

2016 ANNUAL FINANCIAL REPORT



COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS

THE ITALIAN TEXT SHALL PREVAIL OVER THE ENGLISH VERSION.

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Summary data

Thousands of Euro	31.12.2016	31.12.2015	Change
Net Sales	684.970	617.404	67.566
Gross Profit	72.653	64.005	8.648
Adjusted Ebitda	35.488	28.165	7.323
Net Profit from continuing operations	17.468	13.403	4.065
Net Profit of "Discontinued Operations"	844	196	648
Net Profit	18.312	13.599	4.713
Net Invested Capital	166.164	193.753	(27.589)
Capital and reserves attributable to Parent Company	67.973	45.734	22.239
Non-Controlling Interest	741	1.082	(341)
Total Shareholders' Equity	68.714	46.816	21.898
Net Financial Position	97.450	146.937	(49.487)
Net Financial Position/Total Shareholders' Equity	1,42	3,14	(1,72)
Net Financial Position/Adjusted Ebitda	2,75	5,22	6,76

Introduction

On 13 February 2017, the statutory effectiveness for the merger by incorporation (the "**Merger**") of GF Group S.p.A. ("**GF Group**" or the "**Company**") in Glenalta Food S.p.A. ("Glenalta") became effective, with consequent assumption by the acquiring company of the name Orsero S.p.A. ("**Orsero**") and cancellation of GF Group. As a result of the Merger, Orsero became the Parent Company of the group of the same name (the "**Orsero Group**").

For accounting purposes, transactions carried out by the incorporated company GF Group are recognized in the financial statements of the acquiring company Glenalta as of 1 January 2017, and from the same date, the fiscal effects of the Merger are also applied.

Below is the main information about GF Group as at 31 December 2016, closing date of the last financial statements for the same.

Corporate Bodies of GF Group (now merged by incorporation into Orsero S.p.A.) as at 31 December 2016

As at 31 December 2016, GF Group had adopted the "traditional system" of management and control.

Board of Directors:

Raffaella Orsero	Chairwoman
Paolo Prudenziati	Chief Executive Officer
Paolo Macchi	Director
Alberto Murialdo	Director
Armando Rodolfo de Sanna	Director

Board of Auditors:

Nicolo' Rovella	Chairman
Giovanni Campanini	Statutory Auditor
Paolo Rovella	Statutory Auditor
Dario Galbarini	Alternate Auditor
Giuseppe Posenato	Alternate Auditor

Independent Auditors:

Deloitte & Touche S.p.A.

Registered Office and Corporate Information:

GF Group S.p.A.
Via G. Fantoli 6/15, Milan
Share Capital Euro 13,000,000.00 Fully paid-in
Tax ID and VAT: 05963800965

Orsero S.p.A. Corporate Bodies (Acquiring Company of the Merger, formerly Glenalta Food S.p.A.)

Orsero S.p.A., Parent Company of the Orsero Group, adopted the "traditional system" of management and control.

Board of Directors¹:

Paolo Prudenziati	Chairman and CEO
Raffaella Orsero	Deputy Chairwoman and CEO
Matteo Colombini	CEO
Vera Tagliaferri ²	Director
Armando Rodolfo de Sanna ²	Director
Gino Lugli	Director
Luca Fabio Giacometti	Director

Board of Auditors³:

Michele Paolillo	Chairman
Guido Riccardi	Statutory Auditor
Paolo Rovella	Statutory Auditor
Elisabetta Barisone	Alternate Auditor
Giovanni Tedeschi	Alternate Auditor

Independent Auditors:

KPMG S.p.A.

Registered Office and Corporate Information:

Orsero S.p.A.

Via G. Fantoli 6/15, Milan

Share Capital Euro: 64,500,218.30

Tax ID and VAT: 09160710969

⁽¹⁾ The Board of Directors, consisting of seven members, was appointed by the Shareholders' Meeting on 30 November 2016 (then Glenalta Food S.p.A.) and will remain in office until the date of approval of the financial statements as at 31 December 2019. This appointment was subject to the effectiveness with respect to third parties of the Merger, which took place on 13 February 2017, and took effect on the same date. It should be noted that Mr. Gino Lugli and Mr. Luca Fabio Giacometti were appointed upon designation of the promoting shareholders of Glenalta, while the other members of the Board were appointed upon designation of FIF Holding S.p.A.

⁽²⁾ Directors in possession of the independence requirements in accordance with the current By-laws of Orsero S.p.A.

⁽³⁾ The Board of Statutory Auditors, consisting of 3 statutory auditors and two alternate auditors, was appointed by the Shareholders' Meeting on 30 November 2016 (then Glenalta Food S.p.A.). It should be noted that Mr. Paolillo, Mr. Rovella and Ms. Barisone were appointed upon designation by FIF Holding S.p.A., while Mr. Riccardi and Mr. Tedeschi upon designation of the promoting shareholders of Glenalta.

Introduction

Shareholders,

We submit for your examination and approval the separate financial statements as at 31 December 2016 of GF Group, a company that, as you well know, merged by incorporation into Glenalta with effect from 13 February 2017, from which Glenalta was renamed as "Orsero S.p.A." and became the Parent Company of the Orsero Group. For best disclosure, we present the consolidated financial statements of the GF Group as approved by the Board of Directors.

It is also recalled that, for accounting purposes, transactions carried out by the merged company GF Group are recognized in the financial statements of the acquiring company Glenalta as of 1 January 2017, and from the same date, the fiscal effects of the Merger are also applied.

Below we reported the key steps in the transaction that brought to the merger between the two companies ("**Relevant Transaction**").

Before the merger, Glenalta was a Special Purpose Acquisition Company (SPAC) listed on the Multilateral Trading Facilities AIM Italia /Mercato Alternativo del Capitale managed by Borsa Italiana S.p.A and having as its purpose the "search and selection of potential acquisitions of investments in other companies and other forms of potential business combination of the company itself with other companies". The share capital of Glenalta was spread among the public, consistent with the nature of public company of SPAC, with the consequence that no shareholder (either alone or jointly with others) was able to exercise control or a significant influence on the same. Glenalta had obtained a significant amount of liquidity on the market to be allocated to the realization of the business combination of its own corporate purpose.

GF Group was the holding company of the group of the same name (the "**GF Group**"), operating mainly in the areas of production, import and distribution of fresh fruit and vegetables. Its share capital was entirely held by FIF Holding S.p.A. ("**FIF Holding**").

In the year 2015, GF Group S.p.A. and some of its subsidiaries had proceeded with debt restructuring with the banking sector. In particular, GF Group had entered into

a debt restructuring agreement under art. 182-bis Legge Fallimentare (also L.F.), while the subsidiaries GF Distribuzione S.r.l., GF Produzione S.r.l., Fruttital S.r.l. and Simba S.p.A. had each entered into a settlement agreement within the meaning of art. 67, paragraph 3, letter (d) L.F..

On 26 October 2016, in view of the Relevant Transaction with Glenalta and as a prerequisite for its realization, GF Group and the subsidiaries GF Distribuzione S.r.l., Fruttital S.r.l. and Simba S.p.A. have, inter alia, resolved, in accordance with the respective credit banks, the respective agreements under art. 182-bis and art. 67 L.F. stipulated in the year 2015 and signed, with the same banks, reformulation agreements of the respective debts.

As for GF Produzione S.r.l., it is noted that, as a result of the purchase by Argentina S.r.l. (a company whose capital is wholly owned by FIF Holding shareholders) of the investment held by GF Produzione S.r.l. in Moño Azul S.A. ("**Moño Azul**"), Argentina S.r.l. was incorporated into the agreement under art. 67 L.F. signed in the year 2015 by GF Produzione S.r.l., with full release of the latter from all related obligations and/or commitments; as part of this transaction, GF Group issued, as described in the Glenalta Information Document prepared for the purpose of the Relevant Transaction and as further described below, a first-demand guarantee, up to a maximum of Euro 8 million, in favour of Intesa Sanpaolo S.p.A. (the guarantee was then confirmed by Orsero).

As part of the exit process from the restructuring agreements of the GF Group companies, it committed to buy from the banks, at the date of stipulation of the Merger Deed and with effects subordinated to its effectiveness, the financial instruments already issued in the year 2015 by GF Group and those still to be issued under art. 182-bis L.F., for a fixed total amount of Euro 25 million.

On 28 October 2016, the GF Group undertook the process of deconsolidation from its perimeter of activities not part of the core business. To this end, contracts were signed for the sale of the investments held in the companies Moño Azul S.A. and GF Aviation S.r.l., the effectiveness of which was subordinated to the merger effectiveness, which occurred on 13 February 2017. In view of the approval of the Relevant Transaction by the Shareholders' Meeting of Glenalta on 30 November 2016 and the failure to comply with the statutory resolution condition to which such

approval resolution was subject (1), the accounting effects of these sales were considered in accordance with the IAS-IFRS on the basis of which these financial statements have been prepared, as already was the case in preparing the separate and consolidated financial statements of GF Group as at 31 December 2016.

On 28 October 2016, Glenalta, GF Group and FIF Holding signed a framework agreement (the "**Master Agreement**") to regulate the terms and conditions of the Merger.

On the same date, the Board of Directors of GF Group and Glenalta approved the merger plan, filed and registered on the same date in the Milan Chamber of Commerce.

Respectively on 28 November and 30 November 2016, the Shareholders' Meetings of GF Group and Glenalta approved the Merger (which constituted a reverse takeover in accordance with art. 14 of the AIM Italia Issuers' Regulation). Subsequently, Glenalta ascertained non-fulfilment of the Glenalta Statutory Resolution Condition, as from the same disclosure to the market on 28 December 2016. On 10 January 2017, Glenalta also communicated that the exact number of Glenalta ordinary shares for which the right to withdrawal was exercised was 817,005, equal to 10.21% of the ordinary shares of the company and the capital represented by ordinary shares. Finally, on 1 February 2017, Glenalta then announced that, in the context of the offer in option of 817,005 ordinary shares for which the right of withdrawal had been exercised, ending on 27 January 2017, as a result of the exercise of the option rights and associated pre-emption rights, 228,618 shares of the offer were allocated.

On 31 January 2017, the term under art. 2503 Civil Code for the opposition to the merger expired, and the above-mentioned opposition was not exercised by any creditor.

On 6 February 2017, GF Group issued the second tranche of equity financial instruments provided for in art. 182-bis Finance Law, which were simultaneously subscribed by the lending banks and sold by the latter, jointly with those subscribed

⁽¹⁾ According to the By-laws of Glenalta in force at the date of said Shareholders' Meeting, the resolution of the same approving the modification of the corporate purpose in relation to the finalization of the Relevant Transaction was resolutely conditioned upon the acceptance of both of the following conditions: 1) (a) the exercise of the right of withdrawal by a number of shareholders representing at least 30% of the share capital if they have not consented to said change in the corporate purpose required to implement the Relevant Transaction and (b) the completion of the liquidation of such withdrawing shareholders pursuant to art. 2437-*quater* of the Civil Code through the repayment or cancellation of a number of shares equal to or greater than 30% of the share capital (the "**Glenalta Statutory Resolution Condition**").

in the year 2015, to Glenalta. All the transactions in question were conditional upon the Merger effectiveness within seven days of the stipulation of the related merger deed, on the same date.

The Merger was implemented: (i) with Glenalta share capital increase for nominal amount of Euro 55,000,000.00 with issue for the exchange of new 5,590,000 ordinary shares with no nominal value expressed; (ii) with annulment of all shares representing the entire share capital of GF; (iii) with annulment without exchange of the equity financial instruments.

The new ordinary shares of Glenalta were given to FIF Holding according to the exchange ratio of 43 ordinary shares of Glenalta each 50 ordinary shares of GF Group.

As a result of the effectiveness of the Merger, on 13 February 2017, Glenalta changed its corporate name to Orsero; on the same date, Orsero adopted new by-laws, including, among other things, as corporate purpose, the corporate purpose of GF Group.

On 13 February 2017, the share capital of Orsero was a nominal Euro 64,500,000, divided into 13,590,000 ordinary shares and 150,000 special shares, all without indication of the nominal value. At that date, the FIF Holding shareholder held 41.13% of the share capital (shares with voting right held equal to 5,590,000). At the date of effectiveness of the Merger, Orsero held 643,387 ordinary treasury shares. As a result of the Merger instead, there were 7,693,997 "Warrant Orsero S.p.A." warrants.

From 13 February 2017, the Orsero ordinary shares and the "Warrant Orsero S.p.A." warrants are traded on AIM Italia.

Upon the Merger, FIF Holding held 41.13% of the share capital of Orsero S.p.A., according to which FIF Holding stated, upon communication of the relevant investment held, to exercise "de facto control" (i.e. "*control through an investment that allows exercising dominant influence in the ordinary Shareholders' Meeting*") on Orsero. On the basis of publicly available information, the remaining part of the share capital of Orsero is spread among the public; with the exception of FIF Holding, therefore, there are no shareholders that currently hold a significant investment in the company (i.e. more than 5% of the share capital).

It should also be noted that, from the accounting point of view, given the Merger's characteristics, it cannot be considered that the Merger has caused a change in control of Orsero, nor do the conditions apply to consider the mentioned transaction

as an "acquisition". As a consequence the valuation principles and criteria established by IFRS 3 for business combinations do not apply.

Finally, we highlight that, because of Orsero's required preparation and approval of the consolidated GF Group's financial statements, and because of the extraordinary transactions carried out during the year (and, in particular, the Relevant Transaction), which resulted in the reorganization and review of the organizational and accounting structure of GF Group and of the whole GF Group, thus impacting the preparation of the financial statements, Orsero made use of the option provided for in art. 2364 of the Civil Code to convene the Ordinary Shareholders' Meeting to approve the financial statements of GF Group as at 31 December 2016 within 180 days from the end of the financial year.

Below is a table that includes alongside 2016 data pro-forma data that incorporate the effects of the merger as described above:

Thousands of Euro	31.12.2016 Pro-forma	31.12.2016	31.12.2015
Net Sales	684.970	684.970	617.404
Gross Profit	72.653	72.653	64.005
Adjusted Ebitda	35.210	35.488	28.165
Net Profit from continuing operations	18.250	17.468	13.403
Net Profit of "Discontinued Operations"	-	844	196
Net Profit	18.250	18.312	13.599
Net Invested Capital	165.564	166.164	193.753
Capital and reserves attributable to Parent Company	115.756	67.973	45.734
Non-Controlling Interest	741	741	1.082
Total Shareholders' Equity	116.497	68.714	46.816
Net Financial Position	49.067	97.450	146.937
Net Financial Position/Total Shareholders' Equity	0,42	1,42	3,14
Net Financial Position/Adjusted Ebitda	1,39	2,75	5,22

Analysis of the economic and financial situation of the GF Group

The separate and the consolidated financial statements of GF Group related to the group with the same name ("**GF Group**") as at 31 December 2016, submitted for your examination and approval have been prepared for the first time in accordance with International Financial Reporting Standards (IFRS) and, therefore, to provide the necessary comparability, the fiscal data for the year 2015 have also been adapted.

This report has been prepared in accordance with art. 2428 of the Civil Code; it provides the most significant information of the economic, equity, financial situation and operations of the GF Group (now Orsero Group), as a whole and in the various segments in which it operates.

For the purpose of preparing the separate and consolidated financial statements, the option was exercised as granted by current legislation on financial statements, in presenting a single report on operations that accompanies both the separate and consolidated financial statements of the Parent Company ("**GF Group**"), giving more prominence, unless otherwise indicated, to the phenomena at Group level.

The consolidated financial statements show a net profit of Euro 18,312 thousand (in 2015: Euro 13,599 thousand), after depreciation, amortization and provisions for Euro 11,294 thousand (in 2015: Euro 12,935 thousand). The financial statements of GF Group show a loss of Euro 1,229 thousand (in 2015: net profit of Euro 2,141 thousand) after depreciation, amortization and provisions for Euro 126 thousand (in 2015: Euro 125 thousand) and non-recurring expenses from "Discontinued Operations" of Euro 6,754 thousand (in 2015: Euro 1,145 thousand).

Below is a breakdown of the main income statement items, almost all identifiable in the statement of financial position with the exception of the "Adjusted EBITDA", which is the main performance indicator used by the Group, as further explained and identified below. The Adjusted EBITDA is determined as the operating result (EBIT) less depreciation, amortization, provisions and non-recurring costs/income. The parameter thus determined does not consider net financial expenses, taxes, pro-rata gain/loss arising from the application of the equity method for associated companies and joint ventures.

Thousands of Euro	31.12.2016	31.12.2015	Change
Net Sales	684.970	617.404	67.566
Gross Profit	72.653	64.005	8.648
Adjusted Ebitda	35.488	28.165	7.323
Operating Result (Ebit)	16.731	12.058	4.673
Net financial expenses	(2.144)	(6.059)	3.915
Net income (loss) from equity investments	(75)	(177)	102
Share of Profit of JV** and Associated company*	4.987	1.524	3.463
Profit before tax	19.499	7.345	12.154
Net Profit from continuing operations	17.468	13.403	4.065
Net Profit of "Discontinued Operations"	844	196	648
Net Profit	18.312	13.599	4.713

*Included in the "Result from investments"

** JV= Joint venture

For the Group, the year 2016 has been very positive, particularly as regards the operations of the "Import & Shipping" segment, which has benefited from a regular trend in the banana-pineapple market and the excellent performance of maritime transport activities thanks to the extraordinary nature of the load factor and fuel price. In general, the best performances achieved, in addition to the above, derive from the strategy of focusing on the core business, from the recovery of financial soundness that places the GF Group in the best conditions to work with suppliers and customers.

The performance and trend of the Group are monitored and evaluated based on two main indicators: Net sales and Adjusted EBITDA. In particular, Adjusted EBITDA, although not defined by international accounting standards, is the indicator that highlights the Group's real economic performance, from which to discern the best "proxies" related to the cash generation of operating activities. For an in-depth analysis of how this indicator can be determined, reference is made in the section "Segment Net sales and reporting" of the Notes.

The Group's 2016 turnover shows, in particular, the growth in sales of distribution companies, which averaged a 10.9% increase over the previous year, due to the favourable economic context and the improved positioning of the Group as a result of the restructuring actions completed. In particular, there was a noticeable growth from operations in France, Portugal and Mexico outdoing segment average. By comparison, the turnover performance of the two other segment "Import & Shipping" and "Services" was stable.

Thousands of Euro	31.12.2016	31.12.2015	Change
"Distribution" Segment	555.707	490.079	65.628
"Import & Shipping" Segment	233.765	227.443	6.322
"Service" Segment	13.465	14.277	(812)
Net Sales Inter-segment	(117.967)	(114.395)	(3.572)
Net Sales	684.970	617.404	67.566

The 2016 result of the Group in terms of Adjusted EBITDA shows better performance compared to the figure achieved in the previous year due to the higher 2016 profitability of "Import & Shipping" and the effects of cost reduction and growth in the volumes of the "Distribution" segment.

Thousands of Euro	31.12.2016	31.12.2015	Change
"Distribution" Segment	15.745	11.073	4.672
"Import & Shipping" Segment	24.875	21.507	3.368
"Service" Segment	(5.132)	(4.415)	(717)
Adjusted Ebitda	35.488	28.165	7.323

With regards to the statement of financial position, in order to provide an adequate summary to represent the Group's new reality, below is presented the main data used and periodically reviewed by management for the purpose of making decisions regarding the allocation of resources and evaluation of results.

Thousands of Euro	31.12.2016	31.12.2015	Change
<i>Fixed Assets</i>	143.103	177.229	(34.126)
<i>Net Working Capital</i>	28.801	22.586	6.215
<i>Other current assets/(liabilities)</i>	(5.740)	(6.062)	322
<i>Net Invested Capital</i>	166.164	193.753	(27.589)
<i>Total Shareholders' Equity</i>	68.714	46.816	21.898
<i>Net Financial Position</i>	97.450	146.937	(49.487)

The decrease in long-term assets is essentially due to the disposals of Argentina-based operating activities (Moño Azul S.A.) and Business Aviation (K-Air S.r.l., K-Fleet S.r.l., GF Aviation S.r.l.), amounting to Euro 37,808 thousand and period depreciation and amortization, partly offset by investments made in 2016 and the higher value of financial fixed assets, increased due to the positive pro-rata results recorded by associated companies and joint ventures consolidated using the equity method.

Instead, the net working capital shows a growth of Euro 6,215 thousand which, due to the non-material impact of discontinued companies, is essentially related to the operating component (i.e. inventory, receivables and payables) organic to the growth in turnover compared to the previous year, and to the more regular payment of suppliers achieved in 2016.

As for the Net Financial Position, there was a clear decrease compared to the previous year figures, both as regards the disposals recalled several times by Moño Azul S.A. and Business Aviation and the positive cash flow from operations in 2016, from Euro 146,937 thousand of the 2015 financial statements to the current Euro 97,450 thousand of the 2016 situation. It should also be noted that the Net Financial Position, as well as Equity, do not yet consider the positive effects of the aforementioned "Relevant Transaction".

The summary presentation of the aforementioned financial statements and the main indicators of the underlying table show the substantial improvement in the Group's equity and financial structure, achieved with the implementation of the strategic guidelines set out in the Plan.

Financial Highlights	31.12.2016	31.12.2015	Change
<i>Net Financial Position/Total Shareholders' Equity</i>	1,42	3,14	(1,72)
<i>Net Financial Position/Adjusted Ebitda</i>	2,75	5,22	(2,47)

It is recalled that, as regards the Net Financial Position calculation, this is defined as the sum of:

- cash and cash equivalents and financial investments;
- financial payables to banks and other lenders;

related to both current and non-current part of the financial statements.

Significant events during the year and comments on GF Group Performance (now merged by incorporation into Orsero)

Orsero has prepared the separate financial statements for the year 2016 of GF Group and the consolidated financial statements of the GF Group, using for the first time IAS/IFRS International Accounting Standards and, therefore, for comparability, also the figures of the 2015 financial statements.

The separate financial statements of GF Group show a loss of Euro 1,229 thousand (in 2015: a net profit of Euro 2,141 thousand), after depreciation, amortization and provisions for Euro 126 thousand (in 2015: Euro 125 thousand).

The following are details of the main income statement items:

Thousands of Euro	31.12.2016	31.12.2015	Change
Net Sales	4.044	4.013	31
Adjusted Ebitda	(5.638)	(4.959)	(679)
Dividends	9.298	4.263	5.035
Non recurring income/(expenses)	(1.153)	(1.374)	221
Profit before tax	3.160	(4.512)	7.672
Net Profit from continuing operations	5.525	996	4.529
Net Profit of "Discontinued Operations"	(6.754)	1.145	(7.899)
Net Profit	(1.229)	2.141	(3.370)

The results of GF Group in the two-year period 2015-2016 were largely determined by the non-recurring components related both to the restructuring operations as well as to the disposals envisaged under the Relevant Transaction, while the result of ordinary operations, net of the dividends received, reflected the increase of advertising costs associated with brand promotion and the increase in labour costs resulting from the strengthening of the management structure of GF Group.

We note the negative economic impact from the sale of Business Aviation on 28 October 2016 prior to the "Relevant Transaction", which resulted in the recognition under "Discontinued Operations" of Euro 6,754 thousand, compared to Euro 1,145 thousand of the "Discontinued Operations" of 2015 resulting from the gain on the sale of real estate assets net of the recapitalization for coverage of losses of K-Air S.r.l.

It should therefore be stated that the loss as at 31 December 2016 equal to Euro 1,229 thousand, amounts to a non-recurring loss of Euro 6,754 thousand related to the "Discontinued Operations", prior to the Relevant Transaction described.

With regards to the statement of financial position, below is presented the main data used and reviewed periodically by management for the purpose of making decisions regarding resources to be allocated and evaluation of results.

Thousands of Euro	31.12.2016	31.12.2015	Change
<i>Fixed Assets</i>	167.730	173.586	(5.856)
<i>Net Working Capital</i>	7.674	6.849	825
<i>Other current assets/(liabilities)</i>	(3.728)	(3.625)	(103)
<i>Net Invested Capital</i>	171.675	176.809	(5.134)
<i>Total Shareholders' Equity</i>	93.132	94.461	(1.329)
<i>Net Financial Position</i>	78.544	82.348	(3.804)

The decrease in long-term assets essentially reflects the impairment of equity investments in 2016, while depreciation and amortization of the period for tangible and intangible assets are in line with the previous year.

It should be noted that in 2016, a single acquisition of Euro 150 thousand was made, which allowed obtaining the entire investment of the associate GFB S.r.l.; on the other hand, write-downs for a total of Euro 31,269 thousand were made, which were almost entirely attributable to the investment in GF Produzione S.r.l. and the disposal of the investment Moño Azul S.A., carried out by the same GF Produzione S.r.l., with a loss. The effect of the write-downs is largely offset by the revaluation of Euro 33,219 thousand essentially deriving from GF Distribuzione S.r.l. and GF Porterm S.r.l. through the recovery of write-downs made in previous years.

Lastly, the decrease is also due to the impairment of the investment in Cosiarma S.p.A. due to the reimbursement made by the latter for a total of Euro 6,744 thousand.

Net working capital is, instead, substantially in line with the previous year.

As for the Net Financial Position, there was a decrease with respect to the previous year related, as regards gross indebtedness, to the reimbursements made in the year (settlement of position with regard to lending banks former Reefer Terminal Sete S.a.s. (RTS) for Euro 2,841 thousand, capital repayments to Veneto Banca and Banca Popolare dell'Emilia Romagna (BPER) for a total of Euro 912 thousand) in addition to the change in the short-term position due to the cash pooling with Italian subsidiaries.

The indicators in the table below show the quality of the Parent Company's current financial statements, which can be summarized in the Debt/Equity ratio less than the unit.

The change in the ratio between current assets and current liabilities (both including financial items) is offset by the plan for repayment to banks in 2017 of the instalment of Euro 29 million as part of the finalization of the Relevant Transaction.

Financial Highlights	31.12.2016	31.12.2015	Change
<i>Net Financial Position/Total Shareholders' Equity</i>	0,84	0,87	(0,03)
Current assets/ Current liabilities	0,92	1,25	(0,33)

It is recalled that, as regards the Net Financial Position calculation, this is defined as the sum of:

- cash and cash equivalents and financial investments;
- financial payables to banks and other lenders;

included in both current and non-current part of the financial statements.

Risk profiles of the business, control systems, environment

The Orsero Group's business is focused on the import and distribution of fruit and vegetables, alongside the activities in the segment of transport and services over time.

The restructuring plan concluded by the GF Group provided for the focus on the core business of import and distribution of fruit and vegetables, together with its highly integrated maritime transport management, with gradual downsizing and/or exit from other segments, to a large extent already realized in 2015 with the disposals of assets in port and real estate segments. With the Relevant Transaction carried out with Glenalta, the relaunch of the Orsero Group has been definitively achieved.

Risks associated with the external market

Risks associated with the macroeconomic performance

The economic results and the financial position of the Orsero Group are influenced by various factors that reflect the macroeconomic trend, including consumption trends, labour costs, the trend in interest rates and currency markets. The crisis that began in the second half of 2007 that affected the financial markets and the consequent worsening of the macroeconomic conditions that have led to a decline in world consumption and industrial production have had the effect of restricting credit access conditions in recent years, a reduction in the level of liquidity in financial markets and extreme volatility in stock and bond markets. The financial market crisis led, together with other factors, to a scenario of economic difficulty.

Despite a slight recovery over the two-year period 2014-2015, there is risk that political-economic events, including at national level the political uncertainty of the government and internationally, the election of the President of the United States and the UK's exit from the European Union, have a negative impact on market volatility and, consequently, on recovery prospects, aggravating as a result the economic crisis resulting in adverse impacts on the Orsero Group's economic, financial and equity position.

Although the core business of the Orsero Group is the sale of fresh fruit and vegetables, a sector tied to primary consumption and as such substantially stable

and not sensitive to changes in the macroeconomic context, the international situation described is carefully monitored to be ready to possibly adapt its business strategies and confirm growth expectations.

Socio-political risks, also associated with the presence of the Orsero Group in emerging countries

The Orsero Group operates on a global basis and, in particular, between Central America, South America and the Mediterranean. The Orsero Group's activities are therefore partly linked to non-European countries, both from the point of view of relations with the suppliers of some of the products it sells and the local presence of controlled and/or associated operating companies. The activity of these companies is represented by ancillary services for the purchase and transport of fruit, with dimensional levels in terms of people and limited invested capital. On the other hand, investment in partnerships with a leading local operator, in the production of bananas in Costa Rica is of crucial importance. In order to mitigate these risks, the Orsero Group's strategy is mainly directed towards politically stable countries, with fairly limited exposure to them, and it also carefully evaluates all growth opportunities, including through agreements and alliances.

Risks associated with the high degree of competitiveness in the segments in which the Orsero Group operates

With reference to the distribution segment in which the Orsero Group operates, it is noted that the intrinsic shelf life of the products, the wide range of fruit and vegetables placed on the market and the need for their rapid marketing contribute to making the fruit and vegetable market a "perfect" market, where daily demand and supply set the related prices, determining a situation of sustained competitiveness and decreasing the margins of operators. This circumstance, along with the complexity of the logistics chain and the need for an important plant facility, mean that the sector is characterized by the presence of a few large operators active on a national scale, alongside a multitude of small to medium sized local companies. In this context, the Orsero Group's strategy is aimed at size and territorial growth, to be achieved by means of growth through internal lines, i.e. through acquisitions/business combination with other operators in the sector.

Risks associated with the regulatory framework of reference

The Orsero Group is subject, in the various legislations in which it operates, to the provisions of law and technical standards applicable to the products sold. The issuance of new regulations or amendments to existing regulations could impose on Orsero Group the adoption of stricter standards, which could entail the costs of adjusting the procedures for carrying out the various activities or even temporarily limiting the operation of the Orsero Group with possible repercussions on the economic, financial and equity situation.

The Orsero Group, through dedicated offices, continues all the activities required to ensure compliance with the various regulations in which it operates and optimize its operations.

Strategic and operational risks

Operational risk

Operational risk is the risk of losses due to errors, breaches, interruptions, damage caused by internal processes, personnel, systems or caused by external events. The Orsero Group's activities are characterized by the need to ensure the optimal preservation of fruit throughout the source path to the final market and the regularity of supply. For this purpose, the Orsero Group uses its own fleet, represented by four reefer ships that transport bananas and pineapples from Central America to the Mediterranean weekly and the warehouses where bananas are ripened and the fruit is stored, and is able to maintain control over the cold chain for the entire time.

Risk associated with the trend in prices of raw materials, any difficulties in procurement and relations with suppliers

The Orsero Group's activities, represented by the import and distribution of fruit and vegetables, are heavily dependent on the procurement of certain products such as bananas, pineapples, avocados, etc. The quality and quantity of these products as well as the availability and sustainability of the purchase price of raw materials used by the Orsero Group can be influenced by factors that are difficult to predict or control. In particular, procurement conditions are extremely sensitive to the climatic factor (periods of drought or excessive rainfall, storms or hail on plantations), as well

as soil conditions or the presence of weeds or parasites that determine the higher or lower availability of products, and consequently, their purchase price. To cope with this, the Orsero Group is implementing a strategy of diversifying its sources, both in terms of geographical areas in which the Orsero Group is supplied, and suppliers in order to deal with and compensate for any product shortages during the various seasonalities (the so-called "campaigns") of the products. For the Orsero Group, one of the priorities has always been developing relations with suppliers, many of whom have established consolidated relationships over time, thus guaranteeing the consistency of the necessary procurement and possible mediation of purchase prices.

Risk associated with the trend in prices of fuel used by Orsero Group ships (bunker)

The fuel used to supply ships (bunker), and in particular its availability and price, are of significant importance for the Orsero Group's activities in the "Import & Shipping" segment as the fuel used by the 4 ships represents one of the main costs.

In order to cope with the risk of fluctuations in cost, linked to fluctuations in the price of oil, the Orsero Group, in line with the practice of the shipping segment, stipulates, where possible, on the basis of the agreements reached with customers, freight contracts for the transport of third-party products, the "bunker adjustment factor" (BAF) clauses that allow an adjustment of the freight price depending on the increase or decrease of the price of the bunker. It should also be noted that the Orsero Group has signed hedging contracts on the bunker according to the best strategies identified.

Risks associated with dependence on distribution channels

The Orsero Group's turnover depends significantly on sales to both Mass Distribution (GDO) and traditional wholesalers. In particular, in 2016, the Orsero Group's turnover from GDO was approximately 57% (55% in 2015) of the total Orsero Group's turnover. It is recalled It should be noted that contracts with the GDO are governed by framework agreements, which regulate the main specific characteristics of the product being delivered. Except for specific cases, product volumes and prices are defined on a weekly basis, also in order to manage some factors not necessarily related to the product such as the Euro/Dollar exchange rate or the cost of oil that reverberates on the cost of transport.

In this context, the Orsero Group has always responded with a strategy aimed at increasing its size and with a continuous effort to adapt and improve efficiency, while maintaining the objective of safeguarding the basic economic efficiency of its operations.

Starting 2012, the launch of marketing of bananas and pineapples under its own brand represents an effective strategic response from a structured and mature group, to a radical change in the mechanisms of its core business. The Orsero Group is well aware of the risk associated with this challenge but believes that it is balanced by a unique opportunity to create over time a name and an Italian quality brand able to stand on the market and compete with the major multinationals in the sector.

Financial risks

Risks associated with fluctuations in exchange rates

In view of its operations, the Orsero Group, like other operators in the sector, is exposed to the risk of fluctuations in the exchange rates of currencies other than the one in which the commercial and financial transactions are expressed. In fact, part of the fruit supply (bananas and pineapples) is carried out by the Orsero Group in Central American countries at the price denominated in US dollars, resulting in the Orsero Group exposure to the USD/Euro exchange rate linked to the fact that sales of these products are denominated in Euro, being almost entirely on the markets of the EU countries.

In relation to this type of risk, it is emphasized that the historical observation of results shows that there is no direct automatic relationship between the course of the dollar and marginality, mainly due to the pricing system, which being variable from week to week, allows "transferring" most of the exchange rate effect to the final market. In addition, part of the risk is offset by the maritime transport activity that has an opposite currency profile with a surplus of dollar-denominated revenues over costs, without prejudice to the net exposure in dollars at the level of the Group's currency balance.

Risks associated with loan agreements

The Orsero Group has some short-term and medium-term loan agreements with some of the major banking institutions, which foresee in the coming years a plan of reimbursement of its adjusted debt on expected revenue flows, together with a low interest rate.

Risks associated with credit

The Orsero Group is exposed to the credit risk arising from both commercial relations and liquidity use in the financing of some seasonal product campaigns. Commercial credit risk is monitored on the basis of formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and in some cases involves the stipulation of insurance policies with primary counterparties.

Risks associated with guarantees provided to third parties

As far as these types of risks are involved, it should be noted that, in the context of the sale of the investment Moño Azul S.A. by GF Produzione S.r.l. to the company Argentina S.r.l., the payment of which was done through means of liberating assumption by Argentina S.r.l. of the residual debt of GF Produzione S.r.l. relative to the loan granted at the time by Intesa Sanpaolo S.p.A. to GF Produzione to acquire the investment. It was agreed with the bank for GF Group S.p.A. to issue a first-demand guarantee up to a maximum of Euro 8 million, which was then confirmed by Orsero.

As already stated in the information document related to the Relevant Transaction at the time of stipulation of the loan agreement for the original Euro 30 million, the GF Group issued a guarantee in favour of Intesa Sanpaolo S.p.A. equal to the amount of the loan. As a result of the residual debt of Euro 18,838 thousand by Argentina S.r.l. and the consequent liberation of GF Group pursuant to and for the purposes of art. 1273, paragraph 2 of the Civil Code, the original guarantee issued by GF Group S.p.A. no longer applies since it has been replaced by the new guarantee agreed with the bank granted for a maximum amount of Euro 8 million.

This new guarantee is linked to the credit line granted by the bank, expiring on 31 December 2017, for the repayment of the debt against the proceeds of the expected disposal of Moño Azul S.A. by Argentina S.r.l.

Although the sale value of the investment is supported by a specific report prepared at the end of 2016, the peculiar situation of the context in Argentina, always troublesome and unpredictable, alongside with the limited sale time available, makes it impossible for the directors to reliably estimate the probability, and especially the entity, of the potential outlay associated with the above-mentioned guarantee. On these bases, even in accordance of IAS-IFRS with IAS 37, the directors have chosen not to proceed with any provision in the financial statements, providing comprehensive disclosure.

Legal and compliance risks

Risks associated with potential environmental damages

The Orsero Group is exposed to the risk of serious failures or breakdowns of ships, plants, facilities and/or machinery that could result in a slowdown in the Orsero Group's activities, damage to third parties, accidents or environmental damage. The Orsero Group, through dedicated offices, continues all the activities needed to ensure respect for the environment, optimization of the use of energy sources and natural resources.

Risks associated with the administrative liability of legal entities

As of 2010, the GF Group has adopted the organizational model, code of ethics and appointed the ethical committee as provided by Legislative Decree 8 June 2011, in addition to the supervisory body, which is in force today in the Orsero Group, in order to ensure compliance with the prescribed conditions of fairness and transparency in the conduct of business, safeguarding the company's position and image, expectations of shareholders and employees' work. The model is a valuable tool for raising awareness among all those who work on behalf of the Orsero Group so that they ensure proper and linear conduct in carrying out their activities and a mean of preventing the risk of committing crimes.

Risks associated with the adequacy of the internal control system

The Orsero Group's attention and commitment to the improvement of its control systems, intended as the set of procedures and provisions to monitor the effectiveness in the achievement of the company's business strategies, the adequacy of accounting/administrative systems to correctly understand management events and compliance of their actions with existing regulations and laws, remain strong. The general framework of internal control systems set up within the Orsero Group seems appropriate to oversee and prevent the risks to which all business activities are inevitably exposed.

Significant events during the year and comments on the performance of the business segments

As widely reported, the most significant fact of 2016 was the development and completion of the Relevant Transaction that led the GF Group companies to the Orsero Group, whose Parent Company, Orsero, is admitted to trading on the AIM Italia market, just a year after the completion of the restructuring plan. Within the framework of this transaction, focus on core business under the same plan was completed, with the sale of production activities in Argentina and the Business Aviation sector, followed by the real estate sector and the terminal and port activities carried out in 2015.

The 2016 consolidated income statement, in fact, in its main indicators of turnover and Adjusted EBITDA, takes into account the economic performance of the GF Group in its optimum perimeter, focused on the activities of the two segments of "Distribution" and "Import & Shipping", true core business of the company.

As shown below, 2016 has been characterized by a very positive economic performance, the result of marginal recoveries from the distribution segment following the various efficiency measures implemented and fuel savings, as well as a more regular trend in the banana market in the Import & Shipping segment.

Based on the organizational structure of the GF Group, the information required by IFRS 8, broken down by "business segment", is shown below. The operating areas identified by the GF Group, now by the Orsero Group, are identified in the sectors of activities that generate revenues and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources.

The Group's business is divided into three main segments:

- Distribution Segment
- Import & Shipping Segment
- Services Segment

The table below provides a first overview of the performance of the different segments in the two-year period 2015-16, according to the current configuration. It should be noted that in accordance with IAS-IFRS, the results of the disposal of Argentina-based business and of the Business Aviation sector are shown in the line

“Result of discontinued operations” and, furthermore, for comparison, also the results for the year 2015 have been reclassified in the same line.

The following tables illustrate the results of fully consolidated companies; as regards associated companies, their performance is fully described in the Notes. However, we would like to point out the good performance of the associated companies / joint ventures in the Distribution segment operating in Italy and Spain, which in 2016 recorded better profitability performance compared to the previous year and in line with as realized by other Group companies; we also wish to point out the good results achieved by the banana producer in Costa Rica which, thanks to a more favourable climate, has been able to significantly increase its productivity with a substantial benefit of the end result.

Thousands of euro	Distribution	Import&Shipping	Service	GF / eliminations	Total
Net sales 2016	555.707	233.765	13.465	(117.967)	684.970
Net sales 2015	490.079	227.443	14.277	(114.395)	617.404
Change	65.628	6.322	(812)	(3.572)	67.566
Adjusted EBITDA 2016	15.745	24.875	(5.132)	-	35.488
Adjusted EBITDA 2015	11.073	21.507	(4.415)	-	28.165
Change	4.672	3.369	(717)	-	7.323
Net Financial Position 2016	n.d.	n.d.	n.d.		97.450
Net Financial Position 2015	n.d.	n.d.	n.d.		146.937
Change					(49.487)

We would like to comment on the trends of the individual operating segments, referring to the Notes for all details of the various investees and the consolidation criteria adopted. We recall that the following figures have been determined on the basis of the accounting standards of consolidation in accordance with International Accounting Standards and Group standards and for that reason may be different from those that may be deduced from the individual statutory financial statements filed by the companies.

Distribution Segment

Thousands of Euro	31.12.2016	31.12.2015	Change
Net Sales	555.707	490.079	65.628
Contribution margin	62.249	54.371	7.878
Incidence %	11,2%	11,1%	
Gross Profit	37.615	31.769	5.846
Adjusted Ebitda	15.745	11.073	4.672
Net Profit	5.352	3.512	1.840

In this segment of activity, companies are involved in the distribution of fresh fruit and vegetables from many countries around the world, at any time of the year, in the territories of competence.

The Group's distributing companies are based and operate in Italy, France, Portugal and Greece and in participation with a local partner, also in Spain and some Italian regions (Tuscany, Sardinia, Sicily).

The capillary presence on the territory, with specialized platforms in the processing and storage of fresh produce, allows serving both traditional wholesalers/markets and mass distribution (GDO) with different mixes in different countries depending on the higher (e.g. France) or lower (e.g. Spain) incidence of GDO on these markets. Globally, the incidence of sales to GDO is on average around 55%, with slight changes from year to year around this figure.

With mass distribution, there are framework agreements that govern the main specifications and features of the product being delivered while, as a rule, the volumes and prices of the products are defined on a weekly basis, following the dynamics of the market.

Suppliers, selected in some of the world's most important production areas, guarantee the offer of over 360 references/kinds of fruits and vegetables, a full range of products available 365 days a year.

The activity of the segment in question, carried out in the 5 countries facing the Mediterranean served by the Group, allows distributing about 500 thousand tonnes per year of fruit and vegetables among the various markets served.

The table above differs from the summary tables of the other segments shown below for the presence of a specific indicator of the distribution segment, such as the "1st sales margin", also the contribution margin, which in distribution companies constitutes the main indicator used to monitor business activity. The "1st sales margin" represents the difference between the net sales and the direct costs of the products

sold (meaning the purchase costs of the goods, plus incoming and outgoing cargoes, customs duties and packaging costs) where it is considered that these costs represent most of the costs incurred by the company and therefore the positive or negative changes in the 1st margin tend to be reflected almost entirely on the profit or loss for the year. The growth in turnover compared to the previous year and the substantial ongoing margins constitute the “driver” of the increase in the contribution margin in 2016 of Euro 7,878 thousand.

All the indicators show improvement in the company's performance over the previous year, an improvement affecting virtually all markets and all the companies in the group, based on a more regular trend in sales activity, as evidenced by the improvement in the 1st margin in absolute and percentage terms, as well as the containment of inventory costs and overheads following the restructuring and containment of costs implemented by the main companies in Italy and France.

Noteworthy is the recovery in operations in the Portuguese market, following the large drop in turnover registered in the three-year period 2013-15, driven by new management and well represented by turnover growth of 43% compared to 2015, accompanied by a significant improvement in performance.

The above summary data refer only to subsidiaries consolidated using the line-by-line method; the Notes to the financial statements provide, in the segment reporting section, the effects in terms of higher turnover and results related to the inclusion, pro-rata, of the results of associated companies and joint ventures.

Import & Shipping Segment

Thousands of Euro	31.12.2016	31.12.2015	Change
<i>Net Sales</i>	233.765	227.443	6.322
<i>Gross Profit</i>	27.614	23.446	4.168
<i>Adjusted Ebit da</i>	24.875	21.507	3.368
<i>Net Profit</i>	15.439	10.756	4.683

The import and sale of bananas and pineapples is one of the Group's main activities as a whole because of the importance and weight of these items within the range of fruit and vegetables and the fact, not negligible in terms of the stability of the operational cycle, of their availability throughout the year.

The Group supplies bananas and pineapples thanks to long-term relationships established with the most important producers based in the Central American

countries and, as far as bananas are concerned, in Africa. Bananas and pineapple are sold under the brands "F.lli Orsero" and "Simba", in addition to numerous private labels.

Maritime transport of bananas and pineapples of Central-American production is carried out with owned ships, the four reefer units "Cala Rossi" which connect, on the basis of a 28-day travel schedule, Central America with the Mediterranean, thereby allowing punctual arrival on a weekly basis of fresh fruit in European markets.

From the economic point of view, the year 2016 showed better profitability compared to the previous year, made possible by a less penalizing trend in the sale of bananas and pineapples in the second part of the year, usually the critical period in which there is an accentuated imbalance between product demand and supply, resulting in marginal pressure, along with a particularly favourable year for transport, thanks to the high "load factor" for the quantities of fruit transported, for the Group as well as for third-party customers, and low fuel cost, from the average 289 USD/ton in 2015 to the average 212 USD/ton recorded for 2016.

In order to calm the cost of the bunker, where the transport contracts do not provide for the BAF clause linking the shipping tariff to any increases or decreases in the fuel cost with respect to the time of contract stipulation, the Group usually performs hedging transactions, which was done in both 2016 and in January 2017 for the current year.

Services Segment

Thousands of Euro	31.12.2016	31.12.2015	Change
Net Sales	13.465	14.277	(812)
Adjusted Ebitda	(5.132)	(4.415)	(717)
Net Profit	6.215	1.646	4.569

Following the restructuring process completed by the Group and the resulting exit from the non-core business segments, this segment now includes activities related to the Parent Company as well as the activities of providing services in customs, in the maintenance of containers and in the IT sectors carried out by some smaller companies.

For this segment, the gross margin indicator is not significant as almost all of the costs are included in the category of overheads. The Adjusted EBITDA is, however,

relevant, but typically characterized by the negative sign, as the result of the Parent Company essentially derives from the dividends received by its subsidiaries.

The effect on net income reflects the outcome of the divestments carried out in the two-year period, the costs of the Relevant Transaction incurred in 2016, as well as some non-recurring costs, among which the extraordinary provision of Euro 1,600 thousand relating to the "REI" litigation with the Customs Agency. For all these costs, detailed information has been provided in the Notes.

We wish to point out, regarding the "REI" litigation, for which extensive information was provided in the information document, that the decision of the directors to make this provision resides in the changed position taken by the competent European authorities, which, if at the beginning of 2016 seemed to have welcomed the relief requests submitted by the Customs Agency, they are now oriented - from communications received - to giving directions to the Italian authorities to proceed with the collection of the rights (erroneously, we would like to clarify) claimed.

Since the recourse to the European authorities was the last degree of law to which to legitimately appeal to, the negative outcome of the same makes it more probable that the subsequent payment of the rights claimed by means of said litigation and the related penalties for an amount of nearly Euro 1,600 thousand as indicated above, were therefore allocated to the risks provision in 2016.

Workforce

The Notes provide an indication of the average staff employed by the Group in the years 2016 and 2015, and the fall recorded reflects the exit of the companies that have been disposed of during the year.

During the year, there were no accidents and serious injuries at work for personnel registered as employees of Group Companies.

Safety and protection of the health of workers

As regards the environment, the Group has always adopted policies that are conducive to food safety and hygiene, respect for and protection of the environment and safety at work, also carried out by one of the associated companies in the Group. Evidence of this are the numerous certifications (such as HACCP, ISO 9001 and 14001, BRC, IFS, OHSAS 18001) boasted by the Group as well

as significant investments made in the recent past to equip several photovoltaic plants that can satisfy good part of the energy needs of the operational sites in question.

It should be noted that an excellent result was achieved on injury reduction thanks to training, supervision and awareness-raising activities, thus raising the focus on the subject.

Research & Development

As far as the Orsero Group's own assets are concerned, there are no basic or applied research activities, but unlike the last few years, the Group is actively working on several development projects, with particular regard to ICT departments (new information system and integrated management, implemented ad hoc to meet the needs of a niche industry, such as the distribution of fruit and vegetables and innovative economic/financial planning tools.

Treasury shares

As at 31 December 2016, the Group had no treasury shares.

Transactions with related parties

Transactions with related parties are described in detail in the Notes to the separate financial statements of GF Group of the consolidated financial statements of the GF Group. All transactions with related parties were at market conditions.

Investments during the year

The Group's investments amounted to Euro 13,652 thousand (Euro 8,589 thousand in 2015), mainly due to the investments in the Moño Azul S.A. brand (Euro 5,043 thousand) and the acquisition of a warehouse in Argentina (Euro 4,573 thousand) carried out at the same time as disposal of Argentina-based activities and within the broader Relevant Transaction and the first outlays related to the development of the new integrated ERP system with the aim of standardising the Orsero Group's procedures and operating procedures at European level as much as possible.

