

**LARIOTEX**

FINANCIAL STATEMENTS  
TO 31-12-2018

# LARIOTEX SRL

## Financial statements to 31-12-2018

Name and id code	
Company site	STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO CO
Fiscal code	03476340132
Registration number	CO 316934
VAT number	03476340132
Share capital Euro	3.000.000 f.p.
Legal form	SOCIETA' A RESPONSABILITA' LIMITATA
Activity Code (ATECO)	467610
Company being wound up	no
Company with a single shareholder	yes
Company subject to the management and coordination of others	no
Belonging to a group	yes
Name of the controlling entity	LARIOTRADE SRL
Country of the controlling entity	ITALIA

## Balance sheet (mandatory scheme)

	31-12-2018	31-12-2017
Balance sheet (mandatory scheme)		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and expansion costs	-	331
3) industrial patents and intellectual property rights	16.784	17.326
4) concessions, licenses, trademarks and similar rights	8.776	11.883
7) other	32.055	48.083
Total intangible fixed assets	57.615	77.623
II - Tangible fixed assets		
2) plant and machinery	139.227	147.502
3) industrial and commercial equipment	35.299	41.562
4) other assets	56.333	66.427
Total tangible fixed assets	230.859	255.491
III - Financial fixed assets		
3) other securities	101.389	-
Total financial fixed assets	101.389	-
Total fixed assets (B)	389.863	333.114
C) Current assets		
I - Inventories		
4) finished products and goods for resale	19.423.647	10.862.141
Total inventories	19.423.647	10.862.141
II - Receivables		
1) trade accounts		
due within the following year	26.169.663	23.681.334
Total trade accounts	26.169.663	23.681.334
5-b) tax receivables		
due within the following year	188.288	1.140.072
Total receivables due from tax authorities	188.288	1.140.072
5-c) prepaid tax		
	193.681	81.697
5-d) other receivables		
due within the following year	3.363	13.203
Total receivables due from third parties	3.363	13.203
Total receivables	26.554.995	24.916.306
III - Current financial assets		
5) active derivative financial instruments	80.227	34.919
6) other investments	693.633	513.933
Total financial current assets	773.860	548.852
IV - Liquid funds		
1) bank and post office deposits	1.197.120	1.827.325
3) cash and equivalents on hand	345	147
Total liquid funds	1.197.465	1.827.472
Total current assets (C)	47.949.967	38.154.771
D) Accrued income and prepayments	51.271	57.285
Total assets	48.391.101	38.545.170
Liabilities and shareholders' equity		
A) Shareholders' equity		

I - Share capital	1.000.000	1.000.000
IV - Legal reserve	200.000	145.467
VI - Other reserves, indicated separately		
Extraordinary reserve	3.466.249	1.813.869
Miscellaneous other reserves	1	-
Total other reserves	3.466.250	1.813.869
VII - Reserve for hedging expected cash flow operations	76.258	(155.250)
IX - Net profit (loss) for the year	2.065.980	2.286.913
Total shareholders' equity	6.808.488	5.090.999
B) Reserves for contingencies and other charges		
1) pension and similar commitments	32.358	17.032
3) passive derivative financial instruments	3.949	189.759
4) other	202.004	123.981
Total reserves for contingencies and other charges	238.311	330.772
Total reserve for severance indemnities (TFR)	64.494	50.782
D) Payables		
4) due to banks		
due within the following year	17.248.543	14.816.093
due beyond the following year	1.365.624	1.215.535
Total payables due to banks	18.614.167	16.031.628
5) due to other providers of finance		
due within the following year	2.475.732	1.602.103
Total payables due to other providers of finance	2.475.732	1.602.103
7) trade accounts		
due within the following year	19.839.177	14.983.592
Total trade accounts	19.839.177	14.983.592
12) due to tax authorities		
due within the following year	153.475	293.917
Total payables due to tax authorities	153.475	293.917
13) due to social security and welfare institutions		
due within the following year	55.590	17.943
Total payables due to social security and welfare institutions	55.590	17.943
14) other payables		
due within the following year	75.500	23.578
Total other payables	75.500	23.578
Total payables (D)	41.213.641	32.952.761
E) Accrued liabilities and deferred income	66.167	119.856
Total liabilities and shareholders' equity	48.391.101	38.545.170

