ENDURANCE
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FUTURE READY

Annual Report of Subsidiary Companies
2016-17

ENDURANCE TECHNOLOGIES LIMITED

Contents

Endurance Amann GmbH

Long-form Report on the Audit of the Financial Statements for the Year Ended 31st March 2017

Abbreviations

Endurance Technologies	Endurance Technologies Limited, Aurangabad/India
Endurance Overseas	Endurance Overseas S.r.L., Lombardore/Italy
IDW	Institute of Public Auditors in Germany, Incorporated Association
IDW-AAB	General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften German Public Auditors and German Public Audit Firms)
PS	Prüfungsstandard (auditing standard)

1. We draw attention to the fact that differences may arise due to the use of rounded figures and percentages.

1 Audit engagement

By resolution of the shareholders' meeting held on 8 June, 2016 of

Endurance Amann GmbH, Massenbachhausen/Germany
– hereafter also referred to as "Endurance Amann" or "entity" –

we were elected as independent auditors for the financial year from 1 April 2016 until 31 March 2017. Based on this resolution, Management engaged us to conduct the audit of the financial statements for the financial year 2016/2017 in accordance with Sec. 317 German Commercial Code (HGB).

In accordance with Sec. 321 (4a) German Commercial Code (HGB) we confirm that our audit was conducted in compliance with the applicable regulations on independence.

Our long-form audit report was prepared in accordance with German Generally Accepted Standards for the Issuance of Long-form Audit Reports for the Audits of Financial Statements promulgated by the Institute of Public Auditors in Germany (IDW) – Auditing Standard IDW PS 450.

The scope of the engagement and our responsibilities thereunder, both towards the entity as well as any other party, are governed by our agreement dated 10 April 2017 and additionally by the enclosed "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and German Public Audit Firms)" as of 1 January, 2017.

This long-form audit report has been prepared solely for documenting the audit work performed to the entity and for no other purpose. In accordance with the legal position pursuant to Sec. 323 German Commercial Code (HGB) we do not accept or assume liability to any other entity or person.

2 Fundamental findings

Opinion on Management's assessment of the position of the entity

We draw attention to the following aspects of the financial statements and the management report as well as the other audited documents which are of particular relevance in assessing the economic position of the entity:

- The prior year figures in the income statement have not been adjusted to the changed disclosure on account of the German Financial Accounting Directive Implementation Act (BilRUG). The income analysis is restricted in this respect.

- In the reporting year, revenue fell by 2.8% to kEUR 46,660 despite a sustained good order intake. On account of the high amount of provisions released and allowances reversed in the prior year, other operating income went down in the reporting year. The relatively strong decrease in cost of cost of raw materials, consumables and supplies by kEUR 3,232 is predominantly due to the price trend of the primary raw material aluminium. The increase in purchased services mainly results from the reclassification on account of the German Financial Accounting Directive Implementation Act (BilRUG). The employee benefit expense rose insignificantly on account of collectively agreed pay rises. Due to the reclassification on account of BilRUG other operating expenses decreased despite one-off costs in connection with the new factory 3 and one-off costs in connection with the group parent company's going public. The result for the year fell by kEUR 501 to kEUR 4,500 in comparison with the prior year.

- The cash position of the entity continues to be satisfactory. As at the reporting date, the entity disclosed a positive cash pool balance of kEUR 4,277 (prior year: kEUR 3,500). In addition, a loan of kEUR 3,000 was granted to a sister company in the reporting year, with the portfolio of cash and cash equivalents almost remaining unchanged, totalling kEUR 5,020. The entity invested kEUR 6,396 in property, plant and equipment; its financing was covered at kEUR 2,019 by raising loans. Furthermore, a major amount of payments were made on account for moulds and tools because of new orders coming up.

- On account of the higher balance sheet total, the equity ratio dropped to 54.2% (prior year: 56.8%). The increase in other provisions is mainly due to higher supplier provisions.

- Management addresses existing price, price change and default risks by continuously monitoring existing rationalisation potentials and means of corresponding accounts receivable management. A major part of the entity's revenue is generated with a limited number of customers, which involves the risk that one of these partners considerably reduces its sales volume or intensifies the pricing pressure. To minimise this risk, the entity continues its efforts to broaden its customer and product bases.

- In the upcoming financial year, Management anticipates stable revenue. With cost of materials slightly increasing and other operating expenses declining, a comparable result for the year is predicted.

  Summing up we state in accordance with Sec. 321 (1) Sentence 2 German Commercial Code (HGB) that we deem Management's assessment of the position of the entity, notably the going-concern assumption and the assessment concerning the future development of the entity as expressed in the financial statements and in the management report, to be realistic.

3 Copy of the [independent] auditors' report

We issued the following unmodified [independent] auditors' report, signed on 9 May, 2017, on the financial statements and the management report of Endurance Amann GmbH, Massenbachhausen/Germany, for the financial year from 1 April, 2016 until 31 March, 2017 as set out in Appendix 1:

[Independent] auditors' report

We have audited the [annual] financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Endurance Amann GmbH, Massenbachhausen/Germany, for the financial year from 1 April, 2016 until 31 March, 2017. The maintenance of the books and records and the preparation of the [annual] financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Management. Our responsibility is to express an opinion on the [annual] financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the [annual] financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results from operations in the [annual] financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the [annual] financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the [annual] financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the [annual] financial statements of Endurance Amann GmbH, Massenbachhausen/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results from operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the [annual] financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development."

4 Subject, nature and scope of the audit

Subject of the audit

Our audit covered

- the accounting records
- the financial statements (comprising the balance sheet, the income statement and the notes to the financial statements)
- the management report of the entity.

The entity's Management is responsible for the maintenance of the books and accounting records and the preparation of the financial statements and the management report in accordance with German commercial law; this also applies to the information which was provided to us concerning these documents. Our responsibility is to express an opinion on these documents and this information based on our audit in accordance with professional auditing standards.

We are only required to audit compliance with other regulations to the extent that these normally impact the financial statements or the management report.

Nature and scope of the audit

Our audit was based on the prior year's financial statements audited by us, on which we expressed an unmodified opinion dated 3 June, 2016; these financial statements were adopted on 8 June, 2016.

We performed the audit – with work stoppages – during the months of July and September, 2016 as well as January, 2017 (interim audit) and April and May, 2017 (year-end audit).

We conducted our audit in accordance with Sec. 317 German Commercial Code (HGB) and with German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW).

According to Sec. 317 German Commercial Code (HGB), an appropriate audit of financial statements must be designed in such a way that material misstatements and violations in the financial reporting are identified with reasonable assurance. In order to meet these requirements, we apply our risk and process based audit approach; for this purpose we use our Engagement Management System (EMS) auditing software. It supports planning, performing and documentation of the audit.

According to Sec. 317 (4a) German Commercial Code (HGB) the scope of the audit does not include assurance on the future viability of the audited entity or on the efficiency or effectiveness with which Management has conducted or will conduct the affairs of the entity.

In planning the audit, we obtained an understanding of the entity's operations, its economic and legal environment as well as its accounting system, performed an analytical review of the financial statements and inspected the articles of incorporation and resolutions of shareholders' meetings. We determined the overall audit strategy based on that knowledge and on the expectations as to possible misstatements. We examined the entity's system of internal control as far as it is necessary to enable the preparation of financial statements that are in compliance with the applicable financial reporting framework; internal control as a whole was not within the scope of our audit.

According to our audit plan, we examined identified internal control procedures of the entity with regard to effectiveness and application. As to the extent these control procedures were considered effective we were able to reduce our substantive procedures (substantive analytical procedures and tests of details of selected transactions and account balances). In all other cases we did not reduce the scope of the substantive procedures performed in accordance with our risk assessment. Tests of details were performed on the basis of judgemental samples and by applying sampling methods respectively.

Our audit focused on:

- Substantiation and valuation of inventories
- Completeness and valuation of other provisions
- Substantiation and completeness of revenue and its cut-off of according to the accruals concept of accounting
- Substantiation of cost of materials

To assess whether the entity's accounting function complies with German principles of proper accounting we obtained an understanding of the organisation of the accounting function, and performed an evaluation of the operating effectiveness, design and implementation of relevant controls, especially with regard to material control measures implemented within the accounting function.

On 1 April, 2017, the entity performed a physical inventory count, which we observed.

In auditing bank balances and provisions we requested external confirmations from all banks and all lawyers of the entity concerning its debits, rights, credits and obligations.

We did not request external confirmations of accounts receivable from, and accounts payable to, third parties recorded in lists of account balances at the balance sheet date because accounts receivable and accounts payable were recorded, maintained and processed in such a way that they could be substantiated reliably by other means.

Based on the findings of our audit of the financial statements we examined any forward-looking statements in the management report for plausibility and consistency with the disclosures in the financial statements.

Management provided all information and evidence requested and on 9 May, 2017 issued a written letter of representation in accordance with professional standards. With this letter of representation Management in particular confirmed that all transactions which require recognition in the accounting records are recorded in the books presented and in compliance with the applicable accounting principles the financial statements include and reflect all assets, liabilities (obligations, risks etc.), accruals and special items, all expenses and income as well as required disclosures.

5 Findings and commentary regarding the financial reporting

5.1 Propriety of the financial reporting

5.1.1 Accounting records and other audited documents

The accounting records comply with the legal requirements including the German principles of proper accounting. The information derived from the other audited documents results in a proper presentation in the accounting records, the financial statements and the management report.

5.1.2 Financial statements

The financial statements for the year ended 31 March, 2017 are enclosed as Appendices 1.2 to 1.4 to this long-form audit report.

The financial statements were derived properly from the accounting records and the other audited documents. The entity complies with the legal requirements on classification, recognition and valuation and on the notes to the financial statements. The disclosures on the total remuneration of Management have been omitted, as permitted by Sec. 286 (4) German Commercial Code (HGB).

5.1.3 Management report

The management report for the financial year 2016/2017 is enclosed as Appendix 1.1 to this long-form audit report.

Our audit work indicates that the management report complies with the legal requirements. The management report is consistent with the financial statements and the findings of our audit, and as a whole provides a suitable view of the position of the entity. The significant opportunities and risks of future development are presented suitably. The disclosures required by Sec. 289 (2) German Commercial Code (HGB) are complete and appropriate.

5.2 Overall assertion from the financial statements

The financial statements taken as a whole, i.e. the combined presentation of the balance sheet, the income statement and the notes to the financial statements, give a true and fair view of the entity's net assets, financial position and results from operations in accordance with German principles of proper accounting.

5.3 Disclosures regarding net assets, financial position and results from operations

Multi-year data overview

		(2016/2017[4])	2015/2016	2014/2015	2013/2014	2012/2013
Revenue	kEUR	46,660	48,006	47,472	39,588	42,504
Operating income	kEUR	46,711	49,178	47,672	39,938	41,790
Number of employees	Heads	230	226	216	208	230
Revenue per employee	kEUR	202.9	212.4	219.8	190.3	184.8
Income per employee	kEUR	203.1	217.6	220.7	192.0	181.7
Gross profit (value added)	kEUR	25.656	25,976	25,882	20,420	22,307
Employee benefit expense	kEUR	10,624	10,513	10,313	9,842	12,226
Employee benefit expense to operating income ratio	%	22.7	21.4	21.6	24.6	29.3
Capital investments	kEUR	6,438	11,764	3,555	4,425	732
Depreciation and write-downs of property, plant and equipment and amortisation and write-downs of intangible assets[1]	kEUR	2,910	2,272	1,585	1,227	1,229
EBIT[2]	kEUR	6,372	6,983	7,258	4,473	3,378
EBITDA[3]	kEUR	9,667	9,768	9,356	6,213	5,120
Profit for the year	kEUR	4,500	5,001	5,283	3,188	2,124
Cash flow from operating activities	kEUR	5,282	14,702	2,566	7,044	4,019
Balance sheet total	kEUR	52,746	42,443	32,496	25,191	22,718
Equity	kEUR	28,589	24,089	19,088	13,805	10,618
Equity ratio	%	54.2	56.8	58.7	54.8	46.7
Return on equity	%	15.7	20.8	27.7	23.1	20.0

1) Excluding amortisation of 2016/2017 fair value reinstatement: kEUR 385; prior years: kEUR 513

2) EBIT = Earnings before Interest and Tax

3) EBITDA = Earnings before Interest, Tax, Depreciation and Amortisation

4) On account of the application of the German Financial Accounting Directive Implementation Act (BilRUG), the comparability of the income-statement-related prior year disclosures is restricted.

Information on the economic and legal environment of the entity is provided in Appendix 2 to this long-form audit report.

6 Concluding remark

The above long-form report on our audit of the financial statements and the management report of Endurance Amann GmbH, Massenbachhausen/Germany, for the financial year from 1 April 2016 until 31 March 2017 complies with the legal regulations and the German generally accepted standards for the issuance of long-form audit reports for the audits of financial statements promulgated by the Institute of Public Auditors in Germany (IDW) – Auditing Standard IDW PS 450.

Concerning the unmodified [independent] auditors' report issued by us, we refer to Chapter 3 "Copy of the [independent] auditors' report".

Mannheim/Germany, 9 May, 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Schmidt	Signed: Harst
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Management Report

for the financial year 2016/2017

General business conditions and environment

Endurance Amann GmbH, Massenbachhausen/Germany, produces, machines and delivers aluminium pressure die casting parts. Also, it develops and manufactures related moulds. Its main clientele includes the automotive industry itself and automotive component suppliers. The primary sales market is Germany. The products are manufactured on own and leased plant-site land at the Massenbachhausen/Germany site.

In the calendar year 2016, the German economy recorded a growth of the gross domestic product of 1.9% (prior year: +1.7%), whereas the automotive market hardly recorded a change from the prior year. This trend also had impact on the revenue of the entity in the financial year 2016/2017.

Business trend and results from operations

In the financial year 2016/2017, the revenue of the entity was at kEUR 46,660, which is a 2.8% decrease from the prior year. In this context, it has to be noted that the volumes sold rose by 2.1%, whereas the aluminium price fell considerably. This is also reflected by a lowering of sales prices and, to a larger extent, by a decrease in costs of cost of raw materials, consumables and supplies. The entity's product quality meets its customers' expectations. The entity continues to focus on improving quality and cost control and on effective management of inventory levels of raw materials and finished goods.

The rise in purchased services is mainly due to the reclassification on account of the German Financial Accounting Directive Implementation Act (BilRUG).

Employee benefit expense rose insignificantly on account of the general pay rise.

Amortisation, depreciation and write-downs increased considerably on account of capital investments made during the prior year and the current financial year.

Due to the reclassification on account of BilRUG other operating expenses decreased despite one-off costs in connection with factory 3 as well as one-off costs in connection with the group parent company's going public, which were recharged to the parent company.

Results from operations – measured based on the operating result (EBIT) – amount to kEUR 6,400 compared to EBIT of kEUR 6,987 in the prior year. Having taken into account interest received and paid and taxes, the profit for the financial year 2016/2017 totals kEUR 4,500 compared to a profit for the prior year of kEUR 5,001.

The EBIT return on revenue slightly declined to 13.7% compared to a return on revenue of 14.5% in the prior year.

Net assets and financial position

The entity's cash position in the financial year 2016/2017 was satisfactory. Despite the capital investments made in the reporting year, this was possible on account of the positive business trend, better business capital management, control of inventory levels and close monitoring of receivables.

The entity was able to fully meet its payment obligations. Loans payable totalling kEUR 662 were repaid as scheduled.

To finance the setting-up of a new hall in Massenbachhausen/Germany, the entity raised loans with a volume of kEUR 4,000, of which kEUR 1,317 and kEUR 2,683 were raised in the prior year and in the financial year 2016/2017, respectively. The new factory has been completed and started operations in January, 2017.

On account of the new order backlog, payments made on account of moulds and tools have increased.

The rise in trade receivables is due to fluctuations around the balance sheet date.

Receivables from affiliated companies increased on account of the kEUR 3,000 loan granted to Endurance Overseas s.r.l. in September 2016 and of a higher cash pool account balance.

Equity increased for earnings-related reasons. Prior-year net retained profits were fully allocated to retained earnings. The equity ratio fell slightly from 56.8% to 54.2% as a result of the higher balance sheet total.

The rise in other provisions is primarily due to higher supplier provisions.

Capital investments and financing

In the reporting year, the entity invested kEUR 6,396 in property, plant and equipment. Besides acquisition cost of the newly set up hall, these capital investments mainly related to CNC machining centres, leak test facilities and pressure die casting machines.

The leasing expenses for machinery and motor vehicles incurred in the financial year 2016/2017 amounted to kEUR 76. The entity is financed through own funds and through long- and short-term bank loans. The annual interest charge amounts to around kEUR 84 and is thus at the average long-term market level.

Employees

In the reporting year, the permanent workforce included on the average 230 employees. The number of apprentices was at 8 on the annual average.

To support the higher competence level, Management recruited new competencies in the EPP, casting and tool engineering functions. In 2017/2018, new staff is intended to be recruited in the EPP and machining functions. The entity seeks to continuously raise productivity through staff training and development.

Risk report

To identify on time, and take appropriate action to address, potential risks from the market environment characterised by increasing competition and technical change, appropriate controlling and reporting instruments are used. The other risks in the finance and technical areas are addressed, among other things, by taking measures, such as:

- Permanent control of production processes
- Expansion of PPS systems
- Product liability insurance
- Business interruption insurance

A major part of the entity's revenue is realised with a limited number of customers, which involves the risk that one of these partners will considerably reduce its sales volume or intensify the pricing pressure. To minimise this risk, the entity is continuing its efforts to broaden its customer and product base.

In order to further improve its financial development, the entity continues to verify systems and processes for further rationalisation potentials to be tapped. We address the persisting pricing and cost pressures through further productivity gains.

Liquidity is controlled within the framework of short- and medium-term budgetary planning. Apart from unforeseeable circumstances, the entity anticipates that, based on the budgetary planning for 2017/2018, it will be able to finance budgeted capital investments of kEUR 4,500 through cash flows from operating activities.

Our entity is affected by normal price risks, especially in the area of aluminium procurement. There are no currency hedges or long-term supply contracts.

The entity seeks to mitigate default risks through corresponding receivables management, which consists in checking new customers, determining delivery limits by means of the collection agency Creditreform, regularly examining receivables from our customers outstanding, a strict dunning system, customer visits or similar.

Outlook

In the calendar year 2017, the German gross domestic product is anticipated to grow by 1.4%, with the automotive market being expected to grow by 2.0%. The volumes of parts predicted to be called by our customers were continuously reached, therefore, we anticipate a stable revenue level for the next two years.

The product portfolio was continuously updated and expanded. In line with an improvement of production processes and introduction of appropriate measures, this should lead to an earnings stabilisation.

The cooperation with the Indian and above all the Italian Endurance Group factories is to be continuously expanded, which we expect to result in additional synergy effects.

The entity's capital investments budgeted for 2017/2018 primarily relate to realisation of new product lines in respect of new customer projects.

With probable revenue stability as well as slightly rising cost of materials and lower other operating expenses, a comparable result is expected for the upcoming financial year.

Massenbachhausen/Germany, 30 April, 2017

– The General Management –

Financial Statements

as at 31st March, 2017

Balance Sheet

	EUR	31 Mar. 2017 EUR	31 Mar. 2016 kEUR
Assets			
A. Fixed assets			
I. Intangible assets			
1. Software and licences acquired for a consideration	70,703.00		56
2. Goodwill	0.00		385
		70,703.00	441
II. Property, plant and equipment			
1. Land and buildings including buildings			
on third-party land	5,144,006.35		924
2. Technical equipment and machinery	9,765,980.00		8,888
3. Other equipment, operating and office equipment	509,243.00		273
4. Prepayments and assets under construction	1,473,398.47		3,295
		16,892,627.82	13,380
III. Investments and other financial assets			
Shares in affiliated companies		4,616,000.00	4,616
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies	2477,712.43		2,294
2. Work in progress	1,862,351.02		2,376
3. Finished goods	764,237.93		608
4. Prepayments	5,285,476.31		3,246
		10,389,777.69	8,524
II. Receivables and other assets			
1. Trade receivables	5,754,193.40		4,621
2. Receivables from affiliated companies	7,288,300.78		3,515
- Of which cash pool account: EUR 4,276,840.27			
(prior year: kEUR 3,500)			
- Of which loan granted to Endurance Overseas: EUR 3,000,000,00			
(prior year: kEUR 0)			
3. Other assets	2,536,469.23		2,250
		15,578,963.41	10,386
III. Cash-in-hand and bank balances		**5,019,691.36**	**4,928**
C. Prepaid expenses		**177,902.63**	**168**

	EUR	31 Mar. 2017 EUR	31 Mar. 2016 kEUR
		52,745,665.91	42,443
Equity and liabilities			
A. Equity			
I. Issued capital			
1. Share capital	3,520,000.00		
2. Treasury shares acquired	200,000.00		
		3,050,000.00	3,050
II. Capital reserves		**13,456,642.31**	**13,457**
III. Retained earnings			
Other retained earnings		7,582,328.23	2,125
IV. Retained profits brought forward		**0.00**	**456**
V. Profit for the year		**4,500,413.98**	**5,001**
		28,589,384.52	24,089
B. Provisions			
1. Provisions for taxes	2,703,467.52		2,170
2. Other provisions	10,850,410.02		6,513
		13,553,876,54	8,683
C. Liabilities			
1. Liabilities to banks	4,994,364.28		2,975
2. Payments received on account of orders	0		225
3. Trade payables	3,436,802.89		4,365
4. Liabilities to affiliated companies	810,688.43		1,045
5. Other liabilities	1,360,549.25		953
- Of which taxes: EUR 580,242.90 (prior year: kEUR 464)			
- Of which relating to social security and similar obligations:			
EUR 12,099.00 (prior year: kEUR 6)			
		10,602,404.85	9,563
D. Deferred tax liabilities		**0**	**108**
		52,745,665.91	42,443

Financial Statements

for the period from 1st April 2016 to 31st March, 2017

Income Statements

		2016/2017 EUR	2016/2017 EUR	2015/2016 kEUR
1.	Revenue	46,660,258.16		48,006
2.	Increase or decrease (-) in finished goods, inventories and work in progress	-357,984.75		550
3.	Other operating income	408,968.02		622
			46,711,241.43	49,178
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies	18,517,383.97		21,749
	b) Cost of purchased services	2,486,165.78		830
			21,003,549.75	22,579
5.	Employee benefit expense			
	a) Wages and salaries	9,009,976.44		8,956
	b) Social security, post-employment and other	1,614,192.52		1,557
	employee benefit costs		10,624,168.96	10,513
	- Of which post-employment costs: EUR 20,358.46			
	(prior year: kEUR 21)			
6.	Amortisation and write-downs of intangible assets and			
	depreciation and write-downs of property, plant and			
	equipment		3,294,503.91	2,785
7.	Other operating expenses		5,389,462.07	6,314
8.	Other interest and similar income			
	- Of which from affiliated companies: EUR 9,933.78		9,984.44	37
	(prior year: kEUR 36)			
9.	Interest and similar expenses		83,967.19	54
			-40,385,667.44	-42,208
10.	Taxes on income		1,797,097.27	1,965
11.	Earnings after taxes		4,528,476.72	5,005
12.	Other taxes		28,062.74	4
13.	Profit for the year		4,500,413.98	5,001

Notes to the Financial Statements

for the financial year 2016/2017

General notes

The financial statements on hand have been prepared according to Secs. 242 et seq. and Secs. 264 et seq. German Commercial Code (HGB) as well as the relevant regulations of the German Limited Liability Companies Act (GmbHG). The regulations for large firms organised in a corporate form are applicable.

The nature of expense format has been applied to the income statement.

To enhance the clarity of the presentation, the notes to allocation to several balance sheet items and a part of the of-which notes were included in the notes to the financial statements.

As part of initial application of the German Financial Accounting Directive Implementation Act (BilRUG), the following disclosures were changed in comparison with the prior year:

- Other income (prior year: kEUR 23) of kEUR 54 was disclosed under revenue in the reporting year,
- Other expenses (prior year: kEUR 719) of kEUR 847 were disclosed under cost of cost of raw materials, consumables and supplies in the reporting year,
- Other expenses (prior year: kEUR 213) of kEUR 379 were disclosed under purchased services in the reporting year,
- Employee benefit expense (prior year: kEUR 1,130) of kEUR 1,170 was disclosed under purchased services in the reporting year.

The amounts stated in the income statement for the prior year were not adjusted.

Accounting and valuation methods

The following accounting and valuation methods which were applied in preparing the financial statements are consistent with those applied in the prior year.

Intangible assets acquired for a consideration have been accounted for at acquisition cost, with amortisable assets being amortised on a straight-line basis over the useful life. The useful life of goodwill was estimated at 10 years on account of the traditional business environment “automotive industry” with long-term customer and supply relationships.

Property, plant and equipment have been recognised at acquisition cost, with depreciable assets being depreciated.

Elements of property, plant and equipment are depreciated over the estimated economic life. As far as admissible, the reducing-balance depreciation method was applied to moveable asses acquired until 31 December 2007. The straight-line method is applied from the year for which the straight-line method leads to higher annual depreciation amounts for the first time. The resulting effects on net assets and results from operations are immaterial. Sundry fixed assets are depreciated on a straight-line basis. For assets with an individual net value of more than EUR 150.00 up to EUR 1,000.00 which were acquired after 31 December, 2007, the fiscal pool item method is also applied to the commercial balance sheet for reasons of simplification. The pool item is depreciated at a respective general rate of 20 per cent in the year of initial recognition and in the four succeeding years. Additions to property, plant and equipment are depreciated on a pro rata basis.

Inventories are recognised at the lower of acquisition or production cost and current value.

Inventories of **raw materials, consumables and supplies** have been capitalised at the lower of average cost price or current value as at the reporting date.

In measuring **work in progress** and **finished goods**, appropriate portions of production overhead and indirect material as well as depreciation are, in addition to direct material, direct labour and special direct cost, also taken into account.

For moulds the respective stage of completion is taken into account. Moulds purchased from third parties have been accounted for at the lower of acquisition cost or market price.

Adequate provision has been made for all potential losses, i.e. deductions for costs to sell have been made from anticipated sales prices.

Appropriate allowances have been made for all inventory risks identifiable as at the reporting date which result from above average days in inventories, reduced usability and lower replacement costs.

Apart from retention of title as is customary in the trade, the inventories are free from third-party rights.

Prepayments have been recognised at nominal value.

Receivables and other assets have been recognised at nominal value. All risk items have been taken into account by making appropriate specific allowances; the general credit risk has been covered by making general allowances. **Cash and cash equivalents** have been recognised at nominal value.

Treasury shares have been openly deducted from issued capital in accordance with Sec. 272 (1a) German Commercial Code (HGB).

Provisions for taxes and **other provisions** cover all contingent liabilities. They have been recognised at appropriate settlement value based on sound business judgement.

Liabilities have been recognised at settlement value.

To determine **deferred taxes** on account of temporary or quasi-permanent differences between the values recognised for assets, liabilities, prepaid expenses and deferred income under German commercial and tax law or on account of tax loss carryforwards, the amounts of the resulting tax charge and tax relief are measured using the specific tax rates of the entity in effect at the time these differences reverse and are not discounted. The underlying difference of the values recognised had resulted from goodwill in the prior year. As at the reporting date, there were no differences and thus also no deferred taxes any more on account of full amortisation.

Notes to the balance sheet

Fixed assets

The movements in the individual fixed asset items are presented in the statement of movements in fixed assets, stating amortisation, depreciation and write-downs of the reporting year.

Receivables and other assets

Like in the prior year, all receivables have a residual term of less than one year. The receivables from affiliated companies mainly include a loan of kEUR 3,000, which was granted for an indefinite term and can be terminated by giving short-term notice, as well as a cash pool balance of kEUR 4,277. Other assets with a residual term of more than one year total kEUR 2,432 (prior year: kEUR 2,107).

Equity

The issued capital of the entity amounts to kEUR 3,250. The shareholder is Endurance Technologies Ltd., Aurangabad/India. It holds shares with a nominal value of kEUR 3,050. Shares with a nominal value of kEUR 200 are held by the entity itself.

Under Sec. 272 (1a) German Commercial Code (HGB), the nominal value of the treasury shares of kEUR 200 was deducted from issued capital.

Other provisions

The provisions mainly relate to variable salary components, warranty risks, credit notes to be issued, outstanding invoices and tool cost allowances.

Liabilities

The residual terms of liabilities are specified in the statement of changes in liabilities.

Liabilities

		31 Mar. 2017 Residual term			31 Mar. 2016 Residual term		
		Up to 1 year	More than 1 year up to 5 years	Total	Up to 1 year	More than 1 year up to 5 years	Total
		kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
1.	Liabilities to banks	891	4,103	4,994	622	2,313	2,975
2.	Payments received on account of orders	-	-	-	225	-	225
3.	Trade payables	3,436	-	3,436	4,365	-	4,365
4.	Liabilities to affiliated companies	811	-	811	1,045	-	1,045
5.	Other liabilities	1,361	-	1,361	953	-	953
	Of which taxes	581	-	581	464	-	464
	Of which relating to social security and similar obligations	12	-	12	6	-	6

There are the following collaterals for liabilities to banks:

- The respective machines financed,
- A kEUR 4,000 land charge entered for factory 3.

Trade payables have been collateralised through suppliers' customary retention of title.

Other financial commitments as at 31 March 2017

		Of which with a residual term of		
	Total	up to 1 year	between 1 year and 5 years	more than 5 years
	kEUR	kEUR	kEUR	kEUR
Leases for land*)				
- Jahnstrasse (sale-and-leaseback)	1,687	517	1,169	-
- Benzstrasse	359	205	154	-
Rental agreements and leases*)	155	49	106	-
	2,200	771	1,429	-

* According to the contractually agreed rental or lease term

The annual payment commitments under further maintenance agreements and agreements on rights of use total kEUR 15.

The sale-and-leaseback agreement provides for a right to acquire after the end of the lease term in 2020.

Notes to off-balance-sheet transactions

Operating lease	Purpose	Lowering of cash outflow on account of reduction in capital investment volume
	Risks	Charge of rentals during the contract term of up to 8 years
	Advantages	Modernisation of machinery and office equipment without appropriating investment funds
Sale-and-leaseback transactions	Purpose	Procurement of additional cash and cash equivalents
	Risks	Basic lease term 16.5 years, risk of rising rentals or increase in capital investment volume on account of exercised right to acquire thereafter
	Advantages	Improvement in capitalisation
Consignment stock agreements	Purpose	Optimum handling of sales transactions
	Risks	None
	Advantages	Increase in customer satisfaction
Outsourcing of operational functions (legal function)	Purpose	Optimised addressing of imminent litigation
	Risks	Timely availability of external legal advice ensured
	Advantages	Cost saving in comparison with maintenance of internal legal function

Notes to the income statement

Revenue	2016/2017 kEUR	Prior year kEUR
Aluminium pressure die casting	42,067	42,138
Zinc pressure die casting	192	223
Moulds	3,783	5,112
Other	664	635
	46,706	48,108
Sales deductions	-46	-102
	46,660	**48,006**

Revenue is almost exclusively realised in Germany.

Other operating income

The income of prior periods, which totals kEUR 345 (prior year: kEUR 526), mainly relates to income from release of provisions for tools (kEUR 119) and from IPO costs recharged (kEUR 191) to the Group of the parent company.

Other disclosures

Number of employees

The average headcount during the reporting year was:

	2016/2017	2015/2016
Workforce		
Industrial and temporary labour	182	177
Salaried employees	48	49
	230	226
Apprentices	8	7
	238	233

Management

In the reporting year, Management functions were performed by:

Mr Francesco Boero (Endurance Overseas Srl., managing director).

The total emoluments paid to Management are not disclosed by application of Sec. 286 (4) German Commercial Code (HGB).

Advisory Board

The members of the Advisory Board are:

- Mr Anurang Jain, Aurangabad/India,
- Mr Massimo Venuti, Chivasso/Italy.

The total emoluments paid to the Advisory Board for the financial year 2016/2017 amounted to kEUR 0.

Audit and consulting fees

The total fees charged by the auditors of the financial statements for the reporting year amount to:

	kEUR
Audit services	28
Other assurance services	74
Tax consultancy	5
Total	107

Related party transactions

There were no further related party transactions.

Group affiliation

The entity is included in the consolidated financial statements of Endurance Technologies Limited, Aurangabad/India. These consolidated financial statements are disclosed at the place of the parent company.

Subsequent events

There were no major post-balance-sheet-date events which have been taken into account neither in the income statement nor in the balance sheet.

Proposed appropriation of profits

Management proposes (in conformity with the Advisory Board) to carry forward onto new account the profit for the year of EUR 4,500,413.98.

Massenbachhausen/Germany, 24 April, 2017

– The General Management

Movements in fixed assets

Figures in EUR

	Acquisition cost 31 Mar. 2016	Addition	Reclassifi-cations	Disposal	Acquisition cost 31 Mar. 2017	Accumulated amortisation/ depreciation/ write-downs 31 Mar. 2016	Addition	Disposal	Accumulated amortisation/ depreciation/ write-downs 31 Mar. 2017	Book value 31 Mar. 2017	Book value 31 Mar. 2016
I. Intangible assets											
1. Software and licences acquired for a consideration	98,295.00	41,967.99	0.00	0.00	1,40,262.99	42,561.00	26,998.99	0.00	69,559.99	70,703.00	55,734.00
2. Customer list and similar rights	87,09,322.00	0.00	0.00	0.00	87,09,322.00	87,09,322.00	0.00	0.00	87,09,322.00	0.00	0.00
3. Goodwill	68,71,591.00	0.00	0.00	0.00	68,71,591.00	64,86,859.00	3,84,732.00	0.00	68,71,591.00	0.00	3,84,732.00
	1,56,79,208.00	**41,967.99**	**0.00**	**0.00**	**1,57,21,175.99**	**1,52,38,742.00**	**4,11,730.99**	**0.00**	**1,56,50,472.99**	**70,703.00**	**4,40,466.00**
II. Property, plant and equipment											
1. Land and buildings including buildings on third-party land	11,55,962.02	5,63,768.10	37,93,807.26	0.00	55,13,537.38	2,32,432.92	1,37,098.11	0.00	3,69,531.03	51,44,006.35	9,23,529.10
2. Technical equipment and machinery	1,73,16,805.50	24,67,759.20	10,31,303.20	0.00	2,08,15,867.90	84,28,732.30	26,21,155.60	0.00	1,10,49,887.90	97,65,980.00	88,88,073.20
3. Other equipment, operating and office equipment	28,83,671.04	3,82,631.19	-21,558.00	0.00	32,44,744.23	26,10,982.04	1,24,519.19	0.00	27,35,501.23	5,09,243.00	2,72,689.00
4. Prepayments and assets under construction	32,95,311.11	29,81,843.62	-48,03,552.46	0.00	14,73,602.27	0.00	0.00	0.00	0.00	14,73,602.27	32,95,311.11
	2,46,51,749.67	**63,96,002.11**	**0.00**	**0.00**	**3,10,47,751.78**	**1,12,72,147.26**	**28,82,772.90**	**0.00**	**1,41,54,920.16**	**1,68,92,831.62**	**1,33,79,602.41**
III. Investments and other financial											
Assets											
Shares in affiliated companies	46,16,000.00	0.00	0.00	0.00	46,16,000.00	0.00	0.00	0.00	0.00	46,16,000.00	46,16,000.00
	46,16,000.00	**0.00**	**0.00**	**0.00**	**46,16,000.00**	**0.00**	**0.00**	**0.00**	**0.00**	**46,16,000.00**	**46,16,000.00**
	4,49,46,957.67	**64,37,970.10**	**0.00**	**0.00**	**5,13,84,927.77**	**2,65,10,889.26**	**32,94,503.89**	**0.00**	**2,98,05,393.15**	**2,15,79,534.62**	**1,84,36,068.41**

Endurance Amann GmbH, Massenbachhausen/Germany

	Acquisition cost 31 March 2016	Addition	Reclassifications	Disposal	Acquisition cost 31 March 2017	Accumulated amortisation/ depreciation/ write-downs 31 March 2016	Addition	Disposal	Accumulated amortisation/ depreciation/ write-downs 31 March 2017	Book value 31 March 2017	Book value 31 March 2016
I. **Intangible assets**											
1. **Software and licences acquired for a consideration**	98,295.00	41,967.99	0.00	0.00	140,262.99	42,561.00	26,998.99	0.00	69,559.99	70,703.00	55,734.00
2. Customer list and similar rights	8,709,322.00	0.00	0.00	0.00	8,709,322.00	8,709,322.00	0.00	0.00	8,709,322.00	0.00	0.00
3. Goodwill	6,871,591.00	0.00	0.00	0.00	6,871,591.00	6,486,859.00	384,732.00	0.00	6,871,591.00	0.00	384,732.00
	15,679,208.00	**41,967.99**	**0.00**	**0.00**	**15,721,175.99**	**15,238,742.00**	**411,730.99**	**0.00**	**15,650,472.99**	**70,703.00**	**440,466.00**
II. **Property, plant and equipment**											
1. **Land and buildings including buildings**on third-party land	1,155,962.02	563,768.10	3,793,807.26	0.00	5,513,537.38	232,432.92	137,098.11	0.00	369,531.03	5,144,006.35	923,529.10
2. Technical equipment and machinery	17,316,805.50	2,467,759.20	1,031,303.20	0.00	20,815,867.90	8,428,732.30	2,621,155.60	0.00	11,049,887.90	9,765,980.00	8,888,073.20
3. Other equipment, operating and office equipment	2,883,671.04	382,631.19	-21,558.00	0.00	3,244,744.23	2,610,982.04	124,519.19	0.00	2,735,501.23	509,243.00	272,689.00
4. Prepayments and assets under **construction**	3,295,311.11	2,981,843.62	-4,803,552.46	0.00	1,473,602.27	0.00	0.00	0.00	0.00	1,473,602.27	3,295,311.11
	24,651,749.67	**6,396,002.11**	**0.00**	**0.00**	**31,047,751.78**	**11,272,147.26**	**2,882,772.90**	**0.00**	**14,154,920.16**	**16,892,831.62**	**13,379,602.41**
III. **Investments and other financial assets**											
Shares in affiliated companies	4,616,000.00	0.00	0.00	0.00	4,616,000.00	0.00	0.00	0.00	0.00	4,616,000.00	4,616,000.00
	4,616,000.00	**0.00**	**0.00**	**0.00**	**4,616,000.00**	**0.00**	**0.00**	**0.00**	**0.00**	**4,616,000.00**	**4,616,000.00**
	44,946,957.67	**6,437,970.10**	**0.00**	**0.00**	**51,384,927.77**	**26,510,889.26**	**3,294,503.89**	**0.00**	**29,805,393.15**	**21,579,534.62**	**18,436,068.41**

Independent Auditors' Report

We have audited the [annual] financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of Endurance Amann GmbH, Massenbachhausen/Germany, for the financial year from 1 April, 2016 until 31 March, 2017. The maintenance of the books and records and the preparation of the [annual] financial statements and the management report in accordance with German commercial law are the responsibility of the Company's Management. Our responsibility is to express an opinion on the [annual] financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the [annual] financial statements in accordance with Section 317 German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results from operations in the [annual] financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the [annual] financial statements and the management report are examined primarily on a sample basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the [annual] financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the [annual] financial statements of Endurance Amann GmbH, Massenbachhausen/Germany, comply with the legal requirements and give a true and fair view of the net assets, financial position and results from operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the [annual] financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Mannheim/Germany, 9 May, 2017

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Schmidt	Signed: Harst
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Economic and Legal Environment

Status under company law

Endurance Amann GmbH has been entered with the number HRB 108298 in the Stuttgart/Germany Commercial Register. An extract from the Commercial Register dated 8 April, 2017 with latest entry dated 6 February, 2015 was submitted to us. The entity has its registered office in Massenbachhausen/Germany.

The applicable version of the articles of incorporation is dated 25 June, 2002 as revised on 29 January, 2015.

The purpose of business is production and distribution of pressure die casting parts, moulds and special purpose machines as well as acquisition of, and holding of investments in, entities which, directly or indirectly, produce or distribute pressure die casting parts, moulds and special purpose machines, management of such investments as well as all activities which relate to the aforementioned purposes of business.

The financial year begins on 1 April, in a year and ends on 31 March, of the following year.

The entity's share capital amounts to EUR 3,250,000.00 and, as at 31 March, 2017, a 93.85% share (EUR 3,050,000.00) was held by Endurance Technologies Limited, Aurangabad/India. In nominal terms, EUR 200,000.00 (6.15% of the share capital) are held as treasury shares by Endurance Amann GmbH (purchase and assignment agreement dated 10 October, 2006).

The contributions have fully been paid up.

The entity is a large firm organised in a corporate form as defined under Sec. 267 (3) German Commercial Code (HGB).

The entity is included in the consolidated financial statements of Endurance Technologies Limited, Aurangabad/India.

The Advisory Board established in accordance with § 5 of the articles of incorporation has the following members:

- Mr Anurang Jain, Aurangabad/India,
- Mr Massimo Venuti, Chivasso/Italy.

The task of the Advisory Board is to advise and monitor Management.

The managing director appointed in the financial year was:

- Mr Francesco Boero, Turin/Italy.

Mr Boero is authorised to sign alone on behalf of the entity and has been exempted from the restrictions under Sec. 181 German Civil Code (BGB).

General power of commercial representation ("Prokura") has not been conferred.

Important contracts

Real property purchase agreement and lease / agreement on right to acquire dated 17 December, 2003

The entity sold its real property in Massenbachhausen/Germany, Jahnstraße, parcel of land no. 777/1, with a total area of 15,727 m², including production, warehouse and office building, to Alyssum Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG, Wiesbaden/Germany ("sale and leaseback"). The sale was completed on 17 December, 2003; ownership, benefit, encumbrances and risk passed to the acquirer as of the end of the year 2003. The purchase consideration was EUR 6,000,000.00 plus value added tax of EUR 976,800.00 and was paid in February, 2004.

Also, on 17 December, 2003, the entity entered, with the acquirer of the real property, into a lease and agreement on a right to acquire, under which the entity leases back the real property from 1 January, 2004. After the end of a fixed lease term of 16.5 years, the entity has a right to acquire. After the end of the 16.5-year lease period, the tenant loan granted to the lessor is repaid or eliminated against the purchase consideration owed, if the entity exercises its right to acquire. This right to acquire was granted by way of purchase agreement subject to a condition precedent. The condition is met at the time the right to acquire is exercised by the party entitled to acquire after the end of the lease term. The purchase consideration at the time the right to acquire is exercised corresponds to the fiscal residual book value with straight-line depreciation.

Lease dated 14 February, 2003 with supplements dated 5 March, 2003, 21 November, 2006 and 28 June, 2011

Under these agreements, Josef und Vroni Amann GbR leases to the entity the real properties (total area 7,587 m^2) located in Massenbachhausen/Germany, Benzstraße 1 and 3 (parcels of land 6759/1 and 6759/3), including production halls and external facilities situated on these properties.

The rent amounts to EUR 205,000.00 per year.

The lease will expire as of 31 December, 2018. It is extended by another five years unless the lease is terminated by giving 6-month prior notice. The lessee has an option to an extension by another five years.

The current costs of real property use as well as all maintenance expenses, except for maintenance of built volumes, are borne by the lessee.

Loan agreement with Baden-Württembergische-Bank, Stuttgart/Germany

On 20 January, 2014, an agreement on a loan of kEUR 2,800 was concluded with BW-Bank, Stuttgart/Germany. The purpose of this annuity loan is part financing of machines with a total order value of kEUR 3,147. The terms of the loan are derived from an annual debtor interest rate of 2.37% and a fixed interest period until 31 December, 2018. The loan is repaid annually, beginning on 30 April, 2014. As a collateral, the ownership of machines with an order value of kEUR 3,147 was transferred to the Bank.

Loan agreement with UniCredit Bank AG, Munich/Germany

On 12 November, 2015, two loan agreements on loans of kEUR 3,600 and kEUR 400 were concluded with UniCredit Bank AG, Munich/Germany. The purpose of these loans is to finance the setting-up of a new hall in Massenbachhausen/Germany. The terms of the loans are derived from annual debtor interest rates of 1.45% and 1.55% (loans of kEUR 3,600 and kEUR 400, respectively) and a fixed interest period until 30 December, 2025. The loans are repaid at quarterly intervals, beginning on 31 March, 2017. These loans have been collateralised by means of an enforceable registered land charge with personal liability and submission to levy upon property totalling kEUR 4,000 encumbered on the property in Daimlerstraße in Massenbachhausen/Germany.

Major shareholder resolutions

The shareholders' meeting held on 8 June, 2016 approved the financial statements for the year ended 31 March 2016 and released Management from its responsibilities for this reporting year.

Tax status

The returns for municipal trade tax, corporate income tax and value added tax have been filed until and including 2015. The tax assessment notices for corporate income tax and municipal trade tax for the 2015 assessment period are dated 3 April, 2017 and have been issued with the right reserved to change the assessments as the result of a subsequent audit.

General information on the Company

Company data

Name:	ENDURANCE OVERSEAS SRL
Registered office:	VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Quota capital:	16,105,263.00
Quota capital fully paid in:	Yes
Chamber of Commerce:	TO
VAT Number:	05754620960
Tax code:	05754620960
REA Number:	1101893
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	642000
Company in liquidation:	No
Company with sole quotaholder:	No
Company subject to management and coordination activities:	Yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	Yes
Name of the parent company:	ENDURANCE TECHNOLOGIES LIMITED
Country of the parent company:	INDIA

Financial Statements

for the year ended 31st March, 2017

Condensed balance sheet

	31/03/2017	31/03/2016
Assets		
B) Fixed assets		
I Intangible assets	1,112,751	1,216,139
II Tangible fixed assets	13,775,729	14,582,978
III Financial fixed assets	36,054,358	36,054,358
Total fixed assets (B)	**50,942,838**	**51,853,475**
C) Current assets		
II Receivables	3,669,197	2,819,294
due within one year	3,636,994	2,816,612
due beyond one year	32,203	2,683
IV Cash and cash equivalents	5,353,557	1,703,324
Total current assets (C)	**9,022,754**	**4,522,618**
D) Prepaid expenses and accrued income	**169,077**	**195,137**
Total assets	**60,134,669**	**56,571,230**
Liabilities and quota holders' equity		
A) Quota holders' equity		
I Quota capital	16,105,263	16,105,263
II Share premium reserve	304,737	304,737
IV Legal reserve	299,300	173,568
VI Other reserves	5,563,997	5,563,997
VIII Retained earnings (accumulated losses)	2,305,379	(61,103)
IX Net income (loss) for the year	213,538	2,492,214
Total quota holders' equity	**24,792,214**	**24,578,676**
B) Provision for risks and charges	**2,097,580**	**2,495,905**
C) Employee termination indemnities	**31,171**	**33,772**
D) Payables	**33,213,704**	**29,462,877**
due within one year	23,394,747	16,877,330
due beyond one year	9,818,957	12,585,547
Total liabilities and quota holders' equity	**60,134,669**	**56,571,230**

Condensed Income Statement

	31/03/2017	31/03/2016
A) Value of production		
5) Other income and revenues	-	-
Other	8,660,978	6,417,432
Total other income and revenues	**8,660,978**	**6,417,432**
Total value of production	**8,660,978**	**6,417,432**
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	24,792	30,164
7) services	717,918	840,604
8) lease and rental charges	204,934	170,974
9) payroll	-	-
a) wages and salaries	4,688,711	2,865,034
b) social contributions	781,657	701,848
c/d/e) employee termination indemnity, pension, other payroll costs	167,004	187,794
c) employee termination indemnity	148,261	140,341
e) other costs	18,743	47,453
Total payroll costs	**5,637,372**	**3,754,676**
10) depreciation, amortisation and write-downs	-	-
a/b/c) amortisation of intangible fixed assets, depreciation of tangible fixed assets, other write-downs	917,450	891,342
a) amortisation of intangible fixed assets	103,388	201,526
b) depreciation of tangible fixed assets	814,062	689,816
Total depreciation, amortisation and write-downs	**917,450**	**891,342**
14) other operating expenses	204,347	291,486
Total cost of production	**7,706,813**	**5,979,246**
Difference between production value and cost (A – B)	954,165	438,186
C) Financial income and charges		
15) income from equity investments	-	-
from subsidiaries	-	2,430,000
Total income from equity investments	**-**	**2,430,000**
16) other financial income	-	-
a) receivables recorded under fixed assets	-	-
from subsidiaries	19,673	23,287
Total financial income from receivables recorded under fixed assets	**19,673**	**23,287**
d) income other than the above	-	-
other	292	2,345
Total income other than the above	**292**	**2,345**
Total other financial income	**19,965**	**25,632**
17) interest and other financial charges	-	-
to subsidiaries	121,140	93,146
to entities under common control	11,038	39,240
other	125,197	213,033
Total interest and other financial charges	**257,375**	**345,419**
Total financial income and charges (15+16-17+-17-bis)	**(237,410)**	**2,110,213**
Result before taxes (A-B+-C+-D)	716,755	2,548,399
20) income taxes for the year, current and deferred		
current taxation	885,343	282,784
taxation relating to prior years	17,184	(11,397)
deferred taxation	(399,310)	(152,733)
income (charges) from tax consolidation/tax transparency	-	62,469
Total income taxes for the year, current and deferred	**503,217**	**56,185**
21) Net income (loss) for the year	213,538	2,492,214

Explanatory notes, first part

Quotaholders, these explanatory notes are an integral part of the financial statements for the year ended 31st March, 2017,

The financial statements submitted for your approval report net income of € 213,538, after taxes of € 503,216 and depreciation and amortisation of € 917,450; they have been prepared in a condensed format, since the limits set by art. 2435-bis of the Italian Civil Code have not been exceeded for two consecutive financial years.

