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

COESIA S.p.A.

Separate financial statements as at and for the year ended 31 December 2015 (with independent auditors' report thereon)

KPMG S.p.A.
21 April 2016

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

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
COESIA S.p.A.

Report on the separate financial statements

We have audited the accompanying separate financial statements of COESIA S.p.A., which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and notes thereto.

Directors' responsibility for the separate financial statements

The directors of COESIA S.p.A. are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation.

Independent auditors' responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the separate financial statements give a true and fair view of the financial position of COESIA S.p.A. as at 31 December 2015 and of its financial performance for the year then ended in accordance with the Italian regulations governing their preparation.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report with the separate financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report, which is the responsibility of the directors of COESIA S.p.A., with the separate financial statements. In our opinion, the directors' report is consistent with the separate financial statements of COESIA S.p.A. as at and for the year ended 31 December 2015.

Bologna, 21 April 2016

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

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FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS' REPORT

Dear shareholders,

This report accompanies the separate financial statements as at and for the year ended 31 December 2015 of Coesia S.p.A., which we submit for your approval.

Events of the year and activities of the company

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, consumer goods segments, aseptic filler machines, package opening and closing systems and multi-layer packaging material using a combination of polyethylene, paper and aluminium sheets (Advanced Automated Machinery and Materials), (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).

COESIA S.p.A. is the direct parent of the following companies operating in the various group businesses and belonging to the following operating segments, i.e.:

ADVANCED AUTOMATED MACHINERY & MATERIALS (AAM&M)

- 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, Turkey and the United Arab Emirates) 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. wholly owns Sasib S.p.A., with registered office in Castel Maggiore (Bologna), a company that produces automated machinery for the tobacco industry with a large range of maker and packer lines installed in several markets throughout the world and which completes and integrates, also in the low speed segment, the lines of products that G.D S.p.A. offers to its customers;

- 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), manufactures packaging and tube filling machines for the cosmetics and pharmaceutical industry, in addition to packing lines. It directly controls SACMO SA and ADMV SAS which are consolidated within the Industrial Process Solution (IPS) operating segment.
- 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 sector for the cosmetics industry, in addition to packing lines;
- 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>INDUSTRIAL PROCESS SOLUTIONS (IPS)</u>

- FLEXLINK AB, a Swedish group with registered office in Gothenburg (Sweden), operates in the design, construction and sale of manufacturing logistics solutions;
- HAPA AG, with registered office in Zurich (Switzerland), is active in the in-line printing solutions for the pharmaceutical segment;
- ADMV SAS, with registered office in Bourgoin Jailieu (France), manufactures robotic systems, bowl feeders and disk feeders, blade elevators, depalletizers, palletizers and vision systems;
- SACMO SA, with registered office in Saint-Quentin (France), designs full packaging machinery production lines and rebuilds and retrofits machinery already being used in production.

<u>OTHERS</u>

- CIMA S.p.A., with registered office in Bologna, designs and manufactures high performance precision gears, gearboxes and suppressors for the racing, aerospace, automotive and automated machinery segments;

At their meeting held on 24 March 2015, the company's shareholders approved the partial proportional demerger of the entire investment in Mast S.r.l. to its parent Is.Co S.r.l.. This transaction is part of a broader corporate transaction involving different legal entities included in Coesia group, comprising: i) on 10 February 2015 the acquisition of the entire investment in Mast S.r.l. (formerly Ctai Kids S.r.l.) by COESIA S.p.A. from G.D S.p.A. and ii) on 12 March 2015, the early redemption of the purchase option by GD

S.p.A. of the property financial lease concerning the multipurpose building called “MAST” (Factory of Art Experimentation and Technology). The effectiveness of the aforementioned demerger of Mast S.r.l. to Is.Co S.r.l. was conditional on the demerger of the MAST building, the related appurtenance areas and their chattels, by the subsidiary GD S.p.A. to Mast S.r.l. for a total of €69 million. Both demerger transactions will have legal, tax and accounting effect starting from 1 July 2015.

As of the completion of the above-mentioned transactions, the multipurpose “MAST” building is owned by Mast S.r.l., a subsidiary of Is.Co S.r.l..

On 1 December 2015, the business related to the design, manufacturing and sale of equipment for controlling product manufacturing and traceability (Track and Trace) used in the sector of machinery for the pharmaceutical industry was sold. The sale of such business entailed selling Laetus GmbH and Laetus France Sarl and the business units of certain group companies. The sale of the investment in Laetus GmbH, which fully controlled Laetus France Sarl, generated a gain for Coesia S.p.A. of €17.4 million.

Furthermore the subsidiary Montale 164 S.p.A. was wound up in December 2015 as it was no longer operative, leading to a loss of €18 thousand.

The economic situation

The macroeconomic situation was still uncertain at the end of 2015, with global economic activities held back by smaller growth in emerging countries, while the slight revival of advanced economies continued.

In the year, US GDP rose 2.5% (+2.4% in 2014), Eurozone GDP rose 1.5% (+0.8% in 2014). In Germany, it grew only 1.5% (in line with 2014), whereas in Japan, it increased 0.6% (+0.1% in 2014). In the emerging countries, economic activity slowed, although it remained at positive levels in China and India. Chinese GDP grew 6.9%, compared to growth of 7.4% in 2014, while India’s GDP climbed 7.3%, compared to approximately

5.8% in 2014.

According to the International Monetary Fund’s most recent estimates, at a global level, the expected growth for 2016 and 2017 should be around 3.4% and 3.6%, respectively, although estimates have been reduced by roughly 0.2% compared to those made during the year.

This forecast basically mirrors the slight drop in the expected revival of emerging countries, especially for Brazil and Middle Eastern countries due to the political uncertainty and fall in oil prices. However, it also reflects a forecast growth for the United States in line with previous years rather than recording a further increase (2.6% growth in 2016 and 2017).

The growth of the Euro area in 2016 should be 1.7%, in line with that of Germany. In the Eurozone, as well as the forecast growth in Germany, estimates are confirmed for Spain and Italy, which are expected to grow by 1.3% and 2.7%, respectively, in 2016; Japan continues to struggle, with a 1.0% growth predicted in 2016.

In the emerging and developing countries, the growth in the coming two years is expected to remain steady at over 4% per year, although estimates have been revised downwards compared to those made during 2015.

Markets

With regard to the operating segments of the group companies, the results achieved in 2015 were in line with forecasts, increasing on 2014 despite the uncertain macroeconomic situation.

Coesia group’s operating segments are analysed as follows.

Advanced Automated Machinery and Materials (AAM&M)

2015 showed significantly improved results on the previous year in a tough market situation. The better financial results in terms of sales and profitability were achieved thanks to territorial expansion, a broader customer portfolio, greater efficiency in executing projects and services and the implementation of effective cost control actions.

The consumer goods machinery and aseptic filling machinery and materials businesses confirm strongly improving results driven by demand with a solid growth trend in western markets and more industrialised countries where the investments of the main customers are tied to the need to diversify and innovate products and the demand for greater efficiency in production processes which are met by the product portfolio and quality of after-sales services in the consumer goods machinery business. Wider territorial range and increasing industrial and operating synergies also meant the customer portfolio in emerging countries could be expanded. This trend was seen in both the consumer goods machinery and aseptic filling machinery and materials businesses. The focus on improving project execution processes, the implementation of specific actions aimed at innovating after-sales services and attention paid to cost control and reaching high standards of production efficiency, all enabled the consumer goods machinery and aseptic filling businesses to significantly boost profitability. The latter was also sustained by the ability to provide products with a high technological content and strongly innovative features.

With regard to the tobacco market, global cigarette consumption remained substantially steady thanks to positive market trends in South East Asia, the Middle East and Africa, offsetting the slowdown in consumption in western markets and China. Thanks to the focus on innovative products and improving after-sales services to customers, the fall in demand for standard machinery was cushioned.

The group’s significant investments in R&D and its global presence mean it foresees a positive outlook in sales and profitability for the future. Investments underway are aimed at improving both the technical characteristics of group products and broadening the service portfolio, thus guaranteeing the performance of investments for customers over their useful life.

