



Annual Report
at December 31, **2016**

Financial Statements

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BALANCE SHEET

(in euros)		Year 2016	Year 2015
ASSETS:			
note * NON-CURRENT ASSETS			
1	Intangible assets	14.972	7.131
2	Property, plant and equipment	5.700.053	4.842.717
3	Non-current financial assets	2.319.729	2.313.899
	Total non-current assets	8.034.754	7.163.747
CURRENT ASSETS			
4	Inventories	2.988.367	1.203.649
5	Trade and other receivables	4.294.091	3.006.210
6	Cash and cash equivalents	3.713.197	1.920.913
7	Current financial assets	896.123	969.812
8	Other current assets	49.468	40.848
	Total current assets	11.941.246	7.141.432
	TOTAL ASSETS	19.976.000	14.305.179

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

EQUITY AND LIABILITIES:		Year 2016	Year 2015
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Other reserves	884.789	807.282
	Retained earnings	556.401	58.800
	Net profit	2.060.488	1.550.106
	Total equity	11.001.678	9.916.188
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	261.888	297.052
11	Other non-current liabilities	154.984	146.942
	Total non-current liabilities	416.872	443.994
CURRENT LIABILITIES			
12	Trade payables	3.251.834	1.278.678
12	Current tax liabilities	456.650	140.425
12	Other current liabilities	4.436.266	1.927.074
13	Accrued liabilities and deferred income	412.700	598.820
	Total current liabilities	8.557.450	3.944.997
	TOTAL LIABILITIES	8.974.322	4.388.991
	TOTAL LIABILITIES AND EQUITY	19.976.000	14.305.179

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

INCOME STATEMENT

(in euros)	Year 2016	Year 2015
note REVENUES		
14 Net sales from operations	14.353.581	10.600.998
Other revenues and income	108.258	88.192
Total revenues	14.461.839	10.689.190
OPERATING EXPENSES		
15 Raw materials and consumables	5.138.448	2.953.621
16 Services	2.654.800	2.003.445
17 Payroll and related costs	2.974.390	2.797.617
18 Depreciation and amortization	352.897	341.512
Provision for risk and charges		583
Other operating expenses	545.065	577.309
Total operating expenses	11.665.600	8.647.087
OPERATING PROFIT	2.796.239	2.015.103
Financial income (expense)		
Financial income	189.138	217.552
Financial expense	1.081	32.067
Total financial income (expense)	188.057	185.485
Adjustments to financial assets		
Write-downs of financial receivables	---	---
PROFIT BEFORE INCOME TAXES	2.984.296	2.200.588
Taxes related to prior years		60
Income taxes	923.808	650.422
NET PROFIT	2.060.488	1.550.106

(*) 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, 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
Retained earnings and allocation to legal reserve		77.505	497.601		-575.106	
Distributed dividends					-975.000	-975.000
Rounding		2				2
Net profit 2016					2.060.488	2.060.488
December 31, 2016	7.500.000	884.789	556.401	---	2.060.488	11.001.678

CASH FLOW STATEMENT 2016

Year 2016

Year 2015

A.CASH FLOW FROM OPERATING ACTIVITIES

Net profit	2.060.488	1.550.106
Income taxes	923.808	650.482
Interests (Income) and expenses	-106.987	-12.802
(Dividends)	-70.680	-38.874
Loss (Gain) on disposal of non-current assets	-672	-350
1. Profit before income taxes, interests, dividends, gains/losses on disposals	2.805.957	2.148.562
<hr/>		
Adjustments for		
Provisions	6.339	5.072
Amortization	337.615	329.250
2. Cash flow from operating activities before changes in net working capital	3.149.911	2.482.884
<hr/>		
Changes in net working capital		
Decrease (Increase) in inventories	-1.784.718	933.318
Decrease (Increase) in trade receivables	-855.914	-260.041
Increase (Decrease) in trade payables	1.973.156	-445.148
Decrease (Increase) in other current assets	-8.620	118.300
Increase (Decrease) in accrued liabilities and deferred income	-186.120	18.320
Other changes in net working capital	1.961.041	-1.223.674
3. Cash flow after changes in net working capital	4.248.736	1.623.959
<hr/>		
Other changes		
Interest received (paid)	106.987	12.802
(Income taxes paid)	-484.796	-1.346.052
Dividends received	70.680	38.874
(Release of provisions)	-40.064	-113.374
CASH FLOW FROM OPERATING ACTIVITIES (A)	3.901.543	216.209

