

**OFFICINE MACCAFERRI S.P.A.**

**Registered office: Zola Predosa - Via J.F. Kennedy no. 10**

**Share Capital: € 33,400,000 fully paid-up**

**Bologna R.E.A. (Repertorio Economico Amministrativo,**

**Economic Administrative Register) no. 12901 –**

**Fiscal Code no. 00795700152**

**Sole-shareholder company pursuant to Article 2362**

**of the Italian Civil Code**

**Company subject, pursuant to Article 2497 of the Italian Civil Code and ff., to**

**the management and coordination by**

**S.E.C.I. S.p.A. - Bologna - Via degli Agresti no. 6**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**AT 31 DECEMBER 2016**

**LAYOUT AND CONTENTS OF THE CONSOLIDATED**

**FINANCIAL STATEMENTS**

**CONSOLIDATED BALANCE SHEET**

Values in €/th.

	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>ASSETS</b>		
A) Subscribed capital, unpaid:	-	-
B) Fixed assets:		
I – Intangible assets:		
1) set up and expansion costs	37	76
2) development costs	196	405
3) industrial patent rights and rights to use intellectual properties	328	454
4) concessions, licences, trademarks and similar rights	3,121	2,883
5) Goodwill	19,457	21,089
6) Intangible assets under development and downpayments	1,904	873
7) other	4,791	5,559
<b>Total intangible assets</b>	<b>29,834</b>	<b>31,338</b>
II – Property, plant and equipment:		
1) land and buildings	64,996	63,956
2) plant and machinery	48,652	47,005
3) industrial and commercial equipment	2,890	3,811
4) other fixed assets	3,561	4,214
5) fixed assets in progress and advances	2,950	2,869
<b>Total property, plant and equipment</b>	<b>123,048</b>	<b>121,855</b>
III – Financial assets:		
1) investments in:		
a) subsidiaries	182	92
b) associated companies	110	101
c) parent companies;	-	-
d) company subject to the control of the parent company	-	-
d bis) other companies	149	124
<b>Total investments</b>	<b>441</b>	<b>317</b>
2) Long-term receivables:		
a) subsidiaries;	50	81
d bis) due from others		
- within 12 months	-	747
- beyond 12 months	3,865	2,325
<b>Total due from others</b>	<b>3,865</b>	<b>3,073</b>
<b>Total Long-term receivables</b>	<b>3,915</b>	<b>3,154</b>
3) Other shares	-	-
4) Active Financial Instruments - Derivates	-	-
<b>Total financial assets</b>	<b>4,357</b>	<b>3,471</b>
<b>Total fixed assets</b>	<b>157,238</b>	<b>156,664</b>
C) Current Assets:		
I - Inventories:		
1) raw materials, secondary materials, and consumables	30,949	26,255
2) semi-finished goods	4,853	2,898
3) Work in progress on order;	-	-
4) finished products and goods	48,491	46,334
5) Advances paid to supplier	945	1,487
<b>Total inventories</b>	<b>85,238</b>	<b>76,975</b>

II – Receivables:		
1) trade receivables		
- within 12 months	107,544	103,507
- beyond 12 months	-	2,038
<b>Total trade receivables;</b>	<b>107,544</b>	<b>105,544</b>
2) receivables from subsidiaries		
- within 12 months	823	447
- beyond 12 months	-	-
<b>Total receivables from subsidiaries;</b>	<b>823</b>	<b>447</b>
3) receivables from associate companies		
- within 12 months	-	-
- beyond 12 months	-	-
<b>Total receivables from associate companies;</b>	<b>-</b>	<b>-</b>
4) receivables from parent		
- within 12 months	35,250	32,214
- beyond 12 months	-	-
<b>Total receivables from parent;</b>	<b>35,250</b>	<b>32,214</b>
5) receivables company subject to the control of the parent company		
- within 12 months	347	165
- beyond 12 months	-	-
<b>Total receivables company subject to the control of the parent company</b>	<b>347</b>	<b>165</b>
5-bis) receivables from tax authorities		
- within 12 months	9,802	7,347
- beyond 12 months	-	228
<b>Total receivables from tax authorities;</b>	<b>9,802</b>	<b>7,575</b>
5 ter) deferred tax assets	21,781	20,590
5 quater) receivables from other parties		
- within 12 months	11,875	14,029
- beyond 12 months		265
<b>Total receivables from other parties</b>	<b>11,875</b>	<b>14,293</b>
<b>Total receivables</b>	<b>187,422</b>	<b>180,828</b>
III – Financial assets not constituting fixed assets:		
5) active financial instruments - derivatives	12	-
6) other securities;	-	-
<b>Total financial assets non constituting fixed assets</b>	<b>12</b>	<b>-</b>
<b>IV – Cash and cash equivalent:</b>		
1) bank and postal deposits	46,467	48,827
2) cheques	17	57
3) cash on hand	135	315
<b>Total cash and cash equivalent</b>	<b>46,619</b>	<b>49,198</b>
<b>Total current assets</b>	<b>319,291</b>	<b>307,001</b>
D) accrued income and prepaid expenses:		
- accrued income	3,376	3,439
- prepaid expenses	1,171	876
<b>Total accrued income and prepaid expenses</b>	<b>4,547</b>	<b>4,314</b>
<b>TOTAL ASSETS</b>	<b>481,076</b>	<b>467,979</b>

**L I A B I L I T I E S**

**A) Shareholders' equity:**

I – Share capital	33,400	33,400
II - Share premium reserve	-	-
III – Revaluation reserve	10,641	10,641
IV – Legal reserve	3,104	2,975
V - Statutory reserve	-	-
VI - Other reserves	23,849	8,061
VII - Reserves for hedging of expected cash flows	(22)	-
VIII - Profits (Losses) carried forward		-
IX – Net Profit (Losses) for the year	47	4,126

**Total shareholders' equity of the Group** **71,019** **59,204**

equity attributable to non-controlling interests 37,286 38,019

**Total shareholders' equity** **108,305** **97,223**

**B) Provisions for risks and charges:**

1) pension and similar provisions	3,003	3,238
2) Provision for tax litigation and for deferred tax liabilities	7,308	7,262
3) Fund Financial Instruments Derivatives	118	-
4) Other provisions	3,497	5,699

**Total provisions for risks and charges** **13,926** **16,198**

C) employees termination indemnity 1,463 1,624

**D) payables**

1) bond issued		
- within 12 months	-	-
- beyond 12 months	190,000	190,000

**Total bond issued;** **190,000** **190,000**

4) bank loan and overdraft		
- within 12 months	19,400	5,629
- beyond 12 months	6,716	9,998

**Total bank loan and overdraft** **26,116** **15,627**

5) loans from other lenders		
- within 12 months	3,994	13,471
- beyond 12 months	1,439	1,101

**Total loans from other lenders** **5,433** **14,572**

6) advances from customer 3,134 3,772

7) trade payables		
- within 12 months	70,109	70,482
- beyond 12 months	-	-

**Total trade payables;** **70,109** **70,482**

11) payables due to parent		
- within 12 months	1,012	772
- beyond 12 months	-	-

**Total payables due to parent;** **1,012** **772**

11 bis) payables due to company subject of the control of the parent company		
- within 12 months	387	207
- beyond 12 months	-	-

**Total payables due to company subject of the control of the parent company** **387** **207**

<b>12) tax payables</b>		
- within 12 months	6,405	8,384
- beyond 12 months	-	-
<b>Total tax payables</b>	<b>6,405</b>	<b>8,384</b>
13) social security payables		
- within 12 months	1,291	1,261
- beyond 12 months	-	-
<b>Total social security payables</b>	<b>1,291</b>	<b>1,261</b>
14) other payables		
- within 12 months	46,555	40,826
- beyond 12 months	250	528
<b>Total other payables</b>	<b>46,805</b>	<b>41,354</b>
<b>Total payables</b>	<b>350,693</b>	<b>346,431</b>
E) accrued expenses and deferred income:		
- accrued expenses	6,116	6,132
- deferred income	573	370
<b>Total accrued expenses and deferred income</b>	<b>6,689</b>	<b>6,502</b>
<b>TOTAL SHAREOLDERS' EQUITY AND LIABILITIES</b>	<b>481,076</b>	<b>467,979</b>

**CONSOLIDATED INCOME STATEMENT**

Values in €/th.

	<b>31/12/2016</b>	<b>31/12/2015</b>
<b>A) Value of production:</b>		
1) revenues from sales and services	451,353	493,837
2) change in inventory of semi-finished and finished goods	949	(1,583)
3) Change in work in progress on orders		
4) Increase in fixed assets from in-house works	689	
5) other revenues	12,567	12,933
<b>Total value of production</b>	<b>465,558</b>	<b>505,186</b>
<b>B) Costs of production:</b>		
6) Costs of raw materials, secondary materials and consumables	252,420	273,341
7) Costs for services	95,923	97,255
8) Costs for use of third parties assets	6,055	5,620
<b>9) Costs of personnel:</b>		
a) wages and salaries	56,410	56,602
b) social security contributions	11,253	12,077
c) employees' termination indemnity	542	544
d) pension and similar costs	932	1,186
e) other personnel costs	6,898	9,023
<b>Total costs of personnel</b>	<b>76,035</b>	<b>79,433</b>
<b>10) amortization, depreciations and write-down:</b>		
a) amortization of intangible assets	4,410	4,443
b) depreciation of property, plant and equipment	10,987	11,348
c) other write-down of intangible assets and property, plant and equipment	73	338
d) write-downs of receivables	2,043	4,021
<b>Total amortization, depreciation and write-down</b>	<b>17,514</b>	<b>20,149</b>
11) change in inventory of raw materials, secondary materials and consumables	(3,724)	(507)
12) Accrual of provision for risks and charges	803	505
13) other provisions		
14) other operating costs	1,493	4,559
<b>Total costs of production</b>	<b>446,517</b>	<b>480,354</b>
<b>Difference between value of production and costs of production</b>	<b>19,040</b>	<b>24,832</b>
<b>C) Financial income and charges:</b>		
15) income from investments:		
a) from subsidiaries		
b) from associated companies		
c) parent company		
d) company subject to the control of the parent company		
d bis) other companies	10	521
16) other financial income:		
a) from subsidiaries	22	8
b) from associated companies	3	
c) from parent company	2,346	2,064
d) company subject to the control of the parent company		
d bis) from other companies	916	1,576
<b>Total other financial income</b>	<b>3,287</b>	<b>3,649</b>
<b>Total financial income</b>	<b>3,296</b>	<b>4,170</b>

17) interest and other financial charges:		
a) from subsidiaries		15
b) from associated companies		
c) from parent company		
d) company subject to the control of the parent company		
d bis) other companies	16,592	18,017
<b>Total interest and other financial charges</b>	<b>16,592</b>	<b>18,032</b>
<b>17 bis) gain/(losses) on exchange rate</b>	<b>(1,858)</b>	<b>168</b>
Total financial income and charges	(15,154)	(13,695)
<b>D) adjustments to financial assets</b>		
18) Revaluation		
a) Revaluation on equity investment;	-	-
b) Revaluation of financial assets;		
c) Revaluation of securities held as current assets;		
d) Revaluation of Hedging financial instruments	40	
Total revaluation	40	-
<b>19) write-down</b>		
a) write-down of investments	146	568
b) Devaluation of financial assets;		
c) Devaluation of securities held as current assets.		
d) Devaluation of Hedging financial instruments	124	
Total write-down	270	568
<b>Total adjustments to financial assets</b>	<b>(229)</b>	<b>(568)</b>
<b>Profit before tax</b>	<b>3,657</b>	<b>10,569</b>
<b>22) income and deferred taxes</b>		
- current income taxes	3,468	6,948
- deferred tax liabilities	(243)	14
- deferred tax assets	(1,026)	(2,816)
Total income and deferred taxes	2,198	4,145
<b>23) Net profit for the year</b>	<b>1,459</b>	<b>6,424</b>
<b>Attributable to non-controlling interests</b>	<b>(1,412)</b>	<b>(2,298)</b>
24) attributable to equity holders of the parent	47	4,126

**CONSOLIDATED CASH FLOW STATEMENT**

Values in €/th.