Form and content of the financial statements

The financial statements for the year ended 31st March, 2017 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31st March, 2017.

Amounts are stated in whole euro, unless specified otherwise.

Preparation of the financial statements

The information contained in the present document is presented following the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Concepts and principles governing the preparation of the financial statements

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

In the preparation of the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Structure and content of the financial statements

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared.

In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

Certain reclassifications have been made following the introduction of new accounting standards by the OIC in December 2016. In addition, in order to improve the presentation of business facts and dynamics, as well as standardise the classifications made by the various Group companies, certain data relating to the year ended 31st March, 2016, presented for comparative purposes, has been reclassified with respect to the official information filed for that year, without any effect on the reported results and shareholder's equity. Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December, 2016.

The Appendix to these financial statements shows the effects of applying the above new standards to the balance sheet and shareholder's equity at 1 April, 2016 and to the balance sheet, income statement and statement of cash flows for the year ended 31st March, 2016, presented for comparative purposes.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2427 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

The book value is stated net of accumulated amortisation and write-downs.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Goodwill	15 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

Start-up and expansion costs are recorded as a balance sheet asset, with the consent of the Board of Statutory Auditors, as they are prudently considered to be of future benefit; these costs are amortised over a period that does not exceed five years.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Goodwill, comprising the extra value recognised on the acquisition of businesses and in relation to other corporate transactions, is amortised over its useful life. Useful life is estimated at the time of initial recognition and is not changed in subsequent years. If this estimate cannot be made, goodwill is amortised over 10 years.

In order to determine the useful life of goodwill, the Company applies the information available in order to estimate the likely duration of its economic benefits. Should the useful life of goodwill be found to exceed 10 years, specific analyses are carried out to support the value determined with reference to the longer useful life, as required by OIC 24.70.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets recorded in the books have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Pursuant to art. 10 of Law 72 of 19th March 1983 and subsequent laws on revaluations of assets, it is hereby confirmed that the tangible assets recorded in the books have never been revalued.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed assets	Depreciation rate
Buildings	3%
Buildings – allocation of merger deficit (*)	6.67%
Plant and machinery	10%
Industrial and commercial equipment	15%
Light constructions	10%
Alarm systems	30%
Telephone	20%
Motor cars	25%

(*) depreciation based on the estimated residual useful lives, 15 years, of the assets that were allocated additional value following the merger (the effective date of which was 1 January, 2015).

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month in the year of purchase during which they become available and ready for use.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Start-up grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment write-down if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments, securities and financial receivables (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term.

Equity investments are measured at cost, as adjusted for any impairment. The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the write-down cease to apply, the equity investment is written back to its original carrying amount.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to shareholder's equity.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned, remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31st March, 2017.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Accruals and deferrals

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December, 2006 and those earned from 1 January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for untaken holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the Income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to shareholder’s equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder’s equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII “Reserve for cash flow hedges”) in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions.

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. . Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Commencing from 2015 and for a period of three financial years (until the year ended 31st March, 2017 inclusive), the Company belongs to the domestic tax group for the Endurance Group, organised pursuant to arts. 117/129 of the Consolidated Tax Law (T.U.I.R.) together with Endurance Fondalmec S.p.A. and Endurance Engineering S.r.l.

The Company is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Other information

Information on the company's performance

Quotaholders, the financial statements as at 31st March, 2017 show a net income for the year of Euro 213,538.

The value of production amounted to Euro 8,660,978, comprising revenues from the work performed on behalf of companies in the Endurance Group and rental income from the properties held by the company.

Measurement of components denominated in foreign currency

As at the balance sheet date, the company does not have any assets or liabilities denominated in foreign currency.

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory Notes, Assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	52,430	11,775	1,345,787	74,400	1,484,392
Amortisation (Accumulated amortisation)	43,758	7,383	154,874	62,238	268,253
Carrying value	8,672	4,392	1,190,913	12,162	1,216,139
Changes during the year					
Additions			-		
Amortisation for the year	4,840	3,924	89,630	4,994	103,388
Total changes					
Carrying value at the end of the year	**(4,840)**	**(3,924)**	**(89,630)**	**(4,994)**	**(103,388)**
Cost	52,430	11,775	1,345,787	74,400	1,484,392
Amortisation (Accumulated amortisation)	48,598	11,307	244,504	67,232	371,641
Carrying value	3,832	468	1,101,283	7,168	1,112,751

Start-up and expansion costs (€ 3,832 at 31st March, 2017) comprise the costs incurred at the time of business combinations carried out in prior years.

Industrial patent rights and intellectual property rights (€ 468 at 31st March, 2017) relate to the licences for the management software used by the Company, which are amortised over 3 years.

Goodwill amounting to € 1,101,283 at 31st March, 2017 (€ 1,190,913 at 31st March, 2016) represents part of the difference that arose on the absorption of Haminoea S.r.l. and Lomec S.r.l. by Endurance Overseas S.r.l. (the "Merger") in 2014/2015, and represents the additional value associated with certain properties held under finance lease arrangements.

In particular, this merger was carried out in order to simplify the chain of control over the subsidiaries and resulted in a combined merger deficit of € 6.3 million, being the difference between the book value of the quotas of the two merged subsidiaries and their net equity. This deficit was allocated as follows:

- € 5.0 million to increase the carrying amount of certain properties (based on expert appraisals of their market value determined by independent experts);
- € 2.5 million to increase the carrying amount of the investment in Endurance Foa S.P.A. (based on the forecast profitability of the acquired company);
- the recognition of € 1.3 million as goodwill, reflecting the additional value of certain properties held under finance lease arrangements (and therefore not reported in the balance sheet).

At the same time, on the liabilities side of the balance sheet, deferred tax liabilities of € 2.6 million were recognised on the additional value allocated to the properties concerned. Given that the additional values identified as a result of the merger are irrelevant for tax purposes, this being a tax neutral transaction under the current tax legislation, the gradual release to the income statement of these tax provisions will neutralise the additional tax charges made in the current and subsequent years due to the disallowance of the additional costs (depreciation) deriving from the increased carrying amount of the assets following the merger.

Goodwill is amortised over 15 years, being the estimated useful life of the assets acquired by the Company via the above-mentioned business combination.

Pursuant to art. 10 of Law 72 of 19th March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets recorded in the books have never been revalued.

These deferred charges have not been written down pursuant to para. 1.3 of art. 2426 of the Italian Civil Code because, in compliance with OIC 9, there is no evidence of that they might be impaired. The recoverability of the goodwill recognised in the balance sheet was confirmed by the five-year, economic-financial forecasts prepared by management, which show that the activities of the Group are expected to be profitable over that period. Applying the DCF method to the cash flows for each year, the enterprise value of the Company was determined as part of an impairment test that confirmed that the individual fair value of all assets, including goodwill in particular, exceeds their corresponding net carrying amounts.

Tangible fixed assets

Tangible fixed assets recorded in the financial statements at 31st March, 2017 amounted to € 13,775,729, net of accumulated depreciation of Euro 3,653,060 and consist of:

- Land and buildings: € 13,308,485 (including the additional value allocated to the property of the Company at the time of the Merger);
- Plant and machinery: € 360,485;
- Industrial and commercial equipment: € 4,239;
- Other assets: € 102,521.

The change during the 2016/2017 financial year are analysed below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	16,556,013	639,939	7,811	319,671	-	17,523,434
Depreciation (Accumulated depreciation)	2,533,813	309,328	2,400	94,915	-	2,940,456
Carrying value	14,022,200	330,611	5,411	224,756	-	14,582,978
Changes during the year						
Additions	-	72,500	-	28,920	-	101,420
Disposals (at carrying amount)	4,888	-	-	89,718	-	94,606
Reclassifications (of the carrying value)						-
Depreciation for the year	708,828	42,626	1,172	61,437	-	814,062
Total changes	(713,715)	29,874	(1,172)	(122,235)		(807,248)
Carrying value at the end of the year						
Cost	16,551,052	712,439	7,811	157,488	-	17,428,790
Depreciation (Accumulated depreciation)	3,242,567	351,954	3,572	54,968	-	3,653,061
Carrying value	13,308,485	360,485	4,239	102,520	-	13,775,729

The increases in plant and machinery relates, in particular, to the capitalisation of the costs incurred to implement and renew the fire-prevention system and other HSE devices at the Lombardore factory owned by the Company.

Finance leases

Finance leases are recognised in accordance with the Italian tax regulations: this involves charging the lease instalments for the period to the income statement (€ 155,803 in 2016/2017). The adoption of finance lease methodology, as required by the international accounting standards, would have involved expensing the interest accrued on the loan principal and the depreciation of the leased assets, as well as capitalising those assets and recognising the residual loan principal as a payable.

Had the Company adopted the above finance lease methodology, the accounting effects would have been as follows:

	Effects on the Balance Sheet – Assets		
a)	Outstanding contracts		
a.1)	Assets under finance leases at the end of the previous year		1,669,947
	– of which the gross amount	2,187,269	-
	– of which accumulated depreciation	(517,322)	-
a.2)	Assets purchased under finance leases during the year	-	-
a.3)	Assets under finance leases redeemed during the previous year	-	-
a.4)	Depreciation charge for the year	-	65,618
a.5)	Write-downs/writebacks on assets under finance leases	-	-
a.6)	Assets under finance leases at the end of the year	-	1,604,329
	– of which the gross amount	2,187,269	-
	– of which accumulated depreciation	(582,940)	-
a.7)	Prepaid expenses on instalment interest at the end of the year	-	-
a.8)	Curtailment of prepaid expenses under the balance sheet method	-	(93,058)
b)	**Redeemed assets**	**-**	**-**
b.1)	Higher/lower total value of redeemed assets, determined using finance lease methodology, with respect to their carrying amounts at year end	-	-
	TOTAL [a.6+(a.7-a.8)+b.1]	**-**	**1,511,271**

c)	**Implicit payables**		
c.1)	Implicit payables for finance leases at the end of the previous year	-	1,190,002
	– of which due within one year	119,086	-
	– of which due beyond one and within 5 years	507,985	-
	– of which due beyond 5 years	562,931	-
c.2)	Implicit payables that arose during the year	-	-
c.3)	Repayment of principal and redemptions during the year	-	(119,086)
c)	Implicit liabilities for finance leases at the end of the year	-	1,070,916
	– of which due within one year	124,550	-
	– of which due beyond one and within 5 years	580,847	-
	– of which due beyond 5 years	365,519	-
c.5)	Accrued expenses on instalment interest at the end of the year	-	-
c.6)	Curtailment of prepaid expenses under the balance sheet method	-	-
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**	**-**	**440,355**
e)	Tax effect	-	138,272
f)	**Effect on Quotaholders' Equity at the end of the year (d-e)**		**302,083**

	Effects on the Income Statement	
g)	**Effect on income before taxes (lower/higher costs) (g.1+g.2+g.3+g.4+g.5)**	**68,408**
g.1)	Reversal of instalments on finance lease transactions	155,803
g.2)	Recognition of financial charges on finance lease transactions	21,777
g.3)	Recognition of depreciation charges on outstanding contracts	65,618
g.4)	Recognition of depreciation charges on redeemed assets	-
g.5)	Recognition of adjustments/write-backs on leased assets	-
h)	**Recognition of the tax effect**	**(21,480)**
i)	**Net effect on the result for the year of accounting for lease transactions with the finance lease method rather than the balance sheet method actually used (g-h)**	**46,928**

The value of future lease instalments, determined with reference to the initial contractual conditions and including end-of-lease payments, amounts to € 1,254,432 at 31st March, 2017 (€ 1,424,298 at 31st March, 2016, also inclusive of end-of-lease payments).

Financial fixed assets

This caption includes the value of the subsidiaries held at the reporting date, as well as the non-current financial receivables represented by the premiums paid to a leading insurance company in relation to the management incentive and retention programme. This programme involves making annual payments to insurance policies whose amounts are based on the economic-financial results achieved. Payments to management are, in turn, dependent on the achievement of specified economic and financial results, as well as the continuation of employment for a pre-determined period.

The equity investments recorded in the financial statements are stated at cost, equal to the expense incurred for the purchase, regardless of the manner of payment, comprising any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.). The purchase cost of the investment in Endurance Foa Spa includes an additional amount of Euro 2,450,000 allocated at the time of the Merger in prior years.

Details of equity investments in subsidiaries

The following table provides details of equity investments in subsidiary companies as well as the additional disclosures required by art. 2427 of the Civil Code (amounts in Euro):

Name	City or Country	Share capital	Result 2016/17	Equity at 31/03/2017	Equity interest held (%)	Equity interest held	Carrying amount
ENDURANCE FONDALMEC SPA	Lombardore (Turin)	2,700,000	5,242,503	27,171,646	100.00%	27,171,646	25,020,442
ENDURANCE FOA SPA	Chivasso (Turin)	382,200	3,211,369	13,474,059	100.00%	13,474,059	9,033,916
ENDURANCE ENGINEERING SRL	Turin	100,000	526,424	3,272,001	100.00%	3,272,001	2,000,000
Total							**36,054,358**

The carrying amount of all investments in subsidiaries is considerably lower that the corresponding value of the shareholders' equity held, given the positive results generated by those companies.

The absence of any evidence of impairment is further confirmed by the five-year, economic-financial forecasts prepared by the management of each company, which indicate continued profitability over that period. The theoretical present value of the subsidiaries was calculated using the DCF method (impairment test). The outcome confirmed that the present value of each subsidiary is greater than the related carrying amount.

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Receivables booked under current assets

In particular, current receivables at 31st March, 2017 (€ 2,380,450, up from Euro 1,426,084 in the prior year) comprise:

- Trade receivables: € 71,236 due from customers;
- Receivables due from subsidiaries: € 1,761,506, relating to:
  - the amounts due from Endurance Fondalmec S.p.A. (€ 96,090) and Endurance Engineering S.r.l. (€ 176,318) in relation to the domestic tax group;
  - trade receivables (totalling € 1,489,098) in relation to the operational and financial services provided by the Company, as part of the management of the Group.
- Receivables due from entities under common control: € 528,697 due from Endurance Amann GmbH for support provided to this German subsidiary;
- Tax receivables: € 17,084 in VAT recoverable;
- Deferred tax assets: € 3,668, classified as due beyond one year;
- Other receivables: € 30,462, of which € 28,535 due beyond one year in relation to guarantee deposits.

Breakdown by geographical area of receivables recorded under current assets

In terms of the geographical distribution of receivables, the above amounts are due to the Company by Italian counterparties, except as mentioned in relation to the amounts receivable from Endurance Amann GmbH (€ 528,697).

Current financial assets

This caption comprises the amount due from Endurance Engineering s.r.l. in relation to the cash pooling contract, € 1,256,544 at 31st March, 2017 (€ 1,390,527 at 31st March, 2016).

Current assets: cash and cash equivalents

Cash and cash equivalents (€ 5,353,557 at 31st March, 2017) also include the balance of cash resulting from the cash pooling system. A receivable is recorded as a contra-entry in the event of a liability, or a payable in the case of an asset versus the other participants to the cash pooling system (companies belonging to the Endurance Group). The increase with respect to the prior year (€ 1,703,324 at 31st March, 2016) partly reflects the liquidity deriving from the arrangement, close to the reporting date, of a medium-term loan of Euro 2,500,000, as discussed in more detail later.

Prepaid expenses and accrued income

Prepaid expenses (Euro 169,077 at 31st March, 2017) include amounts paid in advance by way of insurance premiums, advance payments on lease instalments and services pertaining to the following year.

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

Explanatory notes, liabilities and quotaholders' equity

Quotaholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Quotaholders' equity

Changes in quotaholders' equity items

The following tables covering the past two years present the changes in quotaholders' equity and details of the other reserves reported in the balance sheet.

The changes in quotaholders' equity during the prior year are analysed below:

	Amount at 01/04/2015	Allocation of the prior year result– Other allocations	Result for the year	Amount at 31/03/2016
Quota capital	16,105,263	-	-	16,105,263
Share premium reserve	304,737	-	-	304,737
Legal reserve	172,423	1,145	-	173,568
Paid in to cover losses	2,882,602	-	-	2,882,602
Extraordinary reserve	2,681,395	-	-	2,681,395
Retained earnings (accumulated losses)	(82,855)	21,752	-	(61,103)
Net income (loss) for the year	22,897	(22,897)	2,492,214	2,492,214
Total	**22,086,462**	-	**2,492,214**	**24,578,676**

The amounts reported for shareholder's equity at 1st April, 2015 and the changes in 2015/2016 are different to those reflected in the financial statements at 31st March, 2016, due to the effect of the changes in Italian accounting standards consequent to Decree 139/2015. Further information is provided in the Appendix to these financial statements

The changes in quotaholders' equity during the year are indicated below:

	Amount at 01/04/2016	Allocation of the prior year result – Other allocations	Result for the year	Amount at 31/03/2017
Quota capital	16,105,263	-	-	16,105,263
Share premium reserve	304,737	-	-	304,737
Legal reserve	173,568	125,732	-	299,300
Extraordinary reserve	2,681,395	-	-	2,681,395
Paid in to cover losses	2,882,602	-	-	2,882,602

	Amount at 01/04/2016	Allocation of the prior year result – Other allocations	Result for the year	Amount at 31/03/2017
Retained earnings (accumulated losses)	(61,103)	2,366,482		2,305,379
Net income (loss) for the year	2,492,214	(2,492,214)	213,538	213,538
Total	**24,578,676**	**-**	**213,538**	**24,792,214**

Availability and use of quotaholders' equity

The following table provides details of the components of quotaholders' equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in prior years.

Description	Amount	Origin/ Nature	Potential utilisation	Amount available
Quota capital	16,105,263	Quota capital		-
Share premium reserve	304,737	Quota capital	A;B;C	304,737
Legal reserve	299,300	Revenue	B	-
Extraordinary reserve	2,681,395	Revenue	A;B;C	2,681,395
Paid in to cover losses	2,882,602	Quota capital	A;B;C	2,882,602
Retained earnings (accumulated losses)	2,305,379	Revenue	A;B;C	2,305,379
Total	**24,578,676**			**8,174,113**
Amount not distributable				7,500
Residual amount distributable				8,166,613

The above table indicates the potential utilisation of each component as indicated below:

- A: for increase in capital
- B: to cover losses
- C: for distribution to the shareholders

The non-distributable equity reserves, determined in accordance with the provisions of art. 2426 c.c., cover the start-up and expansion costs that have not yet been fully amortised and the deferred tax assets recorded in the balance sheet.

Provisions for risks and charges

The provisions for risks and charges, entirely relating to deferred taxation, amount to € 2,097,580 at 31st March, 2017 and were recorded in accordance with OIC 31. The related provisions were recognised in the income statement on an accruals basis and classified with reference to the nature of the costs concerned. The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year – Utilisation	Changes during the year – Total	Carrying value at the end of the year
Provisions for risks and charges	2,495,905	(398,325)	(398,325)	2,097,580

As mentioned, this caption relates entirely to the deferred tax liabilities recognised during the year ended 31st March, 2015 in relation to the above-mentioned Merger. The change during the year reflects the release of the tax effect to match the depreciation of the additional amounts allocated to the assets of the Company at the time of the Merger.

The item in question relates entirely to the provision for deferred taxes recognised as part of the merger. The change during the year reflects the depreciation of the additional value allocated to tangible fixed assets.

Employee termination indemnity

Employee termination indemnities amount to € 31,171 at 31st March, 2017 (€ 33,772 at 31st March, 2016). The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year – Provision	Changes during the year – Utilisation	Changes during the year – Total	Carrying value at the end of the year
Employee termination indemnity	33,772	14,646	17,247	(2,601)	31,171

Most of this cost which relates to the provision for employee termination indemnity concerns the amount due to be transferred to the treasury account at INPS, Previndai and Fondo Cometa.

Payables

At the end of the year, payables amounted to € 33,213,704 and are detailed as follows:

- Due to banks within one year: € 2,406,630, relating to the current portion of loans arranged directly by the Company;
- Due to banks beyond one year: € 4,591,957, relating to the non-current portion of loans arranged directly;
- Trade payables: € 164,993;
- Due to subsidiaries within one year, € 7,388,981, as analysed below:
    - € 3,300,000 for the loan received from Endurance Fondalmec S.p.A.;
    - € 1,966,823 for the amount due to Endurance Fondalmec S.p.A. under the cash pooling arrangements;
    - € 2,000,000 for the loan received from Endurance Foa S.p.A.; as well as
    - trade payables of € 122,158;
- Due to subsidiaries beyond one year: € 327,000, relating to guarantee deposits received from Endurance Fondalmec S.p.A. and Endurance Foa S.p.A.;
- Payables due to entities under common control: € 7,288,796 due to Endurance Amann GmbH, a foreign affiliate, comprising € 4,276,840 due under the cash pooling arrangements and a loan of € 3,000,000 received from that company;
- Tax payables: € 969,840, mainly comprising the IRES payable in the context of the domestic tax group (€ 792,539), the IRAP payable (€ 58,027) and taxes withheld from payments to employees and freelance workers (€ 119,219);
- Due to pension institutions: € 487,177, mainly payable to INPS and Previndai;
- Other payables within one year: € 5,912,390, including the current portion (€ 2,450,000) of the liability to the Bonotto family following the purchase of Haminoea Srl (subsequently merged) and as well as the amounts due to employees for payroll accruals and other miscellaneous payables;
- Other payables beyond one year: € 4,900,000, comprising the other 3 annual instalments payable to the Bonotto

family following the purchase of Haminoea S.r.l. (comprising part of the purchase cost of Haminoea S.r.l. and the quotaholders' loan transferred to Endurance Overseas S.r.l.). These payables (recognised by the Company in 2014/2015) do not bear interest and are recorded and measured at their nominal value, following the election under OIC 19 to apply the amortised cost method on a prospective basis.

Breakdown of payables by geographical area

In terms of the geographical distribution of payables, the Company's counterparties are all Italian, except for the amounts due to Endurance Amann GmbH (totalling € 7,288,796).

Debt secured by collateral on company assets

The following schedule details the payables secured on the Company's assets. In relation to the amounts due to banks, these comprise the loan from Intesa Sanpaolo that was transferred to Endurance Overseas S.r.l. as a result of the merger, which is secured by a mortgage on the property at Lombardore (at nominal value):

	Debts secured by mortgages	Total debt secured by collateral	Debt not secured by collateral	Total
PAYABLES	1,230,769	1,230,769	33,206,935	34,437,704
Total payables	**1,230,769**	**1,230,769**	**33,206,935**	**34,437,704**

The nominal value of the payables secured by mortgages on the assets of the Company are analysed by maturity in the following table (without considering the amortised cost adjustment):

Debt secured by collateral	Amount
– due within one year	307,692
– due beyond one year but within 5 years	923,077
Total	**1,230,769**

Loans from quotaholders

The company has not received any loans from quotaholders.

Off balance sheet commitments

No off-balance sheet agreements were entered into during the year.

Explanatory notes, income Statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The property and investment management activities of the Company generate revenues principally from the rental of property, the management and coordination services provided to Group companies and the recharge to subsidiaries and affiliates of the cost of the executives employed by the Company. These revenues are classified in income statement caption A5, as shown below:

Item	Description	31/03/2017	31/03/2016	Change
	Revenues and other income			
	Revenues and other income	8,660,978	6,417,432	2,243,546
	Total	**8,660,978**	**6,417,432**	**2,243,546**

As stated, Revenues and other income mainly comprise rental income (€ 2,067,425), income from the services provided under the Service Agreements (governed on market terms and conditions) signed with subsidiaries and affiliates (€ 6,004,000) the recharge of secondment costs to the affiliate (€ 408,989 charged to Endurance Amann GmbH), disposal gains (€ 25,986) and other income and revenues. The increase with respect to the prior year (€ 2,243,456) mainly reflects the additional income deriving from the Service Agreement (€ 1,810,294) and the additional rental income (€ 299,810) earned following the increase in the areas made available to subsidiaries in the prior year, which only contributed in part to the revenues of that year.

Cost of production

The following table analyses the operating costs incurred during the 2016/2017 financial year on a comparative basis:

Description	31/03/2017	31/03/2016	Change
Cost of raw and ancillary materials, consumables and goods for resale	24,792	30,164	(5,372)
Cost of services	717,918	840,604	(122,686)
Lease and rental charges	204,934	170,974	33,960
Payroll costs	-	-	-
Wages and salaries	4,688,711	2,865,034	1,823,677
Social contributions	781,657	701,848	79,809
Employee termination indemnity and other costs	167,004	187,794	(20,790)
Amortisation of intangible assets	103,388	201,526	(98,138)
Depreciation of tangible fixed assets	814,062	689,816	124,246
Other operating expenses	204,347	291,486	(87,139)
Total	**7,706,813**	**5,979,246**	**1,727,567**

Payroll costs include the charges deriving from the management retention plan, which depends on the economic-financial results achieved by the Group in Europe and on the continued employment of personnel involved for a minimum pre-determined period.

Financial income and charges

Financial income for 2016/2017 (€ 19,673) principally comprises the interest income earned on the credit balances outstanding on the cash pooling accounts. Financial charges (€ 257,375) mainly relate to the interest incurred on the intercompany loan (€ 132,178) and on the loans from banks (€ 125,197).

Income taxes for the year, current and deferred

Current taxes, deferred tax assets and liabilities

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes.

They are detailed in the following tables:

- a description of the temporary differences that have given rise to the recognition of deferred tax liabilities and assets, with details of the rate applied, changes in the year and the amounts credited or debited to the income statement or to quotaholders' equity;
- the amount of deferred tax assets recognised relating to losses for the year or prior years and the reasons for their recognition; the amount not yet recognised and the reasons for the non-recognition;
- items excluded from the computation and the reasons for their exclusion.

Deferred tax assets and liabilities have been calculated using the following rates, which are expected to be in force during the years when it is reckoned that the temporary differences will reverse (IRES at 24% and IRAP at 3.9%).

	AMOUNT
A) Temporary differences	
Total deductible temporary differences	(1,416,893)
Total taxable temporary differences	14,326
Net temporary differences	(1,402,567)
B) Tax effects	
Provision for deferred tax liability (assets) at the beginning of the year	2,495,905
Deferred tax liability (assets) of the year	(398,325)
Provision for deferred tax liability (assets) at the end of the year	2,097,580

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	2016/17	2015/16
Income taxes	**503,217**	**45,148**
Deferred taxation	(399,310)	(175,167)
Income from consolidation	-	(62,469)
Taxation relating to prior years	17,184	-
IRES for the year (current)	723,877	206,776
IRAP for the year (current)	161,466	76,008

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Statement of cash flows

Consistent with the recommendations made by the OIC and without electing to apply the waiver envisaged in art. 2435-bis, para. 2, and art. 2435-ter of the Italian Civil Code for the companies that prepare condensed financial statements, the following statement of cash flows has been prepared using the indirect method envisaged in OIC 10.

		31/03/2017	31/03/2016(*)
A.	**Cash flows from operating activities (indirect method)**		
	Income (loss) for the year	213,538	2,492,214
	Taxation	503,216	56,185
	Interest expense/(interest income)	237,410	319,787
	(Dividends)	-	(2,430,000)
	(Gains)/losses from disposal of assets	(25,986)	-
1.	**Income/(loss) for the year before income taxes, interest, dividends and gains/losses from disposals**	928,178	438,186
Adjustments for non-cash items that had no counterpart in net working capital			
	Provisions	148,260	140,341
	Depreciation and amortisation of fixed assets	917,450	891,342
	Write-downs for permanent losses	-	-
	Other adjustments for non-cash items	-	-
2.	**Cash flow before changes in net working capital**	**1,065,710**	**1,031,683**
	Change in net working capital		
	Decrease/(increase) in inventory	-	-
	Decrease/(increase) in trade receivables	(867,791)	982,669
	Increase/(decrease) in trade payables	4,602,068	(177,077)
	Decrease/(increase) in prepaid expenses and accrued income	26,061	40,139
	Increase/(decrease) in accrued expenses and deferred income	-	-
	Other changes in net working capital	(711,720)	(1,432,353)
3.	**Cash flow after changes in net working capital**	**3,048,618**	**(586,621)**
	Other adjustments		
	Interest collected/(paid)	(237,410)	(319,787)
	(Income taxes paid)	(472,087)	(60,078)
	Dividends received	-	2,430,000
	(Use of provisions)	(549,186)	(283,148)
4.	**Cash flow after other adjustments**	**(1,258,683)**	**1,766,987**
	Cash flow from operating activities (A)	**3,783,823**	**2,650,235**
B.	**Cash flows from investing activities**		
Tangible fixed assets		19,172	(1,816,800)
	(Investments)	(101,420)	(1,816,800)
	Proceeds of disposals	120,592	-
Intangible assets		(0)	(100,327)
	(Investments)	(0)	(100,327)
	Proceeds of disposals	-	-
Financial fixed assets		(1,224,000)	-
	(Investments)	(1,224,000)	-

		31/03/2017	31/03/2016(*)
	Proceeds of disposals	-	-
	Cash flow from investing activities (B)	**(1,204,828)**	**(1,917,127)**
C.	**Cash flows from financing activities**		
Third-party funds			
	Increase (decrease) in short-term due to banks and other lenders	**-**	**500,000**
	New loans	2,500,000	-
	Repayment of loans	(1,428,762)	(1,418,804)
Own funds			
	Cash increase in capital	-	-
	Sale (purchase) of treasury shares	-	-
	Dividends (and interim dividends) paid	-	-
	Cash flow from financing activities (C)	**1,071,238**	**(918,804)**
Increase (decrease) in cash and cash equivalents (a ± b ± c)		**3,650,233**	**(185,696)**
	Cash and cash equivalents at beginning of period	1,703,324	1,889,020
	Cash and cash equivalents at end of period	5,353,557	1,703,324

(*) Certain reclassifications have been made with respect to the data reported in the financial statements at 31st March, 2016, both for the sake of consistency and in order to improve the presentation of the results of operations.

Fees payable to Directors, Statutory Auditors and independent auditors

Fees of Euro 68,788 were paid to Directors during the year.

Fees of Euro 51,719 were paid to the Board of Statutory Auditors during the year.

During the year, the following amounts (comprising fees and expenses) were paid to the independent auditors (Deloitte & Touche S.p.A.):

- € 19,215 for the legal audit of the accounts, comprising the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries, as well as well as for the audit activities performed on the consolidated Group Reporting Package, prepared and submitted for the preparation of consolidated financial statements of the Endurance Technologies Group;
- € 1,050 for the audit work performed in order to sign the tax declarations;
- € 76,650 for the audit of the consolidated financial statements, as restated and prepared in the form of consolidated Group Reporting Package, that was submitted for the purpose of preparing the Prospectus of Endurance Technologies Ltd (ETL), and for other audit work associated with the IPO process that resulted in the listing of the ultimate parent company ETL on the regulated markets in India. Based on the agreements reached in connection to this special transaction with the ultimate parent company, the above costs have been recharged to the shareholders of ETL;
- € 13,650 for services provided by other members of Deloitte & Touche S.p.A's network .

Securities issued by the Company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Civil Code.

Information on financial instruments issued by the Company

The Company has not issued any other financial instruments as per paragraph 1.19 of art. 2427 of the Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet
The Company has given mortgage guarantees in favour of Endurance Fondalmec S.p.A. in relation to the loan arranged in the prior year with Intesa Sanpaolo (residual balance at 31st March, 2017 of € 8,148,148), which is secured by a mortgage on the property used by that subsidiary under rental contracts signed with the Company.

In addition, the Company has given a letter of patronage on behalf of Endurance Engineering s.r.l. that assists a loan arranged with Banca Regionale Europea in January 2015 (residual balance at 31st March, 2017 of € 254,443).

Information about capital and loans allocated to a specific business project
Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about off-balance sheet agreements
No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date
Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary
The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group coincident with smaller group
Company name	Endurance Technologies Limited
Town (if in Italy) or foreign State	Aurangabad (India)
Tax code (Italian companies)	-
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE (**)

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Summary financial statements of the company which exercises management and coordination activities
The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at K-228, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st March, 2016 (source www.rbi.org.in) was 75.0955 (67.5104 at 31 March, 2015):

Balance sheet (*)	**31/03/2016**	**31/03/2015**
Assets		
Fixed assets, net	9,702.83	9,138.28
Investments and other non-current assets	4,019.24	4,136.16
Current assets	6,195.23	5,474.56
Total assets	**19,917.30**	**18,749.00**
Liabilities and quotaholders' equity		

Balance sheet (*)	31/03/2016	31/03/2015
Quotaholders' equity	13,424.61	11,553.05
Loans	2,365.63	3,387.46
Payables	3,735.54	3,342.28
Accrued expenses and deferred income and provisions	391.52	466.21
Total liabilities and quotaholders' equity	**19,917.30**	**18,749.00**

Income Statement (*)	31 March, 2016	31 March, 2015
Value of production	36,966.53	35,409.08
Cost of production and interest	34,182.31	32,959.25
Result before extraordinary items	**2,784.22**	**2,449.83**
Extraordinary items	-	-
Income before tax	**2,784.22**	**2,449.83**
Taxation for the year (current and deferred)	704.05	653.63
Income (loss) for the year	**2,080.17**	**1,796.20**

(*) Amounts reported in the table above are consistent with the financial statements as of 31st March, 2016 of the company which exercises management and coordination activities in accordance with the Indian Gaap principles in force when such figures were arranged, replaced as of today by the Ind-AS principles. As a consequence the information as of 31st March, 2016 included in this section are not aligned to those which will be reported as comparison year in the financial statements as of 31st March, 2017.

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Relations with related parties

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates classified as current assets

Description	31/03/2017	31/03/2016	Change
from parent companies	-	-	-
from subsidiaries	3,018,050	2,399,760	618,290
from entities under common control	528,697	350,433	178,264
Total	**3,546,747**	**2,750,193**	**796,554**

In terms of the relations with Endurance Technologies Limited, during the year the Company recharged to the parent company costs incurred in relation to its IPO totalling € 252,586.

Receivables due from subsidiaries comprise:

- the amount due from Endurance Engineering s.r.l. under the current cash pooling arrangements of € 1,256,544, which generated income during the year of € 19,673;
- the amounts due from Endurance Fondalmec S.p.A. (€ 96,090) and Endurance Engineering s.r.l. (€ 176,318) in relation to the domestic tax group;
- trade receivables (totalling € 1,489,098) in relation to the operational and financial services provided by the Company to the Italian companies, as part of the management of the Group. These receivables relate to the recharge of rental costs (€ 2,067,425 during the year) and the costs incurred under the Group Service Agreement (€ 4,657,000 during the year).

Receivables due from entities under common control: € 528,697 relating to the support provided to Endurance Amann GmbH, the German affiliate, which generated income totalling € 1,755,989.

Payables due to and loans from affiliates

Description	31/03/2017	31/03/2016	Change
to subsidiaries – due within one year	7,388,981	6,032,624	1,356,357
to subsidiaries – due beyond one year	327,000	627,000	(300,000)
to entities under common control	7,288,796	3,500,423	3,788,373
to other related parties – due within one year	2,450,000	2,450,000	-
to other related parties – due beyond one year	4,900,000	7,350,000	(2,450,000)
Total	**22,354,777**	**19,960,047**	**2,394,730**

Amounts due to subsidiaries within one year refer to:

- € 3,300,000 for a loan from Endurance Fondalmec S.p.A. that generated interest expense of € 115,127 during the year;
- € 1,966,823 due to Endurance Fondalmec S.p.A. under the cash pooling arrangements;
- € 2,000,000 for a loan from Endurance Foa S.p.A. that generated interest expense of € 6,013 during the year; as well as
- trade payables of € 122,158, in particular from the provision of services by Endurance Foa S.p.A.

Amounts due to subsidiaries beyond one year total € 327,000 at 31st March, 2017, comprising the guarantee deposits received from Endurance Fondalmec S.p.A. and Endurance Foa S.p.A. in relation to the rental contracts with them.

Payables due to entities under common control: € 7,288,796 due to Endurance Amann GmbH and comprising

€ 4,276,840 payable under the cash pooling arrangements and a loan of € 3,000,000 that together generated interest expense of € 11,038 during the year.

Payables due to other related parties comprise the current and non-current portions of the amount due to the Bonotto family (linked to one of the members of the Board of Directors of the Company) deriving from the purchase of Haminoea S.r.l. (in the context of the Merger): these payables do not bear interest.

With regard to relations during the year with other related parties, the income statement contains rental expense of € 29,689 that was charged under the rental contract for the Company's offices in Turin signed with V&P S.r.l., which is owned by the managing director of the Company.

Treasury shares and shares in parent companies

In accordance with paragraphs 3.3 and 3.4 of art. 2435-bis and art. 2428 of the Civil Code, it is hereby confirmed that the Company did not hold any shares or quotas in the parent company during the year.

Explanatory notes – closing section

Quotaholders, We confirm that these financial statements, which comprise the balance sheet, income statement and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account.

Given all of the above, the Directors recommend approval of these draft financial statements at 31st March, 2017, together with the following proposed allocation of the net income for the year of € 213,538:

- € 10,677 to the legal reserve;
- € 202,861 to retained earnings.

Lombardore, 08/05/2017

Chief Executive Officer

Signed by Massimo Venuti

ENDURANCE OVERSEAS S.r.L.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TO)

Included in Turin Company Register

Tax Code and Register no. 05754620960

Turin Chamber of Commerce Register no. 1101893

Share capital: € 16,105,263.00 subscribed and fully paid

VAT Number: 05754620960

Sole shareholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Auditors

Financial Statements as at and for the year ended 31st March, 2017

Report to the Shareholders' Meeting pursuant to Art. 2429, Para 2 of the Italian Civil Code – Administrative supervision

During the year ended 31st March, 2017, administrative supervision was carried out on Endurance Overseas S.r.l. (the "Company") pursuant to Art. 2403 of the Italian Civil Code, according to the rules of conduct of the Board of Statutory Auditors recommended by the Italian National Council of Chartered Accountants.

Activities carried out by the Board of Statutory Auditors during the year

During the year under review, we monitored compliance with the law and the Articles of Association and with the principles of proper management.

We attended the Shareholders' Meetings and Board meetings, for which, on the basis of available information, we did not detect any breach of the law or the article of association, nor manifestly imprudent, risky transactions, determining potential conflicts of interest or compromising the social assets integrity.

We have acquired information from the Company's Directors regarding Company's transactions; we have no particular observations to report about them.

We have gained information from the Company's Directors about the overall operating performance and its predictable evolution, as well as on the most significant operations, based on their size or characteristics, made by the Company and, based on the information obtained, we have no particular comments to report.

We met the independent auditor's representatives, and no relevant data and information emerged that should be highlighted in this report.

We have gained knowledge and we watched over, as far as we are responsible, about the adequacy and operating effectiveness of the organizational structure of the Company, also through the gathering of information from the heads of functions, and in this regard we have no specific comments to report.

We have acquired knowledge and we supervised, as far as we are responsible, about the adequacy and operating effectiveness of the administrative and accounting system, as well as on its reliability to correctly represent the management facts, by obtaining information from the heads of functions, from the independent auditor and through the examination of Company's documents, and in this regard we have no particular comments to report.

No complaints or denunciations made with reference to art. 2408 Civil Code have been received by the Board of Statutory auditors.

The Board of Statutory Auditors did not issue any legally requested statutory opinions during the year.

During the supervisory activity, as outlined above, no other significant facts have emerged to be mentioned in this report.

This report therefore summarizes the activity concerning the information required by art. 2429, comma 2, Civil Code and more precisely:

- about the results of the financial year;
- about the activity performed in the fulfillment of the duties provided for by the law;
- about observations and proposals on the financial statements, with particular reference to the possible use by the Board of Directors of the exemption provided for in art. 2423, comma 5, Civil Code;
- about the possible receipt of complaints by the shareholders, based on art. 2408 Civil Code.

In any case, we remain available for deepening all other further aspects during the Shareholder's meeting.

The activities that we carried out have covered, from a time point of view, the entire financial year and during the same financial year, the meetings referred to in art. 2404 Civil Code properly occurred.

During the periodic statutory audits, we have been aware of the evolution of the Company's business, paying particular attention to contingent issues in order to identify their economic and financial impact on the operating result and on equity structure, as well as to identify potential risks with constant frequency.

These meetings have been drafted by means of appropriate minutes duly signed for unanimous approval.

Information on the Statutory Financial Statements

The draft statutory financial statements as at and for the year ended 31st March, 2017, which the Board of Directors has provided to us for due examination, pursuant to Art. 2429 of the Italian Civil Code, has been drawn in accordance with the provisions of Decree Law No. 127/91 and of Legislative Decree 139/2015.

The Statutory Financial Statements, being related requirements fulfilled, has been drafted in condensed form in accordance with art. 2435-bis Civil Code with the exemption, inter alia, from the obligation to prepare the statement of cash flows, which was anyhow included in the Explanatory Notes.

The Statutory Financial Statements is therefore composed of:

- Balance Sheet
- Income Statement
- Explanatory Notes

and it corresponds to the following figures:

Balance Sheet

Description	Year 2017	Year 2016	Variance
NON-CURRENT ASSETS	50,942,838	51,853,475	910,637-
CURRENT ASSETS	9,022,754	4,522,618	4,500,136
PREPAID EXPENSES AND ACCRUED INCOME	169,077	195,137	26,060-
TOTAL ASSETS	60,134,669	56,571,230	3,563,439

Description	Year 2017	Year 2016	Variance
SHAREHOLDER'S EQUITY	24,792,214	24,578,676	213,538
PROVISIONS FOR CONTINGENCIES AND OTHER LIABILITIES	2,097,580	2,495,905	398,325-
EMPLOYEES' SEVERANCE INDEMNITY	31,171	33,772	2,601-
DEBTS	33,213,704	29,462,877	3,750,827
TOTAL LIABILITIES AND EQUITY	60,134,669	56,571,230	3,563,439

Income Statement

Description	Year 2017	Year 2016	Variance
TURNOVER	8,660,978	6,417,432	2,243,546
PRODUCTION COSTS	7,706,813	5,979,246	1,727,567
DIFFERENCE BETWEEN TURNOVER AND PRODUCTION COSTS	954,165	438,186	515,979
RESULT BEFORE TAXES	716,755	2,548,399	1,831,644-
CURRENT AND DEFERRED INCOME TAXES	503,217	56,185	447,032
PROFIT (LOSS) OF THE YEAR	213,538	2,492,214	2,278,676-

We have examined the draft statutory financial statements for the year ending 31st March, 2017, including the Report on operation attached to it, and about it we refer the following.

Since we have not been legally appointed for the audit of the statutory financial statements based on law requirements, we have overseen the general aspects and approach for its formation, its general compliance with the law in terms of its preparation and structure, and in this respect we have no specific comments to report.

More specifically, we note that:

- the valuation criteria adopted for the preparation of the statutory financial statements as at 31st March, 2017 comply with the statutory provisions of the Italian Civil Code as amended by Legislative Decree 139/2015;
- the Directors provided information on the Company's performance and its predictable evolution;
- the new Balance Sheet and Income Statement structure, as amended by Legislative Decree 139/2015, have been adopted;
- pursuant to art. 2426 comma 5, Civil Code, Start-up and expansion costs, whose net book value amounts to € 3,832 as of 31st March, 2017, are recorded in the statutory financial statements, with the consent of the Board of Statutory Auditors, which had verified the asset's useful life requirements;
- pursuant to art. 2426 comma 6, Civil Code, a Goodwill, whose net book value amounts to € 1,101,283 as of 31st March, 2017, is included in the balance sheet; such goodwill has been recorded in the context of a business combination transactions carried out in previous years and with the consent of the Board of Statutory Auditors, which had verified the related requirements for inclusion in the financial statements.

Net Result of the financial year

The net result as determined by the Directors for the year ended 31st March, 2017, as emerging by the reading of the statutory financial statements, is positive and amounts to € 213,538.

The Board of Statutory Auditors has no observations with regard to the proposal for the net result's allocation formulated by the Directors.

Conclusions

Taking also into account the results of the activity performed by the independent statutory auditor, as included in the audit report on the Statutory Financial Statements, the Board of Statutory Auditor unanimously declared that no impediment to the approval, by the Shareholders, of the draft Statutory Financial Statements as at 31st March, 2017, as prepared by the Board of Directors.

Milan, 9th May, 2017

Signed by Fulvio Mastrangelo

Signed by Fabio Greco

Signed by Massimo Carera

Appendix – Effects of applying the new Italian accounting standards

The effects of applying the new Italian accounting standards to the asset and liability balances at 1 April, 2016 have been recognised in the reserve for "Retained earnings (accumulated losses)", classified within shareholder's equity, net of the related tax effects that have been classified, as applicable, among the deferred tax assets and the deferred tax liabilities.

As required by the new OIC 29 and solely for comparative purposes, the Company has restated the balance sheet and income statement for the year ended 31st March, 2016 in accordance with the new Italian accounting standards.

In order to present the effects on the financial statements of the transition to the new Italian accounting standards, the Company has prepared:

- a reconciliation of the shareholder's equity at 31 March, 2015 prepared under the previous accounting standards with that prepared in accordance with the new Italian accounting standards at 1 April, 2016;
- solely for comparative purposes, a reconciliation of the results reported in the financial statements prepared under the previous accounting standards (for the year ended 31st March, 2016) with those deriving from application of the new Italian accounting standards to the financial statements for that year;
- reconciliation schedules and explanatory notes;
- solely for comparative purposes, the balance sheet and the income statement for the year ended 31st March, 2016.

Instructions for first-time adoption

In general, the new Italian accounting standards allow the effects of changes in accounting standards to be recognised prospectively. Accordingly, items relating to ongoing transactions whose effects have not yet been fully reflected in the financial statements continue to be recorded in accordance with the previous standards, unless specified differently in the instructions for the first-time adoption of the new Italian accounting standards.

On the other hand, the following accounting standards have been adopted retrospectively by the Company, based on the instructions for their first-time adoption:

– OIC 32: in its entirety (except that the Company has elected not to recognised derivative financial instruments under the rules for hedge accounting, despite the existence of financial arrangements that would qualify as hedges).

Optional instructions for first-time adoption used by the Company

The Company made the following elections on the first-time adoption of the new Italian accounting standards:

– OIC 15 and OIC 19: the Company elected not to measure at amortised cost or to discount the receivables and payables reported in the balance sheet at 31st March, 2016. The provisions of OIC 15 and OIC 19 have therefore only been applied to transactions that were carried out from 1 April 2016 onwards.