## Income statement (value and cost of production)

	31-12-2018	31-12-2017
Income statement (value and cost of production)		
A) Value of production		
1) Revenues from sales and services	65.221.737	53.393.449
5) Other income and revenues		
other	37.477	49.286
Total Other income and revenues	37.477	49.286
Total value of production	65.259.214	53.442.735
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	64.263.592	48.817.541
7) Services	3.751.433	3.579.973
8) Use of third party assets	180.421	171.706
9) personnel		
a) wages and salaries	428.097	362.584
b) related salaries	134.316	106.699
c) severance	29.443	24.662
Total payroll and related costs	591.856	493.945
10) depreciation, amortisation and write downs		
a) amortisation of intangible fixed assets	26.050	25.144
b) depreciation of tangible fixed assets	36.519	32.318
d) write-downs of accounts included among current assets	750.000	140.000
Total Amortisation, depreciation and write-downs	812.569	197.462
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(8.561.506)	(3.711.832)
12) Provisions for contingencies and other charges	185.000	80.000
14) Other operating expenses	501.521	45.602
Total cost of production	61.724.886	49.674.397
Difference between value and cost of production (A - B)	3.534.328	3.768.338
C) Financial income and charges		
15) Income from equity investments		
other	143	123
Total income from equity investments	143	123
16) other financial income		
c) from securities included among current assets not representing equity investments	17.592	2.348
d) income other than the above		
other	4.142	3.098
Total income other than the above	4.142	3.098
Total other financial income	21.734	5.446
17) Interest and other financial expense		
other	241.494	283.745
Total interest and other financial expense	241.494	283.745
17-bis) Currency gains and losses	(252.775)	(262.385)
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(472.392)	(540.561)
D) Value adjustments to financial assets and liabilities		
19) write-downs		
c) securities included among current assets not representing equity investments	55.400	18.651
d) derivative financial instruments	390	2.946
Total write-downs	55.790	21.597

Total value adjustments to financial assets and liabilities (18 - 19)	(55.790)	(21.597)
Pre-tax result (A - B + - C + - D)	3.006.146	3.206.180
20) Income tax for the year, current, deferred and prepaid		
Current taxes	1.052.150	923.545
deferred and prepaid tax	(111.984)	(4.278)
Total taxes on the income for the year	940.166	919.267
21) Profit (loss) for the year	2.065.980	2.286.913

## Financial statement, indirect method

	31-12-2018	31-12-2017
Financial statement, indirect method		
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	2.065.980	2.286.913
Income tax	940.166	919.267
Payable (receivable) interest	219.760	278.299
(Dividends)	(143)	(123)
(Capital gains)/Capital losses from business conveyance	551	9.652
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	3.226.314	3.494.008
Adjustments to non monetary items that were not offset in the net working capital.		
Allocations to preserves	93.349	18.432
Fixed asset depreciation/amortisation	62.569	57.462
Write-downs for long-term value depreciation	55.400	18.651
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	391	2.946
Other adjustments to increase/(decrease) non-monetary items	16.317	22.777
total adjustments for non-monetary items that were not offset in the net working capital	228.026	120.268
2) Cash flow before changing net working capital	3.454.340	3.614.276
Changes to the net working capital		
Decrease/(increase) in inventory	(8.561.506)	(3.711.831)
Decrease/(increase) in payables to customers	(2.488.329)	(6.413.136)
Increase/(decrease) in trade payables	4.855.585	3.331.997
Increase/(decrease) from prepayments and accrued income	6.014	15.642
Increase/(decrease) from accruals and deferred income	(53.689)	43.765
Other decreases/(other increases) in net working capital	798.767	(1.145.241)
Total changes to net working capital	(5.443.158)	(7.878.804)
3) Cash flow after changes to net working capital	(1.988.818)	(4.264.528)
Other adjustments		
Interest received/(paid)	(219.760)	(278.299)
(Income tax paid)	(940.166)	(919.267)
Dividends received	143	123
Other collections/(payments)	(2.605)	-
Total other adjustments	(1.162.388)	(1.197.443)
Cash flow from current activities	(3.151.206)	(5.461.971)
B) Cash flows from investments		
Tangible fixed assets		
(Investments)	(12.189)	(47.963)
Disposals	1	12.379
Intangible fixed assets		
(Investments)	(6.042)	(25.837)
Financial fixed assets		
(Investments)	(101.389)	-
Short term financial assets		
(Investments)	(235.350)	(194.858)
Disposals	-	699
Cash flows from investments (B)	(354.969)	(255.580)
C) Cash flows from financing activities		
Loan capital		

Increase/(decrease) in short term bank loans	2.432.450	5.123.466
New loans	1.023.718	1.074.197
(Loan repayments)	-	(200.844)
Equity		
(Dividends and advances on dividends paid)	(580.000)	(500.000)
Cash flows from financing activities ( C)	2.876.168	5.496.819
Increase (decrease) in liquid assets (A ± B ± C)	(630.007)	(220.732)
Liquid assets at the start of the year		
Bank and post office deposits	1.827.325	2.041.622
Cash and valuables in hand	147	6.582
Total liquid assets at the start of the year	1.827.472	2.048.204
Liquid assets at the end of the year		
Bank and post office deposits	1.197.120	1.827.325
Cash and valuables in hand	345	147
Total liquid assets at the end of the year	1.197.465	1.827.472