CASH FLOW	31 december 2016	31 december 2015
Amount in €/thousand		
<b>A. Financial flows deriving from operating activities</b>		
<b>Net Income / (Loss) for the period</b>	<b>1,459</b>	<b>6,424</b>
Income tax for the year	2,198	4,843
Financial expenses / (financial income)	13,306	14,207
Losses / (gains) on exchange rate	1,858	-168
(Dividends)	-10	0
(Gains) / Losses due to assets disposal	-521	-1,254
<b>1. Profit (loss) before income taxes, interest, dividends and capital gains / losses on assets disposal</b>	<b>18,290</b>	<b>24,052</b>
<i>Adjustments for non-cash items that had no counterpart in net working capital</i>		
Accrual to provision for risk and charges	3,588	5,633
Depreciation and Amortization	15,470	16,128
Impairment on assets	146	583
Other accrual for non-cash items	-3,046	-985
<b>Total adjustment for non-cash items</b>	<b>16,158</b>	<b>21,359</b>
<b>2. Financial flows before changes in Net Working Capital</b>	<b>34,448</b>	<b>45,411</b>
<b>Changes in Net Working Capital</b>		
Decrease / (increase) of inventories	-3,919	1,907
Decrease / (increase) of trade receivables	-1,157	-6,356
Increase / (decrease) of trade payables	-1,614	8,792
Decrease / (increase) of other credits	2,929	5,707
Increase / (decrease) of other debts	5,417	-878
Decrease / (increase) of Prepayments and accrued income	-475	-280
Increase / (decrease) of Prepaid income	47	-883
Other Changes in Net Working Capital	-4,200	-872
<b>Total changes in Net Working Capital</b>	<b>-2,972</b>	<b>7,137</b>
<b>3. Financial flows after changes in Net Working Capital</b>	<b>31,476</b>	<b>52,548</b>
<b>Other Changes</b>		
Interests paid	-13,594	-14,875
(Realised Losses) / realised gains on exchange rate	-1,858	168
Income taxes paid	-6,018	-5,871
Dividends received	10	0
Utilization of funds	-3,426	-2,421
<b>4. Financial flows before changes in Net Working Capital</b>	<b>-24,886</b>	<b>-22,999</b>
<b>Net cash flow from operating activities (A)</b>	<b>6,590</b>	<b>29,549</b>
<b>B. Financial flows deriving from investment activities</b>		
<i>Tangible assets</i>		
(Investments)	-10,254	-14,954
Sales price of disposal of assets	2,500	3,891
<i>Intangible assets</i>		
(Investments)	-2,909	-2,460
Sales price of disposal of assets	311	133
<i>Investments</i>		
(Investments)	-1,081	-1,026
Sales price of disposal of assets	9	1,465
<i>Current financial activities</i>		
(Investments)	-629	-61
Sales price of disposal of assets	226	212
<i>Acquisition or disposal of subsidiaries or branches of businesses, net of cash acquired</i>		
	-1,068	0
<b>Net cash flow used in investing activities (B)</b>	<b>-12,895</b>	<b>-12,800</b>
<b>C. Financial flows deriving from financing activities</b>		
<i>Third parties</i>		
Increase / (decrease) short terms debts vs banks	14,074	-253
Proceeds from borrowing	0	0
Reimbursement of borrowing	-3,264	-2,975
Proceeds from / (reimbursement of) Bond	0	-9,400
Increase / (Decrease) short terms debts vs shareholders for financing	0	0
(Increase) / Decrease short terms credits vs shareholders for financing	1,000	2,000
Increase / (Decrease) debts vs other financial institution	-9,163	2,518
<i>Equity</i>		
Subscription of equity upon payment / (Equity reimbursement)	1,108	2,640
Dividends paid	-2,714	-3,741
<b>Total Financial flows deriving from financing activities (C)</b>	<b>1,041</b>	<b>-9,211</b>
Net effect of foreign currencies exchange rate and other variations	2,686	-1,475
<b>Change in cash and cash equivalent (A ± B ± C)</b>	<b>-2,578</b>	<b>6,063</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>49,198</b>	<b>43,135</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>46,619</b>	<b>49,198</b>



**NOTES TO THE FINANCIAL STATEMENTS  
AT 31 DECEMBER 2016**

**1) LAYOUT AND CONTENTS OF FINANCIAL STATEMENTS**

The financial statements at 31 December 2016 were prepared in accordance with the current regulations under Article 2423 and ff. of the Italian Civil Code, as interpreted by the accounting principles issued by the Italian Accounting Board (*Organismo Italiano di Contabilità*, OIC) applicable at 31 December 2016, and are made up of the Balance Sheet (prepared in accordance with the schedule set out in Articles 2424 and 2424-*bis* of the Italian Civil Code), the Income Statement (prepared in accordance with the schedule set out in Articles 2425 and 2425-*bis* of the Italian Civil Code), the Cash Flow Statement and these Notes to the Financial Statements. For any additional information on the Company's position, performance and results of operations, as a whole and in the various sectors in which it has operated, including through subsidiaries, with specific regard to costs, revenues and investments, as well as for a description of the main risks and uncertainties to which the Company is exposed, reference should be made to the report on operations.

On 1 January 2016 the new accounting Directive 2013/347/EU was applied, which has been transposed into the Italian legal system under Legislative Decree 139/2015, which amended Articles 2423 and ff. of the Italian Civil Code; the new provisions are applicable to the financial statements for financial years commencing on or after 1 January 2016.

The new provisions laid down in the code are interpreted by the accounting principles published by the Italian Accounting Board; in this regard, it should be noted that in 2016:

- accounting principles OIC 3 concerning information on financial instruments and OIC 22 on memorandum accounts were abrogated;
- 19 principles were reviewed in order to take account of the EU law developments transposed into the Italian Civil Code. The main provision introduced under Article 2426, paragraph 1, no. 8, concerns the method of accounting for receivables and payables in the application of the amortised cost method, according to which transaction costs that are paid on a one-off basis, if significant, and any difference between initial and final values of the receivable or payable, are included in the calculation of the effective rate of interest and are accounted for over the expected maturity of the same according to a financial

approach. Amortised cost is applied only in the event that receivables or payables have a multi-year term and was only applied from 1 January 2016 to any receivables and payables that arose after that date. Any receivables and payables that arose before 1 January 2016 remain subject to the principles previously in force. The reclassified items of 2015 have been reported for comparative purposes only;

- a new accounting principle, OIC 32 "Derivative financial instruments", was also approved, which is also applicable to derivatives embedded in other contracts according to which any and all derivatives must be measured at fair value, as from the date of execution of the contract, pursuant to Article 2426, paragraph 1, no. 11-*bis*;
- non-recurring income and costs have been eliminated from the new income statement schedule; with effect from 2016 (i) capital gains and losses from disposals of intangible assets and property, plant and equipment and other non-recurring income components have been entered under "5) Other earnings and proceeds" and "14) Sundry operating costs", respectively; (ii) indirect taxes relating to previous years have been entered under "14) Sundry operating costs"; this item also includes costs or accruals to provisions (if any), arising from disputes. Direct taxes from previous years have been entered under "20) Current taxes, deferred tax assets and liabilities"; this item also includes costs or accruals to provisions (if any), arising from disputes;
- as from 1 January 2016 "dividends" are accounted for during the year in which a resolution is passed for their distribution;
- events that occurred after the year-end: accounting principle OIC 29 defines (i) "Subsequent events that must be recognised in the financial statements" as those positive and/or negative events that show conditions that already exist as at the reporting date of the financial statements, but which are fulfilled only after the end of the year and which require changes in balance sheet assets and liabilities, in accordance with the accruals principle; (ii) "Subsequent events that must not be recognised in the financial statements" are those events that occur after the reporting date, but which do not require any change in the values stated in the financial statements, as they will accrue in the subsequent financial year. Accounting principle OIC 29 was applied from 1 January 2016 on a prospective basis.

With reference to the financial statement schedules, it should be pointed out that:

- the Balance Sheet and Income Statement schedules are those prescribed by Articles 2424 and 2425, respectively, of the Italian Civil Code, as partially revised in 2016. As already illustrated above, the items reporting Arabic numbers and lowercase letters as required by Articles 2424 and 2425 of the Italian Civil Code that are not stated show a zero balance both in the current and in the previous financial years.
- The Cash Flow Statement, which is the new schedule introduced by Article 2425-ter, has been prepared according to the indirect method and is compliant with the schedule required by accounting principle OIC 10, as revised in 2016.
- The notes to the financial statements provide the description, analysis of, and in some cases additions to, the values of the financial statements, as well as the information required by Article 2427 of the Italian Civil Code, by other provisions under Legislative Decree 139/2015 or by other laws previously in force. Furthermore, they provide such additional information as may be required to give a true and fair view, even if it is not required by specific provisions of law.

## **2) COMPARABILITY'**

If required, the 2015 balance sheet and income statement have been restated in order to make them comparable to the same schedules prepared for 2016. Any amendments to the schedules and/or accounting principles applicable from 1 January 2016 have been recognised on a prospective basis according to accounting principle OIC 29.

## **3) CONSOLIDATION PRINCIPLES**

### **Consolidation on a line-by-line basis**

All the "subsidiary" Companies of Officine Maccaferri S.p.A., as defined by Article 2359 of the Italian Civil Code, have been consolidated on a line-by-line basis.

According to this method, the book values of equity investments are written off against the full recognition of assets and liabilities, revenues and costs of the investee companies.

Any shares of equity and net profit for the year pertaining to the minority interests of the consolidated companies are recognised under an appropriate item in consolidated equity and income statement (Article 32 of Legislative Decree no. 127/1991), respectively.

The consolidation area does not include companies whose balance sheet values are individually and

cumulatively insignificant with respect to the Group's consolidated financial statements, these companies being measured at cost and including those newly-acquired or established. In particular, the exclusion has concerned the following subsidiaries: Maccaferri Manifattura Italia S.r.l., Uzbekistan-Russian Joint Venture Maccaferri-Fergana LLC, Maccaferri du Maroc, Maccaferri Kazakhstan LLC, Maccaferri Ukraine LLC, Maccaferri Georgia LLC, Maccaferri Tunisie, Maccaferri de Nicaragua S.A., Maccaferri de Honduras S.A., Maccaferri de Chile Ltda.

Fixed assets consisting of equity investments in subsidiaries and associates which show an insignificant value or which were not yet fully operational at 31 December 2016 are measured at cost.

**Consolidation on a proportional basis**

Bekaert Maccaferri Underground Solutions BVBA, which is 50% jointly-controlled, has been consolidated on a proportional basis.

According to this method, the book values of the Group's equity investments are written off against the recognition of only the Group's share of assets, liabilities, revenues and costs of investee companies.

**Consolidation Area**

The Companies included in the scope of consolidation are specified below:

NAME	CONSOLIDATION METHOD	HQ	SHARE CAPITAL	SHAREHOLDING QUOTA %		
				Direct	Indirect	
- Officine Maccaferri S.p.A.		Italy			--	
- Maccaferri SA PTY LTD	Line-by-line Basis	South Africa	ZAR	58,207,900	56.2	
- Maccaferri (Malaysia) SDN BHD	Line-by-line Basis	Malaysia	MYR	7,620,000	100	
- S.A.S. France Maccaferri	Line-by-line Basis	France	€	1,000,000	100	
- Maccaferri do Brasil Ltda	Line-by-line Basis	Brazil	BRL	120,387,988	99.98	
- Maccaferri Inc.	Line-by-line Basis	USA	USD	8,813,725	100	
- Maccaferri Canada LTD	Line-by-line Basis	Canada	CAD	2,262,125	100	
- Maccaferri Gabions CIS	Line-by-line Basis	Russia	RUB	490,923,807	83.216	
- Maccaferri Indonesia P.T.	Line-by-line Basis	Indonesia	USD	4,000,000	80	
- Maccaferri Nepal PVT LTD	Line-by-line Basis	Nepal	NPR	70,196,000	70	
- Maccaferri de Argentina S.A	Line-by-line Basis	Argentina	ARS	4,337,691	98	2
- Maccaferri de Centro America Ltda	Line-by-line Basis	Costarica	CRC	502,391,898	100	
- Maccaferri LTD	Line-by-line Basis	UK	GBP	1,020,000	100	
- Partecipazione a mezzo SIFIR S.r.l	Line-by-line Basis	Italy	€	119,000	80	
- Maccaferri Environmental Solutions PVT Ltd	Line-by-line Basis	India	INR	1,190,765,700	90	
- Maccaferri de Perù S.A.C.	Line-by-line Basis	Perù	PEN	2,774,348	75	
- SUN-B Maccaferri Co. Ltd	Line-by-line Basis	South Korea	KRW	1,865,500,000	50	
- Maccaferri de Mexico S.A. De C.V.	Line-by-line Basis	Messico	MXN	27,369,000	99.998	0.002