Reconciliations of data prepared under the previous accounting standards with that prepared under the new Italian accounting standards

Reconciliation of quotaholders' equity at 31st March 2015 determined under the previous accounting standards with that at 1st April, 2016 determined under the new Italian accounting standards and the profit/loss reported for FY 2015/2016 (ended on 31st March, 2016)

	2015/2016 data – - – restated under the new accounting standards					
(amounts in thousands of euro)	Quotaholders' equity at 01/04/2015	Result 2015/2016 financial year	Retained earnings (accumulated losses)	Reserve for cash flow hedges	Other changes in quotaholders' equity	Total quotaholders' equity at 31/3/2016
Quotaholders' equity under the previous accounting standards	**22,237**	**2,515**	-	-	-	**24,751**
1. OIC 25 Recognition of deferred taxation on undistributed profits						
Tax effect	(150)	(22)	-	-	-	(172)
Total adjustments on adoption of new Italian accounting standards	**(150)**	**(22)**	-	-	-	**(172)**
Quotaholders' equity under the new Italian accounting standards	**22,087**	**2,492**	-	-	-	**24,579**

The captions and amounts restated in the above reconciliation of quotaholders' equity at 31st March, 2015 determined under the previous accounting standards with that at 1 April, 2016 determined under the new Italian accounting standards are discussed below, together with the effects of applying the new accounting standards on the net results for the year ended 31st March, 2016:

1. Pursuant to OIC 25 (paras. 82 to 85), the Company has recognised the deferred taxation on the difference between the carrying amount of its investments in subsidiaries, associates or joint ventures and their value for tax purposes, in particular relating to the undistributed profits of the subsidiaries owned. Having regard for the dividend policy currently applied within the international group, deferred taxation has been provided on a portion of the undistributed profits included in the equity of the subsidiaries, resulting in the recognition of deferred tax liabilities totalling € 150 thousand at 1st April, 2015. On the same basis, this amount was increased by € 22 thousand during the year ended 31st March, 2016 to take account of the results earned by the subsidiaries in that period.

Effects on the restated balance sheet and income statement for the year ended 31st March, 2016

In addition to the reconciliation of quotaholders' equity at 1st April, 2015 and the restatement of the results for the year ended 31st March, 2016, accompanied by explanatory notes for the adjustments made to the balances restated under the new Italian accounting standards, the restated balance sheet at 31st March, 2016 and the restated income statement for the year then ended are also attached, showing for each item in individual columns:

- the amounts taken from the financial statements at 31st March, 2016 prepared under the previous accounting standards;
- the reclassifications made as a consequence of the different rules of presentation specified in the new Italian accounting standards;

- the adjustments made as a result of applying the new Italian accounting standards;
- the closing balances restated under the new Italian accounting standards.

The adjustments recorded in the balance sheet and income statements are described in the explanatory notes presented earlier, while the reclassifications are discussed in the following notes.

Balance Sheet – Assets	31st March, 2016 Approved (Previous accounting standards)	Reclassifications: Rec/liab. entities under common control	Reclassifications: Treasury management assets	Adjustments: OIC 25 Deferred taxation on undistributed profits	31st March, 2016 Restated (New accounting standards)
A) Due from quotaholders for amounts still to be paid in					
B) Fixed assets					
I Intangible assets					
1) Start-up and expansion costs	8,672	-	-	-	8,672
2) Development costs	-	-	-	-	-
3) Industrial patent rights and intellectual property rights	4,392	-	-	-	4,392
4) Concessions, licences, trademarks and similar rights	-	-	-	-	-
5) Goodwill	1,190,913	-	-	-	1,190,913
6) Assets in process of formation and advance payments	-	-	-	-	-
7) Other	12,162	-	-	-	12,162
	1,216,139	**-**	**-**	**-**	**1,216,139**
II Tangible fixed assets					
1) Land and buildings	14,022,200	-	-	-	14,022,200
2) Plant and machinery	330,611	-	-	-	330,611
3) Industrial and commercial equipment	5,411	-	-	-	5,411
4) Other assets	224,756	-	-	-	224,756
5) Assets under construction and advance payments	-	-	-	-	-
	14,582,978	**-**	**-**	**-**	**14,582,978**
III Financial fixed assets					
1) Equity investments in:					
a) subsidiaries	36,054,358	-	-	-	36,054,358
	36,054,358	-	-	-	36,054,358
Total fixed assets	51,853,475	-	-	-	51,853,475

Balance Sheet – Assets	31st March, 2016 Approved (Previous accounting standards)	Reclassifications: Rec/liab. entities under common control	Reclassifications: Treasury management assets	Adjustments: OIC 25 Deferred taxation on undistributed profits	31st March, 2016 Restated (New accounting standards)
C) Current assets					
I) Inventories	-	-	-	-	-
II) Receivables					
1) From customers					
– within 12 months	350,433	(350,433)	-	-	-
– beyond 12 months	-	-	-	-	-
	350,433	**(350,433)**	**-**	**-**	**-**
2) From subsidiaries					
– within 12 months	2,399,760	-	(1,390,527)	-	1,009,233
– beyond 12 months	-	-	-	-	-
	2,399,760	-	(1,390,527)	-	1,009,233
5) Entities under common control					
– within 12 months	-	350,433	-	-	350,433
– beyond 12 months	-	-	-	-	-
	-	**350,433**	**-**	**-**	**350,433**
5-bis) Tax receivables					
– within 12 months	62,495	-	-	-	62,495
– beyond 12 months	-	-	-	-	-
	62,495	**-**	**-**	**-**	**62,495**
5-ter) Deferred tax assets					
– within 12 months	-	-	-	-	-
– beyond 12 months	2,683	-	-	-	2,683
	2,683	**-**	**-**	**-**	**2,683**
5-quater) From others					
– within 12 months	3,924	-	-	-	3,924
– beyond 12 months	-	-	-	-	-
	3,924	**-**	**-**	**-**	**3,924**
III) Current financial assets					
7) Treasury management assets	-	-	1,390,527	-	1,390,527
	-	**-**	**1,390,527**	**-**	**1,390,527**
IV Cash and cash equivalents					
1) Bank and postal deposits	1,702,256				1,702,256
2) Cheques	-				-

Balance Sheet – Assets	31st March, 2016 Approved	Reclassifications		Adjustments	31st March, 2016 Restated
	(Previous accounting standards)	Rec/liab. entities under common control	Treasury management assets	OIC 25 Deferred taxation on undistributed profits	(New accounting standards)
3) Cash on hand	1,067				1,067
	1,703,324	**-**	**-**	**-**	**1,703,324**
Total current assets	**4,522,617**	**-**	**-**	**-**	**4,522,617**
D) Prepaid expenses and accrued income	195,137	-	-	-	195,137
Total assets	**56,571,230**	**-**	**-**	**-**	**56,571,230**

Balance Sheet – Liabilities and Quotaholders' Equity	31/03/2016 Approved	Reclassifications		Adjustments	31/03/2016 Restated
	(Previous accounting standards)	Rec/liab. entities under common control	Treasury management assets	OIC 25 Deferred taxation on undistributed profits	(Previous accounting standards)
A) Quotaholders' equity					
I Quota capital	16,105,263	-	-	-	16,105,263
II Share premium reserve	304,737	-	-	-	304,737
III Revaluation reserve	-	-	-	-	-
IV Legal reserve	173,568	-	-	-	173,568
V Statutory reserves	-	-	-	-	-
VI Other reserves	5,563,997				5,563,997
VII Reserve for cash flow hedges	-	-	-	-	-
VIII Retained earnings (accumulated losses)	89,115	-	-	(150,218)	(61,103)
IX Net income (loss) for the year	2,514,648	-	-	(22,434)	2,492,214
X Negative reserve for treasury shares held	-	-	-	-	-
Total quotaholders' equity	**24,751,328**	**-**	**-**	**(172,652)**	**24,578,676**
B) Provision for risks and charges					
2) Provision for taxation	2,323,253	-	-	172,652	2,495,905
Total provisions for risks and charges	**2,323,253**	**-**	**-**	**172,652**	**2,495,905**
C) Provision for employee termination indemnity	**33,772**	**-**	**-**	**-**	**33,772**

Balance Sheet – Liabilities and Quotaholders' Equity	31/03/2016 Approved	Reclassifications		Adjustments	31/03/2016 Restated
	(Previous accounting standards)	Rec/liab. entities under common control	Treasury management assets	OIC 25 Deferred taxation on undistributed profits	(Previous accounting standards)
D) Payables					
4) Due to banks					
– within 12 months	1,918,803	-	-	-	1,918,803
– beyond 12 months	4,008,547	-	-	-	4,008,547
	5,927,350	**-**	**-**	**-**	**5,927,350**
7) Trade payables					
– within 12 months	407,595	-	-	-	407,595
– beyond 12 months	-	-	-	-	-
	407,595	**-**	**-**	**-**	**407,595**
9) Payables due to subsidiaries					
– within 12 months	5,432,624	-	-	-	5,432,624
– beyond 12 months	1,227,000	-	-	-	1,227,000
	6,659,624	**-**	**-**	**-**	**6,659,624**
11-bis) Payables due to entities under common control					
– within 12 months	-	3,500,423	-	-	3,500,423
– beyond 12 months	-	-	-	-	-
	-	3,500,423	-	-	3,500,423
12) Taxation payable					
– within 12 months	1,168,668	-	-	-	1,168,668
– beyond 12 months	-	-	-	-	-
	1,168,668	**-**	**-**	**-**	**1,168,668**
13) Due to pension and social security institutions					
– within 12 months	433,819	-	-	-	433,819
– beyond 12 months	-	-	-	-	-
	433,819	**-**	**-**	**-**	**433,819**
14) Other payables					
– within 12 months	7,515,822	(3,500,423)	-	-	4,015,398
– beyond 12 months	7,350,000	-	-	-	7,350,000
	14,865,822	(3,500,423)	-	-	11,365,398
Total payables	**29,462,878**	**-**	**-**	**-**	**29,462,878**
E) Accrued expenses and deferred income					
Total liabilities and quotaholders' equity	**56,571,230**	**-**	**-**	**-**	**56,571,230**

The reclassifications made to the restated 2015 balance sheet are discussed below:

- Restatement of receivables and payables due from/to entities under common control: the Company has restated the receivables (deriving from the recharge of management services and payroll costs) due from Endurance Amann GmbH (subsidiary of Endurance Technologies Limited), totalling € 350 thousand at 31st March, 2016; similarly, the payables due to that counterparty, totalling € 3,500 thousand (in relation to the cash pooling arrangements), have been reclassified from Other payables to Payables due to entities under common control;

- Centralised treasury management: the conditions applying to the cash pooling arrangements made have allowed the Company to reclassify the amount of € 1,391 thousand due from Endurance Engineering S.r.l. at 31st March, 2016 from Amounts due from subsidiaries to the "Centralised treasury management" caption.

With regard to the adjustments made in application of the new accounting standards discussed earlier, the recognition at 31st March, 2016 of deferred taxation on the difference between the carrying amounts and tax values of subsidiaries affected the provision for deferred taxation (€ 172 thousand), quotaholders' equity (€ 150 thousand) and the results for the year (€ 222 thousand).

		31/03/2016 Approved	Reclassifications		Adjustments	31/03/2016 Restated (Previous accounting standards)
		(Previous accounting standards)	Charges / income – entities under common control	Non-recurring income and expense and taxation relating to prior years	OIC 25 Deferred taxation on undistributed profits	
A)	**Value of production**					
1)	Revenues from sales of goods and services	-	-	-	-	-
2)	Changes in inventories of work in progress, semi-finished and finished products	-	-	-	-	-
3)	Change in contract work in progress	-	-	-	-	-
4)	Increases in non-current assets from in-house production	-	-	-	-	-
5)	Other income and revenues:	-				
	– operating grants	-	-	-	-	-
	– other	6,417,432	-	2,724	-	6,420,156
	Total value of production	**6,417,432**	**-**	**2,724**	**-**	**6,420,156**
B)	**Cost of production**					
6)	Raw and ancillary materials, consumables and goods for resale	30,164	-	-	-	30,164
7)	Services	840,604	-	-	-	840,604
8)	Lease and rental charges	170,974	-	-	-	170,974
9)	Payroll	-				
	a) wages and salaries	2,865,034	-	-	-	2,865,034
	b) social contributions	701,848	-	-	-	701,848
	c) employee termination indemnity	140,341	-	-	-	140,341
	d) pensions and similar commitments	-	-	-	-	-
	e) other costs	47,453	-	-	-	47,453

	31/03/2016 Approved (Previous accounting standards)	Reclassifications: Charges / income – entities under common control	Reclassifications: Non-recurring income and expense and taxation relating to prior years	Adjustments: OIC 25 Deferred taxation on undistributed profits	31/03/2016 Restated (Previous accounting standards)
	3,754,676	-	-	-	3,754,676
10) Depreciation, amortisation and write-downs					
a) amortisation of intangible fixed assets	113,299	-	-	-	113,299
b) depreciation of tangible fixed assets	778,043	-	-	-	778,043
c) other write-downs of fixed assets	-	-	-	-	-
	891,342	-	-	-	891,342
14) Other expenses	280,089	-	14,121		294,210
Total cost of production	**5,967,849**	**-**	**14,121**	**-**	**5,981,971**
Difference between production value and cost (A – B)	**449,583**	**-**	**(11,397)**	**-**	**438,185**
C) Financial income and charges					
15) Income from equity investments	-				
– from subsidiaries	2,430,000	-	-	-	2,430,000
	2,430,000	-	-	-	2,430,000
16) Other financial income					
d) income other than the above					
– from subsidiaries	23,287	-	-	-	23,287
– from associated companies	-	-	-	-	-
– from parent companies	-	-	-	-	-
– from entities under common control	-	-	-	-	-
– other	2,345	-	-	-	2,345
	25,632	-	-	-	25,632
17) Interest and financial charges					
– to subsidiaries	93,146	-	-	-	93,146
– to associated companies	-	-	-	-	-
– to parent companies	-	-	-	-	-
– to entities under common control	-	39,240	-	-	39,240
– other	252,273	(39,240)	-	-	213,033
	345,419	-	-	-	345,419
17 bis) Exchange gains and losses	-	-	-	-	-
Total financial income and charges	**2,110,213**	**-**	**-**	**-**	**2,110,213**
Result before taxes (A – B +/ – C +/ – D)	**2,559,796**	**-**	**(11,397)**	**-**	**2,548,398**

	31/03/2016 Approved (Previous accounting standards)	Reclassifications: Charges / income – entities under common control	Reclassifications: Non-recurring income and expense and taxation relating to prior years	Adjustments: OIC 25 Deferred taxation on undistributed profits	31/03/2016 Restated (Previous accounting standards)
20) Income taxes for the year, current and deferred					
– Current taxation	282,784	-	-	-	282,784
– Taxation relating to prior years	-	-	(11,397)	-	(11,397)
– Deferred taxation	(175,168)	-	-	22,434	(152,734)
– Income (charges) from tax consolidation	(62,469)	-	-	-	(62,469)
	45,147	-	(11,397)	22,434	56,184
23) Profit for the year	**2,514,648**	**-**	**-**	**(22,434)**	**2,492,214**

The reclassifications made to the restated 2015 income statement are discussed below:

Income and charges relating to entities under common control: with regard to the financial relations with Endurance Amann GmbH (deriving from the cash pooling arrangements), the Company has reclassified the interest expense accrued on the amount payable to that German affiliate (amounting to € 39 thousand).

Elimination of non-recurring items and taxation relating to prior years: given the elimination of the section on non-recurring income and expense, the Company has reclassified out-of-period income and expense (including the residual amounts previously reported in income statement captions A5 and B14, and related tax charges) to the relevant income statement captions based on the “nature” of the income and expense concerned.

With regard to the adjustments, the provision for deferred tax liabilities has been increased (charge of € 22 thousand) to take account of the deferred tax effect of the undistributed profits earned by the subsidiaries during the year.

Independent Auditors' Report

Pursuant To Article 14 of Legislative Decree No. 39 of 27th January, 2010

To the Quotaholders of

ENDURANCE OVERSEAS S.r.l.

Report on the Financial Statements

We have audited the accompanying financial statements of Endurance Overseas S.r.l., prepared in short form in accordance with article 2435-bis of the Italian Civil Code, which comprise the balance sheet as at 31st March, 2017, statement of income and statement of cash flows for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Endurance Overseas S.r.l. as at 31st March, 2017, and of its financial performance and cash flows for the year then ended in accordance with the Italian law governing financial statements.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Overseas S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Overseas S.r.l. does not extend to such data.

DELOITTE & TOUCHE S.p.A.

Signed by Giorgio Barbieri
Partner

Turin, May 9, 2017

ENDURANCE FONDALMEC S. P. A.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)

Tax Code and Turin Companies Register no. 01729340016

TURIN Chamber of Commerce no. 518776

Share capital: € 2,700,000.00 subscribed and fully paid

VAT Number: 01729340016

Sole Shareholder Company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements for the year ended 31/03/2017

To the Shareholder, The explanatory notes provide disclosures on the financial statements for the year ended 31/03/2017; this document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the general economic environment and the results of operations:

According to the World Bank, global GDP grew by 2.3% in 2016, with the advanced economies rising 1.6% and the emerging countries up 3.4%. Considering the developed countries, GDP made reasonable progress in the United States (1.6%), Germany (1.9%), the United Kingdom (1.8%) and France (1.1%), while growth in Italy was limited to 0.9% (the 1.4% rise in domestic demand was offset by the contraction of inventories (-0.5%) and net foreign demand (-0.1%)).

In China, the 6.7% rise in GDP was the slowest since 1990. India grew by 7.0% and the recession continued in Brazil, although the worst of the crisis seems to have passed.

With regard to sector trends, ACEA data for the expanded European Union and EFTA indicates that car registrations climbed to 15,131,719 units in the 2016 calendar year, up by 6.5% with respect to 2015.

All countries (except for Switzerland and the Netherlands, which have a negligible effect) reported growth, with Italy achieving the best performance (+15.8%), followed by Spain (+10.9%), France (+5.1%), Germany (4.5%) and the United Kingdom (+2.3%). The market in Western Europe expanded by 5.8% to 13.97 million registrations, while the newer EU member countries saw car sales rise by 15.9% to 1.16 million units.

The principal markets accounted for 72.9% of the European market, with more than 11 million registrations over the entire year, up by 6.4% with respect to 2015 but still 6.3% lower than the volume achieved in 2007 (11.8 million cars).

Analysing the registrations of the various manufacturers, the Volkswagen Group retained leadership of the European market with sales of 3,641,012 cars, up by 3.3% on 2015, representing a 24.1% share compared with 24.8% in the prior year. Despite this slower growth compared with the market, the effects of Dieselgate were not dramatic as a slight decline in the Volkswagen brand (1,720,829 cars, -0.4%), was offset by the growth achieved by the other brands: Audi (830,956, +8.1%), Skoda (663,230, +7.4%), Seat (350,287, +3.6%) and Porsche (71,149, +4.1%).

The Renault Group achieved increases in both registrations (1,522,629 cars, +12.1%) and market share, from 9.6% to 10.1%. Within this group, progress was made by the principal brand (1,522,629 cars, +12.9%) and by Dacia (421,749, +10.1%).

Conversely, the sales of the PSA Group eased (1,472,927 cars, -0.5%) together with its market share (from 10.4% to 9.7%). Specifically, Peugeot registered 865,374 units (+1.1%), Citroën 541,896 (-1.4%) and DS 65,657 (-12.7%).

Among our main customers, in addition to the VW Group just mentioned, excellent results were reported by Daimler, BMW and FCA, while the performance of Opel essentially reflected the general market trend.

The Daimler Group registered a total of 945,074 cars (+13.4%, with a rise in market share (from 5.9% to 6.2%), due to the progress made by Mercedes-Benz (839,779 cars, +13.9%).

The share of the BMW Group rose from 6.6% to 6.8%, with the BMW brand registering 1,030,734 cars (+10.1%), while Mini achieved 209,209 units (+11.3%).

FCA made excellent progress in Europe, closing 2016 with 977,594 registrations, which was 14.4% more than in 2015. All brands did well: Fiat (746,126 cars, +13.6%), Jeep (104,978, +19%) and Alfa Romeo (66,172, +16.5%), which benefited from the recent project to relaunch the brand and the contribution made by the Giulia. Growth was slower at Lancia/Chrysler, with registrations of 67,225 units (+9%).

Opel sold 996,895 cars (+5.3%), but its market share eased slightly (from 6.7% to 6.6%).

Against this background, the Company was able to interpret the market's growth signals and pursue the appropriate industrial and commercial growth policies, while seeking to rationalise operating costs. The rise in volumes was achieved while improving the Company's financial equilibrium and maintaining a satisfactory level of profitability. EBITDA in 2016/2017 was 11.6% of the value of production – up from 10% in the prior year - with net income of Euro 5,243 thousand or 3.7% of the value of production, which totalled Euro 141,013 thousand following an increase of 10.5% with respect to 2015/2016.

Main events

Work continued during the year on building the new production lines installed during the current and prior years up to full capacity, with an emphasis on the optimisation of performance and the improvement of process efficiency. This activity was particularly important, given the general growth in the volume of sales during the year and the success of the models launched recently by such major customers as FCA, Daimler, VW and BMW.

The entire organisation contributed intensively to the work demanded by the "Future Manufacturing Endurance" project, which was launched in September, 2015 in order to acquire necessary knowledge and innovative solutions via the study, design, testing and commissioning of a new pilot production line that, in future, can be implemented on an industrial scale. In this regard, prototype lines have been set up and the resulting analyses, corrections and tests have been carried out on the various phases. Development activities are ongoing, but the results achieved to date - despite the multiple difficulties that have had to be overcome - lead us to believe that the technical solutions sought will soon become fully available and useable, as described in more detail later.

Considering the change in construction in progress and advances, investment in tangible fixed assets during the year totalled Euro 4.4 million. Funding activities involved the arrangement of medium-term loans totalling Euro 13.2 million, while repayments amounted to Euro 8.4 million. Among the significant events that took place during the year, Endurance Technologies Ltd, the ultimate parent company, successfully completed its initial public offering ("IPO") in October, 2016 by placing 17.5% of share capital with various categories of investor. In particular, the shares were admitted to trading on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE) on 19 October, 2016.

Secondary locations

As required by art. 2428 of the Italian Civil Code, it is confirmed that the Company has the following secondary locations at 31/03/2017:

Address	Location
VIA DEL BOSCHETTO 2/39	LOMBARDORE
VIA REGIONE POZZO 26	CHIVASSO

Management and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, it is confirmed that the Company belongs to the ENDURANCE Group (India) and is subject to management and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October, 2016.

These management and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made under the influence of the company that performs management and coordination activities for which we need to give the reasons and the interests that had an impact on them.

Financial position

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	31/03/2017	%	31/03/2016	%	Change	% Change
WORKING CAPITAL	**59,729,793**	**61.44%**	**52,252,327**	**54.30%**	**7,477,466**	**14.31%**
Immediate liquidity	**16,257,062**	**16.72%**	**9,548,981**	**9.92%**	**6,708,081**	**70.25%**
Cash and cash equivalents	16,257,062	16.72%	9,548,981	9.92%	6,708,081	70.25%
Deferred liquidity	**30,360,545**	**31.23%**	**29,812,971**	**30.98%**	**547,573**	**1.84%**
Current receivables included in working capital	24,649,624	25.36%	24,045,098	24.99%	604,526	2.51%
Current portion of non current receivables	3,300,000	3.39%	3,000,000	3.12%	300,000	10.00%
Current financial assets	1,967,018	2.02%	2,284,491	2.37%	-317,473	-13.90%
Prepaid expenses and accrued income	443,903	0.46%	483,382	0.50%	-39,480	-8.17%
Inventory	**13,112,187**	**13.49%**	**12,890,375**	**13.40%**	**221,812**	**1.72%**
FIXED ASSETS	**37,488,134**	**38.56%**	**43,968,191**	**45.70%**	**-6,480,057**	**-14.74%**
Intangible assets	2,820,952	2.90%	1,670,515	1.74%	1,150,437	68.87%
Tangible assets	33,635,000	34.60%	39,832,593	41.40%	-6,197,593	-15.56%
Financial fixed assets	8,697	0.01%	900,129	0.94%	-891,432	-99.03%
Non current portion of receivables included in working capital	1,023,485	1.05%	1,564,954	1.63%	-541,469	-34.60%
CAPITAL EMPLOYED	97,217,928	100.00%	96,220,518	100.00%	997,409	1.04%

Balance Sheet - Liabilities and Shareholder's Equity

Item	31/03/2017	%	31/03/2016	%	Change	% Change
LIABILITIES	**70,046,283**	**72.05%**	**74,291,376**	**77.21%**	**-4,245,094**	**-5.71%**
Current liabilities	**47,989,451**	**49.36%**	**55,652,869**	**57.84%**	**-7,663,418**	**-13.77%**
Current payables	46,405,393	47.73%	54,996,616	57.16%	-8,591,223	-15.62%
Accrued expenses and deferred income	**1,584,058**	**1.63%**	**656,253**	**0.68%**	**927,805**	**141.38%**
Non-current liabilities	**22,056,832**	**22.69%**	**18,638,508**	**19.37%**	**3,418,324**	**18.34%**
Non-current payables	20,214,208	20.79%	17,540,111	18.23%	2,674,097	15.25%
Accrued expenses and deferred income - non-current	1,482,202	1.52%	728,350	0.76%	753,852	1.0350134
Provisions for risks and charges	15,325	0.02%	28,341	0.03%	-13,016	-45.93%
Employee termination indemnity	345,097	0.35%	341,706	0.36%	3,391	0.99%
EQUITY	**27,171,645**	**27.95%**	**21,929,142**	**22.79%**	**5,242,503**	**23.91%**
Share capital	2,700,000	2.78%	2,700,000	2.81%	0	0
Reserves	4,377,990	4.50%	4,377,990	4.55%	0	0
Retained earnings (accumulated losses)	14,851,152	15.28%	10,597,295	11.01%	4,253,857	40.14%
Net income (loss) for the year	5,242,503	5.39%	4,253,857	4.42%	988,646	23.24%
FINANCING SOURCES	97,217,928	100.00%	96,220,518	100.00%	997,410	1.04%

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	31/03/2017	31/03/2016	% Change
Fixed asset coverage	68.33 %	48.30 %	41.47 %
Amounts payable to banks to working capital	51.36 %	64.90 %	(20.86) %
Debt ratio	2.58	3.39	(23.89) %
Financial debt ratio	1.25	1.73	(27.75) %
Equity to capital employed	27.95 %	22.79 %	22.64 %
Financial charges to turnover	0.55 %	0.75 %	(26.67) %
Current ratio	120.72 %	92.68 %	30.25 %
Primary coverage ratio	0.75	0.52	44.23 %
Secondary coverage ratio	1.31	0.94	39.36 %
Net working capital	10,254,759.00	(4,128,891.00)	(348.37) %
Acid test margin	(2,857,427.00)	(17,019,266.00)	(83.21) %
Acid test ratio	94.23 %	69.81 %	34.98 %

Item	Year 2016/2017	Year 2015/2016	Change	% Change
Cash and cash equivalents at beginning of period	**9,548,981**	**6,540,073**	**3,008,909**	**46.01%**
a. Cash flows from operating activities	12,192,486	21,317,092	(9,124,606)	-42.80%
b. Cash flows from investing activities	(2,101,517)	(27,443,931)	25,342,414	-92.34%
c. Cash flows from financing activities	(3,382,888)	9,135,748	(12,518,636)	-137.03%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**6,708,081**	**3,008,909**	**3,699,172**	**122.94%**
Cash and cash equivalents at end of period	**16,257,062**	**9,548,981**	**6,708,081**	**70.25%**

Net cash generation by the Company during the year amounted to Euro 6,708 thousand, as the cash flow from operations was partially offset by the effect of investing activities and net loan repayments (given that the repayment of short-term bank loans totalling about Euro 8.2 million and the current portion of longer-term loans amounting to Euro 8.3 million was only partially offset by the arrangement of new loans totalling Euro 13.2 million).

In terms of comparison with the prior year, the greater absorption of cash by investing activities in 2015/2016 was financed by the cash flow from operations (influenced, in particular, by the change in operating capital), as well as by the arrangement of loans from external sources totalling about Euro 17.3 million, which were only partially offset by a reduction in short and long-term borrowing (by Euro 5.7 million in total) and by the distribution of dividends of Euro 2.4 million.

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	Year 2016/2017	%	Year 2015/2016	%	Change	% Change
VALUE OF PRODUCTION	**141,013,362**	**100.00%**	**127,607,522**	**100.00%**	**13,405,840**	**10.51%**
- Consumption of raw materials	96,632,400	68.53%	90,401,293	70.84%	6,231,107	6.89%
- General expenses	15,144,759	10.74%	12,467,398	9.77%	2,677,360	21.47%
VALUE ADDED	**29,236,204**	**20.73%**	**24,738,831**	**19.39%**	**4,497,373**	**18.18%**
- Payroll costs	12,138,079	8.61%	11,378,335	8.92%	759,745	6.68%
- Provisions	-	-	-	-	-	-
GROSS OPERATING MARGIN	**17,098,124**	**12.13%**	**13,360,496**	**10.47%**	**3,737,628**	**27.98%**
- Depreciation, amortisation and writedowns	8,057,579	5.71%	5,095,175	3.99%	2,962,404	58.14%
- Other operating expenses	741,312	0.53%	610,042	0.48%	131,271	21.52%
INCOME BEFORE FINANCIAL ITEMS	**8,299,233**	**5.89%**	**7,655,279**	**6.00%**	**643,954**	**8.41%**
+ Financial items	(635,192)	-0.45%	(825,307)	-0.65%	190,115	-23.04%
INCOME BEFORE TAX	**7,664,042**	**5.43%**	**6,829,972**	**5.35%**	**834,069**	**12.21%**
- Taxation	2,421,538	1.72%	2,576,115	2.02%	(154,577)	-6.00%
NET INCOME	**5,242,503**	**3.72%**	**4,253,857**	**3.33%**	**988,646**	**23.24%**

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2016-2017	FY 2014-2015	% Change
R.O.E.	19.29 %	19.40 %	(0.54) %
R.O.I.	20.64 %	16.99 %	21.120 %
R.O.S.	5.84 %	6.05 %	(3.54) %
R.O.A.	8.63 %	7.96 %	8.41 %

Information required by art. 2428 of the Civil Code

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties faced by the Company

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).

Lastly, where considered appropriate, the Company makes use of rate derivatives (Interest rate swaps and caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to art. 2428 of the Civil Code, we can confirm that, due to the specific activities performed, it is not deemed relevant for an understanding of the Company's results and financial position to present non financial indicators.

Information on the environment

In the context of specific policies adopted by the Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year end 31 March, 2017 on the maintenance of appropriate environmental protection standards (not least by extending the UNI EN ISO 14001 certifications of our environmental management system by the implementation of a multi-site testing system).

The various Company locations carried out the work necessary in order to maintain our BS OHSAS 18001:2007 certification regarding health and safety in the workplace.

Employee training provided both general and specific OTJ skills and also covered safety matters (255 hours), updates for the emergency and first-aid teams, specific training for managers on monitoring compliance by their collaborators with the company law on occupational health and safety (248 hours), use of the external, semi-automatic defibrillator (16h), emergency training on the management of accidental spillages of chemical substances and products (4h) and the use of PPE when handling laser equipment (16h).

Work on installations included the following principal actions:

- Purchase and installation of a defibrillator
- Installation of hydraulic fire-fighting equipment in the logistics/warehouse department.
- Extension of the evacuation sound system.
- Division of the raw materials and finished products warehouse (fire-resistant walls and doors, fire-resistant paint).
- Separation of an area for the temporary storage of waste, in order to govern and monitor access

In addition, on fire-safety matters, the Company's emergency plan was updated and evacuation drills were carried out in all departments, covering every shift.

With regard to the monitoring of health and accidents, the Risk Evaluation Document was updated and accidents were monitored and analysed with S EWO and Safety Report, in order to identify the causes and take counter measures.

Personnel

The workforce amounted to 221 employees at the end of 2016-2017. In general, the number of employees was 5% higher than in the prior year, mainly following the hiring of direct production workers and the strengthening of the Information Technology department.

The principal training activities during 2016-2017 focused on manufacturing and staff functions, with a view to monitoring the continuous improvement of production and business processes. In particular, training covered the following types of activity and topics:

- Safety: Training required by the State-Regions agreement, covering first aid, fire fighting, radio protection, the update of local safety representatives, methodologies and equipment for managing the spillage of liquids;
- Training under the State-Regions agreement for workers using fork-lift trucks with moveable forks;
- Training in English and German;
- Production-related training: development of skills, start-up of new production lines, management of procedures, specific training carried out together with the suppliers of engineering installations and automation lines, principally in relation to the management of anthropomorphic robotised systems, lubro-refrigeration and the use and maintenance of air-seal test benches;
- Internal quality training: improving internal management processes through on-the-job training;
- Measurement training: Internal and external training to use the new Zeiss measuring machines;
- Engineering/quality training: Planning of training for the development of technical and soft skills, particularly:
    - SPC - statistical process control
    - MSA - measurement system analysis
    - APQP - advanced product quality planning
    - Problem solving and decision making
    - Process audit of standard VDA 6.3
    - Engineering design
    - Preparation of plant manuals

The courses held involved employees in more than 4,150 hours of internal, external and on-the-job training.

1) Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, it is hereby confirmed that research and development activities applied to products and the production process were performed during the financial year.

A strategic R&D project has been launched in order to respond to new trends in the automotive sector, where high volume contracts are becoming ever more demanding in terms of competitive pricing, technical functionality and product complexity, with quality standards that seek zero defects. Commenced in 2015/2016, this project supports the process of technological, productive and qualitative growth, equipping the Company with an advanced production system and, therefore, with innovative and efficient production processes that guarantee high productivity and flexibility, while also ensuring total quality management of the finished product.

Implementation of this R&D project, named “Future Manufacturing Endurance” and commenced in September 2015, continued throughout the year in order to acquire necessary knowledge and innovative solutions via the study, design, testing and commissioning of a new pilot production line that will subsequently be implemented on an industrial scale.

The pilot line has been used to fine tune a complex process that applies advanced solutions to mass production in order to achieve high performance, with optimised cycles and times. The process can be monitored and reconfigured via the use of precision machinery and automated handling and delivery to work stations, with the development of software applications and mechanical systems for the complex management of line movements and the automated control of quality and re-working activities. Analytical methods were also implemented in order to predict the conformity of components by developing correlations between process simulations and their behaviour under test conditions. A number of additional objectives are also being validated at increasing rates of production: energy saving, reduction in production noise and the more efficient recoverable of consumables.

The Company is being assisted in part of the project work by Politecnico di Torino and the University of Padua (Department of industrial systems).

The activities carried out in the current and prior year have resulted in the capitalisation of costs totalling € 2,650 thousand of which € 1,572 thousand incurred during the period from 1 April, 2016 to 30 September, 2016.

These costs include the work performed to develop the prototype and processes, including both internal costs (payroll and depreciation of the pilot line, used exclusively for the prototyping and testing of processes) and the costs of external suppliers involved in the project.

The process of amortising these capitalised development costs commenced on 1 October, 2016, when the first revenues deriving from implementation of the pilot line were recognised. At that time, the Company elected to cease capitalisation of the additional costs incurred to complete the development, prototyping and testing of the productive solution and, later on, to configure it in a manner suitable for mass production.

The project is considered strategic for the future development of the activities of the Company and the Endurance Group. It is now well advanced and will be completed during the first part of the new financial year, after which production is expected to begin under standard conditions. This initiative, now in its final phase, is included in a programme for the support of technological research funded by the Ministry of Economic Development. Recognition is subject to verification of the achievement of the innovation targets proposed, following inspections by the ministerial bodies concerned.

In addition to the ambitious project described above, the various corporate departments have also progressed other product and process development activities, which have pursued the following main directions:

- Reorganisation of the technical department (with the inclusion of personnel with advanced quality, process engineering and project management experience) and the estimating processes used;
- Introduction of new solutions for the manufacture of current products, in order to increase capacity and improve efficiency;
- Industrialisation of 15 new products for all major customers;

Lastly, with regard to the new special projects pursued by the Company, procedures began during the fourth quarter and were completed immediately prior to the reporting date for the presentation of a new industrial research and experimental development project to the Piedmont Region and Finpiemonte S.p.A. This project, involving the industrialisation of innovative aluminium alloy products (ICARO project), has been admitted to Phase 2 of IRDF Regional Operational Programme 2014/2020 - Action I.1b.1.1- Tender "IR2" Industrialisation of Research Results. This project, promoted by Endurance Foa S.p.A., also involves another 2 industrial companies via the formation of a temporary association of businesses

In addition to the costs capitalised in relation to the "Future Manufacturing Endurance" project discussed earlier, the work carried out on that project subsequent to 30 September, 2016 and on the other activities described resulted in charging additional payroll costs of € 951 thousand to the income statement for the year, not to mentioned the other related costs incurred.

2) Transactions with subsidiaries, associates and parent companies

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the explanatory notes.

3) Treasury shares

Pursuant to arts. 2435 bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year.

4) Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of art. 2435-bis and art. 2428 of the Civil Code, it is hereby confirmed that the Company does not hold any shares or quotas in the parent company and did not own any during the year.

5) Significant subsequent events

No significant events have taken place between the reporting date and the date of this document.

6) Business outlook

The IMF forecasts issued in April indicate that world GDP will grow by 3.5% in 2017 and 3.6% in 2018.

The Eurozone is expected to grow by 1.7% in 2017 and 1.6% in 2018. Among the principal countries, Italian growth will still be the slowest, at 0.8% in both years, compared with Germany, +1.6% in 2017 and +1.5% in 2018, France, +1.4% in 2017 and +1.6% in 2018 and Spain, +2.6% in 2017 and + 2.1% in 2018.

The USA is expected to grow by 2.3% in 2017 and 2.5% in 2018. With regard to the emerging countries, China (+6.6% in 2017 and + 6.2% in 2018) and India (+7.2% in 2017 and +7.7% in 2018) are forecast to grow well and Brazil should exit from the current recession (+0.2% in 2017 and +1.7% in 2018).

The principal drivers of growth should be private consumption, due to an increase in disposable incomes and the improved conditions in the jobs market, and renewed investment led by the brighter economic prospects.

Against this macroeconomic background, the estimates of *IHS Markit*, indicate that global sales of light vehicles should rise overall by 1.5% in volume terms, representing 1.3 million additional vehicles with respect to 2016. The largest market will continue to be China, with vehicle sales of 28.5 million units, up by 1.9%. On the other hand, USA sales are expected to decline by 1%, while those in Western Europe will increase by 1%. The best growth prospects can be found in South Asia (+5.9%) and Eastern-Central Europe (+4.5%).

Registrations in early 2017 (January to March) were particularly strong in Europe, with growth of 8.4% compared with the same period in the prior year spread among all markets (Germany +6.7%, UK +6.2% and France +4.8%), including Italy in particular (+11.9%). During this period, the volume of sales increased at FCA by 14.2%, Daimler by 9.7%, VW by 5.7% and BMW by 6.5%.

Given the favourable conditions in the reference market and expectations linked to the contracts obtained by the Company, the results for the new year are expected to reflect further growth. However, it is prudent to remember the risk factors that might affect the general macroeconomic situation. Geopolitical conflicts, protectionism, disputes and imbalances in Europe, reversal of the expansionary monetary policies and tensions in the financial markets due to the high level of public sector and private debt (especially with regard to loans for the purchase of vehicles, student loans, credit card debt and home mortgages) could result in adverse market conditions.

The factors influencing future prospects also include the technical and regulatory developments applicable to the automotive sectors, with new and more stringent methods for testing emissions and vehicle consumption that will be based on actual driving conditions. This will force manufacturers to modify the design of vehicles, engines and exhaust systems, focusing more on the development of alternative vehicles (electric, hybrid and gas), whose prospects benefit from the public incentives available in many countries (exemption from road tax for many years, incentives to buy and to scrap old vehicles with combustion engines, especially those that run on diesel).

It will be necessary to take advantage of the opportunities afforded by this evolution, in the awareness that the change will require an improvement in technical skills and entry into new areas of business. In order to respond pro-actively to these lines of growth, the Company is working with affiliates on the various important applied research and development projects described earlier, in which substantial technical and financial resources will be invested.

6bis) Use of financial instruments material to the measurement of the results and financial position

Pursuant and consequent to paragraph 3.6-bis of art. 2428 of the Civil Code, we can confirm that the Company has a policy in place to hedge the interest-rate risks relating to medium-term loans by arranging IRS and CAP contracts in relation to some of these loans. The fair value of these hedging instruments is discussed in the explanatory notes.

Conclusion

To the Shareholder, In view of the above and the contents of the explanatory notes, you are invited to approve the financial statements for the year ended 31 March 2017, together with the accompanying explanatory notes and report on operations, and to carry forward the net income for the year of Euro 5,242,503.

Lombardore (Turin), 08/05/2017
For the Board of Directors
The Chief Executive Officer

General information on the Company

Company data

Name:	ENDURANCE FONDALMEC SPA
Registered office:	VIA DEL BOSCHETTO 2/43 – LOMBARDORE (TURIN)
Share capital:	2,700,000.00
Share capital fully paid in:	Yes
Chamber of Commerce:	TO
VAT Number:	01729340016
Tax code:	01729340016
REA Number:	518776
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	256200
Company in liquidation:	No
Company with sole shareholder:	Yes
Company subject to management and coordination activities:	Yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	Yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY

Financial Statements
for the year ended 31st March, 2017

Balance sheet

	31/03/2017	31/03/2016
Assets		
B) Fixed assets		
I Intangible assets	-	-
2) development costs	2,384,737	-
3) industrial patent rights and intellectual property rights	20,931	9,724
6) assets in process of formation and advance payments	-	1,077,815
7) other	415,284	582,976
Total intangible assets	2,820,952	1,670,515
II Tangible fixed assets	-	-
2) plant and machinery	30,517,845	30,959,137
3) industrial and commercial equipment	1,217,712	1,654,098
4) other assets	279,975	309,489
5) assets under construction and advance payments	1,619,468	6,909,869
Total tangible fixed assets	33,635,000	39,832,593
III Financial fixed assets	-	-
1) equity investments in	-	-
d) entities under common control	129	129
Total equity investments	129	129
2) receivables	-	-
c) from parent companies	3,300,000	3,900,000
due within one year	3,300,000	3,000,000
due beyond one year	-	900,000
Total receivables	3,300,000	3,900,000
4) derivative financial instruments	8,568	-
Total financial fixed assets	3,308,697	3,900,129
Total fixed assets (B)	39,764,649	45,403,237
C) Current assets		
I Inventories	-	-
1) raw materials, ancillary materials and consumables	2,563,251	3,053,825
2) work in process and semi-finished products	6,108,223	5,695,533
4) finished products and goods	4,440,712	4,141,017
Total inventories	13,112,186	12,890,375
II Receivables	-	-
1) from customers	19,114,922	18,363,534
due within one year	19,114,922	18,363,534
4) from parent companies	330,539	307,733
due within one year	116,039	93,233
due beyond one year	214,500	214,500
5) entities under common control	1,750,507	2,077,967
due within one year	1,750,507	2,077,967
5-bis) tax receivables	3,813,846	4,039,392
due within one year	3,529,827	3,177,184
due beyond one year	284,019	862,208
5-ter) deferred tax assets	524,707	487,988
5-quater) due from others	138,587	333,438
due within one year	138,329	333,180
due beyond one year	258	258

	31/03/2017	31/03/2016
Total receivables	25,673,108	25,610,052
III Current financial assets	-	-
treasury management assets	1,967,018	2,284,491
Total current financial assets	1,967,018	2,284,491
IV Cash and cash equivalents	-	-
1) bank and postal deposits	16,253,596	9,544,093
3) cash on hand	3,466	4,888
Total cash and cash equivalents	16,257,062	9,548,981
Total current assets (C)	57,009,374	50,333,899
D) Prepaid expenses and accrued income	**443,903**	**483,382**
Total assets	97,217,926	96,220,518
Liabilities and shareholders' equity		
A) Shareholder's equity	**27,171,646**	**21,929,143**
I Share capital	2,700,000	2,700,000
III Revaluation reserves	1,551,755	1,551,755
IV Legal reserve	600,000	600,000
V Statutory reserves	86,636	86,636
VI Other distinctly indicated reserves	-	-
Extraordinary reserve	2,113,454	2,113,454
Paid in for future capital increase	26,146	26,146
Total other reserves	**2,139,600**	**2,139,600**
VIII Retained earnings (accumulated losses)	14,851,152	10,597,295
IX Net income (loss) for the year	5,242,503	4,253,857
Total shareholder's equity	**27,171,646**	**21,929,143**
B) Provision for risks and charges		
2) for current and deferred taxation	497	-
3) derivative financial instruments	6,965	13,265
4) other	7,863	15,076
Total provisions for risks and charges	**15,325**	**28,341**
C) Employee termination indemnities	**345,097**	**341,706**
D) Payables		
4) due to banks	29,286,141	32,669,029
due within one year	9,071,934	15,128,919
due beyond one year	20,214,207	17,540,110
7) trade payables	29,218,577	29,617,926
due within one year	29,218,577	29,617,926
11) due to parent companies	853,090	766,301
due within one year	853,090	766,301
11-bis) due to entities under common control	3,698,600	4,404,639
due within one year	3,698,600	4,404,639
12) tax payables	273,426	237,825
due within one year	273,426	237,825
13) due to pension and social security institutions	835,612	781,025
due within one year	835,612	781,025
14) other payables	2,454,152	4,059,981
due within one year	2,454,152	4,059,981
Total payables	66,619,598	72,536,726
E) Accrued expenses and deferred income	**3,066,260**	**1,384,602**
Total liabilities and shareholder's equity	97,217,926	96,220,518

Income statement

	31/03/2017	31/03/2016
A) Value of production		
1) revenues from sales of goods and services	136,205,006	126,162,110
2) change in inventories of work in progress, semi-finished and finished products	1,145,348	(1,121,924)
4) increases in non-current assets from in-house production	1,231,892	725,050
5) other income and revenues	-	-
operating grants	102,921	33,555
other	2,328,195	1,808,732
Total other income and revenues	**2,431,116**	**1,842,287**
Total value of production	**141,013,362**	**127,607,523**
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	95,708,863	90,746,519
7) services	12,181,632	9,702,622
8) lease and rental charges	2,963,127	2,764,777
9) payroll	-	-
a) wages and salaries	9,655,224	9,102,317
b) social contributions	1,944,367	1,759,124
c) termination indemnities	497,589	475,231
e) other costs	40,900	41,663
Total payroll costs	**12,138,080**	**11,378,335**
10) depreciation, amortisation and write-downs	-	-
a) amortisation of intangible fixed assets	449,505	197,567
b) depreciation of tangible fixed assets	7,608,073	4,897,608
Total depreciation, amortisation and write-downs	**8,057,578**	**5,095,175**
11) change in inventory of raw and ancillary materials, consumables and goods	923,536	(345,226)
14) other operating expenses	741,313	610,042
Total cost of production	**132,714,129**	**119,952,244**
Difference between production value and cost (A - B)	**8,299,233**	**7,655,279**
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
from parent companies	115,127	93,146
other	1,706	775
Total income other than the above	**116,833**	**93,921**
Total other financial income	**116,833**	**93,921**
17) interest and other financial charges	-	-
other	755,024	951,675
Total interest and other financial charges	**755,024**	**951,675**
17-bis) exchange gains and losses	(11,869)	10,546
Total financial income and charges (15+16-17+-17-bis)	(650,060)	(847,208)
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	14,868	21,901
Total revaluations	14,868	21,901
Total adjustments to financial assets and liabilities (18-19)	14,868	21,901
Result before taxes (A-B+-C+-D)	**7,664,041**	**6,829,972**
20) Income taxes for the year, current and deferred		
current taxation	2,687,197	2,724,997
taxation relating to prior years	(229,436)	(25,154)
deferred taxation	(36,223)	(123,728)
Total income taxes for the year, current and deferred	2,421,538	2,576,115
21) Net income (loss) for the year	**5,242,503**	**4,253,857**

Statement of cash flow (indirect method)

		Amount at 31/03/2017	Amount at 31/03/2016
A)	**Cash flows from operating activities (indirect method)**		
	Net income (loss) for the year	5,242,503	4,253,857
	Taxation	2,421,538	2,576,115
	Interest expense/(interest income)	650,060	847,208
	(Gains)/losses from disposal of assets		21,946
	1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	8,314,101	7,699,126
	Adjustments for non-cash items that had no counterpart in net working capital		
	Provisions		6,041
	Depreciation and amortisation of fixed assets	8,057,579	5,095,175
	Total adjustments for non-cash items that had no counterpart in net working capital	8,057,579	5,101,216
2)	Cash flow before changes in net working capital	16,371,680	12,800,342
	Change in net working capital		
	Decrease/(Increase) in inventory	(221,812)	776,698
	Decrease/(Increase) in trade receivables	(446,734)	10,781,371
	Increase/(Decrease) in trade payables	(1,018,599)	(4,987,539)
	Decrease/(Increase) in prepaid expenses and accrued income	39,479	165,093
	Increase/(Decrease) in accrued expenses and deferred income	1,681,657	1,330,160
	Other decreases/(Other Increases) in net working capital	(619,210)	3,344,957
	Total changes in net working capital	(585,219)	11,410,740
3)	Cash flow after changes in net working capital	15,786,461	24,211,082
	Other adjustments		
	Interest collected/(paid)	(650,060)	(847,208)
	(Income taxes paid)	(2,934,291)	(2,007,087)
	(Use of provisions)	(9,625)	(39,696)
	Total other adjustments	(3,593,976)	(2,893,991)
	Cash flow from operating activities (A)	**12,192,485**	**21,317,091**
B)	**Cash flows from investing activities**		
	Tangible fixed assets		
	(Investments)	(4,407,881)	(23,522,291)
	Disposals	2,997,401	2,383,417
	Intangible assets		
	(Investments)	(1,599,942)	(1,620,566)
	Financial fixed assets		
	(Investments)	(8,568)	(2,400,000)
	Disposals	600,000	
	Current financial assets		
	(Investments)		(2,284,491)
	Disposals	317,473	
	Cash flow from investing activities (B)	**(2,101,517)**	**(27,443,931)**

	Amount at 31/03/2017	Amount at 31/03/2016
C) Cash flows from financing activities		
Third-party funds		
Increase (Decrease) in current bank loans	(8,200,000)	(1,108,542)
New loans	13,200,000	17,300,000
(Repayment of loans)	(8,382,888)	(4,625,710)
Own funds		
(Dividends and interim dividends paid)		(2,430,000)
Cash flow from financing activities (C)	**(3,382,888)**	**9,135,748**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**6,708,080**	**3,008,908**
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	9,544,093	6,535,648
Cash on hand	4,888	4,425
Total cash and cash equivalents at the beginning of the year	9,548,981	6,540,073
Cash and cash equivalents at the end of the year		
Bank and postal deposits	16,253,596	9,544,093
Cash on hand	3,466	4,888
Total cash and cash equivalents at the end of the year	**16,257,062**	**9,548,981**

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

The "Cash flows from investing activities – Current financial assets" caption includes the change in the treasury management (cash pooling) account managed by Endurance Overseas S.r.l. (this asset decreased by € 317,473 during the year).

