CFT Group Consolidated Financial Statements as of 31 December 2017

Registered office in Parma
Via Paradigna 94/A
43122 PARMA (PR)
Fully paid-up
Company Capital EUR 7,500,000
Parma Register of Companies
Tax ID code no. 02279800342

Courtesy translation for the convenience of international readers. The Italian text shall prevail over the English version.

GOVERNING AND SUPERVISORY BODIES

BOARD OF DIRECTORS

Chairman
Roberto Catelli

Managing Director
Alessandro Merusi

Directors
Catelli Adele
Catelli Livia
Pozzi Martino

BOARD OF STATUTORY AUDITORS

Chairman
Silingardi Andrea

Standing Auditors
Anedda Angelo
Foschi Andrea

Alternate Auditors
Giunipero Cesare
Giunipero Emanuele

INDEPENDENT AUDITING COMPANY

PricewaterhouseCoopers SpA

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REPORT ON OPERATIONS

INFORMATION ON THE GROUP AND THE RELEVANT SCOPE OF ACTIVITIES

Dear Shareholders,

this report on operations referring to the consolidated financial statements of the CFT Group was drafted in full compliance with the provisions set forth in Art. 2428 of the Italian Civil Code and aims at providing additional economic and financial information to complete the data recorded in the Income Statement, Balance Sheet and Cash Flow Statement.

The CFT Group operates in the metalworking and mechanical engineering sector and specializes in the design and manufacturing of food industry and packaging systems and equipment.

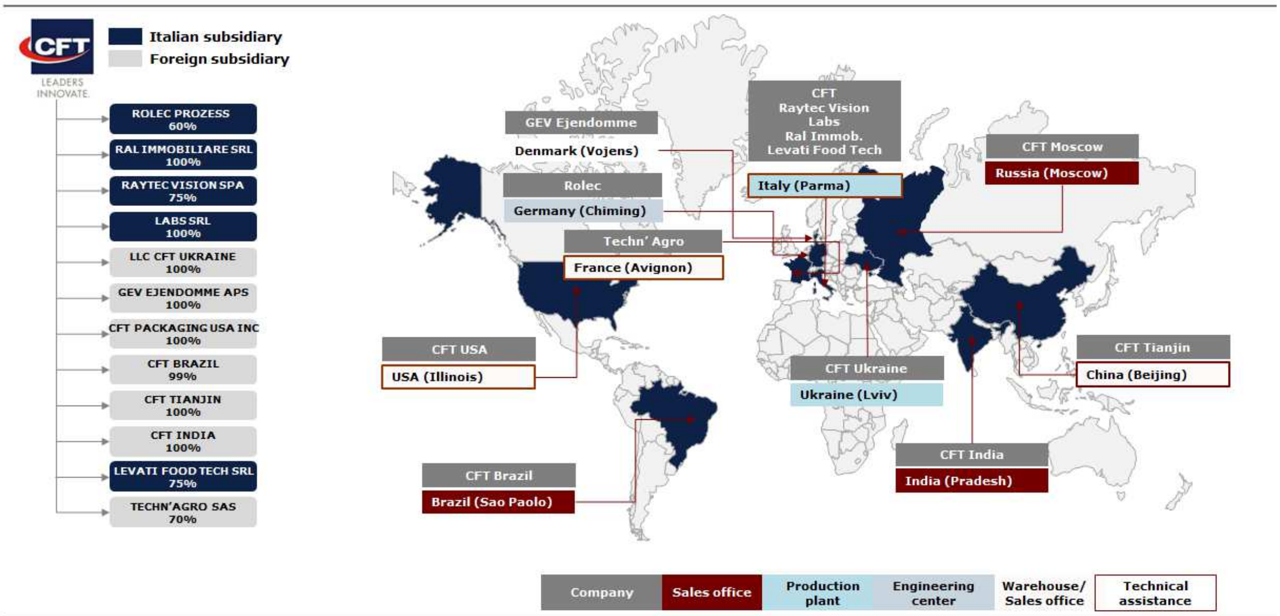
The business and manufacturing activities are performed by the parent company, CFT Spa, whose registered office is in Parma (Italy), as well as its subsidiaries and associates located in Italy and abroad.

In the second half of 2017 the CFT Group has extended its consolidation scope by:

- acquiring 75% of *Levati Food Tech Srl*, a company specialized in the design and manufacturing of sterilization and pasteurization systems;
- increasing its stake in its associate, *Techn'Agro Sas* (France).

Please be informed that on 27 February 2018 the parent company, CFT Spa, started a Business Combination operation with Glenalta Spa, a special purpose acquisition company, AIM-listed on the Italian stock exchange. The operation involves a merger by incorporation of Glenalta and the subsequent change of company name into CFT Spa. This operation is subject to the condition precedent of the approval of the Business Combination by Glenalta's Board meeting. For further information on the matter please refer to paragraph "Events following the financial year end" in this report on operations.

The companies included in the consolidation scope are listed in the following chart:



MACROECONOMIC SCENARIO AND OPERATIONAL PERFORMANCE

The macroeconomic scenario for 2017 featured general economic growth and a non-significant inflation level. The most peculiar aspect in the period is the upswing in international trade whose growth rate is even higher than expected. Global GDP was not only supported by developed countries – including the Eurozone and the US – but also economy acceleration in developing countries.

Within this scope, the consolidated financial statements as of 31 December 2017 for the CFT Group show a Value of Production of around EUR 222m and an after-tax profit of around EUR 7.1m.

CFT SPA

The parent company operates internationally in the food system sector by designing and manufacturing machinery and lines for the production, processing and packaging of foodstuffs. The marketed product range is supported by spare part supply and after-sale service. The total end-of-year turnover for the company is EUR 156m and after-tax profit is around EUR 4.6m.

RAYTEC-VISION SPA

This company specializes in the design and production of sorting machines, inspection machines and optical sorters, mainly for the food industry. Its business site is located in Parma, at the registered office of its parent company, CFT SpA. The end-of-year turnover for 2017 – over EUR 24m – and the EUR 3.7m net profit confirmed the positive trend recorded in the past few years.

CFT PACKAGING USA INC.

This company mainly deals with sales of machines and lines manufactured by CFT Spa's Packaging Division on the US market, as well as local after-sale service provided by US-based skilled staff. CFT Packaging USA's end-of-year turnover for 2017 is around USD 15,200k, that is, EUR 13,500k.

LABS SRL

This company mainly deals with the manufacturing of food product processing and packaging systems. It specializes both in production-process collection and rinsing lines, and processing fresh products into finished and semi-finished products.

ROLEC PROZESS - UND BRAUTECHNIK GMBH

This company is based in Chieming, Germany, and specializes in the design and manufacturing of industrial and craft beer production systems.

CFT TIANJIN CO. LTD

This company has direct relationships with CFT Spa’s Chinese customers by supplying them with more expensive and larger-sized components for the processing lines sold in that country, besides providing assembly support services. Manufacturing these components in China via local suppliers allows saving on the direct costs for import duties, besides offering higher operating flexibility due to reduced operation time as well as lower transport charges.

CFT UKRAINE LLC

The Ukraine-based company meets the Group’s competitiveness requirements in a country where manufacturing costs are significantly lower than in Western European countries. As a matter of fact, the Ukraine-based manufacturing activities can supply fair-quality semi-finished and finished components to specification for assembly on the machinery marketed by operating Group companies.

GEV EJENDOMME APS

This company only deals with real estate activities as it holds the property of the building where the Ukrainian company is located.

CFT BRASIL

CFT Brazil operates in the Brazilian market and cooperates with an existing production facility, which allows manufacturing tomato and fruit processing equipment locally, thus removing custom barriers whose impact affects product imported from Italy.

CFT PRIVATE LIMITED INDIA

CFT India operates in a country featuring a significant trading potential for the Group’s scope of activities, especially in the spare part and after-sale service sectors.

RAL IMMOBILIARE SRL

This company was set up in 2012 within the scope of a divestment involving the *Bertoli* company. As a matter of fact, the building located at 12, Via Martiri della Liberazione, Parma, as well as the buildings located in San Polo di Torrile (at 7, via Cassola and 1, via Brodolini, respectively), owned by the company, were parcelled out.

LEVATI FOOD TECH SRL

In the second half of 2017 CFT acquired 75% of the block of shares in *Levati Food Tech srl*, located in San Polo di Torrile, a company specialized in the design and manufacturing of sterilization and pasteurization systems for canned and bagged foods and beverages. The end-of-year turnover for 2017 is around EUR 10.6m and after-tax profit is EUR 436k.

TECHN'AGRO SAS

This company is located in Avignon, France, and specializes in after-sale service and the supply of spare parts for CFT lines, mainly sold on the French market. In 2017 CFT increased its stake in the French company to 70%.

OPERATING PERFORMANCE BY GROUP DIVISIONS

The CFT Group includes two major divisions:

Processing & Packaging

The *"Processing & Packaging"* Division designs and manufactures individual machines or full lines for the production, processing and subsequent filling and packaging of food and non-food products. The turnover of his division has increased by 12% compared to the previous year.

Sorting

The *"Sorting"* Division designs and manufactures optical sorting machines and X-ray inspection machines for the Quality Control of processed food products. This technology is applied both to the production of fresh foodstuffs and frozen or dried products. Data from 2017 confirm the growing trend in the "Sorting" division, as shown by a turnover increase by approximately 20%.

