



Annual Report
at December 31, **2014**

Financial Statements

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BALANCE SHEET

(in euros)		Year 2014	Year 2013
ASSETS:			
note * NON-CURRENT ASSETS			
1	Intangible assets	6.397	43.758
2	Property, plant and equipment	5.119.905	5.348.605
3	Non-current financial assets	3.656.658	2.870.005
	Total non-current assets	8.782.960	8.262.368
CURRENT ASSETS			
4	Inventories	2.136.967	4.803.395
5	Trade and other receivables	2.531.121	2.381.329
6	Cash and cash equivalents	2.500.949	3.951.750
7	Current financial assets	1.597.718	---
8	Other current assets	159.148	133.178
	Total current assets	8.925.903	11.269.652
	TOTAL ASSETS	17.708.863	19.532.020

(*) The Notes constitute an integral part of the Financial Statements.

EQUITY AND LIABILITIES:		Year 2014	Year 2013
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Other reserves	2.098.077	1.791.214
	Retained earnings	9.049	120.767
	Net profit	1.473.421	495.145
	Total equity	11.080.547	9.907.126
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	352.673	539.563
11	Other non-current liabilities	199.623	55.535
	Total non-current liabilities	552.296	595.098
CURRENT LIABILITIES			
12	Trade payables	1.723.826	2.042.839
12	Current tax liabilities	631.220	142.872
12	Other current liabilities	3.140.474	6.400.903
13	Accrued liabilities and deferred income	580.500	443.182
	Total current liabilities	6.076.020	9.029.796
TOTAL LIABILITIES		6.628.316	9.624.894
TOTAL LIABILITIES AND EQUITY		17.708.863	19.532.020

(*) The Notes constitute an integral part of the Financial Statements.

INCOME STATEMENT

(in euros)	Year 2014	Year 2013
note REVENUES		
14 Net sales from operations	10.510.889	10.928.663
1 Other revenues and income	47.858	66.020
6 Total revenues	10.558.747	10.994.683
OPERATING EXPENSES		
15 Raw materials and consumables	2.578.575	3.859.812
16 Services	1.974.962	2.509.019
17 Payroll and related costs	2.754.308	2.961.118
18 Depreciation and amortization	367.670	374.761
Provision for risk and charges	144.088	---
Other operating expenses	619.893	586.020
Total operating expenses	8.439.496	10.290.730
OPERATING PROFIT	2.119.251	703.953
Financial income (expense)		
Financial income	182.550	101.752
Financial expense	9.217	---
Total financial income (expense)	173.333	101.752
Adjustments to financial assets		
Write-downs of financial receivables	---	---
Income (expense) from investments		
Taxes related to prior years	241	---
Other expenses		1
PROFIT BEFORE INCOME TAXES	2.292.343	805.704
Income taxes	818.922	310.559
NET PROFIT	1.473.421	495.145

(*) The Notes constitute an integral part of the Financial Statements.

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

in euros	Share capital	Legal reserve	Retained earnings	Other reserves	Net profit	Total
December 31, 2012	7.500.000	674.737	117.511	1.082.360	682.374	10.056.982
Distributed reserves			-105.000	-60.000		-165.000
Retained earnings and allocation to legal reserve		34.118	108.256	60.000	-202.374	
Distributed dividends					-480.000	-480.000
Increase in share capital						
Rounding				-1		-1
Net profit 2013					495.145	495.145
December 31, 2013	7.500.000	708.855	120.767	1.082.359	495.145	9.907.126
Retained earnings and allocation to legal reserve		24.758	170.388		-195.145	
Distributed dividends					-300.000	-300.000
Increase in own shares			-282.106	282.106		
Rounding						
Net profit 2014					1.473.421	1.473.421
December 31, 2014	7.500.000	733.613	9.049	1.364.464	1.473.421	11.080.547

