



Annual Report
at December 31, **2015**

Financial Statements

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BALANCE SHEET

(in euros)		Year 2015	Year 2014
ASSETS:			
note * NON-CURRENT ASSETS			
1	Intangible assets	7.131	6.397
2	Property, plant and equipment	4.842.717	5.119.905
3	Non-current financial assets	2.313.899	3.656.658
	Total non-current assets	7.163.747	8.782.960
CURRENT ASSETS			
4	Inventories	1.203.649	2.136.967
5	Trade and other receivables	3.006.210	2.531.121
6	Cash and cash equivalents	1.920.913	2.500.949
7	Current financial assets	969.812	1.597.718
8	Other current assets	40.848	159.148
	Total current assets	7.141.432	8.925.903
	TOTAL ASSETS	14.305.179	17.708.863

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

EQUITY AND LIABILITIES:		Year 2015	Year 2014
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Other reserves	807.282	2.098.077
	Retained earnings	58.800	9.049
	Net profit	1.550.106	1.473.421
	Total equity	9.916.188	11.080.547
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	297.052	352.673
11	Other non-current liabilities	146.942	199.623
	Total non-current liabilities	443.994	552.296
CURRENT LIABILITIES			
12	Trade payables	1.278.678	1.723.826
12	Current tax liabilities	140.425	631.220
12	Other current liabilities	1.927.074	3.140.474
13	Accrued liabilities and deferred income	598.820	580.500
	Total current liabilities	3.944.997	6.076.020
	TOTAL LIABILITIES	4.388.991	6.628.316
	TOTAL LIABILITIES AND EQUITY	14.305.179	17.708.863

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

INCOME STATEMENT

(in euros)	Year 2015	Year 2014
note REVENUES		
14 Net sales from operations	10.600.998	10.510.889
Other revenues and income	88.192	47.858
Total revenues	10.689.190	10.558.747
OPERATING EXPENSES		
15 Raw materials and consumables	2.953.621	2.578.575
16 Services	2.003.445	1.974.962
17 Payroll and related costs	2.797.617	2.754.308
18 Depreciation and amortization	341.512	367.670
Provision for risk and charges	583	144.088
Other operating expenses	577.309	619.893
Total operating expenses	8.674.087	8.439.496
OPERATING PROFIT	2.015.103	2.119.251
Financial income (expense)		
Financial income	217.552	182.550
Financial expense	32.067	9.217
Total financial income (expense)	185.485	173.333
Adjustments to financial assets		
Write-downs of financial receivables	---	---
Income (expense) from investments		
Taxes related to prior years	60	241
Other expenses		
PROFIT BEFORE INCOME TAXES	2.200.528	2.292.343
Income taxes	650.422	818.922
NET PROFIT	1.550.106	1.473.421

(*) 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, 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		
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
Retained earnings and allocation to legal reserve		73.671	49.750		-123.421	
Distributed dividends					-1.350.000	-1.350.000
Distribution of own shares as dividend in kind				-1.364.464		-1.364.464
Rounding		-2	1			-1
Net profit 2015					1.550.106	1.550.106
December 31, 2015	7.500.000	807.282	58.800	---	1.550.106	9.916.188

CASH FLOW STATEMENT 2015

in euros

Net profit of the year	1.550.106
Amortization and depreciation	329.250
Accrual to provisions	5.634
	1.884.990
 Increase in payables to subsidiaries and social security institutions	 2.530
 Decrease in inventories	 933.318
Decrease in other receivables	8.505
Decrease in current financial assets	627.906
	1.569.729
 Decrease in other assets	 118.300
Increase in other liabilities	18.320
Total A	3.593.869
 Investing activities in tangible assets	 52.796
Increase in shareholdings	23
Investing in non-current financial assets- subsidiaries receivables	21.682
	74.501
 Dividends paid	 1.350.000
 Increase in trade receivables	 268.546
Increase in other receivables	215.049
	483.595
 Decrease in provisions for employee benefits	 60.672
Decrease in other provisions	53.264
Decrease in advances from customers	1.202.050
Decrease in trade payables	447.475
Decrease in tax liabilities	490.795
Decrease in other payables	11.553
	2.265.809
Total B	4.173.905
Cash flows generated for the year A - B	-580.036
Cash and cash equivalents at the beginning of the year	2.500.949
Cash and cash equivalents at year end	1.920.913
Net cash flow	-580.036

