VALSOIA SpA

Annual Financial Report at December 31, 2015

Contributing to people's wellbeing by helping them make informed food choices. Promoting awareness of the health benefits of plant-based foods. Spreading knowledge of healthy eating responsibly and with passion.
That's Valsoia. And that's the mission expressed in our logo with the Italian for 'goodness and health' – "bontà e salute".

A mission everyone can experience in all our deliciously healthy products.
It's this commitment to pleasure and health that has made the Valsoia brands some of Italy's leading and best-loved household names, thanks to the quality of our products and constant research and innovation.

* marchio in distribuzione per l'Italia

To live a better and healthier life through our nutritional choices every day, this is the MISSION of Valsoia Spa. An Italian company that strives every day to offer a sound dietetic-nutritional response to the increasing demand for health and well-being.

QUALITY AND EXPERIENCE

Valsoia champions “plant-based nutrition” and “healthy eating” connected to the cultural values of quality and selecting excellent ingredients. Well-designed and controlled processes back up the precious know how we have gained over decades of experience. Valsoia is always actively researching products that are good, healthy and safe and therefore made with precious and unique ingredients.

NUTRITION RESEARCH

Our constant focus on recipes, the creation of new tastes and the selection of raw materials has led to improvement in the flavours and the realization of new proposals, so as to satisfy the ever-growing variety and complexity of the demand for nutritious foods.

PRODUCT VARIETY

Currently we offer plant-based alternatives, beverages, ice-creams, yoghurt, desserts, cookies, main dishes, cheeses and dressings all sold under the Valsoia trademark; moreover, our products include the Santa Rosa preserves and sorbets, marks of excellence in preserves and fruit processing and the Pomodorissimo tomato sauces, characterised by their unmistakable flavour.

ITALIAN TRADITION

All our products follow the nutritional tradition of Italy. Al the products are healthy and of high quality, ideal for the entire family and they are appropriate for every moment of the day, from breakfast to dinner. Our products feature the simplicity of the flavours that are the result of our careful preparation, distilling the experience of the best nutritionists.

new:

PLANT-BASED ALTERNATIVES TO CHEESE

Following the success of Lo Spalmabile plant-based cheese,
Valsoia brings three delicious new treats to your table:
Il Gustosino, Il Morbidino and La Tenerotta
You can enjoy these new plant-based alternatives to cheese alone
or use them in a whole host of recipes!
100% plant-based, naturally lactose free.

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1 / General information

GENERAL INFORMATION

Corporate offices and positions

Board of Directors (1)

Chairman	Lorenzo Sassoli de Bianchi
Vice Chairman	Furio Burnelli
Vice Chairman	Ruggero Ariotti
Honorary Chairman	Cesare Doria de Zuliani
Chief Executive Officer and General Manager (2)	Andrea Panzani
Directors	Susanna Zucchelli
	Francesca Postacchini
	Gregorio Sassoli de Bianchi

Board of Statutory Auditors (1)

Chairman	Gianfranco Tomassoli
Statutory Auditors	Claudia Spisni
	Massimo Mezzogori
Alternate Auditors	Massimo Bolognesi
	Simonetta Frabetti

Independent Auditors (3)

KPMG S.p.A.

Manager in charge of financial reporting (4)

Carlo Emiliani

(1) Appointed on 23 April 2014, in office until the approval of the 2016 Financial Statements.

(2) Chief Executive Officer (from 23 April 2015) and General Manager (since 4 February 2014).

(3) Appointed on 23 April 2015, in office until the approval of the 2023 Financial Statements.

(4) Appointed by the Board of Directors on 7 June 2006. Since 2001 Executive of Valsoia S.p.A.
Auditor. Enrolled in the Register of Chartered Accountants and in the Register of Auditors of Ravenna.

Corporate data and Group structure

Company Name: Valsoia S.p.A.
Registered office: Via Ilio Barontini no. 16/5 - 40138 Bologna (BO) - Italy
Telephone: +39 051 6086800
Fax: +39 051 248220
Certified email: valsoia@legalmail.it
Website: www.valsoia.it – Investor Relations section

Share Capital - fully paid up: 3,450,408.72
Tax Code and registration number in the Companies Register of Bologna: 02341060289
VAT no. 04176050377
Member of the Chamber of Commerce of Bologna no. BO-338352

Production facility:
C.so Matteotti no. 13 - 13037 Serravalle Sesia (VC) – Italy

The structure of the Valsoia Group, at 31 December 2015, in addition to the parent company Valsoia S.p.A., included the following subsidiaries:

Company Name	Share Capital	Main office	% Held
Valsoia Pronova d.o.o.	€ 100,000	Ljubljana (Slovenia)	100

At the closing of this period, Valsoia does not own any other investments above 10% of the share capital, represented by shares with rights of voting, in non-listed companies, nor does it own shares in limited liability companies.

The Company has no branch offices.

The Company Valsoia S.p.A. decided to make use of the rights granted by Art. 70, paragraph 8 and Art. 71, paragraph 1-bis of the Consob Regulation no. 11971/99 (as amended) and therefore to derogate from the obligation to make available to the public any information documents referring to operations concerning major mergers, de-mergers, share capital increases through contributions in kind, acquisitions and disposals.

2 / Director's report on the year 2015

DIRECTORS' REPORT ON THE YEAR 2015

Key financial highlights

Income statement ratios (EUR 000)	31.12.2015		31.12.2014		Change	
	EUR	%	EUR	%	EUR	%
Sales revenue	115,316	100.0	114,015	100.0	1,301	1.1
Value of production	116,747	101.2	116,090	101.8	657	0.6
Gross Operating Result (EBITDA) (*)	17,457	15.1	17,967	15.8	(510)	(2.8)
Operating result (EBIT)	15,585	13.5	16,280	14.3	(695)	(4.3)
Pre-tax profit	15,226	13.2	15,786	13.8	(560)	(3.6)
Net profit for the period	11,978	10.4	10,701	9.4	1,277	11.9
Adjusted results (**)						
Adj. Gross Operating Result (Adj. EBITDA)	17,632	15.3	17,358	15.2	274	1.6
Net adjusted profit	10,646	9.2	10,290	9.0	356	3.5

(*) The interim result is not defined as an accounting measure pursuant to the IFRSs, therefore the definition criteria for this parameter may not be consistent with those adopted by other companies.

(**) Adjusted results:

- 2015: data presented net of the expenses for the stock option plan (EUR 175 thousand) including the relative impacts on ordinary taxes and the net non-recurring tax effects (EUR 1,459 thousand) arising mainly from a tax realignment transaction concerning the Santa Rosa trademark pursuant to Law 208/2015 (the latter only relative to the net adjusted profit).
- 2014: data presented net of operating grants (EUR 774 thousand) and the expenses for the stock option plan (EUR 165 thousand) including the relative tax effects.

Income statement ratios (EUR 000)	31.12.2015	31.12.2014	Change
Current non financial assets	22,126	23,995	(1,869)
Current non financial liabilities	(20,011)	(20,829)	818
Net working capital	2,115	3,166	(1,051)
Total non current assets	35,809	34,259	1,550
Total INVESTMENTS	37,924	37,425	499
Provision for post employment benefits	586	671	(85)
Shareholders' equity	53,475	44,301	9,174
Current net financial debt	(22,212)	(16,183)	(6,029)
Non-current payables due to banks	6,075	8,636	(2,561)
Net financial debt	(16,137)	(7,547)	(8,590)
Total sources	37,924	37,425	499

Economic and financial performance indicators	31.12.2015	31.12.2014
ROE (Net profit for the period/Shareholders' equity)	22.4%	24.2%
Adjusted ROE (Net adjusted profit **/Shareholders' equity)	19.9%	23.2%
ROI (EBIT/Total investments)	41.1%	43.5%
ROS (EBIT / Sales revenue)	13.5%	14.3%
EBITDA margin (EBITDA (*)/Sales revenue)	15.1%	15.8%
Adj. EBITDA margin (EBITDA (**)/Sales revenue)	15.3%	15.2%
Shareholders' equity/Total non current assets	1.49	1.29
(Shareholders' equity + Non current payables due to banks)/ Total non current assets	1.66	1.55
Acid test (Current net financial debt + Current non financial assets) / Current non financial liabilities	2.22	1.79
Debt ratio (Net financial debt + Non current payables due to banks)/Shareholders' equity	n.a.	n.a.

(*) see note on the previous page

(**) see note on the previous page

Main events for the period and business performance

Highlights

The year 2015 ended for Valsoia S.p.A. (the "Company" or "Valsoia") with positive results, in terms of revenue as well as profits, which can be better appreciated also in consideration of the changes that took place in the health food market following the rapid entry of new competitors and the consequent significant increased crowding in terms of offers. These positive results also occurred within the broader framework of the Italian mass consumer market, which is still characterised by significant uncertainty.

The total Sales Revenue increased by 1.1%, while the Net Profit for the period, normalised by extraordinary items, amounted to EUR 10.6 million (+3.5%), consolidating and improving the "record" results of the previous year, within a segment of the Italian market, the total grocery segment, which in 2015 experienced an increase in consumption of +1% (data source Nielsen).

We note in particular the positive performance of the company's trademarks which are active in the health sector, with increases in excess of 6%, and the continued development of the exports (+11.4%).
These performances confirmed the indisputable leadership of the Company in the Italian health food market.
The "Valsoia Bontà e Salute" trademark, in particular, maintained and strengthened its role as a driving force and point of reference in the market, thanks to the strength and uniqueness of the trademark, the continuous capacity to innovate and the quality of its products, which is recognised and appreciated by consumers.

Overall costs remained stable. We note the steep increase in financial needs relative to the agreements with the large-scale retail sector chains.

The Organisational Structure was further strengthened, promoting growth from within but also through the addition of talent acquired from the market. In particular, the Consumer Marketing, Trade Marketing, Quality Assurance and Research and Development areas were further structured, and there was a start-up of a project that involved the entire company, the purpose of which is to improve and train human resources over time.
In 2015, the new corporate SAP system was implemented.

The operating profits, net of the extraordinary items (adjusted EBITDA), improved compared to 2014 (+1.6%) further strengthening the Company's capitalisation. At the end of the year, Valsoia had a positive net financial debt of EUR 16.1 million, up from the end of the previous year when it stood at EUR 8.6 million.

In consideration of the positive results achieved and the favourable financial position of the Company, the Board of Directors proposes, in recognition of the support provided by the shareholders over the decade that the company has been listed on the exchange, the distribution for the current year of a dividend equal to EUR 0.55 per share which, exceptionally in this case, is higher than the dividend normally distributed by the Company.

The products and performance of revenue

Valsoia produces, distributes and markets mass consumption food products with a particular focus on health foods.

The Company's mission is to provide solutions and stay ahead of the requirements of consumers insofar as health and well-being, with food products which are guaranteed in terms of their focus on health and it continues to be perceived by consumers as a leading company in terms of quality.

The Company's products are distinguished by the following trademarks:

VALSOIA BONTA' E SALUTE

Valsoia offers a broad range of plant-based products, for the entire family. Valsoia products provide healthy nutrition which is varied and very tasty, every day.

Yes to Valsoia, every day.

NATURATTIVA

Naturattiva offers many plant-based specialties, made with soy and rice, and exclusively with organically grown ingredients.

Naturally Good.

VITASOYA

Vitasoya Soyadrink is a natural, high quality product with an excellent taste. Thanks to its nutritious and balanced recipe, it is the ideal drink for staying in shape and eating well beginning with breakfast.

SANTA ROSA

Santa Rosa offers high quality preserves, using only the best fruit.

Lots of chunky fruit

POMODORISSIMO

This is a line of products created using only Italian tomatoes, which are carefully selected and processed based on the exclusive "Sapore crudo" [raw taste] recipe, which ensures that the characteristics of the tomato remain unchanged after it is picked.

All the goodness of a raw tomato

Valsoia also distributes the following products in Italy:

WEETABIX

range of whole wheat cereal for a healthy breakfast. These are produced by the UK based Weetabix Food Company, which has a long history and tradition and they are unique, loved and appreciated throughout the world as well as in Italy.

Weetabix is distributed exclusively by Valsoia.

The following table shows the sales results in Italy broken down by the main product lines.

Description (EUR 000)	31.12.2015		31.12.2014		Change
	EUR	% Inc.	EUR	% Inc.	%
Valsoia Bontà e Salute products	60,911	52.8	57,473	50.4	6.0
Santa Rosa products	28,127	24.4	32,046	28.1	(12.2)
Other products (a)	23,008	20.0	21,561	18.9	6.7
Total Italian revenue	112,046	97.2	111,080	97.4	0.9
Sales abroad	3,270	2.8	2,935	2.6	11.4
Total revenue	115,316	100.0	114,015	100.0	1.1

(a) Other trademarks and industrial products

The "Valsoia Bontà e Salute" trademark experienced significant growth (+6%), consolidating and improving further the excellent results reached in the previous year.

As mentioned previously, this result is particularly important when considered in light of the entry into the market of many new competitors. The "Valsoia Bontà e Salute" continued to grow, with an increasing number of families consuming the products sold under this trademark (+13%), thereby unquestionably confirming its leadership in the reference health food market in terms of overall consumption as well as number of consumers.

Product innovation was successful in the plant-based alternative areas in the categories of yogurt, ice cream, frozen foods and in particular:

- Drinks, with the complete redefinition and extension or of the range and flavours offered
- Cheeses, with the launch of 3 new items which are the first to open the alternative plant-based market to certain types of cheese, further expanding the presence of Valsoia in these markets after the success obtained with the "spreads".

The significant investments in advertising confirm the undisputed leadership of the "Valsoia Bontà e Salute" trademark insofar as its "share" of the reference market.

For the Santa Rosa products, the general performance of the preserves business essentially stabilised, consolidating the weighted distribution of the previous year. In particular, the consumption of the Santa Rosa preserves in hypermarkets and supermarkets was positive (+1.9% - source Nielsen at end of December 2015), showing growth exceeding the market trend.

The sales results for Pomodorissimo were negative as the markets were strongly affected by price competition, losing volumes also following the decision to maintain the annual profit objectives for this line.

The Santa Rosa product line (preserves and tomatoes) therefore experienced, overall, a decrease in sales revenue compared to last year, but a strong improvement in its profitability.

In the second half of 2015, new recipes for each product of the preserves range were launched on the market. These recipes had previously successfully passed an external "product superiority" test conducted in the reference market. In the last part of the year, a complete restyling of the packaging was launched on the market, mostly in order to support the values and renewed positioning of the Trademark.
Significant investments were also made in communication. Santa Rosa preserves maintained an absolute leadership in communication with a share in excess of 90% of the total reference market, confirming its role as a major brand for consumers.

Export results were positive, and improved compared to the excellent performance last year (+ 11.4%).

Operating costs

The performance of the costs for production and distribution of the products was stable overall.

The costs for commercial services and sales dropped slightly: the steep increase in the consumer marketing activities, particularly advertising and trade marketing focused on the "Valsoia Bontà e Salute" trademark was offset by the checks on the expense incurred for the Santa Rosa line, in particular the lower investments on the

Santa Rosa "Sorbetti" (sorbets) line, which are no longer affected by the launching costs incurred in 2014, together with the lower level of investments made on the tomato line.

The increases in the general costs were contained also due to the enhancement of the organisational structure, as mentioned above.

The financial charges have been reduced as a result of the improvement in the Company's net financial debt.