CASH FLOW STATEMENT 2014

in euros

Net profit of the year	1.473.421
Amortization and depreciation	356.814
Accrual to provisions	151.754
	<hr/>
	1.981.989
Gains (losses) on disposals of assets	4.186
Increase in tax liabilities	488.348
Decrease in inventories	2.666.428
Decrease in other receivables	43.428
	<hr/>
	2.709.856
Increase in other assets	137.318
Total A	<hr/> 5.321.697
Investing activities in tangible assets	94.938
Purchase of own shares	624.464
Investing in non-current financial assets- subsidiaries receivables	162.189
	<hr/>
	881.591
Dividends paid	300.000
Increase in current financial assets	1.597.718
Increase in trade receivables	193.220
	<hr/>
	1.790.938
Decrease in provisions for employee benefits	194.556
Decrease in advances from customers	2.910.690
Decrease in trade payables	75.525
Decrease in other payables	593.228
	<hr/>
	3.773.999
Increase in other liabilities	25.970
Total B	<hr/> 6.772.498
Cash flows generated for the year A - B	-1.450.801
Cash and cash equivalents at the beginning of the year	3.951.750
Cash and cash equivalents at year end	2.500.949
Net cash flow	<hr/> -1.450.801 <hr/>

BASIS OF PRESENTATION

Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2014, are composed of the Balance Sheet, the Income Statement and the Notes and are prepared according to the general principles set forth in the Italian Legislative Decree n. 127 dated April 9, 1991, which fulfils the Fourth and Seventh EC Directives. These principles have been integrated with the accounting principles elaborated by the Organismo Italiano Contabilità (O.I.C.).

Balance Sheets and Income Statements items having a balance equal to zero are not disclosed; all amounts indicated in these Financial Statements are expressed in euros and compared with previous year.

Presentation Criteria

The Financial Statements are comprised of the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and the Notes thereto.

The Income Statement is classified on the basis of the nature of costs.

In the Balance Sheet, assets and liabilities are classified on a current/non-current basis.

Current assets, which include cash and cash equivalents, are those held for realization, sale or consumption in the Company's normal operating cycle. Current liabilities are those expected to be settled in the Company's normal operating cycle or within one year from the Balance Sheet date.

The Financial Statements have been prepared using the historic cost method.

The Financial Statements and the figures in the Notes have been prepared in euros, unless otherwise specified.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies used for the preparation of the Financial Statements are shown below.

Current Assets

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which have no risk of changes in value.

Receivables

Receivables are shown at estimated realizable value and written down by way of the doubtful credits allowance.

Inventories

Inventories, with the exception of work-in-progress and semi-finished goods, are stated at the lower of purchase cost and net realizable value. Net realizable value is defined as the estimated selling price of the inventory in the ordinary course of business.

The cost of inventories is determined by applying the L.I.F.O. method.

Work-in-progress and semi-finished goods are stated on the basis of production cost calculated on the basis of the work performed.

The valuation of work-in-progress considers all directly related costs.

Non-current Assets

Property, Plant and Requirement

Tangible assets, including investment properties, are recognized using the cost model and stated at their purchase or production cost including ancillary costs which can be directly attributed to them as are required to make the asset ready for use.

Tangible assets, from the moment they begin or should begin to be used, are depreciated systematically.

The amount to be depreciated is represented by the book value.

Assets are depreciated systematically on the basis of rates determined in accordance with their residual value and estimated useful lives and according to the amortization rates stated by Decree by Ministry – D.M. 29/10/1974 and 31/12/1988.

The rates used are as follows:

Industrial buildings	3%
Plant and machinery	10%
Industrial equipment	25%
Photovoltaic plant	9%
Office equipment	20%
Office furniture	12%
Trucks	20%
Cars	25%

Ordinary maintenance and repair costs are expensed when incurred.

Intangible Assets

Intangible assets are assets without physical substance, controlled by the Company and able to produce future economic benefits. Intangible assets are stated at cost as determined by the criteria used for tangible assets.

No revaluation is made of intangible assets.

Intangible assets are amortized systematically over their useful life estimated as the period over which the assets will be used by the Company.

Financial Fixed Assets

Investments in associates are accounted for at cost.

Receivables and other financial assets are stated at cost.

Liabilities

Payables

Payables are booked at face value.

