



Condensed Interim financial
statements at March 31, 2017





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.



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. All 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:

SANTA ROSA SUPERFRUTTA DEL BENESSERE

Santa Rosa presents the new **Superfrutta del Benessere Preserves**, a selection of Special Fruits combined in order to create a really unique product line, rich in Vitamin C, ideal for those leading a healthy lifestyle.

CONTENTS

1. GENERAL INFORMATION6

Corporate offices and positions
Corporate data and Group structure

2. DIRECTORS' REPORT9

Introduction
Key financial highlights
Main events for the period and business performance
Analysis of the statement of financial position
Significant events after the reporting period and business outlook

3. CONDENSED FINANCIAL STATEMENTS14

Statement of financial position
Income Statement
Statement of comprehensive income
Statement of cash flows
Statement of changes in equity
Notes to the financial statements

1 /

General information

Condensed Interim financial statements at March 31, 2017

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
	Camilla Chiusoli

Board of Statutory Auditors ⁽¹⁾

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

Supervisory Board ⁽³⁾

Chairman	Gianfranco Tomassoli
Standing members	Angelo Castelli
	Maria Luisa Muserra

Independent Auditors ⁽⁴⁾

KPMG S.p.A.

Manager in charge of financial reporting ⁽⁵⁾

Carlo Emiliani

(1) Appointed on April 28, 2017, in office until the approval of the 2019 Financial Statements.

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

(3) Appointed on December 19, 2016, in office until the approval of the 2019 Financial Statements.

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

(5) Appointed by the Board of Directors on June 7, 2006. Since 2001, Executive in 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 Ilvio Barontini 16/5 - 40138 Bologna (BO) - Italy

Telephone: +39 051 6086800

Fax: +39 051 248220

Certified email: valsoia@legalmail.it

Website: www.valsoiaspa.com – Investor Relations section

Share Capital - fully paid up: 3,503,024.91

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 13 - 13037 Serravalle Sesia (VC) – Italy

The structure of the Valsoia Group, at the closing of the period, 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.

Valsoia S.p.A. has decided to take the option authorised by Art. no. 70, par. 8 and art. 71. par. 1-bis of Consob Regulation no. 11971/99 (as applicable) and therefore to dispense with the obligation to provide disclosure to the public in the event of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and disposals.

2 /

Director's report

Condensed Interim financial statements at March 31, 2017

DIRECTORS' REPORT

KEY FINANCIAL HIGHLIGHTS

Income statement ratios (EUR 000)	03.31.2017		03.31.2016		Change	
	EUR	% Inc.	EUR	% Inc.	EUR	%
Revenue from sales	23,828	100.0	25,653	100.0	(1,825)	(7.1)
Value of production	23,959	100.5	25,254	98.4	(1,295)	(5.1)
Gross operating result (EBITDA)	2,151	9.0	2,774	10.8	(623)	(22.5)
Operating result (EBIT)	1,671	7.0	2,300	9.0	(629)	(27.3)
Pre-tax profit	1,623	6.8	1,774	6.9	(151)	(8.5)
Net profit for the period	1,173	4.9	1,232	4.8	(59)	(4.8)

Equity ratios (EUR 000)	Value			Changes 3/31/2017	
	03/31/2017	12/31/2016	03/31/2016	Vs 12/31/2016	Vs 03/31/2016
Net Working Capital	4,822	3,890	3,979	932	843
Total non-current assets	34,599	34,632	35,076	(33)	(477)
Positive / (negative) Net Financial Position	16,604	18,483	16,028	(1,879)	576

MAIN EVENTS FOR THE PERIOD AND BUSINESS PERFORMANCE

In the first quarter of 2017, the Company reported a turnover of EUR 23.8 million, down compared with the same quarter of 2016 (-7.1%). This decline is the result of lower sales within a market characterised, as regards health food products, by a growing and still unregulated crowding in the shelves from competitors' products and by private labels.

In this scenario, the Company has chosen to prioritise sales unit values, consistent with its premium position - distinguished and recognised by its own targeted consumers - rather than a competition focused on promotional pressure and convenience.

As regards the Food Division, the Tomato market was further exposed to a strong drop and speculative trends on transfer prices with which the Company decided not to align itself thus electing not to pursue non-profitable volumes.

The Company, with a medium and long-term vision, manages these market disturbances, in particular within the health food market, by promoting investments in support of the values of the "Valsoia Bontà e Salute" brand.

New marketing plans have been implemented by also adopting more sophisticated tools of "Trade Marketing" capable of managing brands within a highly competitive context, with a particular focus on the Sales point as regards the management of product selections, space on shelves and promotions.