# Supplementary Notes to the Financial statements to 31-12-2018

## **Supplementary notes, initial part**

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/12 /2018.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

### **Basis of preparation**

#### **Financial Statement preparation**

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3<sup>rd</sup> paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

## **Publishing principles**

The financial statement items were valued in accordance with the principles of prudence and materiality and on the assumption that the business is a going concern. Pursuant to Article 2423-bis(1)(1-bis) of the Italian Civil Code, the items were recorded and presented taking into account the substance of the transaction or the contract. When preparing the financial statements the income and expenses were recorded on the basis of the accrual principle, regardless of the actual date of payment and only profits made at the year-end date were stated. Account was also taken of the risks and losses pertaining to the year, even if they came to light after year end.

### **Structure and contents of the financial statement**

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

## **Exceptional cases pursuant to art. 2423, fifth paragraph, of the Civil Code**

There were no exceptional cases requiring use of the derogations referred to in Article 2423(4) and (5) of the Italian Civil Code.

## **Changed accounting principles**

There were no exceptional cases requiring use of the derogations referred to in Article 2423-bis(2) of the Italian Civil Code.

## **Comparability and adaptability problems**

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was not necessary to adjust any items of the previous fiscal year.

## Applied evaluation criteria

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

### Intangible fixed assets

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

The values of the assets are shown net of the depreciation and writedowns.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

Intangible assets items	Period
Corporate expenses	5 years on a straight-line basis
Software	5 years on a straight-line basis
Trademarks	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the intangible assets still in the assets.

It is pointed out that it was not necessary to apply writedown on said noncurrent charges due as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of the intangible assets were identified.

### installation and expansion costs

Installation and expansion costs were entered among the balance sheet assets with the consent of the board of statutory auditors, as their usefulness extends over several years; these costs were depreciated within a period no longer than five years. At 31/12/2018, after the last amount of depreciation, the value is zero.

### Tangible fixed assets

The assets in the category of property, plant and equipment, recognized on the date on which the risks and benefits linked to the acquired asset are transferred, are entered in the financial statements at the acquisition cost, incremented by any accessory charges incurred up to the moment at which the assets are ready for use and, in any case, within the limits of the recoverable value.

These assets are recorded on the financial statements assets, net of the depreciation and writedown provisions.

The accounting amount of the assets, grouped in homogeneous classes by nature and year of acquisition, is allocated among the fiscal years during which they will presumably be used. The procedure is implemented by systematically imputing to the financial statement the depreciation quotas corresponding to the pre-established plans, defined at the time that the asset is available and ready for use, also taking into account their presumed possible residual utilization. Said plans, audited yearly, are prepared on the basis of the gross value of the assets, assuming that their realization value at the end of the process is zero.

The depreciations of property, plant and equipment whose utilization is limited in time were done in accordance with the following pre-established schedule.

Property, plant and equipment items	Rate %
-------------------------------------	--------

Apparatus and machinery	7,50%
Telephone systems	25,00%
Equipment	15,00%
Electronic office machines	20,00%
Furniture and fixtures	12,00%
Vehicles	20,00%

Any disposals of assets (sales, scrapping, etc.) that took place during the fiscal year involved the elimination of their residual value. Any difference between the accounting amount and the disposal value was imputed to the income statement.

The above mentioned rates were reduced to half for the assets acquired in the course of the fiscal year, as the depreciation share thus obtained does not differ significantly from the share calculated starting at the time that the asset is available and ready for use.

The depreciation criteria for property, plant and equipment did not change compared to those applied the previous fiscal year.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the tangible assets still in the assets.

It is pointed out that it was not necessary to apply writedowns as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of property, apparatus and equipment were identified.

### **Financial fixed assets**

#### *Other securities*

The financial assets consisting of other securities were recognized in the financial statements with the criterion of acquisition cost including accessory charges, considering insignificant the application of the depreciated cost method.

It is pointed out that it was not necessary to apply writedowns as per article 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC 9, no indicators of potential losses of value were identified.

### **Finance leases operations**

As required by the law, the assets acquired through financial lease are entered into the accounts as operating leases, by recording the leasing fees among the operating costs.

### **Inventory**

The inventories were measured at weighted average cost. The purchase cost includes any directly attributable incidental Charges.

### **Receivables included among current assets**

The credits entered among the current assets were recognized in the financial statements were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation, considering insignificant the application of the depreciated cost method.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits for a total amount of Euro 750.000:

Euro 150.000 for the writedown of other credit

Euro 600.000 for the writedown of credit CANEPA SPA site in San Fermo della Battaglia (Co) due to insolvency procedure.