Thousands of euro	INVESTMENTS			Total
	"Distribution" Segment	"Import&Shipping" Segment	"Service" Segment	
Intellectual property rights	415	-	-	415
Concessions, licenses and trademarks	5.121	8	94	5.223
Assets in progress and advances	211	1	0	212
Other intangible assets	3	-	26	29
Total investments in intangible assets	5.750	9	120	5.879
Land and buildings	391	4.573	-	4.964
Plantations	-	-	-	-
Plant and machinery	799	-	-	799
Industrial and commercial equipments	15	-	3	18
Other tangible assets	595	242	519	1.356
Assets in progress and advances	636	-	-	636
Total investments in tangible assets	2.436	4.815	522	7.773
Totale investments	8.186	4.824	642	13.652

Significant events in 2017

As already reported above, on 6 February 2017, the deed for the merger by incorporation of GF Group into Glenalta was signed by means of a capital increase of nominal value of Euro 55 million, through the issue of 5,590 thousand new ordinary shares with no nominal value and having the same characteristics as those outstanding at the time of issue that were attributed to FIF Holding according to the exchange ratio of 43 ordinary shares of Glenalta each 50 ordinary shares of GF Group.

On 13 February 2017 was the effectiveness of the merger by incorporation of GF Group into Glenalta, with the consequent change in the name of Orsero S.p.A.. The Orsero ordinary shares and the "Warrant Orsero S.p.A." warrants are traded on AIM Italia.

On 13 February 2017, the share capital of Orsero was a nominal Euro 64,500 thousand, divided into 13,590 thousand ordinary shares and 150,000 special shares, all without indication of the nominal value. As result of the merger, there are 7,693,997 warrants outstanding.

Outlook of the Orsero Group

In the last three years, the GF Group has developed a strategy for focusing on its core business, represented by the import and distribution of fruit and vegetables, as well as on the investment in the new brand F.lli Orsero. This strategy and the activities and operations carried out in accordance with it have laid the foundations for a potential growth and expansion of the Orsero Group, operating in a sector characterized by concentration phenomena in the main reference markets.

The Orsero Group has a strong competitive position and a solid and adequate financial structure for the business. In particular, the Group's objective is to achieve dimensional growth in the medium term by increasing its market share and achieving operational and industrial efficiencies to be successful in the distribution segment.

The trend in the first months of 2017 was good for the distribution segment, while for the activity of "Import & Shipping" there were repeated delays in the start of the year at the fruit ports of shipment in Central America, with specific reference to Costa Rica, which had negative reflections on the operational efficiency of travel schedules, along with a lack of product that limited the volumes transported.

Allocation of the result for the year of GF Group (merged by incorporation into Orsero)

Shareholders,

We propose to approve the financial statements we present and to allocate the loss for the period of Euro 1,229 thousand to "losses carried forward".

Consolidated Financial Statements as at 31 December 2016

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Thousands of euro	Notes	31/12/2016	31/12/2015
ASSETS			
Goodwill	1	3.834	7.460
Other intangible assets	2	6.208	793
Tangible assets	3	85.881	114.141
Financial investments	4	39.221	36.689
Other fixed assets	5	668	4.569
Deferred tax assets	6	7.291	13.577
Non-Current Assets		143.103	177.229
Inventories	7	24.114	29.116
Trade receivables	8	80.528	73.469
Current tax receivables	9	13.918	20.451
Other current assets	10	10.037	14.540
Cash and cash equivalent	11	37.095	46.364
Current Assets		165.691	183.940
Assets held for sale	12	-	-
TOTAL ASSETS		308.794	361.169
Share Capital		13.000	11.650
Reserves		36.758	20.519
Net profit		18.215	13.565
Capital and reserves attributable to Parent Company	13	67.973	45.734
Non-Controlling Interests	14	741	1.082
Total Shareholders' Equity		68.714	46.816
LIABILITIES			
Non-current financial liabilities	15	74.706	116.169
Other non-current liabilities	16	209	4.535
Deferred tax liabilities	17	2.771	3.235
Provisions for risks and charges	18	4.394	3.795
Employees benefits liabilities	19	5.741	5.811
Non-Current Liabilities		87.821	133.545
Current financial liabilities	15	59.863	77.150
Trade payables	20	75.841	79.999
Current tax and social security contributions liabilities	21	4.874	9.440
Other current liabilities	22	11.680	14.219
Current Liabilities		152.259	180.808
Liabilities held for sale	23	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		308.794	361.169

CONSOLIDATED INCOME STATEMENT

Thousands of euro	Notes	Year 2016	Year 2015
Net sales	24	684.970	617.404
Cost of goods sold	25	(612.317)	(553.399)
Gross profit		72.653	64.005
Overheads	26	(49.165)	(48.372)
Other incomes and expenses	27	(6.757)	(3.575)
Operating result (Ebit)		16.731	12.058
Net financial expenses	28	(2.144)	(6.059)
Net income (loss) from equity investments	29	4.912	1.346
Profit before tax		19.499	7.345
Tax expenses	30	(2.031)	6.058
Net profit from continuing operations		17.468	13.403
Net profit of "Discontinued operations"	31	844	196
Net profit		18.312	13.599
attributable to non-controlling interests		97	34
attributable to parent company		18.215	13.565

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Thousands of euro	Notes	Year 2016	Year 2015
Net profit		18.312	13.599
Items that may not be subsequently reclassified to net profit or loss		(213)	47
Items that may be subsequently reclassified to net profit or loss		4.003	(3.145)
Total comprehensive income		22.101	10.500

CONSOLIDATED CASH FLOW STATEMENT

Thousands of euro	2016	2015
A. Net cash flows provided by (used for) operating activities		
Net profit from continuing operations	18.312	13.599
Income taxes	2.031	(6.058)
Net financial expenses	2.524	4.749
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	22.867	12.290
Non-cash adjustments not related to working capital:		
Provisions	1.524	2.476
Depreciations and Amortizations	9.766	10.459
Impairment of assests	(83)	183
Other non-cash adjustments	12	(7.479)
2. Cash flows before working capital changes	34.086	17.929
Changes in Working Capital:		
Change in inv entories	(3.908)	191
Change in trade receiv ables	(12.579)	(2.619)
Change in trade payables	5.177	(3.972)
Change in other receiv ables	(471)	(28)
Change in other payables	(203)	3.561
Other changes	(1.419)	(2.435)
3. Cash flows after working capital changes	20.683	12.627
Other non-cash adjustments:		
Net financial expenses	(2.524)	(4.749)
Income taxes	(2.031)	6.058
4. Cash flows after other changes	16.128	13.936
Net cash flows provided by (used for) operating activities (A)	16.128	13.936
B. Net cash flows provided by (used for) investing activities		
Tangible asstes		
(inv estment)	(7.772)	(8.103)
disposals	744	5.356
Intangible asstes		
(inv estment)	(5.879)	(486)
disposals	63	241
Financial Inv estments		
(inv estment)	(6.416)	(2.587)
disposals	3.891	231
Financial asset		
(inv estment)	-	(5.313)
disposals	4.126	-
Disposals / (acquisitions) of inv estments in controlled companies, net of cash	21.919	83.754
Net cash flows provided by (used for) investing activities (B)	10.676	73.093
C. Net cash flows provided by (used for) financing activities		
Financial loans		
Increase /(decrease) of short term financial debts	(26.857)	(167.491)
Drawdown of new loans	-	-
Pay back of loans	(9.215)	(10.369)
Equity		
Capital Increase / Equity-like Instruments	-	118.259
Net cash flows provided by (used for) financing activities(C)	(36.072)	(59.601)
Change in cash and cash equivalents	(9.268)	27.428
Net cash and cash equivalents, at beginning of the year	46.363	18.935
Net cash and cash equivalents, at end of the year	37.095	46.363

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Thousands of euro	Share Capital	Legal reserve	Statutory reserve	Other reserves	Currency translation reserve	Participative financial instruments (SFP) reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Retained earnings/ (losses)	Net profit	Total Shareholders' equity
At December 31, 2014	20.000	4.000	65.979	43.223	(22.516)	0	0	0	(149.085)	(46.957)	(85.356)
First Time Adoption IAS-IFRS	-	-	-	-	22.516	-	-	-	(20.071)	-	2.445
At January 1, 2015	20.000	4.000	65.979	43.223	0	0	0	0	(169.156)	(46.957)	(82.911)
Allocation of reserves	(20.000)	(4.000)	(65.979)	(43.223)	-	(23.104)	-	-	109.349	46.957	-
Capital increase	11.650	-	-	1.350	-	-	-	-	-	-	13.000
Injection of SFP/Conversion of that into equity instrument	-	-	-	-	-	106.915	-	-	-	-	-
Effect IAS 19	-	-	-	-	-	-	46	-	-	-	106.915
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	(851)	-	-	(851)
Other changes	-	-	-	-	(2.294)	-	-	-	(1.736)	-	(4.030)
Net profit	-	-	-	-	-	-	-	-	-	13.565	13.565
At December 31, 2015	11.650	0	0	1.350	(2.294)	83.811	46	(851)	(61.543)	13.565	45.734
Allocation of reserves	-	200	-	-	-	-	-	-	13.365	(13.565)	-
Capital increase	1.350	-	-	(1.350)	-	-	-	-	-	-	-
Injection of SFP/Conversion of that into equity instrument	-	-	-	-	-	-	-	-	-	-	-
Effect IAS 19	-	-	-	-	-	-	(215)	-	-	-	(215)
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	851	-	-	851
Other changes	-	-	-	-	3.152	-	-	-	236	-	3.388
Net profit	-	-	-	-	-	-	-	-	-	18.215	18.215
At December 31, 2016	13.000	200	-	-	858	83.811	(169)	-	(47.942)	18.215	67.973

Consolidation criteria, valuation criteria and Notes

GF Group refers to **GF Group S.p.A.** and the companies included in the consolidation.

Form and content of the consolidated financial statements and other general information

GROUP STRUCTURE

GF Group S.p.A. (the "Parent Company" or the "Company") is a company organized under the laws of the Republic of Italy. GF Group and its subsidiaries (the "Group" or the "GF Group") operate primarily in Europe.

The Group's business is focused on the import and distribution of fruit and vegetables, identifying three business units: Distribution, Import & Shipping and Services. The registered office of the Parent Company and, thus, of the Group is via Fantoli 6, Milan, Italy.

The consolidated financial statements are filed together with the separate financial statements of the Parent Company GF Group S.p.A. Copy of the consolidated financial statements is also filed by the subsidiaries GF Distribuzione S.r.l., Fruttital S.r.l., Cosiarma S.p.A. and Simba S.p.A. which, referring to art. 27 paragraph 3 of Decree Law 127/91, have opted for the option to not prepare the consolidated financial statements.

STATEMENT OF COMPLIANCE AND PREPARATION CRITERIA

The Group consolidated financial statements as at 31 December 2016 have been drawn up on the basis of art. 3, paragraph 2 of Legislative Decree no. 38 of 28/02/2005, according to the International Accounting Standards issued by the International Accounting Standards Board (IASB) and approved by the European Commission, including International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).

The Group consolidated financial statements as at 31 December 2016 are the first full financial statements prepared in accordance with IAS/IFRS pursuant to Regulation (EC) 1606/2002 issued by the European Parliament and the European Council in July 2002.

It should be noted that the accounting standards applied are in line with those adopted for the preparation, in accordance with the IFRS, of the consolidated statement of financial position and financial results as at 1 January 2015, as well as for the income statement for 2015 and the consolidated statement of financial position and financial results as at 31 December 2015, as restated according to IFRS. The appendix "Process of transition to International Accounting Standards", annexed to this report, details the effects of the transition to IAS/IFRS accounting standards.

GF Group prepares the first complete separate financial statements using the IAS/IFRS from the 2016 financial year.

CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consist of the statement of financial position, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and explanatory Notes, applying the provisions of IAS 1 "Presentation of the financial statements".

The Group has adopted the following financial statements:

- statement of financial position, which classifies assets and liabilities as current and non-current;
- income statement, whose cost items are presented using the classification by "allocation", a structure which is considered more representative than presentation by nature;
- comprehensive income statement, which reports the income and expense items that are not recognized in profit (loss) for the year as required or permitted by IFRS;
- cash flow statement presented using the "indirect method";
- statement of changes in equity reporting all changes during the year under review.

The choice of these statements allows representing the Group's equity, economic and financial situation in a truthful, correct, reliable and significant manner. The form chosen is, in fact, consistent with internal reporting and management.

The Group's consolidated financial statements are presented in Euro, functional currency in the economies in which the Group mainly operates and is compared with the consolidated financial statements of the previous year, drawn up in a homogeneous manner.

On 12 April 2017, the Board of Directors of the Parent Company approved the separate financial statements draft and the consolidated financial statements of GF Group S.p.A. For the preparation of the consolidated financial statements, use was made of the financial statements as at 31 December 2016 of the Parent Company GF Group S.p.A. and its subsidiaries and associates included in the scope of consolidation, which are detailed below, approved by the respective Board and/or Shareholders' Meetings.

The consolidated financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets available for sale, of financial assets held for trading and of derivative instruments that are measured at fair value and inventories of fruit stock ripening, and on the going concern assumption.

The directors have prepared the consolidated financial statements in accordance with paragraphs 25 and 26 of IAS 1 due to the strong competitive position, the high profitability and soundness of the achieved equity and financial structure.

The consolidated financial statements as at 31 December 2016 have been audited by Deloitte & Touche S.p.A.

Summary of Significant Accounting Policies

Below are shown the main criteria adopted for the preparation of the consolidated financial statements as at 31 December 2016; the valuation criteria are applied uniformly to the Parent Company and to all consolidated companies.

When, in relation to specific events or as a result of the development of accounting practice, a change is made in the accounting standards applied in a year, the Notes are intended to provide all the appropriate explanations to allow comparison with

the previous year, if necessary by providing for the correction/re-alignment of the figures of the related financial statements.

GOODWILL

“Goodwill” is the difference between the purchase price and the book value of the investments and/or assets acquired; it is not subject to amortization and the recoverability of the book value is verified at least annually and in any case when events occur that may lead to an impairment, taking into account the criteria set out in IAS 36. Impairment is recognized in the income statement and is not subsequently reinstated.

For the purpose of impairment testing, goodwill acquired in a business combination transaction is allocated, at the acquisition date, to each cash-generating unit, or groups of cash-generating units, that the Group expects to benefit from aggregation synergies. A cash-generating unit to which goodwill has been allocated is annually checked for impairment, and whenever there is an indication that the unit may have been subject to impairment, comparing the unit's book value, which includes goodwill, with the recoverable value of the unit. If the unit's book value exceeds the recoverable value, the Group recognizes the impairment as reduction of the book value of the assets that are part of the unit (or Group of units) in the following order: 1.) first to reduce the book value of any goodwill allocated to the cash-generating unit (or groups of units); and 2.) then, to the other assets of the unit (or groups of units) in proportion to the book value of each asset that is part of the unit.

In the event of disposal of a significant cash-generating unit with consequent loss of control, the goodwill attributable thereto is included in the calculation of gains or losses arising from disposal.

Write-downs related to goodwill are not subject of reversal.

During the first-time adoption of IFRS, the Group chose not to apply IFRS 3 (Business Combinations) retroactively to company acquisitions made prior to 1 January 2015; consequently, goodwill generated on acquisitions prior to the transition date to IFRS has been carried at the previous value determined in accordance with Italian accounting standards, upon verification of its recoverability.

Goodwill, representing an intangible asset with indefinite useful life, as of 1 January 2015, is not amortized but is tested for impairment annually or more frequently whenever there is an indication that the asset may have been subject to impairment.

OTHER INTANGIBLE ASSETS

Intangible assets are assets that are not physical, identifiable, controlled by the Group, and that can produce future economic benefits. This category also include goodwill when incurred.

Intangible assets are recognized as assets in accordance with IAS 38 - Intangible assets, when: identifiable, it is likely that their use will generate future economic benefits and the cost can be reliably determined. These assets are recorded at purchase or production cost, inclusive of all ancillary expenses incurred, and are amortized on a straight-line basis over their usefulness. Intangible assets with definite useful life are amortized systematically from the time the asset is available for use for the period of their expected useful life. The useful life is reviewed annually and any changes, where necessary, are made with prospective application.

The recoverability of their value is verified in accordance with to the criteria set forth in IAS 36.

Costs incurred internally for the development of new products and services (mainly software costs) are intangible assets generated internally recognized as assets only if all of the following conditions are met: existence of technical feasibility and intention to complete the asset in order to make it available for use or sale, the Group's ability to use or sell the asset, existence of a market for products and services resulting from the asset or its usefulness for internal purposes, existence of adequate technical and financial resources to complete the development and sale or internal use of the products and services that result from it, reliability of the cost recognition attributable to the asset during its development.

Capitalized development costs, where existing, include only expenses incurred that can be directly attributed to the development process and are amortized on a systematic basis from the beginning of production over the estimated product / service life.

Patents and intellectual property rights are mainly related to application software licenses, which are amortized on a straight-line basis over their contractual useful life.

Concessions, licenses and trademarks are essentially related to the fees paid for the exercise of commercial activities located within the general markets and amortized on the basis of the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period. These expenses are recognized as assets in accordance with IAS 38 "Intangible assets", when it is

likely that their use will generate future economic benefits and when their cost can be reliably determined.

Assets in progress and advances include the balance of investments in assets not yet in operation at year-end and therefore not subject to amortization, but as required by IAS 36, are subject to impairment test.

Other intangible assets purchased or produced internally are recognized as assets, if existing, in accordance with IAS 38 (Intangible assets), when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

Other intangible assets recognized as a result of the acquisition of a company are recognized separately from goodwill if their current value can be determined reliably.

TANGIBLE ASSETS

Tangible assets are assets that are physical, identifiable, controlled by the Group, and that can produce future economic benefits. Tangible assets purchased or produced internally are recognized as assets in accordance with IAS 16 - Property, plant and equipment, when it is likely that their use will generate future economic benefits and when their cost can be reliably determined.

They are recorded at historical cost of purchase, production or transfer, including the ancillary expenses required to make the asset available for use deducted from the cumulative accumulated depreciation and any write-downs made to adjust their value to the expected lower future utility.

It should be noted that with reference to ships, their value was re-determined, using the "deemed cost" on the First-time Adoption date, in light of their technical conditions and in-depth analyses made during the year which confirmed the feasibility and correctness of extending their useful life until 31 December 2024. Accordingly, the "scrap" value of each ship at the end of its life was identified.

For certain categories of assets, in particular for aircraft, the fair value was adopted as at the date of transition to IFRS (1 January 2015) as cost replacement.

Depreciation is calculated on the basis of economic/technical rates related to the expected useful life of the assets, the most representative of which are:

Category	Useful life
Land	Not depreciated
Buildings	20 – 33 years
Ships	24/25 years
Aircraft	15 years
Plants	7 – 10 years
Vehicles	4 – 5 years

In the event that, regardless of the amount already recorded, an impairment arises, the asset is depreciated; in subsequent periods if the reasons for the write-down are no longer valid, it returns to its original value, net of accumulated depreciation.

The recoverability of their value is verified according to the criteria set forth in IAS 36. The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

The costs of routine maintenance are fully recognized in the income statement while costs of an incremental nature are allocated to the assets to which they refer and are depreciated in proportion to their residual useful life.

If leasehold improvements meet the capitalization requirements, they are classified under tangible assets and depreciated on the basis of the duration of the lease contract.

In the presence of legal or implied obligations for the dismantling and removal of assets from sites, the carrying amount of the asset includes the estimated (discounted) costs to be incurred at the time of abandonment of the structures, recognized in counter-entry under a specific provision.

When tangible assets consist of several significant components with different useful lives, depreciation is calculated and carried out separately for each component. Costs relating to cyclical maintenance of ships are recorded as separate component of the main asset in the year in which they are incurred and are included in the depreciation process, taking into account an appropriate useful life.

Land is not subject to depreciation, even if purchased in conjunction with a building.

Instrumental assets acquired through financial lease contracts have been accounted for in the consolidated financial statements in accordance with the International Accounting Standard IAS 17, which requires the recognition of an asset to be booked at "fair value" or, if lower, at the present value of the remaining debt,

determined using the implied lease rate and its amortization as well as the recognition of the payable as liability to the leasing company. Any direct costs incurred when defining the lease contract (e.g. negotiating costs and finalization of the financial lease) are recorded as an increase in the value of the asset. Leased assets are systematically amortized with the amortization criterion used for assets of the same type. If there is no reasonable certainty that the asset will be purchased at the end of the lease, it is fully amortized in the shortest term between the lease contract and its useful life.

The periodic allowance is divided into capital portions, charged with debt reduction and interest, accrued to the consolidated income statement. Since Italian companies account for such contracts according to the "equity" method, i.e. by recording only the amount of the instalments paid in the income statement, the necessary adjustments and additions have been made in the consolidated financial statements.

Operating lease payments are recognized in the income statement on a straight-line basis allocated over the term of the contract.

IMPAIRMENT

At each reporting date, the Group reviews the book values of its intangible and tangible assets to determine whether there is any indication of impairment. If they are found to be impaired, the asset's recoverable value is estimated in order to determine the extent of the write-down. Should it be impossible to estimate the recoverable value of an individual asset, the Group estimates the recoverable value of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful life or not yet available for use are tested for impairment annually or more frequently, whenever there is an indication that the asset may have been subject to impairment.

The recoverable amount is the higher of the fair value net of selling expenses and the value in use. In calculating the value in use, estimated future cash flows are discounted to present value at a gross rate that reflects current market valuations of the value of capital and the specific risks connected to the asset.

If the recoverable amount of an asset (or of a cash-generating unit) is estimated to be lower than the relative book value, it is reduced to the lower recoverable value. The impairment is recognized in the income statement.

When it is no longer necessary to maintain an impairment, the carrying value of the asset (or cash-generating unit), with the exception of goodwill, is increased to the new value deriving from the estimate of its recoverable value, but not exceeding the net book value that the asset would have had if it had not been written down for impairment. The write-back is immediately recognized in the income statement.

INVESTMENTS

They consist of equity investments in non-consolidated subsidiaries, associates and other companies.

Such investments are recorded either using the equity method or historical cost of purchase or subscription, including any ancillary costs.

Investments in joint ventures represent companies in the activity of which the Group has joint control over as defined in IFRS 11 – Joint Arrangements. The consolidated financial statements include the Group's portion of the results of joint ventures, accounted for using the equity method, from the date on which joint control commences until the time it ceases to exist. Should the portion attributable to the Group of any losses of the joint venture exceed the carrying value of the investment in the financial statements, the value of the investment is set to zero, and the excess share of the additional loss is not recognized, except and to the extent in which the Group is responsible.

Investments in associates are classified as non-current assets and are valued using the equity method, adjusted for any impairment. For the associated company Acorsa S.A., the valuation using the equity method has been aligned to the lower value provided by the exercise price of a call option granted to FIF Holding S.p.A. This valuation criterion was considered to be correct in the absence of information on the fair value of the Company and, consequently, on the fair value of the call option.

An associated company is a company that the Group does not control or jointly control but over which it has a significant influence by participating in decisions relating to the company's financial and operating policies.

Under the equity method, investments in associated companies are recognized in the balance sheet at acquisition fair value, adjusted to consider changes following the acquisition of net assets of associated companies, net of any impairment of individual investments. Any losses of associates that exceed the Group's interest in

the same are not recognized unless the Group has assumed an obligation to cover them.

If valuation at purchase or subscription cost results in impairment losses and there are no foreseeable profits in the near future that can absorb the losses incurred, this value is written down. If in future years the reasons for the impairment no longer apply, the original value is restored.

Investments in other companies not classified as held for sale are valued using the cost method, which is reduced for impairment. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

OTHER FIXED ASSETS

This item includes other non-current financial assets: typically medium-term financial receivables, contributions to be received, security deposits and similar, all valued at nominal value that normally coincides with the realizable value.

INVENTORY

Inventories of raw and ancillary materials and consumables are valued at the lower of the purchase cost, determined according to the FIFO configuration, and the corresponding replacement cost. Inventories of goods are recorded at the lower of purchase cost, determined in accordance with the FIFO method, including direct ancillary charges, and the corresponding realizable value expected from the market trend at the end of the year. The write-down value is eventually adjusted for a specific provision to take account of the write-down phenomena for obsolescence and slow turnover that may eventually affect packaging materials.

BIOLOGICAL ASSET

The item Biological Asset includes fruits in its ripening stage on the plant (bananas, avocados, pears, apples, etc.) that the Group produces in its agricultural areas. For biological assets IAS 41 is applied, which provides that inventories of fruit on plants are measured at fair value net of estimated sales costs unless fair value can be determined reliably. IAS 41 assumes that fair value can be reliably measured for most biological assets. However, if, at the time of initial recognition of the asset, a price is

not available on an active market and if the measurement of alternative fair value is deemed to be clearly unreliable, then the asset is valued at cost, net of accumulated depreciation and impairment. However, the entity must evaluate all other biological assets at fair value, net of sales costs. If the circumstances change and the fair value becomes reliably measurable, it is necessary to transition to fair value net of the sales costs.

FINANCIAL ASSETS

IAS 39 envisages the following types of financial instruments:

- financial assets at fair value with changes recognized in the income statement;
- loans and receivables;
- investments held to maturity;
- financial assets available for sale.

Initially, all financial assets are measured at fair value, increased in the case of assets other than those at fair value with changes in the income statement of ancillary charges.

The Group determines the classification of its financial assets after initial recognition and, where appropriate and permitted, reviews said classification at the close of each financial year.

The recoverability of their value is verified according to the criteria set forth in IAS 32 and described below.

At the time of subscription, it is considered whether a contract contains implicit derivatives. Implicit derivatives are separated from the host contract if this is not measured at fair value when the analysis shows that the economic characteristics and risks are not strictly related to those of the host contract.

The first category includes the assets held for trading and the assets designated at the time of the first recognition as "Financial asset at fair value with changes in the income statement".

The assets held for trading are all those assets acquired for sale in the short term. Derivatives, including those separated, are classified as financial instruments held for

trading unless they are designated as effective hedging instruments. They are accounted for at "fair value" at the settlement date of the transaction; the gains or losses on assets held for trading are recognized in the income statement. If the fair value cannot be reliably determined, the financial asset is valued at cost, net of any impairment. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

Loans and receivables, on the other hand, include financial assets other than derivative instruments with fixed or determinable payments that are not quoted on an active market. They are initially recognized at their "fair value" (including cost of purchase/issue) at the transaction date. After initial recognition, loans and receivables of a financial nature are valued according to the amortized cost method using the effective interest method, net of any provision for impairment. Gains and losses are recognized in the income statement when loans and receivables are accounted for or impaired.

Trade receivables are recorded at their fair value, corresponding to their nominal value, possibly reduced to align to the expected realizable value. Receivables due beyond one year that are either non-interest-bearing or have interest rates below market rates are discounted using market rates.

On the other hand, "Investments held to maturity" include financial assets other than derivative instruments, characterized by fixed or determinable maturity payments where the Group has the intention and ability to keep them in the portfolio up to maturity. They are recognized at cost, which approximates the "fair value" at the time of acquisition.

After initial recognition, financial investments held to maturity are measured at amortized cost, using the effective discount rate method. Gains and losses are recognized in the income statement at the time when the investment is accounted for or impaired, as well as through the amortization process. As at 31 December 2015, the Group does not hold investments classified as held to maturity.

As at 31 December 2016, no financial asset was designated as "Investment held to maturity."

Financial assets available for sale include financial assets other than derivative instruments that have been designated as such or are not classified in any of the three previous categories. This item includes equity holdings not for trading and that do not qualify as controlling, associated and joint control. These assets are measured at fair value with recognition under equity ("other comprehensive income") of

changes in value. When the fair value cannot be reliably determined, they are valued at cost, net of any impairment. When the reasons for the impairment no longer exist, they are revalued within the limits of the write-downs previously applied through recognition in the income statement.

IAS 39 envisages the following valuation methods: fair value and amortized cost method.

FAIR VALUE

In the case of securities widely traded on regulated markets, the fair value is determined with reference to bid prices at the end of trading at the closing date of the year.

For investments for which there is no active market, the fair value is determined by means of valuation techniques based on:

- prices of recent transactions between independent parties;
- the current market value of a substantially similar instrument;
- the analysis of discounted financial flows;
- Option valuation models.

AMORTIZED COST METHOD

"Investments held to maturity" and "Loans and receivables" are valued at amortized cost, calculated using the effective discount method, net of any provision for impairment. This calculation includes any discount or purchase premium and includes commissions that are an integral part of the effective interest rate and transaction costs.

IMPAIRMENT OF FINANCIAL ASSETS

At least annually, the Group reviews the book values of its financial assets (individually or homogeneous groups) to determine whether there is any indication of impairment.

If there is an objective indication that a loan or receivable recorded at amortized cost has been impaired, the amount of the loss is measured as the difference

between the carrying amount of the asset and the present value of the estimated future cash flows discounted to the original effective interest rate.

The book value of the asset is reduced through the use of an allocation provision. The amount of the loss is recognized in the income statement.

The Group assesses the existence of objective indications of impairment at individual level. If, at a later date, the amount of the impairment is reduced and the reduction can be objectively attributed to an event occurring after such recognition, the value previously reduced may be reversed. Any subsequent reversals of impairment are recognized in the income statement, to the extent that the carrying amount of the asset does not exceed the amortized cost at the date of the reversal.

With reference to trade receivables, a provision for impairment is made when there is objective indication (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to recover all amounts due under the original conditions of the supply. The book value of the receivable is reduced through a specific provision. Receivables subject to impairment are reversed when it is determined that they are actually unrecoverable.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are recognized at their nominal value, normally coinciding with the fair value.

In accordance with IAS 7, cash equivalents include cash on hand, bank/postal current accounts (including assets and liabilities accrued at the reporting date), short-term investments readily convertible into liquidity.

They also include short-term investments whose redemption value is predetermined at the date of initial purchase/subscription.

NON-CURRENT ASSETS HELD FOR SALE, DISPOSAL GROUPS AND DISCONTINUED OPERATIONS

Non-current assets held for sale, disposal groups and discontinued operations whose carrying amount will be recovered principally through sale rather than continuous use are measured at the lower of their carrying amount and fair value less costs to sell.

A "Disposal group" is a group of assets to be disposed of together as a group in a single transaction together with the liabilities directly associated with those assets that will be transferred in that transaction.

Discontinued operations, on the other hand, consist of a significant portion of the Group, such as an important independent business division representing an activity or geographical area of activity, or a subsidiary bought exclusively with a view to reselling it.

The figures for non-current assets held for sale, disposal groups and discontinued operations are shown on two specific lines in the balance sheet: non-current assets held for sale and liabilities directly associated with non-current assets held for sale. Non-current assets held for sale are not depreciated or amortized and are measured at the lower of carrying amount and fair value less costs to sell; any difference between carrying amount and fair value less costs to sell is recognized in the income statement as a write-down.

The net economic results arising from discontinued operations, and only discontinued operations, pending the disposal process, any gains or losses on disposal and the corresponding comparative figures for the previous year or period are recognized in a specific line of the income statement: "Result of discontinued operations".

On the other hand, any gains or losses recognized as the result of measuring non-current assets (or disposal groups), classified as "held for sale" within the meaning of IFRS 5, at fair value less costs to sell are classified under "Equity/financial result".

FINANCIAL LIABILITIES

IAS 39 envisages the classification of financial liabilities in the following categories:

- financial liabilities at fair value with changes recognized in the income statement (FVTPL): Fair value through profit or loss;
- other financial liabilities.

All loans are initially recognized at fair value of the amount received, less ancillary costs incurred in connection with the arrangement of the loan. After initial recognition, loans are measured at amortized cost, using the effective interest rate method. Any gain or loss is recognized in the income statement when the liability is extinguished, as well as through the amortization process. Loans are classified as

current liabilities unless the Group has the unconditional right to defer the termination of this liability at least 12 months after the reference date.

Conceptually, this item includes trade payables recognized at their nominal value.

Financial liabilities at fair value with changes recognized in the income statement include "Liabilities held for trading".

"Liabilities held for trading" are all those acquired for short-term sales and include derivative instruments, including separated derivatives, unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the income statement. As at 31 December 2016, no financial liabilities were designated at fair value with changes recognized in the income statement.

DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized from the financial statements when:

- the rights to receive cash flows from the asset no longer apply;
- the Group retains the right to receive the future cash flows of the assets but has assumed a contractual obligation to pass them on to a third party internally without material delay;
- the Group has transferred the right to receive the cash flows from the asset and (i) has transferred substantially all of the risks and rewards of ownership of the financial asset, or (ii) it has neither transferred nor retained substantially all of the risks and rewards of the asset but has transferred control of the asset.

In the cases in which the Group has transferred the rights to receive financial flows from an asset and has neither transferred nor retained substantially all of the risks and rewards or has not lost control of the asset, it continues to recognize the asset in the financial statements of the Group to the extent of its continuing involvement in the asset.

A financial liability is derecognized from the financial statements when the underlying obligation is either discharged or cancelled or when it expires.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING

At the beginning, derivative financial instruments are recognized at fair value on the date on which the relevant contracts are entered into. Subsequently, said fair value is reviewed periodically. They are accounted for as assets when the fair value is positive and as a liability when it is negative.

The Group carries out transactions with derivative instruments with the purpose of hedging the risk of fluctuations in the prices of raw materials.

Derivatives are classified, in accordance with IAS 39, as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge is high, this being checked in advance and periodically.

When derivatives hedge the risk of fluctuation in the fair value of the underlying hedged item (fair value hedges), they are measured at fair value through the income statement; consistent with this, the hedged items are adjusted to reflect variations in the fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the cash flows of the underlying hedged item (cash flow hedge), the effective portion of changes in the fair value of the derivatives is initially recognized in equity ("other comprehensive income") and subsequently recognized in the income statement, consistently with the economic effects of the hedged transaction.

Changes in the fair value of derivatives that do not meet the formal requirements to qualify as hedging for IAS/IFRS are recognized in the income statement.

DISCLOSURE

IFRS 7 requires additional information to appreciate the significance of financial instruments in relation to the Group's economic performance and financial position. This accounting standard requires a description of the objectives, policies and procedures put in place by the management for the various types of financial risk (liquidity, market and credit) to which the Group is exposed, including sensitivity analysis for each type of market risk (exchange rate, interest rate, equity, commodity) and disclosures about the concentration, average and minimum exposures to the various types of risk during the reporting period if the exposure at the end of the period was not sufficiently representative.

IAS 1 governs, among other things, the disclosures regarding the objectives, policies and capital management processes, specifying, if there are capital requirements imposed by third parties, the nature and manner of management and any consequences of non-compliance. For further details, reference is made to the single report on operations.

TREASURY SHARES

Shares are recognized as a reduction in equity. Their original cost and any economic effects from any subsequent sale are recorded as changes in equity, too.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges (current and non-current) are set aside when:

- there is a present, legal or implicit obligation with respect to third parties;
- it is likely that the use of Group resources will be necessary to fulfil the obligation;
- a reliable estimate of the amount of the bond may be made.

The allocations reflect the best possible estimate based on the information available.

Changes in estimates are recorded in the income statement for the period in which the changes are made.

When the financial effect of time is significant and the payment dates of the bonds can be estimated, the provision is discounted using a discount rate that reflects the current valuation of the cost of money in relation to time. The increase in the provision related to the time elapsed is recorded in the income statement under "Net financial expenses".

When the liability relates to tangible assets (such as the dismantling and reclamation of sites), the provision is recognized as a counter-entry to the asset to which it refers and recognition in the income statement is through the depreciation process.

The Notes to the financial statements provide information on significant contingent liabilities represented by:

- possible (but unlikely) obligations arising from past events whose existence will only be confirmed if one or more future events occur that are not entirely under the control of the company;
- current obligations arising from past events whose amount cannot be estimated reliably or whose fulfilment may not be onerous.

EMPLOYEE BENEFITS

Short-term benefits

Short-term employee benefits are accounted for in the income statement during the period in which they are employed.

Post-employment benefits

For Italian companies, with the introduction of Legislative Decree 5 December 2005, no. 252, further integrated and amended by Law 27 December 2006, no. 296 ("Finanziaria 2007"), which includes amendments to the severance indemnity provision; as from 1 January 2007, each employee determines the allocation of accrued TFR. In particular, the new provisions imposed, for companies with more than 50 employees at the date of introduction of the reform, to pay the new TFR to the pension forms chosen by the employee or, if the employee opted to keep it at the company, to a treasury account at INPS. In fact, prior to this reform, the international accounting standards placed the TFR provision among the "defined benefit plans"; instead now, the Parent Company and its national subsidiaries, on the basis of the information provided by the competent bodies:

- continue to recognize the obligation for the portions accrued as at 31 December 2006 in accordance with the rules of defined benefit plans defined in IAS 19; in particular, the obligation for benefits accrued by employees was assessed using actuarial assumptions at the reference date. It is accrued during the period of maturity of the law; independent actuaries carry out the assessment of the liability. All actuarial effects are recognized in equity and included in the comprehensive income statement;
- recognize the obligation for the portions maturing from 1 January 2007, due to the supplementary pension plan or the INPS Treasury fund, on the basis of the contributions due in each financial year. Contributions therefore represent the costs of the period in which they are due.

For foreign companies, similar calculations have been carried out by the actuary with reference to the laws in force in the respective countries.

REVENUES AND COSTS

Revenues from the sale of goods and services are recognized to the extent that the Group is likely to have economic benefits and their amount can be reliably determined. Revenues from sales and services are recognized upon the effective transfer of the risks and significant benefits deriving from the property, either at the time of delivery or on the basis of the various contractual specifications or the performance of the service. They are recognized net of discounts, rebates, returns and promotional fees as well as taxes directly related.

Revenue allocations for partially rendered services are recognized for the accrued amount, provided that it is possible to determine the completion stage reliably and there are no significant uncertainties about the amount and the existence of the revenue and the related costs; otherwise, they are recognized within the limits of the recoverable costs incurred.

Transactions between goods and services of a similar nature and value, as they are not representative of sales transactions, do not determine the recognition of revenues and costs.

According to IAS 18, all revenues should be valued at fair value, i.e. the current value of the amount that will be collected. Therefore, in all cases where extensions are granted to customers without interest or with interest lower than that of the market, the amount that will be collected will be discounted to obtain the actual value of the sale, whereas the difference between the current value and the amount collected is a financial income to be recognized on an accruals basis and deferred partially for extensions beyond the year.

Financial income are recognized on an accrual basis.

Income and expenses are recorded in accordance with the accrual principle, with the appropriate recognition, where necessary, of the related accruals and deferrals.

CONTRIBUTIONS

Contributions are recognized when it is reasonably certain that they will be received and that all conditions for attaining them will be met. Contributions to "capital account" are recognized in the balance sheet as an adjustment to the recognition value of the asset to which they relate. Contributions in "operating account" are recognized as income and are distributed systematically in the various years as compensation of the related costs.

In order to ensure a correct economic representation, contributions are recognized in the income statement gradually, in relation to the dynamics of amortization relating to the investments made, for which the contributions are received. For the fixed assets covered by the loan, the correlation is respected each year between the cost represented by amortization and the portion of capital contribution recognized in the income statement in an amount equal to the amortization.

FINANCIAL INCOME AND EXPENSES

Financial income includes interest on bank and postal deposits, exchange rate gains and differences and financial income deriving from the discounting of receivables related to sales deferred beyond the year. Interest income is recognized in the income statement at maturity, at the effective rate of return.

Financial expenses include interest expense on financial payables, calculated using the effective interest method, exchange rate losses and differences. They are also recognized in the income statement at maturity.

DIVIDENDS

Dividends received are recognized when, after the resolution of the Shareholders' Meeting is passed, the right to receive the payment is established, typically coinciding with the collection; those distributed by companies included in the scope of consolidation are reversed with counter-entry under "Profits/(Losses) carried forward".

INCOME TAXES FOR THE YEAR

Current taxes are determined on the basis of the estimate of taxable income in accordance with the provisions in force, taking into account the applicable exemptions, tax receivables and the effects of adherence to the “tax consolidation” by the Italian companies of the Group.

Income taxes are recognized in the income statement, except when they pertain to items directly charged from or credited to an equity reserve, the tax effect of which is recognized directly as equity.

The consolidated financial statements include the allocation of deferred assets and liabilities related to temporary differences connected to the adjustments made to the financial statements of consolidated companies for adjustment to the Group's homogeneous accounting standards and to the temporary differences between the statutory results and the related taxable income.

In addition, they include deferred assets and liabilities, if any, arising from temporary deductible and taxable differences between the carrying amount of assets and liabilities and the resulting recognition for tax purposes, as well as consolidation adjustments.

Deferred tax assets are recognized in the financial statements, calculated on the basis of the tax rates applicable in the period when the deferral is realized only if their future recovery is probable.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

It is recalled that on 15 July 2011; Law no. 111/2011 was approved converting Decree Law no. 98/2011 laying down *Urgent measures for financial stabilization of the country* (Corrective Measures 2011). In particular, the Decree Law amended art. 84 of the TUIR Tax Code relating to tax losses carried forward, eliminating the 5-year time limit prescribed for the purposes of carrying forward previous tax losses (which are therefore carried forward indefinitely), and introducing a quantitative limit to the use of tax losses carried forward amounting to 80% of the income earned in subsequent years. This quantitative limit of 80% does not apply to tax losses generated during the first three years of the company's establishment, as long as they refer to new production. The new provisions had already been applied as of fiscal year 2011 and, as clarified by circular 53/E 2011 of the Revenue Agency, with effect also on the tax losses generated before 2011 and still carried forward in accordance with the past regulatory provisions.

IRES RATE ADJUSTMENT

For Italian Companies, Law no. 208 of 28 December 2015 (Stability Law for 2016) provided for the reduction of the IRES rate from 27.5% to 24% from 1 January 2017. It is thus noted that the rate used for the calculation of deferred tax assets and liabilities is equal to the aforementioned nominal rate, plus, where applicable, the IRAP rate (3.9%).

CONVERSION CRITERIA FOR FOREIGN CURRENCY ITEMS

Costs and revenues denominated in currencies other than the Euro, as well as investments in technical fixed assets and equity investments, are accounted for using the historical changes at the dates of the related transactions.

Receivables and payables in foreign currency are initially recorded on the basis of the historical exchange rates of the related transactions, with the exchange rate differences realized at the time of collection or payment recorded in the income statement; receivables and payables in foreign currency outstanding at the end of the year are valued as at 31 December. Related exchange rate gains and losses are recognized in the income statement.

EARNINGS PER SHARE

Earnings per share, which are not applicable at present, are calculated by dividing the Group's net profit for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reference period, excluding treasury shares.

To calculate diluted earnings per share, the weighted average number of outstanding shares is adjusted by assuming the conversion of all potential shares having a dilutive effect.

USE OF ESTIMATES, RISKS AND UNCERTAINTIES

The preparation of the financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of revenues, costs of assets and liabilities of the financial statements and

on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that year, or even in subsequent years if the review concerns both the current and future years.

The main estimates for which the use of subjective valuations by the management is most required were used, *inter alia*, for:

- allocations for credit risks and write-down of assets;
- the definition of the useful life of assets and related depreciation and amortization;
- allocations for provisions for environmental risks and for liabilities related to litigation of a legal and fiscal nature; in particular, the valuation processes relate both to determining the degree of probability of conditions that may entail a financial outlay and the quantification of the relevant amount;
- deferred tax assets, the recognition of which is supported by the Group's profitability prospects resulting from the expected profitability of the business plans and the forecast of composition and renewal of the "tax consolidation";
- the procedure for verifying the holding of value of intangible and tangible assets and other equity, described in the accounting standard implies - in the estimation of the value of use - the use of financial plans of the investees that are based on a set of assumptions and hypotheses about future events and actions of the administrative bodies of the investees, which will not necessarily occur. Similar estimating processes are required when reference is made to the presumable realizable value due to the uncertainty inherent in each trading.

For details on the composition and the relative recognition value of the items concerned with the estimates, reference is made to the specifications in the Notes.

Accounting standards, amendments and IFRS and IFRIC interpretations approved by the European Union and applicable as of 1 January 2016

Amendments to IAS 16 and IAS 38 "Clarification of acceptable methods of depreciation and amortization" (published on 12 May 2014): according to which a criterion of depreciation based on revenues is considered generally inappropriate, since revenues generated by an initiative that includes the use of the asset depreciated generally reflect factors other than only consumption of economic benefits of the asset, requirement that is, instead, required for depreciation. It is noted that the adoption of said amendment had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 11 "Accounting for acquisitions of interests in joint operations" (published on 6 May 2014): relating to the accounting for the purchase of stakes in a joint operation whose activity constitutes a business. The adoption of said amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 16 and IAS 41 "Bearer Plants" (published on 30 June 2014): relating to bearer plants, or fruit trees that shall produce annual crops (such as vines, nut plants), which must be accounted for in accordance with the requirements of IAS 16 (rather than IAS 41).

The introduction of the new amendment resulted in the use, upon transition to IFRS, of the historical cost criteria for accounting of fruit trees for Group producers as described in the transition appendix annexed to the financial statements and in note 3 "Tangible assets".

Amendment to IAS 1 "Disclosure Initiative" (published on 18 December 2014): the objective of the amendments is to provide clarification to disclosure elements that may be perceived as impediments to a clear and intelligible drafting of financial statements. The amendments introduced by the document shall be applied beginning the years that start 1 January 2016 or after. The adoption of said amendment had no impact on the consolidated financial statements of the Group.

Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (published on 21 November 2013): concerning the accounting of the contributions made by employees or third parties to the defined benefit plans. The adoption of said amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception" (published on 18 December 2014), containing amendments relating to issues raised following the application of the consolidation exception granted to investment entities. The adoption of said amendment had no impact on the consolidated financial statements of the Group.

On 12 December 2013, the following document "Annual Improvements to IFRSs: 2010-2012 Cycle" was published, which implements the amendments to some standards in the context of the annual process of improving the same. The main amendments regard:

- IFRS 2 "Share Based Payments – Definition of vesting condition". Changes have been made to the definitions of "vesting condition" and "market condition" and further definitions of "performance condition" and "service condition" have been added (previously included in the definition of "vesting condition");
- IFRS 3 "Business Combination – Accounting for contingent consideration". The amendment clarifies that a variable price component (contingent consideration) as part of a business combination classified as a financial asset or liability (other than as provided for the one classified as equity instrument) must be remeasured at fair value at each year-end date and the changes in fair value shall be noted on the income statement or amongst the items of the comprehensive income statement according to the requirements of IAS 39 (or IFRS 9);
- IFRS 8 "Operating segments – Aggregation of operating segments". The amendments require an entity to provide information on management's considerations in applying the aggregation criteria of operating segments, including a description of the operating segments that have been aggregated and the economic indicators considered in determining whether or not said operating segments have similar economic characteristics such as to allow the aggregation;
- IFRS 8 "Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets". The amendments clarify that the reconciliation of total assets of operating segments and total overall assets of the entity must only be presented if the total assets of the operating segments are regularly revised by the higher operating decision-making level;
- IFRS 13 "Fair Value Measurement – Short-term receivables and payables". The Basis for Conclusions of said standard have been amended to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39

and IFRS 9, the possibility of booking current receivables and payables without needing to book the effects of discounting remains valid, if said effects are immaterial;

- IAS 16 Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization. The amendments have eliminated the inconsistencies in the recognition of depreciation/amortisation when a tangible or intangible asset is subject to revaluation. The amendments clarify that the gross carrying value is appropriate and consistent with the revaluation of the carrying value of the asset and that the accumulated depreciation is equal to the difference between the gross carrying value and the carrying amount (also net of impairment losses accounted for);
- IAS 24 “Related Parties Disclosures – Key management personnel”. It is clarified that if the services of key managers are provided by an entity (i.e. not by a natural person), said entity shall however be considered as a related party.

The changes are applied at the latest from fiscal years starting 1° February 2015 or following. The adoption of these amendments has had effects on the consolidated financial statements of the Group in respect of segment disclosures under IFRS 8 to which reference is made (see Note 24). It should also be noted that, in accordance with the foregoing, the Group has decided for trade receivables and payables not to discount as of non-significant amount.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet obligatorily applicable and not adopted by the Group in advance as at 31 December 2016.

On 28 May 2014, the IASB published the standard IFRS 15 – Revenue from Contracts with Customers which is destined to replace standards IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations of IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services.