The Taxes item benefits from a positive non-recurring tax effect of EUR 1.5 million, resulting from a tax realignment transaction relative to the Santa Rosa trademark, carried out pursuant to Article 1, paragraph 895 et seq. of Law 208 of December 28, 2015.

Investments

A total of EUR 1 million was invested in 2015. In particular, new production plant and equipment were purchased and improvements were made to buildings and the service equipment in the production facility for above EUR 600 thousand. Equipment was purchased for general and administrative services for EUR 100 thousand.
Furthermore, EUR 300 thousand was invested in intangible fixed assets of which over 270 thousand for the implementation of the new corporate software.

Analysis of the statement of financial debt

The following table shows the breakdown of the Net Financial Debt at December 31, 2015 and December 31, 2014.

Description (EUR 000)	31.12.2015	31.12.2014
Cash	2	2
Current accounts and bank deposits	24,616	18,344
Total cash and cash equivalents (A)	24,618	18,346
Current payables due to bank	(2,406)	(2,163)
Current financial debt (B)	(2,406)	(2,163)
Current net financial debt (C=A-B)	22,212	16,183
Non current payables due to bank	(6,075)	(8,636)
Non current payables due to banks (D)	(6,075)	(8,636)
NET FINANCIAL DEBT (E=C+D)	16,137	7,547

At the end of the year, the net financial debt of Valsoia was positive by EUR 16.1 million, an increase of EUR 8.6 million compared to December 31, 2014. The financial indicators above show high levels of liquidity (acid test) and capitalisation (shareholders' equity over non-current assets).
Non-current payables due to banks require compliance at December 31 of each year with specific financial parameters (financial covenants) concerning the net financial debt in relation to the gross operating margin and shareholders' equity. On the closing date of this financial year, these conditions were fully complied with.

During 2015, as can be seen in the statement of cash flows attached to the financial statements, the Company's current operations generated a positive cash flow of EUR 13.7 million, of which EUR 2.4 million from the change in the net working capital.

In 2015, the Company made investments in tangible and intangible fixed assets amounting to EUR 1 million, with the decrease in other non-current assets/liabilities absorbing EUR 550 thousand.

During the year, loan instalments in the amount of EUR 2.2 million were repaid and dividends were paid out in the amount of EUR 3.1 million.

Main risks and uncertainties to which the company is exposed

Risks of a financial nature and derivative instruments

Foreign Exchange Risk

The Company purchases raw materials for its production in the international market and carries out business transactions in Euros and, as regards foreign currencies, in US dollars.

The foreign exchange risk derives primarily from soy purchase transactions on the US dollar markets.

During the period, the Company carried out currency forward purchase operations. The financial impact of these operations, carried out for hedging purposes but not meeting all requirements set forth in the IAS/IFRS standards, are fully recognised in the statement of comprehensive income for the period; in particular, at the closing date of the period, some foreign exchange transactions on financial derivative products (forward purchases), the designation of which at fair value involved the recognition, in the income statement, of a positive amount of EUR 10 thousand.

Credit Risk

The Company deals with customers who belong primarily to the large-scale retail sector, and which have historically had a limited rate of insolvency, although in the last years, due to the current economic crisis, this rate has increased slightly.

Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

Interest Rate Risk

The Company is exposed to the risk of changes in the cash flows due to interest. The non-current loans outstanding were granted on a floating-rate basis and therefore, in order to eliminate this risk, the Company has carried out interest rate hedging transactions using derivative contracts (IRS). Given the mark to market valuation of these instruments, net of the related tax effect, and pursuant to the IAS 32, a negative equity reserve of EUR 170 thousand was recognised, below the EUR 293 thousand recognised at December 31, 2014.

Remuneration on the Company's investments of available liquidity was impacted by the decrease in market interest rates in 2015. Furthermore, given their extremely low level, it is considered that any cash flow risks arising from a further reduction are very limited.

Cash and changes in Cash Flows risk

Considering the positive net financial debt and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low. The Company has significant non-current credit facilities, in addition to credit facilities financing its working capital which, to date, have not been used.

Valsoia also has additional credit facilities granted by the banks, which are more than adequate with respect to its current needs.

Operating risks

Risks related to the food/health sector

Although Valsoia guarantees effective quality control on its own production and on externally acquired products through a constant monitoring of raw materials, production processes and finished products, it cannot be excluded that, similarly to any other company operating in the food sector, the accidental contamination of the product by external agents, unpredicted in the formulation of the product, may occur.

In particular, Valsoia has always chosen to use only raw materials that are not genetically modified. For this purpose, the Company requires certifications from all the suppliers of raw materials, as a proof of their GMO-free status. In addition, the Company requires CSQA certifications to confirm the absence of genetically modified organisms both in the raw materials used and in finished products; however, Valsoia cannot exclude their accidental presence in marketed products.

In general, contamination of products by external agents, including genetically modified organisms above the tolerance threshold, would involve a recall of the products from the market, with related financial burdens, as well as the risk of penalties charged to the Company and to any responsible individual. It also cannot be excluded that, if the use of food produced by Valsoia causes harm to the health of the consumers, the Company may be subject to compensation claims or actions due to these events.

Risks related to safety at the workplace and environmental damages

Valsoia owns and manages a production facility in Italy, Serravalle Sesia (VC) for the production of some of the main products of the Company. Valsoia believes that it operates in full compliance with the regulations concerning occupational safety and the protection of the environment. However, it cannot be excluded that, for accidental reasons, the operations at the facility may cause harm to the employees of the Company, to third parties or to the surrounding environment.

Risks related to operations carried out at the production facilities of third parties and providers of logistic services

In addition to the Serravalle Sesia production facility, the Company partners with third parties for the supply of some products.

The marketing of products in Italy is carried out through a network of distribution centres specialised in the distribution logistics of food products.

The production facility, the suppliers and the distribution centres are subject to ordinary operating risks, including, but not limited to: malfunctioning of the equipment, non-compliance with applicable regulations, revocation of permits and licenses, insufficient labour force or work disruptions, circumstances that may involve an increase in production or transport costs, natural disasters, significant disruptions in the supply of raw materials or semi-finished products, and terrorist attacks.

Any sudden and extended business disruption due to the aforementioned events and other events, may have a negative impact on the financial results of the Company. The use of products and distributors involves also some additional risks and charges among which are the resolution of a contract and less control on the supply/production chain. Any delay or defect in the supplied products or services, as well as the disruption or termination of existing agreements without alternative solutions available in the short term, can have a negative impact on the activities and financial results of Valsoia.

Risks related to relationships with purchasing centres

Valsoia offers its products to large scale retail distribution and boasts several hundred customers. In Italy, within large scale retail distribution, it is normal practice that the execution of trade agreements with the suppliers is carried out for the most part by a limited number of purchasing centres affiliating a large portion of the Italian current distribution. Even if, despite the relative degree of independence of each single affiliate, the possibility of the direct contact of Valsoia with the individual customers cannot be excluded, each centre avails itself of a significant contractual power in defining terms and conditions, and a possible termination of relationships with one or more of these centres may have a strong negative impact on the financial results of the Company.

Therefore, Valsoia, given the recognition of its trademarks, the high reputation of the services associated with its products and the efficient distribution network, has maintained for many years strong business relationships with all the main Italian purchasing centres.

Risks related with the termination of distribution contracts on behalf of third parties

Currently, 2.5% of the Company's revenue derives from the distribution of third party products.

A termination of these relationships would have a negative impact on the financial results of the Company.

Other general risks

Risks related to the current economic situation

The continuing uncertainty of the economic environment could result in a further contraction in consumption with negative effects on the company sales.

Risks related to the competition

Given the fact that the Company operates in the consumer packaged food products sector, currently characterised by increased dynamics without particularly high entry barriers from a production perspective, an increase in competition by current and new competitors operating in related sectors, cannot be excluded.

An additional increase in competition could have negative impacts on the profitability of the company; therefore, Valsoia, a company leader in the main market segments in which it operates, has been developing for years a careful marketing policy aimed at strengthening its trademarks, already widely recognised and established.

Risks related to the price volatility of raw materials

The prices of the raw materials that are used by the Company have experienced significant volatility over the last few years. This situation concerns also the other costs for production, transport and distribution of the products that are indirectly affected by the fluctuations in oil prices.
In this uncertain scenario, an increase in the prices of the raw materials used that would result in a negative impact on the Company's margins cannot be precluded.

Significant events after the reporting period and business outlook

Significant improvements to the commercial structures of the company in Italy and abroad began in the initial months of 2016.
Sales were substantially in line with the same period of last year.

Other Information

Legislative Decree no. 196 of June 30, 2003 (Code on the protection of personal data).

The Board of Directors has updated the Programme Document on Data Security concerning Valsoia S.p.A. (DPS) as required by article 34 of Legislative Decree 196/2003, and which had already been approved in previous years. The DPS contains the following elements: data processing, distribution of tasks and responsibility, analysis of the risks associated with data, security measures adopted, description of the information system, planning of training events and the listing of data processing assigned abroad.

Transactions carried out with the parent company and with related parties

In addition to transactions with the parent company and its subsidiaries and affiliates, Valsoia also carried out transactions with related parties the economic and financial impact of which was not significant, which were in any case carried out at arm's length. For further details, please refer to the Notes to the Financial Statements.

Atypical and/or unusual transactions

Pursuant to CONSOB Communication DEM/6064293 of July 28, 2006, it is hereby specified that, other than what has been indicated above, the Company has not carried out any atypical and/or unusual transactions.

Management and co-ordination activities

Though controlled by Lorenzo Sassoli de Bianchi, the Chairman of the company, through Finsalute S.r.l., Valsoia S.p.A. is not subject to the management and coordination of the latter pursuant to Articles 2497 et seq. of the Italian Civil Code. This situation is demonstrated, inter alia, by Valsoia's independence in its negotiations with customers, suppliers and the banking system.

Report on Corporate Governance and Ownership Structures

The Board of Directors has prepared a Report on Corporate Governance and Ownership Structures as required by Article 123-bis of Legislative Decree 58/1998. This document is available for viewing on the company's website www.valsoiaspa.com under the Investor Relations section.

Treasury shares disclosures

At December 31, 2015, the Company had no treasury shares in its portfolio.

Dividend bearing shares, convertible bonds and other securities issued by the company

No dividend bearing shares nor bonds convertible into shares were issued.

Research and development

In 2015, the Company's Research and Development activities covered numerous areas including those listed below.

Development of new product lines

- Plant-based alternative to cheese: the research for the creation of a product line to be positioned as a plant-based alternative to cheese was concluded. The items developed are in addition to "Lo Spalmabile" plant-based cheese launched in previous years. These products are currently included in a patent application.
- Plant-based ice cream: a new almond based line of ice cream was created.
- Plant-based alternatives to frozen meat: the "Il macinato" alternative was launched. This is a plant-based product that can be used instead of meat for sauces, fillings and other main dishes.

Review of the existing product portfolio

- Plant-based drinks: during the year, a new drink named "gusto morbido" was created.
- Yosoi Valsoia: two new flavours were added to the Yosoi range: coffee and cranberry-goji berries.

- Santa Rosa preserves: the formulations were revised in order to maintain their distinctive nature (chunks of fruit) but with an even softer, creamier structure.

Information on energy savings

In 2015, Valsoia renewed the certification with the certification entity Cermet pursuant to UNI ISO 50001 (Energy Management). This certification made it possible to consolidate energy analysis procedures and methodologies, which during the year resulted in energy savings, on a unit basis, of 1% compared to the previous year.
Thanks to the energy savings achieved in the latter years and the certification itself, Valsoia has obtained 317 energy efficiency certificates which were subsequently assigned to energy operators.
These savings are combined with the annual savings of 111,000 kWh, achieved from the photovoltaic system installed in 2011.

Valsoia is not subject to the emission trading scheme as it does not own combustion plants with heating power in excess of 20 MW.
In 2015, Valsoia received no definitive fines or penalties for environmental offenses or damages.

Information on the Personnel

The table below shows the changes concerning the employees or similar personnel during 2015.

Personnel	31.12.14	Resignations/ Terminations	Hires	Internal movements	31.12.15	Change
Executives	9		1		10	+1
Employees and managers	76	5	7		78	+2
Factory workers	26	7	6		25	(1)
Project workers	1	1			0	(1)
	112	13	14		113	+1

In addition to the fixed personnel in the establishment included in the data above, in 2015 30,314 hours of seasonal work were used for the production of ice cream (32,608 in 2014).

VALSOIA SpA

As shown by the results above, in 2015 the Company increased its workforce by 1 person. We note in particular the addition of the new Central Marketing Director for Italy and abroad.
The ratio of hires to terminations shows that the personnel turnover is quite limited.
The total annual days of absence due to illness were approximately 374 (on the average 3.3 days per person, slightly lower than in 2014).
We note that, in order to further improve the level of occupational health and safety, reduce progressively the costs and increase efficiency and services, in 2015 the Company implemented the safety management system which had begun in 2008 with reference to the UNI-INAIL guidelines of September 28, 2001.

Investments in Valsoia S.p.A held by members of the bodies of administration and control, and managers with strategic responsibilities

The table below shows the changes that took place during the year in the investments held by members of the administration and control bodies and managers with strategic responsibilities, also through fiduciary companies or subsidiaries or held by individuals that are very closely connected to them: under aged children and spouses that are not legally separated from them.

Name and surname	Position	Number of shares at 31/12/2014	% Share cap.	Movements in the period Purchases/ (Sales-donations)	Number of shares at 31/12/2015	% Shar e cap.
Lorenzo Sassoli de Bianchi	A	6,656,227	63.661	-	6,656,227	63.661
Ruggero Ariotti	B	606,200	5.798	-	606,200	5.798
Cesare Doria de Zuliani	D	295,013	2.822	-	295,013	2.822
Furio Burnelli (a)	B	1,153,357	11.031	(120,000)	1,033,357	9.883
Gregorio Sassoli de Bianchi	E	2,000	0.019	-	2,000	0.019
Susanna Zucchelli	E	-	-	-	-	-
Francesca Postacchini	E	-	-	-	-	-
Gianfranco Tomassoli	F	-	-	-	-	-
Massimo Mezzogori	G	-	-	-	-	
Claudia Spisni	G	-	-	-	-	-
Andrea Panzani	C, H	-	-	-	-	-

A Chairman of the Board of Directors
B Vice Chairman of the Board of Directors
C Chief Executive Officer
D Director – Honorary Chairman
E Director
F Chairman of the Board of Statutory Auditors
G Statutory Auditor
H General Manager
(a) Includes the shares held by spouse Angela Bergamini

Warnings

Valsoia S.p.A. is a joint stock company established in Italy, registered with the Companies Register of Bologna, with fully paid-up share capital of EUR 3,450.408.72 and registered office in Italy, Bologna, Via Barontini 16/5, listed on the MTA of Borsa Italiana S.p.A. (London Stock Exchange Group).
These financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and they are in compliance with the provisions issued in implementation of article 9 of Legislative Decree 9/2005, as has been done in previous financial years.
IFRS are understood to include all the revised international accounting standards ("IAS") and all the interpretations by the International Financial Reporting Interpretations Committee ("IFRIC"), formerly known as the Standing Interpretations Committee ("SIC").
These financial statements for the financial year 2015 have been drafted in compliance with CONSOB Regulation no. 11971 of May 14, 1999, as amended by CONSOB Resolution no. 14990 of April 14, 2005.
As required in CONSOB Communication no. DEM/6064293 of July 28, 2006 we hereby specify that the classification of income statement data contained in this Directors' Report coincides with the financial statements, except for the item "Adjusted net profit for the period" for which clarifications are provided.