The expansion in the distribution of the numerous and important product lines that were successfully launched in recent months, continued. More specifically, the distribution growth of Santa Rosa Preserves was particularly positive and its effects, in terms of volumes and turnover, will be readily visible in the second half of 2017.

A positive trend in foreign sales (+30.9% versus the first quarter of 2016) was recorded.

An intense R&D activity, consistent with the development plan for the year, continued.

The costs of sold products and logistics, together with the overhead costs, are in line with the plan.

The decline in financial charges and taxes brings the profit of the Company for this first quarter of 2017, substantially in line with the same period of the previous year: EUR 1,173 million versus EUR 1,232 million at March 31, 2016.

During the period, the Company reached a preliminary agreement for the acquisition of the Business Unit Diete.tic, a leading brand in the liquid sweetener sector. With this acquisition, the Company has entered into the strategic market segment as an alternative to the traditional sugar segment.

This operation involved the recording, in the first quarter, of acquisition charges for about EUR 100 thousand, together with an extraordinary cash disbursement of EUR 2.2 million following the payment of the confirmation deposit set forth in the contract. The operation shall be finalised by the month of September.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

At March 31, Valsoia showed a positive Net Financial Position exceeding EUR 16.6 million, with a EUR 600 thousand increase compared with the same date of the previous year.

The Financial Position of the Company at March 31, benefited from a primary operating cash flow of EUR 2.3 million. This cash flow was partially absorbed, for EUR 1.4 million, by the physiological increase of the Net Working Capital, in this period of the year given the seasonal nature of the activities tied to Ice Cream, for EUR 2.2 million, following the advance payment disbursed in the quarter related to the purchase of the trademark Diete.tic, as already mentioned above.

During the period, some investments were made in property, plant and equipment in excess of EUR 400 thousand.

The following table shows the breakdown of the Net Financial Position as at March 31, 2017 and 2016, and at December 31, 2016.

Description (EUR 000)	03.31.2017	12.31.2016	03.31.2016
	EUR	EUR	EUR
Cash	4	4	3
Current accounts and bank deposits	17,503	19,381	17,106
Total cash and cash equivalents (A)	17,507	19,385	17,109
Current bank loans (B)	(99)	(98)	(98)
Current net financial position (C=A-B)	17,408	19,287	17,011
Non-current loans and borrowing	(804)	(804)	(983)
Non-current financial indebtedness (D)	(804)	(804)	(983)
NET FINANCIAL POSITION (E=C+D)	16,604	18,483	16,028

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

The overall consumer spending shown by Nielsen for the Valsoia Bontà e Salute brand is generally within a positive territory, letting us expect, for the second quarter of the year, a stabilisation of sales substantially in line with the same period of the previous year.

Furthermore, the distribution development and the increase in sales, as regards Santa Rosa preserves, is confirmed, while the growth in foreign sales of health products of the Valsoia Bontà e Salute brand also continued.

/

Bologna, May 08, 2017

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

3 /

Condensed Financial Statements

Condensed Interim financial statements at March 31, 2017

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	March 31, 2017	December 31, 2016
CURRENT ASSETS	(1)		
Cash and cash equivalents		17,506	19,385
Trade receivables		15,833	14,512
Inventories		7,677	7,206
Other current assets		3,757	1,747
Total current assets		44,773	42,850
NON-CURRENT ASSETS	(2)		
Fixed assets		34,437	34,469
Other non-current assets		605	605
Total non-current assets		35,042	35,074
TOTAL ASSETS		79,815	77,924

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	March 31, 2017	December 31, 2016
CURRENT LIABILITIES	(3)		
Current payables due to banks and other loans		99	98
Trade payables		16,902	16,245
Other current liabilities		3,343	3,330
Total current liabilities		20,344	19,673
NON-CURRENT LIABILITIES	(4)		
Non-current payables due to bank and other loans		804	804
Other non-current liabilities		577	579
Total non-current liabilities		1,381	1,383
SHAREHOLDERS' EQUITY	(5)		
Share Capital		3,503	3,503
Reserves and earnings brought forward		53,414	44,571
Profit (loss) for the period		1,173	8,794
Total Shareholders' Equity		58,090	56,868
TOTAL		79,815	77,924