Industrial Process Solutions (IPS)

2015 also saw significant improvements in results for the IPS segment compared to the previous year with regard to the main financial indicators. The reference markets recorded trends in line with the global macroeconomic situation, remaining stable in western economies in the main industrial sectors (Automotive, Pharmaceuticals and Food and Consumer Goods) and showing positive trends in emerging and developing countries. The main companies of the segment also achieved significant improvements in project execution and testing processes and important efficiencies in the cost base.

Forecasts for 2016 show further systematic growth with strategies continuing from previous years.

<u>Business risks</u>

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.

Furthermore, in relation to market risks for the subsidiary G.D, there are new stricter laws being introduced in the European Union, as well as in non-EU countries, that may have additional influence on cigarette consumption and the demand for new machinery. The new EU Tobacco Products Directive, currently being transposed by national governments, places significant restrictions on tobacco products. Specifically, starting from May 2016, certain EU member states will enforce so-called plain packaging, i.e., a packet of standard colour and size where the brand has limited relevance. However, there are still many possibilities of interpretation, creating uncertainties that are reflected in the stalling tactics currently seen in market investments. These new regulations could also create an opportunity for supplying kits and transformation groups for existing machinery in order to adapt them to the new legislation.

Though present, the related credit, liquidity, currency and interest rate risks do not have significant potential impacts on the current consolidated financial position and that of individual group companies. In any case, they are suitably monitored and managed.. Specifically, the policy of COESIA S.p.A. and its subsidiaries is to reduce currency and interest rate risks via specific hedges.

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 3.5% of its revenue 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. The parent and main Italian group companies adopted the management model provided for by Legislative decree no. 231/2001 covering safety in the workplace and they updated it to include bribery in the private sector and undue inducement to give or promise benefits.

Performance

In 2015, our company achieved a net profit of €22.9 million (2014: €15.6 million), mainly characterised by:

- the above-mentioned sale of the investment in Laetus GmbH which generated a gain of €17.4 million;
- dividends from subsidiaries totalling €16.0 million (including €10 million from G.D S.p.A. and €6 million from Flexlink AB), compared to €33.5 million in 2014;

Trends in financial income and charges are shown in the cash flow statement attached to the notes to the financial statements. The net financial debt at 31 December 2015 amounts to €456.2 million, compared to €479.6 million at 31 December 2014 (including financial receivables/payables from/to subsidiaries, the financial payable to the parent and bonds). Bank loan and borrowings total €145 million at 31 December 2015 and include a bullet loan of €100 million granted in 2015 and due in 2019, a bullet loan of €30 million due in 2018 and revolving committed lines of €15 million due in 2020. The above-mentioned bank loans, together with the cash flows generated by the sale of the investment in Laetus GmbH mentioned earlier and by dividends distributed and/or loans granted by subsidiaries, enabled the company to repay the loan of €205 million received in previous years to finance the acquisition of R.A Jones & Co. in 2012. Furthermore, there are two bond issues of €100 million each in place at 31 December 2015, redeemable on 30 June 2018 and 1 October 2021, respectively.

Financial charges of €18.7 million are more or less in line with the previous year (€18.9 million for 2014).

Presentation of the consolidated financial statements

As the company holds significant controlling interests, as defined by article 2359 of the Italian Civil Code, and for more complete disclosure, it has prepared consolidated financial statements as at and for the year ended 31 December 2015 pursuant to Legislative decree no. 127/91. The consolidated financial statements will be filed together with the separate financial statements. The 2015 consolidated financial statements were prepared for the first time in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission according to the procedure as per article 6 of EC Regulation no. 1606/2002 of the European Parliament and Council of 19 July 2002 and pursuant to article 9 of Legislative decree no. 38/05.

Research and development activities

The company does not carry out any research and development activities directly.

Related party transactions

A detailed list of all transactions with group companies, carried out on an arm's length basis, is included in the notes to the separate financial statements, to which reference should be made.

The performance of the main group subsidiaries is discussed below, referring to IFRS data provided by the subsidiaries for the purposes of the preparation of the 2015 consolidated financial statements:

- G.D S.p.A. performed better than in 2015. Its 2015 turnover is higher than the prior year, rising from €641.0 million to €668.3 million. Its operating profit was €186.4 million (€165.6 million in 2014), after R&D costs of around 4.5% of turnover. The improvement on 2014 is mainly due to higher volumes, the favourable mix of products sold and effective actions put in place to improve productive effectiveness and cost control;
- A.C.M.A. S.p.A. ended the year with an operating profit of €1.6 million, showing a great improvement on the previous year (in 2014, the operating loss was €9.0 million). This improvement was achieved thanks to the increase in the effectiveness and in the efficiency of projects execution, focus on key product technologies and development of after-sales activities. Furthermore, significant

cost control measures were implemented;

- 2015 was a positive year for GDM S.p.A.. It increased its results compared to 2014: turnover in 2015 (€77.1 million) is greater than 2014 (€66.5 million), while the operating profit significantly improved (2015: €9.9 million; 2014: €8.6 million). The company ended the year with a good number of commercial negotiations to be fulfilled in 2016 and it predicts an year of consolidation in emerging markets and customer portfolio diversification;
- VOLPAK SA ended 2015 with turnover (€64.0 million) up on 2014 (€53.6 million). The operating profit fell from €4.3 million in 2014 to an operating loss of €0.3 million in 2015 due to higher costs to execute innovative highly-technological projects and delays in receiving orders from key customers. However, the decrease was limited by the implementation of important cost containment actions which will be fully applied in 2016;
- CIMA S.p.A. performed better in 2015 than in 2014. The company's 2015 turnover is in line with the previous year (from €22.3 million in 2014 to €22.1 million in 2015), but the operating profit grew from €0.9 million in 2014 to €1.7 million in 2015. The significant improvement was mainly due to the favourable product sales mix, achieved also thanks to the diversification in the customer base and penetration into new sectors, such as aerospace and aeronautics;
- in 2015, Hapa AG enjoyed growth in consolidated turnover (€50.1 million in 2015, compared to €46.2 million in 2014) and an improvement in its operating profit (€6.7 million in 2015, compared to €5.5 million in 2014). The significant improvement in operating profit is mainly due to the further expansion of the after-sales segment and improved efficiency in executing projects;
- Norden group, which also includes Citus Kalix Sas, improved its turnover in 2015,

which grew from €114.7 million in 2014 to €117.0 million in 2015, mainly related to the filling tube segment. The operating profit increased significantly to €8.5 million in 2015 (€5.4 million in 2014) thanks to the focus on product innovation which led to greater profitability and thanks to actions targeted at boosting production efficiency and contain rising cost trends;

- Flexlink group ended 2015 with consolidated turnover of €219.3 million (2014: €194.3 million) and an operating profit of €20.5 million (2014: €9.0 million). The 2015 operating profit reflects the favourable impact of the project mix which saw a prevalence of medium-sized orders and with a high level of innovation. Furthermore, the company implemented effective cost control actions and improvements in productive and logistic processes. The strategy for 2016 carries on in continuity with the previous year. The new year has seen a positive start with a higher order backlog and a significant number of customer negotiations;
- R.A. Jones & Co. posted 2015 turnover of €138.6 million (€107.7 million in 2014) and an operating profit of €19.1 million (€7.1 million in 2014). The company's particularly positive performance was characterised by the focus on after-sales activities, improvements in project execution and testing processes and important cost streamlining related to both industrial and operating costs and overheads;
- Lastly, IPI group ended 2015 with a turnover of €61.9 million (2014: €55.1 million) and an operating profit of €5.5 million (2014: €3.8 million). The key operating and financial indicators of IPI were generally positive and consistent with the expectations of the initial business plan. During the year, IPI group has fully integrated into Coesia and benefited from synergies with other group companies, especially with regard to regional structures and technical organisation. The goal for 2016 is to further consolidate the operating profit thanks to constant focus on

product and process technological innovation, diversification of the customer portfolio and penetration of new markets. We point out that IPI Asia Aseptic Packaging Systems SDN BHD was set up in 2015 with registered office in Negeri Sembilan (Malaysia) in order to create a new facility for the production of multi-layer packaging material obtained by extruding polyethylene, paper and aluminium in order to bolster IPI's presence in South East Asian markets.

