



Annual Report  
at December 31, **2017**

Financial Statements

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## BALANCE SHEET

(in euros)		Year 2017	Year 2016
<b>ASSETS:</b>			
note * NON-CURRENT ASSETS			
1	Intangible assets	39.110	14.972
2	Property, plant and equipment	6.344.704	5.700.053
3	Non-current financial assets	2.299.004	2.319.729
	Total non-current assets	8.682.818	8.034.754
CURRENT ASSETS			
4	Inventories	3.055.481	2.988.367
5	Trade and other receivables	5.425.785	4.294.091
6	Cash and cash equivalents	4.795.634	3.713.197
7	Current financial assets	782.798	896.123
8	Other current assets	57.400	49.468
	Total current assets	14.117.098	11.941.246
	<b>TOTAL ASSETS</b>	<b>22.799.916</b>	<b>19.976.000</b>

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

<b>EQUITY AND LIABILITIES:</b>		<b>Year 2017</b>	<b>Year 2016</b>
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Other reserves	987.814	884.789
	Retained earnings	611.350	556.401
	Reserve from exchange gains	27.512	---
	Net profit	3.297.653	2.060.488
	Total equity	12.424.329	11.001.678
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	225.456	261.888
11	Other non-current liabilities	151.719	154.984
	Total non-current liabilities	377.175	416.872
CURRENT LIABILITIES			
12	Trade payables	2.674.889	3.251.834
12	Current tax liabilities	522.952	456.650
12	Other current liabilities	6.318.327	4.436.266
13	Accrued liabilities and deferred income	482.244	412.700
	Total current liabilities	9.998.412	8.557.450
	TOTAL LIABILITIES	10.375.587	8.974.322
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>22.799.916</b>	<b>19.976.000</b>

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

## INCOME STATEMENT

(in euros)	Year 2017	Year 2016
note		
REVENUES		
14		
Net sales from operations	15.773.218	14.353.581
Other revenues and income	203.876	108.258
Total revenues	15.977.094	14.461.839
OPERATING EXPENSES		
15		
Raw materials and consumables	5.069.530	5.138.448
16		
Services	2.268.235	2.654.800
17		
Payroll and related costs	3.055.288	2.974.390
18		
Depreciation and amortization	465.869	352.897
Provision for risk and charges	---	---
Other operating expenses	642.471	545.065
Total operating expenses	11.501.393	11.665.600
OPERATING PROFIT	4.475.701	2.796.239
Financial income (expense)		---
Financial income	67.669	189.138
Financial expense	-24.560	1.081
Total financial income (expense)	43.109	188.057
Adjustments to financial assets		
Write-downs of financial receivables	---	---
PROFIT BEFORE INCOME TAXES	4.518.810	2.984.296
Income taxes	1.221.157	923.808
NET PROFIT	3.297.653	2.060.488

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

## STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

in euros	Share capital	Legal reserve	Retained earnings	Reserve from exchange gains	Net profit	Total
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
Retained earnings and allocation to legal reserve and reserve from exchange gains		103.025	54.951	27.512	-185.488	
Distributed dividends					-1.875.000	-1.875.000
Rounding			-2			
Net profit 2017					3.297.653	3.297.653
December 31, 2017	7.500.000	987.814	611.350	27.512	3.297.653	12.424.329

**CASH FLOW STATEMENT 2017**

Year 2017

Year 2016

**A.CASH FLOW FROM OPERATING ACTIVITIES**

Net profit	3.297.653	2.060.488
Income taxes	1.221.157	923.808
Interests (Income) and expenses	-67.669	-106.987
(Dividends)	---	-70.680
Loss (Gain) on disposal of non-current assets	-70.500	-672
1. Profit before income taxes, interests, dividends, gains/losses on disposals	4.380.641	2.805.957
<hr/>		
Adjustments for		
Provisions	8.629	6.339
Amortization	441.865	337.615
2. Cash flow from operating activities before changes in net working capital	4.831.135	3.149.911
<hr/>		
Changes in net working capital		
Decrease (Increase) in inventories	-67.114	-1.784.718
Decrease (Increase) in trade receivables	-1.454.161	-855.914
Increase (Decrease) in trade payables	-576.945	1.973.156
Decrease (Increase) in other current assets	-7.932	-8.620
Increase (Decrease) in accrued liabilities and deferred income	69.544	-186.120
Other changes in net working capital	2.224.804	1.961.041
3. Cash flow after changes in net working capital	5.019.331	4.248.736
<hr/>		
Other changes		
Interest received (paid)	67.669	106.987
(Income taxes paid)	-1.180.112	-484.796
Dividends received	---	70.680
(Release of provisions)	-43.345	-40.064
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>3.863.543</b>	<b>3.901.543</b>