The standard establishes a new model of revenue recognition shall apply to all contracts with customers except those that fall within the scope of application of other IAS/IFRS principals such as leasing, insurance contracts and financial instruments. The fundamental steps for the recognition of revenues according to the new model are:

- identification of the contract with the customer;
- identification of the performance obligations of the contract;
- determination of the price;
- allocation of the price to the performance obligations of the contract;
- criteria for recognition of revenues when the entity meets each performance obligation.

The standard is applicable starting from 1 January 2018. However, earlier application is permitted. Currently, the directors are still assessing the impacts; therefore, it is not possible at present to provide a reasonable estimate of the effects on the amounts recognized as revenues and the related disclosures until the Group has completed a detailed analysis of customer contracts.

On 24 July 2014, the IASB published the final version of IFRS 9 – Financial instruments. The document includes the results of the phases relating to Classification and measurement, impairment and hedge accounting, of the IASB's project aimed at replacing IAS 39. The new standard, which replaces the previous version of IFRS 9, shall be applied for financial statements beginning on 1 January 2018 or after.

The standard introduces new criteria for classifying and measuring financial assets and liabilities. In particular for financial assets, the new standard uses a single

approach based on management procedures for financial instruments and the contractual cash flow characteristics of the financial assets in order to determine the valuation criteria, replacing the many different regulations in IAS 39. In terms of financial liabilities, the main modification introduced concerns the recognition of variations in the fair value of financial liabilities measured at fair value in the income statement whenever these changes are due to a change in the issuer's creditworthiness of the liability. According to the new standard, these amendments must be recognized in the statement of "Other comprehensive income", and no longer in the income statement.

With reference to the impairment, the new standard requires the estimate of losses on receivables to be made on the basis of the model of expected losses (and not on the model of incurred losses used by IAS 39) using supportable information, available without unreasonable effort or expense that include current and prospective historical data. The standard requires that the impairment model apply to all financial instruments, i.e. financial assets measured at amortized cost, those measured at fair value through other comprehensive income, receivables arising from lease agreements and trade receivables.

Finally, the standard introduces a new model of hedge accounting in order to adapt the requirements of the current IAS 39 that sometimes were considered too stringent and unsuitable to reflect the risk management policies of the company.

The main additions of the document regard:

- increases of the types of transactions eligible for hedge accounting, also including the risks of non-financial assets/liabilities eligible for management under hedge accounting;
- changes in the way that forward contracts and options are accounted for when they are in a hedge accounting relationship, in order to reduce volatility of the income statement;
- changes to the effectiveness test through the replacement of the current methods based on the 80-125% parameter with the principle of "economic relationship" between the hedged item and the hedging instrument; in addition, an assessment of the retrospective effectiveness of the hedging report will no longer be required.

The greater flexibility of the new accounting rules is offset by additional requests for information on the risk management activities of the Group. Currently, the directors are still assessing the impacts; therefore, it is not possible at present to provide a

reasonable estimate of the effects on the amounts and the related disclosures until the Group has completed a detailed analysis.

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

Accounting standards, IFRS and IFRIC amendments and interpretations not yet approved by the European Union as at 31 December 2016

At the date of reference of these Notes, the EU competent authorities have not yet completed the standardisation process required to adopt the accounting standards and amendments described below.

On 30 January 2014, the IASB published the standard IFRS 14 – Regulatory Deferral Accounts that allows only those that adopt IFRS for the first time to continue to recognize the amounts related to activities subject to regulated tariffs ("Rate Regulation Activities") under previous accounting standards adopted. This standard is not applicable.

On 13 January 2016, the IASB published the standard IFRS 16 – Leases, which is intended to replace the standard IAS 17 – Leases, as well as the interpretations IFRIC 4 – Determining whether an Arrangement contains a Lease, SIC-15 – Operating Leases- Incentives and SIC-27 – Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish lease contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace the same, the right to obtain substantially all of the economic benefits arising from the use of the asset and the right to direct the use of the asset underlying the contract.

The standard establishes a single model of recognition and evaluation of lease agreements for the lessee, which involves registration of the leased asset, also operational, in assets with financial debt counter-entry, while also providing the opportunity to not recognize as leases contracts concerning "low-value assets" and leases with a contract term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors.

The standard is applicable as of 1 January 2019. However, earlier application is permitted only for Companies that proceeded with early application of IFRS 15 - Revenue from Contracts with Customers.

Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses" (published on 19 January 2016). The document aims to provide some clarification on the recognition of deferred tax on unrealized losses upon the occurrence of certain

circumstances and on the estimate of taxable income for future years. The amendments are applicable starting from 1 January 2017. However, earlier adoption is permitted. The directors are currently assessing the possible impacts of the introduction of said amendments on the Group's consolidated financial statements.

Amendment to IAS 7 "Disclosure Initiative" (published on 29 January 2016). The document aims to provide some clarification to improve disclosures on financial liabilities. In particular, the amendments require to disclose information that enables users of financial statements to understand the changes in liabilities arising from financing operations. The amendments are applicable starting from 1 January 2017. However, earlier application is permitted. It is not required to present comparative information relating to previous years. The directors are currently assessing the possible impacts of the introduction of said amendments on the Group's consolidated financial statements.

Amendment to IFRS 2 "Classification and measurement of share-based payment transactions" (published on 20 June 2016), which contains some clarifications in relation to the recognition of the effects of vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the accounting of changes to the terms and conditions of a share-based payment, which alter their classification from cash-settled to equity-settled. The amendments are applicable starting from 1 January 2018. However, earlier application is allowed. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of said amendments.

Document "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (published on 12 September 2016). For entities whose business is predominantly in the insurance business, the amendments aim to clarify the concerns arising from the application of the new IFRS 9 standard to financial assets prior to the IASB replacement of the current IFRS 4 standard with the new standard currently under preparation, on the basis of which financial liabilities are instead valued.

The amendments introduce two possible approaches:

- overlay approach
- deferral approach.

The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of said amendments.

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

Interpretation IFRIC 22 “Foreign Currency Transactions and Advance Consideration” (published on 8 December 2016). The purpose of the interpretation is to provide guidelines for foreign currency transactions where non-monetary advances or prepayments are recognized in the financial statements prior to the recognition of the related asset, cost or revenue. This document provides indications on how an entity must determine the date of a transaction and, consequently, the spot rate to be used for foreign currency transactions in which payment is made or received in advance. IFRIC 22 is applicable starting from 1 January 2018. However, earlier application is allowed. The directors do not expect a significant impact on the Group’s consolidated financial statements from the adoption of said amendments.

Amendment to IAS 40 “Transfers of Investment Property” (published on 8 December 2016). Said amendments clarify transfers of a property to or from property investment. In particular, an entity must reclassify a property as, or from, property investments only when there is evidence that there has been a change in the use of the property. This change must be attributed to a specific event that has occurred and therefore not be limited to a change of intent by an entity’s management. Said amendments are applicable from 1 January 2018. However, earlier application is permitted. The directors do not expect a significant impact on the Group’s consolidated financial statements from the adoption of said amendments.

Amendment to IFRS 10 and IAS 28 “Sales or Contribution of Assets between an Investor and its Associate or Joint Venture” (published on 11 September 2014). The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 related to the valuation of the profit or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in return for a portion in the capital of the latter. For the moment, the IASB has suspended the application of this amendment.

Consolidation principles

These consolidated financial statements include, in addition to the Parent Company's financial statements, the financial statements of the Companies over which it exercises control (those financial statements approved by the respective Boards of Directors have been appropriately adjusted / reclassified in order to make them consistent with the drafting rules of the financial statements of the Parent Company and consistent with IAS/IFRS International Accounting Standards).

Control exists when the Parent Company has the power to direct the company's significant activities and is exposed to the variability of the results obtained through the exercise of power.

The financial statements of subsidiaries are included in the consolidated financial statements beginning on the date when control is acquired until the time when control ceases to exist.

The consolidated financial statements correspond to the results of the accounting records of the Parent Company and its subsidiaries, which are regularly held and supplemented by own adjustments of consolidation processes.

SCOPE OF CONSOLIDATION

The consolidated financial statements include the full consolidation of the data of GF Group, Parent Company, and companies that, after restructuring, with the sale of the terminal and the real estate sector, operate in the following segments: Distribution, Import & Shipping and Services. Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated from the date on which control is transferred outside the Group.

The date of consolidation, 31 December, is that of the Parent Company GF Group and coincides with that of all the companies included in the scope of consolidation.

The scope of consolidation is specifically detailed and is accompanied by further information as required by legislation, in particular IFRS 10 and 12, in these Notes.

CONSOLIDATION CRITERIA

The consolidation method used is the line-by-line method, i.e. assets, liabilities, as well as the consolidated costs and revenues of the consolidated companies are drawn line by line.

The line-by-line consolidation method has been used for all subsidiaries, i.e. those companies over which the Parent Company has at the same time the following three elements: (a) power on the company, (b) exposure, or rights, to variable returns from involvement with the same, (c) ability to use the power to influence the amount of such variable returns.

Associates, over which GF Group exercises significant influence or companies in which it exercises joint control over financial and operating policies, have been valued using the equity method. Profit or losses relating to the Group are recognized in the consolidated financial statements from the date on which the significant influence commences until the date on which it ends.

Any goodwill included in the value of the investment is subject to impairment testing.

If any of the Group's portion of the losses of the associate exceeds the book value of the investment in the financial statements, after the value of the investment has been zeroed, the portion of the related losses is set aside to the extent that the Group has legal or implied obligations, in respect of the investee, to cover losses or, in any event, to make payments on its behalf or in relation to its scope of activity.

Companies for which the Group holds portions equal to or less than 20% of the capital, or for which no significant influence is exercised, have been recognized at the purchase or subscription cost.

The main consolidation criteria adopted when drafting the consolidated financial statements are indicated below:

a) Derecognition of investments in consolidated companies

With the use of the line-by-line consolidation, the total amount of assets, liabilities and costs and revenues of the consolidated companies are drawn line by line by allocating the equity attributable to minority shareholders that are recognized in a separate item of consolidated equity referred to as "minorities' capital and reserves", while the portion of the profit or loss for the year is recorded in the item "profit/loss attributable to minorities".

With the line-by-line consolidation, the book value of the equity investments held by the parent and/or other companies of the Group is eliminated against the corresponding portion of shareholders' equity of the subsidiaries, assuming for the individual elements of assets and liabilities the current value at the date of acquisition of control.

The positive difference between the carrying amount of the consolidated equity investments and the corresponding equity is attributed to the item "goodwill"; if the difference is negative, it is recognized in the income statement as required by IFRS 3.

The residual difference is recognized in such a way that the consolidated financial statements present:

- the share capital, legal reserve and share surplus, if any, of the Parent Company;
- other specific reserves (i.e. Conversion reserve, TFR discounting reserve, etc.) also at the level of the consolidated financial statements;
- profits and/or losses carried forward, representing the reserves of undivided profits and losses of the subsidiaries, modified where appropriate, to reflect consolidation adjustments.

With the equity method, the carrying amount of the investment is adjusted yearly to the pro-quota value of the equity of the investee, modified for any consolidation adjustments, recording the positive and/or negative result achieved in the income statement.

(b) Derecognition of intra-group relations

Within the consolidation process, the following are systematically identified and eliminated:

- receivables and payables outstanding at the reporting date between the companies consolidated with the line-by-line method;
- income and expense deriving from the transactions carried out between Group companies consolidated using the line-by-line method;
- dividends received from companies consolidated with the line-by-line and equity method;
- write-downs of equity investments accounted for in the financial statements.

Gains arising from consolidated transactions, if significant, that have not been realized through transactions with third parties are derecognized.

The elimination of inter-company items also includes any debits or credits of Italian consolidated subsidiaries with respect to the Parent Company as regards Corporate Income Tax (IRES). It is underlined that the Parent Company has adhered to the Group taxation scheme as provided for in art. 117-129 TUIR Tax Code for the years 2015-2017.

(c) Conversion of financial statements in currencies other than Euro

The consolidated financial statements of GF Group are prepared in Euro as it represents the functional currency of the Parent Company GF Group and of all the companies included in the scope of consolidation, with the exception of:

- the Argentina-based companies Rost Fruit S.A., Moño Azul S.A.;
- the Costa Rica-based companies Simbarica S.r.l. and Cosiarma Costa Rica S.r.l.;
- the Colombia-based company Simbacol S.A.S.;
- the Mexico-based companies Comercializadora de Frutas S.A.C.V. and Productores Aguacate Jalisco S.A.C.V.

The individual financial statements of each company belonging to the Group are prepared in the currency of the primary economic context in which it operates (functional currency). The conversion of the items of financial statements denominated in currencies other than the Euro is carried out applying current exchange rates at the end of the year. The income statement items are instead converted at average exchange rates of the year. Exchange rate conversion differences resulting from the comparison of the initial equity converted at current exchange rates and the same converted at historical exchange rates, as well as the difference between the economic result expressed at average exchange rates and at current exchange rates, are recognized under equity "Conversion reserve" only for the part generated after 1 January 2015 as indicated below.

For the financial statements of companies, valued using the equity method expressed in a currency other than the presentation currency (Euro), the exchange rate at the end of the year was applied to the individual items of the Balance Sheet. Exchange rate differences arising from the conversion of the items of initial equity at

current exchange rates at year-end, compared to those at the end of the previous year, are recognized directly in Consolidated Equity.

The exchange rates used for the conversion into Euro of the financial statements of foreign subsidiaries, prepared in local currency, are shown in the following table:

	31/12/2016	Year 2016	31/12/2015	Year 2015
US Dollar	1,0541	1,1069	1,0887	1,10951
Argentinean Peso	16,7488	16,342	14,0972	10,2599
Costa Rican Colon	580,809	601,952	585,635	593,126
Peso Colombia	3.169,49	3.376,93	3.456,01	3.048,53
Peso Messico	21,7719	20,6673	18,9145	17,6157

It should be noted that during the IFRS transition, the Group used the exemption provided by IFRS 1 for the cumulative conversion differences, assuming that they are zero at the date of transition to IFRS and that any gain or loss arising from subsequent disposal to third parties of an operation does not include the conversion differences determined prior to the transition date, but only the ones formed subsequently.

List of Group companies

Below are the lists of companies consolidated using the line-by-line method, as they are directly or indirectly controlled, of those valued using the equity method and those valued at cost.

LIST OF COMPANY CONSOLIDATED ON A LINE-BY-LINE BASIS:0

Name	Head office	Investment percentage		Interest held by	Share Capital	
		Direct	Indirect			
AZ France S.A.	Cavallion (Francia) - 56, Avenue JP Boitelet		100,00%	GF Distribuzione S.r.l.	3.360.000	€
Bella Frutta S.A.	Atene (Grecia) - 6 Troizinias Street		99,82%	GF Distribuzione S.r.l.	1.756.800	€
Comercializadora de Frutas S.A.C.V.	Tinguindin (Mexico) - Carretera Zamora-Los Reyes km. 37,5		100,00%	AZ France S.A.	3.299.376	pesos
Cosiama S.p.A.	Genova (Italia) - via Operai 20	100,00%			2.600.000	€
Cosiama Costa Rica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutivo La Sabana Edificio torre 1		100,00%	Cosiama S.p.A.	1.000	colones
Eurofrutas S.A.	Alverca (Portogallo) - Estrada principal Casal das Areias 205		100,00%	GF Distribuzione S.r.l.	5.750.000	€
Eurarticolos LDA	Gradil (Portogallo) - Quinta dos Besteiros		100,00%	Eurofrutas S.A.	150.000	€
Fresco Ships' A&F S.r.l.	Bergeggi (Italia) - Banchina R. Orsero Porto Vado		100,00%	GF Porterm S.r.l.	258.000	€
Fruttital S.r.l.	Milano (Italia) - via C. Lombroso, 54		100,00%	GF Distribuzione S.r.l.	5.000.000	€
GFB S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			10.000	€
GF Distribuzione S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			20.000.000	€
GF Porterm S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			2.000.000	€
GF Produzione S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			100.000	€
GF Servizi S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			100.000	€
GF Trasporti S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			100.000	€
Kiwisol LDA	Folgosa (Portogallo) - Rua de Santo Ovidio 21		93,90%	Eurofrutas S.A.	523.738	€
Nuova Banfrutta S.r.l.	Porto San Giorgio (Italia) - Via Morgagni 30		100,00%	Fruttital S.r.l.	103.480	€
Productores Aguacate Jalisco	Ciudad Guzman (Mexico) - Constitucion 501 Centro C.P. 49000		70,00%	Comercializadora de Frutas S.A.C.V.	30.000.000	pesos
R.O.S.T. Fruit S.A.	Buenos Aires (Argentina) - Corrientes 330 - 6° 612		100,00%	GF Distribuzione S.r.l., GF Produzione S.r.l.	24.096.320	pesos
Simba France S.A.	Ivry sur Seine (Francia) - 12 Avenue Maurice Thorez		100,00%	Simba S.p.A.	1.050.000	€
Simba S.p.A.	Milano (Italia) - via Fantoli 6		100,00%	GF Distribuzione S.r.l.	3.100.000	€
Simbacol S.A.S.	Medellin (Colombia) - Carr. 434 n. 1-50 Torre 1 Of. 453 S.Fernando Pl.		100,00%	Simba S.p.A.	2.000.000	pesos
Simbarica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutivo La Sabana Edificio torre 1		100,00%	Simba S.p.A.	1.000	colones
Sifer Trasporti S.r.l. (in liquidazione)	Milano (Italia) - via Fantoli 6	85,00%			260.000	€
Solfrutas LDA	Lisbona (Portogallo) - MARL Lisboa, Pav. A05, box 022		100,00%	Eurofrutas S.A.	339.182	€
Tropical Frutas LDA	Matosinhos (Portogallo) - Rua D. Marcos da Cruz 1673		100,00%	Eurofrutas S.A.	250.000	€
Vado Container Services S.r.l.	Genova (Italia) - via Operai 20		100,00%	GF Porterm S.r.l.	10.000	€

LIST OF COMPANIES CONSOLIDATED USING THE EQUITY METHOD:

Name	Head office	Investment percentage		Interest held by	Share Capital	
		Direct	Indirect			
Acorsa S.A.	Curridabat (Costa Rica) - De la estac. de servicios La Galera 100 N 25 E		50,00%	GF Produzione S.r.l.	1.000.000	colones
Cultifruit S.A.	Barcelona (Spagna) - MERCABARNA, Calle Longitudinal 7, 83	33,33%			3.000.000	€
Fruport Tarragona S.L.	Muelle Reus Tarragona (Spagna)		49,00%	GF Porterm S.r.l.	82.473	€
Fruttital Firenze S.p.A.	Firenze (Italia) - Via S. Allende 19 G1		50,00%	GF Distribuzione S.r.l.	300.000	€
Galandi S.p.A.	Firenze (Italia) - Via S. Allende 19 G1		50,00%	GF Distribuzione S.r.l.	500.000	€
Hermanos Fernandez Lopez S.A.	Barcelona (Spagna) - MERCABARNA, Calle Longitudinal 7, 83		50,00%	GF Distribuzione S.r.l.	258.911	€
Moncada Frutta S.r.l.	Ispica (Italia) - Contrada Salmeci SN		50,00%	GF Distribuzione S.r.l.	100.000	€
Simba Spain S.L.	Barcelona (Spagna) - Calle F 30-32 Sector C zona franca Mercabarna		50,00%	Simba S.p.A.	10.000	€

LIST OF COMPANIES CONSOLIDATED USING THE COST METHOD:

Società controllate valutate al costo

Name	Head office	Investment percentage		Interest held by	Share Capital	
		Direct	Indirect			
Fruttital Sicilia Srl	Santa Maria di Licodia (Italia) - Strada Cavaliere Bosco 58		50,1%	GF Distribuzione S.r.l.	100.000	
Irrigar S.A.	Buenos Aires (Argentina) - Tucuman 117		99,92%	ROST Fruit S.A.	12.000	pesos

Società collegate valutate al costo

Name	Head office	Investment percentage		Interest held by	Share Capital	
		Direct	Indirect			
Citrumed S.A.	Bouargoub (Tunisia) Borj Hfaïedh - 8040		50,00%	AZ France S.A.	1.081.000	dinari
Natural Juice S.A.	Villa Regina (Argentina) Saminto n° 183 PB		40,00%	ROST Fruit S.A.	8.000.000	pesos

Scope of consolidation as at 31.12.2016 and changes

As mentioned several times in the report on operations the disposal of the operating activities occurred in 2016, in accordance with the "Glenalta Transaction". These activities were represented by the Argentina-based producer Moño Azul S.A. and Business Aviation.

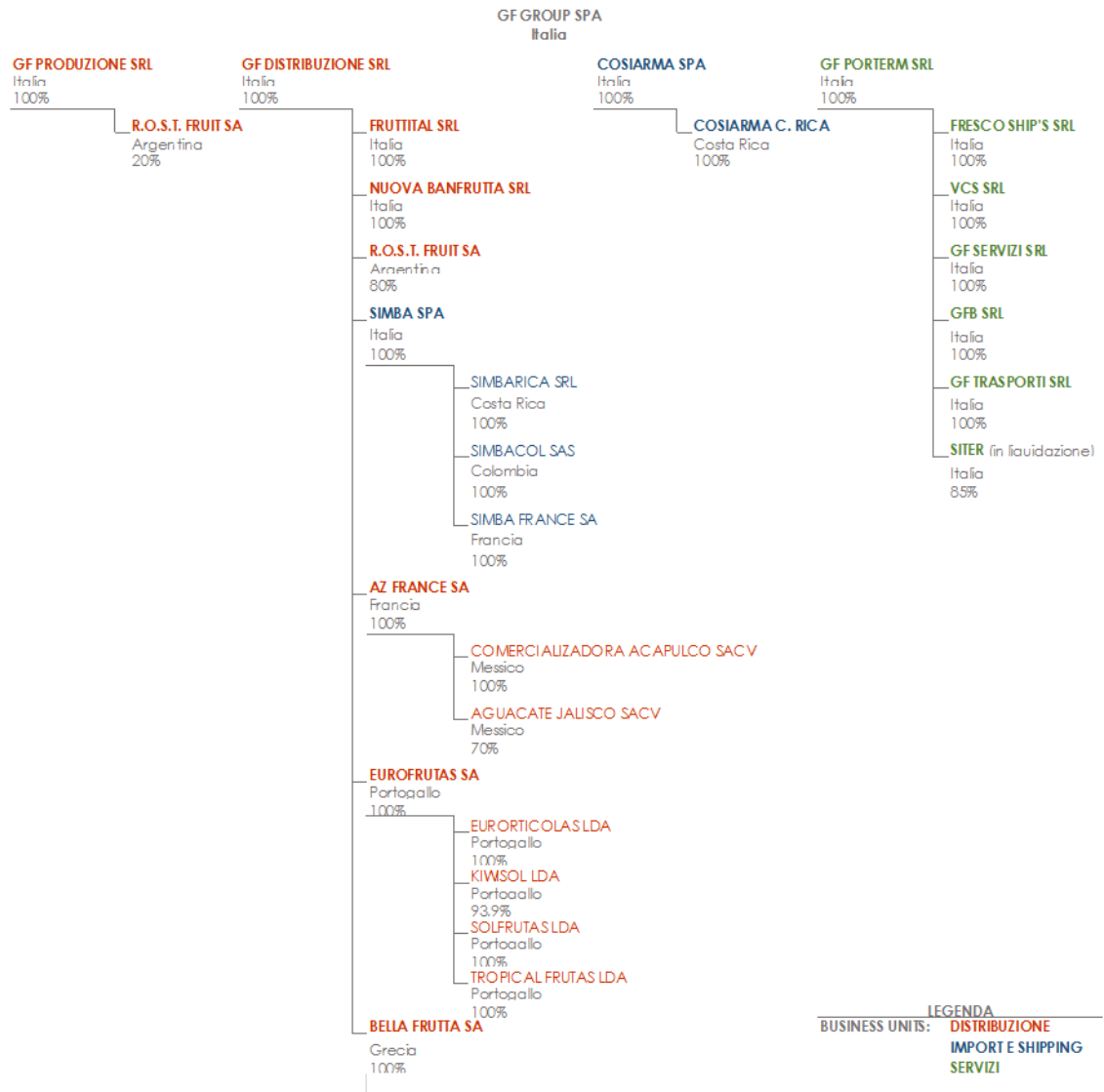
In addition to these, the main disposal was the sale of the investment in the Cameroon-based banana production company.

- The sale of Moño Azul S.A., an Argentina-based company, which is 97.9% owned by the subholding GF Produzione S.r.l. and active in the production of pears and apples, to Argentina S.r.l. as an investment considered non-instrumental by the Group. The amount of the sale was recognized by

means of the liberating assumption of the full bank debt of GF Produzione S.r.l.; it is noted that this transaction was carried out in preparation for the realization of the relevant transaction with Glenalta Food S.p.A., as outlined in the single report on operations to which reference is made.

- The sale of Business Aviation, i.e. sale of 100% of GF Aviation S.r.l., which holds the entire holding of K-Air S.r.l. and K-Fleet S.r.l., held by the Parent Company to the shareholders of the Parent Company for Euro 1. This sale is also part of the transactions considered in preparation for the conclusion of the relevant transaction with Glenalta Food S.p.A., as outlined in the single report on operations to which reference is made.
- The sale of the investment of 44% in the Cameroon-based company So.fi.pro S.A., dedicated to the management of banana plantations, totalling Euro 1,841 thousand, with a loss of Euro 289 thousand.

Following the above transaction, the company map is more streamlined and direct as in the representation below:



Impairment test

This section describes the impairment test of the Group's main assets, as required by IAS 36.

The group tested the book value of net invested capital as at 31 December 2016, identifying the individual companies operating in the "Distribution" and "Import & Shipping" segments as cash-generating units.

The recoverable amount of the aforementioned units has been identified in the value of use: the latter corresponds to the sum of the discounted future cash flows and the terminal value that the individual companies will be able to generate according to management estimates, net of the net financial position.

For discounting, the WACC post-tax rate was adopted as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on a weighting between the cost of the debt and the cost of equity, calculated on the basis of the values of companies comparable to those belonging to the Group and subject to impairment as they operate in the same business segment.

The values of the WACC thus determined are equal to:

- 5.82% for Fruttital S.r.l., Nuova Banfrutta S.r.l., Simba S.p.A.;
- 5.07% for Az France S.A.;
- 7.60% for Eurofrutas S.A.;
- 13.57% for Bella Frutta S.A.;
- 6.06% for Fernandez S.A.;
- 6.07% for Cosiarma S.p.A.

The terminal value was calculated with the perpetual annuity formula, and determined as the ratio between the normalized flow (NOPAT) and the discount rate. In making this calculation, a 1% nominal growth rate ("g") was considered, in line with the growth outlook expected by management for the years beyond the industry horizon and the reference countries.

With reference to Cosiarma S.p.A., instead of the perpetual annuity, an 8-year time horizon was considered and forecasts in line with historical performances.

Notes - disclosures on the statement of financial position and the income statement

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements, indicating any possible effects of changes in the scope of consolidation, where appropriate.

NOTE 1. GOODWILL

Goodwill was recorded for Euro 3,834 thousand (Euro 7,460 thousand as at 31 December 2015).

Thousands of euro	Goodwill	Consolidation differences	Total
Carrying amount at January 1°, 2015	1.528	6.115	7.643
<i>Change of year:</i>			
Investments	-	-	-
Disposal	-	-	-
Reclassification	-	-	-
Impairment losses	-	-	-
Changes of consolidated companies	(3)	-	(3)
Translation differences	(180)	-	(180)
Reclassification IFRS 5	-	-	-
Carrying amount at December 31, 2015	1.345	6.115	7.460
<i>Change of year:</i>			
Investments	-	-	-
Disposal	-	-	-
Reclassification	-	-	-
Impairment losses	-	-	-
Changes of consolidated companies	(326)	(3.300)	(3.626)
Translation differences	-	-	-
Reclassification IFRS 5	-	-	-
Carrying amount at December 31, 2016	1.019	2.815	3.834

The item shows the amount paid by the Group over the book value of the company's branches and/or equity of the companies acquired and subsequently incorporated. The residual value of the item in question is verified at least annually through the profitability analysis of the company branches acquired, through impairment tests.

Goodwill as at 31 December 2016 refers:

- for Euro 720 thousand to Nuova Banfrutta S.r.l.: specifically, this value mainly derives from the acquisition of Ferfrutta S.r.l.;
- for Euro 171 thousand to Az France S.A.;
- for Euro 128 thousand to Eurofrutas S.A.: this value derives from the acquisition in 2009 of Tropical Frutas.

This item also includes the consolidation differences relating to the acquisitions of Eurofrutas S.A. and Nuova Banfrutta S.r.l. The acquisition of the first refers to the 50% recorded in 2013 and with residual value as at 31 December 2016 equal to Euro 1,440 thousand, while the second one in 2010 has a residual value of Euro 1,375 thousand.

The decrease of approximately Euro 3,626 thousand exclusively reflects the deconsolidation of the Argentina-based company Moño Azul S.A., a sale closely associated with the "Relevant Transaction" with the SPAC Glenalta Food S.p.A.

The result of the impairment, made using the information available to date and reasonable estimates of the evolution of the invested capital, has demonstrated the holding of the values of the main companies as mentioned above with respect to the respective carrying values and consequently with respect to accounting equity used in the consolidation, thus determining the need for no write-downs in the consolidated financial statements.

The sensitivity analysis carried out on the basis of two reduction assumptions of Adjusted EBITDA values of 5% and 10% did not give rise to any problem with regard to the holding of values.

The above analyses confirm the sensitivity of valuations of recoverability of non-current assets to the change in the variables used; in this context, the directors will systematically monitor the trend of the variables used and not controllable for any adjustments to the recoverability estimates of the recognition values of non-current assets in the consolidated financial statements.

NOTE 2. OTHER INTANGIBLE ASSETS

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	814	2.063	-	3.723	6.600
Accumulated amortization	(744)	(1.390)	-	(3.324)	(5.458)
Balance at January 1^o, 2015	69	673	-	399	1.142
<i>Change of year:</i>					
Investments	285	112	-	89	486
Disposal - Carrying amount	-	(221)	-	(1.390)	(1.611)
Disposal - accumulated amortization	-	101	-	1.288	1.389
Reclassification - carrying amount	(13)	1.557	-	(342)	1.202
Reclassification - accumulated amortization	8	(1.450)	-	342	(1.100)
Impairment losses	-	-	-	-	-
Changes of consolidated companies - Carrying amount	(18)	(347)	-	(733)	(1.098)
Changes of consolidated companies - accumulated amortization	16	219	-	554	789
Translation differences - carrying amount	-	-	-	-	-
Translation differences - accumulated amortization	-	-	-	-	-
Amortization	(96)	(155)	-	(135)	(386)
Amortization "Discontinued Operations"	(20)	-	-	-	(20)
Carrying amount	1.068	3.164	-	1.346	5.578
Accumulated amortization	(836)	(2.675)	-	(1.274)	(4.785)
Balance at December 31, 2015	232	489	-	72	793
<i>Change of year:</i>					
Investments	415	5.223	212	29	5.879
Disposal - Carrying amount	-	(145)	-	-	(145)
Disposal - accumulated amortization	-	81	-	-	81
Reclassification - carrying amount	-	-	-	(182)	(182)
Reclassification - accumulated amortization	-	-	-	182	182
Impairment losses	-	-	-	-	-
Changes of consolidated companies - Carrying amount	(287)	-	-	-	(287)
Changes of consolidated companies - accumulated amortization	280	-	-	-	280
Translation differences - carrying amount	-	-	-	-	-
Translation differences - accumulated amortization	-	-	-	-	-
Amortization	(143)	(211)	-	(40)	(394)
Amortization "Discontinued Operations"	-	-	-	-	-
Carrying amount	1.196	8.242	212	1.193	10.844
Accumulated amortization	(699)	(2.804)	0	(1.132)	(4.635)
Balance at December 31, 2016	497	5.438	212	61	6.208

Intangible assets decreased by Euro 349 thousand compared with 1^o January 2015, relating to investments of Euro 486 thousand, amortization of Euro 406 thousand, changes in the consolidation scope for disposals of Euro 309 thousand and a decrease of Euro 121 thousand.

Intangible assets increased by Euro 5,415 thousand compared to the year 2015, relating to investments of Euro 5,879 thousand (see below), amortization of Euro 393

thousand, changes in the consolidation scope of Euro 7 thousand and disposals of Euro 64 thousand.

It should be noted that in 2016, no changes in estimates were made in assessing the useful life of intangible assets in the choice of the amortization method.

The Group has incurred advertising and promotional expenses recognized in the income statement, for Euro 2,741 thousand essentially linked to the promotion of the brand through major media.

No intangible assets are reclassified as "Assets held for sale" but amortization of intangible assets related to Business Aviation, in accordance with IFRS 5, has been reclassified under "Result of discontinued operations".

INTELLECTUAL PROPERTY RIGHTS

The item includes costs incurred in relation to the software and licensing programs of the Group: the increase reflects the investments made in management programs to a greater extent than the amortization accrued during the year, calculated on average over a useful life of three years.

CONCESSIONS, LICENSES AND TRADEMARKS

This line of account essentially reflects the amount paid as concession for the exercise of commercial activities located within the general markets, amortized on the basis of the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period.

The increase of Euro 4,949 thousand reflects investments of Euro 5,223 thousand, amortization of Euro 211 thousand, changes from disposals of Euro 64 thousand. In particular, we note the acquisition of the brand of Moño Azul S.A. by Fruttital S.r.l. for USD 5,350 thousand (Euro 5,043 thousand as at 31 December 2016) and in line with the valuation of the brand by an independent expert. This investment lies within the broader Transaction with Glenalta Food S.p.A. described in the single report on operations.

ASSETS IN PROGRESS AND ADVANCES

The item, which is of non-material value, reflects investments made during the year and not yet operational at the end of the year.

OTHER INTANGIBLE ASSETS

This line of account essentially includes costs incurred for the development of internal software, amortized according to the respective periods of use.

The decrease compared to the previous year was the result of increases in investments of Euro 29 thousand and decreases of Euro 40 for related amortization.

NOTE 3. TANGIBLE ASSETS

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	114.993	13.986	258.882	8.419	22.481	3.278	422.038
Accumulated depreciation	(35.306)	(4.063)	(157.216)	(4.019)	(20.240)	-	(220.844)
Balance at January 1st, 2015	79.687	9.923	101.665	4.400	2.241	3.278	201.194
<i>Change of year:</i>							
Investments	130	2.599	4.642	3	727	2	8.103
Disposal - Carrying amount	(1.230)	(459)	(7.247)	(77)	(1.800)	(44)	(10.857)
Disposal - accumulated depreciation	82	-	3.682	77	1.669	-	5.510
Reclassification - carrying amount	-	-	265	(212)	(5.040)	-	(4.987)
Reclassification - accumulated depreciation	-	-	(239)	209	5.017	-	4.987
Impairment losses	-	-	-	-	-	-	-
Changes of consolidated companies - Carrying amount	(76.927)	-	(449)	(5.382)	(999)	(2.535)	(86.292)
Changes of consolidated companies - accumulated depreciation	13.077	-	429	1.087	802	-	15.395
Translation differences - carrying amount	(1.000)	(4.325)	(2.940)	(590)	(369)	(189)	(9.412)
Translation differences - accumulated depreciation	406	1.382	1.206	590	346	-	3.930
Depreciation	(668)	(11)	(8.622)	(23)	(739)	-	(10.063)
Depreciation "Discontinued Operations"	(40)	(1.035)	(2.167)	(33)	(90)	-	(3.365)
Carrying amount	35.966	11.801	253.153	2.160	15.000	512	318.592
Accumulated depreciation	(22.449)	(3.727)	(162.927)	(2.112)	(13.235)	-	(204.451)
Balance at December 31, 2015	13.517	8.074	90.226	48	1.765	512	114.141
<i>Change of year:</i>							
Investments	4.964	-	799	18	1.356	636	7.773
Disposal - Carrying amount	(76)	-	(3.218)	(24)	(2.294)	(2)	(5.614)
Disposal - accumulated depreciation	38	-	2.961	24	2.166	-	5.189
Reclassification - carrying amount	1	-	(242)	(8)	12	-	(237)
Reclassification - accumulated depreciation	(1)	-	242	6	(21)	-	226
Impairment losses	-	-	-	-	-	-	-
Changes of consolidated companies - Carrying amount	(1.739)	(11.585)	(27.974)	(1.578)	(1.241)	(510)	(44.627)
Changes of consolidated companies - accumulated depreciation	828	3.707	11.501	1.578	1.096	-	18.710
Translation differences - carrying amount	(114)	(28)	(305)	(7)	(18)	(29)	(501)
Translation differences - accumulated depreciation	56	3	111	7	16	-	193
Depreciation	(617)	(10)	(8.025)	(30)	(691)	-	(9.373)
Depreciation "Discontinued Operations"	-	-	-	-	-	-	-
Carrying amount	39.002	188	222.213	561	12.815	607	275.386
Accumulated depreciation	(22.145)	(27)	(156.137)	(527)	(10.669)	-	(189.505)
Balance at December 31, 2016	16.857	161	66.076	34	2.146	607	85.881

At as 31 December 2015, tangible assets totalled Euro 114,141 thousand, down Euro 87,053 thousand compared to the previous year due to:

- investments for Euro 8,103 thousand, mainly in the "Import & Shipping" (Euro 4,082 thousand) and "Services" (Euro 2,973 thousand) segments,
- depreciation for the period for Euro 13,428 thousand,

- changes from consolidation scope for a total of Euro 70,897 thousand, due to the sale of the real estate sector (Euro 52,803 thousand), the liquidation of Reefer Terminal Sete (Euro 17,131 thousand) and the sale of Tecnolog (Euro 963 thousand),
- disposals of assets for Euro 5,347 thousand, essentially represented by the Piaggio P-180 "Lima" aircraft for Euro 3,369 thousand (in the "Services" segment) and some non-strategic assets by the Argentina-based producer,
- decrease due to exchange rate of Euro 5,482 thousand, essentially referring to the assets of the Argentina-based company due to the Peso which went from 10.3 Pesos/Euro in December 2014 to 14.1 Pesos in December 2015.

No tangible assets are reclassified as "Assets held for sale" but depreciation of tangible assets related to Business Aviation and Moño Azul S.A. in accordance with IFRS 5, has been reclassified under "Result of discontinued operations".

As at 31 December 2016, tangible assets totalled Euro 85,881 thousand, with a decrease of Euro 28,260 thousand against the previous year due to:

- investments for Euro 7,773 thousand, mainly in the following: "Import & Shipping" for Euro 4,815 thousand and "Distribution" for Euro 2,436 thousand,
- depreciation for the period for Euro 9,373 thousand,
- changes from consolidation scope for a total of Euro 25,917 thousand, mainly due to the sale of Moño Azul S.A. for Euro 14,473 thousand and Business Aviation for Euro 12,053 thousand,
- disposals of assets (at book value) for Euro 425 thousand, essentially represented by plants for renewal of the same,
- decrease due to exchange rate of Euro 308 thousand, essentially referring to the assets of the Mexico-based companies due to the Mexican Peso which went from 18.9145 Pesos/Euro in December 2015 to 21.7719 Pesos in December 2016.

LAND AND BUILDINGS

The change in the year recorded a total net increase of Euro 3,340 thousand, resulting from investments for Euro 4,964 thousand, depreciation of Euro 617 thousand, changes in the scope of consolidation for Euro 911 thousand, decreases from disposals of Euro 38 thousand and exchange rate differences for Euro 58 thousand.

The most significant investment involved the acquisition of a refrigerator warehouse in Argentina, already owned by Moño Azul S.A., in the context of the sale of this company, with the aim of preserving for the Group a strategic presence in the territory for fruit and vegetable production.

In this item, the value of land other than land owned by the producers amounts to approximately 5 million: their value is stated on the basis of the original sale and purchase deeds where existing or separated from the general purchase price of the building on the basis of percentages up to 20%.

These values, which are periodically verified, are considered to be aligned with those of the market.

PLANTATIONS

The change in the year recorded a total decrease of Euro 7,913 thousand resulting from depreciation of Euro 10 thousand, changes in the scope of consolidation for Euro 7,878 thousand (net value), and exchange rate differences for Euro 25 thousand net. It is noted that the change from the scope of consolidation is due to the sale of Moño Azul S.A., an Argentina-based producer, which was carried out as part of the "Relevant Transaction" with Glenalta.

PLANT AND MACHINERY

This line of account includes refrigerators, banana ripening rooms, plants for product calibration and packaging, fruit storage and packaging facilities (distribution segment), ships (Import & Shipping segment), aircraft (Services segment).

It is noted that, as detailed in the Appendix related to the IAS/IFRS transition, the Group has decided, based on the technical report produced by Seatrade, our technical manager for ship management, but also the world's leading reefer fleet operator, to extend the useful life of the ships to 31 December 2024, with the possibility of carrying out some additional interventions during future replacement.

In determining the value to be depreciated of the fleet, the "scrap" value was also determined, the component which is not subject to depreciation. The effect of the above change involved, as detailed in the transition appendix, less depreciation of Euro 3,908 thousand in 2015. As at 31 December 2016, the value of the fleet was Euro

59,662 thousand, net of depreciation of the year for Euro 6,436 thousand (as at 31 December 2015 restated Euro 66,098 thousand).

Increases in the year, amounting to Euro 799 thousand, refer to increases for investments made mainly in the Distribution segment in relation to normal renewals of equipment.

Decreases instead refer to depreciation of Euro 8,025 thousand for the year, changes from consolidation scope for Euro 16,473 thousand, disposals of assets for Euro 257 thousand, changes due to exchange rate for Euro 194 thousand net.

It is noted that the change from the scope of consolidation is due to the sale of Moño Azul S.A., an Argentina-based producer for Euro 4,430 thousand, and the sale of Business Aviation for Euro 12,043 thousand, both transactions carried out as part of the "Relevant Transaction" with Glenalta Food S.p.A.

INDUSTRIAL AND COMMERCIAL EQUIPMENT

In this sector, the change is essentially related to the depreciation for the year of Euro 30 thousand, partially offset by increases in the year for Euro 18 thousand.

OTHER TANGIBLE ASSETS

The item includes the assets owned by the Group such as furniture and furnishings, computer and electronic equipment, car fleet, etc.

The increase of Euro 381 thousand for the year reflects investments for Euro 1,356 thousand, depreciation of Euro 691 thousand, changes from consolidation scope for Euro 145 thousand net, disposals for Euro 128 thousand.

ASSETS IN PROGRESS AND ADVANCES

The decrease in this item mainly reflects the change in consolidation scope of Euro 510 thousand related to the sale of the Argentina-based investee Moño Azul S.A., offset by the increase of Euro 636 thousand mainly due to the expansion of the warehouse of the Mexico-based company.

As at 31 December 2016, the Group verified the non-existence of endogenous or exogenous indicators of possible impairment of its tangible assets. Consequently, the value of tangible assets has not been subject to impairment test.

NOTE 4. FINANCIAL INVESTMENTS

Thousands of euro	Investments in unconsolidated subsidiaries	Investments in Joint ventures	Investments in associates	Investments in other companies	Total
Balance at January 1^o, 2015	71	8.862	25.919	1.254	36.106
<i>Change of year:</i>					
Additional/Capital increase	-	-	-	-	-
Divestments and disposals	-	-	(1.491)	(699)	(2.190)
Impairment losses/Using fund to cover losses	-	-	-	-	-
Dividends received	-	-	(200)	-	(200)
Valuation using the equity method	-	346	1.039	-	1.385
Other changes included foreign exchange movements	(43)	-	1.642	(11)	1.588
Changes from consolidation scope	-	-	-	-	-
Balance at December 31, 2015	28	9.208	26.909	544	36.689
<i>Change of year:</i>					
Additional/Capital increase	-	-	904	5	909
Divestments and disposals	-	-	(2.395)	(266)	(2.661)
Impairment losses/Using fund to cover losses	(28)	-	(184)	(71)	(283)
Dividends received	-	(300)	(690)	-	(990)
Valuation using the equity method	-	1.468	3.519	-	4.987
Other changes included foreign exchange movements	-	(81)	619	2	539
Changes from consolidation scope	-	-	-	30	30
Balance at December 31, 2016	-	10.294	28.682	244	39.220

DISCLOSURE ON INVESTMENTS IN OTHER COMPANIES

The consolidated financial statements must be prepared in accordance with IFRS 12 “Disclosure on investments in other companies”, which includes all disclosure provisions previously included in IAS 27 related to the consolidated financial statements as well as all disclosures of IAS 31 and IAS 28 related to the equity investments of a company in subsidiaries, joint ventures, associates and structured vehicles and also provides for new disclosure cases. The purpose of the standard is to require an entity to disclose information that allows users of the financial statements to assess the nature and risks of its investments in other entities and the

effects of such investments on the statement of financial position, on the economic result and on financial flows.

Companies defined as subsidiaries are entities in which the GF Group has a majority of the exercisable votes and exercises a dominant influence in the ordinary Shareholders' Meeting. Companies designated as joint ventures are companies in which the Group has joint control as defined by IFRS 11 and IAS 28 - Investments in associates and joint ventures. Associated companies are companies whose activities are subject to the exercise of significant influence by the Group in the ordinary Shareholders' Meeting as defined by IAS 28 - Investments in associates and joint ventures.

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries have been detailed in the section "List of Group Companies".

There are currently no restrictions on the Group's ability to access or use assets and to settle liabilities.

Any consequences resulting from the change in shareholdings, resulting or not resulting in a loss of control in 2016, have already been defined in the paragraph *"Scope of consolidation as at 31.12.2016 and changes"*.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures are detailed in the section "List of Group Companies".

There are currently no restrictions on the Group's ability to access or use assets and to settle liabilities.

Any consequences resulting from the change in shareholdings in 2016, have already been defined in the paragraph *"Scope of consolidation as at 31.12.2016 and changes"*.

Dividends received from joint ventures and associated companies are as follows:

- Fruttital Firenze S.p.A.: Euro 100 thousand;

- Galandi S.p.A.: Euro 100 thousand
- Hermanos Fernandez Lopez S.A.: Euro 300 thousand;
- Fruport Tarragona S.L.: Euro 490 thousand.

Evidence is provided of the proportional share of the Group's profits deriving from equity investments in joint ventures and associates valued using the equity method reflected in the consolidated income statement.

The following table summarizes the information related to these investments:

Thousands of euro	31.12.2016	31.12.2015	Change
Joint Ventures	1.468	347	1.121
Associates	3.519	1.039	2.480

Concerning the summary financial statements of the entities in joint ventures and associated companies, see the following tables:

Thousands of euro	Associates	Joint Ventures
Non-current assets	7.362	8.352
Current financial assets	9.669	15.265
Cash and cash equivalent	-	-
Current assets	2.328	1.576
Total assets	19.359	25.193
Non-current financial liabilities	1.250	1.817
Non-current liabilities	1.047	557
Current financial liabilities	4.562	2.227
Current liabilities	4.869	9.467
Total Shareholders' equity	7.631	11.125
Total Shareholders' equity and liabilities	19.359	25.193
Net sales ¹	49.808	93.500
Adjusted Ebitda	2.985	3.146
Net profit from continuing operations	1.535	1.468
The post-tax profit or loss of discontinued operations	-	-
Other comprehensive income	(81)	(38)
Total comprehensive income	1.454	1.430

¹ Net sales non including intercompany sales between associates and Joint ventures

It should be noted that the table above includes the data as at 31 December 2016 of all joint ventures and associates valued using the equity method except for the Company Acorsa S.A. for which the 2016 financial statements have an equity balance greater than the cost of the investment. Pursuant to the call option Acorsa as indicated in the information document there is a right of the shareholder FIF Holding S.p.A. to recognize said investment at a price equal to the cost value in the financial statements of Euro 20,160 thousand plus any capital contributions made up to the date of the eventual exercise for a maximum period of 5 years from 30 June 2017. The pro-quota value of the equity of the Acorsa S.A. financial statements has therefore been reclassified to the lower value of Euro 20,160 thousand. It is to be specified, therefore, that from now on the Group will not be able to benefit from any further increases in value, except through the collection of dividends.

Investments as at 31 December 2015 amounted to Euro 36,689 thousand, with a net increase of Euro 583 thousand. The item "Investments in subsidiaries" shows a deviation from the previous year entirely due to the change in the exchange rate of the Argentine Peso.

The item "Investments in associated companies" shows an increase of Euro 990 thousand as a result of the pro-quota of the results for the year 2015 and the revaluation of the Costa Rica-based banana producers due to the appreciation of the Dollar from the exchange rate of 1.21 as at 31 December 2014 to 1.09 as at 31 December 2015 and, conversely, negatively due to the sales made during the period and dividend distributions.

In 2015, the aforementioned value of the disposals includes Euro 1,117 thousand of the sale of the real estate spin-off to Nuova Beni Immobiliari S.r.l. (related party as constituted and capitalized by shareholders). It should be noted that the Parent Company and Nuova Beni Immobiliari S.r.l., even though related parties, are two independent companies with no guarantee relationship in relation to the respective debts. There is only a medium-term commitment to work at the warehouses and offices while respecting the existing contractual conditions.