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 or shares of parents

The company does not hold any own shares.

Subsequent events

Nothing to report.

Management and coordination

Coesia S.p.A. is not managed and coordinated by other companies. It manages and coordinates all of its subsidiaries.

Outlook

The company's results are directly impacted by the performance of its subsidiaries.

Positive forecasts can be confirmed for the group in 2016 considering the trends in negotiations underway with customers, incoming orders expected during the year and the current backlog. Expectations for the Advanced Automated Machinery & Materials operating segment include a basic confirmation of the main financial results, maintaining profitability thanks to the product mix, the expansion of the sales coverage and efficiency programmes for processes with risks deriving from the normal volatile nature of the business against an uncertain macroeconomic backdrop, including specific risks linked to tobacco sector legislation.

The Industrial Process Solutions segment is expected to improve its financial results in 2016 compared to the previous year, in terms of both sales and profitability. In line with previous years, the strategy focuses on segments and products with strong innovation and differentiation characteristics in order to boost penetration into more profitable sectors. It will particularly target strengthening and further developing relations with leading global players, expanding the sales territory and implementing actions to boost the efficiency of industrial and operating processes.

The separate financial statements as at and for the year ended 31 December 2015, which we submit for your approval, show a net profit of €22,923,509.26, net of provisions for all charges relating to the year. We propose the net profit be allocated as follows:

- €1,146,175.46 to the legal reserve;
- €4,935,373.77 to the translation reserve;
- and €16,841,960.03 to the extraordinary reserve.

We trust that you will approve of our work and we are confident that the company will continue to perform well.

Bologna, 21 April 2016

On behalf of the BOARD OF DIRECTORS:

Isabella Seragnoli

(signed on the original)

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

Fully paid-up share capital €125,000,000.00

Tax code and Bologna Company Registration no. 02221441203 - REA no. 421928

(figures shown in Euros)

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BALANCE SHEET	**31 December 2015**	**31 December 2014**
ASSETS		
(A) Share capital proceeds		
to be received	0	0
(B) Fixed assets		
I - Intangible fixed assets:		
1) Start-up and capital costs	0	0
4) Concessions, licences, trademarks and similar rights	343,521	282,436
6) Assets under development and payments on account	0	98,000
7) Other	3,627,532	4,387,266
Total	3,971,053	4,767,702
II - Tangible fixed assets	0	0
III - Financial fixed assets		
1) Investments:		
a) subsidiaries	677,341,541	711,623,591
2) Financial receivables from others		
- due after one year	3,771,700	19,310
Total	681,113,241	711,642,901
Total fixed assets (B)	685,084,294	716,410,603
(C) Current assets		

I - Inventory	0	0
II - Receivables		
2) From subsidiaries:		
due within one year	3,143,188	4,548,339
due after one year	51,001,178	50,263,555
4) From the parent	5,310,924	6,306,445
4-bis) Tax receivables	163,855	482,351
5) From others	80,894	94,641
Total receivables	59,700,039	61,695,331
III - Current financial assets	26,607,364	20,063,981
IV - Liquid funds		
1) Bank and postal accounts	5,185,558	40,902,327
3) Cash-in-hand and cash equivalents	6,226	4,605
Total liquid funds	5,191,784	40,906,932
Total current assets	91,499,187	122,666,244
(D) Prepayments and accrued income	77,441	80,825
TOTAL ASSETS	776,660,922	839,157,672
LIABILITIES		
(A) Net equity		
I - Share capital	125,000,000	125,000,000
II - Share premium reserve	0	0
III - Revaluation reserves	0	0
IV - Legal reserve	9,300,924	12,272,267
V - Statutory reserves	0	0
VI - Reserve for own shares in portfolio	0	0

VII - Other reserves		
1) Extraordinary reserve	67,093,011	82,650,361
2) Translation reserve	3,299,538	0
4) Euro rounding reserve	2	1
VIII - Retained earnings/(losses carried forward)	0	0
IX - Net profit for the year	22,923,509	15,570,844
Total net equity	227,616,984	235,493,473
(B) Provisions for risks and charges		
2) Tax provision, including deferred tax liabilities	2,472,487	1,180,050
3) Other provisions	450,000	450,000
Total provisions for risks and charges	2,922,487	1,630,050
(C) Employees' leaving		
entitlement	110,868	103,080
(D) Payables		
1) Bonds:		
- due after one year	200,000,000	200,000,000
4) Bank loans and borrowings		
- due within one year	0	205,000,000
- due after one year	145,000,000	30,000,000
Total bank loans and borrowings	145,000,000	235,000,000
7) Trade payables	1,822,292	892,634
9) Payables to subsidiaries	194,614,749	156,774,595
12) Tax payables	454,621	426,843
13) Social security charges		
payable	146,697	74,584

14) Other payables		
- due within one year	405,775	4,962,728
Total payables	542,444,134	598,131,384
(E) Accrued expenses and deferred income	3,566,449	3,799,685
TOTAL LIABILITIES	776,660,922	839,157,672

MEMORANDUM AND CONTINGENCY ACCOUNTS

Personal guarantees given:		
- Sureties in favour of subsidiaries	11,393,491	0
- Sureties in favour of third parties	3,452,138	6,600
Total	14,845,629	6,600
Commitments:		
- Currency forwards	2,668,089	1,497,000
Total	2,668.089	1,497,000

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PROFIT AND LOSS ACCOUNT	**2015**	**2014**
(A) Production revenues		
5) Other revenues and income	5,644,429	7,856,297
Total production revenues	5,644,429	7,856,297
(B) Production cost		
7) Services	5,752,914	7,811,141
8) Use of third party assets	256,576	178,788
9) Personnel expenses:		
a) wages and salaries	1,828,964	1,645,317
b) social security contributions	470,071	472,967
c) employees' leaving entitlement	106,086	107,106

e) other costs	30,779	29,863
10) Amortisation, depreciation and write-downs:		
a) amortisation of intangible		
fixed assets	1,864,743	1,840,208
14) Other operating costs	9,961	128,563
Total production cost	10,320,094	12,213,953
Operating loss	(4,675,665)	(4,357,656)
(C) Financial income and charges		
15) Income from investments:		
in subsidiaries		
a) dividends	16,000,000	33,543,760
16) Other financial income:		
d) other income	661,231	84,771
- interest from subsidiaries	3,283,695	2,858,198
17) Interest and other financial charges:		
- interest to subsidiaries	(2,931,951)	(2,667,871)
- interest to the parent	0	(162,387)
- other	(15,753,111)	(16,053,808)
17-bis) Net exchange rate gains	5,666,117	5,990,705
Net financial income	6,925,981	23,593,368
(D) Adjustments to financial assets		
19) Write-downs:		
a) investments	(17,663)	(7,315,000)
Total adjustments to financial assets	(17,663)	(7,315,000)
(E) Extraordinary income and expense		

20) Income		
- gains on sale of investments	17,364,185	0
- taxes relative to prior years	22,658	6,751
21) Expense		
- Euro rounding	(1)	(1)
Net extraordinary income	17,386,842	6,750
Pre-tax profit	19,619,495	11,927,462
22) Income taxes, current taxes,		
deferred tax income and expense	(1,292,437)	(1,688,592)
- income due to participation in the		
national tax consolidation scheme	4,596,451	5,331,974
23) Net profit for the year	22,923,509	15,570,844

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

(in thousands of Euros)

COMPANY PROFILE, BUSINESS ACTIVITIES AND EVENTS OF THE YEAR

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, fast moving consumer goods segments, aseptic filler machines, package opening and closing systems and multi-layer packaging material using a combination of polyethylene, paper and aluminium sheets (Advanced Automated Machinery and Materials), (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).