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

INCOME STATEMENT	Notes	March 31, 2017	March 31, 2016
VALUE OF PRODUCTION	(6)		
Revenue from sales and services		23,828	25,653
Changes in inventories of finished products		100	(463)
Inventories		31	64
Total Value of production		23,959	25,254
OPERATING COSTS	(7)		
Purchases		(12,394)	(13,591)
Services		(7,233)	(6,760)
Labour costs		(2,197)	(2,237)
Other Operating costs		16	108
Total Operating costs		(21,808)	(22,480)
GROSS OPERATING RESULT		2,151	2,774
Amortisation, depreciation and write-downs	(8)	(480)	(474)
NET OPERATING RESULT		1,671	2,300
Net financial charges	(9)	(48)	(526)
PRE-TAX PROFIT (LOSS)		1,623	1,774
Income taxes		(450)	(542)
NET PROFIT		1,173	1,232

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF COMPREHENSIVE INCOME	Notes	March 31, 2017	March 31, 2016
INCOME (LOSS) FOR THE PERIOD		1,173	1,232
Inventories			
RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Total		0	0
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Total		0	0
TOTAL COMPREHENSIVE INCOME (LOSS)		1,173	1,232

ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT	March 31, 2017	March 31, 2016
A Opening current net cash	19,287	22,212
B Cash flow from operating activities for the period		
- Cash flow from operating activities before changes	2,257	2,885
Impact on working capital (primary cash flow)		
- Change in Net Working Capital	(1,440)	(2,222)
- Changes in other operating assets/(liabilities)	(2,201)	45
- Taxes paid during the period	0	0
Total (B)	(1,384)	708
C Cash flow from / (used in) investment activities	(447)	(291)
D Cash flow from / (used in) financial activities	(48)	(5,618)
E. Cash flow for the period (B+C+D)	(1,879)	(5,201)
F Closing current net cash (A+E)	17,408	17,011

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) PREVIOUS PERIOD	PROFIT/(LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
BALANCE AT DECEMBER 31, 2015	3,450	690	5,401	(1,002)	32,958	0	11,978	53,475
Changes at March 31, 2016								
Inventories								
Result of the previous period						11,978	(11,978)	0
pending apportion								
2016-2019 SOP charges					126			126
Use of cash flow hedging provision					170			170
Comprehensive income (loss)								
- Result for the period							1,232	1,232
BALANCE AT MARCH 31, 2016	3,450	690	5,401	(1,002)	33,254	11,978	1,232	55,003
BALANCE AT DECEMBER 31, 2016	3,503	690	13,596	(1,002)	31,288	0	8,794	56,869
Changes at March 31, 2017								
Result of the previous period						8,794	(8,794)	0
pending apportion								
2016-2019 SOP charges					48			48
Comprehensive income (loss)								
- Result for the period							1,173	1,173
BALANCE AT MARCH 31, 2017	3,503	690	13,596	(1,002)	31,336	8,794	1,173	58,090

NOTES TO THE FINANCIAL STATEMENTS

Introduction

This Statement of Cash Flows was prepared on a voluntary basis pursuant to Article 82-ter of Consob Regulation 11971/1999 in compliance with the International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and ratified by the European Union; in particular, the IAS 34 standard “Interim Financial Statements”, which provides for a level of information that is significantly lower than the one required for the preparation of the Yearly Financial Statements, was applied.

This Report was not subject to auditing.

The amounts are reported and commented on in thousands of Euro, except where otherwise noted.

In consideration of the non-substantial impact of the financial figures recorded by the foreign subsidiary, Valsoia Pronova d.o.o., the consolidated financial statements were not prepared.

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 Interim Report of Valsoia S.p.A. includes:

- the condensed statement of financial position as at March 31, 2017, compared with the statement of financial position at December 31, 2016;
- the condensed income statement for the first quarter of 2017 compared with the data from the same period of the previous year. It must be noted that the adopted income statement, compliant with IAS 1 provisions, shows the following interim figures, not defined as an accounting measure according to the IFRSs: Gross Operating Result, Net Operating Result, Pre-Tax Profit (Loss);
- the statement of comprehensive income at March 31, 2017, compared with the comprehensive income statement from the same period of last year and prepared according to the IAS 1;
- the condensed statement of changes in shareholders’ equity for the first three months of 2017 and 2016;
- the condensed financial report for the first three months of 2017 and 2016. 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 a better presentation of the cash flow information, the Income taxes and Net financial income/charges were restated from previous years.

- these notes to the Financial Statements.

Valuation criteria and accounting standards

The accounting standards adopted in drawing up the Condensed Interim Financial Statements are compliant with those adopted in the previous year.

The valuation criteria used for preparing these Interim Financial Statements are not substantially different from those used for the Financial Statements at December 31, 2016, which can be consulted for additional information.

Therefore, the preparation of the Condensed Interim Financial Statements requires that management presents estimates and assumptions that are affecting revenue, costs, inventory and financial statement assets and liabilities as well as information related to potential assets and liabilities as at the reporting date. If in the future, these estimates and assumptions, which are based on the best valuation by management, differ from the actual ones, they would be properly adjusted for the period where circumstances have changed.