### **Financial assets that are not fixed assets**

#### *Financial asset derivative instruments*

The active derivative financial instruments refer to instruments intended to cover the financial flows or the fair value of a current asset. They have been valued at fair value in accordance with art. 2426, par.1, n° 11 bis and the positive or negative variations of the fair value between two fiscal years were recognized respectively in the appropriate items of the income statement "D.18.d - Revaluations of derivative financial instruments" and "D.19.d - Writedowns of derivative financial instruments", with the exception of the variations of the derivatives that cover financial flows, which are required to be posted in the shareholders' equity item "VII - Reserve for transactions to cover anticipated financial flows". The fair value was determined in accordance to the market value, as it was possible to easily identify an active market.

### **Other securities**

Current securities of fungible nature were valued on the basis of the lesser value of the cost recognized initially and of the realization cost inferable from the market trend. The weighted average cost method, as an alternative to the specific cost method was utilized to value the cost recognized initially.

### **Cash and cash equivalents**

Cash and cash equivalents are measured at nominal value.

### **Accrued income and prepaid expenses**

Accruals and deferred income were calculated according to an accrual basis of accounting, by allocating revenues and/or costs common to two fiscal years.

### **Shareholders' equity**

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

### **Provisions for risks and charges**

The provisions for risks and charges were allocated to cover liabilities whose existence was deemed to be certain or probable and for which the amount or the contingency date could not be determined at the fiscal year's closing date.

The provisions were established on the basis of the principles of prudence and accrual, in compliance with the accounting standard OIC 31. The related provisions are recorded in the income statement of the accrual period, on the basis of the by the nature cost classification criterion.

### **Staff severance fund**

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

### **Payables**

The debts were recognized in the financial statements at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation, considering insignificant the application of the depreciated cost method.

### **Accrued liabilities and deferred income**

Accruals and deferred income were calculated according to an accrual basis of accounting, by separating costs and/or revenue common to two fiscal years.

## **Other Information**

### **Transactions with grant back obligation**

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

## Supplementary notes, assets

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

### Fixed assets

#### Intangible fixed assets

##### Changes in intangible fixed assets

After entering the depreciation charges of € 26.050 in the income statement, the value of the intangible assets amounts to € 57.615.

The following table shows the movements concerning the assets in question.

	Start-up and expansion costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
<b>Year opening balance</b>					
<b>Cost</b>	331	17.326	11.883	48.083	77.623
<b>Balance sheet value</b>	331	17.326	11.883	48.083	77.623
<b>Changes during the year</b>					
<b>Increases for purchases</b>	-	6.042	-	-	6.042
<b>Depreciation /amortisation for the year</b>	331	6.584	3.107	16.028	26.050
<b>Total changes</b>	(331)	(542)	(3.107)	(16.028)	(20.008)
<b>Year closing balance</b>					
<b>Cost</b>	-	16.784	8.776	32.055	57.615
<b>Balance sheet value</b>	-	16.784	8.776	32.055	57.615

#### *Detail of the composition of long-term costs*

##### *Costs for start-up and extension*

The following schedule details the installation and expansion costs, highlighting the changes that occurred relative to the previous fiscal year. Reference is made to the discussion above for the reasons of their entering and the respective depreciation criteria.

Description	Detail	2018	2017	Absolute change	% change
<i>Start-up and expansion costs</i>					
	Corporate expenses	-	331	331-	100-
	<b>Total</b>	-	<b>331</b>	<b>331-</b>	

#### Tangible fixed assets

##### Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to € 316.998; the depreciation reserve totals € 86.139.

The table below shows the transactions in the assets in question.

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
<b>Year opening balance</b>				
<b>Cost</b>	166.001	53.409	85.830	305.240
<b>Amortisation (amortisation fund)</b>	18.499	11.847	19.403	49.749
<b>Balance sheet value</b>	147.502	41.562	66.427	255.491
<b>Changes during the year</b>				
<b>Increases for purchases</b>	4.802	1.890	5.497	12.189
<b>Decreases for transfers and disposals (of the balance sheet value)</b>	-	-	302	302
<b>Depreciation/amortisation for the year</b>	13.077	8.153	15.289	36.519
<b>Total changes</b>	(8.275)	(6.263)	(10.094)	(24.632)
<b>Year closing balance</b>				
<b>Cost</b>	170.803	55.299	90.896	316.998
<b>Amortisation (amortisation fund)</b>	31.576	20.000	34.563	86.139
<b>Balance sheet value</b>	139.227	35.299	56.333	230.859

## Finance leases operations

The following schedule shows the information requested by the law in order to show, albeit off balance sheet, the implications arising from the different accounting compared to the financial method; in the latter the user company would record the leased asset among the assets and would calculate the depreciation charges on said asset, while, at the same time, it would record the debt for the capital portion of the leasing charges to be paid. In this case, the income statement would record the interest portion and the depreciation portion of the leasing charges accruing in fiscal year.