NAME	CONSOLIDATION METHOD	HQ	SHARE CAPITAL	SHAREHOLDING QUOTA %	
				Direct	Indirect
- Maccaferri de Venezuela S.A	Line-by-line Basis	Venezuela	VEF	221,374	100
- Double Twist Products Pty Ltd	Line-by-line Basis	Botswana	BWP	3,796,000	70
- Maccaferri Gabions Central Asia	Line-by-line Basis	Kirghizistan	KGS	450,000	83.216
- Maccaferri Central Europe S.R.O.	Line-by-line Basis	Slovakia	€	1,040,132	100
- Linear Composites Ltd.	Line-by-line Basis	South Africa	GBP	2	100
- Maccaferri (Changsha) Enviro-tech Co. Ltd	Line-by-line Basis	China	CNY	56,491,585	80
- Maccaferri (Tianjin) Enviro-tech Co. Ltd	Line-by-line Basis	China	CNY	38,657,490	50.01
- Maccaferri (Tianjin) Geosynthetics Co. Ltd.	Line-by-line Basis	China	CNY	19,485,766	50.01
- Maccaferri (Tianjin) Fibers Co. Ltd.	Line-by-line Basis	China	CNY	52,329,975	62.51
- Maccaferri China (Hong Kong)	Line-by-line Basis	China	HKD	90,436,800	80
- Maccaferri Asia Ltd.	Line-by-line Basis	China	HKD	124,160,000	62.51
- Maccaferri Construction Ltd	Line-by-line Basis	UK	GBP	2	100
- Maccaferri Servicios S.A. de C.V.	Line-by-line Basis	Mexico	MXN	50,000	99.8
- Maccaferri b.v.b.a.	Line-by-line Basis	Belgium	€	100,000	99.9
- Eptropic Fibres Ltd	Line-by-line Basis	UK	GBP	1	100
- Maccaferri (IRL) Ltd.	Line-by-line Basis	Ireland	€	1	100
- BMD Texteis Ltda	Line-by-line Basis	Brazil	BRL	26,928,244	99.98
- Maccaferri de Guatemala S.A.	Line-by-line Basis	Guatemala	GTQ	703,000	99.998
- A. Bianchini Ingeniero S.A.	Line-by-line Basis	Spain	€	6,500,000	53.957
- Maccaferri Balkans Sh. P.K.	Line-by-line Basis	Albania	ALL	306,000,000	81
- Maccaferri Hellas Sole Partner LLC.	Line-by-line Basis	Greece	€	330,000	100
- Maccaferri Middle East LLC	Line-by-line Basis	Un. Arab Emir.	AED	300,000	49
- Officine Maccaferri Nigeria Ltd.	Line-by-line Basis	Nigeria	NGN	40,000,000	100
- Fator Ambiental Ltda	Line-by-line Basis	Brazil	BRL	1,135,000	99.9803
- Maccaferri de Colombia Ltda	Line-by-line Basis	Colombia	COP	3,081,836,546	99.9995
- Maccaferri de El Salvador S. A. de C.V.	Line-by-line Basis	El Salvador	USD	102,000	100
- Maccaferri Construction S.A. C.	Line-by-line Basis	Perù	PEN	500,000	100
- Officine Maccaferri Italia S.r.l.	Line-by-line Basis	Italy	€	1,000,000	100
- Partecipazione tramite SIFIR S.r.l	Line-by-line Basis	France	€	37,000	80
- Partecipazione tramite SIFIR S.r.l	Line-by-line Basis	France	€	64,000	80
- Maccaferri Philippines Inc.	Line-by-line Basis	Philippines	PHP	25,000,000	75
- Maccaferri de Bolivia LTDA	Line-by-line Basis	Bolivia	BOB	21,915,054	99.9995
- Macservice Servicios de Engenharia LTDA	Line-by-line Basis	Brazil	BRL	1,936,998	0.077
- Maccaferri de Ecuador	Line-by-line Basis	Ecuador	USD	95,000	100
- Servicios de Ingeniería Maccaferri SA	Line-by-line Basis	Costarica	CRC	1,000,000	99.998
- Maccaferri do Brasil Holding Participacoes Empresariais e Imobiliaras LTDA	Line-by-line Basis	Brazil	BRL	19,410,000	51.126
- Maccaferri Deutschland GmbH	Line-by-line Basis	Germany	€	200,000	100
- Maccaferri Polska Sp Z.O.O.	Line-by-line Basis	Poland	PLN	90,000	100
-Santos Mouta Porto Ltda	Line-by-line Basis	Portugal	€	250,000	53.957
- Tekno Maccaferri Cerve Teknolojileri	Line-by-line Basis	Turkey	TRY	6,000,000	50
-Maccaferri Philippine Manufacturing Inc.	Line-by-line Basis	Philippines	PHP	148,254,001	53.701
-Maccaferri do Brasil Incorporacoes Imobiliaras Ltda	Line-by-line Basis	Philippines	BRL	100,000	99.955
-Maccaferri Industria e Comercio de Artefatos Plasticos Ltda	Line-by-line Basis	Brazil	BRL	13,692,099	33.619
- Maccaferri Environmental Solution D.O.O.	Line-by-line Basis	Serbia	RSD	16,650,000	100
-Maccaferri Magyarorszag Kft	Line-by-line Basis	Hungary	HUF	21,000,000	100
-Maccaferri Romania Srl	Line-by-line Basis	Romania	RON	500,000	65
-Maccaferri de Panama S.A.	Line-by-line Basis	Panama	USD	10,000	100
-Bekaert Maccaferri Underground Solutions BVBA	Proportional	Belgium	EUR	9,400,000	50
-Maccaferri Innovation Center Srl	Line-by-line Basis	Italy	EUR	10,000	100
-Maccaferri (Hangzhou) Metal works Innov-Tech Co. Ltd	Line-by-line Basis	China	CNY	27,000,000	56
-Maccaferri Manufacturing Europe S.R.O.	Line-by-line Basis	Slovakia	EUR	2,525,000	99
-Maccaferri de Caribe SAS	Line-by-line Basis	Santo Domingo	DOP	3,810,000	100

#### **4) CHANGE IN THE CONSOLIDATION AREA**

The following changes occurred in the course of 2016:

With effect from 1 January 2016, the business unit consisting of the sales operations of parent company Officine Maccaferri S.p.A. in the Italian market was contributed to Elas Geotecnica S.r.l., which then changed its name to Officine Maccaferri Italia S.r.l., which performs sales operations in the Italian market for the entire range of Maccaferri products.

There was the inclusion of Maccaferri de Caribe Sas, which is 99.9974%-owned by Maccaferri de Centro America Ltda and 0.0026%-owned by Maccaferri do Brasil Ltda, a company responsible for the sales of products in the sectors of "Double Twist" and "Geosynthetics", in the scope of consolidation.

The 2016 financial year also saw an increase in the investment held in the Albanian investee Maccaferri Balkans Sh P.K. whose shareholding passed from 51% in 2015 to the present 81%.

There was the deconsolidation of the Portuguese company Bianchini Unipessoal Lda and of the South African company Land Rehabilitation System Pty Ltd, which were wound up during 2016.

It should be noted that SIMEST (Società Italiana per le Imprese all'Estero) joined the shareholding structure of some Group companies in order to support their own growth plans and those of their subsidiaries. Below are the companies in which SIMEST holds investments, with the related ownership percentage, as well as the year in which it became a shareholder:

- Maccaferri Southern Africa Pty Ltd for 43.8% (from 2010);
- Maccaferri Balkans Sh P.K for 19% (from 2010);
- Maccaferri Asia Ltd for 37.49% (subscribed in 2014 by Officine Maccaferri S.p.A. only); it should be noted that SIMEST's entry into Maccaferri Asia Ltd.'s shareholding structure entailed the latter acquiring three companies in the Tianjin industrial district from Officine Maccaferri S.p.A.; accordingly, the percentage of consolidation of these companies fell from 100% to 62.51% in the case of Maccaferri (Tianjin) Fibers Co. Ltd. and from 80% to 50.01% in the case of Maccaferri (Tianjin) Enviro-Tech Co. Ltd. and of Maccaferri (Tianjin) Geosynthetics Co. Ltd. In this case too, nevertheless, we continued to consolidate the company on a line-by-line basis since it is still controlled *de facto* by the Maccaferri Group.
- Maccaferri do Brasil Holding Participacoes Empresariais e Imobiliarias LTDA for 48.87% (up by

0.13% compared to 48.74% in 2011 following a further capital increase carried out in 2012);

- Maccaferri Gabions CIS (Russia) for 16.78% (down by 28.56% compared to 45.34% in 2012 after the capital increase subscribed in 2014 by Officine Maccaferri S.p.A. only);
- Maccaferri Philippine Manufacturing Inc. for 46.30% (from 2013).

It should be noted that the contractual term of SIMEST's investment is 8 years, at the end of which the parent company S.E.C.I. S.p.A. is to buy back its stake.

## **5) REPORTING DATE AND FINANCIAL STATEMENTS USED FOR CONSOLIDATION**

The consolidated financial statements have been prepared on the basis of the accounts approved by the shareholders' meetings or, in their absence, on the basis of the draft accounts approved by the Boards of Directors, reported at 31 December 2016. There are no differences in the reporting dates of the accounts of the Group companies. If the end date of the financial year of a consolidated company is different from the reporting date of the consolidated financial statements, this company is consolidated based on an interim annual report, relating to the date of the consolidated annual financial statements.

## **5) CONSOLIDATION CRITERIA AND TECHNIQUES**

Below are the main consolidation criteria adopted:

- The book values of consolidated investees are written off against their equity on the date on which they were first consolidated and the resulting differences, if negative, are allocated to a specific provision for risks if attributable to the risk of future losses; otherwise they are allocated to consolidated equity under "*Consolidation reserve*". Positive differences arising on first consolidation are allocated to the consolidated financial statements and, if possible, to the asset items of the companies included in the consolidation area; any additional residual difference is entered under an appropriate asset item named "*Consolidation difference*"; on the other hand, if the difference is not attributable to a higher value of the investee company, it is deducted from the consolidation reserve.

- The shares of equity pertaining to the minority interests of the consolidated companies are recognised separately under an appropriate equity item named "*Minority interests' capital and reserves*", whereas the minority interests' share of net result of these companies is shown separately under item "*Profit (loss) for the year attributable to minority interests*" in the consolidated income statement;
- Reciprocal accounts payable and receivable and costs and revenues among consolidated companies and the effects of all significant transactions carried out among them have been written off, net of their tax effect.

**Translation into Euro of the financial statements of foreign Companies**

The financial statements of foreign subsidiaries are converted into Euro adopting the exchange rates prevailing on the reporting date for the balance sheet, while the income statements have been converted using the average rates for the period. Exchange differences arising from the translation of opening equity at the rates prevailing at year-end and from the translation of income statements at the average rates for the period have been accounted for under equity.

Below are the exchange rates used:

Currency	Exchange rate 2016		Exchange rate 2016	
	As of December 31	Average exchange rate for the year	As of December 31	Average exchange rate for the year
AED	3.8696	4.063441	3.99662	4.07334
ALL	135.6310	137.316615	137.02000	139.68200
ARS	16.7488	16.342012	14.09720	10.25990
BOB	7.2838	7.648700	7.52292	7.66673
BRL	3.4305	3.856143	4.31170	3.70044
BWP	11.2437	12.048037	12.17410	11.23550
CAD	1.4188	1.465878	1.51160	1.41856
COP	3,169.4900	3,376.933171	3,456.01000	3,048.53000
CRC	580.8090	601.952326	585.63500	593.12600
DOP	49.1860	50.897019	49.50220	49.85027
GBP	0.8562	0.819483	0.73395	0.72585
GTQ	7.9338	8.416294	8.31054	8.49565
HKD	8.1751	8.592190	8.43760	8.60141
HUF	309.8300	311.437898	315.98000	309.99600
INR	71.5935	74.371691	72.02150	71.19560



<i>Currency</i>	<i>Exchange rate 2016</i>		<i>Exchange rate 2016</i>	
	<i>As of December 31</i>	<i>Average exchange rate for the year</i>	<i>As of December 31</i>	<i>Average exchange rate for the year</i>
KGS	73.0653	77.551709	82.96890	71.44380
KRW	1,269.3600	1,284.181128	1,280.78000	1,256.54000
MXN	21.7719	20.667305	18.91450	17.61570
MYR	4.7287	4.583548	4.69590	4.33733
NGN	332.3050	285.446874	216.70300	219.51500
NPR	114.5500	117.196528	107.00800	109.05400
PEN	3.5402	3.735626	3.70833	3.53237
PHP	52.2680	52.555548	50.99900	50.52170
PLN	4.4103	4.363207	4.26390	4.18412
RMB	7.3202	7.352221	7.06080	6.97333
RON	4.5390	4.490426	4.52400	4.44541
RSD	123.4030	123.106152	121.45100	120.68700
RUB	64.3000	74.144565	80.67360	68.07200
TRY	3.7072	3.343253	3.17650	3.02546
USD	1.0541	1.106903	1.08870	1.10951
VEF	10.5278	10.329491	6.85021	6.98117
ZAR	14.4570	16.264484	16.95300	14.17230

## **6) ACCOUNTING POLICIES**

### ***General policies***

Accounting standards and policies have been applied uniformly to all consolidated companies. The accounting policies adopted in the consolidated financial statements are those used by the Parent Company Officine Maccaferri S.p.A. and are compliant with the current legislative provisions, as supplemented and interpreted by the Accounting Principles issued by the Italian Accounting Profession and by the Italian Accounting Board. As specified, in 2016 the Italian Accounting Board updated and/or reviewed some principles in order to bring them into line with the provisions of Legislative Decree 139/2015, which adopted Directive 34/2013/EU.