Explanatory notes, first part

To the Shareholder, These explanatory notes are an integral part of the financial statements for the year ended 31/03/2017.

The financial statements submitted for your approval report net income of € 5,242,503, after taxes of € 2,421,538 and depreciation and amortisation of € 8,057,578.

Form and content of the financial statements

The financial statements for the year ended 31 March, 2017 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31 March, 2017.

Amounts are stated in whole euro, unless specified otherwise.

Preparation of the financial statements

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Accounting policies

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Preparation of the financial statements

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared.

The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

Certain reclassifications have been made following the introduction of new accounting standards by the OIC in December 2016. In addition, in order to improve the presentation of business facts and dynamics, as well as standardise the classifications made by the various Group companies, certain data relating to the year ended 31 March, 2016, presented for comparative purposes, has been reclassified with respect to the official information filed for that year, without any effect on the reported results and shareholder's equity.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December, 2016.

The Appendix to these financial statements shows the effects of applying the above new standards to the balance sheet and shareholder's equity at 1 April, 2016 and to the balance sheet, income statement and statement of cash flows for the year ended 31 March, 2016, presented for comparative purposes.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2427 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and write-downs.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset item	Amortisation period
Development costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed assets	Depreciation rate
Temporary constructions	10.00%
General plant	7.50%
Automatic machines	15.50%
Sundry and minor equipment	25.00%
Mechanical equipment	40.00%
Foundry equipment	40.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	12.00%
Motor cars	25.00%
Internal transport and trucks	20.00%
Assets costing less than Euro 516.46	100.00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month in the year of purchase during which they become available and ready for use.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Capital grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Impairment (intangible and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment write-down if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment. Debt securities are measured using the amortised cost method.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the write-down cease to apply, the equity investment is written back to its original carrying amount.

The amortised cost of a security is its original carrying amount, net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value. The original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to shareholder's equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, or the realisable value inferred from market prices.

In particular, the specific criteria used to measure the various categories of inventory (unchanged with respect to the prior year) are summarised below:

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).

- Work in process (semi-finished products): manufacturing cost based on the stage of completion of the production process, being the cost of production.
- Finished products: manufacturing cost
- Dies for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any write-down cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31 March, 2017.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Prepaid/deferred expenses and accrued/deferred income

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by accounting principle OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December, 2006 and those earned from 1 January 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for unused holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to shareholder's equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions (on arm's length basis).

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences. Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Commencing from 2015 and for a period of three financial years (until the year ended 31 March, 2017 inclusive), the Company is a member of the domestic tax group ("Consolidato fiscale nazionale") organised by the Endurance Group pursuant to arts. 117/129 of the Consolidated Tax Law (T.U.I.R.).

Endurance Overseas S.r.l. is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Other information

Exceptions pursuant to para. 4 of art. 2423 c.c.

No exceptional cases have arisen that would have required exceptions to the laws governing the financial statements, as would be allowed under certain circumstances pursuant to para. 4 of art. 2423 c.c.

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Introduction

Intangible assets

"Intangible assets" total € 2,820,952 at 31 March, 2017 (€ 1,670,515 at 31 March, 2016), after charging depreciation of € 449,505 to the income statement. They are analysed in detail below.

Development costs include the costs capitalised by the Company in the context of an R&D project that commenced in September, 2015. The purpose of this project is to obtain knowledge and innovations deemed essential in the current operational and market conditions, by preparing a pilot production line that is described in more detail in the report on operations, to which reference is made. The total comprises the costs incurred in the prior year (€ 1,077,815), reclassified from assets in process of formation, and those incurred in the current year until September 2016 amounting to € 1,571,892 (including payroll costs of € 299,649, depreciation of the tangible assets fully dedicated to the project totalling € 932,243, and external services of € 340,000).

The amortisation of these capitalised costs commenced from the above date, following recognition of the initial revenues deriving from application of the project results. From that time, the Company ceased to capitalise additional new costs even though development work continued in the following months in order to finalise the project, now nearing completion, by validating the productive capacity of the line in its final operational configuration.

The caption "Other intangible assets" mainly refers to improvements on third party assets, particularly concerning the properties in Lombardore owned by the parent company Enduraqnce Overseas S.r.l.

No evidence was found during the year to indicate the possible impairment of intangible assets and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9.

Intangible assets

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Development costs	Industrial patent rights and intellectual property rights	Assets in process of formation and advance payments	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	-	265,649	1,077,815	2,734,422	4,077,886
Amortisation (Accumulated amortisation)	-	255,925	-	2,151,446	2,407,371
Carrying amount	-	9,724	1,077,815	582,976	1,670,515
Changes during the year					
Additions	1,571,892	19,300	-	8,751	1,599,943
Amortisation for the year	264,970	8,093	-	176,442	449,505
Other changes	1,077,815	-	(1,077,815)	-	-
Total changes	2,384,737	11,207	(1,077,815)	(167,691)	1,150,438
Carrying amount at the end of the year					
Cost	2,649,707	284,949	-	2,743,173	5,677,829
Amortisation (Accumulated amortisation)	264,970	264,018	-	2,327,889	2,856,877
Carrying amount	2,384,737	20,931	-	415,284	2,820,952

The increases during the year mainly relate to the development costs capitalised in relation to the project to implement the innovative know-how associated with the pilot line described above.

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Gross tangible fixed assets total € 77,035,114 (€ 76,416,817 at 31 March, 2016); the related accumulated depreciation totals € 43,400,115, including the depreciation charge for the year of € 7,608,073.

Plant and machinery (with a net carrying amount of € 30,517,845 at 31 March, 2017) and industrial equipment (€ 1,217,712) are the most significant categories of asset employed in the productive activities of the Company.

"Assets under construction and advance payments" (€ 1,619,468 at 31 March, 2017) comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but not yet approved for inclusion in the production cycle.

Certain assets included in this category were revalued in prior years pursuant to Law 72/83 and Law 342/2000.

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year					
Cost	54,093,302	14,207,852	1,205,794	6,909,869	76,416,817
Depreciation (Accumulated depreciation)	23,134,165	12,553,754	896,305	-	36,584,224
Carrying amount	30,959,137	1,654,098	309,489	6,909,869	39,832,593
Changes during the year					
Additions	3,602,420	435,727	78,152	291,583	4,407,882
Reclassifications (of the carrying amount)	5,321,308	258,881	1,795	(5,581,984)	-
Disposals (at carrying amount)	2,637,351	360,051	-	-	2,997,402
Depreciation for the year	6,727,669	770,943	109,461	-	7,608,073
Total changes	(441,292)	(436,386)	(29,514)	(5,290,401)	(6,197,593)
Carrying amount at the end of the year					
Cost	60,056,778	14,073,127	1,285,741	1,619,468	77,035,114
Depreciation (Accumulated depreciation)	29,538,933	12,855,415	1,005,766	-	43,400,114
Carrying amount	30,517,845	1,217,712	279,975	1,619,468	33,635,000

The increases during the year related to the installation of production islands (machines, automation equipment and control devices) employed in the preparation of the pilot line used for the research project and to increase production capacity for various items (particularly including projects Lagerrahmen and Cam Cover).

No write-downs have been recorded pursuant to para. 1.3 of art. 2426 of the Italian Civil Code and the requirements of OIC 9, as no evidence has been found of possible impairment in the value of tangible fixed assets.

Finance leases

Finance leases are recognised in accordance with the Italian tax regulations: this involves charging the lease instalments for the period to the income statement (€ 887,009 in 2016/2017). The adoption of finance lease methodology, as required by the international accounting standards, would have involved expensing the interest accrued on the loan principal and the depreciation of the leased assets, as well as capitalising those assets and recognising the residual loan principal as a payable.

Had the Company adopted the above finance lease methodology, the accounting effects would have been as follows:

	Effects on the Balance Sheet - Assets		
a)	**Outstanding contracts**		
a.1)	Assets under finance leases at the end of the previous year		2,182,900
	- of which the gross amount	12,931,476	
	- of which accumulated depreciation	(10,748,576)	
a.2)	Assets purchased under finance leases during the year		-
a.3)	Assets under finance leases redeemed during the previous year		-
a.4)	Depreciation charge for the year		(636,740)

	Effects on the Balance Sheet - Assets		
a.5)	Write-downs/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		1,546,160
	- of which the gross amount	12,931,476	
	- of which accumulated depreciation	(11,385,316)	
a.7)	Prepaid instalment interest at the end of the year		(109,392)
a.8)	Curtailment of prepaid expenses under the balance sheet method		-
b)	**Redeemed assets**		
b.1)	Higher/lower total value of redeemed assets (compared with the net carrying amount at the end of the year)		-
	Effects on the Balance Sheet - Liabilities		
c)	**Implicit payables**		
c.1)	Implicit payables for finance leases at the end of the previous year		1,590,352
	- of which due within one year	972,015	
	- of which due beyond one and within 5 years	618,337	
	- of which due beyond 5 years	-	
c.2)	Implicit payables that arose during the year		-
c.3)	Repayment of principal and redemptions during the year		972,016
c)	Implicit liabilities for finance leases at the end of the year		618,337
	- of which due within one year	231,244	
	- of which due beyond one and within 5 years	387,093	
	- of which due beyond 5 years	-	
c.5)	Accrued instalment interest at the end of the year		-
c.6)	Change in trade payables		(26,390)
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**		**844,821**
e)	Tax effect		(313,938)
f)	**Effect on Shareholder's Equity at the end of the year (d-e)**		**530,882**
	Effects on the Income Statement		
g)	Effect on income before taxes (lower/higher costs) (g.1-g.2-g.3+g.4+g.5)		227,335
g.1)	Reversal of instalments on finance lease transactions		887,009
g.2)	Recognition of financial charges on finance lease transactions		(22,934)
g.3)	Recognition of depreciation charges on outstanding contracts		(636,740)
g.4)	Recognition of depreciation charges on redeemed assets		-
g.5)	Recognition of adjustments/write-backs on leased assets		-
h)	Recognition of the tax effect		(70,105)
i)	**Net effect on the result for the year (g-h)**		**157,231**

The value of future lease instalments under outstanding lease contracts totals € 633,906 at 31 March 2017 (€ 1,667,408 at 31 March 2016).

Financial fixed assets

Financial fixed assets total € 3,308,697 at 31 March 2017 and comprise equity investments, € 129; amounts due from parent companies, € 3,300,000, and the fair value of derivative financial instruments, € 8,568.

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

The equity investments reported in the balance sheet, € 129, are unchanged since 31 March 2016 and comprise the shares held in Unionfidi Piemonte S.C. The Company also owns an investment in CONSAF (training consortium), € 258, that is fully written down at the reporting date.

In compliance with OIC 32, the derivative financial instruments include the positive fair value of certain derivatives arranged by the Company to hedge the risk of fluctuations in the interest rates charged on long-term loans (in particular, interest rate swaps and interest rate caps). Although the above contracts qualify as hedges (being correlated with the related loan conditions), the Company has elected not to recognise them as cash flow hedges and to recognise the changes in the fair value of the instruments held in the income statement (income totalling € 14,868 during the year ended 31 March 2017).

Changes in and maturity of non-current receivables

Non-current financial receivables represent the residual balance (€ 3,300,000, down from € 3,900,000 at 31 March 2016) of the loan granted to Endurance Overseas S.r.l. in prior years, which earns interest at market rates. The Company does not apply the amortised cost method to measure this loan, as the contract was arranged prior to 1 April 2016 and because the effect would be insignificant given the immateriality of the transaction costs and the application of market interest rates.

The changes in the above non-current receivables are shown in the table below.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year
Receivables due from parent companies	3,900,000	(600,000)	3,300,000	3,300,000
Total	**3,900,000**	**(600,000)**	**3,300,000**	**3,300,000**

Breakdown of non-current receivables by geographical area

Analysis by geographical area would not be meaningful, since these are all intercompany receivables (due from one Italian counterparty).

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

Inventories amount to € 13,112,186 at 31 March 2017 (€ 12,890,375 at 31 March 2016) and are stated net of an allowance for obsolete and slow-moving items totalling € 1,233,157, which was increased by € 334,125 during the year.

Inventories are analysed by type in the following table:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
raw materials, ancillary materials and consumables	3,053,825	(490,574)	2,563,251
work in process and semi-finished products	5,695,533	412,690	6,108,223
finished products and goods	4,141,017	299,695	4,440,712
Total	**12,890,375**	**221,811**	**13,112,186**

Current receivables

These total € 25,673,108 at 31 March 2017 and are essentially unchanged since 31 March 2016 (€ 25,610,052). These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Trade receivables	18,363,534	751,388	19,114,922	19,114,922	-
Receivables due from parent companies	307,733	22,806	330,539	116,039	214,500
Receivables due from entities under common control	2,077,967	(327,460)	1,750,507	1,750,507	-
Tax receivables	4,039,392	(225,546)	3,813,846	3,529,827	284,019
Deferred tax assets	487,988	36,719	524,707	-	524,707
Other receivables	333,438	(194,851)	138,587	138,329	258
Total	**25,610,052**	**63,056**	**25,673,108**	**24,649,624**	**1,023,484**

Trade receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts of € 136,831, which is unchanged since last year.

The amount receivable from Endurance Overseas S.r.l. includes guarantee deposits paid in relation to rental contracts of € 214,500, as well as trade receivables totalling € 116,039.

The amount receivable from entities under common control (€ 1,750,507 at 31 March 2017) relates to the trade receivables due from Endurance Foa S.p.A. and Endurance Amman GmbH.

Tax receivables (€ 3,813,846 at 31 March 2017) comprise VAT recoverable totalling € 2,961,787 and a tax credit of € 852,059 relating to the new investment in tangible fixed assets made pursuant to art. 18 of Decree 91 dated 24 June 2014, as enacted by Law 116 dated 11 August 2014.

Deferred tax assets (€ 524,707 at 31 March 2017) derive from the deductible temporary differences between, in particular, the reported and tax value of equipment (depending on the depreciation rates applied), as well as from those relating to provisions subject to deferred deductibility.

Breakdown of current receivables by geographical area

It has not been deemed meaningful to provide a breakdown of receivables by geographical area, on account of the nature of the customers, which are multinationals operating in the automotive industry with legal entities and plants located in various countries. As regards the geographical distribution of the Company's business, please refer to what is stated in relation to sales revenues.

Current financial assets

Movements in current financial assets

Centralised treasury management

Pursuant to art. 2423-ter, para. 3 c.c. and after ensuring recoverability in the short term, as required by OIC 14, the Company has classified separately the amount due from the company that manages the central treasury activities of the group in asset caption C.3.7) within "Current financial assets"; this caption is additional to those envisaged in art. 2424 c.c.

Description	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
treasury management assets	2,284,491	(317,473)	1,967,018
Total	**2,284,491**	**(317,473)**	**1,967,018**

This balance represents the amounts due from Endurance Overseas S.r.l. under the agreed cash pooling arrangements.

Cash and cash equivalents

Cash and cash equivalents at 31 March 2017 are analysed below:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
bank and postal deposits	9,544,093	6,709,503	16,253,596
cash on hand	4,888	(1,422)	3,466
Total	**9,548,981**	**6,708,081**	**16,257,062**

This item principally comprises the balance on bank current accounts at 31 March 2017. The increase during the year reflects prudent treasury management designed to maintain a high level of liquidity, benefiting from the favourable conditions for funding in financial markets that are faced with considerable uncertainty about the future of interest rates and the continuation of expansionary monetary policy.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

Prepaid expenses at 31 March 2017 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Prepaid expenses	483,382	(39,479)	443,903
Total prepaid expenses and accrued income	**483,382**	**(39,479)**	**443,903**

This caption principally comprise the future element of lease instalments (€ 94,418), insurance charges (€ 212,368) and other costs (€ 137,117).

Capitalised financial charges

All interest and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholder's equity

Shareholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Shareholder's equity

The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholder's equity items

With reference to the year just ended, the table below sets out changes in the components of shareholder's equity, as well as details of other reserves, if any. The changes in shareholder's equity during the prior year are analysed below:

	Balance at the beginning of the year	Allocation of the prior year result- Distribution of dividends	Allocation of the prior year result- Other allocations	Result for the year	Carrying amount at the end of the year
Share capital	2,700,000	-	-	-	2,700,000
Revaluation reserves	1,551,755	-	-	-	1,551,755
Legal reserve	600,000	-	-	-	600,000
Extraordinary reserve	2,200,090	-	-	-	2,200,090
Paid in for future capital increase	26,146	-	-	-	26,146
Retained earnings (accumulated losses)	9,568,754	(2,430,000)	3,458,541	-	10,597,295
Net income (loss) for the year	3,458,541	-	(3,458,541)	4,253,857	4,253,857
Total	**20,105,286**	**(2,430,000)**	-	**4,253,857**	**21,929,143**

The amounts reported for shareholder's equity at 1 April 2015 and the changes in 2016 are different to those reflected in the financial statements at 31 March 2016, due to the effect of the changes in Italian accounting standards consequent to Decree 139/2015. Further information is provided in the Appendix to these financial statements.

The changes in shareholder's equity during the year ended 31 March 2017 are analysed in the following table:

	Balance at the beginning of the year	Allocation of the prior year result- Other allocations	Result for the year	Carrying amount at the end of the year
Share capital	2,700,000	-	-	2,700,000
Revaluation reserves	1,551,755	-	-	1,551,755
Legal reserve	600,000	-	-	600,000
Statutory reserves	86,636	-	-	86,636
Extraordinary reserve	2,113,454	-	-	2,113,454
Paid in for future capital increase	26,146	-	-	26,146
Retained earnings (accumulated losses)	10,597,295	4,253,857	-	14,851,152
Net income (loss) for the year	4,253,857	(4,253,857)	5,242,503	5,242,503
Total	**21,929,143**	-	**5,242,503**	**27,171,646**

As required by art. 47, para. 5. of Pres. Decree 917/1986, it is confirmed that share capital at 31 March 2017 amounts to € 2,700,000, represented by 2,700,000 shares with a nominal value of € 1.00 each. This amount comprises:

- € 185,925 from a cash contribution made by the shareholders,
- € 2,514,075 from a bonus issue, authorised at the extraordinary shareholders' meeting held on 22/11/2000, using € 170,471 from the revaluation reserve and € 2,343,604 from the statutory reserve.

There were no changes in share capital during the 2016/2017 financial year.

Shareholder's equity includes the following:

- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, comprising the Revaluation reserve pursuant to Law 342/00, of € 1,551,755, net of the related flat tax;
- Reserves or other provisions that, in the event of distribution, would form part of the Company's taxable income, regardless of when they arose, which were used for the bonus capital increase authorised at the extraordinary shareholder's meeting held on 20/11/2000 (using € 170,471 from the pre-existing revaluation reserve created pursuant to Law 72/83).

Availability and use of shareholder's equity

The following table provides details of the components of shareholder's equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/ Nature	Potential utilisation	Amount available
Share capital	2,700,000	Share capital		-
Revaluation reserves	1,551,755	Share capital	A;B	-
Legal reserve	600,000	Revenue	B	-
Statutory reserves	86,636	Revenue	A;B;C	86,636
Extraordinary reserve	2,113,454	Revenue	A;B;C	2,113,454
Paid in for future capital increase	26,146	Share capital	A;B	-
Retained earnings (accumulated losses)	14,851,152	Revenue	A;B;C	14,851,152
Total	**21,929,143**			**17,051,242**
Amount not distributable				2,909,444
Residual amount distributable				14,141,798
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The amount not distributable, determined in accordance with art. 2426 c.c., covers unamortised development costs totalling € 2,384,737 and deferred tax assets of € 524,707, which are also deemed to represent unrealised assets.

Provisions for risks and charges

The following table analyses the changes in provisions (€ 15,325 at 31 March 2017):

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Derivative financial instruments	13,265		6,300	(6,300)	6,965
Provision for current and deferred taxation	-	497	-	497	497
Other provisions	15,076	-	7,213	(7,213)	7,863
Total	**28,341**	**497**	**13,513**	**(13,016)**	**15,325**

As required by OIC 32, the derivative financial instruments represent the negative fair value of certain derivatives used by the Company. See the section on financial fixed assets for information about their recognition for accounting purposes.

The "other provisions" include the residual balance of the Mobility Fund provided by the Company in prior years. The utilisation during the year covered the social security contributions on leaving incentives paid in prior years.

Employee termination indemnities

This account (€ 345,097 at 31 March 2017) is summarised below together with the changes during the year:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
PROVISION FOR TERMINATION INDEMNITIES	341,706	9,546	(6,155)	3,391	345,097
Total	**341,706**	**9,546**	**(6,155)**	**3,391**	**345,097**

The provision shown in the table relates entirely to revaluation of the employee termination indemnities still held by the Company. The majority of the charge to the income statement (item B9 c)) relates to current termination indemnities earned and allocated to the INPS treasury fund, Previndai, Fondo Cometa and the supplementary pension funds chosen, where applicable, by the employees concerned.

Payables

Payables total € 66,619,598 at 31 March 2017 (€ 72,536,726 at 31 March 2016).

Pursuant to art. 12, para. 2 of Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 April 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Due to banks	32,669,029	(3,382,888)	29,286,141	9,071,934	20,214,207
Trade payables	29,617,926	(399,349)	29,218,577	29,218,577	-
Payables due to parent companies	766,301	86,789	853,090	853,090	-
Payables due to entities under common control	4,404,639	(706,039)	3,698,600	3,698,600	-
Tax payables	237,825	35,601	273,426	273,426	-
Due to pension and social security institutions	781,025	54,587	835,612	835,612	-
Other payables	4,059,981	(1,605,829)	2,454,152	2,454,152	-
Total	**72,536,726**	**(5,917,128)**	**66,619,598**	**46,405,391**	**20,214,207**

Amounts due to banks include both the current portion (€ 9,071,934) and the portion due beyond 12 months (€ 20,214,207) of loans obtained from major banks.

The reduction during the year reflects the cash generated from operations and the reduction in the level of net new capital investment. In order to maintain an appropriate level of medium-term funding, new loans totalling € 13,200,000 were arranged during the year, while contractual repayments amounted to € 8,382,888.

In particular, the new loan contracts signed during the year included:

- the last tranche of € 2,700,000 of the five-year loan totalling € 10,000,000 arranged in December 2015 with Intesa Sanpaolo, which is secured on part of the property at the Lombardore factory location owned by Endurance Overseas S.r.l.;
- a five-year loan of € 4,000,000 arranged in July, 2016 with Banca del Mezzogiorno (CDP Group);
- a five-year loan of € 3,500,000 arranged in July, 2016 with BNL;
- a five-year loan of € 3,000,000 arranged in March, 2017 with UBI.

Since the contracts for the last three loans mentioned were signed subsequent to 1 April, 2016, application of the amortised cost method resulted in a reduction in their nominal value by € 21,245 at 31 March, 2017.

The following is a breakdown of medium-term loans outstanding at 31 March, 2017:

Bank	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at 31.03.2017	Within one year	Beyond one year
Intesa Sanpaolo	2,500,000	31/05/2012 - 5	125,000	125,000	-
Banca Popolare di Novara	3,000,000	13/07/2012 - 5	323,669	323,669	-
Banca Regionale Europea	3,000,000	18/07/2013 - 5	968,786	679,822	288,964
CREDEM (*)	3,000,000	19/12/2014 - 5	1,672,419	602,626	1,069,793
Banca Popolare di Novara	3,000,000	07/01/2015 - 4	1,616,961	804,074	812,887
Unicredit (*)	5,000,000	14/07/2015 - 4	3,125,000	1,250,000	1,875,000
Cariparma	2,000,000	21/10/2015 - 5	1,508,482	397,857	1,110,625
MPS	3,000,000	27/11/2015 - 5	2,250,000	600,000	1,650,000
Intesa San Paolo	10,000,000	18/12/2015 - 5	8,148,148	2,222,222	5,925,926
BNL (**)	3,500,000	13/07/2016 - 5	3,150,000	700,000	2,450,000
Banca del Mezzogiorno (**)	4,000,000	14/07/2016 - 5	3,418,921	784,991	2,633,930
UBI (**)	3,000,000	27/03/2017 - 5	3,000,000	589,559	2,410,441
Application of amort. cost method			(21,245)	(7,886)	(13,359)
Total	**45,000,000**		**29,286,141**	**9,071,934**	**20,214,207**

(*) These loans are assisted by guarantees from SACE S.p.A.

(**) Financial payables recognised using the amortised cost method.

Contracts bear interest at Euribor plus a spread of between 0.8% for more recent contracts and 3.55% for less recent ones, depending on market conditions at the time of signing and the duration of the loan.

Trade payables are essentially unchanged compared with the previous year. The balance at 31 March 2017 includes the residual liability (€ 1,507,545) for the capital investment made during the year comprising, in particular, the portion relating to the final quarter of the accounting period.

Payables due to parent companies total € 853,090 and comprise trade payables of € 757,000 and € 96,090 due to the domestic tax group that is consolidated by Endurance Overseas S.r.l.

Payables to entities under common control include the trade payables due to Endurance Foa S.p.A. (€ 2,824,576) and Endurance Engineering S.r.l. (€ 872,665), which are both direct subsidiaries of Endurance Overseas S.r.l..

Tax payables total € 273,426 and comprise the residual IRAP liability for the year, € 27,031, as well as various payroll withholdings.

Other payables totalling € 2,454,152 principally include amounts due to employees for payroll and related accruals (€ 2,412,306) and other amounts due.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured on the assets of the Company. In this regard however, the loan arranged in the previous year with Intesa Sanpaolo is guaranteed by a mortgage on certain industrial buildings, owned by Endurance Overseas S.r.l., that are leased to the Company.

Loans from shareholders

The company has not received any loans from its shareholder.

Accrued expenses and deferred income

This caption is analysed below together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Accrued expenses	42,443	(42,443)	-
Deferred income	1,342,159	1,724,101	3,066,260
Total accrued expenses and deferred income	**1,384,602**	**1,681,658**	**3,066,260**

Deferred income mainly includes grants and other income relating to future years. In particular, grants relate to the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years, and to R&D activities eligible for the tax credit available pursuant to art. 1, para. 35, of Law 190 dated 23 December 2014.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2016/2017 is analysed below on a comparative basis:

Description	FY 2016/2017	FY 2015/2016	Change
Revenues from sales of goods and services	136,205,006	126,162,110	10,042,896
Changes in inventories of work in progress, semi-finished and finished products	1,145,348	-1,121,924	2,267,272
Increases in non-current assets from in-house production	1,231,892	725,050	506,842
Other revenues	2,431,116	1,842,287	588,829
Total	**141,013,362**	**127,607,523**	**13,405,839**

Revenues from sales (including income from the contractual sale to customers of specific production equipment) were 8% higher than in the prior year, confirming the growth in the volume of business in line with the positive market trends. This performance benefited in particular from the growth of foreign markets (principally Germany, up 12.3%, and other EU countries, up 160%, including, in particular, the countries of Eastern Europe in which the leading German manufacturers have numerous factories), confirming further pursuit of the policy to diversify the Company's portfolio of customers. Sales in the Italian market also increased by about 5% compared with the prior year.

The increase in non-current assets from in-house production mainly reflects the capitalisation of development costs (€ 1,231,892, including € 932,243 per depreciation and € 299,649 for payroll costs) relating to the R&D project described earlier.

Other revenues include income deriving from the recovery of packaging costs from customers, recharges and miscellaneous sales.

Analysis of revenues from sales and services by category of activity

Revenues from sales and services relate entirely (€ 136,205,006) to income from the Company's core business, comprising the engineering of components for the automotive market and related activities.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area:

Countries	FY 2016/2017	Weight %	FY 2015/2016	Weight %
ITALY	72,199,376	53%	68,759,966	55%
GERMANY	35,023,414	26%	31,193,831	25%
FRANCE	410,090	-	2,511,911	2%
POLAND	18,051,815	13%	16,735,985	13%
OTHER EUROPEAN COUNTRIES	8,142,585	6%	3,140,926	2%
OTHER NON-EU COUNTRIES	2,377,722	2%	3,819,491	3%
TOTAL	**136,205,006**	**100%**	**126,162,110**	**100%**

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	FY 2016/2017	FY 2015/2016	Change
Cost of raw and ancillary materials, consumables and goods for resale	95,708,863	90,746,519	4,962,344
Cost of services	12,181,632	9,702,622	2,479,010
Lease and rental charges	2,963,127	2,764,777	198,350
Payroll costs			
Wages and salaries	9,655,224	9,102,317	552,907
Social contributions	1,944,367	1,759,124	185,243
Employee termination indemnity	497,589	475,231	22,358
Other costs	40,900	41,663	-763
Amortisation of intangible assets	449,505	197,567	251,938
Depreciation of tangible fixed assets	7,608,073	4,897,608	2,710,465
Changes in inventory of raw and ancillary materials and consumables	923,536	-345,226	1,268,762
Other accruals	-	-	-
Other operating expenses	741,313	610,042	131,271
Total	**132,714,129**	**119,952,244**	**12,761,885**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The changes recorded in the year are strictly related to the rising trend in volumes, as previously indicated under Value of production. Margins have improved however, since costs have risen slower than revenues due to the operational efficiency drive implemented by the Company.

Payroll costs

This item (which has gone up by 6% approximately, compared with the previous year) comprises the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7).

Lease and rental charges

This item (which has gone up by 7% approximately compared with the previous year) mainly includes the rental of operating facilities used by the Company from Endurance Overseas S.r.l., as well as finance lease charges relating to plant and machinery employed in the production process. The increase during the year was due to the effect of renting for the entire year areas that the parent company made available for just part of the prior year, following completion of the work to expand the Lombardore site.

Depreciation and amortisation

Depreciation is provided over the technical useful lives of assets, considering how they are used in production. The increase in the depreciation charge with respect to the prior year reflects the steady rise in capital investment in recent years, in order to support the expansion of production and implement the pilot line as part of the R&D project to find new technological solutions, which is nearing completion.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Financial income from the parent company (€ 115,127) comprises the interest recognised by Endurance Overseas S.r.l. in relation to the outstanding loan (€ 3,300,000 at 31 March, 2017) and the credit balances on the cash pooling account.

Financial charges (€ 755,024) principally include the interest charged on the various loans obtained from third-party lenders.

Exchange gains and losses (net loss of € 11,869) reflect the net effect of exchange-rate fluctuations on the realisation of assets and liabilities not denominated in euro (in this specific case, all the transactions were denominated in USD), as well as the effect of aligning foreign currency receivables and payables using the exchange rates applying on the reporting date.

Revaluation of derivative financial instruments

The revaluation of derivative financial instruments solely relates to recognition of the changes in the fair value of the derivatives used by the Company, as discussed earlier.

A comparison with the prior year is presented in the following table:

Description	FY 2016/2017	FY 2015/2016	Change
Revaluation of derivative contracts	14,868	21,901	-7,033

Amount and nature of revenues/costs of individual significance

Pursuant to art. 2427, para. 1, point 13, of the Italian Civil Code is it confirmed that no revenues/costs of individual significance were recognised during the year.

Income taxes for the year, current and deferred

Current taxes, deferred tax assets and liabilities

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2016/2017	Year 2015/2016
Income taxes	2,421,538	2,576,115
Deferred taxation	(36,223)	(123,728)
Taxation relating to prior years	(229,436)	(25,154)
IRES for the year (current)	2,224,442	2,280,510
IRAP for the year (current)	462,755	444,487

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	67,109	57,306
Total taxable temporary differences	401,457	391,431
Net temporary differences	334,348	334,125
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(445,162)	(42,826)
Deferred tax liability (assets) of the year	(6,050)	(30,172)
Provision for deferred tax liability (assets) at the end of the year	(451,212)	(72,998)

The deferred tax asset relates to the non deductible portion in the year of:

- Difference between the book and tax depreciation rate for specific equipment (€ 129,899);
- Inventory allowance and mobility fund (€ 347,669);
- Membership fees not paid in the tax year and other costs subject to deferred deductibility (€ 50,670).

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The average number of employees is analysed by category below.

	Executives	Managers	White collar	Blue collar	Total employees
Year 2016/2017	5	4	37	172	214
Year 2015/2016	4	5	30	163	202

The workforce at 31/03/2017 comprises 221 people.

Remuneration of the Directors and the Board of Statutory Auditors

The Company has not paid any fees to the members of the Board of Directors, while the authorised remuneration of the Board of Statutory Auditors was € 34,944.

Fees of the legal auditor or auditing firm

As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Legal audit of the annual financial statements	Other audit services	Tax advisory services	Other non-audit services	Total fees earned by the legal auditor or auditing firm
Amount	15,905	1,000	-	-	16,905

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

Company name	Larger group Endurance Technologies Limited	Smaller group Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE (**)	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amounts in Euro), grouped by counterparty:

Type of contract	Number of contracts	Original notional value	Notional value at 31.03.2017	Fair value at 31.03.2017
Interest rate Swap	6	8,679,731	3,223,302	(5,575)
Interest rate Swap	2	12,126,630	8,270,148	5,560
Interest rate CAP	1	5,000,000	3,125,000	1,618
TOTAL				1,603

Summary financial statements of the company which exercises management and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at K-228, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited (*) are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March, 2016 (source www.rbi.org.in) was 75.0955 (67.5104 at 31 March 2015):

Balance sheet (*)	31 Mar 2016	31 Mar 2015
Assets		
Fixed assets, net	9,702.83	9,138.28
Investments and other non-current assets	4,019.24	4,136.16
Current assets	6,195.23	5,474.56
Total assets	**19,917.30**	**18,749.00**
Liabilities and shareholders' equity		
Shareholders' equity	13,424.61	11,553.05
Loans	2,365.63	3,387.46
Payables	3,735.54	3,342.28
Accrued expenses and deferred income and provisions	391.52	466.21
Total liabilities and shareholders' equity	**19,917.30**	**18,749.00**

Income Statement (*)	31 Mar 2016	31 Mar 2015
Value of production	36,966.53	35,409.08
Cost of production and interest	34,182.31	32,959.25
Result before extraordinary items	**2,784.22**	**2,449.83**
Extraordinary items	-	-
Income before tax	**2,784.22**	**2,449.83**
Taxation for the year (current and deferred)	704.05	653.63
Income (loss) for the year	**2,080.17**	**1,796.20**

(*) Amounts reported in the table above are consistent with the financial statements as of 31st March 2016 of the company which exercises management and coordination activities in accordance with the Indian Gaap principles in force when such figures were arranged, replaced as of today by the Ind-AS principles. As a consequence the information as of 31st March 2016 included in this section are not aligned to those which will be reported as comparison year in the financial statements as of 31st March 2017.

Relations with related parties

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates classified as fixed assets

Description	31/03/2017	31/03/2016	Change
from parent companies	3,300,000	3,900,000	(600,000)
Total	**3,300,000**	**3,900,000**	**(600,000)**

The receivables from parent companies at 31 March 2017, classified as financial fixed assets, include the loan of € 3,300,000 granted to Endurance Overseas S.r.l. in order to optimise the financial structure of the group.

Receivables from affiliates classified as current assets

Description	31/03/2017	31/03/2016	Change
from parent companies	2,297,556	2,274,751	22,805
from entities under common control	1,750,507	2,077,967	(327,460)
Total	**4,048,063**	**4,352,718**	**(304,655)**

The amounts due from Endurance Overseas S.r.l. at 31 March 2017 include € 1,967,017 representing the balance on the centralised treasury management account (cash pooling), as well as guarantee deposits of € 214,500 paid to that company in relation to outstanding rental contracts and € 116,039 deriving from commercial transactions.

The amount receivable from entities under common control (€ 1,750,507 at 31 March 2017) relates to the trade receivables due from Endurance Foa S.p.A. and Endurance Amman GmbH.

Payables due to and loans from affiliates

Description	31/03/2017	31/03/2016	Change
to parent companies	853,090	766,301	86,789
to affiliated companies	3,698,600	4,404,639	(706,039)
Total	**4,551,690**	**5,170,940**	**(619,250)**

Payables due to parent companies total € 853,090 and comprise trade payables of € 757,000 and € 96,090 due to the domestic tax group that is consolidated by Endurance Overseas S.r.l.

The payables to entities under common control include the trade payables governed on market terms due to Endurance Foa S.p.A. (€ 2,824,576) and Endurance Engineering s.r.l. (€ 872,665), which are both indirect subsidiaries of Endurance Overseas S.r.l. Commercial transactions involve buying from affiliates part of the goods used in the Company's own production process.

Proposed allocation of profits or coverage of losses

To the Shareholder, Given all of the above, the Board of Directors recommends allocating the net income for the year as follows:

- € 5,242,503 to retained earnings (accumulated losses)

Explanatory notes, closing section

Dear shareholders, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended 31 March 2017, together with the proposed allocation of net income, as submitted by the Board of Directors.

Lombardore, 08/05/2017

For the Board of Directors
Chief Executive Officer
Signed by Giovanni Anastasi

Appendix - Effects of applying the new Italian accounting standards

The effects of applying the new Italian accounting standards to the asset and liability balances at 1 April, 2015 have been recognised in the reserve for "Retained earnings (accumulated losses)", classified within shareholder's equity, net of the related tax effects that have been classified, as applicable, among the deferred tax assets and the deferred tax liabilities.

As required by the new OIC 29 and solely for comparative purposes, the Company has restated the balance sheet and income statement for the year ended 31 March, 2016 in accordance with the new Italian accounting standards.

In order to present the effects on the financial statements of the transition to the new Italian accounting standards, the Company has prepared:

- a reconciliation of the shareholder's equity at 31 March, 2015 prepared under the previous accounting standards with that prepared in accordance with the new Italian accounting standards at 1 April, 2015;
- solely for comparative purposes, a reconciliation of the results reported in the financial statements prepared under the previous accounting standards (for the year ended 31 March, 2016) with those deriving from application of the new Italian accounting standards to the financial statements for that year;
- reconciliation schedules and explanatory notes;
- solely for comparative purposes, the balance sheet and the income statement for the year ended 31 March, 2016.

Instructions for first-time adoption

In general, the new Italian accounting standards allow the effects of changes in accounting standards to be recognised prospectively. Accordingly, items relating to ongoing transactions whose effects have not yet been fully reflected in the financial statements continue to be recorded in accordance with the previous standards, unless specified differently in the instructions for the first-time adoption of the new Italian accounting standards.

On the other hand, the following accounting standards have been adopted retrospectively by the Company, based on the instructions for their first-time adoption:

- OIC 32: in its entirety (except that the Company has elected not to recognised derivative financial instruments under the rules for hedge accounting, despite the existence of financial arrangements that would qualify as hedges).

Optional instructions for first-time adoption used by the Company

The Company made the following elections on the first-time adoption of the new Italian accounting standards:

- OIC 15 and OIC 19: the Company elected not to measure at amortised cost or to discount the receivables and payables reported in the balance sheet at 31 March, 2016. The provisions of OIC 15 and OIC 19 have therefore only been applied to transactions that were carried out from 1 April,32 2016 onwards.

Reconciliations of data prepared under the previous accounting standards with that prepared under the new Italian accounting standards

Reconciliation of shareholder's equity at 31 March, 2015 determined under the previous accounting standards with that at 1 April, 2015 determined under the new Italian accounting standards and the profit/loss reported for FY 2015/2016 (ended on 31 March, 2016)

		2015/2016 data --- restated under the new accounting standards				
(amounts in thousands of euro)	Shareholder's equity at 01/04/2015	Result 2015/2016 financial year	Retained earnings (accumulated losses)	Reserve for cash flow hedges	Other changes in shareholder's equity	Total shareholder's equity at 31/03/2016
Shareholder's equity under the previous accounting standards	**20,131**	**4,238**	**-**	**-**	**(2,430)**	**21,939**
1. OIC 32 Recognition of financial instruments	(35)	22				(13)
Tax effect	10	(6)	-	-	-	4
Total adjustments on adoption of new Italian accounting standards	**(25)**	**16**	**-**	**-**	**-**	**(10)**
Shareholder's equity under the new Italian accounting standards	**20,105**	**4,254**	**-**	**-**	**(2,430)**	**21,929**

The captions and amounts restated in the above reconciliation of shareholder's equity at 31 March 2015 determined under the previous accounting standards with that at 1 April 2016 determined under the new Italian accounting standards are discussed below, together with the effects of applying the new accounting standards on the net results for the year ended 31 March 2016:

1. The Company has recognised the fair value of derivative financial instruments in the balance sheet. This had an adverse effect on shareholder's equity at 1 April 2015 of € 25 thousand, net of tax effect. There was also a positive effect on the income statement for 2015/2016 of € 16 thousand, net of tax effect: accordingly, the adverse effect on shareholders' equity at 31 March 2016 was € 10 thousand.

Effects on the restated balance sheet and income statement for the year ended 31 March 2016

In addition to the reconciliation of shareholder's equity at 1 April 2015 and the restatement of the results for the year ended 31 March 2016, accompanied by explanatory notes for the adjustments made to the balances restated under the new Italian accounting standards, the restated balance sheet at 31 March 2016 and the restated income statement for the year then ended are also attached, showing for each item in individual columns:

- the amounts taken from the financial statements at 31 March 2016 prepared under the previous accounting standards;
- the reclassifications made as a consequence of the different rules of presentation specified in the new Italian accounting standards;
- the adjustments made as a result of applying the new Italian accounting standards;
- the closing balances restated under the new Italian accounting standards.

The adjustments recorded in the balance sheet and income statements are described in the explanatory notes presented earlier, while the reclassifications are discussed in the following notes.

		Balance Sheet - Assets	31/03/2016 Approved (*) (Previous accounting standards)	Reclassifications: Rec/liab. towards entities under common control	Reclassifications: Financial assets - cash pooling arrangements	Adjustments: OIC 32 recognition of derivative financial instruments	31/03/2016 Restated (New accounting standards)
A)		**Due from shareholders for amounts still to be paid in**					
B)		**Fixed assets**					
I		**Intangible assets**					
	1)	Start-up and expansion costs	-	-	-	-	-
	2)	Development costs	-	-	-	-	-
	3)	Industrial patent rights and intellectual property rights	9,724	-	-	-	9,724
	4)	Concessions, licences, trademarks and similar rights	-	-	-	-	-
	5)	Goodwill	-	-	-	-	-
	6)	Assets in process of formation and advance payments	1,077,815	-	-	-	1,077,815
	7)	Other	582,976	-	-	-	582,976
			1,670,515	-	-	-	1,670,515
II		**Tangible fixed assets**					
	1)	Land and buildings	-	-	-	-	-
	2)	Plant and machinery	30,959,137	-	-	-	30,959,137
	3)	Industrial and commercial equipment	1,654,098	-	-	-	1,654,098
	4)	Other assets	309,489	-	-	-	309,489
	5)	Assets under construction and advance payments	6,909,869	-	-	-	6,909,869
			39,832,594	-	-	-	39,832,594
III		**Financial fixed assets**					
	1)	Equity investments in:					
		d-bis) other companies	129	-	-	-	129
			129	-	-	-	129
	2)	Receivables:					
		c) from parent companies					

		Balance Sheet - Assets	31/03/2016 Approved (*) (Previous accounting standards)	Reclassifications: Rec/liab. towards entities under common control	Reclassifications: Financial assets - cash pooling arrangements	Adjustments: OIC 32 recognition of derivative financial instruments	31/03/2016 Restated (New accounting standards)
		- within 12 months	3,000,000				3,000,000
		- beyond 12 months	900,000	-	-	-	900,000
			3,900,000	-	-	-	3,900,000
	3)	Other securities	-	-	-	-	-
	4)	Derivative financial instruments	-	-	-	-	-
		Total fixed assets	**45,403,238**	**-**	**-**	**-**	**45,403,238**
C)		**Current assets**					
I)		**Inventories**					
	1)	Raw materials, ancillary materials and consumables	3,053,825	-	-	-	3,053,825
	2)	Work in process and semi-finished products	5,695,533	-	-	-	5,695,533
	3)	Contract work in progress	-	-	-	-	-
	4)	Finished products and goods	4,141,017	-	-	-	4,141,017
	5)	Advances	-	-	-	-	-
			12,890,374	-	-	-	12,890,375
II)		**Receivables**					
	1)	From customers					
		- within 12 months	20,441,501	(2,077,967)	-	-	18,363,534
		- beyond 12 months	-	-	-	-	-
			20,441,501	(2,077,967)	-	-	18,363,534
	4)	From parent companies					
		- within 12 months	2,377,724	-	(2,284,491)	-	93,233
		- beyond 12 months	214,500	-	-	-	214,500
			2,592,224	-	(2,284,491)	-	307,733
	5)	From entities under common control					
		- within 12 months	-	2,077,967	-	-	2,077,967
		- beyond 12 months	-	-	-	-	-
			-	2,077,967	-	-	2,077,967

Balance Sheet - Assets		31/03/2016 Approved (*) (Previous accounting standards)	Reclassifications: Rec/liab. towards entities under common control	Reclassifications: Financial assets - cash pooling arrangements	Adjustments: OIC 32 recognition of derivative financial instruments	31/03/2016 Restated (New accounting standards)
5-bis)	Tax receivables					
	- within 12 months	3,177,184	-	-	-	3,177,184
	- beyond 12 months	862,208	-	-	-	862,208
		4,039,392	-	-	-	4,039,392
5-ter)	Deferred tax assets					
	- within 12 months	-	-	-	-	-
	- beyond 12 months	484,340	-	-	3,648	487,988
		484,340	-	-	3,648	487,988
5-quater)	From others					
	- within 12 months	333,180	-	-	-	333,180
	- beyond 12 months	258	-	-	-	258
		333,438	-	-	-	333,438
III)	**Current financial assets**					
7)	Treasury management assets	-	-	2,284,491	-	2,284,491
		-	-	2,284,491	-	2,284,491
IV	**Cash and cash equivalents**					
1)	Bank and postal deposits	9,544,093				9,544,093
2)	Cheques	-				-
3)	Cash on hand	4,888				4,888
		9,548,981	-	-	-	9,548,981
	Total current assets	**50,330,250**	**-**	**-**	**3,648**	**50,333,898**
D)	**Prepaid expenses and accrued income**	**483,382**	**-**	**-**	**-**	**483,382**
	Total assets	**96,216,870**	**-**	**-**	**3,648**	**96,220,518**

	Balance Sheet - Liabilities and Shareholder's Equity	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
		(Previous accounting standards)	Rec/liab. towards entities under common control	Financial assets - cash pooling arrangements	OIC 32 recognition of derivative financial instruments	(New accounting standards)
A)	**Shareholder's equity**					
I	Share capital	2,700,000	-	-	-	2,700,000
III	Revaluation reserve	1,551,755	-	-	-	1,551,755
IV	Legal reserve	600,000	-	-	-	600,000
V	Statutory reserves	86,636	-	-	-	86,636
VI	Other reserves	2,139,599				2,139,599
VII	Reserve for cash flow hedges	-	-	-	-	-
VIII	Retained earnings (accumulated losses)	10,622,790	-	-	(25,495)	10,597,295
IX	Net income (loss) for the year	4,237,979	-	-	15,878	4,253,857
X	Negative reserve for treasury shares held	-	-	-	-	-
	Total shareholder's equity	**21,938,759**	**-**	**-**	**(9,617)**	**21,929,142**
B)	**Provision for risks and charges**					
1)	Provision for pensions and similar commitments	-	-	-	-	-
2)	Provision for taxation	-	-	-	-	-
3)	Derivative financial instruments	-	-	-	13,265	13,265
4)	Other	15,076	-	-	-	15,076
	Total provisions for risks and charges	**15,076**	**-**	**-**	**13,265**	**28,341**
C)	**Provision for employee termination indemnity**	**341,706**	**-**	**-**	**-**	**341,706**
D)	**Payables**					
4)	Due to banks					
	- within 12 months	15,128,919	-	-	-	15,130,496
	- beyond 12 months	17,540,110	-	-	-	17,538,533
		32,669,029	-	-	-	32,669,029
7)	Trade payables					
	- within 12 months	34,022,565	(4,404,639)	-	-	29,617,926

	Balance Sheet - Liabilities and Shareholder's Equity	31/03/2016 Approved (*) (Previous accounting standards)	Reclassifications: Rec/liab. towards entities under common control	Reclassifications: Financial assets - cash pooling arrangements	Adjustments: OIC 32 recognition of derivative financial instruments	31/03/2016 Restated (New accounting standards)
	- beyond 12 months	-	-	-	-	-
		34,022,565	(4,404,639)	-	-	29,617,926
11)	Due to parent companies					
	- within 12 months	766,301	-	-	-	766,301
	- beyond 12 months	-	-	-	-	-
		766,301	-	-	-	766,301
11-bis)	Payables due to entities under common control					
	- within 12 months	-	4,404,639	-	-	4,404,639
	- beyond 12 months	-	-	-	-	-
		-	4,404,639	-	-	4,404,639
12)	Tax payables					
	- within 12 months	237,825	-	-	-	237,825
	- beyond 12 months	-	-	-	-	-
		237,825	-	-	-	237,825
13)	Due to pension and social security institutions					
	- within 12 months	781,025	-	-	-	781,025
	- beyond 12 months	-	-	-	-	-
		781,025	-	-	-	781,025
14)	Other payables					
	- within 12 months	4,059,982	-	-	-	4,059,982
	- beyond 12 months	-	-	-	-	-
		4,059,982	-	-	-	4,059,982
	Total payables	**72,536,726**	**-**	**-**	**-**	**72,536,726**
E)	**Accrued expenses and deferred income**					
	- within 12 months	656,253	-	-	-	656,253
	- beyond 12 months	728,350	-	-	-	728,350
		1,384,603	**-**	**-**	**-**	**1,384,603**
	Total liabilities and shareholders' equity	**96,216,870**	**-**	**-**	**3,648**	**96,220,518**

(*) The column for balances stated under the previous accounting standards includes certain reclassifications with respect to the corresponding data reported in the officially-filed financial statements at 31 March 2016. These reclassifications did not affect the results or shareholders' equity and were not made as a consequence of the new accounting standards, but in order to improve the presentation of the Company's activities and results, as well as to standardise the classifications made by the various Group companies.