BASIS OF PRESENTATION

Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2015, 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 2014	Increases	Decreases	Year 2015
Industrial patents and rights to use intellectual properties	76.305	3.205		79.510
(Depreciation)	-76.305	-1.602		77.907
Brands	2.282			2.282
(Depreciation)	-254	-127		-381
Software	75.943	7.255	-72.540	10.658
(Depreciation)	-74.241	-5.330	72.540	-7.031
Other intangible assets	8.000			8.000
(Depreciation)	-5.333	-2.667		-8.000
				<hr/>
				7.131

2 Tangible Assets

The breakdown of net tangible assets, compared with 2014, is as follows:

	Year 2014	Increases	Decreases	Year 2015
Land and buildings	6.026.381			6.026.381
(Depreciation)	-1.622.260	-160.082		-1.782.342
Vehicles	269.678			269.678
(Depreciation)	-155.396	-37.390		-192.786
Plant and machinery	3.699.122	29.019	-1.890	3.726.251

(Depreciation)	-3.159.491	-105.337	1.890	-3.262.939
Industrial equipment	181.219			181.219
(Depreciation)	-177.236	-1.138		-178.374
Office furniture	39.426			39.426
(Depreciation)	-37.074	-830		-37.904
Office equipment	289.948	6.694	-19.499	277.143
(Depreciation)	-245.387	-14.747	19.499	-240.635
Other tangible assets	1.033			1.033
(Depreciation)	-1.033			-1.033
Assets in progress	10.975	6.624		17.599
				<u>4.842.717</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	59.687	10.047	17.107		
Industr. equip.nt	216		151		
Office equip.nt	3.675		1.395		
Buildings	244.792	45.412	164.151	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, 2015)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
URETEC Srl	Villanova M.vì	100.000	1.938.749	97.668	67,50%	1.453.293
SICMA CORP	Highlands Ranch- Denver	16.353	17.637	-740	100,00%	16.353
SICMA USA CORP	Concord New Hampshire – USA	23	23	-	100,00%	23
SME Srl	Villanova M.vì	115.000	864.489	158.573	17,67%	353
COMAC Srl	Villanova d’Asti	100.000	2.202.666	61.660	40%	660.000

OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- investment in the Conai Consortium (euros 6);
- euro 183.871 in interest-free loan to the subsidiary Sicma Corp.

CURRENT ASSETS

4 Inventories

	dec.31.2015	dec.31.2014	difference
Raw materials and supplies	359.117	253.185	105.932
Work in progress and semi-finished goods	844.532	1.883.782	-1.039.250
	<hr/> 1.203.649	<hr/> 2.136.967	<hr/> -933.318

5 Trade and Other Receivables

RECEIVABLES	dec.31.2015	dec.31.2014	difference
Trade receivables	2.291.924	2.092.490	199.434
Commercial paper	106.503	25.129	81.374
(Allowance for doubtful credits)	-72.944	-60.682	-12.262
Trade receivables (net of allowance for doubtful credits)	<hr/> 2.325.483	<hr/> 2.056.937	<hr/> 268.546
VAT credit – Italy	386.458	353.109	33.349
Income tax credits	193.502	---	193.502
VAT credit – Germany	1.576	4.803	-3.227
VAT credit – Czech Republic	17.640	---	17.640

Advances to suppliers	---	21.500	-21.500
Guarantee deposits	3.843	3.843	---
Parent company receivables	53.958	62.464	-8.506
Other receivables	23.750	28.465	-4.715
	<hr/>		
	3.006.210	2.531.121	475.089

6 Cash and Cash Equivalents

	dec.31.2015	dec.31.2014	difference
Cash on hand	9.850	9.916	-66
Bank Accounts	1.911.063	2.491.033	-579.970
	<hr/>		
	1.920.913	2.500.949	580.036