MAIN ECONOMICS DATA

The reclassified Income Statement by Group division, compared to the Income Statements from previous FYs, is as follows:

CFT Group	31/12/2017		31/12/2017		31/12/2016		31/12/2016	
Data shown in k€	*Processing & Packaging*		*Sorting*		*Processing & Packaging*		*Sorting*	
Net revenue	**183,270**	**100.0%**	**23,566**	**100.0%**	**163,714**	**100.0%**	**19,826**	**100.0%**
Change in FP/WIP inventories	7,120	3.9%	1,080	4.6%	(2,932)	(1.8%)	276	1.4%
Increase in assets for internal works	2,521	1.4%	200	0.8%	2,207	1.3%	800	4.0%
Other revenues and proceeds	3,219	1.8%	802	3.4%	4,963	3.0%	275	1.4%
Value of production	**196,130**	**107.0%**	**25,648**	**108.8%**	**167,952**	**102.6%**	**21,176**	**106.8%**
Total external expenses	148,301	80.9%	17,870	75.8%	127,019	77.6%	14,842	74.9%
Value added	**47,830**	**26.1%**	**7,778**	**33.0%**	**40,934**	**25.0%**	**6,334**	**31.9%**
Labour cost	(33,119)	(18.1%)	(2,072)	(8.8%)	(28,131)	(17.2%)	(1,657)	(8.4%)
EBITDA	**14,710**	**8.0%**	**5,706**	**24.2%**	**12,803**	**7.8%**	**4,677**	**23.6%**
Depreciation & Impairments	(5,973)	(3.3%)	(441)	(1.9%)	(4,674)	(2.9%)	(98)	(0.5%)
Provisions for risks	(1,255)	(0.7%)	-	0.0%	(179)	(0.1%)	-	0.0%
Bad debt provision	(799)	(0.4%)	(32)	(0.1%)	(641)	(0.4%)	(123)	(0.6%)
Total	(8,028)	(4.4%)	(473)	(2.0%)	(5,494)	(3.4%)	(221)	(1.1%)
EBIT	**6,683**	**3.6%**	**5,233**	**22.2%**	**7,309**	**4.5%**	**4,456**	**22.5%**
Value adjustments for financial assets	41	0.0%	-	0.0%	30	0.0%	-	0.0%
Financial income and charges	(730)	(0.4%)	(15)	(0.1%)	(1,580)	(1.0%)	(4)	(0.0%)
EBT	**5,994**	**3.3%**	**5,218**	**22.1%**	**5,759**	**3.5%**	**4,453**	**22.5%**
Tax on operating income	(2,664)	(1.5%)	(1,483)	(6.3%)	(2,639)	(1.6%)	(1,422)	(7.2%)
Profit (Loss) for the period	**3,330**	**1.8%**	**3,736**	**15.9%**	**3,120**	**1.9%**	**3,031**	**15.3%**

Below please find the consolidated Income Statement shown against the one from the previous FY:

CFT Group *Data shown in k€*	31/12/2017		31/12/2016	
Net revenue	**206,836**	**100.0%**	**183,540**	**100.0%**
Change in FP/WIP inventories	8,199	4.0%	(2,656)	(1.4%)
Increase in assets for internal works	2,721	1.3%	3,007	1.6%
Other revenues and proceeds	4,021	1.9%	5,238	2.9%
Value of production	**221,778**	**107.2%**	**189,129**	**103.0%**
Total external expenses	166,170	80.3%	141,861	77.3%
Value added	**55,608**	**26.9%**	**47,268**	**25.8%**
Labour cost	(35,191)	(17.0%)	(29,788)	(16.2%)
EBITDA	**20,417**	**9.9%**	**17,480**	**9.5%**
Depreciation & Impairments	(6,414)	(3.1%)	(4,772)	(2.6%)
Provisions for risks	(1,255)	(0.6%)	(179)	(0.1%)
Bad debt provision	(832)	(0.4%)	(764)	(0.4%)
Total	(8,501)	(4.1%)	(5,715)	(3.1%)
EBIT	**11,916**	**5.8%**	**11,766**	**6.4%**
Value adjustments for financial assets	41	0.0%	30	0.0%
Financial income and charges	(745)	(0.4%)	(1,584)	(0.9%)
Extraordinary revenues/charges	-	0.0%		0.0%
EBT	**11,212**	**5.4%**	**10,211**	**5.6%**
Tax on operating income	(4,146)	(2.0%)	(4,060)	(2.2%)
Profit (Loss) for the period	**7,066**	**3.4%**	**6,151**	**3.4%**

With special reference to revenues, below please find detailed information on the turnover gross of intragroup elimination entries:

CFT Group *Data shown in k€*	31.12.2017	31.12.2016	Change
Cft S.p.a.	156,598	153,622	2,976
Levati Foodtech S.r.l.	6,052	-	6,052
CFT Technagro S.a.s.	1,379	-	1,379
Raytec Vision S.p.a.	24,097	20,302	3,795
Ral immobiliare S.r.l.	235	204	31
CFT Ukraine L.L.C.	3,091	1,971	1,120
Labs S.r.l.	500	544	(44)
Gev Ejendomme A.p.s.	12	13	(1)
Catelli food Equipment Co.Ltd (CFT Tianjin)	253	363	(110)
Rolec G.M.B.H	22,794	6,204	16,590
Catelli Food Technology Private L.t.d. (CFT India)	-	0	(0)
CFT Do Brasil L.T.D.A.	-	-	-
CFT Packaging USA inc.	13,454	10,087	3,367
TOTAL	**228,464**	**193,309**	**35,155**

The table below shows details on consolidation adjustments for revenues from intragroup sales, eliminated when drafting the consolidated statements.

Elimination of revenue	CFT S.p.a.	Labs s.r.l.	RAL Immobiliare S.r.l.	Raytec Vision S.p.a.	CFT Ukraine L.L.C.	GEV Ejendomme A.p.s.	CFT Food Equipment Co. L.t.d. (CFT Tianjin)	Levati Food Tech S.r.l.	Techn'agro S.a.s	Rolec G.m.b.h.	CFT Packaging USA Inc	TOTAL
Lines and machinery	9,345	-	-	488	-	-	-	4,199	-	3,859	-	17,891
After Sales	1,151	10	-	42	1,808	-	-	12	169	-	287	3,478
Other income	11	-	235	-	-	12	-	-	-	-	-	258
TOTAL	**10,507**	**10**	**235**	**530**	**1,808**	**12**	**-**	**4,211**	**169**	**3,859**	**287**	**21,628**

MAIN EQUITY DATA

In order to provide a more thorough overview of the company's business trends, its financial performance, standing and results, please find below the reclassified Balance Sheet, including a comparison against the previous FY.

Assets *Data shown in k€*	31/12/2017		31/12/2016		Delta
Receivable from customers	23,934	43.0%	(1,477)	(3.6%)	25,411
Write-down provisions	(3,528)	(6.3%)	(4,709)	(11.4%)	1,181
Receivable from customers	**20,406**	**36.6%**	**(6,186)**	**(15.0%)**	**26,592**
Inventory	78,692	**141.3%**	69,688	169.01%	9,005
Write-down provisions	(4,301)	**(7.7%)**	(3,926)	-9.52%	(375)
Inventory	**74,391**	**133.6%**	**65,762**	**159.5%**	**8,630**
Suppliers	(64,069)	(115.1%)	(56,847)	(137.9%)	(7,222)
Provision for job completion	(5,183)	(9.3%)	(3,956)	(9.6%)	(1,227)
Payables to suppliers	**(69,252)**	**(124.4%)**	**(60,803)**	**(147.5%)**	**(8,448)**
Other accounts payable and receivable	(16,528)	(29.7%)	(1,993)	(4.8%)	(14,535)
Provision for risks	(4,989)	(9.0%)	(5,279)	(12.8%)	290
Other accounts payable and receivable	**(21,518)**	**(38.6%)**	**(7,273)**	**(17.6%)**	**(14,245)**
Minority-interest net working capital	**4,028**	**7.2%**	**(8,500)**	**(20.6%)**	**12,529**
Receivables from subsidiaries	198	0.4%	190	0.5%	8
Payables to subsidiaries	-	0.0%	(0)	(0.0%)	0
Net working capital (subsidiaries)	**198**	**0.4%**	**190**	**0.5%**	**8**
Net working capital	**4,227**	**7.6%**	**(8,310)**	**(20.2%)**	**12,536**
Receivables from Revenue Office	11,873	21.3%	7,243	17.6%	4,630
Payables to Revenue Office	(5,272)	(9.5%)	(4,736)	(11.5%)	(537)
Revenue Office Payables and Receivables	**6,601**	**11.9%**	**2,507**	**6.1%**	**4,094**
Op. Net working capital	**10,827**	**19.4%**	**(5,803)**	**(14.1%)**	**16,630**
Other non-current receivables	568	1.0%	1,447	3.5%	(879)
PP&E	34,587	62.1%	36,063	87.5%	(1,475)
Intangible Fixed Assets	12,312	22.1%	12,199	29.6%	113
Op. net fixed assets	**47,467**	**85.2%**	**49,708**	**120.6%**	**(2,241)**
Employee severance indemnity fund	(3,411)	(6.1%)	(3,701)	(9.0%)	291
Fixed assets and employee severance indemnity fund	**44,057**	**79.1%**	**46,007**	**111.6%**	**(1,951)**
Operating capital employed	**54,884**	**98.6%**	**40,205**	**97.5%**	**14,679**
Other holdings	735	1.3%	650	1.6%	85
Holdings in subsidiaries	62	0.1%	378	0.9%	(317)
Non-operating net fixed assets	**796**	**1.4%**	**1,028**	**2.5%**	**(232)**
Total capital employed	**55,680**	**100.0%**	**41,233**	**100.0%**	**14,447**

Liabilities *Data shown in k€*	31/12/2017		31/12/2016		Delta
Shareholders' Equity	(17,241)	31.0%	(18,120)	43.9%	879
Minority interest equity	(3,861)	6.9%	(3,355)	8.1%	(505)
Operating result	(5,012)	9.0%	(5,248)	12.7%	236
Minority interest Operating result	(2,054)	3.7%	(904)	2.2%	(1,150)
Group Equity	**(21,101)**	**37.9%**	**(21,476)**	**52.1%**	**374**
Cash and cash equivalents	16,546	(29.7%)	12,991	(31.5%)	3,556
Financial pyables and receivables	(4,713)	8.5%	(9,329)	22.6%	4,616
Bank payables	(46,412)	83.4%	(23,419)	56.8%	(22,993)
Total net financial position	**(34,579)**	**62.1%**	**(19,757)**	**47.9%**	**(14,822)**
Total Liabilities	**(55,680)**	**100.0%**	**(41,233)**	**100.0%**	**(14,447)**

Payables to banks includes the amortised value of pool loan started in 2017 and accounting for approximately 30 million Euros. For further information of the breakdown of banking payables please refer to the relevant sections in the Notes to the Accounts. Please note that failure to comply with certain pool loan contract clauses (such as limits to resolutions concerning demerger operations, prohibition to resolve upon merger operations and financial parameters) shall be remedied via the currently ongoing Business Combination operation.

FINANCIAL OPERATIONAL PERFORMANCE

Below please find the consolidated net financial position as of 31 December 2017 compared against 2016:

Net Financial Debt *Data shown in k€*	31/12/2017	31/12/2016	Delta
Bank accounts	16,539	12,972	3,566
Cash and cash equivalents	8	18	-
Cash in hand	**16,546**	**12,991**	**3,556**
Payables to banks (within 12 months)	(18,793)	(9,442)	(9,351)
Payables to other lenders (within 12 months)	(700)	(871)	171
Short-term financial debt	**(19,492)**	**(10,313)**	**(9,180)**
Short-term net financial debt	**(2,946)**	**2,678**	**(5,624)**
Payables to banks (after 12 months)	(27,620)	(13,977)	(13,642)
Payables to other lenders (after 12 months)	(4,013)	(8,458)	4,445
Long-term net financial debt	**(31,633)**	**(22,435)**	**(9,198)**
Net Financial Position (NFP)	**(34,579)**	**(19,757)**	**(14,822)**

Payables to other lenders refer to the leasing debt, posted to the accounts as per IAS 17.