Allocation of profit for the period

Dear Shareholders, the financial statements that we submit to your attention indicate a profit of €11,978,285.95.

We propose to allocate:

- to the extraordinary reserve:	€	6,227,604.75
- a dividend of EUR 0.55 for each of the 10,455,784 shares totaling:	€	5,750,681.20

We propose that the dividends be paid on May 4, 2016 with record date May 3, 2016 and ex-date May 2, 2016.

/

Bologna, March 14, 2016

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

3 / Financial Statements as at and for the year ended December 31, 2015

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	December 31, 2015	December 31, 2014
CURRENT ASSETS			
Cash and cash equivalents	(1)	24,618	18,346
Trade receivables	(2)	13,664	16,132
Inventories	(3)	7,485	7,186
Other current assets	(4)	977	677
Total current assets		**46,744**	**42,341**
NON-CURRENT ASSETS			
Goodwill	(5)	3,230	3,230
Intangible fixed assets	(6)	20,703	20,594
Property, plant and equipment	(7)	11,048	11,992
Financial assets	(8)	110	20
Deferred tax assets	(9)	553	0
Other non-current assets	(10)	165	431
Total non-current assets		**35,809**	**36,267**
TOTAL ASSETS		**82,553**	**78,608**

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	31 December 2015	31 December 2014
CURRENT LIABILITIES			
Current payables due to banks	(11)	2,406	2,163
Trade payables	(12)	15,036	16,722
Tax payables	(13)	2,774	1,909
Provision for risks	(14)	121	108
Other current liabilities	(15)	2,080	2,090
Total current liabilities		**22,417**	**22,992**
NON-CURRENT LIABILITIES			
Non-current payables due to banks	(16)	6,075	8,636
Other non-current payables	(17)	0	767
Provision for deferred taxes	(18)	0	1,241
Provision for post employment benefits	(19)	586	671
Total Non-current liabilities		**6,661**	**11,315**
SHAREHOLDER'S EQUITY	(20)		
Share Capital		3,450	3,450
Legal Reserve		690	690
Revaluation reserve		5,401	5,401
Other IAS/IFRS adjustments reserve		(1,002)	(1,002)
Other reserves		32,958	25,061
Profit		11,978	10,701
Equity		**53,475**	**44,301**
TOTAL		**82,553**	**78,608**

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

INCOME STATEMENT	Notes	December 31, 2015	December 31, 2014
VALUE OF PRODUCTION	(21)		
Revenue from sales and services		115,316	114,015
Changes in inventories of finished products		269	540
Other revenue and income		1,162	1,535
- of which non recurring		-	774
Total Value of production		**116,747**	**116,090**
OPERATING COSTS	(22)		
Purchases		(58,788)	(57,333)
Services		(30,894)	(31,295)
Cost of use of assets owned by other, of third party assets		(538)	(539)
Labour costs		(8,196)	(7,911)
Changes in raw materials inventory		25	190
Other overheads		(899)	(1,235)
Total operating costs		**(99,290)**	**(98,123)**
GROSS OPERATING RESULT (EBITDA)		**17,457**	**17,967**
Amortisation and depreciation	(23)	(1,872)	(1,687)
Net operating result (EBIT)		**15,585**	**16,280**
Net financial income/(charges)	(24)	(359)	(494)
PRE-TAX PROFIT (LOSS)		**15,226**	**15,786**
TAXES			
Income taxes	(25)	(3,528)	(3,892)
Deferred tax assets/liabilities		(1,179)	(1,193)
Taxes - non-recurring effects		1,459	0
Total Taxes		**(3,248)**	**(5,085)**
PROFIT (LOSS) FOR THE PERIOD		11,978	10,701
Basic EPS	(26)	1.146	1.023
Diluted EPS		1.128	1.008

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF COMPREHENSIVE INCOME	Notes	December 31, 2015	December 31, 2014
PROFIT (LOSS) FOR THE PERIOD		**11,978**	**10,701**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH MAY BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Valuation of MtM derivatives on interest rate hedging operations		169	39
Tax effect		(47)	(11)
Total		**122**	**28**
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Actuarial gains/(losses) for IAS 19		36	0
Total		**36**	**0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (LOSS)		**12,136**	**10,729**

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT	December 31, 2015	December 31, 2014
A Opening short term net cash	**16,183**	**20,170**
B Cash flow from operating activities for the period		
. Profit (loss) for the period	11,978	10,701
. Income taxes	3,248	5,085
. Net financial income/(charges)	359	709
. Profit (loss) from statement of comprehensive income	123	28
. Amortisation, depreciation and impairment losses	1,872	1,687
. SOP 2011-2016 charges	175	165
. Net change in provision for post employment benefits and other provisions	(1,242)	554
- Cash flow from operating activities before changes in working capital	16,513	18,929
. (Increase)/decrease in trade receivables	2,372	(2,063)
. (Increase)/decrease in inventories	(511)	(659)
. Increase/(decrease) in trade payables	(1,685)	(2,624)
. Net change in other current assets/liabilities	2,253	908
- Change in Working Capital	2,429	(4,438)
- Taxes paid during the period	(5,228)	(5,659)
Total (B)	**13,714**	**8,832**
C Cash flow used in investment activities		
- Net increases in property, plant and equipment	(724)	(1,665)
- Net increases in intangible fixed assets	(313)	(344)
- Net change in other non-current assets/liabilities	(591)	(1,020)
Total (C)	**(1,628)**	**(3,029)**
D Cash flow used in financial activities		
- Increase/(decrease) in loans and borrowings	(2,920)	(7,552)
- Reclassification of Cash Flow Hedging provision	0	166
- Dividends	(3,137)	(2,404)
Total (D)	**(6,057)**	**(9,790)**
E Cash flow for the period (B+C+D)	**6,029**	**(3,987)**
F Closing short term net cash (A+E) (*)	**22,212**	**16,183**

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVE	IAS/IFRS ADJUST. RESERVE	OTHER RESERVES	PROFIT/ (LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AS AT DECEMBER 31, 2013	**3,450**	**690**	**5,401**	**(1,002)**	**17,217**	**9,889**	**35,645**
Changes in 2014							
Allocation of 2013 profit					7,485	(7,485)	0
Dividends						(2,404)	(2,404)
SOP 2011-2016 charges					165		165
Reclassification of 2013 Cash Flow Hedging provision					166		166
for early redemption of derivative							
Comprehensive income (loss)							
- Result for the period						10,701	10,701
- Other items of the income statement					28	0	28
BALANCE AS AT DECEMBER 31, 2014	**3,450**	**690**	**5,401**	**(1,002)**	**25,061**	**10,701**	**44,301**
BALANCE AS AT DECEMBER 31, 2014	**3,450**	**690**	**5,401**	**(1,002)**	**25,061**	**10,701**	**44,301**
Changes in 2015							
Allocation of 2014 profit					7,564	(7,564)	0
Dividends						(3,137)	(3,137)
SOP 2011-2016 charges					175		175
Comprehensive income (loss)							
- Result for the period						11,978	11,978
- Other items of the income statement					158	0	158
BALANCE AS AT DECEMBER 31, 2015	**3,450**	**690**	**5,401**	**(1,002)**	**32,958**	**11,978**	**53,475**

NOTES TO THE FINANCIAL STATEMENTS

Introduction

Valsoia S.p.A. ("Valsoia" or the "Company") is a joint stock company established in Italy, registered with the Companies Register of Bologna, with fully paid-up share capital of EUR 3,450,408.72, with registered office in Italy, Bologna, Via Barontini 16/5, listed on the MTA of Borsa Italiana S.p.A.

These financial statements for the financial year ended December 31, 2015 have been drafted in compliance with CONSOB Regulation no. 11971 of May 14, 1999, as amended by CONSOB Resolution no. 14990 of April 14, 2005.

These financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, and they are in compliance with the provisions issued in implementation of article 9 of Legislative Decree 9/2005, as has been done in previous financial years. The term IFRS includes all the revised International Accounting Standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

Valsoia, at the closing date of the financial year, holds a controlling equity investment in Valsoia Pronova d.o.o. (SLO). In consideration of the non-substantial impact of the financial figures of this subsidiary, Valsoia does not prepare consolidated financial statements. As provided for in the relevant accounting standards, Group reports will be prepared when considered relevant in terms of complete information on the financial and business results of the Group. The relevance will be based, inter alia, on the impact of the financial position and business volume shown by the subsidiaries, any indebtedness pertaining to them and any other factor that may be relevant for the user of the financial statements.

The financial statements include:

- the statement of financial position at December 31, 2015, compared with the results at December 31, 2014. The statement of financial position provides a classification based on the current, or non-current, nature of the items comprising it, and in particular:
    - current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the ordinary operations of the company, by assets held for trading, by assets that are expected to be realised within twelve months from the reporting date. All other assets are classified as non-current;
    - current liabilities are the liabilities that will be presumably extinguished during the ordinary

operations of the company or within 12 months from the reporting date, or the liabilities that do not have an unconditional right to the deferral of their extinction beyond twelve months. All other liabilities are classified as non-current; pursuant to Consob Resolution no. 15519 of July 27, 2006, the financial effects of the transactions with related parties, if significant, are recognised separately in the statement of financial position.

- The income statement for 2015, compared with the income statement of the previous year. In particular, it must be noted that the adopted income statement, compliant with the IAS 1 provisions, shows the following interim result, not defined as an accounting measurement according to the IFRSs (therefore it is possible that the definition criteria of such interim results may not be consistent with those adopted by other companies), since the Company's Directors believe that it contains significant information for understanding the Company's results:
  - Gross Operating Result (EBITDA): comprises the Net profit (loss) for the period, before taxes, gains and losses arising from financial operations, amortisation/depreciation and write-downs of fixed assets carried out during the relevant period.

Furthermore, pursuant to Consob Resolution no. 15519 of July 27, 2006, we note that the effects of the transactions with related parties and of the significant non-recurring events and transactions and/or atypical/unusual income transactions are shown separately in the income statement, if significant.

- Valsoia S.p.A.'s statement of comprehensive income for 2015, compared with the statement of comprehensive income of the same period of last year, prepared according to IAS 1.

- The statement of cash flows for 2015, compared with the statement of cash flows of the same period of last year. In preparing the statement of cash flows, the indirect method – by which the profit or loss of the period is adjusted based on the effects of non-monetary operations, by any deferral or allocation of previous or future operating income or payments and by items of costs and revenues related to the financial flows arising from investment or financial activities – was adopted. To ensure better presentation of the cash flow information, the Income taxes paid and Net financial income/charges were restated from previous years.

- Statement of changes in equity for 2015 and 2014.

- These notes to the Financial Statements.

The presentation currency for the financial statements is the Euro and the financial statement balances and notes are expressed in thousands of Euro.

Management of financial risks

Please see the Directors' Report on the year 2015 in this regard.

MEASUREMENT CRITERIA AND ACCOUNTING STANDARDS

These Financial Statements have been drawn up in compliance with the International Financial Reporting Standards ("IFRS") issued by the Accounting Standards Board ("IASB") and endorsed by the European Union. For this purpose, "IFRS" include also the International Accounting Standards (IAS) currently in effect, as well as all interpretation documents issued by the International Financial Reporting Interpretations Committee ("IFRIC"), known formerly as the Standing Interpretations Committee ("SIC"). In preparing these financial statements, the accounting standards adopted do not differ materially from those used for the preparation of the financial statements last year.

MEASUREMENT CRITERIA

It should also be noted that the financial statements were prepared on a historical-cost basis, except for any designation at fair value, as specifically indicated in the notes, and on a going concern basis. In fact, the Directors have evaluated the applicability of the assumption of the company's going concern during the preparation of these financial statements, concluding that this assumption is valid and that there are no doubts regarding the company as a going concern.

The accounting standards adopted are presented below.

Goodwill

This item refers to the recognition of the merger by incorporation of J&T Italia S.r.l., which took place in 2012. After the initial recognition, goodwill is decreased by any impairment, as determined according to the procedures described below (the so-called impairment testing). In particular, goodwill is subject to a recoverability analysis every year or even sooner if events or circumstances indicate that impairment could ensue. In general terms any goodwill acquired is allocated to each of the cash generating units that are expected to benefit from the synergies deriving from the acquisition. Any impairment is identified through valuations that refer to the ability of each unit to produce cash flows that will ensure recovery of the portion of the goodwill allocated to it. If the recoverable value of the cash generating unit is lower than the carrying amount attributed to it, the relative impairment is recognised. Such impairment of goodwill is not written back if the reasons that caused it no longer apply.

Upon disposal of a part of or the entire business previously acquired, if that acquisition had generated goodwill, account is taken of the residual value of the goodwill when determining any capital gains or losses on disposal.
Goodwill is not subject to amortisation and for further details on impairment testing please see the subsequent paragraph "Impairment Testing".

Intangible fixed assets

Intangible fixed assets consist of non-monetary elements able to generate future economic benefits, which are identifiable but have no physical consistency.
These elements are recognised at their acquisition and/or production cost, including expenses directly attributable to rendering the asset available for use, net of any impairment, except if they have been acquired as part of an acquisition process, which provides for their evaluation at fair value.
The useful life of the intangible assets is considered as either definite or indefinite.
The intangible assets with a definite life are amortised based on their useful life and subject to impairment testing whenever there are indications that impairment may have taken place. The period and method of amortisation applied to them is re-examined at the end of each financial year or more frequently if necessary. The changes in the useful life and procedures according to which future economic benefits connected to the intangible assets are gained by the company are recognised by modifying the period or the method of the amortisation and handled as amendments to the accounting estimates. The portion of the amortisation of the intangible assets with a definite useful life is recognised in the income statement under the cost category that is appropriate for the function of the intangible asset.
The intangible assets with an indefinite useful life are tested for impairment every year at the cash generating unit level. No amortisation has been recognised for such assets. The useful life of an intangible asset with an indefinite life is re-examined annually to ascertain that the conditions continue to exist for this classification.

• Trademarks

These are recognised at their acquisition cost or, if they have been acquired as part of a company acquisition, based on their estimated fair value pursuant to the International Accounting Standards.

The Directors have decided, pursuant to the indications of the International Accounting Standards (and IAS 38 in particular), to consider the Santa Rosa trademark as having an indefinite life. The Santa Rosa trademark is classified among intangible assets with an indefinite duration, and therefore it is not amortised, based on the following reasons:

- it has a priority role in the Valsoia strategy;
- the trademark is owned and appropriately registered and constantly protected, pursuant to the law, with options for the renewal of the legal protection at the expiry of the registration periods, with limited costs

incurred;

- the products marketed by the company under this trademark are not subject to technological obsolescence, as is also typical of the food sector in which the Company operates;
- the sector of reference of the Santa Rosa trademark shows characteristics of stability with a limited impact from product innovation or changes in the market demand;
- the level of trade investments needed to obtain the financial benefits expected from this business sector, is sustainable for the Company and falls within the scope of the corporate strategies.

As provided in the reference accounting standards, the congruence of the value recognised in the financial statements for the year is verified, at least annually, for impairment testing based on the criteria described in the subsequent paragraph "Impairment Testing".

• Industrial patents and intellectual property rights

The licenses acquired which are relative to software are capitalised based on the costs incurred for their purchase and to render them available for use. Amortisation is calculated using the straight line method across their useful life, which is estimated at 5 years. The costs associated with the development of software programs are recognised as a cost when they are incurred.