Reference should be made to the directors' report for comments on the activities carried out in 2015.

BASIS OF PRESENTATION

The separate financial statements have been prepared in accordance with the provisions of the Italian Civil Code. They are comprised of the balance sheet (prepared using the formats provided for by articles 2424 and 2424-bis of the Italian Civil Code), the profit and loss account (prepared using the format provided for by articles 2425 and 2425-bis of the Italian Civil Code) and these notes. They are accompanied by the directors' report and the cash flow statement prepared using the indirect method. For each balance sheet and profit and loss account caption, the corresponding figure at 31 December 2014 has been given, duly adjusted, if not comparable. If the relevant circumstances are material, the adjustments are commented on in the notes.

The purpose of the notes is to illustrate, analyse and, in certain cases, integrate the separate financial statements figures, in addition to providing the information required by article 2427 of the Italian Civil Code. Furthermore, the notes provide all information considered necessary to give a true and fair view of the company's financial position and results of operations, even if not specifically required by the law.

The law has been interpreted and integrated, where necessary, based on the accounting standards promulgated by the Italian Accounting Standard Setter ("Italian GAAP").

Reference is made to the directors' report which accompanies the separate financial statements for information on subsequent events.

ACCOUNTING POLICIES

In accordance with article 2426 of the Italian Civil Code, the most significant accounting policies applied in the preparation of the financial statements as at and for the year ended 31 December 2015, which are consistent with the policies applied in the preparation of the financial statements of the previous year and approved by the board of statutory auditors, where required by law, are described below.

a) 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 required by OIC 9, at each reporting date, the group assesses whether there is any indication that a tangible or intangible fixed asset may be impaired. If there such an indication, the group estimates the asset's recoverable amount and recognises a write-down only if the latter is lower than the asset's carrying amount.

An asset's recoverable amount is the higher of its value in use and its fair value less costs of disposal.

Value in use is calculated on the basis of the present value of the future cash flows expected to be derived from an asset estimated using the current market rate.

If there is no binding sale agreement, the fair value is estimated by reference to the quoted prices of an active market, recent transactions or best available information that reflects the amount that can be obtained from the sale of the asset.

If the recoverable amount is lower than an asset's carrying amount, the latter is written down to that lower amount and the resulting impairment loss is recognised as a write-down in the profit and loss account.

b) Investments that the company intends, and has the capacity, to hold for a long period of time are recognised under fixed assets. Otherwise, they are recognised under current assets.

Transfers in or out of the two categories (fixed assets, current assets) are recognised in accordance with the accounting policies applicable to the portfolio which the investment comes from.

Financial fixed assets include investments acquired upon the merger of CSII Industrie S.p.A. in 2003, and those acquired and established in following years. They are stated at acquisition or subscription cost, including any related charges, in some cases adjusted pursuant to Law no. 72/83.

The cost is 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.

c) Receivables are stated at their estimated realisable value.

d) Prepayments and accrued income, accrued expenses and deferred income include costs and revenues relating to two or more years and are recognised on an accruals basis.

e) Securities of a short-term investment nature are measured at the lower of acquisition or subscription cost and market value, which, in the case of listed securities, is the average price of the last month of the year. If there is no active market, the expected realisable value is estimated using appropriate valuation techniques, in order to identify the possible price for a hypothetical sale of the security at the reporting date. The estimate takes into account the performance of the relevant security's reference market.

Current financial receivables are recognised at the lower of their carrying amount and net expected realisable value. Accrued interest income not yet collected at the reporting date is recognised on an accruals basis.

f) Liquid funds are stated at their nominal amount.

g) Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but for which the cash outflow required to settle them will take place in subsequent years. The accruals made to these provisions represent the best possible estimate of costs, including legal expenses, at each reporting date and are not discounted. Should the outcome of the measurement process be a range of amounts, the accrual is the best estimate between the minimum and maximum amounts in the range.

These provisions are used directly and only for those expenses and liabilities for which they had originally been accrued. Any shortfalls or excesses compared to the actual costs are recognised in the profit and loss account in line with the original accrual.

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

h) Employees' leaving entitlement is provided for to cover the entire liability accrued to employees, in accordance with current legislation, national labour contracts and company agreements. This liability is indexed.

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

l) Costs and revenues are determined on an accruals and prudent basis.

m) 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.

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

o) Financial 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. 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 the revenue/cost of the related asset.

p) Accruals to provisions for risks and charges are recognised as costs and classified in accordance with the nature of the transaction to which they relate. Those attributable to the operating activities are classified in class B of the profit and loss account (other than captions B12 and B13). Those relating to financial or extraordinary transactions are respectively classified in class C and class E of the profit and loss account.

Any excess in the provision is recognised as income in the same profit and loss account class as that in which the original accrual had been classified.

Caption B10 d) includes any write-downs of prepayments and accrued income relating to non-financial items. Any write-downs of prepayments and accrued income relating to financial items (e.g., interest) are recognised in captions of Classes B or C.

q) Income taxes are calculated based on taxable profit in accordance with current regulations, considering applicable exemption and tax receivables. Furthermore, deferred tax assets and liabilities have been recognised on the temporary differences between the carrying amounts of assets and liabilities and their tax bases. 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.

In its financial statements, the company offset tax assets and liabilities only if it has a legal right to offset the amounts recognised based on tax legislation and it intends to settle tax assets and liabilities on a net basis with a single payment.

In 2014, the company opted to apply the national tax consolidation scheme for three years whereby its parent, Is.Co. S.r.l., is the consolidating entity, as is detailed in the note to receivables from parents.

r) The effects of adopting new accounting policies are recognised as extraordinary income or expense in the profit and loss account. They are recognised retrospectively, except when the calculation of the retrospective effect is not reasonably possible or too costly.

The effects of changes in estimates other than those arising from the correction of errors are classified in the profit and loss account caption related to the asset or liability being estimated.

Corrections of errors are made by adjusting the carrying amount of the relevant asset or liability, with a balancing entry in class E of the profit and loss account.

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

TRANSLATION CRITERIA

Foreign currency receivables and payables are translated into Euro at the transaction date. Exchange rate differences are taken to the profit and loss account when realised. At year end, receivables and payables in foreign currency are retranslated at the exchange rates ruling at the reporting date. Exchange rate gains and losses are taken to the profit and loss account. Any unrealised net gains are recognised in the specific unavailable reserve until realisation. 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.

OTHER INFORMATION

Waivers under article 2423.4 of the Italian Civil Code

The company did not avail of any of the waivers under article 2423.4 of the Italian Civil Code.

Presentation of figures

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

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.	94
Other attestation services	KPMG S.p.A.	Coesia S.p.A.	17
Total Coesia S.p.A.			**111**
Audit	KPMG S.p.A.	Subsidiaries	229
Audit	KPMG network	Subsidiaries	793

Other attestation services	KPMG S.p.A.	Subsidiaries	25
Tax services	KPMG network	Subsidiaries	21
Other services	KPMG network	Subsidiaries	5
Total subsidiaries			**1,073**
Total			**1,184**

ASSETS AND LIABILITIES

FIXED ASSETS

Specific schedules have been prepared for the two categories of fixed assets (intangible and financial fixed assets), which are attached to these notes. The schedules indicate historical cost, accumulated amortisation and depreciation, write-backs and write-downs, changes during the year, closing balances and total revaluations at the reporting date.

Other intangible fixed assets of €3,628 thousand refer to charges related to bonds, loans and borrowings described further on under bonds and bank loans and borrowings. These charges are amortised over the term of the related loans.

The increase of €854 thousand mainly relates to upfront fees, substitute tax and consultancy costs incurred in connection with new credit lines granted by banks and the renegotiation of due dates of existing credit lines, as commented on in the note to bank loans and borrowings.

Moreover, the company capitalised costs of €30 thousand incurred to register the new trademark and new software licence costs of €282 thousand, related to the implementation of the new ERP management system, the new consolidation tool and the new treasury tool.