B. CASH FLOW FROM INVESTING ACTIVITIES

Property, plant and equipment		
(Investments)	-1.189.043	-42.336
Proceeds from disposal of property, plant and equipment	13.319	350
Intangible assets		
(Investments)	-26.394	-10.460
Non-current financial assets		
(Investments)	-5.830	-21.705
Current financial assets		
Proceeds from disposal of current financial assets	73.689	627.906
CASH FLOW FROM INVESTING ACTIVITIES (B)	-1.134.259	553.755

C. CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	-975.000	-1.350.000
CASH FLOWS FROM FINANCING ACTIVITIES (C)	-975.000	-1.350.000
Increase (Decrease) in cash and cash equivalents	1.792.284	-580.036
Cash and cash equivalents at beginning of period	1.920.913	2.500.949
Cash and cash equivalents at end of period	3.713.197	1.920.913

BASIS OF PRESENTATION

Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2016, are composed of the Balance Sheet, the Income Statement, the Cash Flow 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 and in the Italian Legislative Decree n. 139 dated August 18, 2015. These principles have been integrated with the accounting principles elaborated by the Organismo Italiano Contabilità (O.I.C.).

Balance Sheets, Income Statements and Cash Flow 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.

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 2015	Increases	Decreases	Year 2016
Industrial patents and rights to use intellectual properties	79.510	14.220	---	93.730
(Depreciation)	-77.908	-8.712	---	-86.620
Brands	2.282	---	---	2.282
(Depreciation)	-380	-127	---	-507
Software	10.658	12.174	-3.403	19.429
(Depreciation)	-7.031	-9.714	3.403	-13.342
Other intangible assets	8.000	---	---	-
(Depreciation)	-8.000	---	---	-
				<hr/>
				14.972

2 Tangible Assets

The breakdown of net tangible assets, compared with 2015, is as follows:

	Year 2015	Increases	Decreases	Year 2016
Land and buildings	6.026.381	---	---	6.026.381
(Depreciation)	-1.782.342	-160.061	---	-1.942.403
Vehicles	269.678	42.317	-73.126	238.869
(Depreciation)	-192.786	-32.069	60.479	-164.376
Plant and machinery	3.726.251	80.998	-21.582	3.785.667

(Depreciation)	-3.262.939	-108.238	21.582	-3.349.595
Industrial equipment	181.217	1.390	---	182.607
(Depreciation)	-178.374	-1.311	---	-179.685
Office furniture	39.426	3.000	---	42.426
(Depreciation)	-37.904	-1.010	---	-38.914
Office equipment	277.145	17.942	-9.600	285.487
(Depreciation)	-240.635	-16.371	9.600	-247.406
Other tangible assets	1.033	---	---	1.033
(Depreciation)	-1.033	---	---	-1.033
Assets in progress	17.599	1.043.396	---	<u>1.060.995</u>
				5.700.053

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	56.163	10.047	15.697		
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, 2016)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
URETEC Srl	Villanova M.vì	100.000	2.022.831	84.084	67,50%	1.453.293
SICMA USA CORP*	Concord New Hampshire – USA	949	18.872	685	100,00%	16.376
SME Srl	Villanova M.vì	115.000	475.170	10.684	17,67%	353
COMAC Srl	Villanova d'Asti	100.000	2.247.707	45.042	40%	660.000

* Balance sheet at December 31, 2015

OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- investment in the Conai Consortium (euros 6);
- euro 189.701 in interest-free loan to the subsidiary Sicma USA Corp.

CURRENT ASSETS

4 Inventories

	dec.31.2016	dec.31.2015	difference
Raw materials and supplies	397.291	359.117	38.174
Work in progress and semi-finished goods	2.591.076	844.532	1.746.544
	<hr/>		
	2.988.367	1.203.649	1.784.718

5 Trade and Other Receivables

RECEIVABLES	dec.31.2016	dec.31.2015	difference
Trade receivables	3.046.899	2.291.924	754.975
Commercial paper	26.274	106.503	-80.229
Invoices to be issued	240.967	---	240.967
(Allowance for doubtful credits)	-88.225	-72.944	-15.281
Trade receivables (net of allowance for doubtful credits)	<hr/>		
	3.225.915	2.325.483	900.432
VAT credit – Italy	675.182	386.458	288.724
Income tax credits	60.950	193.502	-132.552
VAT credit – Germany	1.641	1.576	65