In 2017 the parent company finalized the divestment operation through the proportional spin-off of the leased real estate, originally held with Unicredit Leasing. This transaction allowed unbundling asset and liability items, including payables to other lenders for approximately EUR 3.9m, and with an equivalent equity value of about EUR 2.8m.

MAIN FINANCIAL INDICATORS

To provide additional information on the financial performance, below please find a chart showing a few balance-sheet ratios, compared to the previous year's entries.

INDICATORS	31/12/2017	31/12/2016
EBITDA	20,417	17,480
EBITDA / VOP	9.21%	9.24%
NFP/EBITDA	1.69	1.13
GROUP NFP/SE	2.01	1.09

MAIN NON-FINANCIAL INDICATORS

Pursuant to Art. 2428, Sub. 2, of the Italian Civil Code, it is hereby stated that reporting non-financial indicators is not required with a view to the Company's scope of activities.

INVESTMENTS

Investments made in 2017 refer both to tangible and intangible fixed assets.

The value of PP&E is reduced by about EUR 7.3m as a consequence of the divestment operation, which is offset by the investments made by Group companies for a grand total of EUR 2.4m, to be added with the EUR 2.5m extension of the consolidation scope through the *Levati* company.

R&D ACTIVITIES

The CFT Group continued its R&D activities in 2017 as well, by means of both internal and external resources, in order to implement machine update projects, constantly seeking to streamline performance and technological improvement.

ENVIRONMENTAL ISSUES

The Group's scope of activities deals with engineering production and component assembly, whereby no polluting substances are released into the environment, in full compliance with the applicable regulations.

TREASURY STOCK

The Group does not include any companies holding treasury stock.

ASSESSMENT OF SPECIFIC RISKS

MARKET RISK

The market risk is linked to the performance of processed products within the reference market segment. The risk may be deemed as low, considering the diversified product range and the size of the spare part and servicing business.

CREDIT RISK

Group governance structure is currently organized to implement a constant credit monitoring process, staged according to various reminder levels, applicable according to customer standing and payment delay period, in order to streamline current assets and reduce the credit risk. As a consequence, we believe that the bad debt provision is sufficiently sized to accommodate the current credit risk.

LIQUIDITY RISK

The Group has set up a financial planning system to monitor the company's long- and short-term cash flow and liquidity position.

With reference to the parent company's current pool loan, please note that failure to meet one financial covenant was recorded as of 31 December 2017.

Considering that, in compliance with the current loan agreement, the aforesaid non-fulfilment may be remedied by the date set for the start of the subsequent "Report on Covenants" (i.e., the approval date for the parent company's financial statements as of 31 December 2018) and the Group has started an extraordinary operation, as described in the following paragraph, aiming at meeting the aforesaid covenants among other requirements, we may state that the company's liquidity position is not currently subject to any major uncertainties.

EXCHANGE RATE RISK

The Group sometimes performs sales in foreign currency – including but not limited to USD. As a consequence, in order to offset the exchange risk whenever necessary, the company performs hedging operations when receiving a customer order. Furthermore, the company is subject to a translation risk for the subsidiaries' financial statements which are not expressed in EUR.

INTEREST RATE RISK

The Group is generally oriented to using variable-rate loans, however, without excluding possible hedging by means of IRS agreements, based on opportunity.

PROCESS RISK

The governance structure and management system for all the companies in the Group are based on responsibility and task allocation to the various corporate functions. Each process is governed by management systems based on task allocation criteria with dedicated profiles and authorizations, which are periodically reviewed. Furthermore, the supervisory bodies perform reliability analysis and assessments of the company supervisory system, followed by process and IT programme adjustments and updates, as required.

NON-COMPLIANCE RISK

There are no major risks of incurring in any penalties or disqualifications due to non-compliance with the applicable regulations, especially on environmental hazards and workplace health and safety.

MAJOR EVENTS OCCURRING AFTER THE END OF THE FY

On 27 February 2018 a framework agreement was entered into by CFT Spa's Board of Directors and Glenalta Spa's Board of Directors and CFT Spa shareholders, establishing the terms and conditions for the implementation of the Business Combination and the management of the company resulting from a merger between CFT Spa and Glenalta Spa.

Glenalta Spa is a special purpose acquisition company governed by the Italian law, having its registered office is in Milan and a company capital of EUR 11.8m, AIM-listed on the Italian Stock Exchange since 17 July 2017. Its scope of activities is the research and selection of potential equity holdings in other companies by merger. Glenalta currently holds EUR 98m to be used in the Business Combination operation.

The said business combination involves the merger by incorporation of CFT Spa into Glenalta Spa and the following AIM-listing and subsequent change of the company name into CFT Spa. The contract provisions of the aforesaid frame work agreement establish that, in order to implement the business combination, CFT Spa should unbundle a few real estate assets together with 100% of Ral Immobiliare Srl's company capital in favour of Newco Immobiliari held by CFT shareholders, and the concurrent issue of multiple-vote shares.

Upon finalization of the real estate unbundling Glenalta will proceed to purchase no. 772,202 multiple-vote shares at the price of EUR 10 million, which will be followed by the merger operation.

Pursuant to Art. 2501-*quater* of the Italian Civil Code, the merger project plan drafting was based on the financial position of both companies in the period from 1 January 2017 and 31 October 2017, considering a pro-forma situation arising from the divestment. The conversion ratio was established based on the accounting situation being considered.

The conversion ratio thus established that no.21 newly issued Glenalta shares will be issued against no.16 CFT shares, to be divided into ordinary-voting and multiple-votes shares, based on the number of withdrawal rights being exercised.

For further information on the Business Combination please refer to the merger project plan, published on www.glenalta.it Website, under the "Business Combination" Section.

Furthermore, in the current month the parent company has resolved upon the acquisition of 75% of ADR srl's company capital.

EXPECTED OPERATION DEVELOPMENT

No major changes in the reference market scope need to be reported.

Issued in Parma on 20 April 2018

The Chairman of the Board of Directors
Roberto Catelli

FINANCIAL STATEMENTS

Balance Sheet - Assets		31.12.2017	31.12.2016
B	**Fixed Assets**		
I	**Intangible fixed assets**	**12,312,104**	**12,198,805**
1)	Startup and expansion costs	21,163	29,807
2)	Development costs	5,344,018	3,353,200
3)	Patent and intellectual property rights	1,261,998	1,039,290
4)	Franchise, licences, trademarks and similar rights	18,044	16,709
5)	Goodwill	4,776,141	4,959,838
6)	Assets under development and advance payments	845,655	2,575,536
7)	Other intangible fixed assets	45,084	224,427
II	**Property, plant and equipment**	**34,587,478**	**36,062,731**
1)	Land and buildings	28,063,916	32,011,110
2)	Plants and machinery	4,036,924	1,852,847
3)	Fixtures and fittings, tools and equipment	495,030	442,624
4)	Other assets	1,441,279	934,179
5)	Assets under development and advance payments	550,330	821,972
III	**Financial fixed assets**	**1,363,859**	**2,475,162**
1)	Holdings in	796,300	1,028,288
a)	subsidiaries	75,001	-
b)	associates	61,500	378,489
d)	Businesses controlled by parent companies	0	-
d-bis)	Other businesses	659,799	649,799
2)	Receivables		
d-bis)	From others	567,559	1,446,874
	Amounts due within 12 months	53,035	210,354
	Amounts due after 12 months	514,524	1,236,520
Total Fixed Assets		**48,263,441**	**50,736,699**
C	**Current Assets**		
I	**Inventory**	**74,391,377**	**65,761,614**
1)	Raw and auxiliary materials and consumables	15,799,170	15,964,824
2)	Work in progress and semi-finished products	42,228,637	41,478,831
4)	Finished products and supplies	15,157,628	7,081,484
5)	Down payments	1,205,942	1,236,475
II	**Receivables**	**61,400,837**	**42,171,629**
1)	From customers	46,890,513	29,431,964
	- within 12 months	46,790,513	29,416,104
	- after 12 months	100,000	15,860
3)	From associates	198,053	190,441
	-within 12 months	198,053	190,441
	-after 12 months	-	-
5-bis)	Tax receivables	7,132,131	3,050,354
	- within 12 months	7,110,928	3,029,151
	-after 12 months	21,203	21,203
5-ter)	Deferred tax assets	4,741,154	4,192,664
	- within 12 months	4,741,154	4,192,664
	- after 12 months	-	-
5-quater)	Other accounts receivable	2,438,985	5,306,206
	- within 12 months	2,438,985	5,306,206
	- after 12 months	-	-
IV	**Cash and cash equivalents**	**16,546,441**	**12,990,768**
1)	Post office and bank accounts	16,538,705	12,972,487
3)	Cash and equivalent in hand	7,736	18,282
Total Current Assets		**152,338,655**	**120,924,011**
D	**Prepayments and accrued income**	**871,412**	**770,445**
1)	Prepayments and accrued income	871,412	770,445
Total Assets		**201,473,509**	**172,431,155**

