial charges	**(20,620)**	**(25,257)**
Total	**(16,427)**	**(20,898)**

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)	31.12.2016	31.12.2015
IRES	(42,594)	(41,885)
IRAP	(8,457)	(9,450)
Net deferred tax assets/liabilities	58	9,518
Total	**(50,993)**	**(41,817)**

The increase in taxes for the year is specifically attributable to the foreign company Inalca Angola, which achieved better results compared to last year, partially compensated by the reduction of IRAP (Regional Business Tax) as an effect of the open-ended assumptions of staff who worked with temporary contracts in 2015.
It is also recalled that in 2015 an updating of the deferred taxation was recognised; this was related to the reduction of the IRES rate by 3.5 percentage points, introduced by the stability law, that positively impacted by about 5.1 million.

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 : 7,605 thousand Euro
- Independent auditors: 1,053 thousand Euro

Subsequent events

With regard to the events subsequent to the year-end, please refer to the Directors' Report.

* * * * * *

Castelvetro di Modena, 27 March 2017

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

_________signed____________

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 2016;

Annex 2 - List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2016;

Annex 3 - Statement of changes in tangible assets for the financial year ended as at 31 December 2016;

Annex 4 - Statement of changes in intangible assets for the financial year ended as at 31 December 2016;

Annex 5 - List of equity investments classified under financial assets as at 31 December 2016 and others;

Annex 6 - List of equity investments in subsidiaries and associated companies as at 31 December 2016 (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 2016

(Euro/000)	Trade		Other		Total	
	Receivables	Payables	Receivables	Payables	**Receivables**	**Payables**
Subsidiaries:						
Agrosakmara Llc	-	76	143	-	**143**	**76**
Bottega Mediterranea SDN BHD	199	-	-	-	**199**	**-**
Cibo Sapiens S.r.l.	18	-	-	23	**18**	**23**
DMS S.r.l.in liq.	-	-	2	-	**2**	**-**
E-Marco Polo (E-MP) Spa	29	-	-	-	**29**	**-**
Fratelliditalia SA	112	-	335	-	**447**	**-**
Inalca Eurasia Kaz Llp	-	-	-	13	**-**	**13**
Inalca F&B China Hld Ltd	2	-	-	-	**2**	**-**
Inalca F&B Malaysia SDN BHD	45	-	511	-	**556**	**-**
Inalca F&B (Shanghai) Co Ltd	73	-	-	-	**73**	**-**
Inalca F&B Usa LLC (Casa Cremonini)	-	-	24	-	**24**	**-**
Italia Alimentari Canada Ltd	157	-	855	-	**1,012**	**-**
Peckinalca Lda	-	-	2	-	**2**	**-**
Quinto Valore S.c.a.r.l.	185	130	-	-	**185**	**130**
SCDA Angola SA	-	-	146	-	**146**	**-**
Tob Best Internationa Hld Ltd	278	-	-	-	**278**	**-**
Bad debts provision	-	-	-	-	**-**	**-**
Total subsidiaries	**1,098**	**206**	**2,018**	**36**	**3,116**	**242**
Associated companies:						
Avirail S.a.s.	416	-	1,225	-	**1,641**	**-**
Farm Service S.r.l.	481	-	333	-	**814**	**-**
Food & Co	2	-	-	-	**2**	**-**
Frigomacello S.r.l.	100	1	738	-	**838**	**1**
Frimo S.a.m.	-	20	895	-	**895**	**20**
Griglia Doc S.r.l.	21	16	-	-	**21**	**16**
Inalca Emirates Trading Llc	1,235	-	-	-	**1,235**	**-**
Parma Sofrelim S.a.s.	15	-	-	-	**15**	**-**
Sardinia Logistica S.r.l.	69	-	-	-	**69**	**-**
Time Vending S.r.l.	124	-	-	-	**124**	**-**
Unitea S.r.l.	1,443	468	1,943	-	**3,386**	**468**
Unieffebi S.r.l.	11	226	-	-	**11**	**226**
Bad debts provision	(1)	-	-	-	**(1)**	**-**
Total associated companies	**3,916**	**731**	**5,134**	**-**	**9,050**	**731**
Related and controlling companies:						
A.G.M. S.r.l.	-	5	220	-	**220**	**5**
Bluimex Sp. Zo.o.	-	3	-	-	**-**	**3**
Cremofin S.r.l.	17	-	-	5,436	**17**	**5,436**
Le Cupole S.r.l.	1	-	-	-	**1**	**-**
TreErre Food S.r.l.	195	-	-	-	**195**	**-**
Twoford Holdings Ltd	-	25	-	-	**-**	**25**
Total related companies	**213**	**33**	**220**	**5,436**	**433**	**5,469**