• Intangible assets generated internally – research and development costs

Research costs are entered in the income statement in the period in which they are incurred.
The intangible assets which are generated internally, resulting from development of products by the company, are registered under assets only if the following terms and conditions are fulfilled:

- the asset is identifiable;
- it is probable that the asset will generate future economic benefits;
- the development costs of the assets can be measured reliably.

These intangible assets are eventually amortised using the straight line method across their relative useful lives.
When the internally generated assets do not possess the abovementioned requirements, the development costs are allocated to the income statement in the year in which they are incurred.

Property, plant and equipment

Property, plant and equipment are recognised at their historical cost, net of accumulated depreciation and any write-downs for impairment. Furthermore, the cost includes every expense which is directly incurred to render the asset available for use. Any interests payable relative to the construction of Property, plant and equipment are capitalised and depreciated throughout the life of the class of assets which they are stated under, as required by IAS 23.

For certain intangible property, plant and equipment, during transition to IFRSs, the Company has decided to adopt, rather than the original cost on the date the asset was purchased, the revalued amount in application of specific revaluation laws, since on the date the revaluations were applied, the new value of the assets approximated their market value.

The costs incurred for maintenance and repairs of an ordinary nature are directly allocated to the income statement of the financial year in which they were incurred.
The capitalisation of the costs inherent in the expansion, updating or improvement of the structural elements which are owned or belong to third parties, is carried out only if they fulfil the requirements for a separate classification as assets or parts of an asset. The carrying amount is amended by the systematic depreciation, which is calculated based on the estimated useful life.

Depreciation is determined, at constant rates, by the cost of the asset and net of residual values that are relative, when these can be reasonably estimated, depending on their estimated useful life applying the following rates (major categories):

Category	**Rate**
Industrial buildings	4%
Light constructions	10%
Plant and equipment	7.5% - 8% - 10 % -14% - 15%
Industrial equipment	20%
Electronic equipment	20%
Furniture and equipment for the offices	12%
Vehicles	25%

Land is not depreciated.

If the asset being depreciated is composed of elements which are distinctly identifiable, the useful life of which differs significantly from that of the other parts that compose the asset, the depreciation is carried out separately for each of the parts that compose it in application of the component approach, if the effect is considered to be significant.

The depreciation period begins from the time that the asset is available for use and ends on the date on which the asset is classified as held for sale, pursuant to IFRS 5 or the date on which the asset is eliminated from the accounts, whichever is earlier. Any changes in the depreciation schedule are applied prospectively.

Gains and losses deriving from the sale or disposal of assets are determined as the difference between the sales revenue and the net carrying amount of the assets, and are charged to the income statement.

Financial assets

Financial assets consist of equity investments in a foreign subsidiary that is not consolidated, since the equity and financial figures for 2015 are of a negligible amount. These fixed assets are recorded at the historical cost, amortised as necessary for impairment. When there is evidence that this equity investment has become impaired, it is recognised in the income statement as a write down. If the Company's interest in the losses of the investee company exceeds the carrying amount of the equity investment, the value of the investment will be written off entirely and any further losses will be recorded as liability provision if the Company is to be held liable. If the impairment is subsequently found not to exist or has been reduced, the relative amount is written back to the income statement.

Impairment testing

At least each year, at the reporting date, the company reviews the carrying amount of goodwill and of the intangible fixed assets with an indefinite useful life to determine whether there are indications that these assets have become impaired. Should this be the case, their recoverable amount is estimated in order to calculate the potential amount of the write-down. When it is not possible to estimate the recoverable value of the assets individually, the Company makes an estimate of the recoverable value of the cash generating unit which the asset belongs to.
The recoverable amount is the greater of the fair value net of costs to sell and the value in use. In determining the value in use, the estimated future cash flows are discounted at their current value using a rate gross of taxes which reflects the current valuations of the market regarding the value of money and the specific risks inherent in the asset.

If the recoverable amount of an asset (or of a cash generating unit) is considered to be lower than the relative carrying amount, it is reduced to the lower recoverable value. Impairment is recognised directly in the income statement.

When there is no longer any reason for a write-down to be maintained, the carrying amount of the asset (or of the cash generating unit), with the exception of goodwill, is restated at the new value deriving from the estimate of its recoverable value; however, this new value cannot exceed the net carrying amount which the asset would have had if the write-down for impairment had not been made. The write-back of the value is charged to the income statement directly, unless the asset is valued at a re-valued amount, in which case the write-back is charged to the revaluation reserve.

Leases

Leases are classified as financial leases when the terms of the agreement are such that they essentially transfer all the risks and benefits of ownership to the lessee. All other leases are considered to be operating leases. Assets which are the object of a financial lease agreement are recognised as group assets at their fair value on that date the contract is concluded or, if lower, at the current value of the minimum payments due for the leasing. The corresponding liabilities payable to the lessor are included in the statement of financial position as liabilities for financial leases. Assets are depreciated by applying the criteria and the rates considered to be representative of the useful life of the assets, as described above. Payments for the leases are divided between the principal and the interest in order to reach an interest rate which is constant on the residual liability: financial charges are directly imputable to the income statement for the financial year.

Leases in which the lessor is connected to the ownership of the goods are classified as operating leases. The costs which refer to operating leases are recognised on a straight line basis in the income statement throughout the duration of the contract.
Improvements to leased assets which increase their value are capitalised, directly increasing the leased asset and they are depreciated throughout the useful life of the improvement or that of the leased asset, whichever is shorter.

Inventories

The inventories shall be measured at the lower of cost and net realisable value.
Costs include direct materials and, where applicable, direct labour, the general production expenses and other costs incurred to bring the inventories to their current location and status.
The cost is calculated using the average weighted cost method for inventories of raw materials, ancillary materials and goods.
The finished products originating from the Serravalle Sesia facility are measured using the industrial production cost method which, essentially, is similar to the average weighted cost method.
Finished products acquired by the Unilever Group which are produced in the Sanguinetto facility using equipment owned by the Company are measured at their acquisition cost plus the depreciation of the facility.
Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

Trade receivables

Trade receivables are recognised at nominal value, reduced by an appropriate write-down in order to reflect the estimate of the losses on receivables and therefore measure the receivables themselves at fair value. When there is objective evidence that the receivables are impaired, a write-down is recorded in the income statement

to reflect this impairment.
If, given the payment terms that have been granted, a financial transaction takes place, the receivables are measured at their amortised cost through discounting of the nominal value to be received, allocating the discount as financial income.

Current financial assets

Financial assets are recognised and reversed in the financial statements on the basis of the trading date and are initially valued at cost, inclusive of direct charges associated with the acquisition.

On subsequent reporting dates, the financial assets which the Company intends and is able to hold until maturity are recorded at the amortised cost, using the effective interest rate method, net of the write-downs made in order to reflect any losses in value.

When financial assets other than those held until maturity are classified as held for trading, gains and losses from fair value fluctuations are entered in the income statement for the period;

Cash and cash equivalents

The item relative to the cash and cash equivalents includes the cash, current bank accounts, demand deposits and other current financial investments with high liquidity, which are easily convertible into cash and are subject to an insignificant risk of fluctuation in their value.

Derivative financial instruments

The Company uses derivative financial instruments to hedge risks deriving from interest rate fluctuations, exchange rate fluctuations and fluctuations in the price of raw materials.
The derivative financial instruments are initially recognised at cost and adjusted to their fair value on the subsequent closing dates. Though such derivative instruments are not held for trading purposes, but exclusively to hedge against the aforementioned risks, they do not always cover the requirements set forth in IAS 39 to be defined as hedging instruments. The changes in the fair value of the derivative instruments that are eligible hedges are recognised among the equity reserves, net of the relative tax effect and they are presented among the "other income statement components" in the statement of comprehensive income.
The changes in fair value of the derivative instruments that are not eligible as hedges are recognised in the income statement in the period in which they originate as are the effects deriving from early extinguishment of the derivative, whether partial or total.

Provisions - Provisions for risks

Provisions are recognised in the financial statements when the Company is required to honour a current obligation (legal or implicit) resulting from a past event and it is probable that funds will be paid to cover this obligation and the amount of such funds can be reasonably estimated. Provisions are made on the basis of the best estimate of the Directors of the costs required to fulfil the obligation at the reporting date, and they are discounted, when the effect is significant.
The changes in the estimate are reflected in the income statement of the period in which the change took place.

Employee benefits

Post-employment benefits
Payments for defined contribution plans are allocated to the income statement in the period in which they are due; from 2007, payments into the Provisions for post-employment benefits (TFR) fall under this category, following the amendments made to the TFR by the Financial Law. For defined benefit plans, the costs relative to the benefits provided is determined by using the projected unit credit method, making the actuarial valuations at the end of each period. The actuarial gains and losses are recognised in the income statement in the period in which they take place. All the costs relative to an increase in the current value of the obligation for defined benefit plans, as the time the benefits have to be paid draws nearer, and on the other hand expenses which fall under the allocation for the pension plan funds are recognised in the income statement under personnel costs. Allocations made up to December 31, 2006 for post-employment benefits are classified under defined benefit plans.

Remuneration plans in the form of stock options
In line with the indications of IFRS 2, the Company classifies stock options under "share-based payments" and provides, for the type that falls under the "equity settled" category with physical delivery of the shares, the determination on the assignment date of the fair value estimate of the option rights issued and recognition as personnel cost to be distributed on a linear basis throughout the vesting period, offset by an appropriate equity reserve. This allocation is made on the basis of the estimated amounts that will accrue to the personnel that is entitled, considering that conditions for the use thereof are not based on the market value of these rights. Determination of the fair value is made using the "binomial" model.

Trade payables

Payables are recognised at their nominal value, except for any non-interest bearing non-current loans that are discounted.

Share capital

The share capital consists of the capital subscribed and paid up by the Company's Shareholders. The costs which are strictly connected to the issuing of new shares reduce the share capital, net of any deferred tax effect.

Revenue recognition

The sale of goods is recognised when the goods are shipped and the Company has transferred to the purchaser all the significant risks and benefits connected to the ownership of the goods. Pursuant to the requirements of IFRS and sector best practices, revenue is recognised at the value of the consideration received, net of bonuses and commercial discounts.

Foreign currency transactions

The transactions in foreign currencies are converted into Euro at the exchange rate applicable on the transaction date. At the end of the year, the financial assets and liabilities denominated in foreign currencies are aligned with the exchange rates applicable at the end of the year. The non-monetary assets expressed at fair value which are denominated in a foreign currency are converted at the exchange rates applicable on the date on which the fair values were determined. The exchange differences emerging from settlement of the monetary items and the restatement thereof at the current rates at the end of the period are allocated to the income statement of that period, except for differences on non monetary assets which are expressed at fair value, the variations in the fair value of which are recognised directly in equity, as is the exchange component.

Taxes

Taxes for the year represent the amounts of the current and deferred taxes, net of revenues deriving from any tax benefits with retroactive effect.
Current taxes are based on the taxable income for the year. Taxable income differs from the result recorded in the income statement, as it excludes positive and negative components which will be taxable or deductible in other years, and items which will never be taxable or deductible. Liabilities for current taxes are calculated using the rates applicable at the reporting date.
Deferred tax assets and liabilities are those taxes which are expected to be paid or recovered on temporary differences between the carrying amount of the assets and liabilities in the financial statements and the

corresponding tax value used in calculating the taxable amount. Deferred tax liabilities are generally recognised for all temporary taxable differences, while the deferred tax assets are recognised to the extent that it is considered probable that there will be taxable results in the future that will absorbed the temporary deductible differences. The carrying amount of deferred tax assets is reviewed on each reporting date and reduced to the extent that the existence of taxable income sufficient to allow recovery in whole or in part of these assets is no longer probable.
Deferred tax assets and liabilities are calculated based on the tax rate that is expected to be applicable at the time that the realisation of the assets or the extinguishment of the liabilities are expected to take place. The deferred tax assets and liabilities are allocated directly to profit or loss, except for those which are relative to items directly related to equity, in which case the relative deferred taxes are also allocated to equity.
Current and deferred tax assets and liabilities are offset when income taxes are applied to the same tax authority and when a legal right to compensation exists.

Earnings per share

The basic earnings per share are calculated dividing the company's net profit for the period by the number of ordinary shares outstanding during the year.
The diluted earnings per share are calculated adjusting the weighted average of the number of ordinary shares outstanding, assuming the conversion into ordinary shares of all potential shares with a dilutive effect.

Dividends

These are recognised when Shareholders become entitled to receive payment. This normally corresponds to the shareholders' meeting resolution to distribute dividends. The distribution of dividends is therefore recorded as a liability in the statement of financial position at the time the distribution thereof is approved by the shareholders' meeting.

Segment Information

Pursuant to IFRS 8 - Operating Segments, an operating segment is that part of an entity: a) which undertakes business activities that generate revenues and costs (including revenues and costs involving operations with other parts of the same entity); b) the operating results are reviewed periodically at the highest operating decision-making level in order to adopt the decisions regarding the resources to be allocated to the segment and the assessment of the results; c) for which separate financial statement information is available.
No operating segments characterised by the autonomous nature of their products/services and production processes with the abovementioned characteristics were identified within the Company.

Therefore, no segment information is provided, as the requirements do not apply.

Hierarchical fair value assessment levels

Financial instruments (IFRS 7) recognised in the statement of financial position and income statement at fair value (as defined by IFRS 13) must be classified on the basis of a hierarchy of levels which reflects the significance of the inputs used to determine the fair value. The following levels are distinguished:

- Level 1 – prices observed on the active market for assets and liabilities subject to evaluation;
- Level 2 – inputs other than the listed prices above, which can be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are not based on observable market data.

Relative to the financial statements of Valsoia, these concepts are applicable to the evaluation of:

- Level 1: bonds held for trading (included in the Other Current Assets item);
- Level 2: derivative contracts, stock option plans, the Santa Rosa trademark.

Use of estimates

The preparation of the financial statements requires the Directors to apply accounting standards and methodologies that, under certain circumstances, consist of the evaluation and estimates based on historical experience and assumptions that are considered reasonable and realistic from time to time in relation to the relative circumstances. Application of these estimates and assumptions influences the amounts shown in the financial statement schedules, such as the statement of financial position, income statement and statement of cash flows, as well as the notes. The final results of the financial statement items for which the aforementioned estimates and assumptions were used, may differ from those shown in the financial statements due to the uncertainty that characterises the assumptions and the conditions on which the estimates are based. Following, we describe briefly the accounting standards which require, more than others, a greater degree of the subjectivity on behalf of the Directors insofar as the estimates they make and for which a change in the conditions underlying the assumptions could have a significant impact on the company's financial statements.

Intangible fixed assets with an indefinite useful life: estimate of the degree of recoverability

Goodwill and trademarks with an indefinite useful life – Estimate of the degree of recoverability

The Company presents in its financial statements amounts which are recognised as goodwill and trademarks with an indefinite useful life. These amounts are not amortised and they are tested for impairment, at least annually, in line with the indications set forth under IAS 36, based on the cash flow forecasts for the upcoming financial periods which are reflected in the Business Plan. In the event that future company and market scenarios are different than those that were assumed when the aforementioned forecasts were compiled, the value of the goodwill and the trademarks could be subject to write-downs.

Employee benefits

The provision for employee benefits, the costs and financial charges associated with those provisions are assessed on the basis of an actuarial methodology that requires the use of estimates and assumptions. The actuarial methodology considers parameters of a financial nature such as, for example, discount rates, the rates at which salaries increase, and considers the possibility that potential future events could occur through the use of parameters of a demographic nature such as for example the rates that refer to mortality and resignations or the retirement of employees. In particular, the discount rates used as a reference by the company are rates or curves of rates applicable to high quality corporate bonds.