VAT credit – Czech Republic	17.640	17.640	---
Advances to suppliers	274.130	---	274.130
Guarantee deposits	3.841	3.841	---
Parent company receivables	9.440	53.958	-44.518
Other receivables	25.352	23.752	1.600
	<hr/>	<hr/>	<hr/>
	4.294.091	3.006.210	1.287.881

6 Cash and Cash Equivalents

	dec.31.2016	dec.31.2015	difference
Cash on hand	10.394	9.850	544
Bank Accounts	3.702.803	1.911.063	1.791.740
	<hr/>	<hr/>	<hr/>
	3.713.197	1.920.913	1.792.284

7 Current Financial Assets

	dec.31.2016	dec.31.2015	difference
Administratively Regulated Deposits	896.123	969.812	-73.689

8 Other Current Assets: Pre-Paid Expenses and Accruals

	dec.31.2016	dec.31.2015	difference
Prepayments	49.468	40.848	8.620
	<hr/>	<hr/>	<hr/>
	49.468	40.848	8.620

Consist of the following:

<u>Prepayments:</u>	49.468
Insurance	23.116
Sureties commissions	3.394
Service fees	15.596
Accident prevention material	4.555

Others 2.807

EQUITY & LIABILITIES

9 NET EQUITY

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

	dec.31.2016	dec.31.2015	difference
Share capital	7.500.000	7.500.000	---
Legal reserve	884.789	807.284	77.505
Retained earnings	556.401	58.800	497.601
Net profit	2.060.488	1.550.106	510.382

NON-CURRENT LIABILITIES

10 Provisions for Employee Benefits

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2016 consists of euros 261.888 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
297.052	-40.604	4.900	261.888

11 Provisions

	Year 2015	Increases	Decreases	Year 2016
Managing directors termination indemnity	55.535	---	---	55.535
Agents termination indemnity	1.423	1.439	---	2.862
Deferred tax liabilities	---	6.603	---	6.603
Reserves for contingencies	89.984	---	---	89.984

12 CURRENT LIABILITIES

Current liabilities consist of the following:

	dec.31.2016	dec.31.2015	difference
Trade payables	3.251.834	1.275.643	1.976.191
Due to tax offices	299.857	---	299.857
Employee income tax withholding	156.026	140.242	15.784
	455.883	140.242	315.641
Advances from customers	3.879.254	1.084.510	2.794.744
Deposits from customers	---	348.808	-348.808
Contributions to social security and welfare organizations	218.715	191.128	27.587
Payables to Employees	249.827	237.317	12.510
Other payables	89.237	68.529	20.708
	8.144.750	3.346.177	4.798.573

At December 31, 2016 there were no short or long term bank loans.

13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	dec.31.2016	dec.31.2015	difference
Deferred income	412.700	598.820	-186.120

Deferred income consists of euros 412.700 suspended revenues in relation to specific jobs that are not yet fully complete.

NOTES TO THE INCOME STATEMENT

14 REVENUES

In the year 2016, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	4.668.319
EU Countries	3.090.544
Russian Federation	2.737.300
Asia	439.487
Americas	366.231
Africa	105.000
Oceania	22.500
Spare parts, maintenance service and others	1.177.656
+/- Changes in contract work in progress	1.746.544
	14.353.581

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.31.2016	dec.31.2015	Difference
Raw, ancillary and consumable materials and goods	5.176.622	3.059.553	2.117.069
Variations in inventories	-38.174	-105.932	67.758
	5.138.448	2.953.621	2.184.827

16 Services

This caption includes especially industrial services.

	dec.31.2016	dec.31.2015	Difference
Services	2.654.800	2.003.445	651.355

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.31.2016	dec.31.2015	Difference
Wages and salaries	2.158.193	2.009.811	148.382
Social security contributions	677.266	656.863	20.403
Employee termination indemnities	129.961	122.577	7.384
Others	8.970	8.366	604
	<hr/>	<hr/>	
	2.974.390	2.797.617	176.773

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.31.2016	dec.31.2015	Difference
Amortization of intangible assets	18.555	9.726	8.829
Amortization of tangible assets	319.060	319.524	-464
Write-down of receivables among current assets	15.282	12.262	3.020
	<hr/>	<hr/>	
	352.897	341.512	11.385

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 2.007.725).

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, 2016, 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, 2016, the Company had no derivative instruments.

H) LEASING CONTRACTS

At December 31, 2016, the Company had no leasing contracts.

On behalf of the Board of Directors

The Chairman Romano Bertolino