Annex 2

List of revenues and costs from/to subsidiaries, associated, controlling and related companies for 2016

(Euro/000)	Trade		Other		**Total**	
	Revenues	Costs	Revenues	Costs	**Revenues**	**Costs**
Subsidiaries:						
Agrosakmara Llc	33	-	3	-	**36**	**-**
Bottega Mediterranea SDN BHD	199	-	-	-	**199**	**-**
DMS S.r.l. in liq.	-	-	8	-	**8**	**-**
E-Marco Polo (E-MP) Spa	204	-	-	-	**204**	**-**
Fratelliditalia SA	112	-	-	-	**112**	**-**
Inalca F&B China Hld Ltd	1	-	-	-	**1**	**-**
Inalca F&B Malaysia SDN BHD	44	-	11	-	**55**	**-**
Inalca F&B (Shanghai) Co Ltd	20	-	-	-	**20**	**-**
Italia Alimentari Canada Ltd	-	-	5	-	**5**	**-**
Quinto Valore S.c.a.r.l.	12,478	1,499	-	-	**12,478**	**1,499**
SCDA Angola SA	-	31	17	-	**17**	**31**
Tob Best Internationa Hld Ltd	165	-	-	-	**165**	**-**
Total subsidiaries	**13,256**	**1,530**	**44**	**-**	**13,300**	**1,530**
Associated companies:						
Avirail S.a.s.	349	-	30	-	**379**	**-**
Farm Service S.r.l.	4,180	-	-	-	**4,180**	**-**
Frigolmacello	-	2	-	-	**-**	**2**
Frimo S.a.m.	-	-	54	-	**54**	**-**
Griglia Doc S.r.l.	13	18	1	-	**14**	**18**
Inalca Emirates Trading Llc	378	-	-	-	**378**	**-**
Parma Sofrelim S.a.s.	15	-	-	-	**15**	**-**
Time Vending S.r.l.	127	-	75	-	**202**	**-**
Unitea S.r.l.	2,170	1,057	31	-	**2,201**	**1,057**
Unieffebi S.r.l.	225	695	-	-	**225**	**695**
Total associated companies	**7,457**	**1,772**	**191**	**-**	**7,648**	**1,772**
Controlling companies						
Cremofin S.r.l.	-	-	8	36	**8**	**36**
Total controlling companies	**-**	**-**	**8**	**36**	**8**	**36**
Related companies:						
A.G.M.S.r.l.	-	14	-	-	**-**	**14**
Le Cupole S.r.l.	-	668	-	-	**-**	**668**
Namsov Fishing Enterprises Ltd	-	32,564	-	-	**-**	**32,564**
NBM Trading Consulting Lda	-	8	-	1	**-**	**9**
Total related companies	**-**	**33,254**	**-**	**1**	**-**	**33,255**

Annex 3

Statement of changes in tangible assets for the financial year ended as at 31 December 2016

(Euro/000)	Opening position			Changes over the period							Closing position		
	Initial cost	Depreciation provision	Balance at 31.12.2015	t effects of the change n consolidation are:	Acquisitions	Net decreases	Devaluation	Reclassif./ Other changes	Exchange Differences	Depreciation	Initial cost	Depreciation provision	Balance at 31.12.2016
Land and buildings	799,831	(192,351)	607,480	794	72,459	(316)	(27)	30,621	7,283	(25,023)	911,292	(218,021)	693,271
Plant and machinery	460,189	(344,837)	115,352	1,793	54,718	(732)	-	12,194	2,151	(29,028)	533,676	(377,228)	156,448
Industrial and business equipment	33,603	(26,129)	7,474	323	7,324	(203)	-	613	(69)	(3,195)	41,733	(29,466)	12,267
Other assets	115,124	(75,045)	40,079	1,543	16,829	(1,132)	-	3,708	52	(10,710)	133,711	(83,342)	50,369
Fixed assets under construction and advances	40,266	0	40,266	41	38,094	(1,072)	(35)	(46,542)	(1,626)		29,126	0	29,126
Total	**1,449,013**	**(638,362)**	**810,651**	**4,494**	**189,424**	**(3,455)**	**(62)**	**594**	**7,791**	**(67,956)**	**1,649,538**	**(708,057)**	**941,481**