Balance Sheet – Liabilities	31.12.2017	31.12.2016
A Shareholders' Equity	**17,240,865**	**18,120,218**
I Capital	7,500,000	7,500,000
II Share premium reserve	-	-
III Revaluation reserve	1,108,923	1,108,923
IV Legal reserve	388,340	150,878
V Statutory reserve	-	-
VI Other reserves	8,855,785	8,518,075
Reserve for write-up of equity investments in subsidiaries	-	-
Translation reserve for equity investments	(1,114,029)	(779,034)
Capital contribution payments	-	-
Restricted capital reserve	297,197	297,197
Extraordinary reserve	1,718,321	1,324,536
Non-distributable extraordinary reserve	1,533,577	926,905
Reserve from rounding off in EUR	2	2
Consolidation reserve	6,420,717	6,748,469
Merger consolidation reserve	-	-
VII Expected cash flow hedging reserve	-	-
VIII Earnings (losses) carried forward	(5,623,990)	(4,405,162)
IX Earnings (losses) for the FY	5,011,807	5,247,504
X Negative reserve for treasury shares held	-	-
Total Group Equity	**17,240,865**	**18,120,218**
Minority interest capital and reserve	1,806,513	2,451,925
Minority interest profit or loss	2,053,995	903,527
Total Shareholdes' Equity	**21,101,372**	**21,475,670**
B Provisions for contingencies and charges	**10,171,870**	**9,235,153**
1) Provision for pension and similar obligations	4,911	4,911
2) Provision for taxes, including deferred taxes	2,102,487	2,519,532
3) Derivative financial instrument liabilities	311,440	645,779
4) Other provisions	7,753,031	6,064,931
C Employee severance indemnity provision	**3,410,605**	**3,701,130**
D Payables	**153,828,681**	**137,979,151**
4) Payables to banks	46,412,243	23,419,398
- within 12 months	18,792,561	9,441,954
-after 12 months	27,619,683	13,977,444
5) Payables to other lenders	4,713,085	9,328,757
- within 12 months	699,732	870,744
-after 12 months	4,013,352	8,458,013
6) Advance payments	26,484,221	35,617,691
- within 12 months	26,484,221	35,617,691
- after 12 months	-	-
7) Payables to suppliers	64,069,038	56,847,439
- within 12 months	62,367,965	56,847,439
- after 12 months	1,701,073	-
10) Payables to associates	-	237
- within 12 months	-	237
- after 12 months	-	-
12) Tax payables	5,272,395	4,735,682
- within 12 months	5,272,395	4,735,682
-after 12 months	-	-
13) Payables to social security bodies	2,113,008	1,898,101
- within 12 months	2,113,008	1,898,101
- after 12 months	-	-
14) Other payables	4,764,690	6,131,846
- within 12 months	4,764,690	6,131,846
-after 12 months	-	-
Total Payables		
E Accrued expenses and deferred income	**12,960,981**	**40,051**
1) Accrued expenses and deferred income	12,960,981	40,051
Total Liabilities	**201,473,509**	**172,431,155**

Income Statement		31.12.2017	31.12.2016
A	**Value of Production**	**221,777,862**	**189,128,805**
1)	Revenue from sales and services	206,836,095	183,539,678
2)	Changes in inventories of work in progress, finished and semi-finished produc	8,199,283	(2,655,974)
4)	Increase in assets for internal works	2,721,034	3,007,333
5)	Other revenues and proceeds	4,021,450	5,237,768
a)	Capital contributions for operating expenses	909,645	470,090
b)	others	3,111,805	4,767,678
B	**Production Costs**	**(209,862,038)**	**(177,363,161)**
6)	For raw and auxiliary materials, consumables and merchandise	(92,286,060)	(78,864,841)
7)	For services	(67,613,363)	(61,110,202)
8)	For use of third-party assets	(2,291,833)	(1,794,961)
9)	For personnel		
a)	Wages and salaries	(25,606,084)	(20,973,820)
b)	Social security charges	(7,601,742)	(6,794,283)
c)	Employee severance indemnity	(1,455,472)	(1,321,464)
d)	Provision for pension and similar obligations	-	-
e)	Other costs	(527,648)	(698,312)
	Total personnel costs	(35,190,947)	(29,787,879)
10)	Depreciation and impairments		
a)	Amortisation of intangible assets	(4,380,983)	(3,061,771)
b)	Depreciation of tangible assets	(2,033,048)	(1,672,525)
c)	Other write-downs of fixed assets	-	(37,492)
d)	Write-downs of receivables and cash	(831,572)	(764,117)
	Total depreciation and impairments	(7,245,603)	(5,535,905)
11)	Change in raw and auxiliary materials, consumables and merchandise	(768,276)	2,143,837
12)	Provisions for risks	(1,255,314)	(178,512)
13)	Other provisions	(1,221,472)	-
14)	Other operating costs	(1,989,170)	(2,234,698)
Difference between value and costs of production		**11,915,823**	**11,765,644**
C	**Financial income and expenses**	**(744,800)**	**(1,583,950)**
16)	Other financial income	9,880	119,217
b)	From long-term securities	1,313	1,155
c)	From short-term securities	-	3,962
d)	Other income		
	- from others	8,567	114,100
17)	Interest and other financial expenses	(1,123,508)	(1,319,760)
	- from subsidiaries	(327,752)	
	c) from parent companies		
	- from others	(795,756)	(1,319,760)
17bis)	Exchange gains and losses	368,828	(383,407)
D	**Value adjustments on financial assets and liabilities**	**41,237**	**29,732**
18)	Write-ups		
a)	Of investments	41,237	29,732
d)	Of derivative financial instruments	-	-
19)	Write-downs		
a)	Of investments	-	-
d)	Of derivative financial instruments		
Result Before Tax		**11,212,261**	**10,211,425**
22)	Current, deferred and prepaid income taxes for the period	(4,146,460)	(4,060,394)
23)	**Profit (loss) for the year**	**7,065,801**	**6,151,031**
	Minority interest profit (loss)	2,053,995	903,527
	Group profit (loss)	5,011,807	5,247,504

CASH FLOW STATEMENT *Data shown in €*	31.12.2017	31.12.2016
Cash flow from operating activities		
Profit (loss for the FY)	7,065,802	6,151,031
Income tax	4,146,460	4,060,394
Interest payable/(interest receivable)	744,799	1,583,950
(Dividends)	0	0
(Capital gains)/losses from disposal of assets	220,190	(3,069)
1. Profit (loss) before tax, interest, dividends and capital gains/losses on disposals for the financial year	**12,177,251**	**11,792,306**
Adjustments for non-cash items with no offsetting items in the net working capital		
Allocations to provisions/(Use of funds)	(297,693)	(603,531)
Depreciation of fixed assets	6,414,031	4,734,296
Write-downs of impairment in value	0	37,492
Other adjustments for non-cash items	12,381,483	(807,979)
Total adjustments for non-cash items	18,497,822	3,360,279
2. Cash flow before NWC adjustments	**30,675,073**	**15,152,585**
Changes in the net working capital		
Decrease/(increase) in inventories	(7,285,915)	(437,243)
Decrease/(increase) in receivables from customers	(11,833,214)	(7,672,405)
Increase/(decrease) in payables to suppliers	503,773	13,622,035
Decrease/(increase) in accrued income and deferred expenses	22,151	(53,098)
Increase/(decrease) in accrued expenses and deferred income	(66,605)	(146,164)
Other changes in the net working capital	(13,936,498)	9,604,943
Total change in the net working capital	(32,596,309)	14,918,068
3.Cash flow after NWC adjustments	**(1,921,236)**	**30,070,653**
Other adjustments		
Interest collected/(paid)	(817,403)	(1,551,963)
(Income tax paid)	(2,227,341)	(515,838)
Collected dividends	102,000	0
Total other adjustments	(2,942,744)	(2,067,801)
4. Cash flow after other adjustments	**(4,863,981)**	**28,002,852**
Cash flow from operations (A)	**(4,863,981)**	**28,002,852**
Cash flow from investments		
(Investments)/Disposals of tangible fixed assets	(5,065,173)	(3,032,067)
(Investments)/Disposals of intangible fixed assets	(3,922,755)	(4,532,334)
Increase/(Decrease) in payables to suppliers for fixed assets	0	0
Change in the scope of consolidation	391,311	4,944,161
(Investments)/Disposals of financial fixed assets	814,839	(274,077)
(Investimenti)/ Disposals of current financial assets	0	9,587
Cash flow from investments (B)	**(7,781,778)**	**(2,884,731)**
Cash flow from financing		
Loan capital		
Increase/(Decrease) in short-term payables to banks	3,595,736	(18,781,262)
Increase/(Decrease) in long/short-term payables	17,445,695	(1,874,808)
Equity	0	117,949
Paid-in capital increase	0	0
Dividends paid	(4,840,000)	0
Cash flow from financing C	**16,201,432**	**(20,538,121)**
Increase/(Decrease) in cash and cash equivalents (A+B+C)	3,555,673	4,580,000
Cash and cash equivalents as of 1 January 2017	**12,990,768**	**8,410,769**
Cash and cash equivalents as of 31 December 2017	**16,546,441**	**12,990,768**

NOTES TO THE ACCOUNTS

PRELIMINARY REMARKS

Dear Shareholders,

these Notes to the Accounts form an integral part of the consolidated financial statements of the CFT Group as of 31 December 2017, together with the Income Statement, Balance Sheet and Cash Flow Statement, pursuant to Art. 38 of Gov. Decree no. 127/91 as well as the latest Gov. Decree no. 139/2015.

A list of companies included in the integral consolidation method is enclosed herewith as Appendix "A".

The CFT Group operates in the metalworking and mechanical engineering sector and specializes in the design and manufacturing of food industry systems and equipment and packaging systems for both food and non-food products.

BASIS OF PREPARATION

The consolidated financial statements apply the new provisions set forth by Gov. Decree no. 139/2015, implanting EU Directive 2013/34/EU. Besides including the appendixes required by the applicable regulations, reconciliation statements between consolidation parent's EBIT and net equity and the relevant consolidated values arising from the consolidated financial statements are also included. All the amounts in the financial statements are expressed in Euros whereas the notes to the accounts show values expressed in €k, unless stated otherwise. These Notes to the Accounts report the data and information required by Art. 38 of the aforesaid Decree.

CONSOLIDATION SCOPE AND METHOD

The consolidated financial statements arise from the financial statements drawn up for CFT Spa (the parent company) and the companies whose controlling share of the capital is held directly or indirectly by the parent company. The integral method was applied to the consolidation of the financial statements of the companies included in the consolidation scope. A list of the said companies is provided in Appendix "A" attached to these notes. No companies are excluded due to non-homogeneity exception or consolidated by proportional method.

Where applicable, incremental values for the adjustment of the consolidation scope are reported in these Notes to the Accounts.

Equity holdings in other companies excluded from the consolidation scope pursuant to Gov. Decree no. 127/91 are valued on a cost basis. Stakes in associates are valued on a net equity basis.

The financial statements of individual companies drafted by the relevant Boards for approval were used for consolidation purposes, as reclassified and adjusted to match the basis of preparation adopted by the Group. Please note that the end of the financial years for all the consolidated companies is 31 December, except for CFT India, whose end of year is 31 March, which consequently drafts specific financial statements for consolidation purposes.

The consolidation scope for the CFT Group as of 31 December 2017 is extended compared to the previous FY ending on 31 December 2016, as a consequence of the acquisition of the majority of the share capital in *Techn'Agro Sas* (France) and *Levati Food Tech Srl* (Italy).

Where applicable, incremental values for the adjustment of the consolidation scope are reported in these Notes to the Accounts.

BASIS OF CONSOLIDATION

The accounting value of the stake in consolidated companies is offset against the matching net equity share.

The differences arising from the elimination are posted to the relevant individual entries and the residual difference, where positive, is recorded in the fixed asset item “Goodwill”, whereas the negative residual difference is posted to the accounts in the equity item “Consolidation Reserve” or the relevant “Consolidation reserve for future contingencies and charges”, pursuant to Art. 33, sub 3, of Gov. Decree no. 127/91.