FINANCIAL FIXED ASSETS

Financial fixed assets refer to investments in the following subsidiaries (in thousands of Euros):

	% of ownership at 31/12/2015	31/12/15	31/12/14
Subsidiaries:			
G.D S.p.A.	100%	214,726	245,344
CIMA S.p.A.	100%	22,000	22,000
ACMA S.p.A.	100%	8,606	8,606
GDM S.p.A.	100%	6,330	6,330
MONTALE 164 S.p.A.	100%	0	137
VOLPAK S.A.	100%	14,706	14,706
GROUP SERVICE S.r.l.	100%	29	29
LAETUS GMBH	100%	0	3,527
LAETUS MEXICO	100%	3	3
HAPA AG	100%	16,316	16,316
GD TEKNIK HIZMETLER	0.005%	0	0
NORDEN MACHINERY AB	100%	35,813	35,813
COESIA FINANCE S.p.A.	100%	120	120
4S ENGINEERING S.r.l.	80%	16	16
FLEXLINK HOLDING AB	100%	153,358	153,358
COESIA INDIA PRIVATE L.	7.4%	370	370
R.A. JONES & CO. INC.	100%	166,394	166,394
IPI S.r.l.	100%	38,555	38,555
TOTAL		**677,342**	**711,624**

The changes which took place with respect to the previous year are attributable to:

- demerger of Mast S.r.l.: at their meeting held on 24 March 2015, the company's shareholders approved the partial proportional demerger of the entire investment in Mast S.r.l. to Is.Co S.r.l.. This transaction is part of a broader corporate transaction involving different legal entities included in Coesia group, comprising: i) on 10 February 2015, the acquisition of the entire investment in Mast S.r.l. (formerly Ctai Kids S.r.l.) by COESIA S.p.A. from G.D S.p.A. and ii) on 12 March 2015, the early redemption of the purchase option by GD S.p.A. of the property finance lease concerning the multipurpose building called "MAST" (Factory of Art Experimentation and Technology). The aforementioned demerger of Mast S.r.l. to Is.Co S.r.l. was subject to the demerger of the MAST building, the related appurtenance areas and their chattels by the subsidiary GD S.p.A. to Mast S.r.l. for a total of €69.0 million. Both demerger transactions will have legal, tax and accounting effect starting from 1 July 2015. As of the completion of the above-mentioned transactions, the multipurpose "MAST" building is owned by Mast S.r.l., a subsidiary of Is.Co S.r.l..

The demerger led to the write-down of the carrying amount of the investment held in G.D S.p.A. by €30.6 million, as well as the transfer of the investment in Mast S.r.l. (€0.2 million) to Is.Co S.r.l.;

- sale of the Laetus business: on 1 December 2015, the business related to the design, manufacturing and sale of equipment for controlling product manufacturing and traceability (Track and Trace) applied to the segment of machinery for the pharmaceutical industry was sold. The sale of such business entailed selling Laetus GmbH and Laetus France Sarl and the business units of certain group companies.

The sale of the investment generated a net gain of €17.4 million;

- liquidation of Montale 164 S.p.A.: on 26 November 2015, the resolution taken by the shareholders in their extraordinary meeting was filed with the company registrar. The shareholders resolved to put the company into liquidation and appointed the liquidator. On 22 December 2015, the company's final liquidation financial statements were approved. There were outstanding assets to be allocated to the sole shareholder (€119 thousand, of which €114 thousand related to liquid funds and €5 thousand to tax receivables).

The information about each subsidiary required by article 2447.5 of the Italian Civil Code is provided in the list attached to these financial statements (Annex IV). Figures included in the annexes are taken from the financial statements at 31 December 2015 or draft financial statements at the same date, approved by the respective company bodies.

The difference between the carrying amount of the investment in Hapa AG and the company's share of its net equity is not considered as an impairment loss as it is substantially generated by the amortisation of implicit goodwill. Such difference, together with the negative difference related to Coesia India Private Ltd., should not be considered an impairment loss considering the companies' forecast profits.

Had investments in direct and indirect subsidiaries included as fixed assets been measured using the equity method, in application of the requirements of article 2426.4 of the Italian Civil Code, the net profit for the year and net equity at 31 December 2015 would have been the same as the corresponding consolidated financial statements figures at that date, to which reference should be made for further details. The group's consolidated financial statements were prepared for the first time this year in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission using the procedure provided for by article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 and pursuant to article 9 of Legislative decree no. 38/05.

The schedule analysing changes in investments attached to these notes (Annex II), in accordance with article 10 of Law no. 72/83 indicates assets at year end which have been revalued in previous years under specific laws.

Furthermore, financial fixed assets include the portion of the consideration collected for the sale of the Laetus business (€3,750 thousand) lodged in a bank account managed by the notary that concluded the business sale as a guarantee against any damages provided for by contract. Such amount will be collected on 1 December 2017 net of any damages requested by, and granted to, the acquirer within the set deadline.

CURRENT ASSETS

RECEIVABLES

From subsidiaries

This caption includes receivables that are not classified as fixed assets relating to the recharging of services and service costs provided to direct and indirect subsidiaries, summarised in Annex V to these notes. The change on the previous year end is mainly due to: a new loan granted to the subsidiary Laetus Mexico for USD500 thousand due on 13 May 2016; the repayment by R.A Jones & Co. of USD5 million of the loan it received in 2012 for USD75 million, with a residual debt of USD55 million, equal to €50,542 thousand (31 December 2014: €50,264 thousand); and the increase in the exchange rate difference related to such loans by €4,896 thousand). The loan granted to R.A Jones & Co in December 2012 at market rates, provides for the half-year payment of interest and bullet repayment of principal in December 2018, with the possibility of early repayment, including partially in more than one instalments.

From parents

The company has opted to apply, as a consolidated company, the national tax consolidation scheme pursuant to articles 117-129 of the Consolidated Direct Tax Act approved with

Presidential decree no. 917 of 22 December 1986 resulting from the changes introduced by Legislative decree no. 344 of 12 December 2003 (Consolidated Income Tax Act) and following provisions. Therefore, this caption includes tax receivables of €5,311 thousand due from the consolidating entity IS.CO S.r.l..

Tax receivables

This caption includes a VAT receivable of €164 thousand.

Receivables from others

This caption mainly includes receivables from service providers for advances paid, payments on account to former employees and receivables from Montale 164 S.p.A. in liquidation for amounts yet to be collected under the procedure (€5 thousand).

Current financial assets

This caption shows the year-end carrying amount of the units of the whole-life insurance policy signed by the company with:

- Credit Agricole, with an original amount of €20,000 thousand increased by the accrued return at year end of €519 thousand;
- Zurich, with an original amount of €1,000 thousand;
- BNP/Cardif, with an original amount of €5,000 thousand increased by the accrued return at year end of €88 thousand.

Interest accrues on a quarterly or annual basis and is paid only when the units are sold, which may take place upon the request of the investor.

Liquid funds

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

	Balance at	
	31/12/15	31/12/14
Bank and postal accounts	5,186	40,902
Cash-in-hand and cash equivalents	6	5
Total	5,192	40,907

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

NET EQUITY

Changes in net equity, which consist of the allocation of net profit for the previous year and the demerger of Mast S.r.l. (commented on in the notes to financial fixed assets) are provided in “Annex III”. “Annex VI” gives a breakdown of net equity captions in accordance with article 2427-7-bis of the Italian Civil Code. Pursuant to article 2427.18/19 of the Italian Civil Code, it is noted that the company had not issued any bonus shares, bonds convertible into shares or other financial instruments offering holders equity or participation rights at 31 December 2015.

SHARE CAPITAL

At 31 December 2015, fully subscribed and paid-up share capital consists of 125 million ordinary shares with a nominal value of €1 each.

RESERVES

The legal, extraordinary and unavailable income-related reserves increased due to the allocation of part of the net profit for 2014, as per the shareholders’ resolution taken during their ordinary meeting of 21 April 2015. The legal and extraordinary reserves decreased by €3,750 thousand and €27,050 thousand, respectively, following the demerger of Mast S.r.l..

