(Translation from the Italian original which remains the definitive version)

COESIA Group

Consolidated financial statements as at and for the year ended 31 December 2013

(with report of the auditors thereon)

KPMG S.p.A.
23 June 2014

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
COESIA S.p.A.

1 We have audited the consolidated financial statements of the COESIA Group as at and for the year ended 31 December 2013. The parent's directors are responsible for drawing up these financial statements in accordance with the Italian regulations governing their preparation. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession and recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 23 April 2013 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes as required by law.

3 In our opinion, the consolidated financial statements of the COESIA Group as at and for the year ended 31 December 2013 comply with the Italian regulations governing their preparation. Therefore, they are clearly stated and give a true and fair view of the financial position and results of operations of the group as at and for the year ended 31 December 2013.

4 The directors of COESIA S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws. Our responsibility is to express an opinion on the consistency of the directors' report with the financial statements to which it refers, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report is consistent with the consolidated financial statements of the COESIA Group as at and for the year ended 31 December 2013.

Bologna, 23 June 2014

KPMG S.p.A.

(signed on the original)

Rodolfo Curti
Director of Audit

(Translation from the Italian original which remains the definitive version)

COESIA S.p.A. - with registered office in Bologna (BO) - Via Battindarno 91

Tax code 02221441203 – Bologna Company Register

Fully paid-up share capital €125,000,000

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CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' REPORT

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Activities of the group companies

Coesia S.p.A. is the holding company of an industrial group. Its subsidiaries' core business relates to the design, construction and sale of (i) automated packing and packaging machinery for the tobacco, food, cosmetics, pharmaceutical, nappy and consumer goods segments (Advanced Automated Machinery), (ii) manufacturing logistics solutions and production control and in-line printing equipment (Industrial Process Solutions) and (iii) gears on behalf of third parties (Precision Gears).

In October 2013, Coesia S.p.A. acquired 100% of IPI S.r.l., one of the few companies operating worldwide in the supply of integrated solutions in the field of aseptic packaging of liquids in multi-layer carton for the food and beverage industry. With turnover of approximately €51 million, IPI group has roughly 140 employees and is active in 30 countries. For Coesia group, the acquisition of IPI is another step towards strengthening its position in the consumer goods packaging industry.

Coesia S.p.A. is the direct parent of the following companies operating in the various group businesses, i.e.:

- G.D S.p.A., with registered office in Bologna, is active in the field of automated packing and packaging machinery for cigarettes and the tobacco industry in general. G.D S.p.A. controls a network of companies (in the USA, Brazil, Germany, United Kingdom, China, Japan, Singapore, Hong Kong, Indonesia, Russia, South Africa, South Korea and Turkey) that serve as its distribution and after-sales centres, as well as genuine production centres (in the USA, Brazil, Germany, Japan, Turkey and Indonesia); moreover G.D S.p.A. ownes the 100% of Sasib S.p.A., with registered office in Castel Maggiore (Bologna), a company committed to the production of automated machinery for the tobacco industry with an high range of maker and packer lines installed in several market in the world and which allows to complete and integrate, also in the low speed segment, the lines of products that G.D S.p.A. offers to its clients.

- ACMA S.p.A., with registered office in Bologna, produces automated machinery for the food segment and consumer goods manufacturing in general;
- GDM S.p.A., with registered office in Offanengo (CR), is active in the field of automated nappy and sanitary napkin production machinery;
- VOLPAK S.A., with registered office in Barcelona (Spain), is active in the automated packaging machinery segment;
- NORDEN AB, with registered office in Kalmar (Sweden), which manufactures packaging and tube filling machines for the cosmetics and pharmaceutical industry, in addition to the related packing lines;
- CITUS KALIX SAS, with registered office in Evry (France), is part of Norden group and operates in the tube and lipstick packaging and filling machines for the cosmetics industry, in addition to the related packing lines;
- HAPA AG, with registered office in Zurich (Switzerland), is active in the in-line printing equipment segment for the production of the pharmaceutical industry;

- LAETUS GmbH, with registered office in Halsbach–Hahnlein (Germany), operates in the design, production and sale of production control equipment for the pharmaceutical machinery segment;
- CIMA S.p.A., with registered office in Bologna, operates as a subcontractor in the gearing field for the automotive (particularly racing), motorcycle, aeronautics and automated machinery segments;
- FLEXLINK, a Swedish group with registered office in Goteborg (Sweden), operates in the design, construction and sale of top-end manufacturing logistics solutions;
- R.A. JONES & CO. INC., based in Covington (Kentucky) in the United States, produces automated machinery for the food segment and for consumer goods manufacturing in general;
- IPI S.r.l., with registered office in Perugia, produces aseptic filler machines, package opening and closing systems and multi-layer packaging material using a combination of polyethylene, paper and aluminium sheets. IPI has two production sites in the Perugia area.

<u>The economic situation</u>

In 2013, the global economy showed signs of improvement and is slowly continuing on its path of moderate growth. In the year, US GDP rose 1.9% (+2.2% in 2012), while Eurozone GDP fell 0.4% (+0.4% in 2012). In Germany, it grew only 0.5% (versus 0.9% in 2012), whereas in Japan, it increased 1.7% (+1.6% in 2012). In emerging countries, economic activity slowed, although it remained at high levels. Chinese GDP grew 7.7%, compared to growth of roughly 7.5% in 2012, that of India it climbed 4.4%, compared to approximately 4.5% in 2012. According to the International Monetary Fund’s most recent estimates, prospects for 2014, despite risks of decline, indicate a slight recovery in the global economy with expected growth of 3.7%, although the various economies are expected to grow at disparate rates, boosted by the more advanced and industrialised economies, particularly the US, Germany and Japan, as emerging economies show signs of weakness that encourage prudent valuations.

Markets

The market situation of the main group companies is the following:

"Tobacco machinery": global cigarette consumption remained steady, but with a declining trend. China and Southeast Asia also show a slowdown.

While demand for standard machinery is down, it remains sustained for innovative products for cigarettes, filters and special packages and for the segment that requires to provide innovative solutions. The focus on that segment will be crucial in preserving current business levels in 2014 and beyond.

The European Community is expected to issue the i.e. *EU tobacco product directive* ("tobacco directive") in the near future, although the various member states will have 24 months to implement it in their countries.

The restrictions are significant and mainly relate to the minimum size of packages and cigarettes and the space devoted to health warnings, which will now need to cover 65% of the package.

However, there is some indecisiveness and space left open to interpretation (especially with respect to the compliance of special products now and in the future, i.e., *EU tobacco product compliance*); this creates uncertainty, which reflects in a wait-and-see approach and the postponement of investments on the market.

In the next two or three years, however, it will also be possible to supply units to convert/adapt to the new legislation.

Another opportunity offered by the market is the reduction in production costs through the use of more flexible lines. The subsidiary G.D has concentrated on this area in recent years and is now in a position to fully respond to customer needs.

Another increasingly important segment is after-sales, in which turnover continues to grow for maintenance services, technical assistance for production and the supply of spare parts.

Consumer Goods Machinery, Industrial Process Solutions and Precision Gears:

In 2013, order flows consolidated, remaining substantially in line with 2012. The acquisition of R.A. Jones has enabled Coesia to significantly increase its presence on the relevant markets. The group's 2013 results in these divisions show turnover is up on the previous year, in part due to the acquisition of R.A. Jones, while profitability before most overheads has substantially remained steady.

Business risks

In relation to the requirements of article 2428 of the Italian Civil Code for disclosures about the main "risks and uncertainties" and the "environment and personnel", no significant events took place.

The group companies are exposed to the normal risks and uncertainties of industrial businesses engaged in designing, producing and selling consumer goods with a high technological content on international markets. The related financial risks (credit, liquidity, currency, interest rate) do not significantly impact the consolidated and group companies' financial positions and results of operations, although they exist and are carefully monitored and managed. Specifically, Coesia S.p.A. and its subsidiaries hedge currency and interest rate risks using the relevant hedging instruments.

Investments in foreign operations are not hedged, except for the programmed distribution of dividends, as foreign currency positions are considered to be of a long-term nature.

As noted, Coesia S.p.A.'s and its subsidiaries' market is characterised by demand for highly technological and innovative solutions and, accordingly, the group invests around 5% of its turnover in R&D. In this context, employees' expertise is of strategic importance, especially in technical areas. The group invests heavily and constantly in training and retaining its employees and in the work place. It carefully monitors and applies the relevant labour legislation, especially that covering occupational health and safety, and has adopted the management model provided for by Legislative decree no. 231 covering safety in the workplace.

Finally, with respect to market risks, in addition to that described above, the subsidiary G.D. faces other potential factors that affect cigarette consumption and demand for new machinery, the new legislation regulating and increasingly limiting both tobacco consumption and the use of special packaging (on which, as noted previously, a growing part of the company's business is based) outside the EU and US as well. Furthermore, the development of special projects could undergo price pressure due to our customers' need to sustain profitability.

Performance

2013 was a positive year for the group with results outperforming those of 2012 and the budget. Coesia's 2013 consolidated financial statements show:

- 2013 turnover (including the change in work in progress on long-term contracts) of €1,373.2 million, up roughly 3.8% on 2012 (€1,211.7 million), net of the turnover generated by R.A Jones & Co. (€115.7 million).
- an operating profit of €146.0 million, in line with 2012 (€146.1 million), which includes the amortisation of goodwill, goodwill arising on consolidation and trademarks (€45.3 million, compared to €25.6 million in 2012) and also the effects arising from the consolidation for the first time of the profit and loss of R.A Jones & Co.

- net financial debt (including current financial assets, financial payables due within and after one year, the financial payable due to the parent and the bond) worsened from €299 million at the 2012 year end to €318 million at 31 December 2013, mainly due to the increase of debts in connection with the acquisition of IPI group (€37.7 million), the payment of dividends to the parent (€16 million) and payments in connection with real estate projects (over €35 million), for the most offset by cash flows generated by operations.

The performance of the main segments and group companies is discussed below.