7 Current Financial Assets

	dec.31.2015	dec.31.2014	difference
Administratively Regulated Deposits	969.812	1.597.718	-627.906

8 Other Current Assets: Pre-Paid Expenses and Accruals

	dec.31.2015	dec.31.2014	difference
Accrued income	---	46.651	-46.651
Prepayments	40.848	112.497	-71.649
	<hr/>		
	40.848	159.148	-118.300

Consist of the following:

<u>Prepayments:</u>	40.848
Insurance	23.444
Membership fees	155
Sureties commissions	2.436
Service fees	8.232

Accident prevention material	3.025
Others	3.556

EQUITY & LIABILITIES

9 NET EQUITY

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

	dec.31.2015	dec.31.2014	difference
Share capital	7.500.000	7.500.000	---
Legal reserve	807.284	733.613	73.671
Reserve for own shares	---	1.364.464	-1.364.464
Retained earnings	58.800	9.049	49.751
Net profit	1.550.106	1.473.421	76.685

NON-CURRENT LIABILITIES

10 Provisions for Employee Benefits

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2015 consists of euros 297.052 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
352.673	-60.672	5.051	297.052

11 Provisions

	Year 2014	Increases	Decreases	Year 2015
Managing directors termination indemnity	55.535	--	--	55.535
Agents termination indemnity	840	583	--	1.423

Reserves for contingencies	143.248	--	-53.264	89.984
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12 CURRENT LIABILITIES

Current liabilities consist of the following:

	dec.31.2015	dec.31.2014	difference
Trade payables	1.275.643	1.723.826	-448.183
Due to tax offices	---	502.068	-502.068
Employee income tax withholding	140.242	128.873	11.369
	140.242	630.941	-490.699
Advances from customers	1.084.510	2.632.333	-1.547.823
Deposits from customers	348.808	---	348.808
Contributions to social security and welfare organizations	191.128	193.428	-2.300
Payables to Employees	237.317	237.768	-451
Other payables	68.529	77.224	-8.695
	3.346.177	5.495.520	-2.149.343

At December 31, 2015 there were no short or long term bank loans.

13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	dec.31.2015	dec.31.2014	difference
Deferred income	598.820	580.500	18.320

Deferred income consists of euros 598.820 suspended revenues in relation to specific jobs that are not yet fully complete.

NOTES TO THE INCOME STATEMENT

14 REVENUES

In the year 2015, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	1.344.206
EU Countries	8.031.538
Russian Federation	22.860
Asia	452.380
Americas	115.422
Africa	610.580
Spare parts, maintenance service and others	1.063.262
+/- Changes in contract work in progress	-1.039.250
	10.600.998

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.31.2015	dec.31.2014	Difference
Raw, ancillary and consumable materials and goods	3.059.553	2.549.935	509.618
Variations in inventories	-105.932	28.640	-134.572
	2.953.621	2.578.575	375.046

16 Services

The breakdown of services, compared with 2014, at the end of the financial year is as follows:

	dec.31.2015	dec.31.2014	Difference
Services	2.003.445	1.974.962	28.483

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.31.2015	dec.31.2014	Difference
Wages and salaries	2.009.811	1.969.719	40.092
Social security contributions	656.863	648.363	8.500
Employee termination indemnities	122.577	127.898	-5.321
Others	8.366	8.328	38
	<hr/>	<hr/>	
	2.797.617	2.754.308	43.309

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.31.2015	dec.31.2014	Difference
Amortization of intangible assets	9.726	40.765	-31.039
Amortization of tangible assets	319.524	316.049	3.475
Write-down of receivables among current assets	12.262	10.856	1.406
	<hr/>	<hr/>	
	341.512	367.670	-26.158

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 787.915).

C) AVERAGE NUMBER OF EMPLOYEES

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

White collar 25, Blue collar 28.

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, 2015, 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, 2015, the Company had no derivative instruments.

H) LEASING CONTRACTS

At December 31, 2015, the Company had no leasing contracts.

On behalf of the Board of Directors

The Chairman Romano Bertolino