PROVISIONS FOR RISKS AND CHARGES

This caption includes the provision for deferred tax liabilities and provisions for risks and charges set up in previous years against contingent liabilities.

The provision for deferred tax liabilities totalling €2,473 thousand includes accruals of €2,265 thousand related to unrealised exchange rate gains, mainly referred to foreign currency loans granted to the subsidiaries R.A Jones & Co. and Laetus Mexico, generated by the fluctuations in the closing Euro/Dollar exchange rate, and an accrual of €208 thousand for the temporary deductible (for both reporting and tax purposes) differences arising from the costs incurred in the previous year to issue and place bonds on the market, as commented on in the note to bonds. The issue and placement costs will be recovered pro rata over the bond term.

EMPLOYEES' LEAVING ENTITLEMENT

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

Balance at 31/12/14	103
Accrual for the year	106
Utilisation for entitlements and advances paid, payment to the INPS fund and supplementary pension funds	(98)
Balance at 31/12/15	111

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.

PAYABLES

Bonds and payables to the parent

Bonds placed on the ExtraM.O.T. PRO market

On 1 October 2014, the company issued and placed new seven-year bonds totalling €100 million on the ExtraM.O.T. PRO market (the Italian bond market reserved for professional investors managed by Borsa Italiana), which will be redeemed on 1 October 2021.

The bonds were subscribed by professional investors and accrue interest at an annual interest rate of 3%, which is payable on 1 October of each year of the bond term, beginning in 2014.

Bonds subscribed by the parent's sole shareholder

In accordance with the resolution taken on 14 April 2011 by the bondholders during their meeting and the shareholders during their extraordinary meeting, the redemption date of the €100 million bonds is 30 June 2018. The parent's sole shareholder transferred a portion of such loan (€20 million) to the parent IS.Co S.r.l. in 2015.

The company 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 elapsed, following the resolution of the shareholders during an ordinary meeting. Coesia S.p.A. may not exercise this option until the bank loans totalling €145 million, described in the note to bank loans and borrowings, have been repaid in full, pursuant to contractual undertakings.

These bonds, subscribed by the parent's sole shareholder, accrue interest in arrears at an annual rate of 4.5%, which is payable on 30 June of each year of the bonds' term, beginning in 2007.

Bank loans and borrowings

These are detailed below:

Type	Due within one year	Due from one to five years	Due after five years	Balance at 31/12/15	Balance at 31/12/14
Loans	-	130,000	-	130,000	235,000
Committed revolving credit facilities	-	15,000	-	15,000	-
Total	-	145,000	-	145,000	235,000

(in thousands of Euros)

The caption includes loans totalling €130 million, of which €30 million due in 2018 obtained for the acquisition of IPI group completed in October 2013; €100 million related to a bullet loan taken out in 2015 due in 2019; and €15 million deriving from the utilisation of the committed revolving credit facilities due in 2020. Such bank loans, together with cash flows generated by the group, enabled the company to repay the loan of €205 million taken out in previous years to finance the acquisition of R.A Jones & Co. in 2012.

The above-mentioned bank loan agreements require the compliance with economic and financial covenants calculated on Coesia group's consolidated financial statements. Such covenants are checked by banks every six months. They were complied with at 31 December 2015. Interest accrues at market rates on all loans.

Interest risk hedges have been agreed on these loans, as commented on in the note to the memorandum and contingency accounts.

Trade payables

This caption increased by €930 thousand on the previous year end, mainly due to costs related to assistance obtained for the sale of the investment of Laetus GmbH and to the different timing of expense and payment orders.

Payables to subsidiaries

This caption includes payables to direct and indirect subsidiaries, which are summarised in "Annex V" to these notes and mainly relate to the recharging of costs and services received from the subsidiary G.D S.p.A. and loans received from the subsidiaries G.D S.p.A. (€163,500 million), Volpak (€12,500 thousand), GDM S.p.A. (€7,500 thousand), HAPA AG (€3,275 thousand), Flexilink Italia S.p.A. (€1,300 thousand) and Flexlink AB (€6,000 thousand), on which interest accrues at market rates.

Tax payables

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

	31/12/15	31/12/14
Withholdings on employees, freelancers and consultants	455	427
Total	455	427

The years from 2011 on are still open to inspection by the tax authorities for direct tax and VAT purposes. Company management does not believe that the years open to inspection will lead to any significant liabilities not recognised in the financial statements.

Social security charges payable

This caption mainly relates to payables due to social security institutions for contributions relating to December remuneration amounting to €147 thousand.

Other payables

The decrease refers to the payment of the final instalment (€4,500 thousand) related to the acquisition of IPI group within the deadline set by the contract.

This caption mainly includes payables for employee remuneration of €405 thousand at year end.

ACCRUED EXPENSES AND DEFERRED INCOME

This caption mainly includes accrued interest expense of €3,000 thousand on bonds and of €440 thousand on the bank and intercompany loans described above.

MEMORANDUM AND CONTINGENCY ACCOUNTS

Pursuant to article 2427-bis of the Italian Civil Code, it is noted that the following interest rate swap is in place with Mediobanca: a swap with a notional value of €100,000 thousand, agreed on 4 September 2014, starting from 30 January 2015 and expiring on 1 August 2019. The swap provides for the quarterly payment/collection of the difference between the 3-month Euribor and the five-year fixed rate of 0.42%.

The fair value loss of this transaction at 31 December 2015 is approximately €1,582 thousand, which has not been recognised since they are hedges.

Currency forwards

This caption includes forward currency sales entered into in 2015 and expiring within May 2016. They hedge specific contractual commitments, as follows:

Sale:

- USD109 thousand, expiry date 30 March 2016;
- USD500 thousand, expiry date 13 May 2016;

Purchase:

- CHF3,490 thousand, expiry date 30 March 2016.

The fair value of currency forward hedges is a positive €4 thousand at the reporting date.

PROFIT AND LOSS ACCOUNT

PRODUCTION REVENUES

This caption mainly relates to revenues from subsidiaries for services provided (€4,959 thousand) and costs to be recharged (€592 thousand). Such transactions performed on an arm's length basis totalling €5,551 thousand are detailed in "Annex V".

PRODUCTION COST

This caption is mainly comprised of service costs totalling €5,753 thousand (2014: €7,811 thousand), principally for directors' fees (€1,711 thousand), internal audit, management and coordination and strategic development activities (€1,174 thousand), consultancy services (€961 thousand), employee travel expenses (€331 thousand), contract workers (€318 thousand), statutory auditors' fees (€109 thousand) and entertainment (€53 thousand). It also includes costs of €592 thousand to be recharged to the group companies as detailed in "Annex V" (other revenues and income). The annex also lists the costs incurred for services provided by the subsidiaries.

Personnel expenses

Personnel expenses are comprised as follows (in thousands of Euros):

	2015	**2014**
Wages and salaries	1,829	1,645
Social security contributions	470	473
Employees' leaving entitlement	106	107
Other	31	30
Total	2,436	2,255

The changes recorded during the year in relation to the number of employees by category are shown below:

	31/12/15	31/12/14	Average
Management	7	6	7
White collars	7	7	7
Total	14	13	14

<u>FINANCIAL INCOME AND CHARGES</u>

INCOME FROM INVESTMENTS

This caption includes dividends approved and collected in the year from the subsidiaries G.D S.p.A. (€10 million) and Flexlink AB (€6 million).

OTHER FINANCIAL INCOME

This caption mainly includes bank interest income (€103 thousand), accrued return on the whole-life insurance policies (€553 thousand) and interest income on the loan granted to the subsidiaries R.A Jones & Co. and Laetus Mexico (€3,284 thousand).

INTEREST AND OTHER FINANCIAL CHARGES

This caption includes interest expense on bonds of €7,492 thousand and bank interest expense and charges on loans and credit facilities of €8,261 thousand. It also includes interest expense on loans from the subsidiaries G.D S.p.A. (€2,529 thousand), Volpak S.A. (€216 thousand), GDM S.p.A. (€91 thousand) HAPA AG (€9 thousand) and Flexlink AB (€87 thousand).