The reclassifications made to the restated 2015 balance sheet are discussed below:

- Centralised treasury management: the conditions applying to the cash pooling arrangements made have allowed the Company to reclassify the amount of € 2,284 thousand due from Endurance Overseas S.r.l. from Amounts due from parent companies to the "Centralised treasury management" caption.

- Restatement of receivables and payables due from/to entities under common control: the Company has restated the trade amounts due from Endurance Foa S.p.A. and Endurance Amman GmbH, totalling € 2,078 thousand, from Trade receivables to the "Receivables from entities under common control" account and the trade amounts due to Endurance Foa S.p.A. and Endurance Engineering s.r.l. (totalling € 4,405 thousand), both direct subsidiaries of Endurance Overseas S.r.l., from Trade payables to the "Payables to entities under common control" account.

As discussed previously with regard to the adjustments made in application of the new accounting standards, the main effects involved recognition of the fair value of derivative instruments, which adjusted the provisions for risks and charges (€ 13 thousand) and deferred tax assets (€ 4 thousand).

		31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
		(Previous accounting standards)	Out-of-period income/ expense	Taxation relating to prior years	OIC 32 recognition of derivative financial instruments	(New accounting standards)
A)	**Value of production**					
1)	Revenues from sales of goods and services	126,162,110	-	-	-	126,162,110
3)	Change in contract work in progress	-	-	-	-	-
4)	Increases in non-current assets from in-house production	725,050	-	-	-	725,050
5)	Other income and revenues:	-				
	- operating grants	33,555	-	-	-	33,555
	- other	1,787,270	21,461	-	-	1,808,731
	Total value of production	**127,586,061**	**21,461**	**-**	**-**	**127,607,522**
B)	**Cost of production**					
6)	Raw and ancillary materials, consumables and goods for resale	90,729,450	17,069	-	-	90,746,519
7)	Services	9,707,161	(4,539)	-	-	9,702,622
8)	Lease and rental charges	2,771,196	(6,419)	-	-	2,764,777
9)	Payroll					
	a) wages and salaries	9,112,666	(10,349)	-	-	9,102,317
	b) social contributions	1,759,124	-	-	-	1,759,124

		31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
		(Previous accounting standards)	Out-of-period income/ expense	Taxation relating to prior years	OIC 32 recognition of derivative financial instruments	(New accounting standards)
	c) termination indemnities	475,231	-	-	-	475,231
	d) pensions and similar commitments	-	-	-	-	-
	e) other costs	41,663	-	-	-	41,663
		11,388,684	(10,349)	-	-	11,378,335
10)	Depreciation, amortisation and write-downs					
	a) amortisation of intangible fixed assets	197,567	-	-	-	197,567
	b) depreciation of tangible fixed assets	4,897,608	-	-	-	4,897,608
	c) other write-downs of fixed assets	-	-	-	-	-
		5,095,175	-	-	-	5,095,175
11)	Changes in inventories of raw, ancillary and consumable materials	(345,226)	-	-		(345,226)
14)	Other expenses	562,479	22,409	25,154		610,042
	Total cost of production	**119,908,920**	**18,170**	**25,154**	**-**	**119,952,243**
	Difference between production value and cost (A - B)	**7,677,141**	**3,292**	**(25,154)**	**-**	**7,655,279**
C)	**Financial income and charges**					
15)	Income from equity investments	-	-	-	-	-
16)	Other financial income					
	d) income other than the above					
	- from parent companies	93,146	-	-	-	93,146
	- other	775	-	-	-	775
		93,921	-	-	-	93,921
17)	Interest and financial charges					
	- other	948,383	3,292	-	-	951,675
		948,383	3,292	-	-	951,675
17-bis)	Exchange gains and losses	10,546	-	-	-	10,546
	Total financial income and charges	**(843,917)**	**(3,292)**	**-**	**-**	**(847,208)**

		31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
		(Previous accounting standards)	Out-of-period income/ expense	Taxation relating to prior years	OIC 32 recognition of derivative financial instruments	(New accounting standards)
D)	**Adjustments to financial assets**					
18)	Revaluations:					
	d) financial derivatives	-	-	-	21,901	21,901
		-	-	-	21,901	21,901
19)	Write-downs:					
	Total adjustments to financial assets	**-**	**-**	**-**	**21,901**	**21,901**
	Result before taxes (A - B +/- C +/- D)	**6,833,225**	**0**	**(25,154)**	**21,901**	**6,829,972**
20)	Income taxes for the year, current and deferred					
	- Current taxation	2,724,997	-	-	-	2,724,997
	- Taxation relating to prior years	-	-	(25,154)	-	(25,154)
	- Deferred taxation	(129,751)	-	-	6,023	(123,728)
	- Income (charges) from tax consolidation	-	-	-	-	-
		2,595,246	**-**	**(25,154)**	**6,023**	**2,576,115**
23)	**Net income for the year**	**4,237,979**	**0**	**-**	**15,878**	**4,253,857**

(*) The column for balances stated under the previous accounting standards includes certain reclassifications with respect to the corresponding data reported in the officially-filed financial statements at 31 March 2016. These reclassifications did not affect the results or shareholders' equity and were not made as a consequence of the new accounting standards, but in order to improve the presentation of the Company's activities and results, as well as to standardise the classifications made by the various Group companies.

The reclassifications made to the restated 2015 income statement are discussed below:

- Elimination of non-recurring items and taxation relation to prior years: given the elimination of the section on non-recurring income and expense, the Company has reclassified out-of-period income and expense (including the residual amounts previously reported in income statement captions A5 and B14, and related tax charges) to the relevant income statement captions based on the "nature" of the income and expense concerned.

Finally, adjustment of the fair value of derivative financial instruments resulted in the recognition of financial income totalling € 22 thousand and a corresponding deferred tax liability of € 6 thousand.

ENDURANCE FONDALMEC S. P. A.

Head office: VIA DEL BOSCHETTO 2/43 – LOMBARDORE (Turin)

Included in Turin Company Register

Tax Code and Register no. 01729340016

Turin Chamber of Commerce Register no. 518776

Share capital: € 2,700,000.00 subscribed and fully paid

VAT Number: 01729340016

Sole shareholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Auditors

Financial Statements as at and for the year ended 31st March 2017

Report to the Shareholders' Meeting pursuant to Art. 2429, Para 2 of the Italian Civil Code – Administrative supervision

During the year ended 31st March 2017, administrative supervision was carried out on Endurance Fondalmec S.p.A. (the "Company") pursuant to Art. 2403 of the Italian Civil Code, according to the rules of conduct of the Board of Statutory Auditors recommended by the Italian National Council of Chartered Accountants.

Activities carried out by the Board of Statutory Auditors during the year

During the year under review, we monitored compliance with the law and the Articles of Association and with the principles of proper management.

We attended the Shareholders' Meetings and Board meetings, for which, on the basis of available information, we did not detect any breach of the law or the article of association, nor manifestly imprudent, risky transactions, determining potential conflicts of interest or compromising the social assets integrity.

We have acquired information from the Company's Directors regarding Company's transactions; we have no particular observations to report about them.

We have gained information from the Company's Directors about the overall operating performance and its predictable evolution, as well as on the most significant operations, based on their size or characteristics, made by the Company and, based on the information obtained, we have no particular comments to report.

We met the independent auditor's representatives, and no relevant data and information emerged that should be highlighted in this report.

We have gained knowledge and we watched over, as far as we are responsible, about the adequacy and operating effectiveness of the organizational structure of the Company, also through the gathering of information from the heads of functions, and in this regard we have no specific comments to report.

We have acquired knowledge and we supervised, as far as we are responsible, about the adequacy and operating effectiveness of the administrative and accounting system, as well as on its reliability to correctly represent the management facts, by obtaining information from the heads of functions, from the independent auditor and through the examination of Company's documents, and in this regard we have no particular comments to report.

No complaints or denunciations made with reference to art. 2408 Civil Code. have been received by the Board of Statutory auditors.

The Board of Statutory Auditors did not issue any legally requested statutory opinions during the year.

During the supervisory activity, as outlined above, no other significant facts have emerged to be mentioned in this report.

This report therefore summarizes the activity concerning the information required by art. 2429, comma 2, Civil Code and more precisely:

- about the results of the financial year;
- about the activity performed in the fulfillment of the duties provided for by the law;
- about observations and proposals on the financial statements, with particular reference to the possible use by the Board of Directors of the exemption provided for in art. 2423, comma 5, Civil Code;
- about the possible receipt of complaints by the shareholders, based on art. 2408 Civil Code.

In any case, we remain available for deepening all other further aspects during the Shareholder's meeting.

The activities that we carried out have covered, from a time point of view, the entire financial year and during the same financial year, the meetings referred to in art. 2404 Civil Code properly occurred.

During the periodic statutory audits, we have been aware of the evolution of the Company's business, paying particular attention to contingent issues in order to identify their economic and financial impact on the operating result and on equity structure, as well as to identify potential risks with constant frequency.

These meetings have been drafted by means of appropriate minutes duly signed for unanimous approval.

Information on the Statutory Financial Statements

The draft statutory financial statements as at and for the year ended 31st March 2017, which the Board of Directors has provided to us for due examination, pursuant to Art. 2429 of the Italian Civil Code, has been drawn in accordance with the provisions of Decree Law No. 127/91 and of Legislative Decree 139/2015 and it includes:

- Balance Sheet
- Income Statement
- Statement of Cash Flow
- Explanatory Notes

and it corresponds to the following figures:

Balance Sheet

Description	Year 2017	Year 2016	Variance
NON-CURRENT ASSETS	39,764,649	45,403,237	5,638,588-
CURRENT ASSETS	57,009,374	50,333,899	6,675,475
PREPAID EXPENSES AND ACCRUED INCOME	443,903	483,382	39,479-
TOTAL ASSETS	**97,217,926**	**96,220,518**	**997,408**

Description	Year 2017	Year 2016	Variance
SHAREHOLDER'S EQUITY	27,171,646	21,929,143	5,242,503
PROVISIONS FOR CONTINGENCIES AND OTHER LIABILITIES	15,325	28,341	13,016-
EMPLOYEES' SEVERANCE INDEMNITY	345,097	341,706	3,391
DEBTS	66,619,598	72,536,726	5,917,128-
ACCRUED EXPENSES AND DEFERRED INCOMES	3,066,260	1,384,602	1,681,658
TOTAL LIABILITIES AND EQUITY	**97,217,926**	**96,220,518**	**997,408**

Income Statement

Description	Year 2017	Year 2016	Variance
TURNOVER	141,013,362	127,607,523	13,405,839
REVENUES FROM SALES AND SERVICES SUPPLIED	136,205,006	126,162,110	10,042,896
PRODUCTION COSTS	132,714,129	119,952,244	12,761,885
DIFFERENCE BETWEEN TURNOVER AND PRODUCTION COSTS	8,299,233	7,655,279	643,954
RESULT BEFORE TAXES	7,664,041	6,829,972	834,069
CURRENT AND DEFERRED INCOME TAXES	2,421,538	2,576,115	154,577-
PROFIT (LOSS) OF THE YEAR	5,242,503	4,253,857	988,646

We have examined the draft statutory financial statements for the year ending 31st March 2017, including the Report on operation attached to it, and about it we refer the following.

Since we have not been legally appointed for the audit of the statutory financial statements based on law requirements, we have overseen the general aspects and approach for its formation, its general compliance with the law in terms of its preparation and structure, and in this respect we have no specific comments to report.

More specifically, we note that:

- the valuation criteria adopted for the preparation of the statutory financial statements as at 31st March 2017 comply with the statutory provisions of the Italian Civil Code as amended by Legislative Decree 139/2015;
- the Directors provided information on the Company's performance and its predictable evolution;
- the new Balance Sheet and Income Statement structure, as amended by Legislative Decree 139/2015, have been adopted;
- pursuant to art. 2426 comma 5, Civil Code, with the consent of the Board of Statutory Auditors, which has verified the requirements' respect, development costs have been registered in the statutry financial statements, with a net book value of € 2,384,737 as at 31st March 2017.

Net Result of the financial year

The net result as determined by the Directors for the year ended 31st March 2017, as emerging by the reading of the statutory financial statements, is positive and amounts to € 5,242,503.

The Board of Statutory Auditors has no observations with regard to the proposal for the net result's allocation formulated by the Directors.

Conclusions

Taking also into account the results of the activity performed by the independent statutory auditor, as included in the audit report on the Statutory Financial Statements, the Board of Statutory Auditor unanimously declared that no impediment to the approval, by the Shareholders, of the draft Statutory Financial Statements as at 31st March, 2017, as prepared by the Board of Directors.

Milan, 9th May, 2017

Signed by Fulvio Mastrangelo

Signed by Fabio Greco

Signed by Massimo Carera

ENDURANCE FOA S.p.A.

Head office: VIA REGIONE POZZO 26 CHIVASSO (TURIN)

Tax Code and Turin Companies

Register No. 01782370017

Turin Chamber of Commerce no. 518048

Share capital: € 382,200.00 subscribed and fully paid

VAT Number: 01782370017

Sole shareholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements for the year ended 31st March, 2017

Dear Shareholder, The explanatory notes provide disclosures on the financial statements for the year ended 31st March, 2017; this document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

According to the World Bank, global GDP grew by 2.3% in 2016, with the advanced economies rising 1.6% and the emerging countries up 3.4%. Considering the developed countries, GDP made reasonable progress in the United States (1.6%), Germany (1.9%), the United Kingdom (1.8%) and France (1.1%), while growth in Italy was limited to 0.9% (the 1.4% rise in domestic demand was offset by the contraction of inventories (-0.5%) and net foreign demand (-0.1%)).

In China, the 6.7% rise in GDP was the slowest since 1990. India grew by 7.0% and the recession continued in Brazil, although the worst of the crisis seems to have passed.

With regard to sector trends, ACEA data for the expanded European Union and EFTA indicates that car registrations climbed to 15,131,719 units in the 2016 calendar year, up by 6.5% with respect to 2015.

All countries (except for Switzerland and the Netherlands, which have a negligible effect) reported growth, with Italy achieving the best performance (+15.8%), followed by Spain (+10.9%), France (+5.1%), Germany (4.5%) and the United Kingdom (+2.3%). The market in Western Europe expanded by 5.8% to 13.97 million registrations, while the newer EU member countries saw car sales rise by 15.9% to 1.16 million units.

The principal markets accounted for 72.9% of the European market, with more than 11 million registrations over the entire year, up by 6.4% with respect to 2015 but still 6.3% lower than the volume achieved in 2007 (11.8 million cars).

Analysing the registrations of the various manufacturers, the Volkswagen Group retained leadership of the European market with sales of 3,641,012 cars, up by 3.3% on 2015, representing a 24.1% share compared with 24.8% in the prior year. Despite this slower growth compared with the market, the effects of Dieselgate were not dramatic as a slight decline in the Volkswagen brand (1,720,829 cars, -0.4%), was offset by the growth achieved by the other brands: Audi (830,956, +8.1%), Skoda (663,230, +7.4%), Seat (350,287, +3.6%) and Porsche (71,149, +4.1%).

The Renault Group achieved increases in both registrations (1,522,629 cars, +12.1%) and market share, from 9.6% to 10.1%. Within this group, progress was made by the principal brand (1,522,629 cars, +12.9%) and by Dacia (421,749, +10.1%).

Conversely, the sales of the PSA Group eased (1,472,927 cars, -0.5%) together with its market share (from 10.4% to 9.7%). Specifically, Peugeot registered 865,374 units (+1.1%), Citroën 541,896 (-1.4%) and DS 65,657 (-12.7%).

Among our main customers, in addition to the VW Group just mentioned, excellent results were reported by Daimler, BMW and FCA, while the performance of Opel essentially reflected the general market trend.

The Daimler Group registered a total of 945,074 cars (+13.4%, with a rise in market share (from 5.9% to 6.2%), due to the progress made by Mercedes-Benz (839,779 cars, +13.9%).

The share of the BMW Group rose from 6.6% to 6.8%, with the BMW brand registering 1,030,734 cars (+10.1%), while Mini achieved 209,209 units (+11.3%).

FCA made excellent progress in Europe, closing 2016 with 977,594 registrations, which was 14.4% more than in 2015. All brands did well: Fiat (746,126 cars, +13.6%), Jeep (104,978, +19%) and Alfa Romeo (66,172, +16.5%), which benefited from the recent project to relaunch the brand and the contribution made by the Giulia. Growth was slower at Lancia/Chrysler, with registrations of 67,225 units (+9%).

Opel sold 996,895 cars (+5.3%), but its market share eased slightly (from 6.7% to 6.6%).

Against this background, the Company was able to interpret the market's growth signals and pursue the appropriate industrial and commercial growth policies, while seeking to rationalise operating costs. The rise in volumes was achieved while improving the Company's financial equilibrium and maintaining a satisfactory level of profitability. EBITDA in 2016/2017 was 12.7% of the value of production – up from 11.4% in the prior year - with net income of Euro 53,211 thousand or 4.5% of the value of production, which totalled Euro 71,297 thousand following an increase of 15.6% with respect to 2015/2016.

Key events

The numerous new projects launched in the prior year were consolidated during the year just ended, with the entire business making organisational, technical and financial efforts to finalise the major factory layout and scale changes introduced from 2015/2016.

Work continued on doubling the size of the Chivasso foundry after, in the second half of the prior year, moving the mechanical processing department to a new location, owned by Endurance Overseas S.r.l., close to the Chivasso headquarters of the Company.

Three new medium-tonnage die casting stations were installed during the year, complete with cutters, accessories, related automation and mechanical processing centres, in order to provide the increased capacity needed to satisfy the demand from both captive (principally Endurance Fondalmec S.p.A.) and non-captive (principally FCA) customers.

In addition, in spring 2017, the Company began procedures for the presentation to the Piedmont Region and Finpiemonte S.p.A. of a new industrial research and experimental development project for the industrialisation of products. The Company leads a temporary association of businesses that include Endurance Fondalmec and 2 other industrial players.

Considering the change in construction in progress and advances, investment in tangible fixed assets during the year totalled Euro 3.6 million. Funding activities involved the arrangement of a new medium-term loan totalling Euro 2.0 million, while repayments amounted to Euro 2.9 million.

Among the significant events that took place during the year, Endurance Technologies Ltd, the ultimate parent company, successfully completed its initial public offering ("IPO") in October, 2016 by placing 17.5% of share capital with various categories of investor. In particular, the shares were admitted to trading on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE) on 19 October 2016.

Secondary locations

In accordance with art. 2428 of the Civil Code, details are provided below of the secondary locations used by the Company:

Address	Location
VIA F.LLI BONAUDO 11	CHIVASSO
VIA MORANDI 9	GRUGLIASCO

Management and coordination activities

Management and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, it is confirmed that the Company belongs to the ENDURANCE Group (India) and is subject to management and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October, 2016.

These management and coordination activities did not have any particular impact on the Company's activities and results. It is also confirmed that no decisions were made that were influenced by the Company that performs the management and coordination activities and for which there is a need to justify the reasons therefor and the interests that impacted thereon.

Financial position

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	31/03/2017	%	31/03/2016	%	Change	% Change
WORKING CAPITAL	**29,765,600**	**61.00%**	**30,312,485**	**63.83%**	**(546,885)**	**-1.80%**
Immediate liquidity	**3,821,135**	**7.83%**	**3,922,900**	**8.26%**	**(101,765)**	**-2.59%**
Cash and cash equivalents	3,821,135	7.83%	3,922,900	8.26%	(101,765)	-2.59%
Deferred liquidity	**16,247,784**	**33.30%**	**17,224,227**	**36.27%**	**(976,443)**	**-5.67%**
Current receivables included in working capital	15,876,980	32.54%	16,805,805	35.39%	(928,825)	-5.53%
Prepaid expenses and accrued income	370,804	0.76%	418,422	0.88%	(47,618)	-11.38%
Inventory	**9,696,681**	**19.87%**	**9,165,358**	**19.30%**	**531,323**	**5.80%**
FIXED ASSETS	**19,032,430**	**39.00%**	**17,173,320**	**36.17%**	**1,859,109**	**10.83%**
Intangible assets	1,869,527	3.83%	2,299,259	4.84%	(429,732)	-18.69%
Tangible fixed assets	13,453,700	27.57%	13,401,519	28.22%	52,181	0.39%
Financial fixed assets	2,000,156	4.10%	178	0.00%	1,999,978	-
Non-current portion of receivables included in working capital	1,216,954	2.49%	1,038,781	2.19%	178,172	17.15%
Prepaid expenses and accrued income - non-current	492,093	1.01%	433,583	0.91%	58,510	13.49%
CAPITAL EMPLOYED	**48,798,030**	**100.00%**	**47,485,805**	**100.00%**	**1,312,224**	**2.76%**

Balance Sheet - Liabilities and Shareholder's Equity

Item	31/03/2017	%	31/03/2016	%	Change	% Change
CAPITAL ATTRIBUTABLE TO MINORITY INTEREST	**35,323,970**	**78.39%**	**37,223,115**	**76.55%**	**(1,899,145)**	**-5.10%**
Current liabilities	**30,949,679**	**66.48%**	**31,566,927**	**66.12%**	**(617,248)**	**-1.96%**
Current payables	30,908,182	66.42%	31,527,107	66.04%	(618,925)	-1.96%
Accrued expenses and deferred income	41,497	0.06%	39,820	0.08%	1,677	4.21%
Non-current liabilities	**4,374,291**	**11.91%**	**5,656,188**	**10.42%**	**(1,281,897)**	**-22.66%**
Non-current payables	2,851,848	8.56%	4,065,875	7.30%	(1,214,026)	-29.86%
Provisions for risks and charges	295,057	0.96%	457,332	0.10%	(162,275)	-35.48%
Employee termination indemnity	1,227,386	2.39%	1,132,981	3.02%	94,405	8.33%
EQUITY	**13,474,060**	**21.61%**	**10,262,691**	**23.45%**	**3,211,369**	**31.29%**
Share capital	382,200	0.80%	382,200	1.08%	-	0.00%
Reserves	6,106,199	12.86%	6,106,199	17.23%	-	0.00%
Retained earnings (accumulated losses)	3,774,291	3.84%	1,823,933	4.75%	1,950,358	106.93%
Net income (loss) for the year	3,211,369	4.11%	1,950,359	0.39%	1,261,011	64.66%
FINANCING SOURCES	**48,798,030**	**100.00%**	**47,485,805**	**100.00%**	**1,312,224**	**2.76%**

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2017	FY 2016	% Change
Fixed asset coverage	77.78 %	65.36 %	19.00 %
Amounts payable to banks to working capital	31.77 %	41.08 %	(22.66) %
Debt ratio	2.62	3.63	(27.82) %
Financial debt ratio	0.84	1.41	(40.43) %
Equity to capital employed	27.61 %	21.61 %	27.76 %
Financial charges to turnover	0.34 %	0.53 %	(35.85) %
Current ratio	97.76 %	97.40 %	0.37 %
Primary coverage ratio	0.78	0.65	20.00 %
Secondary coverage ratio	1.03	1.01	1.98 %
Net working capital	(691,984.00)	(820,858.00)	(15.70) %
Acid test margin	(10,388,666.00)	(9,986,216.00)	4.03 %
Acid test ratio	66.43 %	68.36 %	(2.82) %

Statement of cash flow

Item	Year 2016/2017	Year 2015/2016	Change	% Change
Cash and cash equivalents at beginning of period	**3,922,899**	**584,208**	**3,338,691**	**571.49%**
a. Cash flows from operating activities	8,207,824	4,951,655	3,256,169	65.76%
b. Cash flows from investing activities	(5,328,061)	(5,770,118)	442,057	-7.66%
c. Cash flows from financing activities	(2,981,528)	4,157,154	(7,138,682)	-171.72%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(101,765)**	**3,338,691**	**(3,440,456)**	**-103.05%**
Cash and cash equivalents at end of period	**3,821,134**	**3,922,899**	**(101,765)**	**-2.59%**

The net cash flow absorbed during the year amounted to Euro 102 thousand. In particular, the cash flow from operations (Euro 8.2 million, up from Euro 5.0 million in the prior year) offset the cash absorbed by investing activities (Euro 5.3 million, essentially in line with the prior year) and allowed a reduction in net borrowing (by Euro 3.0 million). This involved repayments and the reduction of current and non-current loans by Euro 5.0 million, which were also partly financed by the arrangement of new bank loans totalling Euro 2.0 million (reversing the trend in the prior year, when new bank borrowing amounted to Euro 5.0 million).

Results

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	FY 2016-2017	%	FY 2015-2016	%	Change	% Change
VALUE OF PRODUCTION	**71,297,038**	**100.00%**	**61,660,422**	**100.00%**	**9,636,616**	**15.63%**
- Consumption of raw materials	28,907,245	40.54%	25,259,924	40.97%	3,647,321	14.44%
- General expenses	21,707,314	30.45%	18,623,128	30.20%	3,084,186	16.56%

Item	FY 2016-2017	%	FY 2015-2016	%	Change	% Change
VALUE ADDED	**20,682,479**	**29.01%**	**17,777,370**	**28.83%**	**2,905,109**	**16.34%**
- Payroll costs	11,078,939	15.54%	9,615,839	15.59%	1,463,099	15.22%
- Provisions	-	0.00%	-	0.00%	-	0.00%
GROSS OPERATING MARGIN	**9,603,541**	**13.47%**	**8,161,531**	**13.24%**	**1,442,010**	**17.67%**
- Depreciation, amortisation and writedowns	3,729,485	5.23%	3,547,678	5.75%	181,807	5.12%
- Other operating expenses	573,010	0.80%	1,117,864	1.81%	(544,854)	-48.74%
INCOME BEFORE FINANCIAL ITEMS	**5,301,046**	**7.44%**	**3,495,989**	**5.67%**	**1,805,057**	**51.63%**
+ Financial items	(223,503)	-0.31%	(322,351)	-0.52%	98,848	-30.66%
INCOME BEFORE TAX	**5,077,544**	**7.12%**	**3,173,638**	**5.15%**	**1,903,906**	**59.99%**
- Taxation	1,866,175	2.62%	1,223,279	1.98%	642,896	52.56%
NET INCOME	**3,211,369**	**4.50%**	**1,950,359**	**3.16%**	**1,261,010**	**64.66%**

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2016-2017	FY 2015-2016	% Change
R.O.E.	23.83%	19.00%	216.97%
R.O.I.	27.36%	18.36%	57.63%
R.O.S.	7.32%	5.68%	63.90%
R.O.A.	10.86%	7.36%	29.69%

Information required by art. 2428 of the Civil Code

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties faced by the Company

As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: The metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

<u>Credit Risks</u>

Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group will make possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

<u>Liquidity risks</u>

The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

<u>Market risks</u>

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company factors its trade receivables on a regular basis. Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).

Lastly, where considered appropriate, the Company makes use of interest rate derivatives (interest rate caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to art. 2428 of the Civil Code, we can confirm that, due to the specific activities performed, it is not deemed relevant for an understanding of the Company's results and financial position to present non financial indicators.

Information on the environment and safety at work

In the context of specific policies adopted by Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations and international agreements. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year end 31st March, 2017 on the maintenance of appropriate environmental protection standards (not least by extending the UNI EN ISO 14001 certifications of our environmental management system by the implementation of a multi-site testing system).

All Company locations carried out the work necessary in order to maintain our BS OHSAS 18001 certification regarding health and safety in the workplace. In addition, specific training was provided to the leader of the Prevention and Protection Office.

Personnel attended general and job-specific training on safety matters (512 hours), updates were provided to the emergency and first-aid teams (200 hours), managers were given specific training on how to monitor compliance by their collaborators with the laws on occupational health and safety (140 hours), specific training was provided to the operators of mobile lifting platforms (40 hours), the operators of machines that emit radio waves were given radioprotection training (20 hours) and sessions were held on how to use the external semi-automatic defibrillator (112 hours).

Work on installations included the following principal actions:

- Grugliasco plant: (a) review and improvement of hazard signage, (b) work to reduce the risks deriving from exposure to noise (sound-proofing of the loading area of the smelting furnace and the output slides of the die casting stations) and (c) installation of defibrillation equipment.

- Chivasso plant – Via Bonaudo: (a) installation of a new hydraulic fire-prevention installation (b) installation of evacuation sound equipment and (c) installation of defibrillation equipment.

- Chivasso plant – Via Regione Pozzo: (a) Upgrade of the extraction system in the die casting department, (b) expansion of the gas detection systems in the die casting and smelting furnace departments, (c) upgrade of the emergency lighting and evacuation sound system (d) purchase of new structures for the storage of chemical products, equipped with containment tubs, (e) technological update of the boilers and (f) installation of defibrillation equipment.

In addition, on fire-safety matters, appropriate equipment was installed in the new production departments, the Company's emergency plan was updated and evacuation drills were carried out in all departments, covering every shift.

With regard to the monitoring of health and accidents, the Risk Evaluation Document was updated and accidents were monitored and analysed with S EWO and Safety Report, in order to identify the causes and take counter measures.

Personnel

The Company employed 186 persons on average during 2016-2017, compared with 179 in the prior year. The overall increase of about 4% compared with the prior year was mainly a result of hiring direct production workers in both the foundry and the mechanical processing department.

The principal training activities during 2016-2017 focused on manufacturing and staff functions, with a view to monitoring the continuous improvement of production and business processes. In particular, training covered the following types of activity and topics:

- Training as required by the State-Regions agreement: general and specific safety-related issues – Employees and Managers;
- Training for Protection and Prevention managers and personnel, emergency personnel (spillages), on safety signage;
- Training for first aid and fire prevention officers, radio protection for operators of radio-emitting machines, RLS maintenance, use of defibrillation equipment;
- Training under the State-Regions agreement for workers using fork-lift trucks with moveable forks; and the operators of lifting platforms
- Level 2 PND training in radioscopic methodology, basic and advanced course in metallurgy, training on lubricating and release agents and on the lubrication of moulds used in die casting, use of RPH-EVO pistons;
- Participation in master on die design;

The courses held for employees came to a total of around 2,230 hours, with training held internally, externally and on the job.

1) Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were carried out during the year, although no R&D costs were capitalised. Specifically, the related payroll costs totalling Euro 276,997 were all expensed.

Lastly, as stated earlier, with regard to the new special projects pursued by the Company, procedures began during the fourth quarter and were completed immediately prior to the reporting date for the presentation of a new industrial research and experimental development project to the Piedmont Region and Finpiemonte S.p.A. This project, involving the industrialisation of innovative aluminium alloy products (ICARO project), has been admitted to Phase 2 of IRDF Regional Operational Programme 2014/2020 - Action I.1b.1.1- Tender “IR2” Industrialisation of Research Results.

The Company is the leader of this project, which has a pre-production investment horizon of about 36 months. Endurance Foa S.p.A. will be committed both financially, with a possible grant from the Region under the above call for projects in support of innovative activity, and technically on this project, whose objectives include the creation and implementation of a centre for research into and the development of die-casting materials, which will be established on the premises of the Company.

2) Transactions with subsidiaries, associated companies and parent companies

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the explanatory notes.

3) Treasury shares

Pursuant to arts. 2435bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year.

4) Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of art. 2435-bis and art. 2428 of the Civil Code, it is hereby confirmed that the Company does not hold any shares or quotas in the parent company and did not own any during the year.

5) Significant subsequent events

No significant events have taken place after the balance sheet date.

6) Business outlook

The IMF forecasts issued in April indicate that world GDP will grow by 3.5% in 2017 and 3.6% in 2018.

The Eurozone is expected to grow by 1.7% in 2017 and 1.6% in 2018. Among the principal countries, Italian growth will still be the slowest, at 0.8% in both years, compared with Germany, +1.6% in 2017 and +1.5% in 2018, France, +1.4% in 2017 and +1.6% in 2018 and Spain, +2.6% in 2017 and + 2.1% in 2018.

The USA is expected to grow by 2.3% in 2017 and 2.5% in 2018. With regard to the emerging countries, China (+6.6%

in 2017 and + 6.2% in 2018) and India (+7.2% in 2017 and +7.7% in 2018) are forecast to grow well and Brazil should exit from the current recession (+0.2% in 2017 and +1.7% in 2018).

The principal drivers of growth should be private consumption, due to an increase in disposable incomes and the improved conditions in the jobs market, and renewed investment led by the brighter economic prospects.

Against this macroeconomic background, the estimates of IHS Markit, indicate that global sales of light vehicles should rise overall by 1.5% in volume terms, representing 1.3 million additional vehicles with respect to 2016. The largest market will continue to be China, with vehicle sales of 28.5 million units, up by 1.9%. On the other hand, USA sales are expected to decline by 1%, while those in Western Europe will increase by 1%. The best growth prospects can be found in South Asia (+5.9%) and Eastern-Central Europe (+4.5%).

Registrations in early 2017 (January to March) were particularly strong in Europe, with growth of 8.4% compared with the same period in the prior year spread among all markets (Germany +6.7%, UK +6.2% and France +4.8%), including Italy in particular (+11.9%). During this period, the volume of sales increased at FCA by 14.2%, Daimler by 9.7%, VW by 5.7% and BMW by 6.5%.

Given the favourable conditions in the reference market and expectations linked to the contracts obtained by the Company, both directly and via affiliates, the results for the new year are expected to reflect further growth. However, it is prudent to remember the risk factors that might affect the general macroeconomic situation. Geopolitical conflicts, protectionism, disputes and imbalances in Europe, reversal of the expansionary monetary policies and tensions in the financial markets due to the high level of public sector and private debt (especially with regard to loans for the purchase of vehicles, student loans, credit card debt and home mortgages) could result in adverse market conditions.

The factors influencing future prospects also include the technical and regulatory developments applicable to the automotive sectors, with new and more stringent methods for testing emissions and vehicle consumption that will be based on actual driving conditions. This will force manufacturers to modify the design of vehicles, engines and exhaust systems, focusing more on the development of alternative vehicles (electric, hybrid and gas), whose prospects benefit from the public incentives available in many countries (exemption from road tax for many years, incentives to buy and to scrap old vehicles with combustion engines, especially those that run on diesel).

It will be necessary to take advantage of the opportunities afforded by this evolution, in the awareness that the change will require an improvement in technical skills and entry into new areas of business. In order to respond pro-actively to these lines of growth, the Company is working with affiliates on the various important applied research and development projects described earlier, in which substantial technical and financial resources will be invested.

6bis) Use of financial instruments material to the measurement of the results and financial position

Pursuant and consequent to paragraph 3.6-bis of art. 2428 of the Civil Code, we can confirm that the Company has a policy in place to hedge interest rate risks relating to medium-term loans by having arranged an interest rate cap contract in relation to one of these loans. The fair value of these hedging instruments is disclosed in the explanatory notes.

Conclusion

In light of the above considerations and the information given in the notes, we invite you:

- to approve the financial statements for the year ended 31st March, 2017 together with the explanatory notes and this report on operations that accompany them;
- to allocate the net income of Euro 3,211,369 to Retained earnings.

Chivasso (Turin), 08/05/2017

For the Board of Directors
Chief Executive Officer

Signed by Massimo Venuti

General information on the Company

Company data

Name:	ENDURANCE FOA S.P.A.
Registered office:	VIA REGIONE POZZO 26 CHIVASSO (TURIN)
Share capital:	382,200.00
Share capital fully paid in:	Yes
Chamber of Commerce:	TO
VAT Number:	01782370017
Tax code:	01782370017
REA Number:	518048
Legal form:	JOINT-STOCK COMPANY
Core business (ATECO):	245300
Company in liquidation:	No
Company with sole shareholder:	Yes
Company subject to management and coordination activities:	Yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNOLOGIES LIMITED
Belonging to a Group:	Yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	Italy

Financial Statements

for the year ended 31st March, 2017

Balance sheet

	31/03/2017	31/03/2016
Assets		
B) Fixed assets		
I Intangible assets	-	-
4) concessions, licences, trademarks and similar rights	7,597	15,592
5) goodwill	243,971	569,265
7) other	1,617,959	1,714,402
Total intangible assets	**1,869,527**	**2,299,259**
II Tangible fixed assets	-	-
1) land and buildings	2,700,477	2,750,103
2) plant and machinery	9,088,511	9,432,686
3) industrial and commercial equipment	249,175	377,879
4) other assets	199,144	239,463
5) assets under construction and advance payments	1,216,392	601,388
Total tangible fixed assets	**13,453,699**	**13,401,519**
III Financial fixed assets	-	-
1) equity investments in	-	-
d-bis) other companies	155	155
Total equity investments	**155**	**155**
2) receivables	-	-
c) from parent companies	2,000,000	-
due within one year	2,000,000	-
Total receivables	**2,000,000**	**-**
4) derivative financial instruments	1	23
Total financial fixed assets	2,000,156	178
Total fixed assets (B)	**17,323,382**	**15,700,956**
C) Current assets		
I Inventories	-	-
1) raw materials, ancillary materials and consumables	1,884,790	2,491,220
2) work in process and semi-finished products	2,988,277	2,599,022
4) finished products and goods	4,794,322	4,075,116
5) advances	29,293	-
Total inventories	**9,696,682**	**9,165,358**
II Receivables	-	-
1) from customers	10,552,952	11,345,448
due within one year	10,552,952	11,345,448
4) from parent companies	118,513	167,400
due within one year	6,013	54,900
due beyond one year	112,500	112,500
5) entities under common control	2,824,576	4,363,904
due within one year	2,824,576	4,363,904
5-bis) tax receivables	2,413,300	977,807
due within one year	2,413,300	977,807
5-ter) deferred tax assets	1,104,453	926,281
5-quater) due from others	80,139	63,748
due within one year	80,139	63,746

	31/03/2017	31/03/2016
due beyond one year	-	2
Total receivables	**17,093,933**	**17,844,588**
IV Cash and cash equivalents	-	-
1) bank and postal deposits	3,820,886	3,922,736
3) cash on hand	249	164
Total cash and cash equivalents	**3,821,135**	**3,922,900**
Total current assets (C)	**30,611,749**	**30,932,846**
D) Prepaid expenses and accrued income	**862,897**	**852,005**
Total assets	**48,798,029**	**47,485,807**
Liabilities and shareholder's equity		
A) Shareholder's equity	**13,474,059**	**10,262,691**
I Share capital	382,200	382,200
III Revaluation reserves	759,440	759,440
IV Legal reserve	197,920	197,920
VI Other distinctly indicated reserves	-	-
Extraordinary reserve	4,962,658	4,962,658
Other reserves	186,181	186,181
Total other reserves	5,148,839	5,148,839
VIII Retained earnings (accumulated losses)	3,774,291	1,823,933
IX Net income (loss) for the year	3,211,369	1,950,359
Total shareholder's equity	**13,474,059**	**10,262,691**
B) Provision for risks and charges		
2) for current and deferred taxation	-	6
4) other	295,057	457,326
Total provisions for risks and charges	**295,057**	**457,332**
C) Employee termination indemnities	**1,227,386**	**1,132,981**
D) Payables		
4) due to banks	9,724,853	12,706,381
due within one year	6,873,004	8,640,506
due beyond one year	2,851,849	4,065,875
7) trade payables	19,459,256	17,736,984
due within one year	19,459,256	17,736,984
11) payables due to parent companies	588,000	129,064
due within one year	588,000	129,064
11-bis) due to entities under common control	939,819	1,594,996
due within one year	939,819	1,594,996
12) taxation payable	304,067	1,079,854
due within one year	304,067	1,079,854
13) due to pension and social security institutions	218,625	225,442
due within one year	218,625	225,442
14) other payables	2,525,411	2,120,262
due within one year	2,525,411	2,120,262
Total payables	**33,760,031**	**35,592,983**
E) Accrued expenses and deferred income	**41,497**	**39,820**
Total liabilities and shareholder's equity	**48,798,029**	**47,485,807**

Income statement

	31/03/2017	31/03/2016
A) Value of production		
1) revenues from sales of goods and services	69,065,315	60,873,279
2) change in inventories of work in progress, semi-finished and finished products	1,108,461	(99,603)
5) other income and revenues	-	-
operating grants	164,270	83,565
other	958,993	803,180
Total other income and revenues	**1,123,262**	**886,745**
Total value of production	**71,297,038**	**61,660,421**
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	28,300,815	25,864,229
7) services	19,023,069	16,609,605
8) lease and rental charges	2,684,245	2,013,523
9) payroll	-	-
a) wages and salaries	8,625,951	7,323,250
b) social contributions	2,066,485	1,849,330
c) termination indemnities	327,284	411,257
e) other costs	59,219	32,003
Total payroll costs	**11,078,939**	**9,615,840**
10) depreciation, amortisation and write-downs	-	-
a) amortisation of intangible fixed assets	652,339	667,116
b) depreciation of tangible fixed assets	3,057,146	2,514,605
c) other write-downs of fixed assets	-	365,956
d) write-downs of current receivables and liquid funds	20,000	-
Total depreciation, amortisation and write-downs	**3,729,485**	**3,547,677**
11) change in inventory of raw and ancillary materials, consumables and goods	606,430	(604,305)
14) other operating expenses	573,009	1,117,865
Total cost of production	**65,995,992**	**58,164,434**
Difference between production value and cost (A - B)	5,301,047	3,495,987
C) Financial income and charges		
16) other financial income	-	-
d) income other than the above	-	-
from parent companies	6,013	-
other	5,968	123
Total income other than the above	**11,981**	**123**
Total other financial income	**11,981**	**123**
17) interest and other financial charges	-	-
other	235,462	322,496

	31/03/2017	31/03/2016
Total interest and other financial charges	235,462	322,496
Total financial income and charges (15+16-17+-17-bis)	(223,481)	(322,373)
D) Adjustments to financial assets and liabilities		
18) revaluations	-	-
d) of financial derivatives	-	23
Total revaluations	-	23
19) write-downs	-	-
d) of financial derivatives	22	-
Total write-downs	22	-
Total adjustments to financial assets and liabilities (18-19)	(22)	23
Result before taxes (A-B+-C+-D)	5,077,544	3,173,637
20) Income taxes for the year, current and deferred		
current taxation	2,073,432	1,875,237
taxation relating to prior years	(29,079)	(85,719)
deferred taxation	(178,178)	(566,240)
Total income taxes for the year, current and deferred	1,866,175	1,223,278
21) Net income (loss) for the year	3,211,369	1,950,359

Statement of cash flow (indirect method)

	Amount at 31/03/2017	Amount at 31/03/2016
A) Cash flows from operating activities (indirect method)		
Net income (loss) for the year	3,211,369	1,950,359
Taxation	1,866,175	1,223,279
Interest expense/(interest income)	223,481	322,374
(Gains)/losses from disposal of assets	(3,851)	(2)
1) Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	**5,297,174**	**3,496,010**
Adjustments for non-cash items that had no counterpart in net working capital		
Provisions	327,284	703,723
Depreciation and amortisation of fixed assets	3,709,485	3,181,721
Write-downs for permanent losses		365,956
Total adjustments for non-cash items that had no counterpart in net working capital	**4,036,769**	**4,251,400**
2) Cash flow before changes in net working capital	**9,333,943**	**7,747,410**
Change in net working capital		
Decrease/(Increase) in inventory	(531,323)	(504,703)
Decrease/(Increase) in trade receivables	2,380,712	(5,003,143)
Increase/(Decrease) in trade payables	1,526,031	4,580,740
Decrease/(Increase) in prepaid expenses and accrued income	(10,892)	(95,246)
Increase/(Decrease) in accrued expenses and deferred income	1,677	11,050
Other decreases/(Other Increases) in net working capital	(1,956,432)	329,540
Total changes in net working capital	**1,409,773**	**(681,762)**
3) Cash flow after changes in net working capital	**10,743,716**	**7,065,648**
Other adjustments		
Interest collected/(paid)	(223,481)	(322,374)
(Income taxes paid)	(1,917,257)	(1,569,965)
(Use of provisions)	(395,154)	(221,654)
Total other adjustments	**(2,535,892)**	**(2,113,993)**
Cash flow from operating activities (A)	**8,207,824**	**4,951,655**
B) Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(3,671,430)	(4,585,311)
Disposals	565,955	4,207
Intangible assets		
(Investments)	(222,608)	(1,188,990)
Financial fixed assets		
(Investments)	(1,999,978)	(23)
Cash flow from investing activities (B)	**(5,328,061)**	**(5,770,117)**
C) Cash flows from financing activities		

	Amount at 31/03/2017	Amount at 31/03/2016
Third-party funds		
Increase/(Decrease) in current bank loans	(3,990,415)	753,335
New loans	2,000,000	5,000,000
(Repayment of loans)	(991,113)	(1,596,181)
Cash flow from financing activities (C)	**(2,981,528)**	**4,157,154**
Increase (decrease) in cash and cash equivalents (A ± B ± C)	**(101,765)**	**3,338,692**
Cash and cash equivalents at the beginning of the year		
Bank and postal deposits	3,922,736	584,107
Cash on hand	164	101
Total cash and cash equivalents at the beginning of the year	3,922,900	584,208
Cash and cash equivalents at the end of the year		
Bank and postal deposits	3,820,886	3,922,736
Cash on hand	249	164
Total cash and cash equivalents at the end of the year	**3,821,135**	**3,922,900**

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10.