Allowance for doubtful accounts

In order to determine the level that is appropriate for the allowance for doubtful accounts, Valsoia assesses the possibility of collecting the receivables based on the solvency of every debtor, the ageing of the receivables and the losses recognised in the past for similar receivables. The quality of the estimates depends on the availability of updated information regarding the solvency of the debtors.

Deferred tax assets

Recognition of deferred tax assets is based on income expectations over the future financial periods. The valuation of the expected revenue for the purposes of recognising deferred taxes depends on factors that could vary over time and which have significant effects on the valuation of active deferred taxes.

Contingent liabilities

In relation to potential disputes, lawsuits and other claims, and in order to determine the level that is appropriate for the provision for risks and charges relative to such contingent liabilities, Valsoia examines the well-foundedness of the claims made by the counterparties and the correctness of our own operations and assesses the entity of any losses resulting from potential outcomes. Furthermore, the Company consults its own legal advisors regarding the problems relative to disputes that arise during the course of its activities. The determination of the amount of the provision for risks and charges which could be necessary for contingent liabilities is carried out after careful analysis of each problem category. Determining the amounts required for the provision for risks and charges is subject to future amendments based on new developments in every problem area.

Related parties

Pursuant to Consob Communication DEM/6064293 of July 28, 2006, the notes contain details regarding transactions with related parties. The effects of these transactions on the statement of financial position and income statement, as well as on the company's cash flows are not shown because they are not significant.

Reclassifications

In order to provide accurate figures in the financial statements, the Company has proceeded to reclassify some items of the statement of financial position as described under “Trade receivables” and “Trade payables”.
Consequently, the company has also reclassified the comparison data of the previous period.
Overall, the effects of the reclassifications have not entailed any changes on the results and on the Company's net worth.

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU EFFECTIVE FROM JANUARY 1, 2015

The accounting standards, amendments and interpretations in effect from January 1, 2015 which have been endorsed by the European Commission are shown below:

- *IFRIC 21 – Levies (applicable to accounting periods beginning on or after June 17, 2014).* The interpretation provides clarifications on when to recognise a liability connected to levies imposed by a government other than the income taxes. The interpretation is applicable retrospectively to the financial years from June 17, 2014 and thereafter. As at this reporting date, the adoption of this interpretation has had no impact on the company.
- *Amendments to IFRS – Annual Improvements Cycle 2011-2013 (applicable to accounting periods beginning on or after July 1, 2014).* Among other things, the major items discussed in these amendments are: the exclusion from the scope of *IFRS 3 – Business Combinations, of all types of joint arrangements*, and several clarifications are provided on the exceptions to the application of IFRS 13 – *Fair Value Measurement*. As at this reporting date, the adoption of these amendments has had no impact on the company.

New accounting standards and interpretations endorsed by the EU but which are not yet in effect

In 2015, the European Commission endorsed and published the following new accounting standards, amendments and interpretations to supplement the existing standards approved and published by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC):

- *Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (applicable to accounting periods beginning from February 1, 2015 or later)*. These amendments refer to the simplification of the accounting treatment for contributions to defined benefit plans by employees or third parties and specific cases. The amendments are applicable retrospectively to the financial years beginning on or after February 1, 2015. As at the reporting date, the company is assessing the impacts that the adoption of the amendments will have.

- *Amendments to IFRS – Annual Improvements Cycle 2010-2012 (applicable to accounting periods beginning on or after February 1, 2015)*. Among other things, the major items discussed in these amendments are: the definition of vesting conditions in *IFRS 2 Share-based Payment*, the information on the estimates and judgments used in grouping the operating segments in *IFRS 8 – Operating Segments*, identification and disclosure of a transaction with the related party that arises when a service company provides the management service of the managers with strategic responsibilities to the company that prepares the financial statements in *IAS 24 – Related Party Disclosures.* As at the date of these financial statements, the company is assessing the impacts that will arise from adoption of the amendments.

- *Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants (applicable to accounting periods beginning on or after January 1, 2016).*
  The amendment establishes that plants used exclusively for the cultivation of agriculture products over various financial periods, known as bearer plants, must be subject to the same accounting treatment applied to property, plant and equipment pursuant to IAS 16 since the "operation" is similar to manufacturing. Therefore, these biological assets pursuant to IAS 16 can be measured at cost and no longer mandatorily at fair value net of the costs to sell pursuant to IAS 41. No impact is expected from application of these amendments since the company is not involved in cultivating agricultural products.

- *Amendments to IFRS11 – Accounting for Acquisitions of Interests in Joint Operations (applicable to accounting periods beginning on or after January 1, 2016).*
  The amendment provides clarifications regarding the accounting by entities with an interest in a joint venture the activity of which constitutes a business pursuant to *IFRS 3*. The amendment requires that the principles of *IFRS 3* be applied to this case.
  No impact is expected from application of this amendment since the company does not participate in joint ventures.

* *Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable to accounting periods beginning on or after January 1, 2016).*
  The amendments to IAS 16 establish that amortisation based on revenues is not appropriate, since, according to the amendment, the revenues generated by an activity that includes the usage of the asset constituting the object of the amortisation generally reflects factors other than simply consumption of the economic benefits of that asset.
  The amendments to IAS 38 introduce a relative assumption, according to which an amortisation criterion based on revenues is usually considered inappropriate for the same reasons that are established by the amendments introduced in IAS 16. For intangible assets this assumption can be overcome, but only under limited and specific circumstances. No impact is expected from application of these amendments since the company does not apply revenue based methods for amortisation/depreciation of its non-current assets.

* *Amendments to IFRS – Annual Improvements Cycle 2012-2014 (applicable to accounting periods beginning on or after January 1, 2016).*
  Among other things, the major items discussed in these amendments are the following:
  - *IAS 19* clarifies that the discount rate of a bond for a defined benefit plan must be determined on the basis of the "*high-quality corporate bonds or governments bonds"* identified in the same currency used for payment of the benefits;
  - *IFRS 7* clarifies that with regard to offsetting of financial assets and liabilities, additional information is mandatory only for the annual financial statements. It is furthermore clarified that an entity that has transferred financial assets and has eliminated them entirely from its own statement of financial position and income statement is required to provide additional information with regard to its "residual involvement", if it has signed service contracts that indicate that the entity has an interest in the future performance of the financial assets that were transferred;
  - *IFRS 5* clarifies that there are no accounting effects if, upon changing its retirement plan, an entity reclassifies an asset or group of assets from/to "held for sale" to/from "held for distribution". In the retirement plan, this change is considered to be a continuation of the original plan.

    As at the date of these financial statements the company is assessing the impacts that will arise from adoption of the amendments.

* *Amendments to IAS 1 – Disclosure Initiative (applicable to accounting periods beginning on or after January 1, 2016).*
  The amendment provides clarifications regarding the disclosure elements that could be considered as impediments to a clear and intelligible preparation of the financial statements.
  As at the date of these financial statements, the company is assessing the impacts that will arise from adoption of the amendments.

* *Amendments to IAS 27 – Equity Method in Separate Financial Statements (applicable to accounting periods*

beginning on or after January 1, 2016).

The amendment introduces the option of using the equity method in the separate financial statements of an entity for assessment of the equity investments in subsidiaries, jointly controlled companies and associated companies. Consequently, following the introduction of the amendment, an entity can recognise these equity investments in its own separate financial statements alternatively to cost, as provided by *IFRS 9* or using the equity method.

Adoption of the amendment will not produce any effect in terms of the valuations of the financial statement items.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BY THE IASB WHICH HAVE NOT YET BEEN ENDORSED BY THE EU

As at the date of these financial statements, the following new standards, amendments and interpretations were issued by the IASB, but they have not yet been endorsed by the EU.

Mandatory application beginning from	
IFRS 9 (Financial Instruments)	January 1, 2018
IFRS 14 (Regulatory Deferral Accounts)	January 1, 2016
IFRS 15 (Revenue from Contracts with Customers)	January 1, 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not yet defined
Amendments to IFRS 10, IFRS 12 and IAS 28	January 1, 2016

As at the date of these financial statements, the company is assessing the impacts that would arise from the eventual adoption of said standards.

Analysis of the breakdown of the main items of the statement of financial position

Current assets

Note (1) – Cash and cash equivalents

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Cash	2	2
Current accounts and bank deposits	24,616	18,344
Total cash and cash equivalents	24,618	18,346

The Current accounts and bank deposits item includes current accounts which are blocked in the amount of EUR 6 million with maturities of less than 30 days subsequent to the end of the financial period.
At December 31, 2015, floating interest rates charged by the Company range between 0.01% and 0.70%.
The reduction of the interest rates which took place in 2015 reduced the profitability of the Company's usages of its liquidity; this reduction furthermore affected the financial statements of Valsoia significantly.

Following are the details of the Net financial debt at December 31, 2015 and December 31, 2014. For comments regarding the Net Financial Debt, reference should be made to the Directors' Report which is attached to these financial statements.

Description (EUR 000)	31.12.2015	31.12.2014
Cash	2	2
Current accounts and bank deposits	24,616	18,344
Total cash and cash equivalents (A)	24,618	18,346
Current payables due to banks	(2,406)	(2,163)
Current financial debt (B)	(2,406)	(2,163)
Current net financial debt (C=A-B)	22,212	16,183
Non current payables due to banks	(6,075)	(8,636)
Non current payables due to banks (D)	(6,075)	(8,636)
NET FINANCIAL DEBT (E=C+D)	16,137	7,547

Note (2) - Trade receivables

Trade receivables derives from ordinary sale transactions, mainly with national operators in the Large-scale retail and Wholesale sectors.

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Trade receivables (nominal value)	14,905	17,410
Allowance for doubtful accounts	(1,241)	(1,278)
Total trade receivables	13,664	16,132

The decrease in trade receivables is due to the lower sales in the last part of the year compared to December 31, 2014 and partially also to the decrease in the payables due from certain customers.
There are no particularly significant changes in the collection methods. The allowance for doubtful accounts was adjusted based on a prudent estimate of collection risk and taking into account the information available as regards the solvency risk of the individual positions, their age and the loss on receivables recognised in the past for similar types of receivables.

It should be noted that, for a better understanding of the data of this statement compared with December 31, 2014, payables for EUR 3.8 million, previously recognised under Trade payables, are now reclassified under this item.

The following table shows a summary of the afore-mentioned Trade receivables, broken down by aging, which shows a decrease in past due receivables.

Description	31.12.2015	31.12.2014
Trade receivables (nominal value)		
- past due by over 12 months	245	302
- past due by over 30 days	1,120	1,392
- expired at the date	2,550	2,713
- with subsequent expiry	10,990	13,003
Total trade receivables (nominal value)	14,905	17,410

The receivables that are past due by over 12 months are represented primarily by receivables pending legal resolution.

Following are the changes in the allowance for doubtful accounts.

Description	31.12.2015	31.12.2014
Opening balance	1,278	1,021
- (uses)	(133)	(314)
- allocations	96	571
Allowance for doubtful accounts	1,241	1,278

Note (3) - Inventories

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Raw materials, ancillary and consumable materials	1,242	1,096
Work in process	108	51
Finished goods	6,135	6,039
Total inventories	7,485	7,186

The value of the inventories is slightly higher compared to December 31, last year, due to the lower sales in the last part of the year compared to December 31, 2014.
The measurement of the closing inventories is carried out net of the provision for inventory obsolescence, amounting to a total of EUR 272 thousand (EUR 60 thousand at December 31, 2014), in order to adjust its assessment to the value of the presumed realisation.
Inventories are not subject to any obligations or restrictions related to property rights.

The table below provides a breakdown of the movements in the provision for inventory obsolescence:

Description	31.12.2015	31.12.2014
Provision for inventory obsolescence of raw and ancillary materials		
Opening balance	10	57
- Provisions/ (uses)	68	(47)
Balance at December 31, 2015	78	10

Provision for inventory obsolescence of finished products and goods		
Opening balance	50	74
- Provisions/ (uses)	144	(24)
Balance at December 31, 2015	194	50
Total provision for inventory obsolescence	272	60

Note (4) - Other current assets

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Tax receivables	521	47
Prepayments and accrued income	235	262
Other current receivables	221	368
Total Other current assets	977	677

Tax receivables mainly consist of VAT credits and IRES/IRAP Advances paid in excess of the amount recognised at the end of the year for direct taxes. Other current receivables are composed primarily of payments on account to suppliers.

Non-current assets

Note (5) - Goodwill

The item Goodwill shows the following changes for the period:

Description	31.12.2014	Changes for the period		31.12.2015
	Net value	Increases	Other increases/ (decreases)	Net value
Santa Rosa Goodwill	3,230	0	0	3,230
Total goodwill	3,230	0	0	3,230

Goodwill, to which there were no changes during the year, arises from the allocation of the residual amount from the premium of the investment value, compared with the fair value of the assets and liabilities of J&T Italia S.r.l., following the merger by incorporation of the same in 2012.

Pursuant to IAS/IFRS, goodwill is not amortised but is tested for impairment annually, as required by IAS 36 and as described in Note 6 below.

For comparison purposes we show the movement of goodwill in the previous year:

Description	31.12.2013	Changes for the period		31.12.2014
	Net value	Increases	Other increases/ (decreases)	Net value
Santa Rosa Goodwill	3,230	0	0	3,230
Total goodwill	3,230	0	0	3,230

Note (6) – Intangible fixed assets

The item *Intangible fixed assets* shows the following changes for the period:

Description	31.12.2014	Changes for the period		31.12.2015
	Net value	Increases/ (decreases) Net	Amort./Write-downs	Net value
Trademarks	20,068	3	(3)	20,068
Industrial patents and intellectual property rights	59	698	(163)	594
Other	44	35	(38)	41
Intangible fixed assets in progress	423	(423)	0	0
Total intangible fixed assets	20,594	313	(204)	20,703

The increase during the period mainly refers to the implementation and start-up of new company management software (SAP).

The item Trademarks refers to the Santa Rosa trademark, which is recognised at fair value as part of the accounting for the merger by incorporation of J&T Italia S.r.l. which took place in 2012. The fair value of the Santa Rosa trademark was originally measured using a market method named "relief from royalties". This method of measurement, which uses inputs that are observable from the market, is a methodology that is preferred by the accounting standards. As provided in the method used, this rate was applied to the revenue flows in the multiple year plans compiled by the company and approved by the Board of Directors at the time of the acquisition.

The Santa Rosa trademark, as allowed by the IAS 38, has been considered as having an indefinite useful life and therefore it is not amortised, based on the reasons which are described in the relative section of the accounting standards.

For comparison purposes we show the movements of the *Intangible fixed assets* in the previous year.

Description	31.12.2013	Changes for the period		31.12.2014
	Net value	Increases/ (decreases) Net	Amort./Write-downs	Net value
Trademarks	20,064	6	(2)	20,068
Industrial patents and intellectual property rights	53	44	(38)	59
Other	38	42	(36)	44
Intangible fixed assets in progress	171	252	0	423
Intangible fixed assets	20,326	344	(76)	20,594

Impairment Testing

As indicated previously in the section on the accounting principles, Valsoia S.p.A. carries out impairment testing as required by IAS 36 on an annual basis, even if there are no indications of impairment, to verify the degree of recoverability of the value of the Santa Rosa trademark and of goodwill.

