ANNUAL REPORT

LA DORIA

ANGRI

2016

ANNUAL REPORT

2016

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Board of Directors	
Chairman	Sergio Persico
Vice Chairman	Giorgio Sampietro (indipendente)
Chief Executive Officer	Antonio Ferraioli
Directors	Elena David (indipendente)
	Andrea Ferraioli
	Iolanda Ferraioli
	Enzo Diodato Lamberti
	Michele Preda (indipendente)

Board of Statutory Auditors	
Chairman	Antonio De Caprio
Standing Auditors	Adele Caldarelli
	Maurizio D'Amore

Executive Officer for Financial Reporting	Alberto Festa

Control and Risks Committee	
Chairman	Giorgio Sampietro
Members	Elena David
	Sergio Persico

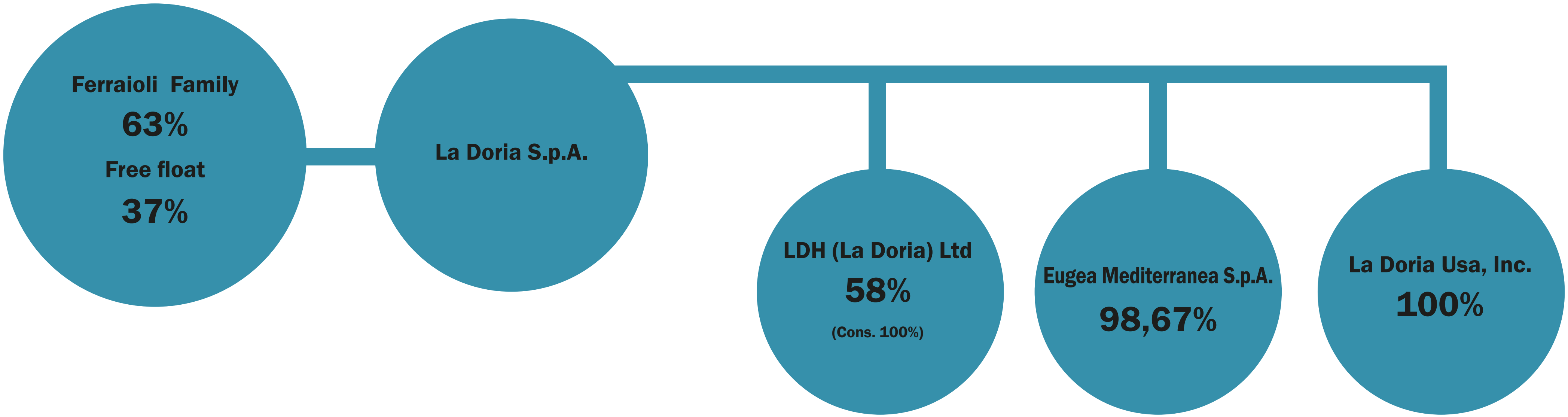
Remuneration and Appointments Committee	
Chairman	Giorgio Sampietro
Members	Sergio Persico
	Michele Preda

Supervisory Board	
Chairman	Giorgio Sampietro
Members	Sergio Persico
	Elena Maggi (Internal Audit)

Independent Audit Firm	Deloitte & Touche S.p.A.

LA DORIA S.p.A.
Sede sociale: Via Nazionale, 320 - Angri (SA)

Capitale Sociale euro 42.780.000 (int. vers.) - Albo Esportatori n. 398
Codice Fiscale e Numero di Iscrizione: 00180700650 del Registro delle Imprese di Salerno.


Ferraioli Family
63%
Free float
37%
La Doria S.p.A.
LDH (La Doria) Ltd
58%
(Cons. 100%)
Eugea Mediterranea S.p.A.
98,67%
La Doria Usa, Inc.
100%

Letter to the Shareholders

Dear Shareholders,

In 2016, the La Doria Group encountered a more complex and less favourable operating environment, caused by significant deflation which hit a number of Group product categories and markets on the one hand, and heightened competition and pressure from the Supermarkets on the other.

A good performance and satisfying profitability was however delivered thanks to the defence of sales volumes, streamlining and cost control, although falling short of 2015 which featured particularly exceptional results.

Industrial operations of the parent company La Doria S.p.A. (hereafter also the “Company” or the “Parent Company”) and of the subsidiary Eugea Mediterranea S.p.A. saw, as forecast, reductions both for revenues - due to lower sales prices on nearly all product categories - and earnings, due principally to the “tomato-based product line” (hereafter also the “red line”).

This line was impacted, on the one hand, by the 2015 summer tomato processing campaign which saw a significant contraction in finished product market prices, only in part offset by the reduction in industrial costs, and on the other by the new processing campaign in the summer of 2016 which featured a further reduction in sales prices.

The drop in the prices of pulses, not fully offset by raw material cost reductions, impacted sales and margins - although to a lesser degree.

Group trading operations, carried out by the subsidiary LDH (La Doria) Ltd (hereafter also “LDH”) on the English market, were also impacted in revenue terms by the deflation which hit in origin countries the main products imported and sold by the company on the British market. The trading performance therefore saw a drop in revenues, although the company however maintained stable margins thanks to increased sales volumes, the product mix and continued cost control and operational streamlining.

The performance of the La Doria Group in 2016 was also impacted by unfavourable Euro-Sterling movements on the results of LDH following the weakening of Sterling, which accelerated in the third quarter after the result of the referendum in June expressing the will of the British people to leave the European Union.

Consolidated revenues for 2016 totalled Euro 653.1 million, reducing 12.7% on Euro 748.3 million in 2015, essentially due to the stated drop in sales prices and currency movements. On like-for-like Euro-GBP exchange rates for LDH sales, revenues would have totalled Euro 697 million (-6.8%).

EBITDA amounted to Euro 56.3 million, compared to Euro 77.6 million in 2015. The EBITDA margin reduced from 10.4% to 8.6%.

The net profit was Euro 33.7 million (Euro 44.8 million in 2015). The Group has a solid financial base, with a Debt/Equity and Debt/EBITDA ratio of 0.50 and 1.86 respectively.

We focused in 2016 on business consolidation following the completion of the Pa.fi.al Group’s integration, whose acquisition has significantly expanded the business and diversified the product range to include ready-made sauces which offer higher and more stable margins and a growing customer base.

On January 1, 2016, the company Pa.fi.al. S.r.l. and the subsidiaries held in turn Delfino S.p.A. and Althea S.p.A. were merged by incorporation into the Parent Company La Doria S.p.A.. The operation, which is a natural part of the above integration process and was successfully concluded in 2015, sought to simplify the group structure and inter-company processes, with benefits in terms of greater efficiency and governance and control efficacy, in addition to profitability benefits.

We have simultaneously consolidated our positions on those historic markets with leadership positions or significant market share.

On the overseas markets, overall we have managed to maintain stable sales volumes amid continued general economic uncertainty and an increasingly competitive marketplace.

In particular, on the British market - which is the largest and over the last 5 years has seen heightened competition among the Discounters and the Big 4 (the four largest supermarket chains), which in turn has translated into greater pressure on suppliers - we have in fact increased sales volumes.

In Italy, domestic demand weakness and the contraction over recent years of the tomato-based product market - and even more so of the fruit juice market - has made the maintenance of such sales even more challenging, although we have continued to grow processed pulse and ready-made sauce volumes.

2017 will be a challenging year as the economic and political uncertainty of the final months of 2016 continues, amid a more difficult market environment featuring on the one hand ongoing sales price deflation and on the other raw material cost inflation.

In addition, the further weakening of Sterling following Brexit has resulted in a temporary loss of competitivity for the Group on the English market in certain product categories such as pulses and ready-made soups produced by the British. The weakening of the currency on the other hand, generating inflation, has sharpened overall competition and pressure on the Supermarkets.

Finally, it is difficult to imagine that 2017 shall represent a turning point with any significant recovery for the currently contracting consumer markets.

Following 10 years of significant expansion for our Group and particularly strong growth in the 2014-2015 two-year period, we are currently experiencing a slowdown, entirely due to the poor general environment, in particular on the basis of the tomato-based product market and the effects of Brexit.

Signs of recovery are expected from the second half of 2017 with the new processing campaign, thanks to sector destocking due to the drop in production in Southern Italy in 2016 which pre-empts a recovery of tomato-based product sales prices and therefore a recovering margin from the final months of the current year and to a greater extent in 2018 due to the seasonality of “red” production. The absorption also of the effects of Brexit should enable next year a return to more favourable market conditions.

In light of the present more complex market, our strategic guidelines which now assume greater importance remain unchanged.

We are continuing to work towards implementing our growth strategy through strengthening positions on historic markets, further geographic diversification, the shifting of the product mix towards premium and bio products in line with current consumer trends and continually streamlined production and cost containment. In addition, the stabilisation of margins and financial equilibrium remain key objectives.

In particular, with Europe and other consolidated countries such as Australia and Japan performing sluggishly, a strategic priority is to improve our positioning and continue development through international expansion, increased geographic diversification and a reduced exposure to more mature markets.

The United States, in which we do not have a strong presence, is of high development potential given the growing demand for top quality Italian food products. China and South-East Asia also present extremely interesting development potential, although from a medium/long-term viewpoint, considering the significant size of the market and population and middle class growth trends due to increased incomes. Increased household spending power and the major expansion of Chinese tourism internationally over recent years are encouraging the adoption of more western lifestyles and demand for higher quality and safer products, as offered by Italian food products.

In pursuit of these objectives, we are tapping into the increasing demand internationally for Made in Italy food products which, recognised internationally for their quality, authenticity and tradition, themselves constitute a value and a highly exportable branding feature.

We in addition remain focused on stronger development of our higher margin product categories and/or those less volatile in profitability terms, in order to reduce the fluctuation of the Group's overall margin, which essentially stems from the tomato-based product lines and the continued fragmentation of the sector, in particular in Southern Italy which often features significant speculation.

The "red line" will continue to be strategic for our Group as representing the true essence of Italian Food globally and the category with which our enterprise is most closely associated - even amid further reductions in its share of total business volumes.

We in addition remain very interested in assessing acquisition-led growth opportunities permitting the addition of higher added value products, while remaining cognisant also of financial equilibrium.

We are fully confident of the Group's future growth prospects. The solid equity and financial position and the profitability levels delivered, which remain strong even amid a challenging general economy, allow us to view future development optimistically.

The Chief Executive Officer

Antonio Ferraioli

LA DORIA GROUP

DIRECTORS'

REPORT

DIRECTORS' REPORT ON THE FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Introduction

Economic overview

The key economic indicators in Italy confirm the continued recovery in 2016, which however still remains weak.

According to ISTAT's figures, GDP in Italy rose 1% (+0.4% in 2015, -0.4% in 2014, -1.9% in 2013). However, despite the recovery over the last two years, 2016 GDP was still over 7% below the peak at the beginning of 2008.

The deficit/GDP ratio also improved to 2.4%, compared to 2.7% in 2015 and 3% in 2014. The debt/GDP ratio rose to 132.6% from 132% in the previous year.

The Italian economy continues to grow at a slower pace than its counterparts. The figures available for the major developed economies indicate GDP growth for the United States (1.6%), the United Kingdom (2.2%), Germany (1.6%), France (1.4%) and Spain (2.3%).

Thanks to the surge in the last quarter, GDP grew 1.7% in the Eurozone (1.5% in 2015) and 1.9% in the EU (1.8% in 2015).

Italian industrial production in 2016 rose 1.6%, around half a percent more than 2015 – a positive number after the recession in recent years (-0.8% in 2014, -3.2% in 2013 and -6.4% in 2012). The "food, beverage and tobacco industry" also reported increased production, up 1.1% compared to the drop of 0.6% in 2015.

Italian industrial revenues rose 0.2% (same as 2015) - stable on the domestic market and improving on the overseas market (+0.5%).

Exports from Italy rose 1.1% in 2016. Export growth entirely relates the EU (+3.0%), while exports to the Rest of the World decreased 1.2%.

In the first nine months of the year, the agri-food sector was ahead of general exports with growth of 3% (+7.5% in 2015). The continued growth across the world indicates the great potential of the Italian food industry, which is driving the recovery of the entire Made in Italy sector.

The signs of recovery for the Italian economy do not appear to have reached the commercial sector.

In fact, retail sales in 2016 remain substantially stable at +0.1% (+0.7% in 2015), with +0.1% for food products and zero change for non-food products. Supermarkets reported growth of 0.5%, while small stores reported a decrease of 0.4%.

On the inflation front, the bounce in the inflation rate in December (+0.5%) was not sufficient to resurrect the result for the full year 2016 which reported a fall of 0.1%, confirming the deflation trend of the Italian economy. Our country lags behind the Eurozone average which in the last month of the year saw a strong acceleration according to the Eurostat estimates with a rise of around 1.1%.

Food processing sector performance

Tomato-based products

The tomato-based product market in 2016 was impacted significantly by the 2015 summer processing campaign, which featured an increase in the quantity of fresh tomatoes processed - at national level to 5.4 million tonnes (up 10% on 4.9 million processed in 2014).

Together with greater production finished product market prices contracted significantly, while in terms of costs, prices reduced on fresh tomatoes and tin plates, while agricultural and industrial yields improved thanks to the good raw material quality. The reduction in production costs, however, only partially offset the significant price reductions by the supermarkets.

In the final months of 2016, the tomato-based product market was impacted by the summer processing campaign, which featured a reduction in tomatoes for processing (5.2 million tonnes - a drop of 4% on 2015). In Central/Southern Italy, however, due to the particularly adverse weather conditions, the volumes of fresh tomatoes processed reduced by over 18% compared to the previous year.

In terms of sales prices, after the sharp contraction during the 2015 processing campaign, the market declined further - despite the increase in the raw material costs and the above-stated production drop. This trend is due to a still fragmented industrial sector, consisting of a high number of small businesses which on occasion undertake highly irrational and speculative decisions.

The effects of the 2016 summer tomato processing campaign will essentially be seen in the first 9-10 months of 2017, when the relative revenues are generated.

In terms of consumption, the Italian tomato market continues to slowly contract, recovering in part the sharper fall of 2015. According to the Iri Infoscan figures (including the Discount channel), in the year to December 2016 volumes contracted 1.1%, with values declining 2.4%. The private label market share slightly reduced due to increased promotional activity by the brands.

A number of the larger export markets for the company expanded, such as Great Britain, where - according to the Kantar World Panel figures for 2016 – the tomato-based product market grew 4.9% in volume terms compared to 2015. The private label market share rose, with the brand share reducing.

Italian exports of tomato-based products in the January-November 2016 period saw increased volumes of 7.2%, with peeled and chopped tomatoes up 3.3% and purées 3.7%. Overall exports were stable due to the drop for sales prices. Italian tomato exports have continued the upward trend of recent years on the international markets, which play a key role for offsetting domestic declines.

Fruit juices and beverages

The Italian fruit juice and beverage market in 2016 was principally impacted, specifically concerning nectars, by the 2015 processing campaign which featured a significant increase in the cost of fresh fruit, in particular apricots, due to drops in production in both Italy and Spain, in addition to peaches and nectarines.

In the final months of 2016, the market was impacted by the new summer processing campaign, which saw general stability for the cost of raw materials.

The procurement price of pineapple and orange concentrates utilised for the production of 100% fruit juices and fruit beverages increased significantly due to poor yields in Thailand and Brazil.

On the sales prices front, overall the prices of juices in 2016 were stable despite the above-mentioned increase in the cost of raw materials and sugar.

In terms of domestic consumption, in the year to December 2016 fruit juices reported, according to the Iri-Infoscan figures (including the Discount channel), a decrease in volume terms of 6.9% and in values of 4.7%. The private labels segment saw a strong performance both in terms of values and volumes.

Canned pulses

In relation to the canned pulses sector, 2016 was mainly impacted by the 2015 summer harvest which saw a decrease in the raw material cost. Finished product sales prices contracted sharply following the above-stated reduced cost of dried pulses.

The pulse harvest in 2016 however saw an increase in the cost of raw materials following the poor yield, an increase which will be difficult to pass on to the supermarket sales price in 2017, given the already fierce competition levels.

On the consumption front, according to the Iri Infoscan figures (including the Discount channel), in 2016 the Italian processed vegetables market reported growth in both in volume and value terms of 0.8%. The private labels market share increased slightly, while the brands market share decreased.

On international markets, the British baked beans market, according to the Kantar World Panel figures, in 2016 contracted in volume terms (-0.5%) and in value terms (-1.6%). The private label market share was stable.

Ready-made sauces

The domestic ready-made sauces market in 2016 reported growth both in volume terms (+5.4%) and in value terms (+6.3%). Specifically, tomato-based sauces saw volumes increase 4%, while pesto sauces increased 11.8%. Growth in value terms was respectively 4.4% and 11%. The share of supermarket brand products was stable.

In relation to the international markets, in Great Britain the ready-sauces market, according to the Kantar World Panel figures (excluding the Discount channel), in 2016 reported a drop in volumes of 3.2% and in values of 4.3%. The private label market share rose, with the brand share reducing. In particular, the English pesto market reported strong volume growth (+8.7%), with a significant increase in market share for the private labels.

Group sales performance

Consolidated revenues in 2016 amounted to Euro 653.1 million, a decrease of 12.7% compared to Euro 748.3 million in the previous year.

Specifically, sales reported a significant decline in prices (-5.7%), which concerned almost all product categories for the reasons illustrated in the introduction, while overall volumes were almost stable (-1.2%).

Currency movements in addition had a 5.8% impact on revenues. On like-for-like exchange rates (€/£) of the English subsidiary LDH (La Doria) Ltd, consolidated revenues in the year in fact amounted to Euro 697 million (-6.8% on Euro 748.3 million in 2015).

A breakdown of sales is shown in the table below.

Breakdown of consolidated sales by product line

Euro millions	2016	2015	% Change	% on 2016 sales	% on 2015 sales
RED LINE	143.8	171.2	-16,0%	22,0%	22,9%
READY - MADE SAUCE	82.4	86.3	-4,5%	12,6%	11,5%
FRUIT LINE	79.7	86.5	-7,8%	12,2%	11,6%
PULSES, VEG./PASTA LINE	174.9	196.2	-10,8%	26,8%	26,2%
OTHER LINE	172.3	208.1	-17,2%	26,4%	27,8%
TOT. LINES	**653.1**	**748.3**	**-12,7%**	**100,0%**	**100,0%**

The performance of the *red line* featured a strong decrease in prices, as described in the introduction, and a fall in volumes - mainly on the domestic market - following the loss of some contracts in the discount channel where competition is particularly fierce.

The *sauces line* includes principally the sales of the former Pa.fi.al. Group, including traditional Italian recipe tomato-based ready-made sauces and meat-based, pesto, fish and white sauces, condiments and dressing sauces. In 2016, the *sauces line* reports, on the one hand, increased volumes, while on the other reduced prices in order to maintain or increase market share in some product categories.

The *fruit line,* which includes juices and beverages produced by the parent company La Doria S.p.A., in addition to canned fruit marketed by the subsidiary LDH on the English market, reported stable prices and lower volumes relating to the fruit juices produced and sold on the Italian market. This market suffers from a continued decline in consumption, on the one hand due to a shift in consumer behaviour towards increasingly healthy foods, which in recent years has seen reduced sugar consumption, and on the other from a not particularly hot summer compared to the torrid summer of 2015.

The *pulses, vegetables and canned pasta line,* includes cooked vegetables, ready-made soups, carrots and canned pasta. At the end of 2015, the Group, following major investment to expand the baked beans production capacity to meet increasing demand, launched on the English market a new category of baked beans products enriched with a range of ingredients, while at the beginning of 2016 launched the ready-made soups line. This follows on from a policy of seeking out new markets through innovation and product segmentation and the offer of products with higher service content, in response to the demands of the Trade and the modern consumer, especially in mature markets where the Group holds leadership positions.

Overall, the performance of the line in 2016, after years of very strong performances thanks to the acquisition of new customers and the extension of the existing client product range, reported a contraction due to the significant decrease in prices, following the reduction in raw material costs in 2015, while sales volumes increased - also thanks to new products.

Finally, the *other lines,* referring principally to products sold by the subsidiary LDH on the British market, reported a small decrease in sales volumes and a significant drop in prices - particularly for dried pasta, tuna and canned corn.

In relation to the breakdown of revenues by geographic area, the Italian market accounted for 22.6% (21.5% in 2015), while the export market accounted for 77.4% (78.5% in the previous year).

The main overseas market was Great Britain, followed by Germany, Australia, the Scandinavian countries, Japan and others.

Export sales declined 14% due to the above-mentioned drop in prices, although this drop was also impacted by the unfavourable Euro/Sterling exchange rate utilised for the conversion of LDH revenues, as described previously. On like-for-like exchange rates, export sales would have decreased 6.5%. Volumes were stable.

The domestic market, the second largest after the UK, reported a drop of 8.2%, due to the decrease in prices and volumes sold.

Breakdown of consolidated sales by geographic area

Euro millions	2016	%	2015	%
NORTH EUROPE	383.9	58.8%	448.7	60%
OTHER EUROPE COUNTRIES	60.0	9.2%	70.2	9.4%
ITALY	*147.4*	*22.6%*	*160.7*	*21.5%*
AUSTRALIA AND NEW ZELAND	32.4	5.0%	38.5	5.1%
ASIA	19.3	3.0%	20.2	2.7%
AFRICA	4.1	0.6%	4.8	0.6%
NORTH AMERICA E CANADA	6.0	0.8%	5.1	0.7%
TOTALE	**653.1**	**100.0%**	**748.3**	**100.0%**

Principal alternative performance indicators

The Group evaluates performance based on some indicators not covered by the IFRS. As described below, as required by the CESR/05-178b communication, taking account also of the new ESMA guidelines issued on October 5, 2015 and applicable from July 3, 2016, the following performance indicators are reported:

- Gross operating result or EBITDA – earnings before interest, taxes, depreciation and amortisation: the pre-tax result before amortisation, depreciation, write-downs and financial income and charges. EBITDA also excludes income and charges from investments and shares, as well as the results from the sale of investments, classified in the financial statements under "financial income and charges". EBITDA is a profitability indicator which reports the earnings of a business based only on operating activities. This indicator is considered appropriate to compare the results of different businesses operating in the same sector; in addition, it clearly shows whether the business is capable of generating profit through operating activities.

- Net operating result or EBIT – earnings before interest, taxes: the pre-tax result before financial income and charges, without any adjustment. EBIT also excludes income and charges from investments and securities, as well as the results from the sale of investments, classified in the financial statements under "financial income and charges". This indicator expresses the earnings the business is capable of generating before the remuneration of capital, both third party capital (debt) and own capital (equity)

- Net Capital Employed: the sum of non-current assets, non-current liabilities and Net Working Capital. This indicator reports the overall sources of capital to be remunerated explicitly (shareholders and outside lenders).

- Net Financial Debt: the format for the calculation is in accordance with paragraph 127 of the CESR/05-054b recommendations implementing EU Regulation 809/2004, taking account in addition of the new ESMA guidelines issued on July 3, 2016 on alternative performance indicators. This indicator reports the overall level of enterprise debt.

These indicators are particularly significant for listed companies as providing investors with clear information on the profitability and financial performance.

Consolidated results in accordance with EU/IFRS

The financial results of the La Doria Group in 2016 reflect a good performance, with a strong financial base and satisfactory earnings levels, although not to the extent of 2015 which featured particularly strong results.

The decrease in revenues and margins mainly relates to the manufacturing activities undertaken by the parent company La Doria S.p.A. and the subsidiary Eugea Mediterranea S.p.A.. These activities, as described previously in detail, were impacted by the sharp drop in sales prices which resulted - particularly for the "tomato-based products line" - in lower earnings. The drop in the price of pulses, not fully offset by raw material cost reductions, also impacted sales and margins - although to a lesser degree.

The trading operations carried out by the English subsidiary LDH (La Doria) also reported reduced revenues due to the deflation which hit, in origin countries, the main products imported and sold by the company on the British market. However, in terms of operating margins, the company was able to maintain the levels recorded in the previous year, thanks to the increase in volumes, the product mix, cost control and operating efficiency.

Finally, we highlight that the financial results in 2016 of the La Doria Group were also impacted by unfavourable Euro-Sterling movements on the results of LDH, following the weakening of Sterling which was exacerbated following the Brexit referendum in June.

Operating results

In relation to the results below, reference should be made to the reclassified income statement attached to the present report.

Consolidated revenues in 2016 amounted to Euro 653.1 million, a decrease of 12.7% on Euro 748.3 million in the previous year.

Group EBITDA amounted to Euro 56.3 million, down 27.4% on Euro 77.6 million in 2015. The EBITDA margin was 8.6%, decreasing on 10.4% in the previous year.

Amortisation, depreciation, write-downs and provisions totalled Euro 16.4 million (Euro 16.6 million in the previous year), of which Euro 12.9 million concerning depreciation/amortisation (Euro 12.7 million in 2015) and Euro 3.4 million concerning provisions and write-downs (Euro 3.9 million in 2015). The latter amount includes, for Euro 2.7 million, the write-down of goodwill on the acquisition of the Sanafrutta Group, allocated to the fruit juice production business unit. This write-down followed the annual impairment test and considers the fall in consumption on the domestic market and more competitive conditions.

EBIT amounted to Euro 39.9 million, down 34.6% on Euro 61 million in 2015. The EBIT margin therefore decreased from 8.1% to 6.1%.

Net financial charges amounted to Euro 2.7 million, a decrease compared to Euro 3.6 million in the previous year due to the lower debt levels and reduction in interest rates.

Exchange gains were also recorded of Euro 8.9 million, compared to exchange gains of Euro 3.6 million in the previous year. These derive in part from hedging operations undertaken by the parent company relating to sales and purchases in foreign companies realised in the year, as well as the measurement at fair value, in accordance with IFRS/EU accounting standards, of the hedging operations in place at December 31 in order to protect budget exchange rates and relating to commercial operations which will be undertaken subsequent to the reporting date. Exchange gains in part concerned also the adjustment to the above-stated standards by LDH (La Doria) Ltd.

This account also includes for Euro 4.1 million of exchange gains on the financial payable relating to the minority holding in the subsidiary LDH (La Doria) Ltd and generated from Euro-Sterling currency movements applied between the end of the current period and December 31, 2015.

The profit before taxes amounted to Euro 46.2 million, a decrease on Euro 61 million in 2015.

The net profit was Euro 33.7 million, down 24.8% on Euro 44.8 million in the previous year.

The cash flow for the year (net profit + amortisation/depreciation and write-downs) amounted to Euro 50.1 million, compared to Euro 61.4 million in 2015.

Balance sheet

In relation to the results below, reference should be made to the reclassified balance sheet attached to the present report.

The balance sheet and financial position at December 31, 2016 reported net fixed assets of Euro 173.3 million, compared to Euro 177.6 million at December 31, 2015.

Working capital totalled Euro 178.6 million, compared to Euro 191.5 million at December 31, 2015. The reduction is mainly due to the decrease in trade receivables deriving in part from the reduced revenues, the decrease in inventories due to the lower production and deflation of raw materials.

Net capital employed was thus Euro 313.7 million, a decrease compared to Euro 328.4 million at December 31, 2015.

The net financial position was a debt position of Euro 104.8 million, a decrease compared to Euro 130 million at the end of the previous year.

Financial payables at December 31, 2016 include, for Euro 26.5 million (Euro 29.1 million at December 31, 2015), the payable for the acquisition of the minority share in the subsidiary LDH based on put and call options in accordance with the current Shareholder Agreement and therefore operating financial payables amount to Euro 78.3 million.

Finally, net equity amounts to Euro 208.8 million, an increase compared to Euro 198.4 million at the end of 2015.

The debt/equity ratio was 0.50 (0.65 in 2015), with a Debt/EBITDA ratio increasing from 1.67 at December 31, 2015 to 1.86.

ROI (operating net profit/net capital employed) of 12.7% compared to 18.6% in the previous year.

ROE (net profit/net equity) of 16.1% compared to 22.6% in 2015.

Investments

The Group's capital investments in 2016 amounted to Euro 13.1 million (Euro 8.2 million in 2015).

These principally concerned the Parent Company La Doria S.p.A. for Euro 12.4 million and were largely for the restructuring of the industrial buildings in Angri and Sarno, in addition to the improvement of the Sarno facility labelling line.

Intangible asset investments of the Group amounted to Euro 512 thousand compared to Euro 1 million in 2015. This entirely concerns the Parent Company and principally the installation of the Supply Chain Management system, which improves supply planning and the installation of the SAP operating system for the Acerra and Parma facilities.

Workforce

Group employees at December 31, 2016 numbered 740 full-time employees, with an annual average of 311 seasonal workers.

Executives	White-collar	Blue-collar	Tot. Full-time	Tot. Seasonal
24	282	434	740	311

The workforce consisted entirely of full-time employees at December 31, 2016. The number of seasonal workers is calculated on an annual average and includes blue-collar, temporary and contract employees. A summary of the Group workforce compared to December 31, 2015 is shown below.

	2016	2015
Full- time employees	740	755
Seasonal staff (average on monthly basis)	311	332

The decrease in the full-time workforce is due in part to the reorganisation following the merger by incorporation, effective as of January 1, 2016, of the companies Delfino S.p.A. and Althea S.p.A.

The reduction in the seasonal workers is mainly due to reduced production of the red line.

Human Resources

In accordance with Legislative Decree 32/2007, enacting EU directive 2003/51/EC, for information relating to the workforce, staff turnover, remuneration composition and the data relating to the health and security of the Parent Company and the subsidiary companies, reference is made, for La Doria SpA, to the paragraph "Human resources" and for Eugea Mediterranea and LDH (La Doria) Ltd. to the paragraphs "Eugea Mediterranea S.p.A." and "LDH (La Doria) Ltd".

Research and Development

Research and development expenses in 2016 were entirely expensed to the income statement. This activity is carried out in order to continually improve recipes and to support the development of new products, also on the request of the Supermarket Chains.

After stepping up research and development in 2015 with the creation of new recipes in particular for the ready-made sauces line and the launch of new products on the English market, such as soups and canned minestrones and enriched baked beans, in 2016 the Group continued this activity with the development of new recipes and sauce and pesto combinations in response to healthy-eating trends, in particular for the English market.

Research also took place on the design of new pulse and pasta sauce recipes for the American market, while for the Italian market an up-grading project began for fruit juice and ready-made sauce recipes.

Finally, in the packaging field the R&D activities focused on "complexity reduction and simplification" projects.

Shares of the Parent Company

The subsidiaries and associated companies did not hold shares in the parent company at December 31, 2016, nor have they bought and/or sold La Doria S.p.A. shares during the year, either through trustee companies or third parties.

The Parent Company in 2016 did not acquire or sell treasury shares. At December 31, 2016, the Company does not hold any treasury shares.

Information on compliance with the code of conduct

The Company has adopted the Self-Governance Code on Corporate Governance of companies listed on the Italian Stock Exchange. The corporate governance report for 2016 is available on the Company's website www.gruppoladoria.it, in the Corporate Governance section.

Disclosure in accordance with Article 123 bis of Legs. Decree No. 58/98

The information in accordance with Article 123 bis of Legislative Decree 58/98 (Consolidated Finance Act) relating to the shareholder structure, corporate governance, risk management and internal control systems within the financial disclosure process, the shareholders' meetings and the administrative and control boards, are reported in the previously mentioned Corporate Governance Report for 2016. The information in accordance with Article 123-*bis*, paragraph 2, letter b) of Legislative Decree 58/98 is reported also in the present Report, as indicated below.

Information in accordance with Article 123 *bis*, paragraph 2, letter b) of Legislative Decree 58/98 relating to the risk management and internal control systems within the financial disclosure process

An integral and essential part of the Internal Control and Risk Management System of the La Doria Group is the financial reporting process, prepared together with the Executive Responsible for the preparation of corporate accounting documents.

This system introduced by La Doria S.p.A., concerns an analysis of the internal control system which oversees the preparation of the financial statements, the interim financial statements and all financial disclosure.

This system aims to guarantee that the administrative – accounting procedures adopted and their application are adequate to ensure, with reasonable certainty, the correctness, the reliability of the financial disclosures and the appropriateness of the financial statement preparation process in producing reliable and timely accounting and financial information, in accordance with applicable accounting standards. The analysis of the internal control system was carried out in line with the Committee of Sponsoring Organisations principles and incorporated the principles outlined in the publication "internal control for reliable financial reporting". Project 262 was introduced for La Doria at the end of 2009 while at the beginning of 2010 the system was completed with an analysis of the internal control system within the IT processes, with particular reference to those put in place to support the Financial Reporting processes. The analyses were based on the principles set out in the "Control Objectives for Information and related Technology" ("COBIT") document. In 2016, the updating began on the defined control matrix and testing.

The Internal Audit Manager prepares a summary of the audit activities in order that the Executive Appointed and the Chief Executive Officer may assess the adequacy and the effective application of the administrative – accounting procedures for the preparation of the Consolidated and Separate Financial Statements.

A description of the principal characteristics of the risk management and internal control system in place in relation to Group financial disclosure follows.

1. Risk management and internal control system phases

For the completion of the system, a risk assessment was undertaken in order to identify and evaluate the risk areas which could arise such as to compromise the reliability of the financial disclosure.

The approach taken for the analysis of the system is broken down into 5 phases, each of which relating to a specific element of the Internal Control System (control environment, risk assessment, control activity, information systems and communication flows and monitoring activities) as defined by the benchmark framework in order to guarantee the completeness of the analysis and provide adequate support to the Executive Responsible and the Chief Executive Officer for the declarations required by Article 154 of the CFA.

The approach was broken down into 5 phases:

- Identification of financial statement accounts and of the processes analysed ("Scoping"): in this phase the financial statement accounts and the "significant" processes related to them are identified.
- Analysis of the principles relating to operational controls ("Entity level controls"): once the intervention priorities are defined (so-called "Top down risk based" approach), the internal control principles which oper-

ate at entity level to cover the components of internal control such as Control Environment, Information and Communications and Monitoring are recorded.

- Recording and verification of relative controls of processes subject to analysis: in this phase, beginning with the identification of risks, defined as potential events, accidental or due to fraud, which may compromise the reaching of the System objectives (accuracy, completeness, reliability and trustworthiness of the financial disclosure), the control of processes subject to analysis were recorded. In this phase, the adequacy of the control documentation is evaluated, identifying the controls which are inadequate or which must be improved and identifying the critical areas and the relative corrective actions.

- Tests on the effectiveness of controls centre on:

    - key controls identified;

    - control frequency;

    - the category of control (preventive or subsequent);

    - the method of control (automatic or manual);

  The test plan and the type of test to be carried out in order to verify the effectiveness of the controls in place have been drawn up.

  A “Remediation Plan” was subsequently prepared, in which the areas to be improved, the relative corrective actions to be taken and the ambit of responsibility for such are reported.

- Preparation and release of the declaration: Based on the documentation and verification of the effectiveness of the controls and the analysis of the critical areas and the status of the corrective actions, the Executive Responsible releases the declaration in accordance with article 154 of the CFA.

2. Maintenance of the System and Roles and Responsibility

In order to maintain over time the effectiveness of the controls, both from the formulation and operational viewpoints, the controls are subject to monitoring on the one hand by the Manager responsible for significant processes/activities (line monitoring) and on the other by the Internal Audit Department (independent monitoring activities) based on the predefined Activity Plan; this monitoring establishes a process of “continuous improvement”, creating an increasingly reliable control system for financial disclosure.

The Internal Audit Manager, together with the Executive Responsible for the preparation of the corporate accounting documents, informs Senior Management on the adequacy of the System through the Report to the Control and Risks Committee, indicating the deficiencies uncovered, the corrective actions to be taken and the relative responsibility. The identification and the evaluation process of the above-stated risks is reviewed at least annually.

Risks and uncertainties

Within its industrial activities, the La Doria Group is exposed to a series of risks, whose identification, evaluation and management involve the BoD, the Chief Executive Officer, also as Executive Director, in accordance with the Self-Governance Code of Borsa Italiana S.p.A., and the business area and central administration managers.

Within this process, the different types of risks are classified based on the evaluation of their impact on achieving the objectives, that is to say based on the consequences which may arise from the risk in strategy, operating, reputational, financial and/or regulatory terms, as well as their probability of occurrence and the level of efficiency of the actions undertaken against their occurrence. The risk assessment has the objective to assign a priority to the factors of risk identified and to the actions taken to reduce such risks. The effective management of risk is a key factor in maintaining the value of the Group over time, especially in view of the continued slow economic recovery. In light of this, in 2016 the Boards and Departments appointed to oversee the internal control system, optimised the resources in the audit and oversight of company processes subject to greatest risk, with particular attention on the implementation of the corrective actions identified, in order to lay the basis for an ongoing improvement process of the internal control system.

In order to undertake a mapping of the risks and the annual update which is as close as possible to the business operations, the Parent Company La Doria S.p.A. undertook a methodological approach which beginning with the identification of the objectives, highlights and evaluates the potential and critical risks. Considering the traditional definition of the risk as "an event arising that would affect the achievement of predefined objectives" outlined above, the characteristics of the activities undertaken and the competitive environment in which the company operates, the risks were identified and subdivided into five categories:

- ***Strategic:*** these are risks related to undertaking non-favourable business decisions or incorrect implementation of the strategic decisions undertaken. In this regard, the company is exposed to concentration risk. This risk is principally related to the particular nature of the English market, on which the subsidiary LDH operates. The English food sector is in fact dominated by Large Supermarket Chains, which control the vast majority of the market. In order to reduce as much as possible, the impact of this risk on the Company's results, La Doria Spa implemented strategic actions targeting:

  - greater market share in other countries in which the Company already holds a leadership position (UK, Japan, Australia, Germany);
  - acquisition of market share in countries in which the company is under-represented (United States etc.);
  - develop new markets, with a particular focus on the emerging markets (China, South-East Asia, Brazil, Eastern Europe, United Arab Emirates and Saudi Arabia).

  The growth of the Group, through the recent acquisition, has enabled the Company to further increase its share of a market which it already leads and has laid the foundations for easier access to new markets. This risk is mitigated by the development of a strategy which can consolidate commercial partnerships, which in some cases are based also on long-term supply contracts, and differentiates the group from its competitors leveraging a solid and reliable corporate governance system.

- ***External and Compliance:*** these are external risks related to competition, the timely introduction of new technology and a lack of monitoring of - and compliance with - regulations which the Group must adhere to. La Doria is exposed to the external risk of fluctuating margins based on downturns in the market following surpluses in supply.

  This risk relates to the corporate mission to supply Private Labels and low price products to the Large Supermarket and Discount chains, in addition to tomato business line concerns which, cyclically over the years, saw surplus supply on the market following a lowering of the price and the line margin. In order to mitigate this risk, and notwithstanding the current Company Mission focused on Private Labels which has enabled the delivery of ambitious revenue and market share objectives, the Company has diversified towards higher margin products through the acquisition of the Pa.Fi. Group. The acquisition extended the product portfolio particularly in terms of revenues and margins, through creating a higher added value and higher margin line of products. The revenue breakdown has altered, with a greater share for the juices and pulses lines, which are not subject to margin fluctuations from poor tomato market performances.

In addition, the optimisation of industrial processes and procurement have created economies of scale and improved fixed cost absorption.

In order to reduce fixed costs, resources were invested to render the production lines more versatile.

In relation to legal compliance monitoring risks, in recent years particular importance has been placed on the monitoring of and compliance with safety and environmental legislation, the Administrative Responsibility of the Company (Legislative Decree 231/01) and the Savings Protection and Financial Market Regulation (Law 262/05); in addition, over recent years, local Public Bodies have acquired an increasing degree of control concerning regional taxation due to a subjective interpretation of the applicable Regulation by such Bodies, which imposes upon the Company an increased level of monitoring in relation to tax compliance.

Considering the globalised nature of operations, the Group is also exposed to risks from the development of the political, social and economic framework, compromising access to sales and/or procurement channels. Unfavourable regulatory and political developments, such as the imposition of import/export duties, changes to initiatives put in place by global organisations and to the relative agreements, wars, civil conflicts and terrorism, may have a significant impact on the Company's business prospects, in addition to its results and/or financial situation. This risk materialised at the start of 2016 with a dumping margin applied on some products of the company by the Australian Government and on June 23, 2016 by the yes vote in the United Kingdom for the referendum to exit the European Union. In relation to the former event the company contested this measure, both directly and in conjunction with European and Italian Institutions, who are lending their full support. On January 4, 2017, the Industry, Innovation and Science Minister of the Australian Government retroactively revoked the anti-dumping measures. The procedure may be considered, for the moment, successfully settled.

In relation to the latter event - "Brexit" - this in the short-term has had an impact on the financial results, which were hit by Euro/Sterling currency movements and the conversion of the financial statements of the foreign subsidiary LDH for the consolidated financial statements of the La Doria Group, and the temporary loss of competiveness - although limited to some products, such as pulses and soups, against local industrial competitors in the United Kingdom.

This competitive advantage is expected to be transitory and in part reduced by the effect of the drop in Sterling also on the imports of the raw materials necessary for the production process of the local competitors.

With regard to safety and environmental compliance, the production activity of the Group companies, the introduction of increasingly stringent regulations concerning the environment and safety and product characteristics, together with frequent inspections which the company is subject to due to its size (compared to other competitors), has made it necessary to closely monitor these issues, implementing all necessary actions to mitigate such risks. La Doria has put in place certified operating systems to continuously monitor compliance with environmental regulations and the protection of workers. The Parma and Acerra factories obtained the OHSAS 18001 Voluntary Certificates in 2016.

Similar to all industries, La Doria produces, by its very nature, an environmental impact in terms of energy consumption, the use of water and the production of waste material. Therefore, numerous investments were made to reduce consumption and waste, by monitoring the performances of the production facilities.

- ***Operative:*** these are risks relating to the occurrence of accidents, malfunctions and breakdowns, with damage to individuals, the quality of the product and the environment, with a consequent impact on results. The quality of the product, the safeguarding of our consumers' health and their full satisfaction are Company priorities which, in order to guarantee them, has procedures and controls in place which govern all procurement of raw material processes to the processing and distribution of the finished product, which are applied at all production sites. High production volumes require increasingly stringent product and process quality control, resulting in the need to improve the control process to reduce non-compliance, guaranteeing food safety. Within this environment in 2016 the SAP Quality Management system was extended to the Parma and Acerra factories recently acquired.

  The production facilities of Angri, Fisciano, Faenza, Sarno and of the subsidiary Eugea Mediterranea are FSSC 22000 certified. La Doria adopted the standards for the security of food in supermarkets such as BRC and IFS for the Angri, Fisciano, Lavello, Sarno, Acerra and Parma factories.

  In 2017, increasing importance will be dedicated to process improvement, with a view to avoiding non-standard production as part of the total quality policy and with increased investment in new control systems.

  The Company operates at 7 Production Sites, of which two seasonal facilities are exposed to the risk concerning the optimisation and efficiency of the existing production capacity and concerning their industrial capacity in general. The merger by incorporation follows the acquisition of the Pa.fi.al Group, requiring the further optimisation of the La Doria Group production structure.

  If this objective were not met, an impact would be felt on the absorption of industrial overhead costs with consequent repercussions on the income statement. The company has invested in production lines which better absorb fixed industrial costs in order to mitigate this risk.

- ***Reputational:*** risks related to actions or events which may give rise to a negative perception of the company by stakeholders. These risks derive from "originating" reputational factors, principally due to previously cited risks (strategic, operational and compliance risks). In this regard, the company is exposed to risks concerning the monitoring of compliance with the ethics principles by the procurement chain. The non-monitoring of this risk may result in a reduced level of customer retention and customer satisfaction, difficulties in acquiring new customers, reducing the appeal of the business and causing a loss of customers. In order to mitigate this risk, La Doria in 2014 began to monitor the tomato supply chain in line with the ISO 26000 Social Responsibility Guide. La Doria manages reputational risk through strengthening compliance, which is considered an integral component of a good corporate culture and represents a further development upon the choice to adopt ethical principles as a bedrock for the daily decision-making process. A detailed programme for external and internal regulation compliance, supported by an effective and voluntary ethical culture, creates value and assists the meeting of social expectations. The compliance culture is accompanied by a culture of controls and greater focus on CSR (Corporate Social Responsibility), which concerns an extended scope of governance which, without stifling the pursuit of earnings objectives, seeks to establish a difficult but achievable voluntary balancing of all interests. The company wishes to continue this process having already commenced the procedures to obtain the Ethics Certificate and the preparation of the Social Responsibility Report.

- ***Financial:*** these are risks related to inefficient management in the financial operations of the company. The La Doria group in its normal operating activities is exposed to various financial risks. For a detailed analysis of risks and the relative financial instruments, reference is made to the section in the Notes to the financial statements where the disclosure required by IFRS 7 is reported.

Information relating to financial instruments

The Group aims, where possible, for the elimination and reduction of the interest and exchange risk and to the optimisation of the borrowing costs. The management of these risks is made in accordance with prudent principles and "best market practices".

In relation to La Doria S.p.A., the company manages the exchange and interest rate risk (limited to the "cash-flow risk") relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars and UK Sterling and is managed through options and forward currency operations.

In relation to the subsidiary LDH (La Doria) Ltd, the company acquires almost all of its products in currencies other than Sterling (especially in the Euro and US Dollar area), selling in the national market and therefore invoicing in GBP. The policy of LDH (La Doria) Ltd consists in fixing the exchange rate through hedges at the moment of purchase of all products, fixing the relating sales mark ups on these purchase prices.

CONSOLIDATED COMPANIES (the figures were prepared in accordance with the EU/IFRS accounting standards utilised for the consolidation). The companies prepare the individual financial statements in accordance with local accounting standards.

Eugea Mediterranea S.p.A.

Lavello (PZ)

(held 98.67%)

Eugea Mediterranea S.p.A. produces tomato-based products and fruit purées.

In 2016, the revenues of Eugea Mediterranea S.p.A. (hereafter also "Eugea") - generated exclusively from sales to the Parent Company - totalled Euro 21.1 million, against Euro 25.7 million in 2015.

The EBITDA amounted to Euro 454 thousand, compared to Euro 1 million in 2015.

The EBIT, after amortisation/depreciation and write-downs of Euro 573 thousand (Euro 890 thousand in 2015), was a loss of Euro 119 thousand, compared to a profit of Euro 91 thousand in 2015.

The net result, after net financial charges of Euro 9 thousand (Euro 10 thousand in 2015), recorded a loss of Euro 225 thousand, compared to a profit of Euro 38 thousand in 2015.

The balance sheet reports shareholders' equity of Euro 5.3 million at December 31, 2016, down on Euro 5.5 million at December 31, 2015.

The net financial position was a debt position of Euro 3.8 million, compared to Euro 6.2 million at the end of the previous year.

The workforce at December 31, 2016 numbered 25 full-time and 63 seasonal employees (average over the year), compared to 25 full-time and 77 seasonal employees at December 31, 2015.

In accordance with Legislative Decree 32/2007, enacting EU directive 2003/51 the following information is provided in relation to Human Resources:

Composition of the workforce in 2016:

Composition	Executives	Managers	White-collar	Blue-collar
Men (number)	1	1	2	18
Women (number)	-	-	3	-
Average age	58	58	55	59
Full-time Employees	1	1	5	18
Fixed term Employees	-	-	-	-
Other types				

Composition of staff turnover in 2016:

Turnover	01/01/2016	Hires	Retirements & departures	Transfers	31/12/2016
Full-time Employees					
Executives	1				1
Managers	1				1
White-collar	5				5
Blue-collar	18				18
Others					
Fixed term Employees					
Executives					
Managers					
White-collar					
Blue-collar		303	303		
Others					

Composition of remuneration in 2016 (in Euro):

Composition	Executives	Managers	White-collar	Blue-collar
Average remuneration full-time employees	124.730	63.487	30.766	37.775
Average remuneration Fixed term employees	-	-	-	4.377
Average remuneration Other	-	-	-	-

Data relating to health/safety in 2016 (in days):

Health & Safety	Illness	Injury	Maternity	Other
Full-time employees	50	31	-	-
Fixed term employees	120	30	-	-
Part-time employees	-	-	-	-
other	-	-	-	-

LDH (La Doria) Ltd

St. Ives (Great Britain)

(held 58%)

In 2016, the consolidated sales of LDH (La Doria) Ltd, a company engaged in the marketing of tomato-based products, fruit, pulses, canned tuna and salmon, dry pasta, pet food and other products in the United Kingdom were GBP 280.6 million, decreasing 4.9% on GBP 295 million in the previous year mainly due to the decrease in the prices of tomato-based products, pulses, dry pasta and canned tuna. The drop in prices was accompanied by an overall increase in volumes sold.

The EBITDA margin was 4.1%, equal to GBP 11.6 million, decreasing on GBP 12.3 million in 2015, representing 4.2% of sales.

EBIT amounted to GBP 11.3 million, a 4% margin, slightly decreasing on GBP 11.8 million in 2015, also a 4% margin.

Net financial income totalled GBP 181 thousand, against GBP 133 thousand in 2015.

Exchange gains of GBP 2.3 million were also recorded from the market valuation of foreign currency hedging operations at December 31, in accordance with IAS/IFRS. In the previous year, exchange losses were recorded of GBP 195 thousand.

The pre-tax profit totalled GBP 13.7 million, an increase on GBP 12.2 million in 2015, due to the exchange gains.

Finally, the net profit was GBP 10.9 million, an increase on GBP 9.6 million in 2015.

The balance sheet of LDH (La Doria) Ltd reports net equity of GBP 57.6 million, an increase on GBP 51.8 million at December 31, 2015.

The net cash position was GBP 24.1 million, an increase on GBP 22.7 million at December 31, 2015.

LDH (La Doria) Ltd in 2016 reported a substantially stable margin thanks to an increase in volumes sold, the product mix, cost control and operating efficiency, despite the drop in sales prices due, as previously illustrated, to the deflation which hit some product categories in origin countries imported by the company.

In a highly competitive marketplace, and which over the last five years has seen fierce competition between the Discounters and the Big 4, or rather the four largest supermarket chains, which in turn has translated into greater pressures on suppliers, the company in fact grew sales volumes and gained market share even in those categories that recorded stability or a drop in consumption, testimony to the Company`s leadership position and the strong commercial partnerships with the leading UK supermarket chains.

LDH (La Doria) Ltd is now the leader on the British market for private label tomato-based products, pulses and dry pasta.

The workforce at December 31, 2016 numbered 70 full-time employees compared to 72 at December 31, 2015.

PERFORMANCE SUBSEQUENT TO THE END OF THE YEAR

Sales

Consolidated sales in the first two months of 2017 amounted to Euro 107.3 million, reducing 4.7% on Euro 112.6 million in the same period of the previous year.

At like-for-like exchange rates, sales increased 1.4%. On like-for-like exchange rates of the English subsidiary LDH (La Doria) Ltd, sales would amount to Euro 114.1 million, an increase on Euro 112.6 million in 2015.

Outlook

2017 will be a challenging year, featuring on the one hand ongoing sales price deflation and on the other raw material cost inflation.

The reduction in tomato-based product sales prices, together with increasing costs for dried pulses and certain ingredients, including sugar and metal cans, which may not easily be transferred to product prices within a deflationary environment, indicate margin contractions on 2016.

The decline and/or stagnation of consumption in certain countries which fuels competition, together with Brexit and the consequent weakening of Sterling - which results in a loss of competitiveness (although temporarily) for the Group in some product categories such as pulses and ready-made soups produced domestically by the British - indicate a highly challenging marketplace in 2017.