This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

Explanatory notes, first part

Dear Shareholder, these Explanatory notes form an integral part of the financial statements for the year ended 31st March, 2017.

The financial statements submitted for your approval report net income of € 3,211,369, after taxes of € 1,866,175 and depreciation and amortisation of € 3,709,485.

Form and content of the financial statements

The financial statements for the year ended 31st March, 2017 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31st March, 2017.

Amounts are stated in whole euro, unless specified otherwise.

The financial statements comply with the requirements of article 2423 et seq. of the Italian Civil Code and with the Italian accounting standards issued by the OIC (Italian Accounting Board); they have therefore been prepared clearly and give a true and fair view of the Company’s financial position and results of operations.

The contents of the balance sheet and income statement are those required by arts. 2424 and 2425 of the Italian Civil Code, while the statement of cash flows is prepared in accordance with art. 2425-ter.

The explanatory notes, which have been prepared in accordance with art. 2427 of the Civil Code, contain all the information needed for a correct interpretation of the financial statements.

Basis of preparation

Preparation of the financial statements

The information contained in the present document is presented following the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company’s situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Concepts and principles governing the preparation of the financial statements

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

In the preparation of the financial statements, income and expenses have been recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Structure and content of the financial statements

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared.

In the presentation of the balance sheet and income statement, the items have not been grouped and preceded by Arabic numerals, which is optional under art. 2423 ter of the Civil Code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

Certain reclassifications have been made following the introduction of new accounting standards by the OIC in December, 2016. In addition, in order to improve the presentation of business facts and dynamics, as well as standardise the classifications made by the various Group companies, certain data relating to the year ended 31st March, 2016, presented for comparative purposes, has been reclassified with respect to the official information filed for that year, without any effect on the reported results and shareholder's equity.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December, 2016.

The Appendix to these financial statements shows the effects of applying the above new standards to the balance sheet and shareholder's equity at 1 April, 2016 and to the balance sheet, income statement and statement of cash flows for the year ended 31st March, 2016, presented for comparative purposes.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board.

Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2427 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

The book value is stated net of accumulated amortisation and write-downs.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset items	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Concessions, licences, trademarks and similar rights	10 years on a straight-line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	Based on the length of the underlying contracts

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Goodwill, comprising the extra value recognised on the acquisition of businesses and in relation to other corporate transactions, is amortised over its useful life. If this estimate cannot be made, goodwill is amortised over 10 years.

In order to determine the useful life of goodwill, the Company applies the information available in order to estimate the likely duration of its economic benefits. Should the useful life of goodwill be found to exceed 10 years, specific analyses are carried out to support the value determined with reference to the longer useful life, as required by OIC 24.70.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant to art. 10 of Law 72 of 19 March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets recorded in the books have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws.

Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed assets	Depreciation rate
Industrial buildings	3.00%
General plant	10.00%
Specific machinery	17.50%
Furnaces and appurtenances	15.00%
Sundry and minor equipment	25.00%
Dies and shears	20.00%
Light constructions	10.00%
Assets costing less than € 516.46	100.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	12.00%
Motor cars	25.00%
Vehicles and lifting equipment	20.00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month in the year of purchase during which they become available and ready for use.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Capital grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 "other income and revenues" and then deferred for recognition on an accruals basis via classification as "deferred income".

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment write-down if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm's-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the write-down cease to apply, the equity investment is written back to its original carrying amount.

Debt securities are measured using the amortised cost method, being their original carrying amount net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value; the original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to shareholder's equity.

Inventory

Inventory is stated at the lower of purchase and/or production cost and realisable value, which can be inferred from market prices.

In particular, set out below are details of the specific accounting policies used for the valuation of each inventory category (consistent with those used for the prior year):

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the state of completion of the production process, that is, the cost of production.
- Finished products: manufacturing cost.
- Dies for resale: purchase cost.
- Consumables: purchase cost, also inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production costs include indirect costs that can be reasonably attributed to the product over the period of its construction up till when the product is objectively capable of being used.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any write-down cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned, remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Prepaid/deferred expenses and accrued/deferred income

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31st December, 2006 and those earned from 1 January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c.. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for unused holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are accounted for under the so-called balance sheet method, with the fees paid being booked to the income Statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments (cash flow hedges), the effective portion of the profit or loss on the derivative is deferred to shareholder's equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products, goods and services in the ordinary course of business are stated net of returns, discounts, allowances and rebates, as well as the direct taxes charged on the sale of products and services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions (on arm's length basis).

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. . Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as "deferred tax assets" and among the provisions for risks and charges as "deferred tax liabilities".

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Other information

Measurement of components denominated in foreign currency

As at the balance sheet date, the company does not have any assets or liabilities denominated in foreign currency.

Repurchase transactions

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Introduction

Intangible assets

"Intangible assets" total € 1,869,527 at 31st March, 2017 (€ 2,299,259 at 31st March, 2016), after charging amortisation of € 652,359 to the income statement. They are analysed in detail below.

Industrial patent rights and intellectual property rights mainly include the residual value of software used for business activities.

Goodwill arose on the purchase of a business unit from Fondpress S.r.l. in 2013 and was recognised as an asset with the consent of the Board of Statutory Auditors. It is being amortised over a period of five years in accordance with art. 2426, paragraph 1.6 of the Italian Civil Code.

In particular, consistent with the manner in which the production inputs are used and taking account of an acceleration in the life cycle of the technologies applied, the useful life of goodwill was revised in the prior year from 10 years to 5 years in total (starting from the initial recognition of the asset in 2014/2015).

As a result, the Company adjusted the carrying amount of goodwill in the prior year by recording a provision, recognised in the income statement as a write-down of fixed assets, totalling € 365,956. These changes have not affected the tax deductibility of the amounts concerned, which remains unchanged (over 18 years, in accordance with the Consolidated Income Tax Law - TUIR).

Other intangible assets mainly include the non-separable leasehold improvements made to the production facilities at the Chivasso factory, which is used by the Company under a rental contract with Endurance Overseas S.r.l., and the work performed on plant and machinery held by the Company under finance lease contracts. These assets are amortised over their estimated technical useful lives or, if shorter, over the residual duration of the respective rental/lease contracts.

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year				
Cost	167,574	1,626,472	2,369,414	4,163,460
Amortisation (Accumulated amortisation)	151,982	691,251	655,012	1,498,245
Write-downs	-	365,956	-	365,956
Carrying value	**15,592**	**569,265**	**1,714,402**	**2,299,259**
Changes during the year				
Additions	-	-	222,606	222,606
Amortisation for the year	7,995	325,294	319,050	652,339
Total changes	**(7,995)**	**(325,294)**	**(96,444)**	**(429,733)**
Carrying value at the end of the year				
Cost	167,574	1,626,472	2,592,021	4,386,067
Amortisation (Accumulated amortisation)	159,977	1,016,545	974,062	2,150,584
Write-downs	-	365,956	-	365,956
Carrying value	**7,597**	**243,971**	**1,617,959**	**1,869,527**

The increases reflect the leasehold improvements made during the year, mainly comprising work on the installations and utility connections at the production locations in Chivasso.

No evidence was found during the year to indicate the possible impairment of intangible assets and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. The previous adjustment of goodwill was not a reflection of impairment, but rather of a change in its useful life following a revision of the expectations for the development of the made business development, as mentioned above.

Tangible fixed assets

This category comprises assets that will be employed over the long term, forming part of the permanent organisation of the Company. This statement reflects their intended use by the Company, rather than their intrinsic life. These assets are normally employed in the production of income in the ordinary course of business and, therefore, they are not held for sale or for transformation into the products of the Company.

Gross tangible fixed assets total € 27,732,114 (€ 24,744,229 at 31st March, 2016); the related accumulated depreciation totals € 14,214,415, including the depreciation charge for the year of € 3,057,146.

The principal assets in this category comprise land and buildings (€ 2,700,477 at 31st March, 2017), including the Grugliasco in particular, and plant and machinery (with a net carrying amount of € 9,088,511 at 31st March, 2017) used in the productive activities of the Company.

"Assets under construction and advance payments" (€ 1,216,392 at 31st March, 2017) comprise the advances paid to suppliers, mainly for the purchase of plant and machinery, together with the value of assets purchased but not yet approved for inclusion in the production cycle.

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Assets under construction and advance payments	Total tangible fixed assets
Balance at the beginning of the year						
Cost	2,876,038	19,032,271	1,200,691	588,229	601,388	24,298,617
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	125,935	10,037,997	822,812	355,966	-	11,342,710
Carrying value	2,750,103	9,432,686	377,879	239,463	601,388	13,401,519
Changes during the year						
Additions	-	2,321,048	149,074	25,068	1,176,240	3,671,430
Disposals (at carrying value)	-	122,162	-	147	561,236	683,545
Depreciation for the year	49,625	2,664,503	277,778	65,240	-	3,057,146
Write-downs during the year	-	64,000	-	-	-	64,000
Other changes	-	185,442	-	-	-	185,442
Total changes	**(49,625)**	**(344,175)**	**(128,704)**	**(40,319)**	**615,004**	**52,181**
Carrying value at the end of the year						
Cost	2,876,038	21,231,157	1,349,765	613,150	1,216,392	27,286,502
Revaluations	-	438,412	-	7,200	-	445,612
Depreciation (Accumulated depreciation)	175,561	12,517,058	1,100,590	421,206	-	14,214,415
Write-downs	-	64,000	-	-	-	64,000
Carrying value	2,700,477	9,088,511	249,175	199,144	1,216,392	13,453,699

Additions during the year mainly related to plant and machinery, with the purchase of specific machines (€ 2,159,121) and furnaces and related assets (€ 146,835). Three new medium-tonnage die casting stations were installed during the year, complete with cutters, accessories, related automation and mechanical processing centres. Two of the above die casting machines were acquired under finance lease contracts.

Assets under construction and advance payments include the cost of the medium-tonnage die casting machine that is being installed at the Chivasso plant.

No write-downs have been recorded pursuant to para. 1.3 of art. 2426 of the Italian Civil Code and the requirements of OIC 9, as no evidence has been found of possible impairment in the value of tangible fixed assets.

Finance leases

Information on finance leases

The national legislator requires finance leases to be accounted for as though they were operating leases, with lease instalments charged to income.

The tables which follow provide the information required by the legislator in order to present, in the form of a disclosure, the impact of the difference that would arise from accounting for the finance leases in accordance with IFRS:

	Effects on the Balance Sheet - Assets		
a)	**Outstanding contracts**		
a.1)	Assets under finance leases at the end of the previous year		8,422,234
	- of which the gross amount	13,877,063	
	- of which accumulated depreciation	(5,454,829)	
a.2)	Assets purchased under finance leases during the year		2,621,130
a.3)	Assets under finance leases redeemed during the previous year		(1,570,193)
a.4)	Depreciation charge for the year		1,592,393
a.5)	Write-downs/writebacks on assets under finance leases		-
a.6)	Assets under finance leases at the end of the year		9,444,919
	- of which the gross amount	14,928,000	
	- of which accumulated depreciation	5,483,081	
a.7)	Prepaid expenses on instalment interest at the end of the year		-
a.8)	Curtailment of prepaid expenses under the balance sheet method		(648,262)
b)	**Redeemed assets**		-
b.1)	Higher/lower total value of redeemed assets, determined using finance lease methodology, with respect to their carrying amounts at year end		24,415
	TOTAL [a.6+(a.7-a.8)+b.1]		**8,821,072**

	Effects on the Balance Sheet - Liabilities		
c)	**Implicit payables**		
c.1)	Implicit payables for finance leases at the end of the previous year		8,782,061
	- of which due within one year	1,327,413	
	- of which due beyond one and within 5 years	3,780,789	
	- of which due beyond 5 years	3,673,859	
c.2)	Implicit payables that arose during the year		2,692,732
c.3)	Repayment of principal and redemptions during the year		(1,833,748)
c)	Implicit liabilities for finance leases at the end of the year		9,461,045
	- of which due within one year	1,522,678	
	- of which due beyond one and within 5 years	5,104,192	
	- of which due beyond 5 years	3,014,175	
c.5)	Accrued expenses on instalment interest at the end of the year		-
c.6)	Curtailment of prepaid expenses under the balance sheet method		-
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**		**(819,973)**
e)	**Tax effect**		**208,450**

	Effects on the Balance Sheet - Liabilities		
f)	**Effect on Shareholder's Equity at the end of the year (d-e)**		**(611,523)**

	Effects on the Income Statement	
g)	**Effect on income before taxes (lower/higher costs) (g.1+g.2+g.3+g.4+g.5)**	**123,740**
g.1)	Reversal of instalments on finance lease transactions	1,889,862
g.2)	Recognition of financial charges on finance lease transactions	(172,139)
g.3)	Recognition of depreciation charges on outstanding contracts	(1,592,393)
g.4)	Recognition of depreciation charges on redeemed assets	(1,672)
g.5)	Recognition of adjustments/write-backs on leased assets	-
h)	**Recognition of the tax effect**	**(65,504)**
i)	**Net effect on the result for the year of accounting for lease transactions with the finance lease method rather than the balance sheet method actually used (g-h)**	**58,155**

The value of future lease instalments, including the end-of-lease payments, totals € 11,284,932 at 31st March, 2017 (€ 10,793,485 at 31st March, 2016).

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

The equity investments reported in the balance sheet, € 155, are unchanged since 31st March, 2016 and comprise the shares held in Confartigianato Fidi Piemonte and Nord Ovest S.C.p.A.

In compliance with OIC 32, the derivative financial instruments include the positive fair value of certain derivatives arranged by the Company to hedge the risk of fluctuations in the interest rates charged on long-term loans (in particular, interest rate swaps and interest rate caps). Although the above contracts qualify as hedges (being correlated with the related loan conditions), the Company has elected not to recognise them as cash flow hedges and to recognise the changes in the fair value of the instruments held in the income statement (net charges of less than € 1 thousand during the year ended 31st March, 2017).

Changes in and maturity of non-current receivables

Non-current financial receivables (€ 2,000,000 at 31st March, 2017) comprise the residual balance of the loan granted to Endurance Overseas S.r.l., which was authorised by the Board of Directors on 16 September, 2016 and earns interest at market rates. Pursuant to Decree 139/2015, the Company has elected not to measure this loan using the amortised cost method as the effect would not be significant, given the immateriality of the transaction costs and the application of a market rate of interest.

The changes in the above non-current receivables are shown in the table below.

	Changes during the year	Carrying value at the end of the year	Within one year
Receivables due from parent companies	2,000,000	2,000,000	2,000,000
Total	**2,000,000**	**2,000,000**	**2,000,000**

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

The inventories reported in the balance sheet at 31st March, 2017 total € 9,696,682, net of an allowance amounting to € 568,056 that was increased during the year by € 467,400 to take account of the risks associated with obsolete and slow-moving items.

Inventories are analysed by type in the following table:

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year
raw materials, ancillary materials and consumables	2,491,220	(606,430)	1,884,790
work in process and semi-finished products	2,599,022	389,255	2,988,277
finished products and goods	4,075,116	719,206	4,794,322
Advances	-	29,293	29,293
Total	**9,165,358**	**531,324**	**9,696,682**

The increase in inventories is consistent with the growth in the volume of the Company's business recorded in the year.

Current receivables

These total € 17,093,933 at 31st March, 2017, down by € 750,655 since 31st March, 2016 (€ 17,844,588). These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year	Within one year	Beyond one year
Trade receivables	11,345,448	(792,496)	10,552,952	10,552,952	-
Receivables due from parent companies	167,400	(48,887)	118,513	6,013	112,500
Receivables due from entities under common control	4,363,904	(1,539,328)	2,824,576	2,824,576	-
Tax receivables	977,807	1,435,493	2,413,300	2,413,300	-
Deferred tax assets	926,281	178,172	1,104,453	-	1,104,453
Other receivables	63,748	16,391	80,139	80,139	-
Total	**17,844,588**	**(750,655)**	**17,093,933**	**15,876,980**	**1,216,953**

The nominal amount of trade receivables is adjusted to reflect their expected realisable value by the allowance for doubtful accounts of € 210,429, which has increased by € 20,000 since last year. The overall reduction compared with the prior year was due to the different timing of the letters of intent received from customers during the two periods, which by contrast has resulted in an increase in VAT recoverable.

Receivables due from the parent company include € 112,500 for the guarantee deposits paid, which the difference relates to financial transactions.

Receivables due from entities under common control comprise the trade receivables due from Endurance Fondalmec S.p.A.

Tax receivables almost entirely consist of VAT recoverable from the Italian tax authorities (€ 2,403,160).

Deferred tax assets, which amount to € 1,104,453 at 31st March, 2017 (up by € 926,281 with respect to the prior year), mainly relate to temporary differences between the carrying amount and the tax value of goodwill and to the deferred deductibility of provisions for risks and write-downs. They have been recognised as they are likely to be recoverable against the future taxable income reflected in management's most recent forecasts.

Other receivables (€ 80,140 at 31st March, 2017) include the guarantee deposits paid to suppliers (€ 22,558), together with other amounts due.

Breakdown by geographical area of receivables recorded under current assets

It is not deemed meaningful to analyse receivables by geographical area, given that all receivables other than the amounts due from customers are due from Italian counterparties, while the trade receivables are due from multinationals operating in the automotive sector that each have legal entities and factories located in several countries. The geographical distribution of the Company's business is discussed below in relation to sales revenues.

Cash and cash equivalents

Cash and cash equivalents at 31st March, 2017 are analysed below:

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year
Bank and postal deposits	3,922,736	(101,850)	3,820,886
Cash on hand	164	85	249
Total	**3,922,900**	**(101,765)**	**3,821,135**

This item principally comprises the balance on bank current accounts at 31st March, 2017. The changes in cash and cash equivalents are analysed in the statement of cash flows.

Prepaid expenses and accrued income

Prepaid expenses at 31st March, 2017 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year
Accrued income	5,000	2,500	7,500
Prepaid expenses	847,005	8,392	855,397
Total prepaid expenses and accrued income	**852,005**	**10,892**	**862,897**

Prepaid expenses mainly include the future portion of lease instalments (€ 655,713) and insurance contracts (€ 94,408).

Capitalised financial charges

All interest expense and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of Art. 2427 of the Italian Civil Code, it is hereby confirmed that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholder's equity

Shareholder's equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Shareholder's equity

The components are stated at their carrying value in accordance with accounting standard OIC 28.

Changes in shareholder's equity items

With reference to the year just ended, the table below sets out changes in the components of shareholder's equity, as well as details of other reserves, if any.

The changes in shareholder's equity during the prior year are analysed below:

	Amount at 01/04/2015	Allocation of the prior year result	Other changes - Increases	Result for the year	Amount at 31/03/2016
Share capital	382,200	-	-	-	382,200
Revaluation reserves	759,440	-	-	-	759,440
Legal reserve	197,920	-	-	-	197,920
Extraordinary reserve	4,962,658	-	-	-	4,962,658
Other reserves	186,181	-	-	-	186,181
Retained earnings (accumulated losses)	1,684,350	139,582	1	-	1,823,933
Net income (loss) for the year	139,582	(139,582)	-	1,950,359	1,950,359
Total	**8,312,331**	**-**	**1**	**1,950,359**	**10,262,691**

The amounts reported for shareholders' equity at 1 April, 2015 and the changes in 2016 are different to those reflected in the financial statements at 31st March, 2016, due to the effect of the changes in Italian accounting standards consequent to Decree 139/2015. Further information is provided in the Appendix to these financial statements

The changes in shareholder's equity during the past year are analysed below:

	Amount at 01/04/2016	Allocation of the prior year result	Other changes - Decreases	Result for the year	Amount at 31/03/2017
Share capital	382,200	-	-	-	382,200
Revaluation reserves	759,440	-	-	-	759,440
Legal reserve	197,920	-	-	-	197,920
Extraordinary reserve	4,962,658	-	-	-	4,962,658
Other reserves	186,181	-	-	-	186,181
Retained earnings (accumulated losses)	1,823,933	1,950,359	1	-	3,774,291
Net income (loss) for the year	1,950,359	(1,950,359)	-	3,211,369	3,211,369
Total	**10,262,691**	**-**	**1**	**3,211,369**	**13,474,059**

Share capital, which consists of 735,000 shares with a par value of € 0.52 each, is fully subscribed and paid.

Availability and use of shareholder's equity

The following table provides details of the components of shareholder's equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/Nature	Potential utilisation	Amount available
Share capital	382,200	Share capital		-
Revaluation reserves	759,440	Share capital	A;B	-
Legal reserve	197,920	Revenue	B	-
Extraordinary reserve	4,962,658	Revenue	A;B;C	4,962,658
Other reserves	186,181	Revenue	A;B;C	186,181
Retained earnings (accumulated losses)	3,774,291	Revenue	A;B;C	3,774,291
Total	**10,262,690**			**8,923,130**
Amount not distributable				1,104,453
Residual amount distributable				7,818,677
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other				

The non-distributable portion of available equity reserves, determined in accordance with art. 2426 c.c., covers the deferred tax assets recognised in the balance sheet, which are deemed to represent unrealised amounts.

Provisions for risks and charges

The following table analyses the changes in provisions (€ 295,057 at 31st March, 2017):

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Carrying value at the end of the year
Other provisions	**457,326**	**77,731**	**240,000**	**(162,269)**	**295,057**

Provisions were made in the year to cover various liabilities (trade, tax, employment, etc), and were based on the best estimate with reference to the information available. The reduction of other provisions by € 162,269 during the year reflects revision of the estimates made concerning, in particular, the supply relationships with customers.

Employee termination indemnities

Employee termination indemnities amount to € 1,227,386 at 31st March, 2017 (€ 1,132,981 al 31st March, 2016). The changes during the year are summarised below:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Other changes	Changes during the year - Total	Carrying amount at the end of the year
Employee termination indemnities	1,132,981	232,178	133,874	(3,899)	94,405	1,227,386

This provision includes the period revaluation of the liability concerned in accordance with current legislation. The charge for the year (provision for termination indemnities classified in income statement caption B9 c) includes the provision retained by the Company and the payments made to the INPS Treasury Fund, Previndai, the Cometa Fund or the supplementary pension fund specified by each employee, where applicable.

Payables

Payables total € 33,760,031st at 31st March, 2017 (€ 35,592,983 at 31st March, 2016).

Pursuant to art. 12, para. 2 of Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 April, 2016.

Changes and maturities of payables

The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year	Within one year	Beyond one year
Due to banks	12,706,381	(2,981,528)	9,724,853	6,873,004	2,851,849
Trade payables	17,736,984	1,722,272	19,459,256	19,459,256	-
Payables due to parent companies	129,064	458,936	588,000	588,000	-
Payables due to entities under common control	1,594,996	(655,177)	939,819	939,819	-
Taxation payable	1,079,854	(775,787)	304,067	304,067	-
Due to pension and social security institutions	225,442	(6,817)	218,625	218,625	-
Other payables	2,120,262	405,149	2,525,411	2,525,411	-
Total	**35,592,983**	**(1,832,952)**	**33,760,031**	**30,908,182**	**2,851,849**

Amounts due to banks include advances against trade receivables of € 3,990,414, as well as the current (€ 2,882,590) and non-current (€ 2,851,849) portions of the loans obtained from leading banks.The following is a breakdown of medium-term loans:

Bank	Initial amount paid	Arrangement date and duration in years	Residual debt outstanding at 31.03.2017	Within one year	Beyond one year
Banca Sella	1,000,000	07/03/2012 – 5	146,830	146,830	
Intesa Sanpaolo	1,400,000	19/09/2013 – 4	368,419	294,737	73,682
Unicredit	1,000,000	24/12/2014 – 4	446,352	253,339	193,013
Intesa Sanpaolo	3,000,000	11/05/2015 - 4	1,928,571	857,143	1,071,428
Banca Popolare di Milano	2,000,000	22/12/2015 - 3	1,175,702	668,707	506,995
UBI	2,000,000	14/07/2016 - 3	1,670,867	663,343	1,007,524
Amortised cost adjustment	-	-	(2,303)	(1,510)	(793)
Total	**10,400,000**		**5,734,438**	**2,882,589**	**2,851,849**

An unsecured three-year loan of € 2,000,000 was obtained from UBI during the year. As this contract was signed subsequent to 1 April, 2016, application of the amortised cost method reduced the nominal value of the loan by € 2,303 a 31st March, 2017.

Contracts bear interest at Euribor plus a spread of between 1.0% for more recent contracts and 4.35% for less recent ones, depending on market conditions at the time of signing and the duration of the loan.

Payables due to parent companies totalling € 588,000 relate entirely to the trade amounts due to Endurance Overseas S.r.l.

Payables due to entities under common control include trade amounts totalling € 939,819 due to Endurance Fondalmec S.p.A.

Tax payables amounting to € 304,067 include the residual IRES liability for the year of € 113,778, the IRAP liability of € 36,827 and the taxes withheld for various reasons from employees and freelance workers.

Other payables total € 2,525,411 and mainly comprise the amounts due to employees and accrued payroll (€ 2,369,457), as well as guarantee deposits received (€ 56,250) and other items.

Breakdown of payables by geographical area

It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets

Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured by collateral. The secured loan outstanding at the end of the prior year was repaid in full during the year, resulting in cancellation of the mortgage on the property owned by the Company in Grugliasco.

Loans from shareholders

The company has not received any loans from its shareholder.

Accrued expenses and deferred income

This caption is analysed below together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying value at the end of the year
Deferred income	39,820	1,677	41,497
Total accrued expenses and deferred income	**39,820**	**1,677**	**41,497**

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2016/2017 is analysed below on a comparative basis:

Value of production

Description		Year 2016/2017	Year 2015/2016	Change
1)	Revenues from sales of goods and services	69,065,315	60,873,279	8,192,036
2)	Change in inventories of work in progress, semi-finished and finished products	1,108,461	(99,603)	1,208,064
5)	Other income and revenues			
	Operating grants	164,270	83,565	80,705
	Other	958,993	803,180	155,813
Total		**71,297,038**	**61,660,422**	**9,636,616**

The significant increase in revenues from sales of goods and services during the year reflected the favourable market conditions and, in particular, the 27% rise in the sales made to Endurance Fondalmec S.p.A.

Analysis of revenues from sales and services by category of activity

Revenues from sales of goods and services (€ 69,065,315) entirely relate to machining and foundry work, which is the Company's core business.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area:

Geographical area	Year 2016/2017	Year 2015/2016
Italy	67,125,262	59,451,159
EU countries	1,939,982	1,421,808
Non EU countries	71	312
Total	**69,065,315**	**60,873,279**

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	Year 2016/2017	Year 2015/2016	Change
Cost of raw and ancillary materials, consumables and goods for resale	28,300,815	25,864,229	2,436,586
Cost of services	19,023,069	16,609,605	2,413,464
Lease and rental charges	2,684,245	2,013,523	670,722
Payroll costs			
Wages and salaries	8,625,951	7,323,250	1,302,701
Social contributions	2,066,485	1,849,330	217,155
Employee termination indemnity	327,284	411,257	(83,973)
Other costs	59,219	32,003	27,216
Amortisation of intangible assets	652,339	667,116	(14,777)
Depreciation of tangible fixed assets	3,057,146	2,514,605	542,541
Other write-downs of fixed assets	-	365,956	(365,956)
Write-down of receivables included in current assets	20,000	-	20,000
Change in inventory of raw and ancillary materials, consumables and goods	606,430	(604,305)	1,210,735
Other operating expenses	573,009	1,117,865	(544,856)
Total	**65,955,992**	**58,164,434**	**7,791,558**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The changes during the year were proportional to the growth in the volume of business. The increase in production capacity, due to the installation of a larger number of work stations, has changed the percentage mix of costs incurred.

Payroll costs

This item (which has gone up by 15% approximately, compared with the previous year) comprises the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7.

Lease and rental charges

This caption (up about 7% compared with the prior year) mainly includes the finance lease charges incurred on part of the buildings, machinery and other assets used in the production cycle, as well as the rental expense incurred for the factory space used by the Company (including that charged by Endurance Overseas S.r.l.). The increase during the period reflects the additional finance lease charges incurred on the die casting machines installed over the past two years.

Depreciation and amortisation

Depreciation is calculated over the useful life of the asset, depending on how it is used in production. The increase in the depreciation charge with respect to the prior year reflects the steady rise in capital investment over the years in order to support the expansion of production.

Financial income and charges

Financial income and charges are recorded on an accrual basis based on the portion accruing in the year.

Financial income earned from parent companies (€ 6,013) includes the interest charged to Endurance Overseas S.r.l. on the outstanding loan (€ 2,000,000 at 31st March, 2017)

Financial charges (€ 235,462) principally include the interest charged on the various loans obtained from third-party lenders.

Adjustments to financial assets

This caption includes the adjustment (charge of € 22 in the current year) of the fair value of the derivative instruments held by the Company.

Amount and nature of revenues/costs of individual significance

Pursuant to art. 2427, para. 1, point 13, of the Italian Civil Code is it confirmed that no revenues/costs of individual significance were recognised during the year.

Income taxes for the year, current and deferred

Current taxes, deferred tax assets and liabilities

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	FY 2016/2017	FY 2015/2016
Taxation	1,866,175	1,223,278
Deferred taxation	(178,178)	(566,240)
Taxation relating to prior years	(29,079)	(85,719)
IRES for the year (current)	1,728,178	1,559,301
IRAP for the year (current)	345,254	315,936

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

		IRES	IRAP
A)	**Temporary differences**		
	Total deductible temporary differences	1,504,288	1,436,533
	Total taxable temporary differences	2,366,946	2,291,066
	Net temporary differences	862,658	854,533
B)	**Tax effects**		
	Provision for deferred tax liability (assets) at the beginning of the year	(810,036)	(116,245)
	Deferred tax liability (assets) of the year	(142,388)	(35,784)
	Provision for deferred tax liability (assets) at the end of the year	(952,424)	(152,029)

Deferred tax assets are mainly attributable to the non-deductible portion of costs relating to:

- Provisions for risks and charges (€ 230,699);
- Amortisation of goodwill (€ 278,560);
- Production costs and deferred deductibility (€ 540,144).

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data

The average number of employees is analysed by category below.

	Managers	Middle managers	White collar	Blue collar	Total employees
Average for the year ended 31st March, 2017	1	6	33	146	186
Average for the year ended 31st March, 2016	1	6	33	139	179

The workforce at 31st March, 2017 comprises 190 people.

Fees, advances and loans granted to directors and statutory auditors and commitments accepted on their behalf

The following schedule provides the information required by art. 2427, point 16 c.c., with the clarification that no advances or loans have been granted and no commitments, in the form of guarantees of any kind, have been accepted on behalf of the members of the Board of Directors.

	Fees payable to Directors	Fees payable to Statutory Auditors	Total fees payable to Directors and Statutory Auditors
Amount	68,000	33,925	101,925

Fees of the legal auditor or auditing firm

The following table shows the fees (including expenses) earned by the independent auditors during the year.

	External auditor for annual accounts	Other audit services	Tax advisory services	Other non-audit services	Total amount due to the external auditor or independent auditors
Amount	12,075	1,050	-	-	13,125

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit.

Securities issued by the company

The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Civil Code.

Details on other financial instruments issued by the Company

The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet

There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project

Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about related-party transactions

Certain related party transactions were entered into during the year; these transactions were entered into on an arm's length basis and, accordingly, in accordance with current legislation, no additional disclosure has been provided.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE (**)	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's commitments, appropriate details are provided below about the fair value, extent and nature of the derivative financial instruments held by the Company (amounts in Euro), grouped by counterparty:

Type of contract	Number of contracts	Original notional value	Notional at 31/03/2017	Fair value at 31/03/2017
Interest rate CAP	1	1,400,000	368,419	1
TOTAL				**1**

Summary financial statements of the company which exercises management and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at K-228, MIDC Industrial Area, Waluj, Aurangabad 431st 136, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31st March, 2016 (source www.rbi.org.in) was 75.0955 (67.5104 at 31st March, 2015):

Balance sheet (*)	31st Mar 2016	31st Mar 2015
Assets		
Fixed assets, net	9,702.83	9,138.28
Investments and other non-current assets	4,019.24	4,136.16
Current assets	6,195.23	5,474.56
Total assets	**19,917.30**	**18,749.00**
Liabilities and shareholder's equity		
Shareholder's equity	13,424.61	11,553.05
Loans	2,365.63	3,387.46
Payables	3,735.54	3,342.28
Accrued expenses and deferred income and provisions	391.52	466.21
Total liabilities and shareholder's equity	**19,917.30**	**18,749.00**

Income Statement (*)	31st Mar 2016	31st Mar 2015
Value of production	36,966.53	35,409.08
Cost of production and interest	34,182.31	32,959.25
Result before extraordinary items	**2,784.22**	**2,449.83**
Extraordinary items	-	-
Income before tax	**2,784.22**	**2,449.83**
Taxation for the year (current and deferred)	704.05	653.63
Income (loss) for the year	**2,080.17**	**1,796.20**

(*) Amounts reported in the table above are consistent with the financial statements as of 31st March, 2016 of the company which exercises management and coordination activities in accordance with the Indian Gaap principles in force when such figures were arranged, replaced as of today by the Ind-AS principles. As a consequence the information as of 31st March, 2016 included in this section are not aligned to those which will be reported as comparison year in the financial statements as of 31st March, 2017.

The following section describes relations with the company that provides management and coordination services and with the other affiliates, as well as the effect of those activities on the operations of the Company and its results.

Relations with related parties

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates recorded under fixed assets

Description	31/03/2017	31/03/2016	Change
from parent companies	2,000,000	-	2,000,000
Total	2,000,000	-	2,000,000

The receivables from parent companies at 31st March, 2017, classified as financial fixed assets, include the loan of € 2,000,000 granted to Endurance Overseas S.r.l. in order to optimise the financial structure of the group. They generated financial income of € 6,013 during the year.

Receivables from affiliates classified as current assets

Description	31/03/2017	31/03/2016	Change
from parent companies	118,513	167,400	(48,887)
from entities under common control	2,824,576	4,363,904	(1,539,328)
Total	**2,943,089**	**4,531,304**	**(1,588,215)**

Receivables due from parent companies comprise € 6,013 due from Endurance Overseas S.r.l. in relation to financial transactions and guarantee deposits of € 112,500 paid to that company in relation to the outstanding rental contracts.

Receivables due from entities under common control (€ 2,824,576 at 31st March, 2017) comprise the trade amounts due from Endurance Fondalmec S.p.A. following sales to that company during the year of about € 25.8 million.

Payables due to and loans from affiliates

Description	31/03/2017	31/03/2016	Change
to parent companies	588,000	129,064	458,936
to entities under common control	939,819	1,594,996	(655,177)
Total	**1,527,819**	**1,724,060**	**(196,241)**

Payables due to parent companies totalling € 588,000 solely comprise the residual amount due for the commercial services provided to the Company (total cost of € 1,808,000 during the year) and for rental charges (€ 502,525 during the year).

Payables due to entities under common control amount to € 939,819 and relate entirely to the trade balances due to Endurance Fondalmec S.p.A., which are settled on market terms and conditions.

Proposed allocation of profits or coverage of losses

To the Shareholder, Given all of the above, the Board of Directors recommends allocating the net income for the year as follows:

- € 3,211,369 to Retained earnings.

Explanatory notes, closing section

Shareholder, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flows and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended 31st March, 2017, together with the proposed allocation of net income, as submitted by the Board of Directors.

The financial statements are true and real and agree with the books of account.

Chivasso, 8/05/2017

For the Board of Directors
Chief Executive Officer

Signed by Massimo Venuti

Appendix - Effects of applying the new Italian accounting standards

The effects of applying the new Italian accounting standards to the asset and liability balances at 1 April, 2016 have been recognised in the reserve for "Retained earnings (accumulated losses)", classified within shareholder's equity, net of the related tax effects that have been classified, as applicable, among the deferred tax assets and the deferred tax liabilities.

As required by the new OIC 29 and solely for comparative purposes, the Company has restated the balance sheet and income statement for the year ended 31st March, 2016 in accordance with the new Italian accounting standards.

In order to present the effects on the financial statements of the transition to the new Italian accounting standards, the Company has prepared:

- a reconciliation of the shareholder's equity at 31st March, 2015 prepared under the previous accounting standards with that prepared in accordance with the new Italian accounting standards at 1 April, 2016;
- solely for comparative purposes, a reconciliation of the results reported in the financial statements prepared under the previous accounting standards (for the year ended 31st March, 2016) with those deriving from application of the new Italian accounting standards to the financial statements for that year;
- reconciliation schedules and explanatory notes;
- solely for comparative purposes, the balance sheet and the income statement for the year ended 31st March, 2016.

Instructions for first-time adoption

In general, the new Italian accounting standards allow the effects of changes in accounting standards to be recognised prospectively. Accordingly, items relating to ongoing transactions whose effects have not yet been fully reflected in the financial statements continue to be recorded in accordance with the previous standards, unless specified differently in the instructions for the first-time adoption of the new Italian accounting standards.

On the other hand, the following accounting standards have been adopted retrospectively by the Company, based on the instructions for their first-time adoption:

- OIC 32: in its entirety (except that the Company has elected not to recognised derivative financial instruments under the rules for hedge accounting, despite the existence of financial arrangements that would qualify as hedges).

Optional instructions for first-time adoption used by the Company

The Company made the following elections on the first-time adoption of the new Italian accounting standards:

- OIC 15 and OIC 19: the Company elected not to measure at amortised cost or to discount the receivables and payables reported in the balance sheet at 31st March, 2016. The provisions of OIC 15 and OIC 19 have therefore only been applied to transactions that were carried out from 1 April, 2016 onwards.

Reconciliations of data prepared under the previous accounting standards with that prepared under the new Italian accounting standards

Reconciliation of shareholder's equity at 31st March, 2015 determined under the previous accounting standards with that at 1 April, 2016 determined under the new Italian accounting standards and the profit/loss reported for FY 2015/2016 (ended on 31st March, 2016)

	2015/2016 data - restated under the new accounting standards					
(amounts in Euro)	Shareholder's equity at 01/04/2015	Result 2015/2016 financial year	Retained earnings (accumulated losses)	Reserve for cash flow hedges	Other changes in shareholder's equity	**Total shareholder's equity at 31/03/2016**
Shareholder's equity under the previous accounting standards	**8,312,331**	**1,950,343**	**-**	**-**	**-**	**10,262,674**
1. OIC 32 Derivative financial instruments	-	23	-	-	-	23
Tax effect	-	(6)	-	-	-	(6)
Total adjustments on adoption of new Italian accounting standards	**-**	**17**	**-**	**-**	**-**	**17**
Shareholder's equity under the new Italian accounting standards	**8,312,331**	**1,950,360**	**-**	**-**	**-**	**10,262,691**

The captions and amounts restated in the above reconciliation of shareholder's equity at 31st March, 2015 determined under the previous accounting standards with that at 1 April, 2016 determined under the new Italian accounting standards are discussed below, together with the effects of applying the new accounting standards on the net results for the year ended 31st March, 2016:

1. The Company has recognised the fair value of derivative financial instruments in the balance sheet. The position effect on the income statement for 2015/2016 and on shareholder's equity at 31st March, 2016 was € 17, net of tax effect.

Effects on the restated balance sheet and income statement for the year ended 31st March, 2016

In addition to the reconciliation of shareholder's equity at 1 April, 2015 and the restatement of the results for the year ended 31st March, 2016, accompanied by explanatory notes for the adjustments made to the balances restated under the new Italian accounting standards, the restated balance sheet at 31st March, 2016 and the restated income statement for the year then ended are also attached, showing for each item in individual columns:

- the amounts taken from the financial statements at 31st March, 2016 prepared under the previous accounting standards;
- the reclassifications made as a consequence of the different rules of presentation specified in the new Italian accounting standards;
- the adjustments made as a result of applying the new Italian accounting standards;
- the closing balances restated under the new Italian accounting standards.

The adjustments recorded in the balance sheet and income statements are described in the explanatory notes presented earlier, while the reclassifications are discussed in the following notes.

		Balance Sheet - Assets	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
			(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
A)		Due from shareholders for amounts still to be paid in					
B)		Fixed assets					
I		Intangible assets					
	1)	Start-up and expansion costs	-	-	-	-	-
	2)	Development costs	-	-	-	-	-
	3)	Industrial patent rights and intellectual property rights	15,592	-	-	-	15,592
	4)	Concessions, licences, trademarks and similar rights	-	-	-	-	-
	5)	Goodwill	569,265	-	-	-	569,265
	6)	Assets in process of formation and advance payments	-	-	-	-	-
	7)	Other	1,714,402	-	-	-	1,714,402
			2,299,259	-	-	-	2,299,259
II		Tangible fixed assets					
	1)	Land and buildings	2,750,103	-	-	-	2,750,103
	2)	Plant and machinery	9,432,686	-	-	-	9,432,686
	3)	Industrial and commercial equipment	377,879	-	-	-	377,879
	4)	Other assets	239,463	-	-	-	239,463
	5)	Assets under construction and advance payments	601,388	-	-	-	601,388
			13,401,519	-	-	-	13,401,519
III		Financial fixed assets					
	1)	Equity investments in:					
		d-bis) other companies	155	-	-	-	155
			155	-	-	-	155
	2)	Receivables:	-	-	-	-	-

		Balance Sheet - Assets	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
			(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
	3)	Other securities	-	-	-	-	-
	4)	Derivative financial instruments	-	-	-	23	23
		Total fixed assets	15,700,933	-	-	23	15,700,956
C)		**Current assets**					
I)		**Inventories**					
	1)	Raw materials, ancillary materials and consumables	2,491,220	-	-	-	2,491,220
	2)	Work in process and semi-finished products	2,599,022	-	-	-	2,599,022
	3)	Contract work in progress	-	-	-	-	-
	4)	Finished products and goods	4,075,116	-	-	-	4,075,116
	5)	Advances	-	-	-	-	-
			9,165,358	-	-	-	9,165,358
II)		**Receivables**					
	1)	From customers					
		- within 12 months	15,709,352	(4,363,904)	-	-	11,345,448
		- beyond 12 months	-	-	-	-	-
			15,709,352	(4,363,904)	-	-	11,345,448
	4)	From parent companies					
		- within 12 months	54,900	-	-	-	54,900
		- beyond 12 months	112,500	-	-	-	112,500
			167,400	-	-	-	167,400
	5)	Entities under common control					
		- within 12 months	-	4,363,904	-	-	4,363,904
		- beyond 12 months	-	-	-	-	-
			-	4,363,904	-	-	4,363,904
	5-bis)	Tax receivables					
		- within 12 months	977,807	-	-	-	977,807
		- beyond 12 months	-	-	-	-	-
			977,807	-	-	-	977,807
	5-ter)	Deferred tax assets					
		- within 12 months	926,281	-	-	-	926,281
		- beyond 12 months	-	-	-	-	-
			926,281	-	-	-	926,281

		Balance Sheet - Assets	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
			(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
	5-quater)	From others					
		- within 12 months	63,746	-	-	-	63,746
		- beyond 12 months	-	-	-	-	-
			63,746	-	-	-	63,746
III)		**Current financial assets**					
			-	-	-	-	-
IV		**Cash and cash equivalents**					
	1)	Bank and postal deposits	3,922,736				3,922,736
	2)	Cheques	-				-
	3)	Cash on hand	164				164
			3,922,900	-	-	-	3,922,900
		Total current assets	**30,932,844**	**-**	**-**	**-**	**30,932,844**
D)		**Prepaid expenses and accrued income**	**852,005**	**-**	**-**	**-**	**852,005**
		Total assets	**47,485,782**	**-**	**-**	**23**	**47,485,805**

	Balance Sheet - Liabilities and Shareholder's Equity	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
		(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
A)	**Shareholder's equity**					
I	Share capital	382,200	-	-	-	382,200
II	Share premium reserve	-	-	-	-	-
III	Revaluation reserve	759,440	-	-	-	759,440
IV	Legal reserve	197,920	-	-	-	197,920
V	Statutory reserves	-	-	-	-	-
VI	Other reserves	-				-
	Extraordinary reserve	4,962,658	-	-	-	4,962,658
	Other reserves	186,181	-	-	-	186,181
VII	Reserve for cash flow hedges	-	-	-	-	-
VIII	Retained earnings (accumulated losses)	1,823,933			-	1,823,933
IX	Net income (loss) for the year	1,950,342	-	-	17	1,950,359

		Balance Sheet - Liabilities and Shareholder's Equity	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
			(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
	X	Negative reserve for treasury shares held	-	-	-	-	-
		Total shareholder's equity	**10,262,674**	**-**	**-**	**17**	**10,262,691**
B)		**Provision for risks and charges**					
	1)	Provision for pensions and similar commitments	-	-	-	-	-
	2)	Provision for taxation	-	-	-	6	6
	3)	Derivative financial instruments	-	-	-	-	-
	4)	Other	457,326	-	-	-	457,326
		Total provisions for risks and charges	**457,326**	**-**	**-**	**6**	**457,332**
C)		**Provision for employee termination indemnity**	**1,132,981**	**-**	**-**	**-**	**1,132,981**
D)		**Payables**					
	4)	Due to banks	-				
		- within 12 months	8,640,506	-	-		8,640,506
		- beyond 12 months	4,065,875	-	-		4,065,875
			12,706,381	-	-	-	12,706,381
	7)	Trade payables					
		- within 12 months	19,331,980	(1,594,996)	-	-	17,736,984
		- beyond 12 months	-	-	-	-	-
			19,331,980	(1,594,996)	-	-	17,736,984
	11)	Payables due to parent companies					
		- within 12 months	129,064	-		-	129,064
		- beyond 12 months	-	-	-	-	-
			129,064	-	-	-	129,064
	11-bis)	Payables due to entities under common control	-				
		- within 12 months	-	1,594,996	-	-	1,594,996
		- beyond 12 months	-	-	-	-	-
			-	1,594,996	-	-	1,594,996
	12)	Taxation payable	-				
		- within 12 months	1,079,854	-	-	-	1,079,854
		- beyond 12 months	-	-	-	-	-
			1,079,854	-	-	-	1,079,854
	13)	Due to pension and social security institutions					

	Balance Sheet - Liabilities and Shareholder's Equity	31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
		(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
	- within 12 months	225,442	-	-	-	225,442
	- beyond 12 months	-	-	-	-	-
		225,442	-	-	-	225,442
14)	Other payables					
	- within 12 months	2,120,260	-	-	-	2,120,260
	- beyond 12 months	-	-	-	-	-
		2,120,260	-	-	-	2,120,260
	Total payables	**35,592,981**	**-**	**-**	-	**35,592,981**
E)	**Accrued expenses and deferred income**					
	- within 12 months	39,820	-	-	-	39,820
	- beyond 12 months	-	-	-	-	-
		39,820	**-**	**-**	-	**39,820**
	Total liabilities and shareholder's equity	**47,485,782**	**-**	**-**	23	**47,485,805**

(*) The column for balances stated under the previous accounting standards includes certain reclassifications with respect to the corresponding data reported in the officially-filed financial statements at 31st March, 2016. These reclassifications did not affect the results or shareholders' equity and were not made as a consequence of the new accounting standards, but in order to improve the presentation of the Company's activities and results, as well as to standardise the classifications made by the various Group companies.

The reclassifications made to the restated 2015 balance sheet are discussed below:

- Restatement of receivables and payables due from/to entities under common control: the Company has restated the trade amounts due from Endurance Fondalmec S.p.A. and Endurance Amman GmbH, totalling € 4,364 thousand, from Trade receivables to the "Receivables from entities under common control" account and the trade amounts due to Endurance Fondalmec S.p.A. and Endurance Engineering s.r.l. (totalling € 1,595 thousand), both direct subsidiaries of Endurance Overseas S.r.l., from Trade payables to the "Payables to entities under common control" account.

With reference to the adjustments made on application of the new accounting standards described earlier, recognition of the positive fair value of the derivative instruments affected financial fixed assets (€ 23 thousand) and deferred tax liabilities (€ 6 thousand).