It must be noted that some valuation processes, in particular the most complex ones, such as the determination of any impairment loss on assets, are normally carried out while preparing the annual financial statements, when all the necessary information is available, unless there are impairment indicators that require an immediate assessment of any impairment.

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.

Financial risks 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 impacts 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.

At the closing 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 financial income for EUR 52 thousand, were being carried out.

Credit Risk

The Company deals with customers who belong primarily to the large-scale retail sector, and which have historically shown a limited insolvency rate. Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

Interest Rate Risk

Given the capital and financial structure of the Company, it is believed that, to date, Valsoia is not particularly exposed to the risk of changes in the interest rates.

Cash and changes in Cash Flows risk

Considering the positive net financial position and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low. Valsoia was also granted significant credit facilities, not used to date, granted by the banks, which are more than adequate with respect to its current needs.

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

Note (1) – Current assets

This item breaks down as follows:

Description	03.31.2017	12.31.2016
Cash and cash equivalents	17,506	19,385
Trade receivables	15,833	14,512
Inventories of raw, ancillary materials and goods	7,677	7,206
Other current assets	3,757	1,747
Total current assets	44,773	42,850

Cash and cash equivalents are represented almost exclusively by current bank accounts on demand. As regards the details of the net financial position, for the analysis of changes in liquid assets and non-current loans and borrowings, see the Director's Report.

The total Trade receivables are recognised net of the related allowance for doubtful accounts, in the amount of EUR 1.2 million, prudentially estimated based on the information available in order to align its value to the presumed collection.

The increase in Trade receivables compared to December 31, 2016 is physiological, since it refers to sales of ice cream concentrated in the summer months, with deferred revenue in the fall months. There are no significant changes in the collection conditions.

Inventories of raw, ancillary materials and goods are recognised net of an allowance for doubtful accounts of EUR 249 thousand in order to align them to a valuation not exceeding the presumably realisable value.

The item Other current assets, in addition to tax receivables, prepayments and accrued income and other current receivables, includes a receivable of EUR 2.2 million recognised following a payment carried out in the period as an advance for the purchase of the Diete.Tic trademark, as shown in the Director's Report.

Note (2) – Non-current assets

This item breaks down as follows:

Description	03.31.2017	12.31.2016
Fixed assets:		
. Goodwill	3,230	3,230
. Intangible fixed assets	20,540	20,583
. Property, plant and equipment	10,557	10,546
. Financial assets	110	110
Total fixed assets	34,437	34,469
Other non-current assets	605	605
Total non-current assets	35,042	35,074

The item *Goodwill* shows no changes for the period. Pursuant to IAS/IFRS, the Goodwill is not amortised but is tested for impairment annually, as required by IAS 36. To date, there are no indicators of impairment losses.

The item *Intangible Fixed Assets* shows the following changes for the period:

Description	12.31.2016	Changes for the period		03.31.2017
	Accounting	Net Increases	Amort./Write-downs	Net Value
Trademarks and web domains	20,066	0	(1)	20,065
Industrial patents and intellectual property rights	477	1	(40)	438
Other	40	3	(6)	37
Intangible fixed assets in progress	0	0	0	0
Intangible fixed assets	20,583	4	(47)	20,540

The item Trademarks refers mainly to the Santa Rosa brand which is considered to have an indefinite useful life and therefore non-amortised but subject, at least annually, to an impairment test.

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

Description	12.31.2016	Changes for the period			03.31.2017
	Value	Increases	Decreases	Other changes	Value
<u>Historic Cost</u>					
Land and buildings	7,863	0	0	0	7,863
Plant and equipment	21,131	425	0	0	21,556
Industrial and commercial equipment	833	14	(4)	0	843
Other assets	1,462	5	0	0	1,467
Tot. Historic Cost (A)	31,289	444	(4)	0	31,729
<u>Depreciation</u>					
Land and buildings	1,947	53	0	0	2,000
Plant and equipment	17,015	322	0	0	17,337
Industrial and commercial equipment	666	16	(4)	0	678
Other assets	1,115	42	0	0	1,157
Fixed assets in progress	0	0	0	0	0
Tot. Depr. provisions (B)	20,743	433	(4)	0	21,172
Total Property, plant and equipment (A-B)	10,546	11	0	0	10,557

Increases in Property, plant and equipment refer mainly to the purchase of plants for the production of ice cream and other equipment.