Annex 4

Statement of changes in intangible assets for the financial year ended as at 31 December 2016

(Euro/000)	Opening position			Changes over the period						Closing position		
	Initial cost	Amortization provision	Balance at 31.12.2015	Net effects change in consolidation area	Acquisitions	Net decreases	Reclass. Other changes	Exchange Differences	Amortiz.	Initial cost	Amortization provision	Balance at 31.12.2016
Patents and intellectual property rights	14,033	(12,551)	1,482	1,260	1,648	(997)	95	(1)	(1,119)	16,771	(14,403)	2,368
Development costs	-	- -		-	-	-	351		(70)	351	(70)	281
Concessions, licences, trademarks and similar rights	17,893	(5,383)	12,510	12	3,988	-	13	248	(818)	21,792	(5,839)	15,953
Fixed assets under development and advances	664	-	664	-	1,675	(41)	(462)	-	-	1,836	-	1,836
Other intangible assets	5,718	(4,811)	907	-	3,953	(82)	720	(13)	(406)	10,353	(5,274)	5,079
Total	**38,308**	**(22,745)**	**15,563**	**1,272**	**11,264**	**(1,120)**	**717**	**234**	**(2,413)**	**51,103**	**(25,586)**	**25,517**

Annex 5

List of equity investments classified under financial assets as at 31 December 2016 and others

(Euro/000) Company name	Percentage	Initial value	Purchases or subscriptions	Disposals	(Write-downs) Revaluations	Other changes	Percentage	Final value	Notes
Subsidiaries:									
Agrosakmara L.l.c.	-	-	-	-	-	-	99.00	-	
Cibo Sapiens S.r.l.	-	-	15	-	-	-	100.00	15	
DMS S.r.l. in liq.	56.00	-	-	-	-	-	0.00	-	
Fratelliditalia SA	-	-	60	-	-	-	80.00	60	
Imprenditori per E-Marco Polo (I-EMP)	-		60	-	-	-	60.00	60	
Inalca Eurasia Kaz LLP	-	-	123	-	-	-	100.00	123	
Inalca Foods Nig Limited	-	-	-	-	-	-	100.00	0	
Inalca F&B Cabo Verde Lda	55.00	55	-	-	-	(55)	0.00	-	(a)
Inalca F&B China Holding Ltd	-	-	300	-	-	-	55.00	300	
Inalca F&B Hong Kong Ltd	75.00	11	-	-	-	(11)	0.00	-	(a)
Inalca F&B Malaysia SDN Bhd	-	-	219	-	-	-	100.00	219	
Inalca F&B Usa LLC (Casa Cremonini)	-	-	33	-	-	-	70.00	33	
Italia Alimentari Canada Ltd	60.00	202	206	-	-	-	60.00	408	
Montana Farm S.p.zo.o.	100.00	176	4	-	-	-	100.00	180	
Parma France S.a.s.	51.00	2,026	-	-	-	(2,026)	51.00	-	(a)
Parma Serv S.r.l.	51.00	100	-	-	-	(100)	51.00	-	(a)
PeckInalca Lda	-	-	10	-	-	-	51.00	10	
Quinto Valore s.c.a.r.l.	-	-	45	-	-	45	100.00	90	
SCDA Angola S.A.	-	-	6	-	-	-	51.00	6	
Totale società controllate		**2,570**	**1,081**	**0**	**0**	**(2,147)**		**1,504**	
Associated companies									
Avirail S.a.s.	49.00	417	-	-	(44)	-	49.00	373	
Consorzio I.R.I.S. S.a.r.l.	37.50	4	-	-	-	-	37.50	4	
Farm Service S.r.l.	30.00	174	83	-	-	-	37.00	257	
Frigomacello S.r.l.	-	-	45	-	-	-	50.00	45	
Frimo SAM	45.30	527	-	-	-	-	45.30	527	
Griglia Doc S.r.l.	-	-	1,000	-	(107)	-	50.00	893	
Inalca Emirates Trading Llc	49.00	35	-	-	(35)	-	49.00	-	
Parma Sofrelim S.a.s.	-	-	-	-	279	600	-	879	
Quinto Valore s.c.a.r.l.	50.00	45	-	-	-	(45)	-	-	
Sardinia Logistica S.r.l.	-	-	50	-	-	-	50.00	50	
Time Vending S.r.l.	50.00	322	-	-	393	(245)	49.00	470	
Unieffebi S.r.l.	-	-	164	-	-	-	50.00	164	
Unitea S.r.l.	-	-	1,325	-	-	-	50.00	1,325	
Total associated companies		**1,524**	**2,667**	**0**	**486**	**310**		**4,987**	
Other companies:									
A.G.M. S.r.l.		-	66	-	-	-	-	66	
Banca Centro Padana		75	-	-	-	10	-	85	
Banca Popolare Soc Coop		713	-	-	-	(713)	-	-	
Banca Popolare di Vicenza		139	-	-	(136)	-	-	3	
Baronia Sviluppo Italia		93	-			-	-	93	
B.F. Holding S.p.A.		5,383	-	-	-	-	-	5,383	
Class China e Commerce S.r.l.		127	-	-	-	-	-	127	
Centro Agroalimentare Riminese S.p.A.		280	-	-	-	-	-	280	
Futura S.p.A.		963	-	-	-	-	-	963	
Gester Soc. Coop		820	-	-	-	-	-	820	
Nuova Campari S.p.A.		1,549	-	-	-	-	-	1,549	
Others		163	183	0	0	(1)	0.00	345	
Total other companies		**10,305**	**249**	**0**	**(136)**	**(704)**		**9,714**	
Financial assets held for sale									
Banca Pop. dell'Emilia Romagna			10,241	-	-	-	-	10,241	
Total Financial assets held for sale		**0**	**10,241**	**0**	**0**	**0**		**10,241**	
Financial assets held for sale									
Banca Pop. dell'Emilia Romagna		1,000	3,184	-	-	-	-	4,184	
Banco Popolare Società Cooperativa		-	116	-	(608)	713	-	221	(b)
Total Financial assets held for sale		**1,000**	**3,300**	**0**	**(608)**	**713**		**4,405**	