	Amount
<b>Total value of financial leased assets at the end of the year</b>	117.142
<b>Depreciation related to the year</b>	40.228
<b>Current value of unpaid instalments at the end of the year</b>	75.966
<b>Financial liabilities for the year based on the effective interest rate</b>	2.382

## Financial fixed assets

### Movements in investments, other securities and derivative non-current active financial instruments

The table below shows the movements in the assets in question.

	Other securities
<b>Changes during the year</b>	
<b>Reclassifications (of the balance sheet value)</b>	101.389
<b>Total changes</b>	101.389
<b>Year closing balance</b>	
<b>Cost</b>	101.389
<b>Balance sheet value</b>	101.389

### Value of financial assets

The financial assets shown in the financial statements were not entered at a value greater than their fair value.

## **Current assets**

## Inventory

The table below provides information on the changes in inventory.

	Year opening balance	Change during the year	Year closing balance
<b>Finished products and goods for resale</b>	10.862.141	8.561.506	19.423.647
<b>Total inventories</b>	10.862.141	8.561.506	19.423.647

## Receivables included among current assets

Changes and deadline of receivables posted to current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months
<b>Trade receivables included among current assets</b>	23.681.334	2.488.329	26.169.663	26.169.663
<b>Tax receivables included among current assets</b>	1.140.072	(951.784)	188.288	188.288
<b>Assets for prepaid tax included among current assets</b>	81.697	111.984	193.681	
<b>Other receivables included among current assets</b>	13.203	(9.840)	3.363	3.363
<b>Total receivables included among current assets</b>	24.916.306	1.638.689	26.554.995	26.361.314

Breakdown of receivables included among current assets by geographic area

The following table shows the distribution by geographical area of the credits entered among the current assets.

Geographic area	Italy	CEE	EXTRA CEE	Total
<b>Trade receivables included among current assets</b>	23.863.666	2.257.466	48.531	26.169.663
<b>Tax receivables included among current assets</b>	188.288	-	-	188.288
<b>Assets for prepaid tax included among current assets</b>	193.681	-	-	193.681
<b>Other receivables included among current assets</b>	3.363	-	-	3.363
<b>Total receivables included among current assets</b>	24.248.998	2.257.466	48.531	26.554.995

## Financial assets not classified as fixed assets

Changes in financial assets not classified as fixed assets

The table below provides information on the changes in financial assets not held as fixed assets

	Year opening balance	Changes during the year	Year closing balance
<b>Non-current active derivative financial instruments</b>	34.919	45.308	80.227
<b>Other non-current shares</b>	513.933	179.700	693.633
<b>Total financial current assets</b>	548.852	225.008	773.860

## Liquid funds

The table below provides information on the changes in cash and cash equivalents

	Year opening balance	Change during the year	Year closing balance
<b>Bank and post office deposits</b>	1.827.325	(630.205)	1.197.120

	Year opening balance	Change during the year	Year closing balance
Cash and other cash in hand	147	198	345
<b>Total liquid funds</b>	1.827.472	(630.007)	1.197.465

## accrued income and prepayments

The table below provides information on the changes in accrued income and prepayments

	Year opening balance	Change during the year	Year closing balance
Deferred income	57.285	(6.014)	51.271
<b>Total accrued income and prepaid expenses</b>	57.285	(6.014)	51.271

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Detail	Amount for the current fiscal year
<i>Accrued income and prepayments</i>		
	Prepaid expenses	51.271
	<b>Total</b>	<b>51.271</b>

Prepaid expenses in detail:

Prepaid expenses rental fees €. 453

Prepaid expenses ordinary telephone expenses €. 100

Prepaid expenses lease fees €. 9.295

Prepaid expenses insurance premiums €. 9.702

Prepaid expenses maintenance fees €. 111

Prepaid expenses bank fees on loans €. 22.719

Prepaid expenses premiums Inail €. 391

Prepaid expenses building rental fees €. 8.500

It is pointed out that the sum of €. 11.543 related to the prepaid expenses bank fees on loans concerns the share beyond the following fiscal year.

## Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.