"Investments in other companies" decreased by Euro 710 thousand due to the elimination, with the real estate spin-off of the "other" investee companies, of this sector (Euro 497 thousand) and the lower value of the Banca Carige shares. The latter are affected by the sale of the option rights made in connection to the last capital increase and recognition in the financial statements on the basis of the stock exchange price as at 31 December of Euro 1.26 per share.

Equity investments totalled Euro 39,221 thousand as at 31 December 2016, with a net increase of Euro 2,532 thousand due to the changes detailed above.

The write-downs mainly refer to the following write-downs:

- write-down of the Argentina-based company Natural Juice S.A. held 40% for Euro 184 thousand,
- write-downs of the subsidiaries measured at cost Fruttital Sicilia S.r.l. and Irrigar S.A. for Euro 28 thousand;
- write-downs of investments in other companies for Euro 71 thousand.

The increase of Euro 4,987 thousand generated by the valuation of shareholders' equity is due to the results of the period of the investees. The positive result mainly refers to the Tuscany-based companies, to the Spain-based company and to the Costa Rica-based company.

As for the item "Divestments and disposals" of associated companies, there was a decrease of Euro 2,395 thousand mainly due, for Euro 2,130 thousand to the sale of 44% of the investments in the Cameroon-based company So.fi.pro. dedicated to the management of banana plantations.

As regards investments in other companies, we note the decrease of Euro 266 thousand relating to the investee companies of Moño Azul S.A., which exited the perimeter due to the sale of the latter. It should be noted that the item "Investment in other companies" includes Euro 39 thousand of investment regarding the residual 2.1% in Moño Azul S.A., a related party of the Group.

The impairment test is regularly carried out on the parent companies, in order to verify the holding of values at both statutory and consolidated level, considering that the value of consolidated accounting equity is normally lower than the related carrying values. Regarding figures as at 31 December 2016, the impairment led to some interventions on statutory carrying values (increase and decrease), while at consolidated level it had a neutral impact as all the values determined in the test were higher than the respective accounting equity including goodwill, where applicable.

NOTE 5. OTHER FIXED ASSETS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Other fixed assets	668	4.569	(3.901)	3.494	1.075

As at 31 December 2015, the item includes medium-term loans for Euro 933 thousand to associated investees in order to facilitate the pursuit of the production investments they have undertaken and presents substantially unchanged values. It should also be noted that the item includes Euro 2,000 thousand of accounts held at a banking institution required to obtain a similar guarantee limit for Group companies. This item is of a non-current nature as it is restricted until 30 June 2017.

This item includes Euro 1,225 thousand for the receivable from the Port Authority of Savona for repayment by 7 August 2017 of the second tranche of 1.2 million of the GF Group loan granted to Interporto di Vado I.O. S.p.A. (VIO) as at the date of the sale, while the first tranche - repaid in the current financial year - was recognized under the current asset item "Receivables and other current assets".

As at 31 December 2016, the item essentially includes security deposits and medium-term loans with respect to third parties; the change over the previous year is due to the write-down (equal to Euro 899 thousand) on the receivable from the associated Tunisia-based producer, as well as the change from non-current to current of the VIO repayment tranche (Euro 1,225 thousand) and the elimination of the medium-term restriction on amounts deposited with a bank.

It is noted that the VIO repayment tranche described above has been reclassified under the current asset item "Receivables and other current assets".

NOTE 6. DEFERRED TAX ASSETS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Deferred tax assets	7.291	13.577	(6.286)	11.505	2.072

Deferred tax assets are allocated, where their future recovery is probable, on temporary differences, subject to early taxation, between the value of assets and liabilities reflected in the consolidated financial statements and the value of the same for the purposes of taxation and on tax losses that can be carried forward.

Deferred tax assets as at 31 December 2015, amounting to Euro 13,577 thousand (Euro 11,505 thousand as at 1 January 2015), are mainly due to large tax losses accumulated by Group companies. Deferred tax assets were also recognized for derivative financial instruments on the write-down of the value of the aircraft fleet recognized as at 1 January 2015, following the exclusion of investments of intangible assets without capitalization requirements in accordance with IAS 38 and the calculation of the severance indemnity provision in accordance with IAS 19.

Deferred tax assets as at 31 December 2016, amounting to Euro 7,291 thousand, are mainly attributable to the valuation of previous tax losses for both Italian and foreign companies, transition documents to international accounting standards, such as the exclusion of investments of intangible assets without capitalization requirements in accordance with IAS 38, the determination of the severance indemnity provision according to the actuarial method, the recognition of derivative financial instruments. The decrease is essentially due to the effect of the sale of Moño Azul S.A.

Regarding the composition of this item, reference is made to the table below and Note 30 "Income Taxes".

Thousands of Euro	31.12.2016	31.12.2015	01.01.2015
Previous tax losses	5.642	10.116	6.531
Unrealized currency differences	-	108	133
Goodwill	105	110	144
Provisions for risks and charges	60	69	77
Impairment of assets	20	54	105
Financial expenses	137	-	110
Maintenance charges	-	43	33
Provisions for the return of the rented container feet	305	311	233
Depreciation	212	176	141
Intangible assets	22	956	1.720
Aircraft devaluation	-	895	1.342
Effect IAS 19	536	311	348
Other	79	111	398
Derivatives	-	59	-
Provisions for bad debts	173	259	191
Deferred tax assets	7.291	13.577	11.505

NOTE 7. INVENTORIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Raw materials, supplies and consumables	7.233	9.046	(1.813)	15.388	(6.342)
Biological Assets	-	4.375	(4.375)	5.849	(1.474)
Finished products and goods for resale	16.881	15.695	1.186	8.087	7.608
Inventories of properties initiatives	-	-	-	8.779	(8.779)
Inventories	24.114	29.116	(5.002)	38.103	(8.987)

As at 31 December 2015, the value of inventories decreased from the previous year by Euro 8,987 thousand, almost entirely related to the real estate spin-off: as a result of this transaction, inventories of properties initiatives of Euro 8,779 thousand as at 1 January 2015 exited the scope of consolidation.

Inventories of raw materials and consumables are represented by the materials used in the agricultural cycle of producers and the fuels, lubricants and spare parts of transport companies and also include the value of fruit ripening on the plant recorded as "Biological assets" by the Argentina-based company Moño Azul S.A.

As at 31 December 2016, the value of inventories decreased from the previous year by Euro 5,002 thousand, mainly due to the sale of the Argentina-based producer Moño Azul S.A., as preliminary to the "Relevant Transaction" already described several times.

NOTE 8. TRADE RECEIVABLES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Trade receivables from third parties	80.684	74.982	5.702	89.764	(14.782)
Receivables from subsidiaries and associates of the Group not fully consolidated	5.190	7.217	(2.027)	7.523	(306)
Receivables from related parties	3.124	921	2.203	-	921
Provision for bad debts	(8.470)	(9.651)	1.181	(14.919)	5.268
Trade receivables	80.528	73.469	7.059	82.368	(8.899)

All trade receivables are due within one year and derive from normal sales conditions. It should be noted that receivables are shown net of the provision for write-downs allocated over the years to cover bad debts or doubtful debts that are still in the financial statements pending the conclusion of the related bankruptcy proceedings or out-of-court settlement attempts.

There are no receivables due beyond five years.

It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.

As at 31 December 2015, the item decreased by Euro 8,899 thousand, due to the decrease of Euro 14,782 thousand of gross receivables from third parties, of Euro 306 thousand of receivables from subsidiaries and associates of the Group not fully consolidated and lastly, Euro 5,268 thousand decrease in the provision for bad debts. The decrease in the item concerned is mainly due to the exit from the consolidation scope of the companies sold, in particular Tecnolog S.r.l. and the real estate sector, and to items in liquidation (Reefer Terminal Sete). On the other hand, there was an increase of about Euro 1,400 thousand due to the growth in turnover. As at 31 December 2015, there was also a receivable from related parties of Euro 921 thousand from companies belonging to the real estate sector for commercial transactions at market conditions.

The balance of receivables from Group companies not fully consolidated mainly refers to normal supply receivables. For more detailed information, reference is made to paragraph 35 on related parties.

As at 31 December 2016, the item increased by Euro 7,059 thousand mainly due to the increase in receivables from distribution companies related to the increase in turnover recorded in 2016. On the other hand, there was a change of Euro 5,520 thousand in receivables due to the change in the perimeter associated with the sale of the Argentina-based company Moño Azul S.A. and Business Aviation.

The change in the provision for bad debts is shown below:

Thousands of euro	Provision for bad debts
Balance at January 1, 2015	(14.919)
Change of year	
Accruals	(1.769)
Utilizations	1.453
Changes from consolidation scope	5.584
Balance at December 31, 2015	(9.651)
Change of year	
Accruals	(733)
Utilizations	1.395
Changes from consolidation scope	519
Balance at December 31, 2016	(8.470)

The following is the breakdown of receivables by geographical area:

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Italia	49.482	49.941	(459)	55.672	(5.731)
EU countries	27.915	21.731	6.184	18.944	2.787
Non-Eu countries	3.131	1.797	1.334	7.752	(5.955)
Trade receivables	80.528	73.469	7.059	82.368	(8.899)

NOTE 9. CURRENT TAX RECEIVABLES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
For value added tax	9.399	14.210	(4.811)	16.021	(1.811)
For tax advances paid in the current year	1.021	2.815	(1.794)	4.775	(1.960)
For taxes claimed for reimbursement	1.282	1.437	(155)	-	1.437
For advances of other or indirect taxes paid in the current year	291	85	206	-	85
Other receivables	1.925	1.904	21	321	1.583
Current tax receivables	13.918	20.451	(6.533)	21.117	(666)

As at 31 December 2015, tax receivables recorded an overall decrease of Euro 666 thousand compared to the previous year, mainly due to the change in the scope of consolidation, most of which related to companies in the real estate sector.

As at 31 December 2016, tax receivables recorded an overall decrease of Euro 6,533 thousand due, for Euro 6,506 thousand, to the change in the consolidation scope due to the Argentina-based company Moño Azul S.A. and Business Aviation.

NOTE 10. OTHER RECEIVABLES AND OTHER CURRENT ASSETS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Advances to suppliers	3.077	5.074	(1.997)	11.153	(6.079)
Insurance claims receivables	87	178	(91)	1.279	(1.101)
Receivables from sales of investments	1.225	2.225	(1.000)	-	2.225
Costs pertaining to the next financial year	86	74	12	169	(95)
Other receivables	3.100	5.061	(1.961)	3.705	1.356
Accrued income and deferred expenses	2.437	1.909	528	2.228	(319)
Assets held for trading	25	19	6	295	(276)
Other current assets	10.037	14.540	(4.503)	18.829	(4.289)

As at 31 December 2015, the item recorded an overall decrease of Euro 4,289 thousand, of which Euro 880 thousand due to the change in the scope of consolidation.

Within the overall figure, the marked decrease in the item "Advances to suppliers" is explained by the abnormal accounting situation in the financial statements as at 1 January 2015 of the shipbuilding subsidiary Cosiarma S.p.A., where the non-invoicing of dry-docking costs had not allowed offsetting the significant amounts paid as advance (as at 1 January 2015: Euro 6.9 million against a "normal" figure of Euro 1.2 million in the 2015 financial statements) with the related payable to suppliers for invoices to be received (Euro 12.4 million as at 1 January 2015 against Euro 6.1 million in 2015).

As at 31 December 2016, the item recorded an overall decrease of Euro 4,503 thousand due, for Euro 4,808 thousand, to the change in the perimeter following the sale of Moño Azul S.A. and Business Aviation, with particular reference to the fact that these sales recorded a lower receivable for advances to suppliers of Euro 3,184 thousand, a decrease in accrued assets of Euro 57 thousand and a decrease in other receivables of Euro 1,567 thousand.

Of significance are also the receivables related to the two disposals Interporto di Vado I.O. S.p.A. (VIO) and Reefer Terminal S.p.A., and in particular:

- in the case of VIO S.p.A., the receivable from the Port Authority of Savona for the repayment of 50% of the GF loan in May 2016 and the other 50%, repayable in 2017, previously recorded under "Other tangible assets" and recorded in "Receivables and other current assets" as at 31 December 2016;
- in the case of Reefer Terminal S.p.A., the receivable resulting from the portion of the sale price deposited for 12 months from the date of sale to a restricted account to guarantee any contingencies (escrow account) and earn-out of the price related to the achievement in 2015 of the handling volumes established in the sales contract for the years 2015-18. The portion related to the earn-out in 2015 was already collected at the beginning of March 2016. It should be noted that as at 31 December 2016, the portion related to the earn-out for the year 2016 was recognized as stipulated in the contract for the sale of the investee.

The item "Accrued income and deferred expenses" refers to the normal allocations for the recognition and correct allocation of costs related to the following year, typically services, insurance expenses, leases, interests. It should be noted that the item includes Euro 980 thousand of deferred assets in respect of insurance policies on the fleet of the shipbuilder, the billing of which was by the end of the year, but related to 2017.

NOTE 11. CASH AND CASH EQUIVALENTS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Cash and cash equivalent	37.095	46.364	(9.269)	18.935	27.429

The balance reflects the current account balances of Group companies.

The change in the item is analytically analysed in the cash flow statement.

NOTE 12. ASSETS HELD FOR SALE

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Assets held for sale	-	-	-	47.164	(47.164)

The decrease as at 31 December 2015 of Euro 47,164 thousand, is due to the recognition on 1 January 2015 under the item "Assets held for sale" of the following amounts:

- Euro 34,938 thousand of reclassification of the value of assets related to Interporto di Vado S.p.A. under the item "Assets held for sale" in accordance with IFRS 5, as it represents a non-current asset recovered principally through a sale transaction rather than with its continuous use. On 7 August 2015, the Company was in fact sold to Autorità Portuale di Savona, respecting the disposals of non-core business activities envisaged by the Restructuring Plan.
- Euro 12,226 thousand of reclassification of the value of assets related to Reefer Terminal S.p.A. under the item "Assets held for sale" in accordance with IFRS 5, as it represents a non-current asset recovered principally through a sale transaction rather than with its continuous use. On 7 August 2015, the Company was sold to APM Terminals of the Maersk Group,

respecting the disposals of non-core business activities envisaged by the Restructuring Plan.

It should be noted that as at 31 December 2016, there are no non-current assets that fall within "Assets held for sale" as defined in IFRS 5.

NOTE 13. GROUP SHAREHOLDERS' EQUITY

The share capital as at 31 December 2016, fully paid-in, is composed of 6,500,000 shares with a nominal value of Euro 2.00 each and amounts to Euro 13,000,000.

In 2015, the items that compose the shareholders' equity have undergone significant changes as a result of the debt restructuring agreement finalized that year and that implemented the provisions of the Extraordinary Shareholders' Meeting of 13 May 2015 and subsequent integrations and variations. Following this resolution, the Parent Company issued, pursuant to art. 2346, paragraph 6 of the Civil Code, up to 42,148,942 equity financial instruments each Euro 1.00, subscribed by the banking sector, resulting in a reduction in debt of equal value. Said equity financial instruments were actually issued on 17 July 2015 and subsequently subscribed, and the relevant subscription price was fully paid. During the same Meeting, shareholders have decided to cover the losses carried forward and the losses for 2014 using the full amount of the share capital, the legal reserve, the share swap surplus, the extraordinary reserve and partially the equity financial instruments reserve. At the same time as the subscription of the equity financial instruments, the share capital was replenished by shareholders for Euro 11,650,000. In addition, the same shareholders committed to the subscription of the capital to bring to Euro 13,000,000 the capital of the Parent Company and, therefore, of additional Euro 1,350,000 by 20 June 2016.

It is noted that the payment of Euro 1,350,000 mentioned above, was made regularly, thus bringing the share capital to the current Euro 13,000,000.

In addition to the above, it should be noted that, as defined by the Restructuring Agreement, shareholders' equity also includes Euro 63,111 thousand (net of deferred tax assets of Euro 7,896 thousand) of "conversion", non-interest bearing, for which the same regulation and term is envisaged with respect to equity financial instruments.

The consolidated statement of changes in equity, included in the consolidated financial statements to which reference is made, illustrates the changes between the two years of the individual reserve items, with particular regard to changes in the share capital and the equity financial instruments reserve as a result of its partial use to cover previous losses.

Instead, the tables below show the changes that link the figures of equity and the statutory result of GF Group to those of the consolidated financial statements, as well as those explaining the change in equity balances of the Group and Minorities between the two years.

Thousands of euro	Share capital and reserves 31.12.2015	Net profit 2015	Total Shareholders' equity 31.12.2015
GF GROUP S.p.A. (Parent Company)	92.320	2.141	94.461
Net profits and reserves of subsidiaries	(65.552)	13.622	(51.930)
Net profits and reserves of associates and joint ventures using equity method	(3.098)	1.386	(1.712)
Dividends distributed by consolidated companies to the Parent company	4.863	(4.863)	-
Consolidation differences	6.115	-	6.115
Elimination of capital gain and/or other transactions carried out by subsidiaries	(2.479)	1.279	(1.200)
GROUP GF	32.169	13.565	45.734

Thousands of euro	Share capital and reserves 31.12.2016	Net profit 2016	Total Shareholders' equity 31.12.2016
GF GROUP S.p.A. (Parent Company)	94.361	(1.229)	93.132
Net profits and reserves of subsidiaries	(38.306)	7.728	(30.578)
Net profits and reserves of associates and joint ventures using equity method	(2.383)	4.987	2.604
Dividends distributed by consolidated companies to the Parent company	10.245	(10.245)	-
Consolidation differences	2.815	-	2.815
Elimination of capital gain and/or other transactions carried out by subsidiaries	(16.974)	16.974	-
GROUP GF	49.758	18.215	67.973

Thousands of euro	Capital and reserves attributable to Parent Company	Non-Controlling Interests	Total Shareholders' equity
Group GF January 1^o, 2015	(82.911)	3.343	(79.568)
Share capital increase	13.000	-	13.000
Issuing SFP	42.149	-	42.149
Conversion of that into equity instruments	63.111	-	63.111
Shareholders' loan operations	-	121	121
Changes of equity investments	-	(2.388)	(2.388)
Effect currency translations	(2.136)	(25)	(2.161)
Effect reserve IAS 19	66	-	66
Effect reserve derivatives	(851)	-	(851)
Other	(259)	(3)	(262)
Net Profit	13.565	34	13.599
Group GF December 31, 2015	45.734	1.082	46.816
Share capital increase	-	-	-
Issuing SFP	-	-	-
Conversion of that into equity instruments	-	-	-
Shareholders' loan operations	-	(397)	(397)
Changes of equity investments	(104)	-	(104)
Effect currency translations	3.334	(29)	3.305
Effect reserve IAS 19	(292)	-	(292)
Effect reserve derivatives	851	-	851
Other	235	(12)	223
Net Profit	18.215	97	18.312
Group GF December 31, 2016	67.973	741	68.714

For 2015, the positive change is essentially due to the capital increase and the issue of equity financial instruments related to the formalization of the restructuring plan, in addition to the conversion amount, which according to IAS-IFRS is among the net positions of the same nature as the equity financial instruments, net of the tax effect.

The other changes are related to the effects of IAS 19 on employee severance indemnity, the derivative on the bunker, the decrease in minorities' equity related to companies sold in the year and lastly, for the part preponderant to the delta exchange rate.

As at 31 December 2016, the change is mostly related to the result for the year, in addition to the less significant recovery of the reserve of the derivative on the bunker and the IAS 19 effect on the employee severance indemnity.

NOTE 14. NON-CONTROLLING INTERESTS

The change in Non-Controlling interests' shareholders' equity is mainly due to the exit of minority shareholders in companies sold in 2015 and on a smaller scale of changes connected to the related results, exchange rates differences and other adjustments made during the two years.

NOTE 15. FINANCIAL LIABILITIES

The financial debit disclosure described below is unique, thus including both the non-current and current portion thereof in order to make it more immediately understandable.

The financial exposure is as follows:

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Non - current medium term bank loans (over 12 months)	73.348	103.085	(29.737)	9.635	93.450
Non - current other lenders (over 12 months)	1.358	13.084	(11.726)	18.136	(5.052)
Non - current financial liabilities	74.706	116.169	(41.463)	27.771	88.398
Current medium term bank loans	37.005	34.286	2.719	320.966	(286.680)
Bank overdrafts	19.134	36.714	(17.580)	43.682	(6.968)
Current other lenders	2.400	2.728	(328)	4.696	(2.571)
Other current lenders short term	1.324	2.125	(801)	3.272	(544)
Current liabilities for the derivatives	-	1.297	(1.297)	336	961
Current financial liabilities	59.863	77.150	(17.287)	372.952	(295.801)

The change in 2015 of a total of Euro 207,404 thousand (between non-current and current) reflects the main components mostly related to medium-term loans as detailed below:

- the conversion of debt into equity financial instruments, for the amount of Euro 42,149 thousand;
- the "conversion" of Euro 71,007 thousand has also been recorded in equity in accordance with IAS 32, resulting in a reduction in financial payables;

- the real estate spin-off, for an amount of Euro 61,651 thousand, taking into account the debt of Euro 8,651 thousand as at 1 January 2015 of the companies included in the spin-off;
- the payment of the tranche of Euro 993 thousand of the GF debt post-agreement, related to the "Plan" disposals in 2015, together with 50% of the payable to the lending banks former RTS;
- the agreement with the lending banks of Reefer Terminal Sete (RTS), which was liquidated in June 2015 by which the institutions waived the GF guarantee on the RTS debt of Euro 20,715 thousand, against a debt assumption of Euro 5,683 thousand by the Parent Company;
- the sale of P-180 Piaggio "Lima" aircraft, whose income of Euro 3,369 thousand decreased pro-quota the exposure of the company Business Aviation to lenders.

The change in 2016 of a total of Euro 58,750 thousand (between non-current and current) reflects the main components mostly related to medium-term loans as detailed below:

- the sale of the investment of GF Produzione S.r.l. in Moño Azul S.A. to Argentina S.r.l. on 28 October 2016, with the consequent full liberation of the first of all the related obligations and commitments and/or deriving from the related debit exposure for Euro 18,838 thousand. As already stated in the single report on operations and the information document on the "Glenalta Transaction", at the time of stipulation the loan agreement for the original Euro 30,000 thousand, the Parent Company issued a guarantee in favour of Intesa Sanpaolo S.p.A. equal to the amount of the loan. As a result of the assumption, liberating for the Group, of Argentina S.r.l. of the debt balance of Euro 18,838 thousand, the original guarantee ceased, replaced by the new commitment agreed with the Bank up to a maximum of Euro 8 million.
- the reduction of the debt of Moño Azul S.A. for Euro 10,854 thousand as a result of its sale;
- the reduction of the debt of Euro 11,827 thousand following the sale of Business Aviation to the shareholders of the Parent Company;
- the repayment of the second and last tranche of Euro 2,842 thousand of the debt of the Parent Company with respect to the lending banks of Reefer Terminal Sete (RTS);
- the payment by the Parent Company of the outstanding loan instalments of Euro 476 thousand to Banca Popolare dell'Emilia Romagna (Biper) and Euro 436 thousand to Veneto Banca;

- the repayment by the sub-holding distributor of the instalments due to the banks Intesa Sanpaolo and Carige, respectively for Euro 500 thousand and Euro 1,175 thousand;
- the payment by Fruttital S.r.l. of the amount due for bank loans, leasing and factoring;
- the payment of outstanding instalments due by AZ France S.A.

The schedule of medium-term debt to banks and other lenders (leasing) as at 31 December 2015 and 31 December 2016 is detailed in the following table, organized in two columns (due in 2017 and due beyond 2017, in turn broken down by due by 31 December 2020 rather than beyond said date) to provide a better comparison with the previous table.

It is reported that Euro 37,000 thousand due in 2017 and Euro 29,000 thousand are related to the "Relevant Transaction" in the framework of agreements reached with the banking sector and are already paid at the date of finalization of the Transaction in February 2017.

The table below shows the breakdown of payables to banks for loans and payables to other lenders for medium to long-term financial payables at current and non-current rates; the latter is also broken down by due within/beyond five years.

Thousands of euro	Total	2.016	> 2017		2017-2019	> 2020
Medium term bank loans (Non - current/ current)	137.371	34.286	103.085	as follows:	40.135	62.950
Other lenders (Non - current/ current)	15.812	2.728	13.084	as follows:	13.084	-
Financial liabilities 31.12.2015	153.183	37.014	116.169		53.219	62.950

Thousands of euro	Total	2.017	> 2018		2018-2020	> 2021
Medium term bank loans (Non - current/ current)	110.353	37.005	73.348	as follows:	44.840	28.508
Other lenders (Non - current/ current)	3.758	2.400	1.358	as follows:	1.358	-
Financial liabilities 31.12.2016	114.111	39.405	74.706		46.198	28.508

As at 31 December 2015, there are two different types of derivative instruments. The first subscribed by the Parent Company, which expired in June 2016, was signed with a credit institution not part of the plan agreements; the same qualifies as a pure financial instrument since the medium-term loan for which it had been activated at the time had ceased already in 2013. For this reason, its negative "mark-to-market" value of Euro 119 thousand is reported under current financial payables, with a counter-entry in the income statement.

The second type of derivative is a hedging instrument (swap) on the bunker that the shipbuilding company has activated in order to reduce and control the risks associated with changes in the price of raw material. As at 31 December 2015, its negative fair value of Euro 1,178 thousand was recognized under "Current financial liabilities" and counter-entry equity reserve ("other comprehensive income") specifically designated.

As at 31 December 2016, there are no derivative financial instruments.

As at 31 December 2016, there are no loans that involve compliance with financial covenants because, in light of the "Relevant Transaction", all the covenants envisaged in the restructuring plan have actually ceased, even though in relation to the performance of 2016 they were respected.

However, it is noted that in the context of the renegotiation of outstanding loans in light of the "Glenalta Transaction", new agreements were signed at market conditions and aligned with the Group's present profile, which will regulate the future cost of loans and possible accelerations in terms of payment based on financial covenants as required by market standards.

NOTE 16. OTHER NON-CURRENT LIABILITIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Other non - current liabilities	209	4.535	(4.326)	927	3.608

The item "Other non-current liabilities" amounted to Euro 209 thousand as at 31 December 2016, with a decrease of Euro 4,326 thousand compared to 2015, mainly due to the change in perimeter determined by the sale of the Argentina-based investee Moño Azul S.A. for Euro 4,264 thousand.

As at 31 December 2016, this item includes deferred liabilities for non-current contributions as they are attributable beyond 12 months.

NOTE 17. DEFERRED TAX LIABILITIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Deferred tax liabilities	2.771	3.235	(464)	8.660	(5.425)

Deferred tax liabilities are allocated on the basis of temporary differences, subject to deferred taxation, resulting from adjustments made to individual financial statements of consolidated companies in accordance with homogeneous Group accounting standards and on temporary differences between the value of assets and liabilities recorded in the consolidated financial statements and their value for tax purposes.

The deferred tax liabilities also include the tax effects on consolidation adjustments and as at 31 December 2015, it shows a net decrease following the exit of the companies of the real estate spin-off (effect of Euro 5,530 thousand out of Euro 5,644 thousand total from change in the scope of consolidation) and Tecnolog S.r.l.

As at 31 December 2016, the item shows a decrease of Euro 464 thousand mainly due to the change in the scope of consolidation for the exit of Business Aviation, partially offset by the provision generated by the fleet accounting in accordance with international accounting standards.

For further details, reference is made to Note 30 "Income taxes".

NOTE 18. PROVISIONS FOR RISKS AND CHARGES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Provisions for risks and charges	4.394	3.795	599	5.963	(2.168)

The item "Provisions for risks and charges" includes allocations made on the basis of litigation as at 31 December 2015 in various Group companies, as a result of accurate estimates by the directors; we note the partial release in 2015 following an update of the estimates of potential liabilities.

The allocations recognized in the provisions, which represent the estimate of future cash outflows also prepared on the basis of historical experience, were not subject to actuarial valuation since the effect was considered negligible in the consolidated financial statements.

As at 31 December 2015, this item includes Euro 1,962 thousand provision recorded by the shipbuilder for costs related to the return of the rented container fleet (Euro 1,326 thousand as at 1 January 2015).

As at 31 December 2016, the item "Provisions for risks and charges" of Euro 4,394 thousand increased by Euro 599 thousand due to increases of Euro 1,524 thousand, partially offset by the change in the scope of consolidation following the exit of Moño

Azul S.A. and Business Aviation for Euro 632 thousand, of uses following the conclusion of litigation for Euro 510 thousand.

As at 31 December 2016, the provision recorded by the shipping company for costs related to the return of the rented container fleet was equal to Euro 2,013 thousand.

In 2016, Euro 1,600 thousand was set aside for the "REI" litigation with the Customs Agency, which has been ongoing for several years now. As reported at the time in the "Glenalta Transaction" information document, the claim is related to duties for the importation of bananas for a company (REI Lda), for which Fresco Ship's Agency Forwarding S.r.l. (Fresco) had acted in representation, assuming that REI had put in place fraudulent or unlawful manoeuvres to obtain certificates required for import at a reduced rate. This presumption stems from the ascertainment made by the Spanish authorities which had removed from the register of companies some of the REI Lda components, which were consequently considered non-existent, resulting in the withdrawal by the competent national authorities of the aforementioned certificates and the correction of the duties for imports made during the three-year period 1998-2000 and the additional amounts related to Fresco, freight forwarder that had handled the imports on behalf of REI Lda. Against those claims, Fresco filed appeals before the Provincial Tax Commission of Savona, which were dismissed at first instance, appealed before the Provincial Tax Commission of Genoa and Cassation. Pending the proceedings before the Cassation, the measures of the Spanish authorities that had ordered the cancellation of the REI Lda components from the local register of companies were repealed *ex tunc* by definitive sentences of the Spanish judiciary, which was not possible to produce in court because of the timing of the issuance. Consequently, Fresco appealed to the Supreme Court for the revocation of the rulings in the ordinary course of the proceedings: they were also dismissed.

In light of the foregoing, Fresco requested the Savona Customs Agency to cancel in self-defence the deeds on which the judgement was held to be unfounded, which the latter, by order of 23 November 2015, dismissed. Against this refusal, Fresco filed a request for revocation in administrative proceedings and a judicial appeal pending before the Provincial Tax Commission of Savona. At the same time, on 15 January 2016, the Company proposed a relief request to the European Commission pursuant to art. 239 EU Customs Code. In this regard, the Customs Agency sent a total relief request to the European Commission, expressing a favourable opinion on the existence of the grounds of fairness that would justify a measure of acceptance.

In this context, the decision of the directors to proceed with the provision resides in the changed position taken by the competent European authorities, which, if at the

beginning of 2016 seemed to have welcomed the relief requests submitted by the Customs Agency, they are now oriented - from communications received - to giving directions to the Italian authorities to proceed with the collection of the rights claimed.

Since the recourse to the European authorities was the last degree of law to which to legitimately appeal to, the negative outcome of the same, also on the basis of the support of the lawyers appointed, makes it more likely that the subsequent payment of the rights claimed and the related penalties for an amount of nearly Euro 1,600 thousand as indicated above, may therefore be allocated to the risks provision.

NOTE 19. EMPLOYEES BENEFITS PROVISION (TFR)

Annexed are the changes in the TFR Provision for 2015 and 2016, both determined with an actuarial valuation.

Thousands of euro	Employees benefits provision
Balance at January 1°, 2015	6.655
<i>Change of year:</i>	
Accruals	534
Benefits paid and transferred	(1.022)
Interest cost	(8)
Gain/(losses) resulting from changes in actuarial assumptions	(67)
Changes of consolidation scope	(350)
Other changes	69
Balance at December 31, 2015	5.811
<i>Change of year:</i>	
Accruals	337
Benefits paid and transferred	(336)
Interest cost	2
Gain/(losses) resulting from changes in actuarial assumptions	285
Changes of consolidation scope	(317)
Other changes	(41)
Balance at December 31, 2016	5.741

The Employees Benefits Provision refers to the Italian and foreign companies of the Group, in accordance with the various national regulations, and essentially includes employee severance indemnity accrued by employees in service as at 31 December net of advances paid to employees.

In accordance with IAS 19, the TFR Provision is remeasured with the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of events requiring updating.

Below are the main financial and demographic assumptions used in determining the present value of the liability related to TFR.

Country/ date	Probability of termination	Mortality table	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Italy								
31.12.2014	7.0%	ISTAT 2012	Minimum access requirements expected by Monti's law	3.0%	70.0%	1.0%	Curv a Euro CompositeAA al 31.12.2014	1.0%
31.12.2015		ISTAT 2014		3.0%	70.0%	1.0%	Curv a Euro CompositeAA al 31.12.2015	1.5%
31.12.2016		ISTAT 2015		3.0%	70.0%	1.0%	Curv a Euro CompositeAA al 30.12.2016	1.5%

Country/ date	Probability of termination	Mortality table	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
France								
31.12.2014	Cas général 8,0%	TH-TF 2012- 2014_INED	Access requirements expected by 2010's Reform	n.d	n.d	Cas général 5,0%	Curv a Euro CompositeAA al 31.12.2014	n.d
31.12.2015	Cadres 7,0%					Cadres 5,5%	Curv a Euro CompositeAA al 31.12.2015	
31.12.2016	Agent de maîtrise 4,0%					Agent de maîtrise 4,0%	Curv a Euro CompositeAA al 30.12.2016	

Country/ date	Probability of termination	Mortality table	Probability of payment	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Greece									
31.12..2014	White Collar 2,0% Blue Collar 6,0%	EAE2012	n.d	Access requirements expected by actual law	n.d	n.d	2,0%	Curv a Euro CompositeAA al 31.12.2014	n.d
31.12..2015								Curv a Euro CompositeAA al 31.12.2015	
31.12..2016								Curv a Euro CompositeAA al 30.12.2016	

Country/ date	Probability of termination	Mortality table	Probability of payment	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Spain									
31.12..2014	2,0%	INE 1991- 2015	n.d	Access requirements expected by actual law	n.d	n.d	2,0%	Curv a Euro CompositeAA al 31.12.2014	n.d
31.12..2015								Curv a Euro CompositeAA al 31.12.2015	
31.12..2016								Curv a Euro CompositeAA al 30.12.2016	

Country/ date	Probability of termination	Mortality table	Probability of payment	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Portugal									
31.12.2014	9%	INE 2013- 2015	n.d	Access requirements expected by actual law	n.d	n.d	1,0%	Curv a Euro CompositeAA al 31.12.2014	n.d
31.12.2015								Curv a Euro CompositeAA al 31.12.2015	
31.12.2016								Curv a Euro CompositeAA al 30.12.2016	

Country/ date	Probability of termination	Mortality table	Probability of payment	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Mexico									
31.12.2014	Acapulco 1,6% Jalisco 8,0%	SPH 2008 - SPM 2008	n.d	Access requirements expected by actual law	n.d	n.d	n.d	Iboxx GEMX Aggregate 10-15al 31.12.14	n.d
31.12.2015								Iboxx GEMX Aggregate 10-15al 31.12.15	
31.12.2016								Iboxx GEMX Aggregate 10-15al 30.12.16	

Country/ date	Probability of termination	Mortality table	Probability of payment	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Costa Rica									
31.12.2014			12,0%	Access requirements				Iboox GEMX 10+ al 31.12.2014: 11,62%	
31.12.2015	n.d	4,49 x mille	12,0%	expected by actual	n.d	n.d	1,0%	Iboox GEMX 10+ al 31.12.2015: 10,57%	n.d
31.12.2016			12,0%	law				Iboox GEMX 10+ al 30.12.2016: 9,90%	

The equity adjustment for actuarial gains/losses includes an actuarial loss of Euro 284 thousand, gross of the tax effect of Euro 71 thousand.

Actuarial gains and losses are recorded in shareholders' equity through the comprehensive income statement. The provision for the year is recognized under a special item relating to "personnel costs" on the basis of its intended use, i.e. within the first trading margin, gross margin or general and administrative expenses.

NOTE 20. TRADE PAYABLES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Payables to suppliers	70.882	73.127	(2.245)	85.962	(12.835)
Payables to subsidiaries and associates of the Group not fully consolidated	1.514	2.663	(1.149)	2.748	(85)
Payables to related parties	3.445	4.209	(764)	-	4.209
Trade payables	75.841	79.999	(4.158)	88.710	(8.711)

As at 31 December 2015, the item decreased by Euro 8,711 thousand, due to the decrease of Euro 12,835 thousand of payables to suppliers, of Euro 85 thousand of payables to subsidiaries and associates of the Group not fully consolidated and lastly, Euro 4,209 thousand increase in payables to related parties. The decrease in the item concerned is mainly due to the exit from the consolidation scope of the companies sold for Euro 4,888 thousand, in particular Tecnolog S.r.l. and the real estate sector and to items in liquidation (Reefer Terminal Sete).

It should be noted that the change in the item payables to suppliers in 2015 compared to the balance as at 1 January 2015 is due to the occurrence of a time difference of payments for work done on the fleet by the shipbuilder.

Payables to Group companies not fully consolidated derive from normal service and/or supply relationships with companies operating mainly in the distribution and services segments. The transactions in question are carried out at market conditions.

As at 31 December 2015, the payable to related parties includes the residual part of the contribution of shareholders to the company Nuova Beni Immobiliari S.r.l. during the spin-off, to be paid in 2016.

Trade payables with a residual maturity of more than 5 years are not included in the financial statements.

As at 31 December 2015 and 31 December 2016, there were no outstanding payables of significant amount, nor did the Group receive injunction decrees for past due payables.

As at 31 December 2016, the item shows a net decrease of Euro 4,158 thousand, due to the decrease of Euro 2,245 thousand of payables to suppliers, of Euro 1,149 thousand of payables to subsidiaries and associates of the Group not fully consolidated and lastly, Euro 754 thousand of payables to related parties.

The decrease in the item concerned is mainly due to the exit from the consolidation scope of the companies sold for Euro 9,335 thousand, in particular the Argentina-based producer Moño Azul S.A. and the Business Aviation sector.

It should be noted that the change in the item payables to suppliers in 2016 compared with 2015 is due to the increase in turnover especially by distributors and the different peak period at the end of the year.

Thousands of euro	31.12.2016	31.12.2015	01.01.2015
Italia	52.460	56.798	66.574
EU countries	20.423	12.626	11.800
Non-Eu countries	2.958	10.575	10.336
Trade payables	75.841	79.999	88.710

NOTE 21. CURRENT TAX AND SOCIAL SECURITY CONTRIBUTIONS LIABILITIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
For value added tax (VAT)	82	163	(81)	158	5
For income tax of the year	798	848	(50)	877	(29)
For withholding tax	1.020	2.816	(1.796)	6.429	(3.613)
For indirect taxes	313	314	(1)	-	314
Other payables	124	1.034	(910)	-	1.034
Social security contributions	2.537	4.265	(1.728)	8.979	(4.714)
Current tax and social security contributions liabilities	4.874	9.440	(4.566)	16.443	(7.003)

As at 31 December 2015, current tax and social security contributions liabilities decreased by Euro 7,003 thousand as a result of the change in the scope of consolidation, the regularization of contributions and social security contributions.

As at 31 December 2016, the item in question amounted to Euro 4,874 thousand, reduced by Euro 4,566 thousand compared to the previous year, of which Euro 2,078 thousand due to the change in the perimeter of consolidation for the sale of the Argentina-based investee Moño Azul S.A. and Business Aviation. It should be noted that the decrease in the liability for withholding amounts to be paid is due, in particular, to payables to INPS on behalf of the company in relation to previous years that were subject to instalments, with payments completed in the first half of 2016.

It is noted that there are currently no past due amounts related to the item in question.

NOTE 22. OTHER CURRENT LIABILITIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Payables to personnel	5.116	5.976	(860)	5.815	161
Payables to Board of Directors and Statutory Auditors'fees	44	81	(37)	86	(5)
Payables relating to operations on behalf of third parties	1.131	2.213	(1.082)	-	2.213
Adv ances received from customers	524	1.008	(484)	1.622	(614)
Suspended revenues of total competence of the following year	1.411	1.981	(570)	-	1.981
Other current payables	2.319	1.540	779	5.519	(3.979)
Accrued expenses and deferred income	1.135	1.420	(285)	1.930	(510)
Other current liabilities	11.680	14.219	(2.539)	14.972	(753)

Payables to personnel relate to current items for December, as well as accrued and unused holidays and 14th month accruals.

The item "Suspended revenues of total competence of the following year" mainly includes the revenues of the shipbuilder for journeys related to the following year, while the item "Other payables" includes payables for customs duties payable in the name and on behalf of customers and other minor items.

The change from consolidation scope for this item is Euro 242 thousand.

As at 31 December 2016, the item "Other current liabilities" decreased by Euro 2,539 thousand mainly due to the change in the scope related to the sale of Moño Azul S.A. and Business Aviation for Euro 2,701 thousand and the decrease in payables related to transactions on behalf of third parties of Euro 1,082 thousand representing financial payments that will be incurred in the name and on behalf of the customers of the investee Fresco Ship's Agency - Forwarding S.r.l. (b.u. "Services") in favour of Customs and/or suppliers on behalf of agency. As at 31 December 2016, the debt

balance includes the results of transitional accounts consisting of amounts to be prepaid in the name and on behalf of the various customers, and the significant decrease is due to the time difference of the billing of customs duties to be paid to the Customs, anticipated in the previous year.

There was an increase of Euro 983 thousand in insurance liabilities related to the shipbuilder fleet due to a different competence of the period covered by the insurance policies compared to the previous year and a time difference in the payment thereof.

NOTE 23. LIABILITIES HELD FOR SALE

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Liabilities held for sale	-	-	-	24.115	(24.115)

The decrease as at 31 December 2015 amounts to Euro 24,115 thousand and is due since the recognition on 1 January 2015 in the item "Liabilities held for sale" of the following amounts:

- Euro 16,645 thousand of reclassification of the value of liabilities related to Interporto di Vado S.p.A. under the item "Liabilities held for sale" in accordance with IFRS 5; it represents a non-current liability recovered principally through a sale transaction rather than with its continuous use. On 7 August 2015, the Company was in fact sold to Autorità Portuale di Savona, respecting the disposals of non-core business activities envisaged by the Restructuring Plan;
- Euro 7,471 thousand of reclassification of the value of liabilities related to Reefer Terminal S.p.A. under the item "Liabilities held for sale" in accordance with IFRS 5; it represents a non-current liability recovered principally through a sale transaction rather than with its continuous use. On 7 August 2015, the Company was in fact sold to APM Terminals of the Maersk Group, respecting the disposals of non-core business activities envisaged by the Restructuring Plan.

NOTE 24. NET SALES AND SEGMENT REPORTING

Thousands of euro	31.12.16	31.12.15	Change
Net sales	684.970	617.404	67.566
<i>In addition:</i>			
Share of joint ventures net sales	93.500	87.096	6.404
Share of associates net sales	49.808	50.281	(473)
Total share of joint venture and associates net sales	143.308	137.377	5.931
Inter-segment	(24.911)	(22.916)	(1.995)
Net sales	803.367	731.865	71.502

As at 31 December 2016, the turnover was Euro 684,970 thousand, increased by Euro 67,566 thousand compared to 31 December 2015. For a detailed analysis of sales, reference is made to the single report on operations, paragraph "Significant events of the year and comments on performance of the business segments".

SEGMENT REPORTING

Based on the current organizational structure of the GF Group, the information required by IFRS 8, broken down by "business segment", is shown below. The operating areas identified by the Orsero Group, are identified in the segments of activities that generate revenues and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources.

In accordance with IFRS 8, the Group's business is divided into three main segments based on the type of business carried out by the individual companies:

- Distribution segment: this segment identifies the group companies engaged in the distribution of fruit and vegetables in their respective territories. The Group's distributors are based in Italy, Portugal, France and Greece;
- Import & Shipping segment: this segment identifies the group companies focused in the import, selection and maritime transport of bananas and pineapples;
- Services segment: this segment represents a residual segment that includes companies engaged in the provision of services related to customs,

container maintenance, information technology sector and holding co-ordination activities.

The performances and trend of the three segments in which the Group operates are monitored and valued on the basis of Net sales and Adjusted EBITDA; this latter parameter, though not defined by international accounting standards, represents the indicator that constitutes the Group's real business performance.

The Adjusted EBITDA is determined as the operating result (EBIT) less depreciation, amortization and provisions and non-recurring expenses/income. The parameter thus determined does not consider net financial expenses, taxes, pro-rata gain/loss arising from the application of the equity method for associated companies and joint ventures.

Thousands of euro	2016			
	Gross sales	Inter-segment net sales	Net sales to third parties	Adjusted Ebitda
"Distribution" Segment	584.384	(28.677)	555.707	15.745
"Import & Shipping" Segment	263.919	(30.154)	233.765	24.875
"Service" Segment	14.034	(569)	13.465	(5.132)
Inter-segment net sales	-	(117.967)	(117.967)	-
Total net sales to third parties and Adjusted Ebitda	862.337	(177.367)	684.970	35.488

Thousands of euro	2015			
	Gross sales	Inter-segment net sales	Net sales to third parties	Adjusted Ebitda
"Distribution" Segment	513.710	(23.631)	490.079	11.073
"Import & Shipping" Segment	253.043	(25.600)	227.443	21.507
"Service" Segment	14.921	(644)	14.277	(4.415)
Inter-segment net sales	-	(114.395)	(114.395)	-
Total net sales to third parties and Adjusted Ebitda	781.674	(164.270)	617.404	28.165

The above tables indicate, as at 31 December 2015 and 2016, net sales gross of intercompany turnover, broken down by segment, the value of turnover with respect to third parties and Adjusted EBITDA.

It should be noted that there are no net sales from transactions with a single external customer equal to or greater than 10% of the Group's total net sales.

RECONCILIATION OF ADJUSTED EBITDA WITH OPERATING RESULT (EBIT)

A reconciliation is provided of the Adjusted EBITDA used by the Group's management with the operating result (EBIT) presented in the income statement.

Thousands of euro	2016	2015	Change
Adjusted Ebitda*	35.488	28.165	7.323
Amortization of intangible and depreciation tangible assets	(9.770)	(10.459)	689
Accruals of provision	(1.524)	(2.476)	952
Non recurring income	1.634	758	876
Non recurring expenses	(9.097)	(3.930)	(5.167)
Operating Result (Ebit)	16.731	12.058	4.673

* The results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources.

BREAKDOWN OF ASSETS AND LIABILITIES BY SEGMENTS

In accordance with IFRS 8, disclosures are provided regarding assets, liabilities, the amount of the investment in associates and joint ventures and, lastly, aggregate equity.

It is specified that the sectoral data indicated in the note should be read together with the performance indicators expressed in the single report on operations.

Thousands of euro	Total Assets without investments in joint ventures and associates 2016	Investments in Joint ventures and associates 2016	Total Assets 2016	Total liabilities 2016	Aggregate shareholders' equity 2016
"Distribution" Segment	146.432	479	146.911	112.326	34.585
"Import & Shipping" Segment	131.988	5	131.993	48.532	83.461
"Service" Segment	305.801	35.888	341.689	140.500	201.189
Total assets and liabilities	584.220	36.372	620.593	301.358	319.235

Thousands of euro	Total Assets without investments in joint ventures and associates 2015	Investments in Joint ventures and associates 2015	Total Assets 2015	Total liabilities 2015	Aggregate shareholders' equity 2016
"Distribution" Segment	140.911	663	141.574	110.057	31.517
"Import & Shipping" Segment	125.414	2.135	127.549	44.343	83.206
"Service" Segment	404.588	35.031	439.619	214.922	224.697
Total assets and liabilities	670.913	37.829	708.742	369.322	339.420

NOTE 25. COST OF GOODS SOLD

The following table shows the cost of goods sold by allocation and by nature.

Thousands of euro	2016	2015	Change
Raw materials and finished goods costs	436.069	374.674	61.395
Cost of commissions on purchases and sales	3.493	2.743	750
Transport and handling costs	104.495	98.972	5.524
Personnel costs	18.391	17.546	845
Depreciation and amortization	8.367	9.033	(667)
Accruals of provision	722	764	(42)
External production and maintenance costs	9.323	8.416	907
Utilities	4.688	4.308	381
Bunker cost	17.238	24.710	(7.472)
Rental costs for ships and containers	6.891	8.165	(1.274)
Containers costs	3.170	4.264	(1.094)
Leases and rentals	4.478	4.246	233
Other costs	750	513	237
Other operating revenues and costs recovery	(5.758)	(4.955)	(802)
Cost of goods sold	612.317	553.399	58.918

The increase in the cost of goods sold is commented on in the single report on operations, to which reference is made; however, it is necessary to point out the significant reduction in the cost of the bunker due to the reduction in fuel prices, from 289 USD/ton average in 2015 to 212 USD/ton average recorded for 2016. The increase in costs for the purchase of raw materials, packaging, pallets and goods for Euro 61,395 thousand is closely related to the increase in turnover by the Group.