			31/03/2016 Approved (*)	Reclassifications		Adjustments	31/03/2016 Restated
			(Previous accounting standards)	Receivables/ payables - entities under common control	Taxation relating to prior years	OIC 32 Derivative financial instruments	(New accounting standards)
A)		**Value of production**					
	1)	Revenues from sales of goods and services	60,873,279	-	-	-	60,873,279
	2)	Changes in inventories of work in progress, semi-finished and finished products	(99,603)	-	-	-	(99,603)
	3)	Change in contract work in progress	-	-	-	-	-
	4)	Increases in non-current assets from in-house production	-	-	-	-	-
	5)	Other income and revenues:	-				-
		- operating grants	83,565	-	-	-	83,565
		- other	888,899	-	(85,718)	-	803,180
		Total value of production	**61,746,140**	-	**(85,718)**	-	**61,660,421**
B)		**Cost of production**					
	6)	Raw and ancillary materials, consumables and goods for resale	25,864,229	-		-	25,864,229
	7)	Services	16,609,605	-	-	-	16,609,605
	8)	Lease and rental charges	2,013,523	-	-	-	2,013,523
	9)	Payroll	-				-
		a) wages and salaries	7,323,250	-	-	-	7,323,250
		b) social contributions	1,849,330	-	-	-	1,849,330
		c) employee termination indemnity	411,257	-	-	-	411,257
		d) pensions and similar commitments	-	-	-	-	-
		e) other costs	32,003	-	-	-	32,003
			9,615,840	-	-	-	9,615,840
	10)	Depreciation, amortisation and write-downs					
		a) amortisation of intangible fixed assets	667,116	-	-	-	667,116
		b) depreciation of tangible fixed assets	2,514,605	-	-	-	2,514,605
		c) other write-downs of fixed assets	365,956	-	-	-	365,956
		d) write-down of current receivables and liquid funds	-	-	-	-	-
			3,547,677	-	-	-	3,547,677

	11)	Changes in inventories of raw, ancillary and consumable materials	(604,305)	-	-		(604,305)
	12)	Provision for risks	-	-	-		-
	13)	Other accruals	-	-	-		-
	14)	Other expenses	1,117,864	-	-		1,117,864
		Total cost of production	**58,164,434**	**-**	**-**	**-**	**58,164,434**
		Difference between production value and cost (A - B)	**3,581,706**	**-**	**(85,718)**	**-**	**3,495,988**
C)		**Financial income and charges**					
	15)	Income from equity investments	-	-	-	-	-
	16)	Other financial income					
		- other	123	-	-	-	123
			123	-	-	-	123
	17)	Interest and financial charges					
		- other	322,496	-	-	-	322,496
			322,496	-	-	-	322,496
	17-bis)	Exchange gains and losses	-	-	-	-	-
		Total financial income and charges	**(322,373)**	**-**	**-**	**-**	**(322,373)**
D)		**Adjustments to financial assets**					
	18)	Revaluations:					
		d) of financial derivatives	-	-	-	23	23
			-	-	-	23	23
	19)	Write-downs:					
			-	-	-	-	-
		Total adjustments to financial assets	**-**	**-**	**-**	**23**	**23**
		Result before taxes (A - B +/- C +/- D)	**3,259,333**	**-**	**(85,718)**	**23**	**3,173,638**
	20)	Income taxes for the year, current and deferred					
		- Current taxation	1,875,237	-	-	-	1,875,237
		- Taxation relating to prior years		-	(85,718)	-	(85,718)
		- Deferred taxation		-	-	6	6
		- Income (charges) from tax consolidation	(566,246)	-	-		(566,246)
			1,308,991	**-**	**(85,718)**	**6**	**1,223,279**
	23)	**Profit for the year**	**1,950,342**	**-**	**-**	**17**	**1,950,359**

(*) The column for balances stated under the previous accounting standards includes certain reclassifications with respect to the corresponding data reported in the officially-filed financial statements at 31st March, 2016. These reclassifications did not affect the results or shareholders' equity and were not made as a consequence of the new accounting standards, but in order to improve the presentation of the Company's activities and results, as well as to standardise the classifications made by the various Group companies.

The reclassifications made to the restated 2015 income statement are discussed below:

- Elimination of non-recurring items and taxation relation to prior years: given the elimination of the section on non-recurring income and expense, the Company has reclassified out-of-period income and expense (including the residual amounts previously reported in income statement captions A5 and B14, and related tax charges) to the relevant income statement captions based on the "nature" of the income and expense concerned.

Finally, adjustment of the fair value of derivative financial instruments resulted in the recognition of financial income totalling € 22 thousand and a corresponding deferred tax liability of € 6 thousand.

ENDURANCE FOA S. P. A.

Head office: VIA REGIONE POZZO 26 CHIVASSO (TO)

Included in Turin Company Register

Tax Code and Register no. 01782370017

Turin Chamber of Commerce Register no. 518048

Share capital: € 382,200.00 subscribed and fully paid

VAT Number: 01782370017

Sole shareholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report of the Board of Auditors

Financial Statements as at and for the year ended 31st March, 2017

Report to the Shareholders' Meeting pursuant to Art. 2429, Para 2 of the Italian Civil Code – Administrative supervision

During the year ended 31st March, 2017, administrative supervision was carried out on Endurance FOA S.p.A. (the "Company") pursuant to Art. 2403 of the Italian Civil Code, according to the rules of conduct of the Board of Statutory Auditors recommended by the Italian National Council of Chartered Accountants.

Activities carried out by the Board of Statutory Auditors during the year

During the year under review, we monitored compliance with the law and the Articles of Association and with the principles of proper management.

We attended the Shareholders' Meetings and Board meetings, for which, on the basis of available information, we did not detect any breach of the law or the article of association, nor manifestly imprudent, risky transactions, determining potential conflicts of interest or compromising the social assets integrity.

We have acquired information from the Company's Directors regarding Company's transactions; we have no particular observations to report about them.

We have gained information from the Company's Directors about the overall operating performance and its predictable evolution, as well as on the most significant operations, based on their size or characteristics, made by the Company and, based on the information obtained, we have no particular comments to report.

We met the independent auditor's representatives, and no relevant data and information emerged that should be highlighted in this report.

We have gained knowledge and we watched over, as far as we are responsible, about the adequacy and operating effectiveness of the organizational structure of the Company, also through the gathering of information from the heads of functions, and in this regard we have no specific comments to report.

We have acquired knowledge and we supervised, as far as we are responsible, about the adequacy and operating effectiveness of the administrative and accounting system, as well as on its reliability to correctly represent the management facts, by obtaining information from the heads of functions, from the independent auditor and through the examination of Company's documents, and in this regard we have no particular comments to report.

No complaints or denunciations made with reference to art. 2408 Civil Code. have been received by the Board of Statutory auditors.

The Board of Statutory Auditors did not issue any legally requested statutory opinions during the year.

During the supervisory activity, as outlined above, no other significant facts have emerged to be mentioned in this report.

This report therefore summarizes the activity concerning the information required by art. 2429, comma 2, Civil Code and more precisely:

- about the results of the financial year;
- about the activity performed in the fulfillment of the duties provided for by the law;
- about observations and proposals on the financial statements, with particular reference to the possible use by the Board of Directors of the exemption provided for in art. 2423, comma 5, Civil Code;
- about the possible receipt of complaints by the shareholders, based on art. 2408 Civil Code.

In any case, we remain available for deepening all other further aspects during the Shareholder's meeting.

The activities that we carried out have covered, from a time point of view, the entire financial year and during the same financial year, the meetings referred to in art. 2404 Civil Code properly occurred.

During the periodic statutory audits, we have been aware of the evolution of the Company's business, paying particular attention to contingent issues in order to identify their economic and financial impact on the operating result and on equity structure, as well as to identify potential risks with constant frequency.

These meetings have been drafted by means of appropriate minutes duly signed for unanimous approval.

Information on the Statutory Financial Statements

The draft statutory financial statements as at and for the year ended 31st March, 2017, which the Board of Directors has provided to us for due examination, pursuant to Art. 2429 of the Italian Civil Code, has been drawn in accordance with the provisions of Decree Law No. 127/91 and of Legislative Decree 139/2015 and it includes:

- Balance Sheet
- Income Statement
- Statement of Cash Flow
- Explanatory Notes

and it corresponds to the following figures:

Balance Sheet

Description	Year 2017	Year 2016	Variance
NON-CURRENT ASSETS	17,323,382	15,700,956	1,622,426
CURRENT ASSETS	30,611,750	30,932,846	321,096-
PREPAID EXPENSES AND ACCRUED INCOME	862,897	852,005	10,892
TOTAL ASSETS	**48,798,029**	**47,485,807**	**1,312,222**

Description	Year 2017	Year 2016	Variance
SHAREHOLDER'S EQUITY	13,474,059	10,262,691	3,211,368
PROVISIONS FOR CONTINGENCIES AND OTHER LIABILITIES	295,057	457,332	162,275-
EMPLOYEES' SEVERANCE INDEMNITY	1,227,386	1,132,981	94,405
DEBTS	33,760,030	35,592,983	1,832,953-
ACCRUED EXPENSES AND DEFERRED INCOMES	41,497	39,820	1,677
TOTAL LIABILITIES AND EQUITY	**48,798,029**	**47,485,807**	**1,312,222**

Income Statement

Description	Year 2017	Year 2016	Variance
TURNOVER	71,297,039	61,660,421	9,636,618
REVENUES FROM SALES AND SERVICES SUPPLIED	69,065,315	60,873,279	8,192,036
PRODUCTION COSTS	65,995,992	58,164,434	7,831,558
DIFFERENCE BETWEEN TURNOVER AND PRODUCTION COSTS	5,301,047	3,495,987	1,805,060
RESULT BEFORE TAXES	5,077,544	3,173,637	1,903,907
CURRENT AND DEFERRED INCOME TAXES	1,866,175	1,223,278	642,897
PROFIT (LOSS) OF THE YEAR	**3,211,369**	**1,950,359**	**1,261,010**

We have examined the draft statutory financial statements for the year ending 31st March, 2017, including the Report on operation attached to it, and about it we refer the following.

Since we have not been legally appointed for the audit of the statutory financial statements based on law requirements, we have overseen the general aspects and approach for its formation, its general compliance with the law in terms of its preparation and structure, and in this respect we have no specific comments to report.

More specifically, we note that:

- the valuation criteria adopted for the preparation of the statutory financial statements as at 31st March, 2017 comply with the statutory provisions of the Italian Civil Code as amended by Legislative Decree 139/2015;
- the Directors provided information on the Company's performance and its predictable evolution;
- the new Balance Sheet and Income Statement structure, as amended by Legislative Decree 139/2015, have been adopted;
- pursuant to art. 2426 comma 6, Civil Code, a Goodwill, whose net book value amounts to € 243,971 as of 31st March, 2017, is included in the balance sheet; such goodwill has been recorded in the context of a business combination transactions carried out in previous years and with the consent of the Board of Statutory Auditors, which had verified the related requirements for inclusion in the financial statements.

Net Result of the financial year

The net result as determined by the Directors for the year ended 31st March, 2017, as emerging by the reading of the statutory financial statements, is positive and amounts to € 3,211,369.

The Board of Statutory Auditors has no observations with regard to the proposal for the net result's allocation formulated by the Directors.

Conclusions

Taking also into account the results of the activity performed by the independent statutory auditor, as included in the audit report on the Statutory Financial Statements, the Board of Statutory Auditor unanimously declared that no impediment to the approval, by the Shareholders, of the draft Statutory Financial Statements as at 31st March, 2017, as prepared by the Board of Directors.

Milan, 9th May, 2017

Signed by Fulvio Mastrangelo

Signed by Fabio Greco

Signed by Massimo Carera

INDEPENDENT AUDITORS' REPORT

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Sole Shareholder of
ENDURANCE FOA S.p.A.

Report on the Financial Statements

We have audited the accompanying financial statements of Endurance Foa S.p.A. (the "Company"), which comprise the balance sheet as at March 31, 2017, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Endurance Foa S.p.A. as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with the Italian law governing financial statements.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Foa S.p.A. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Foa S.p.A. does not extend to such data.

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° 720B 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 Endurance Foa S.p.A., with the financial statements of the Company as at March 31, 2017. In our opinion the report on operations is consistent with the financial statements of Endurance Foa S.p.A. as at March 31, 2017.

DELOITTE & TOUCHE S.p.A.

Signed by Giorgio Barbieri
Partner
Turin, May 9, 2017

ENDURANCE ENGINEERING S.R.L.

Head office: STRADA DEL CASCINOTTO 135/A TORINO (Turin)

Tax Code and Turin Companies

Register No. 11081890011

Turin Chamber of Commerce no. 1186114

Quota capital: € 100,000.00 subscribed and fully paid

VAT Number: 11081890011

Sole quotaholder company

Management and coordination: ENDURANCE TECHNOLOGIES LIMITED

Report on operations

Financial statements for the year ended 31st March, 2017

To the Shareholder, The explanatory notes provide disclosures on the financial statements for the year ended 31st March, 2017; this document, in compliance with art. 2428 of the Italian Civil Code, provides information on the Company's situation and performance. The report, prepared with amounts shown in Euros, is presented as an accompaniment to the financial statements and provides information on the Company's earnings, financial position and operations, together, where possible, with historical facts and an indication of the future outlook.

Information on the Company

Matters concerning the economy in general and the results of operations:

According to the World Bank, global GDP grew by 2.3% in 2016, with the advanced economies rising 1.6% and the emerging countries up 3.4%. Considering the developed countries, GDP made reasonable progress in the United States (1.6%), Germany (1.9%), the United Kingdom (1.8%) and France (1.1%), while growth in Italy was limited to 0.9% [the 1.4% rise in domestic demand was offset by the contraction of inventories (-0.5%) and net foreign demand (-0.1%].

In China, the 6.7% rise in GDP was the slowest since 1990. India grew by 7.0% and the recession continued in Brazil, although the worst of the crisis seems to have passed.

With regard to sector trends, ACEA data for the expanded European Union and EFTA indicates that car registrations climbed to 15,131,719 units in the 2016 calendar year, up by 6.5% with respect to 2015.

All countries (except for Switzerland and the Netherlands, which have a negligible effect) reported growth, with Italy achieving the best performance (+15.8%), followed by Spain (+10.9%), France (+5.1%), Germany (4.5%) and the United Kingdom (+2.3%). The market in Western Europe expanded by 5.8% to 13.97 million registrations, while the newer EU member countries saw car sales rise by 15.9% to 1.16 million units.

The principal markets accounted for 72.9% of the European market, with more than 11 million registrations over the entire year, up by 6.4% with respect to 2015 but still 6.3% lower than the volume achieved in 2007 (11.8 million cars).

Analysing the registrations of the various manufacturers, the Volkswagen Group retained leadership of the European market with sales of 3,641,012 cars, up by 3.3% on 2015, representing a 24.1% share compared with 24.8% in the prior year. Despite this slower growth compared with the market, the effects of Dieselgate were not dramatic as a slight decline in the Volkswagen brand (1,720,829 cars, -0.4%), was offset by the growth achieved by the other brands: Audi (830,956, +8.1%), Skoda (663,230, +7.4%), Seat (350,287, +3.6%) and Porsche (71,149, +4.1%).

The Renault Group achieved increases in both registrations (1,522,629 cars, +12.1%) and market share, from 9.6% to 10.1%. Within this group, progress was made by the principal brand (1,522,629 cars, +12.9%) and by Dacia (421,749, +10.1%).

Conversely, the sales of the PSA Group eased (1,472,927 cars, -0.5%) together with its market share (from 10.4% to 9.7%). Specifically, Peugeot registered 865,374 units (+1.1%), Citroën 541,896 (-1.4%) and DS 65,657 (-12.7%).

Among our main customers, in addition to the VW Group just mentioned, excellent results were reported by Daimler, BMW and FCA, while the performance of Opel essentially reflected the general market trend.

The Daimler Group registered a total of 945,074 cars (+13.4%, with a rise in market share (from 5.9% to 6.2%), due to the progress made by Mercedes-Benz (839,779 cars, +13.9%).

The share of the BMW Group rose from 6.6% to 6.8%, with the BMW brand registering 1,030,734 cars (+10.1%), while Mini achieved 209,209 units (+11.3%).

FCA made excellent progress in Europe, closing 2016 with 977,594 registrations, which was 14.4% more than in 2015. All brands did well: Fiat (746,126 cars, +13.6%), Jeep (104,978, +19%) and Alfa Romeo (66,172, +16.5%), which benefited from the recent project to relaunch the brand and the contribution made by the Giulia. Growth was slower at Lancia/Chrysler, with registrations of 67,225 units (+9%).

Opel sold 996,895 cars (+5.3%), but its market share eased slightly (from 6.7% to 6.6%).

Against this background, the Company was able to increase its revenues by 4.1 % due to the rise in volumes from companies of the Group that have largely offset the reduction from third parties. EBITDA in 2016/2017 was 10.6% of the value of production – up from 9.7% in the prior year - with net income of Euro 526 thousand or 3.2% of the value of production, which totalled Euro 16,640 thousand following an increase of 2.7% with respect to 2015/2016.

Key events

No significant events occurred in the year just ended that need to be brought to your attention.

Secondary locations

As required by art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company does not have any secondary locations.

Management and coordination activities

Pursuant to para. 5 of art. 2497-bis of the Italian Civil Code, it is confirmed that the Company belongs to the ENDURANCE Group (India) and is subject to management and coordination by ENDURANCE TECHNOLOGIES LIMITED (India), whose shares have been listed on the National Stock Exchange of India (NSE) and the Bombay Stock Exchange (BSE) since October 2016.

These management and coordination activities did not have any particular impact on the Company's activities and results. We can also confirm that no decisions were made under the influence of the company that performs management and coordination activities for which we need to give the reasons and the interests that had an impact on them.

Financial position

To facilitate a better understanding of the Company's financial position, a reclassified balance sheet is set out below.

Balance Sheet - Assets

Item	31st March, 2017	%	31st March, 2016	%	Change	% Change
WORKING CAPITAL	**6,839,694**	**73.40%**	**7,286,011**	**70.95 %**	**(446,317)**	**(6.13) %**
Immediate liquidity	**879,940**	**9.44%**	**964,141**	**9.39 %**	**(84,201)**	**(8.73) %**
Cash and cash equivalents	879,940	9.44%	964,141	9.39 %	(84,201)	(8.73) %
Deferred liquidity	**4,404,889**	**47.27%**	**4,515,557**	**43.97 %**	**(110,668)**	**(2.45) %**
Current receivables included in working capital	4,212,031	45.20%	4,368,933	42.54 %	(156,902)	(3.59) %
Prepaid expenses and accrued income	192,858	2.07%	146,624	1.43 %	46,234	31.53 %
Inventory	**1,554,865**	**16.69%**	**1,806,313**	**17.59 %**	**(251,448)**	**(13.92) %**
FIXED ASSETS	**2,478,273**	**26.60%**	**2,983,837**	**29.05 %**	**(505,564)**	**(16.94) %**
Intangible assets	908,416	9.75%	1,327,182	12.92 %	(418,766)	(31.55) %
Tangible assets	1,271,490	13.65%	1,397,485	13.61 %	(125,995)	(9.02) %
Financial fixed assets	505	0.01%	505		-	
Non current portion of receivables included in working capital	297,862	3.20%	258,665	2.52 %	39,197	15.15 %
CAPITAL EMPLOYED	**9,317,967**	**100.00%**	**10,269,848**	**100.00 %**	**(951,881)**	**(9.27) %**

Balance Sheet - Liabilities and Shareholder's Equity

Item	31st March, 2017	%	31st March, 2016	%	Change	% Change
CAPITAL ATTRIBUTABLE TO MINORITY INTEREST	6,045,966	64.89 %	7,524,271	73.27 %	(1,478,305)	(19.65) %
Current liabilities	**5,462,431**	**58.62 %**	**6,919,975**	**67.38 %**	**(1,457,544)**	**(21.06) %**
Current payables	5,409,815	58.06 %	6,857,949	66.78 %	(1,448,134)	(21.12) %
Accrued expenses and deferred income	52,616	0.56 %	62,026	0.60 %	(9,410)	(15.17) %
Non-current liabilities	**583,535**	**6.26 %**	**604,296**	**5.88 %**	**(20,761)**	**(3.44) %**
Non-current payables	**254,443**	**2.73 %**	**256,218**	**2.49 %**	**(1,775)**	**(0.69) %**
Provisions for risks and charges	28,030	0.30 %	44,030	0.43 %	(16,000)	(36.34) %
Employee termination indemnity	301,062	3.23 %	304,048	2.96 %	(2,986)	(0.98) %
EQUITY	**3,272,001**	**35.11 %**	**2,745,577**	**26.73 %**	**526,424**	**19.17 %**
Share capital	100,000	1.07 %	100,000	0.97 %	-	-
Reserves	1,920,000	20.61 %	1,917,913	18.68 %	2,087	0.11 %
Retained earnings (accumulated losses)	725,577	7.79 %	338,974	3.30 %	386,603	114.05 %
Net income (loss) for the year	526,424	5.65 %	388,690	3.78 %	137,734	35.44 %
FINANCING SOURCES	**9,317,967**	**100.00 %**	**10,269,848**	**100.00 %**	**(951,881)**	**(9.27) %**

Key indicators of financial position

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	31st March, 2017	31st March, 2016	% Change
Fixed asset coverage	150.06 %	100.75 %	48.94 %
Amounts payable to banks to working capital	3.66 %	18.79 %	(80.52) %
Debt ratio	1.85	2.74	(32.48) %
Financial debt ratio	0.52	1.05	(50.48) %
Equity to capital employed	35.11 %	26.73 %	31.35 %
Financial charges to turnover	0.46 %	0.74 %	(37.84) %
Current ratio	124.83 %	105.29 %	18.56 %
Primary coverage ratio	1.50	1.01	48.51 %
Secondary coverage ratio	1.77	1.23	43.90 %
Net working capital	1,356,588.00	366,036.00	270.62 %
Acid test margin	(198,277.00)	(1,440,277.00)	(86.23) %
Acid test ratio	96.37 %	79.19 %	21.69 %

Statement of cash flows

Item	Year 2016/2017	Year 2015/2016	Change	% Change
Cash and cash equivalents at beginning of period	**964,141**	**1,758,894**	**(794,753)**	**-45.18%**
a. Cash flows from operating activities	1,185,418	(353,739)	1,539,157	-435.11%
b. Cash flows from investing activities	(134,147)	(149,638)	15,490	-10.35%
c. Cash flows from financing activities	(1,135,472)	(291,377)	(844,095)	289.69%
Increase/(decrease) in cash and cash equivalents (a ± b ± c)	**(84,201)**	**(794,753)**	**710,552**	**-89.41%**
Cash and cash equivalents at end of period	**879,939**	**964,141**	**(84,201)**	**-8.73%**

In terms of comparison with the prior year, the net absorption of cash by 84 Euro thousand was driven by the reduction of indebtedness for Euro 1,135, particularly towards banks and by the investing activities of the period only partially offset by the cash flows from operating activities amounting to 1,185 thousand.

A reclassified income statement is provided below to facilitate a better understanding of the Company's results.

Income Statement

Item	Year 2016/2017	%	Year 2015/2016	%	Change	% Change
VALUE OF PRODUCTION	**16,639,736**	**100.00%**	**16,210,487**	**100.00%**	**429,248**	**2.65%**
- Consumption of raw materials	8,290,373	49.82%	8,631,828	53.25%	(341,455)	-3.96%
- General expenses	2,422,519	14.56%	2,373,482	14.64%	49,037	2.07%
VALUE ADDED	**5,926,843**	**35.62%**	**5,205,177**	**32.11%**	**721,666**	**13.86%**
- Payroll costs	3,681,737	22.13%	3,512,913	21.67%	168,824	4.81%
- Provisions	-	0.00%	-	-	-	0.00%
GROSS OPERATING MARGIN	**2,245,106**	**13.49%**	**1,692,264**	**10.44%**	**552,842**	**32.67%**
- Depreciation, amortisation and writedowns	681,522	4.10%	833,506	5.14%	(154,597)	-18.55%
- Other operating expenses	483,042	2.90%	119,439	0.74%	366,214	306.61%
INCOME BEFORE FINANCIAL ITEMS	**1,080,544**	**6.49%**	**739,319**	**4.56%**	**341,225**	**46.15%**
+ Financial items	(76,694)	-0.46%	(118,183)	-0.73%	41,489	-35.11%
INCOME BEFORE TAX	**1,003,850**	**6.03%**	**621,136**	**3.83%**	**382,714**	**61.62%**
- Taxation	477,426	2.87%	232,446	1.43%	244,980	105.39%
NET INCOME	**526,424**	**3.16%**	**388,690**	**2.40%**	**137,734**	**35.44%**

Key indicators of results

On the basis of the above reclassification, indicators of financial position are set out below:

RATIO	FY 2016-2017	FY 2014-2015	% Change
R.O.E.	16.09%	14.16%	13.65%
R.O.I.	40.83%	23.31%	75.14%
R.O.S.	6.55%	4.53%	44.54%
R.O.A.	11.60%	7.20%	61.08%

Information required by art. 2428 of the Civil Code

The following is the detailed information specifically required by art. 2428 of the Italian Civil Code.

Main risks and uncertainties faced by the Company
As required by the first paragraph of art. 2428 of the Italian Civil Code, set out below is a description of the main risks and uncertainties to which the Company is exposed:

RISKS RELATED TO THE GENERAL STATE OF THE ECONOMY: the Company's results are influenced by trends in the national and international economy. Developments regarding GDP, the cost of raw materials, the unemployment rate, interest rates and the level of confidence shown by consumers and businesses can condition the sales performance of end customers and, thus, the company's sales performance.

RISKS RELATED TO THE SECTOR IN WHICH THE COMPANY OPERATES: the metal alloys and metal parts machining sector, in which the Company operates, is characterised by heated competition that is partly attributable to the sales trends in the automotive market. As much as the Company has taken action deemed necessary to improve its level of flexibility, a significant fall in end customers' needs and consequent further pressure on prices caused by heated competition could adversely impact the Company's results and financial position.

RISKS RELATED TO THE ABILITY TO CREATE INNOVATIVE PRODUCTS: the automotive components sector is characterised by continuous product development needed to satisfy the product performance required by car manufacturers and by environmental legislation (governing emissions). Future investment by the Company will seek to develop the portfolio of products and diversify the types of production, thereby increasing the ability to meet the needs of customers. The failure to develop products and to meet needs in terms of price, quality and functionality imposed by end customers could adversely impact the Company's prospects for its operations.

FINANCIAL RISKS: The Company is exposed to the following financial risks in the conduct of its operations:

- credit risks in relation to normal commercial transactions with customers;
- liquidity risks, with particular reference to the availability of financial resources and access to the market for credit and financial instruments in general;
- market risks, mainly relating to changes in interest rates and, to a lesser extent, exchange rates.

The Company constantly monitors the financial risks that it is exposed to, in order to evaluate in advance any potential negative effects and to take appropriate action to mitigate them.

Credit Risks
Given the nature of its industrial activities - the production of engine and gearbox components for car makers - the Company's receivables are structurally concentrated since customers comprise a limited number of industrial groups. The integration of the company within the Endurance Group makes possible the indirect diversification of customers, by supplying other group companies with unfinished components for the manufacture of products that are then supplied to multiple end customers.

The Company monitors receivables constantly and regularly adjusts the related allowances for collection risks.

Liquidity risks
The two main factors that determine the Company's liquidity position are, on one hand, the resources generated or absorbed by operations and by investments and, on the other hand, the timing of the repayment and renewal of debt and of the liquidity of financial investments.

The Company seeks the most appropriate sources of finance bearing in mind the current and prospective financial position. Any difficulties encountered in obtaining financing needed to meet the needs of current operations and needs relating to investments could negatively impact the Company's results and financial position.

Management believes that funds currently available, the keeping of suitable contacts for access to credit, as well as funds generated from operating activities, will allow the Company to meet the needs of investing activities, of working capital management and for the repayment of debt as it falls due.

Market risks

In the conduct of its activities, the Company is exposed to various market risks, particularly the risk of fluctuations in interest rates and, to a lesser extent, exchange rates.

Risks relating to changes in interest rates

The Company utilises financial resources provided mainly in the form of bank debt and employs the funds to finance operations and investment and development initiatives. Furthermore, the Company may factor its trade receivables.

Changes in market interest rates impact the cost of various forms of financing and of factoring and thus affect the level of the Company's financial charges.

To face up to these risks, the Company strives to maintain a suitable relationship between the financing structure and the structure of capital employed, compatible with opportunities offered and actual market conditions.

With this aim, the Company has structured its financing with floating rates and with repayment due in the medium/long term at favourable conditions (with the objective of managing current unfavourable conditions and high volatility of interest rates).

Lastly, where considered appropriate, the Company makes use of rate derivatives (Interest rate swaps and caps) with the aim of hedging the risks described.

Risks relating to changes in exchange rates

The functional currency used by the Company for the majority of its transactions (Euro) does not currently appear to be subject to significant risks relating to exchange rate fluctuations.

Key non-financial indicators

Pursuant to art. 2428 of the Civil Code, we can confirm that, due to the specific activities performed, it is not deemed relevant for an understanding of the Company's results and financial position to present non financial indicators.

Information on the environment

In the context of specific policies adopted by the Endurance group, the Company strives hard to ensure that production and operating activities are carried out in compliance with all applicable regulations. The objective is to introduce and maintain a broad culture of constantly improved environmental performance, process and product safety, while ensuring the safety of workers and installations.

Work continued during the year end 31 March 2017 on the maintenance of appropriate environmental protection standards (not least by extending the UNIENISO 14001 certifications of our environmental management system by the implementation of a multi-site testing system).

The Company's location carried out the work necessary in order to maintain our BS OHSAS 18001 certification regarding health and safety in the workplace.

Employee training provided both general and specific OTJ skills and also covered safety matters, updates for the emergency and first-aid teams, specific training for managers on monitoring compliance by their collaborators with the company law on occupational health and safety, specific training was given to forklift truck drivers.

Work on installations included the completion of work to install external road signs, the purchase and installation of a defibrillator, the arrangement of a specific area for chemicals in order to avoid any potential leak, a logistic reengineering process in order to mitigate the noise pollution.

In addition, on fire-safety matters, the Company's emergency plan was updated and evacuation drills were carried out in all departments, covering every shift.

With regard to the monitoring of health and accidents, the Risk Evaluation Document was updated and accidents were monitored and analysed with S EWO and Safety Report, in order to identify the causes and take counter measures.

Personnel

The average workforce for the year 2016/2017 amounted to 72 employees, compared to 65 of the previous year.

The average workforce during March 2017 totals 69 employees.

The principal training activities during 2016-2017 are the following:

- Safety: training for the Chief Executive for security;
- Safety: training for the external semi-automatic defibrillator;
- Training under the State-Regions agreement for workers using fork-lift trucks with moveable forks;

The courses held involved employees in more than 554 hours of internal, external and on-the-job training.

1) Research and development activities

Pursuant to paragraph 3.1 of art. 2428 of the Civil Code, we can confirm that research and development activities applied to products and the production process were performed during the financial year, with respect to which it was decided not to capitalise the costs incurred.

2) Transactions with subsidiaries, associates and parent companies

With regard to the provisions of art. 2428, para. 3, point 2) of the Italian Civil Code, reference is made to the information on related-party transactions provided in the explanatory notes.

3) Treasury shares

Pursuant to arts. 2435 bis and 2428 of the Italian Civil Code, it is confirmed that the Company does not hold any treasury shares and did not own any during the year.

4) Shares/quotas in the parent company

In accordance with paragraphs 3.3 and 3.4 of art. 2435-bis and art. 2428 of the Civil Code, it is hereby confirmed that the Company does not hold any shares or quotas in the parent company and did not own any during the year.

5) Significant subsequent events

No significant events have taken place between the reporting date and the date of this document.

6) Business outlook

The IMF forecasts issued in April indicate that world GDP will grow by 3.5% in 2017 and 3.6% in 2018.

The Eurozone is expected to grow by 1.7% in 2017 and 1.6% in 2018. Among the principal countries, Italian growth will still be the slowest, at 0.8% in both years, compared with Germany, +1.6% in 2017 and +1.5% in 2018, France, +1.4% in 2017 and +1.6% in 2018 and Spain, +2.6% in 2017 and + 2.1% in 2018.

The USA is expected to grow by 2.3% in 2017 and 2.5% in 2018. With regard to the emerging countries, China (+6.6% in 2017 and + 6.2% in 2018) and India (+7.2% in 2017 and +7.7% in 2018) are forecast to grow well and Brazil should exit from the current recession (+0.2% in 2017 and +1.7% in 2018).

The principal drivers of growth should be private consumption, due to an increase in disposable incomes and the improved conditions in the jobs market, and renewed investment led by the brighter economic prospects.

Against this macroeconomic background, the estimates of IHS Markit, indicate that global sales of light vehicles should rise overall by 1.5% in volume terms, representing 1.3 million additional vehicles with respect to 2016. The largest market will continue to be China, with vehicle sales of 28.5 million units, up by 1.9%. On the other hand, USA sales are expected to decline by 1%, while those in Western Europe will increase by 1%. The best growth prospects can be found in South Asia (+5.9%) and Eastern-Central Europe (+4.5%).

Registrations in early 2017 (January to March) were particularly strong in Europe, with growth of 8.4% compared with the same period in the prior year spread among all markets (Germany +6.7%, UK +6.2% and France +4.8%), including Italy in particular (+11.9%). During this period, the volume of sales increased at FCA by 14.2%, Daimler by 9.7%, VW by 5.7% and BMW by 6.5%.

Given the favourable conditions in the reference market and expectations linked to the contracts obtained by the Company, the results for the new year are expected to reflect further growth. However, it is prudent to remember the risk factors that might affect the general macroeconomic situation. Geopolitical conflicts, protectionism, disputes and imbalances in Europe, reversal of the expansionary monetary policies and tensions in the financial markets due to the high level of public sector and private debt (especially with regard to loans for the purchase of vehicles, student loans, credit card debt and home mortgages) could result in adverse market conditions.

The factors influencing future prospects also include the technical and regulatory developments applicable to the automotive sectors, with new and more stringent methods for testing emissions and vehicle consumption that will be based on actual driving conditions. This will force manufacturers to modify the design of vehicles, engines and exhaust systems, focusing more on the development of alternative vehicles (electric, hybrid and gas), whose prospects benefit from the public incentives available in many countries (exemption from road tax for many years, incentives to buy and to scrap old vehicles with combustion engines, especially those that run on diesel).

It will be necessary to take advantage of the opportunities afforded by this evolution, in the awareness that the change will require an improvement in technical skills and entry into new areas of business. In order to respond pro-actively to these lines of growth, the Company is working with affiliates on the various important applied research and development projects described earlier, in which substantial technical and financial resources will be invested.

6bis) Use of financial instruments material to the measurement of the results and financial position

Pursuant to paragraph 3.6-bis of Art. 2428 of the Italian Civil Code, it is hereby confirmed that the Company is not party to any financial instruments, inclusive of derivatives, that are material to the measurement of the results and financial position.

Conclusion

To the Shareholder, In view of the above and the contents of the explanatory notes, you are invited to approve the financial statements for the year ended 31 March 2017, together with the accompanying explanatory notes and report on operations, and to carry forward the net income for the year of Euro 526,424.

Turin, 08/05/2016

For the Board of Directors

Chief Executive Officer

Signed by Samuele Gabutto

General information on the company

Company data

Name:	ENDURANCE ENGINEERING SRL
Registered office:	STRADA DEL CASCINOTTO 135/A TORINO TO
Share capital:	100.000,00
Share capital fully paid in:	Yes
Chamber of Commerce:	TO
VAT Number:	11081890011
Tax code:	11081890011
REA Number:	1186114
Legal form:	LIMITED LIABILITY COMPANY
Core business (ATECO):	222909
Company in liquidation:	No
Company with sole shareholder:	Yes
Company subject to management and coordination activities:	Yes
Name of the company or entity that exercises management and coordination activities:	ENDURANCE TECHNIOLOGIES LIMITED
Belonging to a Group:	Yes
Name of the parent company:	ENDURANCE OVERSEAS SRL
Country of the parent company:	ITALY

Financial Statements

for the year ended 31st March, 2017

Balance sheet

	31st March, 2017	31st March, 2016
Assets		
A) Fixed assets		
I - Intangible assets		
1) Start-up and expansion costs	558	1,116
2) Industrial patent rights and intellectual property rights	18,477	26,687
3) Goodwill	720,000	1,080,000
4) Other	169,381	219,379
Total intangible assets	908,416	1,327,182
II - Tangible fixed assets		
1) Land and buildings	45,584	51,652
2) Plant and machinery	885,988	966,709
3) Industrial and commercial equipment	242,386	267,319
4) Other assets	97,532	111,805
Total tangible fixed assets	1,271,490	1,397,485
III - Financial fixed assets		
1) equity investments in		
d-bis) other	505	505
Total equity investments	505	505
Total financial fixed assets	505	505
Total fixed assets (CA)	2,180,411	2,725,172
B) Current assets		
I – Inventories		
1) raw materials, ancillary materials and consumables	816,088	927,686
2) work in process and semi-finished products	68,360	29,059
3) finished products and goods	670,417	849,568
Total inventories	1,554,865	1,806,313
II – Receivables		
1) from customers	2,579,532	3,404,958
due within one year	2,579,532	3,404,958
5) from entities under common control	874,024	246,759
due within one year	874,024	246,759
5-bis) tax receivables	556,175	760,849
due within one year	535, 500	698,824
due beyond one year	20,675	62,025
5-ter) deferred tax assets	265,207	184,660
5-quater) due from others	234,955	30,372
due within one year	222,975	18,392
due beyond one year	11,980	11,980
Total receivables	4,509,893	4,627,598

	31st March, 2017	31st March, 2016
IV - Cash and cash equivalents		
1) bank and postal deposits	879,077	962,910
3) cash on hand	863	1,231
Total cash and cash equivalents	879,940	964,141
Total current assets (C)	6,944,698	7,398,052
D) Prepaid expenses and accrued income	**192,858**	**146,624**
Total assets	9,317,967	10,269,848
Liabilities and shareholders' equity		
A) Shareholder's equity	**3,272,001**	**2,745,577**
I - Share capital	100,000	100,000
IV - Legal reserve	20,000	17,913
VI - Other distinctly indicated reserves		
Paid in for future capital increase	1,900,000	1,900,000
Total other reserves	1,900,000	1,900,000
VIII - Retained earnings (accumulated losses)	725,577	338,974
IX - Net income (loss) for the year	526,424	388,690
Total shareholder's equity	3,272,001	2,745,577
B) Provision for risks and charges		
4) other	28,030	44,030
Total provisions for risks and charges	28,030	44,030
C) Employee termination indemnities	**301,062**	**304,048**
D) Payables		
4) due to banks	254,503	1,389,975
due within one year	126,151	1,135,532
due beyond one year	128,352	254,443
7) trade payables	3,027,444	2,507,957
due within one year	3,027,444	2,507,957
11) due to parent companies	1,576,895	1,504,436
due within one year	1,576,895	1,504,436
12) tax payables	104,674	78,358
due within one year	104,674	78,358
13) due to pension and social security institutions	158,768	188,653
due within one year	158,768	188,653
14) other payables	541,974	1,444,788
due within one year	541,974	1,444,788
Total payables	5,664,258	7,114,167
E) Accrued expenses and deferred income	**52,616**	**62,026**
Total liabilities and shareholder's equity	9,317,967	10,269,848

Financial Statements

for the year ended 31st March, 2017

Income statement

	31st March, 2017	31st March, 2016
A) Value of production		
1) revenues from sales of goods and services	16,708,856	16,043,291
2) change in inventories of work in progress, semi-finished and finished products	(139,851)	107,380
5) other income and revenues		
other	70,730	59,816
Total other income and revenues	70,730	59,816
Total value of production	16,639,735	16,210,487
B) Cost of production		
6) raw and ancillary materials, consumables and goods for resale	8,178,775	8,566,017
7) services	2,076,586	2,006,096
8) lease and rental charges	345,933	328,669
9) payroll		
a) wages and salaries	2,881,411	2,674,740
b) social contributions	623,828	678,873
c) termination indemnities	166,509	149,948
d) severance and retirement pension	2,635	-
e) other costs	7,354	21,536
Total payroll costs	3,681,737	3,525,097
10) depreciation, amortisation and write-downs		
a) amortisation of intangible fixed assets	447,106	441,438
b) depreciation of tangible fixed assets	231,803	212,068
c) impairment of fixed assets	-	180,000
d) write-downs of trade receivables	2,613	-
Total depreciation, amortisation and write-downs	681,522	833,506
11) change in inventory of raw and ancillary materials, consumables and goods	111,598	25,626
14) other operating expenses	483,040	158,157
Total cost of production	15,559,191	15,443,168
Difference between production value and cost (A - B)	**1,080,544**	**767,319**
C) Financial income and charges		
16) other financial income		
d) income other than the above		
other	34	25
Total income other than the above	34	25
Total other financial income	34	25
17) interest and other financial charges	-	-
towards parent company	19,673	23,287
other	57,055	94,921
Total interest and other financial charges	76,728	118,208
Total financial income and charges (15+16-17+-17-bis)	(76,694)	(118,183)
Result before taxes (A-B+-C+-D)	**1,003,850**	**649,136**
20) Income taxes for the year, current and deferred		
current taxation	560,305	368,917
taxation relating to prior years	(2,332)	28,000
deferred taxation	(80,547)	(136,471)
Total income taxes for the year, current and deferred	477,426	260,446
21) Net income (loss) for the year	**526,424**	**388,690**

Financial Statements

for the year ended 31st March, 2017

Statement of cash flow (indirect method)

		Amount at 31st March, 2017	Amount at 31st March, 2016
A)	Cash flows from operating activities (indirect method)		
	Net income (loss) for the year	526,424	388,689
	Taxation	477,426	260,446
	Interest expense/(interest income)	76,694	118,183
1)	Income (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	1,080,544	767,318
	Adjustments for non-cash items that had no counterpart in net working capital		
	Provisions	166,509	149,948
	Depreciation and amortisation of fixed assets	678,908	653,505
	Impairment of fixed assets	-	180,000
	Total adjustments for non-cash items that had no counterpart in net working capital	845,417	983,453
2)	Cash flow before changes in net working capital	1,925,961	1,750,771
	Change in net working capital		
	Decrease/(Increase) in inventory	251,449	(62,923)
	Decrease/(Increase) in trade receivables	198,161	687,887
	Increase/(Decrease) in trade payables	591,946	(1,141,337)
	Decrease/(Increase) in prepaid expenses and accrued income	(46,234)	77,422
	Increase/(Decrease) in accrued expenses and deferred income	(9,410)	(85,152)
	Other decreases/(Other Increases) in net working capital	(848,242)	(738,474)
	Total changes in net working capital	137,670	(1,262,577)
3)	Cash flow after changes in net working capital	2,063,631	488,194
	Other adjustments		
	Interest collected/(paid)	(76,694)	(118,183)
	(Income taxes paid)	(616,024)	(619,733)
	(Use of provisions)	(185,495)	(104,010)
	Total other adjustments	(878,213)	(841,926)
	Cash flow from operating activities (A)	**1,185,418**	**(353,732)**
B)	**Cash flows from investing activities**		
	Tangible fixed assets		
	(Investments)	(105,808)	(131,157)
	Disposals	-	-
	Intangible assets	-	-
	(Investments)	(28,339)	(18,480)
	Cash flow from investing activities (B)	**(134,147)**	**(149,637)**
C)	**Cash flows from financing activities**	-	-
	Third-party funds	-	-
	Increase / (Decrease) in current bank loans	(1,011,665)	(169,640)
	(Repayment of loans)	(123,807)	(121,737)
	Cash flow from financing activities (C)	**(1,135,472)**	**(291,377)**
	Increase / (decrease) in cash and cash equivalents (A ± B ± C)	**(84,201)**	**(794,746)**
	Cash and cash equivalents at the beginning of the year		
	Bank and postal deposits	962,910	1,758,118
	Cash on hand	1,231	769
	Total cash and cash equivalents at the beginning of the year	964,141	1,758,887
	Cash and cash equivalents at the end of the year		
	Bank and postal deposits	879,077	962,910
	Cash on hand	863	1,231
	Total cash and cash equivalents at the end of the year	879,940	964,141

Information on the statement of cash flows

The statement of cash flows during the year is presented on a comparative basis in accordance with OIC 10. This statement was prepared using the indirect method, in order to identify the sources and applications of funds deriving from operating, financing and investing activities.

The "Increase/(Decrease) in trade payables" caption includes the change in the negative balance of the treasury management (cash pooling) account managed by Endurance Overseas S.r.l. (this liability decreased by € 134,093 during the year).

Explanatory notes, first part

To the Shareholder, These explanatory notes are an integral part of the financial statements for the year ended 31st March, 2017.

The financial statements submitted for your approval report net income of € 526,424 after taxes of € 477,426 and depreciation and amortisation of € 678,908.

Form and content of the financial statements

The financial statements for the year ended 31 March, 2017 have been prepared in compliance with the Italian Civil Code, as interpreted and supplemented by the accounting standards issued by the OIC (Italian Accounting Board) and, if these are unavailable and to the extent not in conflict with Italian Accounting Standards, by those issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a going concern basis, as there are no significant uncertainties in this regard.

The financial statements comprise the balance sheet, the income statement, the statement of cash flows (prepared in conformity with the respective requirements of arts. 2424 and 2424 bis of the Italian Civil Code (c.c.), arts. 2425 and 2425 bis c.c. and art. 2425 ter c.c.) and these explanatory notes.

The purpose of the explanatory notes is to describe, analyse and, in some cases, supplement the data reported on the face of the financial statements. They contain the information required by arts. 2427 and 2427 bis c.c., other provisions of the civil code and other legislation. In addition, they provide all the complementary information deemed necessary in order to present the most transparent and complete view possible, even if such information is not required by specific legislation.

No significant events have taken place subsequent to the reporting date that would have had an effect on the financial statements for the year ended 31 March, 2017.

Amounts are stated in whole euro, unless specified otherwise.

Preparation of the financial statements

The information contained in this document is presented in the order in which the related components are indicated in the balance sheet and income statement.

With reference to the matter indicated in the introduction to the explanatory notes, we can confirm that, pursuant to paragraph 3 of art. 2423 of the Civil Code, where the information required by legislative provisions is not sufficient to give a true and fair view of the company's situation, supplementary information is provided for this purpose.

No exceptional cases have arisen that have made it necessary to seek exemptions under paragraphs 4 and 5 of art. 2423 and paragraph 2 of art. 2423-bis of the Civil Code.

Accounting policies

The financial statement items are stated in accordance with the prudence concept and on a going concern basis. Pursuant to art. 2423-bis, para. 1, point 1-bis c.c., items are recognised and presented having regard for the substance of the operations or contracts concerned.

In the preparation of the financial statements, income and expenses are recorded on an accruals basis, regardless of the timing of collection and expenditure. Contingencies and losses relating to the year are recognised, even if they become known after the reporting date.

Preparation of the financial statements

The balance sheet, the income statement, the statement of cash flows and the accounting disclosures contained in these explanatory notes agree with the books of account, from which they have been directly prepared.

The items preceded by Arabic numerals in the balance sheet and income statement have not been grouped together, which is optional under art. 2423 ter of the civil code.

The measurement criteria adopted for the various items comply with those specified in art. 2426 c.c. and the relevant accounting standards. These criteria are consistent with those applied for the preparation of the financial statements of the prior year, having regard for the changes in the relevant regulatory framework described below.

Certain reclassifications have been made following the introduction of new accounting standards by the OIC in December 2016. In addition, in order to improve the presentation of business facts and dynamics, as well as standardise the classifications made by the various Group companies, certain data relating to the year ended 31 March, 2016, presented for comparative purposes, has been reclassified with respect to the official information filed for that year, without any effect on the reported results and shareholder's equity.

Pursuant to art. 2424 of the Civil Code, we can confirm that no balance sheet items have been allocated to more than one balance sheet line.

Accounting policies

The accounting policies applied for the preparation of these financial statements, described below, take account of the amendments, additions and new provisions included in the civil code by Decree 139/2015, which transposed Directive 34/2013/EU into Italian law. In particular, the domestic accounting standards were reformulated by the OIC in the latest version issued on 22 December, 2016.