- G.D S.p.A. performed better than in 2013. Its 2013 turnover grew 8.4% from €593.9 million to €643.9 million. Its operating profit was €136.9 million after expensing R&D costs of around 6% of turnover. The improvement on 2012 (€111.0 million) was due to greater sales volumes and the favourable mix of the after-sales segment.
- On the other hand, about the companies actives in the Consumer Goods Machinery, Industrial Process Solutions and Precision Gears:

➢ ACMA S.p.A. ended the year with an operating loss of €6.2 million, showing a worsening on the previous year (in 2012, the operating loss was €2.3 million). This worsening was mainly due to considerable investments in research and development activities for new products;

➢ GDM S.p.A.'s 2013 results were substantially in line with 2012. Turnover in 2013 (€52.7 million, including the change in inventory for long-term contracts) is down on 2012 (€53.5 million), while the operating profit has slightly improved (2013: €3.8 million; 2012: €3.7 million). The company ended the year with a sound order backlog, up on the previous year, putting it on a significant growth path for 2014;

➢ VOLPAK SA ended 2013 with turnover (€59.0 million) down on 2012 (€66.2

million). The operating profit fell from €11.3 million in 2012 to €10.2 million in 2013 due to greater operating costs;

- CIMA S.p.A. performed better in 2013 than in 2012. Although the company's 2013 turnover was slightly down on the previous year (from €19.1 million in 2012 to €18.3 million in 2013), after a substantial operating break-even in 2012, the company posted an operating profit of €0.4 million in 2013. This improvement was due to the growth in the industrial profit margin, bolstered by orders from the industrial sector.
- In 2013, Hapa enjoyed growth in consolidated turnover (€43.2 million in 2013, compared to €40.6 million in 2012) and an improvement in the operating profit (€4.5 million in 2013, compared to €3.8 million in 2012, before the amortisation of goodwill). The improvement in the operating profit was mainly due to cost control measures and a reduction in R&D investments, which had been particularly significant in 2012.
- 2013 was a year of structural consolidation for Laetus, with consolidated turnover substantially in line with the previous year (€19.3 million in 2013, compared to €19.4 million in 2012) while the operating loss worsened (operating loss of €1.3 million in 2013, compared to an operating profit of €0.6 million in 2012, before the amortisation of goodwill). The negative trend in costs was mainly due to investments to strengthen the sales and technical structures and to develop new products. These investments were necessary to meet a particularly high influx of orders from the pharmaceutical sector due to new regulations issued by the European Authorities. The orders will be filled in 2014 and subsequent years, with forecasts of a substantial increase in business and results;
- Norden group (formerly Sirius group), which also includes Citus Kalix Sas, in the

2013 has seen an improvement in its results, with consolidated turnover at €104.7 million (2012: €101.3 million) and an operating profit rising to €7.2 million (2012: €7.0 million).

- Flexlink group ended 2013 with consolidated turnover of €173.8 million (2012: €178.3 million) and an operating profit of €11.8 million, down on the €19.1 million of 2012. This worsening was due to the industrial profit margin, adversely affected by the new project portfolio mix, problems fulfilling certain orders and increased overheads.
- Lastly, R.A. Jones & Co. posted 2013 turnover of €115.7 million and an operating profit of €10.4 million. The company's performance was negatively affected by the decrease in investments by its key customer, but the cost trend was kept under control.

Research and development activities

Research and development are vital for the development of companies that provide high-tech products and all group companies focus intensely on these activities.

Costs incurred for research and development are expensed in the year and account for around 5% of turnover.

Certain group companies benefited from subsidised loans and grants under Law no. 46/82 for one or more research projects.

Related party transactions

Intragroup relationships are particularly intense, in order to develop synergies and achieve full use of company assets.

All intragroup transactions are carried out on an arm's length basis. Transactions with consolidated subsidiaries are eliminated upon consolidation.

Transactions with unconsolidated subsidiaries and associates are discussed in the notes to the consolidated financial statements, to which reference should be made.

With regard to the disclosure required by article 2427.22-bis of the Italian Civil Code, there have been no "relevant" related party transactions and/or transactions "not carried out on an arm's length basis".

Number and nominal value of own shares

The group does not hold any own shares.

Subsequent events

Nothing to report.

Outlook

The order trends foreseen for 2014 and the current backlog level lead us to expect slightly improved turnover and results for the Advanced Automated Machinery, Industrial Process Solutions, Aseptic Packaging (IPI group) and Precision Gears segments compared to 2013, although subject to the evolution of the still complex and volatile market situation.

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The consolidated financial statements as at and for the year ended 31 December 2013, which we submit for your attention, show a consolidated net profit of €64,412 thousand, net of provisions for all charges relating to the year. Consolidated net equity at year end, including the net profit for the year, amounts to €419,124 thousand.

Bologna, 23 June 2014

On behalf of the board of directors:

Isabella Seragnoli

(signed on the original)

COESIA S.p.A. - with registered office in Bologna (BO) - Via Battindarno 91

Tax code 02221441203 – Bologna Company Register

Fully paid-up share capital €125,000,000

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CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2013

(in thousands of Euros)

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BALANCE SHEET	31.12.2013	31.12.2012
ASSETS		
(A) Share capital proceeds to be received	**0**	**0**
(B) Fixed assets		
I - Intangible fixed assets		
1) Start-up and capital costs	126	131
3) Industrial patents and intellectual property rights	1,597	1,378
4) Concessions, licences, trademarks and similar rights	14,075	15,036
5) Goodwill	282,669	330,776
6) Assets under development and payments on account	7,677	2,978
7) Other	6,861	5,868
8) Goodwill arising on consolidation	75,474	62,530
Total intangible fixed assets	388,479	418,697
II - Tangible fixed assets		
1) Land and buildings	131,932	127,636
2) Plant and machinery	28,976	23,528
3) Industrial and commercial equipment	7,142	7,785
4) Other assets	12,057	9,423

5) Assets under construction and payments on account	69,038	42,532
Total tangible fixed assets	249,145	210,904
III - Financial fixed assets		
1) Investments:		
a) subsidiaries	0	30
b) associates	837	858
d) other	317	307
Total investments	1,154	1,195
2) Financial receivables:		
d) from others:		
- due after one year	1,683	1,545
Total financial receivables	1,683	1,545
Total financial fixed assets	2,837	2,740
Total fixed assets	**640,461**	**632,341**
(C) Current assets		
I – Inventory		
1) Raw materials, consumables and supplies	75,671	63,836
2) Work in progress and semi-finished products	369,893	315,018
3) Contract work in progress	17,977	12,748
4) Finished goods	38,044	43,205
5) Payments on account	3,466	3,053
Total inventory	505,051	437,860
II – Receivables		
1) Trade receivables		
a) due within one year	271,372	273,349

b) due after one year	0	4,412
Total trade receivables	271,372	277,761
2) From subsidiaries	561	1,098
3) From associates	106	58
4) From the parent	185	2,752
4-bis) Tax receivables	28,529	24,741
4-ter) Deferred tax assets	59,697	62,792
5) From others	10,581	7,312
Total receivables	371,031	376,514
III - Current financial assets		
6) Other securities	193	6,891
Total current financial assets	193	6,891
IV - Liquid funds		
1) Bank and postal accounts	222,979	272,509
3) Cash-in-hand and cash equivalents	734	764
Total liquid funds	223,713	273,273
Total current assets	**1,099,988**	**1,094,538**
(D) Prepayments and accrued income	**9,126**	**8,861**
TOTAL ASSETS	**1,749,575**	**1,735,740**
LIABILITIES		
(A) Net equity		
I - Share capital	125,000	125,000
II - Share premium reserve	0	0
III - Revaluation reserves	86,135	86,135
IV - Legal reserve	11,907	11,633

V - Reserve for own shares in portfolio	0	0
VI - Statutory reserves	0	0
VII - Other reserves	0	0
Translation reserve	7,889	26,930
VIII - Retained earnings	123,781	64,153
IX - Net profit for the year	64,412	75,909
Net equity – group	**419,124**	**389,760**
Share capital and reserves - minority interests	514	370
Net equity - group and minority interests	**419,638**	**390,130**
(B) Provisions for risks and charges		
2) Tax provision, including deferred tax liabilities	25,954	26,620
3) Other provisions	103,943	109,678
Total provisions for risks and charges	**129,897**	**136,298**
(C) Employees' leaving entitlement	**30,651**	**31,424**
(D) Payables		
1) Bonds		
b) due after one year	100,000	100,000
Total bonds	100,000	100,000
3) Shareholder loans	10,000	0
4) Bank loans and borrowings		
a) due within one year	66,444	78,717
b) due after one year	331,139	369,310
Total bank loans and borrowings	397,583	448,027
5) Loans and borrowings from other financial backers		
a) due within one year	2,439	2,044

b) due after one year	32,375	29,674
Total loans and borrowings from other financial backers	34,814	31,718
6) Payments on account	277,270	290,309
7) Trade payables	239,472	207,972
9) Payables to subsidiaries	207	665
10) Payables to associates	336	226
11) Payables to parents	14	0
12) Tax payables	19,541	22,782
13) Social security charges payable	15,498	14,658
14) Other payables		
a) due within one year	63,532	54,664
b) due after one year	4,500	0
Total other payables	68,032	54,664
Total payables	**1,162,767**	**1,171,021**
(E) Accrued expenses and deferred income	**6,622**	**6,867**
TOTAL LIABILITIES	**1,749,575**	**1,735,740**
MEMORANDUM AND CONTINGENCY ACCOUNTS		
Personal guarantees given		
-Sureties in favour of third parties	124,742	98,923
Total	124,742	98,923
Commitments		
-Off-the-books transactions	24,939	27,280
Total	24,939	27,280
Contingencies		
-Discounted bills not yet due	3,469	3,163

-Other	12,439	9,340
Total	15,908	12,503

PROFIT AND LOSS ACCOUNT	**2013**	**2012**
(A) PRODUCTION REVENUES		
1) Turnover from sales and services	1,369,369	1,198,917
2) Change in work in progress, semi-finished products and finished goods	58,711	35,910
3) Change in contract work in progress	3,819	12,748
4) Internal work capitalised	6,466	3,407
5) Other revenues and income:		
a) grants related to income	29	208
b) other income	8,351	11,210
Total other revenues and income	8,380	11,418
Total production revenues	**1,446,745**	**1,262,400**
(B) PRODUCTION COST		
6) Raw materials, consumables, supplies and goods	452,528	374,089
7) Services	350,898	320,417
8) Use of third party assets	16,894	16,471
9) Personnel expenses:		
a) wages and salaries	289,502	252,085
b) social security contributions	71,873	66,180
c) employees’ leaving entitlement	8,713	8,724
e) other costs	15,863	8,281
Total personnel expenses	385,951	335,270
10) Amortisation, depreciation and write-downs:		

a) amortisation of intangible fixed assets	49,664	29,406
b) depreciation of tangible fixed assets	18,258	16,671
d) write-downs of current receivables	1,154	264
Total amortisation, depreciation and write-downs	69,076	46,341
11) Change in raw materials,		
consumables, supplies and goods	341	(9,138)
12) Provisions for risks	14,934	24,915
14) Other operating costs	10,141	7,983
Total production cost	**1,300,763**	**1,116,348**
Operating profit	**145,982**	**146,052**
(C) Financial income and charges		
15) Income from investments:		
c) dividends and other income from other companies	11	0
Total income from investments	11	0
16) Other financial income:		
c) from securities classified as current assets which		
are not equity investments	13	295
d) other income:		
- interest from subsidiaries	2	2
- interest from others	10,597	5,816
Total other income	10,599	5,818
Total other financial income	10,612	6,113
17) Interest and other financial charges:		
b) to associates	17	0
c) to others	20,414	16,762

Total interest and other financial charges	20,431	16,762
17-bis) Net exchange rate losses	(7,778)	(8,291)
Net financial charges	**(17,586)**	**(18,940)**
(D) ADJUSTMENTS TO FINANCIAL ASSETS		
18) Write-backs:	0	0
19) Write-downs:		
a) of equity-accounted investees	343	4,708
Total write-downs	343	4,708
Total adjustments to financial assets	**(343)**	**(4,708)**
(E) Extraordinary income and expense		
20) Income		
b) other income	0	4,418
Total income	0	4,418
21) Expense		
c) other expense	2,409	2,594
Total expense	2,409	2,594
Net extraordinary income/(expense)	**(2,409)**	**1,824**
Pre-tax profit	**125,644**	**124,228**
22) Income taxes:		
a) current taxes	61,101	54,539
b) deferred taxes	133	(6,198)
Total income taxes	61,234	48,341
Net profit for the year including minority interests	**64,410**	**75,887**
Minority interests in net profit for the year	(2)	(22)
23) Net profit for the year	**64,412**	**75,909**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2013

(in thousands of Euros)

ACTIVITIES OF THE GROUP COMPANIES

The main Coesia group companies and their activities are discussed in the directors' report. The group was created in 2002 when Coesia S.p.A. acquired 100% of CSII Industrie S.p.A. (production investment holding company). In 2003, CSII Industrie S.p.A. was merged into COESIA S.p.A., making the latter the direct parent of the main production companies in the group.