The item *Financial assets* shows the following changes for the period:

Description	Holdings in Share Capital	12.31.2016 Value	Changes for the period Increases/ Decreases		03.31.2017 Value
Valsoia Pronova d.o.o. – Slovenia					
- Share Capital	100%	100	-	-	100
- Non-int. bearing loan to shareholders		10	-	-	10
Tot. Financial Assets		110	0	0	110

Other non-current assets are represented mainly by Deferred tax assets. This item also includes an interest-bearing loan granted by Valsoia to the subsidiary Valsoia Pronova d.o.o. (Slovenia) for EUR 85 thousand, guarantee deposits and non-current receivables from tax authorities.

Note (3) – Current liabilities

This item breaks down as follows:

Description	03.31.2017	12.31.2016
Current payables due to banks and other loans	99	98
Trade payables	16,902	16,245
Other current liabilities	3,343	3,330
Current liabilities	20,344	19,673

Current payables due to banks and other loans refer to maturities within 12 months of the subsidised non-current loans obtained by the Company in previous periods.

Note (4) – Non-current liabilities

This item breaks down as follows:

Description	03.31.2017	12.31.2016
Non-current payables due to banks and other loans	804	804
Other non-current liabilities	577	579
Non-current liabilities	1,381	1,383

The item Non-current payables due to banks and other loans refers primarily to instalments with maturity beyond 12 months, from subsidised bank loans received in previous periods.

Other non-current liabilities refer to the Provision for post-employment benefits.

Note (5) – Shareholders' Equity

For details about the breakdown and changes in Shareholders' Equity, please refer to the appropriate accounting statement.

The main changes, in addition to the results for the period, refer to the set aside Provision for charges being estimated at a total of EUR 48 thousand, related to the Stock Options Plan 2016 - 2019.

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

Note (6) - Value of production

This item breaks down as follows:

Description	03.31.2017	03.31.2016
Revenue from sales and services:		
- Revenue - Italy	23,041	25,052
- Revenue - Abroad	787	601
Total Revenue from sales	23,828	25,653
Changes in inventories of finished products	100	(463)
Other revenue and income	31	64
Total Value of production	23,959	25,254

Revenue from sales is concentrated essentially within the Italian territory and therefore the geographic

breakdown is not deemed to be significant.

See the Directors' Report for comments on Revenue from sales trend.

Note (7) - Operating costs

This item breaks down as follows:

Description	03.31.2017	03.31.2016
- Purchase costs for raw materials, consumable materials and goods	12,394	13,591
- Costs for services	7,233	6,760
- Labour costs	2,197	2,237
- Other operating costs	(16)	(108)
Total operating costs	21,808	22,480

Operating costs showed an overall decline due to the trend in business volumes for the period.

Services refer primarily to costs related to the distribution and promotion of products, in addition to production and administrative general services.

The item Labour costs comprises the entire expense for employees including the costs for vacations and personal leave, accrued and not used, additional monthly salaries and related contribution charges; this is in addition to EUR 48 thousand for charges related to SOP 2016-2019.

Other operating costs include other overhead costs (such as credit losses, membership fees, contingent liabilities, etc.) from allocations carried out in the period and from changes in the inventory of raw and ancillary materials.

Note (8) - Amortisation and depreciation

This item breaks down as follows:

Description	03.31.2017	03.31.2016
Amortisation of Intangible fixed assets	47	47
Amortisation of Property, plant and equipment	433	427
Total amortisation and depreciation	480	474

Amortisation and depreciation are in line with the figures of the previous year.

Note (9) – Net financial charges

This item breaks down as follows:

Description	03.31.2017	03.31.2016
Interest (income) and other financial income	(5)	(7)
Interest expense and bank charges	38	448
Foreign currency exchange gains/(losses)	15	85
Total net financial (income)/charges	48	526

The decline in financial charges refers to the charges recognised in the first quarter of the previous period in the amount of EUR 400 thousand, resulting from the early cancellation of derivative agreements executed in order to hedge the risk of interest rate changes related to non-current loans that were repaid during the period.

Information on transactions carried out with the parent company and with related parties

During the period in question, neither unusual nor significant transactions, of an economic, financial or equity nature, or transactions that were not concluded under normal market conditions, were carried out with the parent company or with related parties.

Statement from the Manager in charge of financial reporting

The Manager in charge of financial reporting, Carlo Emiliani, declares that, pursuant to paragraph 2 of article 154-bis of the Consolidation Finance Act, the accounting reporting contained in this document corresponds to the documents, books and accounting records.

The Manager in charge of financial reporting
Carlo Emiliani



Bologna, May 8, 2017

The Chairman of the Board of Directors
Lorenzo Sassoli de Bianchi

VALSOIA_{SpA}

www.alsoi.com