Signs of recovery are expected from the middle of the year with the new tomato processing campaign, thanks to sector destocking following the drop in production in Southern Italy in 2016 which pre-empts higher tomato-based "red" product sales prices and a recovering margin in the final months of the year.

INFORMATION ON THE PERFORMANCE OF LA DORIA S.P.A.

Revenues

For like-for-like disclosure, 2015 revenues were reclassified and include therefore also the former companies Delfino S.p.A. and Althea S.p.A., merged by incorporation into the parent company with effect from January 1, 2016.

La Doria S.p.A. revenues in 2016 amounted to Euro 409.3 million, down 9.4% on Euro 451.6 million in 2015 mainly due to the sharp drop in sales prices. The small drop in volumes is due to the decline of the domestic market.

The domestic market accounted for 37% of sales (37.5% in 2015), while foreign markets constituted the remaining 63% (62.5% in 2005).

Sales by product line are shown in the table below.

ANALYSIS OF SALES BY PRODUCT LINE

Euro millions	2016	2015	Cge%	% on 2016 sales	% on 2015 sales
RED LINE	122.7	144.0	-14.8%	30.0%	31.9%
READY - MADE SAUCE	79.3	83.7	-5.3%	19.4%	18.5%
FRUIT LINE	58.7	62.8	-6.5%	14.3%	13.9%
PULSES, VEG./PASTA LINE	144.1	155.9	-7.6%	35.2%	34.5%
OTHER LINES	4.5	5.2	-13.5%	1.1%	1.2%
TOT. LINES	**409.3**	**451.6**	**-9.4%**	100.0%	100.0%

The performance of the *red line* featured lower revenues, in particular on the domestic market following a loss of some contracts on the discount channel where competition is particularly fierce, and the sharp decrease in prices due to the reasons illustrated previously.

The *sauces line* includes principally the sales of the former Pa.fi.al. Group, including traditional Italian recipe tomato-based ready-made sauces and meat-based, pesto, fish and white sauces, condiments and dressing sauces. In 2016, the *sauces line* reports, on the one hand, an increase in volumes both in Italy and on international markets, while on the other, a significant drop in prices due to the company policy to protect market share.

The *juices and beverage line* serving only the domestic market reports a decrease in sales volumes, mainly due to the continued decline in consumption, on the one hand due to a shift in consumer preferences towards healthier foods which in recent years has seen reduced sugar consumption, and on the other a not particularly hot summer compared to the torrid summer of 2015. Sales prices were generally stable despite the increase in the cost of puree produced during the summer processing campaign in 2015, in sugar and concentrated fruit, given the fierce competition.

The *pulses, vegetables and canned pasta line,* including cooked vegetables, ready-made soups, carrots and canned pasta, after years of very strong performances, reported - as outlined for the Group - a contraction due to the significant drop in prices of processed pulses following the decrease in raw material costs from the 2015 harvest, while sales volumes increased, thanks to the launch of new products on the English market, such as enriched baked beans and canned soups/minestrones.

Finally, the *other lines* reported a decline and relates to the metal cans produced internally and sold to the subsidiary Eugea Mediterranea S.p.A., following the lower production of tomato-based products by the subsidiary.

For further details on the revenue performance, reference should be made to that outlined for the Group in the paragraph "Group sales overview".

Results of the Parent Company (prepared in accordance with EU/IFRS)

For comments on the 2016 results of the Parent Company reference should be made to the previous paragraph "Results prepared in accordance with IFRS/EU" of the Group.

For a like-for-like comparison, the results and balance sheet are compared with the 2015 unified results of La Doria S.p.A. and the former companies Delfino S.p.A. and Althea S.p.A., merged by incorporation into the parent company with effect from January 1, 2016.

Operating results

In relation to the results below, reference should be made to the reclassified income statement attached to the present report.

Revenues of the parent company in 2016 amounted to Euro 409.3 million, a decrease of 9.8% compared to Euro 372.7 million in 2015 (Euro 451.6 million on like-for-like consolidation scope), mainly due to the sharp decrease in sales prices.

The EBITDA amounted to Euro 39.9 million, a decrease on Euro 47.7 million in 2015 (Euro 60.3 million on like-for-like consolidation scope). The EBITDA margin was 9.8% compared to 12.8% in 2015 (13.4% on like-for-like consolidation scope).

The reduction in revenues and EBITDA was also impacted by currency movements, or rather the unfavourable Euro/Sterling exchange rate, following the weakness of this latter for sales in foreign currencies.

EBIT, after amortisation/depreciation, write-downs and provisions of Euro 17.9 million (Euro 12 million in 2015, Euro 15.1 million at like-for-like consolidation scope) totalled Euro 22 million, also contracting on Euro 35.7 million in 2015 and Euro 45.3 million at like-for-like consolidation scope. The EBIT margin decreased from 9.6% (10% at like-for-like consolidation scope) to 5.4%. Amortisation, depreciation, write-downs and provisions include, for Euro 5.3 million, the goodwill write-down relating to the acquisition of the Sanafrutta Group, allocated to the business unit relating to the production of fruit juices. This write-down followed the annual impairment test and considers the drop in consumption on the domestic market and the tougher competitive conditions.

Net interest charges totalled Euro 2.9 million, compared to Euro 3.7 million in 2015 (Euro 3.7 million at like-for-like consolidation scope).

Investment income amounted to Euro 3.6 million, in line with Euro 3.7 million in 2015. This derives from dividends distributed by the subsidiary LDH (La Doria) Ltd.

Exchange gains were also recorded of Euro 2.3 million compared to exchange losses of Euro 2.9 million in the previous year (Euro 2.6 million at like-for-like consolidation scope). These derive mainly from hedging operations relating to sales and purchases in foreign currencies realised in the year as well as the measurement at fair value, in accordance with IFRS/EU accounting standards, of the hedging operations in place at December 31 in order to protect budget exchange rates and relating to commercial operations which will be undertaken subsequent to the reporting date.

The pre-tax profit was Euro 25 million, down on Euro 38.6 million in the previous year (Euro 47.8 million at like-for-like consolidation scope).

The net profit was Euro 16.1 million, decreasing on Euro 28 million in 2015 (Euro 35.2 million at like-for-like consolidation scope).

Balance sheet

In relation to the results below, reference should be made to the reclassified balance sheet attached to the present report.

As further described in the Explanatory Notes to the separate financial statements, due to the change in the measurement of the option rights granted to the minority shareholders of the English subsidiary LDH and the relative accounting treatment, in order to report upon uniform figures a restatement was made of the balance sheet at December 31, 2015.

The balance sheet at December 31, 2016 reported net fixed assets of Euro 163.3 million compared to Euro 186.7 million at December 31, 2015 (Euro 176.8 million at like-for-like consolidation scope on the same date). The decrease is mainly due to the elimination of the investment in the Pafial Group (Euro 64.7 million at December 31, 2015) as merged into La Doria S.p.A. as of January 1, 2016.

The working capital increased to Euro 141.7 million, from Euro 134.2 million at the end of 2015 (Euro 153.8 million at like-for-like consolidation scope). The reduction is mainly due to the decrease in trade receivables deriving in part from the drop in revenues and to the decrease in inventories due to the lower production and deflation of raw materials.

Net capital employed was Euro 268.2 million, a decrease on Euro 291.6 million at the end of 2015 (Euro 291.6 million at like-for-like consolidation scope).

Financial debt was Euro 102.7 million, a decrease on Euro 133.4 million at December 31, 2015 (Euro 125.6 million at like-for-like consolidation scope).

Finally, net equity amounts to Euro 165.5 million, an increase compared to Euro 158.2 million at the end of 2015 (Euro 165.9 million at like-for-like consolidation scope).

The Debt/Equity ratio decreased from 0.84 (0.76 at like-for-like consolidation scope) to 0.62 and the Debt/EBITDA ratio increased from 2.21 (3.15 at like-for-like consolidation scope) to 2.57.

Production information

Net quantities processed in 2016 totalled 432,848 tonnes, a decrease of 8.3% on 472,217 tonnes in 2015, principally due to the lower production of tomatoes, pulses and fruit beverages.

The tomatoes processed by the Parent Company amounted to 132,493 tonnes, a decrease of 12.6% compared to 151,618 tonnes in the previous year.

In addition, 196,081 tonnes of pulses and vegetables were produced, a decrease of 4.8% on 206,089 tonnes in 2015 and 10,440 tonnes of canned pasta (11,315 tonnes in the previous year).

In addition, 91,937 tonnes of fruit juices and beverages were produced – reducing 10.9% on 103,195 tonnes in 2015.

Finally, ready-made sauces processed amounted to 49,613 tonnes, an increase of 7.6% compared to 46,120 tonnes in the previous year.

Investments

Capital expenditure of the Parent Company in 2016 amounted to Euro 12.4 million, compared to Euro 7 million in 2015 and principally concerned, as outlined previously for the Group, the restructuring of the industrial buildings at Angri and Sarno, in addition to the upgrading of the Sarno facility packaging line.

The intangible asset investments amounted to Euro 497 thousand, compared to 962 thousand in 2015. This principally concerns the Supply Chain Management system which improves supply planning and the implementation of the SAP operating system for the Acerra and Parma facilities.

Workforce

The number of employees of La Doria S.p.A. at 31/12/2016 was as follows:

Executives	White-collar	Foreman	Blue-collar	Tot. Full-time	Tot. Seasonal
16	213	0	417	646	264

The workforce consisted entirely of full-time employees at December 31. The number of seasonal workers is calculated on an annual average and includes blue-collar, temporary and contract employees.

A summary of the workforce compared to December 31, 2015 is shown below, reclassified including also the employees incorporated from Delfino S.p.A. and Althea S.p.A. in order to render uniform comparison:

	2016	2015
Full-time employees	646	662
Seasonal staff (average on monthly basis)	264	320

The decrease in the workforce is in part due to the reorganisation following the merger by incorporation, effective from January 1, 2016, of the above-mentioned companies Delfino S.p.A. and Althea S.p.A.

The reduction in the seasonal workers is mainly due to the drop in production of the red line.

Human Resources

In accordance with Legislative Decree 32/2007, enacting EU directive 2003/51, the following information concerning the workforce is provided.

Composition	Executives	Managers	White-collar	Blue-collar
Men (number)	14	21	122	368
Women (number)	2	8	62	48
Average age	53	48	41	42
Full-time Employees	16	29	184	416
Fixed term Employees	-	-	10	8
Other types	-	-	-	1

Composition of staff turnover in 2016:

Turnover	01/01/2016	Hires	Retirements & departures	Transfers	31/12/2016
Full-time Employees					
Executives	16	1	1	-	16
Managers	31	-	3	1	29
White-collar	191	8	17	2	184
Blue-collar	423	8	13	-2	416
Others					
Fixed term Employees					
Executives	-	-	-	-	-
Managers	-	-	-	-	-
White-collar	7	10	7	-	10
Blue-collar	-	852	844	-	8
Others	5	-	4	-	1

Composition of remuneration in 2016 (in Euro):

Composition	Executives	Managers	White-collar	Blue-collar
Average remuneration full-time employees	185.773	71.479	34.735	29.849
Average remuneration Fixed term employees	-	-	11.384	4.711
Average remuneration Other	-	-	-	-

Data relating to health/safety in 2016 (in days):

Health & Safety	Illness	Injury	Maternity	Other
Full-time employees	5.546	1.288	1.328	-
Fixed term employees	583	32	45	-
Part-time employees	494	-	-	-
other	-	-	-	-

Research and Development

Research and development expenses in 2016 were entirely expensed to the income statement. This activity is carried out in order to continually improve recipes and to support the development of new products, also on the request of the Supermarket Chains. For further information, reference should be made to the similar paragraph concerning the Group.

Principal subsidiaries and/or holdings

Subsidiaries

LDH (La Doria) Ltd (direct holding 58%). This is a trading company which sells the products of the Group on the British market.

At 31/12/2016, the share capital and consolidated net equity amounted, respectively, to GBP 1 million and GBP 57.6 million.

Consolidated sales totalled GBP 280.6 million and the net profit was GBP 10.9 million. The investment is carried in the balance sheet at Euro 6 million.

In 2016, the holding in the subsidiary LDH (La Doria) Ltd increased from 57.9% to 58%, following the put option exercised by a minority shareholder within the management of the English company.

Eugea Mediterranea S.p.A. (direct control of 98.67%). This company produces tomato-based products and fruit purées. At December 31, 2016, the share capital amounted to Euro 1.5 million and the shareholders’ equity was Euro 5.3 million. Sales amounted to Euro 21.1 million with a net loss of Euro 225 thousand. The investment is carried in the balance sheet at Euro 3.3 million.

La Doria USA Inc (directly controlled 100%), incorporated on July 20, 2016 with the strategic objective for the medium-term commercial expansion in the US market which offers considerable development prospects, in particular for the ready-made sauces range. The share capital and net equity amount respectively to USD 2,000 and USD 18,000. The investment is carried in the balance sheet at Euro 19,452.

Investments in other companies

TFC S.p.A. (direct holding of 15.29%). At December 31, 2015, the share capital amounted to Euro 260 thousand and the shareholders’ equity was Euro 2.3 million. Revenues amounted to 769 thousand, with a net profit of Euro 347 thousand. The investment is recorded in the accounts for Euro 209 thousand.

The financial statements of the subsidiaries were prepared in accordance with IFRS/EU accounting standards utilised for the consolidation. The figures of the associated company TFC S.p.A. were prepared in accordance with Italian accounting standards.

Transactions with subsidiary companies

The following transactions took place in the year with the subsidiaries LDH (La Doria) Ltd and Eugea Mediterranea S.p.A.:

Balance sheet transactions

Current Receivables (Euro/000)	31/12/2016	31/12/2015
Financial receivables	-	-
Trade receivables	23.955	22.310
Doubtful debt provision	-	-
Others	649	1.516
TOTAL	**24.604**	**23.826**

Non-current Receivable (EURO/000)	31/12/2016	31/12/2015
Other Receivables	456	1.007
TOTAL	**456**	**1.007**

Current Payables (EURO/000)	31/12/2016	31/12/2015
Financial payables	-	-
Trade payables	9.859	13.503
Others	-	0
TOTAL	**9.859**	**13.503**
Guarantees	29.436	27.311

Income Statement (EURO/000)	31/12/2016	31/12/2015
Revenues	98.816	108.799
Other revenue	333	827
Financial income	-	398
Dividends	3.573	3.672
Costi	(21.124)	(25.825)
Other costs	(4.614)	(5.368)
Financial Charges	(70)	-
TOTAL	**76.914**	**82.503**

The above commercial transactions, in substance and form, took place at market conditions and were entered into solely in order to fulfil the strategic and trading objectives of the company.

The information relating to inter-group transactions is provided in accordance with CONSOB Regulation concerning related parties approved with resolution No.17221 of March 12, 2010, subsequently modified with resolution No.17389 of 23.06.2010. For further information reference should be made to the notes to the financial statements.

Transactions with other related parties

The following transactions with other related parties took place:

Balance sheet transactions

Current Receivables (EURO/000)	31/12/2016	31/12/2015
Financial receivables	-	-
Trade receivables	110	107
Doubtful debt provision	-	-
Others	-	-
TOTAL	**110**	**107**

Current Payables (EURO/000)	31/12/2016	31/12/2015
Financial payables	-	-
Trade payables	5	2
Others	94	503
TOTAL	**99**	**505**

Income statement transactions

Income Statement (EURO/000)	31/12/2016	31/12/2015
Revenues	302	333
Other revenue	-	-
Proventi finanziari	-	0
Costs	(10)	(10)
Other costs	(1.640)	(1.764)
TOTAL	**(1.348)**	**(1.441)**

Tax situation

An updated summary of the tax dispute in progress with the relative allocations to the "Risks Provision" is outlined below:

- for the Assessment concerning the fiscal year 2005, for IRES-IRAP and VAT, the Company previously provisioned Euro 1,054,964.00 to the taxes, penalties and interest risk provision. The Company appeal to the Naples Provincial Tax Court was heard on June 13, 2011. With decision of the President of the Commission, the Appeal was again discussed on October 29, 2012. Through judgment No. 174, filed on March 18, 2013, the Commission partially accepted the appeal relating to the recovery of taxation of Euro 213,492.00, rejecting the remainder and reimbursement of expenses. On October 30, 2013, with hearing on November 21, 2013, the Company appealed to the Campania Regional Tax Court, requesting a reform of the decision. With Judgement No. 6434/31/14 of June 16, 2014, filed on June 24, 2014, the Regional Tax Commission partially accepted the appeal of the Company, cancelling the taxation recovery for IRES purposes of Euro 677,051.35; the recovery of taxation for IRAP purposes of Euro 556,901.93 and declared the recovery of VAT for Euro 169,600.01 as inapplicable. The Commission in addition rejected the incidental appeal presented by the Agency. The Tax Agency appealed the judgements to the Court of Cassation, with Certified Email notification on February 9, 2015. The company, which appointed the Cantillo Legal Firm as representation, was called before the court, producing counter arguments and an incidental appeal. The provision previously made, following the first and second level decisions of Euro 1,105,758 were increased by a further Euro 23.798 for interest matured in 2016;

- for the Assessment relating to 2006, the company appeal to the Naples Provincial Tax Court was discussed on November 6, 2012 at section No. 22. The Commission, with judgment No. 84/22/13, filed on February 19, 2013, partially accepted the appeal, confirming the recovery of IRES and IRAP taxes for a total assessable amount of Euro 663,190. With notification of October 1, 2013, the Tax Agency, Campania section, appealed, requesting reform of the judgment. On November 29, 2013, the company produced a counter claim and an appeal for the rejection of the sections appeal and reform of the appealed judgment for the part concerning the liability of the Company. With judgement No. 44/52/15 of November 26, 2014, filed on January 7, 2015, the Regional Commission rejected the Appeal of the Agency, reducing the VAT penalty Euro 9,394.80 for non-application of the Reverse Charge. The Regional Commission, with the above-stated judgment, also considered the first incidental appeal motive of the Company as unfounded, concerning the partial impropriety of the declaration for infringement of the conditions, rejecting the second appeal incidental appeal motive proposed concerning the irregularity of the recovery of prior year taxes of Euro 57,875.74, rejected by the first level judge. The Tax Agency appealed the judgements to the Court of Cassation, with Certified Email notification on July 7, 2015. The company, which appointed the Cantillo Legal Firm as representation, was called before the court, producing counter arguments and an incidental appeal. The previous Risk Provision of Euro 373,017 was increased by Euro 5,868 for interest matured in 2016;

- on November 16, 2012, an Assessment for 2007 was notified for higher IRES and IRAP of Euro 1,326,238.84 and higher VAT of Euro 175,962.36. Following the Assessment, the Company on January 14, 2013 produced customary and timely appeal at the Naples Provincial Tax Court, with hearing on January 25, 2013, raising the illegality and unfounded nature of a number of recovery claims based on settlements made by other parties. On May 20, 2013, the appeal was discussed at section No. 19 of the Provincial Tax Court. The Commission has reserved judgment. On November

20, 2013 judgment No. 688 was filed, with which the Commission accepted the appeal concerning the illegality of taxation for IRES and IRAP on the assessable amount of Euro 466,394 concerning leasing payments and the non-deductibility of VAT properly charged on such payments for Euro 175,962, rejecting the further issues presented by the Company. On July 18, 2014, following the Appeal proposed by the Agency, the Company presented a counter appeal. The Regional Tax Commission of Naples with Judgment No. 6383/44/15 of May 21, 2015, filed on June 25, 2015 rejected the principal appeal of the Agency and the incidental appeal of the company. The Tax Agency appealed the judgements to the Court of Cassation, with notification on February 28, 2016. The company, which appointed the Cantillo Legal Firm as representation, was called before the court, producing counter arguments and an incidental appeal. The previous Risks Provision of Euro 126,800 was increased by Euro 2,200 for interest matured in 2016;

- on November 15, 2011, the Company was notified of a TARSU (waste disposal tax) Assessment for the years between 2006 and 2011. The Assessment, issued by SO.G.E.T. S.p.A., an agent of the Angri Municipality, provides for the relevant years the payment of a total tax of Euro 2,430,000, in addition to penalties and interest for Euro 1,717,000. Considering the assessment unfounded, also based on the procedure implemented by the Municipality for the awarding of the license, the Company appealed to the Regional Administrative Court and the Salerno Provincial Tax Court. The hearing took place on July 4, 2012 and the Commission with judgment No. 172/4/2013 filed on March 11, 2013 accepted the appeal, judging reimbursement of expenses also against SO.G.E.T. S.p.A.. The Regional Administrative Court has not yet announced judgment on the appeal made by the Company. On October 15, 2013, the Angri Municipality appealed to the Campania Regional Tax Court, requesting an overturn of judgment No. 172/4/13. The service agent SO.G.E.T. S.p.A. also, on October 25, 2013 appealed to the Campania Regional Tax Court, requesting reform of judgment 172/4/13. Against the appeals, the company on December 30, 2013 filed a counterclaim and requested rejection of the proposed appeals, with confirmation of judgment No. 172/4/13. The Naples CTR, Salerno District, with judgement No. 6585/16, pronounced on June 1, 2016, filed on July 8, 2016, substantially rejected the appeals proposed by SO.G.E.T. S.p.A. and the Municipality of Angri establishing the taxable surface for TARSU purposes as 5,964 s. mq., for the years from 2006 to 2010, and 5,327 s. mq. for the year 2011 for a total amount due by the company of Euro 231,104.44. Against this judgement, SO.G.E.T. S.p.A. appealed to the Cassation Court notified through registered e-mail on February 14, 2017.

  The company, appointed the Law Firm Studio Legale Avv. Ettore De Rosa to appeal the decision.

  Despite the confirmed lack of grounds of the case brought, considering the appeal to the Cassation Court proposed, the Company did not change the previous Risks Provision of Euro 1,613,797;

- on December 6, 2013, the Company was notified of the Assessments issued by SO.G.E.T. S.p.A., the Sarno Municipality agent, for TARSU (waste disposal tax) concerning the years between 2008 and 2012, with a total assessment, for tax, penalties and interest of Euro 7,470,367. Rejecting the assessment as unfounded and illegitimate, the company on February 5, 2013 proposed separate appeals to the Salerno Provincial Tax Court, citing the unfounded and illegitimate nature of the Assessments, requesting their cancellation. On March 26, 2014, the company requested the hearing be brought forward. On July 2, 2014, with judgment No. 95/04/14, filed on January 16, 2015, the Commission accepted the appeal produced by the Company, cancelling the cited Assessments. The service agent SO.G.E.T. SpA appealed to the Campania Regional Tax

Court, requesting reform of judgment 95/04/14. The Naples CTR, Salerno District, with judgement No. 11744, pronounced on November 14, 2016 and filed on December 22, 2016, rejected the appeal of SO.G.E.T. S.p.A., thus confirming the CTP sentence which cancelled the assessments.

Despite the confirmed lack of grounds of the case brought, the Company did not change the previous Risks Provision of Euro 1,083,533;

- in relation to the IRES – IRAP dispute concerning the years 2003 and 2004, the Tax Authorities appealed to the Court of Cassation against the Campania Provincial Court judgment which rejected the Agency's appeal of the overturning of the previous judgment of the Salerno Provincial Tax Court. The company counter-claimed within the established timeframe. In relation to the VAT dispute concerning the years 2001/2004, the Tax Authorities appealed to the Court of Cassation against the Campania Provincial Court judgment which rejected the Agency's appeal of the overturning of the previous judgment of the Salerno court. The company counter-claimed within the established timeframe.

On December 28, 2016, a notice of assessment was received for the tax year 2011 requesting higher IRES corporation tax for Euro 136,326 and sanctions for Euro 122,693.

On February 17, 2017, the Company presented an agreed settlement application.

At December 31, 2016, against this assessment a provision was recorded in the accounts totalling Euro 283,769.

The years still open to assessments:

– IRES – IRAP 2012 – 2015;

– VAT 2012 – 2015.

Allocation of the 2016 result

In relation to the net profit of Euro 16,109,000 the following allocation is proposed:

- 5% to the Legal Reserve - Euro 805,450;
- gross dividend to be distributed to the shareholders of Euro 18 cents per share, Euro 5,580,000;
- to the retained earnings reserve, the residual Euro 9,723,550.

Treasury shares

The Parent Company in 2016 did not acquire or sell treasury shares. At December 31, 2016, the Company does not hold any treasury shares.

Share performance

An analysis of the share performance in 2016 shows an average annual daily price of Euro 10.78 (Euro 12.41 in 2015). The lowest price was Euro 7.05 on November 16, 2016, while the highest price was Euro 13.27 on March 16, 2016. The average daily volume traded in 2016 was 61,038 (161,413 average daily volume traded in 2015).

From February 18, 2016, the La Doria share, although remaining on the STAR segment which hosts Companies meeting high liquidity, transparency and corporate governance requirements, transferred from the *FTSE Italia Small Cap* index to the *FTSE Italia Mid Cap,* having met the float and liquidity requirements.

Information in accordance with Article 2428, paragraph 5 of the Civil Code

La Doria S.p.A. does not have any secondary offices.

Other information

In relation to use by the Group of financial instruments in relation to the evaluation of the balance sheet, financial situation and result for the year, reference is made to the paragraph "Information relating to financial instruments".

Atypical and/or unusual operations

There were no atypical and/or unusual transactions carried out in the year.

Outlook

In relation to the forecasts for the Parent Company for the year 2017, reference should be made to the comments for the Group.

ATTACHMENTS TO THE DIRECTORS' REPORT

LA DORIA GROUP - RECLASIFIED CONSOLIDATED BALANCE SHEET				
Euro/000	**31.12.2016**		**31.12.2015**	
		of which related parties		*of which related parties*
Trade receivables	103.915	110	107.683	107
Inventories	186.964		199.796	
Other current receivables	14.171		13.337	
Total current assets	305.050		320.816	
Trade payables	101.448	5	100.113	2
Other payables	24.951	94	29.180	503
Total current liabilities	126.399		129.293	
WORKING CAPITAL	**178.651**		**191.523**	
Net intangible assets	10.027		10.605	
Net tangible assets	143.915		143.305	
Investments	242		234	
Other assets	19.155		23.448	
FIXED ASSETS	**173.339**		**177.592**	
Non-current liabilities	24.514		25.614	
Post-employment benefits & pensions	13.820		15.053	
Total non-current liabilities	38.334		40.667	
NET CAPITAL EMPLOYED	**313.656**		**328.448**	
Liquidity	(62.776)		(77.939)	
Short-term debt	61.475		91.357	
Medium/long term debt	106.128		116.634	
NET FINANCIAL POSITION	**104.827**		**130.052**	
Share capital	208.759		198.403	
Reserves + Net Profit	70		(7)	
TOTAL SHAREHOLDERS` EQUITY	**208.829**		**198.396**	

LA DORIA GROUP - RECLASSIFIED CONSOLIDATED INCOME STATEMENT						
	31.12.2016			31.12.2015		
in EURO/000			*of which related parties*			*of which related parties*
Revenues	**653.131**	**100,0%**	302	**748.314**	**100,0%**	333
Change in finished and semi-finished products	(3.294)	-0,5%		(18.359)	-2,5%	
Other revenues	9.696	1,5%		10.554	1,4%	
Value of production	**659.533**	**101,0%**		**740.509**	**99,0%**	
Costs of production	551.762	84,5%	950	609.057	81,4%	1.074
Value added	**107.771**	**16,5%**		**131.452**	**17,6%**	
Labour costs	51.480	7,9%	700	53.854	7,2%	700
Gross operating profit	**56.291**	**8,6%**		**77.598**	**10,4%**	
Amortisation, depreciation and write-downs	16.377	2,5%		16.635	2,2%	
Net operating profit	**39.914**	**6,1%**		**60.963**	**8,1%**	
Net financial charges	(2.651)	-0,4%(		(3.556)	-0,5%	
Net exchange gains	8.894	1,4%		3.556	0,5%	
Profit from normal operations	**46.157**	**7,1%**		**60.963**	**8,1%**	
Gain/(loss) from discontinued operations	0	0,0%		0	0,0%	
Profit before taxes	**46.157**	**7,1%**		**60.963**	**8,1%**	
Income taxes	12.438	1,9%		16.129	2,2%	
Net profit	**33.719**	**5,2%**		**44.834**	**6,0%**	
of which Group	33.723	**5,2%**		44.833	6,0%	
Minorities	(4)	0,0%		1	0,0%	

Reconciliation between Parent Company and Consolidated (Euro/000)				
	Net Profit		Net Equity	
	2015	**2016**	**2015**	**2016**
Balances as per parent company	28.028	16.109	158.189	165.474
Result and Equity of subsidiaries	20.704	13.130	134.694	72.604
Elimination dividends of subsidiaries	(3.362)	(3.573)	-	-
Elimination inventory intercompany margins	(458)	1.634	(3.125)	(1.491)
Adjust. Fruit CGU Goodwill	-	2.584	(2.584)	-
Exchange gains on payable for acq. minority share LDH	-	4.151	-	4.151
Other consolidation adjustments	(78)	(316)	217	(100)
Elimination investments	-	-	(73.955)	(9.354)
Recognition payable for acq. minority share LDH	-	-	(29.064)	(30.619)
Diff. PaFiaL Goodwill due to brands, deferred taxes	-	-	14.024	8.164
Balances as per group consolidation	**44.834**	**33.719**	**198.396**	**208.829**

LA DORIA SPA -RECLASSIFIED BALANCE SHEET			
Euro/000	**31.12.2016**	**31.12.2015 Restatement**	**31.12.2015 Proforma Restatement**
Trade receivables	77.440	66.019	82.682
Inventories	140.739	133.593	150.066
Other current receivables	10.084	8.389	9.776
Total current assets	**228.263**	**208.001**	**242.524**
Trade payables	74.218	62.075	74.026
Other payables	12.307	11.757	14.677
Total current liabilities	86.525	73.832	88.703
WORKING CAPITAL	**141.738**	**134.169**	**153.821**
Net intangible assets	7.283	1.591	7.677
Net tangible assets	137.809	98.132	136.432
Investments	9.593	74.186	9.497
Other assets	8.577	12.807	23.154
FIXED ASSETS	**163.262**	**186.716**	**176.760**
Non-current liabilities	23.374	16.176	22.588
Post-employment benefits & pensions	13.418	13.094	16.416
Total non-current liabilities	36.792	29.270	39.004
NET CAPITAL EMPLOYED	**268.208**	**291.615**	**291.577**
Liquidity	(34.389)	(38.785)	(46.593)
Short-term debt	30.995	55.577	55.593
Medium/long term debt	106.128	116.634	116.634
NET FINANCIAL POSITION	**102.734**	**133.426**	**125.634**
Share capital	42.780	42.780	42.780
Reserves + Net Profit	122.694	115.409	123.163
TOTAL SHAREHOLDERS` EQUITY	**165.474**	**158.189**	**165.943**

LA DORIA SPA - RECLASSIFIED INCOME STATEMENT						
Euro/000	31.12.2016		31.12.2015 Restatement		31.12.2015 Restatement Proforma	
Revenues	**409.296**	**100,0%**	**372.705**	**100,0%**	**451.643**	**100,0%**
Change in finished and semi-finished products	(7.756)	-1,9%	(5.692)	-1,5%	(6.778)	-1,5%
Other revenues	9.501	2,3%	8.424	2,3%	8.930	2,0%
Value of production	**411.041**	**100,4%**	**375.437**	**100,7%**	**453.795**	**100,5%**
Costs of production	328.718	80,3%	294.403	79,0%	350.284	77,6%
Value added	**82.323**	**20,1%**	**81.034**	**21,7%**	**103.511**	**22,9%**
Labour costs	42.402	10,4%	33.342	8,9%	43.174	9,6%
Gross operating profit	**39.921**	**9,8%**	**47.692**	**12,8%**	**60.337**	**13,4%**
Amortisation, depreciation and write-downs	17.953	4,4%	11.981	3,2%	15.075	3,3%
Net operating profit	**21.968**	**5,4%**	**35.711**	**9,6%**	**45.262**	**10,0%**
Investment income	3.573	0,9%	3.672	1,0%	3.672	0,8%
Net financial charges	(2.863)	-0,7%	(3.703)	-1,0%	(3.728)	-0,8%
Net exchange gains	2.346	0,6%	2.904	0,8%	2.587	0,6%
Profit from normal operations	**25.024**	**6,1%**	**38.584**	**10,4%**	**47.793**	**10,6%**
Gain/(loss) from discontinued operations	0	0,0%	0	0,0%	0	0,0%
Profit before taxes	**25.024**	**6,1%**	**38.584**	**10,4%**	**47.793**	**10,6%**
Income taxes	8.915	2,2%	10.556	2,8%	12.614	2,8%
Net profit	**16.109**	**3,9%**	**28.028**	**7,5%**	**35.179**	**7,8%**

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH EU/IFRS ACCOUNTING STANDARDS

LA DORIA GROUP- Consolidated 31.12.2016					
BALANCE SHEET in Euro/000 **ASSETS**	**NOTE**	**31.12.2016**	*of which related parties*	**31.12.2015**	*of which related parties*
NON-CURRENT ASSETS					
intangible assets	1	10.027		10.605	
Property, plant & equipment	2	143.915		143.305	
Goodwill	3	12.382		15.443	
Other investments	4	242		234	
Other non-current financial assets	5	80		0	
Deferred Tax Assets	6	6.206		6.909	
Other non-current assets	7	487		1.096	
TOTAL NON-CURRENT ASSETS		**173.339**		**177.592**	
CURRENT ASSETS					
Inventories	8	186.964		199.796	
Trade receivables	9	103.915	110	107.683	107
Other assets	10	4.855		7.705	
Tax receivables	11	9.316		5.632	
Other financial assets	12	11.794		4.133	
Cash and cash equivalents	13	62.776		77.939	
TOTAL CURRENT ASSETS		**379.620**		**402.888**	
TOTAL ASSETS		**552.959**		**580.480**	

LA DORIA GROUP- Consolidated 31.12.2016					
BALANCE SHEET in Euro/000 **LIABILITIES**	**NOTE**	**31.12.2016**	*of which related parties*	**31.12.2015**	*of which related parties*
SHAREHOLDERS' EQUITY					
Share capital	14	42.780		42.780	
Reserves and retained earnings	15	132.256		110.790	
Net profit	16	33.723		44.833	
Group Net Equity	17	208.759		198.403	
Minority interest	18	70		(7)	
TOTAL SHAREHOLDERS' EQUITY		208.829		198.396	
NON-CURRENT LIABILITIES					
Financial payables	19	106.128		116.634	
Other non-current liabilities	20	8.701		9.380	
Post-employment benefit and pension provision	21	4.348		4.440	
Deferred tax liabilities	22	15.813		16.234	
Provisions for risks and charges	23	9.472		10.613	
TOTAL NON-CURRENT LIABILITIES		144.462		157.301	
CURRENT LIABILITIES					
Financial payables	24	73.269		95.490	
Trade payables	25	101.448	5	100.113	2
Tax payables	26	3.934		7.857	
Other current liabilities	27	21.017	94	21.323	503
TOTAL CURRENT LIABILITIES		199.668		224.783	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		552.959		580.480	

LA DORIA GROUP- Consolidated 31.12.2016					
INCOME STATEMENT in Euro/000	**NOTE**	**31.12.2016**	*of which related parties*	**31.12.2015**	*of which related parties*
Revenues	**28**	**653.131**	302	**748.314**	333
Other operating revenues	**29**	**9.696**		**10.554**	
Changes in inventory	**30**	**(5.506)**		**(17.801)**	
of which: Finished and Semi-finished		(3.294)		(18.359)	
of which: Raw materials		(2.212)		558	
Purchase of raw materials and goods	**31**	**461.627**		**516.972**	
Services	**32**	**76.910**	950	**83.399**	1.074
Labour costs	**33**	**51.480**	700	**53.854**	700
Other operating charges	**34**	**11.013**		**9.244**	
Amortisation, depreciation, write-downs and provisions	**35**	**16.377**		**16.635**	
OPERATING PROFIT		**39.914**		**60.963**	
Financial income	**36**	**22.977**		**17.147**	
Financial charges	**37**	**16.734**		**17.147**	
Profit before taxes from normal operations		**46.157**		**60.963**	
Income taxes	**38**	**12.438**		**16.129**	
Net profit from normal operations		**33.719**		**44.834**	
Gain/loss from discontinued operations		**0**		**0**	
Net profit		**33.719**		**44.834**	
of which:					
Group profit		33.723		44.833	
Minority interest profit		(4)		1	

Earnings per share – basic and diluted	**31.12.2016**	**31.12.2015**
Number of shares net of treasury shares	31.000.000	31.000.000
Profit/(loss) of the group per share	1,09	1,45

LA DORIA GROUP- Consolidated 31.12.2016

COMPREHENSIVE INCOME STATEMENT (in Euro/000)	NOTE	31.12.2016	31.12.2015
Net profit for the year (Group and minority interest)		**33.719**	**44.834**
Other comprehensive income items			
Net profit for the year (Group and minority interest)			
Change in translation reserve of foreign subsidiaries	**16**	(9.773)	3.087
Change in cash flow hedge reserve net of tax effect of Euro 208 thousand at December 31, 2016 and Euro 373 thousand at December 31, 2015	**16**	(621)	2.367
Change in IAS 39 reserve option LDH		0	
Total items which may be recognised to the income statement in subsequent periods		**(10.394)**	**5.454**
Items which may not be recognised to the income statement in subsequent periods			
Change in IAS 19 reserve: "Premeasurement of employee benefits"	**20**	(55)	227
Total items which may not be recognised to the income statement in subsequent periods		**(55)**	**227**
Comprehensive profit for the year		**23.270**	**50.515**
Pertaining to:			
- Group		23.274	50.515
- Minority interest		(4)	0

Cash Flow Statement
in Euro/000

	NOTE	31-dic-2016	*of which related parties*		31-dic-2015	*of which related parties*	
Operating activities							
Cash Flow							
Group and minority interest profit		33.719			44.834		
Depreciation and write-downs of tangible assets		11.797			11.733		
Amortisation and write-downs of intangible assets		3.863			992		
Total cash flow		**49.379**			**57.559**		
Changes in deferred tax assets and liabilities		282			(5.034)		
Post-employment benefits and other benefits:							
Provisions/(utilisations)		(147)			(575)		
Provisions for risks and charges:							
Provisions/(utilisations)		(1.141)			2.230		
Financial income		(5.663)			(363)		
Total cash flow before changes in net working capital		**42.710**			**53.817**		
Working capital							
Change in trade receivables		3.768	3		(7.351)	27	
Change in inventories		12.832			13.145		
Change in other current assets		(834)			6.283		
Change in trade payables		1.335	3		(10.817)	0	
Change in tax payables		(3.923)			(1.740)		
Change in other current liabilities		(306)			(1.821)	58	
Translation differences		(9.773)	(408)		3.087		
Change in working capital		**3.099**			**786**		
Cash generated from operating activities	39		**45.809**	(a		**54.603**	(a
Investing activities							
Divestments/(investment) in tangible fixed assets		(12.407)			(8.392)		
Divestments/(investment) in intangible fixed assets		(3.285)			(1.011)		
Disposal of other non-current assets		190			419		
Goodwill		3.061			(133)		
Equity investments net of divestments		(96)			(5.198)		
Interest received		5.663			363		
Cash generated/(absorbed) from investment activity	39		**(6.874)**	(b		**(13.952)**	(b
						0	
Financing activities							
Medium/long term loans		(10.586)			22.724		
Change in short-term bank debt		(32.058)			(20.738)		
Dividends paid		(11.474)	(5.468)		(9.264)	(4.297)	
Change in purchase and sale of treasury shares		0			3.490		
Cash generated/(absorbed) from financing activity	39		**(54.118)**	(c		**(3.788)**	(c
Cash La Doria Usa			**20**	(d		0	(d
				(15.163) **(a+b+c+d)**			**36.863** **(a+b+c+d)**
Changes in net cash position							
Cash and cash equivalents at beginning of year		77.939			41.076		
Cash and cash equivalents at end of year		62.776			77.939		
Of which due to the translation effect		*(4.691)*			1.783		
		(15.163)			**36.863**		

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in Euro/000	GROUP							
	share capital	share premium reserve	legal reserve	other (+) reserve	Reserve IAS 39	Reserve IAS 32	Reserve IAS 19	other profit reserve
Balance at 01.01.2016	**42.780**	**15.327**	**3.381**	**11.511**	**446**	**9.807**	**188**	**67.673**
Dividends								(11.474)
Allocation of 2015 result								44.833
Other LDH changes								(57)
Reclassifications								(81)
Change in IAS 39 (other comprehensive income)					(621)			
Change in translation reserve (other comprehensive income)								
Other changes Pafial Group								260
LDH options valuation								(1.555)
Change IAS 19 reserve (other comprehensive income)							(55)	
Purchase minority interest Eugea								(11)
Profit 2016								
Balance at 31.12.2016	**42.780**	**15.327**	**3.381**	**11.511**	**(175)**	**9.807**	**133**	**99.588**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

in Euro/000	GROUP				MIN. INTEREST			
	consol. reserve	translationre-serve	result for the year	Group net equity	Min. Int. capital & reserves	Min. Int. result	Min. Int. net equity	Total net equity
Balance at 01.01.2016		**2.457**	**44.833**	**198.403**	**(8)**	**1**	**(7)**	**198.396**
Dividends				**(11.474)**				**(11.474)**
Allocation of 2015 result			**(44.833)**		**1**	**(1)**		**0**
Other LDH changes				**(57)**				**(57)**
Reclassifications				**(81)**		81	**81**	**0**
Change in IAS 39 (other comprehensive income)				**(621)**				**(621)**
Change in translation reserve (other comprehensive income)		(9.733)		**(9.773)**				**(9.773)**
Other changes Pafial Group				**260**				**260**
LDH options valuation				**(1.555)**				**(1.555)**
Change IAS 19 reserve (other comprehensive income)				**(55)**				**(55)**
Purchase minorityi nterest Eugea				**(11)**				**(11)**
Profit 2016			**33.723**	**33.723**		(4)	(4)	**33.719**
Balance at 31.12.2016	**-**	**(7.316)**	**33.723**	**208.759**	**(7)**	**77**	**70**	**208.829**

in Euro/000	GROUP							
	share capital	share premium reserve	legal reserve	other (+) reserve	Reserve IAS 39	Reserve IAS 32	Reserve IAS 19	Retained earnings
Balance at 01.01.2015	**42.243**	**15.327**	**3.381**	**11.511**	**(1.290)**	**7.732**	**(39)**	**56.669**
Dividends								(6.820)
Allocation of 2014 result								24.953
Purchase/Sale of treasury shares	537					2.069		884
Purchase minority interest LDH								(1.246)
Elimination equity minority interest LDH								
Reclassifications					(631)	6		625
Change in IAS 39 (other comprehensive income)					2.367			
Change in translation reserve (other comprehensive income)								
LDH options valuation								(7.391)
Change IAS 19 reserve (other comprehensive income)							227	
Profit 2015								
Balance at 31.12.2015	**42.780**	**15.327**	**3.381**	**11.511**	**446**	**9.807**	**188**	**67.673**

PROSPETTO DELLE VARIAZIONI DEL PATRIMONIO NETTO

in Euro/000	GRUPPO				TERZI			
	consol. reserve	translation reserve	result for the year	Group net equity	Min. Int. capital & reserves	Min. Int. result	Min. Int. net equity	Total net equity
Balance at 01.01.2015		(630)	24.953	159.856	23.083	4.978	28.061	187.917
Dividends				(6.820)	(2.444)		(2.444)	(9.264)
Allocation of 2014 result			(24.953)		4.978	(4.978)		
Purchase/Sale of treasury shares				3.490				3.490
Purchase minority interest LDH				(1.246)	(3.952)		(3.952)	(5.198)
Elimination equity minority interest LDH				0				0
Reclassifications								0
Change in IAS 39 (other comp. income)				2.367				2.367
Change in translation reserve (other comprehensive income)		3.087		3.087				3.087
LDH options valuation				(7.391)	(21.673)		(21.673	(29.064)
Change IAS 19 reserve (other comprehensive income)				227				227
Profit 2015			44.833	44.833		1	1	44.834
Balance at 31.12.2015		2.457	44.833	198.403	(8)	1	(7)	198.396

LA DORIA GROUP EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

EXPLANATORY NOTES TO THE 2016 CONSOLIDATED FINANCIAL STATEMENTS OF THE LA DORIA GROUP

1. GENERAL ASPECTS

La Doria S.p.A. (hereafter "the Company" or "La Doria" or the "Parent Company") and its subsidiaries (hereafter "the Group") operate in the production and marketing of food products particularly in the vegetable and juices processing sector. The Group operates from seven production sites and markets its products in Italy and abroad, principally in the United Kingdom, Japan, Australia and in the Scandinavian countries. La Doria is listed on the Star segment of the Italian Stock Exchange. The present consolidated financial statements were approved by the Board of Directors on March 15, 2017, which authorised their publication on the same date, and were audited by Deloitte & Touche S.p.A.. Filing at the registered office and the competent authorities is carried out in accordance with law. The consolidated financial statements were prepared based on the IFRS compliant financial statements at December 31, 2016 prepared by the individual Board of Directors of the companies consolidated. For significant events in 2016 and after the year-end reference should be made to the Directors' Report.

2. CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The present consolidated financial statements at December 31, 2016 comprise the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity and the Notes and were prepared in accordance with International Accounting Standards approved at the date of the present consolidated financial statements by the European Commission, hereafter "IAS/IFRS" supplemented by the relative interpretations (Standing Interpretations Committee "SIC" and International Financing Reporting Interpretations Committee "IFRIC") issued by the International Accounting Standard Board (IASB), as well as the provisions of Article 9 of Legislative Decree No. 38 of February 28, 2005. The standards and the accounting principles applied to the present consolidated financial statements are in line with those utilised for the preparation of the consolidated financial statements at December 31, 2015. From January 1, 2016, some amendments were made to the international accounting standards, as commented upon below. The principal changes are outlined in the subsequent paragraph "Form of the financial statements". However, the section "Effects of the changes to the accounting principles adopted" summarises also the accounting standards currently being approved by the European Union, not yet applied by the Group and the accounting standards not yet in force. The general principle adopted in the preparation of the financial statements is the cost method, with the exception of the derivative instruments and some financial assets, for which IAS 39 is obligatory or - limited to financial assets - valuation in accordance with the fair value method is permitted. The financial statements are expressed in thousands of Euro, except where otherwise indicated. The present Consolidated Financial Statements of the Group were prepared with clarity on a going concern basis, based on the current performance and the future business plans approved by the Board and reflect in a true and fair manner the balance sheet, financial position and result of the company for the year. They are based on the accounting of the Group companies, which fully reflect the operations carried out in the year. The present Financial Statements, in addition, were prepared applying the fundamental principles of the accounting policies adopted and in particular:

- the accruals principle: the recognition of events and operations on occurrence rather than upon the receipt of the related payments;
- the principle of materiality: in the recording of operating events, ma-

teriality is placed upon economic substance rather than form.

The valuation of asset and liability items was made referring, where necessary, to estimates based on reliable information, past experience and all information available at the preparation date of the financial statements.

FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

Relating to the form of the financial statements adopted for the present consolidated financial statements the Parent Company opted for the following presentation of the financial statements.

Balance Sheet

The Balance Sheet s prepared with separate indications of the Assets, Liabilities and Shareholders' Equity. The Assets and the Liabilities are classified as current and non-current.

Income Statement

The Income Statement is presented by the nature of the expenses.

Comprehensive Income Statement

The Comprehensive Income Statement is presented in a separate document, as permitted by IAS 1.

Cash Flow Statement

The Cash Flow Statement is prepared applying the indirect method.

Statement of changes in Shareholders' Equity

The Statement of changes in Shareholders' Equity is prepared in accordance with IAS 1. In addition, the following tables are an integral part of the notes to the consolidated financial statements:

• Intangible Assets at December 31, 2016 (**Table A**);

• Net Tangible Assets and accumulated depreciation at December 31, 2016 (**Tables B, B1 and B2**);

• Investments in Companies directly and indirectly held (**Table C and C1**);

• Remuneration paid to Directors, Statutory Auditors, the General Manager and Management of the Parent Company and subsidiaries and the Independent Audit Company of La Doria SpA and the subsidiary companies (**Tables D, E and F**), based on Consob Communication No. DEM/11012984 of 24-2-2011 concerning indemnity in the case of the advance conclusion of employment and disclosure on remuneration in accordance with Article 78 of Regulation No. 11971 of May 14, 1999 and subsequent amendments;

• Statements relating to the management of risks in accordance with IFRS 7 (**Tables 1 to 12**).

CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at December 31, 2016 include the financial statements of the Parent Company La Doria S.p.A. and of the companies included in the consolidation scope of the La Doria Group, prepared in accordance with IFRS. These companies are listed in the following table, together with the consolidation percentage:

Company	Registered office	Share Capital	Shareholding	Consolid. Share
La Doria S.p.A.	Via Nazionale, 320 84012 Angri (Salerno)	Euro/000 42.780	Capogruppo	Capogruppo
Eugea Mediterranea S.p.A.	Strada Consorziata s.n. 85024 Gaudiano di Lavello	Euro/000 1.500	98,67%	98,67%
LDH (La Doria) LTD	519 North Gate - Alconbury Airfield - Alconbury Huntingdon - Cambridgeshire PE28 4WX	GBP/000 1000	58,00%	100,00%
La Doria USA Inc.	5 West 19th Street, 10th Floor, New York, NY 10011	USD/000 2	100,00%	100,00%

Compared to December 31, 2015 the consolidation scope altered due to the incorporation of the new company La Doria USA Inc. with registered office in the United States and a wholly-owned subsidiary of La Doria S.p.A.. Similar to the year 2015, the English subsidiary LDH (La Doria) Ltd (hereafter "LDH"), and the sub-group to which it belongs, is consolidate 100% (Note 24), although La Doria holds only 58.0% of LDH's share capital (57.9% at December 31, 2015). This is due to the fact that the contract in place with the minority shareholders of LDH was considered to transfer to La Doria S.p.A. the risks related to the minority holdings. In addition, also within the Group, although not resulting in a change in the consolidation scope, the merger, approved by the Board of Directors of La Doria S.p.A. on October 8, 2015, took place of the companies Althea S.p.A., Delfino S.p.A. and Pa.Fi.Al. Srl into the Parent Company, La Doria S.p.A., effective as of January 1, 2016. In particular, there are two types of companies included in the consolidation:

a) Food processing companies, in particular canned foods, ready-made sauces and fruit juices: La Doria S.p.A., Parent Company and Eugea Mediterranea S.p.A., which is 98.34% owned.

b) Marketing companies: LDH (La Doria) LTD which is 58.0% owned by the Parent Company and its subsidiaries.

CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

Investments in subsidiaries

The companies in which La Doria S.p.A. exercises control, either due to direct shareholding or the indirect holding of the majority of the voting rights, having the power to determine the financial and operating choices of the company, are consolidated using the line-by-line method. The subsidiaries are consolidated through the line-by-line method, according to which:

- The assets and liabilities and the income and charges are fully included in the consolidated financial statements.

- The book value of investments is eliminated against the corresponding share of the net equity of the subsidiaries, allocating to the individual assets and liabilities their present value at the date of the acquisition of control. Any residual difference, if positive, is recorded in the asset account "Goodwill"; if negative, this is credited to the income statement.

- The minority interest net equity and net profit are recognised to specific accounts; under IFRS the minority interest share of net equity is calculated according to the present values of assets and liabilities at the acquisition of control date.

- The dividends, write-backs, write-downs and impairments on investments in companies included in the consolidation scope, in addition to the gains, losses and inter-company disposals of investments in companies included in the consolidation scope are eliminated.