FORMAT AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with the regulations of section III, articles 24-43 of Legislative decree no. 127/91. They are comprised of the balance sheet and profit and loss account (prepared using the formats provided for by articles 2424 and 2425 of the Italian Civil Code, modified, where appropriate, as required by article 32 of Legislative decree no. 127/91), and these notes. They are accompanied by the directors' report. The law has been interpreted and integrated, where necessary, based on the accounting standards promulgated by the Italian Accounting Standard Setter (*Organismo Italiano di Contabilità*).

The purpose of the notes is to illustrate, analyse and, in certain cases, integrate consolidated financial statements figures, in addition to providing the information required by article 38 of Legislative decree no. 127/91. Furthermore, the notes provide all information considered necessary to give a true and fair view of the group's accounts, even if not specifically required by the law.

The consolidated financial statements as at and for the year ended 31 December 2013 have been prepared using the separate financial statements at the same date of the companies included in the consolidation scope, approved by the respective company bodies. Reporting packages have been prepared specifically for consolidation purposes for Coesia India Pvt Ltd and Flexlink Systems India Pvt Ltd, which end their financial years on 31 March.

The financial statements of the consolidated companies have been modified, where necessary, to align them with Coesia group's accounting policies and reclassified to present them in accordance with the Italian Civil Code provisions introduced by Legislative decrees no. 127/91 and no. 6/2003.

In particular, the accounting policies applied in the consolidated financial statements differ from those applied in the separate financial statements of certain group companies with respect to the criteria applied to measure inventory and the provision for bad debts (a tax-driven entry) and the recognition of finance leases, research and development costs and the related deferred taxes.

CONSOLIDATION POLICIES

Consolidation method

The companies are consolidated on a line-by-line basis. The main policies adopted to apply this method are the following:

- the carrying amount of investments held by the parent or other consolidated companies is eliminated against the related net equity, as total assets, liabilities, costs and revenues of the consolidated companies are recognised, regardless of the percentage of ownership;
- the difference between acquisition cost and net equity at the date of initial consolidation is taken, where possible, to the assets or liabilities of the companies included in the consolidation scope up to their current amount. Any residual amounts, if negative, are recognised in the consolidation reserve under net equity. If positive, the residual

amounts are offset against the consolidation reserve. Any excess amounts are stated as goodwill arising on consolidation in the balance sheet assets and amortised on a straight-line basis in line with their future income-generating potential, which is normally ten years. Goodwill arising on consolidation following the elimination of the parent's investment in CSII Industrie S.p.A. (acquired in 2002 and merged into Coesia S.p.A. in 2003) and its subsidiaries is amortised over ten years, with the approval of the board of statutory auditors, considering the strategic aim of the transaction and the historically high profitability of the group acquired, as well as its consolidated leadership particularly in the field of machinery for the tobacco industry. The excess price paid for other investments was fully recognised as goodwill arising on consolidation as it did not satisfy the conditions for allocating it to the acquired assets, except for investments acquired up to 31 December 1992 and consolidated at that date, where the difference between acquisition cost and the investees' net equity that could not be allocated to intangible or tangible fixed assets was taken to consolidated net equity, as well as for R.A. Jones & Co., for which the excess that could not be allocated to fixed assets was allocated to goodwill;

- significant intercompany transactions, receivables and payables, dividends, costs and revenues and unrealised gains on intercompany transactions are eliminated, net of any tax effect (where applicable);
- minority interests in net equity are indicated in a specific consolidated balance sheet caption, while minority interests in the net profit for the year are shown separately in the consolidated profit and loss account;
- companies acquired or disposed of during the year are consolidated from/up to the date on which control was acquired/disposed of. The effects on the consolidated financial statements of acquisitions/sales during the year, if considered immaterial, are calculated

at the beginning and end of the year depending on which is closer to the date of the acquisition/sale.

Translation of the financial statements of foreign companies into Euros

The financial statements used for consolidation purposes prepared in foreign currency are translated into Euros using the exchange rates ruling at year end for balance sheet captions and the average exchange rates of the year for profit and loss account captions, as follows:

Currency	Year-end exchange rate	Average exchange rate
US dollar	1.3791	1.3281
Pound sterling	0.8337	0.8493
Russian rouble	45.3246	42.3370
Hong Kong dollar	10.6933	10.3016
Japanese yen	144.7200	129.6627
Brazilian real	3.2576	2.8687
Swiss franc	1.2276	1.2311
Mexican peso	18.0731	16.9641
Swedish krona	8.8591	8.6515
Chinese yuan	8.3491	8.1646
Turkish lira	2.9605	2.5335
South African rand	14.5660	12.8330
South Korean won	1450.93	1453.91

Exchange rate differences arising on the translation of opening net equity at year-end exchange rates and the translation of the profit and loss account at average exchange rates are recognised in the translation reserve under net equity.

CONSOLIDATION SCOPE

The consolidated financial statements as at and for the year ended 31 December 2013 are based on the consolidation of the financial statements at that date of all companies under the direct and indirect control of Coesia S.p.A., the parent, in accordance with article 2359 of the Italian Civil Code, with the exception of the subsidiaries Lesina Autonoleggi S.r.l. and Ctai Kids S.r.l., as they are immaterial. The carrying amount (historical cost) of the investments in Lesina Autonoleggi S.r.l. and Ctai Kids S.r.l. in the consolidated financial statements is substantially the same as their equity-accounted carrying amount at 31 December 2013.

A list of investments included in the consolidation scope is annexed to these notes.

As discussed more thoroughly in the directors' report, in 2013, the consolidation scope changed as follows:

- Coesia South Korea was set up in May 2013. It is wholly owned by G.D Jidokikai KK, performs commercial and post-sales assistance activities and is consolidated on a line-by-line basis at 31 December 2013;
- also in May 2013, Flexlink group acquired 100% of Oberberger Daten- und Systemtechnik GmbH (Obsys) in order to integrate its product range. Obsys is consolidated on a line-by-line basis at 31 December 2013;
- October 2013 saw the acquisition of 100% of IPI S.r.l. and its subsidiaries. IPI S.r.l. is one of the few companies operating worldwide in the supply of integrated solutions in the field of aseptic packaging of liquids in multi-layer carton for the food and beverage industry. As it was acquired on 30 October 2013, only the company's balance sheet data were consolidated on a line-by-line basis at 31 December 2013;
- G.D South Africa Technical Centre (PTY) Ltd, which was set up in 2011 and valued at cost in 2012, is consolidated on a line-by-line basis at 31 December 2013.

The following extraordinary transactions were carried out in 2013, with no impact on the consolidated financial statements:

- Sirius Machinery AB changed its name to Norden Machinery AB following the reverse merger into the latter;
- Flexlink System AB merged into Flexlink Components AB, which is wholly owned by Flexlink Holding AB, and Flexlink Components AB changed its name to Flexlink AB.

RECONCILIATION OF NET EQUITY AND NET PROFIT FOR THE YEAR OF THE PARENT WITH THE RELATED CONSOLIDATED FIGURES

Below is the reconciliation of net equity and net profit for the year of the parent with the related consolidated figures at 31 December 2013:

	Net equity	Net profit for the year
FIGURES IN THE FINANCIAL STATEMENTS OF COESIA S.p.A. AT 31 DECEMBER 2012	219,922	7,300
CONSOLIDATION ADJUSTMENTS:		
a) Difference between the carrying amount of consolidated investments and their value using the equity method	179,063	92,293
b) Elimination of dividends	-	(34,824)
c) Elimination of unrealised intercompany profits with third parties and included in inventory	(21,164)	6,995
d) Elimination of unrealised intercompany profits with third parties and included in intangible and tangible fixed assets	(9,917)	242
e) Adjustment to group accounting policies: inventory measurement changed from the LIFO to FIFO method and research and development costs expensed in the year.	(2,504)	(3,111)
f) Effect of the recognition of finance leases for tangible fixed assets using the financial method	66,269	(3,445)
g) Accrual for deferred tax liabilities related to the tax effect (where applicable) of consolidation adjustments	(12,545)	(1,038)
Net effect of consolidation adjustments	199.202	57.112
FIGURES IN THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2013	419.124	64.412

ACCOUNTING POLICIES

In accordance with article 2426 of the Italian Civil Code, the most significant accounting policies applied in the preparation of the consolidated financial statements as at and for the year ended 31 December 2013, which are consistent with the policies applied in the preparation of the consolidated financial statements of the previous year and approved by the board of statutory auditors, where required by law, are described below.

Intangible fixed assets

Intangible fixed assets are stated at purchase cost, including related charges, and are amortised on a straight-line basis in line with their future income-generating potential, as follows:

- Start-up and capital costs 5 years
- Patents and intellectual property rights 3-5 years
- Software licences 3 years
- Goodwill/goodwill arising on consolidation and trademarks 10 years
- Participation in the creation of moulds 3 years
- Leasehold improvements period of future income-generating potential
- Application software 3 years

These costs are amortised over their future income-generating potential.

Reference should be made to the paragraph on the consolidation method for information on goodwill arising on consolidation. Goodwill is amortised over ten years and on a monthly basis in the first year to consider the acquisition date of the investment.

Advertising and research and development costs are expensed in full when incurred.

Assets are written down to reflect impairment, regardless of the amortisation already charged. If the reason for the write-down no longer exists in subsequent years, the asset is reinstated to its original value.

Tangible fixed assets

Tangible fixed assets are stated at purchase or production cost, adjusted in previous years under specific monetary revaluation laws. The cost includes related charges and direct and indirect costs that can be reasonably allocated to the asset.

Tangible fixed assets are depreciated on a straight-line basis using the following rates, which have been calculated based on the assets' residual useful lives:

- Civil property and buildings 3%
- Plant and machinery 10%-15.5%
- Furniture 12%
- Electronic accounting machines 18%-20%
- Equipment and models 25%
- Vehicles 20%-25%

Tangible fixed assets purchased during the year are depreciated at half the above rates, since on average they are only used in production for half the year.

Assets are written down to reflect impairment, regardless of the depreciation already charged. If the reason for the write-down no longer exists in subsequent years, the asset is reinstated to its original value.

Ordinary maintenance costs are expensed in full in the year they are incurred. Costs for maintenance that increases the value of assets are allocated to those assets and depreciated over their residual useful lives.

Investments (classified as fixed assets)

Investments in unconsolidated subsidiaries and associates are accounted for using the equity method, as indicated in the related notes, or at cost when equity accounting is not necessary for giving a true and fair view in the consolidated financial statements.

Investments in other companies are stated at acquisition or subscription cost. They are written down to reflect impairment if the investees have incurred losses and profits large enough to absorb those losses are not forecast in the immediate future. If the reasons for the write-down no longer exist, the original value is reinstated in subsequent years.