The items in the financial statements have been measured according to the general principle of prudence, as well as on an accruals and going-concern basis. For the purposes of the calculation of the accounting values, items are entered in accordance with the principle according to which economic substance prevails over legal form; financial assets are accounted for when they are settled. Profits are only included if realised within the reporting date, while risks and losses are taken into account even if they are only learned of subsequently. Heterogeneous items in the single lines of the financial statements have been

measured separately. Balance sheet items intended to be used for long periods have been classified under fixed assets.

**Value adjustments and write backs**

The value of property, plant and equipment and intangible assets whose useful life is limited over time is systematically adjusted and decreased through depreciation or amortisation. The value of such assets, as that of other asset items, is written down if there is evidence of any permanent impairment loss; their original value is reinstated if it is deemed that the previous indications for previous write-downs no longer exist. The analytical methods of amortization, depreciation and write-downs adopted are described below in these notes to the financial statements.

**Exceptions**

There are no exceptions to the accounting policies laid down in the legislation governing annual and consolidated financial statements in either the present or past year's financial statements.

**Below are the most significant standards and policies:**

**INTANGIBLE ASSETS**

Intangible assets are entered at purchase or in-house production cost, including additional charges and are amortised on a straight-line basis.

Start-up and expansion costs are recognized under the appropriate asset item, with the board of statutory auditors' consent, and amortised over their economic life, which, however, may not exceed five years.

Research and advertising costs are fully charged to the income statement of the financial year in which they are incurred.

Development costs are recognized under the appropriate asset item and amortised over three years or on the basis of their economic life.

Industrial patent and intellectual property rights are amortised on the basis of their presumed useful

life, which, however, may not exceed the term prescribed in the licence agreements.

Concessions, licenses, trademarks and similar rights recognised under assets are amortized on the basis of their expected useful life.

Goodwill and consolidation differences are recognised under the appropriate asset item and are amortised over their useful life, which has been estimated upon initial recognition, considering the period in which the economic benefits connected with goodwill will arise that however, from the 1 January 2016, as per requirement of Italian legislation, may not exceed ten years.

. Pursuant to Article 12, paragraph 2, of Legislative Decree 139/2015, the Company has opted for maintaining the criteria previously in force for the calculation of amortization for any goodwill that arose before 1 January 2016 (the useful life was generally estimated as twenty years in view of the lasting nature of business operations undertaken by the Group).

Fixed assets whose economic value on the reporting date is expected to continue to be lower than their cost, amortised according to the above policies, are written down to their economic value. If the reasons that determined this write-down no longer exist, their cost is reinstated.

**PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

Property, plant and equipment are accounted for at purchase, construction or contribution cost, including additional charges (if any) and are recognised net of related depreciation funds.

They are depreciated on a straight-line basis applying economic and technical rates determined having regard to their residual useful life. The depreciation period counts from the financial year in which the asset comes into service.

Below are the depreciation rates used:

<b>Category</b>	<b>Rate</b>
Properties	3.00%
Light constructions	10.00%

Plant and machinery	6.67% - 10% - 20%
Industrial equipment	10.00%
Other assets:	
Office furniture and equipment	10.00% - 12%
Electromechanical and electronic machines	33.33%
Motor vehicles and means of internal transport	10.00%
Cars	25.00%

Capital assets whose cost is lower than € 516.46 are charged to the income statement for the financial year in which they have been acquired on the basis of their useful life.

Day-to-day maintenance costs are fully charged to the income statement. Improvement costs are allocated to the assets concerned and depreciated on the basis of their residual useful life.

If there is evidence of a permanent impairment loss, regardless of the depreciation already accounted for, the value of the fixed asset is written down accordingly; if the indications of impairment no longer exist in subsequent financial years, the original value is reinstated, as adjusted by depreciation only.

Any assets held under lease agreements are recognised on the basis of the net financial method.

### **NON-CURRENT FINANCIAL ASSETS**

Investments in subsidiaries, which are not included in the consolidation area, and in other companies are valued at cost in the consolidated financial statements, as adjusted, if required, in case of permanent impairment losses.

Investments in associates are valued at equity, except for the joint venture Bekaert Maccaferri Underground Solutions BVBA, which has been consolidated on a proportional basis.

Investments in other companies are valued at purchase cost.

The remaining non-current financial assets are recognised at cost, reduced to their presumed realisable value if lower.

Stocks and bonds recognised under fixed assets are entered at purchase or subscription cost, as

adjusted, if required, in case of permanent impairment losses.

### **INVENTORIES**

Inventories of raw and secondary materials, and finished products are recognised at the lower of purchase or production cost, determined according to the weighted average cost method, and the corresponding market value calculated taking account of both manufacturing costs (if any) still to be incurred and direct selling costs.

Obsolete and slow-moving stocks are written down on the basis of their possible utilisation or sale.

### **RECEIVABLES**

Receivables are stated at their presumed realisable value.

The nominal value of receivables is adjusted at their presumed realisable value through an specific provision for bad debts, considering general and sector economic conditions and country risk.

Long-term receivables, which arose after 1 January 2016, are initially entered at their face value, as reduced by issue premiums or discounts; this value is then increased or reduced by amortisation, calculated according to a financial approach on the basis of the amortised cost method, of transaction costs that are paid on a one-off basis and of the difference (if any) between the value upon initial recognition and face value at maturity. Amortised cost is not applied when its value is insignificant compared to the value upon initial recognition.

The Company assumes that the effects arising from the application of amortised cost and discounting-back are immaterial when receivables have a maturity of within 12 months, also taking account of all the contract and substantial terms and conditions in force upon the recognition of the receivable, and that transaction costs and any difference between initial value and face value at maturity are of an insignificant amount.

Receivables which could originally have been collected within twelve months and which were afterwards transformed into long-term receivables are recognised under non-current financial assets in the balance sheet.

**CURRENT FINANCIAL ASSETS**

Current financial assets are valued at the lower of historical cost and market value.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are stated at nominal value and are not encumbered or subject to restrictions.

**ACCRUALS AND DEFERRALS**

Accrued income and prepaid expenses, as well as accrued expenses and deferred income, exclusively include income and expenses earned or incurred during the financial year but to be collected or paid in subsequent financial years, and income and expenses collected or paid within the reporting date but pertaining to subsequent financial years. In any case these items only include shares of income and expenses spread over two or more financial years whose amounts vary according to time.

**PROVISIONS FOR RISKS AND CHARGES**

Provisions for risks and charges include amounts set aside to cover losses or liabilities whose nature is determined and whose existence is either certain or probable but whose amount and timing could not be determined on the reporting date.

Specifically, the provision for taxes includes the deferred tax liabilities allocated by the various consolidated companies according to their deferred taxation.

The provision for the agent's pension fund set aside in the accounts represents a reasonable forecast of the companies' liability in the event of the termination of agency agreements.

The provisions reflect the best possible estimate based on the elements available at the reporting date of the financial statements.

**STAFF SEVERANCE PAY FOR SUBORDINATE EMPLOYMENT (TFR)**

The staff severance pay (TFR, *Trattamento di Fine Rapporto*) covers the amounts earned by the employees as of the reporting date, in the application of current laws, labour agreements and company

agreements (if any).

### **PAYABLES**

Payables are recognised at nominal value: the Company considers that this represents the amount for which they can be settled.

Long-term payables, which arose after 1 January 2016, are initially entered at their nominal value, as reduced by issue premiums or discounts; this value is then increased or reduced by amortisation, calculated according to a financial approach on the basis of the amortised cost method, of transaction costs that are paid on a one-off basis and of the difference (if any) between the value upon initial recognition and nominal value at maturity. Amortised cost is not applied when its value is insignificant compared to the value upon initial recognition.

The Company assumes that the effects arising from the application of amortised cost and discounting-back are immaterial when payables have a maturity of within 12 months, also taking account of all the contract and substantial terms and conditions in force upon the recognition of the payable, and that transaction costs and any difference between initial value and nominal value at maturity are of an insignificant amount.

### **DERIVATIVES**

Derivatives are entered at fair value corresponding to market value, if any, or to the value resulting from valuation models and techniques that are such as to ensure a reasonable approximation to market value. Financial instruments for which it has not been possible to use these methods are valued at their purchase price.

Current values are charged to balance sheet assets, under the specific item of non-current financial assets or current assets according to their allocation, or to liabilities under the specific item of provisions for risks and charges.

Cash flow hedge derivatives are stated against an entry under equity reserves, or, through profit or loss for any ineffective portion.

Any changes in the fair value of derivatives that are speculative and are used to hedge the price of an underlying (fair value hedge) are recognised through profit or loss.

**RECOGNITION OF REVENUES AND INCOME, COSTS AND CHARGES**

Revenues from sales of goods are recognised on an accruals basis when both the following conditions are fulfilled: the production process of goods or services is completed and the exchange has already taken place, i.e. the title to ownership has been transferred substantially and not formally. In the case of the sale of goods, this moment coincides with the shipment or delivery of personal property. Revenues from services are recognised as at the date when the provision is completed, or, as at the date of accrual of fees for those regulated by contracts subject to periodic payments.

Revenues from sales are recognised net of returned goods, discounts, rebates and premiums, as well as of any tax directly attributable to the sale of goods or the provision of services and any adjustments to revenues accrued during the year are taken as a direct reduction in revenues.

Purchase costs are recognised on an accruals basis. Costs for raw and secondary materials, consumables and goods for resale include any additional purchase costs (transport, insurance, loading and unloading, etc.) if they are included by the supplier in the purchase price of the same; otherwise, they are stated separately under costs for services according to their nature.

Revenues and income, costs and charges relating to transactions carried out in foreign currency are calculated at the exchange rate prevailing on the date on which the transaction has been completed, as adjusted by the coverage exchange rate, if applicable.

**TAXES**

Each consolidated Company makes appropriations for taxes according to the matching principle. They, therefore, consist of:

- provisions set aside for taxes paid or to be paid for the financial year, as determined according to the rates and rules currently in force;
- the amounts of deferred tax assets or liabilities in relation to temporary differences that emerged or were reversed during the financial year.

Deferred tax assets and liabilities are recognised through profit or loss according to the matching



principle.

Deferred tax assets are allocated when there is a reasonable certainty of the availability of sufficient future taxable income for them to be recovered. Deferred tax liabilities are recognised under liabilities unless its recognition is considered unlikely.

Deferred tax assets and liabilities are also recognised in relation to consolidation adjustments.

### **TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCY**

Receivables and payables originally denominated in a foreign currency are stated at rates prevailing on the date on which they arose, are adjusted at the exchange rates prevailing on the reporting date. The differences arising from the translation of the various receivables and payables are credited/debited to the income statement as financial items.

Current assets and liabilities, as well as non-current financial receivables, are recognized at the spot rate prevailing on the reporting date. Gains and losses arising from the translation of receivables and payables are credited and debited, respectively, to the item 17**bis** Foreign exchange gains and losses in the Income Statement.

Exchange differences arising when accounts receivable and accounts payable are settled in a foreign currency are charged to the Income Statement for the year.

Fixed assets in foreign currencies are stated at the exchange rate at the time of their purchase or adjusted at a lower value applying on the reporting date for the period only if the negative changes have entailed a permanent impairment loss of the fixed assets.

## ***Breakdown of items in the financial statements:***

As specified in the paragraph on "Comparability", the 2015 balance sheet and income statement have been restated, if required, in order to make them comparable to the same schedules prepared for 2016.

# ***ASSETS***

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## ***A) SUBSCRIBED CAPITAL UNPAID***

No receivables from shareholders for capital payments still due had been recognised on the reporting date.

## ***B) FIXED ASSETS***

### ***I - INTANGIBLE ASSETS***

The changes in intangible assets that occurred during the year are summarised in the table attached at the foot of these notes to the financial statements.

Concessions, licenses and trademarks recorded increases of Euro 0.9 million, gross of amortization, and mainly related to the capitalisation of rights for the use of software and related implementation costs mainly incurred by the companies in the NAFTA area for CRM software.

Goodwill recorded increases equal to Euro 0.3 million, gross of amortisation, which were due to the acquisition of 30% of the share capital of Maccaferri Balkans Sh. P.K.

Fixed assets under development showed an increase of about Euro 1.7 million, of which:

- about Euro 0.7 million for Maccaferri Manufacturing Europe S.R.O. for the capitalisation of costs relating to the various projects being implemented, which are aimed at the implementation of the new production and logistics structure of the EMEA area;
- about Euro 0.4 million for Officine Maccaferri S.p.A. for the capitalisation of the costs relating to the SAP project for other subsidiaries and to other licences for the software being implemented;

- about Euro 0.3 million for Maccaferri Environmental Solutions PVT Ltd. for the capitalisation of the costs relating to the SAP project;
- about Euro 0.2 million for Maccaferri Innovation Center for the capitalisation of the costs incurred for the "Kikkonet" project aimed at the production of super small-mesh cages for fish farming.