NOTE 26. GENERAL AND ADMINISTRATIVE EXPENSES (OVERHEADS)

The table below details the general and administrative costs by allocation and by nature.

Thousands of euro	2016	2015	Change
Corporate bodies fees	1.511	1.357	154
Costs for notary, tax, legal and other professional services	4.363	3.107	1.256
Commercial, advertising, promotional and representation expenses	2.740	2.206	535
Personnel costs	23.814	23.716	98
Depreciation and amortization	1.404	1.425	(21)
Accruals for provision	802	1.712	(910)
Costs for maintenance, external labor and various other services	5.723	6.236	(513)
Insurance expenses	1.170	1.160	9
Utilities	1.271	1.173	98
Travel expenses	947	816	130
Costs of company car fleet	524	435	89
Rental costs and various rentals	363	499	(136)
Charges for purchase and intercompany services to associates and related companies	1.112	649	463
Other costs	2.231	2.691	(460)
Acquisition costs of stationery and material of consumption	445	480	(35)
Fees, commissions, bank guarantees charges and factoring	745	710	35
Overheads	49.165	48.372	793

The increase in general and administrative expenses for Euro 793 thousand is the result of higher costs for professional services and for promotional expenses related to the brand, partly offset by decreases in the other categories as represented above.

NOTE 27. OTHER OPERATING INCOMES AND EXPENSES

Thousands of euro	2016	2015	Change
Other operating incomes	3.158	1.449	1.709
Other operating expenses	(9.915)	(5.024)	(4.891)
Total other operating incomes and expenses	(6.757)	(3.575)	(3.182)

The details of the items “Other operating incomes” and “Other operating expenses” for the years 2015 and 2016 are provided with separate indication of ordinary and non-recurring items.

Thousands of euro	2016	2015	Change
Revenues from recovery of costs and insurance reimbursements	211	-	211
Plus values and contingent revenues in ordinary course of business	1.057	612	445
Others (*)	256	79	177
Other ordinary operating incomes	1.524	691	833
Gains on sale of equity investments and non - current financial assets	500	-	500
Gains on disposal of businesses or significant intangible assets and materials	463	-	463
Release of provisions previously set aside	57	304	(247)
Others (*)	614	454	160
Other non-recurring operating incomes	1.634	758	876

(*) These are contingencies related to items set aside in previous years for which the obligation/payment has not been fulfilled

In particular, we note the accounting of Euro 500 thousand related to the earn-out for 2016 on the sale of Reefer Terminal S.p.A. on 7 August 2015.

Thousands of euro	2016	2015	Change
Penalties, sanctions and costs for damage to third parties	(109)	(110)	1
Minus values and contingent losses in ordinary course of business	(704)	(984)	280
Others (*)	(6)	(76)	70
Other ordinary operating expenses	(819)	(1.170)	350
Glenalta transaction costs	(1.153)	-	(1.153)
Corporate restructuring costs	-	(1.863)	1.863
Losses on disposal investments and non - current financial assets	(470)	(554)	84
Losses on disposal of businesses or significant intangible assets and materials	(46)	(152)	106
Devaluations of assets	(1.639)	-	(1.639)
Costs and extraordinary provisions with employees	(1.483)	(76)	(1.407)
Significant costs for litigation, civil, tax, customs etc.	(2.469)	(504)	(1.965)
Integration provisions for extraordinary risks	(1.000)	-	(1.000)
Others (*)	(836)	(705)	(131)
Other non - recurring operating expenses	(9.096)	(3.854)	(5.242)

(*) These are contingencies related to items set aside in previous years of which the right/recourse has ceased

Particularly important in this section are the non-recurring costs associated with the Restructuring Plan for the year 2015 and the "Glenalta Transaction" for 2016, bearing in mind that a significant part of the related income/expenses are reported below in the "Discontinued Operations" section.

NOTE 28. NET FINANCIAL EXPENSES

The breakdown of the item "Net financial expenses" is as follows:

Thousands of euro	2016	2015	Change
Financial income	170	196	(26)
Financial expenses	(2.694)	(4.945)	2.251
Exchange rate differences	380	(1.310)	1.690
Net financial expenses	(2.144)	(6.059)	3.915

For each item included in the item in question, details are provided below:

Thousands of euro	2016	2015	Change
Interest income to third parties	148	175	(27)
Interest income to associates and joint ventures	22	21	1
Gains on derivatives	-	-	-
Financial income	170	196	(26)

Thousands of euro	2016	2015	Change
Interest expenses from bank	(2.311)	(4.337)	2.026
Interest cost for IAS 19	(2)	(8)	6
Interest expenses to third parties	(380)	(587)	207
Losses on derivatives	(1)	(13)	12
Financial expenses	(2.694)	(4.945)	2.251

Thousands of euro	2016	2015	Change
Realized exchange rate differences	(173)	(1.840)	1.667
Unrealized exchange rate differences	553	530	23
Exchange rate differences	380	(1.310)	1.690

The significant reduction in financial expenses is due to the full deployment of the benefits of the Restructuring Plan: it led to a reduction in the level of indebtedness following the divestments and improved profitability.

NOTE 29. NET INCOME (LOSS) FROM EQUITY INVESTMENTS

Thousands of euro	2016	2015	Change
Dividends	8	4	4
Share of profit from companies consolidated at equity	4.987	1.524	3.463
Revaluations of securities and investments	-	-	-
Devaluations of securities and investments	(83)	(182)	99
Result of securities and investments negotiation	-	-	-
Net income (loss) from equity investments	4.912	1.346	3.566

The statement of financial position is essentially related to the recognition of the share of profit/loss of associated companies and joint ventures consolidated using the equity method. The result shows a net increase compared to the previous year, either for distribution companies, in line with the other Group companies consolidated line-by-line, as well as for the Costa Rica-based producer.

NOTE 30. INCOME TAX

Most Italian subsidiaries adhere to the "fiscal consolidation" system adopted by GF Group as an option exercised by each company mainly for the years 2015-2017.

The following table summarizes changes in tax .

Thousands of euro	2016	2015	Change
Current taxes for the year	(3.891)	(2.200)	(1.691)
Taxes relating to previous years and tax rate changes	(179)	-	(179)
Taxes from tax consolidation	3.551	383	3.168
Deferred tax incomes	(1.364)	7.988	(9.352)
Deferred tax expenses	(148)	(113)	(35)
Tax expenses	(2.031)	6.058	(8.089)

The following is an analysis of the main changes:

- the increase in current tax due to the improved results of the year;
- the reduction in deferred tax assets, as they were recognized in the year 2015 due to the availability of past losses and surplus interest expense not deducted, now offset due to the "Glenalta Transaction" and related tax implications under art. 124 and 172 of the Presidential Decree 917/1986. In this

regard, we would like to point out that in 2017 and in the terms of the Law, appropriate instances of interpellation will be presented pursuant to art. 11 Law 212/2000.

As at 31 December 2016, there are no significant tax disputes.

There are no other significant amendments to the tax legislation between 2015 and 2016.

NOTE 31. NET PROFIT OF DISCONTINUED OPERATIONS

As at 31 December 2016, "Net profit of discontinued operations" amounted to Euro 844 thousand (2015: Euro 196 thousand) as follows:

Thousands of euro	2016	2015	Change
Disposal Business Aviation	(2.833)	-	(2.833)
Net profit Business Aviation 2015	-	(1.122)	1.122
Disposal Mono Azul	3.677	-	3.677
Net Mono Azul 2015	-	(9.185)	9.185
Spin-off immobiliare	-	(7.615)	7.615
Disposal of terminal business	-	18.118	(18.118)
Net profit of "Discontinued Operations"	844	196	648

As already mentioned, the net profit of discontinued operations in 2015 includes the gain from the sale of the terminal business, i.e. the sale of investments in Reefer Terminal S.p.A. and Interporto di Vado I.O. S.p.A. (VIO), as well as the allocation to the provision for bad debts due to Reefer Terminal Sete judicial liquidation in 2015.

It should be noted that the Discontinued Operations result in 2016 includes the gain for Moño Azul S.A. and the loss from the sale of the Business Aviation, as transaction preparatory for the "Relevant Transaction".

The net result of Euro 844 thousand includes the results of the companies concerned until disposal and amounts to a profit of Euro 2,409 thousand for Moño Azul S.A., against a loss of Euro 9,185 thousand in the 12 months of 2015 and a loss of Euro 1,076 thousand for Business Aviation, against a loss of Euro 1,122 thousand in 2015.

NOTE 32. DISCLOSURES ON FINANCIAL INSTRUMENTS - ADDITIONAL DISCLOSURES

Pursuant to IFRS 7, the breakdown of financial instruments into the categories set out in IAS 39 is as follows:

Thousands of euro	31.12.16	31.12.15	Change
Financial assets			
Non - current financial assets	-	-	-
Cash and cash equivalent	37.095	46.363	(9.268)
Trade receivables	80.528	73.469	7.059
Current financial assets	25	19	6
Financial liabilities			
Non - current medium term bank loans (over 12 months)	(73.348)	(103.085)	29.737
Current medium term bank loans	(37.005)	(34.286)	(2.719)
Bank overdrafts	(19.134)	(36.714)	17.580
Non - current other lenders (over 12 months)	(1.358)	(13.084)	11.726
Current other lenders	(2.400)	(2.728)	328
Other current lenders short term	(1.324)	(2.125)	801
Speculative derivatives	-	(119)	119
Hedging derivatives	-	(1.178)	1.178
Trade payables	(75.841)	(79.999)	4.158

It is noted that only current financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. The other categories fall into the category "Loans and receivables" in accordance with IAS 39.

Among financial liabilities, trading derivatives fall within the category "Liabilities measured at fair value with impact on the income statement", while hedging derivatives are recorded at fair value, the related change is accounted for in an equity reserve that constitutes the comprehensive income statement. In this regard, it is noted that the Group has no derivative contracts as at 31 December 2016.

As at 31 December 2015, there are two different types of derivative instruments, the first stipulated by the Parent Company, which expired in June 2016, was signed with a credit institution not part of plan agreements; it qualifies as a pure financial instrument since the medium-term loan for which it had been activated had ceased already in 2013. For this reason, its negative "mark-to-market" value of Euro 119

thousand as at 31 December 2015 is reported under current financial liabilities, with a counter-entry in the income statement.

The second type of derivative is a hedging instrument (swap) on the bunker that the shipbuilding company has activated in order to reduce and control the risks associated with changes in the price of raw material. As at 31 December 2015, its negative fair value of Euro 1,178 thousand was recognized under current financial liabilities with counter-entry equity reserve specifically designated. In 2016, since the effects of the hedge were directly attributed to the cost of fuel, this reserve was fully recovered with effect only on equity.

NOTE 33. DISCLOSURES ON ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Based on the requirements of IFRS 13 - Fair value measurement, we provide the following disclosure.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book value is considered to approximate the fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the valuation of the fair value of hedging instruments, the use of valuation models using market parameters is required. It is noted that no new derivative contracts were signed at the closing date of the financial statements;
- the fair value of non-current financial liabilities is obtained by discounting all future cash flows at the year-end conditions. In the present situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as per their fair value.

As regards trade and other receivables and payables, the fair value is equal to the book value.

Fair value of non-financial instruments:

- for non-current biological assets, the cost method was used net of accumulated depreciation for the determination of the carrying amount;
- for current biological assets (agricultural product on the plant) the value used was the cost for the Argentina-based company for 2014 and 2015, in

the absence of a reliable determination of the fair value; with reference to biological assets in Mexico (avocado), the fair value does not have any relevance for seasonality of fruit production in the first semester and sold in the second.

As regards property investments, they are valued at cost. We believe this as a reliable approximation of the related fair value.

The following tables analyses the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation techniques used:

- level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- level 2: the valuation techniques consider inputs other than the previous prices, but that can however be observed directly or indirectly on the market;
- level 3: the techniques use inputs that are not based on observable market data.

FINANCIAL INSTRUMENTS

Derivatives, valued using techniques based on market data, are mainly swaps on bunkers that have the purpose of hedging both the fair value of underlying instruments and cash flows.

The most frequently applied valuation techniques include “forward pricing” and “swap” models, which use the calculations of the present value.

The following table analyses financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro	31.12.16			31.12.15		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Current financial assets	25	-	-	19	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	(119)	-
Hedging derivatives	-	-	-	-	(1.178)	-

Level 1 of valuation was used for non-significant securities.

Level 2 of valuation, used for financial instruments measured at fair value, is based on parameters such as bunkers and interest rates that are quoted in active or observable markets on official rate curves. There are no assets or liabilities valued at level 2 as at 31 December 2016.

NON-FINANCIAL INSTRUMENTS

It should be noted that there are no non-financial instruments measured at fair value as at 31 December 2016, as for biological assets the value is null due to the exit of the Argentina-based producer Moño Azul S.A. However, we stress the point that the latter company, as at 31 December 2015, valued the biological assets at cost as it could not reliably value their fair value.

NOTE 34. NATURE AND ENTITY OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The main financial instruments of the Group include current accounts and short-term deposits, financial liabilities to banks in the short and long term and finance leases.

The purpose is to finance the Group's operating activities.

Additionally, the Group has trade receivables and payables from its business.

The main financial risks to which the Group is exposed are those of market (currency), credit and the risks associated with the loan agreement; below is a description of these risks and how they are managed.

RISKS ASSOCIATED WITH FLUCTUATIONS IN EXCHANGE RATES

Considering its operations, the Group, like other operators in the sector, is exposed to the risk of fluctuations in the exchange rates of currencies other than the one in which the commercial and financial transactions are expressed. In fact, part of the fruit supply (bananas and pineapples) is carried out by the Group in Central American countries at the price denominated in US dollars, resulting in the Group exposure to the USD/Euro exchange rate linked to the fact that sales of these products are denominated in Euro, being almost entirely on the markets of the EU countries.

In relation to this type of risk, it is emphasized that the historical observation of the results shows that there is no direct automatic relationship between the course of the dollar and marginality, mainly due to the pricing system, which being variable from week to week, allows "transferring" most of the exchange rate effect to the final market. In addition, part of the risk is offset by the maritime transport activity that has an opposite currency profile with a surplus of dollar-denominated revenues over costs, without prejudice to the net exposure in dollars at the level of the Group's currency balance.

RISKS ASSOCIATED WITH LOAN AGREEMENTS

The Group has some short-term and medium-term loan agreements with some of the major banking institutions, which foresee in the coming years a plan of reimbursement of its adjusted debt on expected revenue flows and some possible disposals, together with a low interest rate.

RISKS ASSOCIATED WITH CREDIT

The Group is exposed to the credit risk arising from both commercial relations and liquidity use of the financing of some seasonal product campaigns. Commercial credit risk is monitored on the basis of formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and in some cases involves the stipulation of insurance policies with primary counterparties.

The two tables below show the evidence of the net financial position, net working capital and invested capital. For financial debt maturities, reference is made to note 15 "Financial payables".

The Group demonstrates a good ability to generate cash through its operating activities and therefore there is no problem in obtaining funds to settle its financial liabilities.

The Group has financial payables that, with the exception of non-current payables with fixed maturities, consist of short-term bank payables, payables to other short-term lenders and payables for derivative instruments in 2015.

It should be noted that, due to the cash generated by operating activities, the Group has sufficient resources to meet its financial commitments in the set deadlines.

Thousands of euro	31.12.16	31.12.15	Change
Assets held for trading	25	19	6
Cash and cheques	240	718	(478)
Bank and deposit accounts	36.855	45.646	(8.791)
Non - current medium term bank loans (over 12 months)	(73.348)	(103.085)	29.737
Non - current other lenders (over 12 months)	(1.358)	(13.084)	11.726
Bank overdrafts	(19.134)	(36.714)	17.580
Current medium term bank loans	(37.005)	(34.286)	(2.719)
Current other lenders	(1.324)	(2.125)	801
Other current lenders short term	(2.400)	(2.728)	328
Current liabilities for the derivatives	-	(1.297)	1.297
Net financial position	(97.450)	(146.937)	49.487

Thousands of euro	31.12.16	31.12.15	Change
Goodwill	3.834	7.460	(3.626)
Other intangible assets	6.208	793	5.415
Tangible assets	85.881	114.141	(28.260)
Financial investments	39.221	36.689	2.532
Other fixed assets	668	4.569	(3.901)
Deferred tax assets	7.291	13.577	(6.286)
NON-CURRENT ASSETS	143.103	177.229	(34.126)
Inventories	24.114	29.116	(5.002)
Trade receivables	80.528	73.469	7.059
Trade payables	(75.841)	(79.999)	4.158
WORKING CAPITAL	28.801	22.586	6.215
Other receivables	23.930	34.972	(11.042)
Deferred tax liabilities	(2.771)	(3.235)	464
Provisions for risks and charges	(4.394)	(3.795)	(599)
Employees benefits liabilities	(5.741)	(5.811)	70
Other liabilities	(16.764)	(28.193)	11.429
OTHER CURRENT ASSETS AND LIABILITIES	(5.740)	(6.062)	322
NET WORKING CAPITAL	166.164	193.753	(27.589)

RISKS ASSOCIATED WITH GUARANTEES PROVIDED TO THIRD PARTIES

Regarding the risks involved, it is noted that, as part of the sale of Moño Azul S.A. to the company Argentina S.r.l. by assuming the existing balance of the Banca Intesa loan granted at the time of acquisition, the issuance was agreed with the bank, by GF Group of a first-demand guarantee up to a maximum of Euro 8 million.

As already stated in the information document on the "Glenalta Transaction" at the time of stipulation of the loan agreement for the original Euro 30,000 thousand, the Parent Company issued a guarantee in favour of Intesa Sanpaolo S.p.A. equal to the amount of the loan. As a result of the assumption, liberating for the Group, by Argentina S.r.l. of the debt balance of Euro 18,838 thousand, the original guarantee ceased, replaced by the new commitment agreed with the bank up to a maximum of Euro 8 million.

This new guarantee is connected to the credit line granted by the bank, expiring on 31 December 2017, for the repayment of the debt against the proceeds of the expected disposal of Moño Azul S.A. by Argentina S.r.l.

Although the sale value of the investment is supported by a specific report prepared at the end of 2016, the peculiar situation of the context in Argentina, always problematic and difficult to read, along with the limited time available for the sale, makes it impossible for the directors to reliably estimate the probability, and especially the entity, of the potential outlay associated with said guarantee. On these bases, even in accordance of IAS-IFRS with IAS 37, the directors have chosen not to proceed with any provision in the financial statements, providing comprehensive disclosure.

NOTE 35. TRANSACTIONS WITH RELATED PARTIES

The Company and the Group have put in place a conduct procedure related to transactions with related parties in order to monitor and trace the necessary information regarding transactions in which directors and executives have interest, as well as transactions with related parties for the purpose of their control and possible authorization.

The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content.

The main intra-group activities, regulated at market prices, are developed through contractual relations that have specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;

- assistance related to IT services;
- trade agreements.

In addition, a fiscal relationship with the Parent Company GF Group is recognized, following the option exercised for the national tax consolidation regime, governed by articles 117 et seq. of the TUIR Tax Code, only for Italian companies mainly for the three-year period 2015-2017.

The Group has adhered to the Group's VAT regime, in accordance with the third paragraph of art. 73 of Presidential Decree 633/72.

Receivables and payables arising from such tax relations are not interest-bearing.

Transactions between the companies included in the scope of consolidation have been eliminated from the consolidated financial statements and have not been highlighted.

Below is a summary of the items in the statement of financial position and income statement of transactions between the Group and other related parties in 2016. Relations with the companies represented in the table are essentially commercial and related to the specific sectors of activity: production for Citrumed and Moño Azul, the real estate business for Nuova Beni Immobiliari, Business Aviation for GF Aviation and its subsidiaries, distribution for the others.

Thousands of euro	Related parties at December 31, 2016			
	Trade receivables	Trade payables	Net sales	Expenses
<i>Associates and Joint Ventures</i>				
Fruttital Cagliari S.r.l.	318	(116)	6.179	(15)
Fruttital Firenze S.p.A.	1.110	(648)	16.880	(10)
Galandi & C. S.p.A.	247	(6)	994	(50)
Moncada Frutta S.r.l.	1.686	(122)	7.141	(196)
Hermanos Fernández López S.A.	156	(101)	2.488	(1.100)
Citrumed S.A.	89	(50)	251	(1.043)
Simba Spain S.L.	1.584	(36)	15.595	(49)
Fruport Tarragona S.L.	-	(435)	8	(3.216)
Total exposure to Associates and Joint ventures	5.190	(1.514)	49.536	(5.679)
<i>Related companies</i>				
Moño Azul S.A.	1.970	(363)	-	(3.573)
Nuova Beni immobiliari S.r.l.	1.000	(1.338)	350	(2.892)
Business Aviation*	154	(1.644)	237	(115)
Total exposure to related companies	3.124	(3.345)	587	(6.580)

* Referred to the companies GF Aviation S.r.l., K-Air S.r.l., K-Fleet S.r.l.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

Regarding relations with the companies Acorsa S.A. and Moño Azul S.A., we recall the relevant transactions already described in other parts of this document related, for the first, to the Call option in favour of the Parent Company's shareholders (and which led to the valuation for the purpose of the financial statements) and the second to the first-demand guarantee granted to Intesa Sanpaolo S.p.A. related to the credit line granted by the bank with maturity 31 December 2017 for the repayment of the debt with respect to the proceeds of the planned disposal of Moño Azul S.A.

NOTE 36. SHARE-BASED PAYMENTS

As at 31 December 2016, there are no incentive plans for Group directors and employees.

NOTE 37. FEES DUE TO DIRECTORS, BOARD OF AUDITORS, INDEPENDENT AUDITORS

The following table details the total remuneration for the members of the corporate bodies of the GF Group received at Group level in 2016.

Thousands of euro	2016
Board of Directors	260
Board of Auditors	140
Independent Auditors	202

NOTE 38. EMPLOYEES

The following table shows the number of employees and the average number of employees as at 31 December 2015 and 31 December 2016. It should be noted that the significant change in the number of employees is mainly determined by the exit of the Argentina-based company Moño Azul S.A. under the "Relevant Transaction".

	2016	2015	Change
Distribution Segment			
Number of employees	704	729	(25)
Average number of employees	762	778	(16)
Import&Shipping Segment			
Number of employees	171	173	(2)
Average number of employees	172	174	(2)
Service Segment			
Number of employees	95	785	(690)
Average number of employees	94	1.045	(951)
Number of employees	970	1.687	(717)
Average number of employees	1.028	1.997	(969)

NOTE 39. GUARANTEES PROVIDED, COMMITMENTS AND OTHER CONTINGENT LIABILITIES.

The guarantees provided by the Company are as follows:

Thousands of euro	2016	2015	Change
Guarantees issued in the interest of the Group	7.960	10.980	(3.020)
Guarantees issued to third parties	9.763	11.033	(1.270)
Guarantees issued to third parties in the interest of related parties	6.052	1.053	4.999
Total guarantees	23.775	23.066	709

Compared to the previous year, there was an increase in guarantees to related parties due to the 2016 disposals of Moño Azul S.A. and Business Aviation, while the decrease in guarantees outstanding (essentially regarding Customs) reflects a fall in the ceilings.

As in previous years, the guarantees outstanding as at 31 December 2016 are essentially related to guarantees issued to Customs and/or VAT offices (for a total of Euro 17,723 thousand) regarding the business of Group companies. There are also guarantees to banks for loans granted to related companies. This amount does not include the guarantee of a maximum of Euro 8 million granted to Intesa Sanpaolo S.p.A., as described in this document.

Separate Financial Statements as at 31 December 2016

Parent Company Financial Statements

STATEMENT OF FINANCIAL POSITION

Thousands of euro	Notes	31/12/2016	31/12/2015
ASSETS			
Goodwill		-	-
Other intangible assets	1	130	260
Tangible assets	2	468.636	257.370
Financial investments	3	166.972.104	172.392.851
Other fixed assets	4	11.547	9.000
Deferred tax assets	5	277.271	926.589
Non-Current Assets		167.729.688	173.586.070
Inventories		-	-
Trade receivables	6	45.447.979	42.471.256
Current tax receivables	7	2.846.240	2.642.027
Other current assets	8	217.136	1.806.668
Cash and cash equivalent	9	23.260.541	23.598.142
Current Assets		71.771.896	70.518.093
Assets held for sale		-	-
TOTAL ASSETS		239.501.584	244.104.163
Share Capital		13.000.000	11.650.000
Reserves		81.361.520	80.670.275
Net profit		(1.229.301)	2.140.648
Total Shareholders' Equity	10	93.132.219	94.460.923
LIABILITIES			
Non-current financial liabilities	11	66.742.800	92.200.000
Other non-current liabilities		-	-
Deferred tax liabilities		-	-
Provisions for risks and charges	12	-	125.940
Employees benefits liabilities	13	1.370.350	1.106.057
Non-Current Liabilities		68.113.150	93.431.997
Current financial liabilities	11	35.083.265	13.763.408
Trade payables	14	41.460.740	40.416.416
Current tax and social security contributions liabilities	15	476.218	715.923
Other current liabilities	16	1.235.992	1.315.496
Current Liabilities		78.256.215	56.211.243
Liabilities held for sale		-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		239.501.584	244.104.163

INCOME STATEMENT

Thousands of euro	Notes	Year 2016	Year 2015
Net sales	17	4.043.895	4.013.424
Cost of goods sold		-	-
Gross profit		4.043.895	4.013.424
Overheads	18	(9.719.369)	(8.862.540)
Other incomes and expenses	19	(1.241.861)	(1.608.957)
Operating result (Ebit)		(6.917.335)	(6.458.073)
Net financial expenses	20	(1.170.298)	(1.990.560)
Net income (loss) from equity investments	21	11.248.028	3.936.583
Profit before tax		3.160.395	(4.512.050)
Tax expenses	22	2.364.219	5.507.873
Net profit from continuing operations		5.524.614	995.823
Net profit of "Discontinued operations"	23	(6.753.915)	1.144.825
Net profit		(1.229.301)	2.140.648

COMPREHENSIVE INCOME STATEMENT

Thousands of euro	Notes	Year 2016	Year 2015
Net profit		(1.229.301)	2.140.648
Items that may not be subsequently reclassified to net profit or loss		(94.901)	(19.118)
Items that may be subsequently reclassified to net profit or loss		-	-
Total comprehensive income		(1.324.202)	2.121.530

CASH FLOW STATEMENT

Thousands of euro	Year 2016	Year 2015
A. Net cash flows provided by (used for) operating activities		
Net profit	(1.229)	2.141
Income taxes	(2.364)	(5.508)
Net financial expenses	1.187	-
Dividends	-	-
(Earnings)/losses from disposal of assets	-	-
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	(2.406)	(3.367)
Non-cash adjustments not related to working capital:		
Provisions	-	-
Depreciations and Amortizations	126	125
Impairment of assets	-	1.896
Other non-cash adjustments	138	(1.908)
2. Cash flows before working capital changes	(2.142)	(3.254)
Changes in Working Capital:		
Change in inventories	-	-
Change in trade receivables	(2.977)	39.742
Change in trade payables	1.045	(11.511)
Change in other receivables	39	(6)
Change in other payables	11	(13)
Other changes	1.022	(466)
3. Cash flows after working capital changes	(3.002)	24.492
Other non-cash adjustments:		
Net financial expenses	(1.187)	-
Income taxes	2.364	5.508
Dividends	-	-
Change in Funds	-	-
4. Cash flows after other changes	(1.825)	30.000
Net cash flows provided by (used for) operating activities (A)	(1.825)	30.000
B. Net cash flows provided by (used for) investing activities		
Tangible assets		
(investment)	(351)	(225)
disposals	13	30
Intangible assets		
(investment)	-	-
disposals	-	-
Financial Investments		
(investment)	(6.343)	(1.826)
disposals	11.764	29.556
Financial asset		
(investment)	(2)	(2)
disposals	649	727
Disposals / (acquisitions) of investments in controlled companies, net of cash	-	-
Net cash flows provided by (used for) investing activities (B)	5.730	28.260
C. Net cash flows provided by (used for) financing activities		
Financial loans		
Increase / (decrease) of short term financial debts	(389)	(159.481)
Drawdown of new loans	-	-
Pay back of loans	(3.754)	(4.747)
Equity		
Capital Increase / Equity-like Instruments	(100)	119.896
Disposal/ (acquisition) of own shares	-	-
Dividends paid	-	-
Net cash flows provided by (used for) financing activities (C)	(4.243)	(44.332)
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)	(338)	13.928
Net cash and cash equivalents, at beginning of the year	23.598	9.670
Net cash and cash equivalents, at end of the year	23.260	23.598

STATEMENT OF CHANGES IN EQUITY

Thousands of euro	Share Capital	Legal reserve	Statutory reserve	Other reserves	Participative financial instruments (SFP) reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Retained earnings/ (losses)	Net profit	Total Shareholders' equity
At December 31, 2014	20.000	4.000	65.979	43.223	-	-	-	(131.461)	(24.845)	(23.104)
First Time Adoption IAS-IFRS	-	-	-	-	-	-	-	(4.471)	-	(4.471)
At January 1, 2015	20.000	4.000	65.979	43.223	-	-	-	(135.932)	(24.845)	(27.575)
Allocation of reserves	(20.000)	(4.000)	(65.979)	(43.223)	(23.104)	-	-	131.461	24.845	(0)
Capital increase	11.650	-	-	1.350	-	-	-	-	-	13.000
Injection of SFP/Conversion of that into equity instrument	-	-	-	-	106.915	-	-	-	-	-
Effect IAS 19	-	-	-	-	-	(19)	-	-	-	106.915 (19)
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	-	2.141	2.141
At December 31, 2015	11.650	0	0	1.350	83.811	(19)	0	(4.471)	2.141	94.461
Allocation of reserves	-	200	-	-	-	-	-	1.940	(2.141)	0
Capital increase	1.350	-	-	(1.350)	-	-	-	-	-	-
Injection of SFP/Conversion of that into equity instrument	-	-	-	-	-	-	-	-	-	-
Effect IAS 19	-	-	-	-	-	(95)	-	-	-	(95)
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	(5)	-	(5)
Net profit	-	-	-	-	-	-	-	-	(1.229)	(1.229)
At December 31, 2016	13.000	200	-	-	83.811	(114)	-	(2.536)	(1.229)	93.132

Valuation criteria and Notes

Form and content of the separate financial statements and other general information

COMPANY STRUCTURE

GF Group S.p.A. (or the "Company") is a corporation organized under the laws of the Republic of Italy. The company represents the Parent Company of the GF Group, whose activities have been extensively described in the previous pages regarding the single report on operations. The registered office of the Parent Company is via Fantoli 6, Milan, Italy.

STATEMENT OF COMPLIANCE AND PREPARATION CRITERIA

The separate financial statements of GF Group S.p.A. as at 31 December 2016 have been drawn up on the basis of art. 4, paragraph 2 of Legislative Decree no. 38 of 28/02/2005, according to the International Accounting Standards issued by the International Accounting Standards Board (IASB) and approved by the European Commission, including International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).

The separate financial statements as at 31 December 2016 are the first full financial statements prepared in accordance with IAS/IFRS pursuant to Regulation (EC) 1606/2002 issued by the European Parliament and the European Council in July 2002.

It should be noted that the accounting standards applied are in accordance with those adopted for the preparation of the statement of financial position as at 1 January 2015 in accordance with the IFRS, as well as for the income statement for 2015 and the balance sheet as at 31 December 2015, as restated according to IFRS. The appendix "Process of transition to International Accounting Standards", attached to this document, details the effects of the transition to IAS/IFRS.

CONTENT AND FORM OF THE SEPARATE FINANCIAL STATEMENTS

The separate financial statements consist of the statement of financial position, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and these Notes, applying the requirements of IAS 1 "Presentation of the financial statements".

The Company has adopted the following financial statements:

- statement of financial position, which classifies assets and liabilities as current and non-current;
- income statement, the costs of which are presented using the classification by "allocation", a structure considered more representative than presentation by nature;
- comprehensive income statement, which reports revenue and cost items that are not recognized in profit (loss) for the year as required or permitted by IFRS;
- cash flow statement, presented using the "indirect method";
- statement of changes in equity reporting all changes during the year under review.

The choice of these statements allows representing the Parent Company's equity, economic and financial situation in a truthful, correct, reliable and significant manner. The form chosen is, in fact, consistent with internal reporting and management.

The separate financial statements of GF Group are presented in Euro, functional currency in the economies in which the Group mainly operates and is compared with the separate financial statements of the previous year, drawn up in a homogeneous manner.

On 12 April 2017, the Board of Directors of the Parent Company approved the draft of separate financial statements and the consolidated financial statements of GF Group.

The separate financial statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets available for sale, of financial assets held for trading and of derivative instruments that are measured at fair value and on the going concern assumption.

The directors have prepared the financial statements in accordance with paragraphs 25 and 26 of IAS 1, due to the strong competitive position, the high profitability and solidity of the equity and financial structure achieved.

Deloitte & Touche S.p.A. audited the separate financial statements of GF Group as at 31 December 2016.

Valuation criteria

For the separate financial statements, use was made of the same valuation criteria used for the consolidated financial statements and above described.

Notes - disclosures on the statement of financial position and the income statement

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements, indicating any possible effects of changes in the scope of consolidation, where appropriate.

NOTE 1. INTANGIBLE ASSETS

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
<i>Carrying amount</i>	125	-	-	182	307
<i>Accumulated amortization</i>	(119)	-	-	(182)	(301)
Balance at January 1^o, 2015	6	-	-	-	6
<i>Change of year:</i>					
Investments	-	-	-	-	-
Disposal	-	-	-	-	-
Reclassification - carrying amount	-	-	-	-	-
Reclassification - accumulated amortization	-	-	-	-	-
Impairment losses	-	-	-	-	-
Changes of consolidated companies	-	-	-	-	-
Translation differences	-	-	-	-	-
Amortization	(6)	-	-	-	(6)
Reclassification IFRS 5	-	-	-	-	-
<i>Carrying amount</i>	125	-	-	182	307
<i>Accumulated amortization</i>	(125)	-	-	(182)	(307)
Balance at December 31, 2015	-	-	-	-	-
<i>Change of year:</i>					
Investments	-	-	-	-	-
Disposal	-	-	-	-	-
Reclassification - carrying amount	-	-	-	(182)	-
Reclassification - accumulated amortization	-	-	-	182	-
Impairment losses	-	-	-	-	-
Changes of consolidated companies	-	-	-	-	-
Translation differences	-	-	-	-	-
Amortization	-	-	-	-	-
Reclassification IFRS 5	-	-	-	-	-
<i>Carrying amount</i>	125	-	-	-	125
<i>Accumulated amortization</i>	(125)	-	-	-	(125)
Balance at December 31, 2016	-	-	-	-	-

Intangible assets decreased by Euro 6 thousand compared to 1^o January 2015, only due to amortization.

As at 31 December 2016, the change was due solely to amortization of software of Euro 130.

The Company did not incur any expenses for research in 2016.

INTELLECTUAL PROPERTY RIGHTS

The item includes costs incurred in respect of software programs and licenses of the company, amortized on a straight-line basis over 5 years or on the basis of the duration of the related license, with a residual value of Euro 130 (Euro 260 as at 31 December 2015).

NOTE 2. TANGIBLE ASSETS

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
<i>Carrying amount</i>	-	-	-	-	1.177	-	1.177
<i>Accumulated depreciation</i>	-	-	-	-	(996)	-	(996)
Balance at January 1st, 2015	-	-	-	-	181	-	181
<i>Change of year:</i>							
Investments	-	-	-	-	212	-	212
Disposal - carrying amount	-	-	-	-	(175)	-	(175)
Disposal - accumulated depreciation	-	-	-	-	158	-	158
Reclassification	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Changes of consolidated companies	-	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(119)	-	(119)
Reclassification IFRS 5	-	-	-	-	-	-	-
<i>Carrying amount</i>	-	-	-	-	1.214	-	1.214
<i>Accumulated depreciation</i>	-	-	-	-	(957)	-	(957)
Balance at December 31, 2015	-	-	-	-	258	-	258
<i>Change of year:</i>							
Investments	-	-	-	-	351	-	351
Disposal - carrying amount	-	-	-	-	(214)	-	(214)
Disposal - accumulated depreciation	-	-	-	-	210	-	210
Reclassification	-	-	-	-	(9)	-	(9)
Impairment losses	-	-	-	-	-	-	-
Changes of consolidated companies	-	-	-	-	-	-	-
Translation differences	-	-	-	-	-	-	-
Depreciation	-	-	-	-	(126)	-	(126)
Reclassification IFRS 5	-	-	-	-	-	-	-
<i>Carrying amount</i>	-	-	-	-	1.351	-	1.351
<i>Accumulated depreciation</i>	-	-	-	-	(882)	-	(882)
Balance at December 31, 2016	-	-	-	-	469	-	469

As at 31 December 2015, Tangible assets totalled Euro 257 thousand, with an increase of Euro 76 thousand compared to the previous year due to:

- investments of Euro 212 thousand, of which Euro 9 thousand of equipment, Euro 6 thousand for furniture and buildings, Euro 23 thousand for electronic equipment, Euro 2 thousand for telephony and Euro 172 thousand for company cars;
- depreciation for the period for Euro 119 thousand;
- disposals of assets for Euro 17 thousand, essentially represented by sales of company cars.

As at 31 December 2016, Tangible assets totalled Euro 469 thousand, with an increase of Euro 212 thousand compared to the previous year due to:

- investments for Euro 351 thousand, mainly relating to vehicles for Euro 304 thousand, light construction for Euro 22 thousand and electronic equipment for Euro 20 thousand;
- depreciation for the period for Euro 126 thousand;
- disposals of assets (at book value) for Euro 214 thousand (depreciated for Euro 210 thousand), essentially represented by sales of company cars.

OTHER TANGIBLE ASSETS

The item mainly shows the following assets held by the company:

- corporate cars for Euro 392 thousand (Euro 202 thousand in 2015) and depreciated at 25%;
- furniture and fittings for Euro 10 thousand (Euro 18 thousand in 2015) and depreciated at 12%;
- office equipment for Euro 33 thousand (Euro 24 thousand in 2015) and depreciated at 20%;
- equipment for Euro 8 thousand (Euro 9 thousand in 2015) and depreciated at 12%;

As at 31 December 2016, the Company verified the non-existence of endogenous or exogenous indicators of possible impairment of its tangible assets. Consequently, the value of tangible assets has not been subject to impairment test.

NOTE 3. INVESTMENTS

Thousands of euro	Investments in subsidiaries	Investments in Joint Ventures	Investments in associates	Investments in other companies	Total
Carrying amount	284.569	-	6.958	5.522	297.049
Accumulated provision on investments	(83.009)	-	(6.771)	(5.249)	(95.030)
Balance at January 1^o, 2015	201.560	-	187	272	202.019
Change of year:					
Additional/Capital increase	30.012	-	-	-	30.012
Divestments and disposals-carrying amount	(53.343)	-	-	(107)	(53.450)
Divestments and disposals-accumulated provision on investments	1.439				
Impairment losses/Using fund to cover losses	(1.820)	-	-	(76)	(1.896)
Repayments to Shareholders loan	(5.737)	-	-	-	(5.737)
Reclassification-carrying amount	5.747	-	(5.741)	-	6
Reclassification-accumulated provision on investments	(5.741)	-	5.741	-	-
Carrying amount	261.247	-	1.217	3.964	266.428
Accumulated provision on investments	(89.131)	-	(1.030)	(3.874)	(94.035)
Balance at December 31, 2015	172.116	-	187	90	172.393
Change of year:					
Additional/Capital increase	6.343	-	-	-	6.343
Divestments and disposals-carrying amount	(24.455)	-	(42)	1	(24.496)
Divestments and disposals-accumulated provision on investments	23.934	-	-	(30)	23.904
Impairment losses/Using fund to cover losses	(37.430)	-	-	(71)	(37.501)
Repayments to Shareholders loan	(6.744)	-	(170)	-	(6.914)
Revaluations	33.049	-	170	-	33.219
Reclassification	5	-	(5)	(5)	(5)
Carrying amount	236.396	-	1.000	3.930	241.326
Accumulated provision on investments	(69.578)	-	(860)	(3.915)	(74.353)
Balance at December 31, 2016	166.818	-	140	15	166.972

DISCLOSURE ON INVESTMENTS IN OTHER COMPANIES

The separate financial statements must be prepared in accordance with IFRS 12 – “Disclosure on investments in other companies”, which includes all disclosure provisions previously included in IAS 27, IAS 28 and IAS 31.

Companies defined as subsidiaries are entities in which GF Group has a majority of the exercisable votes and exercises a dominant influence in the ordinary Shareholders’

Meeting. Companies designated as joint ventures are companies in which the Company has joint control as defined by IFRS 11 and IAS 28 - Investments in associates and joint ventures. Associated companies are companies whose activities are subject to the exercise of significant influence by GF Group in the ordinary Shareholders' Meeting as defined by IAS 28 - Investments in associates and joint ventures.

For further details, refer to the section of Investments in the Notes of the consolidated financial statements.

Investments as at 31 December 2015 amounted to Euro 172,393 thousand, with a net decrease of Euro 29,626 thousand. The item "Investments in subsidiaries" shows a net deviation of Euro 29,444 thousand over the previous year, entirely attributable to the sale of the subsidiaries belonging to the real estate sector sold as part of the spin-off envisaged in the Financial Restructuring Plan, the repayment by Cosiarma S.p.A. of the existing shareholder loan, the reclassification of the investment of GFMC S.r.l. following the acquisition of control of the same during the year. The revaluations are the result of the waiver of the loan to the real estate sector provided for by the Plan and other waivers of the loan to K-Air S.r.l., GF Trasporti S.r.l. and GF Servizi S.r.l.; the latter were then written down at the same time.

The change in the item "Investments in associates" refers to GFB S.r.l. for Euro 5 thousand, Sigma Servizi S.r.l. for Euro 42 thousand and Cultifruit S.l. for Euro 1,170 thousand, written down in previous years for Euro 1,030 thousand.

"Investments in other companies" represent financial investments deemed to be useful for the business and have a balance of Euro 90 thousand and refer to minority interests in companies principally engaged in the real estate and financial sector; during the year, they decreased by Euro 182 thousand due to the lower value of the Banca Carige shares. The latter are affected by the sale of the option rights made on the occasion of the last capital increase and recognition in the financial statements on the basis of the stock exchange price as at 31 December of Euro 1.26 per share.

Equity investments totalled Euro 166,972 thousand as at 31 December 2016, with a net decrease of Euro 5,421 thousand due to the changes reported in the table above and detailed below.

The only acquisition on 16 December 2016 for Euro 150 thousand, allowed acquiring the entire shareholding of the previous associate GFB S.r.l. (now reclassified under subsidiaries).

During the year, the following companies have been recapitalized to cover losses or for different needs:

- GF Aviation S.r.l. for Euro 6,182 thousand;
- other minor for Euro 11 thousand.

Divestments/disposals refer to the following companies:

- Sigma S.r.l. for a historical cost net of the write-down provision of Euro 42 thousand;
- M&M Fruit S.r.l. for a historical cost net of the write-down provision of Euro 1 (company liquidated);
- GFMC S.r.l. for a historical cost net of the write-down provision of Euro 1 (company liquidated).

The write-downs (impairment losses) refer to:

- GF Produzione S.r.l. for Euro 31,198 thousand;
- other minor of modest amount for Euro 71 thousand.

The revaluations refer to:

- GF Distribuzione S.r.l. for Euro 23,200 thousand;
- GF Porterm S.r.l. for Euro 9,849 thousand;
- Cultifruit S.L. for Euro 170 thousand.

In addition, two impairments were made for repayments of shareholder loan by Cosiarma S.p.A. for Euro 6,744 thousand and Cultifruit S.L. for Euro 170 thousand; there was also a decrease from the sale related to the Business Aviation sector of Euro 6,232 thousand.

IMPAIRMENT TEST OF INVESTMENTS

For the purposes of IAS 36, the Company carried out impairment tests regarding subsidiaries to verify the recoverability of the carrying amount of investments in order to ensure that the value recorded in the financial statements does not exceed the recoverable amount.

The recoverable amount has been identified in the value of use: i.e. the sum of the discounted future cash flows and the terminal value that the individual companies will be able to generate according to management estimates, net of the net financial position.

For discounting, the WACC post-tax rate was adopted as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on a weighting between the cost of the debt and the cost of equity, calculated on the basis of the values of companies comparable to the subsidiaries of the GF Group and subject to impairment as they operate in the same business sector.

The value of the WACC thus determined is approximately 6.0% for the major companies (with higher rates for Greek and Portuguese companies due to the country context - see Note Impairment Test in the Notes to the consolidated financial statements). The terminal value was determined with the perpetual annuity formula, and determined as the ratio between the normalized flow (NOPAT) and the discount rate. In making this calculation, a 1% nominal growth rate "g" was included, in line with the growth outlook expected by the management for the years beyond the industry horizon and the reference countries.

This approach was not only used for Cosiarma S.p.A., since it was not considered a perpetual annuity, but a time horizon of 8 years with a value in line with historical performances. In determining the terminal value, the level of amortization and investments was offset and, in addition, a change in working capital equal to zero was assumed.

The Company has verified the recoverability of the book value of the following equity investments as at 31 December 2016:

- GF Distribuzione S.r.l.;
- GF Produzione S.r.l.;
- GF Porterm S.r.l.;
- Cosiarma S.p.A.

In light of the impairment tests carried out using the information available to date and reasonable estimates of the evolution of the invested capital, the following results have been determined:

- Recovery for GF Distribuzione S.r.l. of the entire write-down of Euro 23,200 thousand made in previous years due to the current values of the investments that bring the consolidated shareholders' equity of the investee to levels above the carrying amount in the financial statements;
- Write-down for GF Produzione S.r.l. of Euro 31,198 thousand resulting from the loss recorded by this company following the disposal of Moño Azul S.A.;
- Recovery for GF Porterm S.r.l. of the write-down of Euro 9,849 thousand following the disposals of VIO and Reefer Terminal 2015 and the liquidation of RTS;
- Lastly, as far as the investment in Cosiarma S.p.A. is concerned, the impairment test confirms, as in previous years, the value at levels above the carrying amount in the financial statements.

The sensitivity analysis carried out on the basis of two reduction assumptions of Adjusted EBITDA values of 5% and 10% did not give rise to any problem with regard to the holding of values previously determined.

The above analyses confirm the sensitivity of valuations of recoverability of non-current assets to the change in the variables used; in this context, the directors will systematically monitor the trend of the variables used and not controllable for any adjustments to the recoverability estimates of the recognition values of non-current assets in the financial statements.

NOTE 4. OTHER FIXED ASSETS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
<i>Other fixed assets</i>	12	9	3	7	2

The item in question includes the amount paid to suppliers as deposit.

NOTE 5. DEFERRED TAX ASSETS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
<i>Deferred tax assets</i>	277	927	(649)	1.653	(726)

Deferred tax assets are allocated, where their future recovery is probable, on temporary differences, subject to early taxation, between the value of assets and liabilities for statutory purposes and the value of the same for the purposes of taxation and on tax losses that can be carried forward. It is noted that the rate used for the calculation of deferred tax liabilities is equal to the nominal rate IRES 24% plus, where applicable, the IRAP rate (3.9%). Deferred tax assets as at 31 December 2015, amounting to Euro 927 thousand (Euro 1,653 thousand as at 1 January 2015), are recognized only after the exclusion of intangible assets without capitalization requirements, in accordance with IAS 38. The reduction of Euro 649 thousand in 2016 is the result of the issue of the tax benefit accrued in the year for Euro 724 thousand and the provision for the same period for Euro 75 thousand.

NOTE 6. TRADE RECEIVABLES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Trade receiv ables from third parties	7	809	(802)	2.514	(1.704)
Receiv ables from subsidiaries	44.959	41.135	3.825	79.437	(38.303)
Receiv ables from associates		20	(20)	262	(242)
Receiv ables from related parties	482	507	(25)	-	507
Provision for bad debts	-	-	-	-	-
Trade receivables	45.448	42.471	2.977	82.213	(39.742)

All trade receivables are due within one year and derive from normal sales conditions. It should be noted that receivables are shown net of the provision for write-downs: the latter must be allocated in the presence of bad debts or doubtful debts that are still in the financial statements pending the conclusion of the related bankruptcy procedures or out-of-court settlement attempts. There are no receivables due beyond five years.