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**B. CASH FLOW FROM INVESTING ACTIVITIES**

Property, plant and equipment		
(Investments)	-1.050.732	-1.189.043
Proceeds from disposal of property, plant and equipment	70.500	13.319
Intangible assets		
(Investments)	-59.924	-26.394
Non-current financial assets		
(Investments)	---	-5.830
Proceeds from disposal of non-current financial assets	20.725	---
Current financial assets		
Proceeds from disposal of current financial assets	113.325	73.689
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>-906.106</b>	<b>-1.134.259</b>

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**C. CASH FLOW FROM FINANCING ACTIVITIES**

Dividends paid	-1.875.000	-975.000
<b>CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>-1.875.000</b>	<b>-975.000</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>1.082.437</b>	<b>1.792.284</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3.713.197</b>	<b>1.920.913</b>
<b>Cash and cash equivalents at end of period</b>	<b>4.795.634</b>	<b>3.713.197</b>

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## BASIS OF PRESENTATION

### Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2017, 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 2016	Increases	Decreases	Year 2017
Industrial patents and rights to use intellectual properties	93.730	4.832	---	98.562
(Depreciation)	-86.620	-9.526	---	-96.146
Brands	2.282	---	---	2.282
(Depreciation)	-507	-127	---	-634
Software	19.429	30.092	-7.255	42.266
(Depreciation)	-13.342	-21.133	7.255	-27.220
Other intangible assets	-	25.000	-5.000	<u>20.000</u>
				39.110

##### 2 Tangible Assets

The breakdown of net tangible assets, compared with 2016, is as follows:

	Year 2016	Increases	Decreases	Year 2017
Land and buildings	6.007.032	---	---	6.007.032
(Depreciation)	-1.926.909	-160.060	---	-2.086.969
Vehicles	238.869	19.385	---	258.254
(Depreciation)	-164.376	-33.476	---	-197.852
Plant and machinery	3.785.667	1.762.259	-523.415	5.024.511
(Depreciation)	-3.349.595	-190.070	523.415	-3.016.250

Industrial equipment	182.607	19.292	-2.737	199.162
(Depreciation)	-179.685	-3.897	2.737	-180.845
Office furniture	42.426	3.595	---	46.021
(Depreciation)	-38.914	-1.267	---	-40.181
Office equipment	285.487	19.856	---	305.343
(Depreciation)	-247.406	-17.309	---	-264.715
Other tangible assets	20.382	---	---	20.382
(Depreciation)	-16.527	---	---	-16.527
Assets in progress	1.060.995	19.740	-793.397	<u>287.338</u>
				6.344.704

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	53.907	9.145	13.487		
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, 2017)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
URETEC Srl	Villanova M.vì	100.000	2.166.656	143.822	67,50%	1.453.293
SICMA USA CORP*	Concord New Hampshire – USA	845	18.440	1.633	100,00%	16.376
SME Srl	Villanova M.vì	115.000	494.503	19.331	17,67%	353
COMAC Srl	Villanova d'Asti	100.000	2.376.056	128.348	40%	660.000

\* Balance sheet at December 31, 2016

## OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- investment in the Conai Consortium (euros 6);
- euro 168.976 in interest-free loan to the subsidiary Sicma USA Corp.

## CURRENT ASSETS

### 4 Inventories

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Raw materials and supplies	374.153	397.291	-23.138
Work in progress and semi-finished goods	2.681.328	2.591.076	90.252
	<u>3.055.481</u>	<u>2.988.367</u>	<u>67.114</u>

### 5 Trade and Other Receivables

RECEIVABLES	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Trade receivables	4.772.961	3.046.899	1.726.062
Commercial paper	27.131	26.274	857
Invoices to be issued	884	240.967	-240.083
(Allowance for doubtful credits)	-112.229	-88.225	-24.004
Trade receivables (net of allowance for doubtful credits)	<u>4.688.747</u>	<u>3.225.915</u>	<u>1.462.832</u>
VAT credit – Italy	510.804	675.182	-164.378
Income tax credits	67.288	60.950	6.338
VAT credit – Germany	879	1.641	-762