Accruals and Deferrals

Costs and incomes pertaining to more than one year are booked on an accruals basis.

Reserve for Severance Indemnities

The reserve for severance indemnities covers the liability to all employees, accrued in accordance with current laws and labour contracts. The liability is index-linked.

Revenues

Revenues associated with sales of products and services, with the exception of contract work-in-progress, are recorded when significant risks and rewards of ownership pass to the customer or when the transaction can be considered settled and associated revenue can be reliably measured.

Revenues are stated net of returns, discounts, rebates and bonuses.

Costs

Costs are recognized when the related goods and services are sold, consumed or allocated.

Labour costs comprise remuneration paid, provisions made to pension funds, accrued holidays, national insurance and social security contributions in compliance with national contracts of employment and current legislation.

The costs for the acquisition of new knowledge or discoveries, the study of products or alternative processes, new techniques or models, the planning and construction of prototypes or any other costs borne for other scientific research activities or technological development, are generally considered current costs and expensed as incurred.

Exchange Rate Differences

Revenues and costs concerning transactions in currencies are stated at the exchange rate on the date of the transaction.

Assets and liabilities in currencies are converted into euros by applying the year-end exchange rate and the effect is stated in the Income Statement.

Income Taxes

Current income taxes are determined on the basis of estimated taxable income. The estimated liability is recognized in “Current tax liabilities”. Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted by the Balance Sheet date.

NOTES TO THE BALANCE SHEET

ASSETS

NON CURRENT ASSETS

1 Intangible Assets

The breakdown of intangible assets at the end of the financial year is as follows:

	Year 2013	Increases	Decreases	Year 2014
Industrial patents and rights to use intellectual properties	76.305			76.305
(Depreciation)	-76.305			-76.305
Brands	2.282			2.282
(Depreciation)	-127	-127		-254
Software	107.176	3.403	-34.636	75.943
(Depreciation)	-70.906	-37.971	34.636	-74.241
Other intangible assets	8.000			8.000
(Depreciation)	-2.667	-2.667		-5.333
				<hr/>
				6.397

2 Tangible Assets

The breakdown of net tangible assets, compared with 2013, is as follows:

	Year 2013	Increases	Decreases	Year 2014
Land and buildings	5.987.568	19.463		6.007.031
(Depreciation)	-1.445.143	-161.623		-1.606.766
Vehicles	273.022	26.496	-29.840	269.678
(Depreciation)	-146.663	-34.387	25.654	-155.396
Plant and machinery	3.682.729	26.700	-10.309	3.699.120

(Depreciation)	-3.065.639	-104.161	10.309	-3.159.491
Industrial equipment	176.667	4552		181.219
(Depreciation)	-176.004	-1.232		-177.236
Office furniture	39.426			39.426
(Depreciation)	-35.999	-1.075		-37.074
Office equipment	295.990	14.324	-20.362	289.952
(Depreciation)	-252.178	-13.571	20.362	-245.387
Other tangible assets	20.383			20.383
(Depreciation)	-16.527			-16.527
Assets in progress	10.975			10.975
				<u>5.119.905</u>

Tangible assets were subject to monetary revaluations during previous fiscal years in accordance to specific regulations (Italian laws no. 576/1975 - 72/1983 - 413/1991 - 185/2008). The detail of monetary revaluations made during the years is the following:

Asset	Original cost	Rev. 576/75	Rev. 72/83	Rev. 413/91	Rev. 185/08
Machinery	56.824	10.048	17.107		
Industr. equip.nt	216		151		
Office equip.nt	3.675		1.395		
Buildings	244.792	45.412	164.152	40.006	
Buildings	1.302.540				4.208.617

3 Non-current Financial Assets

INTERESTS IN ASSOCIATES AND OTHER COMPANIES (balances at the date of Financial Statement - December 31, 2014)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
URETEC Srl	Villanova M.vì	100.000	1.841.082	46.288	67,50%	1.453.293
SICMA CORP	Highlands Ranch- USA	\$ 20.000	\$ 19.748	\$ -252	100,00%	16.353
SME Srl	Villanova M.vì	115.000	925.914	66.348	17,67%	353
COMAC Srl	Villanova d'Asti	100.000	2.141.004	42.011	40%	660.000

OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- euros 1.364.464 in own shares (nominal value 1.237.500) acquired in 2011, 2013 and 2014;
- investment in the Conai Consortium (euros 6);
- euro 162.189 in interest-free loan to the subsidiary Sicma Corp.