(a) Company now included in the scope of consolidation

(b) the investment write-off has been booked in the specific equity reserve "Fair value reserve"

Annex 6

List of equity investments in subsidiaries and associated companies as at 31 December 2016 (Article 2427, paragraph 5, of the Italian Civil Code) with an indication of those falling within the scope of consolidation

(Euro/000) Company name	HQ	Share capital (expressed in Euro, unless otherwise indicated)	Result for the financial year ended 31.12.2016	Shareholders' equity at 31.12.2016	Control share at 31.12.2016	Shareholding at 31.12.2016	Book value (A)	Portion of the Shareholders' Equity (B)	Difference (B) - (A)	Participants at 31.12.2016	Control share at 31.12.2015	Shareholding at 31.12.2015	Notes
Investments valued at equity:													
Subsidiaries companies:													
Quinto Valore s.c.a.r.l.	Reggio Emilia	90,000	0	90	100.00%	71.60%	90	90	0	INALCA S.p.A.	50.00%	35.80%	(b)
Associated companies:													
Avirail S.a.s.	Paris (France)	100,000	(103)	748	49.00%	49.00%	373	367	(6)	Cremonini Restauration S.a.s.	49.00%	42.14%	
Griglia Doc S.r.l.	Elice (PE)	2,000	nd	nd	50.00%	25.21%	893	nd	(893)	DE.AL. S.r.l.	-	-	
Parma Sofrelim S.a.s.	St Germain Les Vergne - Francia	1,200,000	100	1,368	50.00%	18.26%	879	684	(195)	Parma France S.a.s.	-	-	(b)
Time Vending S.r.l.	Castelvetro di Modena	100,000	787	941	50.00%	50.00%	470	471	1	Chef Express S.p.A.	50.00%	50.00%	
Investments valued at cost:													
Subsidiaries													
Agrosakmara L.l.c.	Orenburg (Russia)	RUR 10.000	nd	nd	99.00%	74.25%	-	nd	nd	Marr Russia LLc	-	-	(a)
Cibo Sapiens S.r.l.	Gazoldo degli Ippoliti (MN)	15,000	(3)	12	100.00%	71.60%	15	12		Italia Alimentari S.p.A.	-	-	
DMS S.r.l. in liq.	Magnago (Milan)	50,000	(191)	(256)	56.00%	36.09%	-	(143)	25	Inalca Food & Beverage S.r.l.	56.00%	28.07%	(b)
Fratelliditalia SA	Playa del Carmen (Mexico)	MXN 100.000	nd	nd	80.00%	30.93%	60	nd	nd	Pappabuona.com S.r.l.	-	-	(a)
Imprenditori per E-Marco Polo (I-EMP)	Castelvetro di Modena (MO)	100,000	nd	nd	60.00%	60.00%	60	nd		Cremonini S.p.A.	-	-	
Inalca Eurasia Kaz LLP	Almaty (Repubblica del Kazakhstan)	KZT 40.000.000	nd	nd	100.00%	53.70%	123	nd	nd	Marr Russia LLc	-	-	(a)
Inalca Foods Nig Limited	Hong Kong (China)	Naira 10.000.000	0	0	57.00%	40.81%	nd	nd	nd	INALCA S.p.A.	57.00%	40.81%	(a)(c)
Inalca F&B China Holding Ltd	Hong Kong (Cina)	HKD 8.800.000	3	1,296	55.00%	35.44%	300	713	nd	Inalca Food & Beverage S.r.l.	-	-	(a)
Inalca F&B Malaysia SDN Bhd	Klang Selangor (Malesia)	MYR 1.000.000	(18)	194	100.00%	64.44%	219	194	nd	Inalca Food & Beverage S.r.l.	-	-	(a)
Inalca F&B Usa LLC (Casa Cremonini)	Dover (Usa)	USD 50.000	nd	nd	70.00%	50.12%	33	nd		Inalca Food & Beverage Holding Inc (USA)	-	-	(a)
Italia Alimentari Canada Ltd	Brampton (Canada)	CAD 1.000.000	(80)	625	60.00%	42.96%	408	375	nd	Italia Alimentari S.p.A.	60.00%	42.96%	(a)
Montana Farm S.p.zo.o.	Platyny (Polonia)	Zloty 285.000	(3)	60	100.00%	71.60%	180	60	(136)	Italia Alimentari S.p.A.	100.00%	71.60%	(a)
PeckInalca Lda	Luanda (Angola)	AOR 3.300.000	nd	nd	51.00%	36.52%	10	nd	nd	Inalca Angola Ltda.	-	-	(a)
SCDA Angola S.A.	Kuando Kubango (Angola)	AOR 2.000.000	(52)	(66)	51.00%	31.03%	6	(34)		Inalca Angola Ltda.	-	-	(a)
Associated companies:													
Consorzio I.R.I.S. S.a r.l.	Bolzano	10,000	8	16	37.50%	37.50%	4	6	2	Interjet S.r.l.	37.50%	37.50%	(d)
Farm Service S.r.l.	Reggio Emilia	500,000	41	1,083	30.00%	21.48%	257	325	(33)	INALCA S.p.A.	30.00%	21.48%	(b)
Frigomacello S.r.l.	Fermo (AP)	90,000	(36)	53	50.00%	35.80%	45	nd		Valtenna Carni S.r.l. in liquid.	-	-	
Frimo SAM	Principality of Monaco	150,000	32	1,046	45.30%	32.43%	527	474	(55)	INALCA S.p.A.	45.30%	32.43%	
Inalca Emirates Trading Llc	Abu Dhabi	AED 300.000	(761)	(688)	49.00%	35.08%	-	(337)	nd	INALCA S.p.A.	49.00%	35.08%	(b)
Sardinia Logistica S.r.l.	Olbia (OT)	100,000	28	258	50.00%	35.80%	50	129		Valtenna Carni S.r.l. in liquid.	-	-	(b)
Unieffebi S.r.l.	Reggio Emilia	100,000	47	548	30.00%	21.48%	164	164	(46)	INALCA S.p.A.	-	-	(b)
Unitea S.r.l.	Mantova	100,000	1,790	2,651	50.00%	35.80%	1,325	949	(376)	INALCA S.p.A.	-	-	(b)

NOTES

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies /(b) The figures refer to 31 December 2015, the last financial statements available/(c) The figures refer to 31 December 2014, the last financial statements available/(d) The figures refer to 31 December 2008, the last financial statements available.