The equity method entails the recognition of an amount equal to the corresponding portion of net equity as per the most recent approved financial statements, less dividends and after adjustments required by the generally-accepted accounting policies adopted for the consolidated financial statements. In the first year of application, the excess amount paid over the portion of net equity of the investee at acquisition is maintained under investments to the extent that it can be allocated to the depreciable assets or to goodwill. The difference allocated to depreciable assets or goodwill is amortised using the rates of these assets. Following acquisition, the gains or losses arising from the application of this method are taken to the profit and loss account.

Inventory

Inventory is stated at the lower of cost, using a method similar to FIFO, and related market value.

Obsolete and slow-moving items are written down based on forecast use or realisation, through accruals to the provision for write-downs of inventory. Work in progress and semi-finished products are stated based on the completion of contract method, under which contract revenues and profits are only recognised when the contract is completed, thus when the work is finalised and delivered.

Long-term contract work in progress is stated using the percentage of completion method, whereby contract costs, revenues and profits are recognised based on the stage of completion. The hours worked method is adopted in applying such criterion.

Current and financial receivables

Receivables are stated at their estimated realisable value. Their nominal value is adjusted to this value through accruals to the provision for bad debts, also considering the overall conditions of the economy and segment and any significant country risk and customer concentration risk.

Current investments and securities

These are stated at the lower of cost (using the FIFO method) and the related realisable value, based on market trends at year end. In the event of a write-down, the original value is reinstated in subsequent years if the reasons for the write-down no longer exist.

Liquid funds

Liquid funds are stated at their nominal value.

Prepayments and accrued income, accrued expenses and deferred income

These captions include costs and revenues relating to two or more years recognised on an accruals basis.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover certain or probable losses or liabilities whose amount or due date are unknown at the balance sheet date. Accruals reflect the best possible estimate based on available information.

Risks for which the liability is only possible are not provided for, but are disclosed in the notes to the financial statements.

Liabilities and charges related to pension plans set up by certain foreign group companies for their employees are recognised on the basis of local accounting principles, which do not significantly differ from the relevant international financial reporting standards.

Derivatives

Derivative contracts related to interest or exchange rate trends taken out for trading purposes are recognised at year-end market value.

Derivatives used to hedge the fluctuations in interest rates are measured in line with the hedged liabilities. The difference between the interest rates of the derivatives and the underlying financing/lease arrangements is taken to the profit and loss account on an accruals basis.

Employees’ leaving entitlement

This liability reflects the amount due to all employees of the Italian group companies, calculated based on the law and national labour contracts. Employees’ leaving entitlement is indexed.

Payables

Payables are stated at nominal value, which is considered indicative of their settlement amount.

Commitments and guarantees

Commitments and guarantees given are stated in the memorandum and contingency accounts at their contractual value.

Revenue recognition

Revenues from the sale of products are recognised upon the transfer of title, which usually coincides with shipment. For contract work in progress, contract costs, revenues and profits are recognised based on the stage of completion.

Dividends

Dividends are recognised on an accruals basis in the year in which the related profits accrue (“accrued” method) and, in any case, only if the resolutions of the subsidiaries’ board of directors approving the draft financial statements and dividend distribution have been taken before the resolution of the parent’s board of directors approving the draft financial statements.

Income taxes

Current taxes are recognised on the basis of taxable income, in accordance with current regulations, considering any exemptions and the related applicable tax rates.

Furthermore, deferred tax assets and liabilities have been recognised on the temporary differences between the carrying amounts stated in the balance sheet and the related amounts recognised for tax purposes of each company. Similarly, deferred taxes are considered on the consolidation adjustments. In particular, deferred tax assets are recognised when it is reasonably certain that there will be future taxable profits against which the deferred tax assets may be used. Deferred tax assets and liabilities are calculated on the basis of the expected rates applicable in the period when the related temporary differences reverse. Deferred tax liabilities are not accrued to reflect the tax charge, where applicable, on available reserves and profits of foreign subsidiaries that do not plan to make any distribution.

Finance leases

Finance leases are recognised, where the requirements have been met, using the financial method provided for by OIC 17, considering their financial nature.

Grants related to income

Grants related to income provided against costs incurred are recognised in the profit and loss account in full in the year in which their receipt becomes reasonably certain.

Research and development costs

Research and development costs are taken in full to the profit and loss account when incurred.

Translation criteria

Receivables and payables arising on transactions in foreign currency are stated at the exchange rates ruling on the date when those transactions were performed. Exchange rate differences are taken to the profit and loss account when realised.

At year end, receivables and payables in foreign currency are translated at the exchange rates ruling at the balance sheet date. Exchange rate gains and losses are taken to the profit and loss account.

Tangible, intangible and financial fixed assets, comprised of investments, recognised at cost in foreign currency are translated at the exchange rate ruling at the purchase date or, if lower, the exchange rate ruling at year end, if the difference is considered permanent.

Options taken out to hedge foreign currency receivables and payables stated in the financial statements are recognised based on the exchange rates ruling at year end. Exchange rate gains and losses on options taken out to hedge specific contractual commitments are deferred and recognised as adjustments to revenues arising on the sale of the related asset.

OTHER INFORMATION

Waivers under article 29 of Legislative decree no. 127/91

The group did not avail of any of the waivers under article 29.4 of Legislative decree no. 127/91.

Presentation of figures

The consolidated financial statements schedules and amounts disclosed in these notes relating to the group's financial position and results of operations are given in thousands of Euros for a clearer presentation.

Where significant, the effects of changes in the consolidation scope are disclosed in the following comments on each consolidated financial statements caption.

Independent auditors' fees

Pursuant to article 2427 of the Italian Civil Code, the table below shows the fees paid by Coesia S.p.A. and group companies to the independent auditors and their network, for audit engagements and other services, set out by type or category (in thousands of Euros).

Service type	Service provider	Beneficiary	Fees
Audit	KPMG S.p.A.	Coesia S.p.A.	40
Other attestation services	KPMG S.p.A.	Coesia S.p.A.	9
Other services	KPMG S.p.A.	Coesia S.p.A.	185
Total Coesia S.p.A.			234
Audit	KPMG S.p.A.	Subsidiaries	230
Audit	KPMG network	Subsidiaries	758
Other attestation services	KPMG S.p.A.	Subsidiaries	14
Other attestation services	KPMG network	Subsidiaries	3
Tax services	KPMG network	Subsidiaries	15
Total subsidiaries			1,020
Overall total			1,254

ASSETS

FIXED ASSETS

Specific statements have been prepared for intangible and tangible fixed assets, which are attached to these notes. The statements indicate historical cost, accumulated amortisation and depreciation, changes during the year, closing balances and total write-backs at the balance sheet date.

INTANGIBLE FIXED ASSETS

Concessions, licences, trademarks and similar rights mainly relate to the Flexlink brand (€10,834 thousand) following the above-mentioned acquisition of Flexlink group. It also includes costs incurred to acquire licences for business management software.

Goodwill, net of amortisation for the year (€34,742 thousand), relates to the residual value of:

- goodwill paid by Laetus GmbH and Laetus Italia S.r.l. to purchase the business units relating to control devices for the pharmaceutical segment on 1 April 2006 for €1,589 thousand and €85 thousand, respectively;
- goodwill paid to purchase the business unit relating to the production and marketing of "In-line printing systems" for the pharmaceutical, nutraceutical, food and consumer goods segments from Gottscho Printing Systems Inc. on 1 July 2011 for €873 thousand.
- goodwill paid to acquire R.A Jones & Co. Inc., amounting to €172,953 thousand and equal to the difference between the price paid and the company's net equity at 31 December 2011, which is the notional acquisition date, since the company was acquired on 11 December 2012. In the year, the seller refunded €1,537 thousand as a price adjustment. This refund decreased the amount of goodwill. €8,159 thousand of the excess price paid above net equity was allocated to owned industrial buildings, while the residual amount was recognised as goodwill and amortised over 10 years beginning in 2013, considering the acquired company's forecast results. At the date of initial consolidation, goodwill includes the €10,000 thousand deposited in a joint bank account held by R.A Jones & Co. Inc. and the seller as a guarantee against any damages provided for by contract. 50% of this amount was to be paid to the seller by 12 December 2013 and the remaining 50% by 12 June 2014 to cover any damages provided for by contract. The first payment was not made as the seller was sent claims for damages, which are currently being determined.
- the excess price paid in previous years to acquire Flexlink group, amounting €106,994 thousand, which was allocated to goodwill and amortised over 10 years

considering the company's forecast results, and the excess price paid of €175 thousand to acquire 100% of Oberberger Daten- und Systemtechnik GmbH (Obsys), above the corresponding net equity at the acquisition date.

All the above goodwill is amortised over 10 years.

Goodwill arising on consolidation, stated in the consolidated balance sheet for a residual amount of €75,474 thousand, net of 2013 amortisation of €9,187 thousand, reflects:

- the difference of €12,741 thousand between the price paid to acquire the subsidiary Sasib S.p.A. and the related net equity at the notional acquisition date, 31 December 2011, considering that the company was acquired on 28 October 2011. The excess amount paid over the carrying amount of net equity was allocated to goodwill, rather than being recognised as an increase in assets, and amortised over 10 years, starting from this year, considering the acquired company's forecast results. Moreover, the price includes €1,372 thousand deposited in a bank account held by G.D S.p.A. as a guarantee against any damages provided for by contract. €713 thousand of this amount was paid to the seller in January 2014 and the remainder will be paid in January 2015, net of any damages claimed by G.D within the established dates;
- the excess amount of €2,646 thousand between the price paid to acquire 100% of Hapa AG and the related net equity at the acquisition date of 1 April 2006, which has been allocated to goodwill and amortised over 10 years on the basis of the acquired company's forecast results;
- the excess amount of €11,475 thousand between the price paid to acquire 100% of Sirius group and the related net equity at the notional acquisition date, 31 December 2008, considering that Sirius was acquired on 3 November 2008. This amount has been allocated to goodwill and amortised over 10 years on the basis of the acquired

company’s and it group’s forecast results;

- the excess amount of €3,336 thousand between the price paid in previous years and the net equity for Sirius group companies, which has been allocated to goodwill arising on consolidation and amortised over 10 years on the basis of the acquired company’s forecast results;
- the excess amount of €386 thousand between the price paid to acquire 100% of Franssosons Maskin Bearbetning I Kalmar Ab and the related net equity at the acquisition date, which has been allocated to goodwill and amortised over 10 years on the basis of the acquired company’s forecast results;
- the excess amount of €21,636 thousand between the price paid to acquire 100% of Flexlink group and the related net equity at 31 December 2011, the notional acquisition date considering that the company was acquired in January 2012. This amount has been allocated to goodwill and amortised over 10 years on the basis of the acquired company’s forecast results;
- the excess amount of €1,025 thousand between the price paid to acquire a further 54% of Tecnomeccanica S.r.l. and the related net equity at the notional acquisition date, 31 December 2010, considering that the company was acquired in March 2011.
- the excess amount of €22,226 thousand between the price paid to acquire 100% of IPI S.r.l. and the related net equity at 31 December 2013, the notional acquisition date considering that the company was acquired in October 2013. This amount will be amortised over ten years beginning in 2014.

Leasehold improvements relate to leases that do not meet the requirements for application of the financial method.

Assets under development increased €4,699 thousand due to the purchase of licences for the new ERP system expected to be rolled out in 2014.

TANGIBLE FIXED ASSETS

Land and buildings include a civil property of €0.5 million (net of accumulated depreciation) owned by the subsidiary G.D USA.