EXCHANGE RATE GAINS AND LOSSES

This caption mainly comprises exchange rate gains on the USD loans granted to the subsidiaries R.A Jones & Co. and Laetus Mexico retranslated using the closing rates, as discussed earlier.

<u>ADJUSTMENTS TO FINANCIAL ASSETS</u>

WRITE-DOWNS OF INVESTMENTS

This caption includes the loss on the liquidation of the investment in Montale 164 S.p.A. (€18 thousand).

<u>EXTRAORDINARY INCOME AND EXPENSE</u>

INCOME

This caption relates to the gain realised on the sale of Laetus GmbH (€17,364 thousand) and the gain arising from the claim for reimbursement of IRES on the IRAP tax paid in 2004-2007 by Montale 164 S.p.A. in liquidation (€23 thousand) received by the company as the sole shareholder of the liquidated company.

INCOME TAXES

This caption is comprised of income of €4,596 thousand arising from the adoption of the national tax consolidation scheme described earlier on and deferred tax expense of €1,292 thousand. The difference between the pre-tax profit and tax loss for the year is mainly due to the fact that 95% of the dividends were not subject to taxation, like the gain on the sale of the investments under the Italian "participation exemption" regime and the untaxed portion of unrealised exchange rate gains.

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:

- Schedule of changes in intangible fixed assets at 31 December 2015 (Annex I);
- Schedule of changes in financial fixed assets at 31 December 2015 (Annex II);
- Statement of changes in net equity for the years ended 31 December 2015, 2014 and 2013 (Annex III);
- List of investments in subsidiaries at 31 December 2015 as per article 2427.5 of the Italian Civil Code (Annex IV);
- Summary of related party transactions at 31 December 2015 (Annex V);
- Breakdown of net equity captions in accordance with article 2427.7-bis of the Italian Civil Code at 31 December 2015 (Annex VI);
- Cash flow statement for the year ended 31 December 2015 and 2014 (Annex VII).

These separate financial statements are correct and consistent with the accounting records.

Bologna, 21 April 2016

On behalf of the BOARD OF DIRECTORS:

Isabella Seragnoli

(signed on the original)

Annex I

SCHEDULE OF CHANGES IN INTANGIBLE FIXED ASSETS
AT 31 DECEMBER 2015

(in thousands of Euros)

	Balance at 31 December 2014			Changes during the year			Balance at 31 December 2015		
	Historical cost	Accumulated amortisation	Carrying amount	Increase	Decrease	Amortisation	Historical cost	Accumulated amortisation	Carrying Amount
Intangible fixed assets:									
Concessions, licences, trademarks and similar rights	570	(288)	282	312		(251)	882	(539)	343
Deferred charges	8,552	(4,164)	4,388	854		(1,614)	9,406	(5,778)	3,628
Assets under development	98	-	98	-	98	-	-	-	-
Total intangible fixed assets	**9,220**	**(4,452)**	**4,768**	**1,166**	**98**	**(1,865)**	**10,288**	**(6,317)**	**3,971**

Annex II

SCHEDULE OF CHANGES IN FINANCIAL FIXED ASSETS

AT 31 DECEMBER 2015

(in thousands of Euros)

	Balance at 31 December 2014				Changes for the year				Balance at 31 December 2015			
	Historical cost	Write-downs	Revaluations as per Law no. 72/83	Balance	Increases	Mast S.r.l. demerger	Decreases	Write-downs/ write-backs	Historical cost	Write-downs	Revaluations as per Law no. 72/83	Balance
Investments												
Subsidiaries measured at cost:												
G.D S.p.A.	243,966		1,378	245,344		(30,618)			213,348		1,378	214,726
ACMA S.p.A.	56,668	(48,062)		8,606					56,668	(48,062)		8,606
CIMA S.p.A.	22,000			22,000					22,000			22,000
GDM S.p.A.	7,123	(793)		6,330					7,123	(793)		6,330
MONTALE 164 S.p.A.	9,108	(8,971)		137			(137)		0			0
Volpak SA	14,706			14,706					14,706			14,706
Group Service S.r.l.	600	(571)		29					600	(571)		29
Mast S.r.l.	0			0	182	(182)			0			0
Laetus GmbH	3,527			3,527	11,500		(15,027)		0			0
Laetus Mexico S de RL	3			3					3			3
Hapa AG	16,316			16,316					16,316			16,316
GD Teknik Hizmetler ve Ticaret Ltd Sirketi	0			0					0			0
Norden Machinery AB	35,813			35,813					35,813			35,813
COESIA FINANCE S.p.A.	120			120					120			120
4S Engineering S.p.A.	16			16					16			16
FLEXLINK HOLDING AB	153,358			153,358					153,358			153,358
Coesia India Private Limited	370			370					370			370
R.A JONES & CO	166,394			166,394					166,394			166,394
IPI S.r.l.	38,555			38,555					38,555			38,555
Total investments	**768,643**	**(58,397)**	**1,378**	**711,624**	**11,682**	**(30,800)**	**(15,164)**	**0**	**725,390**	**(49,426)**	**1,378**	**677,342**

Annex III

STATEMENT OF CHANGES IN NET EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(in thousands of Euros)

			OTHER RESERVES							
	SHARE CAPITAL	LEGAL RESERVE	NEGATIVE GOODWILL	AS PER LAW NO. 904/77	EXTRAORDINARY RESERVE	UNAVAILABLE INCOME-RELATED RESERVES	CAPITAL INJECTION FOR FUTURE SHARE CAPITAL INCREASE	RETAINED EARNINGS (LOSSES CARRIED FORWARD)	NET PROFIT FOR THE YEAR	TOTAL NET EQUITY
Balance at 31 December 2012	125,000	11,633	0	0	86,502		0	0	5,486	228,621
Shareholders’ decision at the ordinary meeting of 23 April 2013										
- legal reserve		274							(274)	
- extraordinary reserve					5,212				(5,212)	
Shareholders’ decision at the ordinary meeting of 29 October 2013										
- distribution of dividends					(16,000)					(16,000)
Net profit for 2013									7,301	7,301
Balance at 31 December 2013	125,000	11,907	0	0	75,714		0	0	7,301	219,922
Shareholders’ decision at the ordinary meeting of 25 June 2014										
- legal reserve		365							(365)	
- extraordinary reserve					6,936				(6,936)	
Net profit for 2014									15,571	15,571
Balance at 31 December 2014	125,000	12,272	0	0	82,650		0	0	15,571	235,493
Shareholders’ decision at the ordinary meeting of 21 April 2015:										
- allocation of net profit		778			11,493	3,300			(15,571)	
Notary deed no. 58343 of 24 March 2015										
- Mast S.r.l. demerger:		(3,750)			(27,050)					(30,800)
Net profit for 2015									22,924	22,924
Balance at 31 December 2015	125,000	9,300	0	0	67,093	3,300	0	0	22,924	227,617

Annex IV

LIST OF INVESTMENTS IN SUBSIDIARIES

AT 31 DECEMBER 2015 (ARTICLE 2427.5 OF THE ITALIAN CIVIL CODE)
(in thousands of Euros)