The “Goodwill” and “Provision for contingencies and charges” arising therefrom are posted to the Income Statement with reference to the financial performance of the controlled companies, or amortised by applying the basis stated in the “Measurement basis” below.

The parts of shareholders’ equity pertaining to minority shareholders are posted to the relevant balance sheet entry. The profit share pertaining to minority shareholders is reported in the Income Statement.

The equity and financial transactions among the companies included in the consolidation scope as well as the profits and losses arising from transactions among the said companies are fully offset.

ACCOUNTING PRINCIPLES AND MEASUREMENT BASIS

The principles applied when drafting the consolidated financial statements as of 31 December 2017 are the same as the ones applied to the drafting of the financial statements of the parent company drafting the consolidated financial statements.

The estimate of the financial statement entries was performed on a conservative basis, applying the accrual principle and with a view to the continuation of the corporate business.

Namely, the following assessment criteria were adopted:

Fixed Assets

Intangible fixed assets

Intangible fixed assets are posted at their actual costs, which do not complete their useful life in the period when they are incurred, but may create future financial benefits. Therefore, these costs are individually identifiable and may be estimated with sufficient reliability. The items are posted to the accounts at their historical purchase or manufacturing cost and recorded net of accrued impairment, adequately adjusted and reduced based on the length of the interim period. The aforesaid book value does not exceed the recoverable value applying their residual prospective use. Goodwill is amortised at a 10% annual rate.

PP&E

Tangible fixed assets are recorded at the cost actually paid for their acquisition or production, including any write-ups and adjusted for the relevant impairment, adequately reduced according to the length of the interim period. At the end of the aforesaid period the net value did not exceed the recoverable value through the residual prospective use; therefore, no write-downs were required. The depreciation rate posted to the income statement was based on the residual prospective use of the asset being considered.

Financial Fixed Assets

The stakes held in subsidiary companies are posted to the accounts by using the equity method, whereas stakes in other companies are recorded at their cost of acquisition or subscription, adjusted for the relevant accrued impairment, as applicable.

The receivables recorded as financial fixed assets are posted at their amortised cost by applying OIC* 15 accounting standard, unless the provision does not apply due to their length and significance.

(Note: * OIC = Italian Accounting Body)

Derivative financial instruments

Derivative financial instruments are posted at their fair value. The derivatives implemented by the company are considered hedging instruments as they are used to hedge a financial risk arising from an underlying binding contract (the so-called "Fair Value Hedge").

As a consequence, fair value adjustments are posted to the balance sheet item as hedged by the relevant derivative financial instrument and the amount is posted to the income statement according to the significance and timeline of the occurrence of the hedged transaction. A positive fair value on the reference date is posted to the "derivative financial instrument assets" among financial fixed assets or financial assets not held as fixed assets, whereas a negative fair value is posted to "derivative financial instrument liabilities" among provisions for contingencies and charges.

Inventories

Raw and auxiliary materials and finished products are recorded at their purchase or manufacturing cost, whichever is the lower, obtained by applying the weighted average cost method.

Work in progress and semi-finished products are recorded as based on the direct costs incurred in the manufacturing period.

Indirect manufacturing costs are added to the costs for both the above-mentioned types of items, as reasonably allocated to the inventories.

An exception is made for the work in progress for major manufacturing orders, recorded when the relevant stage in the production process allows a reasonable estimate of costs and revenues and, as a consequence, their progress status. In this case, the aforesaid inventories are recorded on a percentage-of-completion basis, that is, the direct costs incurred in the FY, added with the expected portion of profit corresponding to the relevant percentage of completion. This change to the assessment criteria for the Work in progress was adopted in order to provide a more truthful recording of inventories, based on the Group's business type.

The valuations described above are adjusted according to the lower realisable market value through the relevant write-down reserve.

Receivables

Receivables are posted at their amortised cost by applying OIC 15 accounting standard, unless the provision does not apply due to their length and significance.

Please note that, pursuant to Gov. Decree no. 139/2015, as of 31 December 2017, the outstanding receivables as of 31 December 2015 were assessed at their nominal value.

The adjustment of the nominal value of receivables to the estimated realisable value is achieved through the relevant Bad debt provision, considering the general and specific financial conditions as well as the country risk. The receivables assigned with recourse are posted to the accounts as receivables and the offset item is recorded as payable to other lenders.

Cash and cash equivalents

Cash and cash equivalents are recorded at their nominal value.

Accruals and deferrals

These items are recorded on an accrual basis in the reference period. As for accruals and deferrals extending over several years, the conditions determining their original entry were verified and the appropriate adjustments were made, where applicable.

Provisions for contingencies and charges

These provisions are allocated to offset any possible losses or payables, whose amount or date of occurrence could not be established at the end of the period.

The assessment of the aforesaid provisions was made on a conservative basis, applying the accrual principle, and a general provision for contingencies with no economic justification was not allocated.

Potential liabilities were posted to the accounts and entered in the provisions, being considered as possible and being the amount of the relevant charge reasonably estimated.

Employee severance indemnity provision

This item records the actual accrued payables to employees in compliance with the applicable law and labour agreements, considering any type of continuous remuneration. This provision records the total year-end amount of individual indemnities accrued and payable to employees, deducting the advance payments made, and corresponds to the actual amounts payable to employees in the event of employment termination on that date.

The amount being posted to the accounts is net of payables to INPS (the Italian National Social Security Institute) for the assignment of accrued employee severance indemnity starting on 1 January 2007.

Payables

These items were recorded as assessed on an amortised cost basis by applying OIC 19 accounting standard, unless the provision does not apply due to their length and significance.

Please note that, pursuant to Gov. Decree no. 139/2015, as of 31 December 2017, the outstanding payables as of 31 December 2015 were assessed at their nominal value.

Conversion criteria for amounts recorded in foreign currency

Payables and receivables originally recorded in foreign currency and posted by applying the current exchange rate on the date when they were incurred are adjusted to the current exchange rate, applicable on the closing date.

Any profits and losses arising from the conversion of payables and receivables are posted to the Income Statement and respectively credited and debited under entry 17 bis “Exchange gains and losses”.

Conversion criteria for financial statements drafted in foreign currency

The financial statements of foreign subsidiaries, originally drafted in foreign currency instead of using the Euro, are converted to Euros by applying the following criteria:

- the historical exchange rate for acquisitions and/or accruals is used for the assessment of shareholders’ equity entries;
- the average exchange rate for the period, established by the Bank of Italy, is used for the conversion of income statement entries;
- the spot exchange rate for the end of the reference period is used for the conversion of balance sheet entries.

The exchange rates used for the conversion of the statements for subsidiaries recorded in foreign currency are reported below.

Currency	Spot exchange rate		Average exchange rate	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
USD	1.1993	1.0541	1.1297	1.1069
Brazilian Real	3.9729	3.4305	3.6054	3.8561
Indian Rupee	76.6055	71.5935	73.5324	74.3717
Chinese Yuan	7.8044	7.3202	7.6290	7.3522
Ukrainian Grivnia	33.7318	28.7386	30.0197	28.2849
Danish Crown	7.4449	7.4344	7.4386	7.4452

Commitments, guarantees and contingencies

The risks for guarantees being granted were reported in a dedicated section of the notes to the accounts and posted as the amount of the relevant guarantee.

Risks referring to contingent liabilities, which are possible but not probable, are reported in the notes to the accounts without allocating any provisions, pursuant to the reference accounting standards. Remote risks were not accounted for.

Income and deferred taxes

Current taxes are allocated to a provision in accordance with the applicable tax rates and regulations, based on a realistic estimate of the expected taxable income.

As for deferred taxes for significant income components, the relevant liability items are posted to the Deferred tax reserve included in the provision for contingencies and charges, and based on the applicable tax rates, updated as required to account for subsequent changes in tax rates. Similarly, the amounts of prepaid taxes are posted to the Current assets under entry “Receivables for Prepaid Taxes”.

Any taxes due on reserves are only allocated if transactions subject to taxation are expected.

Recognition of revenues

Revenues arising from sales of products are recognized on an accrual basis on the date when the ownership is transferred, which is usually the date of goods delivery or despatch. The only exception to this principle is when customers apply specific contract provisions and thereby request the assignment of ownership for machinery still stored on the company premises.

Based on the adjustment of the assessment principle for Work in progress as job production, with reference to job orders valued on a percentage-of-completion basis, the relevant revenues are recognized on a pro-rata basis according to the progress of works.

Financial revenues and revenues from services being provided are recognized on a time basis.

All revenues and proceeds, expenses and charges from transactions in foreign currency are recorded at the current exchange rate on the date of the relevant transaction.

As for orders whose revenues are recorded in foreign currency instead of using the Euro and a forward contract is entered accordingly, the relevant revenues are posted at the forward exchange rate being determined.

Recognition of costs

Costs arising from the procurement of products or services as well as financial costs are recognized on an accrual basis on the actual date when product ownership is transferred or services are provided.

PERSONNEL DATA

The average number of the members of staff employed is reported below:

Category	Average		Delta
	2017	2016	
Executives	33	28	5
Office workers	335	288	47
Factory workers	172	160	12
Total	**540**	**476**	**64**

The increase in average workforce is due to the addition of new companies to the consolidation scope and hire of new personnel.

Details on employees as of 31.12.2017, broken down by company and category, are reported below:

Details as of 31.12.2017	CFT S.p.a.	Labs S.r.l.	RAL Immobiliare S.r.l.	Techn'Agro S.a.s.	Levati Food Tech S.r.l.	CFT Do Brasil L.t.d.a.	Raytec Vision S.p.a.	CFT Ukraine L.L.C.	GEV Ejendomme A.p.s.	Catelli Food Technology Private L.T.D. (CFT India)	CFT Food Equipment Co. L.t.d. (CFT Tianjin)	Rolec G.m.b.h.	CFT Packaging USA inc	TOTAL
Executives	17	-	-	-	1	-	4	1	-	-	3	4	3	**33**
Office workers	258	-	-	8	21	1	20	20	-	1	7	23	6	**365**
Factory workers	94	-	-	5	1	-	7	69	-	-	3	2	-	**181**
TOTAL	**369**	**-**	**-**	**13**	**23**	**1**	**31**	**90**	**-**	**1**	**13**	**29**	**9**	**579**

The national employment contract being applied is the one for the metalworking and mechanical engineering industry.

ASSETS

B) FIXED ASSETS

Please note that the accounts include durable assets, mainly real estate, acquired in the past few years through financial lease contracts. These goods are recognised in these consolidated financial statements by applying the financial method, whereby the values of the assets are posted to the accounts as tangible fixed assets and the relevant payables to the leasing company as well as the relevant depreciation provision according to the residual usable life of the assets are also recorded.