- The amounts resulting from operations between consolidated companies are eliminated, in particular in relation to receivables and payables at the balance sheet date, as are costs and revenues as well as other charges and income recognised in the income statement. Gains and losses realised between consolidated companies with the related tax adjustments are also excluded. The gains and losses from operations with minority interests are recorded when significant in the income statement using the "parent theory" for these operations.

All the subsidiaries are included in the consolidated scope at the date in which the control is acquired by the Group and are consolidated under the line-by-line-method. The companies are excluded from the consolidation scope when the Group no longer has control of the company. The business combinations are recognised applying the "purchase method" in which the buyer acquires the equity and records the assets and liabilities, including the potential liabilities of the company purchased. The cost of the operation is based on the fair value, at the purchase date, of assets given, of liabilities incurred and of any capital instruments issued by the subsidiaries and any other accessory charges. The fair value is also applied in the measurement of the assets/ liabilities purchased pertaining to minority interests. Any difference between the cost of the operation and the fair value of the assets and liabilities acquired at the purchase date is residually allocated to goodwill and subject to an impairment test as described below. When the allocation process of the purchase price results in a cost, this is immediately recognised in the income statement at the purchase date. In the case of the purchase of investments not fully controlled, the goodwill is recorded only for the part attributable to the Parent Company. The financial statements of the consolidated subsidiaries utilised for the preparation of the consolidated financial statements were prepared according to the accounting standards of the parent company. Any consolidation adjustments are made to ensure the uniformity of the accounts affected by the application of differing accounting standards. The mergers between Group companies are recorded using the consolidated values from the previous year.

Investments in other companies

These consider investments in other companies, where the number of shares or the holding does not allow significant or dominant influence on the operations of the company, but however relates to a long-term investment. This type of investment is not included in the consolidation and is included under financial assets available for sale.

Identification of the functional currency

The balances included in the annual report of each company of the Group are prepared in the primary currency where they operate (functional currency). The consolidated financial statements were prepared in Euro, which is the functional currency of the Parent Company.

Translation of the financial statements of the companies in currencies other than the operational currency

The balance sheet at December 31, 2016 of the foreign subsidiary LDH (La Doria) Ltd. was converted at the exchange rate prevailing for the Euro/GBP at the reporting date of Euro/Sterling 0.85618; the income statement was translated at the average rate for the year of Euro/Sterling 0.81890. The balance sheet at December 31, 2016 of the US subsidiary La Doria USA Inc. was converted at the exchange rate prevailing for the Euro/USD at the reporting date of Euro/USD 1.05410; the income statement was translated at the average rate for the year of Euro/USD 1.10660. The difference between the translation of shareholders' equity at the balance sheet date exchange rate and the prior year-end exchange rate and between the translation of the income statement at the average exchange rate and the balance sheet date exchange rate has been recorded under "translation adjustments" in consolidated shareholders' equity.

New accounting standards

In the preparation of the present consolidated financial statements the accounting standards adopted are those as utilised in the preparation of the consolidated financial statements as at December 31, 2015, with the exception of that reported below.

Accounting standards, amendments and IFRS Interpretations applicable from January 1, 2016

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2016:

- Amendments to **IAS 19 "Defined Benefit Plans: Employee Contributions"** (published on November 21, 2013): requires the recognition in the financial statements of contributions made by employees or third parties to defined benefit plans. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- Amendments to **IFRS 11 - Joint Arrangements – "Accounting for acquisitions of interests in joint operations"** (published on May 6, 2014): requires the recognition of the acquisition of interests in a joint operation, in which the activity of the joint operation constitutes a business. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- Amendments to **IAS 16** and **IAS 41 "Bearer Plants"** (published on June 30, 2014): relating to bearer plants, therefore plants creating annual harvests (for example vines and hazelnuts plants) must be recognised according to IAS 16 (rather than IAS 41). The adoptions of these amendments do not have any effects on the Group consolidated financial statements.
- Amendments to **IAS 16** and **IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation"** (published on May 12, 2014): amortisation or depreciation based on revenue recognition is generally not appropriate, as according to the amendment revenues generated by an asset which includes the use of an asset subject to amortisation or depreciation generally reflects factors other than the sole consumption of economic benefits from the asset itself, which is however a requirement for amortisation or depreciation. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.
- Amendment to **IAS 1 – "Disclosure Initiative"** (published on December 18, 2014): the amendments seek to clarify the disclosure elements which may be considered impediments to a clear preparation of the financial statements. The adoption of this amendment does not have effects on the consolidated financial statements of the Group.

Finally, within the annual improvement process, on December 12, 2013, the IASB published the "Annual Improvements to IFRS: 2010-2012 Cycle" document (among which IFRS 2 Share-Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments' assets to the entity's assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and on September 25, 2014 "Annual Improvements to IFRS: 2012-2014 Cycle" (among which: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits) which partially supplements the pre-existing standards. The adoptions of these amendments do not have any effects on the Group consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the EU, not yet mandatory and not adopted in advance by the Group at December 31, 2016

- Standard **IFRS 15 – Revenue from Contracts with Customers** (published on May 28, 2014 and supplemented with further clarifications on April 12, 2016) which replaces IAS 18 - Revenue and IAS 11 - Construction Contracts, in addition to the interpretations IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenues-Barter Transactions Involving Advertising Services. The standard establishes a new revenue recognition model, which will apply to all contracts with clients, with the exception of those falling under the application of other IAS/IFRS such as leasing, insurance contracts and financial instruments. The essential issues for the recognition of revenues according to the new model are:
  - the identification of the contract with the client;
  - the identification of the performance obligations of the contract;
  - the establishment of the price;
  - the allocation of the price to the performance obligations of the contract;
  - the recognition criteria of the revenue where the entity satisfies the performance obligations.

  The standard will be effective from January 1, 2018, although advance application is permitted. The amendments to IFRS 15, Clarifications to IFRS 15– Revenue from Contracts with Customers, published by the IASB on April 12, 2016, has not yet been approved by the European Union. The directors consider that the application of IFRS 15 may have an impact on the amounts recognised as revenues and on the relative disclosure in the Group consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis of the contracts with customers.

- Final version of **IFRS 9 - Financial Instruments** (published on July 24, 2014). The document incorporates the results of the IASB project to replace IAS 39:
  - the standard introduces new criteria for the classification and measurement of financial assets and liabilities;
  - the impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model, utilising supporting information, available without unreasonable charges or effort, which includes historic, current and projected figures;
  - introduces a new hedge accounting model (increase in the types of transactions eligible for hedge accounting, changes in the accounting method of forward contracts and options when included in a hedge accounting relationship, change in the effectiveness test).

The new standard must be applied for financial statements beginning on or after January 1, 2018.

The directors consider that the application of IFRS 9 may have an impact on the amounts and the relative disclosure in the Group consolidated financial statements. However, it is not possible to provide a reasonable estimate of the effects until the Group has completed a detailed analysis.

IFRS standards, amendments and interpretations not yet approved by the European Union

At the date of the present Consolidated Financial Statements, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.

- **IFRS 16 - Leases** (published on January 13, 2016) which replaces IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The new standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract.

  The standard establishes a single model to recognise and measure leasing contracts for the lessee (lessees) which provides also for the recognition of operating leases under assets with a related financial payable, providing the possibility not to be recognise as leasing contracts "low-value assets" and leasing contracts less than 12 months. This Standard does not contain significant amendments for lessors.

  The standard is effective from January 1, 2019, although advance application is permitted, only for companies which have applied in advance IFRS 15 - Revenue from Contracts with Customers. The directors consider that the application of IFRS 16 may have a significant impact on the recognition of leasing contracts and on the relative disclosure in the Group consolidated financial statements.

- Amendment to **IAS 12** "**Recognition of Deferred Tax Assets for Unrealised Losses**" (published on January 19, 2016). The document provides clarifications on the recognition of deferred tax assets on unrealised losses on the occurrence of certain circumstances and on estimates of assessable income for future years. The amendments are effective from January 1, 2017, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- Amendment to **IAS 7** "**Disclosure Initiative**" (published on January 29, 2016). The document provides clarifications to improve disclosure on financial liabilities. In particular, the amendments require the provision of disclosure which enables readers of the financial statements to understand the changes to liabilities following funding operations. The Directors are currently assessing the possible effects from the introduction of these amendments on the Group consolidated financial statements.

- Amendment to **IFRS 2 "Classification and measurement of**

share-based payment transactions (published on June 20, 2016), which contains clarifications upon the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with characteristics of net settlement and the recognition of the amendments to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The amendments are effective from January 1, 2018, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- "**Annual Improvements to IFRSs**: **2014-2016 Cycle**", published on December 8, 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) which partially integrates the pre-existing standards. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

- **Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration**" (published on December 8, 2016). The interpretation provides guidelines for transactions in foreign currencies where advances or non-monetary payments on account are recorded in the financial statements, before the recognition of the relative asset, cost or revenue. This document provides indications on how an entity should determine the date of a transaction, and consequently, the exchange rate to be utilised concerning operations in foreign currencies concerning payments made or received in advance. IFRIC 22 is applicable from January 1, 2018, but advanced application is permitted. The Directors do not expect these amendments to have a significant impact on the Group consolidated financial statements.

Definite intangible assets and amortisation

An intangible asset is an identifiable non-monetary asset without physical substance, identifiable and capable of generating future economic benefits. Intangible assets are originally recognised at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. Amortisation is calculated using the straight-line method over the estimated period of effective utilisation or future benefit. Where there are indications of a permanent loss in value, a specific impairment test is carried out and any loss in value is charged to the income statement and as a reduction of the fixed asset, in accordance with the procedures indicated below in the following paragraph. The balance includes concessions, licenses and trademarks, patents and industrial rights and other intangible assets, including the purchase cost of software and intangible assets recorded on business combinations, in accordance with IFRS 3. The costs of research and the cost of maintenance and software management are charged to the income statement.

Intangible assets with an indefinite life

Goodwill

Goodwill relates to business combinations made since January 1, 2004 and represents the difference between the cost incurred for the purchase of a company or a business unit and the sum of the values assigned, based on the fair values at the purchase date of the individual assets and liabilities of the company purchased. Goodwill has an indefinite life and therefore is stated at original cost, net of any write-downs. Goodwill, in fact, is not amortised but subject to an impairment test in accordance with IAS 36, on an annual basis, except when there are market and operational indicators identified by the Group, where it is necessary to carry out the test also in relation to the preparation of interim accounts. The goodwill is allocated to the individual cash generating units (CGU), identified with reference to the organisation, management and control structures of the Group. Within each sector, the CGU's are defined as the smallest independent operational and financially independent units, identified, for uniformity of business and operational management, as companies within a determined area of activity together with its subsidiaries. The goodwill is tested in order to identify any loss in value. The test is undertaken on the CGU comparing the book value with the higher between the value in use of the CGU and the fair value less selling costs. In particular, the value in use is determined using the "unlevered" version of the discounted cash flow method, applied on the cash flows from the five-year plans approved by the Directors, projected beyond the explicit period covered by the plan according to the perpetual yield method (so-called Terminal value), utilising growth rates not above those expected for the markets in which the individual CGU's operate. The cash flows utilised are those generated from the company's operating activities, in their current conditions and without including the effects deriving from future restructuring of the business or from future investments aimed at improving performance, before financial charges and income taxes and include capital expenditure and working capital changes, while they do not include cash flows relating to financial management, extraordinary events or dividend payments. The base macroeconomic assumptions are determined, where available, according to external information sources, while the estimates of profitability and growth assumed in the plans are determined by management based on past experience and expectations of developments on the markets in which the Group operates.

The changes in holdings in a subsidiary which do not alter control (increases through additional acquisitions from minority shareholders) are considered in the financial statements as operations between shareholders and therefore recognised to the shareholders' equity accounts and do not generate additional goodwill.

Property, plant & equipment

Property, plant and equipment are stated at purchase or production cost, including additional charges allocated to the asset and related to its preparation for use during its useful life, net of accumulated depreciation and any loss in value deriving from the impairment test commented upon in the subsequent paragraph. Land is recorded at purchase cost, net of any loss in value and is not subject to depreciation. In order to determine the purchase cost for buildings the deemed cost method is used corresponding to the "fair value" or the revalued cost at January 1, 2004 (November 19, 2014 for the Pafial Group merged into La Doria S.p.A. from January 1, 2016). "Fair value" as per IFRS 13 concerns the price that would be received from the sale of an asset or would be paid for the transfer of a liability in a transaction settled between market operators at the valuation date. Ordinary maintenance and repairs in the normal course of business are charged to the income statement. Extraordinary maintenance or repairs on owned assets or of third parties are capitalised and depreciated only if clearly identifiable and having future use. The cost of internally produced fixed assets includes the costs of the materials used, labour costs, the initial estimate, where applicable, of the dismantling and removal costs of the asset, and site reclamation costs. When the asset to be depreciated is composed of separately quantifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle. Finance charges are capitalised only when the requirements of IAS 23 are in place. Buildings available-for-sale are not depreciated as they are not used in the production process and are stated at the lower of cost and fair value less costs to sell. Capital grants are recognised when there is reasonable certainty that they will be received and that they will satisfy the conditions for their approval. Capital grants are recorded as deferred income (deferred income) under other current and non-current liabilities and are recorded as income to the Income Statement, in the account “Other operating income”, on a straight basis over the useful life of an asset.

Depreciation of property, plant & equipment

The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset. Depreciation commences when the asset is available for use. In the year in which the asset is recorded for the first time, the depreciation is reduced to take account of the lesser use of the asset. The estimated useful lives are those reported in the attached **Table B**. In the year in which the asset is recorded for the first time, the depreciation is reduced proportionally to take account of the lesser use of the asset. Land is not depreciated as it has an indefinite life and is subject to an impairment test when there are indications of a loss in value. Applying the principle of the “component approach”, when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

Loss in value of tangible and intangible assets (impairment of the assets)

As previously described, assets with an indefinite life are subject, at least annually, to a verification of the recovery of the value recorded in the balance sheet on the basis of the value in use. For depreciated assets, an impairment test is made when there are indications of a loss in value. When, following an impairment test, write-downs should be made (recovery value lower than carrying value in the financial statements) and recognised in the income statement. The value is reinstated in future years, up to the amortised cost - should the reason for any write-down no longer exist. However, in no case is goodwill reinstated following a previous write-down.

Finance Leases

The leasing of buildings in which the group acquires the significant risks and rewards connected to the ownership are classified as “finance leases”. The assets under finance leases are originally stated with the recording of a fixed asset and a financial payable at the lower of the fair value of the asset and the current value of the minimum lease payments, due at the commencement date of the contract using the implicit interest rate of the leasing. Thereafter, an amount is charged to the income statement equal to the depreciation of the asset, calculated based on the residual useful life of the asset and the financial charges separated from the lease payments made in the year. The residual amount of the lease payments is recorded as a reduction of the finance lease payables. The Group does not hold assets within this category.

Operating leases

Operating leases are recognised in the income statement in relation to the duration of the contract, in accordance with IAS 17. Operating leases are those relating to fixed assets for which the Group does not acquire the significant risks and rewards connected to their ownership.

Inventories

Inventories are measured at the lower of purchase and/or production cost and net realisable value. Purchase or production costs include the costs incurred in bringing the inventories to the present location and condition and are determined under the “weighted average cost” method. Net realisable value is the selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories have also been adjusted, where necessary, by an allowance for write-downs to account for the physical deterioration of the goods. This provision is eliminated in successive periods if it is no longer necessary. The write-down of inventories, as for reversals of the inventory obsolescence provision, are recognised to the income statement as changes to inventory.

The Group classifies inventories in the following categories:

- Raw material, ancillary and consumables;
- Products in work-in-progress and semi-finished;
- Finished products;
- Payments on account.

Work-in-progress and finished products are measured at production cost utilising the average weighted cost method, excluding financial charges and overheads.

Financial assets

The Group classifies financial assets in the following categories:

- Assets at fair value through profit and loss;
- Loans and receivables;
- Held-to-maturity investments;
- AFS financial assets.

The classification depends on the reasons for which the asset/liabilities were purchased, by their nature and by the measurement made by management at the purchase date. For the annual accounts and on the preparation of interim accounts, the management of the Group evaluates the existence of indicators of loss in value requiring an impairment test. The Group derecognises an asset from the Balance Sheet when the right to the cash flows deriving from the asset as well as all the risks and benefits have been substantially transferred and the Group no longer has control of the asset.

Financial assets at fair value through profit or loss

This category includes financial assets purchased for short-term trading, as designated by the Directors, in addition to derivative instruments, for which reference should be made to the paragraph below. The fair value of these instruments is determined with reference to the market value at the balance sheet date. The changes in fair value of the instruments belonging to this category are immediately recognised in the income statement. The classification between current and non-current reflects the expectations of the management on their trading: included under current assets are those in which trading is expected within 12 months. The assets included in this category do not relate to the normal operations of the Group.

Loans and receivables

This category includes assets not represented by derivative instruments and not listed on an active market, not held for trading and for which fixed or determinable payments are expected. Loans and receivables are measured at amortised cost on the basis of the effective interest method, considering write-downs for adjustments of realisable value made analytically on the basis of the expected receipts. The write-downs are recognised in the income statement. These assets/liabilities are classified as current assets/liabilities, except for the portion relating to non-trade receivables/payables with maturity beyond 12 months, which are classified under non-current asset/liabilities. Trade receivables which mature within the normal commercial terms are not discounted.

Held-to-maturity investments

These relate to assets, other than derivative instruments, at pre-fixed maturity, with fixed or determinable payments and for which the Group has the full intention and capacity to maintain in portfolio until maturity.

AFS financial assets

This category includes financial assets not represented by financial instruments, specifically designated as included in this category or not classified in any of the previous categories. They are measured at fair value, determined with reference to market prices at the balance sheet date or through financial measurement techniques or models. The changes in value are recorded in a specific equity reserve "AFS asset reserve". This reserve is recognised in the income statement in the case of sale or write-downs. At December 31, 2016, the Group classifies in this account the investments in other companies.

Assets held for sale and discontinued operations

On the initial classification of the assets held for sale, the non-current assets and group of assets for sale are measured at the lower of the carrying value and the fair value less costs to sell. The losses in value resulting from the initial measurement of an asset classified as held for sale are recognised in the income statement. The same treatment applies to the gains and losses on subsequent measurements. An operating activity discontinued (valued as assets held for sale) is a component of the Group which represents an important independent business division or geographical area or is a subsidiary acquired exclusively for resale. An operating activity is classified as discontinued at the moment of the sale or when the conditions have been satisfied for classification in the category "held for sale", if prior. A group being sold may also be included under operating activities discontinued.

Financial instruments

The Company manages the exchange and interest rate risk (limited to "cash-flow risk") relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars and UK Sterling and is managed through forward operations and options (commented upon in the paragraph on Derivatives). The Company manages the cash flow risk through interest rate swap operations which permit the converting of the floating rates relating to the loans received to fixed rates, through the settlement of differentials on the maturity of the loan repayments (cash flow hedge). The above operations relate to:

Derivatives

The derivative instruments continue to be considered as assets held for trading and measured at fair value with recognition in the income statement, except in the case where they are considered, in accordance with IAS/IFRS standards, as appropriate hedging instruments and effective in the neutralisation of the risk of the underlying asset or liability or commitment assumed by the Group. In this case, they are measured in relation to the type of hedge related to the underlying hedge. In particular, the Group uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The effectiveness of the hedging operations is analysed and documented both at the beginning of the operation and periodically (at least on the publication of annual or interim accounts). The forward currency operations, carried out within the management of the exchange risk and considered hedges from an operational viewpoint, do not have the requirements for hedges as per IAS 39 in terms of effectiveness of the hedge. Where not in accordance with these requirements, the operations are considered trading operations and are measured at fair value through profit or loss. If such conditions exist, these operations are measured in accordance with the cash flow hedge method. The current hedging operations of the Group in fact relate to cash flow hedges on the interest rate risk for loans and on the foreign exchange risk related to purchases/payments, commented upon below.

Cash Flow Hedge

The fair value changes of the derivatives designated as cash flow hedges and which qualify as such, are recognised, only for the "effective" part, at the balance sheet date, in a specific equity reserve ("cash flow hedge reserve") with an adjustment of the financial asset/liability hedged. This reserve is subsequently reversed to the income statement at the same time as the economic effects of the asset/liability hedged. The change in the fair value relating to the "ineffective" position is immediately recorded to the income statement. Whenever the derivative instrument is sold or does not qualify as an effective hedge of the risk involved in the operation, or the verification of the underlying operation is no longer considered highly probable, the portion of the reserve from the cash flow hedge is immediately reversed to the income statement.

Measurement of the fair value

The fair value of the instruments listed on public markets is determined with reference to the quotations at the date of recognition ("bid price"). The fair value of non-listed instruments is measured with reference to financial valuation techniques. In particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of forward/option currency contracts is determined on the basis of the forward exchange rate at the reference date.

Cash and cash equivalents

This includes cash in hand and bank and postal deposits which are available on demand, certain in nature and with no payment expenses. Cash and cash equivalents are stated at fair value.

Equity

Share capital

The Share capital at December 31, 2016 is represented by the subscribed and paid-in share capital of the Parent Company less the treasury shares held in portfolio. There are no saving shares, or other types of shares other than ordinary shares. The costs relating to operations on the share capital are recorded as a reduction of equity.

Treasury shares

They are recorded as a decrease in Group equity. In particular, the nominal value is recorded as a deduction in the share capital, while any higher value is recorded in the retained earnings reserve or other available reserves. Gains or losses on sale, issue or cancellation of the treasury shares are allocated directly to equity.

Retained earnings

The reserve includes the results of previous years for the part not distributed or recorded under other reserves (in the case of profit) or recapitalised (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Translation reserve

Includes the exchange differences deriving from the translation of the liabilities hedging the net investment of the Parent Company in a foreign subsidiary, originally in GBP (British Sterling) and USD (US Dollar).

Other reserves

They consist of specific capital reserves of Group companies. They include the cash flow hedge reserve relating to the recording of the value of the portion of cash flow hedged. The account includes the tax effects relating to the items recorded directly to Net Equity.

Trade payables and other liabilities

The trade payables and the other financial liabilities are initially recognised at fair value less transaction costs. Thereafter, they are measured at amortised cost, using the effective interest rate. The trade payables which mature within the normal commercial terms are not discounted. These liabilities are classified as current liabilities, except for the portion relating to non-trade payables with maturity beyond 12 months, which are included under non-current liabilities. Financial liabilities are eliminated from the financial statements when, due to their sale or settlement, the Group is no longer involved in their management, nor holds the relative risks and benefits relating to these instruments settled/sold.

Employee benefits

Post-employment benefits

The liabilities relating to the defined benefit plans (such as the Employee Leaving Indemnity) are determined net of any plan assets, on the basis of actuarial assumptions, and on an accruals basis in line with the employee service necessary to obtain the benefits; the measurement of the liability is made by independent actuaries. The method applied for the determination of the above-stated benefits is defined as the “projected unit credit method”, with the recording of the current value of the obligations to employees deriving from the actuarial calculations. The value of the liability recognised in the financial statements is therefore in line with the actuarial valuation with full and immediate recognition of the actuarial gains and losses in the period in which they arise in the comprehensive income statement through a specific equity reserve (“IAS 19 Reserve”). In the calculation of the liabilities account is taken of the changes made by Law 296 of December 27, 2006 (“2007 Finance Law”) and subsequent Decrees and Regulations issued during 2007 which introduced, in relation to the pension reform system, significant amendments on the allocation of the employee leaving indemnity provision maturing.

Other employee benefits

The Group does not recognise other forms of long-term benefits to employees, nor benefits under the form of share capital participation. However, benefits are recognised for the termination of employment (leaving incentive etc.). These benefits are recorded when there is a formal plan, with details of the identification of functions, the number of employees concerned, the amount of the incentive recognised and the period for the realisation of the plan. The liabilities for vacation due but not taken and performance bonuses are recorded on the basis of the amounts matured at the year-end. In particular, the performance bonuses are provided for when there is a legal or implicit obligation for their recognition.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities including fiscal, the timing and extent of which are not known with certainty at the balance sheet date. The provisions for risks and charges are only recorded when a current obligation exists (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate, based on available information, on the amount to be paid to settle the obligation. Possible risks that may result in a liability are disclosed in the notes without any amounts being set aside. Account is not taken however of the risks for which the probability of employing resources to produce economic benefits is remote.

The other provisions for risks and charges include provisions for employment and legal disputes.

Options on minority interests

In the presence of agreements with minority shareholders of the subsidiaries which stipulate that La Doria S.p.A. should pay cash in the future (call and put options) for the acquisition of minority holdings in the subsidiaries, La Doria recognises to its consolidated financial statements this obligation as a financial liability equal to the present value of the amount to be paid for the acquisition of the minority share. In considering the accounting treatment of the call and put options, La Doria S.p.A. assesses whether the risks and benefits concerning the holdings in the subsidiaries of minority shareholders have remained with the minority shareholders or whether they have been transferred to La Doria S.p.A.. In the case of the transfer to La Doria S.p.A. of the risks and benefits associated with the minority holdings, with recognition of the financial liability, La Doria S.p.A. recognises to its financial statements a reduction of minority interest net equity and, in the case of the value of the financial liability exceeding the book value of minority interest net equity, for the difference reduces the Group net equity. In the case in which the risks and benefits associated with minority holdings remain with the minority shareholders, with recognition of the financial liability, La Doria S.p.A. recognises to its consolidated financial statements the reduction of the Group net equity.

Costs and revenues

Costs and revenues are recorded in accordance with the probability that the Group will receive economic benefits and the amount can be determined reliably. The revenues are recorded at the fair value of the amount received less returns, discounts and allowances in accordance with the accruals principle. Revenues relating to the sale of goods are recognised when the Group has transferred to the buyer all the significant risks and rewards related to the ownership, which in many cases coincides with the transfer of the ownership and/or possession by the buyer and when the amount of the revenue can be reliably determined. Costs are recorded in accordance with the accruals principal.

The Group recognises to the distribution chain promotional contributions in relation to sales on the basis of a detailed sales plan which matches sales and contributions over certain periods of time. The Group matches in the financial statements the cost for promotional contributions with the sales revenues to which the contributions refer and records prepayments for contributions relating to sales to be realised in subsequent periods.

The Group matches in the financial statements the income from promotional contributions obtained from suppliers with the promotional contributions recognised to clients and, therefore, to the revenues from the sales to which these contributions refer and defers contributions concerning sales to be made in subsequent periods.

Government Grants

Government Grants are recognised at fair value when the amount can be measured reliably, there is reasonable certainty that they will be received and the conditions required to obtain them will be satisfied. Operating grants are recorded in the income statement in the period of the related costs. The grants received against investments are recorded under liabilities; subsequently they are recorded under operating revenues in the income statement, in line with the depreciation of the assets to which they refer.

Financial income and expenses

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate. The Group reports net exchange gains and losses respectively under net financial income/(charges) in accordance with IAS 1, par. 35.

Income taxes

The Group tax charge is based on current taxes and deferred taxes. Where relating to components recognised to income and charges recorded to net equity within the comprehensive income statement, such taxes are recorded to the same account.

Current taxes are calculated based on tax regulations in force at the financial reporting date; any risks concerning different interpretations of positive or negative income components, such as any disputes with tax authorities, are valued at least quarterly in order to adjust the financial statement provisions. In particular, in the determination of the income taxes of the Group, consideration was taken of the effects deriving from the IAS tax reform introduced by Law 244 of December 24, 2007 and, in particular, the provisions of Article 83 of the Consolidated Finance Act which now requires that for parties that apply international accounting standards they must utilise, even where exempted by the provisions of the Consolidated Finance Act, “the criteria of qualification, accruals accounting and classification in the accounts in accordance with these accounting standards”.

The deferred taxes, recorded in the accounts at their nominal value, are calculated based on the temporary differences between the book value of the assets and liabilities and the corresponding value for tax purposes, with the exception of temporary differences on the initial recording of the goodwill, of the initial recording of assets or liabilities which do not have an impact on the profit for accounting or tax purposes and the differences relating to investments in subsidiary companies in which it is probable, in the future, that the temporary differences will not reverse. The valuation of deferred tax assets and liabilities is carried out applying the expected tax rate when the temporary differences will reserve, on the basis of the current tax regulations at the reporting date. Deferred tax assets are recognised for the amount it is probable that, in the years in which the relative temporary differences reverse, assessable income exists at least equal to the amount of the differences. The deferred tax assets and liabilities are classified under non-current assets and liabilities. The Group does not offset current and/or deferred income tax assets and liabilities where not in accordance with the provisions of IAS 12. Deferred tax assets and liabilities are recognised as gross amounts where they may not be offset as established by IAS 12.

Use of estimates

The preparation of the consolidated financial statements at December 31, 2016 requires the use of estimates and specific valuations by the Directors based on historical data and on the expectations of events which will reasonably occur based on current information available. The principal account in the financial statements utilising valuations and assumptions of particular significance is goodwill, in relation to which, as previously indicated, the Group makes an analysis of the recoverable value at least on an annual basis (impairment test), which requires utilisation of estimates, which are described in paragraph 3 "Goodwill". The estimates may be utilised mainly for the calculation of depreciation and amortisation, impairment tests of assets, doubtful debt provisions and risk provisions, employee benefits, and for the fair value of financial assets and liabilities.

Impairment of goodwill

As previously described, the Group annually makes an analysis of recoverable value of goodwill ("Impairment test"). This test is based on calculations of its value in use, which requires the use of estimates. These estimates are detailed in the paragraph relating to the goodwill.

Earnings/(loss) per share

IAS 33 "Earnings per share" provides that those entities whose ordinary shares or potential ordinary shares are traded on financial markets must provide information in the financial statements on the earnings/(loss) per share, and disclose the following information:

(a) Basic

The basic earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

(b) Diluted

The diluted earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have a potentially diluting effect, while the net profit or loss of the Company is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

The basic earnings/(loss) per share and the diluted earnings/(loss) per share are reported in the income statement attached to the present financial statements.

Stock options

The Group does not have stock option plans in place.

OPERATING SEGMENTS

The Company considers the "operating segment" in accordance with IFRS 8 as the segment of activity where the risks and benefits for the company are based on the products and services provided. Information in relation to the geographic areas where the risks and benefits for the company are based on the geographic area in which the Group operates are also provided. The results by operating segment are reported in the income statement section of the notes. The regional information is shown in the Directors' Report. The data are recorded under the criteria adopted for the valuation of the financial statements and those applied for segment information in the previous year.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS – IFRS 7

In accordance with IFRS 7 and subsequent amendments, information relating to the exposure to and management of financial risks and the utilisation of financial instruments in furtherance of the exchange and interest risks management policy are provided below.

A brief analysis of the nature of the risks and the risk management employed by the Group is provided below.

Financial instruments

IFRS 7 requires additional disclosures on financial instruments in relation to the performance and to the financial position of an entity. These disclosures incorporate some requirements previously included in accounting standard IAS 32 – *Financial instruments: presentation and addition disclosures".* The accounting standard also requires information relating to the exposure of risk deriving from the use of financial instruments, and a description of the objectives, policies and procedures implemented by Management in order to manage these risks.

The La Doria Group in its normal operating activities is exposed to the following risks:

a) ***market risk,*** principally interest rate and exchange rate connected respectively to the financial liabilities assumed and the operations in areas with currencies other than the Euro.

b) ***liquidity risk*** relating to the availability of financial resources and access to the credit market in an adequate manner for its operations and the repayment of liabilities assumed.

c) ***credit risk*** deriving from the normal commercial operations carried out by the La Doria Group.

The Group monitors in a specific manner each of the financial risks stated, intervening with the objective of minimising them in a timely manner and also through the utilisation of financial hedging instruments.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS

The paragraphs below analyse, also through sensitivity analysis, the potential impact on the results deriving from fluctuations in the parameters. These analyses are based upon, in accordance with IFRS 7, simplified scenarios applied to the actual data of the periods taken and, by their nature, may not be considered indicators of the real effects of future changes in the parameters against a different financial structure and different market conditions. At December 31, 2016, the consolidated accounts considered as financial instruments in accordance with IFRS 7 are those indicated in the table "Financial Instruments – IFRS 7.8" – Table 1 Consol. and Table 2 Consol.

Market risk:

The strategy applied for this type of risk aims, where possible, for the elimination and reduction of the interest and exchange risk and to the optimisation of the borrowing costs. The management of these risks is made in accordance with prudent principles and "best market practices".

In relation to La Doria S.p.A., the company manages the exchange and interest rate risk (limited to the “cash-flow risk”) relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars, Australian Dollars and UK Sterling and is managed through derivative hedging instruments and forward operations. The notional values and the Fair Value of the operations above at December 2016 are reported in the “Hedging Valuation” Table 3 Consol. In March 2011, the IASB issued an amendment to IFRS 7, among the most significant modifications was the creation of the so-called “hierarchy of fair value”. In particular, the amendment defines three levels of fair value (IFRS 7, par. 27A):

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is calculated based on valuation techniques which utilise market parameters, other than the listed price of the financial instrument;
- level 3: if the fair value is calculated based on valuation techniques which utilise non-market parameters.

The hedging operations undertaken by the Parent Company are all considered as “level 2” operations in that the fair value is calculated in an indirect manner from market input data (exchange rates, interest rates, forward prices, volatility curves) through the utilisation of valuation techniques (discounting cash flow model, or more advanced models for options). No changes were made to the valuation procedures from the previous year. In relation to the subsidiary LDH (La Doria) Ltd, the company acquires almost all of its products in currencies other than Sterling (especially in the Euro and US Dollar area), selling in the national market and therefore invoicing in GBP. The policy of LDH consists in fixing the exchange rate through hedges at the moment of purchase of all products, fixing the relating sales mark ups on these purchase prices without the exchange risk.

Interest rate risk:

Within the Group, the subsidiary LDH is not exposed to the interest risk as the financial position of the companies are positive while La Doria S.p.A. manages the cash flow risk through interest rate swap (IRS) operations which permits the conversion of variable rates, on medium-long term loans received, into fixed rates, through the payment of differentials on the single loan repayment maturity dates (cash flow hedge). The company therefore has in place Interest Rate Swaps (IRS) with the objective, therefore, to reduce the net debt subject to changes in the interest rates.

All these contracts are made with notional and expiry dates equal to those of the underlying financial liabilities, thus each variance in the fair value and/or in the expected revenue streams of these contracts is offset by a corresponding variance of the fair value and/or of the expected revenue streams from the underlying position. The fair value of the interest rate swap is measured discounting the expected revenue streams.

In quantitative terms, against a medium/long term exposure (including repayments within the next 12 months) at December 31, 2016 of Euro 130,488 thousand, the IRS hedging on the debt increased from 90.3% at the end of 2015 to 90.9% at the end of 2016.

The situation at December 31, 2016 with a 3-month EURIBOR of -0.32% was the followiThe interest rate of 1.84% therefore refers to the position at December 31, 2016 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 2.11%.

The situation at December 31, 2016 with a 3-month EURIBOR of -0.32% was the following:

(Euro/000)

Loan at 31.12.16	Total part hedged	Rate on hedge	Total part not hedged	Rate on part not hedged	Average Total
130.488 (B)	118.639 (A)	1,89%	11.849	1,31%	1,84%

(A)/(B) x 100 = 90.9 %

The interest rate of 1.84% therefore refers to the position at December 31, 2016 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 2.11%.

The situation at December 31, 2015 with a 3-month EURIBOR of -0.13% was the following:

(Euro/000)

Loan at 31.12.16	Total part hedged	Rate on hedge	Total part not hedged	Rate on part not hedged	Average Total
133.509 (B)	120.587 (A)	2,14%	12.922	1,82%	2,10%

(A)/(B) x 100 = 90.3 %

The interest rate of 2.10% therefore refers to the position at December 31, 2015 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 2.70%.

Sensitivity Analysis on Interest Rates:

During 2016, against an average 3-month EURIBOR of -0.27%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 1.44%, with IRS hedging at 2.11% and on the short-term debt of 0.81% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in the table "Sensitivity Analysis-IFRS 7.40-42" in Table 5.

During 2015, against an average 3-month EURIBOR of -0.02%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 2.15%, with IRS hedging at 2.70% and on the short-term debt of 0.94% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in the table "Sensitivity Analysis-IFRS 7.40-42" Table 6.

Currency risk:

In particular, the La Doria Group uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The effectiveness of the hedging operations is analysed and documented both at the beginning of the operation and periodically (at least twice per year). The subsidiary LDH (La Doria Ltd) carries out forward currency operations at the same time and for the same amount as the purchase contracts; these operations come under the conditions of IAS 39 and can be considered hedges for accounting purposes and therefore recorded at fair value under net equity.

LDH (La Doria) monitors half-yearly the efficacy of the hedges through prospective and retrospective tests. The hedging operations carried out by La Doria S.p.A. based on budgeted exchange rates are not considered hedges as per IAS 39 and therefore are recorded at fair value in the income statement.

The principal exchange rates the Group is exposed to are:

- EUR/USD: relating principally to the purchase of raw materials on the Asian or American markets and from other markets in which the Dollar is the currency for commercial trade.

- EUR/GBP: due to the fact that the 100% subsidiary LDH (La Doria) Ltd is included in the consolidation area whose accounts are in UK Sterling.

- From the year 2008 and throughout 2016 commercial transactions with the subsidiary LDH (La Doria) Ltd, principally relating to all the supplies of tomatoes and vegetables, were mainly invoiced in GBP.

- EUR/AUD: relating to a significant part of the commercial trade undertaken by La Doria in the Australian Dollar area.

In the operating procedures of the Parent Company La Doria S.p.A, the foreign currency hedges are made based on a planning of payments in foreign currencies relating to payables recorded in the accounts to which are added all future commitments in foreign currency communicated by the purchases office. This payment situation is utilised together with historical statistical data to determine a reliable foreign currency payments plan. The primary objective is to hedge the level of foreign exchange as established in the budget.

In relation to the subsidiary LDH (La Doria) Ltd, however, the company acquires the majority of its products in currencies other than Sterling (especially in the Euro and US Dollar area), reselling these products on the national market in GBP. The policy of LDH (La Doria) Ltd consists in fixing the exchange rate through hedges at the moment of purchase of all products, fixing the relating sales mark ups on these purchase prices without the exchange risk. In this manner, the fixing of the commercial margins does not contain any exchange risks.

Sensitivity Analysis:

In 2016, in relation to La Doria S.p.A, against variations of +/-5% in the Euro exchange rate with the GBP, USD, AUD, the situation at December 31, 2016 would have been as per Table 7 Consol “Sensitivity Analysis - IFRS 7.40-42”.

In 2015, also for La Doria S.p.A., against variations of +/-5% in the Euro exchange rate with the GBP, USD, AUD, CAD and JPY, the situation at December 31, 2015 would have been as per Table 8 Consol “Sensitivity Analysis - IFRS 7.40-42”.

For the subsidiary LDH, however, the sensitivity analysis of the changes in the exchange rate of the Sterling with the EURO, USD and CAD currencies is shown in the “Sensitivity analysis - IFRS 7.40-42” in Table 7 bis Consol for 2016, and “Sensitivity analysis - IFRS 7.40-42” Table 8 bis Consol for 2015.

The Group, as already stated, is also exposed to the “conversion risk”, which is the risk that assets and liabilities of companies consolidated in currencies other than the Euro (for example, U.K. Sterling) may be translated into Euro at varying exchange rates, whose amount is recorded in the “translation reserve” under equity. The Group monitors this trend - however no hedging operations are undertaken.

In relation to the valuation of the foreign exchange hedges existing at December 31, 2016 and at December 31, 2015, the position is shown in “Hedge Valuation” Table 3 Consol and Table 4 Consol.

The La Doria Group utilises cash flow hedges only on interest rates on loans undertaken by La Doria S.p.A. and for the hedging of currency risk by LDH (La Doria) Ltd. This latter case concerns forward currency operations to hedge goods purchase commitments in Euro/US Dollars against GBP. While the forward currency operations and options of La Doria S.p.A are for currency hedging purposes, they are not treated in the present consolidated financial statements as hedge accounting.

Liquidity Risk:

The liquidity risk represents the risk that the financial resources available cannot adequately support the commercial and investment actions, in addition to the risk of not being able to repay payables on the maturity dates. In order to be prudent against these risks the La Doria Group adopted an optimisation between short and medium-long term debt and within the short-term lines a diversification policy of the credit lines and banking institutions.

The situation at December 31, 2016 compared to December 31, 2015 is as follows:

	31.12.2016						31.12.2015					
	TOTALE	La Doria	Eugea	LDH	La Doria USA	Payables Ldh minorities	TOTALE	La Doria	Eugea	LDH	Pafial	Payables Ldh minorities
M/L loans (including portion due in 12 months)	130.488	130.488					133.509	133.509				
Other financial payables (non-current)	741	741					958	958				
Current financial payables	48.168	17.700	4.000			26.468	77.657	41.873	6.700		20	29.064
Other Financial Receivables	(11.794)	(11.794)					(4.133)	(4.129)			(4)	
Cash & cash equivalents	(62.776)	(34.389)	(206)	(28.165)	(16)		(77.939)	(38.785)	(449)	(30.897)	(7.808)	
Total NFP	104.827	102.746	3.794	(28.165)	(16)	26.468	130.052	133.426	6.251	(30.897)	(7.792)	29.064

In relation to the medium/long term loans, the current situation and the repayments made in recent years to December 31, 2016, and also compared with the previous year, are as follows:

	Balance 12/31/16	Within 12 month	Within 24 month	Within 12 month	Within 36 month	Within > 5 years
M/L Debt	**130.488**	**25.101**	**19.607**	**42.260**	**27.308**	**16.212**

	Balance 12/31/15	Within 12 month	Within 24 month	Within 12 month	Within 36 month	Within > 5 years
M/L Debt	**133.509**	**17.833**	**26.351**	**20.107**	**40.510**	**28.708**

For a number of the medium/long-term loans, the company is bound by a number of financial covenants based on the Group financial statements. Further details are reported in the notes. At December 31, 2016, all the conditions contained in the financial covenants had been complied with.

The short-term financial payables are divided between different banking institutions utilising bank overdrafts, import and export finance and invoice financing. The short-term loans have a maximum duration of 180 days. At December 31, 2016 "non-recourse factoring" IAS compliant contracts are in place for a total value of Euro 21 million.

Credit Risk:

The exposure of the La Doria Group to credit risk is essentially connected to the commercial sales activities carried out by the Company both on the domestic market and on the foreign market. In order to control and monitor this risk, La Doria S.p.A. has implemented within the Credit Management function under the Administration and Finance Department, a Credit Policy which governs and coordinates the Credit Standing of the clientele, the monitoring of the relative expected cash flows, the appropriate solicitation actions and concession of extended payment terms supported by adequate guarantees and any recovery actions. The payment terms granted to clients provide for varying terms in line with market standards. From 2015, the Company has decided to discontinue the credit insurance cover. The decision originated from a reduction in the insurance scope by the Insurance Company, in particular on the riskier positions; this situation together with a reduction in supermarket clientele subject to insurance, rendered the continuation of the coverage economically ineffective. Simultaneously La Doria has increasingly focused on international expansion, increasing - also in 2016 - its turnover in consolidated and less risky countries, such as, for example, Germany, incurring minimum losses on foreign clients. The credit risk on the domestic market is largely mitigated by the prevalence of turnover from Supermarket Chains and from the daily monitoring by our Credit Management department; in fact, bad debt losses in Italy are also historically modest.

In relation to the subsidiary LDH (La Doria) Ltd, which operates exclusively in the UK market, the company derives 90.1% of its turnover from 5 clients; this situation is due to the distribution configuration of the UK market which is very concentrated in a small number of supermarket chains which control the largest part of the market. The five "top clients" served by LDH (La Doria) Ltd have high levels of financial reliability.

The ageing of receivables at December 31, 2016 and December 31, 2015 is shown in the Attachments "Current and non-current receivables (overdue and not yet overdue) IFRS 7.37" – Table 9 Consol and Table 10 Consol.

The concentration of the receivables at December 31, 2016 and 2015 is shown in the table "Concentration of receivables" (Table 11 Consol and Table 12 Consol).

NOTES TO THE MAIN BALANCE SHEET ACCOUNTS

NON-CURRENT ASSETS

1. Intangible assets

These amount to Euro 10,027 thousand, with a net decrease of Euro 578 thousand compared to December 31, 2015. The changes in the year are reported in attachment Table A. The account includes:

- software capitalised by the Parent Company, for Euro 1,324 thousand and by the overseas subsidiary LDH (La Doria) Ltd for Euro 44 thousand;
- the residual amount of the fair value of the concession contract of Eugea Mediterranea S.p.A. for the production site at Lavello (Euro 2,700 thousand);
- Leasehold improvements in the Parent Company for Euro 142 thousand;
- the value, net of amortisation in the year, amounting to Euro 5,665 thousand, of the brands Althea (Euro 4,951 thousand), Bella Parma (Euro 101 thousand) and East&West (Euro 613 thousand) transferred to La Doria S.p.A. following the merger of the Pafial Group from January 1, 2016.
- assets in progress of the Parent Company for Euro 152 thousand.

2. Property, plant & equipment

The account amounts to Euro 143,915 thousand, with a net increase of Euro 610 thousand compared to December 31, 2015. The changes in the year are shown in Table B. Table B1 reports the movements in gross investments to 31/12/2016, while Table B2 reports the movements in the relative accumulated depreciation. Investments in the year of Euro 13,110 thousand are principally due to the Parent Company for Euro 12,446 thousand. The remaining investments of Euro 664 thousand concern the company LDH (La Doria) Ltd for Euro 319 thousand and Eugea Mediterranea S.p.A. for Euro 345 thousand.

The decreases in the year of Euro 13,335 thousand principally relates to depreciation in 2016 of Euro 11,779 thousand and divestments of Euro 1,556 thousand. Table B1 provides an analysis of the gross value of tangible assets and Table B2 shows accumulated depreciation. Depreciation concerns the Parent Company for Euro 11,003 thousand, the subsidiary Eugea Mediterranea S.p.A. for Euro 371 thousand and the English subsidiary LDH (La Doria) Ltd for Euro 405 thousand. The divestments related for Euro 1,064 thousand the subsidiary Eugea Mediterranea S.p.A., for Euro 478 thousand the Parent Company and for Euro 14 thousand the English subsidiary LDH (La Doria) Ltd..

In application of the revised IAS 23 "Borrowing costs", the Group assessed the possible financial charges to be capitalised deriving from loans from primary credit institutions concerning the realisation of fixed assets. At December 31, 2016, no borrowing costs were capitalised given the immaterial amounts involved.

"Land and Industrial Buildings" of Euro 107,760 thousand, include for Euro 105,723 thousand the cost, net of depreciation, of seven production sites owned by the Group, in Angri, Sarno, Fisciano, Faenza, Lavello, Acerra and Parma. The residual value, of Euro 2,037 thousand, concerns the cost, net of depreciation, of the building in which the offices of the subsidiary LDH are located. Plant and machinery, totalling Euro 30,368 thousand, includes the residual value of the assets used for food production, in particular processed foods and fruit juices, ready-made sauces and dressing salads carried out by La Doria S.p.A. and Eugea Mediterranea S.p.A..

In previous years, La Doria S.p.A. presented, under the tender offer for the Regional Contracts, an investment plan approved in May 2009 by the Campania Regional Council, which declared its admissibility. On August 22, 2012 with Executive Decree No. 64 the La Doria S.p.A. programme was granted a loan for Euro 5,759 thousand, concerning 30% of admitted expenditure (Euro 19,195 thousand) concerning productive investments and technological transfer (Article 11 of the Technical Regulation) and infrastructure investments in the support and management of common services (Article 12 of the Technical Regulation). On October 31, 2012, the Campania Region and La Doria S.p.A. signed a Regulatory Agreement. Against the set contributions under the Regulatory Agreement, on March 19, 2013 La Doria S.p.A. received the first tranche of 30%, equal to Euro 1,728 thousand and on April 17, 2015 the second trance for Euro 2,303 thousand for 40% of the total contribution due. On August 1, 2014, La Doria S.p.A. communicated to the Campania Region the closure of the investments at June 30, 2014 and the completion of the scheduled investment plan. On September 21, 2016, La Doria S.p.A. received the final tranche of the grant from the Campania Region for Euro 1,704 thousand thus resulting in the closure of the Contract. As indicated in the paragraph "Consolidation principles and accounting policies", capital grants are recorded as deferred income under other current and non-current liabilities and are recorded as income to the Income Statement, in the account "Other operating income", on a straight-line basis over the useful life of an asset.

3. Goodwill

Goodwill amounted to Euro 12,382 thousand, a decrease of Euro 3.061 thousand on the previous year and relates to:

- Euro 669 thousand relating to the incorporation into La Doria S.p.A. of the subsidiary Pomagro S.r.l., company operating exclusively in the tomato-based product sector; the amount represents the difference between the higher value paid for the acquisition of the residual share and the values allocated, based on the fair values at the date of the acquisition, of the individual assets and liabilities of the company acquired. The acquisition of Pomagro S.r.l. concerns substantially the purchase of the Fisciano plant in which the specific production is developed for the entire Japanese market and for some English clients. The production site – the only site within the Group – also produces the cherry tomato line. In accordance with IAS 36, management carried out an impairment test on the goodwill resulting from the acquisition of Pomagro utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

- the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows relating exclusively to the Fisciano plant contained in the 2017-2021 Budget Plan of La Doria S.p.A.; the base assumptions of the impairment test were approved by the Board of Directors of the Company on February 14, 2017;

- the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021.

The fixed assets were identified based on the assets ledger of La Doria S.p.A. concerning all assets at the Fisciano plant. These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The recoverable value of the goodwill was calculated through discounting the Free Cash Flow from Operations (FCFO) utilising a Weighted Average Cost of Capital (WACC) of 7.03% and the long-term growth rate of 1%; the impairment test resulted in a recoverable value of the "Pomagro Red Line" CGU of Euro 73,100 thousand, against net capital employed of Euro 27,700 thousand and a book value of goodwill of Euro 669 thousand. The recoverable value of the CGU was therefore much greater than the sum of the net capital employed and the goodwill and, therefore, no impairment was incurred. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 7.03% to 8.03% and a growth rate of cash flows (g) which varies from 0.5% to 2.5%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

The Growth rate of the flows (G)	WACC				
	7,03%	**7,28%**	**7,53%**	**7,78%**	**8,03%**
0,5%	68,4	65,8	63,3	61,0	58,8
1,0%	73,1	70,1	67,2	64,6	62,2
1,5%	78,7	75,1	71,9	68,9	66,1
2,0%	85,4	81,2	77,3	73,8	70,6
2,5%	93,5	88,5	83,9	79,8	76,0

- for Euro 1,988 thousand relating to the acquisition by LDH (La Doria) LTD of the subsidiary Oriental & Pacific Ltd., a decrease on 31/12/2015 of Euro 330 thousand, deriving from the application of the different Euro/GBP exchange rate at 31/12/2016 compared to the previous year. In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

  - the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows from trading activities carried out by the parent company of LDH (La Doria) Ltd contained in the 2017-2021 Budget Plan of LDH (La Doria) Ltd approved by the Board of Directors of the company on February 14, 2017 together with the base assumptions of the impairment test;

  - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021;

These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was carried out through discounting the Free Cash Flow from Operations (FCFO) method, utilising a WACC of 6.79% and a long-term growth rate of 1%; the recoverable value of the LDH CGU under the impairment test was GBP 159.4 million against a net capital employed of GBP 28.2 million and a book value of goodwill of GBP 1.7 million (approx. Euro 2.0 million): the recoverable value of the CGU is therefore much greater than the sum of the net capital employed and of the goodwill recognised in the financial statements and, therefore, no impairment was recorded. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.79% to 7.79% and a growth rate of cash flows (g) which varies from 0.5% to 2.5%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in millions of GBP):

The Growth rate of the flows (G)	WACC				
	6,79%	**7,04%**	**7,29%**	**7,54%**	**7,79%**
0,5%	149,8	144,4	139,3	134,6	130,2
1,0%	159,4	153,1	147,3	142,0	137,0
1,5%	170,7	163,4	156,7	150,5	144,8
2,0%	184,4	175,7	167,8	160,6	154,0
2,5%	201,3	190,7	181,2	172,7	164,9

In order to provide greater disclosure and to verify the sustainability of the goodwill recorded in the consolidated financial statements of the company, an analysis was made of the expected cash flows of the Pet Food business, product line originally marketed by Oriental & Pacific. We recall, in fact, that the CGU was identified, on the acquisition of O&P, in the trading activity of LDH as the business acquired was synergetic and complementary to the product portfolio already marketed; in fact, with the insertion of the new products, sales rose in existing product lines due to the insertion of new clients.