As at 31 December 2015, the item showed a decrease of Euro 39,742 thousand, resulting from a decrease of Euro 1,704 thousand in gross value of receivables, Euro 38,303 thousand of receivables from subsidiaries, Euro 242 thousand from associated companies and lastly, the recognition of Euro 507 thousand of receivables from related parties, i.e. real estate companies that exited the Group following the real estate spin-off. The decrease in the item concerned is mainly due to the exit from the consolidation scope of the companies sold, in particular Tecnolog S.r.l. and the real estate sector.

The balance of receivables as at 31 December 2016 from subsidiaries refers mainly to receivables of a financial nature, due within one year for Euro 33,466 thousand; in particular, it includes treasury current accounts of Euro 31,419 thousand and intra-group short-term loans of Euro 2,047 thousand. The balance also includes receivables deriving from Group VAT for Euro 107 thousand, receivables from the tax institute of National Consolidation for Euro 2,274 thousand and receivables from Reefer Terminal Sete resulting from the debt restructuring procedure. The remainder is entirely attributable to trade receivables.

Receivables from related parties relate to:

- Nuova Beni Immobiliari S.r.l. Euro 290 thousand, all of which with commercial nature;
- Business Aviation Sector Euro 100 thousand, of which Euro 40 thousand trade and Euro 60 thousand deriving from the application for the 2016 tax year of the National Tax Consolidation;
- Quires S.r.l. Euro 92 thousand, of a commercial nature.

As at 31 December 2016, the item increased by Euro 2,977 thousand.

The following is the breakdown of receivables by geographical area:

Thousands of euro	31.12.2016	31.12.2015	01.01.2015
Italy	36.983	32.997	77.416
Eu countries	8.465	8.478	2.529
Non - Eu countries	-	996	2.268
Provision for bad debts	-	-	-
Trade receivables	45.448	42.471	82.213

NOTE 7. CURRENT TAX RECEIVABLES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
For value added tax	1.351	1.175	176	2.107	(932)
For tax advances paid in the current year	163	135	28	123	12
For taxes to be reimbursed	1.248	1.248	-	1.248	(0)
For advances of other or indirect taxes paid in the current year	84	84	-	40	44
Other receivables	-	-	-	-	-
Current tax receivables	2.846	2.642	204	3.518	(876)

As at 31 December 2015, tax receivables recorded an overall decrease of Euro 876 thousand compared to the previous year, mainly due to the change in the scope of consolidation, most of which related to companies in the real estate sector.

The item "Receivables for taxes to be reimbursed" includes Euro 104 thousand IRES reimbursement request for 2004-2005 pursuant to art. 6 of Decree Law 29/11/2008 and converted by the law of 28/01/2009 no. 2 presented as a consolidating entity; Euro 1,028 thousand receivables arising from the submission of the reimbursement request pursuant to art. 2, paragraph 1-*quater* of Decree Law 201/2011 for the years 2007, 2009, 2010, 2011 as the Company was the consolidating entity. It should be noted that the same amount will have to be recognized to the companies that adhered to the consolidated tax procedure at the time (payables to subsidiaries). This item also includes Euro 104,000 reimbursement requests for VAT-Auto for 2006-2007-2008.

As at 31 December 2016, tax receivables show an overall increase of Euro 204 thousand. The items already requested for reimbursement in various respects and described in the paragraph above remained unchanged, the items relating to advances paid in the current and previous years refer instead to receivables arising from the application of the consolidated financial statements tax.

NOTE 8. OTHER CURRENT ASSETS

Thousands of year	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Advances to suppliers	13	71	(58)	9	61
Other receivables	15	1.513	(1.498)	170	1.343
Assets held for trading	22	17	5	17	-
Accrued income and deferred expenses	167	206	(39)	200	6
Other current assets	217	1.807	(1.590)	396	1.411

As at 31 December 2015, the company recorded an overall increase of Euro 1,411 thousand, mainly represented by Euro 1,350 thousand of receivables from shareholders against the irrevocable commitment of the shareholders adhering to exercise or have exercise the rights on the unopted portion and subscribe and release in full, or have subscribe and release in full, an amount to enable the achievement of a subscribed and paid-in capital of Euro 13,000 thousand by 20/06/2016.

As at 31 December 2016, the item recorded an overall decrease of Euro 1,590 thousand, which, net of the collection of the receivable of Euro 1,350 thousand described above and settled, means that the item in the financial statements does not differ significantly from the values of the previous year.

The item "Accrued income and deferred expenses" refers to the normal allocations for the recognition and correct allocation of costs related to the following year, typically services, insurance and guarantee expenses, leases, interests.

NOTE 9. CASH AND CASH EQUIVALENTS

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Cash and cash equivalent	23.261	23.598	(338)	9.670	13.928

The balance reflects the current account balances of the Company.

The balance as at 31 December 2016 represents the cash availability of Euro 5 thousand and the balance of ordinary bank accounts for Euro 23,255 thousand.

The change in the item is analytically analyzed in the cash flow statement.

NOTE 10. TOTAL SHAREHOLDERS' EQUITY

The share capital as at 31 December 2016, fully paid-in, is composed of 6,500,000 shares with a nominal value of Euro 2.00 each and amounts to Euro 13,000,000.

In 2015, the items that make up the shareholders' equity have undergone significant changes as a result of the debt restructuring agreement finalized that year and that implemented the provisions of the Extraordinary Shareholders' Meeting of 13 May 2015 and subsequent integrations and variations. Following this resolution, the Company issued, pursuant to art. 2346, paragraph 6, of the Civil Code, up to 42,148,942 equity financial instruments each Euro 1.00, subscribed by the banking sector, resulting in a reduction in debt of equal value. Said equity financial instruments were actually issued on 17 July 2015 and subsequently subscribed, and the relevant subscription price was fully paid. During the same Meeting, shareholders have decided to cover the losses carried forward and the losses for 2014 using the full amount of the share capital, the legal reserve, the share swap surplus, the extraordinary reserve and partially the equity financial instruments reserve. At the same time as the subscription of the equity financial instruments, shareholders replenished the share capital for Euro 11,650,000. In addition, the same shareholders committed to the subscription of the capital to bring to Euro 13,000,000 the capital of the Parent Company and, therefore, of additional Euro 1,350,000 by 20 June 2016.

It is noted that the payment of Euro 1,350,000 mentioned above, was made regularly, thus bringing the share capital to the current amount of Euro 13,000,000.

In addition to the above, it should be noted that, as defined by the Restructuring Agreement, shareholders' equity also includes Euro 64,765,866 (net of deferred tax assets of Euro 6,241,000) of "conversion", non-interest bearing, for which the same regulation and term is envisaged regarding the equity financial instruments.

Below is the table with the possibility of use of the various items of equity and the summary of uses in the last three years:

Thousands of euro	Amount	Possible utilizations	Portion available	Summary of utilizations in the three previous years:	
				For loss coverage	For other reasons
Share capital	13.000				
Legal reserve	200	B			
Statutory Reserve					
Other reserves:					
Participative financial instruments (SFP)*	83.811	A, B	83.811		
Remeasurement of defined benefit plans	(114)				
Other different reserves	-			23.104	
Retained earnings/(losses)	(2.536)				
Net profit	(1.229)				
Total Shareholders' equity	93.132		83.811	23.104	-

*Includes the debt conversion into "equity financial instruments" for Euro 71,007 thousand.

Legend:

A: for capital increase

B: for loss coverage

C: for distribution to shareholders

The statement of changes in equity annexed to the financial statements illustrates instead the changes between the two years of the individual reserve items, with particular regard to changes in the share capital and the equity financial instruments reserve as a result of its partial use to cover previous losses.

NOTE 11. FINANCIAL LIABILITIES

In order to facilitate the understanding of the financial exposure of the Company, making the information simpler and of better quality, the data was provided not following the non-current/current distinction, but on the basis of the nature of the payable, within which the non-current/current components are specified.

The financial exposure is as follows:

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Non - current medium term bank loans (over 12 months)	66.743	92.200	(25.457)	-	92.200
Non - current other lenders (over 12 months)	-	-	-	-	-
Non - current financial liabilities	66.743	92.200	(25.457)	-	92.200
Current medium term bank loans	34.614	12.754	21.860	269.855	(257.101)
Bank overdrafts	469	891	(422)	-	891
Current other lenders	-	-	-	-	-
Other current lenders short term	-	-	-	-	-
Current liabilities for the derivatives	-	119	(119)	336	(217)
Current financial liabilities	35.083	13.764	21.319	270.191	(256.427)

Bank debt as at 1° January 2015 is considered to be entirely short term since, as indicated in the Notes to the 2014 financial statements, pending the formalization of the restructuring agreement, all debt regardless of origin (if originated from mortgages or current uses) had thus been considered.

The change in 2015 of a total of Euro 164,227 thousand (between non-current and current) reflects the main components mostly related to medium-term loans as detailed below:

- the conversion of debt into equity financial instruments, for the amount of Euro 42,149 thousand;
- the "conversion" of Euro 71,007 thousand;
- the real estate spin-off, for an amount of Euro 53,000 thousand equal to the portion of the debt assumed by the acquiring company;
- the payment of the tranche of Euro 993 thousand of the GF debt post-agreement, related to the "Plan" disposals in 2015, together with 50% of the payable to the banks former RTS;
- the agreement with the lending banks of Reefer Terminal Sete (RTS), which was liquidated in June 2015 by which the institutions waived the GF

guarantee on the RTS debt of Euro 20,715 thousand, against a debt assumption of Euro 5,683 thousand by the Parent Company.

The change in 2016 of a total of Euro 4,138 thousand (between non-current and current) reflects the main components mostly related to medium-term loans as detailed below:

- the repayment of the second and last tranche of Euro 2,842 thousand of the debt of the Parent Company with respect to the lending banks of Reefer Terminal Sete (RTS);
- the payment by the Parent Company of the outstanding loan instalments in compliance with the restructuring plan of Euro 476 thousand to Banca Popolare dell'Emilia Romagna (Biper) and Euro 436 thousand to Veneto Banca.

The following table shows details about the medium-term debt maturity with banks and other lenders (leasing) as at 31 December 2015 and 31 December.

Thousands of euro	Total	2016	2017-2019	> 2020
Medium term bank loans (Non - current/ current)	104.954	12.754	29.250	62.950
Other lenders (Non - current/ current)	-	-	-	-
Financial liabilities 31.12.2015	104.954	12.754	29.250	62.950

Thousands of euro	Total	2017	2018-2020	> 2021
Medium term bank loans (Non - current/ current)	101.357	34.614	38.530	28.213
Other lenders (Non - current/ current)	-	-	-	-
Financial liabilities 31.12.2016	101.357	34.614	38.530	28.213

With regard to the portion of medium to long-term bank debt, due in 2017, it should be noted that at the same time as the implementation of the "Relevant Transaction" Glenalta, it was settled Euro 29,000 thousand of said portion.

As at 31 December 2015, there is a type of derivative instrument stipulated by the company with a credit institution not part of plan agreements and expired in June 2016; it qualifies as a pure financial instrument since the medium-term loan for which it had been activated had ceased already in 2013. For this reason, its negative "mark-to-market" value of Euro 119 thousand as at 31 December 2015 is reported under "Current financial liabilities", with a counter-entry in the income statement.

As at 31 December 2016, there are no loans that involve compliance with financial covenants because, in light of the "Relevant Transaction", all the covenants envisaged in the restructuring plan have actually ceased, even though in relation to the performance of 2016 they were respected.

However, it is noted that in the context of the renegotiation of outstanding loans in light of the "Glenalta Transaction", new agreements were signed at market conditions and aligned with the Group's present profile, which will regulate the future cost of loans and possible accelerations in terms of payment based on financial covenants as required by market standards.

NOTE 12. PROVISIONS FOR RISKS AND CHARGES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Provisions for risks and charges	-	126	(126)	2.000	(1.874)

The item "Provisions for risks and charges" includes allocations made on the basis of litigation and disputes as at 31 December, as a result of accurate estimates by the directors; we note the partial release in 2015 following an update of the estimates of potential liabilities.

As at 31 December 2015, this item includes a provision allocated for the costs of advisors who participated in the definition of the restructuring plan for Euro 89 thousand and Euro 37 thousand for the closure of the dispute Rusconi/Foxair acquisition.

As at 31 December 2016, the provision was fully zeroed following the occurrence of the events against which it had been created and for Euro 89 thousand issued for contingencies following the non-applicability of original assumptions.

The allocations recognized in the provisions, which represent the estimate of future cash outflows also prepared on the basis of historical experience, were not subject to actuarial valuation since the effect was considered negligible in the financial statements.

In addition to the amounts calculated in the provisions mentioned above, there are no additional liabilities deemed probable even in light of advice received from legal advisors.

NOTE 13. EMPLOYEES BENEFITS PROVISION (TFR)

Thousands of euro	Employees benefits provision
Balance at January 1°, 2015	1.140
<i>Change of year:</i>	
Accruals	99
Interest cost	1
Benefits paid and transferred	(181)
Changes of consolidation scope	
Gain/(losses) resulting from changes in actuarial assumptions	25
Reclassification and other changes	22
Balance at December 31, 2015	1.106
<i>Change of year:</i>	
Accruals	127
Interest cost	-
Benefits paid and transferred	(13)
Changes of consolidation scope	
Gain/(losses) resulting from changes in actuarial assumptions	125
Reclassification and other changes	25
Balance at December 31, 2016	1.370

The Employees Benefits Provision, in accordance with national regulations, essentially includes employee severance indemnity accrued by employees in service as at 31 December net of advances paid to employees.

In accordance with IAS 19, the TFR Provision is remeasured with the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of events requiring updating.

Below are the main financial and demographic assumptions used in determining the present value of the liability related to TFR.

Country/ date	Probability of termination	Mortality table	Retirement	Mean withdrawal rate	Mean withdrawal amount rate	Salary increases (included inflation)	Discount rate	Inflation rate
Italy								
31.12..2014		ISTAT 2012	Minimum access requirements	3,0%	70,0%	1,0%	Curva Euro CompositeAA al 31.12.2014	1,0%
31.12..2015	7,0%	ISTAT 2014	expected by Monti's law	3,0%	70,0%	1,0%	Curva Euro CompositeAA al 31.12.2015	1,5%
31.12..2016		ISTAT 2015		3,0%	70,0%	1,0%	Curva Euro CompositeAA al 30.12.2016	1,5%

Annexed are the changes in the TFR Provision for 2015 and 2016, both determined with an actuarial valuation.

The equity adjustment for actuarial gains/losses includes an actuarial gain of Euro 125 thousand, gross of the tax effect of Euro 30 thousand, thus obtaining a negative net effect of Euro 95 thousand.

Actuarial gains and losses are recorded in shareholders' equity through the comprehensive income statement.

NOTE 14. TRADE PAYABLES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Payables to suppliers	3.119	3.078	41	3.141	(63)
Payables to subsidiaries	36.515	35.091	1.424	48.623	(13.532)
Payables to associates	-	141	(141)	163	(22)
Payables to related parties	1.827	2.106	(279)	-	2.106
Trade payables	41.461	40.416	1.045	51.927	(11.511)

As at 31 December 2015, the item showed a decrease of Euro 11,511 thousand, mainly due to the decrease of Euro 13,532 thousand, relating to payables to subsidiaries, partially mitigated by the recognition of receivables from related parties for Euro 2,106 thousand referring to the debit position with respect to the real estate sector, part of the Group as at 1 January 2015. The decrease of the item in question is mainly due to the exit from the consolidation scope of the companies sold, in particular Tecnolog S.r.l. and the real estate sector, and to items in liquidation and the lower debit position regarding the Company's cash pooling regarding its subsidiaries.

Payables to suppliers relate entirely to business relationships related to the ordinary activities of the company.

Payables to subsidiaries are mainly financial payables and also include the effects of the application of Group VAT for Euro 635 thousand, treasury accounts for Euro 31,454 thousand, payables for IRAP reimbursement request for Euro 909 thousand, payables for intra-group loan for Euro 1,458 thousand and trade and tax consolidation relations for the difference.

As at 31 December 2015, the payable to related parties includes the residual part of the contribution of shareholders to the company Nuova Beni Immobiliari S.r.l. during the spin-off fully paid in 2016. The transactions in question are carried out at market conditions.

Trade payables with a residual maturity of more than 5 years are not included in the financial statements.

As at 31 December 2015 and 31 December 2016, there were no outstanding payables of significant amount, nor did the Company receive injunction decrees for past due payables.

As at 31 December 2016, the item decreased by Euro 1,045 thousand.

The composition of the payable to subsidiaries can be summarized as follows:

- Intra-group loans for Euro 35,115 thousand, of which Euro 32,629 thousand represented by cash pooling ratio;
- Trade payables for Euro 115 thousand;
- Result from the application of the Group VAT perimeter Euro 45 thousand;
- Result from the application of the National Tax Consolidation Euro 1,238 thousand.

Payables to related parties refer to:

- Nuova Beni Immobiliari S.r.l. Euro 170 thousand, all of commercial nature.
- Business Aviation Sector Euro 1,657 thousand, of which Euro 6 thousand of commercial nature, Euro 22 thousand deriving from the application for tax years 2015 and 2016 of the National Tax Consolidation and Euro 1,629 thousand resulting from the sale of the sector during the year.

Thousands of euro	31.12.2016	31.12.2015	01.01.15
Italy	38.975	38.816	50.105
EU countries	2.486	1.600	1.822
Trade payables	41.461	40.416	51.927

NOTE 15. CURRENT TAX AND SOCIAL SECURITY CONTRIBUTIONS LIABILITIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
For withholding tax	272	550	(278)	784	(234)
Social security contributions	204	166	38	430	(264)
Current tax and social security liabilities	476	716	(240)	1.214	(498)

As at 31 December 2015, tax liabilities and contributions decreased by Euro 498 thousand as a result of the regularization of social security contributions. The amount of Euro 550 thousand consists of Euro 385 thousand of withholding amounts with respect to employees, Euro 12 thousand of withholding amounts with respect to professionals, Euro 153 thousand of withholding amounts with respect to collaborators; all amounts are regularly paid. The item also includes Euro 166 thousand relating to payables to Public Pension Entities for portions paid by the Company and its employees.

As at 31 December 2016, the item under review showed a change of Euro 240 thousand, a decrease compared to the previous year.

The withholding amount refers to Euro 21 thousand for withholding amounts with respect to third-party professionals, Euro 158 thousand for withholding amounts with respect to employees and for the difference for withholding amounts with respect to collaborators. Payables to social security institutions is made up of employment contributions to be paid in January and relating to December.

It is noted that there are currently no past due amounts related to the item in question.

NOTE 16. OTHER CURRENT LIABILITIES

Thousands of euro	31.12.2016	31.12.2015	Change 2016	01.01.2015	Change 2015
Payables to personnel	836	485	351	416	69
Other current payables	374	816	(442)	323	493
Accrued expenses and deferred income	26	15	11	28	(13)
Other current liabilities	1.236	1.316	(80)	767	550

Payables to personnel relate to current items for December, as well as accrued and unused holidays and 14th month accruals.

As at 31 December 2016 the item "Other current payables" shows a decrease of Euro 80 thousand.

From the point of view of the income statement, the result of the Parent Company is of limited relevance as the revenue side is essentially linked to the services provided to the Group and to the collection of dividends, while on the cost side of relevance are personnel costs and promotional expenses of the brand according to which a negative Adjusted EBITDA value is determined, which is why the comment in the consolidated income statement is much more significant.

NOTE 17. NET SALES

Thousands of euro	31.12.16	31.12.15	Change
Consulting services	351	578	(227)
Royalties	1.958	2.000	(42)
Cost recovery	1.735	1.435	300
Net sales	4.044	4.013	31

Consulting services relate entirely to consulting provided by company personnel regarding administrative, fiscal, corporate and legal matters.

The item "Consulting services" decreased significantly due to the reduction of the group's perimeter and therefore of the companies referring to the Parent Company for the management of all the main issues described above, while the item "Cost recovery" is closely related to costs that the company regularly incurs in the name and on behalf of third parties, in order to implement economies of scale and control.

Thousands of euro	Total	Subsidiaries	Third parties	Related parties
Consulting services	351	262	-	89
Royalties	1.958	1.958	-	-
Cost recovery	1.735	1.588	-	147
Net sales	4.044	3.808	0	236

Consulting services to related parties consist of:

- K-Air S.r.l.: Euro 20 thousand;
- K-Fleet S.r.l.: Euro 5 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 64 thousand.

Cost recovery to related parties instead consist of:

- K-Air S.r.l.: Euro 132 thousand;
- K-Fleet S.r.l.: Euro 4 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 5 thousand;
- GF Aviation S.r.l.: Euro 6 thousand.

NOTE 18. GENERAL AND ADMINISTRATIVE EXPENSES (OVERHEADS)

Thousands of euro	2016	2015	Change
Personnel costs (Commercial and administrative employees)	3.617	2.830	787
Personnel training costs	8	-	8
Corporate bodies fees (directors, statutory auditors, auditors)	233	227	6
Notary, tax and legal services/Consulting (including expenses)	589	669	(80)
Other professional services/Consulting (including expenses) - (wages, commercial and technical consulting, others)	1.328	896	432
Commercial, advertising, promotional and representation expenses	2.390	1.873	517
Insurance expenses	129	123	6
Costs for services and assistance Hardware, software, phone network	156	135	21
Costs for maintenance and various other services (cleaning, postage and courier services)	152	162	(10)
Costs of company car fleet (maintenance, fuel, etc)	170	146	24
Rental costs and various rentals	204	161	43
Travel expenses	200	249	(49)
Phone utilities network, electricity, water etc	87	102	(15)
Indirect taxes and duties	17	9	8
Non - deductible VAT	18	946	(928)
Amortization of intangible assets	-	6	(6)
Depreciation of tangible assets	126	119	7
Acquisition costs for stationery and material of consumption	36	50	(14)
Membership fees and other minor costs	231	127	104
Fees, commissions, bank guarantees charges and factoring	27	33	(6)
Overheads	9.719	8.863	856

The balance as at 31 December 2015 of this item is mainly determined by employee costs of Euro 2,830 thousand since the holding provides subsidiaries with a range of consulting services largely provided through direct professionals. Another important item is advertising, which amounts to Euro 1,873 thousand: in fact, the company deals directly with all brand promotion activities, hence operational and non-marketing. The item "Consulting" also contains a rather significant balance, as the parent group centralizes the use of external consultants to obtain more control over the criticality of the subsidiaries and benefit from economies of scale. Another important component is non-deductible VAT: as the company carries out dual activity of management of investments (exempt activity) and supply of services (taxable activity), it is subject to the application of VAT on purchases of a non-deductibility pro-rata mainly from the "weight" of the turnover of the two activities mentioned above.

The composition of the balance as at 31 December 2016 is quite similar to that of the previous year above described; the main changes are not only with reference to the costs of the personnel for the insertion of several top figures, required to optimize the management and coordination activity of the entire Group, but also with reference to the finalization of the extraordinary transactions already described; lastly, the advertising investment for the year was significantly more relevant than the previous year to provide greater impetus to the major marketing activities started in 2012. Of relevance is the significant reduction in non-deductible VAT, due to the above expressed standard and in detail to a clear prevalence in the year of consulting activities and provision of services, with respect to those exempt related to purely financial and investment management cases.

Thousands of euro	Total	Subsidiaries	Third parties	Related parties
Overheads	9.719	283	9.242	194
Overheads	9.719	283	9.242	194

Relative "Overheads" to related parties consist of:

- K-Air S.r.l.: Euro 56 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 138 thousand.

NOTE 19. OTHER INCOMES AND EXPENSES

Thousands of euro	2016	2015	Change
Other operating incomes	232	501	(269)
Other operating expenses	(1.474)	(2.110)	636
Total operating incomes and expenses	(1.242)	(1.609)	367

Below are details of the items "Other operating incomes" and "Other operating expenses" for the years 2015 and 2016 with separate indication of ordinary and non-recurring items.

Thousands of euro	2016	2015	Change
Revenues from recovery of costs and insurance reimbursements	8	-	8
Plus values and contingent revenues in ordinary course of business	87	33	54
Others	11	13	(2)
Other ordinary operating incomes	106	46	60
Gains on sale of equity investments and non current financial assets	-	-	-
Gains on disposal of business of significant intangible assets	-	-	-
Release of provisions previously set aside	37	-	37
Others	89	455	(366)
Other non - recurring operating incomes	126	455	(329)

As at 31 December 2015, the item "Other incomes" mainly consists: of the portion of costs attributable to the debt restructuring plan, of competence of other Group companies subject to the procedure and anticipated by the Parent Company for Euro 151 thousand, contingent assets due to incorrect estimates of revenues for Euro 20 thousand; gains on sales of vehicle for Euro 13 thousand and the difference from non-recurring contingent assets attributable to the release of a provision for losses on receivables related to the disposal of Tecnolog S.r.l.

The same item as at 31 December 2016 consisted of Euro 89 thousand of a release of a provision for non-confirmed future expenses, of a release for use thereof for Euro 37 thousand, of gains on the sale of vehicles for Euro 63 thousand and of contingent assets for incorrect estimates for Euro 25 thousand.

Thousands of euro	2016	2015	Change
Penalties, sanctions and costs for damage to third parties	16	35	(19)
Minus values and contingent losses in ordinary course of business	179	233	(54)
Others (*)	-	-	-
Other ordinary operating expenses	195	268	(73)
Glenalta transaction costs	1.153	-	1.153
Costs for the finalization of the debt restructuring process	68	1.152	(1.084)
Losses on disposal investments and non-current financial assets	58	-	58
Losses on disposal of business or significant intangible assets and materials	-	-	-
Significant costs for litigation, civil, tax customs etc.	-	687	(687)
Non recurring contingent liabilities	-	3	(3)
Integration provisions for extraordinary risks	-	-	-
Others	-	-	-
Other non - recurring operating expen	1.279	1.842	(563)

As at 31 December 2015, the ordinary part of other operating costs mainly consists of tax and administrative penalties for Euro 35 thousand, losses and contingent liabilities for incorrect estimates for Euro 52 thousand and non-deductible expenses by nature of Euro 180 thousand. On the same date, the non-recurring part of the same item mainly consisted of Euro 1,152 thousand relating to costs for the finalization of the debt restructuring process and Euro 687 thousand relating to legal disputes pending.

In the year 2016, other ordinary operating costs largely consist of contingent liabilities for incorrect estimates of Euro 89 thousand, of non-deductible costs by nature of Euro 60 thousand and of donations to Beneficial Associations for Euro 30 thousand. Other non-recurring operating costs almost entirely consist of preparatory costs for the extraordinary transaction already described above (due diligence fiscal, legal, financial, administrative, notary fees, swap appraisals, comfort letter, review of the statutory and consolidated financial statements as at 30 June 2016, etc.) for Euro 1,153 thousand and a residual cost related to the latest liabilities for resolving the debt restructuring plan for Euro 68 thousand.

NOTE 20. NET FINANCIAL EXPENSES

The breakdown of the item “Net financial expenses” is as follows:

Thousands of euro	2016	2015	Change
Financial income	98	255	(157)
Financial expenses	(1.284)	(2.396)	1.112
Exchange rate differences	16	150	(134)
Net financial expenses	(1.170)	(1.991)	821

Thousands of euro	Total	Subsidiaries	Third parties	Related parties
Financial income	98	-	98	-
Financial expenses	(1.284)	-	(1.284)	-
Total financial income and expenses	(1.186)	-	(1.186)	-

For each item included in the item in question, details are provided below:

Thousands of euro	2016	2015	Change
Interest income to third parties	98	135	(37)
Interest income to subsidiaries	-	-	-
Fee for guarantees provided to credit institutions	-	120	(120)
Financial income	98	255	(157)

As at 31 December 2015, financial income consisted almost entirely of interest on loans granted to companies originally belonging to the group and disposed of during the year for Euro 110 thousand, of interest on deposits into current accounts for Euro 25 thousand and of surety fees for guarantees provided to credit institutions for group companies for Euro 120 thousand.

At the end of 2016, the same financial income consisted of interest from deposits in bank accounts for Euro 22 thousand and other banking income for Euro 76 thousand.

Thousands of euro	2016	2015	Change
Interest expenses from medium term bank loans	(1.136)	(2.295)	1.159
Interest expenses from bank	-	-	-
Interest costi TFR	-	(1)	1
Interest expenses to third parties	-	-	-
Bank guarantee fees	(149)	(87)	(62)
Losses on derivatives	-	(13)	13
Financial expenses	(1.285)	(2.396)	1.159

As at 31 December 2015, financial expenses were mainly attributable to the cost of debt subject to financial restructuring for Euro 1,454 thousand and expenses arising from the adjustment of debt subject to the agreement signed with the banking sector for Euro 838 thousand.

As at the same date of the following year, the item underwent a sharp decrease due to the effect for the entire period of the debt restructuring agreement, and was mainly composed of interest on the restructured debt of Euro 1,111 thousand and bank guarantee fees for Euro 149 thousand.

Thousands of euro	2016	2015	Change
Realized exchange rate differences	184	271	(87)
Unrealized exchange rate differences	(167)	(120)	(47)
Exchange rate differences	17	150	(133)

NOTE 21. NET INCOME (LOSS) FROM EQUITY INVESTMENTS

Thousands of euro	2016	2015	Change
Dividends	9.298	4.263	5.035
Share of profit from companies consolidated at equity	-	-	-
Revaluations of securities and investments	33.219	-	33.219
Devaluations of securities and investments	(31.269)	(326)	(30.943)
Result of securities and investments negotiation	-	-	-
Net income (loss) from equity investments	11.248	3.937	7.311

As at 31 December 2015, the item consists of dividends distributed by Cosiarma S.p.A. net of write-downs to cover losses and/or recapitalization of some investee companies.

In the year 2016 dividends from Cosiarma S.p.A. total Euro 9,256 thousand; the data related to the revaluation and write-down (devaluation) of subsidiaries is also relevant, which was already amply commented and argued in the section dedicated to investments.

NOTE 22. INCOME TAXES

We recall that most Italian subsidiaries adhere to the "fiscal consolidation" system adopted by GF Group S.p.A. as an option exercised by each company and applicable for the years 2015-2016-2017.

The changes in taxes are summarized in the following table.

Thousands of euro	2016	2015	Change
Current taxes for the year	-	-	-
Taxes from tax consolidation	3.039	-	3.039
Deferred tax incomes	49	5.508	(5.459)
Deferred tax expenses	(724)	-	(724)
Tax expenses	2.364	5.508	(3.144)

Taxes for 2015 reflect, as previously reported, the recognition by Italian companies of the GF Group tax consolidation of deferred taxes against the heavy tax losses recorded in the years of previous crises.

The reconciliation between the tax charge recognized in the financial statements and the theoretical tax charge, calculated on the basis of theoretical rates applicable in Italy, is as follows:

	Taxable	Tax
EBT	(3.594)	
Applicable tax rate in Italy	27,50%	
Theoretical taxes		988
Temporary differences	(3.793)	1.043
Permanent differences	(3.950)	1.086
Income	(11.337)	
Actual tax charge		3.118
Actual tax rate	13,25%	
of which:		
Income from tax consolidation		1.889
Unrecognized deferred income		1.229

Theoretical income taxes have been determined by applying the current IRES tax rate of 27.5% to the income before tax.

As at 31 December 2016, there are no significant tax disputes.

There are no other significant amendments to the tax legislation between 2015 and 2016.

NOTE 23. NET PROFIT OF DISCONTINUED OPERATIONS

Thousands of euro	2016	2015
Disposal Business Aviation	(6.754)	(1.570)
Disposal Spin-off immobiliare	-	2.715
Net profit "Discontinued Operations"	(6.754)	1.145

The 2015 effect of the Business Aviation sector relates to the write-down of the investment in K-Air S.r.l. capitalized in the same year to cover losses. The divestment of the real estate sector instead generated a total gain of Euro 2,715 thousand.

In 2016, there was a negative impact for the Business Aviation sector due to the loss on the sale of K-Air S.r.l. of Euro 522 thousand and to the write-down of the holding of the sector prior to the sale of the same for Euro 6,232 thousand.

The recognition of the gain on disposal of the real estate spin-off (2015) and the loss on the sale of the Business Aviation sector (2016) under "Discontinued Operations" was made as the Companies sold and belonging to the two sectors meet the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all results and financial flows are shown in a single amount as result "Discontinued Operations".

NOTE 24. DISCLOSURES ON FINANCIAL INSTRUMENTS - ADDITIONAL DISCLOSURES

Pursuant to IFRS 7, the breakdown of financial instruments into the categories set out in IAS 39 is as follows:

Thousands of euro	31.12.16	31.12.15	Change
Financial assets			
Non - current financial assets	-	-	-
Cash and cash equivalent	23.261	23.598	(338)
Trade receivables	45.448	42.471	2.977
Current financial assets	22	17	5
Financial liabilities			
Non - current medium term bank loans (over 12 months)	(66.743)	(92.200)	25.457
Current medium term bank loans	(34.614)	(12.754)	(21.860)
Bank overdrafts	(469)	(891)	422
Non - current other lenders (over 12 months)	-	-	-
Current other lenders	-	-	-
Other current lenders short term	-	-	-
Speculative derivatives	-	(119)	119
Hedging derivatives	-	-	-
Trade payables	(41.461)	(40.416)	(1.044)

It is recalled that only current financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. The other categories fall into the category "Loans and receivables" in accordance with IAS 39.

Among financial liabilities, trading derivatives fall within the category "Liabilities measured at fair value with impact on the income statement", while hedging derivatives are recorded at fair value, the related change is accounted for in an equity reserve that constitutes the comprehensive income statement. In this regard, it is noted that the Group has no derivative contracts as at 31 December 2016.

As at 31 December 2015, there is a derivative instrument signed by the Parent Company, which expired in June 2016 and which was stipulated with a credit institution not part of plan agreements; it qualifies as a pure financial instrument since the medium-term loan for which it had been activated in 2013 had ceased already in 2013. For this reason, its negative "mark-to-market" value of Euro 119 thousand as at 31 December 2015 is reported under "Current financial payables", with a counter-entry in the income statement.

NOTE 25. DISCLOSURES ON ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Based on as required by IFRS 13 - Fair value measurement, the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the valuation of the fair value of hedging instruments, use is made of valuation models using market parameters. It is noted that no new derivative contracts were entered into at the closing date of the financial statements;
- the fair value of non-current financial payables is obtained by discounting all future cash flows at the year-end conditions. In the present situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair value values.

As regards trade and other receivables and payables, the fair value is equal to the book value.

Fair value of non-financial instruments:

- It should be noted that there are no non-financial instruments measured at fair value as at 31 December 2016.

As regards property investments, they are valued at cost, which is believed to be a reliable approximation of the related fair value.

The following tables analyses the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation techniques used:

- level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- level 2: the valuation techniques consider inputs other than the previous prices, but that can however be observed directly or indirectly on the market;
- level 3: the techniques use inputs that are not based on observable market data.

FINANCIAL INSTRUMENTS

Derivatives, valued using techniques based on market data, are mainly derivatives on interest rates that have the purpose of hedging both the fair value of underlying instruments and cash flows.

As at 31 December 2015, there is a type of derivative instrument stipulated by the Parent Company initially for hedging purposes and expired in June 2016. This instrument was agreed and pledged with a credit institution not part of plan agreements; it qualifies as a pure financial instrument since the medium-term loan for which it had been activated in 2013 had ceased already in 2013. For this reason, its "mark-to-market" value is reported under "Current financial payables", with a counter-entry in the income statement. As at 31 December 2016, there are no derivative financial instruments.

The most frequently applied valuation techniques include 'forward pricing' models, which use the calculations of the present value.

The following table analyses financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro	31.12.16			31.12.15		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Current financial assets	22	-	-	17	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	(119)	-
Hedging derivatives	-	-	-	-	-	-

Level 1 valuation was used for non-significant securities.

Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as interest rates that are quoted in active or observable markets on official rate curves. There are no assets or liabilities valued at level 2 as at 31 December 2016.

NON-FINANCIAL INSTRUMENTS

It should be noted that there are no non-financial instruments measured at fair value as at 31 December 2016.

NOTE 26. NATURE AND ENTITY OF RISKS DERIVING FROM FINANCIAL INSTRUMENTS

The main financial instruments of GF Group include current accounts and short-term deposits, financial liabilities to banks in the short and long term.

The purpose is to finance all the Group's operating activities.

Additionally, GF Group has trade receivables and payables from its business.

The main financial risks to which the company is exposed are those of credit and the risks associated with the loan agreement; below is a description of these risks and how they are managed.

RISKS ASSOCIATED WITH LOAN AGREEMENTS

The company has some medium-term loan agreements with some of the major banking institutions, which foresee in the coming years a plan of reimbursement of its adjusted debt on expected revenue flows, subject to a low interest rate.

RISKS ASSOCIATED WITH CREDIT

GF Group is only exposed to credit risk deriving from business relations as most of the transactions are with Group companies.

The two tables below show the evidence of the net financial position, net working capital and invested capital. For financial debt maturities, reference is made to note 11 "Financial payables".

The company has non-current financial payables with fixed maturities in addition to short-term payables for the current portion of medium-term loans and, as at 31 December 2015, financial liabilities for derivative instruments.

Trade receivables and payables include loans, both creditors and debtors, with respect to subsidiaries also through the cash pooling system, whose balances as at 31 December 2016 amount to Euro 31,429 thousand of receivables and Euro 35,115 thousand of payables.

Thousands of euro	31.12.16	31.12.15	Change
Assets held for trading	22	17	5
Cash and cheques	5	-	5
Bank and deposit accounts	23.255	23.598	(343)
Non - current medium term bank loans (over 12 months)	(66.743)	(92.200)	25.457
Non - current other lenders (over 12 months)	-	-	-
Bank overdrafts	(469)	(891)	422
Current medium term bank loans	(34.614)	(12.754)	(21.860)
Current other lenders	-	-	-
Other current lenders short term	-	-	-
Current liabilities for the derivatives	-	(119)	119
Net financial position	(78.544)	(82.348)	3.805

Thousands of euro	31.12.16	31.12.15	Change
Goodwill	-	-	-
Other intangible assets	0	0	(0)
Tangible assets	469	257	211
Financial investments	166.972	172.393	(5.421)
Other fixed assets	12	9	3
Deferred tax assets	277	927	(649)
NON-CURRENT ASSETS	167.730	173.586	(5.856)
Inventories	-	-	-
Trade receivables	45.448	42.471	2.977
Trade payables	(41.461)	(40.416)	(1.044)
WORKING CAPITAL	3.987	2.055	1.932
Other receivables	3.041	4.432	(1.390)
Deferred tax liabilities	-	-	-
Provisions for risks and charges	-	(126)	126
Employees benefits liabilities	(1.370)	(1.106)	(264)
Other liabilities	(1.712)	(2.031)	319
OTHER CURRENT ASSETS AND LIABILITIES	(41)	1.168	(1.209)
NET WORKING CAPITAL	171.676	176.809	(5.133)

RISKS ASSOCIATED WITH GUARANTEES PROVIDED TO THIRD PARTIES

Regarding the risks involved, it is noted that, as part of the sale of Moño Azul S.A. to the company Argentina S.r.l. by assuming the existing balance of the Banca Intesa loan granted at the time for said acquisition, the issuance was agreed with the bank, by GF Group of a first-demand guarantee up to a maximum of Euro 8 million.

As already stated in the information document on the "Glenalta Transaction" at the time of stipulation of the loan agreement for the original Euro 30,000 thousand, the Parent Company issued a guarantee in favour of Intesa Sanpaolo S.p.A. equal to the amount of the loan. As a result of the assumption, liberating for the Group, by Argentina S.r.l. of the debt balance of Euro 18,838 thousand, the original guarantee ceased, replaced by the new commitment agreed with the bank up to a maximum of Euro 8 million.

This new guarantee is linked to the credit line granted by the bank, expiring on 31 December 2017, for the repayment of the debt against the proceeds of the expected disposal of Moño Azul S.A. by Argentina S.r.l.

Although the sale value of the investment is supported by a specific report prepared at the end of 2016, the peculiar situation of the context in Argentina, always problematic and difficult to read, along with the limited time available for the sale, makes it impossible for the directors to reliably estimate the probability, and especially the entity, of the potential outlay associated with said guarantee. On these bases, even in accordance of IAS-IFRS with IAS 37, the directors have chosen not to proceed with any provision in the financial statements, providing comprehensive disclosure.

NOTE 27. TRANSACTIONS WITH RELATED PARTIES

The Company and the Group have put in place a conduct procedure related to transactions with related parties, in order to monitor and trace the necessary information regarding transactions in which directors and executives have interest, as well as transactions with related parties for the purpose of their control and possible authorization.

The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content.

The main intra-group activities, regulated at market prices, are developed through contractual relations that specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;
- assistance related to IT services;
- trade agreements.

In addition, there is a fiscal relationship between the Parent Company and Italian subsidiaries regarding the national tax consolidation, governed by articles 117 *et seq.* of the TUIR Tax Code, mainly for the three-year period 2015-2017.

The Group has adhered to the Group's VAT regime, in accordance with the third paragraph of art. 73 of Presidential Decree 633/72.

Receivables and payables arising from such tax relations are not interest-bearing.

Below is a summary of the items in the statement of financial position and income statement of transactions between the company and other related parties in 2016. It is noted that there are no relations with associated companies.

The table shows financial receivables and payables related to financing and/or cash pooling transactions with companies and trade, tax receivables, payables. It is noted that the receivable from Reefer Terminal Sete (RTS) is fully covered by the existing write-down provision at the subholding GF Porterm. In fact, at a consolidated level, all existing relations with RTS in liquidation were excluded long time ago.

Thousands of euro	Receivables to subsidiaries at December 31, 2016			
	Financial receivables	Trade receivables	Fiscal receivables	Other receivables
<i>Subsidiaries</i>				
GF Distribuzione S.r.l.	9.690	8	-	-
Cosiarma S.p.A.	-	143	1.288	-
Fresco Ship's Agency Forwarding S.r.l.	-	10	106	-
Fruttital S.r.l.	-	562	497	-
GF Portem S.r.l.	-	8	-	-
GF Produzione S.r.l.	4.412	8	-	-
GF Servizi S.r.l.	1.935	5	120	-
GFB S.r.l.	74	5	-	-
GF Trasporti S.r.l.	-	3	-	-
Nuova Banfrutta S.r.l.	1.428	23	251	-
Simba S.p.A.	13.880	1.977	-	-
Siter Trasporti S.r.l. in liquidazione	-	1	-	-
Vado Container Service S.r.l.	-	1	61	-
Az France S.A.	-	57	-	-
Reefer Terminal Sete S.a.s.u.	-	-	-	8.351
Simba France S.A.	10	-	-	-
Bella Frutta S.A.	-	47	-	-
Total receivables to subsidiaries	31.429	2.857	2.322	8.351

Thousands of euro	Payables from subsidiaries at December 31, 2016		
	Financial payables	Trade payables	Fiscal payables
<i>Subsidiaries</i>			
GF Distribuzione S.r.l.	-	-	66
Cosiarma S.p.A.	7.142	-	14
Fresco Ship's Agency Forwarding S.r.l.	3.462	-	98
Fruttital S.r.l.	6.415	22	523
GF Portem S.r.l.	12.828	-	-
GF Produzione S.r.l.	-	-	35
GF Servizi S.r.l.	-	90	46
GF Trasporti S.r.l.	25	-	4
Nuova Banfrutta S.r.l.	-	-	2
Simba S.p.A.	-	-	376
Siter Trasporti S.r.l. in liquidazione	2.363	-	96
Vado Container Service S.r.l.	394	-	23
Az France S.A.	-	4	-
Simba France S.A.	2.486	-	-
Total payables from subsidiaries	35.115	116	1.284

Thousands of euro	Net sales/costs to subsidiaries/zone at December 31, 2016		
	Net sales	Costs	Dividends received
<i>Subsidiaries</i>			
GF Distribuzione S.r.l.	9	-	-
Cosiarma S.p.A.	398	-	9.256
Fresco Ship's Agency Forwarding S.r.l.	111	-	-
Fruttital S.r.l.	844	17	-
GF Porterm S.r.l.	9	-	-
GF Produzione S.r.l.	9	-	-
GF Servizi S.r.l.	9	258	-
GFB S.r.l.	1	-	-
GF Trasporti S.r.l.	4	-	-
Nuova Banfrutta S.r.l.	27	-	-
Simba S.p.A.	2.215	-	-
Siter Trasporti S.r.l. in liquidazione	1	-	-
Vado Container Service S.r.l.	1	-	-
Az France S.A.	57	-	-
Bella Frutta S.A.	114	-	-
Total Net sales/Costs to subsidiaries	3.807	276	9.256

Receivables from related parties:

- Nuova Beni Immobiliari S.r.l. Euro 290 thousand, all trade;
- Business Aviation Sector Euro 100 thousand, of which Euro 40 thousand trade and Euro 60 thousand deriving from the application for the 2016 tax year of the National Tax Consolidation;
- Quires S.r.l. Euro 92 thousand, trade.

Payables to related parties:

- Nuova Beni Immobiliari S.r.l. Euro 170 thousand, all trade;
- Business Aviation Sector Euro 1,657 thousand, of which Euro 6 thousand trade, Euro 22 thousand deriving from the application for tax years 2015 and 2016 of the National Tax Consolidation and Euro 1,629 thousand resulting from the sale of the sector during the year.

Revenues with respect to related parties consist of:

Recovery of costs with respect to related parties:

- K-Air S.r.l.: Euro 132 thousand;
- K-Fleet S.r.l.: Euro 4 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 5 thousand;

- GF Aviation S.r.l.: Euro 6 thousand.

Consulting services:

- K-Air S.r.l.: Euro 20 thousand;
- K-Fleet S.r.l.: Euro 5 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 64 thousand.

Costs with respect to related parties consist of:

Ordinary operating costs:

- K-Air S.p.A.: Euro 56 thousand;
- Nuova Beni Immobiliari S.r.l.: Euro 138 thousand.

Transactions with related parties are regulated by specific contracts, the conditions of which are in line with those of the market.

Regarding relations with Moño Azul S.A., we note the first-demand guarantee granted to Intesa Sanpaolo S.p.A. related to the credit line granted by the bank with maturity on 31 December 2017 for the repayment of the debt to the proceeds of the expected disposal of Moño Azul S.A.

NOTE 28. SHARE-BASED PAYMENTS

As at 31 December 2016, there are no incentive plans for Group directors and employees.

NOTE 29. FEES DUE TO DIRECTORS, BOARD OF AUDITORS, INDEPENDENT AUDITORS

The following table details the total remuneration for the members of the corporate bodies of the GF Group in 2016.

	2016
Board of Directors	108
Board of Auditors	70
Independent Auditors	35

NOTE 30. EMPLOYEES

The following table shows the number of employees and the average number of employees as at 31 December 2015 and 31 December 2016. It is recalled that there were no changes in the total number.

	2016	2015	Change
Number of employees	31	31	-
Average number of employees	31	31	-

NOTE 31. GUARANTEES PROVIDED

The details of the guarantees provided by the company as at 31 December 2016 are as follows:

GF Group			
Guarantees issued	In favour of	2016	2015
- a Intesa per guarantees giv en for Simba's loan	GF Distribuzione	2.000	2.500
- a BRE for guarantees giv en on credit lines facili	Fruttital	7.050	7.279
- a Carige for guarantees giv en for rent in Milan	Fruttital	8	-
- a Carige for guarantees giv en on credit lines fc	Simba	6.000	6.000
- a Unicredit to Ministero	Simba	-	200
- a Intesa France for guarantees giv en on credit	Simba France	-	670
- a banche francesi for guarantees giv en on cre	AZ France	7.135	22.367
- a Intesa for guarantees giv en on credit lines fa	Eurofrutas	1.990	2.000
- a Intesa for guarantees giv en on credit lines facilities (posting)	Bella Frutta	340	2.200
- a Carisa for guarantees giv en to Customs	Fresco	6.960	9.404
- a Ass.ni Generali for guarantees giv en to Custc	Fresco	1.000	1.000
- a Intesa for guarantees giv en on credit lines facilities 4 M\$ (a 1,09) B.co Patagonia	Moño Azul	3.670	3.670
- a Biper for guarantees Albaleasing	K-Fleet	1.559	1.558
- a CIC for guarantees giv en warehouse Solgn	Nuov a Beni Immobiliari	748	978
- a Unicredit for guarantees in fav our of mountain community	Nuov a Beni Immobiliari	75	75
Total guarantees	Totale	38.535	59.901

Compared with the previous year, there was a decrease in guarantees largely due to the lower credit limits and customs ceiling.

As already indicated in the above table, the guarantee of a maximum of Euro 8 million granted to Intesa Sanpaolo S.p.A. in the context of the sale of the company Moño Azul S.A., as described in this document, is not included.

ORSERO S.p.A.