## **II - PROPERTY, PLANT AND EQUIPMENT**

The changes in property, plant and equipment that occurred during the year are summarised in the table attached at the foot of these notes to the financial statements.

The main changes in the year concerned the following categories:

- o **Land and Buildings:** the main increases for the year concern the following:
  - Euro 0.2 million for the purchase of the land and related expansion of the parking area of the office located in Zola Predosa, realised by Officine Maccaferri S.p.A..

The decreases, net of the respective depreciation fund, mainly concerned:

- Euro 1.1 million for the sale of the production plant and offices of Maccaferri Balkans Sh. P.K. which are currently leased;
  - Euro 0.2 million for the sale of a flat for office use located in Milan on the part of Officine Maccaferri S.r.l..
- o **Plant, Machinery:** the main increases related to the following items:
    - Euro 1.1 million for the purchase of specific systems for the production of geosynthetics products on the part of Maccaferri Environmental Solutions PVT Ltd;
    - Euro 0.3 million mainly due to the purchase of a spiraling machine for double twist and a drawing machine for the production of metal fibres on the part of Maccaferri de Peru S.A.C.
    - Euro 0.2 million for the upgrading of DT 8x10 line and for the purchase of an extruder on the part of Maccaferri Manufacturing Europe S.R.O;
    - Euro 0.2 million for improvements to DT lines on the part of Maccaferri Changsha;
    - Euro 0.2 million for the purchase of various accessories for the Double Twist line on the part of

Officine Maccaferri S.p.A.;

- Euro 0.1 million for improvements made to wire drawing on the part of Maccaferri Maccaferri do Brasil Ltda.
  
- o **Industrial and business equipment:** the increases of Euro 0.5 million mainly concern the other industrial equipment and mainly relate to the following:
  - Euro 0.2 million for the purchase of equipment required for the execution of projects (mainly Rockfall and Erosion Control) on the part of Maccaferri Environmental Solutions PVT Ltd;
  - Euro 0.1 million mainly relating to the purchase of equipment required for the execution of projects of vertical walls on the part of Maccaferri Construction S.A. C. (Peru).
  
- o **Other property, plant and equipment:** the increases concerned the equipment for logistics and good handling, equipment for offices and corporate machines. The main increases were recorded by Maccaferri Environmental Solutions PVT Ltd (Euro 0.1 million), Maccaferri Construction S.A. C. – Peru (Euro 0.1 million) and Tekno Maccaferri Cerve Teknolojileri (Euro 0.1 million).
  
- o **Fixed assets under construction and advances:** the increases mainly concerned as follows:
  - Euro 1 million for the implementation of automated systems to control galvanisation and to monitor wire changers, as well as other improvements to the wire galvanisation equipment (Euro 0.6 million); furthermore a new colouring system was purchased for the wire used for the production of cages for champagne bottles; both investments were made by A. Bianchini Ingegnieri S.A.;
  - Euro 0.2 million for the construction of a prototype of the "Kikkonet" line, aimed at the production of super small-mesh cages for fish farming on the part of Maccaferri Innovation Center;
  - Euro 0.2 million for improvements made to the new factory of Maccaferri Changsha;
  - Euro 0.2 million for the purchase of an X-ray volume control system on the part of Maccaferri Industria e Comercio de Artefatos Plasticos Ltda;
  - Euro 0.1 million for the construction and installation of an electric cooling system on the part of Maccaferri do Brasil Ltda.

Depreciation was calculated on the basis of the estimated rates in relation to the useful life of the assets, consistent at Group level.

***III - NON-CURRENT FINANCIAL ASSETS***

Below is the breakdown of non-current financial assets:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><i>Investments</i></b>		
- Investments in:		
Subsidiaries	182	92
Associated companies	110	101
Parent companies		
Company subject to the control of the parent company		
Other companies	149	124
<b><i>Receivables</i></b>		
- Receivables:		
Subsidiaries	50	81
Associated companies		
Parent		
Subject to the control of the parent company		
Others	3,865	3,073
<b>Total</b>	<b>4,357</b>	<b>3,471</b>
<b>Variation</b>	<b>886</b>	

For the breakdown of equity investments, reference should be made to the statement attached to these notes to the financial statements.

The increase in equity investments in subsidiaries by Euro 90 thousand was attributable for Euro 156 thousand to the recapitalisation of Maccaferri de Chile Ltda, for Euro 20 thousand to the acquisition of Maccaferri Manifattura Italia S.r.l., which was partially offset by the inclusion of Maccaferri Caribe Ltda in the consolidation area for Euro 86 thousand.

The increase in the investments in associates for Euro 9 thousand was mainly attributable to the recapitalisation of Bekaert Maccaferri Underground Solutions S.r.l., a company established with the Belgian

group Bekaert for operations on “underground” products.

The increase in the equity investments in Other Companies for Euro 25 thousand was attributable for Euro 3 thousand to the acquisition of Emilbanca shares and for Euro 12 thousand to the acquisition of 20% of AEV S.r.l., while the remainder of the change was due to the translation into Euro of the investments held through the consolidated companies which have an accounting currency other than Euro.

The item Receivables from subsidiaries for Euro 50 thousand is made up of financial receivables claimed by the Russian affiliate company Maccaferri Gabions CIS from the non-consolidated subsidiary Maccaferri Georgia LLC.

“Receivables from others” related, for an amount of Euro 1,772 thousand, to a receivable of the Parent Company Officine Maccaferri S.p.A. from the minority shareholder of the Indian subsidiary Maccaferri Environmental Solution PVT Ltd, for the sale of a 10% minority interest of the share capital, the collection of which is expected beyond the next financial year, and, for Euro 1,869 thousand, to guarantee deposits of which Euro 805 of the Chinese subsidiary Maccaferri Changsha.

## **C) CURRENT ASSETS**

### **I - INVENTORIES**

Below is the breakdown of inventories:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b>Net Inventory</b>		
Inventory: Raw Materials And Purchased Components and Consumable	30,949	26,255
Goods In Progress and Semi-finished goods	4,853	2,898
Work in progress on order		
Finished Goods	48,491	46,334
Advance payments to suppliers for goods	945	1,487
<b>Total</b>	<b>85,238</b>	<b>76,975</b>
<b>Variations 2016/ 2015</b>	<b>8,263</b>	

Closing inventories recorded an increase for about Euro 8.3 million, of which Euro 4 million were due to the exchange rate effect, mainly for the revaluation of Brazilian Real.

The most significant changes involved stock of raw materials (+Euro 4.7 million) and semi-finished products and goods for resale (+Euro 2.2 million)

Closing inventories were recognised net of a provision for write-down of Euro 2.2 million, which was set aside, on a prudential basis, to take account of the physiologic obsolescence of some types of products and raw materials.

## ***II - RECEIVABLES***

### ***Receivables from customers***

Trade receivables from customers are made up as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><i>Receivables</i></b>		
Trade receivables		
- Within 12 months	120,028	120,605
- Beyond 12 months		2,144
Bad debts reserve	(12,484)	(17,204)
<b>Total</b>	<b>107,544</b>	<b>105,544</b>
<b>Variation 2016/2015</b>	<b>1,999</b>	

Receivables from customers related to normal sale transactions and were recognised in the consolidated financial statements, net of provisions for bad debts.

Receivables, including the provision for bad debts, remained substantially stable compared to the previous year.

Following the measurement of bad debts, the related provision decreased by Euro 4.7 million, because of the net effect of accruals amounting to Euro 1.9 million (mainly attributable to Officine Maccaferri S.r.l. for Euro 534 thousand, to Maccaferri Inc. for Euro 294 thousand, to Maccaferri de Mexico S.A. De C.V. for Euro 243 thousand and to Maccaferri Environmental Solutions PVT Ltd for Euro 227 thousand), decreases for uses of

Euro 5.5 million and for releases of provisions for Euro 2.1 million; for exchange rate adjustments for Euro 0.9 million, as it can be inferred from the table below:

	<i>31/12/2015</i>	<i>Increases</i>	<i>Decreases</i>	<i>Exchange rate adjustment</i>	<i>Reclassification</i>	<i>31/12/2016</i>
	€	€	€	€	€	€
Allowance for doubtful accounts	17,204	1,896	(7,541)	937	(12)	12,484

The table below reports the breakdown of receivables by geographical area:

TRADE ACCOUNT RECEIVABLES BY GEOGRAPHIC AREA					
	<i>Italy</i>	<i>Europe</i>	<i>Other Countries</i>	<i>Allowance for doubtful trade account receivables - Customer</i>	<i>Total</i>
<i>Trade Account Receivables</i>	15,736	14,388	89,904	(12,484)	107,544

### **Receivables from subsidiaries**

The amount is fully made up of receivables claimed from (unconsolidated) subsidiaries of Maccaferri Gabions CIS. Specifically, they include an amount of Euro 575 thousand claimed from Maccaferri Georgia LLC, an amount of Euro 147 thousand claimed from Maccaferri Ukraine LLC and an amount of Euro 101 thousand claimed from Maccaferri Kazakhstan LLC.

### **Receivables from parent companies**

Receivables from the parent company SECI S.p.A. include the balance of the intragroup current account for Euro 17 million and an interest-bearing loan of Euro 12 million. They also include the interest accrued on these receivables and not yet collected by the end of the year, equal to Euro 1 million.

The remaining amount of Euro 5.3 million relates to Group tax receivables, including an IRES (Corporate Income) tax credit of Euro 1.7 million resulting from receivables for withholding income taxes from affiliates and receivables of Euro 3.2 million for the payment of the Group's IRES tax, as well as a Group's VAT of Euro 0.4 million.



**Receivables from entities subject to the control of parent companies**

This item includes receivables from Seci Energia S.p.A., Samp S.p.A. and SAPABA S.p.A., Enerray Mexico and Exergy S.p.A..

**Tax receivables and deferred tax assets**

Below is the breakdown of tax receivables:

	<b>2016</b>	<b>2015</b>
	<b>K€</b>	<b>K€</b>
<b><u>Credit for Income Taxes</u></b>		
- Short Term	9,802	7,347
- Long Term		228
Deferred Tax Assets	21,781	20,590
<b>Total</b>	<b>31,583</b>	<b>28,165</b>
<b>Variances 2016/2015</b>	<b>3,418</b>	

Both the receivable for deferred tax assets and the provision for deferred tax liabilities were adjusted at the rates prevailing on the reporting date of the consolidated financial statements.

The balance of the receivable for deferred tax assets is made up of: Euro 15,351 thousand generated by temporary differences between Group companies' statutory financial statements and their financial statements for tax purposes, about Euro 3,846 thousand due to the differences generated from bringing local financial statements into line with the Group's accounting standards and, finally, Euro 2,583 thousand due to temporary differences arising from the entries in the consolidated accounts.

The calculation of deferred tax assets of Italian companies and of the consolidated financial statements took account of a reduction in the IRES tax rate from 27.5% to 24% which is expected starting from 2017 on the basis of the 2016 stability act.

**Receivables from others**

Below is the breakdown of "Receivables from others":

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><u>Receivables</u></b>		
<u>Within 12 months</u>		
- Receivables from factor	2,374	6,789
- Advances to suppliers for services	15	60
- Other receivables	9,486	7,179
<u>Beyond 12 months</u>		
- Receivables from factor		
- Advances to suppliers for services		
- Other receivables		265
<b>Total</b>	<b>11,875</b>	<b>14,293</b>
<b>Variation 2016 / 2015</b>	<b>(2,418)</b>	

“Other Receivables” recorded a decrease of Euro 2.4 million compared to the previous year, which was mainly due to a reduction in receivables from the factor (Euro 4.4 million) and which was partially offset by an increase in other receivables (Euro 2.3 million).

Receivables from the factor were assigned receivables that did not meet the requirements for derecognition from the financial statements, as required by the updated version of accounting principle OIC 15.

### ***III - CURRENT FINANCIAL ASSETS***

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
Active financial instruments	12	
<b>Total</b>	<b>12</b>	<b>-</b>
<b>Variation 2016 / 2015</b>	<b>12</b>	

At 31 December the item included the measurement of derivatives with a positive fair value in place as at 31 December 2016.

### ***IV - CASH AND CASH EQUIVALENTS***

Below is the breakdown of cash and cash equivalents:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>€</b>	<b>€</b>
<b><i>Cash</i></b>		
Bank and postal deposits	46,467	48,827
Cheques	17	57
Cash on hand	135	315
<b>Total</b>	<b>46,619</b>	<b>49,198</b>
<b>Variation 2016 / 2015</b>	<b>(2,579)</b>	

The new available balance was the result of both temporary surplus liquidity at the end of the year, not utilisable for the repayment of short-term loans, and some companies' specific needs for immediate liquidity at the beginning of the subsequent year.