Continued: Annex 6

(thousands Euro) Company name	HQ	Share capital (expressed in Euro, unles otherwise indicated)	Result for the financial year ended 31.12.16	Shareholders' equity at 31.12.16	Control share at 31.12.2016	Shareholding at 31.12.2016	Consolidation method	Participants at 31.12.2016	Control share at 31.12.2015	Shareholding at 31.12.2015	Notes
Companies consolidated on a line-by-line basis:											
Alliance Express Llc	Odinzovo (Russia)	RUR 500.000	(166)	(183)	51.00%	51.00%	Line by line	Chef Express Eurasia Llc	-	-	(a)(b)
As.Ca. S.p.A.	Santarcangelo di Romagna (RN)	518,000	2,475	6,061	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Avirail Italia S.r.l. in liq.	Milan	100,000	(8)	293	51.00%	51.00%	Line by line	Chef Express S.p.A.	51.00%	51.00%	
Bell Carni s.r.l.	Stienta (RO)	90,000	(133)	41	66.67%	47.73%	Line by line	INALCA S.p.A.	66.67%	47.73%	
Capo d'Orlando Carni S.r.l.	Messina	10,000	17	471	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Chef Express S.p.A.	Castelvetro di Modena (MO)	8,500,000	5,062	28,534	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Chef Express Eurasia	Moscow (Russia)	RUR 1.000.000	(110)	(172)	100.00%	100.00%	Line by line	Chef Express UK:99%;Kaskad:1%	100.00%	100.00%	(a)
Chef Express Shanghai	Shanghai (China)	CNY 8.040.090	(373)	6	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	(a)
Chef Express Tren Ici Hizmetleri A.S.	Istanbul	TRY 50.000	(48)	(69)	60.00%	60.00%	Line by line	Chef Express S.p.A.	60.00%	60.00%	(a)
Chef Express UK Ltd.	London (United Kingdom)	GBP 80.000	1,150	1,215	100.00%	100.00%	Line by line	Chef Express S.p.A.	100.00%	100.00%	(a)
Comit - Comercial italiana de alimentaciòn S.L.	Tenerife (Spain)	124,157	63	3,094	60.00%	38.66%	Line by line	Inalca Food & Beverage Srl	-	-	(b)
Cremonini Chef Iberica S.A.	Madrid (Spain)	1,500,012	761	1,918	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	(1,363)	1,824	100.00%	100.00%	Line by line	Chef Express S.p.A.	86.00%	86.00%	
Cremonini S.p.A.	**Castelvetro di Modena (MO)**	67,073,932	17,716	238,817							
De.Al S.r.l.	Elice (PE)	3,000,000	2,342	1,961	100.00%	50.42%	Line by line	MARR S.p.A.	-	-	(b)
Dispal CI	Abidjan (Ivory coast)	FCFA 38.500.000	(799)	(69)	99.00%	70.88%	Line by line	INALCA S.p.A.	99.00%	70.88%	
Fiorani & C. S.p.A.	Piacenza	500,000	1,278	3,404	51.00%	36.52%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Fresco Gourmet Pty Ltd	North Sidney	AUD 1	99	779	60.00%	38.66%	Line by line	Inalca Food & Beverage Srl	-	-	(a)(b)
Gabf Holdings Limited	London (United Kingdom)	GBP 7.880.953	186	(1,717)	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	1,146	1,646	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Global Service S.r.l.	Castelvetro di Modena (MO)	93,000	350	756	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Global Service Logistics S.r.l. in liq.	Castelvetro di Modena (MO)	90,000	1	63	100.00%	100.00%	Line by line	Global Service S.r.l.	100.00%	100.00%	