Please be informed that in November 2017 the parent company finalized the divestment of real estate assets by spinning off the real estate originally leased from Unicredit Leasing company. On a consolidated level, a total EUR 6.8m reduction in fixed assets and a EUR 3.9m reduction in payables to other lenders were recorded.

Intangible Fixed Assets

The changes in intangible fixed assets are reported below:

INTANGIBLE FIXED ASSETS *Data shown in k€*	31/12/2016	Increase	Decrease	Transfer	Break-down	Depr.	31/12/2017
Startup and expansion costs	30	2	-	-		(10)	21
Development costs	3,353	2,106	(4)	2,117		(2,228)	5,344
Patent and intellectual property rights	1,039	1,044	(1)	272		(1,093)	1,262
Franchise, licences, trademarks and similar rights	17	8	-	-		(7)	18
Goodwill	4,960	656	(198)	-		(642)	4,776
Assets under development and advance payments	2,576	734	(75)	(2,388)		-	846
Other intangible fixed assets	224	772	(550)	-		(401)	45
Total	**12,199**	**5,322**	**(827)**	**(0)**	**-**	**(4,381)**	**12,312**

The item "**Goodwill**" includes the following items

Description *Data shown in k€*	Anno	Value
CFT Packaging Usa contribution goodwill	2006	65
SBC business unit goodwill	2011	448
Rolec Prozess goodwill	2016	3,737
Labs srl goodwill	2016	82
Techn'Agro goodwill	2017	144
Levati Food Tech goodwill	2017	300
Total		**4,776**

Development costs refer to new investments in the period; these costs are amortised over 5 years starting in the FY when the revenue arising from the project development was generated.

Intangible fixed assets were not subject to any write-ups in the period and previous FYs.

Based on economic result and expected return, no indicators of non-recoverability of values through use are believed to be applicable, except for fixed assets subject to write-downs in previous years.

Property, Plant & Equipment

The changes in tangible fixed assets are reported below:

PROPERTY, PLANT AND EQUIPMENT *Data shown in k€*	31/12/2016	Increase	Decrease	Transfer	Break-down	Depr.	31/12/2017
Land and buildings	32,011	3,115	0	642	(6,852)	(852)	28,064
Plant and machinery	1,853	3,213	(513)	32		(547)	4,037
Fixtures and fittings, tools and equipment	443	261	(7)	-		(202)	495
Other assets	934	873	(29)	95		(432)	1,441
Assets under development and advance payments	822	554	(57)	(768)		-	550
Total	**36,063**	**8,016**	**(606)**	**0**	**(6,852)**	**(2,033)**	**34,587**

The incremental share of the item “Land & Buildings” includes:

- the purchase of a plot of land by the subsidiary *Raytec Vision Spa* for its new factory premises;
- the extension of the production facilities in the subsidiary *LLC CFT Ukraina*;
- the purchase of a building in the San Polo di Torrile area;
- the purchase of a plot of land in Parma to build a new office block for the parent company.

As reported in the Report on Operations, in the financial year the parent company finalized a divestment operation through the proportional spin-off of the leased real estate, originally held with Unicredit Leasing. This transaction allowed unbundling asset and liability items, including payables to other lenders for approximately EUR 3.9m, and with an equivalent equity value of about EUR 2.8m.

As for the item “Plant & Machinery” the increase does not only refer to the purchase of new machinery for production activities, but also the change in the consolidation scope as a consequence of the fixed assets introduced by *Levati Food Tech Srl.*

The current fixed assets record the costs incurred for the construction of the parent company’s new office block.

Tangible fixed assets (PP&E) were not subject to any write-ups in the period and previous FYs.

Based on economic result and expected return, no indicators of non-recoverability of values through use are believed to be applicable, except for fixed assets subject to write-downs in previous years.

Financial Fixed Assets

Description *Data shown in k€*	31/12/2017	31/12/2016	DELTA
Financial fixed assets	1,364	2,475	(1,111)

The value of financial fixed assets as of 31 December 2017 includes the following items:

- € 685k stakes in other companies. The most significant item recorded in this entry is the € 487k stake in *Emiliana Conserve Spa* (that is, 11% of the company capital) held by CFT Spa. Further details on other equity holdings are reported in Appendix “C” attached hereto;
- a € 375k escrow account issued as guarantee to Bertoli srl’s purchaser;
- a € 136k cash deposit as a guarantee to the Revenue Office for a claim for a VAT credit refund;
- € 92k from other minor guarantee deposits;
- a € 50k stake in *CFT Elettrica*, a newly incorporated company (not consolidated due to the non-significance of the relevant accounting data);
- a € 25k stake in Raynext, a newly incorporated start-up company (not consolidated due to the non-significance of the relevant accounting data).

C) CURRENT ASSETS

INVENTORY

The Inventories as of 31 December 2017 include the following items:

Inventory *Data shown in k€*	31/12/2017	31/12/2016	Change
Raw and auxiliary materials and consumables	15,799	15,965	(166)
Work in progress and semi-finished products	42,229	41,479	750
Finished products	15,158	7,081	8,077
Down payments	1,206	1,236	(30)
Total	**74,391**	**65,762**	**8,629**

The value of inventories is posted after deducting the stock depreciation reserve for a total amount of € 4,301k, which is adequate to offset the balance of slow-moving and excess inventory. The increase in inventories is partly due to the extension of the consolidation scope by acquiring the companies *Levati Food Tech Srl* and *Techn’Agro Sas*, and partly to the increase in the work in progress for ordered products that will be delivered in the first few months after 31 December 2017. Please also note that in-process inventory includes orders recorded on a percentage-of-completion basis.

The stock depreciation reserve recorded the following changes in the period:

Inventory Write-Down Provision *Data shown in k€*	31/12/2016	Decrease	Increase	31/12/2017
Inventory write-down provision	3,926	(95)	469	4,301

In compliance with the accounting regulation adopted by Gov. Decree no. 139/2015, the valorisation of the derivative fair value hedge as of 31 December 2017 was posted to the accounts in the Inventories, namely, the item for “Work in progress and Semi-finished products”.

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Valuation of Fair Value derivatives	311	645	(334)

As of 31 December 2017, the parent company entered into no. 42 derivative contracts, for a total nominal value of USD 22,122k, and no. 1 derivative contract for a nominal value of GBP 280k, corresponding to a fair value of approximately EUR 311k.

CURRENCY	CURRENCY NOTIONAL VALUE	FV IN EUR
GBP	280,000	(3,292)
USD	22,122,400	314,732
Total as of 31 December 2017		**311,440**

All the types of derivatives entered into arise from the need of hedging the exchange risk and are supported by the existing sales contract, that is, contracts based on binding agreements for both parties thereto. Considering their hedging, non-speculative purpose, the company posted their value to the accounts as Inventories, and the relevant offset items were recorded in the Provisions for contingencies and charges.

RECEIVABLES

Receivables *Data shown in k€*	31/12/2017	31/12/2016	Change
Receivables	61,401	42,172	19,229

The balance amounts of consolidated receivables, after eliminating intragroup values, are broken down by due date, as follows:

Receivables *Data shown in k€*	Within 12 months	After 12 months	After 5 years	Total
From customers	46,791	100	-	46,891
From associates	198	-	-	198
Tax receivables	7,111	21	-	7,132
Deferred tax assets	4,741	-	-	4,741
Other accounts receivable	2,439	-	-	2,439
Total	**61,280**	**121**	**-**	**61,401**

Considering the non-significance of receivables extending over 12 months, the relevant amounts were not assessed on an amortised cost basis, as provided for by OIC 15.

Below please find the break-down of receivables from customers and others, divided by geographical area and gross of the Bad Debt Provision.

CFT SPA – Breakdown of receivables by geographical area *Data shown in k€*	31/12/2017
Italy	10,120
Europe	16,687
North America	10,706
South America	3,169
Asia	8,086
Africa	3,002
Oceania	1,287
Total	**53,057**

The break-down of EUR 2,439k receivables from others as of 31 December 2017 is as follows:

Other accounts receivable *Data shown in k€*	31/12/2017	31/12/2016	Change
Various amounts receivable	1,249	3,965	(2,716)
Receivables for advance payments	1,138	1,278	(140)
Receivables from social security bodies	52	63	(11)
Total	**2,439**	**5,306**	**(2,867)**

The adjustment of the realisable nominal value of receivable was obtained by the relevant bad debt provision. Below please find the change occurring in 2017:

Bad debt provision *Data shown in k€*	Taxable reserve	Ordinary reserve	Total
Provision as of 31.12.2016	4,050	659	4,709
Decrease	(1,403)	(629)	(2,032)
Increase	436	415	851
Provision as of 31.12.2017	**3,083**	**445**	**3,528**

Please note that in 2017 the EUR 2,032k provision for doubtful trade receivables was used.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents *Data shown in k€*	31/12/2017	31/12/2016	Change
Post office and bank accounts	16,539	12,972	3,567
Cash and equivalent in hand	8	18	(10)
Cash and cash equivalents	**16,546**	**12,991**	**3,555**

The balance amount records the cash and cash equivalents as of 31 December 2017. Please refer to the cash flow statement for further details on the change occurring in the FY. A temporarily bound amount for EUR 764k was recorded in the cash and cash equivalents, due to the settlement of legal proceedings in the early 2018.

PREPAYMENTS AND ACCRUED INCOME

Accruals and deferrals were assessed on an accrual basis. Below please find the amounts for prepayments and accrued income as of 31 December 2017:

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Prepayments and accrued income	871	770	101

The break-down of the relevant item is as follows:

Prepayments and accrued income *Data shown in k€*	31/12/2017	31/12/2016	Change
Interest on Fdj and interest payable	533	121	412
Others	338	649	(311)
Total	**871**	**770**	**101**

No accruals and deferrals extending over 5 years are recorded as of 31 December 2017.

SHAREHOLDERS' EQUITY

As for changes in the Group's consolidated shareholders' equity please refer to Appendix "D" attached hereto, whereas the reconciliation of consolidation parent's EBIT and net equity and the relevant consolidated values arising from the consolidated financial statements are shown in Appendix "C" attached hereto.

Shareholders' Equity *Data shown in k€*	31/12/2017	31/12/2016	Change
Shareholders' Equity	21,101	21,476	(374)
Of which: minority interest share	*3,861*	*3,355*	*506*

LIABILITIES

B) PROVISIONS FOR CONTINGENCIES AND CHARGES

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Provisions for contingencies and charges	10,172	9,235	937

The change in the provisions for the period is as follows:

Description *Data shown in k€*	31/12/2016	Increase	Decrease	31/12/2017
Deferred tax reserve	2,520	-	(418)	2,102
Warranty reserve	881	-	(5)	877
Reserve for plant to be completed	3,956	1,227	-	5,183
Hedging reserve	646	312	(646)	312
Other provisions	1,232	1,691	(1,224)	1,700
Total	**9,235**	**3,230**	**(2,293)**	**10,172**

For a break-down of the **Deferred tax reserve** entry please refer to Appendix "E".