The €5,861 thousand increase in land and buildings during the year mainly relates to improvements to owned buildings (€2,967 thousand) and the reclassification of €2,894 thousand from assets under construction and payments on account in relation to the signing of the purchase agreement for a building that in 2008 had been subject to a preliminary purchase agreement as part of a complex agreement with the Municipality of Bologna, based on which the company sold the building area in Via Melozzo da Forlì, with the understanding that the existing building would be demolished. At the same time, a preliminary agreement was signed for the purchase of the building, for which authorisation had already been given for demolition and a zoning change in order for the area to be used as offices.

The change in the consolidation scope mainly refers to leased properties and the plant and machinery that the group acquired with the acquisition of the subsidiary IPI S.r.l..

The other changes for the year mainly relate to the acquisition of industrial equipment of €2,574 thousand and production machinery of €3,377 thousand.

Assets under construction and payments on account include costs of €64,667 thousand (€37,753 thousand at 31 December 2012) to build a multi-functional industrial building at Via Speranza 42-44, Bologna. Construction work began in 2009 and is not yet complete.

Assets under construction and payments on account also include work in progress of €150 thousand on fixed plant and work in progress of €1,344 thousand on properties owned by the subsidiary G.D S.p.A..

FINANCIAL FIXED ASSETS

Investments

At 31 December 2013, the following Coesia group investments were not consolidated on a line-by-line basis, except for G.D. South Africa Ltd, which is consolidated on a line-by-line basis beginning in 2013:

Investments in subsidiaries:

	Share/quotaholder	31/12/13	31/12/12
Measured at cost:			
- Lesina Autonoleggi S.r.l. (Italy)	G.D S.p.A.	-	29
- Ctai Kids S.r.l. (Italy)	G.D S.p.A.	-	-
- G.D South Africa Technical Centre (PTY) Ltd (South Africa)	G.D S.p.A.	-	1
		0	30

G.D. South Africa Technical Centre (PTY) Ltd (South Africa) is consolidated on a line-by-line basis in these consolidated financial statements. It was set up by the subsidiary G.D S.p.A. in 2011 to perform commercial and post-sales assistance activities and was previously stated at cost.

Coesia South Korea was set up in 2013. It is wholly owned by the subsidiary G.D JIDOKIKAI K.K. and indirectly controlled by G.D S.p.A.. It currently provides technical post-sales assistance services and began operating in May 2013.

Following Ctai Kids S.r.l.'s net loss for 2013, the investment in this company, amounting to €160 thousand, was written off. The difference between the investment's carrying amount and its net deficit is recognised under a provision to cover losses of investments under liabilities and is discussed further on.

In 2013, Sasib Inc., wholly owned by Sasib S.p.A., was wound up, as it had already been inoperative since the previous year. There were no net losses or capital losses.

Investments in associates:

	Share/quotaholder	at 31/12/13	at 31/12/12
Measured at cost:			
- Fare Impresa in Dozza S.r.l. - Impresa sociale	G.D S.p.A.	26	6
Measured using the equity method:			
- S.C. Dico Romania S.r.l.	G.D S.p.A.	785	785
- Tsubaki Flexlink Co.	FLEXLINK	26	67
Total investments in associates		837	858

The figures shown in the above table reflect the measurement using the equity method of:

- S.C Dico Romania S.r.l., 40% investment held by the subsidiary G.D S.p.A.;
- Tsubaki Flexlink Co, which carries out commercial and after-sales assistance activities and has its registered office in Tokyo; this company is 49% owned by the subsidiary Flexlink AB and became part of Coesia group after the acquisition of Flexlink group.

In 2013, the investment in Fare Impresa in Dozza S.r.l. – Impresa sociale was increased by €20 thousand following the agreement dated 18 April 2013 whereby G.D. S.p.A. agreed to irrevocably waive repayment of the non-interest bearing loan of the same amount.

Investments in other companies:

	Share/quotaholder	31/12/13	31/12/12
Measured at cost:			
- Gudang Garam	G.D S.p.A.	111	111
- Crit S.r.l.	G.D S.p.A.	52	52
- Other sundry		154	144
Total investments in other companies		317	307

Financial receivables

Financial receivables due after one year include guarantee deposits of €1,498 thousand.

CURRENT ASSETS

INVENTORY

This caption is comprised as follows:

	31/12/13	31/12/12
Raw materials, consumables and supplies	94,873	80,634
Work in progress and semi-finished products	435,960	377,532
Contract work in progress	17,977	12,748
Finished goods	56,766	60,403
	605,576	531,317
(less) Provision for the write-down of inventory	(103,991)	(96,510)
	501,585	434,807
Payments on account	3,466	3,053
Total	505,051	437,860

The change in inventory on the previous year, including translation differences, amounts to €67,191 thousand, net of the €7,481 thousand increase in the provision for the write-down of inventory. Inventory grew by €12,035 thousand and the provision for the write-down of inventory by €3,880 thousand following the acquisition of IPI group.

On a like-for-like basis in the consolidation scope, the increase in inventory over the previous year is mainly due to timing differences in deliveries and orders. The provision for the write-down of inventory is accrued to reflect obsolete, slow-moving and/or excess inventory with respect to normal requirements.

RECEIVABLES

Trade receivables

Trade receivables exclusively relate to the group's industrial activities and are stated net of the provision for bad debts (€26,802 thousand; 31 December 2012: €20,881 thousand). There are no receivables due after one year (31 December 2012: €4,412 thousand). The decrease on the previous year is mainly due to the different timing of collections.

As a result of the change in the consolidation scope following the acquisition of IPI S.r.l., this caption increased by €13,397 thousand.

Receivables from parents

This caption of €185 thousand refers to the Italian group companies' IRES credit from the ultimate parent Is.Co. S.r.l. as the consolidating party for the national tax consolidation scheme of which they are part.

Receivables from unconsolidated subsidiaries

The balance refers to loan receivables from the subsidiary Lesina Autonoleggi S.r.l. (€85 thousand) and trade receivables from the subsidiaries Lesina Autonoleggi S.r.l. (€7 thousand and Ctai Kids S.r.l. (€470 thousand).

Receivables from associates

This amount relates to receivables due from the following companies:

	31/12/13	31/12/12
- Fare Impresa in Dozza S.r.l.	30	20
- S.C Dico Romania S.r.l.	76	38
Total	106	58

The amount due from S.C Dico Romania S.r.l. relates to trade receivables, while the amount due from Fare Impresa in Dozza S.r.l. relates to a short-term loan which accrues interest at market rates.

Tax receivables and deferred tax assets

This caption is comprised as follows:

	31/12/13	31/12/12
Tax receivables:		
- VAT	20,864	20,475
- current and prior year income	5,544	3,129
- other	2,121	1,137
Total	28,529	24,741
Deferred tax assets	59,697	62,792

Deferred tax assets and the provision for deferred tax liabilities are recognised on the temporary differences between the balance sheet values of assets and liabilities and their amounts for tax purposes, as well as on consolidation adjustments. Deferred tax assets primarily relate to recognised taxed provisions and unrealised intercompany profits. They have been recognised since their realisation is reasonably certain. Deferred tax liabilities have been calculated using the rate that substantially reflects the tax charge expected in upcoming years based on current legislation (IRES 27.5% and IRAP 3.9% for Italian companies).

Receivables from others

Such caption, which does not include amounts due after one year, is composed as follows:

	31/12/13	31/12/12
From others:		
- from employees	1,311	1,023
- financial receivables from third parties	14	14
- payments on account	3,017	2,411
- other	6,378	4,007
(Less) provision for bad debts	(139)	(143)
Total	10,581	7,312

CURRENT FINANCIAL ASSETS

This caption is composed as follows:

	31/12/13	31/12/12
Securities:		
Foreign securities	193	6,891
Total	193	6,891

The recognised amount is substantially in line with market values at year end. The change on 2012 is due to the reclassification of financial assets to liquid funds in order to more correctly classify such amounts.

LIQUID FUNDS

This caption is composed as follows (in thousands of Euros):

	Balance at	
	31/12/13	31/12/12
Bank and postal accounts	222,979	272,509
Cash-in-hand and cash equivalents	734	764
Total	223,713	273,273

The change in liquid funds is detailed in the annexed cash flow statement.

PREPAYMENTS AND ACCRUED INCOME

This caption is comprised as follows:

	31/12/13	31/12/12
Accrued income:		
- other	104	185
- technical assistance fees	1,171	0
	1,275	185
Prepayments:		
- invoiced lease prepayments	1,205	1,675
- maintenance instalments	1,264	503
- rent	656	993
- insurance	3,180	3,145
- patents	313	391
- other	1,233	1,969
	7,851	8,676
Total	9,126	8,861

LIABILITIES

NET EQUITY

Pursuant to article 2427.18/19 of the Italian Civil Code, at 31 December 2013, the parent had not issued any dividend-right shares, bonds convertible into shares or other financial instruments offering holders equity or participation rights. Changes in net equity are shown in an annex to these notes.

SHARE/QUOTA CAPITAL

Share capital recognised in the consolidated financial statements at 31 December 2013 represents the share capital (fully subscribed and paid-up) of the parent Coesia S.p.A. and is comprised of 125,000,000 ordinary shares with a nominal value of €1 each.

REVALUATION RESERVES, OTHER RESERVES AND RETAINED EARNINGS

Revaluation reserves amount to €86,135 thousand and are partially taxable on distribution.

SHARE CAPITAL AND RESERVES - MINORITY INTERESTS

This caption mainly consists of the portion of net equity relating to the minority shareholders of Volpak Techgen Packaging Machineries Company Ltd, which is 51% owned by the group, and that relating to the minority shareholders of IPI Asia Pacific, which is 49% owned by the group, but which is consolidated on a line-by-line basis since the parent Ipi S.r.l. exercises significant influence over it.

PROVISIONS FOR RISKS AND CHARGES

These provisions are composed as follows:

	31/12/13	31/12/12
Tax provision, including deferred tax liabilities	25,954	26,620
Other:		
- provision for product warranties and installations	79,025	76,624
- other provisions	24,918	33,054
Total other	103,943	109,678
Total	129,897	136,298

Deferred tax liabilities are accrued mainly in relation to:

- financial statements captions (gains on the sale of assets and grants related to income) which are subject to deferred taxation in accordance with current tax legislation;
- the tax effect of the recognition of leases using the financial method.

The provision for product warranties and installations and other provisions mainly reflect charges for work carried out under warranty and installation to be incurred after the balance sheet date but relating to machinery sold before that date, as well as prudently estimated charges for contract risks and losses on group production activities.

The provision for other risks and charges also includes the €257 thousand accrual to the provision for losses on investments in order to adjust the carrying amount of the investment in Ctai Kids S.r.l. to the net deficit shown in the invesee's 2013 financial statements, currently being approved.

Certain subsidiaries have provided for defined benefit pension plans and private health care policies for their employees. The liability stated in the consolidated financial statements, €16,061 thousand of which relates to Flexlink group and the subsidiary R.A

Jones & Co., has been calculated in accordance with local accounting principles, which are substantially in line with IFRS.