Guardamiglio S.r.l.	Piacenza	4,135,000	1,862	13,429	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Hosteria Butarelli S.L.	Gran Canaria (Spain)	303,000	3	205	100.00%	38.66%	Line by line	Comit S.L.	-	-	(b)
INALCA S.p.A.	Castelvetro di Modena (MO)	187,017,167	11,112	406,888	71.60%	71.60%	Line by line	Cremonini S.p.A.	71.60%	71.60%	
Inalca Angola Ltda.	Luanda (Angola)	Kwanza 4.772.730.050	11,692	56,034	84.98%	60.85%	Line by line	INALCA S.p.A.	99.90%	71.53%	(a)
Inalca Algerie S.a r.l.	Algeri (Algeria)	DA 500.000.000	(2,995)	917	70.00%	50.12%	Line by line	INALCA S.p.A.	70.00%	50.12%	(a)
Inalca Brazzaville S.a r.l.	Brazzaville (Rep.Congo)	2,715	78	4,180	55.00%	39.38%	Line by line	INALCA S.p.A.	55.00%	39.38%	(a)
Inalca Eurasia Holding Gesmbh	Vienna (Austria)	35,000	(70)	120,803	60.00%	42.96%	Line by line	INALCA S.p.A.	60.00%	42.96%	(a)
Inalca Food & Beverage S.r.l.	Modena	5,000,000	(1,320)	3,680	90.00%	64.44%	Line by line	INALCA S.p.A.	70.00%	50.12%	
Inalca Food & Beverage Holding Inc (USA)	Dover (US)	USD 185.000	(10)	154	100.00%	64.44%	Line by line	Inalca Food & Beverage Srl	100.00%	50.12%	(a)
Inalca Food & Beverage Hong Kong Ltd	Hong Kong (China)	HKD 10.000	(276)	(289)	75.00%	48.33%	Line by line	Inalca Food & Beverage Srl	-	-	(a)(b)
Inalca Food & Beverage Lda (Cabo Verde)	Isla de Sal - Green Cape	CVE 11.000.000	(420)	(637)	55.00%	35.44%	Line by line	Inalca Food & Beverage Srl	-	-	(a)(b)
Inalca Food & Beverage North America Llc	New York (US)	USD 200.000	87	132	60.00%	38.66%	Line by line	Inalca Food & Beverage Holding Inc (	60.00%	30.07%	(a)
Inalca Food & Beverage Ltd (Thailand)	Samutprakarn (Thailandia)	THB 117.650.000	30	3,715	84.99%	54.77%	Line by line	Inalca Food & Beverage Srl	99.90%	50.07%	(a)
Inalca Kinshasa S.p.r.l.	Kinshasa (Rep.Dem.Congo)	USD 2.700.000	(2,205)	6,273	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	352	6,840	60.00%	42.96%	Line by line	INALCA S.p.A.	60.00%	42.96%	(a)
Inter Inalca Angola Ltda.	Luanda (Angola)	Kwanza 900.000	(133)	1,993	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	(762)	2,467	100.00%	100.00%	Line by line	Cremonini S.p.A.	100.00%	100.00%	
Italia Alimentari S.p.A.	Busseto (PR)	40,248,000	309	58,506	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Itaus Pty Ltd	North Sidney	AUD 50.105	(27)	283	60.00%	38.66%	Line by line	Inalca Food & Beverage Srl	-	-	(a)(b)
Kaskad L.l.c.	Moscow (Russia)	Rubli 3.028.105.232	3,955	58,315	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	15	63	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	(4)	406	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	6,360	32,018	75.00%	53.70%	Line by line	Kaskad L.l.c.	75.00%	53.70%	(a)