#### **D) ACCRUED INCOME AND PREPAID EXPENSES**

Below is the breakdown of accrued income and prepaid expenses at 31 December 2016:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>€</b>	<b>€</b>
<b><u>Accrued income and prepaid expenses</u></b>		
Accrued income	3,376	3,439
Prepaid expenses	1,171	876
<b>Total</b>	<b>4,547</b>	<b>4,314</b>
<b>Variation 2016 / 2015</b>	<b>232</b>	

Accrued income and prepaid expenses, equal to about Euro 4.5 million, showed a total increase of Euro 0.2 million compared to the previous year. Accrued income was mainly made up of contributions on interest paid on loans entered into with Simest amounting to Euro 167 thousand and income accrued but not yet invoiced at the end of the year, relating to the construction business of Maccaferri Ltd (UK) (Euro 2.5 million).

Prepaid expenses, amounting to about Euro 1.2 million, showed a total increase of Euro 0.3 million compared to the previous year. The item was mainly made up of insurance premiums of Euro 200 thousand,

maintenance fees, maintenance fees for software of Euro 251 thousand and patents of Euro 125 thousand.

## ***LIABILITIES***

### ***A) SHAREHOLDERS' EQUITY***

The consolidated shareholders' equity at 31 December 2016 amounted to Euro 108,305 thousand and included "Minority interests' capital and reserves" of Euro 37,286 thousand.

#### ***Share Capital***

This item, amounting to Euro 33,400 thousand, was divided into 417,500 ordinary shares with a par value of Euro 80.00 each, fully subscribed and paid up.

#### ***Revaluation Reserve***

The revaluation reserve, amounting to Euro 10,641 thousand, related to the revaluation of Land and Buildings pursuant to Decree Law no. 185/2008, as converted into law no. 2 of 28 January 2009.

#### ***Legal Reserve***

This item was made up of the legal reserve of the Parent Company.

	<b><i>31/12/2016</i></b>	<b><i>31/12/2015</i></b>
	<b><i>€</i></b>	<b><i>€</i></b>
<b><i><u>Legal reserve</u></i></b>		
- Legal reserve	3,104	2,975
<b>Total</b>	<b>3,104</b>	<b>2,975</b>
<b>Variation 2016 / 2015</b>	<b>128</b>	

The change consisted of the allocation of a portion of the share of the profit for the 2015 financial year to legal reserve as per the resolution passed by the Shareholders' Meeting held on 26 April 2016.

#### ***Other reserves***

Below is the breakdown of "Other reserves":

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><i>Other Reserves ( indicated separately )</i></b>		
Other reserves	5,652	4,155
Profits and losses carried forward	44,958	43,476
Currency Translation Reserve	(26,762)	(39,569)
<b>Total</b>	<b>23,849</b>	<b>8,061</b>
<b>Variation 2016/2015</b>	<b>15,787</b>	

“Other reserves” included the Reserve of Euro 4,447 thousand allocated pursuant to Article 55 of Presidential Decree no. 597/1973. Other reserves increased following the allocation of the 2015 result and decreased following the distribution of fees to the Board of Directors for Euro 750 thousand, as per the resolution passed by the Parent Company’s Shareholders’ Meeting on 26 April 2016.

The increase in the reserve for currency translation for Euro 12.8 million and was mainly attributable to the revaluation of the Brazilian Real, the Russian Rouble, the South-African Rand, the Hong Kong Dollar, the US Dollar and the Peruvian Sol, which were only partially offset by a depreciation of the Chinese Yuan.

***Reserve for expected cash flow hedge***

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><i>Reserves for hedging expected cash flow</i></b>		
Reserves for hedging of expected cash flows	(22)	
<b>Total</b>	<b>(22)</b>	<b>-</b>
<b>Variation 2016/2015</b>	<b>(22)</b>	

The reserve relates to the measurement of the interest rate risk hedging operation for the Caricento loan, net of related tax effect, which was carried out by parent company Officine Maccaferri S.p.A..

***Net profit for the year***

This item includes the result for the period.

***STATEMENT OF CHANGES IN CONSOLIDATED EQUITY – FY 2016***

For the related breakdown, reference should be made to the appropriate schedule, showing the amount of equity at the end of the year.

**B) PROVISIONS FOR RISKS AND CHARGES**

Below is the breakdown of "Provisions for risks and charges":

	<i>31/12/2015</i> K€	<i>Increase</i> K€	<i>Decrease</i> K€	<i>Exchange</i> K€	<i>Other</i> K€	<i>31/12/2016</i> K€
1) Pension Fund and Similar Obligations	3,238	453	(594)	53	(147)	3,003
2) Fiscal contingent liabilities	7,262	1,617	(1,607)	135	(99)	7,308
3) Fund Financial Instruments Derivates	-	118	-	-	-	118
4) Other Reserves for Contingency or Other Costs	5,699	732	(3,245)	211	100	3,497
<b>Total</b>	<b>16,198</b>	<b>2,920</b>	<b>(5,446)</b>	<b>399</b>	<b>(146)</b>	<b>13,926</b>

The Pension fund related to the liabilities for pension funds for some foreign affiliate companies for an amount of Euro 2,410 thousand and to the agents' termination indemnities for an amount of Euro 593 thousand.

The "provision for taxes, including deferred taxes" is made up of a provision for taxes of Euro 400 thousand (of which Euro 350 thousand for substitute taxes on dividends to be received from the parent company Officine Maccaferri S.p.A.) and deferred taxes of Euro 6,908 thousand.

As commented on above, the calculation of deferred tax assets of Italian companies and of the consolidated financial statements took account of the reduction in the IRES tax rate from 27.5% to 24%, which is expected starting from 2017 on the basis of the 2016 Stability Act.

The Provision for deferred tax liabilities was made up of:

- o Euro 2,345 thousand relating to deferred tax liabilities on temporary differences arising from the annual accounts of the Group companies;
- o Euro 3,038 thousand relating to adjustment differences of the annual accounts of the consolidated companies according to the Group's accounting standards;
- o Euro 1,524 thousand relating to temporary differences arising from consolidation entries.

Derivative liabilities, amounting to Euro 118 thousand, includes the measurement of derivatives with a negative fair value in place as at 31 December 2016.

The provision referred to in point 4) mainly covers future expenses and industrial and market risks which

are likely to occur.

**C) STAFF SEVERANCE PAY FOR SUBORDINATE EMPLOYMENT (TFR)**

The table below shows the breakdown of this item at year-end:

<b>STAFF SEVERANCE PAY FOR SUBORDINATE EMPLOYMENT (TFR)</b>	<b>KE</b>
<b>As of 01.01.2016</b>	<b>1,624</b>
Quota accrued and allocated to the Profit and	542
Net withdrawals (resignations and advances)	(333)
Transfer part quota ESP fund to pension funds	(254)
ESP to INPS Treasury fund	(114)
Taxation of 11% on revaluation	(2)
<b>As of 31.12.2016</b>	<b>1,463</b>

The provision for staff severance pay was calculated in compliance with the national labour agreement applied to employees of the Group companies.

**D) PAYABLES**

Below is the breakdown of payables:

**Bonds**

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>KE</b>	<b>KE</b>
Bond issued	190,000	190,000
<b>Variation 2016 / 2015</b>	<b>-</b>	

On 5 June 2014 there was a bond issue of an initial amount of Euro 200 million, bearing an interest rate of 5.75% and maturing in a single payment on 1 June 2021, except for an early repayment from 1 June 2017 onwards. Interest is payable on a six-monthly basis, accruing on 1 June and 1 December each year. During 2015, the bond debt was reduced by an amount of Euro 10 million following the repurchase of these



securities and their subsequent cancellation, which was made by Parent Company Officine Maccaferri S.p.A..

### **Payables to banks**

Payables to banks are made up as follows:

	31/12/2016			31/12/2015	
	Total K€	Due within 1 year K€	Due over 1 year - within 5 years K€	Due over 5 year K€	Total K€
Overdrafts, hot money, revolving credits facilities	16,455	16,210	244		2,908
Mortgages	9,661	3,189	6,353	119	12,719
<b>TOTAL</b>	<b>26,116</b>	<b>19,400</b>	<b>6,597</b>	<b>119</b>	<b>15,627</b>
<b>Variations</b>	<b>10,488</b>				

The reduction in medium-term payables to banks was due to the repayment of amounts that took place during the year, while there was an increase in short-term bank debt, due to a different use of the types of available (factoring and bank) lines of credit.

Currently the main outstanding loans are the following:

- Cariparma: for an initial amount of Euro 4.1 million disbursed in 2010 and a residual amount of Euro 1.64 million (which was repaid for Euro 0.820 million during 2016) to be repaid in 2018 at 6-month index-linked EURIBOR plus spread;
- Simest: for an amount of Euro 51 thousand (which was repaid for Euro 101 thousand during 2016) to be repaid in 2017 at a fixed concessional rate;
- Cassa di Risparmio di Bologna: raised in 2011 and increased in 2012 for a total amount of Euro 7.6 million, with a residual debt of Euro 4.35 million, to be repaid in 2019 at 6-month EURIBOR plus spread;
- Cassa di Risparmio di Cento: for an initial amount of Euro 1.5 million disbursed in 2012, with a residual debt of Euro 1.093 million (which was repaid for Euro 0.275 million during 2016) ) to be repaid in 2020 at 3-month EURIBOR rounded up to the next one-tenth plus spread;
- Banca Popolare di Vicenza for an amount of Euro 2 million disbursed in 2013, and a residual amount equal to Euro 1.238 million (which was repaid for Euro 0.318 million during 2015) to be repaid in 2020, at 3-month EURIBOR with an increase of 0.10 points plus spread;

- Banco do Brasil for an initial amount of Euro 1.02 million with a residual debt of Euro 0.204 million (which was repaid for Euro 0.204 million during 2016) to be repaid in 2017 at a fixed rate of 0.88%;
- Banca Popolare di Milano for an amount of Euro 1.086 million disbursed in 2014, subject to pre-amortisation until 2017, to be repaid in 2022 at 6-month index-linked EURIBOR plus spread.

It should be noted that there are no debts backed by collaterals.

### **Other Financial Payables**

These payables mainly related to: payables to factoring companies for Euro 2.6 million, and financial payables for leases and financial payables for leases for about Euro 1.3 million and other financial payables for Euro 1.7 million.

	31/12/2016				31/12/2015
	Total K€	Due within 1 year K€	Due over 1 year - within 5 years K€	Due over 5 year K€	Total K€
Other Financial Payables	5,433	3,994	1,439	-	14,572
<b>Variations</b>	<b>(9,139)</b>				

The decrease in payables to other lenders of Euro 9.1 million was mainly due to a lower recourse to reverse factoring (Euro 4.5 million) and factoring with recourse (Euro 4.2 million), as well as to higher lease repayments (Euro 1.2 million), which were partially offset by an increase in other loans (Euro 0.8 million).

### **Advances**

This item included payables to customers for amounts paid in advance for supplies.

### **Payables to suppliers**

The payable, equal to Euro 70,495 thousand, was substantially in line with the previous year.

Below is the breakdown of the payables by geographical area:

TRADE PAYABLES BY GEOGRAPHICAL AREA				
	<i>Italy</i>	<i>Europe</i>	<i>Other Countries</i>	<i>Total</i>
<i>Trade Payables</i>	14,197	23,524	32,388	70,109

### **Payables to parent companies**

	<b>31/12/2016</b> K€	<b>31/12/2015</b> K€
Account payables to parent companies	1,012	772
<b>Variation 2016 / 2015</b>	<b>240</b>	

This item included payables to the parent company SECI S.p.A. pertaining to Officine Maccaferri S.p.A. for payables connected with the provision of services.

### **Payables to entities subject to the control of parent companies**

This item includes payable to Seci Real Estate S.p.A., Seci Energia S.p.A., Samp S.p.A., Sadam Meccanica S.r.l., Sampsystemi S.r.l., Enerray S.p.A. and Solar S.r.l..

### **Tax payables**

The provisions for taxes were set aside on the basis of the Company's results and tax liabilities calculated according to current rules. It is considered, with the agreement of the Company's tax advisors, that when all the various annual accounts are closed there will be no changes to the tax liabilities previously estimated or to the related provisions set aside in the financial statements.

Tax payables, equal to Euro 6.4 million, included a payable of Euro 2.5 million for the tax debt for the year, net of advances paid, a VAT debt of Euro 2.8 million and a residual amount of Euro 1.1 million relating to taxes for personnel and to be paid to the tax authorities.

**Payables to social security institutions**

This item, amounting to Euro 1.3 million, related to the Companies' shares of payables to these institutions at the end of the year.