The future cash flows from the Pet Food business were discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model.

The valuation was carried out through discounting the Free Cash Flow from Operations (FCFO) method, utilising a WACC of 6.38% and a long-term growth rate of 1%; the recoverable value of the Pet Food business under the impairment test was GBP 3.9 million against a net capital employed of GBP 0.5 million and a book value of goodwill of GBP 1.7 million; the recoverable value of the CGU is therefore greater than the sum of the net capital employed and of the goodwill recognised in the financial statements and, therefore, no impairment was recorded.

- Euro 9,732 thousand for the acquisition by the Parent Company of the Pafial Group on November 19, 2014. In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

- the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows contained in the 2017-20201Budget Plan of La Doria referring exclusively to the Pafiel CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on February 14, 2017;

- the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021.

These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was made through the discounting of the FCFO (Free Cash Flow from Operations) utilising an interest rate WACC (Weighted average cost of capital) of 6.85% and the long-term growth rate was 0.50%. The impairment test resulted in a recoverable value of the CGU of Euro 121,100 thousand against a net capital employed of Euro 51,900 thousand and a book value of the consolidated goodwill of Euro 9,700 thousand. The recoverable value of the CGU was therefore greater than the sum of the value of net capital employed and goodwill. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.85% to 8.25% and a growth rate of cash flows (g) which varies from 0.5% to 2.5%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

The Growth rate of the flows (G)	WACC				
	6,85%	**7,10%**	**7,75%**	**8,00%**	**8,25%**
0,5%	121,1	116,5	106,3	102,8	99,5
1,0%	129,0	123,8	112,1	108,2	104,5
1,5%	138,4	132,3	118,8	114,4	110,2
2,0%	149,7	142,5	126,8	121,6	116,8
2,5%	163,7	155,0	136,2	130,1	124,6

For the year 2016, the goodwill recorded in the accounts relating to the Fruit CGU was written down for Euro 52 thousand relating to the initial conferment in 1999 received by the company and for Euro 2,679 thousand relating to the acquisition by the Confruit-Sanafrutta Group subsequently incorporated into the Parent Company La Doria S.p.A.. This write-down was necessary at the end of 2016 in consideration of the completion of the fresh fruit processing campaign in October and the changed competitive and market scenario which resulted in a downward assessment of some of the assumptions of the underlying business plan of the "Fruit CGU". In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

- the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows contained in the 2017-2021 Budget Plan of La Doria referring exclusively to the Fruit CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on February 14, 2017;

- the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021.

The base assumptions of the impairment test considered revenues and operating profits which, taking the figures for the year 2016 as reference, will see a decrease in the 2017 budget and then a small improvement for the subsequent plan years. The base assumptions were strongly impacted by a fruit market which reports, for the current year, a drop in consumption of 4.1%. In addition, the marketplace has experienced more aggressive competition against not particularly brilliant consumption levels. At the same time, while the market decreases in value due to the change in the product mix which continues to favour lighter beverages and changes in consumer behaviour towards more convenient formats, promotional activities increasingly impact on the sales price.

These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was made through the discounting of the FCFO (Free Cash Flow from Operations) utilising an interest rate WACC (Weighted average cost of capital) of 6.51% and the long-term growth rate was 2.00%.

From these financial and business fundamentals, confirmed by a declining market, the necessity arises for a write-down of the goodwill for the entire amount generated from the comparison between the recoverable value of the CGU of Euro 27,589 thousand compared to the net capital employed of Euro 27,420 thousand and a goodwill book value from the consolidated financial statements of Euro 2,732 thousand and in the statutory financial statements of Euro 5,315 thousand.

The recoverable value of the CGU was therefore lower than the sum of the value of net capital employed and goodwill. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.85% to 8.25% and a growth rate of cash flows (g) which varies from 0.5% to 2.5%.

The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro thousands):

The Growth rate of the flows (G)	WACC				
	6,64%	**6,89%**	**7,14%**	**7,39%**	**7,64%**
0,0%	21.304	20.663	20.070	19.519	19.007
0,5%	22.483	21.743	21.062	20.433	19.851
1,0%	23.876	23.010	22.219	21.492	22.744
1,5%	25.547	24.519	23.586	22.736	21.960
2,0%	27.589	26.344	25.226	24.217	25.222

4. Investments in other companies

These relate to minority investments of Euro 242 thousand; the amount increased Euro 8 thousand compared to December 31, 2015 and principally concerns the holding in Tfc S.p.A., a company held by the Parent Company for 15.29%, recorded for Euro 209 thousand. The remaining Euro 33 thousand concerns investments in consortiums held by the Parent Company and by the subsidiary Eugea Mediterranea S.p.A.

5. Other non-current financial assets

This account, totalling Euro 80 thousand, includes the five-year maturity receivable from two non-interest bearing loans to two consortiums involving the Parent Company La Doria S.p.A..

6. Deferred tax assets

The deferred tax assets refer to IRES and IRAP taxes, paid in advance of the recognition period in the financial statements. The balance at year-end amounted to Euro 6,206 thousand, a total decrease of Euro 703 thousand on December 31, 2015 and attributable to the Parent Company for Euro 5,740 thousand, which decreased Euro 76 thousand on December 31, 2015, for Euro 324 thousand to the subsidiary Eugea Mediterranea S.p.A and for Euro 142 thousand to the English subsidiary LDH (La Doria) Ltd. The movements in deferred tax assets in 2016 are reported below. The amount includes for Euro 1,808 thousand tax receivables to be recognised to the income statement in 2017. Deferred tax assets were adjusted to take account of the reduction of the IRES rate from 27.5% to 24% from 2017. The breakdown of the temporary differences giving rise to deferred tax assets are reported below.

(Euro '000) **Deferred tax asset**	**IRES**	**IRAP**
Assessable 2015	21.383	15.364
Utilisations 2016	(6.557)	(4.916)
Provisions 2016	5.437	3.643
Assessable 2016	20.263	14.091
Average Rate	27,50%	4,97%
Total Group IRES - IRAP 2016	**4.835**	**696**
Total statutory Group IRES - IRAP 2016	**5.530**	
Total Ires -Irap (non-current assets) IAS for 2016	286	25
Total Ires IAS 39 for 2016	365	0
Total Ires and Irap deferred tax asset at 31.12.2016	**6.206**	

	December 31, 2015				December 31, 2016					
	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax asset IRAP	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax asset IRAP	Amount recognised to P&L IRES & IRAP	Amount recognised to equity IRES & IRAP
Amounts in Euro/000										
- IAS Parent company adj.	1.122	280	406	20	1.196	286	497	25	(11)	0
- IRS adjustments	1.471	405	0	0	1.521	365	0	0	0	40
- Doubtful debt provision	2.197	558	0	0	2.281	547	0	0	11	0
- Property write-down	0	0	0	0	0	0	0	0	0	0
- Exchange losses	374	95	0	0	289	69	0	0	26	0
- Provisions for risks and charges	7.045	1.789	5.479	269	6.885	1.653	4.983	244	161	0
- Tax for waste removal	8	2	0	0	22	5	0	0	(3)	0
- ASL loan	4	1	0	0	4	1	0	0	(0)	0
- Membership fees	2	0	0	0	2	0	0	0	(0)	0
- Directors' fees	116	30	0	0	86	21	0	0	9	0
- Employee bonus provision	1.405	357	1.405	70	1.247	299	1.247	62	65	0
- Inventory write-down	6.600	1.676	6.600	327	7.527	1.807	7.528	373	(177)	0
- Capital grants Law 64	45	11	45	2	41	10	41	2	2	0
- Maintenance & repair	740	188	0	0	832	200	0	0	(12)	0
- Recovery prior year tax	155	39	155	8	327	78	292	15	(46)	0
- Gratuities	0	0	0	0	10	2	0	0	(2)	0
- Adjustments LDH (La Doria)Ltd	706	166	0	0	710	142	0	0	0	24
- Adjustments Pafial Group	1.989	548	1.680	67	0	0	0	0	615	0
TOTAL	**23.977**	**6.146**	**15.770**	**763**	**22.980**	**5.485**	**14.588**	**721**	**638**	**64**

7. Other non-current assets

This account totalling Euro 487 thousand (Euro 1,096 thousand at December 31, 2015) mainly relates to the non-current portion of prepayments concerning promotional contributions on the UK market which will be realised after 2017.

CURRENT ASSETS

8. Inventories

The account amounts to Euro 186,964 thousand, a decrease of Euro 12,832 thousand compared to December 31, 2015, broken down as follows:

INVENTORY

Euro/000	AL 31.12.2016	AL 31.12.2015	/\
Raw material, ancillary and consumables	20.501	22.716	(2.215)
Products in work-in-progress and semi-finished prods.	19.551	13.191	6.360
Finished & semi-fin. prods.	153.436	171.165	(17.729)
Payments on account	1.063	384	679
Obsolescence provision	(7.587)	(7.660)	73
TOTAL	**186.964**	**199.796**	**(12.832)**

The changes in the obsolescence provision are as follows:

OBSOLESENCE PROVISIONS

Euro/000	AL 31.12.2016
Opening balance	7.660
Release in year	(2.246)
Provision in yearmables	2.173
TOTAL	**7.587**

The inventory obsolecence provision relates for Euro 2,073 thousand to the Parent Company and for Euro 100 thousand to the subsidiary Eugea Mediterranea S.p.A.. The inventory obsolescence provision of Euro 7,587 thousand, represents the best estimate by the directors of the Group, on the basis of the information available at the time of the preparation of the present accounts, of the deterioration of inventories and the value of goods to be destroyed.

The decrease in the provision derives from the reversal of the provision accrued in 2015.

At December 31, 2016, no inventory was subject to secured guarantees on loans received by the Group.

9. Trade Receivables

They amount to Euro 103,915 thousand at December 31, 2016, a decrease of Euro 3,768 thousand compared to December 31, 2015. The book value approximates the fair value.

These receivables refer for Euro 53,485 thousand to the Parent Company, for Euro 23 thousand to Eugea Mediterranea S.p.A. and for Euro 50,407 thousand to LDH (La Doria) Ltd..

The total amount recorded in the accounts is net of the doubtful debt provision of Euro 1,497 thousand which reports a decrease of Euro 396 thousand for utilisations in the year and a decrease for an amount allocated in the financial statements under risk provisions for Euro 649 thousand compared to December 31, 2015. The changes in the doubtful debt provision are as follows:

(Euro /000)	31.12.2016
Beginning balance at 01.01.2016	2.542
Utilisations	(396)
Reclassifications	(649)
Provisions in the year	0
Provision at 31.12.2016	**1.497**

The Provision at December 31, 2016, exclusively relating to the Parent Company, in the first instance concerns the risk of non-payment from Clients with disputes in place, and secondly to clients with positions overdue by more than 60 days. The Doubtful debt provision represents the best estimate by the directors of the Group, according to the information available at the time of the preparation of the present accounts, of the risk of receivable write-downs. Based on this estimate at December 31, 2016 it was not necessary to undertake further provisions.

10. Other assets

These amount to Euro 4,855 thousand, a net decrease of Euro 2,850 thousand compared to December 31, 2015, consisting of:

a) Parent Company receivables for Euro 851 thousand, broken down as follows:

- Employee receivables for Euro 564 thousand for additional IRPEF matured in the year and which will be paid in subsequent years;

- Receivables from the State for Euro 158 thousand mainly relating to customs reimbursements. In September 2016, the Parent Company received the final part of the receivables from the Campania Region, for capital grants recognised to the Company under the Regulatory Agreement signed on October 31, 2012. The Regulatory Agreement involved the disbursements to the Parent Company of grants for a total of Euro 5,759 thousand in the form of plant capital grants under the Operational Objective 2.3 of the P.O.R. F.E.S.R Campania 2007-2013. The grant concerns 30% of the "Intervention Plan" for Euro 19,195 thousand approved by the Campania Region with Resolution No. 888 of May 15, 2009, based on the common strategies of the plan with the Regional programme guidelines.

- Minor receivables of the Parent Company for Euro 129 thousand.

b) Prepayments of the Parent Company for Euro 538 thousand;

c) Receivables of the subsidiary LDH (La Doria) Ltd for Euro 1,211 thousand and prepayments for Euro 2,207 thousand principally relating to promotional contributions, granted by the subsidiary LDH (La Doria) Ltd to its clients for sales which will be recorded in 2017;

d) Other receivables relating to the subsidiary Eugea Mediterranea S.p.A. for Euro 29 thousand and prepayments of the same company for Euro 19 thousand.

11. Tax receivables

The account amounts to Euro 9,316 thousand and increased Euro 3,684 thousand compared to December 31, 2015 and principally relates to:

- VAT receivable for Euro 368 thousand relating to the Parent Company;

- Tax receivables of Euro 2,902 thousand, relating to:

  - for Euro 957 thousand provisional payments made against disputed assessments for the years 2005, 2006 and 2007 not yet finalised for the Parent Company. For further information, reference should be made to the specific paragraph of the Directors' Report;
  - for Euro 1,792 thousand the IRES payment concerning the recovery of the deductibility of IRAP on the cost of labour for the years 2008-2012, of which Euro 1,720 thousand concerning the Parent Company and Euro 72 thousand concerning the subsidiary Eugea Mediterranea S.p.A.;
  - for Euro 153 thousand tax receivables matured in accordance with Legislative Decree No. 91 of 2014 (investments development decree);

- Tax receivable of Euro 4.950 thousand relating to higher IRES and IRAP payments on account, of which Euro 4.848 thousand attributable to the Parent Company and Euro 98 thousand to the subsidiary Eugea Mediterranea S.p.A.;
- Receivables from the Tax Authorities of the subsidiary LDH (La Doria) Ltd. for Euro 1,100 thousand, essentially concerning VAT receivables.

12. Other financial assets

They amount to Euro 11,794 thousand and include for Euro 1,794 thousand, in the Parent Company, the fair value on the currency forward and options at December 31, 2016. These derivative instruments, although currency hedging operations put in place to offset exchange rate risk related to purchases and sales, are not treated as hedge accounting and, therefore, the relative value is recognised to the income statement under financial income and charges. This account includes short-term temporary investments of liquidity which amounts at December 31, 2016 to Euro 10,000 thousand relating for the entire amount to the Parent Company.

13. Cash and cash equivalents

The account amounts to Euro 62,776 thousand, a decrease of Euro 15,163 thousand compared to December 31, 2015. This refers principally to cash in bank accounts in euro and foreign currency. For the comments on the movements in cash and cash equivalents, reference should be made to Note 39 concerning the cash flow statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

14. Share Capital

The share capital of La Doria S.p.A is fully paid-in and at December 31, 2016 amounts to Euro 42,780 thousand, divided into 31,000,000 ordinary shares of a nominal value of Euro 1.38 each. In 2016, the share capital did not change and there were no sales or purchases of treasury shares. At December 31, 2016, the Group does not hold treasury shares in portfolio.

15. Group reserves and retained earnings

The total amount is Euro 132,256 thousand, a net increase of Euro 21,466 thousand compared to December 31, 2016, as a net result of:

1) increases for a total of Euro 45,093 thousand, due to:

- allocation of the 2015 net profit (Euro 44,833 thousand);
- positive change in the reserves of the Pafial Group allocated to the Parent Company (Euro 260 thousand);

2) total decreases of Euro 23,627, due to:

- dividends distributed by the Parent Company to third parties (Euro 8,680 thousand), as per Shareholders' Meeting resolution of June 10, 2016; and of the subsidiary LDH (La Doria) Ltd (Euro 2,794 thousand);
- decrease of the translation reserve concerning the subsidiary LDH (La Doria) Ltd (Euro 582 thousand);
- excess of the price paid for the acquisition in 2016 of a further share of 0.1% in the subsidiary LDH over the relative consolidated net equity (Euro 57 thousand); and a further share of 0.33% of the subsidiary Eugea Mediterranea S.p.A. (Euro 11 thousand);
- Euro 1,636 thousand against the consolidation of 100% of the subsidiary LDH and the relative recognition of the financial payable for the potential acquisition of the minority shares with simultaneous elimination of minority interest equity;
- Negative change in the cash flow hedge reserve (Euro 621 thousand), in the translation reserve of the foreign subsidiaries (Euro 9,191 thousand) and in the IAS 19 reserve (Euro 55 thousand).

16. Group Net Profit

This amounts to Euro 33,723 thousand, a decrease of Euro 11,110 thousand compared to December 31, 2015 (Euro 44,833 thousand).

17. Group shareholders' equity

This amounts to Euro 208,759 thousand and overall reports a net increase of Euro 10,356 thousand, due to the effects commented upon in Notes 14, 15 and 16.

18. Minority interests

The balance amounts to Euro 70 thousand (Euro -7 thousand at December 31, 2015) and relates to the share of Minority Interest Net Equity of the 1.33% stake in Eugea Mediterranea S.p.A. held by the minority shareholders of the company.

NON-CURRENT LIABILITIES

19. Non-current financial payables

This account amounts to Euro 106,128 thousand, a decrease of Euro 10,506 thousand compared to December 31, 2015 and constitutes the part due beyond December 31, 2017 of medium/long-term loans undertaken by La Doria S.p.A.. During the year 2016, unsecured loans were received of Euro 17,000 thousand.

Financial payables	31/12/2016	31/12/2015	CHANGE
Long-term bank loans	105.387	115.676	10.289
Due to other lenders over 12 months	741	958	217
TOTAL	**106.128**	**116.634**	**10.506**

The principal characteristics of all the loans at the balance sheet date were as follows:

- Euro 5,000 thousand for instalments due beyond December 31, 2017 concerning the new loan issued on July 13, 2016 by Banca Nazionale del Lavoro Bnp Paribas. The repayment of the loan is in bullet form at 4 years with a single capital instalment on July 13, 2020 and with the payment of quarterly interest only instalments. The loan is at a fixed interest rate. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017, recorded under current financial liabilities.

- Euro 7,000 thousand for instalments due beyond December 31, 2017 concerning the new loan issued on July 28, 2016 by Banca Popolare di Milano. The loan is repayable in 16 quarterly instalments of capital and interest with the first instalment due on December 31, 2018 and the final instalment on September 30, 2022. The loan provides for a grace period with payment of only the quarterly interest from July 28, 2016 to September 30, 2018. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at -0.16%. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017, recorded under current financial liabilities.

- Euro 5,000 thousand of instalments due beyond December 31, 2017 concerning the new loan issued on December 12, 2016 by Iccrea Banca Impresa as Agent Bank for Euro 3 million, Banca di Salerno Credito Cooperativo as Lending Bank for Euro 1,000 thousand and Banca di Credito Cooperativo di Battipaglia e Montecorvino Rovella as Lending Bank for Euro 1,000 thousand. The repayment of the loan is in bullet form at 4 years with a single capital instalment on December 12, 2020 and with the payment of half-yearly interest only instalments. The loan is at a fixed interest rate. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017, recorded under current financial liabilities.

- Euro 5,000 thousand of instalments due beyond December 31, 2017 concerning the loan issued on July 27, 2015 by Iccrea Banca Impresa as Agent Bank and Lending Bank for Euro 4,500 thousand and Banca di Salerno Credito Cooperativo as Lending Bank for Euro 500 thousand. The repayment of the loan is in bullet form at 4 years with a single capital instalment on June 30, 2019 and with the payment of half-yearly interest only instalments. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017, recorded under current financial liabilities.

- Euro 13,381 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on July 13, 2015 from Unicredit for Euro 15 million, with 4 interest-only instalments and 9 half-yearly instalments, with the first instalment due on July 31, 2017 and the last on July 31, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.74%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 1,619 thousand.

- Euro 4,375 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on June 19, 2015 from Cariparma Credit Agricole for a total amount of Euro 5 million, with 5 interest-only instalments and 8 half-yearly instalments, the first of which due on December 19, 2017 and the last due on June 19, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.55%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 625 thousand.

- Euro 7,000 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on June 18, 2015 from Mediocredito Italiano for a total amount of Euro 10 million, with three interest-only instalments and repayable in 10 half-yearly instalments, the first of which due on November 30, 2016 and the last due on May 31, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.70%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 2.000 thousand.

- Euro 5,833 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on June 12, 2015 from Banca Nazionale del Lavoro for Euro 10 million, repayable in 12 half-yearly instalments, with the first instalment due on December 12, 2015 and the last on June 12, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.49%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 1,667 thousand.

- Euro 10,000 thousand for instalments due beyond December 31, 2017 concerning the loan issued on June 8, 2015 by Ubi Banca. The repayment of the loan is in bullet form at 4 years with a single capital instalment on May 29, 2019 and with the payment of quarterly interest only instalments. The loan provides for financial covenants calculated on the half-year and annual consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at June 30, 2016 and at December 31, 2016.This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.39%. There are no instalments due by December 31, 2017 recorded under current financial liabilities.

- Euro 10,000 thousand for instalments due beyond December 31, 2017 concerning the new loan issued on April 27, 2015 by Banca Popolare dell' Emilia Romagna. The repayment of the loan is in bullet form at 4 years with a single capital instalment on April 27, 2019 and with the payment of quarterly interest only instalments. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.251%. There are no instalments due by December 31, 2017 recorded under current financial liabilities.

- Euro 750 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on February 11, 2014 from Banco Popolare S.p.A. for a total amount of Euro 3 million, repayable in 8 half-yearly instalments, the first of which due on June 15, 2015 and the last due on December 15, 2018. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.85%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 750 thousand.

- Euro 586 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on July 25, 2014 from Banca Carine for Euro 3 million, repayable in 16 quarterly instalments, with the first instalment due on October 25, 2014 and the last on July 25, 2018. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 764 thousand.

- Euro 29,091 thousand for instalments due beyond December 31, 2017 relating to loans drawn down on December 23, 2014 from the banking syndicate of Banco Napoli and Unicredit for a total amount of Euro 40 million. The loan, partially drawn down for the acquisition of the Pafial Group, is repayable in 11 half-yearly instalments with the first repayment due on December 31, 2016 and final repayment due on December 31, 2021. The loan provides for financial covenants calculated on the half-year and annual consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. Banca Imi, as agent of the syndicate, has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at June 30, 2016 and at December 31, 2016. The loan, on January 8, 2015, was hedged 100% by two Interest Rate Swaps which converts the variable rate into a fixed rate at 0.545%. The contracts were completed with the two institutions Banco Napoli and Unicredit for their respective shares. Instalments due by December 31, 2017, included in current liabilities, amount to Euro 7,273 thousand.

- Euro 1,613 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on July 29, 2013 from Banca del Mezzogiorno – MedioCredito Centrale for a total amount of Euro 12 million, repayable in 16 quarterly instalments, the first of which due on September 30, 2014 and the last due on June 30, 2018. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.83%. Instalments due by December 31, 2017, recorded under current financial liabilities, amount to Euro 3,126 thousand.

- Euro 758 thousand for instalments due beyond December 31, 2017 relating to the loan provided with value date of August 1, 2013 by Banca della Campania for a total amount of Euro 3,500 thousand, repayable in 10 half-yearly instalments, the first of which on February 1, 2014, with the last repayment on August 1, 2018. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.93%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 728 thousand.

Euro 708 thousand is also recognised under non-current liabilities for the part beyond twelve months of the payable for the subvention, repayable for 90%, recognised by the Ministry for Economic Development within the Innovation Tender (Internal Register No. 1949 of June 6, 2014) and Euro 33 thousand concerning the negative fair value of the forward currency contracts signed by La Doria S.p.A., with maturity beyond 2017.

20. Other non-current liabilities

They amount to Euro 8,701 thousand, a decrease compared to December 31, 2015 of Euro 679 thousand and referring exclusively, for the part over 12 months, to the portion of the grants on plant relating to future periods of the Parent Company (Euro 8,317 thousand) and the subsidiary Eugea Mediterranea S.p.A. (Euro 384 thousand). The capital grants of La Doria S.p.A. principally related for Euro 2,507 thousand to the portion concerning years subsequent to 2017 of the contributions under the Regulatory Agreement signed in 2012 and commented upon at Note 2 on property, plant & equipment, to which reference should be made.

21. Post-employment benefit and pension provision

The post-employment benefit provision amounts to Euro 4,348 thousand, a decrease of Euro 92 thousand compared to December 31, 2015, of which Euro 4,262 thousand relates to the Parent Company and Euro 86 thousand to Eugea Mediterranea S.p.A.. The decrease in the provision relates almost entirely to the payments made by the Parent Company. At December 31, 2016, the actuarial gain was Euro 115 thousand (relating entirely to the Parent Company) and was recognised, in accordance with IAS 19 Revised, to the Net Equity Reserves and the Comprehensive Income Statement. The interest cost recorded to financial charges was Euro 60 thousand.

Provision for employee termination pay (Euro/ 000)	31.12.2016
Balance at 1/1/2016	4.440
Utilisation for departures	(569)
of which INPS fund	329
Provisions at 31.12.2016	1.182
of which INPS fund	(990)
Deductions at 31.12.16	(149)
of which INPS fund	16
Termination contracts	0
of which INPS fund	0
Discounting provision	115
TOTAL	**4.374**
Utilisation for advances	(26)
BALANCE AT 31.12.2016a	**4.348**

The principal actuarial assumptions, indicated below, adopted by the Company in accordance with IAS 19, refer to the market yields of “high quality corporate bonds”, securities with a contained credit risk.

(Euro /000)	AT 31.12.2016	AT 31.12.2015
	EUR Composite AA	EUR Composite AA
Discount rate	curve	curve
Inflation rate	1,50%	1,50%
% of advances requested	100%	100%

22. Deferred tax liabilities

The account totalling Euro 15,813 thousand decreased by Euro 421 thousand compared to December 31, 2015 and relates to the deferment of income taxes.

Deferred tax liabilities concern: a) the Parent Company for Euro 15,087 thousand (increasing on December 31, 2015 Euro 7,849 thousand mainly relating to the incorporation of the balances of the Pafial Group due to the merger effective from January 1, 2016) and principally relating to the higher value of tangible fixed assets identified on transition to IFRS, b) for Euro 756 thousand the fair value of the ministerial concession for the Lavello facility to Eugea Mediterranea S.p.A. (decreasing Euro 56 thousand on December 31, 2015).

(Euro/000) **Deferred tax liabilities**	**IRES**	**IRAP**
Assessable 2015	24.574	14.827
Reclass. Assessable IAS Pafial Group[	(23.055)	(14.595)
Utilisations 2016	(455)	(208)
Provisions 2016	416	250
Assessable 2016	1.480	274
Rate	24,00%	4,97%
Total IRES - IRAP Group Statutory 2016	**355**	**14**
Deferred tax liability from IAS reversal at 31.12.2016	13.798	1.646
Total Ires and Irap Group deferred tax liability at 31.12.2016	**15.813**	

The breakdown of the temporary differences giving rise to deferred tax liabilities are reported below.

	December 31, 2015				December 31, 2016				
(Euro/000)	Amount of temporary differences IRES	Amount of tax asset IRES	Amount of temporary differences IRAP	Amount of tax liability IRAP	Amount of temporary differences IRES	Amount of tax liability IRES	Amount of temporary differences IRAP	Amount of tax liability IRAP	Amount recognised to P&L IRES & IRAP
IAS adjustments Parent company	27.118	6.524	11.614	577	54.777	13.147	31.001	1.541	(7.585)
IAS adjustments Pafial Group	24.109	5.791	14.594	621	0	0	0	0	6.412
IAS Consolidation adjustments (Brands)	6.063	1.469	6.063	301	0	0	0	0	1.771
Non-realised exchange gains	155	42	0	0	166	40	0	0	2
Capital grants	32	8	32	2	29	7	29	1	1
Concession on factory	2.914	699	2.914	114	2.710	650	2.710	106	57
Recovery prior year taxes	277	76	201	10	245	59	245	12	15
Accelerated depreciation	0	0	0	0	1.041	250	0	0	(250)
TOTAL	**60.668**	**14.609**	**35.418**	**1.625**	**58.968**	**14.153**	**33.985**	**1.660**	**423**

23. Provisions for risks and charges

The provision at December 31, 2016 amounts to Euro 9,472 thousand, a decrease of Euro 1,141 thousand compared to December 31, 2015.

(Euro/000)	Other risks	Employee-bonus	Customers	Total
Beginning balance	8.887	1.574	152	**10.613**
Reclassifications	649	0	0	**649**
Utilisation for losses	(942)	(1.574)	0	**(2.516)**
Provision for the year	717	0	9	**726**
Provision at 31.12.2016	**9.311**	**0**	**161**	**9.472**

The amount of the provisions represents the best estimate by the Directors, on the basis of the information available at the time of the preparation of the present accounts, of the charges matured against the Group at year-end and for other potential liabilities deriving from disputes for which the Group considers the risk of charges probable. The balance at December 31, 2016 is broken down as follows:

- Euro 9,311 thousand relating to other risk provisions, which covers the risks related to civil disputes in course for Euro 8,995 thousand of the Parent Company, for Euro 316 thousand relating to Eugea Mediterranea S.p.A.; the change in the year is principally due to the utilisation of the Risk Provision for Euro 942 thousand for the finalisation of civil disputes and tax disputes mainly concerning the Parent Company, while the provision in 2016 of Euro 717 thousand includes provisions made for disputes of a civil and tax nature which the Group considers probable. The change is also due to the reclassification for Euro 649 thousand previously allocated to the doubtful debt provision;

- Euro 809 thousand, concerning La Doria SpA, of a provision for supplementary severance indemnities to agents;

- The employee provision was utilised based on the application of the supplementary company agreement which provides for the payment of a bonus to staff if certain corporate objectives are reached, including a certain profit level achieved by the Parent Company. The amount for the year 2016 was recorded under employee payables in the account “Other current liabilities” (No. 27).

For further information on disputes at December 31, 2016, reference should be made to the relevant paragraph of the Directors’ Report.

CURRENT LIABILITIES

24. Current financial payables

They amount to Euro 73,269 thousand and decreased by Euro 22,221 thousand compared to December 31, 2015 and comprise:

- Euro 18,000 thousand relating to short-term advances on contracts for Euro 14,000 thousand to the Parent Company and Euro 4,000 thousand to the subsidiary Eugea Mediterranea S.p.A.;

- Euro 172 thousand recharges to be received from banks by the Parent Company;

- Euro 164 thousand for advances on factoring and reverse factoring with maturity of the Parent Company.

- Euro 25,101 thousand for the portion due within 12 months of the long-term loans of the Parent Company;

- Euro 1,568 thousand relating to the Fair Value at December 31, 2016 of interest rate hedging contracts of the Parent Company, treated as hedge accounting for Euro 1,520 thousand and through the P&L for Euro 48 thousand;

- Euro 1.637 thousand concerning the negative fair value of forward contracts and currency options maturing in the coming twelve months, of the Parent Company;

- Euro 157 thousand relating to the part of the payable for the subvention reimbursement recognised to the Parent Company by the Ministry for Economic Development within the Innovative Tender (Internal Register No. 1949 of 06/06/14);

- Euro 26,468 thousand as the payable for the acquisition of the minority share of the subsidiary LDH based on the shareholder agreement in place at December 31, 2016 which provides for put & call options in favour of La Doria and the minority shareholders of the subsidiary LDH; this payable was classified to current liabilities as per paragraph 69 of IAS 1, although at the preparation date of the financial statements there were no indicators suggesting a probable exercise of these put options by the minority shareholders and consequently a charge on La Doria S.p.A. in the coming twelve months.

The notional values and the fair values at December 31, 2016 on interest rate hedge contracts which generated the payable of Euro 1,568 thousand in the accounts, are shown below (at December 31, 2015 – Euro 1,471 thousand):

Bank Amount in €/000	Notional	Fair Value 12/31/16	Fair Value 12/31/15
BNL*	5.000	0	0
AKROS	7.000	13	0
ICCREA*	5.000	0	0
BPER	10.000	(128)	(95)
AKROS	10.000	(162)	(141)
BNL	7.500	(110)	(88)
BANCO DI NAPOLI	9.000	(180)	(173)
CARIPARMA	5.000	(87)	(62)
UNICREDIT	15.000	(378)	(336)
AKROS **	0	(48)	(84)
BANCO DI NAPOLI	18.182	(192)	(119)
UNICREDIT	18.182	(193)	(117)
BANCO POPOLARE	1.500	(20)	(34)
AKROS	1.486	(21)	(37)
AKROS	4.739	(48)	(106)
CARIPARMA	0	0	(18)
UNICREDIT	1.050	(14)	(61)
Total	**118.639**	**(1.568)**	**(1.471)**

* The table shows, only as notional, two loans of Euro 5,000,000 agreed in 2016 at fixed interest rates and reported in the loans section.

** The IRS Akros reported with an MTM at December 31, 2016 of Euro 48 thousand does not comply with Hedge Accounting requirements and was recorded through P&L.

25. Trade Payables

These amount to Euro 101,448 thousand, an increase of Euro 1,335 thousand compared to December 31, 2015. Such payables are net of credit notes to be received from suppliers for discounts, price/quantity differences on purchases and/or services relating to the period.

26. Tax payables

The account amounts to Euro 3,934 thousand, a decrease of Euro 3,923 thousand compared to December 31, 2015. This account principally comprises:

- for Euro 1,760 thousand withholding taxes on salaries, of which Euro 1,702 thousand concerning the Parent Company and Euro 58 thousand the subsidiary Eugea Mediterranea S.p.A. paid in 2017 in accordance with due payment dates;
- for Euro 34 thousand local taxes due;
- for Euro 16 the VAT payable of the Parent Company;
- for Euro 2,124 thousand tax payables of the subsidiary LDH (La Doria) Ltd.

27. Other current liabilities

These amount to Euro 21,017 thousand and decreased by Euro 306 thousand compared to December 31, 2015. They principally include:

- Euro 154 thousand for payments on accounts received from clients by the Parent Company;
- Euro 1,342 thousand for payables to social security and pension organisations, of which Euro 868 thousand relates to the Parent Company, Euro 34 thousand to Eugea Mediterranea S.p.A. and Euro 440 thousand to the English subsidiary LDH (La Doria) Ltd;
- Euro 8,252 thousand relating to employee payables (wages and salaries for December 2016, vacation days due, thirteenth and fourteenth month) concerning the Parent Company for Euro 8,063 thousand and the subsidiary Eugea Mediterranea S.p.A. for Euro 189 thousand; employee payables includes the amount accrued for the period relating to employee bonuses (as already detailed in Note 23);
- Euro 738 thousand of other payables - of which Euro 665 thousand concerning the Parent Company and Euro 73 thousand the subsidiary Eugea Mediterranea S.p.A..;
- Euro 1,289 thousand other liabilities of the subsidiary LDH (La Doria) Ltd., which mainly includes management fees and staff bonuses;
- Euro 863 thousand principally comprising the current portion of the grant on plant for future periods, of which Euro 805 thousand referring to the Parent Company and Euro 58 thousand to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 8,379 thousand concerning the portion of contributions for commercial activities on the English market.

Commitments and guarantees

These total Euro 37,464 thousand and relate to:

- Euro 20,430 thousand for guarantees and comfort letters by the Parent Company La Doria S.p.A. on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A.;

- Euro 9,006 thousand for the amount at December 31, 2016 of guarantees given on behalf of banks by the Parent Company La Doria S.p.A. for loans made to the subsidiary LDH (La Doria) Ltd;

- Euro 2,116 thousand for guarantees given in favour of the subsidiary Eugea Mediterranea S.p.A. on receivables from the public administration;

- Euro 2,928 thousand for guarantees on La Doria S.p.A. receivables to the public administration;

- Euro 2,133 thousand for sureties on payment terms from suppliers;

- Euro 850 thousand for guarantees issued in favour of the Customs Office and Campania Region against customs duties and taxes.

Also included is Euro 735 thousand for the surety issued by Atradius Credit Insurance N.V. in favour of La Doria S.p.A. in guarantee of the refurbishment works at the Angri facility.

INCOME STATEMENT

28. Revenues

Revenues from sales and services amount to Euro 653,131 thousand, a decrease of Euro 95,183 thousand compared to 2015. The decrease is due to the exchange rate conversion of the sales of the English subsidiary LDH and the negative sales on some business lines, as commented upon in the Directors' Report.

In relation to the profit of the group, this is divided into two parts:

a) sale of products from industrial production;

b) sales of products marketed.

Industrial production is related to the activities of the company La Doria S.p.A. and Eugea Mediterranea S.p.A. while the English subsidiary LDH (La Doria) Ltd is a trading company and therefore is involved only in the sale of parent company products and other products acquired from third party suppliers.

The consolidated turnover of the Group is divided as follows:

1) - "red line" which includes the products having tomatoes as the main raw material;

2) - "fruit line", comprising the products having fruit and/or fruit purée as their main raw material;

3) "pulses line" comprising the products with pulses as their main raw material, other vegetables and canned pasta products;

4) "sauces line" which includes all the processing relating to all types of sauces (white sauces, tomato-based and pesto);

5) "other lines" that include all the other products not included above. In particular, all of the products marketed by the subsidiary LDH (La Doria) Ltd are included, i.e. canned tuna and salmon, canned pasta, chocolate confectionary, pet food and others.

Consolidated Revenues by line:

(Euro/000)	Red Line	Fruit Line	Legumes	Sauces	Other Lines	Total
CONSOLIDATED REVENUES	143.777	79.725	174.919	82.382	172.328	653.131

No. 3 customers have an impact on the consolidated turnover is more than 10%

29. Other operating revenues

Other operating revenues amount to Euro 9,696 thousand, decreasing Euro 858 thousand compared to December 31, 2015 and comprise:

- Euro 622 thousand for capital grants, of which Euro 560 thousand (concerning the factories at Angri, Fisciano and Faenza) relating to the Parent Company and Euro 62 thousand (concerning the Lavello factory) relating to the subsidiary Eugea Mediterranea S.p.A.;
- Euro 534 thousand revenues from sale of food scraps by the Parent Company;
- Euro 2,056 thousand revenues relating to the sale of raw materials, pallets, stack dividers and miscellaneous packaging, of which Euro 1,948 thousand relating to the Parent Company and Euro 108 thousand relating to the subsidiary Eugea Mediterranea;
- Euro 971 thousand from damage compensation received by the Parent Company;
- Euro 391 thousand income on the sale of land rights;
- Euro 5,122 thousand from other income.

30. Change in inventories

The account changed from Euro -17.801 thousand at December 31, 2015 to Euro -5,506 thousand at December 31, 2016. The account summarises the economic impact of the changes in the inventories of raw materials, semi-finished and finished products. This account includes also the write-down of inventories in the year and reversals from the provision at December 31, 2015.

31. Purchase of raw materials and goods

The costs for raw materials and goods in 2016 amount to Euro 461,627 thousand, a decrease of Euro 55,345 thousand compared to the previous year. The decrease in the cost of raw materials is due to the conversion in Euro for the costs of the English subsidiary LDH and the performances in the various business lines as commented upon in the Directors' Report.

32. Services

In 2016, the account amounted to Euro 76,910 thousand, decreasing Euro 6,489 thousand on 2015. The account includes service costs of Euro 74,282 thousand (Euro 80,949 thousand in 2015) and rent, lease and similar costs of Euro 2,628 thousand (Euro 2,450 thousand in 2015). The decrease in the account is due to the conversion in Euro for the costs of the English subsidiary LDH.

33. Labour costs

Labour costs in 2016 amounted to Euro 51,480 thousand, a decrease of Euro 2,374 thousand compared to 2015.

(Euro/000)	31.12.2016	31.12.2015	/\
Wages and salaries	35.775	37.495	(1.720)
Social charges	10.588	10.832	(244)
Post-employment benefits	2.198	2.165	33
Other costs	2.919	3.362	(443)
TOTAL	**51.480**	**53.854**	**(2.374)**

The account "other costs" refers for Euro 2,506 thousand to the Parent Company (of which Euro 1,361 thousand provisions for employee bonuses, Euro 331 thousand for temporary labour, Euro 373 thousand for leaving incentives, Euro 52 thousand for interns, Euro 220 thousand to supplementary leaving indemnity and Euro 166 thousand relating to employee transfers); Euro 29 thousand relates to Eugea Mediterranea S.p.A. principally relating to employee bonuses and Euro 384 thousand to the English subsidiary LDH (La Doria) Ltd.

34. Other operating costs

The account amounts to Euro 11,013 thousand, an increase of Euro 1,769 thousand on 2015. The account includes other operating charges and non-recurring charges, of which Euro 10,747 thousand relating the Parent Company and concerning miscellaneous consumables, minor equipment, fiscal charges and losses for Euro 8,069 thousand and Euro 2,678 thousand for non-recurring charges.

35. Amortisation, depreciation, write-downs and provisions

This account amounts to Euro 16,377 thousand and decreased by Euro 258 thousand compared to the previous year. The account includes:

	2016	2015	Δ
Amortisation of intangible assets	1.132	992	140
Depreciation of fixed assets	11.797	11.733	64
Doubtful debt provision	0	1.306	(1.306)
Other fixed asset write-downs	2.731	0	2.731
Provisions for risks and other provisions	717	2.604	(1.887)
TOTAL	**16.377**	**16.635**	**(258)**

In relation to the “Doubtful debt provision” and the “Provisions for risks”, reference is made to the comments on the specific balance sheet accounts “Trade receivables” (Note 9) and “Provisions for risks and charges” (Note 23).

“Other fixed asset write-downs” relates to the write-down of the goodwill on the Fruit CGU (Sanafrutta) following the Impairment Test undertaken as described in the account Goodwill (Note 3).

36. Financial income

These total Euro 22,977 thousand and relate to:

- Euro 447 thousand of interest on temporary liquidity on current accounts and interest on receivables from the State and clients;
- Euro 18,379 thousand of currency gains and income on the positive fair value of currency forward contracts and options in place at December 31, 2015;
- Euro 4,151 thousand exchange gains relating to the financial payable on the minority shares of LDH (La Doria) Ltd; this difference was generated from the exchange rate applied between the reporting date and December 31, 2015.

37. Financial charges

The account amounts to Euro 16,734 thousand and relates to:

- Euro 3,038 thousand for charges on the short-term and medium/long-term debt of which Euro 2,992 thousand relating to the Parent Company;
- Euro 60 thousand for the interest cost component relating to the discounting of Post-employment benefits in accordance with IAS 19 Revised;
- Euro 13,636 thousand from currency losses and charges for neg-

ative differentials on interest rate swap contracts and the negative fair value of currency forward contracts and options in place at December 31, 2016.

38. Income taxes

These total Euro 12,438 thousand, a decrease of Euro 3,691 thousand compared to the previous year. Income taxes in 2016/2015 are detailed below:

(Euro/000)	31.12.2016	31.12.2015	/\
Income taxes	12.355	21.334	(8.979)
Deferred tax charge	(423)	(2.490)	2.067
Deferred tax income	638	(2.214)	2.852
Taxes from prior years	(132)	(501)	369
TOTAL	**12.438**	**16.129**	**(3.691)**

For changes in deferred tax assets and liabilities reference should be made to the specific balance sheet accounts.

39. Cash Flow Statement

The cash and cash equivalents of the Group decreased during 2016 Euro 15,163 thousand, due to the generation of cash from operating activities, for Euro 45,809 thousand, net of cash absorbed from investing activities, for Euro 6,874 thousand and from financing activities for Euro 54,118 thousand. No particular uncertainties exist which may impact the value of assets and liabilities recognised to the financial statements. Cash and cash equivalents entirely concern current account balances and cash on hand.

EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the net profit (loss) by the weighted average number of ordinary shares outstanding in the year (net of treasury shares).

Earnings per share	31.12.2016	31.12.2015
Number of shares net of treasury shares	31.000.000	31.000.000
Profit of the group per share	1,09	1,45

The diluted earnings per share for 2016 correspond to the basic earnings per share as no dilutive effects were present.

Dividends

In the first half of 2016 the Parent Company approved dividends relating to the 2015 result of Euro 8,680 thousand, equal to a net dividend per share of Euro 0.28, as approved by the Shareholders' Meeting of June 10, 2016.

TRANSACTIONS WITH RELATED PARTIES

FY 2015

(in Euro thousand) 31.12.2015	Trade receivables	Other non-current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities
Balance sheet						
Trade receivables	107					
Trade payables				2		
Directors					503	
Shareholders						
TOTAL	**107**	**0**	**0**	**2**	**503**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 107 thousand for transactions of a commercial nature;

Trade payables: Concerns payables to suppliers for services of Euro 2 thousand;

Other current liabilities: Concerns payables to Directors for Euro 503 thousand and remuneration, salary and bonuses matured in the year and still not paid.

(in Euro thousand) 31.12.2015	Revenues	Other revenues	Costs	Other costs
Balance sheet				
Trade receivables	333			
Trade payables			10	
Directors				1.764
Directors				
TOTAL	**333**	**0**	**10**	**1.764**

Revenues: Concerns revenues deriving from the sale of finished products and amounts to Euro 333 thousand;

Costs: Concerns costs for the acquisition of services for Euro 10 thousand;

Other costs: These amount to Euro 1,764 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

FY 2016

(in Euro thousand) 31.12.2015	Trade receivables	Other non-current assets	Other non-current assets	Trade Payables	Other current liabilities	Other non-current liabilities
Balance sheet						
Trade receivables	110					
Trade payables				5		
Directors					94	
Shareholders						
TOTAL	**110**	**0**	**0**	**5**	**94**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 110 thousand for transactions of a commercial nature;

Trade payables: Concerns payables to suppliers for services of Euro 5 thousand;

Other current liabilities: Concerns payables to Directors for Euro 94 thousand and remuneration, salary and bonuses matured in the year and still not paid.

(in Euro thousand) 31.12.2015	Revenues	Other revenues	Costs	Other costs
Balance sheet				
Trade receivables	302			
Trade payables			10	
Directors				1.640
Directors				
TOTAL	**302**	**0**	**10**	**1.640**

Revenue: Concerns revenues deriving from the sale of finished products and amounts to Euro 302 thousand;

Costs: Concerns costs for the acquisition of services for Euro 10 thousand;

Other costs: These amount to Euro 1,640 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of those holding positions with authority and responsibility for planning, management and control of the Company, including Executive and Non-Executive Directors, is reported in Tables D and E.

Such remuneration concerns emoluments and all other payments, including the portion carried by the Company, of a remunerative, pension-related or social security nature deriving from the role of Director or Statutory Auditor of the Parent Company and other companies within the consolidation scope, which resulted in a cost for the Group.

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER'S REGULATION

Table F, prepared pursuant to Article 149 duodecies of the CONSOB Issuer's Regulations, reports the payments made in 2016 for audit, declaration, tax consultancy and other services carried out by the independent audit firm and associated entities.

SUBSEQUENT EVENTS

In relation to the subsequent events, reference should be made to the comments in the Directors' Report. In any case, there are no subsequent events that had an effect on the values of the consolidated financial statements at December 31, 2016 which have not already been taken into consideration in the accounts.

ATTACHMENTS TO THE EXPLANATORY NOTES

The net financial position required by CONSOB communication of July 28, 2006 DEM/6064293 and by CESR recommendation of February 10, 2005 "Recommendations for the standard application of the European Commission Regulation on disclosure statements", taking account also of the new ESMA guidelines issued on July 3, 2016 on alternative performance indicators, is as follows:

NET DEBT		Euro/000
	31.12.2016	**31.12.2015**
A. Cash	4	8
B. Other cash and cash equivalents (Bank and postal deposits)	62.772	77.931
C. Securities held for trading	0	0
D. Liquidity (A+B+C)	**62.776**	**77.939**
E. Current financial receivables	**11.794**	**4.133**
F. Current Bank payables	19.741	46.415
G. Current portion of non-current debt	25.101	17.833
H. Other current financial payables	28.427	31.242
I. Current debt (F+G+H)	**73.269**	**95.490**
J. Current net debt (I - E- D)	**(1.301)**	**13.418**
K. Bank payables – non-current portion	105.387	115.676
L. Other non-current receivables	0	0
M. Other non-current liabilities	741	958
N. Non-current debt (+K+L+M)	**106.128**	**116.634**
O. Net debt (+J+N)	**104.827**	**130.052**

TABLE A
LA DORIA GROUP
INTANGIBLE ASSETS AT 31/12/2016 (EURO/000)

	HISTORICAL COST	AMORT. PRIOR YEARS	Opening balances LDH translation diff. (*)	AMORT. 31/12/2016	INVEST. 31/12/2016	RECLASS. 31/12/2016	NET TOTAL
SOFTWARE COSTS	6.949	5.813	(7)	533	360	412	1.368
OTHER DEFERRED CHARGES	6.472	408	0	399	0	0	5.665
BRANDS	5.236	2.194	0	200	0	0	2.842
ASSETS IN PROGRESS	364	0	0	0	152	(364)	152
TOTAL	**19.021**	**8.415**	**(7)**	**1.132**	**512**	**48**	**10.027**

(*) Relates to the difference arising on the conversion at the new exchange rate of the opening balances of the subsidiary LDH (La Doria) ltd

TABELLA B
LA DORIA GROUP

NET TANGIBLE FIXED ASSETS AT 31/12/16 (EURO/000)

CATEGORY	RATE	HISTORICAL COST at 01/01/2016	REVAL. PR. YEARS	DEPR. PR. YEARS at 01.01.16	Opening balances LDH Hist. Cost translation diff. (**)	Opening balances LDH Acc. Depr. translation diff. (**)	DIVEST. PROVISION 31/12/16	DEPRE. 31/12/16 (***)	INVEST. 31/12/16	DIVEST. 31/12/16	RECLASS. 31/12/16	NET TOTAL
LAND		29.361	0	0	(73)	0	0	0	0	0	0	29.288
IND. BUILDINGS/LIGHT CONST.	*	93.890	0	19.105	(378)	(114)	0	2.921	4.970	0	1.902	78.472
PLANT AND MACHINERY	7,50%-14%	160.596	1.454	129.458	0	0	403	7.832	5.490	423	138	30.368
MINOR EQUIPMENT	20,00%	7.837	194	7.309	0	0	1.064	303	202	1.064	2	623
EDP	20,00%	7.338	0	4.699	(594)	(321)	0	548	263	0	31	2.112
INTERNAL TRANSPORT	20,00%	965	23	916	0	0	19	25	2	19	0	49
MOTOR VEHICLES	25,00%	570	0	377	(81)	(54)	36	75	76	50	0	153
FURNITURE & OTHER ASSETS	7,50%-12,00%	1.111	12	760	(9)	(7)	0	75	136	0	0	422
ASSETS IN PROGRESS	0,00%	2.578	0	0	0	0	0	0	1.971	0	(2.121)	2.428
TOTAL		**304.246**	**1.683**	**162.624**	**(1.135)**	**(496)**	**1.522**	**11.779**	**13.110**	**1.556**	**(48)**	**143.915**

** Relates to the difference arising on the conversion of the opening balances in foreign currency of the subsidiary LDH ltd
*** The account includes the exchange differences of Euro -18 thousand.