Employees' leaving entitlement

Changes during the year are as follows (in thousands of Euros):

Balance at 31/12/12	31,424
Accrual for the year	8,713
Utilisation for entitlements and advances paid, payment to the INPS fund and supplementary pension funds	(9,486)
Balance at 31/12/13	30.651

Following the pension reform introduced with effect from 1 July 2007, accruing employees' leaving entitlement is transferred to INPS (the Italian social security institution) pension funds, sector funds or authorised private funds depending on the employee's choice. However, employees' leaving entitlement already accrued when the employee made the decision remains with the company and is revalued annually.

Bonds and payables to the parent

The €100,000 thousand bond issue subscribed on 1 July 2006 by the majority shareholder is repayable in one payment on 30 June 2018. The parent Coesia S.p.A. has the right to redeem a portion or all of the outstanding bonds in advance once the eighteenth month and a day from issue have passed, following the resolution of the shareholders during an ordinary meeting. The parent Coesia S.p.A. may not exercise this option until the loans totalling €335 million obtained to finance the purchases of Flexlink group, R.A Jones & Co. and IPI group have been repaid, pursuant to contractual undertakings. Further information is provided in the note to bank loans and borrowings. This bond accrues interest at an annual rate of 4.5% and interest is payable on 30 June of each year for the term of the issue beginning in 2007.

Shareholder loans

At 31 December 2013, this caption totals €10,000 thousand and relates to Coesia S.p.A.'s loan payables to the parent Is.Co S.r.l. for the 12-month loan granted by the latter on 2 December 2013. Interest accrues quarterly at market rates.

Bank loans and borrowings

This caption is composed as follows:

	Balance at 31/12/13				
	Due within one year	Due from one to five years	Due after five years	Total	Balance at 31/12/12
Current account overdraft	4,525			4.525	2,989
Loans – Coesia	10,000	325,000		335,000	347,000
Advances and other loans in foreign currency and in Euros	14,669			14,669	12,666
G.D, Coesia, Sasib and IPI loans	8,027	778		8,805	38,484
Volpak, Norden, GD Brazil, GD Turkey and Flexlink loans	29,223	5,361		34,584	46,888
Total	66,444	331,139	0	397,583	448,027

Changes in the group's liquid funds are shown in the annexed cash flow statement and discussed in the directors' report.

Coesia's loans total €335,000 thousand and were agreed to finance the 2012 acquisitions of Flexlink group and R.A Jones & Co. Inc. and the acquisition of IPI S.r.l. in October 2013.

In July 2013, Coesia completed a debt restructuring process for credit lines and loans granted in 2012 by leading Italian banks to finance the acquisitions of Flexlink group and

R.A Jones & Co. Inc.. This process entailed the partial rescheduling of five-year due dates, which were postponed to 2018.

Accordingly, at 31 December 2013, Coesia's bank loans and borrowings due after one year amount to €325 million, including €120 million due in October 2018 and €205 million due in October 2015. The latter are three-year loans entailing a 24-month grace period and half-yearly repayments, which, along with the 18-month bullet loan of €10 million, were granted on 10 December 2012 to finance the acquisition of R.A. Jones & Co..

The loans falling due in October 2018 of €120 million are committed revolving credit facilities with periodic repayment options defined when they are drawn down. They are granted at market rates. When repayment of the drawdown is due, the company has the power to renew the drawdown until October 2018.

The Coesia loan, with an outstanding payable of €6,826 thousand due within one year, was taken out on 1 July 2009 to finance the acquisition of Norden group. The loan term expires on 31 July 2014 and is repayable in quarterly instalments starting from 31 October 2010. Early repayment is permitted with no penalty. Such loan accrues interest at market rates.

At 31 December 2013, IPI S.r.l. has four medium/long-term loans totalling €1,621 thousand, €778 thousand of which due after one year.

Loans include the foreign currency loan agreed by the subsidiary Flexlink Holding AB in February 2012 with Nordea Bank, amounting to USD30,000 thousand and falling due in August 2014. Outstanding principal amounts to €22,000 thousand.

Furthermore, this caption includes a loan payable of Norden group with Nordea Bank totalling €2,675 thousand, €1,908 thousand of which due after one year.

The main change in loans on the previous year relates to G.D Brazil's repayment of a subsidised financing during the year for a total of €8,833 thousand.

Loans and borrowings from other financial backers

This caption is comprised as follows:

Lender	Type	Balance at 31/12/13 Due within one year	Due from one to five years	Due after five years	Total	Balance at 31/12/12
Min. Industry – ACMA	Law no. 46/82				0	126
Min. Industry – GDM	Law no. 46/82	438	1,401		1.839	2,264
Lease companies	Leases	2,001	7,679	23,295	32,975	29,328
Total		2,439	9,080	23,295	34,814	31,718

The €32,975 thousand payable to lease companies relates to the group's financial exposure in terms of outstanding principal for the lease of machinery and buildings with purchase options. The leases have been recognised in the consolidated financial statements using the financial method, which has entailed the recognition of the value of assets and the related accumulated depreciation commensurate with their residual useful lives under tangible fixed assets, the residual payable under liabilities and the interest expense and depreciation of the year in the profit and loss account. Leases on property have been agreed at floating interest rates.

Loans granted by the Ministry of Industry, Commerce and Handicraft have been disbursed as per Law no. 46 of 1982 for costs incurred to design and develop various technological development projects.

Payments on account and trade payables

The change on the previous year, net of the €8,746 thousand increase due to the acquisition of IPI group, is mainly due to the different timing of orders and deliveries.

Payables to unconsolidated subsidiaries

This caption includes trade payables of €124 thousand due to Ctai Kids S.r.l. and €83 thousand due to the subsidiary Lesina Autonoleggi S.r.l..

Payables to associates

This caption includes trade payables of €194 thousand due to S.C. Dico Romania S.r.l. and €13 thousand due to Fare Impresa in Dozza S.r.l..

Payables to the parent

At 31 December 2013, this caption includes interest of €14 thousand accrued on the loan described above in the note to Shareholder loans.

Tax payables

This caption is comprised as follows:

	31/12/13	31/12/12
Income taxes	2,435	8,216
IRPEF withholdings	9,713	8,923
VAT payable	4,010	3,071
Other	3,383	2,572
Total	19,541	22,782

Tax payables are shown net of withholdings, tax exemption on dividends and advances.

Following the acquisition of the subsidiary IPI S.r.l., tax payables increased by €454 thousand.

Group management does not believe that the years open to inspection for the parent and its main subsidiaries at the balance sheet date (2009 and subsequent years for Italian companies with regard to both direct and indirect taxes) will lead to any significant liabilities not shown in the consolidated financial statements.

Other payables

This caption is comprised as follows:

	31/12/13	31/12/12
Due to employees:		
- wages and salaries	24,698	26,677
- holidays accrued but not taken	12,202	10,371
- other	1,815	852
	38,715	37,900
Due to agents	11,180	9,919
Other	18,137	6,845
	29,317	16,764
Total	68,032	54,664

Following the acquisition of the subsidiary IPI S.r.l., payables for wages and salaries increased by €214 thousand, while payables for accrued holidays not taken increased by €388 thousand.

The increase in payables to others is mainly due to the residual price that Coesia S.p.A. owes for the acquisition of IPI S.r.l. totalling €9,000 thousand and due in two instalments of €4,500 thousand each within one month of approval of the 2013 and 2014 financial statements by the subsidiary's shareholders, respectively, and, in any case, not after 30 June 2014 and 2015, respectively.

ACCRUED EXPENSES AND DEFERRED INCOME

This caption is comprised as follows:

	31/12/13	31/12/12
Accrued expenses:		
- interest expense on bond issue	2,250	2,250
- interest expense on financial payables	1,157	1,128
- other	350	394
	3,757	3,772
Deferred income:		
- interest from customers	74	464
- services invoiced but not provided	2,268	2,426
- other	523	205
	2,865	3,095
Total accrued expenses and deferred income	6,622	6,867

Deferred income for services invoiced but not provided relates to long-term contracts agreed with customers for the supply of spare parts and maintenance services (APS) or services invoiced but not yet provided.

MEMORANDUM AND CONTINGENCY ACCOUNTS

Personal guarantees given

As indicated at the foot of the financial statements, sureties mainly relate to those given by banks in favour of customers to guarantee the correct functioning of machinery or to guarantee supplies. They also relate to guarantees given to the VAT office for reimbursements received by group companies.

Commitments

Pursuant to article 2427-bis of the Italian Civil Code, at 31 December 2013, this caption includes the notional value of €24.9 million for forward purchases in various currencies, particularly the Euro, the US dollar and the Japanese yen, hedging trading transactions carried out mainly by the Flexlink group companies and the subsidiary G.D.M. S.p.A..

The fair value loss of these transactions at 31 December 2013 is approximately €25 thousand, which has not been recognised since they are hedges.

The following transactions are also in place at 31 December 2013:

- an interest rate swap agreed in 2010 to hedge the construction lease of the multi-functional building described earlier, with decreasing notional values. At 31 December 2013, it amounts to €22,723 thousand, with a floor of 2.48% and a cap of 4.5%. The swap has no effects if the 3-month Euribor falls within a range of 2.48% and 4.5%. The fair value loss of this transaction at 31 December 2013 is €1,633 thousand, which has not been recognised since it is a hedge.

Finally, there are three interest rate swaps in place with Mediobanca, BNL and Unicredit, which the parent agreed on 21 December 2012 in relation to the acquisition of the subsidiary R.A Jones & Co. Inc.:

- Mediobanca: a swap with decreasing notional value, totalling €25,000 thousand at 31 December 2013, starting from 11 March 2013 and expiring on 26 October 2015. The swap provides for the quarterly payment/collection of the difference between the 3-month Euribor and fixed rate of 0.37%.
- BNL: a swap with decreasing notional value, totalling €70,000 thousand at 31 December 2013, starting from 11 March 2013 and expiring on 26 October 2015. The swap provides for the quarterly payment/collection of the difference between the 3-month Euribor and the fixed rate of 0.38%.
- Unicredit: a swap with decreasing notional value, totalling €55,000 thousand at 31 December 2013, starting from 10 June 2013 and expiring on 26 October 2015. The

swap provides for the six-monthly payment/collection of the difference between the 6-month Euribor and the fixed rate of 0.5670%.

The fair value loss of these transactions at 31 December 2013 is approximately €168 thousand, which has not been recognised since they are hedges.

Contingencies

This caption includes the following:

Discounted bills not yet due these are discounted bills with banks, mainly in relation to transactions carried out under Law no. 1329/65 (the Sabatini Law) and the portion of receivables covered by the SACE policies and factored with recourse to banks.

Third-party assets with the group companies: the value of third-party assets held by Coesia group companies, specifically, the subsidiaries Acma S.p.A. , Sasib S.p.A. Cima S.p.A. and IPI S.r.l., for a total of €12,439 thousand.

PROFIT AND LOSS ACCOUNT

PRODUCTION REVENUES

TURNOVER FROM SALES AND SERVICES

Turnover from sales and services is composed as follows:

	2013	2012
- Turnover from sales:		
-- machinery	753,504	660,936
-- spare parts, groups and moulds - gears	510,782	392,356
	1,264,286	1,053,292
- Turnover from services	105,083	145,625
	1,369,369	1,198,917

Revenue increased by €115.7 million on the previous year due to the acquisition of R.A Jones & Co, whose profit and loss account was consolidated on a line-by-line basis from

2013.