COMPANY	% OF OWNERSHIP	REGISTERED OFFICE	SHARE/QUOTA CAPITAL	NET EQUITY		NET PROFIT (LOSS) FOR THE YEAR		Measured using the equity method as per article 2426.4 of the Italian Civil Code	CARRYING AMOUNT	PROVISION TO COVER LOSSES	DIFFERENCE
				TOTAL AMOUNT	COMPANY'S SHARE	TOTAL AMOUNT	COMPANY'S SHARE				
								A	B	C	A - B - C
SUBSIDIARIES											
G.D S.p.A.	100.00%	Bologna	€4,000 thousand	548,582	548,582	118,446	118,446	646,332	214,726		431,606
ACMA S.p.A.	100.00%	Bologna	€9,300 thousand	9,322	9,322	714	714	10,163	8,606		1,557
CIMA S.p.A.	100.00%	Villanova (Bologna)	€4,810 thousand	21,477	21,477	1,310	1,310	23,507	22,000		1,507
GDM S.p.A.	100.00%	Bologna	€1,500 thousand	23,546	23,546	7,087	7,087	28,003	6,330		21,673
VOLPAK S.A.	100.00%	Barcelona (Spain)	€9,900 thousand	34,823	34,823	(1,380)	(1,380)	30,572	14,706		15,866
Group Service S.r.l.	100.00%	Bologna	€50 thousand	531	531	36	36	531	29		502
LAETUS MEXICO	100.00%	Mexico City (Mexico)	MXN322,500	295	295	(303)	(303)	295	3		292
HAPA AG	100.00%	Volketswill (Switzerland)	CHF1,000,000	11,862	11,862	3,859	3,859	11,905	16,316		(4,411)
Norden Machinery AB	100.00%	Stockholm (Sweden)	SEK112,000	29,499	29,499	5,539	5,539	40,974	35,813		5,161
GD Teknik Hizmetler ve Ticaret Ltd	0.01%	Izmir (Turkey)	TRY500,000	5,339	0	16	0	0	0		0
COESIA FINANCE S.p.A. (formerly A & C)	100.00%	Bologna	€120 thousand	254	254	(11)	(11)	254	120		134
4S Engineering S.p.A.	80.00%	Bologna	€20 thousand	34	27	(8)	(6)	18	16		2
FlexLink Holding AB	100.00%	Gothenburg (Sweden)	SEK3,285,000	170,102	170,102	16,471	16,471	162,182	153,358		8,824
Coesia India Private Limited	7.40%	Pune (India)	INR521,291	1,403	104	719	53	104	370		(266)
R.A JONES & CO	100.00%	Davenport (USA)	USD10	216,886	216,886	8,924	8,924	189,635	166,394		23,241
IPI S.r.l.	100.00%	Perugia	€13,000 thousand	18,362	18,362	2,033	2,033	41,113	38,555		2,558
TOTAL SUBSIDIARIES				1,092,317	1,085,672	163,452	162,772	1,185,588	677,342	0	505,688

Annex V

SUMMARY OF RELATED PARTY TRANSACTIONS
AT 31 DECEMBER 2015
(in thousands of Euros)

	BALANCE SHEET				PROFIT AND LOSS ACCOUNT					
	RECEIVABLES FOR DIVIDENDS	OTHER RECEIVABLES	TOTAL RECEIVABLES	PAYABLES	SERVICES	USE OF THIRD -PARTY ASSETS	FINANCIAL CHARGES	DIVIDENDS	OTHER REVENUES AND INCOME	FINANCIAL INCOME
Parent										
IS.CO S.r.l.		5,311	5,311	20,450			450			
Direct subsidiaries										
G.D S.p.A.		7	7	163,877	1,206	48	2,528	10,000	70	
CIMA S.p.A.		6	6						17	
ACMA S.p.A.		132	132	38	8	29			935	
GDM S.p.A.		58	58	7,523			91		335	
VOLPAK SA		111	111	12,565	7		216		689	
HAPA AG		58	58	3,233			9		110	
LAETUS GMBH									88	
LAETUS Mexico		469	469						3	2
R.A JONES & CO USA		52,433	52,433	17	111				813	3,281
FLEXLINK AB		301	301	6,011	11		87	6,000	1,221	
Montale 164 S.p.A.									2	
IPI S.r.l.		27	27						97	
A & C S.p.A.									2	
Group Service S.r.l.									6	
4S ENGINEERING S.r.l.		2	2						27	
COESIA INDIA PRIVATE LIMITED		1	1							
Indirect subsidiaries										
G.D Industrie S.r.l.									2	
Nova Prefabbricati S.r.l.									2	
CITUS KALIX		38	38						158	
ADMV S.A		-25	-25						53	
Lesina Autonoleggio S.r.l.					1				3	
SASIB S.p.A.		10	10						29	
SACMO SA		-14	-14	68	67				154	
Co.me.sca S.r.l.									12	
Norden Machinery AB		301	301						680	
Flexlink Systems S.p.A.				1,300						
Flexlink Systems - France				-17						
SIRIUS - China		76	76							
GD TOKYO		43	43						43	
G.D Do Brasil		110	110							
TOTAL SUBSIDIARIES		**59,455**	**59,455**	**215,065**	**1,411**	**77**	**3,381**	**16,000**	**5,551**	**3,283**

Annex VI

BREAKDOWN OF NET EQUITY CAPTIONS IN ACCORDANCE WITH ARTICLE 2427.7-bis OF THE ITALIAN CIVIL CODE

AT 31 DECEMBER 2015
(in thousands of Euros)

NATURE	AMOUNT	POSSIBILITY OF USE	PORTION AVAILABLE FOR DISTRIBUTION	PORTION TAXABLE ON DISTRIBUTION
SHARE CAPITAL	125,000	B		0
Equity-related reserves:				
Reserve for own shares				
Reserve for shares or quotas of the parent				
Share premium reserve				
Reserve for conversion of bonds				
Capital injection for future capital increase				
Income-related reserves:				
Legal reserve	9,300	B		0
Reserve for own shares				
Unavailable income-related reserve	3,300			
Translation reserve				
Extraordinary reserve	67,093	A, B, C	67,093	0
Reserve as per waiver under article 2423.4				
Retained earnings (losses carried forward)				0
TOTAL	204,693		**67,093**	
available portion			**67,093**	**0**

Key:

A : For share capital increase

B : To cover losses

C : For dividend distribution

Annex VII

CASH FLOW STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014

(in thousands of Euros)

	2015	2014
A. Cash flows from operating activities (indirect method)		
Net profit for the year	**22,924**	**15,571**
Income taxes	(4,596)	(5,332)
Net interest expense	14,740	15,941
Dividends collected	(16,000)	(33,544)
Net losses (gains) on disposals of tangible and intangible fixed assets	(17,364)	-
1. Net profit for the year before income taxes, interest, dividends and gains/losses on sale of assets	***(296)***	***(7,364)***
Adjustments for non-monetary items that did not affect net working capital		
Accruals to provisions for risks	1,292	1,180
Accruals to employees' leaving entitlement	106	107
Amortisation and depreciation	1,865	1,840
Write-downs for impairment	18	7,315
Other adjustments for non-monetary items	-	-
2. Cash flows before changes in net working capital	***3,281***	***10,442***
Changes in net working capital		
Increase/(decrease) in trade payables	930	(1,515)
Decrease/(increase) in prepayments and accrued income	3	(21)
Increase/(decrease) in accrued expenses and deferred income	(233)	549
Other changes in net working capital	(3,712)	(3,630)
3. Cash flows after changes in net working capital	***(3,012)***	***(4,617)***
Other adjustments		
Net interest paid	(14,507)	(15,487)
Income taxes paid	5,332	4,732
Dividends collected	16,000	33,544
Utilisation of employees' leaving entitlement	(98)	(83)
Utilisation of provisions for risks	-	-
4. Cash flows after other adjustments	***6,174***	***22,706***
Cash flows from operating activities (A)	***6,147***	***21,167***
B. Cash flows from investing activities		
Intangible fixed assets		
Investments	(1,068)	(1,974)
Financial fixed assets		
Investments	-	(13,353)
Proceeds from disposals	18,355	
Current financial assets		
Investments	(6,543)	(20,064)
Cash flows from (used in) investing activities (B)	***10,744***	***(35,391)***
C. Cash flows from financing activities		
Third party funds		
New loans	152,394	154,235
Repayment of loans	(205,000)	(106,830)
Dividends and interim dividends paid	-	-
Cash flows from (used in) financing activities (C)	***(52,606)***	***47,405***
Increase (decrease) in liquid funds (A ± B ± C)	**(35,715)**	**33,181**
Opening liquid funds	40,907	7,726
Closing liquid funds	5,192	40,907
	(35,715)	**33,181**