TABELLA B1 LA DORIA GROUP	TANGIBLE FIXED ASSETS AT 31/12/16 (EURO/000)						
CATEGORY	RATE	COST at 01/01/2016	Opening balances LDH Historical cost translation diff.	INCREASES 31/12/16	RECLASS. 31/12/16	DECREASES 31/12/16	COST 31/12/16
LAND		29.361	(73)	0	0	0	29.288
IND. BUILDINGS/LIGHT CONST.	(*)	95.600	(378)	4.970	1902	0	102.094
PLANT AND MACHINERY	7,50% -14%	188.144	0	5.490	138	423	193.349
MINOR EQUIPMENT	20,00%	9.544	0	202	2	1.064	8.684
EDP	20,00%	7.814	(594)	263	31	0	7.514
INTERNAL TRANSPORT	20,00%	1.181	0	2	0	19	1.164
MOTOR VEHICLES	25,00%	637	(81)	76	0	50	582
FURNITURE & OTHER ASSETS	7,50%-12,00%	1.856	(9)	136	0	0	1.983
ASSETS IN PROGRESS	0,00%	2.578	0	1.971	(2.121)	0	2.428
TOTAL		**336.715**	**(1.135)**	**13.110**	**(48)**	**1.556**	**347.086**

* The rate applied corresponds to the estimated residual useful life.

TABELLA B2 LA DORIA GROUP	ACCUMULATED DEPRECIATION 31/12/2016 (EURO/000)					
CATEGORY	**RATE**	**ACCUM. DEPR. at 01/01/16**	**Opening balances LDH Historical cost translation diff.**	**DEPREC. 31/12/16**	**UTILISATIONS 31/12/16**	**ACCUM. DEPREC. 31/12/16**
LAND		0	0	0	0	0
IND. BUILDINGS/LIGHT CONST.	*	20.815	(114)	2.921	0	23.622
PLANT AND MACHINERY	7,50%-14%	155.552	0	7.832	403	162.981
MINOR EQUIPMENT	20,00%	8.822	0	303	1.064	8.061
EDP	20,00%	5.175	(321)	548	0	5.402
INTERNAL TRANSPORT	20,00%	1.109	0	25	19	1.115
MOTOR VEHICLES	25,00%	444	(54)	75	36	429
FURNITURE & OTHER ASSETS	7,50%- 12,00%	1.493	(7)	75	0	1.561
TOTAL		**193.410**	**(496)**	**11.779**	**1.522**	**203.171**

* The rate applied corresponds to the residual useful life estimated.

TABLE C
HOLDINGS IN CONSOLIDTED SUBSIDIARIES (Euro/000)

	BALANCE 31.12.2015	BALANCE 31.12.2015 Revised	INCR.	BALANCE 31.12.2016	WRITE-DOWN PROVISION	NET EQUITY	% HELD	% CONSOL.
LDH (La Doria) Ltd	20.212	5.962	57	6.019	-	(1)	58,0%	100,00%
EUGEA MEDITERRANEA SPA	3.304	3.304	12	3.316	-	(2)	98,67%	98,67%
LA DORIA USA Inc.	-	-	19	19	-	(3)	100,00%	100,00%
	23.516	**9.266**	**88**	**9.354**				

(1) LDH (La Doria) Ltd - 519 North Gate - Alconbury Airfield
Alcambury - Huntingdon - Cambridgeshire PE 28 4WX - England (GB)
Share Capital GBP 1,000,000 shares of GBP 1 each
Net equity 31.12.2016 of GBP 57,650 thousand
Including net profit for year of GBP 10,938 thousand
Net equity based on exchange rate at December 31, 2016

(2) EUGEA MEDITERRANEA S.p.A. - Strada Consorziata s.n.c. - Gaudiano di Lavello (PZ)
Share Capital Euro 1,500 thousand - 15,000 shares of Euro 100.00 each
Net equity of Euro 5,263 thousand at December 31, 2016
Net loss in 2016 of Euro 225 thousand

(3) LA DORIA USA Inc. - Via Parco Margherita, 24 - Napoli (NA)
Capitale Sociale USD 2.000
Net equity of Euro 18 thousand at 31.12.2016
Including net loss for year of USD 4 thousand
Net equity based on exchange rate at December 31, 2016

TABLE C1 HOLDINGS IN INDIRECT SUBSIDIARIES	NET EQUITY	% HELD	NET EQUITY SHARE
LDH Foods (Hellas) ldt- (in liquidation)- 32 Omiron Street - Athens (Grecia)- Investment acquired on May 14, 1998 Share capital - Euro 18 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58,00%	0
LDH Foods S.L.(in liquidation) - Av.da De Los Castanos, 53 - Urb. El Chorrico" - Molina De Segura (Murcia) Share capital - Euro 9 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58,00%	0
MANPINECO- 519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 0.001 thousand The company was incorporated in January 2008 by the subsidiary LDH (La Doria) Ltd.	1	58,00%	0,58
Oriental & Pacific Frozen Food Co. Ltd- 519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 10 thousand LDH (La Doria) Ltd holds 100% since 1/4/2008.	10.000	58,00%	5.800

TABLE D

REMUNERATION OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPONSABILITIES OF LA DORIA S.p.A

PARTY	DESCRIPTION OF OFFICE		Emoluments for office r	Non-monetary benefits	Bonuses other benefits	Emoluments Control Committee	Emoluments Supervisory Board	Other Remuneration
Name	Office	Duration of office (*)						
Persico Sergio	Chairman of BOD	19/06/2014-31/12/2016	99.000	-	-	10.000	5 .000	18.548
Sampietro Giorgio	Vice Chairman of BoD	19/06/2014-31/12/2016	34.000	-	-	10.000	10.000	-
Ferraioli Antonio	Director	19/06/2014-31/12/2016	28.000	4.703	213.317		-	318.548
Ferraioli Andrea	Director	19/06/2014-31/12/2016	28.000	4.726	213.317		-	318.548
Ferraioli Iolanda	Director	19/06/2014-31/12/2016	28.000	4.720	24.008		-	100.035
David Elena	Director	19/06/2014-31/12/2016	28.000	-	-	5.000	-	-
Lamberti Enzo Diodato	Director	19/06/2014-31/12/2016	28.000	-	-		-	-
Michele Preda	Director	19/06/2014-31/12/2016	28.000	-	-	5.000	-	-
De Caprio Antonio	Chair Brd Stat. Auditors	19/06/2014-31/12/2016	32.000	-	-	-	-	-
D'Amore Maurizio	Standing Auditor	19/06/2014-31/12/2016	27.000	-	-	-	-	-
Caldarelli Adele	Standing Auditor	19/06/2014-31/12/2016	27.000	-	-	-	-	-
TOTAL			**387.000**	**14.149**	**450.642**	**30.000**	**15.000**	**755.679**
Other Remuneration	Ferraioli Antonio	Executive						
Other Remuneration	Ferraioli Andrea	Executive						
Other Remuneration	Ferraioli Iolanda	Executive						

* Until approval of accounts by Shareholders` Meeting

TABLE E
REMUNERATION TO DIRECTORS AND STATUTORY AUDITORS BY SUBSIDIARES

LDH (La Doria) Ltd

PARTY	DESCRIPTION OF OFFICE		FEES			
Name	Office	Duration of office	Emoluments for office	Non-monetary benefits	Bonus and other benefits	Other Remun.
Ferraioli Antonio	Chairman of BoD	19/2/97 fino a revoca	8.548			
Persico Sergio	Director	19/2/97 fino a revoca	8.548			
Ferraioli Rosa	Director	04/2009 fino a revoca	8.548			
Festa Alberto	Director	01/2010 fino a revoca	8.548			
Ferraioli Andrea	Director	02/03/98 fino a revoca	8.548			
Total			**42.740**			

Remuneration of GBP 35 thousand at average December 2016 rate of 0.818896

Eugea Mediterranea SpA

PARTY	DESCRIPTION OF OFFICE					
Name	Office	Duration of office	Emoluments for office	Non-monetary benefits	Bonus and other benefits	Other Remun.
Ferraioli Antonio	Chairman of BoD	29/04/2013 -29/04/2016	10.000			
Ferraioli Andrea	Director	29/04/2013 -29/04/2016	10.000			
Festa Alberto	Director	29/04/2013 -29/04/2016	10.000			
Persico Sergio	Director	29/04/2013 -29/04/2016	10.000			
Total			**40.000**			

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER'S REGULATION
The following table, prepared pursuant to Article 149 of the CONSOB Issuers' Regulations, reports the payments made in 2016 for audit and other services carried out by the audit firm and entities associated with the audit firm.

TABLE F

INDEPENDENT AUDITORS' FEES (euro/000)	Service provider	Company	Fees year 2016
Audit	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	29
	PriceWaterhouseCoopers S.p.A.	Parent Company - La Doria S.p.A.	99
	Deloitte & Touche S.P.A.	Subsidiary companies	15
	Rete Deloitte & Touche	Subsidiary companies	38
Certification work	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	
	Deloitte & Touche S.P.A.	Subsidiary companies	
	Rete Deloitte & Touche	Subsidiary companies	
Other services	Deloitte & Touche S.P.A.	Parent Company - La Doria S.p.A.	
	Rete PriceWaterhouseCoopers	Subsidiary companies	14
	Rete Deloitte & Touche	Subsidiary companies	30
Total			**225**

TABLE 1 CONS.

FINANCIAL INSTRUMENTS- IFRS 7.8 (Euro/000)

	Financial Instruments Fair Value P&L						Reference	
			Loans &	Investments	Financial assets		Account	Fair
At December 31, 2016	**Assets**	**Liabilities**	**Receivables**	**held to maturity**	**AFS**	**TOTAL**	**Balance Sheet**	**Value**
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					242	242	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Current receivables from holding companies						-		
Current receivables from subsidiaries						-	Subsidiaries	
Trade Receivables			103.915			103.915	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	1.794		10.000			11.794	Other financial assets	
Tax receivables			9.316			9.316	Tax receivables	
Derivatives						-	Bank receivables	
Other assets	1.211		3.644			4.855	Other assets	
		Amortised						**Fair**
	FV P&L	**Cost**				**TOTAL**		**Value**
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial payables		105.387				105.387	Medium/long term debt	
Non-current financial payables	33	708				741	Other lenders*	
Derivatives						-		
						-		
CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-	Payables to subsidiaries	
Payables						-	Customer pay. on account	
Trade Payables		101.448				101.448	Trade Payables	
Tax Payables		3.934				3.934	Tax Payables	
Payables						-		
Current financial payables	1.568	43.274				44.842	Bank loans	
Current financial payables	1.637	26.790				28.427	Other lenders*	
Derivatives						-	Bank payables	
Other current liabilities		21.017				21.017	Other current liabilities	

NOTE
The Fair Value at 31/12/2016 of the IRS issued to hedge Loans is included in the account Current financial payables
The Fair Value of the currency hedges on the Export area (GBP and AUD) and the Import area (USD) are recorded
under other financial assets for positive Fair Values and under current and non-current financial payables for negative Fair Values.
For Ldh, for the hedging undertaken, the Fair Value
is included under other current assets or other current liabilities.

TABLE 2 CONS.

FINANCIAL INSTRUMENTS- IFRS 7.8 (Euro/000)

	Financial Instruments						Reference	
	Fair Value P&L		Loans &	Investments	Financial assets		Account	Fair
At December 31, 2015	**Assets**	**Liabilities**	**Receivables**	**held to maturity**	**AFS**	**TOTAL**	**Balance Sheet**	**Value**
NON-CURRENT ASSETS								
						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					234	234	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Current receivables from holding companies						-		
Current receivables from subsidiaries						-	Subsidiaries	
Trade Receivables			107.683			107.683	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	3.651		482			4.133	Other financial assets	
Tax receivables			5.632			5.632	Tax receivables	
Derivatives						-	Bank receivables	
Other assets	1.262		6.443			7.705	Other assets	
		Amortised						**Fair**
	FV P&L	**Cost**				**OTAL**		**Value**
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial payables		115.676				115.676	Medium/long term debt	
Non-current financial payables	92	866				958	Other lenders*	
Derivatives						-		
						-		
CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-	Payables to subsidiaries	
Payables						-	Customer pay. on account	
Trade Payables		100.113				100.113	Trade Payables	
Tax Payables		7.857				7.857	Tax Payables	
Payables						-		
Current financial payables	1.471	62.777				64.248	Bank loans	
Current financial payables	154	31.088				31.242	Other lenders*	
Derivatives						-	Bank payables	
Other current liabilities		21.323				21.323	Other current liabilities	

The Fair Value at 31/12/2015 of the IRS issued to hedge Loans is included in the account Current financial payables
The Fair Value of the currency hedges on the Export area (GBP and AUD) and the Import area (USD) are recorded
under other financial assets for positive Fair Values and under current and non-current financial payables for negative Fair Values.
For Ldh, for the hedging undertaken, the Fair Value
is included under other current assets or other current liabilities.

TABLE 3 CONS.

HEDGE VALUATION **(Currency Euro/000)**

At December 31, 2016 LDH	Amount (thousands) in GBP					
FV of derivatives not valued in	**USD**	**EURO**	**EURO**	**EURO**	**Other**	**EURO**
current assets	Notional	FV	Notional	FV	Notional	FV
Sales expected	-	-	-	-	-	-
Purchases expected	16.933	17.595	64.273	64.649	-	-
Total	16.933	17.595	64.273	64.649	-	-

At December 31, 2016 LA DORIA SpA	Amount (thousands)					
FV of derivatives not valued in	**USD**	**EURO**	**AUD**	**EURO**	**GBP**	**EURO**
current assets	Notional	FV	Notional	FV	Notional	FV
Sales expected	-	-	17.517	(452)	64.059	(658)
Purchases expected	36.500	1.234	-	-	-	-
Total	36.500	1.234	17.517	(452)	64.059	(658)

NOTE

The hedge policy of LDH provides for the hedging on all purchases subject to exchange risk.
As they are fixed in this manner, the margins are not impacted by exchange risks.

The Options/Forward La Doria Spa were signed for purchases in USD and sales in GBP Aud expected in the coming 12 months.

At December 31, 2016	Amount (thousands)					
FV of derivatives not valued in	**IRS**	**IRS**				
Current liabilities	Notional	FV	Notional	FV	Notional	FV
Loans granted	-	-	-	-	-	-
Loans received	118.639	1.568	-	-	-	-
Total	118.639	1.568	-	-	-	-

NOTE
The Options/Forward La Doria Spa were signed for purchases in USD and sales in GBP Aud expected in the coming 12 months.

TABLE 4 CONS.

HEDGE VALUATION **(Currency Euro/000)**

At December 31, 2015 LDH — **Amount (thousands) in GBP**

FV of derivatives not valued in	USD	EURO	EURO	EURO	Other	EURO
current assets	Notional	FV	Notional	FV	Notional	FV
Sales expected						
Purchases expected	7.041	7.185	70.522	71.305		
Total	7.041	7.185	70.522	71.305	-	-

At December 31, 2015 Pafial Group — **Amount (thousands)**

FV of derivatives not valued in	CAD	EURO	AUD	EURO	Other	EURO
current assets	Notional	FV	Notional	FV	Notional	FV
Sales expected			2.005	(16)		
Purchases expected						
Total	-	0	2.005	(16)	-	-

At December 31, 2015 LA DORIA SpA — **Amount (thousands)**

FV of derivatives not valued in	USD	EURO	AUD	EURO	GBP	EURO
Current liabilities	Notional	FV	Notional	FV	Notional	FV
Loans granted			22.528	(112)	71.413	1.916
Loans received	48.000	1.617				
Total	48.000	1.617	22.528	(112)	71.413	1.916

NOTE

The hedge policy of LDH provides for the hedging on all purchases subject to exchange risk.
As they are fixed in this manner, the margins are not impacted by exchange risks.
The Options/Forward Althea were signed against sales in Cad and Aud expected in the next 12 months.
The Options/Forward La Doria Spa were signed for purchases in USD and sales in GBP Aud expected in the coming 12 months.

At December 31, 2015 LA DORIA SpA — **Amount (thousands)**

FV of derivatives not valued in	IRS	IRS				
Current liabilities	Notional	FV	Notional	FV	Notional	FV
Loans granted						
Loans received	120.587	1.471				
Total	120.587	1.471	-	-	-	-

NOTE

The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 5 CONS.

SENSITIVITY ANALYSIS (IFRS 7.40-42)	(Euro/000)			
At December 31, 2016	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Hyp2
NON-CURRENT ASSETS				
Non-current receivables from holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value		11.794		
Other financial assets				
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	62.776		
NON-CURRENT LIABILITIES				
Non-current payables from holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	Medium/long term loans	105.387	73	(73)
Non-current financial payables		741		
PASSIVITA' CORRENTI				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Bank and other lenders	73.269	132	(132)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Result			(205)	205
Minority interest share				

Euribor 2016 at 3 months average = 0.27%

Hyp1 Average interest rate curve higher 50 bps =2.61%+0.5% on Medium/Long term; +1.31%+0.5% on Short-term

The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/15 of Euro 11,849 thousand

Hyp2 Average interest rate curve lower 50 bps =1.61%-0.5% on Medium/Long term; 0.31%-0.5% on Short-term

TABLE 6 CONS.

SENSITIVITY ANALYSIS (IFRS 7.40-42)	(Euro/000)			
	Reference		Effect change	
	Account	Book	interest rate	
At December 31, 2015	Balance Sheet	Value	Hyp1	Hyp2
NON-CURRENT ASSETS				
Non-current receivables from holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets				
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equi.			
NON-CURRENT LIABILITIES				
Non-current payables from holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L Loans	115.676	93	(93)
Non-current financial payables		958		
PASSIVITA' CORRENTI				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Bank and other lenders			
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Result			(321)	321
Minority interest share				

Euribor 2015 at 3 months average = 0.02%

Hyp1 Average interest rate curve higher 50 bps =3.20%+0.5% on Medium/Long term; +1.44%+0.5% on Short-term

The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/15 of Euro 12,922 thousand

Hyp2 Average interest rate curve lower 50 bps =2.20%-0.5% on Medium/Long term; 0.44%-0.5% on Short-term

TABLE 7 CONS.

SENSITIVITY ANALYSIS (IFRS 7.40-42) (Currency/000)

At December 31, 2016	Reference Account Balance Sheet	Book Value	€	Amount in original currency GBP	USD	AUD	JPY	Impact of different assumptions EUR1+5% vs.USD,GBP,AUD	EUR2-5% vs.USD,GBP,AUD
NON-CURRENT ASSETS									
Impact of different assumptions									
Non-current receivables from subsidiaries (Others)									
Non current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Current receivables from holding companies (La Doria)									
Current receivables from subsidiaries (Others)									
Trade Receivables	Trade receivables	21.722		14.839	204	6.077	0	(1.066)	1.108
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	14.163		7.777	4.307	1.450	0	(675)	745
NON-CURRENT LIABILITIES									
Non-current payables holding com. (La Doria)									
Non-current payables from subsidiaries (Others)									
Non-current financial liabilities									
Other non-current liabilities									
CURRENT LIABILITIES									
Payables to holding companies (La Doria)									
Payables to subsidiaries (Others)									
Trade Payables	Trade payables	4.172		329	4.088	0	0	(113)	315
Financial payables	Gbp fin. payables					0		0	0
Derivatives									
Other Payables									
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(1.695)	1.236
Minority interest share									

Checks

Examples of Assumptions		€/currency	Examples of Assumptions		€/currency
GBP/€	Current rate	0,85618	GBP/€	€ increase by 5%	0,898989
USD/€	Current rate	1,0541	GBP/€	€ decrease by 5%	0,813371
AUD/ €	Current rate	1,4596	AUD/ €	€ increase by 5%	1,53258
JPY/€	Current rate	123,4	AUD/ €	€ decrease by 5%	1,38662
USD/€	€ increase by 5%	1,106805	JPY/€	€ increase by 5%	129,57
USD/€	€ increase by 5%	1,001395	JPY/€	€ decrease by 5%	117,23

TABLE 7 CONS. BIS

SENSITIVITY ANALYSIS (IFRS 7.40-42 (IFRS 7.40-42) LDH (Currency/000)

Company LDH (La Doria Ltd)
Currency GBP
all amounts in thousands of Euro

	Reference Account	Book	Amount in original currency				Impact of different assumptions					
Al December 31, 2016	**Balance Sheet**	**Value**	**€**	**GBP**	**USD**	**Can $**	**€ 1**	**€ 2**	**USD1**	**USD2**	**Can $ 1**	**Can $ 2**
NON-CURRENT ASSETS												
Non-current receivables from holding companies (La Doria)												
Non-current receivables from subsidiaries (Others)												
Non current financial assets at fair value												
Receivables												
Non-current receivables from third parties												
CURRENT ASSETS												
Current receivables from holding companies (La Doria)	Interco receivables	153		153				-				
Current receivables from subsidiaries (Others)		-		-								
Trade Receivables	Trade receivables	43.241	562	39.850	2.828	-	531	64	(419)	(165)		
Current financial assets at fair value												
Financial receivables	Other Receivables	-		-								
Derivatives	Forward contracts	1.037	375		662		3.962	(4.379)	41	(455)		
Other current assets												
Cash and cash equivalents	Currency accounts	24.115	2.166	21.006	942	-	(103)	114	(45)	50		
NON-CURRENT LIABILITIES												
Non-current payables from holding companies (La Doria)												
Non-current payables from subsidiaries (Others)		I I	I									
Non-current financial liabilities												
Other non-current liabilities												
CURRENT LIABILITIES												
Payables to holding companies (La Doria)	Interco payables	15.726	887	14.839	-	-	42	(47)	-	-	-	-
Payables to subsidiaries (Others)		7.518	5.775	1.742	-		275	(304)	-	0		
Trade Payables	Trade payables	22.506	7.265	10.538	4.702		346	(382)	224	(247)		
Financial payables	Bank payables	-										
Derivatives	Forward contracts	-	-									
Other Payables	Other payables	8.551		8.551								
SHAREHOLDERS' EQUITY												
Translation reserve												
Cash flow reserves		839	39		116		2.749	(3.038)	422	(467)	-	0
Net Result	Profit/(loss)						(7.802)	7.391	(594)	1.284	0	0
Minority interest share												

Exampes of Assumptions:		**€/currency**	**Exampes of Assumptions:**		**€/currency**
GBP/ €	Actual rate	1,1680	GBP/ €	FOREX AVERAGE REVALUED RATE	1,1639
GBP/USD	Actual rate	1,2312	GBP/USD	FOREX AVERAGE REVALUED RATE	1,2343
€ 1	€ increases by 5%	1,2264	€ 1	€ increases by 5%	1,2221
€ 2	€ decreases by 5%	1,1096	€ 2	€ decreases by 5%	1,1057
USD1	$ increases by 5%	1,2928	USD1	$ increases by 5%	1,2960
USD2	$ decreases by 5%	1,1696	USD2	$ decreases by 5%	1,1726
CAN1	$ increases by 5%	0,0000	CAN1	$ increases by 5%	0,0000
CAN2	$ decreases by 5%	0,0000	CAN2	$ decreases by 5%	0,0000

TABLE 8 CONS.

SENSITIVITY ANALYSIS (IFRS 7.40-42) LA DORIA (Currency/000)

At December 31, 2015	Reference Account Balance Sheet	Book Value	€	Amount in original currency GBP	USD	CAD	AUD	JPY	Impact of different assumptions EUR1+5% vs.USD,GBP,AUD,CAD	EUR2-5% vs.USD,GBP,AUD,CAD
NON-CURRENT ASSETS										
Non-current receivables from holding com. (La Doria)										
Non-current receivables from subsidiaries (Others)										
Non current financial assets at fair value										
Receivables										
Non-current receivables from third parties										
CURRENT ASSETS										
Current receivables from holding companies (La Doria)										
Current receivables from subsidiaries (Others)										
Trade Receivables	Trade receivables	18.564		10.520	20	218	5.674		(1.131)	704
Current financial assets at fair value										
Financial receivables										
Derivatives										
Other current assets										
Cash and cash equivalents	Currency accounts	9.708		175	9.447	81	1.100		(462)	511
NON-CURRENT LIABILITIES										
Non-current payables holding com. (La Doria)										
Non-current payables from subsidiaries (Others)										
Non-current financial liabilities										
Other non-current liabilities										
CURRENT LIABILITIES										
Payables to holding companies (La Doria)										
Payables to subsidiaries (Others)										
Debiti Commerciali	Trade payables	4.356		130	4.379	1	12	13.683	(249)	184
Financial payables	Gbp fin. payables						0		0	0
Derivatives										
Other Payables										
SHAREHOLDERS' EQUITY										
Translation reserve										
Cash flow reserves										
Net Result									(1.842)	1.399
Minority interest share										

Checks

Esempi di ipotes		€	Esempi di ipotesi		€
GBP/€	Current rate	0,73395	GBP/€	€ increase by 5%	0,7706475
USD/€	Current rate	1,0887	GBP/€	€ decrease by 5%	0,6972525
AUD/ €	Current rate	1,4897	AUD/ €	€ increase by 5%	1,564185
CAD €	Current rate	1,5116	AUD/ €	€ decrease by 5%	1,415215
JPY €	Current rate	131,07	CAD €	€ increase by 5%	1,58718
USD/€	€ increase by 5%	1,143135	CAD €	€ decrease by 5%	1,43602
USD/€	€ increase by 5%	1,143135	CAD €	€ decrease by 5%	1,43602
USD/€	€ decrease by 5%	1,034265	JPY €	€ increase by 5%	137,6235
			JPY €	€ decrease by 5%	124,5165

TABLE 8 CONS. BIS

SENSITIVITY ANALYSIS (IFRS 7.40-42 (IFRS 7.40-42) LDH (Currency/000)

Company LDH (La Doria Ltd)
Currency GBP
all amounts in thousands of Euro

Al December 31, 2016	Reference Account Balance Sheet	Book Value e	€	GBP	USD	Can $	€ 1	€ 2	USD1	USD2	Can $ 1	Can $ 2
			Amount in original currency				Impact of different assumptions					
NON-CURRENT ASSETS												
Non-current receivables from holding companies (La Doria)												
Non-current receivables from subsidiaries (Others)												
Non current financial assets at fair value												
Receivables												
Non-current receivables from third parties												
CURRENT ASSETS												
Current receivables from holding companies (La Doria)	Interco receivables	48		48				-				
Current receivables from subsidiaries (Others)		--										
Trade Receivables	Trade receivables	35.123	984	32.039	2.100		(47)	52	(100)	111		
Current financial assets at fair value												
Financial receivables	Other Receivables	102		102								
Derivatives	Forward contracts	926	783		143		3.395	(3.753)	342	(378)		
Other current assets												
Cash and cash equivalents	Currency accounts	22.677	1.474	20.903	300	-	(70)	78	(14)	16		
NON-CURRENT LIABILITIES												
Non-current payables from holding companies (La Doria)												
Non-current payables from subsidiaries (Others)												
Non-current financial liabilities												
Other non-current liabilities												
CURRENT LIABILITIES												
Payables to holding companies (La Doria)	Interco payables	11.884	2.006 9	.878	–		96	(106)	-		-	
Payables to subsidiaries (Others)		10.842	7.090	2.369	1.383		338	(373)	66	(73)		
Trade Payables	Trade payables	16.108	7.652	6.921	1.535		364(	403)	73	(81)		
Financial payables	Bank payables											
Derivatives	Forward contracts	--										
Other Payables	Other payables	8.528		8.528								
SHAREHOLDERS' EQUITY												
Translation reserve												
Cash flow reserves		1.110	61		(2)		2.356	(2.604)	351	(388)	-	0
Net Result	Profit/(loss)						(6.432)	7.109	(718)	793	0	0
Minority interest share												

NOTE

Esempi di ipotesi		€
GBP/ €	Actual rate	1,3625
GBP/USD	Actual rate	1,4833
GBP/CAN$	Actual rate	
€ 1	€ increase by 5%	1,4306
€ 2	€ increase by 5%	1,2944
USD1	€ increase by 5%	1,5575
USD2	€ decrease by 5%	1,4091
CAN1	€ increase by 5%	0,0000
CAN2	€ decrease by 5%	0,0000

Esempi di ipotesi		€
GBP/ €	Average revalued rate	1,3582
GBP/USD	Average revalued rate	1,4838
GBP/CAN$	Average revalued rate	
€ 1	€ increase by 5%	1,4261
€ 2	€ decrease by 5%	1,2903
USD1	$ increase by 5%	1,5580
USD2	$ decrease by 5%	1,4096
CAN1	$ increase by 5%	0,0000
CAN2	$ decrease by 5%	0,0000

TABLE 9 CONS.

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

At December 31, 2016	Book Value	Reference Account Balance Sheet	Write-downs	ANALYSIS : DUE AND WITH FUTURE DUE DATE Not due	Due < 2 months	Due 2months<x<1 year	Due 1year<x<5 years	Due > 5 years	Total
Trade Receivables	105.412	Trade Receivables	0	86.746	17.366	701	150	449	105.412
Tax receivables	9.316	Tax Receivables	0	9.316	0	0	0	0	9.316
Other assets	4.855	Other assets	0	4.843	0	1	5	6	4.855
Gross receivables	119.583		0	100.905	17.366	702	155	455	**119.583**
Write-down of receivables	1.497	Bad debt provision	1.497	0	0	0	0	0	1.497
Write-down of other receivables	0	Write-down of other rec.	0	0	0	0	0	0	0
Net receivables	118.086		1.497	100.905	17.366	702	155	455	**118.086**

TABLE 10 CONS.

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37

At December 31, 2016	Book Value	Reference Account Balance Sheet	Write-downs	ANALYSIS : DUE AND WITH FUTURE DUE DATE Not due	Due < 2 months	Due 2months<x<1 year	Due 1year<x<5 years	Due > 5 years	Total
Trade Receivables	110.225	Trade Receivables	0	89.468	19.014	1.247	57	440	110.225
Tax receivables	5.632	Tax Receivables	0	5.632	0	0	0	0	5.632
Other assets	7.705	Other assets	0	7.454	0	0	0	251	7.705
Gross receivables	123.562		0	102.554	19.014	1.247	57	691	**123.563**
Write-down of receivables	2.542	Bad debt provision	2.542	0	0	0	0	0	2.542
Write-down of other receivables	0	Write-down of other rec.	0	0	0	0	0	0	0
Net receivables	121.020		2.542	102.554	19.014	1.247	57	691	**121.021**

TABLE 11 CONS.

CONCENTRATION OF RECEIVABLES (Euro/000)

Customers

At December 31, 2016	Book Value	Reference Account Balance Sheet	Due from First 2 Client	From 3 to 5 Clients	From 6 to 10 Clients	From 11 to 20 Clients	Other Clients	Accrued Income	Total
Trade Receivables	105.412	Trade Receivables	36.497	21.267	11.522	7.595	28.531		105.412
Other assets	4.855	Other assets	1.943	128	20	0	0	2.764	4.855
Receivables	**110.267**		38.440	21.395	11.542	7.595	28.531	2.764	**110.267**

By country

At December 31, 2016	Book Value	Reference Account Balance Sheet	Due from EU (Excl. UK) Client	UK Clients	US Clients	Asia Clients	America Clients	Other Clients	Accrued Income	Total
Trade Receivables	105.412	Trade Receivables	43.565	49.684	1.287	2.026	223	8.627		105.412
Other assets	4.855	Other assets	880	1.211					2.764	4.855
Receivables	**110.267**		44.445	50.895	1.287	2.026	223	8.627	2.764	**110.267**

TABLE 12 CONS.

CONCENTRATION OF RECEIVABLES (Euro/000)

Customers

At December 31, 2015	Book Value	Reference Account Balance Sheet	Due from First 2 Client	From 3 to 5 Clients	From 6 to 10 Clients	From 11 to 20 Clients	Other Clients	Accrued Income	Total
Trade Receivables	110.225	Trade Receivables	35.950	24.279	13.155	10.934	25.907		110.225
Other assets	7.705	Other assets	3.555	833	212	1	0	3.104	7.705
Receivables	**117.930**		39.505	25.112	13.367	10.935	25.907	3.104	**117.930**

By country

At December 31, 2015	Book Value	Reference Account Balance Sheet	Due from EU (Excl. UK) Client	UK Clients	US Clients	Asia Clients	America Clients	Other Clients	Accrued Income	Total
Trade Receivables	110.225	Trade Receivables	51.742	46.128	833	2.644	357	8.521		110.225
Other assets	7.705	Other assets	3.196	1.405	0	0	0	0	3.104	7.705
Receivables	**117.930**		54.938	47.533	833	2.644	357	8.521	3.104	**117.930**

DECLARATION AS PER ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT AMENDMENTS AND SUPPLEMENTS

Declaration of the Statutory Financial Statements/Consolidated Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and supplements

1. The undersigned Antonio Ferraioli, CEO, and Alberto Festa, executive responsible for the preparation of the corporate accounting documents of La Doria S.p.A., affirms, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures

for the preparation of the separate and consolidated financial statements for the period from January 1, 2016 to December 31, 2016.

2. The adequacy of the administrative and accounting procedures was verified through an assessment of the internal control system underlying the preparation of the financial statements, the interim financial statements and all financial reporting. This evaluation utilised the criteria established in the "Internal Controls -Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (CoSO framework) which represents a standard framework generally accepted at international level. No significant issues were identified in the assessment of the internal control system.

3. We also declare that:
3.1 the parent company and consolidated financial statements:
a) were prepared in accordance with international accounting standards, recognised in the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002, and the interpretations of the International Financial Reporting Interpretations Committee and the Standing Interpretations Committee;
b) correspond to the underlying accounting documents and records;
c) provide a true and fair view of the financial position and results of operations of the issuer and of the companies included in the consolidation.
3.2 The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Angri, 14.03.2017

Antonio Ferraioli Amministratore Delegato	Alberto Festa Dirigente preposto alla redazione dei documenti contabili societari

INDEPENDENT AUDITORS' REPORT

Deloitte.

INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 AND 16 OF

Deloitte & Touche S.p.A.
Riviera di Chiaia, 180
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www.deloitte.it

To the Shareholders of
LA DORIA S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of La Doria Group, which comprise the consolidated balance sheet as at December 31, 2016, the consolidated income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view of the financial position of the La Doria Group as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Other matters

The consolidated financial statements of La Doria S.p.A for the year ended December 31, 2015 were audited by another auditor, who expressed an unmodified opinion on those statements on March 30, 2016.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the consolidated financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of La Doria S.p.A., with the consolidated financial statements of the La Doria Group as at December 31, 2016. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the consolidated financial statements of the La Doria Group as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Mariano Bruno
Partner

LA DORIA SPA
PARENT COMPANY FINANCIAL STATEMENTS PREPARED ACCORDING TO INTERNATIONAL ACCOUNTING STANDARDS (IFRS/EU)

LA DORIA S.p.A. 31.12.2016							
ASSETS	BALANCE SHEET						
in Euro/000	NOTE	31.12.2016	*of which related parties*	31.12.2015	*of which related parties*	31.12.2015 Restatement	*of which related parties*
NON-CURRENT ASSETS							
Intangible assets	1	7.283		1.591		1.591	
Property, plant & equipment	2	137.809		98.132		98.132	
Goodwill	3	2.237		5.984		5.984	
Investments in subsidiaries and associated companies	4	9.354		88.205		73.955	
Other investments	5	239		231		231	
Other non-current financial assets	6	80		-		-	
Deferred tax assets	7	5.740		5.816		5.816	
Non-current other assets	8	520	456	1.007	1.007	1.007	1.007
TOTAL NON-CURRENT ASSETS		163.262		200.966		186.716	
CURRENT ASSETS							
Inventories	9	140.739		133.593		133.593	
Trade receivables	10	77.440	24.065	66.019	22.417	66.019	22.417
Other assets	11	2.038	649	4.889	1.516	4.889	1.516
Tax receivables	12	8.046		3.500		3.500	
Other financial assets	13	11.845		4.129		4.129	
Cash and cash equivalents	14	34.389		38.785		38.785	
TOTAL CURRENT ASSETS		274.497		250.915		250.915	
TOTAL ASSETS		437.759		451.881		437.631	

LA DORIA S.p.A. 31.12.2016							
LIABILITIES in Euro/000	NOTE	BALANCE SHEET					
		31.12.2016	*of which related parties*	31.12.2015	*of which related parties*	31.12.2015 Restatement	*of which related parties*
SHAREHOLDERS' EQUITY							
Share capital	15	42.780		42.780		42.780	
Reserves and retained earnings	16	106.585		87.381		87.381	
Net profit	17	16.109		28.028		28.028	
TOTAL SHAREHOLDERS' EQUITY		165.474		158.189		158.189	
NON-CURRENT LIABILITIES							
Financial payables	18	106.128		116.634		116.634	
Other non-current liabilities	19	8.317		8.938		8.938	
Post-employment benefit and pension provision	20	4.262		3.354		3.354	
Deferred tax liabilities	21	15.057		7.238		7.238	
Provisions for risks and charges	22	9.156		9.740		9.740	
TOTAL NON-CURRENT LIABILITIES		142.920		145.904		145.904	
CURRENT LIABILITIES							
Financial payables	23	42.840		73.956		59.706	
Trade payables	24	74.218	9.859	62.075	13.505	62.075	13.505
Tax payables	25	1.751		3.924		3.924	
Other current liabilities	26	10.556	94	7.833	503	7.833	503
TOTAL CURRENT LIABILITIES		129.365		147.788		133.538	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		437.759		451.881		437.631	

LA DORIA S.p.A 31.12.2016

INCOME STATEMENT Prepared in accordance with IFRS/EU (in Euro thousands)	NOTE	31.12.2016	*of which related parties*	31.12.2015	*of which related parties*	31.12.2015 Restament	*of which related parties*
Revenues	27	409.296	99.118	372.705	109.132	372.705	109.132
Other operating revenues	28	9.501	333	8.424	827	8.424	827
Changes in inventory	29	(10.330)		(5.268)		(5.268)	
of which: Finished and Semi-finished		(7.756)		(5.692)		(5.692)	
of which: Raw materials		(2.574)		424		424	
Purchase of raw materials and goods	30	254.192	21.124	232.614	25.825	232.614	25.825
Services	31	61.204	5.477	54.990	6.824	54.990	6.824
Labour costs	32	42.402	700	33.342	700	33.342	700
Other operating charges	33	10.748	87	7.223	16	7.223	16
Amortisation, depreciation, write-downs and provisions	34	17.953		11.981		11.981	
OPERATING PROFIT		21.968		35.711		35.711	
Financial income	35	16.142		16.286	398	16.286	398
Financial charges	36	16.659	(70)	17.085		17.085	
Dividends	37	3.573	3.573	3.672	3.672	3.672	3.672
Profit before taxes from normal operations		25.024		38.584		38.584	
Income taxes	38	8.915		10.556		10.556	
Net profit from normal operations		16.109		28.028		28.028	
Gain/loss from discontinued operations		0		0		0	
Net Profit for the year		16.109		28.028		28.028	

Basic & diluted earnings per share	**31.12.2016**	**31.12.2015**	**31.12.2015 Restament**
Number of shares net of treasury shares	31.000.000	31.000.000	31.000.000
Earnings per share	0,52	0,90	0,90

As per OPI 2 (Revised), in line with the principle of comparable values, the reclassified Balance Sheet and Income Statement of La Doria S.p.A. are reported below, comparing the present year (post-merger) with the year ended December 31, 2015 Re-statement (as indicated in the Introduction paragraph), together with the balance sheet and income statement at like-for-like consolidation scope at December 31, 2015 (Proforma).

LA DORIA SPA - RECLASSIFIED BALANCE SHEET

in Euro/000	31.12.2016	31.12.2015 Restatement	31.12.2015 Proforma Restatement
Trade receivables	77.440	66.019	82.682
Inventories	140.739	133.593	150.066
Other current receivables	10.084	8.389	9.776
Total current assets	**228.263**	**208.001**	**242.524**
Trade payables	74.218	62.075	74.026
Other payables	12.307	11.757	14.677
Total current liabilities	86.525	73.832	88.703
WORKING CAPITAL	**141.738**	**134.169**	**153.821**
Net intangible assets	7.283	1.591	7.677
Net tangible assets	137.809	98.132	136.432
Investments	9.593	74.186	9.497
Other assets	8.577	12.807	23.154
FIXED ASSETS	**163.262**	**186.716**	**176.760**
Non-current liabilities	23.374	16.176	22.588
Post-employment benefits & pensions	13.418	13.094	16.416
Total non-current liabilities	36.792	29.270	39.004
NET CAPITAL EMPLOYED	**268.208**	**291.615**	**291.577**
Liquidity	(34.389)	(38.785)	(46.593)
Short-term debt	30.995	55.577	55.593
Medium/long term debt	106.128	116.634	116.634
NET FINANCIAL POSITION	**102.734**	**133.426**	**125.634**
Share capital	42.780	42.780	42.780
Reserves + Net Profit	122.694	115.409	123.163
TOTAL SHAREHOLDERS` EQUITY	**165.474**	**158.189**	**165.943**

LA DORIA SPA - RECLASSIFIED INCOME STATEMENT						
Values in Euro/000	**31.12.2016**		**31.12.2015 Restatement**		**31.12.2015 Restatement Proforma**	
Revenues	**409.296**	**100,0%**	**372.705**	**100,0%**	**451.643**	**100,0%**
Change in finished and semi-finished products	(7.756)	-1,9%	(5.692)	-1,5%	(6.778)	-1,5%
Other revenues	9.501	2,3%	8.424	2,3%	8.930	2,0%
Value of production	**411.041**	**100,4%**	**375.437**	**100,7%**	**453.795**	**100,5%**
Costs of production	328.718	80,3%	294.403	79,0%	350.284	77,6%
Value added	**82.323**	**20,1%**	**81.034**	**21,7%**	**103.511**	**22,9%**
Labour costs	42.402	10,4%	33.342	8,9%	43.174	9,6%
Gross operating profit	**39.921**	**9,8%**	**47.692**	**12,8%**	**60.337**	**13,4%**
Amortisation, depreciation and write-downs	17.953	4,4%	11.981	3,2%	15.075	3,3%
Net operating profit	**21.968**	**5,4%**	**35.711**	**9,6%**	**45.262**	**10,0%**
Investment income	3.573	0,9%	3.672	1,0%	3.672	0,8%
Net financial charges	(2.863)	-0,7%	(3.703)	-1,0%	(3.728)	-0,8%
Net exchange gains	2.346	0,6%	2.904	0,8%	2.587	0,6%
Profit from normal operations	**25.024**	**6,1%**	**38.584**	**10,4%**	**47.793**	**10,6%**
Gain/(loss) from discontinued operations	0	0,0%	0	0,0%	0	0,0%
Profit before taxes	**25.024**	**6,1%**	**38.584**	**10,4%**	**47.793**	**10,6%**
Income taxes	8.915	2,2%	10.556	2,8%	12.614	2,8%
Net profit	**16.109**	**3,9%**	**28.028**	**7,5%**	**35.179**	**7,8%**

LA DORIA S.p.A. 31.12.2016

COMPREHENSIVE INCOME STATEMENT (in Euro/000)	NOTE	31.12.2016	31.12.2015	31.12.2015 Restatement
Net profit		**16.109**	**28.028**	**28.028**
Other comprehensive income				
Items which may be recognised to the income statement in subsequent periods				
Change in cash flow hedge reserve net of tax effect of Euro -43 thousand at December 31, 2016 and Euro -286 thousand at December 31, 2015	**17**	(89)	(430)	(430)
Total items which may be recognised to the income statement in subsequent periods		**(89)**	**(430)**	**(430)**
Items which may not be recognised to the income statement in subsequent periods				
Change in IAS 19 reserve: "Premeasurement of employee benefits"	**20**	(55)	164	164
Total items which may not be recognised to the income statement in subsequent periods		**(55)**	**164**	**164**
Comprehensive profit for the year		**15.965**	**27.762**	**27.762**

Cash Flow Statement - Consob resolution No.15519/2006

(in €/000)

	31-dic-2016	*of which related parties*		31-dic-2015	*of which related parties*		31/12/2015 Restatement	*of which related parties*	
Operating activity									
Cash Flow									
Net Profit	16.109			28.028			28.028		
Depreciation and write-downs of tangible assets	11.003			8.563			8.563		
Amortisation and write-downs of intangible assets	6.255			390			390		
Total cash flow	**33.367**			**36.981**			**36.981**		
Changes in deferred tax assets and liabilities	7.895			(2.943)			(2.943)		
Post-employment benefits and other benefits:									
provisions/(utilisations)	853			(494)			(494)		
Provisions for risks and charges:									
provisions/(utilisations)	(584)			1.678			1.678		
Financial income	(5.663)			(350)			(350)		
Total cash flow before changes in net working capital	**35.868**			**34.872**			**34.872**		
Working capital									
Change in trade receivables	(11.421)	1.648		922	*(3.687)*		922	(3.687)	
Change in inventories	(7.146)			4.900			4.900		
Change in other current assets	(1.695)	*(867)*		7.623	*1.948*		7.623	1.948	
Change in trade payables	12.143	*(3.646)*		(13.032)	*(6.399)*		(13.032)	(6.399)	
Change in tax payables	(2.173)			(3.860)			(3.860)		
Change in other current liabilities	2.723	(409)		715	*(58)*		715	(58)	
Change in working capital	**(7.569)**			**(2.732)**			**(2.732)**		
Cash generated from operating activity		**28.299**	(a		**32.140**	(a		**32.140**	(a
Investing activities									
Divestment/(investment)									
in tangible fixed assets	(50.680)			(7.012)			(7.012)		
Divestment/(investment)									
in intangible fixed assets	(11.947)			(962)			(962)		
Disposal of other non-current assets	(134)	(551)		476	(1.262)		476	(1.262)	
Goodwill	3.747			0			0		
Equity investments net of divestments	78.843			(5.198)			(5.198)		
Interest received	5.663			350			350		
Cash generated/(absorbed) from investing activities		**25.492**	(b		**(12.346)**	(b		**(12.346)**	(b
Financing activities									
Medium/long term loans	(10.586)			22.724			22.724		
Change in short-term bank debt	(38.921)			(21.165)			(21.165)		
Dividends distributed	(8.680)	(5.468)		(6.820)	(4.297)		(6.820)	(4.297)	
Change in purchase and sale of treasury shares	0			3.490			3.490		
Total cash generated/(absorbed) from financing activities		**(58.187)**	(c		**(1.771)**	(c		**(1.771)**	(c
Change in the net financial position			**(4.396)** **(a+b+c)**			**18.023** (a+b+c)			**18.023** **(a+b+c)**
Cash and cash equivalents at beginning of the year	38.785			20.762			20.762		
Cash and cash equivalents at end of year	34.389			38.785			38.785		
	(4.396)			**18.023**			**18.023**		

SHAREHOLDERS' EQUITY	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY									
in Euro/000	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	OTHER RESERVES	LOSSES IAS 39	RESERVE PREVIOUS YEAR	PROFITS PREVIOUS YEARS EX POMAGRO	RETAINED REARNINGS	NET PROFIT/ FOR THE YEAR	TOTAL SHAREHOLDERS EQUITY
Beginning balance at 01.01.2015	42.243	15.327	5.430	21.236	(636)	(2.160)	2.913	27.583	21.822	133.757
Reclassifications				(4.724)				4.724		0
Allocation of result			1.092					20.730	(21.822)	0
Distribution of dividends								(6.820)		(6.820)
Purchase and sale of treasury shares	537			2.069				884		3.490
Change IAS 19 reserve (other comprehensive income)				164						164
Utilisations										0
Result for the year									28.028	28.028
Change IAS 39 reserve (other comprehensive income)					(430)					(430)
Balance at 31.12.2015	**42.780**	**15.327**	**6.522**	**18.745**	**(1.066)**	**(2.160)**	**2.913**	**47.101**	**28.028**	**158.189**

SHAREHOLDERS' EQUITY	STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY									
in Euro/000	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	OTHER RESERVES	LOSSES IAS 39	RESERVE PREVIOUS YEAR	PROFITS PREVIOUS YEARS EX POMAGRO	RETAINED REARNINGS	NET PROFIT/ FOR THE YEAR	TOTAL SHAREHOLDERS EQUITY
Beginning balance at 01.01.2016	42.780	15.327	6.522	18.745	(1.066)	(2.160)	2.913	47.101	28.028	158.189
Reclassifications				1.041		2.160	(2.913)	(288)	-	0
Allocation of result			1.401					26.627	(28.028)	-
Distribution of dividends								(8.680)		(8.680)
Purchase and sale of treasury shares										
Change IAS 19 reserve (other comprehensive income)				(55)					-	(55)
Utilisations										
Result for the year									16.109	16.109
Change IAS 39 reserve (other comprehensive income)					(89)					(89)
Balance at 31.12.2015	**42.780**	**15.327**	**7.923**	**19.730**	**(1.155)**	**-**	**-**	**64.760**	**16.109**	**165.474**

LA DORIA S.P.A.
EXPLANATORY NOTES
TO THE FINANCIAL STATEMENTS
AT DECEMBER 31, 2016

EXPLANATORY NOTES AS OF DECEMBER 31, 2016 - LA DORIA SPA

1. GENERAL ASPECTS

La Doria S.p.A. (hereafter also the "Company") operates in the production and marketing of food products – in particular in the vegetable and juices processing sector. The Company operates from six production sites and markets its products in Italy and abroad, principally in the United Kingdom, Japan, Australia and in the Scandinavian countries.

La Doria S.p.A. is listed on the Star segment of the Italian Stock Exchange.

The present financial statements were approved by the Board of Directors on March 15, 2017, which authorised their publication on the same date, and were audited by Deloitte & Touche S.P.A. Filing of the full document at the registered office and the competent authorities is carried out in accordance with law.

The Company is not subject to direction or management by other companies or entities.

2. CONTENT AND FORM OF THE FINANCIAL STATEMENTS OF LA DORIA SPA

INTRODUCTION

The present financial statements at December 31, 2016 comprise the Balance Sheet, the Income Statement, the Comprehensive Income Statement, the Cash Flow Statement, the Statement of Changes in Shareholders' Equity and the Notes and were prepared in accordance with International Accounting Standards approved at the date of the present financial statements by the European Commission, hereafter "IAS/IFRS", supplemented by the relative interpretations (Standing Interpretations Committee SIC and International Financing Reporting Interpretations Committee –IFRIC) issued by the International Accounting Standard Board (IASB), as well as the provisions of Article 9 of Legislative Decree No. 38 of February 28, 2005.

The standards and the accounting principles applied to the present financial statements are in line with those utilised for the preparation of the financial statements at December 31, 2015, with the exception of that illustrated below.

During 2016, some clauses of the shareholders' agreement which governs the recognition respectively in favour of the minority shareholders of the subsidiary LDH and of La Doria SpA of put and call options on the minority shareholding of the English company were redefined. In this context the Directors, with the support of professional advisors, reviewed some essential elements of the valuation model and the relative accounting treatment in the separate financial statements of the company.