## Supplementary notes, liabilities and net equity

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

### Shareholders' equity

#### Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

	Year opening balance	Destination of the previous year's result	Other changes		Result for the year	Year closing balance
		Other destinations	Increases	Decreases		
Capital	1.000.000	-	-	-		1.000.000
Legal reserve	145.467	54.533	-	-		200.000
Other reserves						
Extraordinary reserve	1.813.869	2.232.380	-	580.000		3.466.249
Miscellaneous other reserves	-	-	1	-		1
Total other reserves	1.813.869	2.232.380	1	580.000		3.466.250
Reserve to hedge expected cash flow transactions	(155.250)	-	269.685	38.177		76.258
Profit (loss) for the year	2.286.913	(2.286.913)	-	-	2.065.980	2.065.980
Total shareholders' equity	5.090.999	-	269.686	618.177	2.065.980	6.808.488

### Detail of changes in reserves (overview)

Description	Amount
Res. from rounding to euro units	1
Total	1

#### Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

	Amount	Origin / nature	Possible use	Available amount	Summary of uses in the three previous years
					for other reasons
Capital	1.000.000	Share capital		-	-
Legal reserve	200.000	Profits	B	-	-
Other reserves					
Extraordinary reserve	3.466.249	Profits	A;B;C	3.466.249	1.080.000
Miscellaneous other reserves	1			-	-
Total other reserves	3.466.250			-	-
Reserve to hedge expected cash flow transactions	76.258			-	-
Total	4.742.508			3.466.249	1.080.000

	Amount	Origin / nature	Possible use	Available amount	Summary of uses in the three previous years
					for other reasons
Unavailable amount				57.615	
Residual available share				3.408.634	

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

## Origin, possibility of use and leasability of miscellaneous other reserves (overview)

Description	Amount
Res. from rounding to euro units	1
<b>Total</b>	<b>1</b>

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

### Changes to the reserve for hedge operations on expected cash flows

In accordance with art. 2427-bis, paragraph 1b-quater of the Italian Civil Code, the following schedule illustrates the movements of the fair value reserves that occurred during the fiscal year.

	Reserve to hedge expected cash flow transactions
Year opening balance	(155.250)
Changes during the year	
Increases for fair value change	269.685
Decreases for fair value change	38.177
Year closing balance	76.258

On 26 March 2019, the company, with deed Notary Filippo Zabban Rep. 72047/14062, proceeded increase in share capital up to Euro 3.000.000, through utilization the extraordinary reserve for Euro 2.000.000, with effect 3 april 2019.

## Provisions for risks and charges

The table below provides information on the changes in provisions for risks and charges

	Provisions for pension liabilities and similar obligations	Passive derivative financial instruments	Other funds	Total provisions for risks and charges
Year opening balance	17.032	189.759	123.981	330.772
Changes during the year				
Operating accrual	15.326	3.687	185.000	204.013
Use in the financial year	-	189.497	106.977	296.474
Total changes	15.326	(185.810)	78.023	(92.461)
Year closing balance	32.358	3.949	202.004	238.311

### Other provisions

The following schedule shows the composition of the item in question, as entered in the financial statements, in accordance with art. 2427, par.1 of the Italian Civil Code.

Description	Detail	Amount for the current fiscal year
<i>other</i>		
	Other prov.for defer.risks and charges	102.004
	Prov. Risks obsolescence inventory	100.000
	<b>Total</b>	<b>202.004</b>

## Staff severance fund

The table below provides information on the changes in the employee severance indemnity

	Staff severance fund
Year opening balance	50.782
Changes during the year	
Operating accrual	16.509
Use in the financial year	2.605
Other changes	(192)
<b>Total changes</b>	<b>13.712</b>
Year closing balance	64.494

## Payables due to companies controlled by parent companies

### Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months
Payables to banks	16.031.628	2.582.539	18.614.167	17.248.543	1.365.624
Payables to other financiers	1.602.103	873.629	2.475.732	2.475.732	-
Payables to suppliers	14.983.592	4.855.585	19.839.177	19.839.177	-
Tax payables	293.917	(140.442)	153.475	153.475	-
Payables due to social security and welfare institutions	17.943	37.647	55.590	55.590	-
Other payables	23.578	51.922	75.500	75.500	-
<b>Total payables (D)</b>	<b>32.952.761</b>	<b>8.260.880</b>	<b>41.213.641</b>	<b>39.848.017</b>	<b>1.365.624</b>

### Payables due to banks

The following table shows the subdivision of the item "Debts to banks".

Entry	Debiti per conto corrente	Debiti per finanziamenti a breve termine	Debiti per finanziamenti a medio termine	Total
4)	15.826.754	1.421.789	1.365.624	18.614.167

### Other payables

The following table shows the subdivision of the item "Other debts".