CURRENT ASSETS

4 Inventories

	dec.31.2014	dec.31.2013	difference
Raw materials and supplies	253.185	281.825	-28.640
Work in progress and semi-finished goods	1.883.782	4.521.570	-2.637.788
	<hr/> 2.136.967	<hr/> 4.803.395	<hr/> -2.666.428

5 Trade and Other Receivables

RECEIVABLES	dec.31.2014	dec.31.2013	difference
Trade receivables	2.092.490	1.811.269	281.221
Commercial paper	25.129	---	25.129
(Allowance for doubtful credits)	-60.682	-57.794	-2.888
Trade receivables (net of allowance for doubtful credits)	<hr/> 2.056.937	<hr/> 1.753.475	<hr/> 303.462
VAT credit – Italy	353.109	251.697	101.412
Income tax credits	---	176.869	-176.869
VAT credit – Germany	4.803	3.576	1.227
Advances to suppliers	21.500	---	21.500

Guarantee deposits	3.841	3.843	-2
Parent company receivables	62.464	172.706	-110.242
Other receivables	28.467	19.162	9.305
	<hr/>	<hr/>	
	2.531.121	2.381.328	149.793

6 Cash and Cash Equivalents

	dec.31.2014	dec.31.2013	difference
Cash on hand	9.916	11.651	-1.735
Bank Accounts	2.491.033	3.940.099	-1.449.066
	<hr/>	<hr/>	
	2.500.949	3.951.750	-1.450.801

7 Current Financial Assets

	dec.31.2014	dec.31.2013	difference
Administratively Regulated Deposits	1.597.718	---	1.597.718

8 Other Current Assets: Pre-Paid Expenses and Accruals

	dec.31.2014	dec.31.2013	difference
Accrued income	46.651	40.353	6.298
Prepayments	112.497	92.825	19.672
	<hr/>	<hr/>	
	159.148	133.178	25.970

Consist of the following:

<u>a) Accrued income:</u>	46.651
bank interest income	46.651
<u>b) Prepayments:</u>	112.497
Insurance	18.008
membership fees	155
sureties commissions	5.467

service fees	8.311
advertising costs	354
prepaid royalties	76.269
accident prevention material	2.704
Others	1.229

EQUITY & LIABILITIES

9 NET EQUITY

The breakdown is as follows (movements are disclosed in the Statement of Changes in Shareholders Equity):

	dec.31.2014	dec.31.2013	difference
Share capital	7.500.000	7.500.000	---
Legal reserve	733.613	708.855	24.758
Reduction in capital reserve	---	342.358	-342.358
Reserve for own shares	1.364.464	740.000	624.464
Retained earnings	9.049	120.767	-111.718
Net profit	1.473.421	495.145	978.276

NON-CURRENT LIABILITIES

10 Provisions for Employee Benefits

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2014 consists of euros 352.673 and fully provides for liabilities towards affected employees according to current legislation; variations in this fund were as follows:

opening balance	decreases	increases	closing balance
539.563	-193.269	6.379	352.673

11 Provisions

	Year 2013	Increases	Decreases	Year 2014
Managing directors termination indemnity	55.535	--	--	55.535
Agents termination indemnity	--	840	--	840
Reserves for contingencies	--	143.248	--	143.248

CURRENT LIABILITIES

12 Current liabilities consist of the following:

	dec.31.2014	dec.31.2013	difference
Trade payables	1.723.826	2.042.840	-319.014
Due to tax offices	502.068	--	502.068
Employee income tax withholding	129.152	142.873	-13.721
	631.220	142.873	488.347
Advances from customers	2.632.333	5.543.023	-2.910.690
Contributions to social security and welfare organizations	193.428	217.179	-23.751
Payables to Employees	237.768	268.081	-30.313
Other payables	76.945	372.620	-295.675
	5.495.520	8.586.614	-3.091.094

At December 31, 2014 there were no short or long term bank loans.