The review concerned not only the current year, but also the initial imposition and therefore recognition at December 31, 2015, assessing that the previous model utilised and the relative assumptions were not sufficiently in line with the characteristics of the agreement, which provide for specific circumstances within which these rights may be exercised, which are not based on mere financial aspects, but rather on considerations related to the commercial contract with the minority shareholder, industrial partner of the company and the working relationship with the minority shareholder, manager of the company.

On the completion of the review the assumptions, methodologies to be adopted for the valuation of these rights and the relative accounting treatment were reviewed. In such cases, it is necessary to apply IAS 8 (Accounting policies, changes in accounting estimates and errors) which governs, among other matters, the method for recognition and recording of prior year errors and changes in estimates and accounting policies. The retroactive determination of these amounts results in the correction of the recording, valuation and disclosure relating to the amounts in the financial statements as if the error of the previous year had never occurred. In accordance with paragraph 49 of IAS 8, the difference arising was considered significant and identifiable. The matter outlined above therefore resulted in the necessity of a restatement in the Separate Financial Statements of La Doria S.p.A. of the balance sheet and income statement for the year ended December 31, 2015, first year of recognition as shown in the table below:

in Euro/000			31/12/2015	IAS 8	31/12/2015 Restated
ASSET	NON-CURRENT ASSETS	Investments in subsidiaries and associates companies	88.205	-14.250	73.955
LIABILITIES	CURRENT LIABILITIES	Financial payables	73.956	-14.250	59.706

In relation to the comparability of the Balance Sheet and the Income Statement of the separate financial statements we also highlight the merger by incorporation of the 100% subsidiaries (Pafial Srl, Delfino Spa and Althea Spa) approved by the Board of Directors of La Doria S.p.A. on October 8, 2015 with statutory and tax effect as of January 1, 2016. The merger by incorporation was not considered a business combination as there was no economic exchange with third parties relating to the assets of the aggregated companies, nor an acquisition in an economic sense. The only modification compared to the pre-merger situation relates to the method of control over the assets and liabilities of the incorporated companies which, from indirect, become direct. For greater clarity in understanding and interpretation of the comparative data, two additional reclassified Balance Sheet and Income Statement are included which compare the 2016 figures with the pro-forma consolidated figures at December 31, 2015.

From January 1, 2013, some modifications to the international accounting standards were applied. The principal changes are outlined in the subsequent paragraph “Form of the financial statements”. The section “Effects of the changes to the accounting principles adopted” summarises the accounting standards currently being approved by the European Union, not yet applied by the Company and the accounting standards not yet entered into force.

The general principle adopted in the preparation of the financial statements is the cost method, with the exception of the derivative instruments and some financial assets, for which IAS 39 is obligatory or - limited to financial assets - valuation in accordance with the fair value method is permitted. The financial statements are prepared in Euro. All amounts in the notes are expressed in thousands of Euro, except where otherwise indicated. The present Financial Statements were prepared with clarity on a going concern basis, based on the current performance and the future business plans approved by the Board and reflect in a true and fair manner the balance sheet, financial position and result of the company for the year. They are based on the accounting of the Company, which fully reflects the operations carried out in the year. The present Financial Statements, in addition, were prepared applying the fundamental principles of the accounting policies adopted and in particular:

- the accruals principle: the recognition of events and operations on occurrence rather than upon the receipt of the related payments;

- the principle of materiality: in the recording of operating events, materiality is placed upon economic substance rather than form.

The valuation of asset and liability items was made referring, where necessary, to estimates based on reliable information, past experience and all information available at the preparation date of the financial statements.

FORM OF THE FINANCIAL STATEMENTS

Relating to the form of the financial statements, the company elected for the following presentation of the financial statements. The amounts with related parties are shown in a separate column for all of the tables.

Balance Sheet

The Balance Sheet at December 31, 2016 is prepared with separate indications of the Assets, Liabilities and Net Equity. The Assets and the Liabilities are classified as non-current and current.

Income Statement

The Income Statement for the year 2016 is presented by the nature of the expenses.

Comprehensive Income Statement

The Comprehensive Income Statement is presented in a separate document to the Income Statement, as permitted by IAS 1.

Cash Flow Statement

The Cash Flow Statement is prepared applying the indirect method.

Statement of changes in Shareholders' Equity

The Statement of changes in Shareholders' Equity is prepared in accordance with IAS 1. In addition, the following tables are an integral part of the notes to the financial statements:

• Intangible Assets at December 31, 2016 (**Table A**);

• Property, plant and equipment and accumulated depreciation at December 31, 2016 (**Tables B, B1** and **B2**);

• Investments in Companies directly and indirectly held (**Table C** and **C1**);

• Remuneration matured by Directors, Statutory Auditors, the General Manager and Management of La Doria S.p.A. and its subsidiaries and to the Independent Audit Firm (**Tables D, D1** and **E**), based on Consob Communication No. DEM/11012984 of 24/2/2011 concerning indemnity in the case of the advance conclusion of employment and disclosure on remuneration in accordance with Article 78 of Regulation No. 11971 of May 14, 1999 and subsequent amendments;

• Statements relating to the management of risks in accordance with IFRS 7 (**Tables 1** to **12**).

Identification of the functional currency

The present financial statements are presented in Euro (the functional currency of the Company).

Effects of the amendments in the accounting standards adopted

New accounting standards

In the preparation of the present financial statements the accounting standards adopted are those as utilised in the preparation of the financial statements at December 31, 2015, with the exception of that reported below.

Accounting standards, Amendments and IFRS Interpretations applicable from January 1, 2016

The following IFRS accounting standards, amendments and interpretations were applied for the first time by the Group from January 1, 2016:

- Amendment to **IAS 27 - Equity Method in Separate Financial Statements** (published on August 12, 2014): the amendment allows an entity to use the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The adoption of this amendment does not have effects on the financial statements of the company.

- Amendments to **IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception**" (published on December 18, 2014), containing amendments to the issues emerging following the application of the consolidation exception granted to investment entities. The adoption of this amendment does not have effects on the financial statements of the company.

IFRS standards, amendments and interpretations not yet approved by the European Union

At the date of the Financial Statements, the relevant bodies of the European Union have not yet concluded the process necessary for the implementation of the amendments and standards described below.

- **IFRS 16 - Leases** (published on January 13, 2016) which replaces IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The new standard provides a new definition of leases and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying essential differences: the identification of the asset, the right of replacement of the asset, the right to obtain substantially all the economic benefits from the use of the asset and the right to use the asset underlying the contract.

  The standard establishes a single model to recognize and measure leasing contracts for the lessee (lessees) which provides also for the recognition of operating leases under assets with a related financial payable, providing the possibility not to be recognize as leasing contracts "low-value assets" and leasing contracts less than 12 months. This Standard does not contain significant amendments for lessors.

  The standard is effective from January 1, 2019, although advance application is permitted, only for companies which have applied in advance IFRS 15 - Revenue from Contracts with Customers. The directors consider that the application of IFRS 16 may have a significant impact on the recognition of leasing contracts and on the relative disclosure in the separate financial statements.

- Amendment to **IAS 12** "**Recognition of Deferred Tax Assets for Unrealised Losses**" (published on January 19, 2016). The document provides clarifications on the recognition of deferred tax assets on unrealised losses on the occurrence of certain circumstances and on estimates of assessable income for future years. The amendments are effective from January 1, 2017, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

- Amendment to **IAS 7** "**Disclosure Initiative**" (published on January 29, 2016). The document provides clarifications to improve disclosure on financial liabilities. In particular, the amendments require the provision of disclosure which enables readers of the financial statements to understand the changes to liabilities following funding operations. The Directors are currently assessing the possible effects from the introduction of these amendments on the separate financial statements of the company.

- Amendment to **IFRS 2 "Classification and measurement of share-based payment transactions** (published on June 20, 2016), which contains clarifications upon the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, on the classification of share-based payments with characteristics of net settlement and the recognition of the amendments to the terms and conditions of a share-based payment which changes the classification from cash-settled to equity-settled. The amendments are effective from January 1, 2018, although advance application is permitted. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

- "**Annual Improvements to IFRSs**: **2014-2016 Cycle**", published on December 8, 2016 (including IFRS 1 First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters, IAS 28 Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice, IFRS 12 Disclosure of Interests in Other Entities – Clarification of the scope of the Standard) which partially integrates the pre-existing standards. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

- **Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration**" (published on December 8, 2016). The interpretation provides guidelines for transactions in foreign currencies where advances or non-monetary payments on account are recorded in the financial statements, before the recognition of the relative asset, cost or revenue. This document provides indications on how an entity should determine the date of a transaction, and consequently, the exchange rate to be utilised concerning operations in foreign currencies concerning payments made or received in advance. IFRIC 22 is applicable from January 1, 2018, but advanced application is permitted. The Directors do not expect these amendments to have a significant impact on the company's financial statements.

Definite intangible assets and amortisation

An intangible asset is an identifiable non-monetary asset without physical substance, identifiable and capable of generating future economic benefits. Intangible assets are originally recognised at purchase and/or production cost, including the costs of bringing the asset to its current use, net of accumulated amortisation, and any loss in value. Amortisation is calculated using the straight-line method over the estimated period of effective utilisation or future benefit. Where there are indications of a permanent loss in value, a specific impairment test is carried out and any loss in value is charged to the income statement and as a reduction of the fixed asset, in accordance with the procedures indicated below in the following paragraph. The balance includes assets clearly identifiable and measurable, capable of generating future economic benefits for the company and include concessions, licenses and trademarks, patents and industrial rights and other intangible assets, including the purchase cost of software. The costs of research and the cost of maintenance and software management are charged to the income statement.

Intangible assets with indefinite life

The company did not recognise to the financial statements intangible assets with indefinite life, except for goodwill.

Goodwill

The goodwill stated under intangible assets relates to business combinations made since January 1, 2004, whose results are included in the financial statements following the mergers, and represents the difference between the cost incurred for the purchase of a company and the sum of the values assigned, based on the fair values at the purchase date of the individual assets and liabilities of the company purchased. Goodwill has an indefinite life and therefore is stated at original cost, net of any write-downs. Goodwill, in fact, is not amortised but subject to an impairment test in accordance with IAS 36, on an annual basis, except when there are market and operational indicators identified by the Company, in which case it is necessary to carry out the test also in relation to the preparation of the interim accounts. The goodwill is allocated to the individual cash generating units (CGU), identified with reference to the organisation, management and control structures of the Group. Within each sector, the CGU's are defined as the smallest independent operational and financially independent units, identified, for uniformity of business and operational management, as companies within a determined area of activity together with its subsidiaries. The goodwill is tested in order to identify any loss in value. The test is undertaken on the CGU comparing the book value with the higher between the value in use of the CGU and the recoverable value through sale. In particular, the value in use is determined using the "unlevered" version of the discounted cash flow method, applied on the cash flows from the five-year plans approved by the Directors, projected beyond the explicit period covered by the plan according to the perpetual yield method (so-called Terminal value), utilising growth rates not above those expected for the markets in which the individual CGU's operate. The cash flows utilised are those generated from the company's operating activities, in their current conditions and without including the effects deriving from future restructuring of the business or from future investments aimed at improving performance, before financial charges and income taxes and include capital expenditure and working capital changes, while they do not include cash flows relating to financial management, extraordinary events or dividend payments. The base macroeconomic assumptions are determined, where available, according to external information sources, while the estimates of profitability and growth assumed in the plans are determined by management based on past experience and expectations of developments on the markets in which the Company operates.

Property, plant & equipment

Property, plant and equipment are stated at purchase or production cost, including additional charges allocated to the asset and related to its preparation for use during its useful life, net of accumulated depreciation and any loss in value deriving from the impairment test commented upon in the subsequent paragraph. Land is recorded at purchase cost, net of any loss in value and is not subject to depreciation. In order to determine the purchase cost for buildings the deemed cost method is used corresponding to the "fair value" or the revalued cost at January 1, 2004. "Fair value" as per IFRS 13 concerns the price that would be received from the sale of an asset or would be paid for the transfer of a liability in a transaction settled between market operators at the valuation date. Ordinary maintenance and repairs in the normal course of business are charged to the income statement. Extraordinary maintenance or repairs on owned assets or of third parties are capitalised and depreciated only if clearly identifiable and having future use. The cost of internally produced fixed assets includes the costs of the materials used, labour costs, the initial estimate, where applicable, of the dismantling and removal costs of the asset, and site reclamation costs. When the asset to be depreciated is composed of separately quantifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is made separately for each part of the asset, with the application of the "component approach" principle. The amendments to IAS 23 eliminated the option to record to the income statement the borrowing costs related to the purchase, construction or production of assets which require a significant period of time to be ready for use or for sale (qualifying assets). Finance charges are capitalised only when the requirements of IAS 23 are in place. Buildings available-for-sale are not depreciated as they are not used in the production process and are stated at the lower of cost and fair value less costs to sell. The capital grants are recognised when there is reasonable certainty that they will be received and that they will satisfy the conditions for their approval. They are recorded under liabilities and credited to the income statement, in line with the depreciation process of the assets to which they refer.

Depreciation of property, plant & equipment

The value of an asset is adjusted by straight-line depreciation, calculated on the basis of the residual useful life of the asset. Depreciation commences when the asset is available for use. In the year in which the asset is recorded for the first time, the depreciation is reduced to take account of the lesser use of the asset. The estimated useful lives are those reported in **Table B**. Land, as already described, is not depreciated as it has an indefinite life and is subject to an impairment test when there are indications of a loss in value. Applying the principle of the "component approach", when the asset to be depreciated is composed of separately identifiable elements whose useful life differs significantly from the other parts of the asset, the depreciation is calculated separately for each part of the asset.

Loss in value of tangible and intangible assets (impairment of the assets)

As previously described, assets with an indefinite life are subject, at least annually, to a verification of the recovery of the value recorded in the balance sheet on the basis of the value in use. For depreciated assets, an impairment test is made when there are indications of a probable loss in value. When, following an impairment test, write-downs should be made (recovery value lower than carrying value in the financial statements) and recognised in the income statement. The value is reinstated in future years, up to the amortised cost - should the reason for any write-down no longer exist: the recovery in value is also recorded in the income statement However, in no case is goodwill reinstated following a previous write-down.

Finance Leases

The leasing of buildings in which the Company acquires the significant risks and rewards connected to the ownership are classified as "finance leases". The assets under finance leases are originally stated with the recording of a fixed asset and a financial payable at the lower of the fair value of the asset and the current value of the minimum lease payments, due at the commencement date of the contract using the implicit interest rate of the leasing. Thereafter, an amount is charged to the income statement equal to the depreciation of the asset, calculated based on the residual useful life of the asset and the financial charges separated from the lease payments made in the year. The residual amount of the lease payments is recorded as a reduction of the finance lease payables. The Company does not hold assets within this category.

Operating leases

Operating leases are recognised in the income statement in relation to the duration of the contract, in accordance with IAS 17. Operating leases are those relating to fixed assets for which the Company does not acquire the significant risks and rewards connected to their ownership.

Equity investments

The equity investments relate to:

- “subsidiaries”, in which the Company has the power to determine the financial and operating policies, and to obtain the relative benefits;
- “associated companies”, in which the investee company exercises significant influence (assumed when at least 20% of the votes at the Shareholders’ Meeting may be exercised). The account also relates to jointly controlled companies (joint ventures);
- “other companies” which are not classified in any of the categories above.

The investments held for sale, such as those acquired with the sole purpose to be sold within twelve months, are classified, where applicable, separately in the account “assets held for sale”.

The subsidiaries (including jointly held), associated and other companies, with the exception of those classified under “assets held for sale”, are valued at acquisition cost or subscription cost. The cost basis remains with the exception of a loss in value or any recovery in value following a change in the economic destination or capital operations. Investments available-for-sale are measured at the lower of cost and fair value, less costs to sell.

Inventories

Inventories are measured at the lower of purchase and/or production cost and net realisable value. Purchase or production costs include the costs incurred in bringing the inventories to the present location and condition and are determined under the “weighted average cost” method. Net realisable value is the selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories have also been adjusted, where necessary, by an allowance for write-downs to account for the physical deterioration of the goods. This provision is eliminated in successive periods if it is no longer necessary. The Company classifies inventories in the following categories:

- Raw material, ancillary and consumables;
- Products in work-in-progress and semi-finished;
- Finished products;
- Payments on account.

Work-in-progress and finished products are measured at production cost, excluding financial charges and overheads. The write-down of inventories, as for reversals of the inventory obsolescence provision, are recognised to the income statement as changes to inventory.

Financial assets

The Company classifies financial assets in the following categories:

- assets at fair value through profit or loss;
- loans and receivables;

- held-to-maturity investments;
- AFS financial assets.

The classification depends on the reasons for which the assets were purchased, by their nature and by the measurement made by management at the purchase date. For the annual accounts, the management of the Company evaluates the existence of indicators of loss in value requiring an impairment test. The Company derecognises an asset from the Balance Sheet when the rights to the cash flows deriving from the assets as well as the risks and benefits are substantially transferred and the Company no longer has control over the asset.

Financial assets at fair value through profit or loss

This category, as established by the Directors, includes financial assets acquired for short-term trading. The fair value of these instruments is determined with reference to the market value at the balance sheet date. The changes in fair value of the instruments belonging to this category are immediately recognised in the income statement. Included under current assets are those in which trading is expected within 12 months. The assets included in this category do not relate to the normal operations of the Company.

Loans and receivables

This category includes, in addition to trade receivables, assets not represented by derivative instruments and not listed on an active market, not held for trading and for which fixed or determinable payments are expected. Loans and receivables are measured at amortised cost on the basis of the effective interest method, considering write-downs for adjustments of realisable value made analytically on the basis of the expected receipts. The write-downs are recognised in the income statement. The original amount is restated whenever the reasons for the write-down no longer apply. These assets are classified as current assets, except for the portion relating to non-trade receivables with maturity beyond 12 months, which are included in non-current assets. Trade receivables which mature within the normal commercial terms are not discounted.

Held-to-maturity investments

These relate to assets, other than derivative instruments, at pre-fixed maturity, with fixed or determinable payments and for which the Company has the full intention and capacity to maintain in portfolio until maturity.

AFS financial assets

This category includes financial assets not represented by financial instruments, specifically designated as included in this category or not classified in any of the previous categories. They are measured at fair value, determined with reference to market prices at the balance sheet date or through financial measurement techniques or models. The changes in value are recorded in a specific equity reserve “AFS asset reserve”. This reserve is recognised in the income statement in the case of sale or write-downs. At December 31, 2016, the Company classifies in this account the investments in other companies.

Assets held for sale and discontinued operations

In order to classify the asset as held for sale, the book values of the assets (and of all the assets and liabilities of a group for sale) are measured in accordance with IFRS/EU. On the initial classification of the assets held for sale, the non-current assets and group of assets for sale are measured at the lower of the carrying value and the fair value less costs to sell. The losses in value resulting from the initial measurement of an asset classified as held for sale are recognised in the income statement. The same treatment applies to the gains and losses on subsequent measurements. An operating activity discontinued (valued as assets held for sale) is a component of the Company which represents an important independent business division or geographical area or is a subsidiary acquired exclusively for resale. An operating activity is classified as discontinued at the moment of the sale or when the conditions have been satisfied for classification in the category “held for sale”, if prior. A company being sold may also be included under operating activities discontinued.

Financial instruments

The Company manages the exchange and interest rate risk (limited to “cash-flow risk”) relating to its normal operations. The exchange risk relates in particular to commercial transactions in US Dollars and UK Sterling and is managed through forward operations (commented upon in the paragraph on Derivatives). The Company manages the cash flow risk through interest rate swap operations which permit the converting of the floating rates relating to the loans received to fixed rates, through the settlement of differentials on the maturity of the loan repayments (cash flow hedge). The above operations relate to:

Derivatives

The derivative instruments continue to be considered as assets held for trading and measured at fair value with recognition in the income statement, except in the case where they are considered, in accordance with EU/IFRS standards, as appropriate hedging instruments to neutralise the risk of the underlying asset or liability or commitment assumed by the Company. In this case, they are measured in relation to the type of hedge related to the underlying hedge. In particular, the Company uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The effectiveness of the hedging operations is analysed and documented both at the beginning of the operation and periodically (at least on the publication of annual or interim accounts). The forward currency operations, carried out within the management of the exchange risk and considered hedges from an operational viewpoint, do not have the requirements for hedges as per IAS 39 in terms of effective hedges. Therefore, hedge accounting may not be applied. These operations, therefore, are considered trading operations and are measured at fair value through profit or loss.

Cash Flow Hedge

The fair value changes of the derivatives designated as cash flow hedges and which qualify as such, are recognised, at the balance sheet date, in a specific equity reserve (“cash flow hedge reserve”) with an adjustment of the financial asset/liability hedged. This reserve is reversed to the income statement at the same time as the economic effects of the asset/liability hedged.

Measurement of the fair value

The fair value of the instruments listed on public markets is determined with reference to the quotations at the date of recognition (“bid price”). The fair value of non-listed instruments is established through financial valuation techniques, in particular, the fair value of the interest rate swaps is measured discounting the expected cash flows, while the fair value of currency forward/option contracts is determined on the basis of the forward exchange rate at the reference date.

Cash and cash equivalents

This includes cash in hand and bank and postal deposits which are available on demand, certain in nature and with no payment expenses. Cash and cash equivalents are stated at fair value.

Shareholders' Equity

Share capital

The Share Capital at December 31, 2016 is represented by the subscribed and paid-in share capital less the treasury shares held in portfolio. There are no saving shares, or other types of shares other than ordinary shares. The costs relating to operations on the share capital are recorded as a reduction of equity.

Treasury shares

They are recorded as a decrease in equity. In particular, the nominal value is recorded as a deduction in the share capital, while any higher value is recorded in the retained earnings reserve or other available reserves. Gains or losses on sale, issue or cancellation of the treasury shares are allocated directly to equity.

Retained earnings

The reserve includes the results of previous years for the part not distributed or recorded under other reserves (in the case of profit) or recapitalised (in the case of losses). The account also includes the transfers from other equity reserves when those reserves are no longer required as well as the effects of the recording of changes to accounting policies and material errors.

Other reserves

They consist of specific capital reserves. They include the cash flow hedge reserve relating to the recording of the value of the portion of cash flow hedged.

Trade payables and other liabilities

Trade payables are initially recognised at fair value. Thereafter, they are measured at amortised cost, using the effective interest rate. The trade payables which mature within the normal commercial terms are not discounted. These liabilities are classified as current liabilities, except for the portion relating to non-trade payables with maturity beyond 12 months, which are included under non-current liabilities.

Financial Liabilities

Financial liabilities are eliminated from the financial statements when, due to their sale or settlement, the Company is no longer involved in their management, nor holds the relative risks and benefits relating to these instruments settled/sold.

Employee benefits

Post-employment benefits

The liabilities relating to the defined benefit plans (such as the Employee Leaving Indemnity) are determined net of any plan assets, on the basis of actuarial assumptions, and on an accruals basis in line with the employee service necessary to obtain the benefits; the measurement of the liability is made by independent actuaries. The method applied for the determination of the above-stated benefits is defined as the "projected unit credit method", with the recording of the current value of the obligations to employees deriving from the actuarial calculations. The value of the liability recognised in the financial statements is therefore in line with the actuarial valuation with full and immediate recognition of the actuarial gains and losses in the period in which they arise in the comprehensive income statement through a specific equity reserve ("IAS 19 Reserve"). In the calculation of the liabilities account is taken of the changes made by Law 296 of December 27, 2006 ("2007 Finance Law") and subsequent Decrees and Regulations issued during 2007 which introduced, in relation to the pension reform system, significant amendments on the allocation of the employee leaving indemnity provision maturing.

Other employee benefits

The company does not recognise other forms of long-term benefits to employees, nor benefits under the form of share capital participation. However, benefits are recognised for the termination of employment (leaving incentive etc.). These benefits are recorded when there is a formal plan, with details of the identification of functions, the number of employees concerned, the amount of the incentive recognised and the period for the realisation of the plan. The liabilities for vacation due but not taken and performance bonuses are recorded on the basis of the amounts matured at the period end. In particular, the performance bonuses are provided for when there is a legal or implicit obligation for their recognition.

Provisions for risks and charges

The provisions for risks and charges are recorded to cover known or likely losses or liabilities including fiscal, the timing and extent of which are not known with certainty at the balance sheet date. The provisions for risks and charges are only recorded when a current obligation exists (legal or implicit) for a future payment resulting from past events and it is probable that the obligation will be settled. This amount represents the best estimate, based on available information, on the amount to be paid to settle the obligation. Possible risks that may result in a liability are disclosed in the notes without any amounts being set aside. Account is not taken however of the risks for which the probability of employing resources to produce economic benefits is remote.

The other provisions for risks and charges include provisions for employment and legal disputes.

Foreign currency transactions

Foreign currency transactions are translated at the exchange rate at the date of the transaction. The exchange differences arising on the receipt and/or payment are recognised in the income statement. The monetary accounts existing at the balance sheet date are translated using the year-end exchange rate. The exchange differences are recorded in the income statement. The non-monetary accounts measured at historical cost in foreign currencies are translated using the exchange rate at the transaction date. The non-monetary accounts measured at fair value in foreign currencies are translated using the exchange rate when the fair value was determined.

Options on minority interests

The put and call options of the shareholder agreement and on the minority share of the subsidiaries satisfy the definition of "derivatives" in accordance with IAS 39 for the Parent Company financial statements. In the presence of agreements with minority shareholders of the subsidiaries which stipulate that La Doria S.p.A. should pay cash in the future for the acquisition of minority holdings in the subsidiaries, in the case of the exercise of put options by the holders, and/or the right of La Doria to acquire the minority holdings, La Doria S.p.A. recognises to its financial statements the fair value of the put and call options on minorities.

Costs and revenues

Costs and revenues are recorded in accordance with the probability that the company will receive economic benefits and the amount can be determined reliably. The revenues are recorded at the fair value of the amount received less returns, discounts and allowances in accordance with the accruals principle. Revenues relating to the sale of goods are recognised when the company has transferred to the buyer all the significant risks and rewards related to the ownership, which in many cases coincides with the transfer of the ownership and/or possession by the buyer and when the amount of the revenue can be reliably determined. Costs are recorded in accordance with the accruals principal. The Company matches in the financial statements the cost for promotional contributions with the sales revenues to which the contributions refer and records prepayments for contributions relating to sales to be realised in subsequent periods.

Government Grants

Government Grants are recognised at fair value when the amount can be measured reliably, there is reasonable certainty that they will be received and the conditions required to obtain them will be satisfied. Operating grants are recorded in the income statement in the period of the related costs. The grants received against investments are recorded under liabilities; subsequently they are recorded under operating revenues in the income statement, in line with the depreciation of the assets to which they refer.

Dividends

Dividends payable are represented as changes in shareholders' equity in the year in which they are approved by the Shareholders' Meeting. Dividends to be received are recorded on the date of the shareholders' resolution.

Financial income and charges

Financial income and expenses are recorded on an accruals basis on the interest matured on the net value of the relative financial assets and liabilities and utilising the effective interest rate. The Company reports net exchange gains and losses under net financial income/(charges) in accordance with IAS 1 Revised, para. 35.

Income taxes

The Company tax charge is based on current taxes and deferred taxes. Where relating to components recognised to income and charges recorded to net equity within the comprehensive income statement, such taxes are recorded to the same account.

Current taxes are calculated based on tax regulations in force at the financial reporting date; any risks concerning different interpretations of positive or negative income components, such as any disputes with tax authorities, are valued at least quarterly in order to adjust the financial statement provisions. In particular, in the determination of the income taxes of the Company, consideration was taken of the effects deriving from the IAS tax reform introduced by Law 244 of December 24, 2007 and, in particular, the provisions of Article 83 of the Consolidated Finance Act which now requires that for parties that apply international accounting standards they must utilise, even where exempted by the provisions of the Consolidated Finance Act, "the criteria of qualification, accruals accounting and classification in the accounts in accordance with these accounting standards".

The deferred taxes, recorded in the accounts at their nominal value, are calculated based on the temporary differences between the book value of the assets and liabilities and the corresponding value for tax purposes, with the exception of temporary differences on the initial recording of the goodwill, of the initial recording of assets or liabilities which do not have an impact on the profit for accounting or tax purposes and the differences relating to investments in subsidiary companies in which it is probable, in the future, that the temporary differences will not reverse. The valuation of deferred tax assets and liabilities is carried out applying the expected tax rate when the temporary differences will reserve, on the basis of the current tax regulations at the reporting date. Deferred tax assets are recognised for the amount it is probable that, in the years in which the relative temporary differences reverse, assessable income exists at least equal to the amount of the differences. Deferred tax assets and liabilities are classified under non-current assets and liabilities. The Company does not offset current and/or deferred tax assets and liabilities where the conditions permitted by IAS 12 do not exist. Deferred tax assets and liabilities are recognised as gross amounts where they may not be offset as established by IAS 12.

Use of estimates

The preparation of the financial statements at December 31, 2016 requires the use of estimates and specific valuations by the Directors, based on historical data and on the expectations of events which will reasonably occur based on current information available. The principal areas characterised by valuations and assumptions of particular significance relates to goodwill and provisions for risks and charges.

Impairment of goodwill

As previously described, the Company annually makes an analysis of recoverable value of goodwill (“Impairment test”). This test is based on calculations of its value in use, which requires the use of estimates. These estimates are detailed in the paragraph relating to the goodwill. Forecast data is uncertain by its very nature and, due to the unpredictability of the occurrence of any future events, both in terms of the occurrence itself and with regard to the measuring and the timing of its manifestation, the differences between the actual and forecast results may be significant, even where events considered within the general and hypothetical assumptions occur. Such circumstances, which were adequately weighted in the valuation process, may however impact the value of goodwill.

Earnings/(loss) per share

IAS 33 “Earnings per share” provides that those entities whose ordinary shares or potential ordinary shares are traded on financial markets must provide information in the financial statements on the earnings/(loss) per share, and disclose the following information:

(a) Basic

The basic earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

(b) Diluted

The diluted earnings/(loss) per share is calculated by dividing the result by the weighted average number of ordinary shares outstanding during the year, excluding any treasury shares.

In order to calculate the diluted earnings/(loss) per share, the average weighted number of shares outstanding is adjusted assuming the exercise of all the rights which have a potentially diluting effect, while the net profit or loss of the Company is adjusted to take into account the effects, net of income taxes, of the exercise of these rights.

The basic earnings/(loss) per share and the diluted earnings/(loss) per share are reported in the income statement attached to the present financial statements.

Stock options

The Company does not have stock option plans in place.

OPERATING SEGMENTS

The Company considers the “operating segment” in accordance with IFRS 8 as the segment of activity where the risks and benefits for the company are based on the products and services provided. Information in relation to the geographic areas where the risks and benefits for the company are identified based on the geographic area in which the Company operates are also provided. The results by operating segment are reported in the income statement section of the notes. The data are recorded under the criteria adopted for the valuation of the financial statements and those applied for segment information in the previous year.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS – IFRS 7

In accordance with IFRS 7 international accounting standard and subsequent amendments, information relating to the exposure to and management of financial risks and the utilisation of financial instruments in furtherance of the exchange and interest risks management policy are provided below.

A brief analysis of the nature of the risks and the risk management employed by La Doria S.p.A. is provided below.

Financial instruments

IFRS 7 requires additional disclosures on financial instruments in relation to the performance and to the financial position of an entity. These disclosures incorporate some requirements previously included in accounting standard IAS 32 – Financial instruments: presentation and addition disclosures”. The accounting standard also requires information relating to the exposure of risk deriving from the use of financial instruments, and a description of the objectives, policies and procedures implemented by Management in order to manage these risks.

La Doria S.p.A. in its normal operating activities is exposed to:

a) ***market risk***, principally interest rate and exchange rate connected respectively to the financial liabilities assumed and the operations in areas with currencies other than the Euro.

b) ***liquidity risk*** relating to the availability of financial resources and access to the credit market in an adequate manner for its operations and the repayment of liabilities assumed.

c) ***credit risk*** deriving from the normal commercial operations carried out by La Doria.

The Company monitors each of the above-mentioned financial risks, undertaking action to minimise in a timely manner, also with reference to the market risk, through the utilisation of hedging instruments.

INFORMATION ON THE MANAGEMENT OF FINANCIAL RISKS

The paragraphs below analyse, also through sensitivity analysis, the potential impact on the results deriving from fluctuations in the parameters. These analyses are based upon, in accordance with IFRS 7, simplified scenarios applied to the actual data of the periods taken and, by their nature, may not be considered indicators of the real effects of future changes in the parameters against a different financial structure and different market conditions.

At December 31, 2016, the accounts considered as financial instruments in accordance with IFRS 7 are those indicated in the table “Financial Instruments – IFRS 7.8” – Table 1 and Table 2.

Market risk:

The strategy applied for this type of risk aims, where possible, for the elimination and reduction of the interest and exchange risk and to the optimisation of the borrowing costs. The management of these risks is made in accordance with prudent principles and “best market practices”.

The exchange risk relates in particular to commercial transactions in US Dollars (for imports) and UK Sterling and Australian Dollars (for exports) and is managed through options and forward operations. The notional values and the Fair Value of the operations above at December 2016 are reported in the “Hedging Valuation” Table 3. In March 2011, the IASB issued an amendment to IFRS 7, among the most significant modifications was the creation of the so-called “hierarchy of fair value”. In particular, the amendment defines three levels of fair value (IFRS 7, par. 27A):

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is calculated based on valuation techniques which utilise market parameters, other than the listed price of the financial instrument;
- level 3: if the fair value is calculated based on valuation techniques which utilise non-market parameters.

The hedging operations undertaken by La Doria S.p.A. are all considered as “level 2” operations in that the fair value is calculated in an indirect manner from market input data (exchange rates, interest rates, forward prices, volatility curves) through the utilisation of valuation techniques (discounting cash flow model, or more advanced models for options). No changes were made to the valuation procedures from the previous year.

Interest rate risk:

The Company manages the cash flow risk through interest rate swap operations (IRS amortising) which permit the conversion of the floating rates relating to the medium-long term loans received to fixed rates, through the settlement of differentials on the maturity of the loan repayments (cash flow hedge).

With the objective, therefore, to reduce the net debt subject to changes in the interest rates, Interest Rate Swap (IRS) contracts were put in place. All these contracts are made with notional and expiry dates lower than or equal to those of the underlying financial liabilities, thus each variance in the fair value and/or in the expected revenue streams of these contracts is offset by a corresponding variance of the fair value and/or of the expected revenue streams from the underlying position. The fair value of the interest rate swap is measured discounting the expected revenue streams.

The continued economic crisis had significant impacts on lending conditions in 2016; in particular, the banks continued to take a stricter review of business lending preferring, in terms of lending and rates, enterprises companies better positioned on international markets with good ratings. The monetary policies of the ECB generated greater liquidity on the market and a sharp drop in interest rates.

The EURIBOR 3-month rate in December 2016 was -0.32% compared to -0.13% in December 2015.

In this financial environment, La Doria S.p.A. availed of its extensive range of credit lines recognised by banking institutions, utilising only the most competitive short-term credit lines, much lower than the market average, and leaving unused the less competitive credit lines. La Doria S.p.A. also completed unsecured loans totalling Euro 17 million in line with the strategy to lengthen the average duration of our loans and reduce the average interest rate on the medium/long-term loans. Fixed interest rate contracts were agreed for two of the loans totalling Euro 10 million, while the remaining loan of Euro 7 million was hedged with IRS Amortising.

In quantitative terms, against a medium/long term exposure (including repayments within the next 12 months) at December 31, 2016 of Euro 130,488 thousand, the IRS hedging on the debt increased from 90.3% at the end of 2015 to 90.9% at the end of 2016.

The situation at December 31, 2016 with a 3-month EURIBOR of -0.32% was the following:

(Euro /000)

Loan at 31.12.16	Total part Hedged	Rate on hedge	Total part not hedged	Rate on part not hedged	Average Total
130.488 (B)	118.639 (A)	1,89%	11.849	1,31%	1,84%

(A)/(B) x 100 = 90.9 %

The interest rate of 1.84% therefore refers to the position at December 31, 2016 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 2.11%.

The situation at December 31, 2015 with a 3-month EURIBOR of -0.13% was the following:

(Euro /000

Loan at 31.12.16	Total part Hedged	Rate on hedge	Total part not hedged	Rate on part not hedged	Average Total
133.509 (B)	120.587(A)	2,14%	12.922	1,82%	2,10%

(A)/(B) x 100 = 90.3 %

The interest rate of 2.10% therefore refers to the position at December 31, 2015 while the average medium/long-term interest rate, as indicated below in the interest rate sensitivity analysis, was 2.70%.

Sensitivity Analysis on Interest Rates

During 2016, against an average 3-month EURIBOR of -0.27%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 1.44%, with IRS hedging at 2.11% and on the short-term debt of 0.86% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in the table "Sensitivity Analysis-IFRS 7.40-42" in Table 5.

During 2015, against an average 3-month EURIBOR of -0.02%, La Doria S.p.A. paid an interest rate on the medium/long term debt of 2.15%, with IRS hedging at 2.70% and on the short-term debt of 0.95% (rate including charges). Assuming a change in average annual interest rates of +/-50 bps the impact on the balance sheet would have been that shown in the table "Sensitivity Analysis-IFRS 7.40-42" in Table 5.

Currency risk:

La Doria S.p.A., as previously described, uses derivative instruments to manage the risk of changes in the expected cash flows relating to defined contractual operations (cash flow hedge). The effectiveness of the hedging operations, identifiable as cash flow hedges, is analysed and documented both at the beginning of the operation and periodically (at least on the publication of annual or interim accounts). The forward currency operations, carried out within the management of the exchange risk and considered hedges from an operational viewpoint, do not have the requirements for hedges as per IAS 39. Therefore, hedge accounting may not be applied. These operations, therefore, are considered trading operations and are measured at fair value through profit or loss.

The principal exchange rates the Company is exposed to are:

- EUR/USD: relating principally to the purchase of raw materials on the Asian market and from other markets in which the Dollar is the currency for commercial trade.

- EUR/GBP: in relation to the fact that from 2008 - and also during 2016 - commercial transactions with the subsidiary LDH (La Doria) Ltd, particularly in relation to the supply of tomatoes and vegetables, were mostly invoiced in GBP Sterling and no longer in Euro; the need to invoice in Sterling became apparent in recent years due to the centralised exchange risk management strategy of the Parent Company.

- EUR/AUD: in relation to sales activity in Australia to a number of clients who prefer invoicing in Australian Dollars.

In the operating procedures, the foreign currency hedges are made based on a planning of payments in foreign currencies, firstly based on the approved budget and subsequently relating to payables recorded in the accounts to which are added all future commitments in foreign currency communicated by the purchases office. This payment situation is utilised together with historical statistical data to determine a reliable foreign currency payments plan. The primary objective of the Company is to hedge the level of foreign exchange as established in the budget.

A similar procedure is utilised on the export side for sales in AUD to Australian clients and for those in GBP to our subsidiary LDH (La Doria) Ltd; in this case, after the approval of the Annual Budget, the “Planning of foreign sales” department provides the monthly updated positions relating to contracts and the relative planning of deliveries in foreign currencies.

In 2016, La Doria S.p.A. agreed payments of GBP 60 million compared to GBP 73 million in 2015; at the same time payments of USD 48 million were made compared to USD 64 million in 2015. Payments in Australian Dollars of AUD 18 million were agreed in 2016 compared to AUD 9 million in 2015.

At the end of 2016, La Doria S.p.A. had hedging in place for 2017/8 for a notional maximum amount of USD 37 million, GBP 64 million and AUD 18 million. These hedges were undertaken with a number of competing banks and through various structures, also in order to diversify the time periods and the type of our exchange risk. La Doria S.p.A. favours a structure without “leverage” and without KO, utilising leverage only in the case of significant variance from budget and in any case with minimum risk. For Australian Dollars, in consideration of the greater volatility of this currency, hedging was undertaken substantially through forward contracts.

Sensitivity Analysis on Exchange Rates

In 2016, against variations of +/-5% in the Euro exchange rate with the GBP, USD and AUD, the situation at December 31, 2016 would have been as per that shown in Table 7 “Sensitivity Analysis - IFRS 7.40-42”.

In the previous year, however, against variations of +/-5% in the Euro

exchange rate with the GBP, USD and AUD, the situation at December 31, 2015 would have been as per that shown in Table 8 “Sensitivity Analysis - IFRS 7.40-42”.
In relation to the valuation of the foreign exchange hedges existing at December 31, 2016 and at December 31, 2015, the position is shown in the Tables 3 and 4 “Hedge Valuation”.

La Doria S.p.A. utilises cash flow hedges only for hedging the interest rate risk on loans, while the forward currency operations and options of La Doria S.p.A, although for currency hedging purposes, are not treated in the present financial statements as hedge accounting.

Liquidity Risk:

The liquidity risk represents the risk that the financial resources available cannot adequately support the commercial and investment actions, in addition to not being able to repay payables on the maturity dates. In order to be prudent against these risks La Doria S.p.A. adopted an optimisation between short and medium-long term debt and within the short-term lines a diversification policy of the credit lines and banking institutions.

The situation at December 31, 2016 compared to December 31, 2015 is as follows:

La Doria Spa	31/12/2016	31/12/2015
Medium/long-term loans (incl. portion due in 12 months)	130.488	133.509
Other financial payables (non-current)	741	958
Current financial payables	17.739	56.123
Other financial receivables	(11.845)	(4.129)
Cash and cash equivalents	(34.389)	(38.785)
Total N.F.P.	102.734	147.676

In relation to the medium/long term loans, the current situation and the repayments made in recent years to December 31, 2016, and also compared with the previous year, are as follows:

	Balance 31/12/16	Within 12 m	Within 24 m	Within 36 m	Within 48 m	Within >5 years
M/L Debt	130.488	25.101	19.607	42.260	27.308	16.212

	Balance 31/12/15	Within 12 m	Within 24 m	Within 36 m	Within 48 m	Within >5 years
M/L Debt	133.509	17.833	26.351	20.107	40.510	28.708

The medium/long-term loans are illustrated in the present Explanatory Notes at paragraph 17 “Financial payables”.

The short-term financial payables are divided between different banking institutions utilising bank overdrafts, import and export finance and invoice financing. At December 31, 2016 “non-recourse factoring” IAS compliant contracts are in place for a total value of Euro 21 million. At December 31, 2016, the percentage of the bank overdrafts utilised compared to those accorded was 11% (32% at December 31, 2015).

Credit Risk:

The exposure of La Doria S.p.A. to the credit risks is essentially connected to the commercial sales activities carried out by the Company both on the domestic market and on the foreign market. In order to control and monitor this risk, La Doria S.p.A. has implemented within the Credit Management function under the Administration and Finance Department, a Credit Policy which governs and coordinates the Credit Standing of the clientele, the monitoring of the relative expected cash flows, the appropriate solicitation actions and concession of extended payment terms supported by adequate guarantees and any recovery actions. The payment terms granted to clients provide for varying terms in line with market standards. From 2015, the Company has decided to discontinue the credit insurance cover. The decision originated from a reduction in the insurance scope by the Insurance Company, in particular on the riskier positions; this situation rendered the continuation of the coverage economically ineffective. Simultaneously La Doria has increasingly focused on international expansion, increasing - also in 2016 - its turnover in consolidated and less risky countries, such as, for example, Germany, incurring minimum losses on foreign clients. The credit risk on the domestic market is largely mitigated by the prevalence of turnover from Supermarket Chains and from the daily monitoring by our Credit Management department; in fact, bad debt losses in Italy are also historically modest.

The ageing of the receivables of La Doria S.p.A. at December 31, 2016 and December 31, 2015 is shown in Tables 9 and 10 - “Current and non-current receivables (overdue and not yet overdue) IFRS 7.37”.

The concentration of the receivables at December 31, 2016 and 2015 is shown in Tables 11 and 12 “Concentration of receivables”.

The situation of the amounts of La Doria S.p.A. in dispute at December 31, 2016 was Euro 679 thousand; this amount is covered by a doubtful debt provision of Euro 1,497 thousand.

NOTES TO THE MAIN BALANCE SHEET ACCOUNTS

NON-CURRENT ASSETS

1. Intangible assets

These amount to Euro 7,283 thousand, with a net increase of Euro 5.692 thousand compared to December 31, 2015. The changes in the year are reported in **Attachment A**. The increase in the year, amounting to Euro 6,622 thousand, mainly relates to the value of the brands Althea, Bella Parma and East&West of the Pafial Group and conferred, from January 1, 2016, into La Doria S.p.A. due to the merger. The value of the brands and the amortisation period were subject to an expert’s valuation report. The decrease in the account amounted to Euro 940 thousand and concerned amortisation in the year.

2. Property, plant & equipment

The account amounts to Euro 137,809 thousand, with a net increase of Euro 39,677 thousand compared to December 31, 2015. The details of the movements for the year are shown in **Attachment B**. The increases in the year, for Euro 50,748 thousand, relates for Euro 38,302 thousand to the net value of the tangible assets from the Pafial Group (Land for Euro 10,030 thousand, Buildings for Euro 24,645 thousand, Plant and machinery for Euro 3,044 thousand, Equipment for Euro 118 thousand, EDP for Euro 83 thousand, Internal transport for Euro 4 thousand, as well as other assets for Euro 171 thousand and assets in progress for Euro 207 thousand) conferred into La Doria due to the merger from January 1, 2016 and for Euro 12,446 thousand relating to new investments made by the company. The principal investments relate to Buildings for Euro 4,000 thousand (of which Euro 3,000 improvements relating to the Angri factory and Euro 1,000 thousand relating to the restructuring of the Sarno offices) and Plant and Machinery (among which packaging plant at Sarno for Euro 1,000 thousand, the new tomato sorting lines at Sarno for Euro 600 thousand and improvements to the tomato line at Fisciano for Euro 450 thousand).

The decreases in the year, of Euro 11,071 thousand, comprises principally Euro 11,003 thousand of depreciation and total divestments of Euro 68 thousand. **Attachment B1** provides an analysis of the gross value and **Attachment B2** shows accumulated depreciation.

In previous years, La Doria S.p.A. presented, under the tender offer for the Regional Contracts, an investment plan approved in May 2009 by the Campania Regional Council, which declared its admissibility. On August 22, 2012 with Executive Decree No. 64 the La Doria S.p.A. programme was granted a loan for Euro 5,759 thousand, concerning 30% of admitted expenditure (Euro 19,195 thousand) concerning productive investments and technological transfer (Article 11 of the Technical Regulation) and infrastructure investments in the support and management of common services (Article 12 of the Technical Regulation). On October 31, 2012, the Campania Region and La Doria S.p.A. signed a Regulatory Agreement. Against the set contributions under the Regulatory Agreement, on March 19, 2013 La Doria S.p.A. received the first tranche of 30%, equal to Euro 1,728 thousand and on April 17, 2015 the second trance for Euro 2,303 thousand for 40% of the total contribution due. On August 1, 2014, La Doria S.p.A. communicated to the Campania Region the closure of the investments at June 30, 2014 and the completion of the scheduled investment plan. On September 21, 2016, La Doria S.p.A. received the final tranche of the grant from the Campania Region for Euro 1,704 thousand thus resulting in the closure of the Contract. As indicated in the paragraph “Consolidation principles and accounting policies”, capital grants are recorded as deferred income under other current and non-current liabilities and are recorded as income to the Income Statement, in the account “Other operating income”, on a straight-line basis over the useful life of an asset.

3. Goodwill

Goodwill totalled Euro 2,237 thousand and decreased compared to the previous year for Euro 3,747 thousand and composed of:

- Euro 669 thousand relating to the incorporation into La Doria S.p.A. of the subsidiary Pomagro S.r.l., company operating exclusively in the tomato-based product sector; the amount represents the difference between the higher value paid for the acquisition of the residual share and the values allocated, based on the fair values at the date of the acquisition, of the individual assets and liabilities of the company acquired. The acquisition of Pomagro S.r.l. concerns substantially the purchase of the Fisciano plant in which the specific production is developed for the entire Japanese market and for some English clients. The production site – the only site within the Group – also produces the cherry tomato line. In accordance with IAS 36, management carried out an impairment test on the goodwill resulting from the acquisition of Pomagro utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:
    - the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows relating exclusively to the Fisciano plant contained in the 2017-2021 Budget Plan of La Doria S.p.A.; the base assumptions of the impairment test were approved by the Board of Directors of the Company on February 14, 2017;
    - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021.

The fixed assets were identified based on the assets ledger of La Doria S.p.A. concerning all assets at the Fisciano plant. These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The recoverable value of the goodwill was calculated through discounting the Free Cash Flow from Operations (FCFO) utilising a Weighted Average Cost of Capital (WACC) of 7.03% and the long-term growth rate of 1%; the impairment test resulted in a recoverable value of the "Pomagro Red Line" CGU of Euro 73,100 thousand, against net capital employed of Euro 27,700 thousand and a book value of goodwill of Euro 669 thousand. The recoverable value of the CGU was therefore much greater than the sum of the net capital employed and the goodwill and, therefore, no impairment was incurred. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 7.03% to 8.03% and a growth rate of cash flows (g) which varies from 0.5% to 2.5%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

The Growth rate on the flows (G)	WACC				
	7,03%	**7,28%**	**7,53%**	**7,78%**	**8,03%**
0,5%	68,4	65,8	63,3	61,0	58,8
1,0%	73,1	70,1	67,2	64,6	62,2
1,5%	78,7	75,1	71,9	68,9	66,1
2,0%	85,4	81,2	77,3	73,8	70,6
2,5%	93,5	88,5	83,9	79,8	76,0

- Euro 1,568 thousand relating to the acquisition of the Pafial Group in 2014 and the merger by incorporation as of January 1, 2016. This goodwill was allocated to the only business unit relating to the "sauces line" where production is undertaken at the Parma and Acerra factories. In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

  - the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows contained in the 2017-2021 Budget Plan of La Doria refer exclusively to the ready-made sauces CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on February 14, 2017;

  - the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021.

These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was made through the discounting of the FCFO (Free Cash Flow from Operations) utilising an interest rate WACC (Weighted average cost of capital) of 6.85% and the long-term growth rate was 0.50%. The impairment test resulted in a recoverable value of the CGU of Euro 121,100 thousand against a net capital employed of Euro 51,900 thousand and a book value of the goodwill in the separate financial statements of Euro 1,568 thousand and goodwill recorded in the Consolidated financial statements of Euro 9,700 thousand. The recoverable value of the CGU was therefore greater than the sum of the value of net capital employed and goodwill. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.85% to 8.25% and a growth rate of cash flows (g) which varies from 0.5% to 2.5%. The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro millions):

The Growth rate on the flows (G)	WACC				
	6,85%	7,10%	7,75%	8,00%	8,25%
0,5%	121,1	116,5	106,3	102,8	99,5
1,0%	129,0	123,8	112,1	108,2	104,5
1,5%	138,4	132,3	118,8	114,4	110,2
2,0%	149,7	142,5	126,8	121,6	116,8
2,5%	163,7	155,0	136,2	130,1	124,6

Compared to December 31, 2015 the goodwill recorded in the accounts of the Fruit CGU was written down for Euro 52 thousand relating to the initial conferment in 1999 received by the company and for Euro 5,263 thousand relating to the acquisition of the Group subsequently incorporated into La Doria S.p.A.. This write-down was necessary at the end of 2016 in consideration of the completion of the fresh fruit processing campaign in October and the changed competitive and market scenario which resulted in a downward assessment of some of the assumptions of the underlying business plan of the "Fruit CGU".