**Other payables**

This item is broken down as follows:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>Κ€</b>	<b>Κ€</b>
<b><u>Other payables</u></b>		
- Debts to employees	4,891	4,571
- Business debts to factoring companies	30,407	25,419
- Other debts	11,507	11,363
<b>Total</b>	<b>46,805</b>	<b>41,354</b>
<b>Variation 2016 / 2015</b>	<b>5,451</b>	

"*Payables to employees*" included the amounts to be paid to the personnel at 31 December 2016, including accruals to the provision for pay in lieu of leave, the share of Christmas bonuses and incentive plan performance bonuses.

"*Trade payables to factoring firms*" included trade payables relating to assignments made to factoring companies by our suppliers.

"*Other payables*" included payables to suppliers for the acquisition of fixed assets for Euro 258 thousand, payables to minority shareholders for dividends for Euro 746 thousand and sundry payables for the remaining portion.

**E) ACCRUED EXPENSES AND DEFERRED INCOME**

Below is the breakdown of accrued expenses and deferred income:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>€</b>	<b>€</b>
<b><i>Accrued expenses and deferred income</i></b>		
Accrued expenses	6,116	6,132
Deferred income	573	370
<b>Total</b>	<b>6,689</b>	<b>6,502</b>
<b>Variation 2016 / 2015</b>	<b>187</b>	

"Accrued expenses" included, for a total amount of Euro 1 million, the amount pertaining to Officine Maccaferri S.p.A. of interest accrued at year-end on medium- and long-term loans and interest expense on the bond issue, accrued in December 2016. Accrued expenses also include usufruct rights equal to Euro 519 thousand and sundry accrued expenses for the remaining portion.

**COMMITMENTS, GUARANTEES AND POTENTIAL LIABILITIES NOT RESULTING FROM THE BALANCE SHEET**

In accordance with Article 2427, paragraph 1, no. 9, of the Italian Civil Code, the commitments, guarantees and potential liabilities, which do not result from the balance sheet, are listed below with the most important details regarding their nature and breakdown.

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>€</b>	<b>€</b>
Bank Guarantee In Favour Of Third Parties	13,693	13,661
Forward contract to hedge an exposure in foreign currency	3,946	7,030
<b>Total</b>	<b>17,640</b>	<b>20,691</b>
<b>Variances 2016/2015</b>	<b>(3,051)</b>	

**Banks for guarantees in favour of third parties:** mainly consist of guarantees given to customers for supplies; this item includes an amount of Euro 9 million relating to Officine Maccaferri S.p.A. and an amount of Euro 3.5 million relating to Maccaferri Environmental Solutions PVT Ltd.

**Commitments for currency forward transactions:** this item reports currency forward transactions to hedge exchange rate risks, with the following breakdown by currency and nominal value:

- Purchases for USD 3 million, for Euro 1,2 million and CHF per 0,02 million;

- Sales for USD 0,4 million and AUD 0,7 million.

## ***INCOME STATEMENT***

### ***VALUE OF PRODUCTION***

#### ***Revenues from sales and services***

Below is the breakdown of revenues from sales of goods and the provision of services:

<b>REVENUES BY BUSINESS CATEGORY</b>	<b>31/12/2016</b> K€	<b>31/12/2015</b> K€
Revenues from sales	415,881	462,265
Revenues from services	35,472	31,572
<b>Total revenues from sales and services</b>	<b>451,353</b>	<b>493,837</b>

Revenues from sales of goods and the provision of services amounted to about Euro 451 million in the current financial year, showing a decrease of 8.6% compared to the previous financial year. For more details, reference should be made to the Report on Operations.

#### ***Revenues by geographical area***

<b>REVENUES BY GEOGRAPHICAL AREA</b>	<b>31/12/2016</b> K€	<b>31/12/2015</b> K€
- Italy	47,337	52,794
- European Union	89,376	102,709
- Extra UE	314,640	338,333
<b>Total</b>	<b>451,353</b>	<b>493,837</b>

#### ***Other earnings and proceeds***

This item is made up as follows:

	<b>31/12/2016</b> K€	<b>31/12/2015</b> K€
Sundry revenues	12,567	12,933

Other earnings and proceeds were mainly due to the repayment of transport costs for Euro 3,162 thousand, to the release of funds for Euro 3,252 thousand, to capital gains on the disposal of property, plant and equipment and intangible assets for Euro 739 thousand, and to other revenues for the remaining part.

The comparative figure for the previous year includes non-recurring revenues of Euro 2,162 thousand, mainly consisting of releases of provisions, which were classified under non-recurring costs in the financial statements at 31 December 2015.

## **PRODUCTION COSTS**

### **Costs for purchases**

Below is the breakdown of this item:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><u>Purchasing costs</u></b>		
Raw materials and marketing	246,812	266,279
Secondary materials and consumables	5,609	7,062
<b>Total</b>	<b>252,420</b>	<b>273,341</b>

The cost for purchases of raw and secondary materials, consumables and goods for resale decreased in absolute terms by 7.6% as a result of a decline in the Group's value of production. In percentage terms, the impact of the cost of raw materials (including the change in inventories) on the value of production was substantially in line with the previous financial year.

### **Costs for services**

Below is the breakdown of this item:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>€</b>	<b>€</b>
<b><u>Service costs</u></b>		
Shipping costs on sales	14,722	19,361
Tax, legal and administrative consulting services	3,629	2,442
Technical consulting services	1,189	1,604
Consulting services	4,060	3,987
Emoluments	804	977
Advertising and promotion expenses	2,849	3,167
Agency costs	6,887	6,652
Electricity, gas and water	6,949	6,879
Travel expenses	7,126	7,169
Telephone and other communication expenses	1,580	1,606
Bank charges	627	737
Insurances	1,242	1,262
Manufacturing costs	1,438	6,475
Maintenance Costs	1,509	914
Information technology consulting services	2,182	1,098
Credit management costs	1,568	1,840
Audit Costs	865	866
General security and cleaning services	347	251
Other	36,351	29,969
	<b>95,923</b>	<b>97,255</b>

The costs for services showed a decrease compared to the previous year. This item includes costs of Euro 1,093 thousand for services linked to the reorganisation of Officine Maccaferri Italia S.r.l..

The comparative figure for the previous year includes costs for services arising from the relocation of production plants for Euro 968 thousand, which were classified under non-recurring costs in the financial statements at 31 December 2015.

"Fees due to corporate bodies" for Euro 812 thousand are made up for Euro 612 thousand of costs incurred by the parent company for the fees due to corporate bodies for the functions carried out during the 2016 financial year, as required pursuant to point 16 of Article 2427 of the Italian Civil Code (Euro 560 thousand for the Board of Directors, Euro 44 thousand for the Board of Statutory Auditors). The remaining costs of Euro 200 thousand related to the fees due to the corporate bodies of the other Group' companies.

**Personnel costs**



The breakdown of these costs is already provided in the Income Statement.

Below is the breakdown of changes recorded during the year in relation to the number of staff members divided by category:

	31/12/2015	Reclassification	Increases	Decreases	31/12/2016	Average
Top management	95	1	9 -	18	87	91
Employees	1,413	17	276 -	252	1,455	1,434
Workers	1,338 -	18	229 -	286	1,263	1,301
Temporary Staff	218	-	166 -	134	250	234
<b>Total</b>	<b>3,064</b>	<b>-</b>	<b>680 -</b>	<b>690</b>	<b>3,054</b>	<b>3,059</b>

Personnel costs for 2016 include early retirement incentives of Euro 774 thousand.

The comparative figure for the previous year includes costs for incentives and corporate restructuring totalling Euro 3,010 thousand, which were classified under non-recurring costs in the financial statements at 31 December 2015.

**Sundry operating costs**

	31/12/2016 K€	31/12/2015 K€
Other management charges	1,493	4,559

This item includes non-recurring costs of Euro 705 thousand, losses on receivables for Euro 192 thousand, capital losses from the disposal of property, plant and equipment for Euro 91 thousand and other recurring costs for the remaining portion.

The comparative figure for the previous year includes non-recurring costs of Euro 3,177 thousand, of which an amount of Euro 1.5 million relates to costs and additional charges recognised for streamlining the Group's operations in the Australian and New Zealand markets, which were classified under non-recurring costs in the financial statements at 31 December 2015.

## **FINANCIAL INCOME AND COSTS**

### **Income from equity investments**

This item is made up of revenues from dividends received from Infratex Environmental Services Inc., based in the Philippines, which is excluded from the scope of consolidation.

The comparative figure for the previous year related to the capital gain realised from the disposal of equity investments in Maccaferri Australia Pty Ltd. and Maccaferri New Zealand Pty, which were classified under non-recurring revenues in the financial statements at 31 December 2015.

### **Other financial income**

This item relates for Euro 2,346 thousand to interest income of Officine Maccaferri S.p.A. from the parent company S.E.C.I S.p.A., which mainly accrued on the loan, whose balance at 31 December 2016 amounted to Euro 29 million, to bank interest income for Euro 432 thousand and to other interest income for Euro 484 thousand.

The comparative figure for the previous year has been stated with more details compared to the financial statements at 31 December 2105, reporting, under financial income from other companies, an amount of Euro 600 thousand of proceeds from the cancellation of the bond issue, arising from the difference between the purchase price of the quotas and their cancellation value, equal to the nominal value.

### **Interest and other financial costs**

Below is the breakdown of this item:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	<b>K€</b>	<b>K€</b>
<b><i>Interest and other financial charges</i></b>		
Interest expenses on debts to banks	1,412	2,007
Interest Charges on Loans	381	
Interest expenses on debts to other financiers	515	1,146
Interest charges vs Factoring	530	
Interest expenses on bonds	10,925	11,445
Other financial charges	2,830	3,434
	<b>16,592</b>	<b>18,032</b>

The financial statements at 31 December 2016 provide more details with respect to the comparative figure for the previous year.

The total reduction in interest and other financial costs was mainly due to a lower recourse to factoring and to the recognition of interest expense on the bond issue, for which the partial repayment during the previous year had an effect for the entire year.

#### ***Foreign exchange gains and losses***

Net foreign exchange losses of the year amounted to Euro 1,858 thousand and arose from an average depreciation of some currencies against the Euro, in particular the British Pound and the Nigerian Naira.

#### ***VALUE ADJUSTMENTS TO FINANCIAL ASSETS***

“Revaluations” include the effect of the measurement of exchange risk hedging derivatives, equal to Euro 40 thousand.

“Write-downs” include an amount of Euro 124 thousand for the effect of the measurement of exchange risk hedging derivatives and an amount of Euro 146 thousand for the write-down of equity investments made by Maccaferri Gabions CIS in relation to its unconsolidated subsidiaries (Maccaferri Kazakhstan LLC for Euro 34 thousand, Maccaferri Ukraine LLC for Euro 67 thousand, Maccaferri Georgia LLC for Euro 45 thousand, respectively).

**INCOME TAXES FOR THE YEAR**

	31/12/2016	31/12/2015
	K€	K€
<b><u>Taxes</u></b>		
Current Taxes	3,468	6,948
Active Deferred Taxes	(1,026)	(2,816)
Passive Deferred Taxes	(243)	14
<b>Total</b>	<b>2,198</b>	<b>4,145</b>

Deferred tax assets and liabilities recognised through profit or loss included for the Italian companies the effect of the reduction in the IRES tax rate from 27.5% to 24%, which is expected starting from 2017 on the basis of the 2016 stability act approved at the end of the year 2015.

**OTHER INFORMATION**

**Related parties**

Reference should be made to the annexes concerning credit and debit relations with parent, subsidiary, associated companies and entities controlled by parent companies, as well as to the statements of revenues and costs realised at arm's length.

**Information on the financial instruments issued by the company**

As regards the share capital and the bonds, reference should be made to the items "Share Capital" and "Bonds" commented on above.

**Information on auditing fees**

Pursuant to Article 2427, 16-*bis* of the Italian Civil Code, the fees due to the Group's independent auditors, EY S.p.A. and to the other entities in its network, which accrued in the 2016 financial year, are summarised below:

	<b>31/12/2016</b>	<b>31/12/2015</b>
	€/th.	€/th.
<b><u>Auditing fees</u></b>		
Statutory audit of accounts of the Parent Company	121	108
Statutory audit of the accounts of foreign companies	381	380
<b>Total</b>	<b>502</b>	<b>488</b>

**Subsequent events**

On 22 December 2016 a deed was entered into for the disposal from Officine Maccaferri S.p.A. to subsidiary Maccaferri Manifattura Italia S.r.l., which was previously a non-operating company, of the production and sales business unit involving operations carried out at the plant located in Bellizzi. The effects of these disposals will apply from 1 January 2017. No other significant subsequent events occurred which involved consolidated companies.