The EUR 877k **Warranty reserve** includes the hedging reserves allocated by Group companies for risks arising from guarantees on the systems sold.

The EUR 5,183k **Reserve for plant to be completed** refers to prospective installation costs arising from invoiced orders.

The **Derivative Hedging reserve** records the fair value hedge valorisation of derivatives held by the parent company. As a consequence, please refer to paragraph “Inventories” for further information on the matter.

Other reserves for EUR 1,233k mainly include hedging reserves for potential liabilities.

Please note that the Group did not record any provisions for supplementary customer allowances for their agents in the close period or previous year, and no such provisions are expected in the future as the current business relationships with agents are mutually satisfactory and have never given rise to any controversies which might lead any to termination of the business relationship, causing equity risks to Group companies. Moreover, the existing agreements with most agents are governed by foreign laws.

C) EMPLOYEE SEVERANCE INDEMNITY

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Employee severance indemnity	3,411	3,701	(290)

The provision accounts for the actual amount payable by the group to current employees as of 31 December 2017, net of the advance payments and social security trust fund (INPS).

The change is as follows:

Description *Data shown in k€*	31/12/2016	Increase	Decrease	31/12/2017
Employee severance indemnity	3,702	1,238	(1,528)	3,412

D) PAYABLES

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Payables	153,829	137,979	15,850

After eliminating intragroup values, the consolidated payables are assessed at their nominal value and the relevant due dates are as follows:

Payables *Data shown in k€*	Within 12 months	After 12 months	After 5 years	Total
Payables to banks	18,793	23,988	3,632	46,412
Payables to other lenders	700	4,013	-	4,713
Advance payments	26,484	-	-	26,484
Payables to suppliers	62,368	1,701	-	64,069
Tax payables	5,272	-	-	5,272
Payables to social security bodies	2,113	-	-	2,113
Other payables	4,765	-	-	4,765
Total	**120,495**	**29,702**	**3,632**	**153,829**

The EUR 46,412k balance of **Payables to banks** records actual payables for accrued and due capital, interest and ancillary charges. The value of new loans is assessed on an amortised cost basis. An item included in payables to banks – referring to a mortgage loan – is covered by collateral and amounts to approximately EUR 429k.

With reference to the existing pool loan, please note that on 31 December 2017 the failure to comply with the covenants for the parent company's pool loan was reported. In FY 2017 an application for the authorization to proceed to an extraordinary operation - reported in the paragraph "Major events after year end" in the Report on Operations - was submitted to the credit institutions granting the pool loan and the relevant approval was granted. This extraordinary item is still ongoing and is expected to be completed in July 2018. To this regard, the aforesaid non-compliance, expected as of 31 December 2017 as an effect of the interim spin-off operations performed in 2017 within the broader scope of the extraordinary operation, will be remedied by completing the aforesaid extraordinary operation.

The item **Payables to other lenders** totalling EUR 4,713k records the payables to leasing companies arising from the posting of financial lease contracts by applying the so-called financial method pursuant to IAS 17. In November 2017 the parent company finalized the unbundling operation concerning the Unicredit-leased real estate. This transaction led to a EUR 3,9m reduction in the payables to other lenders. The item also includes a EUR 200k amount payable for the acquisition of stake in *Levati Food Tech srl.*

The item **Advance payments**, totalling EUR 26,484k, records the advance payments made by customers for future supplies of goods and services.

The amounts in the item **Payables to suppliers** are recorded net of trade discounts, whereas cash discounts are recorded on their payment date.

As a result of returns or allowances (invoicing adjustments), the nominal value of these payables was adjusted by the amount agreed upon with the other party, without applying the amortised cost method.

The item **Tax payables** only includes liabilities for taxes which are certain and due, as the liabilities arising from possible taxes, whose due dates or amounts are not certainly established, or deferred taxes are posted to Liabilities as item B.2 (Tax Reserve). Besides payables to tax authorities for taxes accrued in the period, this item also includes personal income taxes payable for employees, contractors, directors and advisors.

The item **Payables to social security bodies** totalled EUR 2,113k includes payables to Inps**, Inail°, Previndai (supplementary pension fund), Cometa (supplementary pension fund) and Enasarco (Italian pension fund for sales representatives).

(Note: ** INPS = National Social Security Institute

° INAIL = National Institution for Workplace Accident Insurance)

The break-down of the item **Other payables** is as follows:

Payable to others *Data shown in k€*	31/12/2017
Directors', Auditors' and contractors' fees	168
Payables to personnel for remuneration and provisions	3,596
Payables to professional associations	34
Payables for deposits	234
Various accounts payable	731
Total	**4,764**

Below please find a break-down of payables to suppliers and others as of 31 December 2017, divided by geographical area:

Payables by geographical area *Data shown in k€*	31/12/2017
Italy	55,266
Europe	9,035
North America	1,494
South America	1,103
Asia	768
Africa	981
Oceania	187
Total	**68,834**

ACCRUED EXPENSES AND DEFERRED INCOME

Accrued expenses and deferred income are estimated on an accrual basis by breaking down the costs and/or revenues pertaining to more than two financial years. Below please find the amounts of accrued expenses and deferred income:

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Accrued expenses and deferred income	12,961	40	12,921

The amount includes income from partially invoiced orders, which is not attributable to the period being considered.

No accruals and deferrals extending over 5 years are recorded as of 31 December 2017.

GUARANTEES, COMMITMENTS, THIRD-PARTY ASSETS AND RISKS

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Group undertakings	**11,142**	**17,978**	**(6,836)**
- Company undertakings	0	1,010	(1,010)
- Surety bonds	11,142	16,808	(5,666)
- Other guarantee provisions	0	160	(160)
Other memorandum accounts	**0**	**0**	**0**
Total	**11,142**	**17,978**	**(6,836)**

The item recording Group commitments, totalling EUR 11,142k, includes guarantees granted to Group companies by credit institutions, mainly due to business commitments.

INCOME STATEMENT

A) VALUE OF PRODUCTION

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Revenue from sales and services	206,836	183,540	23,296
Changes in inventory for finished and semi-finished prod.	8,199	(2,656)	10,855
Increase in assets for internal works	2,721	3,007	(286)
Other income and proceeds	4,021	5,238	(1,217)
Total	**221,778**	**189,129**	**32,649**

The turnover divided by category is reported below:

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Lines and Machinery	168,378	150,460	17,918
After Sales	37,411	32,052	5,359
Other income	1,047	1,028	19
Total	**206,836**	**183,540**	**23,296**

The plant turnover divided by geographical area is reported below:

Revenue by geographical area *Data shown in k€*	Fatturato
Italy	23,810
International	142,075
Total	**165,885**

Increases for internal works refer to the capitalization of development costs.

The item “Other revenues and proceeds” partly includes invoiced costs and R&D funding granted, for about EUR 1 million. Please note that an exceptional gain was recorded as of 31 December 2016, totalling EUR 1,980k, whereas the same item recorded as of 31 December 2017 was approximately EUR 300k.

B) PRODUCTION COSTS

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Production Costs	209,862	177,363	32,499

Details of production costs are reported below:

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Raw and auxiliary materials and merchandise	92,286	78,865	13,421
Services	67,613	61,110	6,503
Use of third-party assets	2,292	1,795	497
Wages and salaries	25,606	20,974	4,632
Social security charges	7,602	6,794	808
Employee severance indemnity	1,455	1,321	134
Other personnel costs	528	698	(170)
Amortisation of intangible assets	4,381	3,062	1,319
Depreciation of tangible assets	2,033	1,673	360
Other write-downs of fixed assets	-	37	(37)
Write-downs of receivables and cash	832	764	68
Change in raw material inventory	768	(2,144)	2,912
Provision for risks	1,255	179	1,076
Other provisions	1,221	-	1,221
Other operating costs	1,989	2,235	(246)
Total	**209,862**	**177,363**	**32,499**

Costs for raw and auxiliary materials, consumables and merchandise and costs for services
The purchases of raw and auxiliary materials and consumables and costs for services are strictly connected to the performance of the value of production. As a consequence, the increase in turnover affects the increase on material and service costs.

Use of third-party assets
The costs for use of third-party assets, posted as EUR 2,292k, mainly refer to car hires, rented machinery and rented premises.

Personnel Costs
This item includes all the personnel costs, including bonuses, promotions, cost of living adjustments, costs for holidays accrued but not taken and provisions required by law and collective employment contracts.

Amortisation of tangible and intangible assets
Amortisations were assessed based on the useful life of the assets and their use in the production process, appropriately adjusted, based on the length of the reference period.
As for amortisations and depreciations of intangible fixed assets, please refer to the relevant paragraph.

Write-downs of receivables in current assets and cash and cash equivalents
This item records the write-down of bad debts for the period.

Provisions for risks
The provisions for risk record EUR 1,255k accounting for potential risks.

Other provisions
Other provisions include the provision for costs of assets under construction referring to orders invoiced in the period or previous years.

Other operating costs
This item includes:

Other operating costs *Data shown in k€*	31/12/2017	31/12/2016	Change
Company canteen	270	259	11
Membership fees	150	119	31
Tax and duties	332	307	25
Refunds and penalties	84	653	(569)
Capital loss and contigent liabilities	733	404	329
Other minor costs	420	493	(73)
Total	**1,989**	**2,235**	**(246)**

C) FINANCIAL INCOME AND EXPENSES

Financial income and expenses are posted to the accounts according to the accrued share in the period. Further details are shown below:

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Other financial income	10	119	(109)
Interest and other financial expenses	(1,124)	(1,320)	196
Exchange gains and losses	369	(383)	752
Financial income and expenses	**(745)**	**(1,584)**	**839**

The significant improvement in this item is due to the positive exchange rate trend in the FY.

Exchange gains and losses

The Exchange gains for EUR 369k refer both to the postings for the period and the conversion of postings into currency as of 31 December 2017. The entry as of 31 December 2016 recorded a EUR 383k loss.

D) VALUE ADJUSTMENTS OF FINANCIAL ASSETS

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Value adjustments on financial assets	41	30	11

The adjustment arises from the equity valuation of the stake held in the associate company *Techn'Agro Sas* until 30 June 2017, as with effect from July 2017 a further 36% share of the company capital was acquired, whereby *Techn'Agro Sas* was included in the integral consolidation scope by adding the latter stake to the one previously held.