In accordance with IAS 36, management carried out an impairment test on the goodwill utilising a model based on the financial cash flows. In particular, the expected cash flow generated from the business was divided into two periods:

- the forecasted period relating to the years 2017-2021 which utilised as reference the cash flows contained in the 2017-2021 Budget Plan of La Doria refer exclusively to the Fruit CGU; the base assumptions of the impairment test were approved by the Board of Directors of the Company on February 14, 2017;

- the second forecast through the Terminal Value which concerns the present value of the perpetual yield represented by the expected cash flows beyond 2021.

The base assumptions of the impairment test considered revenues and operating profits which, taking the figures for the year 2016 as reference, will see a decrease in the 2017 budget and then a small improvement for the subsequent plan years. The base assumptions were strongly impacted by a fruit market which reports, for the current year, a drop in consumption of 4.1%. In addition, the marketplace has experienced more aggressive competition against not particularly brilliant consumption levels. At the same time, while the market decreases in value due to the change in the product mix which continues to favour lighter beverages and the change in consumer behaviour towards more convenient formats, promotional activities increasingly impact on the sales price.

These cash flows are discounted utilising a discount rate (WACC) determined applying the Capital Asset Pricing Model. The valuation was made through the discounting of the FCFO (Free Cash Flow from Operations) utilising an interest rate WACC (Weighted average cost of capital) of 6.51% and the long-term growth rate was 2.00%.

From these financial fundamentals, the necessity arises for a write-down of the goodwill for the entire amount generated from the comparison between the recoverable value of the CGU of Euro 27,589 thousand compared to the net capital employed of Euro 27,420 thousand and a book value in the statutory financial statements of Euro 5,315 thousand.

The recoverable value of the CGU was therefore lower than the sum of the value of net capital employed and goodwill. The Company also carried out a sensitivity analysis which takes into consideration a WACC which varies from 6.85% to 8.25% and a growth rate of cash flows (g) which varies from 0.5%

to 2.5%.

The Table below shows the changes in the results of the impairment test from changes in the assumptions of the WACC and the discount rate (in Euro thousands):

The Growth rate on the flows (G)	WACC				
	6,64%	**6,89%**	**7,14%**	**7,39%**	**7,64%**
0,0%	21.304	20.663	20.070	19.519	19.007
0,5%	22.483	21.743	21.062	20.433	19.851
1,0%	23.876	23.010	22.219	21.492	22.744
1,5%	25.547	24.519	23.586	22.736	21.960
2,0%	27.589	26.344	25.226	24.217	25.222

The impairment procedures, carried out by the Company together with an independent expert, concerning the goodwill allocated to the "Pomagro Red Line" CGU, the "Sauces Line" and the "Fruit Line" include detailed reports on the assumptions of the plans, the estimation methodology and the parameters utilised. These impairment procedures were approved by the Board of Directors of La Doria SpA on February 14, 2017, independently and in advance of the approval of the Annual Report, as required by the Bank of Italy/Consob/Isvap document No. 4 of March 3, 2010.

4. Investments in subsidiaries

This account, amounting to Euro 9,354 thousand, reports a decrease compared to December 31, 2015 of Euro 78,851 thousand (Euro 64,601 thousand compared to December Restatement) mainly relating to the elimination of the investment in the Pafial Group (Euro 64,689 at December 31, 2015) merged into La Doria S.p.A. as of January 1, 2016 and for Euro 14,250 thousand due to the change in the method for the valuation and accounting treatment of the options adopted in the 2015 financial statements. The change in the valuation criterion of the options was undertaken in accordance with IAS 8 using the retrospective approach; therefore, the fair value of the options was estimated with the new method from the initial recognition date (December 31, 2015). Based on the 2015 Restatement, the change of Euro 14,250 thousand compared to the 2016 financial statements no longer arises.

The account is comprised of:

- 58.0% in the share capital of LDH (La Doria) Ltd, English distribution company, with share capital of GBP 1,000,000, carried in the accounts for Euro 6,019 thousand (Euro 20,212 at December 31, 2015 and Euro 5,962 at December 31, 2015 Revised). The financial statements of the subsidiary were approved by the Board of Directors on February 24, 2017 and report for 2016, as per the accounting standards of the La Doria Group, a net profit of GBP 10,938 thousand and net equity of GBP 57,650 thousand which, translated at the reference exchange rates (average annual rate for net profit and year-end rate for net equity) resulted in a net profit of Euro 13,357 thousand and a net equity of Euro 67,335 thousand. The company holds investments in subsidiaries and associated companies, details of which are shown in **Attachment C1**. The investment in the English subsidiary LDH (La Doria) Ltd in 2016 increased Euro 57 thousand due to the further shareholding acquired of 0.1%i n the share capital of LDH (La Doria) Ltd, previously held by a minority shareholder within the management of the English company;

- 98.67% investment in Eugea Mediterranea S.p.A., carried in the accounts for Euro 3,316 thousand (Euro 3,304 thousand at December 31, 2015). The company produces tomato-based products and fruit purées. The financial statements at December 31, 2016, prepared in accordance with Italian GAAP, were approved by the relative Board of Directors on March 7, 2017. Net equity, based on international accounting standards adopted by La Doria S.p.A., amounted to Euro 5,263 thousand, with a share capital of Euro 1,500 thousand and a loss for the year of Euro 213 thousand.

- 100% in the share capital of La Doria USA Inc., carried in the accounts for Euro 19 thousand and incorporated during the year. The company will operate as the corporate vehicle for the research for better commercial opportunities in the United States. The company reports for 2016, as per the accounting standards of the La Doria Group, a loss of USD 3 thousand and net equity of USD 19 thousand at December 31, 2016 which, translated at the reference exchange rates (average annual rate for the result and year-end rate for net equity) resulted in a loss of Euro 3 thousand and a net equity of Euro 18 thousand.

The principal information concerning the subsidiary is reported in Attachment C.

5. Investments in other companies

The account principally refers to non-significant minority holdings, amounting to Euro 239 thousand, which increased Euro 8 thousand compared to the previous year. The account includes:

- Acciaio Consorzio, for Euro 0.5 thousand unchanged from the previous year; refers to a national consortium which, by law, was assigned the disposal of waste from tin plate processing;

- CONAI Consorzio (National Packaging Consortium) for Euro 5 thousand - this obligatory investment is the result of the enactment of Legislative Decree No. 22 of February 5, 1997 (better known as the Ronchi Decree) implementing the European Community objectives on recovery and recycling packaging materials;

- Manifesto S.p.A recorded for Euro 2 thousand, has not changed from the previous year. The subscription was made in December 2003 by the subsidiary Adriatica Conserve S.r.l.;

- Consorzio Utilities Ravenna recorded for Euro 0.5 thousand;

- Consorzio Prodotti Biologici, recorded for Euro 3 thousand;

- Consorzio Faentino, recorded for Euro 0.1 thousand;

- T.F.C. S.p.A. for Euro 209 thousand, equal to 15.29% of the share capital;

- Fondazione della Comunità Salernitana, acquired in 2009 and recorded for Euro 3 thousand;

- CFV società cooperativa consortile, subscribed in 2011 for Euro 0.5 thousand.

- Tradizione Italiana-Italian Food Tradition S.c.a.r.l, subscribed in 2012 for Euro 5 thousand.

- Campania Bioscience SCARL subscribed in 2013 for Euro 2 thousand and increased in the year a further Euro 8 thousand.

6. Other non-current financial assets

This account, totalling Euro 80 thousand, includes the five-year maturity receivable from two non-interest bearing loans to consortiums.

7. Deferred tax assets

They amount to Euro 5,740 thousand and decreased by Euro 75 thousand compared to December 31, 2015 and refer to costs and/or revenues on which taxes have been paid in advance of their recognition for accounting purposes.

The movements in deferred tax assets in the year are detailed below:

(Euro '000) **Deferred tax asset**	**IRES**	**IRAP**
Assessable 2015	17.512	13.261
Pafial Group balances 01.01.2016	1.988	1.680
Utilisations 2016	(5.620)	(4.916)
Provisions 2016	4.394	3.631
Assessable 2016	18.274	13.656
Average Rate	24,00%	4,97%
Total Group IRES - IRAP 2016	**4.386**	**679**
Total statutory Group IRES - IRAP 2016	**5.064**	
Total Ires -Irap (non-current assets) IAS for 2016	286	25
Total Ires IAS 39 for 2016	365	
Total Ires and Irap deferred tax asset at 31.12.2016	**5.740**	

The amount refers principally to taxes on risk provision, write-downs of inventories and receivables.

The breakdown of the temporary differences giving rise to deferred tax assets are reported below.

	31.12.2015				31.12.2016					
	Amount of temporary difference IRES	Amount of tax asset IRES	Amount delle dif difference IRAP	Amount of tax asset IRAP	Amount of temporary difference IRES	Amount of tax asset IRES	Amount delle dif difference IRAP	Amount of tax asset IRAP	Amount recognised to P&L IRES and IRAP	Amount recognised to equity IRES and IRAP
Amounts in Euro/000										
- IAS adjustments Parent company	1.122	280	406	20	1.196	286	497	25	(11)	0
- IRS adjustments Parent company	1.471	405	0	0	1.521	365	0	0	0	(40)
- Provision for doubtful debts	2.197	558	0	0	2.281	547	0	0	11	0
- Exchange losses	370	94	0	0	289	69	0	0	25	0
- Provisions for risks and charges	6.740	1.713	5.175	257	6.570	1.578	4.668	232	161	0
- Tax for waste removal	8	2	0	0	21	5	0	0	(3)	0
- ASL tax	4	1	0	0	4	1	0	0	(0)	0
- Membership fees	2	0	0	0	1	0	0	0	0	0
- Directors' remuneration	106	27	0	0	76	18	0	0	9	0
- Employee bonus provision	1.386	352	1.386	69	1.228	295	1.228	61	65	0
- Inventory write-down	6.500	1.652	6.500	323	7.427	1.782	7.427	369	(176)	0
- Capital grants as per Law 64	45	12	45	2	41	10	41	2	2	0
- Recovery taxes prior years	155	39	155	8	327	78	292	15	(46)	0
- Gratuities	0	0	0	0	9	2	0	0	(2)	0
- Taxes from merger	0	0	0	0	0	0	0	0	615	0
TOTAL	**20.105**	**5.137**	**13.667**	**679**	**20.991**	**5.036**	**14.153**	**704**	**650**	**(40)**

8. Other non-current assets

These amount to Euro 520 thousand and entirely relate to prepayments over 12 months concerning promotional contributions recognised to the subsidiary LDH (La Doria) Ltd for sales of tomato-based products and pulses subsequent to 2017.

CURRENT ASSETS

9. Inventories

Compared to December 31, 2015 inventories record a net increase of Euro 7,146 thousand. Inventories increased Euro 8,133 thousand due the higher inventory levels held, and decreased Euro 987 thousand due to the increase in the inventory obsolescence provision to offset the increased risk of slow moving inventories within the current general tomato market. The decrease in the provision relates to goods destroyed and charitable donations.

The inventory obsolescence provision of Euro 7,487 thousand, represents the best estimate by the directors of the Company, on the basis of the information available at the time of the preparation of the present accounts, of the physiological deterioration of inventories and the value of goods to be destroyed.

The composition of the inventory compared to the previous year is shown below:

Inventory (Euro/000)	2016	2015	Change
Raw material, ancillary and consumables	19.230	20.069	(839)
Work-in-progress and semi-finished	18.909	12.547	6.362
Finished & semi-fin. prods.	109.102	107.089	2.013
Payments on account	983	384	599
Obsolescence provision	(7.487)	(6.500)	(987)
Diesel for motor vehicles	2	4	(2)
Total	**140.739**	**133.593**	**7.146**

The changes in the obsolescence provision are as follows:

Obsolescence provision (Euro/000)	2016	2015	Change
Beginning balance	6.500	2.500	4.000
Pafial Goup Merger Balances	1.060	0	1.060
Utilisation for the year	(2.146)	(1.643)	(503)
Provision for the year	2.073	5.643	(3.570)
Balance at 31/12/2016	**7.487**	**6.500**	**987**

At December 31, 2016, no inventory was subject to secured guarantees on loans received by the company.

10. Trade Receivables

Trade receivables amounted to Euro 77,440 thousand, increasing Euro 11,421 thousand on December 31, 2015 and are reported net of the relative doubtful debt provision of Euro 1,497 thousand. This account includes receivables from subsidiaries amounting to Euro 23,955 thousand and receivables from other related parties of Euro 110 thousand, commented upon in the paragraph “Transactions with related parties”. The significant increase in receivables is due to the incorporation of the “Sauces Line” business following the merger by incorporation of the Pafial Group into La Doria S.p.A.

The changes in the doubtful debt provision are as follows:

(Doubtful debt provision) Euro/000	2016	2015	Change
Beginning balance	2.061	1.274	787
Pafial Group Merger Balances	134	0	134
Reclassifications	(649)	0	(649)
Utilisation for losses during the year	(49)	(260)	211
Provision for the year	0	1.047	(1.047)
Balance at 31/12/2016	**1.497**	**2.061**	**(564)**

The utilisation of the above-mentioned provision refers to the bad debts in

2016. The doubtful debt provision in 2016 at the year-end only includes provisions for receivables from third parties as there is no risk of non-recovery from subsidiaries and other related parties. The provision also decreased due to a better classification in the 2016 financial statements to the Risk Provision for Euro 649 thousand. The Doubtful debt provision represents the best estimate by the directors of the Company, according to the information available at the time of the preparation of the present accounts, of the risk of receivable write-downs.

11. Other assets

These amount to Euro 2,038 thousand, a net decrease of Euro 2,852 thousand compared to December 31, 2015. The balance at December 31, 2016 principally includes:

- Employee receivables for Euro 564 thousand (in particular additional IRPEF matured in the year and which will be paid in instalments in subsequent years);
- Euro 1,187 thousand for prepayments, relating for Euro 649 thousand to promotional contributions recognised to the subsidiary LDH (La Doria) Ltd against the sales of tomato-based products and pulses in 2017.
- Euro 129 thousand minor receivables;
- Euro 158 thousand for Public Administration receivables mainly relating to customs reimbursements; In September 2016, the Company received the final tranche of the receivables from the Campania Region, for capital grants recognised to the Company under the Regulatory Agreement signed on October 31, 2012. The Regulatory Agreement involved the disbursements to the Parent Company of grants for a total of Euro 5,759 thousand in the form of plant capital grants under the Operational Objective 2.3 of the P.O.R. F.E.S.R Campania 2007-2013. The grant concerns 30% of the "Intervention Plan" for Euro 19,195 thousand approved by the Campania Region with Resolution No. 888 of May 15, 2009, based on the common strategies of the plan with the Regional programme guidelines.

12. Current tax receivables

The account amounts to Euro 8,046 thousand and increased by Euro 4,550 thousand compared to December 31, 2015 and includes:

- VAT receivable at December 31, 2016 of Euro 368 thousand;
- Tax receivables of Euro 2,830 thousand, of which Euro 957 thousand for provisional payments made against disputed assessments for the years 2005, 2006 and 2007 not yet definitive, Euro 1,721 thousand for the IRES reimbursement relating to the recovery of the IRAP deductibility on personnel costs for the years 2008-2012 and Euro 153 thousand relating to tax credits matured pursuant to Legislative Decree 91 of 2014 (development decree). For further information, reference should be made to the specific paragraph of the Directors' Report;
- IRAP and IRES receivables for Euro 4,848 thousand for increased payments on account in 2016.

13. Other financial assets

They amount to Euro 11,845 thousand and include for Euro 1,794 thousand the fair value on the currency forward and options at December 31, 2016. These derivative instruments, although currency hedging operations put in place to offset exchange rate risk related to purchases and sales, are not treated as hedge accounting and, therefore, the relative value is recognised to the income statement under financial income and charges. This account includes temporary investments of liquidity which amount at December 31, 2016 to Euro 10,000 thousand and the positive change in the fair value relating to the put options within the shareholder agreement on the minority shareholding of the English subsidiary for Euro 51 thousand as per the report on the value of the option rights by an independent third party expert. The accounting treatment was also supported by another third party expert's report which certified for non-accounting purposes the fair value of the options in accordance with IAS 39 as the parameters utilised by the valuation, such as the underlying shares and the relative volatility (intended both in absolute terms and in terms of NAV) may not be taken from the market, as they are estimates based on the expert's subjective assumptions; subsequent to initial recognition the put/call options must be recognised at Fair Value through Profit or Loss.

14. Cash and cash equivalents

The account amounts to Euro 34,389 thousand, a decrease of Euro 4,396 thousand compared to December 31, 2015 and relates to the temporary surplus of liquidity held in bank current accounts in Euro and foreign currencies (Euro 34,387 thousand) and cash (Euro 2 thousand). For the comments on the movements in cash and cash equivalents, reference should be made to Note 39 concerning the cash flow statement.

LIABILITIES AND SHAREHOLDERS' EQUITY

15. Share Capital

The share capital of La Doria S.p.A is fully paid-in and at December 31, 2016 amounts to Euro 42,780 thousand, divided into 31,000,000 ordinary shares of a nominal value of Euro 1.38 each. In 2016, the share capital did not change and there were no sales or purchases of treasury shares. At December 31, 2016, the Company does not hold any treasury shares.

16. Reserves and retained earnings

The total amount is Euro 106,585 thousand, an increase of Euro 19,204 thousand compared to December 31, 2015, as a net result of:

- allocation of the 2015 net profit (Euro 28,028 thousand), following the distribution of dividends (Euro 8,680 thousand), approved by the Shareholders' Meeting of June 10, 2016;

- negative change in the cash flow hedge reserve (Euro 89 thousand), which includes the gains and losses on cash flow hedge instruments at December 31, 2016 (Interest Rate Swaps);

- negative change in the IAS 19 reserve (Euro 55 thousand).

17. Net Profit

These amount to Euro 16,109 thousand, a decrease of Euro 11,919 thousand compared to December 31, 2015.

Shareholders` Equity

The account amounts to Euro 165,474 thousand, a total increase of Euro 7,285 thousand.

The distributability and availability of reserves is reported below.

BALANCE SHEET AS PER ART. 2424 CIVIL CODE

Amount in Euro/000

				Summary of utilisations made in the previous year 2012 - 2016	
Nature/description	Amount	Possibility of utilisation	Quota available	For coverage losses	For other reasons
Share capital	42.780				
Capital reserve:					
Share premium reserve	15.327	A-B	15.327		
IAS Reserve	18.575	A-B-C	18.575		
Profit reserves					
Legal reserve	7.923	B			
Reserve Law 88		A-B			
Retained earnrings	64.760	A-B-C	64.760		
TOTAL	**149.365**		**98.662**	**-**	**-**
QUOTA NON-DISTRIBUTABLE			**24.095**		
QUOTA DISTRIBUTABLE			**74.567**		

Key
A: for share capital increase
B: to cover losses
C: for distribution to shareholders

NON-CURRENT LIABILITIES

18. Financial payables

This account amounts to Euro 106,128 thousand, a decrease of Euro 10,506 thousand compared to December 31, 2015 and constitutes the portion due beyond December 31, 2017 of medium/long-term loans undertaken by La Doria S.p.A.. During the year 2016 unsecured loans were received of Euro 17,000 thousand.

(Euro/000) Financial payables	31/12/2016	31/12/2015	CHANGE
Long-term bank loans	105.387	115.676	10.289
Due to other lenders over 12 months	741	958	217
TOTAL	**106.128**	**116.634**	**10.506**

The principal characteristics of all the loans at the balance sheet date were as follows:

- Euro 5,000 thousand for instalments due beyond December 31, 2017 concerning the new loan issued on July 13, 2016 by Banca Nazionale del Lavoro Bnp Paribas. The repayment of the loan is in bullet form at 4 years with a single capital instalment on July 13, 2020 and with the payment of quarterly interest only instalments. The loan is at a fixed interest rate. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017, recorded under current financial liabilities.

- Euro 7,000 thousand for instalments due beyond December 31, 2017 concerning the new loan issued on July 28, 2016 by Banca Popolare di Milano. The loan is repayable in 16 quarterly instalments of capital and interest with the first instalment due on December 31, 2018 and the final instalment on September 30, 2022. The loan provides for a grace period with payment of only the quarterly interest from July 28, 2016 to September 30, 2018. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at -0.16%. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017, recorded under current financial liabilities.

- Euro 5,000 thousand of instalments due beyond December 31, 2017 concerning the new loan issued on December 12, 2016 by Iccrea Banca Impresa as Agent Bank for Euro 3 million, Banca di Salerno Credito Cooperativo as Lending Bank for Euro 1,000 thousand and Banca di Credito Cooperativo di Battipaglia e Montecorvino Rovella as Lending Bank for Euro 1,000 thousand.

The repayment of the loan is in bullet form at 4 years with a single capital instalment on December 12, 2020 and with the payment of half-yearly interest only instalments. The loan is at a fixed interest rate. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017 recorded under current financial liabilities.

- Euro 5,000 thousand of instalments due beyond December 31, 2017 concerning the loan issued on July 27, 2015 by Iccrea Banca Impresa as Agent Bank and Lending Bank for Euro 4,500 thousand and Banca di Salerno Credito Cooperativo as Lending Bank for Euro 500 thousand. The repayment of the loan is in bullet form at 4 years with a single capital instalment on June 30, 2019 and with the payment of half-yearly interest only instalments. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. There are no instalments due by December 31, 2017 recorded under current financial liabilities.

- Euro 13,381 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on July 13, 2015 from Unicredit for Euro 15 million, with 4 interest-only instalments and 9 half-yearly instalments, with the first instalment due on July 31, 2017 and the last on July 31, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.74%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 1,619 thousand.

- Euro 4,375 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on June 19, 2015 from Cariparma Credit Agricole for a total amount of Euro 5 million, with 5 interest-only instalments and 8 half-yearly instalments, the first of which due on December 19, 2017 and the last due on June 19, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.55%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 625 thousand.

- Euro 7,000 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on June 18, 2015 from Mediocredito Italiano for a total amount of Euro 10 million, with three interest-only instalments and repayable in 10 half-yearly instalments, the first of which due on November 30, 2016 and the last due on May 31, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.70%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 2.000 thousand.

- Euro 5,833 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on June 12, 2015 from Banca Nazionale del Lavoro for Euro 10 million, repayable in 12 half-yearly instalments, with the first instalment due on December 12, 2015 and the last on June 12, 2021. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.49%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 1,667 thousand.

- Euro 10,000 thousand for instalments due beyond December 31, 2017 concerning the loan issued on June 8, 2015 by Ubi Banca. The repayment of the loan is in bullet form at 4 years with a single capital instalment on May 29, 2019 and with the payment of quarterly interest only instalments. The loan provides for financial covenants calculated on the half-year and annual consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at June 30, 2016 and at December 31, 2016.This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.39%. There are no instalments due by December 31, 2017 recorded under current financial liabilities.

- Euro 10,000 thousand for instalments due beyond December 31, 2017 concerning the new loan issued on April 27, 2015 by Banca Popolare dell' Emilia Romagna. The payment of the loan is in bullet form at 4 years with a single capital instalment on April 27, 2019 and with the payment of quarterly interest only instalments. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.251%. There are no instalments due by December 31, 2017 recorded under current financial liabilities.

- Euro 750 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on February 11, 2014 from Banco Popolare S.p.A. for a total amount of Euro 3 million, repayable in 8 half-yearly instalments, the first of which due on June 15, 2015 and the last due on December 15, 2018. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.85%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 750 thousand.

- Euro 586 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on July 25, 2014 from Banca Carine for Euro 3 million, repayable in 16 quarterly instalments, with the first instalment due on October 25, 2014 and the last on July 25, 2018. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 764 thousand.

- Euro 29,091 thousand for instalments due beyond December 31, 2017 relating to loans drawn down on December 23, 2014 from the banking syndicate of Banco Napoli and Unicredit for a total amount of Euro 40 million. The loan, partially drawn down for the acquisition of the Pafial Group, is repayable in 11 half-yearly instalments with the first repayment due on December 31, 2016 and final repayment due on December 31, 2021. The loan provides for financial covenants calculated on the half-year and annual consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. Banca Imi, as agent of the syndicate, has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at June 30, 2016 and at December 31, 2016. The loan, on January 8, 2015, was hedged 100% by two Interest Rate Swaps which converts the variable rate into a fixed rate at 0.545%. The contracts were completed with the two institutions Banco Napoli and Unicredit for their respective shares. Instalments due by December 31, 2017, included in current liabilities, amount to Euro 7,273 thousand.

- Euro 1,613 thousand for instalments due beyond December 31, 2017 relating to the loan drawn down on July 29, 2013 from Banca del Mezzogiorno – MedioCredito Centrale for a total amount of Euro 12 million, repayable in 16 quarterly instalments, the first of which due on September 30, 2014 and the last due on June 30, 2018. The loan provides for financial covenants calculated on the consolidated financial statements of the La Doria Group. These covenants are based on the net debt/EBITDA ratio and on the net debt/consolidated equity ratio. The institute has the right to invoke non-commitment to the time period and resolve the loan contract only in the event of the simultaneous non-compliance with both of the above-mentioned financial covenants. These covenants were complied with at December 31, 2016. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.83%. Instalments due by December 31, 2017, recorded under current financial liabilities, amount to Euro 3,126 thousand.

- Euro 758 thousand for instalments due beyond December 31, 2017 relating to the loan provided with value date of August 1, 2013 by Banca della Campania for a total amount of Euro 3,500 thousand, repayable in 10 half-yearly instalments, the first of which on February 1, 2014, with the last repayment on August 1, 2018. This loan is hedged 100% by an Interest Rate Swap which converts the variable rate into a fixed rate at 0.93%. Instalments due by December 31, 2017, recorded under current liabilities, amount to Euro 728 thousand.

- Euro 708 thousand is also recognised under non-current liabilities for the part beyond twelve months of the payable for the subvention, repayable for 90%, recognised by the Ministry for Economic Development within the Innovation Tender (Internal Register No. 1949 of June 6, 2014) and Euro 33 thousand concerning the negative fair value of the forward currency contracts signed by La Doria S.p.A., with maturity beyond 2017.

19. Other non-current liabilities

They amount to Euro 8,317 thousand, a decrease compared to December 31, 2015 of Euro 621 thousand and refer, for the part over 12 months, to the portion of the grants on plant relating to periods subsequent to 2017 of the Company. The capital grants principally related for Euro 2,507 thousand to the contributions under the Regulatory Agreement signed in 2012 and commented upon at Note 2 on property, plant & equipment, to which reference should be made.

20. Post-employment benefit and pension provision

The post-employment benefit provision amounts to Euro 4,262 thousand, an increase of Euro 908 thousand compared to December 31, 2015. This increase derives from the merger by incorporation into La Doria S.p.A. with effect from January 1, 2016. At December 31, 2016, the actuarial gain was Euro 115 thousand (relating entirely to the Parent Company) and was recognised, in accordance with IAS 19 Revised, to the Net Equity Reserves and the Comprehensive Income Statement. The interest cost recorded to financial charges was Euro 60 thousand.

The movements in the year are shown below:

Provision for post-employment benefits (Euro '000)	**31.12.2016**
Balance at 1/1/2016	3.354
Pafial Group Merger Balances	1.000
Utilisation for departures	(569)
of which transferred to INPS	329
Provisions at 31/12/2016	1.118
of which transferred to INPS	(932)
Deductions at 31.12.16	(142)
of which transferred to INPS	15
Termination contracts	0
of which INPS fund	0
Discounting provision	115
TOTAL	**4.288**
Utilisation for advances	(26)
Balance at 31.12.2016	**4.262**

The principal actuarial assumptions, indicated below, adopted by the Company in accordance with Article 78 of IAS 19, refer to the market yields of "high quality corporate bonds", securities with a contained credit risk.

	AT 31.12.2016	**AT 31.12.2015**
Discount rate	EUR Composit AA curve	Curva EUR Composit AA curve
Rate of inflation	1,50%	1,50%
% of advances requested	100%	100%

21. Deferred tax liabilities

The account totalling Euro 15,057 thousand increased by Euro 7,819 thousand compared to December 31, 2015 and relates to the deferment of in come taxes. The increase compared to the previous year is mainly due to the amounts of the Pafial Group conferred into La Doria S.p.A. on January 1, 2016 due to the merger by incorporation.

(Euro/000) **Deferred tax liabilities**		
Assessable at 31.12.2015	24.574	14.827
Reclass. Pafial Group IAS	(23.055)	(14.595)
Utilisations 2016	(455)	(208)
Provisions 2016	416	250
Assessable at 31.12.2016	1.480	274
Rate	24,00%	4,97%
Total IRES - IRAP statutory 31.12.2016	**355**	**14**
Deferred tax liability from IAS reversal at 31.12.2016	13.148	1.540
Total Ires and Irap deferred tax liability at 31.12.2016	**15.057**	

The amount relates essentially to the higher fair value of land and buildings on the transition to international accounting standards.

The breakdown of the temporary differences giving rise to deferred tax liabilities are reported below.

	December 31, 2015				**December 31, 2016**				
(Euro/000)	**Amount of temporary difference IRES**	**Amount of tax asset IRES**	**Amount of temporary difference IRAP**	**Amount of tax asset IRAP**	**Amount of temporary difference IRES**	**Amount of tax asset IRES**	**Amount of temporary difference IRAP**	**Amount of tax asset IRAP**	**Amount recognised to P&L IRES and IRAP**
IAS adjustments	27.118	6.524	11.614	577	54.777	13.147	31.001	1.540	(7.586)
Non-realised exchange gains	155	42	0	0	166	40	0	0	2
Capital grants	32	8	32	2	29	7	29	1	1
Tax recoveries prior years	277	76	201	10	245	59	245	12	15
Accelerated depreciation	0	0	0	0	1.041	250	0	0	(250)
Taxes on merger	0	0	0	0	0	0	0	0	8.183
TOTAL	**27.582**	**6.649**	**11847**	**589**	**56.258**	**13.503**	**31.275**	**1.553**	**365**

22. Provisions for risks and charges

The provision at December 31, 2016 amounts to Euro 9,156 thousand, a decrease of Euro 584 thousand compared to December 31, 2015. The amount of the provisions represents the best estimate by the Directors, on the basis of the information available at the time of the preparation of the present accounts, of the charges matured against the Company at year-end and for other potential liabilities deriving from disputes for which the Company prudently considers the risk of charges probable.

The movements in the year are shown below:

(Euro/000) Description	Other risks	Employee bonus	Agents	Total
Beginning balance	8.202	1.386	152	9.740
Pafial Group Merger Balances	382	169	0	551
Reclassification	649	0	0	649
Utilisations	(933)	(1.555)	0	(2.488)
Provision for the year	695	0	9	704
Balance at 31.12.2016	**8.995**	**0**	**161**	**9.156**

The account principally includes:

- Other risk provisions, which covers the risks related to civil disputes in course for Euro 8,347 thousand; the change in the year is principally due to of the conferment from the Pafial Group merged into La Doria S.p.A. from December 1, 2016 for Euro 382 thousand, the utilisation for Euro 932 thousand for the finalisation of civil disputes and disputes of a tax nature, while the provision in 2016 of Euro 695 thousand includes provisions made against disputes with employees and disputes of a civil and tax nature for which the Company considers a negative outcome as probable. The increase is also due to the reclassification for Euro 649 thousand previously allocated to the doubtful debt provision;

- Agent severance indemnity provision. This provision amounted to Euro 161 thousand and increased Euro 9 thousand for the allocation in the year.

- The employee provision was utilised based on the application of the supplementary company agreement which provides for the payment of a bonus to staff if certain corporate objectives are reached, including a certain profit level achieved by the Parent Company. The amount for the year 2016 was recorded under employee payables in the account “Other current liabilities” (No. 26).

For further information on disputes at December 31, 2016, reference should be made to the relevant paragraph of the Directors’ Report.

CURRENT LIABILITIES

23. Current financial payables

The account amounts to Euro 42,840 thousand, a decrease of Euro 31,116 thousand compared to December 31, 2015 (Euro 16,866 thousand compared to December 31, 2015 Revised). The breakdown is as follows:

- Euro 14,000 thousand for advances on foreign invoices in Euro;
- Euro 25,101 thousand for the portion due within 12 months of the medium/long-term loans;
- Euro 172 thousand for interest on short-term bank payables;
- Euro 1,568 thousand relating to the fair value of the IRS operations

at December 31, 2016, treated as hedge accounting for Euro 1,520 thousand and in Profit and Loss for Euro 48 thousand;

- Euro 1,637 thousand relating to the negative fair value of the foreign currency forward and options contracts within 12 months, not subject to hedge accounting;

- Euro 157 thousand relating to the part of the payable for the subvention reimbursement recognised by the Ministry for Economic Development within the Innovative Tender (Internal Register No. 0001949 of June 6, 2014);

- Euro 164 thousand for reverse factoring with maturity;

- Euro 39 thousand relating to the negative fair value between 2016 and 2015 of the call options on the minority share of the subsidiary LDH (La Doria) Ltd under the agreements between La Doria S.p.A. and the minority shareholders of the subsidiary LDH. The negative change in the fair value relating to the put options within the shareholder agreement on the minority shareholding of the English subsidiary for Euro 39 thousand derives from the report on the value of the option rights by an independent third party expert. The accounting treatment was also supported by another third party expert's report which certified for non-accounting purposes the fair value of the options in accordance with IAS 39 as the parameters utilised by the valuation, such as the underlying shares and the relative volatility (intended both in absolute terms and in terms of NAV) may not be taken from the market, as they are estimates based on the subjective assumptions; subsequent to initial recognition the put/call options must be recognised at Fair Value through Profit or Loss.

The notional values and the fair values at December 31, 2016 on interest rate hedge contracts which generated the payable of Euro 1,568 thousand in the accounts, are shown below (at December 31, 2015 – Euro 1,471 thousand):

Bank Amount in €/000	Notional	Fair Value 31/12/16	Fair Value 31/12/15
BNL*	5.000	0	0
AKROS	7.000	13	0
ICCREA*	5.000	0	0
BPER	10.000	(128)	(95)
AKROS	10.000	(162)	(141)
BNL	7.500	(110)	(88)
BANCO DI NAPOLI	9.000	(180)	(173)
CARIPARMA	5.000	(87)	(62)
UNICREDIT	15.000	(378)	(336)
AKROS **	0	(48)	(84)
BANCO DI NAPOLI	18.182	(192)	(119)
UNICREDIT	18.182	(193)	(117)
BANCO POPOLARE	1.500	(20)	(34)
AKROS	1.486	(21)	(37)
AKROS	4.739	(48)	(106)
CARIPARMA	0	0	(18)
UNICREDIT	1.050	(14)	(61)
Total	**118.639**	**(1.568)**	**(1.471)**

* The table shows, only as notional, two loans of Euro 5,000,000 agreed in 2016 at fixed interest rates and reported in the loans section.

** The IRS Akros reported with an Mtm at December 31, 2016 of Euro 48 thousand does not comply with Hedge Accounting requirements and was recorded through P&L.

24. Trade Payables

They amount to Euro 74,218 thousand, an increase of Euro 12,143 thousand compared to December 31, 2015 and are net of credit notes to be received from suppliers for discounts, price/quantity discounts on supply of goods and/or services relating to the year. The amount includes the payables to subsidiaries of Euro 9,859 thousand and payables to other related parties of Euro 5 thousand, commented on in the section “Transactions with Related Parties”. The significant increase in payables is due to the incorporation of the Business relating to the “Sauces Line” following the merger by incorporation of the Pafial Group into La Doria S.p.A. effective as of January 1, 2016.

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25. Current tax payables

The account amounts to Euro 1,751 thousand and decreased by Euro 2,173 thousand compared to December 31, 2015. The account comprises:

- Euro 16 thousand concerning VAT;

- Euro 1,702 thousand of Tax payables, relating for Euro 1,103 thousand to withholdings by the Company for substitute taxes, paid in January and February 2017, for Euro 574 thousand to additional regional and municipal taxes to be paid in 2017, for Euro 18 thousand to withholding taxes on salaries and consultants’ fees and Euro 7 thousand for withholding taxes on the revaluation of Post-Employment Benefits;

- Euro 33 thousand relating to Public Administration payables for local taxes.

26. Other current liabilities

These amount to Euro 10,556 thousand and increased by Euro 2,723 thousand compared to December 31, 2015. They principally include:

• payments on account by clients for Euro 154 thousand;

• Euro 868 thousand payables to pension and social security institutions;

• payables to employees not yet paid at December 31, 2016 for Euro 8,063 thousand, of which Euro 1,917 thousand for salaries and wages for the month of December 2016, Euro 3,357 thousand for vacation days matured at December 31, 2016, Euro 1,536 thousand for the provision of the fourteenth month matured in 2016, Euro 1,228 thousand for employee bonuses based on the company agreement in which employees are recognised an economic indemnity related to the achievement of set company objectives, among which the results of the parent company. The provision for the year 2016, differing from 2015 (where the amount was recorded under provisions) was recorded as a payable to employees;

• other charges to receive Euro 204 thousand;

• Euro 251 thousand for insurance payables for insurance indemnities to be paid;

• minor payables of Euro 209 thousand;

• current portion of the grants on plant relating to future periods of Euro 805 thousand.

Commitments and guarantees

These total Euro 36,447 thousand and relate to:

- Euro 20,430 thousand for guarantees and comfort letters by the Parent Company La Doria S.p.A. on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A.;

- Euro 9,006 thousand for the amount at December 31, 2016 of guarantees given on behalf of banks by the Parent Company La Doria S.p.A. for loans made to the subsidiary LDH (La Doria) Ltd;

- Euro 1,480 thousand for guarantees given in favour of the subsidiary Eugea Mediterranea S.p.A. on receivables from the public administration;

- Euro 2,928 thousand for guarantees on La Doria S.p.A. receivables from the public administration;

- Euro 1,753 thousand for sureties on payment terms from suppliers;

- Euro 850 thousand for guarantees issued in favour of the Customs Office and Campania Region against customs duties and taxes;

Also included is Euro 735 thousand for the surety issued by Atradius Credit Insurance N.V. in favour of La Doria in guarantee of the refurbishment works at the Angri facility.

INCOME STATEMENT

Segment information as per IFRS 8

2016 revenues by production line are detailed below (in Euro):

TURNOVER LA DORIA S.P.A. BY LINE			
2016 Euro/000 **PRODUCT LINE**	**2016** Net of year-end discounts	**2015** Net of year-end discounts	Change total
TOTAL RED LINE	122.688	148.700	(26.012)
TOTAL SAUCES LINE	79.356	-	79.356
TOTAL FRUIT LINE	58.674	62.761	(4.087)
TOTAL LEGUMES	144.123	155.919	(11.796)
TOTAL OTHER LINES	4.455	5.325	(870)
TOTAL REVENUES	**409.296**	**372.705**	**36.591**

The principal client was the English subsidiary LDH (La Doria) Ltd accounting for 23% of revenues. From the current year, the business of La Doria S.p.A. expanded through the merger by incorporation of the Pafial Group, with the “Sauces Line”. The merger was effective from January 1, 2016.

27. Revenues

Revenues from sales and services amount to Euro 409,296 thousand, an increase of Euro 36,591 thousand compared to 2015. The net increase involved lower sales of products relating to the traditional production lines of La Doria S.p.A. for Euro 42,765 thousand and an increase in the “sauces line” undertaken until 2015 by the Pafial Group and conferred into La Doria S.p.A. with the merger by incorporation operation effective as of January 1, 2016. The changes in the individual business areas are illustrated in the Directors’ Report.

REVENUES FROM SALES	2016	2015	Change
ITALY	155.339	141.959	**13.380**
OVERSEAS	258.645	232.824	**25.821**
LOYALTY DISCOUNT PROVISION	(4.688)	(2.078)	**(2.610)**
TOTAL	**409.296**	**372.705**	**36.591**

28. Other operating revenues

Other operating revenues amount to Euro 9,501 thousand, increasing Euro 1,077 thousand compared to 2015. The increase in the year is due to the incorporation of the Pafial Group. On a like-for-like comparison with the previous year the increase was Euro 571 thousand. Other revenues are comprised of:

• Other income of Euro 2,574 thousand, of which prior year income of Euro 1,604 thousand and compensation for damages of Euro 970 thousand;

• Revenues and other income of Euro 6,927 thousand, essentially concerning the sale of raw material and packaging materials for Euro 1,833 thousand, the sale of scrap and recovery materials for Euro 649 thousand, the share of capital grants for Euro 560 thousand and miscellaneous income of Euro 1,466 thousand.

29. Change in inventories

The net change in inventories at December 31, 2016 was Euro -10,330 thousand and was broken down as follows:

(Euro/000)	2016	2015	Change
Finished, semi-fin. and inter. Products			
Semi-processed products	6.133	(1.253)	7.386
Finished & semi-fin. prods.	(13.962)	(439)	(13.523)
Inventory obsolescence provision	(2.073)	(5.643)	3.570
Reversal obsolescence provision	2.146	1.643	503
TOTAL	**(7.756)**	**(5.692)**	**(2.064)**
Raw material, ancillary and consumables			
Raw materials	2.654	(194)	2.848
Packaging	32	(159)	191
Other supplies	(112)	(71)	(41)
TOTAL	**2.574**	**(424)**	**2.998**
CHANGE	**(10.330)**	**(5.268)**	**(5.062)**

30. Purchase of raw materials and goods

Raw materials and costs total Euro 254,192 thousand, an increase of Euro 21,578 thousand compared to the previous year. The increase derives from the net effect from the contraction in raw material and goods costs relating to the traditional business of La Doria S.p.A. and the merger by incorporation of the Pafial Group on January 1, 2016. Reference should be made to the Directors' Report for changes on the business lines. The breakdown compared to the previous year is shown below:

COST OF PRODUCTION RAW MATERIALS, ANCILLARY, CONSUMABLES AND GOODS	2016	2015	Change
(Euro/000)			
RAW MATERIALS	91.007	107.976	(16.969)
SEMI-PROCESSED PRODUCTS	33.265	17.912	15.353
FINISHED & SEMI-FINISHED PROD	18.599	22.192	(3.593)
PACKAGING	75.970	65.334	10.636
ENERGY CONSUMPTION	4.668	5.139	(471)
MAINTENANCE & REPAIR CHARGES	4.523	3.405	1.118
ANCILLARY MATERIALS	29.497	14.179	15.318
TOTAL	**257.529**	**236.137**	**21.392**
DISCOUNTS ON MATERIALS	(3.337)	(3.523)	186
TOTAL	**254.192**	**232.614**	**21.578**

31. Services

These total Euro 61,204 thousand, an increase of Euro 6,214 thousand compared to the previous year. The aggregate of the service costs amount to Euro 58,872 thousand and rent, lease and similar costs amount to Euro 2,332 thousand. The increase in the year is due to the effects of the merger by incorporation of the Pafial Group into La Doria S.p.A. with effect from January 1, 2016. The breakdown is shown below:

PRODUCTION COSTS SERVICES (Euro/000)	2016	2015	Change
MAINTENANCE AND REPAIR CHARGES	2.927	2.907	20
OUTSIDE CONTRACTORS	4.409	3.686	723
TRAVEL EXPENSES	241	213	28
EMPLOYEE TRANSFERS	144	145	(1)
ENTERTAINING EXPENSES	88	80	8
INTERNAL TRANSPORT	2.583	2.259	324
TOLLS	57	46	11
COMMISSIONS AND RELATIVE CHARGES	998	609	389
TRANSPORT	25.201	22.547	2.654
PROFESSIONAL FEES	1.150	929	221
DIRECTORS AND STATUTORY AUDITORS	478	475	3
AUDIT FEES	128	75	53
TELEPHONE AND FAX	214	145	69
POSTAGE	4	4	0
INSURANCE	813	863	(50)
MEMBERSHIP FEES	99	96	3
COMMERCIAL COSTS	8.478	8.475	3
CLEANING OF INDUSTRIAL STRUCTURES	1530	1177	353
POWER	5.100	4.931	169
WATER CONSUMPTION	42	18	24
WATER PURIFICATION	110	148	(38)
WATER DISCHARGE	241	272	(31)
WAREHOUSING	1024	791	233
LOADING AND UNLOADING	2.354	1.887	467
SOFTWARE MAINTENANCE	171	148	23
BANK SERVICES	288	291	(3)
TOTAL	**58.872**	**53.217**	**5.655**
DISCOUNTS ON PURCHASES	0	(8)	8
TOTAL	**58.872**	**53.209**	**5.663**

PRODUCTION COSTS USE OF THIRD PARTY ASSETS (Euro/000)	2016	2015	Change
BUILDINGS	246	230	16
PATENT FEES	3	0	3
MACHINERY AND PLANT	399	410	(11)
EDP LICENSE	153	117	36
LIFT TRUCKS	548	419	129
EDP	180	73	107
PALLETS	314	163	151
AUTO-VEHICLES	333	281	52
GARMENTS	152	73	79
CRATES	11	18	(7)
PREMIUMS AND DISCOUNTS	(7)	(3)	(4)
TOTAL	**2.332**	**1.781**	**551**

32. Labour costs

Total labour costs for the year amount to Euro 42,402 thousand, an increase of Euro 9,060 thousand on the previous year. The increase is mainly due to the merger by incorporation of the Pafial Group and therefore the employees operating at the Parma and Acerra facilities. On a like-for-like consolidation basis, labour costs decreased Euro 772 thousand:

COSTS OF PRODUCTION SALARIES & WAGES (Euro/000)	2016	2015	Change
EXECUTIVES	2.474	2.334	140
WHITE-COLLAR	8.916	6.885	2.031
FOREMEN	0	16	(16)
BLUE-COLLAR	12.823	8.663	4.160
SEASONAL STAFF	4.317	4.397	(80)
SELF-EMPLOYED ASSOCIATES	68	95	(27)
CANTEEN	63	0	63
	28.661	**22.390**	**6.271**

COSTS OF PRODUCTION SOCIAL SECURITY CONTR. (Euro/000)	2016	2015	Change
EXECUTIVES	834	785	49
WHITE-COLLAR	2.724	2.029	695
FOREMEN	0	6	(6)
BLUE-COLLAR	4.115	2.657	1.458
SEASONAL STAFF	1.492	1.526	(34)
SELF-EMPLOYED ASSOCIATES	12	17	(5)
	9.177	**7.020**	**2.157**

COSTS OF PRODUCTION POST-EMPLOYMENT BENEFITS (Euro/000)	2016	2015	Change
EXECUTIVES	249	221	28
WHITE-COLLAR	670	515	155
FOREMEN	0	1	(1)
BLUE-COLLAR	882	580	302
SEASONAL STAFF	257	241	16
	2.058	**1.558**	**500**

COSTS OF PRODUCTION OTHER COSTS (Euro/000)	2016	2015	Change
DONATIONS	108	55	53
TRAINEE REMUNERATION	52	42	10
EMPLOYEE BONUSES	1361	1424	(63)
LIFE ASSURANCE	15	11	4
TEMPORARY PERSONNEL	331	210	121
INCENTIVES DEPARTURE	322	541	(219)
INPS REDUNDANCY	51	58	(7)
TRAVEL AND TRANSFER	44	33	11
ADD. LEAVING INDEMNITY PROVISION	222	0	222
	2.506	2.374	132

The other labour costs amount to Euro 2,506 thousand, an increase compared to 2015 of Euro 132 thousand, principally relating to employee incentives of Euro 1,361 thousand, leaving incentive costs of Euro 322 thousand and part-time workers of Euro 331 thousand.

At December 31, 2016, the breakdown of the workforce was as follows:

WORK FORCE	2016	2015	Change
Executives/White-collar	229	187	42
Foremen/Blue-collar	416	283	133
Seasonal/Temporary	27	9	18
TOTAL	672	479	193

The increase is due to the workforce from the Pafial Group at the Parma and Acerra facilities joining La Doria S.p.A. following the merger by incorporation on January 1, 2016.

33. Other operating costs

The account amounts to Euro 10,748 thousand, an increase of Euro 3,525 thousand compared to the previous year. The increase is mainly due to the merger by incorporation of Pafial Group from January 1, 2016. The account includes other operating charges of Euro 8,070 thousand and non-recurring charges of Euro 2,678 thousand. The principal components are shown below:

COST OF PROUCTION OTHER CHARGES (Euro/000)	2016	2015	Change
SUNDRY CONSUMABLES	3.163	3.072	91
VARIOUS SERVICES	3.229	1.879	1.350
TAXES	1.109	834	275
LOSSES	569	385	184
TOTAL	8.070	6.170	1.900

EXTRAORDINARY INCOME AND CHARGES EXTRAORDINARY CHARGES (Euro/000)	2016	2015	Change
PRIOR YEAR COSTS	356	180	176
NON-RECURRING COSTS	5	5	0
OTHER PRIOR YEAR ITEMS	431	474	(43)
PRIOR YEAR REVENUES - ITALY	15	80	(65)
PRIOR YEAR REVENUES - FOREIGN	28	5	23
LOSSES ON ASSET DISPOSALS	0	10	(10)
PENALTIES AND FINES	14	14	0
REBATES	2	0	2
CONTRACT PENALTIES	29	40	(11)
DAMAGE COMPENSATION	1.798	245	1.553
TOTAL	2.678	1.053	1.625

34. Amortisation, depreciation, write-downs and provisions

The account amounts to Euro 17,953 thousand, an increase of Euro 5,972 thousand compared to the previous year. This item includes:

(Euro/000)	2016	2015	Change
Amortisation of intangible assets	940	390	550
Depreciation of tangible assets	11.003	8.563	2.440
Other fixed asset write-downs	5.315	0	5.315
Write-downs included in current assets	0	1.047	(1.047)
Provision for risks	695	1.981	(1.286)
TOTAL	17.953	11.981	5.972

In relation to the “Fixed asset write-downs” and the “Provisions for risks”, reference is made to the comments in the specific balance sheet accounts “Goodwill” (Note 3) and “Provisions for risks and charges” (Note 22).

35. Financial income

These total Euro 16,142 thousand and relate to:

- Euro 189 thousand of interest on temporary liquidity on current accounts and on interest from receivables due from the State;
- for Euro 15,902 thousand income from exchange gains on commercial and financial operations (Euro 13,380 thousand) and the fair value gains on the forward and currency option contracts held at December 31, 2016 (Euro 2,522 thousand).
- For Euro 51 thousand relating to the Fair Value gain on the put options within the shareholder agreement on the minority shareholdings in the English subsidiary; for the accounting treatment adopted and the related reports reference should be made to the paragraphs on financial receivables/payables.

36. Financial charges

These amount to Euro 16,659 thousand and include:

- for Euro 2,992 thousand financial charges on medium/long-term and short-term payables;
- for Euro 13,568 thousand losses relating to commercial and financial transactions (Euro 7,764 thousand) and losses realised in 2016 on forward operations and currency operations and the negative fair value on the forward and currency options held at December 31, 2016 (Euro 5,804 thousand);
- financial charges concerning the Interest Cost component under IAS 19 Revised “Employee benefits” for Euro 60 thousand;
- for Euro 39 thousand relating to the Fair Value loss on the put options within the shareholder agreement on the minority shareholdings in the English subsidiary; for the accounting treatment adopted and the related reports reference should be made to the paragraphs on financial receivables/payables.

37. Dividends

During 2016, dividends were received relating to the year 2015 for a total amount of Euro 3,573 thousand from the subsidiary LDH (La Doria) Ltd, with a decrease of Euro 99 thousand on the dividend received in the previous year and relating to the same subsidiary.

38. Income taxes

These total Euro 8,915 thousand (Euro 10,556 thousand in 2015). The account includes current income taxes of Euro 8,761 thousand, deferred income tax of Euro 650 thousand, deferred tax charges of Euro 365 thousand and prior year taxes of Euro 131 thousand.