At the time the financial statements for 2015 were closed, an impairment test was carried out which was specifically approved by the Board of Directors prior to the approval of the financial statements for the year.

In particular, in application of the methodology indicated by IAS 36, Valsoia S.p.A. Identified the cash generating units (CGUs) that represent the smallest identifiable group able to generate independent cash flows; these units correspond to the Santa Rosa trademark.

The value in use is represented by the current value of the future cash flows that are estimated will derive from the continuous use of the assets relative to the CGUs and the final value attributable to them and, for the purposes of verifying the recoverability of the recognised values, it was compared with the net accounting value attributed to the intangible and tangible fixed assets of the CGU, including the goodwill, in addition to an evaluation of the estimated operating net working capital.

The determination of the enterprise value involves the following operations:

- estimate of the future cash flows (positive and negative) deriving from the ongoing use of the asset and its final disposal;

- Discounting of the abovementioned cash flows applying an appropriate discount rate.

The value in use of the CGU was estimated using the UDCF (Unlevered Discounted Cash Flow) model applied to the cash flows included in the multiple year plan for 2016-2020 which was approved by the Board of Directors on March 14, 2016. After the detailed forecast, a terminal value was determined assuming as a perpetual operating cash flow the operating result net of taxes (net operating profit less adjusted tax – Noplat) of the last financial year of the Plan.

The discount rate used for the discounting of the expected cash flows was 6.76%.

The terminal value represents the current value, on the last year of the projection, of all the subsequent perpetuated cash flows. The growth rate of the terminal value is a key parameter in determining the terminal value itself, because it represents the annual rate of growth of all the subsequent cash flows perpetuated. The rate of growth of the terminal values using 2015 is 1%, in line with the growth expected for the gross national product of Italy for the year 2020.

This rate is lower than the expected inflation, in line with the provisions set forth in paragraph 33c of IAS 36, and does not exceed the growth of the reference country, as shown in document OIV (Organismo Italiano di Valutazione) of January 2011.

Based on the abovementioned parameters, the enterprise value of Santa Rosa is approximately EUR 38.8 million as compared to a carrying amount for the net assets (trademark, goodwill, facilities and net working capital) of EUR 27.8 million and therefore the so-called cover amounts to EUR 11 million.

Based also on the indications contained in the document no. 2 issued jointly by the Bank of Italy, Consob and ISVAP on February 6, 2009, we elaborated the sensitivity analysis on the test results compared to the variation of the basic assumptions (WACC and g-rate) which affect the value in use of the cash generating unit. In particular, the sensitivity analyses refer to the following aspects:

- a change of 0.5 percentage points of the growth rate g (g-rate) from the 1% used for the test base;
- a change of 1.5 percentage points of the discount rate (WACC) compared to the 6.76% used for the test base.

From this sensitivity analysis, no situations of potential impairment are apparent, considering also a worsening of the market variables which were considered.

The sensitivity analysis was also carried out using the same parameters g and WACC which were used in the impairment test that was carried out in the previous year (respectively 0.75 and 6.58%); in this case as well, no situations of potential impairment are apparent, providing a cover of EUR 10.9 million.

Note (7) – Property, plant and equipment

Following is a breakdown of the Property, plant and equipment item at December 31, 2015.

Description	Historical cost	Depreciation provisions	Net carrying amount
Land and buildings			
Land:			
- located in the Rubano municipality	908	0	908
- located in the Serravalle Sesia municipality	1,529	0	1,529
Buildings:			
- house in Serravalle Sesia	441	(73)	368
- industrial facilities in Serravalle Sesia	4,935	(1,662)	3,273
- light constructions at the Sanguinetto facility	1	0	1
Total land and buildings	7,814	(1,735)	6,079
Plant and equipment			
- fixed systems for offices	77	(62)	15
- plant/equipment for plant extract products	4,985	(4,055)	930
- plant/equipment for ice cream production	9,456	(8,191)	1,265
- plant/equipment for other food production	661	(492)	169
- generic mach. and equip. at the Serravalle facility	1,338	(908)	430
- silos, vats, tanks at the Serravalle facility	496	(390)	106
- photovoltaic system	370	(148)	222
- plants for preserves production	2,604	(1,445)	1,159
- generic plants at the Sanguinetto facility	121	(39)	82
Total plant and equipment	20,108	(15,730)	4,378
Industrial and commercial equipment			
- furniture and equipment for the laboratory	395	(286)	109
- other small equipment	164	(138)	26
- other transportation means	225	(187)	38
Total industrial and commercial equipment	784	(611)	173
Other assets			
- electric and electronic machinery	514	(344)	170
- furniture and equipment for the offices	372	(299)	73
- cell phones	51	(35)	16
- vehicles	500	(341)	159
Total other assets	1,437	(1,019)	418
Total Property, plant and equipment	30,143	(19,095)	11,048

The item Property, plant and equipment shows the following changes for the period.

Description	31.12.2014	Changes for the period			31.12.2015
	Value	Increases	Decreases	Other changes	Value
Historical cost					
Land and buildings	7,741	73	0	0	7,814
Plant and equipment	19,666	442	0	0	20,108
Industrial and commercial equipment	690	95	0	(1)	784
Other assets	1,385	117	0	(65)	1,437
Fixed assets in progress	0	0	0	0	0
Tot. Historical cost (A)	29,482	727	0	(66)	30,143
Depreciation					
Land and buildings	1,528	207	0	0	1,735
Plant and equipment	14,479	1,251	0	0	15,730
Industrial and commercial equipment	563	50	(2)	0	611
Other assets	920	160	(61)	0	1,019
Fixed assets in progress	0	0	0	0	0
Tot. depr. provisions (B)	17,490	1,668	(63)	0	19,095
Total Property, plant and equipment (A-B)	11,992	(941)	63	(66)	11,048

The increases in the Property, plant and equipment refer mainly to purchases of production facilities at the Serravalle Sesia facility and plants for the manufacturing of preserves.

The other increases refer to laboratory equipment, electronic equipment and company vehicles.

For comparison purposes we show the movements of Property, *plant and equipment* in the previous year.

Description	31.12.2013	Changes for the period			31.12.2014
	Value	Increases	Decreases	Other changes	Value
Historical cost					
Land and buildings	7,258	466	0	17	7,741
Plant and equipment	18,827	886	(65)	18	19,666
Industrial and commercial equipment	627	66	(3)	0	690
Other assets	1,182	247	(44)	0	1,385
Fixed assets in progress	35	0	0	(35)	0
Tot. Historic Cost (A)	27,929	1,665	(112)	0	29,482
Depreciation					
Land and buildings	1,325	203	0	0	1,528
Plant and equipment	13,310	1,235	(66)	0	14,479
Industrial and commercial equipment	528	38	(3)	0	563
Other assets	827	136	(43)	0	920
Fixed assets in progress	0	0	0	0	0
Total depr. provisions (B)	15,990	1,612	(112)	0	17,490
Total tangible fixed assets (A-B)	11,939	53	0	0	11,992

Note (8) – Financial assets

This item is composed of Investments in subsidiaries and shows, for the period, the following changes:

Description	Shareholding in share capital	31.12.2014 Value	Changes for the period		31.12.2015 Value
			Increases	Decreases	
Valsoia Pronova d.o.o. (SLO) - Share Capital - Non-int. bearing loan to shareholders	100%	10 10	90 -	0 -	100 10
Tot. Financial Assets		20	90	0	110

During 2015, the share capital of Valsoia Pronova d.o.o. was increased through the partial conversion of an existing interest bearing loan. There are no changes referring to financial assets. In 2015, the subsidiary Valsoia Pronova d.o.o. had sales of approximately EUR 437 thousand with a positive result of EUR 1 thousand.

Note (9) – Deferred tax assets

At December 31, 2014, the Company had no deferred tax assets, as these items were recognised against the provision for deferred taxes.
This item breaks down as follows:

Description	31.12.2015		31.12.2014	
	Taxable amount	Taxes	Taxable amount	Taxes
Deferred tax assets/Provision for deferred taxes with contra entry in the Income Statement				
IRES/IRAP CHANGES				
- Trademarks and deferred charges not capitalised pursuant to IAS/IFRS	251	72	335	104
- Dealloc. of accounting-tax amounts for SR Trademark	0	0	(5,980)	(1,878)
- Taxed risk and write-down provisions	1,612	418	1,454	411
- Other	(3)	(1)	35	11
Total A)	1,860	489	(4,156)	(1,352)
Deferred tax assets/Provision for deferred taxes with contra entry under Shareholders' Equity Reserve				
- Tax effect on valuation of MtM hedging derivatives	295	64	464	111
Total B)	295	64	464	111
Total Deferred tax assets/(Provision for deferred taxes) (A+B-C)	2,155	553	(3,692)	(1,241)

The item Deferred tax assets/(Provision for deferred taxes) refers to the recognition of temporary differences between the values recorded in the statement of financial position of the assets and liabilities and the related amounts recognised for tax purposes.
As provided in the reference principles, the total amount of deferred tax assets is classified among non-current assets; furthermore, it is estimated that a part thereof, equal to approximately EUR 242 thousand, refers to differences that will be reabsorbed over the next 12 months.

The significant change compared to the figure at December 31, 2014 refers mainly to the tax realignment of the Santa Rosa trademark pursuant to article 1 of Law 208 of December 28, 2015 (Stability Law 2016), paragraph 895 et seq. Usage of this tax option made it possible to obtain, through the payment of a substitute tax, the realignment of the tax values with the main values recognised in the financial statements relative to this trademark. The Company's choice to select this option resulted on the one hand in the release of the provision for deferred taxes totalling EUR 3,063 thousand relative to the abovementioned higher values recognised on the Santa Rosa trademark, and on the other hand the recognition of the payable for substitute tax, totalling EUR 1,561 thousand (Note 13); the net effect of the abovementioned accounting, positive by EUR 1,502 thousand, was entirely allocated to the profit and loss for the year under the item "taxes – non recurring effects" given its one-off nature.
Under this item, "taxes – non recurring effects" are also recognised the negative effects of EUR 43 thousand from the amendment of the IRES rate from 27.5% to 24%, effective 2017, as provided by the Stability Law 2016.

Note (10) - Other non-current assets

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Guarantee deposits	37	35
Investments in other companies	5	5
Due from tax authorities, non-current	38	216
Receivables from subsidiary companies	85	175
Total Other non-current assets	165	431

The movements compared to the previous year refer to the reduction of interest bearing loans to subsidiaries which were transformed partially into share capital.
The decrease in non-current receivables due from tax authorities refer to the partial collection of the IRES receivables for failure to deduct IRAP on the cost of labour for the years 2007 through 2011, with regard to which an appeal for a refund was submitted as per art. 2 of Law Decree 201/2011.

Liabilities and shareholders' equity

Current liabilities

Note (11) - Current payables due to banks

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Overdraft accounts	1	1
Payable to BNL for loan	2,307	2,162
Payable to Mediocredito Italiano for loan facility purs. to Law 46/82	98	0
Total Current payables due to banks	2,406	2,163

This item refers primarily to the instalments, maturing in less than 12 months, from non-current financing agreements executed in previous periods.
Regarding the change in the *Total current payables due to banks*, please refer to the comment on the statement of financial position and income statement in the Directors' Report.

Note (12) – Trade payables

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Trade payables due to suppliers within 12 months	15,036	16,722
Total Trade payables	15,036	16,722

As already described, compared with the Financial Statements at December 31, 2014, the invoices to be received for promotional activities, in the amount of EUR 3.8 million, were reclassified under the item Trade receivables, while they were previously recognised under Trade payables which, consequently, are now reduced by this amount.
The trade payables at December 31, 2015 therefore decreased by EUR 1.7 million compared to December 31, of the previous year, mainly for the reasons explained in Notes 2 and 3 above.

Note (13) – Tax payables

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Due to the tax authorities for:		
- virtual revenue stamp tax	3	0
- withholding taxes	443	423
- direct taxes and VAT	0	464
- substitute tax	2,328	1,022
Total Tax payables	2,774	1,909

At December 31, 2015, the Company had payables due to the tax authorities for direct taxes and VAT as per Note 4 above.
The substitute tax item refers to the substitute tax due for the exemption of the Santa Rosa trademark resolved by the Board of Directors at the end of 2013, pursuant to Art. 172 par. 10 bis of the TUIR in the amount of EUR 766 thousand and the tax realignments of the statutory and tax values in the amount of EUR 1,561 thousand, as explained in Note 9, above.

Note (14) – Provisions for risks

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Sales return provision	121	108
Total Provision for risks	121	108

Provisions for risks comprise only the sales return provision. The estimate at December 31, 2015 resulted in an allocation of EUR 13 thousand.

During the year, Valsoia received notification of the ruling by the Regional Tax Committee of Lombardy, regarding the appeal filed by the Tax Authorities, concerning a previous ruling at first instance that benefited the Company, regarding an assumed lower registration tax that was paid for the purchase of J&T Italia S.r.l. in 2011. This controversy sees Valsoia as being potentially in debt with the Tax Authorities, jointly and severally with the company transferring "J&T", for a total amount of EUR 723 thousand. This ruling accepted the appeals of the Revenue Agency; furthermore the tax arising from this ruling has already been paid by the seller, J&T. Valsoia has appealed this ruling in the Court of Cassation.
For the same case, Valsoia received during the year a second assessment notice, for EUR 94 thousand, from the re-calculation by the Revenue Agency of the value of the amount subject to capital transfer tax. The Company

appealed this notice at the first level Tax Commission.

Valsoia, keeping into account the above, in addition to the contractual records and the opinion of its consultants, believes that to date there are no reasonable grounds for the allocation of a provision for risks related to this pending issue.

Note (15) - Other current liabilities

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Amounts payable to social security institutions	437	425
Due to employees and on-going collaboration contracts	1,376	1,402
Amounts due to others	237	263
Accrued expenses	30	0
Total Other current liabilities	2,080	2,090

The *Other current liabilities* are composed mainly of amounts due to employees for salaries, bonuses, premiums relative to the year and deferred monthly salaries accrued at December 31, 2015. The amounts to others item mainly refers to advances received from customers.

Non-current liabilities

Note (16) - Non-current payables due to banks

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Payable to BNL for loan	4,866	7,173
Payable to BNL for Cash flow hedging	307	464
Mediocredito FIT subsidised loan	902	999
Total non-current payables due to banks	6,075	8,636

This item refers primarily to the instalments with expiry date beyond 12 months, from non-current financing agreements executed in previous periods.

Of this decrease, EUR 2,162 thousand refers to refunds made during the year and the remainder refers to the change in the short-term maturities, as per Note 11 above), as required by the respective repayment schedules.

The non-current loans require compliance at December 31, of each year with specific financial parameters (financial covenants) concerning the net financial debt in relation to the gross operating margin and equity. On the closing date of this financial year, these conditions were fully complied with.

The existing derivative contracts, which were stipulated on the basis of hedging objectives and purposes referring to the loans payable by the Company, have been recognised as required by the international accounting standards. The mark to market change at December 31, 2015 compared to 2014 was recognised under Other Components of the Statement of Comprehensive Income, against the change in the non-current payables for cash flow hedging instruments.

As regards the information required by IFRS 7, following is a summary of the deadlines set out by the amortisation/depreciation plans for the aforementioned loans and borrowings:

Year	EUR
2017	2,704
2018	2,666
2019	99
2020	99
2021	100
2022	101
2023	101
2024	102
2025	103
Loans and borrowings	6,075

Note (17) – Other non-current payables

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Payables for substitute tax beyond the period	0	767
Total Other non-current payables	0	767

At December 31, 2015, there were no instalments for substitute tax due later than 12 months.