**STATEMENT OF RECONCILIATION OF THE PARENT COMPANY'S STATUTORY FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS**

The statement below is a summary of the differences between the parent company's statutory financial statements and consolidated financial statements as regards the items which impact on the result for the year and on equity. All the items in this statement of reconciliation are presented net of the effect of deferred tax liabilities, which is recognised in the consolidated financial statements.

<b>RECONCILIATION OF SHAREHOLDERS' EQUITY AND INCOME FOR THE YEAR OF THE PARENT COMPANY WITH CORRESPONDING CONSOLIDATED FIGURES</b>			
	<b>Current year</b>		
	<b>Profit</b>	<b>Equity</b>	
	<b>k€</b>	<b>k€</b>	
<b>Shareholders' equity and profit for the year shown in the Officine Maccaferri S.p.A. separate financial statement</b>	<b>3,627</b>	<b>61,835</b>	
Elimination of investments in consolidated subsidiaries and of the pertaining equity and current year profit/(loss)	11,965	1,955	
Elimination of intragroup (gain)/losses	(738)	(4,424)	
Equity evaluation	-	-	
Elimination of impairment of investments in consolidated subsidiaries	1,007	12,289	
Elimination of intragroup dividends	(15,814)	(635)	
	<b>(15,545)</b>	<b>7,230</b>	
<b>Group Shareholders' equity and profit for the year shown in the Officine Maccaferri Group consolidated financial statement</b>	<b>47</b>	<b>71,019</b>	
<b>Attributable to non-controlling interests</b>	<b>1,412</b>	<b>37,286</b>	
<b>Total equity and profit for the year shown in the Officine Maccaferri Group consolidated financial statement</b>	<b>1,459</b>	<b>108,305</b>	

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These consolidated financial statements, which are made up of the Balance Sheet, the Income Statement, the Notes to the financial statements and the Cash Flow Statement and are accompanied by the Report on Operations, give a true and fair view of the Group's financial position, results of operations and cash flows for the year.

***for The Board of Directors***

***The Chairman***

***The Board of Statutory Auditors***

**SCHEDULES**

- 1) STATEMENT OF CHANGES IN INTANGIBLE ASSETS FOR THE FINANCIAL YEAR ENDED 31/12/2016
- 2) STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT FOR THE FINANCIAL YEAR ENDED 31/12/2016
- 3) STATEMENTS RELATING TO THE EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND OTHER COMPANIES
- 4) STATEMENT OF CHANGES IN EQUITY
- 5) STATEMENTS RELATING TO RELATIONS WITH ENTITIES SUBJECT TO THE CONTROL OF PARENT COMPANIES

ATTACHMENT 2) TABLE OF VARIATIONS OF INTANGIBLE FIXED ASSETS FOR THE FINANCIAL YEAR ENDING ON 31/12/2016

	31/12/2015				Current year movements								Exchange rates variation	Net value as of 31/12/2016
	Historical costs	Revaluations	Cumulated depreciation and impairment	Net Value	Reclass		Increase		Decrease		Other movements	Current year depreciation		
					Historical costs	Cumulated depreciation and impairment	Historical costs	Internal constructions	Cumulated depreciation and impairment	Historical costs				
Set up and expansion costs	926	-	(850)	76	(55)	18	-	-	-	-	-	(1)	(1)	37
Development costs	2,357	-	(1,951)	405	(15)	11	-	-	-	(34)	31	-	(204)	196
Industrial patent rights and rights to use intellectual properties	759	-	(305)	454	-	-	12	-	(15)	3	-	-	(112)	328
Concessions, licenses, trademarks and similar rights	9,255	-	(6,372)	2,883	2,970	(2,545)	884	-	(185)	170	-	(1,045)	(12)	3,121
Goodwill	30,032	-	(8,943)	21,089	(1)	(2,545)	300	-	(232)	(1)	(1)	(1,932)	(1)	19,457
Intangible assets under development and downpayments	873	-	-	873	(426)	-	1,688	-	-	-	-	-	-	1,904
Other	7,930	-	(2,371)	5,559	683	(617)	288	-	(61)	61	11	(1,116)	(16)	4,791
<b>Total intangible assets</b>	<b>52,131</b>	<b>-</b>	<b>(20,793)</b>	<b>31,338</b>	<b>3,157</b>	<b>(3,132)</b>	<b>3,173</b>	<b>-</b>	<b>(528)</b>	<b>266</b>	<b>10</b>	<b>(4,410)</b>	<b>(41)</b>	<b>29,834</b>



ATTACHMENT 2) TABLE OF VARIATIONS OF TANGIBLE FIXED ASSETS FOR THE FINANCIAL YEAR ENDING ON 31/12/2016

	31/12/2015				Current year movements									Exchange rates variation	Net value as of 31/12/2016	
	Historical costs	Revaluations	Cumulated depreciation and impairment	Net Value	Reclass		Increase			Decrease		Other movements	Current year depreciation			
					Historical costs	Cumulated depreciation and impairment	Historical costs	Internal constructions	Cumulated depreciation and impairment	Historical costs	Cumulated depreciation and impairment					
Lands and buildings	75,901	2,852	(14,798)	63,956	667	91	548	-	-	-	(1,621)	256	()	(2,408)	3,507	64,996
Plants and machinery	103,582	-	(56,577)	47,005	2,699	(243)	3,801	-	-	-	(1,393)	1,099	-	(6,748)	2,431	48,652
Industrial and commercial equipment	7,844	-	(4,033)	3,811	(637)	(151)	508	-	-	-	(292)	262	-	(633)	21	2,890
Other fixed assets	14,134	-	(9,920)	4,214	(703)	514	863	-	-	-	(935)	806	2	(1,271)	73	3,561
Fixed assets in progress and advances	2,869	-	-	2,869	(2,175)	-	2,288	-	-	-	(123)	-	-	-	90	2,950
<b>Total property, plant and equipment</b>	<b>204,330</b>	<b>2,852</b>	<b>(85,327)</b>	<b>121,855</b>	<b>(149)</b>	<b>210</b>	<b>8,009</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,363)</b>	<b>2,422</b>	<b>2</b>	<b>(11,060)</b>	<b>6,122</b>	<b>123,048</b>

ATTACHMENT 3) TABLES RELATING TO THE INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES AND OTHER COMPANIES 31/12/2016

<b>Name</b>	<b>Country</b>	<b>Share capital (/ 000)</b>	<b>Ownership %</b>	<b>Carrying amount €</b>	
<b><u>Investments in subsidiaries</u></b>					
Maccaferri Manifattura Italia S.r.l.	Italy	EUR	20	100.00	20
Maccaferri Tunisie	Tunisie	TND	1,148	100.00	1
Uzbekistan-Russian Joint Venture Maccaferri-Fergana LLC	Uzbekistan	USD	300	51.00	-
Maccaferri Kazakhstan LLC	Kazakhstan	KZT	6,200	100.00	-
Maccaferri Ukraine LLC	Ukraine	UAH	1	100.00	-
Maccaferri Georgia LLC	Georgia	GEL	30	100.00	-
Maccaferri Honduras	Honduras	HNL	50	90.00	1
Maccaferri Nicaragua	Nicaragua	NIO	25	90.00	2
Maccaferri de Chile S.p.A.	Chile	CLP	72,598	100.00	156
Maccaferri du Maroc	Morocco	MAD	10	100.00	3
					182
<b><u>Investments in associated and other companies</u></b>					
Bekaert Maccaferri Underground Solutions S.r.l.	Italy	EUR	10	50.00	15
Consorzio tutela gabbioni	Italy	EUR	5	50.00	3
Maccaferri Tunnelling S.r.l. (ex High Tech Green)	Italy	EUR	50	49.00	35
Philippines Gabions Inc.	Philippines	PHP	265	40.00	-
Infratex Environmental Services Inc	Philippines	PHP	3,045	40.00	57
Other counterparties		EUR	-	0.00	149
					260
					441
<b><u>Total</u></b>					

ATTACHMENT 4) TABLE OF VARIATIONS IN THE GROUP SHAREHOLDERS' EQUITY 31/12/2016

	Share capital	Legal Reserve	Monetary revaluation reserves	Other reserves	Reserves for hedging of expected cash flows	Net income for the year	Retained earnings	Currency translation reserve	Equity attributable to non-controlling interest	Group equity
<b>As of 31/12/2015</b>	33,400	2,975	10,641	4,155	-	4,126	43,476	(39,569)	38,019	97,223
Allocation of prior year results to the reserves	-	128	-	2,247	-	(4,126)	1,751			-
Dividend distribution				(750)					(2,298)	(3,048)
Movements deriving from consolidation process	-	-	-	-	-	-	(268)	12,807	152	12,691
Reserves for hedging of expected cash flows	-	-	-	-	(22)					(22)
Current year result						47			1,412	1,459
<b>As of 31/12/2016</b>	<b>33,400</b>	<b>3,104</b>	<b>10,641</b>	<b>5,652</b>	<b>(22)</b>	<b>47</b>	<b>44,958</b>	<b>(26,762)</b>	<b>37,285</b>	<b>108,304</b>

**SCHEDULE 5) STATEMENTS RELATING TO RELATIONS WITH ENTITIES SUBJECT TO THE CONTROL OF PARENT COMPANIES**

**STATEMENT OF RECEIVABLES FROM ENTITIES SUBJECT TO THE CONTROL OF PARENT COMPANIES AT 31 DECEMBER 2016**

**AT 31 DECEMBER 2016**

<b>COMPANY</b>	<b>Total</b>
SAPABA SPA	27,500
S.A.M.P. SPA	65,316
ENERRAY MEXICO	43,873
SECI ENERGIA S.p.A.	121,567
EXERGY S.p.A.	86,937
O.E.F. Scarl	1,930
<b>TOTAL</b>	<b>347,123</b>

**STATEMENT OF PAYABLES TO ENTITIES SUBJECT TO THE CONTROL OF PARENT COMPANIES AT 31 DECEMBER 2016**

<b>COMPANY</b>	<b>Total</b>
S.A.M.P. SPA	3,986
SADAM MECCANICA S.P.A.	340,936
ENERRAY S.p.A.	2,400
SECI ENERGIA S.p.A.	10,188
SECI Real Estate S.p.A.	24,640
SAMPSISTEMI S.R.L.	1,220
SSOLAR S.R.L.	3,778
<b>TOTAL</b>	<b>387,148</b>

**STATEMENT OF REVENUES FROM ENTITIES SUBJECT TO THE CONTROL OF PARENT COMPANIES AT 31 DECEMBER 2016**

<b>COMPANY</b>	<b>Total</b>
S.A.M.P. SPA	53,538
ENERRAY MEXICO	213,851
SECI ENERGIA S.p.A.	474,101
EXERGY S.p.A.	113,059
<b>TOTAL</b>	<b>854,549</b>

**STATEMENT OF COSTS TO ENTITIES SUBJECT TO THE CONTROL OF PARENT COMPANIES AT 31 DECEMBER 2016**

<b>COMPANY</b>	<b>Services</b>
SADAM MECCANICA S.P.A.	451,332
ENERRAY MEXICO	7,759
ENERRAY S.p.A.	19,089
SECI ENERGIA S.p.A.	6,623
SECI Real Estate S.p.A.	12,000
SSOLAR S.R.L	4,604
<b>TOTAL</b>	<b>501,407</b>

**STATEMENT OF RECEIVABLES FROM THE PARENT COMPANY AT 31 DECEMBER 2016**

**S.E.C.I. Società Esercizi Commerciali Industriali S.p.A.**

Receivables to parent company	341,899
Receivables to parent company from invoices to be issued	597,899
Interest-bearing financial account due to parent companies	29,000,000
Receivables to parent companies for liquidation Group VAT	398,547
Receivables to parent companies for liquidation Group IRES	4,911,435
<b>TOTAL</b>	<b>35,249,780</b>

**STATEMENT OF PAYABLES TO THE PARENT COMPANY AT 31 DECEMBER 2016**

**S.E.C.I. Società Esercizi Commerciali Industriali S.p.A.**

Payables to parent companies	1,010,160
Trade payables to parent companies for invoices to be received	1,921
<b>TOTAL</b>	<b>1,012,081</b>

**STATEMENT OF REVENUES FROM THE PARENT COMPANY AT 31 DECEMBER 2016**

**S.E.C.I. Società Esercizi Commerciali Industriali S.p.A.**

	<b>service</b>	<b>interest</b>	<b>TOTAL</b>
S.E.C.I. Società Esercizi Commerciali Industriali spa	70,936	2,345,531	<b>2,416,467</b>
<b>TOTAL</b>	<b>70,936</b>	<b>2,345,531</b>	<b>2,416,467</b>

**STATEMENT OF COSTS TO THE PARENT COMPANY AT 31 DECEMBER 2016**

**S.E.C.I. Società Esercizi Commerciali Industriali S.p.A.**

	<b>Services</b>
S.E.C.I. Società Esercizi Commerciali Industriali spa	1,679,297
<b>TOTAL</b>	<b>1,679,297</b>