Consolidated Financial Statements and
Statutory Financial Statements as of and
for the Year Ended December 31, 2016

Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT PURSUANT TO ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Orsero S.p.A.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GF Group S.p.A. (now merged by incorporation into Orsero S.p.A.) and its subsidiaries ("Gruppo GF"), which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Directors are responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Alcune Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Roma Torino Trieste/Venezia

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Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Gruppo GF as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements*Opinion on the Consistency of the Report on Operations with the Consolidated Financial Statements*

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 7208 in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Orsero S.p.A., with the consolidated financial statements of Gruppo GF as at December 31, 2016. In our opinion the report on operations is consistent with the consolidated financial statements of Gruppo GF as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Santo Rizzo

Partner

Genoa, Italy

April 28, 2017

This report has been translated into the English language solely for the convenience of international readers.

INDEPENDENT AUDITORS' REPORT
PURSUANT TO ART. 14 OF
LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Orsero S.p.A.

Report on the Financial Statements

We have audited the accompanying financial statements of GF Group S.p.A (now merged by incorporation into Orsero S.p.A.) (the "Company"), which comprise the statement of financial position as at December 31, 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) issued pursuant to art. 11 of Italian Legislative Decree 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation that give a true and fair view of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

[illegible]

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Codice Fiscale/Identificatore della impresa 01540260968 - R.E.A. Milano n. 1728759 | Pagine Web: www.seels.it

La sede legale della società è in Milano in via ... R.I.C.A. Milano n. 17323259 - partita IVA n. 03044900150

et Orléans à Tour de Soul.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GF Group S.p.A. as at December 31, 2016, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements*Opinion on the Consistency of the Report on Operations with the Financial Statements*

We have performed the procedures indicated in the Auditing Standard (SA Italia) n° 7208 in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of Orsero S.p.A., with the financial statements of the Company as at December 31, 2016. In our opinion the report on operations is consistent with the financial statements of GF Group S.p.A. as at December 31, 2016.

DELOITTE & TOUCHE S.p.A.

Santo Rizzo
Partner

Genoa, Italy
April 28, 2017

This report has been translated into the English language solely for the convenience of international readers.

GF GROUP S.P.A. (now merged by acquisition into ORSERO S.P.A.)

Registered office in Milan, at Via G. Fantoli 6

Share capital as at 31.12.2016: Euro 13,000,000 fully paid up

Milan Economic and Administrative Index (REA) no. 1862123

VAT number 05963800965

BOARD OF STATUTORY AUDITORS' REPORT

TO THE SHAREHOLDERS' MEETING

IN ACCORDANCE WITH ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

in accordance with Art. 2429, paragraph 2 of the Italian Civil Code, the Board of Auditors is called to report to the Shareholders' Meeting on the supervisory activities carried out in fulfilment of its duties, on the results of the corporate year and to make observations and proposals regarding the financial statements and their approval. This Board took office on 13 February 2017 (at the same time as the merger by acquisition took effect of your company into Glenalta Food S.p.A. - now ORSERO S.p.A. -, as resolved by the shareholders' meeting held on 30 November 2016), therefore the supervisory activities reported on herein were carried out during the year by the previous Board, in the ways and with the results shown in the minutes of the regular meetings.

1. Supervisory activities pursuant to Article 2403 ff of the Italian Civil Code

It has been confirmed to us that during Fiscal Year 2016 and then until 12 February 2017, the previous Board carried out the supervisory duties assigned it by the law, based on provisions of law and the rules of conduct of the Board of Auditors, as recommended by the Consiglio nazionale dei Dottori commercialisti ed Esperti contabili (National Board of Chartered Accountants and Expert Tax Advisors). More specifically, we have been

told that during the first part of the year, the company's activities focussed on developing the recovery plan behind the agreement reached with the banks for the debt restructuring pursuant to Art. 182 bis of the Bankruptcy Law; instead, the second part of the year focussed on the extraordinary merger by acquisition of GF Group into Glenalta Food S.p.A., an investment vehicle listed on the AIM Italia of the Italian stock exchange.

As regards the development of the recovery plan agreed with the creditor banks in the debt restructuring agreement pursuant to Art. 182 bis of the Bankruptcy Law. (thereafter terminated in October 2016 and replaced by the debt remodulation agreements), the previous Board has acknowledged that it has verified that the choices made by the Directors were not only in respect of corporate logics but were also not in conflict with the Plan and its directives their concrete and timely execution.

In these latter terms, in particular the Board acknowledged:

- that it had verified the conclusion of the property spin-off operation, which had resulted in the establishment of Nuova Beni Immobiliari S.r.l., with the definitive release given by the Banks to GF Group of the debt of 53 million euros, assumed by Nuova Beni Immobiliari;
- that it had ascertained the June 2016 closure at 13 million euros, of the share capital increase resolved by the Shareholders' Meeting on 15.07.2015;
- that it had verified the quarterly monitoring by the Board of Directors of the Company and Group accounts and their regular submission with the related reports to the Banks' Agent, without any critical observations having been made;
- that it had checked that all infra-group operations and related party transactions, in addition to the usual financial coordination operations, had been implemented with objectives relating to rationalisation and economics and in the Plan logic;
- that it had verified that the Board resolutions relating to restructuring interventions, simplification and efficiency drives included in the Plan were concretely implemented;

- that it had maintained suitable contact with the Independent Auditing Firm on the evolution of the procedure pursuant to 182 bis of the Bankruptcy Law, exchanging significant data and information with it for the fulfilment of their respective duties and therefore being able to acknowledge that the Independent Auditor had not highlighted any events, circumstances and irregularities that needed to be disclosed to the Board.

In going about its “ordinary” duties, in order to acquire the information instrumental to the conduct of its normal supervisory duties, the previous Board confirms:

- that it attended all 9 meetings held by the Board of Directors during the year, obtaining information on the activities carried out and the operations of greatest economic, financial and equity relevance for the Company and its subsidiaries, in particular those for the disposal of the subsidiary Mono Azul;
- that it attended the 3 Shareholders' Meetings held in 2016;
- that it entertained relations with the auditing bodies of the most important subsidiaries;
- that it maintained suitable contact with the parent company supervisory body, whose members are identical for the subsidiaries that had adopted the organisational model pursuant to Italian Legislative Decree no. 231/2001, also attending its meetings and acquiring the minutes with the approved reports;
- that it had entertained the standard relations with the independent auditing firm DELOITTE & TOUCHE S.p.A., appointed to perform the statutory audit;
- that it had drawn up minutes for 4 of its own meetings in 2016.

In the supervisory activities, as carried out above, the previous Board in particular acknowledged that it could certify that:

- the operations resolved and implemented by the Directors, always in line with the Plan objectives and purposes, were compliant with the law and the Articles of Association, inspired by principles of economic rationale and not clearly imprudent and hazardous, not in conflict of interests with the Company or in conflict with resolutions passed by the Shareholders' Meeting;
- infra-group operations and related party transactions implemented in 2016 and the related economic aspects were duly explained by the Directors; generally, these operations were commercial and carried out at arm's length: these also include financial management through cash pooling;
- the internal control system as an organic set of rules, procedures and organisational structures to prevent unexpected results and achieved strategic and operative objectives, which are strictly the competence of the Board of Directors, has also been appraised positively by the independent auditing firm performing the statutory audit as regards both the guidelines and the function;
- the company has an administrative-accounting system that is suitable to providing a correct representation of management events, as noted by direct observation and the results of the work carried out by the independent auditing firm;
- the Group's organisational structure, reinforced with the entrance of new managers, has been confirmed as suitable to the nature of the business and dimension of the Companies that are part of it, and the needs for the management of the recovery plan, which has now been concluded, as also shared with the Independent Auditing Firm under the scope of the mutual exchanges of information and as has been correctly ascertained directly from the collection of information by those in charge of the individual departments;
- in 2016 and for as long as it has remained in office, it has not received any reports in accordance with Art. 2408 of the Italian Civil Code, nor have any third-party claims been received.

2. Observations and proposals regarding the financial statements and their approval

The draft financial statements, the consolidated financial statements as at 31 December 2016 and the Report on Operations were approved in the meeting of the Board of Directors held last 12 April.

For the first time, the financial statements, both individual and consolidated, were prepared in accordance with the IAS/IFRS. The notes, to which we would refer you, provide full explanations as to the criteria and effects of the first-time adoption of said accounting standards.

The financial statements record a loss of €/thousand 1,229, whilst the consolidated financial statements record a profit of €/thousand 18,312.

As it is not responsible for the statutory auditing of the accounts, the Board of Auditors has monitored the general presentation of the financial statements and the consolidated financial statements and their compliance with the rules governing their formation and structure. The Board of Auditors has also verified that they are coherent with the events and information of which it has become aware in going about its duties. On this matter, the Board of Auditors has no specific observations of note.

As far as we are aware, the Directors, in drawing up the financial statement, have not deviated from the provisions of the law, under Art. 2423, paragraph four of the Italian Civil Code.

In the Report on Operations, the Directors describe the main risks to which the company is exposed: risks connected with the external market, strategic and operational risks and financial risks. Guarantees given, commitments and other potential liabilities are instead considered in the Notes to the financial statements and consolidated financial statements. The statutory auditing is assigned to the independent auditing firm Deloitte&Touche S.p.A. (as indicated previously), which has prepared its reports pursuant to Art. 14 of Italian Legislative Decree no. 39 of 27 January 2010, reports that do not highlight any

findings or mentions of disclosure and the opinion issued is therefore positive.

Conclusions

In consideration of all of the foregoing, insofar as it is competent, the Board of Auditors does not see any reason why the draft financial statements for the financial year ended on 31 December 2016, as prepared by the Board of Directors, should not be approved.

Milan, 28 April 2017

The Board of Auditors

Michele Paolillo

Guido Riccardi

Paolo Rovella

This report has been translated into English from the Italian original solely for the convenience of International readers.

APPENDIX - PROCESS OF TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS

GF GROUP S.p.A.

APPENDIX TO THE 2016 ANNUAL FINANCIAL REPORT

PROCESS OF TRANSITION TO INTERNATIONAL ACCOUNTING STANDARDS



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INTRODUCTION

The Company has decided to prepare the Consolidated Financial Statements and the Separate Financial Statements of GF Group S.p.A. in accordance with International Accounting Standards as it falls within the scope of article 2 letter (f) of Legislative Decree no. 38 of 28 February 2005, which governs the exercise of the options provided for by EU Regulation no. 1606/2002.

Pursuant to articles 3, paragraph 2, and 4, paragraph 5, of the aforementioned Legislative Decree, the Group adopted, for the first time, the International Accounting Standards approved by the European Union (hereinafter also referred to as "IAS/IFRS Standards" or "IFRS") issued by the International Accounting Standards Board (IASB) and endorsed at EU level for the preparation of the annual financial information starting from the financial year ending 31 December 2016.

The last consolidated and separate financial statements of GF Group S.p.A. drawn up in accordance with the Italian accounting standards (hereinafter "OIC") are related to the year ended 31 December 2015.

Pursuant to IFRS 1 First-time Adoption of International Financial Reporting Standards, which governs the transition to International Financial Reporting Standards, 1 January 2015 was identified as the transition date to IFRS. The comparative figures contained in the financial statements have been adequately adjusted to IAS/IFRS standards and the Group has determined the effects of the transition to IFRS by providing the reconciliation required by International Accounting Standard IFRS 1.

The financial position at 1 January 2015 therefore reflects the differences in the treatment of assets under IAS/IFRS, compared to reporting under the Civil Code and the OIC. The IFRS conversion reserve, which summarizes the overall net effect of the application of IFRS to the valuation criteria provided by the Civil Code and the OIC Accounting Standards, was determined with reference to the aforementioned transition date. The financial statements closed at 31 December 2015 have been restated under IAS/IFRS.

According to what said above, the information required by IFRS 1 First-time Adoption of International Financial Reporting Standards is outlined below. In particular, this information relates to the impact that the conversion to IAS/IFRS has on the financial position, on the economic performance and on the cash flows presented.

For the purposes of applying this International Accounting Standard at the date of transition to IFRS, the Group has prepared an opening balance sheet at 1 January 2015. This statement, which is to be considered as a starting point for accounting of

subsequent transactions in accordance with IFRS, has been prepared by making the necessary adjustments to the consolidated financial statements at 31 December 2014 drawn up in accordance with the Italian accounting standards, as follows:

- all assets and liabilities for which recognition is required by IFRS, including those not provided for in application of the Italian accounting standards, have been recognized and valued according to IAS/IFRS;
- all assets and liabilities for which recognition is required by the Italian accounting standards, but not accepted by IAS/IFRS, have been eliminated;
- some items of the Financial Statements have been reclassified in accordance with IAS/IFRS.

The Group applied retrospectively to all periods included in the first IFRS financial statements and the opening balance sheet the IFRS approved by the European Commission, except for exemptions adopted by the Group in compliance with IFRS 1, as described in the following paragraphs.

The effect of adjusting to the new standards the initial balances of assets and liabilities has been recognized in Equity in the item "Profits and losses carried forward", net of the tax effect from time to time recognized under "Deferred taxes provision" or "Deferred tax assets".

In order to present the effects of the transition to IAS/IFRS and to comply with the disclosure rules of paragraphs 23-28 of IFRS 1 on the effects of the first-time adoption of IAS/IFRS, the following information was reported:

- the description of the valuation criteria concerning the IAS/IFRS application rules, the accounting treatment chosen under the accounting options allowed by the same standards and the financial statements restated under IAS/IFRS at the transition date of 1 January 2015 (limited to the financial position) and at 31 December 2015;
- reconciliation statements between consolidated shareholders' equity recorded in accordance with OIC and those recognized in accordance with IAS/IFRS at the transition date (1 January 2015) and 31 December 2015;
- reconciliation statements between the consolidated economic result recorded in accordance with OIC and those recognized in accordance with IAS/IFRS at 31 December 2015;
- reconciliation analytical statements, non-compulsory, of the consolidated financial statements at 1 January 2015 and 31 December 2015, the consolidated income statements at 31 December 2015, indicating

adjustments and reclassifications made to figures prepared in accordance with OIC, for re-disclosure according to IAS/IFRS;

- comments on the reconciliation statements;
- comments on the main changes to the cash flow statement following the introduction of the new accounting standards.

As the reconciliation statements were prepared only for the purposes of transition for the preparation of the first IFRS financial statements, they lack comparative figures and the necessary notes that would be required to fully represent the financial position and the economic result of the Group in full compliance with IFRS.

It is also noted that they have been prepared in accordance with the entire hierarchy of provisions issued by IASB, including International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the previous Standing Interpretations Committee (SIC) as approved by the European Community.

VALUATION CRITERIA

The valuation criteria applied by the Group for the preparation of the financial statements at 31 December 2016 have been listed analytically in the “Valuation Criteria” section in the notes to which reference is made. Said criteria are the same as those adopted for the preparation of the financial statements at 1 January 2015 (transition date) and 31 December 2015 (comparative figures at 31 December 2015).

Application of IFRS 1

The transition date to IFRS is 1 January 2015, therefore the opening balance sheet has been prepared at that date by retrospectively applying the standards described in the previous section “Valuation Criteria” in the notes.

However, IFRS 1 provides for optional and mandatory exemptions for the retrospective application of International Accounting Standards to facilitate transition, while providing reliable information at the same time.

The Group has applied the following optional exemptions provided by IFRS 1:

Business combinations: the exemption allows retroactive application of IFRS 3 Business Combinations to business combinations prior to the transition date. In view

of this exemption, the Group, as required by IFRS 1, when preparing the first opening IFRS financial position, has therefore:

- maintained the same classification of these transactions, used in the financial statements prepared in accordance with previous accounting standards
- recognized at the transition date, all assets and liabilities acquired or assumed in previous business combinations that meet the requirements of International Accounting Standards to be recognized in the financial statements as such
- excluded from the opening balance sheet prepared in accordance with IFRS, any item recognized under previous International Accounting Standards to be recognized as an asset or liability.

Cost replacement for non-current assets: the exemption of IFRS 1 allows valuing an item of property, plant and equipment, intangible assets and real estate investments at the transition date at fair value and using this value as a cost replacement at that date. This exemption therefore allows, in case of difficulty in determining their cost, replacing said valuation by means of one of the following values:

- fair value at the transition date;
- value revalued under a special law provided for in previous accounting standards. The condition here is that the revaluation at the date on which it was made would be comparable to the fair value or the amortized cost in accordance with IFRS, adjusted to reflect changes in price indices.

As permitted by IFRS 1, this exemption was applied only to certain items of tangible assets such as naval fleet and aircraft.

Cumulative conversion differences: the exemption allows assuming that the cumulative conversion differences for all foreign operations are zero at the date of transition to IFRS. Profits or losses on future disposals of foreign subsidiaries will only include conversion differences arising after 1 January 2015.

Classification and valuation of financial instruments: when an entity prepares the separate financial statements, IAS 27 requires that it should recognize its equity investments in subsidiaries, joint ventures and associated companies:

- at cost,
- in compliance with IFRS 9, or
- with the equity method described in IAS 28.

If a new user values such investment at cost in accordance with IAS 27, it must measure this investment on the basis of one of the following amounts in the separate opening statement of financial position prepared in accordance with IFRS:

- at cost determined in compliance with IAS 27, or
- at cost replacement. The cost replacement of this investment must be:
 - at fair value from the date of transition to the IFRS of the entity in its separate financial statements,
 - the book value according to the previous accounting standards at said date.

The Group has used the book value in accordance with the previous accounting standards for the valuation of equity investments in accordance with IAS 27.

Lastly, the Group applied the following exemption, among those defined as compulsory by IFRS 1:

Estimates: the estimates made at the date of transition to IFRS are those in line with the estimates made at the same date in accordance with previous accounting standards, unless objective elements have been identified that said estimates were incorrect or that such estimates were not required by previous accounting standards. The Group also considered any information received after the date of transition to the IFRS following subsequent "non-adjusting" events, in accordance with IAS 10.

ACCOUNTING POLICIES SELECTED UNDER IAS/IFRS ACCOUNTING OPTIONS

The reorganization of the opening balance sheet at 1 January 2015 and the Financial Statements at 31 December 2015 required the GF Group to preliminarily make the following choices from among the options set forth in IAS/IFRS:

- Method of presentation of the financial statements: the "current/non-current" policy was adopted for the Statement of financial position, while the statement of classification by allocation was adopted for the income statement; this led to the reclassification of the historical financial statements prepared in accordance with the provisions of Legislative Decree 127/1991.
- Valuation of inventories: according to IAS 2, the cost of inventories should be determined by adopting the FIFO method or the weighted average cost method. The GF Group has chosen to use the FIFO method.
- Valuation of tangible and intangible assets: after initial recognition at cost, IAS 16 and IAS 38 provide that such assets may be valued at cost (and amortized) or at fair value. The GF Group has chosen to adopt the cost method.

RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AT 1 JANUARY 2015

Thousands of euro	Notes	Italian accounting standards	Effects of transition to IAS/IFRS	IFRS 5	International accounting standards
Goodwill		7.643	-	-	7.643
Other intangible assets	1	8.659	(6.633)	(884)	1.142
Tangible assets	2	236.322	4.739	(39.867)	201.194
Financial investments	3	37.098	538	(1.529)	36.106
Other fixed assets		3.503	-	(9)	3.494
Deferred tax assets	4	9.367	3.509	(1.372)	11.505
NON - CURRENT ASSETS		302.591	2.153	(43.661)	261.083
Inventories	5	38.274	-	(171)	38.103
Trade receivables		85.279	-	(2.911)	82.368
Current tax receivables		21.172	-	(55)	21.117
Other current assets		19.182	-	(353)	18.829
Cash and cash equivalent		18.948	-	(13)	18.935
CURRENT ASSETS		182.856	-	(3.504)	179.353
Assets held for sale	6	-	-	47.164	47.164
TOTAL ASSETS		485.447	2.153	-	487.600
Share Capital		20.000	-	-	20.000
Reserves		(58.399)	2.446	-	(55.954)
Net profit		(46.957)	-	-	(46.957)
Capital and reserves attributable to Parent Co.	7	(85.356)	2.446	-	(82.911)
Non-Controlling Interests	8	3.365	(22)	-	3.343
TOTAL SHAREHOLDERS' EQUITY		(81.992)	2.424	-	(79.568)
Non-current financial liabilities		34.258	-	(6.487)	27.771
Other non-current liabilities	9	-	927	-	927
Deferred tax liabilities	10	8.125	559	(24)	8.660
Provisions for risks and charges	11	8.501	(2.436)	(102)	5.963
Employees benefits liabilities	12	7.533	1.270	(2.148)	6.655
NON - CURRENT LIABILITIES		58.417	321	(8.761)	49.977
Current financial liabilities	13	375.538	336	(2.922)	372.952
Trade payables		92.506	-	(3.797)	88.710
Current tax and social security liabilities	14	19.284	(927)	(1.915)	16.443
Other current liabilities		21.693	-	(6.721)	14.972
CURRENT LIABILITIES		509.022	(592)	(15.354)	493.076
Liabilities held for sale	15	-	-	24.115	24.115
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		485.447	2.153	-	487.600

NOTES TO THE RECONCILIATION OF THE BALANCE SHEET AT 1 JANUARY 2015

Below are listed the notes illustrating the main effects of the conversion on the balance sheet items at 1 January 2015.

The amounts of the effects are shown both gross and net of the tax effect.

NOTE 1 OTHER INTANGIBLE ASSETS

The change in the item "Other intangible assets" is due to the following effects:

Thousands of euro

Net book value other intangible assets [OIC]	8.659
Write-off other intangible assets [Non-compliance with IAS 38]	(6.627)
Reclassification from other intangible assets to "Lands and buildings"	(6)
Reclassification VIO/REEFER IFRS 5	(884)
Net book value other intangible assets [IAS/IFRS]	1.142

Thousands of euro	Reclassification IFRS	Adjustement IFRS [Gross effect]	Fiscal Effect	Adjustement IFRS [Net Effect]
Start-up costs and expansion costs	-	(141)	44	(97)
Research, development and advertising costs	-	(5.818)	1.577	(4.241)
Concessions, licenses and trademarks	-	(211)	55	(156)
Assets in progress and advances	-	(317)	98	(219)
Other intangible assets (*)	(6)	(140)	44	(96)
Balance at 01.01.2015	(6)	(6.627)	1.819	(4.808)

(*) euro 6 thousands reclassified in "Lands and buildings"

In accordance with IAS 38, Euro 6,633 thousand of Intangible Assets was reversed, as Euro 6,627 thousand had no capitalization requirements and Euro 6 thousand was reclassified under tangible assets. The adjustment therefore resulted in a reduction in shareholders' equity of Euro 4,808 thousand at 1 January 2015, net of a positive tax effect of Euro 1,819 thousand.

In particular, the main effect is the exclusion of research, development and advertising costs for Euro 5,818 thousand, gross of the positive tax effect of Euro 1,577 thousand, relating to the advertising investment linked to the new brand "F.Ili Orsero".

NOTE 2 TANGIBLE ASSETS

In accordance with IAS 16 and IFRS 1, Tangible Assets are adjusted as follows:

Thousands of euro

Net book value tangible assets [OIC]	236.322
Tangible assets [Redetermining the value of the fleet]	9.078
Tangible assets [Redetermining the value of aircrafts]	(4.275)
Tangible assets [Adjustments depreciation for assets in service]	(70)
Reclassification from other intangible assets to "Lands and buildings"	6
Reclassification VIO/REEFER IFRS 5	(39.867)
Net book value tangible assets [IAS/IFRS]	201.194

Thousands of euro	Reclassification IFRS	Adjustment IFRS [Gross effect]	Fiscal Effect	Reclassification / Adjustment IFRS [Net effect]
Lands and buildings	6	-	-	6
Plant and machinery:				
Fleet	-	9.078	(454)	8.624
Aircrafts	-	(4.275)	1.342	(2.933)
Others	(8.533)	(60)	-	(8.592)
Plantations	9.934	(10)	-	9.924
Assets in progress and advances	(1.401)	-	-	(1.401)
Balance at 01.01.2015	6	4.733	888	5.628

The item "Plant and machinery", with particular reference to the fleet, was valued on the basis of the deemed cost, taking as reference date that of the transition.

- The effect of redetermining the value of the fleet, equal to Euro 9,078 thousand, represents the combined value of three adjustments made: extension of the useful life of the ships, valuation of the "scrap value" and exclusion from the initial cost of the component subject to replacement at regular intervals.

This value has been redetermined in light of the technical conditions of the ships and of the in-depth analyses carried out during the year, which confirmed the residual useful life at 31 December 2024, identifying at the same time the scrap value of each ship with the resulting adjustment of the accumulated depreciation provision at 1 January 2015.

In accordance with IAS 16, the Group applied the component approach to the value of the fleet, resulting in the extrapolation of the component subject to replacement at regular intervals from the initial cost of each ship. This cost component is not amortized over the entire useful life of the ship, but in the period up to the next dock.

- The effect of re-determining the value of aircrafts for Euro 4,275 thousand, in particular as shown above, represents the change to the net book value, resulting in the adjustment of the value of each aircraft to the deemed cost. The market value of aircrafts was obtained from expert surveys carried out by independent experts (Bluebook/Rotjet) that pointed out the need to reduce their value.

Thousands of euro	
Fair value of aircrafts at 01.01.2015	16.921
Net book value of aircrafts at 01.01.15	21.197
Redetermining the value of aircrafts at 01.01.15	(4.275)

- Registration of the value of plantations for Euro 9,924 thousand, determined for Euro 9,934 thousand from the exclusion of the value of the same, previously recorded under "Plant and machinery" and "Assets in progress and advances". It is noted that the value of plantations has been recorded at cost, in accordance with IAS 16.
- Euro 1,401 thousand of reclassification of the item "Assets in progress and advances" for Euro 1,191 thousand in "Plant and machinery" as it is machinery already in service and therefore subject to depreciation and Euro 210 thousand in the item "Plantations" already used for production.

NOTE 3 FINANCIAL INVESTMENTS

The change in the item "Financial investments" is due to the following effect:

- Euro 527 thousand for the adjustment of the value of associated equity investments valued using the equity method in accordance with IAS 19, for the main associated companies, the liability "Employees benefits" was recognized according to the actuarial method and this generated a negative effect on equity.
- Euro 1,065 thousand for the adjustment of the value of associated investments valued using the equity method in accordance with IAS 41, for the Costa Rica based company, the biological assets (fruit ripening) were recognized at fair value generating a positive effect on equity.

NOTE 4 RECEIVABLES FOR DEFERRED TAX ASSETS

The change in the item "Receivables for deferred tax assets" is due to the following changes:

Thousands of euro

Net book value deferred tax assets at 01.01.2015 [OIC]	9.367
Reclassification VIO/REEFER IFRS 5	(1.372)
Redetermining the value of aircraft	1.342
Write-off other intangible assets [Non-compliance with IAS 38]	1.819
Adjustment of Employees benefits liabilities	348
Net book value deferred tax assets at 01.01.2015 [IAS/IFRS]	11.505

- Euro 1,342 thousand increase related to the recognition of the tax effect for the adjustment of the value of aircraft
- Euro 1,819 thousand increase related to the recognition of the tax effect of the exclusion of intangible assets
- Euro 348 thousand increase related to the recognition of the tax effect of the adjustment of Employees benefits liabilities.

NOTE 5 INVENTORIES

The item "Inventories" includes a reclassification of Euro 5,849 thousand from "Finished products and goods for resale" to "Biological assets" due to the correct accounting in accordance with IAS 41 of agricultural products not yet collected at the reporting date.

NOTE 6 ASSETS HELD FOR SALE

The change in the item "Assets held for sale" is due to the following effects:

Thousands of euro	Interporto di Vado	Reefer Terminal	Total reclassification IFRS 5
Goodwill	-	-	-
Other intangible assets	-	(884)	(884)
Tangible assets	(32.022)	(7.845)	(39.867)
Financial investments	(1.516)	(13)	(1.529)
Other fixed assets	(4)	(4)	(9)
Deferred tax assets	(9)	(1.363)	(1.372)
NON-CURRENT ASSETS	(33.552)	(10.109)	(43.661)
Inventories	-	(171)	(171)
Trade receivables	(1.293)	(1.619)	(2.911)
Current tax receivables	(39)	(16)	(55)
Other current assets	(54)	(299)	(353)
Cash and cash equivalent	(0)	(13)	(13)
CURRENT ASSETS	(1.386)	(2.117)	(3.504)
Assets held for sale	(34.938)	(12.226)	(47.164)

- Euro 34,938 thousand of reclassification of the value of assets related to Interporto di Vado S.p.A. under the item "Assets held for sale" in accordance with IFRS 5, as on 07 August 2015, this company was sold to third parties and at 1 January 2015, it fulfilled the conditions required by IFRS 5 for such reclassification.
- Euro 12,226 thousand of reclassification of the value of assets related to Reefer Terminal S.p.A. under the item "Assets held for sale" in accordance with as defined by IFRS 5, as on 07 August 2015, this company was sold to third parties

and at 1 January 2015, it fulfilled the conditions required by IFRS 5 for such classification.

NOTE 7 TOTAL SHAREHOLDERS' EQUITY

The change related to the item "Group Shareholders' Equity" represents the overall effect of all IFRS adjustments to the balance sheet items and is due to the following effects:

Thousands of euro	Adjustment IFRS [Gross effect]	Fiscal Effect	Adjustment IFRS [Net Effect]
Total Shareholders' equity at 01.01.15 OIC			(85.356)
Write-off other intangible assets [Non-compliance with IAS 38]	(6.627)	1.819	(4.808)
Tangible assets [Redetermining the value of the fleet]	9.078	(454)	8.624
Tangible assets [Redetermining the value of aircrafts]	(4.275)	1.342	(2.933)
Tangible assets [Adjustments depreciation for assets in service]	(50)	-	(50)
Financial Investments [Adjustment of Employees benefits liabilities IAS 19 for associated equity investments]	(527)	-	(527)
Financial Investments [Adjustment biological asset IAS 41 for associated equity investments]	1.065	-	1.065
ASSETS	(1.337)	2.707	1.371
Provisions for risks and charges [Write-off of dry-dock provision]	2.100	(105)	1.995
Adjustment of Employees benefits liabilities [IAS 19]	(1.267)	346	(921)
LIABILITIES	2.100	(105)	1.074
NET EFFECT TO TOTAL SHAREHOLDERS' EQUITY ADJUSTMENTS IAS/IFRS			2.445
Total Shareholders' equity at 01.01.15 IAS/IFRS			(82.911)

The Group opted for the exemption provided by IFRS 1, reclassifying Euro 22,516 thousand from "VII. Other Reserves, in particular Conversion reserve" to VIII. "Profits/Losses carried forward".

NOTE 8 NON – CONTROLLING INTERESTS

The change related to the item "Non-controlling interests" represents the overall effect of all IFRS adjustments to the balance sheet items and is due to the following effects:

Thousands of euro	Adjustement IFRS [Gross effect]	Fiscal Effect	Adjustement IFRS [Net Effect]
Non-controlling interests at 01.01.15 OIC			3.365
Tangible assets [Adjustments depreciation for assets in service]	(20)	-	(20)
ASSETS	(20)	-	(20)
Adjustment of Employees benefits liabilities [IAS 19]	(4)	1	(3)
LIABILITIES	(4)	1	(3)
NET EFFECT TO NON-CONTROLLING ADJUSTMENTS IAS/IFRS			(22)
Non-controlling interests at 01.01.15 IAS/IFRS			3.342

NOTE 9 OTHER NON-CURRENT LIABILITIES

The change in the item "Other non-current liabilities" is due to a reclassification of Euro 927 thousand from the item "Current tax and social security contributions liabilities" to better reflect the nature of such debt.

NOTE 10 DEFERRED TAXES LIABILITIES

The change in the item "Deferred taxes liabilities" is due to the following effects:

Thousands of euro

Net book value deferred tax liabilities at 01.01.2015 [OIC]	8.125
Reclassification VIO/REEFER IFRS 5	(24)
Tangible assets [Redetermining the value of the fleet]	454
Provisions for risks and charges [Write-off of dry-dock provision]	105
Net book value deferred tax liabilities at 01.01.2015 [IAS/IFRS]	8.660

- Euro 454 thousand of deferred taxation as a tax expense determined by the re-determination of the "deemed cost" of the fleet and the exclusion from the initial cost of the component subject to replacement at regular intervals.
- Euro 105 thousand of deferred taxation as a tax expense determined by the write-off of dry-dock provision.

NOTE 11 PROVISIONS FOR RISKS AND CHARGES

The change in the item "Provisions for risks and charges" is due to the following effects:

Thousands of euro

Net book value provisions for risks and charges at 01.01.2015 [OIC]	8.501
Write-off of dry-dock provision	(2.100)
MTM derivative instrument	(336)
Reclassification VIO/REEFER IFRS 5	(102)
Net book value provisions for risks and charges at 01.01.2015 [IAS/IFRS]	5.963

- Euro 2,100 thousand of reversal of provisions for risks and charges determined by the exclusion of the dry-dock provision as one not recognized by the International Accounting Standards. The effects of the accounting treatment of the component of replacement at regular intervals included in the value of the ships have been described in the comment of the item "Tangible assets".
- Euro 336 thousand of reclassification of the value of the provision for risks and charges related to the negative mark to market at 1 January 2015 of a non-hedging derivative instrument under the item "Financial payables (current)".

NOTE 12 EMPLOYEES BENEFITS LIABILITIES (TFR)

The Italian accounting standards require the recognition of the liability for defined-benefit pension plans on the basis of nominal debt accrued in accordance with the statutory provisions at the reporting date.

According to the International Accounting Standards (IAS 19), these types of institutions (and in particular the Employees Benefits Liabilities of the Group's Italian companies) are determined by applying an actuarial method; the rights accrued by employees during the year are recognized in the income statement under operating margin while the figurative financial cost that the company would have to bear if it were to ask the market for a loan of the same amount as the TFR is recognized under "net financial expenses". The actuarial gains and losses, which reflect the effects of changes in the actuarial assumptions, are recognized in the comprehensive income statement, taking into account the residual average service years of the employees.

The adjustments led to the recognition of the discounted TFR at 1 January 2015, with the following effects:

Thousands of euro

Net book value Employees benefits liabilities at 01.01.15 [OIC]	7.533
Reclassification VIO/REEFER IFRS 5	(2.148)
Adjustment of Employees benefits liabilities [IAS 19]	1.270
Net book value Employees benefits liabilities at 01.01.15 [IAS/IFRS]	6.655

NOTE 13 FINANCIAL LIABILITIES

The change in the item "Financial liabilities" is due to the reclassification from the provision for risks and charges for Euro 336 thousand relating to the negative mark to market at 1 January 2015 of a non-hedging derivative instrument.

NOTE 14 CURRENT TAX AND SOCIAL SECURITY CONTRIBUTIONS LIABILITIES

The change in the item "Current tax and social security contributions liabilities" is due to the following effects:

Thousands of euro

Net book value Current tax and social security contributions liabilities at 01.01.15 [OIC]	19.284
Reclassification from Current tax and social security contributions liabilities to other non-current liabilities	(927)
Reclassification VIO/REEFER IFRS 5	(1.914)
Net book value Current tax and social security contributions liabilities at 01.01.15 [IAS/IFRS]	16.443

NOTE 15 LIABILITIES HELD FOR SALE

The change in the item "Liabilities held for sale" is due to the following effects:

Thousands of euro	Interporto di Vado	Reefer Terminal	Total reclassification IFRS 5
Non-current financial liabilities	6.487	-	6.487
Other non-current liabilities	-	-	-
Deferred tax liabilities	10	14	24
Provisions for risks and charges	42	60	102
Employees benefits liabilities	117	2.031	2.148
NON-CURRENT LIABILITIES	6.656	2.105	8.761
Current financial liabilities	2.587	335	2.922
Trade payables	2.114	1.683	3.797
Current tax and social security contributions liabilities	30	1.885	1.915
Other current liabilities	5.257	1.464	6.721
CURRENT LIABILITIES	9.988	5.367	15.355
Liabilities held for sale	16.644	7.472	24.116

- Euro 16,645 thousand of reclassification of the value of the liabilities relating to Interporto di Vado S.p.A. under the item "Liabilities held for sale" in accordance with IFRS 5.
- Euro 7,471 thousand of reclassification of the value of the liabilities relating to Reefer Terminal S.p.A. under the item "Liabilities held for sale" in accordance with IFRS 5.

RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015

Thousands of euro	Notes	Italian accounting standards	Effects of transition to IAS/IFRS	Sister Consolidation effect	International accounting standards
Goodwill	1	5.793	1.668	-	7.460
Other intangible assets	2	4.355	(3.562)	-	793
Tangible assets	3	101.290	12.848	3	114.141
Financial investments	4	37.645	1.123	(2.079)	36.689
Other fixed assets		4.568	-	0	4.569
Deferred tax assets	5	19.416	(5.839)	-	13.577
Non-Current Assets		173.067	6.239	(2.076)	177.229
Inventories	6	29.116	-	-	29.116
Trade receivables	7	72.848	451	171	73.470
Current tax receivables	8	18.570	1.869	12	20.451
Other current assets	9	15.489	(972)	22	14.540
Cash and cash equivalent		46.107		256	46.363
Current Assets		182.131	1.349	461	183.940
Assets held for sale		-	-	-	-
TOTAL ASSETS		355.198	7.587	(1.616)	361.169
Share Capital		11.650	-	-	11.650
Reserves		(44.385)	64.905	-	20.520
Net profit		3.108	10.456	-	13.564
Capital and reserves attributable to Parent Company	10	(29.627)	75.361	-	45.734
Non-Controlling Interests	11	756	(41)	367	1.082
Total Shareholders' Equity		(28.871)	75.320	367	46.816
Non-current financial liabilities	12	187.176	(71.007)	-	116.169
Other non-current liabilities		4.535	-	-	4.535
Deferred tax liabilities	13	2.354	881	-	3.235
Provisions for risks and charges	14	4.848	(1.054)	-	3.795
Employees benefits liabilities	15	4.682	1.130	-	5.811
NON-CURRENT LIABILITIES		203.594	(70.049)	-	133.545
Current financial liabilities	16	75.853	1.296	1	77.150
Trade payables	17	78.447	3.842	(2.290)	79.999
Current tax and social security contributions liabilities	18	8.491	810	139	9.440
Other current liabilities	19	17.684	(3.467)	3	14.220
CURRENT LIABILITIES		180.475	2.481	(2.148)	180.808
Liabilities held for sale		-	-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		355.198	7.751	(1.781)	361.169

NOTES TO THE RECONCILIATION OF THE CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2015

Below are listed the notes on the main differences between the International Accounting Standards (IAS/IFRS) and the national accounting standards with respect to the Balance Sheet at 31 December 2015.

NOTE 1 GOODWILL

The change in the item "Goodwill" is due to the following effects:

- Euro 1,668 thousand reversal of goodwill since, according to IFRS 3, it is necessary to eliminate the amortization carried out at the level of the national accounting standards of the items "Consolidation differences" and "Goodwill", which for International Accounting Standards are not amortized but subject to impairment test. The impairment test confirmed the substantial congruence of the value recognized after the reversal of amortization.

NOTE 2 OTHER INTANGIBLE ASSETS

The change in the item "Other intangible assets" is due to the following effects:

Thousands of euro

Net book value other intangible assets [OIC]	4.355
Write-off other intangible assets [Non-compliance with IAS 38]	(3.556)
Reclassification from other intangible assets to "Lands and buildings"	(6)
Net book value other intangible assets [IAS/IFRS]	793

Thousands of euro	Reclassification IFRS	Adjustement IFRS [Gross effect]	Fiscal Effect	Adjustement IFRS [Net Effect]
Start-up costs and expansion costs		(95)	30	(65)
Research, development and advertising costs		(3.232)	866	(2.366)
Intellectual property rights	(5)			(5)
Concessions, licenses and trademarks	107	(151)	37	(6)
Assets in progress and advances		(31)	9	(23)
Other intangible assets (*)	(108)	(47)	15	(140)
Balance at 31.12.2015	(6)	(3.556)	956	(2.605)

(*) euro 6 thousands reclassified in "Lands and buildings"

- Euro 3,556 thousand reversal of intangible assets since, according to IAS 38, there are no capitalization requirements.

At 31 December 2015, a decrease in shareholders' equity of Euro 3,556 thousand was recorded, gross of a positive tax effect of Euro 956 thousand, resulting in a net negative effect of Euro 2,605 thousand due to the reduction of assets that can no longer be capitalized. In particular, research, development and advertising costs for Euro 3,232 thousand were reversed, gross of a positive tax effect of Euro 866 thousand relating to the advertising investment of the brand "F.lli Orsero".

NOTE 3 TANGIBLE ASSETS

The change in the item "Tangible assets" is due to the following effects:

Thousands of euro

Net book value tangible assets [OIC]	101.290
Tangible assets [Redetermining the value of the fleet]	15.820
Tangible assets [Redetermining the value of aircrafts]	(2.844)
Tangible assets [Adjustments depreciation for assets in service]	(134)
Reclassification from other intangible assets to "Lands and buildings"	6
Siter Consolidation effect	3
Net book value tangible assets [IAS/IFRS]	114.141

Thousands of euro	Reclassification IFRS	Adjustement IFRS [Gross effect]	Fiscal Effect	Reclassification / Adjustment IFRS [Net effect]
Lands and buidings	6	-	-	-
Plant and machinery:				
Fleet	-	15.820	(791)	15.029
Aircrafts	-	(2.844)	894	(1.950)
Others	(6.726)	(113)	-	(6.839)
Plantations	8.095	(21)	-	8.074
Industrial and commercial equipment	(3)	3	-	-
Other tangible assets	(24)	-	-	(24)
Assets in progress and advances	(1.342)	-	-	(1.342)
Balance at 31.12.2015	6	12.845	103	12.948

- Euro 15,820 of redetermining the value of the fleet; as the combined value of three adjustments made: extension of the useful life of the ships, valuation of the "scrap value" and exclusion from the initial cost of the component subject to replacement at regular intervals.

This value has been redetermined in light of the technical conditions of the ships and of the in-depth analyses carried out during the year, which confirmed the residual useful life of ships at 31 December 2024, at the same time identifying the "scrap value" of each ship with resulting adjustment of the accumulated depreciation provision at 1 January 2015 and 31 December 2015.

In accordance with IAS 16, the Group applied the component approach to the value of the fleet, resulting in an extrapolation from the initial cost of each ship of the component subject to replacement at regular intervals. This cost component is not amortized over the entire useful life of the ship, but in the period up to the next dock.

Redetermining of fleet's value	50.039
Valuation of the "Scrap Value"	11.748
Component approach	4.311
Redetermining value fleet at 31.12.15	66.098
Net book value at 31.12.15	50.278
Adjustment IAS/IFRS at 31.12.15	15.820

- Euro 2,844 thousand related to the effect of re-determining the value of aircrafts; in particular, the effect indicated above represents the adjustment to the net book value, resulting in the adjustment of the value of each aircraft to the deemed cost.

The market value of aircrafts was obtained from expert surveys carried out by independent experts (Bluebook/Rotjet) that pointed out the need to reduce their value.

It is noted that the Lima aircraft was sold in 2015, generating a loss of Euro 1,066 thousand. Following the re-determination of the aircraft value, this loss is reset as it was already considered in the FTA transition at 1 January 2015. The effect on the result for the year 2015, as well as for the recovery of the previous loss, is adjusted for the lower depreciation calculated on the aircraft values at the transition date.

Thousands of euro

Fair value of the aircrafts at 01.01.15	16.921
Net book value of the aircrafts at 01.01.15	21.197
Adjustment the value of aircrafts at 01.01.15	(4.275)
Write-off of the loss of Lima	1.066
Depreciation recovery 2015	359
Adjustment the value of aircrafts at 31.12.15	(2.850)

- Euro 8,074 thousand of recognition of the value of plantations, determined for Euro 8,095 thousand from the exclusion of the value of the same, previously contained under the items "Plant and machinery" and "Assets in progress and advances". It is noted that the value of plantations has been recorded at cost, in accordance with IAS 16.
- Euro 1,342 thousand of reclassification of the item "Assets in progress and advances" for Euro 1,124 thousand in "Plant and machinery" as it is machinery already in service and therefore subject to depreciation and Euro 217 thousand in the item "Plantations" already used for production.

NOTE 4 INVESTMENTS

The change in the item "Investments" is due to the following effects:

Thousands of euro

Net book value financial investments at 31.12.2015 [OIC]	37.645
Investments in subsidiaries	(2.079)
Investments in associates	
<i>Reversal of goodwill's amortization</i>	197
<i>Adjustment biological asset IAS 41 for associated equity investments</i>	1.417
<i>Adjustment of Employees benefits liabilities IAS 19 for associated equity investments</i>	(491)
Net book value financial investments at 31.12.2015 [IAS/IFRS]	36.689

- At 31 December 2015, Euro 491 thousand of reversal of the value of the associated investments relating to the amount of TFR costs measured with the actuarial method in accordance with IAS 19.
- Euro 197 thousand reversal of goodwill relating to companies valued at equity since, according to IFRS 3, it is necessary to eliminate the amortization carried out at the level of the national accounting standards of the items "Consolidation differences" and "Goodwill", which for International Accounting Standards are not amortized but subject to impairment test.
- Euro 1,417 thousand for the adjustment of the value of associated investments valued using the equity method since, in accordance with IAS 41, for the Costa Rica based company the biological assets (fruit ripening) were recognized at fair value generating a positive effect on equity.
- Euro 2,079 thousand of reversal of the value of the investment Siter Trasporti S.r.l. in liquidation, since, in accordance with IFRS 10, it was fully consolidated with consequent inclusion of the aggregate and elimination of the investment. It is noted that, in the consolidated financial statements of the GF Group at 31 December 2015, drawn up in accordance with the national accounting standards, Siter Trasporti S.r.l. in liquidation had been deconsolidated as it was in voluntary liquidation.

NOTE 5 RECEIVABLES FOR DEFERRED TAX ASSETS

The change in the item "Receivables for deferred tax assets" is due to the following effects:

Thousands of euro

Net book value deferred tax assets at 01.01.2015 [OIC]	9.367
Increase year 2015	12.187
Changes of consolidated companies	(1.820)
Decrease year 2015	(319)
Net book value deferred tax assets at 31.12.2015 [OIC]	19.415
Redetermining the value of aircraft	895 *
Write-off other intangible assets [Non-compliance with IAS 38]	956 **
Fair value hedging derivative instrument	59
Recognition of the Convertible as Equity instrument	(7.896)
Adjustment of Employees benefits liabilities	311
Reclassification from "Deferred tax assets" to "Current tax receivables"	(164)
Net book value deferred tax assets at 31.12.2015 [IAS/IFRS]	13.577
* It is noted that the adjustment is due to the difference of euro 1.342 thousands (Opening balance at 01.01.15) and the effect of the lower depreciation and the write-off of loss for thousands 447 of euro.	
** It is noted that the adjustment is due to the difference of za di Euro 1.819 thousands (Opening balance at 01.01.15) and the effect of the lower amortization for euro 863 thousands	

- At 1 January 2015, Euro 1,342 thousand increase related to the recognition of the tax effect of the adjustment on the value of the aircraft, which resulted in the write-down thereof for Euro 4,275 thousand. At 31 December 2015, instead, a reduction of Euro 447 thousand was recorded as a result of the reversal of the value of the loss resulting from the sale of Lima aircraft and lower depreciation calculated on the values of the aircraft at the transition date as mentioned above in the paragraph "Tangible assets".
- At 1 January 2015, Euro 1,819 thousand increase related to the recognition of the tax effect of the exclusion of intangible assets. At 31 December 2015, instead, a reduction of Euro 863 thousand was recorded as a result of amortization of items adjusted during the transition. The exclusion of intangible assets generated the recognition at 31 December 2015 of Euro 956 thousand.

- Euro 59 thousand increase at 31 December 2015 related to the recognition of the accounting tax effect of the derivative on the bunker.
- Euro 7,896 thousand decrease due to the recognition of the Convertible into Shareholders' Equity in accordance with IAS 32, resulting in an increase in taxation up to the level of tax losses realized in the past. The recognition of the Convertible into Equity led to the exclusion of the tax losses recognized under deferred tax assets.
- Euro 311 thousand increase related to the recognition of the tax effect of the adjustment of Employee Severance Indemnity.
- Euro 164 thousand decrease related to a reclassification from "receivables for deferred tax assets" to "tax receivables" to reflect the nature of the credit.

NOTE 6 INVENTORIES

The item "Inventories" includes a reclassification of Euro 4,375 thousand from "Finished products and goods for resale" to "Biological assets" due to the correct accounting, in accordance with IAS 41, of agricultural products not yet collected at the reporting date.