MARR S.p.A.	Rimini	33,262,560	55,803	280,623	50.42%	50.42%	Line by line	Cremonini S.p.A.	50.42%	50.42%	
Modena Corporation Pty Ltd	Birmingham (UK)	AUD 1	(60)	(61)	100.00%	38.66%	Line by line	Itaus Pty Ltd	-	-	(a)(b)
Momentum Services Ltd.	Monaco (Germany)	269,258	1,658	2,566	100.00%	100.00%	Line by line	Chef Express UK Ltd.	100.00%	100.00%	
Montana Alimentari GMBH	Santarcangelo di Romagna (RN)	25,000	37	38	100.00%	100.00%	Line by line	Italia Alimentari S.p.A.	100.00%	100.00%	
New Catering S.r.l.	Orenburg (Russia)	33,900	1,514	4,306	100.00%	50.42%	Line by line	MARR S.p.A.	100.00%	50.42%	
Orenbeef L.L.C.	Piacenza	Rubli 660.000.000	(626)	31,231	100.00%	71.60%	Line by line	Kaskad L.l.c.	100.00%	71.60%	(a)
Pappabuona.com S.r.l.	St - Didier au Mont d'or (France)	60,000	(542)	(421)	60.00%	38.66%	Line by line	Inalca Food & Beverage S.r.l.	60.00%	30.07%	
Parma France S.a.s.	St Santin de Maurs (France)	1,000,000	332	3,395	51.00%	36.52%	Line by line	INALCA S.p.A.	-	-	(b)
Parma Lacombe S.a.s.	Parma	167,500	206	448	70.00%	25.56%	Line by line	Parma France S.a.s.	-	-	(b)
Parma Serv S.r.l.	Ambronay (France)	10,000	5	48	51.00%	36.52%	Line by line	INALCA S.p.A.	-	-	(b)
Parma Turc S.a.s.	Malbouzon (France)	100,000	343	2,851	51.00%	18.62%	Line by line	Parma France S.a.s.	-	-	(b)
Parmaubrac S.a.s.	Paris (France)	770,000	184	1,263	51.00%	18.62%	Line by line	Parma France S.a.s.	-	-	(b)
Princeps S.a.s.	Amsterdam (Holland)	200,000	47	(56)	100.00%	100.00%	Line by line	Chef Express S.p.A.	51.00%	51.00%	
Railrest S.A.	Bruxelles (Belgium)	500,000	723	1,613	51.00%	51.00%	Line by line	Chef Express S.p.A.	51.00%	51.00%	
Realbeef S.r.l.	Flumeri (AV)	300,000	(931)	610	51.00%	36.52%	Line by line	INALCA S.p.A.	51.00%	36.52%	
Roadhouse S.p.A.	Castelvetro di Modena (MO)	20,000,000	1,790	25,681	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	19	888	55.00%	55.00%	Line by line	Roadhouse S.p.A.	55.00%	55.00%	
Sara S.r.l.	Castelvetro di Modena (MO)	100,000	(365)	(213)	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Società Agricola Corticella S.r.l.	Spilamberto (MO)	5,000,000	2,527	17,734	100.00%	71.60%	Line by line	INALCA S.p.A.	100.00%	71.60%	
Tecali S.L.	Tenerife (Spain)	363,000	81	3,074	62.81%	24.28%	Line by line	Comit S.L.	-	-	(b)
TECNO-STAR DUE S.r.l.	Castelvetro di Modena (MO)	10,400	43	384	60.00%	42.96%	Line by line	INALCA S.p.A.	60.00%	42.96%	
Valtenna Carni S.r.l. in liq.	Fermo (AP)	1,050,000	(267)	1,017	100.00%	71.60%	Line by line	INALCA S.p.A.	-	-	(b)
Zaklady Miesne Soch. S.p.zo.o.	Warsav (Poland)	Zloty 1.800.000	(606)	242	99.95%	71.56%	Line by line	INALCA S.p.A.	99.95%	71.56%	(a)