Note (18) – Provision for deferred taxes

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Provision for deferred taxes	0	1,241
Total deferred tax assets	0	1,241

At December 31, 2015, the Company had no Provision for deferred taxes, as these items were recognised against the item Deferred tax assets, as per Note 9 above.

Note (19) – Provision for post-employment benefits

This item includes the allocations for the post-employment benefits due to employees and had the following movements:

Description	Taxable amount
Opening provision for post-employment benefits at Dec. 31, 2014	671
2015 changes	
- Financial income/(charges)	6
- End of employment severances and advances to employees	(55)
- Actuarial gains/(losses)	(36)
Closing provision for post-employment benefits at Dec. 31, 2015	586

The provision for post-employment benefits is valued according to the IAS 19 standard, by which it is recognised under "Defined benefit plans"; therefore, it was recognised through the actuarial projected unit credit method.
Starting from January 1, 2007, the Financial Law and related implementation decrees, have introduced relevant changes in the post-employment benefits regulations, including the choice, by the employee, of the allocation of his/her accruing provision for post-employment benefits.
As regards the portion recognised in the income statement in 2015, it should be noted that it refers only to the revaluation of the provision for post-employment benefits in effect at December 31, 2006, since due to the

supplementary pension reform, enacted with the Financial Law of 2007, the provision for post-employment benefits accrued starting from January 1, 2007, are allocated, by the employee, to the preferred pension funds or paid by the Company into a Treasury Account set up with INPS and therefore are considered, for the purpose of IAS/IFRS accounting standards, a Defined Contribution Plan recognised directly in the income statement without transiting through the provision.
Following are the main assumptions used for the calculation:

Demographic assumptions

Mortality rate: the probabilities have been drawn from the general Italian population based on age and sex (ISTAT) in 2000, and decreased by 25%.
Disability rate: for calculating the probability of exiting from the company due to a total and permanent disability of the employee, the disability tables used currently by insurance companies, based on age and sex, were used.
As regards retirement age, it was assumed that active employees would stop working as soon as they reach the first pre-requisite for retirement as set forth in the mandatory general insurance scheme.
As for the probability of ending employment for resignations or termination, an 8% annual frequency was used.
As for the probability of requests for advances on salaries, for projection purposes, an annual 2.8% advance rate (percentage of employees who ask for an advance from their post-employment benefits, every year) was used. As regards the amount of advance payments, 50% of the accrued provision for post-employment benefits amount was used.

Business-financial assumptions

Average annual rate for bonds issued by European Companies with AA rating with 7-10 years duration: 1.39%
Yearly Inflation rate: 1.5%

Shareholders' equity - Note 20

Share capital

The share capital of the Company is fully paid up and amounts to EUR 3,450 thousand, with 10,455,784 ordinary shares of a Nominal value of EUR 0.33 each.

Legal reserve

The increases in Legal and other reserves are due to the allocations of the profits accrued during the two year period, as resolved upon by the Shareholders' Meeting.

Revaluation reserve

Revaluation reserve was already set up at January 1, 2004, due to the revaluations carried out in the previous periods pursuant to Law 488/2001 and Law 350/2003.

Other IAS/IFRS adjustments reserve

The effects deriving from IFRS adjustments on Shareholders' Equity at January 1, 2004, were recognised In the IAS/IFRS reserve.

- extraordinary reserve deriving from the allocation of profits accrued but not yet distributed on a voluntary basis in previous periods, as set forth by the Shareholders' Meeting.
- earnings brought forward due to the application of IAS/IFRS accounting standards, starting from the transition date of January 1, 2004.
- reserve set up within the scope of the Allowance for doubtful accounts, in application of the IAS 8 accounting standard occurring in 2006.
- cash flow hedge reserve.

  Pursuant to the IAS 39 standard, this item included, net of the tax effects, the mark to market derivative contracts valuation, which have hedging objectives and characteristics on non-current financing in effect at the closing date of the period in question.
- actuarial gains / losses reserve: the actuarial gains/losses deriving from the application of the IAS 19 standard are recognised under this item.
- stock option reserve. This item includes the 2011-2016 Stock Option Plan reserve, in the specific case coinciding with the recognition of the charge (EUR 409 thousand) related to the first four years of accrual (2011 - 2014) and to 2015. The Shareholders' Meeting of April 28, 2011, approved in fact a Stock Option Plan which provides for the assignment of option rights for the subscription of a maximum of 418,231 ordinary shares deriving from a share capital increase that was decided upon, pursuant to Art. 2441, paragraph 8, of the Italian Civil Code, at a subscription price equal to the nominal value (EUR 0.33 per share).

  The plan is intended for the managers/executives of the Company, according to their position and responsibilities, as well as for the General Manager. The purpose is for the retention of those employees who hold key positions and for setting up incentive plans for value creation. Consequently, the assigned Option rights will accrue on an annual basis according to the achievement of business performance objectives, measured on the basis of the resulting net profit. The rights can be exercised exclusively by the beneficiaries who have been, uninterruptedly, employees of the Company up to the time of the subscription of the shares. Such subscription shall occur only after approval of the 2015 financial statements of the Company. For further details, please refer to the Information Memorandum, for the Stock-Option Plan 2011-2016, published on the website www.valsoiaspa.com, in the Investor Relations section.

The Shareholders' Equity reserve is composed of the charges deriving from this plan, which must be recognised in compliance with the IFRS 2 accounting standard. Said charges were estimated on the following basis:

- the percentage of probability in achieving the objectives set out in the plan and the consequent number of option rights accrued by the beneficiaries: on the basis of the plans set up by the Company and the estimated probability of their achievement;
- the fair value of the assigned option rights. This value was determined, in reference to the date of the actual assignment of the option rights approved by the Board of Directors on May 10, 2011, by using the Black and Scholes method based on the following assumptions:

Measurement of fair value - SOP 2011-2016: summary of main data	
Maturity Date	03/31/2016
Measurement Date	05/10/2011
Average price	€ 4.23
Exercise price of the share	€ 0.33
Expected volatility	26.58%
Estimated duration (years)	5
Free risk rate (Btp 5 years)	3.77%
Estimated dividends	5.00%
Unit fair value	€ 3.04

For details on the items composing the Shareholders' Equity, see the table below:

Description	31.12.2015	31.12.2014	Possibility of use
Share capital	3,450	3,450	-
Legal reserve	690	690	B
Revaluation reserve	5,401	5,401	A, B, D
Other IAS/IFRS adjustments reserve	(1,002)	(1,002)	-
Other reserves:			
IAS 8 adjustment reserve	469	469	A, B, C
Earnings brought forward, according to IAS/IFRS	349	349	A, B, C
Extraordinary reserve	31,784	24,221	A, B, C, E
SOP reserve 2011-2016	490	315	A, B, C
Cash flow hedge reserve	(170)	(293)	-
Actuarial gains/losses reserve	36	-	-
Total Other reserves	32,958	25,061	
Profit (loss):			
Profit for the period	11,978	10,701	
Total Equity	53,475	44,301	

Key for the possibility of use:

A. Available for share capital increases;

B. Available for coverage of losses;

C. Available for shareholders distribution;

D. Available for the distribution to shareholders with the loss of the benefit of tax suspension.

E. Following the aforementioned realignment of the statutory and tax values of the Santa Rosa trademark under Note 9, we hereby specify that the reference laws (Art. 1, par. 895 et seq. of Law 208/2015), provides that during the shareholders' meeting that is held to approve these financial statements, a portion of the Free reserves be allocated to the Reserve for suspension of tax for an amount of EUR 8,195 thousand, which corresponds to the amount of the realignment which took place net of the related substitute tax. This "Realignment reserve pursuant to Art. 1, par. 895 et seq. Law 208/2015" will therefore be recognised in the first financial year after the resolution, which is 2016.

It should also be noted that, during the year, dividends were distributed to the shareholders for a total of EUR 3,137 million, as an appropriation of profits for the year 2014.

Analysis of the breakdown of the main items of the income statement

Note (21) - Value of production

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Revenue from sales and services:		
- Revenue - Italy	112,046	111,080
- Revenue - Abroad	3,270	2,935
Total Revenue from sales	115,316	114,015
Changes in inventories of finished and semi-finished products	269	540
Other revenue and income	1,162	1,535
TOTAL VALUE OF PRODUCTION	116,747	116,090

Revenue from sales is concentrated essentially within the Italian territory and therefore the geographic breakdown is not deemed to be significant.

The table below shows the distribution of revenue from sales and services, in Italy, by product family:

Description (EUR 000)	31.12.2015		31.12.2014		Change
	EUR	% Inc.	EUR	% Inc.	%
Valsoia Bontà e Salute Products	60,911	52.8	57,473	50.4	6.0
Santa Rosa Products	28,127	24.4	32,046	28.1	(12.2)
Other products (a)	23,008	20.0	21,561	18.9	6.7
Total Italian revenue	112,046	97.2	111,080	97.4	0.9
Sales abroad	3,270	2.8	2,935	2.6	11.4
Total revenue from sales and service	115,316	100.0	114,015	100.0	1.1

(a) Other trademarks and industrial products

Regarding the comment on the change in sales revenue, please see the Directors' Report.
It should be noted that, following the same approach of previous periods, the item “Other products”, shown in this table, includes revenue amounting to EUR 13.1 million, related to semi-finished products sold as co-packers and subsequently repurchased by the Company as marketed finished products.

The item “Other revenue and income” is detailed as follows:

Description	31.12.2015	31.12.2014
Other revenue and income		
- chargeback to third parties	387	335
- capital gains on sale of assets	3	2
- other	772	1,198
Total Other revenue and income	1,162	1,535

The "chargeback to third parties" is to be attributed primarily to the recharging to third parties of business and promotional costs incurred pursuant to distribution agreements. The "other" item comprises the recovery of expenses from third parties and insurance payments, royalties for trade mark licenses and contingent assets.

Note (22) - Operating costs

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Purchase costs		
- Raw materials	12,905	10,841
- Ancillary materials	1,563	1,774
- Consumable materials	522	741
- Finished products and goods	43,798	43,977
Total Purchases	58,788	57,333
Services		
- Industrial	3,892	3,837
- Commercial and sales	24,179	25,270
- Administrative and general	2,823	2,188
Total Services	30,894	31,295
Cost of use of assets owned by other, of third party assets	538	539
Labour costs		
- Wage and salaries	5,749	5,557
- Social security charges	2,188	2,123
- Post-employment benefits	10	66
- Other costs	74	0
- Personnel charges pursuant to SOP 2011-2016	175	165
Total Labour costs	8,196	7,911
Change in inventories of raw and ancillary materials	(25)	(190)
Other operating expenses	899	1,235
TOTAL OPERATING COSTS	99,290	98,123

The purchases of *raw materials* have increased mainly due to the implementation of an organisational model which focuses on increasing control of the production chain. There have been no particular changes in the purchased terms and conditions.

The decrease in the *commercial* and sales *services* is due to the decrease in the costs of promotional activities.

The *Cost of use of assets owned by other, of third party assets* item refers to costs for the long-term leasing of company cars in addition to the costs for renting the building in Bologna where the company maintains its legal and administrative headquarters and the warehouses servicing the Serravalle Sesia facility. The contract for the Bologna headquarters provides for a rental amount which is subject annually to revaluation pursuant to ISTAT data.

As regards the *labour costs*, this item includes the entire cost for personnel and ongoing professional contracts, not including the remuneration of the board of directors but including the costs for holidays and leave accrued but not taken, additional wages and other allocations required by the law. This item also includes EUR 175 thousand for charges related to SOP 2011-2016, further detailed in *Note 20 - Shareholders' Equity*.

At December 31, 2015, the workforce of the company was composed as follows:

Description	31.12.2015	31.12.2014
Executives	10	9
Employees and managers	78	76
Factory workers	25	26
Temporary workers	0	1
Total employees	113	112

For further details, please see the Directors' Report - Information on the personnel.

The item Other overheads breaks down as follows:

Description	31.12.2015	31.12.2014
Other overheads:		
- Taxes and excise license	133	112
- Credit/losses provision for risks on receivables	96	571
- Capital losses on disposal of assets	3	1
- Contingent liabilities	117	132
- Membership fees	147	125
- Other charges	403	294
Total Other overheads	899	1,235

The other charges mainly consist of costs for the disposal of obsolete products, entertainment costs and donations.

Note (23) – Amortisation and depreciation

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Amortisation of intangible fixed assets	204	76
Depreciation of property, plant and equipment	1,668	1,611
Total amortisation and depreciation	1,872	1,687

The amortisation of intangible assets has increased due to the deployment of a new SAP management system. For the remaining comment on the amortisation/depreciation please see Note 6 and Note 7.

Note (24) – Net financial income/(charges)

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Interest income and other financial income	83	350
Interest expense and bank charges	(571)	(1,058)
Foreign exchange gains/(losses)	129	214
Total Net financial income/(charges)	(359)	(494)

Other financial income comprises interest income from current bank accounts.
Charges are primarily represented by interest expense from non-current financing, bank charges and commissions, as well as foreign currency discount expenses applied to customers. The decrease in these expenses is mainly due to the improvement of the net financial debt and the expenses recognised for 2014 which arose from the early closure of derivative contracts for hedging of interest rates during that year following the early partial repayment of the underlying non-current loan.
The foreign exchange gains were recognised during recognition of the trade or financial transactions connected to the purchase of raw materials which were denominated in a foreign currency and during the mark to market valuation of the forward foreign currency purchase contracts as at December 31.

Note (25) – Taxes

This item breaks down as follows:

Description	31.12.2015	31.12.2014
Income taxes (IRES - IRAP)	(3,528)	(3,892)
Deferred tax assets/liabilities	(1,179)	(1,193)
Taxes - non-recurring effects	1,459	0
Total Taxes	(3,248)	(5,085)

Taxes include also deferred tax liabilities (net of the deferred tax assets) which were calculated on allowances and other temporary differences, the tax benefits of which are deferred. Details about the recognition of deferred tax assets/liabilities were provided in Note 9 herein.

The non-recurring tax effects refer to the alignment of the statutory and tax values of the Santa Rosa trademark which took place pursuant to Article 1. of Law 208 of December 28, 2015 (Stability Law 2016) pursuant to paragraphs 895 et seq., and the negative effects of EUR 43 thousand, deriving from the amendment of the IRES rate, as indicated under Note 9 above).

We provide below the reconciliation between the theoretical and effective tax as at December 31, 2015 and 2014.

Description	2015			2014		
	Taxable amount	Tax	Rate %	Taxable amount	Tax	Rate %
Pre-tax profits	15,226			15,786		
Total theoretical IRES	15,226	4,187	27.5	15,786	4,341	27.5
Labour costs	8,196			7,911		
Net financial charges	359			494		
Tot. theoretical IRAP	23,781	927	3.9	24,191	943	3.9
Theoretical tax burden	15,226	5,114	33.6	15,786	5,284	33.5
"ACE" effect		(271)			(159)	
IRAP deductions		(266)			(109)	
Other perm. tax recoveries/(deductions)/ net effect		130			69	
Total current taxes	15,226	4,707	30.9	15,786	5,085	32.2
Non-recurrent tax effects		(1,459)			-	
Total taxes for the year	15,226	3,248	21.3	15,786	5,085	32.2

Note (26) - Basic and diluted earnings per share

The basic earnings per share are determined by dividing the profit for the year by the number of shares (no. 10,455,784) which compose the share capital.
The diluted earnings per share were obtained by dividing the profit for the year by the number of shares composing the share capital and the potentially new issued shares following the 2011-2016 SOP.