Turnover from sales and services is broken down below by geographical area (in millions of Euros):

	2013	2012
Italy	35.7	41.0
Europe	416.3	397.3
North America	251.7	153.0
South America	77.7	108.8
Asia and rest of world	588.0	498.8
Total	1,369.4	1,198.9

CHANGE IN CONTRACT WORK IN PROGRESS

Contract work in progress includes certain long-term contracts which, as mentioned in the accounting policies section of these notes, are stated using the percentage of completion method.

PRODUCTION COST

SERVICES

This caption is composed as follows:

	2013	2012
- Third party processing	122,310	114,484
- Maintenance	10,206	7,903
- Utilities (electricity, water and heating)	7,475	6,273
- Other utilities	7,904	4,395
- Commission expense	15,653	16,162
- Advertising, promotions, trade fairs and entertainment	13,672	9,122
- Technical, design, legal, tax, notary and administrative consultancy and IT services	46,722	34,908
- Travel expenses for installers and installations carried out by third parties on the group's behalf and other employee travel expenses	45,194	41,926
- Transport	27,474	26,634
- Company bodies' fees	5,995	6,351
- Patent expenses	3,449	2,885
- Insurance premiums	3,915	3,882
- Other production and general expenses	40,929	45,492
Total	350,898	320,417

Company bodies' fees include €4,906 thousand in relation to fees paid to the directors of the parent Coesia S.p.A. by group companies (including the amount paid by the parent) and €293 thousand in relation to fees paid to members of the parent's board of statutory auditors.

The change in costs on the previous year is mainly due to business volumes and the different timing of production, the installation of machines and the internal/external production mix.

PERSONNEL EXPENSES

These costs are already broken down in the profit and loss account.

The composition of employees by category at year end is provided below:

	31/12/2013	31/12/2012	2013 average
Management	339	301	325
White collars	4,093	3,809	4,031
Blue collars	1,487	1,354	1,398
Total	5,919	5,464	5,754

The number of employees increased by 136 at year end due to the acquisition of IPI S.r.l..

FINANCIAL INCOME AND CHARGES

OTHER FINANCIAL INCOME

Other income

This caption includes the following:

	2013	2012
Interest and other income:		
- Bank interest income	1,993	3,416
- Interest income from customers	1,363	2,262
- Other interest and financial income	7,254	433
	10,610	6,111
Interest income from unconsolidated subsidiaries	2	-
Interest income from unconsolidated associates	-	2
Total	10,612	6,113

The increase in other interest income and other financial income includes income of €7,127 million from the valuation of the pension funds of R.A Jones & Co and of certain Flexlink group companies at that date.

INTEREST AND OTHER FINANCIAL CHARGES

"Other" is composed as follows:

	2013	2012
- Interest expense on the bond issue	4,500	4,500
- Bank charges	1,583	1,649
- Bank interest expense on loans and borrowings	12,694	8,926
- Interest expense to lease companies and other financial backers	293	206
- Discount interest expense	1,185	1,126
- Other	159	355
Total	20,414	16,762

The increase in bank interest expense is largely due to that paid by Coesia S.p.A. to the banks that most recently financed the acquisition of the subsidiary IPI S.r.l. and, in 2012, the acquisitions of R.A Jones & Co. Inc. and Flexlink group, as well as the interest paid by the latter on the loan of an initial USD30,000 thousand, described above in the note to bank loans and borrowings.

EXCHANGE RATE GAINS AND LOSSES

This caption is comprised as follows:

	2013	2012
- Exchange rate gains	7,093	2,981
- Exchange rate losses	(14,871)	(11,272)
Total	(7,778)	(8,291)

Write-downs of investments

This caption includes the write-down for the impairment of the subsidiary Ctai Kids S.r.l..

EXTRAORDINARY INCOME AND EXPENSE

Expense

This caption mainly includes expense of €1,421 thousand for the correction of errors relating to previous years, Coesia S.p.A.'s payment of €500 thousand to the MAST Foundation to set up its endowment and expense of €210 thousand for the subsidiary ACMA S.p.A.'s restructuring.

Furthermore, donations were reclassified to caption B 14 of the profit and loss account. They mainly relate to those to the Hospice Maria Teresa Chiantore Seragnoli Foundation and were, in previous years, classified in extraordinary expense. They amounted to €1,155 thousand (2012: €1,696 thousand).

INCOME TAXES

This caption consists of current taxes amounting to €61,101 thousand and net deferred tax expense of €133 thousand, net of deferred tax income. With respect to Italian companies, deferred taxes were calculated based on the ruling IRES and IRAP rates of 27.5% and 3.9%, respectively.

ANNEXES

These annexes are an integral part of these notes. Their purpose is to provide additional information.

The following information is included in these annexes:

- Statement of intangible fixed assets at 31 December 2013 (Annex I);
- Statement of tangible fixed assets at 31 December 2013 (Annex II);
- Statement indicating the revaluation of assets still on the books in accordance with article 10 of Law no. 72/83 (Annex III);

- List of consolidated investments (Annex IV);
- Statement of changes in consolidated net equity at 31 December 2011, 2012 and 2013 (Annex V);
- Consolidated cash flow statement for the years ended 31 December 2013 and 2012 (Annex VI)

These financial statements provide a true and fair view and are consistent with the accounting records.

On behalf of the BOARD OF DIRECTORS:

Isabella Seragnoli

(signed on the original)

Annex I

STATEMENT OF INTANGIBLE FIXED ASSETS
AT 31 DECEMBER 2013
(in thousands of Euros)

	Balance at 31 December 2012			Changes during the year					Balance at 31 December 2013		
	Historical cost	Accumulated amortisation	Carrying amount	Increase	Decrease	Amortisation	Change in consolidation scope	Translation difference	Historical cost	Accumulated amortisation	Carrying amount
Start-up and capital costs	1,354	(1,223)	131	0	0	(5)	0	0	1,354	(1,228)	126
Industrial patents and intellectual property rights	11,993	(10,615)	1,378	547	0	(353)	18	7	12,565	(10,968)	1,597
Software licences	21,969	(19,997)	1,972	1,916	27	(972)	12	(481)	23,443	(20,969)	2,474
Application software	10,796	(9,873)	923	458	(31)	(567)	0	(16)	10,640	(9,873)	767
Trademarks	13,490	(1,349)	12,141			(1,338)		31	13,521	(2,687)	10,834
Goodwill	352,965	(22,189)	330,776	347	(1,537)	(34,742)	0	(12,175)	339,600	(56,931)	282,669
Goodwill arising on consolidation	210,795	(148,265)	62,530	22,226	0	(9,187)	0	(95)	232,926	(157,452)	75,474
Other:											
- Participation in moulds	5,074	(4,954)	120	80	0	(108)	0	1	5,047	(4,954)	93
- Leasehold improvements	8,551	(6,501)	2,050	201	(43)	(576)	0	(33)	8,100	(6,501)	1,599
- Other	6,623	(2,925)	3,698	2,916	0	(1,816)	387	(14)	8,096	(2,927)	5,169
Total other	20,248	(14,380)	5,868	3,197	(43)	(2,500)	387	(46)	21,243	(14,382)	6,861
TOTAL	643,610	(227,891)	415,719	28,691	(1,584)	(49,664)	417	(12,775)	655,292	(274,490)	380,802
Assets under development and payments on account	2,978		2,978	4,699	0	0	0	0	7,677		7,677
TOTAL INTANGIBLE FIXED ASSETS	646,588	(227,891)	418,697	33,390	(1,584)	(49,664)	417	(12,775)	662,969	(274,490)	388,479

Annex II

STATEMENT OF TANGIBLE FIXED ASSETS
AT 31 DECEMBER 2013
(in thousands of Euros)

	Balance at 31 December 2012			Changes during the year						Balance at 31 December 2013		
								Disposals				
	Cost	Accumulated depreciation	Balance at 31/12/12	Increase	Depreciation	Change in consolidation scope	Translation difference	Cost	Acc. depr.	Cost	Accumulated depreciation	Balance at 31/12/13
Land and buildings	202,215	(74,579)	127,636	5,861	(5,850)	6,199	(949)	(1,273)	308	219,997	(88,065)	131,932
Fixed plant	21,925	(14,717)	7,208	923	(1,314)	4,611	(74)	(40)	35	36,276	(24,927)	11,349
Machinery	185,167	(168,847)	16,320	3,377	(4,744)	3,204	(245)	(1,399)	1,114	193,612	(175,985)	17,627
Tools and equipment	40,738	(33,773)	6,965	2,574	(2,497)	84	(627)	(633)	576	21,840	(15,398)	6,442
Models and moulds	11,084	(10,264)	820	284	(373)	0	(31)	0	0	10,472	(9,772)	700
Office furniture and fittings	22,434	(18,528)	3,906	2,285	(1,003)	57	369	(735)	698	22,532	(16,955)	5,577
Electronic accounting machines	36,425	(32,481)	3,944	2,880	(1,913)	119	(25)	(1,131)	1,125	37,640	(32,641)	4,999
Vehicles	5,507	(3,934)	1,573	564	(565)	36	(63)	(275)	211	5,778	(4,297)	1,481
TOTAL	525,495	(357,123)	168,372	18,748	(18,259)	14,310	(1,645)	(5,486)	4,067	548,147	(368,040)	180,107
Assets under construction and payments on account	42,532		42,532	26,646	0	0	(13)	(127)	0	69,038	0	69,038
TOTAL TANGIBLE FIXED ASSETS			210,904	45,394	(18,259)	14,310	(1,658)	(5,613)	4,067	617,185	(368,040)	249,145

Annex III

STATEMENT INDICATING THE REVALUATION OF ASSETS STILL ON THE BOOKS AT 31 DECEMBER 2013 IN ACCORDANCE WITH ARTICLE 10 OF LAW NO. 72/83
(in thousands of Euros)

	Law no. 576/75	Law no. 72/83	Law no. 413/91	Law no. 342/00	Law no. 350/03	Law no. 266/05	Other	Total
Tangible fixed assets:								
Land and buildings	12	180	443	-	777	-	28	1,440
Fixed plant	-	-	-	-	-	-	-	-
Machinery	15	293	-	17,475	26,464	25,904	-	70,151
Furniture	-	107	-	-	-	-	-	107
Electronic accounting machines	-	7	-	-	-	-	-	7
Tools and equipment	1	8	-	-	-	-	-	9
Models	3	32	-	-	-	-	-	35
Vehicles	-	-	-	-	-	-	-	-
Total tangible fixed assets	**31**	**627**	**443**	**17,475**	**27,241**	**25,904**	**28**	**71,749**