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Description	Detail	Amount for the current fiscal year
<i>OTHER PAYABLES</i>		
	Payables due to suppl. pension funds	5.789
	Payables due to directors	11.964
	Payables F.I.R.R.	5.534
	Payables stamps	2.440
	Personnel for remuneration	49.773
	<b>Total</b>	<b>75.500</b>

### Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

Geographic area	Italy	CEE	EXTRA CEE	Total
Payables to banks	18.614.167	-	-	18.614.167
Payables to other financiers	2.475.732	-	-	2.475.732
Payables to suppliers	3.691.906	4.187.926	11.959.345	19.839.177
Tax payables	153.475	-	-	153.475
Payables due to social security and welfare institutions	55.590	-	-	55.590
Other payables	75.500	-	-	75.500
Payables due to companies controlled by parent companies	25.066.370	4.187.926	11.959.345	41.213.641

### Payables covered by real guarantees on company assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

### Loans by shareholders

The company did not receive any loans from shareholders.

### **accrued liabilities and deferred income**

The table below provides information on the changes in accrued liabilities and deferred income

	Year opening balance	Change during the year	Year closing balance
Accrued liabilities	119.856	(53.689)	66.167
<b>Total accrued liabilities and deferred income</b>	<b>119.856</b>	<b>(53.689)</b>	<b>66.167</b>

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Detail	Amount for the current fiscal year
<i>Accrued income and prepayments</i>		
	Accrued liabilities	66.167
	<b>Total</b>	<b>66.167</b>

Accrued liabilities in detail:

Accrued liabilities bank interest expenses and commitment fees € 11.612

Accrued liabilities bank fees and charges € 2.182

Accrued liabilities insurance premiums € 52.373

## **Supplementary notes, income statement**

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

## **Value of production**

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them.

Revenues generated by the sale of goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits.

## **Breakdown of net revenue by business category**

The following table illustrates the distribution of the revenues from sales and services by categories of activities.

<b>Business category</b>	<b>Current year value</b>
<b>Sale of goods</b>	65.221.737
<b>Total</b>	65.221.737

## **Breakdown of net revenue by geographic area**

The following table illustrates the distribution of the revenues from sales and services by geographical area.

<b>Geographic area</b>	<b>Current year value</b>
<b>Italy</b>	58.642.988
<b>CEE</b>	6.265.004
<b>EXTRA CEE</b>	313.745
<b>Total</b>	65.221.737

## **Cost of production**

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

## **Financial income and charges**

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

## Composition of share income

The dividends are recognized in the fiscal year in which their distribution is declared.

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code other than dividends.

## Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

	Interest and other financial liabilities
Payables to banks	212.322
other	29.172
<b>Total</b>	<b>241.494</b>

## **Gains/losses on foreign exchange**

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
<i>Currency gains and losses</i>	<i>252.775-</i>		
Gain on foreign exchange		105.876	911.603
Loss on foreign exchange		6.930	1.263.324
<b>Total entry</b>		<b>98.946</b>	<b>351.721-</b>

## **Amount and nature of the single income/cost items of exceptional size or effect**

No revenues or other positive components derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

No costs derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

## **Income tax for the year, current, deferred and prepaid**

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation exclusively for the IRES (24%), as there were no temporary changes of IRAP.

The information requested by art. 2427, n° 14 of the Italian Civil Code is shown below:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;
- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering;
- the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons

	Prepaid taxes 01.01.2018	Amount use 2018	Tax reversal IRES 24%	Amount 2018	IRES 24%	Prepaid taxes 31.12.18
	51.942	216.423	-51.942	705.000	169.200	169.200

Writedowns of accounts included among current assets						
Other provision	29.755	106.976	-25.674	85.000	20.400	24.481
Amount 31/12/2018	81.697		-77.616		189.600	193.681



## **Supplementary notes, financial statement**

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components.

## **Supplementary notes, other information**

The other information requested by the Italian Civil Code is shown below.

### **Employment data**

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

	Average number
Office staff	7
Blue collar workers	7
Total employees	14

### **Remuneration, advances and credits granted to directors and auditors and commitments on their behalf**

The following schedule shows the information requested by art. 2427, n° 16 of the Italian Civil Code; it is specified that there are no advances and credits and that no commitments were assumed on behalf of the administrative body as a result of providing any type of guarantee.

	Directors	Auditors
Remuneration	260.000	6.240

### **Remuneration to legal auditor or audit company**

The following table shows the remunerations payable to the statutory auditor, subdivided by the types of services provided.

	Value
Legal audit of annual accounts	12.480
Total remuneration due to the legal auditor or audit firm	12.480

### **Category of shares issued by the company**

This paragraph of the explanatory notes is not pertinent since the share capital is not represented by shares.

### **Securities issued by the company**

The company did not issue securities.

### **Details of other financial instruments issued by the company**

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

### **Commitments, guarantees and potential liabilities not posted to the balance sheet**

The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code.