a) Amounts expressed in Euro resulting from the translation of the original amounts in foreign currencies. /(b) Subsidiary consolidated starting from 2016

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INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010 AND ARTICLE 165-BIS OF LEGISLATIVE DECREE No. 58 OF 24 FEBRUARY 1998

To the Shareholders of
Cremonini SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Cremonini SpA and its subsidiaries (hereinafter also the "Cremonini Group"), which comprise the consolidated statement of financial position as of 31 December 2016, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the consolidated cash flows statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The Directors of Cremonini SpA are responsible for the preparation of the consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

Auditors' 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) drawn up pursuant to article 11 of Legislative Decree No. 39 of 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 consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit 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 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 the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

PricewaterhouseCoopers SpA

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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 the Cremonini Group as of 31 December 2016 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

Other matter

The consolidated financial statements of Cremonini Group for the year ended 31 December 2015 were audited by another auditor who expressed an unmodified opinion on those statements on 13 April 2016.

Report on compliance with other laws and regulations

Opinion on the consistency of the report on operations with the consolidated financial statements

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the Directors of Cremonini SpA, with the consolidated financial statements of Cremonini Group as of 31 December 2016. In our opinion, the report on operations is consistent with the consolidated financial statements of Cremonini Group as of 31 December 2016.

Bologna, 13 April 2017

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

"This report has been translated into English from the Italian original solely for the convenience of international readers"