Non-recurring significant transactions and events

Other than what was indicated under Note 25 above on Taxes – non-recurring effects, during the financial year ended December 31, 2015 no significant events/transactions, falling within the scope of the Consob Communication DEM/6064293 of July 28, 2006 were recorded. The Directors have interpreted the “non-recurring significant transactions and events” as events/transactions outside of the company's ordinary operations.

Positions or transactions deriving from atypical and/or unusual operations

During the year ended December 31, 2015, no events/transactions, falling within the scope of the Consob Communication DEM/6064293 of July 28, 2006, were recorded. As instructed in said Communication “atypical and/or unusual transactions are those that, because of their significance, importance, nature of the counterparties involved in the transaction, transfer pricing procedures, or time of their occurrence (close to the end of the year), could give rise to doubts relating to: the accuracy and completeness of the information in the financial statements, a conflict of interest, the safeguarding of the company’s assets or the protection of non-controlling shareholders.”

Information on transactions carried out with the holding company, subsidiaries and related parties

Following are the main economic, financial and equity effects of the transactions that took place with the parent company Finsalute S.r.l.

Holding company	Revenue/(costs)	Receivables/(payables)		Collection/ (payment)
	2015	01.01.2015	31.12.2015	2015
Finsalute S.r.l.	5	0	1	4
Total transactions with the holding company	5	0	1	4

The transaction shown in the table above refers to an accounting service contract between Valsoia and Finsalute S.r.l.

Following are the main economic, financial and equity effects of the transactions that took place with subsidiaries.

Subsidiaries	Revenue/(costs)	Interests on loans	Receivables/(payables)		Collection/ (payment)
	2015	2015	01.01.2015	31.12.2015	2015
Valsoia Pronova Doo	196/(10)	2	252	122	228
Total transactions with subsidiaries	196/(10)	2	252	122	228

During the year, the following transactions with related parties which were carried out at arm's length took place. Here below they are aggregated by type:

Related party	Revenue/(costs)	Receivables/(payables)		Collection/ (payment)
	2015	01.01.2015	31.12.2015	2015
Membership fees	(31)	0	0	(31)
Purchase of goods and services	(99)	(10)	(27)	(107)
Total transactions with related parties	(130)	(10)	(27)	(138)

The major transactions with related parties in terms of income and equity refer to the ordinary operations carried out at arm's length, which took place with Consorzio Italia del Gusto.

Information required by article 149-duodecies of Consob Issuers' Regulation.

The following schedule, prepared pursuant to article 149-duodecies of the Consob Issuers' Regulation, shows the consideration payable for 2015 for auditing services and for other services provided by KPMG S.p.A. and companies belonging to its network.

Description	Remuneration
KPMG S.p.A.	
- Auditing and certification services	57
- Other services	0
Total remuneration	57

The remuneration includes expenses that were incurred and refunded.

Remuneration of the Statutory Auditors and the Directors

Pursuant to Consob Resolution 11971/99 (Issuers' Regulation), the remuneration paid or which is attributable for 2015 to the members of the Board of Directors and the Board of Statutory Auditors as well as the managers with strategic responsibilities and the equity investments held by them during the year are shown in the "Report on Remuneration" which will be provided to the Shareholders' Meeting called for approval of the financial statements at December 31, 2015.

Bologna, March 14, 2016

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

4 / Statement pursuant to Art. 154 bis of Legislative Degree 58/98

STATEMENT PURSUANT TO ART. 154-BIS PARAGRAPH 5 OF LEGISLATIVE DECREE 58/98

The undersigned, Andrea Panzani, General Manager and Chief Executive Officer, and Carlo Emiliani, Manager in charge of financial reporting for Valsoia S.p.A., hereby certify, also taking into account the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of February 24, 1998:

- the adequacy in the relation to the caractheristic of the cpmpany, and
- the actual application

of the administrative and accounting procedures for the preparation of the Financial Statements at December 31, 2015.

It is also hereby certified that:

a) the financial statements as at and for the year ended December 31, 2015 fully reflect the accounting records and books;

b) the financial statements as at and for the year ended December 31, 2015 were prepared in compliance with the International Financial Reporting Standards, ratified by the European Union, as well as all provisions issued in implementation of Legislative Decree no. 38/2005; they provide a truthful and correct representation of the equity, business and financial situation of the issuer;

c) the Directors' Report includes a reliable analysis of the performance and operating results, as well as of the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Bologna, March 14, 2016

(signed on the original)

General Manager Chief Executive Officer	Manager in charge of Financial Reporting
Andrea Panzani	Carlo Emiliani

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Indipendent Auditor's Report

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

Independent auditors' report pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Valsoia S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of Valsoia S.p.A. (the "company"), which comprise the statement of financial position, income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity as at and for the year ended 31 December 2015 and notes thereto.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Independent auditors' responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of 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 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 financial statements give a true and fair view of the company's financial position as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report and certain information presented in the report on corporate governance and shareholding structure with the 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 and the information presented in the report on corporate governance and shareholding structure required by article 123-bis.4 of Legislative decree no. 58/98, which are the responsibility of the company's directors, with the financial statements. In our opinion, the directors' report and the information presented in the report on corporate governance and shareholding structure referred to above are consistent with the financial statements of Valsoia S.p.A. as at and for the year ended 31 December 2015.

Bologna, 31 March 2016

KPMG S.p.A.

(signed on the original)

Massimo Tamburini
Director of Audit

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Report of the Board of Statutory Auditors to the Financial Statements

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

VALSOIA S.p.A.

Registered office in Via Ilio Barontini, 16/5 - Bologna

Share capital € 3,450,408.72 fully paid up

Registration number in the Companies Register of Bologna 02341060289

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Report of the Board of Statutory Auditors to the Shareholders' meeting pursuant to art. 153 of Legislative Decree 58/1998

Dear Shareholders,

with this report, drafted in accordance with art. 153 of Legislative Decree 58/1998 ("Consolidated Law on Finance"), the Board of Statutory Auditors of Valsoia S.p.A. reports to you on the monitoring activities carried out and the associated outcomes.

In the year ended as at 31 December 2015, the Board of Statutory Auditors carried out the monitoring activities required by law, as per the guidelines of the rules of conduct for Boards of Statutory Auditors recommended by the competent Professional Bodies.

In light of the above, we report the following:

- we took part in all Shareholders' meetings and the meetings of the Board of Directors held during the year, and we obtained information from the Directors, based on the frequency required by law, on the activities carried out and on the general operating performance and its outlook, and on the most significant economic, equity and financial transactions performed by the Company and its Subsidiaries;
- we verified that the actions taken and implemented were compliant with the law, the Articles of Association and the resolutions of the Shareholders' meeting and were based on the principles of proper administration;
- we acquired knowledge of and monitored, for matters within our competence, the Company activities. The knowledge in question was collected from direct checks, the gathering of information from the heads of the departments concerned and from the Manager in charge of financial reporting and exchanges of data and information with the Independent Auditors KPMG S.p.A.;
- we fostered meetings with representatives of the various company functions to verify that the organisational structure was geared towards the achievement of the company objectives and to strengthening of the internal control system;
- we assessed and verified the adequacy of the administrative-accounting system as well as its reliability in correctly representing operating events by obtaining information from the heads of the respective functions, and in particular, from the Manager in charge of drafting the accounting and

corporate documents, the examination of company documents and the analysis of the work carried out by the external auditors who informed us during the year of the outcome of their controls on the regular keeping of company accounts, with no significant or censurable event to report;

- we deemed the monitoring of the internal control system to be effective, meaning the mechanisms aimed at guaranteeing the tools for compliance with the laws, provisions and company procedures, both operating and administrative; in particular, the corporate governance report leaves ample room for the activities carried out to monitor the financial disclosure process, also significant in accordance with the provisions of art. 19, paragraph 1 letter a) of Legislative Decree 39/2010;
- we analysed, through both direct checks and through information collected from the Independent Auditors, the observance of the legal provisions regarding the formation of the financial statements, with particular regard to the layouts adopted, their content and the international accounting standards (IFRS) applied;
- we acknowledged that Valsoia S.p.A. is not required to draft consolidated financial statements, in consideration of the negligible values recorded by investee companies;
- we ascertained the completeness of the Directors' Report, prepared in accordance with art. 2428 of the Civil Code, and its adequacy in providing a clear and appropriate view of the Company's operating performance, summarised in the economic-financial results contained therein. Inter alia, (i) it outlines the sales results with regard to the individual product lines, (ii) it highlights the net financial position at year-end and provides a summary of the latter's flows, (iii) it describes, by indicating the amounts, the transactions entered into with related counterparties, however concluded on an arm's length basis (insignificant amount), (iv) it outlines the research and development activities carried out, (v) it highlights the main economic and financial performance indicators, (vi) it details the financial risks and the other main risks and uncertainties deriving from company operations, (vii) it is complete with respect to the legal and regulatory provisions, and especially with reference to information concerning ownership and control structures (pursuant to art. 123 *bis* of the Consolidated Law on Finance and art. 37 of the Issuers' Regulation); please refer to the specific Corporate Governance and Ownership Structures Report drafted in accordance with art. 123 *bis* of Legislative Decree 58/1998 by the Board of Directors which provides an adequate explanation of the decision not to adhere to codes of conduct governing corporate governance;
- we acknowledged that, on 14 March 2016, the Board of Directors approved the Remuneration Report pursuant to art. 123 *ter* of the Consolidated Law on Finance and art. 84 *quater* of Consob's regulation governing issuers, which will be presented at the next Shareholders' meeting for the relevant vote (non-binding).

The Board of Statutory Auditors carried out the operations needed to deem its independence requirements as having been fulfilled in accordance with art. 148, paragraph 3 of Legislative Decree 58/1998.

The Company’s 8-member Board of Directors contains five non-executive Directors, two of whom were qualified as independent by the Board itself. The Board of Directors verified the independence requirements set forth in art. 148, paragraph 3 of Legislative Decree 58/1998 for two Directors; therefore, the Board of Directors meets the requirements of art. 147 *ter* of Legislative Decree 58/1998.

Pursuant to art. 31 of the Articles of Association and in compliance with the legislative and regulatory framework, the provisions regarding gender balance in the composition of the administrative and control bodies are applied.

Based on the information received and the appropriate analyses conducted, we provide you with the following information:

1. The most significant economic, financial and equity transactions carried out by the Company complied with the law and the Articles of Association. Based on the information acquired, we are able to ascertain that they were not manifestly imprudent or hazardous, did not involve a potential conflict of interests, were in keeping with the Shareholders’ meeting resolutions passed and were not as such to compromise the integrity of the Company’s assets.
2. We did not identify or receive any indications from the Board of Directors or the Independent Auditors regarding the existence of atypical and/or unusual transactions carried out during the year with Group companies, related parties, third parties, worthy of being reported, aside from those already reported in the Company's financial statements. In their Directors’ Report and in the explanatory notes and comments, the Directors adequately described and illustrated the main transactions with third parties and related parties, however concluded on an arm's length basis, describing their characteristics and income statement effects. We also monitored the application of the relevant company procedure, which can be consulted on the Company’s website.
3. On 31.03.2016, the Independent Auditors, KPMG S.p.A., issued their report in accordance with articles 14 and 16 of Legislative Decree no. 39 of 27.1.2010, which certifies that the financial statements of Valsoia S.p.A. as at 31.12.2015 complies with the International Financial Reporting Standards adopted by the European Union, as well as the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005 and provides a true and fair view of the equity and financial position, of the economic result and cash flows and that both the Directors’ Report and the information in the Corporate Governance and Ownership Structures report indicated in accordance with art. 123 bis, paragraph 4, of Legislative Decree no. 58/1998 are consistent with the financial statements.
4. During the year, no complaints were submitted to the Board of Statutory Auditors pursuant to art. 2408 of the Civil Code, nor were any petitions presented to the Board of Statutory Auditors by shareholders or third parties.
5. We have no observations to make regarding observance of the principles of proper administration, which appear to have been constantly respected and based on the Company’s interests.

6. There are no observations to make regarding the general adequacy of the organisational structure to efficiently pursue the company objectives. In light of the foregoing, the Board of Statutory Auditors believes that the internal control system is able to support the performance of well-organised company operations.
7. We acknowledge that the Company has still not adopted the organisational model set forth in Legislative Decree 231/2001; the necessary activities for adoption of the model were carried out in the second half of 2015.
8. We acknowledge that the Company has updated the Programmatic Document on the Security of the data processed – personal data protection code – pursuant to art. 34 of Legislative Decree 196/2003.
9. In 2015, the Board of Statutory Auditors held 7 meetings and issued 1 opinion at the time of determination of the remuneration attributed to Directors invested with special offices in accordance with art. 2389, paragraph 3 of the Civil Code. In 2015, the Board of Directors held 6 meetings, which were always attended by the Board of Statutory Auditors; during the year, the Board of Statutory Auditors also participated in 1 company Shareholders' meeting (ordinary and extraordinary part).
10. During the regular meetings between the Board of Statutory Auditors and the Independent Auditors, pursuant to art. 150, paragraph 3 of Legislative Decree 58/1998, no significant aspects came to light which need to be reported. The Board of Statutory Auditors received detailed information on the Impairment test conducted by the Company, confirming the book values – with reference to the financial statements as at 31.12.2015 – of the Santarosa trademark and of goodwill. The associated details are provided by the Directors in the financial statements consistent with the international accounting standards and Consob recommendations.
11. By means of letter dated 31.03.2016, the Independent Auditors KPMG S.p.A. confirmed to the Board of Statutory Auditors (the latter as "Internal Control and Audit Committee", as identified by art. 19, paragraph 2, letter a) of Legislative Decree 39/2010) its independence in accordance with art. 17, paragraph 9, letter a) of Legislative Decree 38/2010 and communicated the total amount of fees charged to Valsoia S.p.A..
12. In compliance with the provisions of art. 19, paragraph 3 of Legislative Decree 39/2010, the Independent Auditors KPMG S.p.A. issued a report on the fundamental questions that arose during the audit, which did not bring to light any aspects that called for specific in-depth analyses, nor required reporting herein.
13. The explanatory notes to the financial statements contain details, in accordance with art. 149 *duodecies* of Consob's Issuers' Regulation, of the fees pertaining to 2015 for audit and non-audit services, as shown below:
    - Audit and certification € 57,000.

14. As regards the approval of the financial statements, the Board of Statutory Auditors points out that, on 14.03.2016, the Board of Directors approved the draft financial statements as at 31.12.2015 which, together with the Directors' Report, was made available to the Board of Statutory Auditors on the same date. On 14.03.2016, the Chief Executive Officer and the Manager in charge of financial reporting issued certifications in accordance with art. 154 *bis*, paragraph 5 of Legislative Decree 58/1998.
15. In conclusion, we certify to you that our monitoring activities did not bring to light any omissions, censurable events or irregularities to be reported to the shareholders.

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In consideration of the above, the Board of Statutory Auditors declares there are no impediments to approval of the financial statements as at 31.12.2015 and the proposed allocation of profit, which conforms to the legal provisions and the provisions of the Articles of Association.

Bologna, 31 March 2016

(signed on the original)

The Board of Statutory Auditors
Gianfranco Tomassoli
Massimo Mezzogori
Claudia Spisni

VALSOIA SpA

www.valsoiaspa.com