TAX FOR THE PERIOD

Tax *Data shown in k€*	31/12/2017	31/12/2016	Change
Income tax	4,146	4,060	86

Taxes were allocated pursuant to the currently applicable tax regulation in the various countries where Group companies are located and with reference to the consolidation entries. Below please find the breakdown of current and deferred taxes:

Description *Data shown in k€*	31/12/2017	31/12/2016	Change
Current tax	(4,354)	(3,805)	(549)
Taxes for previous years	(541)	(10)	(531)
Deferred (prepaid)	749	(245)	994
Total	**(4,146)**	**(4,060)**	**(86)**

OTHER INFORMATION

Pursuant to the law, below please find a list of the total remuneration due to the parent company's Directors and Statutory Auditors, including fees for the performance of the relevant tasks in the other consolidated companies.

Description *Data shown in k€*	31/12/2017
Directors	1,016
Statutory Auditors	70
Independent Auditor	99
Total	**1,185**

No loans or advance payments granted to Directors or Auditors must be reported for the FY.

MAJOR EVENTS AFTER YEAR END

Please be informed that on 27 February 2018 CFT Spa's Board meeting resolved to approve a Business Combination between CFT Spa and Glenalta Spa, whereby CFT spa will be incorporated by merger into Glenalta spa. The shares of the company created through the merger will be AIM-listed on the Italian Stock Exchange, *Borsa Italiana Spa.* The aforesaid operation is subject to the condition precedent of the approval granted to the Business Combination by Glenalta's Board meeting. For further details please refer to the relevant paragraph in the Report on Operations.

Furthermore, in the current month the Shareholders' meeting resolved upon the acquisition of 75% of ADR srl company capital.

CONCLUSIONS

CFT Group's consolidated financial statements herein – consisting of Income Statement, Balance Sheet, Cash Flow Statement and Notes to the Accounts – truthfully records the equity and financial position as well as the result of operations, and is consistent with the data from the parent company's accounts as well as the data reported by the companies included in the consolidation as of 31 December 2017.

The following Appendixes are enclosed with the Consolidated Financial Statements :

- a list of companies included in the integral consolidation method (Appendix "A");
- A list of equity holdings in subsidiaries, associates and other non-consolidated companies (Appendix "B");
- the reconciliation of consolidation parent's net result and equity and the relevant consolidated values arising from the consolidated financial statements (Appendix "C");
- a statement of changes in consolidated equity (Appendix "D");
- breakdown of prepaid and deferred taxes (Appendix "E").

Issued in Parma on 20 April 2018

The Chairman of the Board of Directors
Roberto Catelli

APPENDIX A – LIST OF COMPANIES INCLUDED IN INTEGRAL CONSOLIDATION METHOD

Subsidiary *Data shown in k€*	**Registered office**	**Company capital**	**Shareholders' Equity Share**	**Profit (Loss)**	**% held**	**Equity share**
RAL Immobiliare Srl	Italia	10	1,292	(85)	100	1,292
Raytec Vision SpA	Italia	1,000	8,424	3,657	75	6,318
GEV Ejendomme A.p.s. *	Danimarca	731	511	(37)	100	511
CFT Ukraine L.L.C.	Ucraina	3,392	1,306	(9)	100	1,306
Catelli Food Tecnology Limited (CFT India)	India	51	4	(9)	100	4
CFT Food Equipment Co. L.t.d. (CFT Tianjin)	Cina	995	(586)	(481)	100	(586)
CFT Brasile	Brasile	71	38	(41)	100	38
CFT Packaging USA Inc	Usa	101	1,163	63	100	1,163
Labs Srl	Italia	188	114	67	100	114
Rolec Prozess GMBH	Germania	50	3,345	2,345	60	2,007
Levati Food Tech Srl**	Italia	222	684	209	75	513
Techn'Agro Sas ***	Francia	350	985	124	70	689

* 99.9% held by CFT Spa and 0.1% da GEV Ejendomme Aps

**Being acquired in June 2017, it therefore falls within the scope of consolidation. The company has changed the company name from LA-Machinery srl into Levati Food Tech srl since June 2017

***A 36% share was acquired in July 2017. By adding it to the previously held 34% share the company falls within the scope of consolidation

APPENDIX B – LIST OF EQUITY HOLDINGS IN SUBSIDIARIES, ASSOCIATES AND OTHER NON-CONSOLIDATED COMPANIES

Company *Data shown in k€*	Type of shareholding	Share value
CFT Elettrica srl*	Subsidiary	50
Raynext spa*	Subsidiary	25
PE Labellers & CFT Asia Pacific Sdn Bhd***	Associate	37
Gemini Srl**	Associate	25
Emiliana Conserve	Other companies	487
Xnext Spa	Other companies	56
Parma partecipazioni calcistiche	Other companies	10
Immobiliare Caprazucca Spa	Other companies	-
So. Ge. A.P. Spa	Other companies	9
Iren Spa	Other companies	15
Omani Eurofood	Other companies	1
Banca di Parma	Other companies	79
Banco Popolare	Other companies	1
Caaf Industria E.R.	Other companies	1
Unionfidi	Other companies	-
Total		**796**

* Start-up company not included in the scope of consolidation

** Start-up company not valued according to the equity method

*** Share held since late 2017. Therefore, the relevant valuation was not considered significant under the equity method

APPENDIX C – RECONCILIATION OF CONSOLIDATION PARENT'S NET RESULT AND EQUITY AND CONSOLIDATED VALUES

Description ***Data shown in k€***	**Shareholder's 31.12.2017**	**Net result 31.12.2017**
Equity and net result as posted in the parent company's financial statements for the year	**15,343**	**4,652**
Disposal of surplus value from 2012 merger	(2,538)	158
Manzini and Comaco Consolidation surplus value	3,960	(155)
Impact of leasing by financial accounting method	484	357
Valuation of associates by equity method	0	(61)
Impact of other adjustments	(8)	61
Group Equity and net result as of 31.12.2017	**17,241**	**5,012**
Equity and net result attributable to minority interest	3,860	2,054
Consolidated corporate assets and net result 31.12.2017	**21,101**	**7,066**

APPENDIX D – CHANGES IN SHAREHOLDERS' EQUITY

Description *Data shown in k€*	Capital	Share premium reserve	Revaluation reserve	Legal reserve	Other reserves	Earnings (losses) carried forward	Group Earnings (losses)	Group Equity	Third-party equity	Total equity
Balance as of 01.01.2016	**7,500**	**-**	**1,109**	**8**	**6,404**	**(5,531)**	**4,006**	**13,496**	**655**	**14,151**
- Allocation of previous year's profit				143	2,737	1,126	(4,006)	-		-
- Other changes –capital reduction	(208)				(407)			(615)		(615)
- Other changes – capital increase	208				(216)			(8)		(8)
- Other changes - Change in consolidation scope								-	1,796	1,796
- Profit (loss) for the FY							5,248	5,248	904	6,152
Balance as of 31.12.2016	**7,500**	**-**	**1,109**	**151**	**8,518**	**(4,405)**	**5,248**	**18,121**	**3,355**	**21,476**
- Allocation of previous year's profit				237	4,479	532	(5,248)	-		-
- Other changes – Resolved/paid dividends					(2,500)			(2,500)	(2,340)	(4,840)
- Other changes - Translation reserve					(337)			(337)		(337)
- Other changes - Change in consolidation scope					(294)			(294)	791	497
- Others - real estate leasing break-down					(1,010)	(1,751)		(2,761)		(2,761)
- Profit (loss) for the FY							5,012	5,012	2,054	7,066
Balance as of 31.12.2017	**7,500**	**-**	**1,109**	**388**	**8,856**	**(5,624)**	**5,012**	**17,241**	**3,860**	**21,101**

APPENDIX E – TAXES: TEMPORARY DIFFERENCES

Description	TAXABLE		TAX		
Data shown in k€	31.12.2016	31.12.2017	31.12.2016	31.12.2017	
Bad debt provision	3,617	2,756	868	662	
Provision for risk guarantees	652	652	182	182	
Adjustment of foreign currency	27	148	7	36	
Amortisation of deferred tax	2,501	2,380	692	658	
Provision for inventory write-down	3,926	4,348	1,095	1,213	
Provision for various claims	924	1,451	247	394	
Provision for legal disputes	30	30	8	8	
Cost of plant to be completed	3,955	5,165	949	1,240	
Advance capital gain	1,119	932	88	73	
Capital gain on acquisitions	204	204	53	53	
Non-PEX share write-downs	11	11	3	3	
Profit on inventories	-	781	-	220	
TOTAL PREPAID TAXES	**16,967**	**18,859**	**4,192**	**4,741**	**(549)**
	-	-	-	-	
Impact of leasing	1,452	1,319	(405)	(368)	
Capital gain on acquisition assets	8,380	8,088	(2,115)	(1,735)	
TOTAL DEFERRED TAXES	**9,832**	**9,407**	**(2,520)**	**(2,103)**	**(417)**
Breakdown of real estate leasing*					217
			IMPACT ON INCOME STATEMENT		**(749)**

*Deferred taxes posted to equity

INDEPENDENT AUDITOR'S REPORT

RELAZIONE DELLA SOCIETÀ DI REVISIONE
INDIPENDENTE AI SENSI DELL'ARTICOLO 14
DEL DLGS 27 GENNAIO 2010, N° 39

CFT SPA

BILANCIO CONSOLIDATO AL 31 DICEMBRE 2017 pwc

Relazione della società di revisione indipendente

ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39

Agli Azionisti di
CFT SpA

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato di CFT SpA (di seguito anche la "Società") e sue società controllate (di seguito anche il "Gruppo CFT"), costituito dallo stato patrimoniale al 31 dicembre 2017, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo CFT al 31 dicembre 2017, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio consolidato* della presente relazione. Siamo indipendenti rispetto a CFT SpA in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori di CFT SpA sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

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Gli amministratori di CFT SpA sono responsabili per la valutazione della capacità del Gruppo CFT di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo CFT SpA o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo CFT.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo CFT;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;

- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo CFT di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo CFT cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;
- abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo CFT per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo CFT. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'articolo 14, comma 2, lettera e), del DLgs 39/10

Gli amministratori di CFT SpA sono responsabili per la predisposizione della relazione sulla gestione del Gruppo CFT al 31 dicembre 2017, incluse la sua coerenza con il relativo bilancio consolidato e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio consolidato del Gruppo CFT al 31 dicembre 2017 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio consolidato del Gruppo CFT al 31 dicembre 2017 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e), del DLgs 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Parma, 27 aprile 2018

PricewaterhouseCoopers SpA

Nicola Madureri
(Revisore legale)