The following is a reconciliation of the tax expense on net profit and the tax charge.

The reconciliation between the accounting and tax result is shown below

Descrizione (IRES) (Importi in Eur		Assessable	Income tax	Theoretical charge	Effective charge
Profit before taxes					
Theoretical tax charge (27.5%)		**25.025**	**6.882**	**27,50%**	
Values not recorded fiscally for the application of the IFRS					
Inventories change	16				
Other accrued revenues	(12)				
Amortisation and depreciation	1.172				
Discounting post-employment benefit provision	60				
Capitalisation of deferred charges	59				
MtM Althea	(16)				
Total		**1.279**	**352**		
Exchange gains/losses not realised including reversal in previous year	(82)				
Total		**(82)**	**(23)**		
Temporary differences assessable in future years					
Bad debt provision	0				
Interest expense	0				
Obsolescence provision	2.073				
Employee bonus provision	1.228				
Provisions for other risks	695				
Others	105				
Total		**4.101**	**1.128**		
Reversal of prior year temporary differences					
Utilisation of doubtful debt provision	(49)				
Utilisation of inventory provision	(2.146)				
Utilisation of provision for other risks	(829)				
Utilisation of employee bonus provision and mobility	(1.555)				
Others	(236)				
Total decrease		**(4.815)**	**(1.324)**		
Differences not reversing in future years					
Non- deductible costs	1.932				
Intangible assets write-down not deductible	5.315				
Purchase of goods and services black list countries	20				
Total increase		**7.267**	**1.998**		
Differences not reversing in future years					
Dividends	(3.394)				
Purchase of goods and services black list countries					
Accelerated depreciation	(115)				
Others	(903)				
Total decrease		**(4.412)**	**(1.213)**		
Assessable income		**28.363**	**7.800**		
Recovery of tax losses					
Not assessable Monti law		(2.581)	(710)		
Effective assessable income		**25.782**	**7.090**		**28,33%**

Reconciliation of the theoretical and effective tax charge for IRAP					
Description		**Assessable**	**Income tax**	**Theoretical tax charge**	**Effective charge**
Difference between value and cost of production		**21.969**			
Costs not considered for IRAP purposes					
Personnel expenses	5.670				
Services as per Art. 49 (temporary services)					
Total increases		**5.670**			
Total		**27.639**			
Theoretical charge			**1.169**	**4,23%**	
Temporary differences assessable in future years					
Obsolescence provision	2.073				
Risk provision	695				
Others					
Total increases		**2.768**			
Reversal of prior years' temporary differences					
Utilisation of inventory provision	(2.146)				
Utilisation of risk provisions	(797)				
Others					
Total decreases		**(2.943)**			
Non-reversing differences in future years					
Deductible costs not included in production value	(97)				
Revenues not related to value of production	(1.007)				
Total decreases		**(1.104)**			
Differences not reversing in future years					
Assessable revenues not included in value of production					
Revenues not related to value of production	8.392				
Total increases		**8.392**			
IRAP assessable		**34.752**			
IRAP current year			**1.671**		**4,81%**

39. Cash Flow Statement

The cash and cash equivalents of the Company decreased during 2016 Euro 4,396 thousand, due to the generation of cash from operating activities for Euro 28,299 thousand, cash generated from investing activities for Euro 25,492 thousand and cash absorbed from financing activities for Euro 58,187 thousand. No particular uncertainties exist which may impact the value of assets and liabilities recognised to the financial statements. Cash and cash equivalents entirely concern current account balances and cash on hand.

Transactions with related parties

Transactions with related parties are undertaken at normal market conditions between independent parties. There were no operations of a typical and/or unusual nature. The transactions with related parties, in accordance with IAS 24 revised, relate to normal operations and are conducted at normal market conditions. The transactions are in accordance with the most recent "corporate governance" regulations adopted by the Company. In accordance with Article 2391 bis of the Civil Code, with CONSOB regulation in relation to related parties approved with resolution No. 17221 of March 12, 2010, subsequently amended with resolution No. 17389 of 23.06.2010 and that recommended by Article 9.C.1 of the Self-Governance Code for listed companies, the Board of Directors of La Doria S.p.A. on November 11, 2010 adopted the Regulation for the governance of transactions with related parties which defines the guidelines and criteria for the identification, approval and execution of the transactions with related parties undertaken by the Company, directly or through subsidiary companies, in order to ensure transparency and substantial and procedural correctness of the transactions.

All transactions of a financial or economic nature with related parties of the Company for the years 2015 and 2016 are reported below:

FY 2015

(in Euro thousand) 31.12.2015	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current payables	Other non-current payables	Guarantees	Commit.
Balance sheet								
Subsidiaries								
Pafial Group	440			73				
Eugea Mediterranea SpA	5.678			13.252			20.430	
LDH (LA DORIA) Ltd	16.192	1.516	1.007	178			6.881	
TOTAL	**22.310**	**1.516**	**1.007**	**13.503**	**0**	**0**	**27.311**	**0**

LDH (La Doria) LTD:

Trade receivables: Receivables from the subsidiary LDH (La Doria) Ltd for Euro 16,192 thousand for operations of a commercial nature;

Other current and non-current assets: This account relates to the non-current and current portion of prepayments concerning promotional contributions of the subsidiary LDH (La Doria).

Trade payables: Payables to the subsidiary LDH (La Doria) Ltd. for Euro 178 thousand, of a commercial nature;

Guarantees: Euro 6,881 thousand for the equivalent amount at December 31, 2015 of guarantees given on behalf of banks for loans made to the subsidiary LDH (La Doria) Ltd.;

Eugea Mediterranea S.p.A.:

Trade receivables: Receivables from the subsidiary Eugea Mediterranea S.p.A. for Euro 5,678 thousand, of a commercial nature;

Trade payables: Payables to the subsidiary Eugea Mediterranea S.p.A. for Euro 13,252 thousand, of a commercial nature;

Guarantees: Euro 20,430 thousand for guarantees and comfort letters on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A.;

Pafial Group

Trade receivables: Receivables from the subsidiary Pafial Group for Euro 440 thousand, of a commercial nature;

Trade payables: Payables to the subsidiary Pafial Group for Euro 73 thousand, of a commercial nature;

(in Euro thousand) 31.12.2015	Revenues	Other revenues	Costs	Other costs	Financial income	Financial charges	Dividends
P&L transactions							
Subsidiaries							
Pafial Group	19	411	2.072	3			
Eugea Mediterranea SpA	5.360	379	23.753	13			
LDH (LA DORIA) Ltd	103.420	37		5.352	398		3.672
TOTAL	**108.799**	**827**	**25.825**	**5.368**	**398**		**3.672**

LDH (La Doria) Ltd:

Revenues: Revenues for the sale of finished products of Euro 103,420 thousand;

Other revenues: Recharges for damage and recovery of expenses of Euro 37 thousand;

Other costs: Service costs and damage reimbursements for Euro 5,750 thousand, of which Euro 5,176 thousand relating to promotional contributions;

Financial income: Financial income concerning exchange differences on purchases for Euro 398 thousand;

Dividends: Dividends distributed by the subsidiary LDH (La Doria) Ltd., in relation to the year 2013 for Euro 3,672 thousand.

Eugea Mediterranea S.p.A.:

Revenues for the sale of finished, semi-finished and intermediate products of Euro 5,360 thousand;

Other revenues: Raw material and packaging revenues for Euro 96 thousand, services of Euro 130 thousand and various recharges of Euro 153 thousand;

Costs: Costs for purchase of finished, semi-finished and intermediate products of Euro 23,753 thousand;

Other costs: Packaging costs for Euro 13 thousand.

Pafial Group:

Revenues: revenues for the sale of finished, semi-finished and intermediate products of Euro 19 thousand;

Other revenues: Non-recurring revenues of Euro 411 thousand, of which Euro 300 thousand concerning services;

Costs: Costs for purchase of finished, semi-finished and intermediate products of Euro 2,072 thousand.

Other costs: Costs for accessory materials for Euro 3 thousand.

FY 2016

(in Euro thousand) 31.12.2015	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current payables	Other non-current payables	Guarantees	Commit.
Balance sheet								
Subsidiaries								
Eugea Mediterranea SpA	5.588			9.583			20.430	
LDH (LA DORIA) Ltd	18.367	649	456	276			9.006	
TOTAL	**23.955**	**649**	**456**	**9.859**	**0**	**0**	**29.436**	**0**

LDH (La Doria) LTD:

Trade receivables: Receivables from the subsidiary LDH (La Doria) Ltd for Euro 18,367 thousand for operations of a commercial nature;

Other current and non-current assets: This account relates to the non-current and current portion of prepayments concerning promotional contributions of the subsidiary LDH (La Doria).

Trade payables: Payables to the subsidiary LDH (La Doria) Ltd. for Euro 276 thousand, of a commercial nature;

Guarantees: Euro 9,006 thousand for the equivalent amount at December 31, 2016 of guarantees given on behalf of banks for loans made to the subsidiary LDH (La Doria) Ltd.;

Eugea Mediterranea S.p.A.:

Trade receivables: Receivables from the subsidiary Eugea Mediterranea S.p.A. for Euro 5,588 thousand, of a commercial nature;

Trade payables: Payables to the subsidiary Eugea Mediterranea S.p.A. for Euro 9,583 thousand of which Euro 9,449 thousand of a commercial nature and Euro 134 thousand relating to the transfer of intercompany VAT;

Guarantees: Euro 20,430 thousand for guarantees and comfort letters on the short-term and medium/long-term loans provided to the subsidiary Eugea Mediterranea S.p.A.;

(in Euro thousand) 31.12.2015	Revenues	Other revenues	Costs	Other costs	Financial income	Financial charges	dividends
P&L transactions							
Subsidiaries							
Eugea Mediterranea SpA	4.573	305	21.124	9			
LDH (LA DORIA) Ltd	94.243	28	0	4.605		70	3.573
TOTAL	**98.816**	**333**	**21.124**	**4.614**	**0**	**70**	**3.573**

LDH (La Doria) Ltd:

Revenues: Revenues for the sale of finished products of Euro 94,243 thousand;

Other revenues: Recharges for damage and recovery of expenses of Euro 28 thousand;

Other costs: Service costs and damage reimbursements for Euro 4,605 thousand, of which Euro 4,370 thousand relating to promotional contributions;

Dividends: Dividends distributed by the subsidiary LDH (La Doria) Ltd., in relation to the year 2015 for Euro 3,573 thousand.

Eugea Mediterranea S.p.A.:

Revenues: revenues for the sale of finished, semi-finished and intermediate products of Euro 4,573 thousand;

Other revenues: Raw material and packaging revenues for Euro 175 thousand and services of Euro 130 thousand;

Costs: Costs for purchase of finished, semi-finished and intermediate products of Euro 21,124 thousand.

Other costs: Packaging costs for Euro 9 thousand.

TRANSACTIONS WITH OTHER RELATED PARTIES

FY 2015

(In Euro thousand) 31.12.2015	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current payables	Other non-current payables
Balance sheet						
Receivables from Customers	107					
Payables to Suppliers				2		
Directors					503	
Shareholders						
TOTAL	**107**	**0**	**0**	**2**	**503**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 107 thousand for transactions of a commercial nature:

Trade payables: Concerns payables to suppliers for services of Euro 2 thousand;

Other current liabilities: Concerns payables to Directors for Euro 503 thousand and remuneration, salary and bonuses matured in the year and still not paid.

(In Euro thousand) 31.12.2015	Revenues	Other revenues	Costs	Other costs
P&L transactions				
Revenues	333			
Costs			10	
Directors				1.764
Shareholders				
TOTAL	**333**	**0**	**10**	**1.764**

Revenues: Concerns revenues deriving from the sale of finished products and amounts to Euro 333 thousand;

Costs: Concerns costs for the acquisition of services for Euro 10 thousand;

Other costs: These amount to Euro 1,764 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

FY 2016

(In Euro thousand) 31.12.2016	Trade receivables	Other current assets	Other non-current assets	Trade Payables	Other current payables	Other non-current payables
Balance sheet						
Receivables from customers	110					
Payables to suppliers				5		
Directors					94	
TOTALE	**110**	**0**	**0**	**5**	**94**	**0**

Trade receivables: Refers to receivables from clients considered as other related parties for Euro 110 thousand for transactions of a commercial nature:

Trade payables: Concerns payables to suppliers for services of Euro 5 thousand;

Other current liabilities: Concerns payables to Directors for Euro 94 thousand and remuneration, salary and bonuses matured in the year and still not paid.

(In Euro thousand) 31.12.2016	Revenues	Other revenues	Costs	Other costs
P&L transactions				
Revenues	302			
Costs			10	
Directors				1,640
TOTAL	**302**	**0**	**10**	**1,640**

Revenue: Concerns revenues deriving from the sale of finished products and amounts to Euro 302 thousand;

Costs: Concerns costs for the acquisition of services for Euro 10 thousand;

Other costs: These amount to Euro 1,640 thousand and entirely refer to remuneration, salaries and bonuses matured by the Directors in the year.

KEY MANAGEMENT PERSONNEL REMUNERATION

The remuneration of those holding positions with authority and responsibility for planning, management and control of the Company, including Executive and Non-Executive Directors, is reported in Tables D and F.

Such remuneration concerns emoluments and all other payments, including the portion carried by the Company, of a remunerative, pension-related or social security nature deriving from the role of Director or Statutory Auditor of the Parent Company and other companies within the consolidation scope, which resulted in a cost for the Group.

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUER'S REGULATION

Table E, prepared pursuant to Article 149 duodecies of the CONSOB Issuer's Regulations, reports the payments made in 2016 for audit, declaration, tax consultancy and other services carried out by the independent audit firm and associated entities.

SUBSEQUENT EVENTS

In relation to the subsequent events, reference should be made to the comments in the Directors' Report. In any case, there are no subsequent events that had an effect on the amounts in the financial statements at December 31, 2016 which have not already been taken into consideration in the accounts.

ATTACHMENTS TO THE EXPLANATORY NOTES

The net financial position required by CONSOB communication of July 28, 2006 DEM/6064293 and by CESR recommendation of February 10, 2005 "Recommendations for the standard application of the European Commission Regulation on disclosure statements", taking account also of the new ESMA guidelines issued on July 3, 2016 on alternative performance indicators, is as follows:

NET DEBT		Euro/000
	31.12.2016	**31.12.2015**
A. Cash	2	2
B. Other cash and cash equivalents (Bank and postal deposits)	34.387	38.783
C. Securities held for trading		
D. Liquidity (A+B+C)	**34.389**	**38.785**
E. Current financial receivables	**11.845**	**4.129**
F. Current Bank payables	15.741	39.715
G. Current portion of non-current debt	25.101	17.833
H. Other current financial payables	1.998	16.408
I. Current debt (F+G+H)	**42.840**	**73.956**
J. Current net debt (I - E- D)	**(3.394)**	**31.042**
K. Bank payables – non-current portion	105.387	115.676
L. Bonds issued	-	-
M.Other non-current liabilities	741	958
N. Non-current debt (+K+L+M)	**106.128**	**116.634**
O. Net debt (+J+N)	**102.734**	**147.676**

TABLE A
LA DORIA SPA
INTANGIBLE ASSETS AT 31/12/2016 (EURO/000)

	HISTORICAL COST	PAFIAL OPEN. BALANCE 01/01/16	DECREASES AMORT. PREV. YEARS	AMORT. 31/12/16	INVEST. 31/12/16	RICLASS. 31/12/16	NET TOTAL
SOFTWARE COSTS	6.528	23	5.463	521	345	412	1.324
BRANDS	-	6.064	-	399	-	-	5.665
OTHER DEFERRED CHARGES	196	-	34	20	-	-	142
ASSETS IN PROGRESS	364	38	-	-	152	(402)	152
TOTAL	**7.088**	**6.125**	**5.497**	**940**	**497**	**10**	**7.283**

TABLE B
LA DORIA SPA

NET TANGIBLE ASSETS AT 31/12/2016 (EURO/000)

CATEGORY	RATE	HISTORIC. COST at 1.1.2016	PAFIAL OPEN. BALANCE 1.1.2016	REVALU. PREV. YRS.	DECREASES AMORT. PREV. YRS. at 1.1.2016	DECREASES DIVEST. PROVISION 31.12.2016	DEPR. 31.12.2016	INVEST. 31.12.2016	DIVEST. 31.12.2016	RECLASS. 31.12.2016	NET TOTAL
LAND		18.820	10.030	0	0	0	0	0	0	0	28.850
IND. BUILDINGS/LIGHT CONSTR.	*	64.725	24.645	0	17.536	0	2.766	4.717	0	1.723	75.508
PLANT AND MACHINERY	7,50%-14%	144.396	3.044	1.454	117.363	403	7.582	5.355	423	136	29.420
MINOR EQUIPMENT	20,00%	6.525	118	194	6.147	0	289	187	0	2	590
EDP	20,00%	2.997	84	0	2.374	0	270	84	0	31	552
INTERNAL TRANSPORT	20,00%	951	4	23	906	19	25	2	19	0	49
MOTOR VEHICLES	25,00%	1	0	0	1	36	0	0	36	0	0
FURNITURE & OTHER ASSETS	7,50%-12,00%	870	171	12	700	0	71	130	0	0	412
ASSETS IN PROGRESS	0,00%	2.190	207	0	0	0	0	1.971	0	(1.940)	2.428
TOTAL		**241.475**	**38.303**	**1.683**	**145.027**	**458**	**11.003**	**12.446**	**478**	**(48)**	**137.809**

* The rate applied corresponds to the estimated residual useful life.

TABLE B1 LA DORIA SPA	NET TANGIBLE ASSETS AT 31/12/2016 (EURO/000)						
CATEGORY	**RATE**	**COST at 1.1.2016**	**PAFIAL OPEN. BALANCE 1.1.2016**	**INCREASES 31.12.2016**	**RICLAS 31.12.2016**	**DECREASES 31.12.2016**	**COST 31/12/2016**
LAND		18.820	10.030	0	0	0	28.850
INDUSTRIAL BUILDINGS	*	64.724	26.356	4.717	1.723	0	97.520
PLANT AND MACHINERY	7,50% -14%	145.850	29.138	5.355	136	423	180.056
MINOR EQUIPMENT	20,00%	6.719	1.631	187	2	0	8.539
EDP	20,00%	2.998	559	84	31	0	3.672
INTERNAL TRANSPORT	20,00%	979	192	2	0	19	1.154
MOTOR VEHICLES	25,00%	1	67	0	0	36	32
FURNITURE & OTHER ASSETS	7,50%-12,00%	881	904	130	0	0	1.915
ASSETS IN PROGRESS	0,00%	2.190	207	1.971	(1.940)	0	2.428
TOTAL		**243.162**	**69.084**	**12.446**	**(48)**	**478**	**324.166**

* The rate applied corresponds to the estimated residual useful life.

TABLE B2 LA DORIA SPA	ACCUMULATED DEPRECIATION AT 31/12/2016 (EURO/000)					
CATEGORY	**RATE**	**ACCUM. DEPR. at 1.1.2016**	**PAFIAL OPEN. BALANCE 1.1.2016**	**ORDINARY DEPR. 31.12.2016**	**UTILISATION 31.12.2016**	**ACCUM DEPR. 31.12.2016**
LAND		0	0	0	0	0
INDUSTRIAL BUILDINGS	*	17.535	1.711	2.766	0	22.012
PLANT AND MACHINERY	7,50%-14%	117.364	26.093	7.582	403	150.636
MINOR EQUIPMENT	20,00%	6.147	1.513	289	0	7.949
EDP	20,00%	2.374	476	270	0	3.120
INTERNAL TRANSPORT	20,00%	910	189	25	19	1.105
MOTOR VEHICLES	25,00%	1	67	0	36	32
FURNITURE & OTHER ASSETS	7,50%-12,00%	699	733	71	0	1.503
TOTAL		**145.030**	**30.782**	**11.003**	**458**	**186.357**

* The rate applied corresponds to the estimated residual useful life.

TABLE C
HOLDINGS IN CONSOLIDTED SUBSIDIARIES (Euro/000)

	BALANCE 31.12.2015	BALANCE 31.12.2015 Revised	NEW CONTR.	BALANCE 31.12.2016	NET EQUITY	% HELD	% CONSOLID.
LDH (La Doria) Ltd	20.212	5.962	57	6.019	(1)	58,0%	100%
EUGEA MEDITERRANEA SPA	3.304	3.304	12	3.316	(2)	98,67%	98,67%
LA DORIA USA Inc.	-	-	19	19	(3)	100,00%	100,00%
	23.516	**9.266**	**88**	**9.354**			

(1) LDH (La Doria) Ltd - 519 North Gate - Alconbury Airfield
Alcambury - Huntingdon - Cambridgeshire PE 28 4WX - England (GB)
Share Capital - GBP 1,000,000 shares of GBP 1 each
Net equity 31.12.16 of GBP 57,650 thousand
Including net profit for year of GBP 10,938 thousand
Net equity based on exchange rate at December 31, 2016

(2) EUGEA MEDITERRANEA S.p.A. - Strada Consorziata s.n.c. - Gaudiano di Lavello (PZ)
Share Capital Euro 1,500 thousand - 15,000 shares of Euro 100.00 each
Net Equity of Euro 5,263 thousand at 31.12.2016
Net loss in 2016 of Euro 225 thousand

(3) LA DORIA USA Inc. - Via Parco Margherita, 24 - Napoli (NA)
Share Capital Euro 2,000 thousand
Net Equity of USD 18 thousand at 31.12.2016
Including net loss for year of USD 4 thousand
Net equity based on exchange rate at December 31, 2016

TABELLA C1
HOLDINGS IN INDIRECT SUBSIDIARIES

	NET EQUITY	% HELD	NET EQUITY EARNED
LDH Foods (Hellas) ldt- (in liquidation)- 32 Omiron Street - Athens (Greece)- Investment acquired on May 14, 1998 Share capital - Euro 18 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58,00%	0
LDH Foods S.L.(in liquidation) - Av.da De Los Castanos, 53 - Urb. El Chorrico" - Molina De Segura (Murcia) Share capital - Euro 9 thousand Investment eliminated at December 31, 2007 on ceasing of activities	0	58,00%	0
MANPINECO- 519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 0.001 thousand The company was incorporated in January 2008 by the subsidiary LDH (La Doria) Ltd.	1	58,00%	0,58
Oriental & Pacific Frozen Food Co. Ltd- 519 North Gate - Alconbury Airfield- Alconbury Huntingdon - Cambridgeshire PE 28 4WX Share capital - GBP 10 thousand LDH (La Doria) Ltd holds 100% since 1/4/2008.	10.000	58,00%	5.800

TABLE D
REMUNERATION OF DIRECTORS, STATUTORY AUDITORS, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPONSABILITIES OF LA DORIA S.p.A

PARTY Name	DESCRIPTION OF OFFICE Office	 Duration of office (*)	Emoluments for office	Non-monetary benefits	Bonuses other benefits	Emoluments ICC	Emoluments Supervisory Board	Other fees
Persico Sergio	Presidente C.d.A.	19/06/2014-31/12/2016	99.000	-	-	10.000	5.000	18.548
Sampietro Giorgio	Vice presidente C.d.A.	19/06/2014-31/12/2016	34.000	-	-	10.000	10.000	-
Ferraioli Antonio	Consigliere C.d.A.	19/06/2014-31/12/2016	28.000	4.703	213.317	-	-	318.548
Ferraioli Andrea	Consigliere C.d.A.	19/06/2014-31/12/2016	28.000	4.726	213.317	-	-	318.548
Ferraioli Iolanda	Consigliere C.d.A.	19/06/2014-31/12/2016	28.000	4.720	24.008	-	-	100.035
David Elena	Consigliere C.d.A.	19/06/2014-31/12/2016	28.000	-	-	5.000	-	-
Lamberti Enzo Diodato	Consigliere C.d.A.	19/06/2014-31/12/2016	28.000	-	-		-	-
Michele Preda	Consigliere C.d.A.	19/06/2014-31/12/2016	28.000	-	-	5.000	-	-
De Caprio Antonio	Pres.Collegio Sind.	19/06/2014-31/12/2016	32.000	-	-	-	-	-
D'Amore Maurizio	Sindaco Effettivo	19/06/2014-31/12/2016	27.000	-	-	-	-	-
Caldarelli Adele	Sindaco Effettivo	19/06/2014-31/12/2016	27.000	-	-	-	-	-
TOTALE			**387.000**	**14.149**	**450.642**	**30.000**	**15.000**	**755.679**
Other Remuneration	Ferraioli Antonio	Executive						
Other Remuneration	Ferraioli Andrea	Executive						
Other Remuneration	Ferraioli Iolanda	Executive						

* Until approval of accounts by Shareholders` Meeting

TABLE E
REMUNERATION TO DIRECTORS AND STATUTORY AUDITORS FROM SUBSIDIARES

LDH (La Doria) Ltd

PARTY	DESCRIPTION OF OFFICE		REMUNERATION			
Name	Office	Duration	Emoluments for office	Non-monetary benefits	Bonus and other benefits	Other remuner.A
Ferraioli Antonio	Chairman of BOD	19/2/97 until revoked	8.548			
Persico Sergio	Director	19/2/97 until revoked	8.548			
Ferraioli Rosa	Director	04/2009 until revoked	8.548			
Festa Alberto	Director	01/2010 until revoked	8.548			
Ferraioli Andrea	Director	02/03/98 until revoked	8.548			
Total			**42.740**			

Remuneration of GBP 35 thousand at average 2016 December rate of 0.818896

Eugea Mediterranea SpA

PARTY	DESCRIPTION OF OFFICE		REMUNERATION			
Name	Office	Duration	Emoluments for office	Non-monetary benefits	Bonus and other benefits	Other remuner.A
Ferraioli Antonio	Chairman of BOD	29/04/2013 -29/04/2016	10.000			
Ferraioli Andrea	Director	29/04/2013 -29/04/2016	10.000			
Festa Alberto	Director	29/04/2013 -29/04/2016	10.000			
Persico Sergio	Director	29/04/2013 -29/04/2016	10.000			
Total			**40.000**			

DISCLOSURE PURSUANT TO ARTICLE 149 DUODECIES OF THE CONSOB ISSUERS' REGULATION

The following table, prepared pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation reports the payments made in 2016 for audit and other services carried out by the audit firm and entities associated with the audit firm.

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TABLE F
INDEPENDENT AUDITORS' FEES

(Euro/000)	Service provider	Fees 2016
Audit	Deloitte & Touche S.P.A.	29
Audit	PriceWaterhouseCoopers S.p.A.	99
Certification work	Deloitte & Touche S.P.A.	
Certification work	PriceWaterhouseCoopers S.p.A.	
Other services	Deloitte & Touche S.P.A.	
Other services	PriceWaterhouseCoopers S.p.A.	14
Total		**142**

TABLE 1

FINANCIAL INSTRUMENTS- IFRS 7.8 (Euro/000)

	Financial Instruments						Reference	
	Fair Value P&L		Loans &	Investments	Financial assets		Account	Fair
At December 31, 2016	**Assets**	**Liabilities**	**Receivables**	**held to maturity**	**AFS**	**TOTAL**	**Balance Sheet**	**Value**
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					239	239	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Trade receivables - holding companies						-		
Trade Receivables - Subsidiaries			23.955			23.955	Trade Receivables	
Trade receivables (non group)			53.485			53.485	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	1.794		10.051			11.845	Other financial assets	
Tax receivables			8.046			8.046	Tax receivables	
Derivatives						-	Bank receivables	
Derivatives			2.037			2.037	Other assets	
		Cost						**Fair**
	FV P&L	**Amortised**				**TOTALE**		**Value**
NON-CURRENT LIABILITIES								
Payables to holding companies						-		
Payables to subsidiaries						-		
Non-current financial payables		105.387				105.387	Medium/long term debt	
Non-current financial payables						-		
Derivatives						-		
Non-current financial payables	33	708				741	Other lenders (non-current)	
						-		
CURRENT LIABILITIES						-		
Payables to holding companies						-		
Trade Payables		9.860				9.860	Payables to subsidiaries	
Payables						-	Customer pay. on account	
Trade Payables		64.359				64.359	Trade payables	
Tax payables		1.751				1.751	Tax Payables	
Payables		-				-		
Current financial payables	1.568	39.274				40.842		
Current financial payables	1.637	361				1.998	Other lenders	
						-		
Other current liabilities		10.556				10.556	Other current liabilities	

NOTE

The Fair Value at 31/12/2016 of the IRS issued to hedge Loans is included in the account Current financial payables
The Fair Value of the currency on both the Export area (GBP and AUD) and the Import are (USD) is
recorded under other financial assets for positive Fair Values and under current and non-current financial payables for negative Fair Values.

TABLE 2

FINANCIAL INSTRUMENTS- IFRS 7.8	Financial Instruments						(Euro/000)	
	Fair Value P&L		**Loans &**	**Investments**	**Financial assets**		**Reference Account**	**Fair**
At December 31, 2015	**Assets**	**Liabilities**	**Receivables**	**held to maturity**	**AFS**	**TOTAL**	**Balance Sheet**	**Value**
NON-CURRENT ASSETS								
Held-to-maturity investment securities						-		
Non-current receivables from holding companies						-		
Non-current receivables from subsidiaries						-		
Non-current financial assets at fair value					231	231	Investments in other companies	
Non-current receivables						-		
Non-current receivables from third parties						-		
Derivatives						-		
CURRENT ASSETS								
Trade receivables from holding companies						-		
Trade Receivables - Subsidiaries			22.310			22.310	Trade Receivables	
Trade receivables (non group)			43.709			43.709	Trade Receivables	
Held-to-maturity investment securities						-		
Other financial assets	3.647		482			4.129	Other financial assets	
Tax receivables			3.500			3.500	Tax receivables	
Derivatives						-	Bank receivables	
Other assets			4.889			4.889	Other assets	

	FV P&l	**Cost Amortised**	**TOTALE**		**Fair Value**
NON-CURRENT LIABILITIES					
Payables to holding companies			-		
Payables to subsidiaries			-		
Non-current financial payables		115.676	115.676	Medium/long term debt	
Non-current financial payables			-		
Derivatives			-		
Other non-current liabilities	92	866	958	Other lenders (non-current)	
			-		
CURRENT LIABILITIES			-		
Payables to holding companies			-		
Trade Payables		13.503	13.503	Payables to subsidiaries	
Payables			-	Customer pay. on account	
Trade Payables		48.572	48.572	Trade payables	
Tax payables		3.924	3.924	Tax Payables	
Payables		-	-		
Current financial payables	1.471	56.077	57.548		
Current financial payables	134	16.274	16.408	Other lenders	
			-		
Other current liabilities		7.833	7.833	Other current liabilities	

NOTE
The Fair Value at 31/12/2015 of the IRS issued to hedge Loans is included in the account Current financial payables
The Fair Value of the currency on both the Export area (GBP and AUD) and the Import area (USD) is
recorded under other financial assets for positive Fair Values and under current and non-current financial payables for negative Fair Values.

TABLE 3
Hedging of payments to Suppliers (EURO/000)

Derivatives
At December 31, 2016 **Amount (thousands)**

FV of derivatives not valued in current assets	**USD** Notional	**EUR** FV	**AUD** Notional	**EUR** FV	**GBP** Notional	**EUR** FV
Sales expected			17.517	(452)	64.059	(658)
Purchases expected	36.500	1.234				
Total	**36.500**	**1.234**	**17.517**	**(452)**	**64.059**	**(658)**
			-	-	-	-

NOTE
The La Doria Options were signed for partial hedging of the purchases in USD and sales in GBP and AUD expected in the coming 12-18 months

At December 31, 2016 **Amount (thousands)**

FV of derivatives not valued in Current liabilities	**IRS** Notional	**IRS** FV	Notional	FV	Notional	FV
Loans granted						
Loans received with IRS	118.639	1.568	-	-	-	-
Total	**118.639**	**1.568**	**-**	**-**	**-**	**-**

NOTE
The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 4
Hedging of payments to Suppliers (EURO/000)

Derivatives
At December 31, 2015

FV of derivatives not valued in current assets	**USD** Notional	**EUR** FV	**AUD** Notional	**EUR** FV	**GBP** Notional	**EUR** FV
Sales expected			22.528	(112)	71.413	1.916
Purchases expected	48.000	1.617				
Total	**48.000**	**1.617**	**22.528**	**(112)**	**71.413**	**1.916**
			-	-	-	-

NOTE
The La Doria Options were signed for partial hedging of the purchases in USD and sales in GBP and AUD expected in the coming 12-18 months

At December 31, 2015

FV of derivatives not valued in Current liabilities	**IRS** Notional	**IRS** FV	Notional	FV	Notional	FV
Loans granted						
Loans received with IRS	120.587	1.471				
			-	-	-	-
Total	**120.587**	**1.471**	**-**	**-**	**-**	**-**

NOTE
The La Doria IRS operations were signed for partial hedging of the Medium/long loans.

TABLE 5
SENSITIVITY ANALYSIS (IFRS 7.40-42) (Euro/000)

At December 31, 2016	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Effect change interest rate Hyp2
NON-CURRENT ASSETS				
Non-current receivables holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets		11.845		
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	34.389		
NON-CURRENT LIABILITIES				
Non-current payables holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L loans	105.387	73	(73)
Other non-current liabilities		741		
CURRENT LIABILITIES				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Bank and other lenders	42.840	119	(119)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Result				
Minority interest share			(192)	192

Euribor 2016 at 3 months average = 0.27%

Hyp1 Average interest rate curve higher 50 bps =2.61%+0.5% on Medium/Long term; 1.36%+0.5% on Short-term
The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/16 of Euro 11,849 thousand

Hyp2 Average interest rate curve lower 50 bps =1.61%-0.5% on Medium/Long term; 0.36%-0.5% on Short-term

TABLE 6
SENSITIVITY ANALYSIS (IFRS 7.40-42) (Euro/000)

At December 31, 2015	Reference Account Balance Sheet	Book Value	Effect change interest rate Hyp1	Hyp2
NON-CURRENT ASSETS				
Non-current receivables holding companies (La Doria)				
Non-current receivables from subsidiaries (Others)				
Non current financial assets at fair value				
Receivables				
Non-current receivables from third parties				
CURRENT ASSETS				
Current receivables from holding companies (La Doria)				
Current receivables from subsidiaries (Others)				
Trade receivables				
Current financial assets at fair value				
Other financial assets		4.129		
Derivatives				
Other current assets				
Cash and cash equivalents	Cash and cash equivalents	38.785		
NON-CURRENT LIABILITIES				
Non-current payables holding companies (La Doria)				
Non-current payables from subsidiaries (Others)				
Non-current financial payables	M/L loans	115.676	93	(93)
Other non-current liabilities		958		
CURRENT LIABILITIES				
Payables to holding companies (La Doria)				
Payables to subsidiaries (Others)				
Trade payables				
Current financial payables	Bank and other lenders	73.956	211	(211)
Derivatives				
Other Payables				
SHAREHOLDERS' EQUITY				
Translation reserve				
Cash flow reserves				
Net Result			(304)	304
Minority interest share				

Euribor 2016 at 3 months average = 0.27%

Hyp1 Average interest rate curve higher 50 bps =2.61%+0.5% on Medium/Long term; 1.36%+0.5% on Short-term
The change +/- 0.5% is measured on the part of the loan not hedged at 31/12/16 of Euro 11,849 thousand

Hyp2 Average interest rate curve lower 50 bps =1.61%-0.5% on Medium/Long term; 0.36%-0.5% on Short-term

TABLE 7
SENSITIVITY ANALYSIS (IFRS 7.40-42) (EURO/000)

At December 31, 2016	Reference Account Balance Sheet	Amount Book value	€	Amount in original currency GBP	USD	AUD	JPY	Impact of different assumptions EUR1+5% vs.USD,GBP,AUD	EUR2-5% vs.USD,GBP,AUD
NON-CURRENT ASSETS									
Non-current receiv. from holding com. (La Doria)									
Non-current receivables from subsidiaries (Others)									
Non current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Current rec. holding companies (La Doria)									
Current receivables from subsidiaries (Others)									
Trade receivables	Trade receivables	21.722		14.839	204	6.077	0	(1.066)	1.108
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	14.163		7.777	4.307	1.450	0	(675)	745
NON-CURRENT LIABILITIES									
Non-current pay. holding companies (La Doria)									
Non-current payables from subsidiaries (Others)									
Non-current financial liabilities									
Other non-current liabilities									
CURRENT LIABILITIES									
Payables to holding companies (La Doria)									
Payables to subsidiaries (Others)									
Trade payables	Trade payables	4.172		329	4.088	0	0	(113)	315
Financial payables	Gbp					0		0	0
Derivatives									
Other Payables									
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(1.695)	1.236
Minority interest share									

Checks

Esempi di ipotesi		€/currency	Esempi di ipotesi		€/currency
GBP/€	Current rate	0,85618	GBP/€	€ increase by 5%	0,898989
USD/€	Current rate	1,0541	GBP/€	€ decrease by 5%	0,813371
AUD/ €	Current rate	1,4596	AUD/ €	€ increase by 5%	1,53258
JPY/€	Current rate	123,4	AUD/ €	€ decrease by 5%	1,38662
USD/€	€ increase by 5%	1,106805	JPY/€	€ increase by 5%	129,57
USD/€	€ decrease by 5%	1,001395	JPY/€	€ decrease by 5%	117,23

TABLE 8

SENSITIVITY ANALYSIS (IFRS 7.40-42) (EURO/000)

At December 31, 2015	Reference Account Balance Sheet	Amount Book value	±	Amount in original currency GBP	USD	AUD	JPY	Impact of different assumptions EUR1+5% vs.USD,GBP,AUD	EUR2-5% vs.USD,GBP,AUD
NON-CURRENT ASSETS									
Non-current receiv. from holding com. (La Doria)									
Non current financial assets at fair value									
Receivables									
Non-current receivables from third parties									
CURRENT ASSETS									
Current rec. holding companies (La Doria)									
Current receivables from subsidiaries (Others)									
Trade receivables	Trade receivables	15.728		9.878	20	2.067	0	(896)	555
Current financial assets at fair value									
Financial receivables									
Derivatives									
Other current assets									
Cash and cash equivalents	Currency accounts	9.450		82	9.447	986	0	(450)	498
NON-CURRENT LIABILITIES									
Non-current pay. holding companies (La Doria)									
Non-current financial liabilities									
Other non current liabilities									
CURRENT LIABILITIES									
Payables to holding companies (La Doria)									
Payables to subsidiaries (Others)									
Trade payables	Trade payables	4.355		130	4.379	12	13.883	(249)	184
Financial payables	Gbp								
Derivatives									
Other Payables									
SHAREHOLDERS' EQUITY									
Translation reserve									
Cash flow reserves									
Net Result								(1.686)	1.236
Minority interest share									

Checks

Esempi di ipotesi		€/currency			€/currency
GBP/€	Current rate	0,73395	GBP/€	€ increase by 5%	0,7706475
USD/€	Current rate	1,0887	GBP/€	€ decrease by 5%	0,6972525
AUD/€	Current rate	1,4897	AUD/€	€ increase by 5%	1,564185
JPY/€	Current rate	131,07	AUD/€	€ decrease by 5%	1,415215
USD/€	€ increase by 5%	1,143135	JPY/€	€ increase by 5%	137,6235
USD/€	€ decrease by 5%	1,034265	JPY/€	€ decrease by 5%	124,5165

TABLE 9

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37 (Euro/000)

At December 31, 2016	Amount Book value	Reference Account Balance Sheet	Write-downs	Not due	ANALYSIS : DUE AND WITH FUTURE DUE DATE Due <2 months	Due 2months<x<1year	Due 1year<x<5year	Due > 5 year	Total
Receivables	54.982	Trade Receivables		46.372	7.449	562	150	449	54.982
Receivables holding companies (La Doria SpA)		Receivables from holding companies							
Receivables from subsidiaries (Others)	23.955	Receivables from subsidiaries		23.951	4				23.955
Tax receivables	8.046	Tax Receivables		8.046					8.046
Other assets	2.037	Other assets		2.025		1	5	6	2.037
Gross receivables	**89.020**			**80.394**	**7.453**	**563**	**155**	**455**	**89.020**
Write-down of receivables	1.497	Bad debt provision		1.497					1.497
Write-down of receivables from subsidiaries		Bad debt provision							
Write-down of other receivables		Write-down of other receivables							
Net receivables	**87.523**			**78.897**	**7.453**	**563**	**155**	**455**	**87.523**

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37 (Euro/000)

At December 31, 2016	Amount Book value	Reference Account Balance Sheet	Write-downs	Not due	ANALYSIS : DUE AND WITH FUTURE DUE DATE Due <2 months	Due 2months<x<1year	Due 1year<x<5year	Due > 5 year	Total
Receivables									
Receivables holding companies (La Doria SpA)									
Receivables from subsidiaries (Others)									
Deferred tax assets	1.813	Deferred tax assets		1.813					1.813
Other Receivables									
Gross receivables	**1.813**			**1.813**					**1.813**
Write-down of receivables									
Write-down of receivables from subsidiaries									
Write-down of other receivables									
Net receivables	**1.813**			**1.813**					**1.813**

TABLE 10
CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37 (Euro/000)

At December 31, 2015	Amount Book value	Reference Account Balance Sheet	Write-downs	Not due	Due <2 months	ANALYSIS : DUE AND WITH FUTURE DUE DATE Due 2months<x<1year	Due 1year<x<5year	Due > 5 year	Total
Receivables	45.770	Trade Receivables		39.635	4.839	803	53	440	45.770
Receivables holding companies (La Doria SpA)		Receivables from holding companies							
Receivables from subsidiaries (Others)	22.310	Receivables from subsidiaries		22.302	8				22.310
Tax receivables	3.500	Tax Receivables		3.500					3.500
Other assets	4.889	Other assets		4.638				251	4.889
Gross receivables	76.469			70.075	4.847	803	53	691	**76.469**
Write-down of receivables	2.061	Bad debt provision		2.061					2.061
Write-down of rec. subsidiaries		Bad debt provision							
Write-down of other receivables		Write-down of other receivables							
Net receivables	**74.408**			**68.014**	**4.847**	**803**	**53**	**691**	**74.408**

CURRENT RECEIVABLES (OVERDUE AND NOT YET DUE) - IFRS 7.37 (Euro/000)

At December 31, 2015	Amount Book value	Reference Account Balance Sheet	Write-downs	Not due	Due <2 months	ANALYSIS : DUE AND WITH FUTURE DUE DATE Due 2months<x<1year	Due 1year<x<5year	Due > 5 year	Total
Crediti									
Receivables holding companies (La Doria SpA)									
Receivables from subsidiaries (Others)									
Deferred tax assets		Deferred tax assets							
Other Receivables									
Gross receivables									
Write-down of receivables									
Write-down of rec. subsidiaries									
Write-down of other receivables									
Net receivables									

TABLE 11
CONCENTRATION OF RECEIVABLES (Euro/000)

Customers

		Reference			Due from				
	Amount	Account	First 2	From 3 to 5	From 6 to 10	From 11 to 20	Other	Accrued	
At December 31, 2016	**Book value**	**Balance Sheet**	**Clients**	**Clients**	**Clients**	**Clients**	**Clients**	**Income**	**Total**
Receivables	54.982	Trade Receivables	8.679	6.812	4.952	6.335	28.204		54.982
Other assets	2.037	Other assets	703	128	19			1.187	2.037
Receivables	**57.019**		**9.382**	**6.940**	**4.971**	**6.335**	**28.204**	**1.187**	**57.019**

By country

		Reference			Due from					
	Amount	Account	EU (no UK)	UK	US	Asia	America	Altri	Accrued	
Al 31 Dicembre 2016	**Book value**	**Balance Sheet**	**Clients**	**Clients**	**Clients**	**Clients**	**Clients**	**Clients**	**Income**	**Total**
Receivables	54.982	Trade Receivables	42.005	817	1.287	2.023	223	8.627		54.982
Other assets	2.037	Other assets	850						1.187	2.037
Receivables	**57.019**		**42.855**	**817**	**1.287**	**2.023**	**223**	**8.627**	**1.187**	**57.019**

TABLE 12
CONCENTRATION OF RECEIVABLES (Euro/000)

Customers

At December 31, 2015	Amount Book value	Reference Account Balance Sheet	Due from First 2 Clients	From 3 to 5 Clients	From 6 to 10 Clients	From 11 to 20 Clients	Other Clients	Accrued Income	Total
Receivables	45.770	Trade Receivables	8.507	4.150	5.113	6.300	21.700		45.770
Other assets	4.889	Other assets	2.033	827	212	1		1.816	4.889
Receivables	**50.659**		**10.540**	**4.977**	**5.325**	**6.301**	**21.700**	**1.816**	**50.659**

By country

At December 31, 2015	Amount Book value	Reference Account Balance Sheet	Due from EU (Excl. UK) Clients	UK Clients	US Clients	Asia Clients	America Clients	Altri Clients	Accrued Income	Total
Receivables	45.770	Trade Receivables	35.442	356	833	2.295	185	6.659		45.770
Other assets	4.889	Other assets	3.073						1.816	4.889
Receivables	**50.659**		**38.515**	**356**	**833**	**2.295**	**185**	**6.659**	**1.816**	**50.659**

BOARD OF STATUTORY AUDITORS’ REPORT

LA DORIA S.P.A.

BOARD OF STATUTORY AUDITORS’ REPORT FOR THE SHAREHOLDERS’ MEETING TO APPROVE THE 2016 ANNUAL ACCOUNTS

Dear Shareholders of La Doria S.p.A.,

Article 153 of Legislative Decree No. 58 of 24/2/1998 establishes the obligation on the Board of Statutory Auditors to report to the Shareholders’ Meeting called for the approval of the financial statements, on the supervisory activities carried out, on the omissions or significant events, and also establishes the faculty to make proposals in relation to the approval of the financial statements, in relation to the issues within its remit.

With regard to this obligation, we report that:

1. We attended the meetings of the Board of Directors, obtaining from the Directors, at least on a quarterly basis, information on the activities carried out by the Company and its subsidiaries, and on the most important economic and financial operations undertaken. In this regard, we ascertained that the operations approved and implemented were in conformity with law and the By-Laws and were not in potential conflict of interest or contrary to the motions passed by the Shareholders’ Meeting, or such as to compromise the integrity of the company assets. We also supervised compliance with the By-Laws, legislation and applicable regulations concerning the corporate boards and compliance with the law relating to the drawing up and publication of the half-year financial statements and the quarterly reports, as well as their presentation.

2. We have acquired information on the activities of subsidiary companies, as well as the instructions given by the company to the subsidiaries with reference to the information required for the preparation of the financial statements, pursuant to Article 114, paragraph 2, of Legislative Decree No. 58/1998.

3. We have obtained information and monitored, within the scope of our duties, the adequacy of the organisational structure of the company and compliance with the principles of correct administration through direct observations, the gathering of information from the persons in charge of the various departments and through meetings with the Independent Audit Firm for the reciprocal exchange of important data and information. We consider the administrative structure adequate and functional in terms of the company’s size and requirements.

4. We examined and reviewed the application and updating of the conduct rules in terms of their correspondence with Corporate Governance best practice, the adequacy of the internal control system and the administrative and accounting system, in addition to the reliability of the latter system to correctly represent operating events through:

    a. attendance at the Control and Risks Committee meetings - an internal Board committee,

    b. review of the Internal Audit relations and the disclosure received on the results of the corrective actions identified during the controls,

    c. the review of company documents and the results on the work carried out by the Independent Audit Firm.

5. During the verifications, as described above, no irregularities or citable facts emerged.

6. In relation to inter-company transactions, the Directors’ Report highlights that such fall within the ordinary operations of the company and are at normal market conditions, also in terms of the company procedure on transactions with related parties. From the work carried out and the information acquired, no extraordinary (with the exception of that outlined in the subsequent point), atypical and/or unusual transactions or transactions or with related parties emerged.

7. From January 1, 2016, the merger by incorporation of Pa.fi.al. S.r.l., Delfino S.p.A. and Althea S.p.A. had statutory-tax effect, as approved on October 8, 2015 by the Board of Directors of La

Doria S.p.A. and the Extraordinary Shareholders' Meetings of the three subsidiaries.

8. In executing its supervisory activities, the Board of Statutory Auditors met 12 times in the year. In addition, the Board of Statutory Auditors attended 8 Board of Directors' meetings, 8 meetings of the Control and Risks Committee and 3 meetings of the Remuneration Committee.

9. During 2016, no petitions were received by the Board of Statutory Auditors from Shareholders.

10. Finally, with particular regard to our work in respect of the annual statutory financial statements, we state that:

- the laws relating to the formation and presentation of the financial statements and the directors' report on operations have been followed; The format of the financial statements and the accounting policies, described in the notes, comply with applicable law and are considered adequate with respect to the activities of the company;

- the standards and the accounting policies applied to the present financial statements, as highlighted by the Directors in the notes, are in line with those utilised for the preparation of the financial statements at December 31, 2015, with the exception of the recognition of the put and call options on the minority shares held by Shareholders of the English subsidiary LDH. The review in the financial statements at December 31, 2016 of the measurement criteria considered by the Directors as most appropriate and the consequent amendment of the recognition of these options required their restatement also in the separate financial statements of La Doria at December 31, 2015. The ctiteria used and the effects of this change are clarfied by the Directors in the notes to the financial statements.

- the financial statements present the facts and information which the Board of Statutory Auditors ascertained during the year in the course of their duties and from the controls undertaken;

- the Directors' Report on operations has been prepared in accordance with Article 2428 of the Italian Civil Code and agrees with the data and the results presented in the financial statements; it provides full disclosure on the activities of the company and its subsidiaries and of inter-company and related party transactions, as well as the process to conform the organisation of the company to the principles of Corporate Governance, in agreement with the Self-Governance Code of listed companies, to which the Company subscribes;

- we have also examined the results of the consolidated financial statements of the Group;

- the report of the Independent Audit Firm Deloitte & Touche S.p.A. does not highlight significant issues or request further information.

11. We therefore express a favourable opinion on the approval of the financial statements and the proposal by the Board of Directors to allocate the result for the year.

Angri, March 31, 2017

THE BOARD OF STATUTORY AUDITORS

Antonio De Caprio

Adele Caldarelli

Maurizio D'Amore

INDEPENDENT AUDITOR’ REPORT

Deloitte.

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
La Doria S.p.A.

Report on the Financial Statements

We have audited the accompanying financial statements of La Doria S.p.A, which comprise the balance sheet as at December 31, 2016, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 financial position of La Doria S.p.A. as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/05.

Emphasis of matter

Without qualifying our opinion, we draw attention to the paragraph 2 of the explanatory notes, which reports information about the restatement of the comparative financial statements to correct prior period error on accounting and valuating the option rights granted to the minority shareholders of the UK subsidiary.

Other matters

The financial statements of La Doria S.p.A and for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on March 30, 2016.

Report on Other Legal and Regulatory Requirements

Opinion on the consistency of the report on operations and of certain information included in the report on corporate governance with the financial statements

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 720B in order to express, as required by law, an opinion on the consistency of the report on operations and of certain information included in the report on corporate governance required by art. 123-bis, n° 4, of Italian Legislative Decree n° 58/98, which are the responsibility of the Directors of La Doria S.p.A., with the financial statements of La Doria S.p.A as at December 31, 2016. In our opinion the report on operations and the information included in the report on corporate governance referred to above are consistent with the financial statements of La Doria S.p.A as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Signed by
Mariano Bruno
Partner

Naples, Italy
March 31, 2017

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