13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	dec.31.2014	dec.31.2013	difference
Deferred income	580.500	443.171	137.329
Accrued liabilities	--	11	-11
	580.500	443.182	137.318

Deferred income consists of euros 580.500 suspended revenues in relation to specific jobs that are not yet fully complete.

NOTES TO THE INCOME STATEMENT

14 REVENUES

In the year 2014, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	4.319.634
EU Countries	6.515.409
Russian Federation	88.908
Asia	760.044
Americas	226.082
Africa	27.918
Oceania	23.500
Spare parts, maintenance service and others	1.187.182
+/- Changes in contract work in progress	-2.637.788
	10.510.889

OPERATING EXPENSES

15 Raw Materials and Consumables

This caption includes costs incurred to purchase materials used in ordinary operations and plant maintenance. It consists of the following:

	dec.31.2014	dec.31.2013	Difference
Raw, ancillary and consumable materials and goods	2.549.935	3.877.498	-1.327.563
Variations in inventories	28.640	-17.686	46.326
	2.578.575	3.859.812	-1.281.237

16 Services

The breakdown of services, compared with 2013, at the end of the financial year is as follows:

	dec.31.2014	dec.31.2013	Difference
Commissions	219.173	240.588	-21.415
Industrial services	1.312.926	1.731.181	-418.255
Maintenance and other services	442.863	537.250	-94.387
	<hr/>	<hr/>	
	1.974.962	2.509.019	-534.057

17 Payroll and Related Costs

This caption includes the cost of wages and salaries, social security contributions and other costs incurred by the Company.

It consists of the following:

	dec.31.2014	dec.31.2013	Difference
Wages and salaries	1.969.719	2.124.600	-154.881
Social security contributions	648.363	695.163	-46.800
Employee termination indemnities	127.898	133.365	-5.467
Others	8.328	7.990	338
	<hr/>	<hr/>	
	2.754.308	2.961.118	-206.810

18 Depreciation and Amortization

These relate to accruals during the year calculated on the basis of amortization rates that reflect the useful lives of the Company's plant, property and equipment and intangible assets.

The breakdown is as follows:

	dec.31.2014	dec.31.2013	Difference
--	--------------------	--------------------	-------------------

Amortization of intangible assets	40.765	56.381	-15.616
Amortization of tangible assets	316.049	308.502	7.547
Write-down of receivables among current assets	10.856	9.878	978
	367.670	374.761	-7.091

ADDITIONAL INFORMATION

A) FINANCIAL EXPENSES BOOKED TO ASSETS IN THE BALANCE SHEET

No material financial interest costs are booked to assets in the Balance Sheet.

B) MEMORANDUM ACCOUNTS – GUARANTEES, COMMITMENTS AND COLLATERALS

Sureties: these consist of sureties issued by banks in favour of costumers to guarantee the regular construction of plants and machinery (euros 2.206.598).

C) AVERAGE NUMBER OF EMPLOYEES

The average number of employees, by category, is as follows:

White collar 24, Blue collar 32.

D) EMOLUMENTS TO THE DIRECTORS AND TO THE STATUTORY AUDITORS

Emolument to Managing Directors: euros 322.000.

Emolument to Statutory Auditors: euros 15.288.

E) SHARE CAPITAL

As of December 31, 2014, share capital was made up as follows:

Shares	number	value €	total share capital
Ordinary	7.500.000	1,00	7.500.000

F) OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

There are no obligations not recorded in the Statement of Assets and Liabilities.

G) DERIVATIVE CONTRACTS

At December 31, 2014, the Company had no derivative instruments.

H) LEASING CONTRACTS

At December 31, 2014, the Company had no leasing contracts.

On behalf of the Board of Directors

The Chairman Romano Bertolino