NOTE 7 TRADE RECEIVABLES

The change in "Trade receivables" is due to the following effects:

Thousands of euro

Net book value trade receivables [OIC]	72.848
Reclassification of receivables from other current assets to identify related parties	321
Reclassification of trade receivables	130
SITER Consolidation effect	171
Net book value trade receivables [IAS/IFRS]	73.470

NOTE 8 CURRENT TAX RECEIVABLES

The change in the item "Current tax receivables" is due to the following effects:

- Euro 1,869 thousand of reclassification of the value of the current tax receivables for Az France S.p.A. from "Receivables for deferred tax assets", "Other current assets" and "Current tax and social security contributions liabilities" to better represent the nature of the credit.

NOTE 9 OTHER CURRENT ASSETS

The change in the item "Other current assets" is due to the following effects:

Thousands of euro

Net book value other current assets [OIC]	15.489
Reclassification of receivables from other current assets to identify related parties	(321)
Reclassification to respect the right representation of receivables	(651)
SITER Consolidation effect	22
Net book value other current assets [IAS/IFRS]	14.540

NOTE 10 TOTAL SHAREHOLDERS' EQUITY

The change related to the item "Total Shareholders' Equity" represents the overall effect of all IFRS adjustments to the balance sheet items and is due to the following effects:

Thousands of euro	Reclassification IFRS	Adjustment IFRS [Gross effect]	Fiscal Effect	Adjustment IFRS [Net Effect]	Reclassification /Adjustment IFRS [Net Effect]
Total Shareholders' equity at 31.12.15 OIC				(29.627)	(29.627)
Write-off other intangible assets [Non-compliance with IAS 38]	-	3.070	(862)	2.208	2.208
Intangible assets [Reversal of Goodwill amortization]	-	1.668	(35)	1.632	1.632
Tangible assets [Redetermining the value of the fleet]	-	6.742	(287)	6.455	6.455
Tangible assets [Redetermining the value of aircrafts]	-	1.431	(447)	984	984
Tangible assets [Adjustments depreciation for assets in service]	-	(43)	-	(43)	(43)
Financial Investments [Adjustment Goodwill's amortization for associated equity investments]	-	197	-	197	197
Financial Investments [Adjustment biological asset IAS 41 for associated equity investments]	-	352	-	352	352
Financial Investments [Adjustment of Employees benefits liabilities IAS 19 for associated equity investments]	-	37	-	37	37
ASSETS	-	13.454	(1.632)	11.822	11.822
Provisions for risks and charges [Write-off of dry-dock provision]	-	(1.000)	-	(1.000)	(1.000)
Adjustment of Employees benefits liabilities [IAS 19]	-	72	(16)	56	56
LIABILITIES	-	(928)	(16)	(944)	(944)
Total Shareholders' equity [Reclassification Convertible (Net of deferred tax assets)]	63.111	-	-	-	63.111
Remeasurement of defined benefit plans	-	67	(20)	47	47
Cash Flow Hedge Reserve *	-	(1.178)	59	(1.119)	(1.119)
TOTAL SHAREHOLDERS' EQUITY	63.111	(1.111)	39	(1.072)	62.039
NET EFFECT TO TOTAL SHAREHOLDERS' EQUITY ADJUSTMENTS IAS/IFRS AT 01.01.15 [Opening]					2.445
Total Shareholders' equity at 31.12.2015 [IAS/IFRS]					45.734

* The amount of euro 1.119 thousands includes negative reserve of euro 851 thousands defined "Cash Flow Hedge reserve" and euro 268 thousands that it has directly effect on Net profit because it's the Fair value derivative instrument at the date of conclusion of the contract.

The Group decided in November 2015 to hedge the price fluctuations of the bunker. The effectiveness test on this tool proved to be positive by confirming its nature as a "hedging instrument". In accordance with IAS 39, the change in the fair value of the derivative between the stipulation date and the closing date of the financial statements has been accounted for, generating a special equity reserve ("other comprehensive income").

NOTE 11 NON-CONTROLLING INTERESTS

The change related to the item "Non-controlling interests" represents the overall effect of all IFRS adjustments to the balance sheet items and is due to the following effects:

Thousands of euro	Adjustement IFRS [Gross effect]	Fiscal Effect	Adjustement IFRS [Net Effect]
Non-controlling interests at 31.12.15 OIC			756
Tangible assets [Adjustments depreciation for assets in service]	(20)	-	(20)
ASSETS	(20)	-	(20)
Adjustment of Employees benefits liabilities [IAS 19]	(0)		(0)
LIABILITIES	(0)	-	(0)
NET EFFECT TO NON-CONTROLLING ADJUSTMENTS IAS/IFRS [OPENING]			(20)
NET EFFECT TO NON-CONTROLLING CONSOLIDATION SITE 31.12.15 [OPENING]			367
Non-controlling interests at 31.12.15 IAS/IFRS			1.082

NOTE 12 FINANCIAL LIABILITIES

The change in the item "Financial liabilities" is due to the following effects:

- Euro 71,007 thousand of reclassification of the value of financial liabilities (non-current) related to the conversion to "Reserves" in accordance with IAS 32. It is noted that the "Conversion" represents a portion of bank payables to GF for which, pursuant to the restructuring agreement under art. 182-bis, no repayment terms nor interest payments are provided. The result of this portion of receivables is defined with respect to a future issue of SFP for equal amount (in tranches or in total amount) and, therefore, in accordance with the International Accounting Standards, it is part of the Shareholders' Equity.

NOTE 13 DEFERRED TAX LIABILITIES

The change in the item "Deferred tax liabilities" is due to the following effects:

Thousands of euro

Net book value Deferred tax liabilities at 31.12.2015 [OIC]	2.354
Adjustment Deferred tax liabilities FTA	559
Tangible assets [Redetermining the value of the fleet]	287
Adjustment Goodwill's amortization	35
Net book value Deferred tax liabilities at 31.12.2015 [IAS/IFRS]	3.235

- Euro 559 thousand of deferred taxation as a tax expense determined during opening at 1 January 2015. For further details, reference is made to the paragraph "NOTE 10 Deferred taxes provision" commenting the Statement of Financial Position at 1 January 2015.
- Euro 287 thousand of deferred taxation as a tax expense determined by the redetermination of the value of the fleet, resulting in a reduction in the depreciation, exclusion from the initial cost of the component subject to replacement at regular intervals and exclusion of the allocation to the cyclical maintenance provision, as not recognized by the International Accounting Standards.
- Euro 35 thousand of deferred taxation for the reversal of amortization of goodwill in accordance with IFRS 3.

NOTE 14 PROVISIONS FOR RISKS AND CHARGES

The change in the item "Provisions for risks and charges" is due to the following effects:

Thousands of euro

Net book value provisions for risks and charges at 31.12.2015 [OIC]	4.848
Adjustment provisions for risks and charges FTA	(2.436)
Adjustment for Write-off of dry-dock provision	1.000
MTM derivative instrument	217
Consolidation Siter in liquidazione S.r.l.	165
Net book value provisions for risks and charges at 31.12.2015 [IAS/IFRS]	3.795

- Euro 2,436 thousand for the adjustment of the risks provisions determined in First-time Adoption (Note 11) to which reference is made, as analysed in detail.
- Euro 1,000 thousand of reversal of the allocation of provisions for risks and charges determined by the exclusion of the dry-dock provision as a provision not recognized by the International Accounting Standards. This item has to be analysed along with Euro 2,100 thousand (negative) included in the "Adjustment risks provision and FTA expenses" as the net effect related to allocations and uses of the dry-dock provision for 2015 is the exclusion of the provision of Euro 1,100 thousand recognized at 31 December 2015.
- Euro 217 thousand of reclassification of the value of the provision for risks and charges related to the negative mark to market at 1 January 2015 of a non-hedging derivative instrument under the item "Financial liabilities (current)".
- This item represents the use of the provision for risks in 2015 and reclassified under "Financial liabilities (current)". The net effect of this reclassification was Euro 119 thousand, determined as the difference between as reclassified during FTA at 1 January 2015 for Euro 336 thousand and the reversal of 217 thousand in 2016 due to the change in fair value in the same year.
- Euro 165 thousand increase in the value of the "Provision for risks and charges" determined by the consolidation of Siter Trasporti S.r.l. in liquidation.

NOTE 15 EMPLOYEES BENEFITS LIABILITIES

The Italian accounting standards require the recognition of the liability for defined-benefit pension plans on the basis of nominal debt accrued in accordance with the statutory provisions at the reporting date.

According to the International Accounting Standards (IAS 19), these types of institutions (and in particular the Employees Benefits Liabilities of the Group's Italian companies) are determined by applying an actuarial method; the rights accrued by employees during the year are recognized in the income statement under operating margin while the figurative financial cost that the company would have to bear if it were to ask the market for a loan of the same amount as the TFR is recognized under "net financial expenses". The actuarial gains and losses, which reflect the effects of changes in the actuarial assumptions, are recognized in the comprehensive income statement, taking into account the residual average years of service of the employees.

The adjustments led to the recognition at 1 January 2015 of discounted TFR, while at 31 December 2015, the recognition of the service cost, interest cost and actuarial component in the comprehensive income statement with the following effects:

Thousands of euro

Net book value Employees benefits liabilities at 31.12.15 [OIC]	4.682
Adjustment of Employees benefits liabilities [IAS 19]	1.129
Net book value Employees benefits liabilities at 31.12.15 [IAS/IFRS]	5.811

Thousands of euro

<i>Effect on Net profit 2015</i>	
Service cost	81
Interest cost	(8)
Deferred tax assets	(16)
Effect on Net profit at 31.12.2015	56
<i>Effect on comprehensive income</i>	
Actuarial profit/loss attuariali of Employees benefits liabilities	67
Fiscal effect	(21)
Effect on comprehensive income at 31.12.2015	47

NOTE 16 FINANCIAL LIABILITIES

The change in the item "Financial liabilities" is due to the following effects:

- Euro 1,178 thousand of recognition of the negative fair value of the hedging derivative of the bunker at 31 December 2015 as it is mandatory to recognize the fair value of all derivatives at the reporting date. It is emphasized that, since the effectiveness test has had positive outcome, this instrument is for hedging and therefore the fair value change at 31 December 2015 was recognized in a specific equity reserve ("other comprehensive income") as already indicated above.
- Euro 119 thousand of reclassification of the value of the provision for risks and charges related to the negative mark to market at 31 December 2015 of a non-hedging derivative instrument under the item "Financial liabilities (current)".

NOTE 17 TRADE PAYABLES

The change in the item "Trade payables" is due to the following effects:

Thousands of euro

Net book value Trade payables [OIC]	78.447
Reclassification of payables from other current liabilities to identify related parties	3.147
Reclassification of trade payables	695
SITER Consolidation effect	(2.290)
Net book value Trade payables [IAS/IFRS]	79.999

NOTE 18 CURRENT TAX AND SOCIAL SECURITY CONTRIBUTIONS LIABILITIES

The change in the item "Current tax and social security contributions liabilities" is due to the following effects:

- Euro 810 thousand of reclassification of the value of current tax and social contributions liabilities mainly to AZ France S.a.s. from the item "Other current liabilities" in accordance with International Accounting Standards.

NOTE 19 OTHER CURRENT LIABILITIES

The change in the item "Other current liabilities" is due to the following effects:

Thousands of euro

Net book value Other current liabilities [OIC]	17.684
Reclassification of payables from other current liabilities to identify related parties	(3.147)
Reclassification of other current liabilities	(320)
SITER Consolidation effect	3
Net book value Other current liabilities [IAS/IFRS]	14.220

NOTE 20 CONSOLIDATION OF SITER TRASPORTI S.R.L. IN LIQUIDATION

For the consolidated financial statements at 31 December 2015, in accordance with Italian accounting standards (OIC 17), the Group had opted, for Siter Trasporti S.r.l. in voluntary liquidation in 2014, for the possibility of exemption from consolidation in accordance with art. 28 of Legislative Decree 127/1991.

It is noted, as can be seen from the statement of reconciliation of the balance sheet at 31 December 2015, that the Group, in respect of the Siter Trasporti S.r.l. in liquidation, in accordance with IFRS 10, proceeded with the full consolidation of the same with consequent inclusion of related figures in the aggregate and elimination of the investment as the above exemption is no longer applicable.

The "Siter consolidation effect" column, therefore, shows the full consolidation of the direct subsidiary of the Parent Company.

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

Due to the diversity of economic accounts structure and the diversity of perimeter, it is easier and more comprehensible to compare the two years on the basis of the comparison of the main economic indicators as represented below:

Thousands of euro	Notes	31/12/2015 IAS/IFRS	31/12/2015 OIC	Change
Net sales	1	617.404	660.604	(43.200)
Adjusted Ebitda	2	28.165	22.426	5.739
Amortization/Depreciation and accruals of provision	3	(12.935)	(26.060)	13.126
Non-recurring expenses and income	4	(3.172)	8.231	11.403
Net financial expenses	5	(6.059)	(12.813)	(6.754)
Net income (loss) from equity investments	6	1.346	993	(353)
Net profit from continuing operations at 31.12.15	7	13.403	3.164	(10.239)
Net profit of "Discontinued Operations"	8	196	-	(196)
Net profit at 31.12.15		13.599	3.164	(10.435)

NOTE 1 NET SALES

The change in the item "Net sales" of Euro 43,200 thousand is due to the following effects:

Thousands of euro

Net sales at 31.12.2015 [OIC]	660.604
Discontinued Operations K-AIR	(5.913)
Discontinued Operations K-FLEET	(2.924)
Discontinued Operations MOÑO AZUL	(41.826)
Derecognition of intra-group relations	7.012
Reclassification determined by using the classification by "Allocation"	451
Net sales at 31.12.2015 [IAS/IFRS]	617.404

Following the disposal in 2016 of the companies Moño Azul S.A. and Business Aviation, pursuant to IFRS 5, the 2015 economic results were reported in the single row "Discontinued Operations" neutralizing all their contributions related to the various items of the income statement.

The choice to use an income statement by "allocation" and not by "nature" led to a different placement of costs and revenues that generated a positive reclassification of Euro 451 thousand for "Revenues".

NOTE 2 ADJUSTED EBITDA

The change in "Adjusted Ebitda", the definition of which is set out in the notes (NOTE 24), is Euro 5,739 thousand and it is due to the following effects:

Thousands of euro

Adjusted Ebitda at 31.12.2015 [OIC]	22.426
Adjustment of Employees benefits liabilities [IAS 19]	68
Fair value hedging derivative instrument at the date of conclusion of the contract	(282)
Discontinued Operations MOÑO AZUL	5.906
Discontinued Operations K-AIR	1.997
Discontinued Operations K-FLEET	(2.851)
Discontinued Operations GF AVIATION	11
Adjustment dry-dock provision	834
Reclassification determined by using the classification by "Allocation"	56
Adjusted Ebitda at 31.12.2015 [IAS/IFRS]	28.165

- Positive adjustment of Euro 68 thousand as a result of the reversal of the recognition of employee severance indemnities on the basis of Italian accounting standards and the recognition of the service cost, interest cost and actuarial component in the comprehensive income statement.
- Negative adjustment of Euro 282 thousand due to the recognition of the negative fair value of the hedging derivative of the bunker at the time of subscription.
- Positive adjustment of Euro 5,063 thousand as a result only of the recognition in the row "Discontinued Operations" of the results of the companies Moño Azul S.A. (Euro 5,906 thousand) and Business Aviation (K-Air S.p.A. Euro 1,997 thousand, K-Fleet S.r.l. Euro 2,851 thousand and GF Aviation S.r.l. Euro 11 thousand) mentioned several times.
- Negative adjustment of Euro 834 thousand due to the exclusion of the cyclical maintenance provision.
- The choice to use an income statement by "allocation" and not by "nature" led to a different placement of costs and revenues that generated a positive reclassification of Euro 56 thousand for the item "Adjusted Ebitda".

NOTE 3 DEPRECIATION, AMORTIZATION AND PROVISIONS

The change in the item "Depreciation, amortization and provisions" of Euro 13,126 thousand is due to the following effects:

Thousands of euro

Depreciation, amortization and provisions at 31.12.2015 [OIC]	(26.060)
Write-off other intangible assets [Non-compliance with IAS 38]	2.697
Adjustment of Goodwill's amortization	1.668
Discontinued Operations MOÑO AZUL	1.923
Discontinued Operations K-AIR	160
Discontinued Operations K-FLEET	1.840
Tangible assets [Redetermining the value of the fleet]	3.908
Tangible assets [Adjustments depreciation for assets in service]	(70)
Adjustment of dry-dock provision	1.000
Depreciation, amortization and provisions at 31.12.2015 [IAS/IFRS]	(12.935)

- Positive adjustment of Euro 2,697 thousand due to the reversal of intangible assets and related amortization in 2015.
- Positive adjustment of Euro 1,668 thousand due to the elimination of amortization of goodwill.
- Positive adjustment of Euro 3,923 thousand as a result only of the recognition in the row "Discontinued Operations" of the results of the companies Moño Azul S.A. (Euro 1,923 thousand) and Business Aviation (K-Air S.p.A. Euro 160 thousand and K-Fleet S.r.l. Euro 1,840 thousand) mentioned several times.
- Positive adjustment of Euro 3,908 thousand amortization of the fleet due to the redetermination of its value.
- Negative adjustment of Euro 70 thousand due to the reclassification of the item "Assets in progress and advances" for Euro 1,191 thousand in "Plant and machinery" as it is machinery already in service and therefore subject to depreciation and Euro 210 thousand in the item "Plantations" already used for production.
- Positive adjustment of Euro 1,000 thousand due to the exclusion of allocation of the dry-dock provision.

NOTE 4 NON-RECURRING EXPENSES AND INCOME

The change in the item "Non-recurring expenses and income" of Euro 11,403 thousand is due to the following effects:

Thousands of euro

Non-recurring expenses and income at 31.12.2015 [OIC]	8.231
Discontinued Operations VIO	(9.570)
Discontinued Operations REEFER	(8.341)
Discontinued Operations MOÑO AZUL	(2.853)
Discontinued Operations K-AIR	(205)
Discontinued Operations K-FLEET	1.073
Discontinued Operations GF AVIATION	18
Discontinued Operations SPIN-OFF	7.615
Discontinued Operations RTS	41
Reclassification to net financial expenses	819
Non-recurring expenses and income at 31.12.2015 [IAS/IFRS]	(3.172)

- Negative adjustment for the recognition under "Discontinued Operations" of the gain from the disposal of Interporto di Vado S.p.A. of Euro 9,570 thousand, as, on 7 August 2015, the Company was sold to third parties. The Company fulfils the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows have been stated in a single amount as a result "Discontinued Operations".
- Negative adjustment for the recognition under "Discontinued Operations" of the gain from the disposal of Reefer Terminal S.p.A. of Euro 8,341 thousand, as, on 7 August 2015, the Company was sold to third parties. The Company fulfils the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows have been stated in a single amount as a result "Discontinued Operations".
- Negative adjustment of Euro 1,967 thousand as a result only of the recognition in the row "Discontinued Operations" of the results of the companies Moño Azul S.A. (Euro 2,853 thousand) and Business Aviation (K-Air S.p.A. Euro 205 thousand, K-Fleet S.r.l. Euro 1,073 thousand and GF Aviation S.r.l. Euro 18 thousand) mentioned several times.
- Positive adjustment for the recognition under "Discontinued Operations" of the loss from the disposal of the Property Spin-off of Euro 7,615 thousand, as the Company fulfils the definition of "Discontinued Operations" indicated in

paragraph 13 of IFRS 5 and therefore all of its results and cash flows have been stated in a single amount as a result "Discontinued Operations".

- Positive adjustment for the recognition under "Discontinued Operations" of the extraordinary expenses related to Reefer Terminal Sete, in judicial liquidation in 2015, as the Company fulfils the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows have been stated in a single amount as a result "Discontinued Operations".
- The choice to use an income statement by "allocation" and not by "nature" led to a different placement of costs and revenues that generated a positive reclassification of Euro 819 thousand in "Net financial expenses" for non-recurring expenses and income.

NOTE 5 NET FINANCIAL EXPENSES

The change in the item "Net financial expenses" of Euro 6,754 thousand is due to the following effects:

Thousands of euro

Net financial expenses at 31.12.2015 [OIC]	(12.813)
Adjustment of Employees benefits liabilities [IAS 19]	(7)
Discontinued Operations MOÑO AZUL	7.334
Discontinued Operations K-AIR	6
Discontinued Operations K-FLEET	290
Reclassification to net financial expenses from non-recurring expenses and income	(819)
Reclassification to net financial expenses	(50)
Net financial expenses at 31.12.2015 [IAS/IFRS]	(6.059)

- Negative adjustment of Euro 7 thousand as a result of the reversal of the recognition of employee severance indemnities on the basis of Italian accounting standards and the recognition of the service cost, interest cost and actuarial component in the comprehensive income statement.
- Positive adjustment of Euro 7,630 thousand as a result only of the recognition in the row "Discontinued Operations" of the results of the companies Moño Azul S.A. (Euro 7,334 thousand) and Business Aviation (K-Air S.p.A. Euro 6 thousand and K-Fleet S.r.l. Euro 290 thousand) mentioned several times.

- The choice to use an income statement by “allocation” and not by “nature” led to a different placement of costs and revenues that generated a negative reclassification of costs and revenues previously recognized as “non-recurring expenses and income” for “net financial expenses” and a further negative reclassification of Euro 50 thousand.

NOTE 6 NET INCOME/(LOSS) FROM EQUITY INVESTMENTS

The change in the item “Net income/(Loss) from equity investments” of Euro 353 thousand is due to the following effects:

Thousands of euro

Net income/(loss) from equity investments at 31.12.2015 [OIC]	993
Adjustment of Employees benefits liabilities [IAS 19] for associated equity investments	20
Adjustment biological asset IAS 41 for associated equity investments	229
Reversal of goodwill's amortization for associated equity investments	197
Discontinued Operations MOÑO AZUL	(88)
Reclassification determined by using the classification by "Allocation"	(4)
Net income/(loss) from equity investments at 31.12.2015 [IAS/IFRS]	1.346

NOTE 7 NET PROFIT FROM CONTINUING OPERATIONS

The change in the item "Net profit from continuing operations" of Euro 10,239 thousand is due to the following effects:

Thousands of euro

Net profit from continuing operations at 31.12.2015 [OIC]	3.164
Tangible assets [Redetermining the value of the fleet]	5.455
Tangible assets [Redetermining the value of aircrafts]	978
Write-off other intangible assets [Non-compliance with IAS 38]	2.201
Tangible assets [Adjustments depreciation for assets in service]	(67)
Adjustment of Employees benefits liabilities [IAS 19] for associated equity investments	20
Adjustment biological asset IAS 41 for associated equity investments	229
Adjustment of Employees benefits liabilities [IAS 19]	56
Fair value hedging derivative instrument at the date of conclusion of the contract	(268)
Adjustment of Goodwill's amortization	1.829
Discontinued Operations MOÑO AZUL	9.185
Discontinued Operations K-AIR	1.581
Discontinued Operations K-FLEET	(483)
Discontinued Operations GF AVIATION	25
Discontinued Operations VIO	(9.589)
Discontinued Operations REEFER	(8.539)
Discontinued Operations SPIN-OFF	7.589
Discontinued Operations RTS	35
Net profit from continuing operations at 31.12.2015 [IAS/IFRS]	13.403

It is emphasized that all the effects shown in the table above are the result of all the entries already commented on in the various notes.

NOTE 8 NET PROFIT OF "DISCONTINUED OPERATIONS"

The change in the item "Net profit of Discontinued Operations" of Euro 196 thousand is due to the following effects:

Thousands of euro

Net profit of "Discontinued Operations" 31.12.2015 [OIC]	-
Discontinued Operations MOÑO AZUL	(9.185)
Discontinued Operations K-AIR	(1.581)
Discontinued Operations K-FLEET	483
Discontinued Operations GF AVIATION	(25)
Discontinued Operations VIO	9.590
Discontinued Operations REEFER	8.539
Discontinued Operations SPIN-OFF	(7.589)
Discontinued Operations RTS	(35)
Net profit of "Discontinued Operations" 31.12.2015 [IAS/IFRS]	196

- Recognition of Euro 10,308 thousand of the operating losses of Moño Azul S.A. (Euro 9,185 thousand) and Business Aviation (GF Aviation S.r.l., K-Air S.p.A., K-Fleet S.r.l. for a total of Euro 1,123 thousand). Such losses are reported herewith in accordance with IFRS 5 in order to provide the due comparability with the 2016 figures, in which the effects of the disposals of Moño Azul S.A. and Business Aviation are classified under "Discontinued Operations".
- Recognition under "Discontinued Operations" of the gain from the disposal of Interporto di Vado S.p.A. of Euro 9,570 thousand, as, on 7 August 2015, the Company was sold to third parties. The Company fulfils the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a result "Discontinued Operations". Moreover, it is noted that the amount also includes the positive effect on equity of the exclusion of intangible assets that generated a higher gain from disposal.
- Recognition under "Discontinued Operations" of the gain from the disposal of Reefer Terminal S.p.A. of Euro 8,341 thousand, as, on 7 August 2015, the Company was sold to third parties. The Company fulfils the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a result "Discontinued Operations". Moreover, it is noted that the amount also includes the positive effect on equity of the exclusion of intangible assets that generated a higher gain from disposal.

- Recognition under “Discontinued Operations” of the loss from the disposal of the Property Spin-off of Euro 7,589 thousand, as the Company fulfils the definition of “Discontinued Operations” indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a result “Discontinued Operations”. Moreover, it is noted that the amount also includes the positive effect on equity of the exclusion of intangible assets that generated a lower gain from disposal.
- Recognition under “Discontinued Operations” of the non-recurring expenses related to Reefer Terminal Sete, in judicial liquidation in 2015, as the Company fulfils the definition of “Discontinued Operations” indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a result “Discontinued Operations”. Moreover, it is noted that the amount also includes the positive effect on equity of the exclusion of intangible assets.

EFFECTS ON THE NET FINANCIAL POSITION AT 1 JANUARY 2015 AND AT 31 DECEMBER 2015

Thousands of euro

Net financial position at 01.01.15 [OIC]	(390.555)
Reclassification MTM Derivativ e instrument from prov isions for risks and charges to Financial liabilities (current)	(336)
Reclassification VIO Assets/Liabilities held for sale	9.074
Reclassification REEFER Assets/Liabilities held for sale	322
Net financial position at 01.01.15 [IAS/IFRS]	(381.495)
Net financial position at 31.12.15 [OIC]	(216.902)
Reclassification the "Conv ersion" from Non-current financial liabilities to Shareholders' Equity	71.007
Fair v alue hedging deriv ativ e instrument on the bunker	(1.178)
Siter Trasporti S.r.l. in liquidazione Consolidation effect	256
Reclassification MTM Deriv ativ e instrument from prov isions for risks and charges to Financial liabilities (current)	(119)
Net financial position at 31.12.15 [IAS/IFRS]	(146.937)

- The net financial position at 1 January 2015 decreased by Euro 336 thousand due to the reclassification of the fair value of the derivative under current financial liabilities previously recognized in the risks provisions, whereas it increased by Euro 9,396 thousand due to the inclusion of VIO and REEFER in assets/liabilities held for sale in accordance with IFRS 5.
- The net financial position at 31 December 2015 improved mainly due to the reclassification of the Conversion from Non-current financial liabilities to Shareholders' Equity in accordance with IAS 32.

GF GROUP: RECONCILIATION OF THE BALANCE SHEET AT 1 JANUARY 2015

Thousands of euro	Notes	Italian accounting standards	Effects of transition to IAS/IFRS	International accounting standards
Goodwill				
Other intangible assets	1	6.031	(6.025)	6
Tangible assets		181	-	181
Financial investments		202.019	-	202.019
Other fixed assets		7	-	7
Deferred tax assets	2	-	1.653	1.653
NON-CURRENT ASSETS		208.238	(4.372)	203.866
Inventories		-	-	-
Trade receivables		82.213	-	82.213
Current tax receivables		3.518	-	3.518
Other current assets		396	-	396
Cash and cash equivalent		9.670	-	9.670
CURRENT ASSETS		95.797	-	95.797
Assets held for sale		-	-	-
TOTAL ASSETS		304.035	(4.372)	299.663
Share Capital		20.000	-	20.000
Reserves		(18.259)	(4.472)	(22.731)
Net profit		(24.845)	-	(24.845)
SHAREHOLDERS' EQUITY	3	(23.104)	(4.472)	(27.576)
Non-current financial liabilities		-	-	-
Other non-current liabilities		-	-	-
Deferred tax liabilities		-	-	-
Provisions for risks and charges	4	2.336	(336)	2.000
Employees benefits liabilities	5	1.040	100	1.140
NON-CURRENT LIABILITIES		3.376	(236)	3.140
Current financial liabilities	4	269.855	336	270.191
Trade payables		51.927	-	51.927
Current tax and social security contributions liabilities		1.214	-	1.214
Other current liabilities		767	-	767
CURRENT LIABILITIES		323.764	336	324.099
Liabilities held for sale		-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		304.035	(4.372)	299.663

NOTES TO RECONCILIATION OF THE BALANCE SHEET AT 1 JANUARY 2015

Below are the notes on the main differences between the International Accounting Standards (IAS/IFRS) and the national accounting standards with respect to the Balance Sheet at 1 January 2015.

NOTE 1 OTHER INTANGIBLE ASSETS

The change in the item "Other intangible assets" is due to the following effects:

Thousands of euro

Net book value other intangible assets [OIC] at 01.01.2015	6.031
Write-off Research, development and advertising costs [Non-compliance IAS 38]	(5.818)
Write-off Concessions, licenses and trademarks [Non-compliance IAS 38]	(175)
Write-off Assets in progress and advances [Non compliance IAS 38]	(32)
Net book value other intangible assets [IAS/IFRS] at 01.01.2015	6

Thousands of euro	Adjustement IFRS [Gross effect]	Fiscal Effect	Adjustement IFRS [Net Effect]
Research, development and advertising costs	(5.818)	1.577	(4.241)
Concessions, licenses and trademarks	(175)	44	(132)
Assets in progress and advances	(32)	8	(24)
Balance at 01.01.2015	(6.025)	1.629	(4.396)

In accordance with IAS 38, Euro 6,025 thousand of intangible assets have been reversed since they have no capitalization requirements. The adjustment therefore resulted in a reduction in shareholders' equity of Euro 4,396 thousand at 1 January 2015, net of the positive tax effect of Euro 1,629 thousand.

In particular, the main effect is the exclusion of research, development and advertising costs for Euro 5,818 thousand, gross of the positive tax effect of Euro 1,577 thousand, relating to the advertising investment linked to the new brand "F.lli Orsero".

NOTE 2 DEFERRED TAX ASSETS

The change in the item "Deferred tax assets" is due to the following changes:

Thousands of euro

Net book value deferred tax assets at 01.01.2015 [OIC]	-
Write-off other intangible assets [Non-compliance with IAS 38]	1.629
Adjustment of Employees benefits liabilities	24
Net book value deferred tax assets at 01.01.2015 [IAS/IFRS]	1.653

- Euro 1,629 thousand increase related to the recognition of the tax effect for the exclusion of other intangible assets Reference is made to Note 1 above.
- Euro 24 thousand increase related to the recognition of the tax effect of the adjustment of Employees Benefits liabilities.

NOTE 3 SHAREHOLDERS' EQUITY

The change related to the item "Shareholders' Equity" represents the overall effect of all IFRS adjustments to the balance sheet items and is due to the following effects:

Thousands of euro	Adjustment IFRS [Gross effect]	Fiscal Effect	Adjustment IFRS [Net Effect]
Shareholders' equity at 01.01.15 OIC			(23.104)
Write-off other intangible assets [Non-compliance with IAS 38]	(6.025)	1.629	(4.396)
ASSETS	(6.025)	1.629	(4.396)
Adjustment of Employees benefits liabilities [IAS 19]	(100)	24	(76)
LIABILITIES	(100)	24	(76)
NET EFFECT TO SHAREHOLDERS' EQUITY ADJUSTMENTS IAS/IFRS AT 01.01.15			(4.472)
Shareholders' equity at 01.01.15 IAS/IFRS			(27.576)

NOTE 4 PROVISIONS FOR RISKS AND CHARGES

The change in the item "Provisions for risks and charges" is due to the following effect:

- Euro 336 thousand of reclassification of the value of the provision for risks and charges related to the negative mark to market at 1 January 2015 of a non-hedging derivative instrument under the item "Financial liabilities (current)".

NOTE 5 EMPLOYEES BENEFITS LIABILITIES

The Italian accounting standards require the recognition of the liability for defined-benefit pension plans on the basis of nominal debt accrued in accordance with the statutory provisions at the reporting date.

According to the International Accounting Standards (IAS 19), these types of institutions are determined by applying an actuarial method; the rights accrued by employees during the year are recognized in the income statement under operating margin while the figurative financial cost that the company would have to bear if it were to ask the market for a loan of the same amount as the TFR is recognized under "net financial expenses". The actuarial gains and losses, which reflect the effects of changes in the actuarial assumptions, are recognized in the comprehensive income statement, taking into account the residual average service years of the employees.

The adjustments resulted, at 1 January 2015, in the recognition of the discounted TFR with the following effects:

- Euro 100 thousand of negative adjustment to the value of the TFR provision in accordance with IAS 19.

GF GROUP: RECONCILIATION OF THE BALANCE SHEET AT 31 DECEMBER 2015

Thousands of euro	Notes	Italian accounting standards	Effects of transition to IAS/IFRS	International accounting standards
Goodwill				
Other intangible assets	1	3.411	(3.411)	-
Tangible assets		257	-	257
Financial investments		172.393	-	172.393
Other fixed assets		9	-	9
Deferred tax assets	2	6.241	(5.314)	927
NON-CURRENT ASSETS		182.311	(8.725)	173.586
Inventories		-	-	-
Trade receivables	3	42.151	320	42.471
Current tax receivables		2.642	-	2.642
Other current assets	3	2.127	(320)	1.807
Cash and cash equivalent		23.598	-	23.598
CURRENT ASSETS		70.518	-	70.518
Assets held for sale		-	-	-
TOTAL ASSETS		252.829	(8.725)	244.104
Share Capital		11.650	-	11.650
Reserves		20.395	60.275	80.670
Net profit		200	1.940	2.141
SHAREHOLDERS' EQUITY	4	32.245	62.216	94.461
Non-current financial liabilities	5	163.207	(71.007)	92.200
Other non-current liabilities		-	-	-
Deferred tax liabilities		-	-	-
Provisions for risks and charges	6	245	(119)	126
Employees benefits liabilities	7	1.040	66	1.106
NON-CURRENT LIABILITIES		164.492	(71.060)	93.432
Current financial liabilities	5	13.645	119	13.763
Trade payables	8	38.385	2.031	40.416
Current tax and social security contributions liabilities		716	-	716
Other current liabilities	8	3.347	(2.031)	1.316
CURRENT LIABILITIES		56.093	119	56.211
Liabilities held for sale		-	-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		252.829	(8.725)	244.104

NOTE 1 OTHER INTANGIBLE ASSETS

The change in the item "Other intangible assets" is due to the following effects:

Thousands of euro

Net book value other intangible assets at 31.12.2015 [OIC]	3.411
Write-off Research, development and advertising costs [Non-compliance IAS 38]	(3.232)
Write-off Concessions, licenses and trademarks [Non-compliance IAS 38]	(147)
Write-off Assets in progress and advances [Non compliance IAS 38]	(31)
Net book value other intangible assets at 31.12.2015 [IAS/IFRS]	-

* The amount includes euro 130 of Intellectual property rights

Thousands of euro	Adjustement IFRS [Gross effect]	Fiscal Effect	Adjustement IFRS [Net Effect]
Research, development and advertising costs	(3.232)	866	(2.366)
Concessions, licenses and trademarks	(147)	36	(111)
Assets in progress and advances	(31)	9	(23)
Balance at 31.12.2015	(3.411)	911	(2.500)

In accordance with IAS 38, intangible assets were reversed for Euro 3,411 thousand since they have no capitalization requirements. At 31 December 2015, the adjustment therefore resulted in a decrease in shareholders' equity of Euro 3,411 thousand, gross of a positive tax effect of Euro 911 thousand, generating a net negative effect of Euro 2,500 thousand.

More specifically, research, development and advertising costs for Euro 3,232 thousand were reversed, gross of a positive tax effect of Euro 866 thousand relating to the advertising investment of the new brand "F.lli Orsero".

NOTE 2 DEFERRED TAX ASSETS

The change in the item "Deferred tax assets" is due to the following increases:

Thousands of euro

Net book value deferred tax assets at 31.12.2015 [OIC]	6.241
Write-off other intangible assets [Non-compliance with IAS 38]	911
Adjustment for deferred tax assets' write off due to reclassification of Convertible as Equity instrument	(6.241)
Adjustment of Employees benefits liabilities	16
Net book value deferred tax assets at 31.12.2015 [IAS/IFRS]	927

- Euro 1,629 thousand increase at 1 January 2015 related to the recognition of the tax effect of the exclusion of intangible assets. At 31 December 2015, instead, a reduction of Euro 718 thousand was recorded as a result of amortization of items adjusted during the First-time Adoption.
- Euro 6,241 thousand decrease due to the recognition of the Convertible into Shareholders' Equity, in accordance with IAS 32, resulting in an increase in taxation up to the level of tax losses realized in the past. The recognition of the Convertible into Equity led to the exclusion of the tax losses recognized under deferred tax assets.
- At 1 January 2015. Euro 24 thousand increase related to the recognition of the tax effect of the adjustment of Employees Benefits liabilities to IAS 19. At 31 December, 2015, instead, a reduction of Euro 8 thousand was recorded for the adjustment of the Employees Benefits liabilities to IAS 19.

NOTE 3 TRADE RECEIVABLES

The change in "Trade receivables" is due to the following effects:

Thousands of euro

Net book value trade receivables [OIC]	42.151
Reclassification of receivables from other current assets to identify related parties	320
Net book value trade receivables [IAS/IFRS]	42.471

Thousands of euro

Net book value other current assets [OIC]	2.127
Reclassification of receivables from other current assets to identify related parties	(320)
Net book value other current assets [IAS/IFRS]	1.807

NOTE 4 SHAREHOLDERS' EQUITY

The change related to the item "Shareholders' Equity" represents the overall effect of all IFRS adjustments to the balance sheet items and is due to the following effects:

Thousands of euro	Reclassification n IFRS	Adjustment IFRS [Gross effect]	Fiscal Effect	Adjustment IFRS [Net Effect]	Reclassification n/Adjustment IFRS [Net]
Shareholders' equity at 31.12.15 OIC				32.245	32.245
Write-off other intangible assets [Non-compliance with IAS 38]		2.614	(718)	1.896	1.896
ASSETS		2.614	(718)	1.896	1.896
Adjustment of Employees benefits liabilities [IAS 19]		60	(14)	46	46
LIABILITIES		60	(14)	46	46
Shareholders' equity [Reclassification Convertible (Net of deferred tax assets)]	64.766				64.766
Remeasurement of defined benefit plans		(25)	6	(19)	(19)
SHAREHOLDERS' EQUITY	64.766	(25)	6	(19)	64.747
NET EFFECT TO SHAREHOLDERS' EQUITY ADJUSTMENTS IAS/IFRS AT 01.01.15 [Opening]					(4.472)
Shareholders' equity at 31.12.2015 [IAS/IFRS]					94.461

NOTE 5 FINANCIAL LIABILITIES

Thousands of euro

Net book value non-current financial liabilities at 31.12.15 [OIC]	163.207
Reclassification Convertible into Shareholders' equity	(71.007)
Net book value non-current financial liabilities at 31.12.15 [IAS/IFRS]	92.200

Reclassification of Euro 71,007 thousand of the value of non-current financial liabilities under the item "Reserves" in accordance with IAS 32. It is noted that the "Conversion" represents a portion of the Parent Company's capital exposure to the banking sector, governed by the Restructuring Agreement under art. 182-bis, for which no repayment terms nor interest payments are provided. The result of this payable is defined with respect to a future issue of Equity financial instruments (SFP) for equal amount (in tranches or in total amount) and, therefore, in accordance with International Accounting Standards, it is part of shareholders' equity. From a substantial point of view, the Conversion is therefore a financial risk instrument that does not guarantee subscribers any right to reimbursement.

NOTE 6 PROVISIONS FOR RISKS AND CHARGES

The change in the item "Provisions for risks and charges" is due to the following effect:

- Euro 119 thousand of reclassification of the value of the provision for risks and charges related to the negative mark to market at 31 December 2015 of a non-hedging derivative instrument under the item "Financial liabilities (current)".

NOTE 7 EMPLOYEES BENEFITS LIABILITIES

The Italian accounting standards require the recognition of the liability for defined-benefit pension plans on the basis of nominal debt accrued in accordance with the statutory provisions at the reporting date.

According to the International Accounting Standards (IAS 19), these types of institutions are determined by applying an actuarial method; the rights accrued by employees during the year are recognized in the income statement under operating margin while the figurative financial cost that the company would have to bear if it were to ask the market for a loan of the same amount as the TFR is recognized under "net financial expenses". The actuarial gains and losses, which reflect the effects of changes in the actuarial assumptions, are recognized in the comprehensive income statement, taking into account the residual average service years of the employees.

The adjustments led to the recognition of the discounted TFR at 1 January 2015, while at 31 December 2015 the reversal of the recognition of TFR, in cases where national legislation requires recognition; the recognition of the service, interest cost and actuarial component in the comprehensive income statement with the following effects:

- Euro 66 thousand of negative adjustment to the value of the TFR Provision in accordance with IAS 19, determined by a negative adjustment at 1 January 2015 of Euro 100 thousand and a positive effect of Euro 34 thousand in 2015.

It is noted that the Company recognized a negative TFR discounting reserve for Euro 25 thousand, gross of the tax effect of Euro 6 thousand (net effect Euro 19 thousand); this amount has been reported in the comprehensive income statement.

NOTE 8 TRADE PAYABLES/OTHER CURRENT LIABILITIES

The change in the items "Trade payables" and "Other current liabilities" is due to the following effects:

Thousands of euro

Net book value Trade payables at 31.12.15 [OIC]	38.385
Reclassification of payables from other current liabilities to identify related parties	2.031
Net book value Trade payables at 31.12.15 [IAS/IFRS]	40.416

Thousands of euro

Net book value Other current liabilities at 31.12.15 [OIC]	3.347
Reclassification of payables from other current liabilities to identify related parties	(2.031)
Net book value Other current liabilities at 31.12.15 [IAS/IFRS]	1.316

GF GROUP: RECONCILIATION OF THE INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

Due to the diversity of economic accounts structure and the diversity of perimeter, it is easier and more comprehensible to compare the two years on the basis of the comparison of the main economic indicators as represented below:

Thousands of euro	Notes	31/12/2015 IAS	31/12/2015 OIC	Change
Net sales	1	4.013	4.046	(33)
Adjusted Ebitda	2	(4.959)	(5.020)	61
Amortization/Depreciation and accruals of provision	3	(125)	(2.739)	2.614
Non-recurring expenses and income	4	(1.374)	522	(1.896)
Net financial expenses	5	(1.991)	(1.170)	(821)
Net income (loss) from equity investments	6	3.937	2.367	1.570
Net profit of Discontinued Operations	7	1.145	-	1.145
Net profit at 31.12.15	8	2.141	200	1.940

NOTE 1 NET SALES

The change in the item "Net sales" of Euro 33 thousand is related to a reclassification from item A5 "Other revenues and income" of the income statement classified by nature, under item "Other incomes and expenses" in the income statement by allocation, the latter chosen as statement for the financial statements prepared in accordance with International Accounting Standards. It is noted that this reclassification did not have any impact on the determination of the Adjusted Ebitda.

Thousands of euro

Net sales at 31.12.2015 [OIC]	4.046
Contingent assets	(20)
Gains on disposal of intangible and tangible assets	(13)
Net sales at 31.12.2015 [IAS/IFRS]	4.013

NOTE 2 ADJUSTED EBITDA

The change in the item "Adjusted Ebitda" of Euro 61 thousand is related to a positive adjustment as a result of the reversal of the recognition of employees benefits liabilities on the basis of Italian accounting standards and the recognition of the

service cost, interest cost and actuarial component in the comprehensive income statement (Euro 19 thousand).

NOTE 3 DEPRECIATION, AMORTIZATION AND PROVISIONS

The change in "Depreciation, amortization and provisions" is due exclusively to the reversal of the amortization costs of intangible assets. In particular, we note the significant effect of the exclusion of the amortization of research, development and advertising costs for Euro 2,586 thousand related to the advertising investment linked to the new brand "F.lli Orsero" in 2012 and 2013.

Thousands of euro

Depreciation, amortization and provisions at 31.12.15 [OIC]	(2.739)
Write-off amortization in compliance with IAS 38	2.614
Depreciation, amortization and provisions at 31.12.15 [IAS/IFRS]	(125)

Thousands of euro	Adjustment IAS/IFRS
Research, development and advertising costs	(2.586)
Concessions, licenses and trademarks	(28)
Balance at 31.12.2015	(2.614)

NOTE 4 NON-RECURRING EXPENSES AND INCOME

The change in the item "Non-recurring expenses and income" for Euro 1,896 thousand is due to the following effects:

Thousands of euro

Non-recurring expenses and income at 31.12.2015 [OIC]	522
Discontinued Operations SPIN-OFF	(2.715)
Reclassification to Net financial expenses	819
Non-recurring expenses and income at 31.12.2015 [IAS/IFRS]	(1.374)

- Negative adjustment for the recognition under "Discontinued Operations" of the gain from the disposal of the Property Spin-off of Euro 2,715 thousand, as the Company fulfils the definition of "Discontinued Operations" indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a result "Discontinued Operations".

- Reclassification under “Net financial expenses” for Euro 819 thousand for the costs of adjusting the financial positions in respect of the banking sector, after the restructuring plan.

NOTE 5 NET FINANCIAL EXPENSES

The change in “Non-recurring expenses and income” is exclusively due to the reclassification under “Net financial expenses” for Euro 819 thousand for the costs of adjusting the financial positions in respect of the banking sector, after the restructuring plan.

The change also includes a negative adjustment of Euro 1 thousand due to the recognition of interest cost in accordance with IAS 19.

NOTE 6 NET INCOME (LOSS) FROM EQUITY INVESTMENTS

The change in “Net income (loss) from equity investments” is due to the reclassification under “Discontinued Operations” of the write-down of the investment K-Air S.r.l. of Euro 1,570 thousand, as the Company fulfils the definition of “Discontinued Operations” indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a result “Discontinued Operations”.

NOTE 7 NET PROFIT OF “DISCONTINUED OPERATIONS”

Thousands of euro

Net profit of Discontinued Operations at 31.12.2015 [OIC]	-
Discontinued Operations SPIN-OFF	2.715
Discontinued Operations K-AIR	(1.570)
Net profit of Discontinued Operations at 31.12.2015 [IAS/IFRS]	1.145

The change in “Net profit of Discontinued Operations” is due to the reclassification under “Discontinued Operations” of the gain from the disposal of the Property Spin-off of Euro 2,715 thousand, as the Company fulfils the definition of “Discontinued Operations” indicated in paragraph 13 of IFRS 5 and therefore all of its results and cash flows are stated in a single amount as a net profit “Discontinued Operations”. Moreover, the change is also due to the reclassification of the write-down of the

investment K-Air S.r.l. of Euro 1,570 thousand from "Net income (loss) from equity investments" to "Discontinued Operations".

NOTE 8 NET PROFIT

The change in the "Net profit" is due to the amortization of intangible assets, net of the tax effect and the recognition of TFR in adaptation with IAS 19.

Thousands of euro

Net profit at 31.12.15 [OIC]	200
Write-off amortization in compliance with IAS 38	2.614
Utilization of deferred tax assets on write-off amortization in compliance with IAS 38	(718)
Adjustment of Employees benefits liabilities	45
Net profit at 31.12.15 [IAS/IFRS]	2.141

GF GROUP: EFFECTS ON THE NET FINANCIAL POSITION AT 1 JANUARY 2015 AND 31 DECEMBER 2015

Thousands of euro

Net financial position at 01.01.15 [OIC]	(260.169)
Reclassification MTM Derivativ e instrument from provisions for risks and charges to Financial liabilities (current)	(336)
Net financial position at 01.01.15 [IAS/IFRS]	(260.504)

Thousands of euro

Net financial position at 31.12.15 [OIC]	(153.254)
Reclassification the "Conversion" from Non-current financial liabilities to Shareholders' Equity	71.007
Reclassification in compliance with IAS/IFRS	17
Reclassification MTM Derivativ e instrument from provisions for risks and charges to Financial liabilities (current)	(119)
Net financial position at 31.12.15 [IAS/IFRS]	(82.349)

The net financial position at 1 January 2015 decreased by Euro 336 thousand as a result of the reclassification of the fair value of the derivative in current financial liabilities previously recognized under risks provisions.

The net financial position at 31 December 2015 improved essentially due to the reclassification of the Conversion from Non-current financial liabilities to Shareholders' Equity.