	Amount
Commitments	75.355

## Information on assets and loans addressed to specific deals

### Assets destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

### Financing destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

## Information on transactions with correlated parties

For the purpose of the requirements of the legislation in effect, transactions were conducted with related parties during the fiscal year.

The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code about guarantees received by the holding Lariotrade Srl.

Bank	Amount 31/12/18	Kind guarantees	Guarantor	Guaranteed
Bank Carige	250.000	Surety	Lariotrade Srl	Lariotex Srl
Bank Pop. Sondrio	825.000	Surety	Lariotrade Srl	Lariotex Srl
Bank BPM	1.000.000	Surety	Lariotrade Srl	Lariotex Srl
Bank Desio	750.000	Surety	Lariotrade Srl	Lariotex Srl
Bank Credit Agricole	1.915.000	Patronage letter	Lariotrade Srl	Lariotex Srl
Bank Intesa San Paolo	1.000.000	Surety	Lariotrade Srl	Lariotex Srl
Bank Unicredit	1.300.000	Surety	Lariotrade Srl	Lariotex Srl
Bank Unipol	2.800.000	Patronage letter	Lariotrade Srl	Lariotex Srl
Bank BNL	770.000	Surety	Lariotrade Srl	Lariotex Srl
<b>Amount 31/12/2018</b>	<b>10.610.000</b>			

The company also concluded other commercial businesses with the company C.T.C. SRL site in Busto Arsizio (Va) Via Orrù 1 C.F./P.IVA 03525780122, but these businesses were concluded according to the market value.

## Information on agreements not posted to the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

## Information on significant events after yearend

With regard to point 22-quarter of art. 2427 of the Italian Civil Code, no significant events occurred after the fiscal year's closing date that significantly impacted on the balance sheet, financial position, and income statement.

## Companies that draft the largest/smallest group of companies that they belong to as subsidiary

In accordance with art. 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following schedule shows the name and registered office of the company that writes the consolidated financial statements of the larger or smaller group of companies to which the company belongs as a consolidated company.

In addition, said schedule indicates where the copy of the consolidated financial statement is available.

	Larger unit
Company name	LARIOTRADE SRL
Town (if in Italy) or foreign state	Busto Arsizio (Va)
Tax code (for Italian companies)	03576270122
Place where consolidated balance sheet is filed	Busto Arsizio (Va)

## Information regarding derivative financial instruments as per art. 2427-b Civil Code

In compliance with the requirements of art. 2427-bis of the Italian Civil Code, in accordance with the principle of truthful and accurate reporting of the company's commitments, the appropriate information is provided below.

KIND	ISSUER	FAIR VALUE
Irs	Intesa San Paolo	€ - 262,00
Option on rate	Intesa San Paolo	€ + 20,00
Option on rate	Intesa San Paolo	€ + 4,00
Option on rate	Intesa San Paolo	€ + 15,00
Forward purchase	Intesa San Paolo	€ + 6.307,00
Forward purchase	Intesa San Paolo	€ + 6.713,00
Forward purchase	Intesa San Paolo	€ + 6.704,00
Forward purchase	Intesa San Paolo	€ + 7.448,00
Forward purchase	Intesa San Paolo	€ + 7.589,00
Forward purchase	Intesa San Paolo	€ - 888,00
Option on currency	Intesa San Paolo	€ + 4.531,00
Option on currency	Intesa San Paolo	€ - 61,00
Option on currency	Intesa San Paolo	€ + 14.521,00
Option on rate	Banco BPM	€ + 0,10
Option on rate	Banco BPM	€ + 0,10
Terminable option on currency	Banca Popolare di Sondrio	€ + 3.160,46
Terminable option on currency	Banca Popolare di Sondrio	€ - 1.024,49
Terminable option on currency	Banca Popolare di Sondrio	€ - 788,78
Fxforward	Unicredit	€ + 5.618,71
Forward sale	Monte Dei Paschi di Siena	€ + 6.104,44
Forward sale	Monte Dei Paschi di Siena	€ + 6.230,48
Frw purchase	Credite Agricole	€ + 5.260,74
Forward	BNL	€ - 67,37
Forward	BNL	€ - 857,53

## **Summary of balance sheet of the company exercising management and coordination activities**

In accordance with art. 2497-bis, par. 4 of the Italian Civil Code, it is certified that the company is not subject to management and coordination activity by other companies.

## **Information about cooperatives**

Dear Shareholders: in view of the discussion above, the administrative body proposes to allocate the profit for fiscal year Euro 2.065.979,67 to the the extraordinary reserve post 2017.

## **Supplementary notes, final part**

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2018 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records.

VERTEMATE CON MINOPRIO, 30/04/2019

### **Board of directors**

Pierluigi Biondi, Chief

Fabio Massimo Berneri, Board member