Annex IV

LIST OF CONSOLIDATED INVESTMENTS

COMPANY	REGISTERED OFFICE	SHARE/QUOTA CAPITAL	% OF OWNERSHIP	
			DIRECT	INDIRECT
Consolidated companies:				
Acma S.p.A.	Bologna	€9,300,000	100.00%	
C.I.M.A. S.p.A.	Villanova (Bologna)	€4,810,000	100.00%	
Comesca S.r.l.	Scarperia (Florence)	€41,600		100.00%
G.D Automatic Machinery Ltd	Berkshire (UK)	LST10,000		100.00%
G.D Automatic Packaging Equipment CJSC	Moscow (Russia)	RUB2,500,000		100.00%
G.D Automatische Verpackungsmachinen GmbH	Langenfeld (Germany)	€511,292		100.00%
G.D China Automatic Machinery Ltd	Hong Kong	HKD10,000		100.00%
G.D Do Brasil Maquinas de Embalar Ltda	San Paolo (Brazil)	USD12,490,926		100.00%
G.D Industrie S.r.l.	Bologna	€2,600,000		100.00%
Sasib S.p.A.	Castel Maggiore (Bologna)	€1,746,870		100.00%
G.D Jidokikai K.K.	Tokyo (Japan)	JPY98,000,000		100.00%
G.D Machinery South East Asia Pte Ltd.	Singapore	SGD200,000		100.00%
G.D USA Inc.	Richmond (USA)	USD500,000		100.00%
G.D S.p.A.	Bologna	€4,000,000	100.00%	
G.D.M. S.p.A.	Bologna	€1,500,000	100.00%	
Industrial Estate	London (UK)	GBP100		100.00%
Montale 164 S.p.A. (formerly Jobs S.p.A.)	Piacenza	€137,405	100.00%	
Nova Prefabbricati S.r.l.	Bologna	€15,000		100.00%
Nuove Iniziative Industriali S.r.l.	Bologna	€98,800		100.00%
TOCECO Ltd	Hong Kong	HKD10,000		100.00%
TOCECO International Trading Ltd	Shanghai (China)	HKD1,569,026		100.00%
Volpak SA	Barcelona (Spain)	€9,900,000	100.00%	
PT G.D Indonesia	Indonesia	USD290,000		100.00%
ATS Engineering S.r.l.	Pescara	€16,500		100.00%
Hapa AG	Volketswill (Switzerland)	CHF1,000,000	100.00%	
Hapa & Laetus Inc.	Richmond (USA)	USD100		100.00%
Laetus GmbH	Halsbach - Hahnlein (Germany)	€25,000	100.00%	
Laetus France Sarl	Paris (France)	€20,000		100.00%
Laetus Mexico S. de RL de CV	Mexico City (Mexico)	MXN322,500	100.00%	
Laetus Italia S.r.l.	Bologna	€50,000		100.00%
Group Service S.r.l.	Bologna	€50,000	100.00%	
Volpak Techgen Packaging Machineries Company Ltd	Shijiazhuang Hebei Province (China)	€650,000		51.00%
GD Teknik Hizmetler ve Ticaret Ltd Sirketi	Izmir (Turkey)	TRY500,000		100.00%
Norden Machinery AB	Kalmar (Sweden)	SEK17,336,575	100.00%	100.00%
Norden UK Ltd	Baldock (England)	GBP15,000		100.00%
Franssons Maskinbearbetning AB	Sweden	SEK200,000		100.00%
Citus Kalix Sas	Evry (France)	€7,193,040		100.00%
ADMV Sas	Bourgoin Jallieu (France)	€64,000		100.00%
Sacmo Sa	Saint-Quentin (France)	€1,028,170		100.00%
Coesia Health & Beauty Inc.	New Jersey (US)	USD447,000		100.00%
Nordern GmbH	Ostfildern (Germany)	€25,564.59		100.00%
Sirius Machinery Co Ltd	Suzhou, China	RMB9,678,000		100.00%
Tecnomeccanica S.r.l.	Castenaso (Bologna)	€92,444		100.00%
A&C S.p.A. (formerly Coesia Packaging Machinery S.p.A.)	Bologna	€120,000	100.00%	
Coesia India Pvt. Ltd	Maharashtra (India)	INR5,414,850		100.00%
4S Engineering S.r.l.	Bologna	€20,000	80.00%	
Flexlink Holding AB	Goteborg (Sweden)	SEK3,285,000	100.00%	
R.A Jones & Co. Inc.	Davenport / Covington (USA)	USD10	100.00%	
Flexlink AB	Goteborg (Sweden)	SEK1,000,000		100.00%
PT Flexlink Systems	Jakarta (Indonesia)	IDR928,000		100.00%
Flexlink Systems India Pvt Ltd.	New Delhi (India)	INR100,000		100.00%
Flexlink Automation (Shanghai) Co. Ltd.	Shanghai (China)	CNY1,655.000		100.00%
Flexlink Systems Polska Sp Zoo	Sady (Poland)	PLN50,000		100.00%
Flexlink Systems Russia Llc	St. Petersburg (Russia)	RUB1,000,000		100.00%
Flexlink Systems Sro	Prague (Czech Republic)	CZK1,500,000		100.00%
Flexlink Systems Espana Sl	Molina del Rei (Spain)	€123,000		100.00%
Flexlink Systems Pte Ltd.	Singapore	SGD1		100.00%
Flexlink Systems Ltda	Barueri (Brazil)	BRL666,000		100.00%
Flexlink Systems Pty Ltd.	Mount Waverley (Australia)	AUD1		100.00%
Flexlink Systems Sdn Bhd	Kuala Lumpur (Malaysia)	MYR300,000		100.00%
Flexlink Engineering Sdn Bhd	Kuala Lumpur (Malaysia)	MYR500,000		100.00%
Flexlink Automation Sdn Bhd	Kuala Lumpur (Malaysia)	MYR300,000		100.00%
Flexlink Systems Inc.	Allentown (USA)	USD1,000		100.00%
Flexlink Systems Sas	Elancourt (France)	€80,000		100.00%
Flexlink Systems (Canada) Inc.	Toronto (Canada)	CAD1,200,000		100.00%
Flexlink Systems GmbH	Offenbach an Main (Germany)	€102,000		100.00%
Flexlink Systems Ltd.	Milton Keynes (UK)	GBP1,599,000		100.00%
Flexlink Systems Kft	Budapest (Hungary)	HUF10,000,000		100.00%
Flexlink Systems S.p.A.	Rivoli (Italy)	€306,000		100.00%
Flexlink Systems Bv.	Hoofdorp (The Netherlands)	€23,000		100.00%
Flexlink Systems Nv.	Heverlee (Belgium)	€62,000		100.00%
Flexlink Components Inc	Allentown (US)	USD1,000		100.00%
Intramotion LLC	Lviv/Ukraine	UAH471,000		100.00%
Oberger Daten- und Systemtechnik GMBH (Obsys)	Offenbach/Germany	€224,000		100.00%
G.D South Africa Technical Centre (PTY) Ltd	Johannesburg (South Africa)	ZAR100		100.00%
Coesia Korea Co. Ltd	Korea	WON50,000		100.00%
IPI S.r.l.	Perugia (Italy)	€13,000,000	100.00%	
IPI Asia Pacific	Thailand	€49,000		49.00%
IPI Ucraine LTD	Ukraine	€9,449		100.00%
IPI Beverage Pack Syst. IBE S.L.	Spain	€3,010		100.00%
IPI Paketleme San. Ve. Tic. LTD	Turkey	€288,565		100.00%
Companies measured using the equity method				
S.C. Dico Romania S.r.l.	Comuna Pielesti (Romania)	RON6,190,870		37.73%
Tsubaki Flexlink Co.	Tokyo (Japan)	JPY50,000		49.00%
Companies measured at cost				
Lesina Autonoleggi S.r.l.	Bologna	€15,000		99.00%

Fare Impresa in Dozza S.r.l. - Impresa sociale	Bologna	€20,000	30.00%
CSCJ Acma Rus	Moscow (Russia)	RUB10,000	100.00%
Ctai Kids S.r.l.	Bologna (Italy)	250,000	100.00%

Annex V

STATEMENT OF CHANGES IN CONSOLIDATED NET EQUITY AT 31 DECEMBER 2011, 2012 AND 2013
(in thousands of Euros)

	SHARE CAPITAL	STATUTORY RESERVE	LEGAL RESERVE	REVALUATION RESERVE	RESERVE FOR OWN SHARES	RESERVE FOR GRANTS	OTHER RESERVES	RETAINED EARNINGS	TRANSLATION RESERVE	NET PROFIT FOR THE YEAR	TOTAL
Consolidated net equity at 31 December 2010	**125,000**	**0**	**10,761**	**86,135**	**0**	**0**	**0**	**(28,864)**	**23,527**	**33,059**	**249,618**
Allocation of net profit for 2010			665					32,394		(33,059)	0
Reclassification under reserves									0		0
Translation difference									792		792
Other changes								(11)			(11)
Net profit for the year										60,727	60,727
Consolidated net equity at 31 December 2011	**125,000**	**0**	**11,426**	**86,135**	**0**	**0**	**0**	**3,519**	**24,319**	**60,727**	**311,126**
Allocation of net profit for 2011			207					60,520		(60,727)	0
Reclassification under reserves									0		0
Translation difference									2,611		2,611
Other changes								114			114
Net profit for the year										75,909	75,909
Consolidated net equity at 31 December 2012	**125,000**	**0**	**11,633**	**86,135**	**0**	**0**	**0**	**64,153**	**26,930**	**75,909**	**389,760**
Allocation of net profit for 2012			274					75,635		(75,909)	0
Distribution of dividends								(16,000)			(16,000)
Reclassification under reserves											
Translation difference									(19,041)		(19,041)
Other changes								(7)			(7)
Net profit for the year										64,412	64,412
Consolidated net equity at 31 December 2013	**125,000**	**0**	**11,907**	**86,135**	**0**	**0**	**0**	**123,781**	**7,889**	**64,412**	**419,124**

Annex VI

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012

(in thousands of Euros)

	2013	2012
OPENING NET FINANCIAL POSITION	**192,512**	**249,128**
CASH FLOWS GENERATED BY (USED IN)		
OPERATING ACTIVITIES		
Net profit for the year	64,412	75,909
Depreciation and write-downs of tangible fixed assets	18,259	(3,285)
Amortisation and write-downs of intangible fixed assets	49,664	26,703
Accrual to the employees' leaving entitlement	8,713	8,724
Utilisation of employees' leaving entitlement	(9,865)	(36,339)
Change in provisions for risks and charges	(7,656)	46,647
Change in inventory	(59,036)	(67,097)
Change in receivables	19,418	(49,745)
Change in trade payables, payables to unconsolidated subsidiaries, tax payables, social security charges payable, other payables and payables to the parent	19,036	(10,712)
Net change in prepayments and accrued income and accrued expenses and deferred income	(146)	3,427
Other changes in net equity	(7)	1,431
Change in payables to minority shareholders	(2)	(2,880)
Translation difference on current assets	(4,606)	5,821
	98,184	(1,396)
CASH FLOWS USED IN		
INVESTING ACTIVITIES		
Investments in tangible fixed assets	(45,394)	(12,980)
Investments in intangible fixed assets	(11,164)	(9,414)
Disposals of intangible fixed assets, net	1,584	8,395
Disposals of tangible fixed assets, net	1,546	360
Change in fixed assets following change to the consolidation scope	(25)	(2,860)
	(53,453)	(16,499)
CASH FLOWS GENERATED BY (USED IN)		
FINANCING ACTIVITIES		
Dividends paid	(16,000)	0
Change in and loans and borrowings from other financial backers and bank loans and borrowings		
due after one year	(35,470)	361,211
Change in other financial fixed assets	49	1,676
Change in securities classified as current assets	6,698	795
	(44,723)	363,682
CASH FLOWS GENERATED DURING THE YEAR	**8**	**345,787**
Effect of cash flows generated by the 2013 acquisition of IPI group, the 2012 acquisitions of Flexlink group and RA Jones & Co and the 2012 sales of MC Automations S.r.l. and Tecnosweet S.r.l. in 2012	(37,690)	(402,403)
CLOSING NET FINANCIAL POSITION	**154,830**	**192,512**