VAT credit – Czech Republic	---	17.640	-17.640
Advances to suppliers	110.700	274.130	-163.430
Guarantee deposits	7.429	3.841	3.588
Parent company receivables	769	9.440	-8.671
Other receivables	39.169	25.352	13.817
	<hr/>		
	5.425.785	4.294.091	1.131.694

**6** Cash and Cash Equivalents

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Cash on hand	11.989	10.394	1.595
Bank Accounts	4.783.645	3.702.803	1.080.842
	<hr/>		
	4.795.634	3.713.197	1.082.437

**7** Current Financial Assets

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Administratively Regulated Deposits	782.798	896.123	-113.325

**8** Other Current Assets: Pre-Paid Expenses and Accruals

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Prepayments	57.400	49.468	7.932
	<hr/>		
	57.400	49.468	7.932

Consist of the following:

Prepayments:

Insurance	32.331
Sureties commissions	7.133
Service fees	10.042
Accident prevention material	3.389

Others 4.505

## **EQUITY & LIABILITIES**

### **9 NET EQUITY**

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

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Share capital	7.500.000	7.500.000	---
Legal reserve	987.814	884.789	103.025
Retained earnings	611.352	556.401	54.951
Reserve from exchange gains	27.512	---	27.512
Net profit	3.297.653	2.060.488	1.237.165

## **NON-CURRENT LIABILITIES**

### **10 Provisions for Employee Benefits**

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2017 consists of euros 225.456 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
261.888	-43.345	6.913	225.456

### **11 Provisions**

	<b>Year 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Year 2017</b>
Managing directors termination indemnity	55.535	---	---	55.535
Agents termination indemnity	2.862	1.716	---	4.578
Deferred tax liabilities	6.603	---	-4.981	1.622

Reserves for contingencies	89.984	---	---	89.984
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## 12 CURRENT LIABILITIES

Current liabilities consist of the following:

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Trade payables	2.674.889	3.251.834	-576.945
Due to tax offices	352.221	299.857	52.364
Employee income tax withholding	169.189	156.026	13.163
	521.410	455.883	65.527
Advances from customers	5.779.349	3.879.254	1.900.095
Contributions to social security and welfare organizations	212.305	218.715	-6.410
Payables to Employees	266.104	249.827	16.277
Other payables	62.111	89.237	-27.126
	9.516.168	8.144.750	1.371.418

At December 31, 2017 there were no short or long term bank loans.

## 13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>difference</b>
Deferred income	482.244	412.700	69.544

Deferred income consists of euros 482.244 suspended revenues in relation to specific jobs that are not yet fully complete.

## NOTES TO THE INCOME STATEMENT

### 14 REVENUES

In the year 2017, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	4.265.479
EU Countries	4.514.878
Russian Federation	90.706
Asia	2.367.921
Americas	25.255
Africa	2.722.309
Oceania	-
Spare parts, maintenance service and others	1.696.418
+/- Changes in contract work in progress	90.252
	15.773.218

### 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:

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>Difference</b>
Raw, ancillary and consumable materials and goods	5.046.392	5.176.622	-130.230
Variations in inventories	23.138	-38.174	61.312
	5.069.530	5.138.448	-68.918

## 16 Services

This caption includes especially industrial services.

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>Difference</b>
Services	2.268.235	2.654.800	-386.565

## 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:

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>Difference</b>
Wages and salaries	2.233.642	2.158.193	75.449
Social security contributions	667.538	677.266	-9.728
Employee termination indemnities	136.102	129.961	6.141
Others	18.006	8.970	9.036
	<hr/>	<hr/>	
	3.055.288	2.974.390	80.898

## 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:

	<b>dec.31.2017</b>	<b>dec.31.2016</b>	<b>Difference</b>
Amortization of intangible assets	35.786	18.555	17.231
Amortization of tangible assets	406.079	319.060	87.019
Write-down of receivables among current assets	24.004	15.282	8.722
	<hr/>	<hr/>	
	465.869	352.897	112.972

## 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 4.509.552).

### C) AVERAGE NUMBER OF EMPLOYEES

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

White collar 28, Blue collar 37.

### D) EMOLUMENTS TO THE DIRECTORS AND TO THE STATUTORY AUDITORS

Emolument to Managing Directors: euros 385.000.

Emolument to Statutory Auditors: euros 15.288.

### E) SHARE CAPITAL

As of December 31, 2017, 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, 2017, the Company had no derivative instruments.

### H) LEASING CONTRACTS

At December 31, 2017, the Company had no leasing contracts.

On behalf of the Board of Directors

*The Chairman Romano Bertolino*