The Appendix to these financial statements shows the effects of applying the above new standards to the balance sheet and shareholder's equity at 1 April, 2016 and to the balance sheet, income statement and statement of cash flows for the year ended 31 March, 2016, presented for comparative purposes.

The accounting policies applied for the measurement of financial statement items and for their adjustment comply with the provisions of the Italian Civil Code and with the indications included in the Italian accounting standards reformulated by the Italian Accounting Board. Pursuant to art. 2427 paragraph 1 no. 1 of the Italian Civil Code, we explain the more significant accounting policies applied in compliance with the provisions of art. 2427 of the Italian Civil Code, particularly for those items for which the legislator permits the use of options for measurement and adjustments or for which no specific accounting policy exists.

Intangible assets

When the established criteria are met, these are recorded at purchase or production cost, inclusive of direct costs and related charges, and amortised systematically each year on a straight-line basis. Intangible assets are recognised with the consent of the Board of Statutory Auditors where prescribed by law.

Their book value is stated net of accumulated amortisation and write-downs.

Amortisation is applied as indicated below, in order to allocate the cost incurred over the useful life of the assets:

Intangible asset item	Amortisation period
Start-up and expansion costs	5 years on a straight-line basis
Industrial patent rights and intellectual property rights	3 years on a straight-line basis
Goodwill	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

In exceptional cases in which the useful lives of development costs cannot be estimated reliably, they are in all cases amortised over a period that does not exceed five years. Until these assets are fully amortised, dividends cannot be distributed unless the remaining available reserves are sufficient to cover the unamortised balance.

Advertising and research costs are expensed in full in the accounting period in which they are incurred.

Leasehold improvements are capitalised and classified as "other intangible assets" if they cannot be separated from the assets concerned (in which case they are recognised in the relevant category of "tangible fixed assets"). They are amortised systematically over the period they are expected to benefit (prudently determined to be 5 years) or, if shorter, over the residual duration of the lease after taking account of any renewal period available at the discretion of the Company.

If permanent impairment is identified regardless of the amortisation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs. This reinstatement does not apply to goodwill or the deferred charges referred to in point 5 of art. 2426 c.c.

Pursuant and consequent to art. 10 of Law 72 of 19 March, 1983 and subsequent laws on the revaluation of assets, we confirm that the intangible assets reported in the financial statements have never been revalued.

Tangible fixed assets

These are recorded at purchase or internal construction cost and stated net of the depreciation charged in the current and prior years. Costs comprise related charges and the direct and indirect expenses that can reasonably be allocated to assets during the construction period and until they become available for use. They also include any borrowing costs incurred to finance the construction work (whether internal or carried out by third parties) until the asset become available for use, without however exceeding its recoverable value. Tangible fixed assets are only revalued if this is required or allowed by special laws. Assets purchased in foreign currencies are recorded at cost using the exchange rate in force on the transaction date, or using the lower rate applying on the reporting date if the reduction is deemed to be permanent.

Tangible fixed assets are depreciated systematically each year on a straight-line basis using the following rates:

Tangible fixed assets	Depreciation rate
Temporary constructions	10.00%
General plant	7.50%
Automatic machines	12.50%
Sundry and minor equipment	12.50%
Motor cars	25.00%
Internal transport and trucks	20.00%
Electronic office machines	20.00%
Ordinary office machines and furniture and furnishings	12,00% - 12,50%
Assets costing less than Euro 516.46	100,00%

When fixed assets enter into service during the year, their depreciation commences on a time-apportioned basis from the month in the year of purchase during which they become available and ready for use.

Depreciation is also charged on fixed assets that are temporarily out of use. Land is not depreciated, as its useful life is not finite.

If applicable, buildings held as a financial investment are not depreciated if their residual value is greater than or equal to their net carrying amount.

If permanent impairment is identified regardless of the depreciation already recorded, the asset is written down accordingly; should the reasons for write-downs cease to apply in subsequent years, the original amounts are reinstated without exceeding the carrying amounts that the assets would have had in the absence of the earlier write-downs.

Routine maintenance and repair costs are charged in full to the income statement. Improvement costs are allocated to the fixed assets concerned and depreciated over their residual useful lives.

Costs incurred to expand, modernise or improve the structural elements of a tangible fixed asset are capitalised if they significantly and measurably increase its productive capacity, safety or useful life. If the costs concerned do not have the above effect, they are treated as routine maintenance and charged to the income statement.

Capital grants are recognised when it becomes reasonably certain that the conditions for their collection will be satisfied and the grants will be paid. They are deducted from cost indirectly, as they are credited to income statement caption A5 “other income and revenues” and then deferred for recognition on an accruals basis via classification as “deferred income”.

Impairment (intangible assets and tangible fixed assets)

At each reporting date, the Company determines if there is any evidence that the value of its tangible and intangible fixed assets might be impaired. If such evidence is found, the Company estimates the recoverable value of each asset concerned and records an impairment write-down if it is lower than the corresponding net carrying amount.

Recoverable value is not determined if there is no evidence of possible impairment.

The recoverable value of tangible and intangible fixed assets is deemed to be their value in use (calculated by discounting their future cash flows) or, if greater, their fair value (being the amount obtainable at the reporting date, based on the best available information, from their sale in an arm’s-length transaction between knowledgeable and willing parties, net of the related selling costs).

With regard to the above, the Company has looked for evidence that the value of its tangible and intangible fixed assets might be impaired, but did not find any and, accordingly, has not determined the recoverable value of the above assets.

Equity investments and securities (classified as financial fixed assets)

The equity investments and debt securities classified as fixed assets will be held by the Company over the long term. Equity investments are measured at cost, as adjusted for any impairment. Debt securities are measured using the amortised cost method.

The cost recorded in the financial statements is determined with reference to purchase or subscription price, inclusive of related expenses. If lasting impairment is identified, the carrying amount of equity investments is reduced to their recoverable value, which is determined with reference to the future benefits that are expected to accrue to the Company. Should the Company be obliged or intend to cover the (non-permanent) losses incurred by an equity investment, a suitable provision is recorded to cover the liability to which the Company is exposed. If in future years the reasons for the write-down cease to apply, the equity investment is written back to its original carrying amount.

The amortised cost of a security is its original carrying amount, net of any redemptions of principal, as increased or decreased by the accumulated amortisation, calculated using the effective interest method, of any difference between its initial and maturity values after deducting any impairment (recognised directly or by a provision) following a loss in value. The original carrying amount is represented by purchase or subscription cost, net of any commissions.

Intercompany loans

Intercompany loans with a duration of more than 12 months are usually governed by contracts arranged on market terms and conditions; interest-free intercompany loans and those arranged at significantly below market rates are recognised initially at the value of the related future cash flows, as discounted using the market rate (being the average funding rate of the Company or the Group). The difference with respect to the liquidity collected by the parent company is credited to shareholder’s equity.

Inventories

Inventories are stated at the lower of purchase and/or production cost, determined using the weighted average cost method, or the realisable value inferred from market prices.

In particular, the specific criteria used to measure the various categories of inventory (unchanged with respect to the prior year) are summarised below:

- Raw materials: annual weighted average cost (including components purchased from third parties and alloys).
- Work in process (semi-finished products): manufacturing cost based on the stage of completion of the production process, being the cost of production.
- Finished products: manufacturing cost
- Dies for resale: purchase cost
- Consumables: purchase cost, inclusive of spare parts.

Purchase cost includes any directly attributable ancillary charges, with the exclusion of borrowing costs. Production cost includes the indirect costs that are reasonably attributable to each asset during the production period until it becomes available for use.

The realisable value of goods, finished products, semi-finished products and work in process inferred from market conditions is deemed to be their net realisable value. Raw and ancillary materials held for the production of finished products are not written down if the finished products in which they will be used are realisable for an amount that is greater than or equal to their production cost.

Inventories are written down when their realisable value estimated with reference to market conditions is lower than their carrying amount. Obsolete and slow-moving inventories are written down with reference to their possible uses or realisable value. If in future years the reasons for any write-down cease to apply, the related inventories are written back to not more than their original cost.

Receivables

Receivables are stated at amortised cost, having regard for the time factor and their estimated realisable value. The amortised cost method is not applied when its effects are insignificant, being when the transaction costs, the commissions paid between the parties and all other difference between initial value and maturity value are immaterial or when the receivables are recoverable in the short term (within 12 months).

Trade receivables due beyond 12 months at the time of initial recognition, without the payment of interest or with interest that differs significantly from market rates, and the related revenues are recognised initially at the value of their future cash flows discounted using the market rate (being that applied by two independent parties when negotiating a loan transaction with similar terms and conditions). The difference between the amount of the receivable recognised initially and its maturity value is recognised as financial income in the income statement over the duration of the receivable, using the effective interest method.

The amount of receivables, as determined above, is adjusted when necessary by a specific allowance for doubtful accounts, which is deducted directly from their gross amount in order to report them at their estimated realisable value. The provision (which takes account of collection losses, returns and invoicing adjustments, discounts and allowances, interest not yet earned and other reasons for reduced recoverability) is charged to the income statement.

Receivables assigned to factors are only derecognised if they are sold without recourse and essentially all the related risks are transferred (the difference between the consideration received on the assignment and the carrying amount of the receivable is recognised in income statement caption C17). If the assignment does not involve derecognition (for example, assignment with recourse), since not all the related risks are transferred, the receivable continues to be reported in the balance sheet and is measured in the manner described above. If advance consideration is received from the assignee, the amount is recognised as a financial payable.

Receivables taking the form of bank receipts that have not been assigned remain classified as receivables until final collection of the amounts concerned.

Receivables deriving from centralised treasury management activities are classified separately within current assets, if recoverable in the short term. If this is not the case, they are classified as financial fixed assets.

Equity investments and securities not held as fixed assets

This caption comprises the equity investments and debt securities that will not be held over the long term by the Company. They are recorded at specific cost or, if lower, at their market value that, for listed investments, is determined with reference to their market price on the reporting date, being 31 March, 2017.

These equity investments are written down to their realisable value case by case, rather than on an overall basis. If the reasons for any adjustments cease to apply, in whole or in part, the adjustments are reversed with exceeding original cost.

Cash and cash equivalents

Cash and cash equivalents at the reporting date are measured at their nominal value. Amounts denominated in foreign currencies are measured using the closing exchange rates.

Prepaid/deferred expenses and accrued/deferred income

Accruals and deferrals comprise costs and revenues relating to the year that will be formally recorded in future years, and costs and revenues recorded by the reporting date that relate to future years. The related amounts are determined on a time-apportioned basis.

Provisions for risks and charges

The provisions for risks and charges cover known or likely losses or liabilities, the timing or extent of which cannot be determined at the reporting date. These provisions, including those for deferred tax liabilities, which are classified in this caption, reflect the best possible estimates based on the information available. Risk that only might give rise to a liability are described in the notes on the provisions, without actually recording a provision. As required by OIC 31, new provisions for risks and charges are, where possible, classified in the relevant income statement classes (B, C or D). Whenever it is not possible to correlate a new provision with a caption in one of the above classes, it is classified in income statement caption B12 or B13.

Employee termination indemnities

Employee termination indemnities represent the total amount that would have been payable to all employees had they terminated their employment on the reporting date. The charge for the year, comprising the new provision and the revaluation of the accumulated provision (based on the change in the relevant ISTAT index), is determined in accordance with current regulations, having regard for the specific employment contracts and the professional categories concerned. Employee termination indemnities are classified in liability caption C, while the provision for the year is classified in income statement caption B9.

The changes made to the regulations governing termination indemnities by Law 296 dated 27 December, 2006 (2007 Finance Law) and subsequent decrees and enabling regulations, amended the accounting for the indemnities earned by 31 December, 2006 and those earned from 1 January, 2007. In particular, following creation of the INPS Treasury Fund to manage the termination indemnities of private sector employees, employers with more than 50 employees are obliged to pay the new provisions relating to them into the Treasury Fund, unless the persons concerned have specifically opted for their indemnities to be paid to a supplementary pension fund. The employee termination indemnities reported in the balance sheet are therefore stated net of the amounts paid to the above INPS Treasury Fund.

Payables

Payables are stated at amortised cost, as defined in art. 2426, para. 2 c.c., having regard for the time factor envisaged in art. 2426, para. 1, point 8 c.c. Payables are however stated at their nominal amount if application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations. This situation arises in the case of payables due within twelve months or, with regard to the amortised cost method, if the transaction costs, commissions and all other differences between the initial value and the maturity value are insignificant or, again, with regard to the discounting method, if the interest rate inherent in the contractual conditions is not significantly different to the market rate of interest.

The amounts due to employees for unused holidays and deferred payroll, including the related social security contributions, are accrued with reference to the amount that would have been payable had their employment ceased on the reporting date.

Finance leases

Finance leases are recognised using the payments method, by charging the instalments paid to the income statement on an accruals basis. A specific section of these explanatory notes contains the supplementary information required by the law on the effect of recognising these contracts using finance lease methodology.

Derivative financial instruments

Derivative financial instruments consist of financial assets and liabilities measured at fair value.

They are only classified as hedging instruments when, at the time of arrangement, there is a strict, documented correlation between the characteristics of the hedged item and those of the hedging instrument, and that hedging relationship is both formally documented and, based on periodic checks, highly effective.

When derivatives hedge the risk of changes in the fair value of the hedged instruments (fair value hedges), they are measured at fair value through profit or loss; for consistency, the carrying amounts of the hedged items are adjusted to reflect the changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the future cash flows generated by the hedged instruments *(cash flow hedges)*, the effective portion of the profit or loss on the derivative is deferred to shareholder's equity. The ineffective portion of the profits and losses associated with a hedge is recognised in the income statement. On completion of the transaction, the accumulated profits and losses, previously deferred to shareholder's equity, are released to the income statement (to adjust the income statement items affected by the hedged cash flows).

When hedge accounting is used, the changes in the related fair value of the hedging derivatives are recognised:

- in income statement captions D18 or D19, in the case of a fair value hedge of a reported asset or liability, together with the changes in the fair value of the hedged items (if the change in the fair value of the hedged item is greater in absolute terms than the change in the fair value of the hedging instrument, the difference is recognised in the income statement caption affected by the hedged item);
- in a specific equity reserve (caption AVII "Reserve for cash flow hedges") in a manner that offset the effects of the hedged flows (the ineffective portion, like the change in the time value of options and forwards, is classified in captions D18 and D19).

The changes in the fair value of financial instruments that are classified as trading derivatives, either because they do not qualify for treatment as hedging derivatives or because they were not designated as hedges, even though they were arranged operationally to hedge the risk of changes in interest rates and/or exchange rates and/or commodity prices, are recorded in the balance sheet and recognised in income statement captions D18 or D19.

Any derivatives embedded in other financial instruments must also be measured at fair value. In particular, embedded instruments are only separated from the primary contract and recognised as derivative financial instruments if, and only if:

a) the economic characteristics and risks of the embedded derivative are not closely correlated with the economic characteristics and risks of the primary contract. Close correlation exists if hybrid contracts are arranged in accordance with market practice;

b) all the elements included in the definition of a derivative financial instrument specified in OIC 32.11 are satisfied.

Revenues

Revenues from the sale of goods are recognised when ownership passes in substance, rather than in formal terms, being when the related risks and benefits are transferred (which in practice coincides with the time of delivery or shipment of the goods).

Revenues from the sale of products and goods or the provision of services relating to core operations (including income from the sale of production machinery and equipment, if envisaged under contractual agreements with customers) are recognised net of returns, discounts, allowances and rebates, as well as the taxes directly associated with the sale of products and the provision of services.

Revenues from services are recognised upon completion and/or when earned.

Transactions with related parties take place on normal market terms and conditions (on arm's length basis).

Costs

Costs stated net of returns, discounts, allowances and rebates are recognised on an accruals basis in accordance with the matching principle, regardless of the date of collection or payment. Compliance with the matching principle requires an estimate to be made of the invoices to be received.

Dividends

Dividends are recognised in the year in which they are declared by the shareholders' meeting. Dividends are recognised as financial income, regardless of the nature of the reserves that are distributed.

Financial income and charges

Financial income and charges are recognised on an accruals basis. Costs relating to the disposal of receivables for whatever reason are charged to the income statement on an accruals basis.

Taxation

Income taxes are recognised with reference to an estimate of taxable income in compliance with current regulations, having regard for any applicable exemptions and tax credits.

Deferred tax assets and liabilities are calculated on the temporary differences between the reported carrying amount of assets and liabilities and their corresponding values for tax purposes. Their measurement takes account of the tax rates expected to be in force in the year in which such differences contribute to the formation of taxable income, being the rates in force or already communicated at the reporting date (24% for IRES and 3.9% for IRAP). They are classified respectively among the current assets as “deferred tax assets” and among the provisions for risks and charges as “deferred tax liabilities”.

In accordance with the concept of prudence, deferred tax assets are recognised on all deductible temporary differences if it is reasonably certain that taxable income in the years in which they reverse will not be less than the amount of the differences to be absorbed.

By contrast, deferred tax liabilities are recognised on all taxable temporary differences.

Deferred tax liabilities are not recognised in relation to reserves subject to the deferral of taxation if they are unlikely to be distributed to the shareholder.

Commencing from 2015 and for a period of three financial years (until the year ended 31 March, 2017 inclusive), the Company is a member of the domestic tax group (“Consolidato fiscale nazionale”) organised by the Endurance Group pursuant to arts. 117/129 of the Consolidated Tax Law *(T.U.I.R.)*.

Endurance Overseas S.r.l. is the parent of this tax group and calculates just one taxable income for all member companies, with the benefit that taxable income can be offset against tax losses in a single tax declaration.

All members of the tax group transfer their taxable income (or loss) to the group parent, which records an amount receivable from them for the IRES to be paid (the consolidated companies record an amount payable to the tax group parent). Conversely, the group parent records an amount payable to the companies that transfer tax losses, representing the IRES actually offset at group level (the consolidated companies record an amount receivable from the tax group parent).

Translation of foreign currency items

Non-monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the exchange rates applying at the time of their acquisition, being their initial recognition cost.

Monetary assets and liabilities originally denominated in foreign currencies are recognised in the balance sheet using the spot exchange rates applying on the reporting date; the related exchange gains and losses are recognised in the income statement and any net unrealised gains are allocated to a non-distributable reserve until they have been realised.

Other information

Exceptions pursuant to para. 4 of art. 2423 c.c.

No exceptional cases have arisen that would have required exceptions to the laws governing the financial statements, as would be allowed under certain circumstances pursuant to para. 4 of art. 2423 c.c.

Repurchase agreements

Pursuant to art. 2427 point 6-ter, the Company confirms that no repurchase agreements were arranged during the year.

Explanatory notes, assets

The assets recorded in the balance sheet are measured in accordance with art. 2426 c.c. and Italian accounting standards. The specific measurement criteria applied are indicated in the individual notes on each item.

Fixed assets

Intangible assets

Movements in intangible assets

Intangible assets are analysed below, together with the related accumulated amortisation and information about the changes that took place during the year:

	Start-up and expansion costs	Industrial patent rights and intellectual property rights	Goodwill	Other intangible assets	Total intangible assets
Balance at the beginning of the year					
Cost	2,788	41,053	1,800,000	362,897	2,206,738
Amortisation (Accumulated amortisation)	1,672	14,366	540,000	143,518	699,556
Write-downs	-	-	180,000	-	180,000
Carrying amount	1,116	26,687	1,080,000	219,379	1,327,182
Changes during the year					
Additions	-	-	-	28,340	28,340
Amortisation for the year	558	8,210	360,000	78,338	447,106
Total changes	(558)	(8,210)	(360,000)	(49,998)	(418,766)
Carrying amount at the end of the year					
Cost	2,788	41,053	1,800,000	391,237	2,235,078
Amortisation (Accumulated amortisation)	2,230	22,576	900,000	221,856	1,146,662
Write-downs	-	-	180,000	-	180,000
Carrying amount	558	18,477	720,000	169,381	908,416

"Intangible assets" caption totally amounts to € 908,416 at 31 March, 2017 (€ 1,327,182 at 31 March, 2016), after charging depreciation of € 447,106 to the income statement.

Additions in the year totally amounting to € 28.340 relate in particular to leasehold improvements, mainly in connection with the Company's leased head office premises.

In particular, consistent with the manner in which the production inputs are used and taking account of an acceleration in the life cycle of the technologies applied, the useful life of goodwill has been revised during the previous year, from 10 years to 5 years. As a result, the Company has adjusted the net carrying amount of goodwill, through the recognition, as an opposite entry to asset write-downs, of a provision totalling Euro 180,000. These changes have not affected the tax deductibility of the amounts concerned, which remains unchanged (over 18 years, in accordance with the Consolidated Income Tax Law - TUIR).

No evidence was found during the year to indicate the possible impairment of intangible assets and, accordingly, no write-downs have been recorded pursuant to art. 2426, para. 1, point 3, of the Italian Civil Code and the requirements of OIC 9. Note that the adjustment to Goodwill does not relate to the impairment thereof, but to a change in the asset's useful life resulting from a revision made to the expected timing of the Company's business development, as previously indicated.

Tangible fixed assets

Movements in tangible fixed assets

The following table shows the movements in tangible assets during the year:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Balance at the beginning of the year					
Cost	60,679	1,219,876	328,868	149,454	1,758,877
Depreciation (Accumulated depreciation)	9,027	253,167	61,549	67,649	391,392
Carrying amount	51,652	966,709	267,319	81,805	1,367,485
Changes during the year					
Additions	-	72,075	17,254	16,479	105,808
Depreciation for the year	6,068	152,796	42,187	30,752	231,803
Total changes	(6,068)	(80,721)	(24,933)	(14,273)	(125,995)
Carrying amount at the end of the year					
Cost	60,679	1,291,952	346,122	165,931	1,864,684
Depreciation (Accumulated depreciation)	15,095	405,964	103,736	68,399	593,194
Carrying amount	45,584	885,988	242,386	97,532	1,271,490

The movements in the year include a purchase of plant and machinery (especially a modular water cooler and a plasticization cilinder) amounting to Euro 72,075. Further additions mainly refer to industrial and commercial equipment (especially control desks).

No write-downs have been recorded pursuant to para. 1.3 of art. 2426 of the Italian Civil Code and the requirements of OIC 9, as no evidence has been found of possible impairment in the value of tangible fixed assets.

Finance leases

Finance leases are recognised in accordance with the Italian tax regulations: This involves charging the lease instalments for the period to the income statement. The adoption of finance lease methodology, as required by the international accounting standards, would have involved expensing the interest accrued on the loan principal and the depreciation of the leased assets, as well as capitalising those assets and recognising the residual loan principal as a payable.

Had the Company adopted the above finance lease methodology, the accounting effects would have been as follows:

	Effects on the Balance Sheet - Assets		
a)	**Outstanding contracts**		
a.1)	Assets under finance leases at the end of the previous year		272,137
	- of which the gross amount	295,000	-
	- of which accumulated depreciation	(22,863)	-
a.2)	Assets purchased under finance leases during the year	-	-
a.3)	Assets under finance leases redeemed during the previous year	-	-
a.4)	Depreciation charge for the year	-	(45.725)
a.5)	Write-downs/writebacks on assets under finance leases	-	-
a.6)	Assets under finance leases at the end of the year	-	226.412
	- of which the gross amount	295.000	-

	- of which accumulated depreciation	(68.588)	-
a.7)	Prepaid instalment interest at the end of the year	-	-
a.8)	Curtailment of prepaid expenses under the balance sheet method	-	(18.039)
b)	**Redeemed assets**	-	-
b.1)	Higher/lower total value of redeemed assets (compared with the net carrying amount at the end of the year)	-	-
	Effects on the Balance Sheet - Liabilities		
c)	**Implicit payables**		
c.1)	Implicit payables for finance leases at the end of the previous year	-	248.385
	- of which due within one year	51.932	-
	- of which due beyond one and within 5 years	196.453	-
	- of which due beyond 5 years	-	-
c.2)	Implicit payables that arose during the year	-	-
c.3)	Repayment of principal and redemptions during the year	-	51.932
c.4)	Implicit liabilities for finance leases at the end of the year	-	196.453
	- of which due within one year	52.822	-
	- of which due beyond one and within 5 years	143.631	-
	- of which due beyond 5 years	-	-
c.5)	Accrued instalment interest at the end of the year	-	-
c.6)	Change in trade payables	-	-
d)	**Total gross effect at the end of the year [a.6+(a.7-a.8)+b.1-c.4+(c.5-c.6)]**	-	-
e)	Tax effect	-	(3.336)
f)	**Effect on Shareholder's Equity at the end of the year (d-e)**	-	8.584
	Effects on the Income Statement	-	-
g)	**Effect on income before taxes (lower/higher costs) (g.1-g.2-g.3+g.4+g.5)**	-	-
g.1)	Reversal of instalments on finance lease transactions		60.230
g.2)	Recognition of financial charges on finance lease transactions		(3.361)
g.3)	Recognition of depreciation charges on outstanding contracts		(45.725)
g.4)	Recognition of depreciation charges on redeemed assets		-
g.5)	Recognition of adjustments/write-backs on leased assets		-
h)	Recognition of the tax effect		(3.092)
	Net effect on the result for the year (g-h)		8.052

The value of future lease instalments under outstanding lease contracts totals € 202,731 at 31 March, 2017.

Financial fixed assets

All the equity investments recorded in the financial statements are stated at cost, where cost is understood as the expense incurred for the purchase, regardless of the manner of payment, including any ancillary charges (commissions and bank charges, stamp duty, bank intermediary fees, etc.).

Equity investments amount to Euro 505, which amount has remained unchanged since 31/3/2016, and relates to an investment in CET S.c.r.l., a consortium that supplies electricity and natural gas (acquired together with the Grana line of business).

Current assets

Current assets are measured in the manner described in paragraphs 8 to 11-bis of art. 2426 of the Civil Code. The accounting policies applied are explained in the notes on the respective financial statement items.

Inventories

Inventories amount to € 1,554,865 at 31 March, 2017 (€ 1,806,313 at 31 March, 2016) and are stated net of an allowance for obsolete and slow-moving items totalling € 111,494 which was increased by € 71,398 during the year.

Inventories are analysed by type in the following table:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Raw materials, ancillary materials and consumables	927,686	(111,598)	816,088
Work in process and semi-finished products	29,059	39,301	68,360
Finished products and goods	849,568	(179,151)	670,417
Total	**1,806,313**	**(251,448)**	**1,554,865**

The caption "Inventories" at 31 March, 2017 includes goods towards third parties totally amounting to € 66,571 (€ 66,433 at 31 March, 2016).

Current receivables

The caption total € 4,509,893 at 31 March, 2017 and are essentially unchanged since 31 March, 2016 (€ 4,627,598). These receivables are stated at their estimated realisable value as application of the amortisation cost and/or discounting methods would not be significant for the purpose of providing a true and fair view of the financial position and results of operations.

Changes and maturities of current receivables

The following table shows the information related to changes in current receivables and, if material, their due date.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Trade receivables	3,404,958	(825,426)	2,579,532	2,579,532	-
Receivables due from entities under common control	246,759	627,265	874,024	874,024	-
Tax receivables	760,849	(204,674)	556,175	535,500	20,675
Deferred tax assets	184,660	80,547	265,207	-	265,207
Other receivables	30,372	204,583	234,955	222,975	11,980
Total	**4,627,598**	**(117,705)**	**4,509,893**	**4,212,031**	**297,862**

Trade receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts of € 2,613.

The amount receivable from entities under common control (€ 1,750,507 at 31 March, 2017) relates to the trade receivables due from Endurance Fondalmec S.p.A.

Tax receivables (€ 556,175 at 31 March, 2017) comprise VAT recoverable totalling € 514,825 and a tax credit of € 41,350 relating to the new investment in tangible fixed assets made pursuant to art. 18 of Decree 91 dated 24 June 2014, as enacted by Law 116 dated 11 August 2014.

Deferred tax assets (€ 265,207 at 31 March, 2017) derive from the deductible temporary differences between, in particular, the reported and tax value of goodwil, as well as from those relating to provisions subject to deferred deductibility.

Breakdown of current receivables by geographical area

It has not been deemed meaningful to provide a breakdown of receivables by geographical area, on account of the nature of the customers, which are multinationals operating in the automotive industry with legal entities and plants located in various countries. As regards the geographical distribution of the Company's business, please refer to what is stated in relation to sales revenues.

Cash and cash equivalents

Cash and cash equivalents, at nominal value, at 31 March, 2017 are analysed below:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Bank and postal deposits	962,910	(83,833)	879,077
Cash on hand	1,231	(368)	863
Total	**964,141**	**(84,201)**	**879,940**

This item principally comprises the balance on bank current accounts at 31 March, 2017.

See the statement of cash flows for further analysis of the changes during the year.

Prepaid expenses and accrued income

Prepaid expenses at 31 March, 2017 are analysed in the following table together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Prepaid expenses	146,624	46,234	192,858
Total prepaid expenses and accrued income	**146,624**	**46,234**	**192,858**

This caption principally comprises insurance charges (€ 45,579), INAIL charges anticipately due (€ 37,988) and the future element of lease instalments previously described (€ 18,039).

Capitalised financial charges

All interest and other financial charges have been expensed during the year. In compliance with paragraph 1.8 of art. 2427 of the Italian Civil Code, we can confirm that no financial charges have been capitalised.

Explanatory notes, liabilities and shareholder's equity

Shareholders' equity and all liabilities are recorded in the balance sheet in compliance with Italian accounting standards; the specific measurement criteria applied are indicated in the individual notes on each item.

Shareholder's equity
The components are stated at their carrying amount in accordance with accounting standard OIC 28.

Changes in shareholder's equity items

With reference to the year just ended, the table below sets out changes in the components of shareholder's equity, as well as details of other reserves, if any.

The changes in shareholder's equity during the prior year are analysed below

	Balance at the beginning of the year	Allocation of the prior year result- Distribution of dividends	Result for the year	Carrying amount at the end of the year
Share capital	100,000	-	-	100,000
Legal reserve	-	17,913	-	17,913
Paid in for future capital increase	1,900,000	-	-	1,900,000
Retained earnings (accumulated losses)	(1,376)	340,350	-	338,974
Net income (loss) for the year	358,263	(358,263)	388,690	388,690
Total	**2,356,887**	**-**	**388,690**	**2,745,577**

The changes in shareholder's equity during the year ended 31 March 2017 are analysed in the following table:

	Balance at the beginning of the year	Allocation of the prior year result- Other allocations	Result for the year	Carrying amount at the end of the year
Share capital	100,000	-	-	100,000
Legal reserve	17,913	2,087	-	20,000
Paid in for future capital increase	1,900,000	-	-	1,900,000
Retained earnings (accumulated losses)	338,974	386,603	-	725,577
Net income (loss) for the year	388,690	(388,690)	526,424	526,424
Total	**2,745,577**	**-**	**526,424**	**3,272,001**

Availability and use of shareholder's equity

The following table provides details of the components of shareholder's equity, including their origin, their potential utilisation and whether they are distributable, as well as the utilisation thereof in the prior three years.

Description	Amount	Origin/ Nature	Potential utilisation	Amount available	Amount used to cover losses in the past three years
Share capital	100,000	Share capital		-	
Legal reserve	20,000	Revenue	B	-	
Paid in for future capital increase	1,900,000	Share capital	A;B	-	
Retained earnings (accumulated losses)	725,577	Revenue	A;B;C	725,577	1,376
Total	**2,745,577**			**725,577**	**1,376**
Amount not distributable				265,765	
Residual amount distributable				459,812	
Key: A: for increase in capital; B: to cover losses; C: for distribution to the shareholders; D: for other statutory requirements; E: other					

The amount not distributable, determined in accordance with art. 2426 c.c., covers start-up and expansion costs totalling € 558 and deferred tax assets of € 265,207, which are also deemed to represent unrealised assets

Provisions for risks and charges
The following table analyses the changes in provisions (€ 28,030 at 31 March, 2017):

	Balance at the beginning of the year	Changes during the year – Utilisation	Changes during the year - Total	Carrying amount at the end of the year
Other provisions	44.030	16.000	(16.000)	28.030

The "other provisions" include the residual balance of accruals for several potential liabilities (commercial, tax, environmental, labor law, etc.) recognized in the previous years.

Employee termination indemnities
This account (€301,062 at 31 March, 2017) is summarised below together with the changes during the year:

	Balance at the beginning of the year	Changes during the year - Provision	Changes during the year - Utilisation	Changes during the year - Total	Carrying amount at the end of the year
PROVISION FOR TERMINATION INDEMNITIES	304,048	5,183	8,169	(2,986)	301,062

The provision shown in the table relates entirely to revaluation of the employee termination indemnities still held by the Company. The majority of the charge to the income statement (item B9 c)) relates to current termination indemnities earned and allocated to the INPS treasury fund, Previndai, Fondo Cometa and the supplementary pension funds chosen, where applicable, by the employees concerned.

Payables
Payables total € 5,664,258 at 31 March, 2017 (€ 7,114,167 at 31 March, 2016).

Pursuant to art. 12, para. 2 of Decree 139/2015, the Company has elected to measure payables using the amortised cost method. This election was made on a prospective basis and, therefore, only applies to the payables that have arisen subsequent to 1 April 2016.

Changes and maturities of payables
The following table shows the changes in payables and any information on their maturities.

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year	Within one year	Beyond one year
Due to banks	1,389,975	(1,135,472)	254,503	126,151	128,352
Trade payables	2,507,957	519,487	3,027,444	3,027,444	-
Payables due to parent companies	1,504,436	72,459	1,576,895	1,576,895	-
Tax payables	78,358	26,316	104,674	104,674	-
Due to pension and social security institutions	188,653	(29,885)	158,768	158,768	-
Other payables	1,444,788	(902,814)	541,974	541,974	-
Total	**7,114,167**	**(1,449,909)**	**5,664,258**	**5,535,906**	**128,352**

Amounts due to banks include the amount arising from factoring (€ 60) and the residual balance (totally € 254,443, of which € 128.352 is due beyond 12 months) of the 4 year loan taken out in in January 2015 with Banca Regionale Europea of an original amount of Euro 500,000 (backed by a letter of comfort granted by the parent company Endurance Overseas S.r.l.).

The caption “Payables due to parent companies” includes:

- € 1,256,476, relating to the balance payable under the Group’s cash management system (cash pooling);
- € 176,321, relating to the net IRES tax payable arising from domestic tax group arrangements;
- € 144,098, relating to trade payables in connection with administrative and financial services and support provided by the parent company to the Group companies (under specific service agreements), which have been entered into on an arm’s length basis.

Other payables mainly include amounts due to employees for remuneration payable, as well as accrued deferred remuneration (Euro 175,639) and other liabilities.

Breakdown of payables by geographical area
It is not meaningful to analyse payables by geographical area, as most of them are due to domestic suppliers and counterparties.

Debt secured by collateral on company assets
Pursuant to paragraph 1.6 of art. 2427 of the Italian Civil Code, we can confirm that there is no debt secured on the assets of the Company. In this regard however, the loan arranged in the previous year with Intesa Sanpaolo is guaranteed by a mortgage on certain industrial buildings, owned by Endurance Overseas S.r.l., that are leased to the Company.

Loans from shareholders

The company has not received any loans from its shareholder.

Accrued expenses and deferred income
This caption is analysed below together with the changes during the year:

	Balance at the beginning of the year	Changes during the year	Carrying amount at the end of the year
Deferred income	62,026	(9,410)	52,616
Total accrued expenses and deferred income	**62,026**	**(9,410)**	**52,616**

Deferred income mainly includes for € 52,483 grants and other income relating to future years. In particular, grants relate to the assistance ("Tremonti quater") envisaged in the so-called Competitiveness Decree (art. 18, Decree 91/2014) for capital investment in 2014-2015 in excess of the average for the previous 5 years.

Explanatory notes, income statement

The income statement reports the results for the year.

This statement presents the results of operations by summarising the positive and negative components of income that contributed to them. These positive and negative components of income, recognised pursuant to art. 2425-bis c.c., are analysed into the following categories: core business, ancillary and financial activities.

Core business activities include the components of income that were generated from continuing operations in the principal sector, and which identify and distinguish the economic activities carried out by the Company in the pursuit of its corporate objectives.

Financial activities comprise those operations that generate financial income and expense.

Ancillary activities comprise those residual operations that generate income in the ordinary course of business that cannot be classified as financial or core business activities.

Value of production

The value of production during 2016/2017 is analysed below on a comparative basis:

Description	FY 2016/2017	FY 2015/2016	Change
Revenues from sales of goods and services	16,708,856	16,043,291	665,565
Changes in inventories of work in progress, semi-finished and finished products	(139,851)	107,380	(247,231)
Other revenues	70,730	59,816	10,915
Total	**16,639,735**	**16,210,487**	**429,248**

Revenues from sales were 4% higher than in the prior year, confirming the growth in the volume of business in line with the positive market trends. This performance benefited in particular from the growth of domestic market by about 6% compared with the prior year.

Analysis of revenues from sales and services by geographical area

The following table provides a breakdown of revenue from sales of goods and services by geographical area:

Countries	FY 2016/2017
ITALY	15.264.708
OTHER EUROPEAN COUNTRIES	1.402.391
OTHER NON-EU COUNTRIES	41.757
TOTAL	**16.708.856**

Cost of production

The following table provides a breakdown of production cost with comparative figures from the previous year:

Description	FY 2016/2017	FY 2015/2016	Change
Cost of raw and ancillary materials, consumables and goods for resale	8,178,775	8,566,017	(387,242)
Cost of services	2,076,586	2,006,096	70,490
Lease and rental charges	345,933	328,669	17,264
Payroll costs			
Wages and salaries	2,881,411	2,674,740	206,671
Social contributions	623,828	678,873	(55,045)
Employee termination indemnity	166,509	149,948	16,561
Severance and retirement pension	2,635	-	2,635
Other costs	7,354	21,536	(14,182)
Amortisation of intangible assets	447,106	441,438	5,668
Depreciation of tangible fixed assets	231,803	212,068	19,735
Other write-downs of fixed assets	-	180,000	(180,000)
Write-down of receivables included in current assets	2,613	-	2,613
Changes in inventory of raw and ancillary materials and consumables	111,598	25,626	85,972
Other accruals	-	-	-
Other operating expenses	483,040	158,157	324,883
Total	**15,559,191**	**15,443,168**	**116,023**

Cost of raw and ancillary materials, consumables and goods for resale and Cost of services

The decrease recorded in the year of Euro 387,242, despite of the rising trend in revenues as shown in the previous section, is symptomatic of a higher profitability due to the process-efficiency solutions adopted by the Company during the year.

Payroll costs

This item (which has gone up by 4% approximately, compared with the previous year) comprises the entire cost of employees, inclusive of merit increases, changes in labour category, holiday pay and accruals required by law and by collective labour agreements. This item also includes the cost of temporary workers, except for the cost of interim employment agencies that has been charged to the income statement line B7.

Financial income and charges

Financial income and charges are recorded on an accruals basis.

Composition of income from equity investments

There has been no income from equity investments as indicated by paragraph 15 of Art. 2425 of the Civil Code.

Breakdown of interest and other financial charges by type of payable

The following table provides details of interest and other financial charges as required by paragraph 17 of Art. 2425 of the Italian Civil Code, with specific details of costs relating to bonds, to amounts due to banks and to other charges:

	Debiti verso banche	Totale
Interest and other financial charges	76,728	76,728

Amount and nature of revenues/costs of individual significance
Pursuant to art. 2427, para. 1, point 13, of the Italian Civil Code is it confirmed that no revenues/costs of individual significance were recognised during the year.

Income taxes for the year, current and deferred
Current taxes, deferred tax assets and liabilities

The company has accrued for taxation for the year based on the application of tax legislation in force. The tax charge for the year consists of current taxation, as resulting from the tax returns, of deferred taxation relating to positive or negative components of income, taxable or deductible, respectively, in fiscal years that differ from the year in which the item is accounted for statutory reporting purposes.

The composition of taxation for the year split between current taxation and the deferred tax asset item is provided in the following table:

	Year 2016/2017	Year 2015/2016
Income taxes	477,426	260,446
Deferred taxation	(80,547)	(136,471)
Taxation relating to prior years	(2,332)	28,000
IRES for the year (current)	463,629	286,505
IRAP for the year (current)	96,676	82,412

The deferred tax asset relates to the non deductible portion in the year of:

- Difference between the book and tax depreciation rate for specific equipment;
- Inventory allowance and mobility fund;
- Membership fees not paid in the tax year.

The principal temporary differences giving rise to the recognition of deferred taxation are presented in the following table together with their related effects. These were determined using the tax rates expected to be applicable in the years in which the temporary differences reverse (24% for IRES and 3.9% for IRAP).

Recognition of deferred tax assets and liabilities and their impact

	IRES	IRAP
A) Temporary differences		
Total deductible temporary differences	18,825	16,000
Total taxable temporary differences	334,461	259,920
Net temporary differences	315,636	243,920
B) Tax effects		
Provision for deferred tax liability (assets) at the beginning of the year	(160,739)	(23,921)
Deferred tax liability (assets) of the year	(72,964)	(9,513)
Provision for deferred tax liability (assets) at the end of the year	(233,703)	(33,434)

Explanatory notes, other information

The additional disclosures required by the Italian Civil Code are presented below.

Employment data
The average number of employees is analysed by category below.

	Managers	Middle managers/ White collar	Blue collar	Total employees
Year 2016/2017	2	14	56	72
Year 2015/2016	2	13	50	65

The workforce at 31 March, 2017 comprises 69 people.

Remuneration of the Directors and the Board of Statutory Auditors
No fees were paid to directors in the financial year 2016/2017.

Fees of the legal auditor or auditing firm
As required by art. 2427 c.c., the following table analyses the total fees earned by the legal auditor (or firm of legal auditors) for the legal audit of the annual financial statements, the total fees earned for other auditing services, the total fees earned for tax advisory services and the total fees earned for other non-audit services.

	Legal audit of the annual financial statements	Other audit services	Tax advisory services	Other non-audit services	Total fees earned by the legal auditor or auditing firm
Amount	4,500	1,000	-	-	5,500

Deloitte & Touche S.p.A. has been engaged to perform the independent statutory audit.

Securities issued by the company
The Company has not issued any securities that fall under the provisions of art. 2427, para. 18 of the Civil Code.

Details on other financial instruments issued by the Company
The Company has not issued any other financial instruments pursuant to art. 2346, para. 6, of the Italian Civil Code.

Commitments, guarantees and contingent liabilities not reported in the balance sheet
There are no commitments, guarantees or contingent liabilities that have not been reported in the balance sheet.

Information about capital and loans allocated to a specific business project
Allocation of capital to a specific business project

We can confirm that, at the balance sheet date, there has been no allocation of capital to a specific business project as per no. 20 of art. 2427 of the Italian Civil Code.

Loans for a specific business project

We can confirm that, at the balance sheet date, there are no loans provided for a specific business project as per no. 21 of art. 2427 of the Italian Civil Code.

Information about off-balance sheet agreements

No off-balance sheet agreements were entered into during the year.

Information about significant events arising subsequent to the reporting date

Pursuant to point 22-quater of art. 2427 c.c., it is confirmed that no events with a significant effect on the economic and financial position have occurred subsequent to the reporting date.

Companies that prepare consolidated financial statements for the larger/smaller group of companies to which the Company belongs as a subsidiary

The following information is provided about the companies that prepare consolidated financial statements for the larger/ smaller group of companies to which the Company belongs as a subsidiary:

	Larger group	Smaller group
Company name	Endurance Technologies Limited	Endurance Overseas S.r.l.
Town (if in Italy) or foreign State	Aurangabad (India)	Lombardore (Turin)
Tax code (Italian companies)	-	05754620960
Place where the consolidated financial statements are filed	Registered office: Aurangabad (India) India Stock Exchange: NSE and BSE (**)	Registered office: Lombardore (Turin) Turin Chamber of commerce

(*) Endurance Technologies Limited, the parent company, is listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE).

Information about derivative financial instruments pursuant to art. 2427-bis c.c.

Pursuant to art. 2427-bis of the Italian Civil Code and in order to present a true and fair view of the Company's. It is hereby confirmed that it is not party to any financial derivatives.

Summary financial statements of the company which exercises management and coordination activities

The Company is subject to management and coordination by its indirect parent company, Endurance Technologies Limited, with registered offices at K-228, MIDC Industrial Area, Waluj, Aurangabad 431 136, Maharashtra, India, which wholly owns the Company via Endurance Overseas S.r.l.

The following amounts taken from the latest approved financial statements of Endurance Technologies Limited (*) are stated in millions of Indian Rupees. For the sake of clarity, the Rupee/Euro exchange rate at 31 March, 2016 (source www. rbi.org.in) was 75.0955 (67.5104 at 31 March, 2015):

Balance sheet (*)	31 Mar, 2016	31 Mar, 2015
Assets		
Fixed assets, net	9,702.83	9,138.28
Investments and other non-current assets	4,019.24	4,136.16
Current assets	6,195.23	5,474.56
Total assets	**19,917.30**	**18,749.00**
Liabilities and shareholders' equity		
Shareholders' equity	13,424.61	11,553.05
Loans	2,365.63	3,387.46
Payables	3,735.54	3,342.28
Accrued expenses and deferred income and provisions	391.52	466.21
Total liabilities and shareholders' equity	**19,917.30**	**18,749.00**

Income Statement (*)	31 Mar, 2016	31 Mar, 2015
Value of production	36,966.53	35,409.08
Cost of production and interest	34,182.31	32,959.25
Result before extraordinary items	**2,784.22**	**2,449.83**
Extraordinary items	-	-
Income before tax	**2,784.22**	**2,449.83**
Taxation for the year (current and deferred)	704.05	653.63
Income (loss) for the year	**2,080.17**	**1,796.20**

(*) Amounts reported in the table above are consistent with the financial statements as of 31st March, 2016 of the company which exercises management and coordination activities in accordance with the Indian Gaap principles in force when such figures were arranged, replaced as of today by the Ind-AS principles. As a consequence the information as of 31st March, 2016 included in this section are not aligned to those which will be reported as comparison year in the financial statements as of 31st March, 2017.

Relations with related parties

With regard to the provisions of paragraph 3.2 of art. 2428 of the Italian Civil Code, we can confirm that the Company does not have any controlling equity investments and, accordingly, has not entered into any transactions with subsidiaries.

As required by OIC 12.130 and art. 2427, para. 1, point 22-bis c.c., it is confirmed that relations with related parties comprise transactions with the parent company and its subsidiaries (together referred to as "affiliates"), as summarised below:

Receivables from affiliates classified as current assets

Description	31st March, 2017	31st March, 2016	Change
from entities under common control	874,024	246,759	627,265
Total	874,024	246,759	627,265

The amount receivables from entities under common control (€ 874,024 at 31 March 2017) relate to the trade receivables due from Endurance Fondalmec S.p.A.

Payables due to trading activities and loans from affiliates

Description	31st March, 2017	31st March, 2016	Change
to parent companies	1,576,895	1,504,443	72,452
Total	1,576,895	1,504,443	72,452

"Payables due to parent companies", as previously described, include:

- € 1,256,476, relating to the balance payable under the Group's cash management system (cash pooling);
- € 176,321, relating to the net IRES tax payable arising from domestic tax group arrangements;
- € 144,098, relating to trade payables in connection with administrative and financial services and support provided by the parent company to the Group companies (under specific service agreements), which have been entered into on an arm's length basis.

Proposed allocation of profits or coverage of losses
To the Shareholder, Given all of the above, the Board of Directors recommends allocating the net income for the year as follows:

- € 526,424 to retained earnings (accumulated losses)

Explanatory notes, closing section

Dear shareholders, we confirm that these financial statements, which comprise the balance sheet, income statement, statement of cash flow and explanatory notes, give a true and fair view of the financial position and results for the year and agree with the books of account. We thus invite you to approve the draft financial statements for the year ended 31 March 2017, together with the proposed allocation of net income, as submitted by the Board of Directors.

Torino, 08/05/2017

For the Board of Directors

Chief Executive Officer

Signed by Samuele Gabutto

Appendix - Effects of applying the new Italian accounting standards

The effects of applying the new Italian accounting standards to the asset and liability balances at 1 April, 2015 have been recognised in the reserve for "Retained earnings (accumulated losses)", classified within shareholder's equity, net of the related tax effects that have been classified, as applicable, among the deferred tax assets and the deferred tax liabilities.

As required by the new OIC 29 and solely for comparative purposes, the Company has restated the balance sheet and income statement for the year ended 31 March 2016, in accordance with the new Italian accounting standards.

In order to present the effects on the financial statements of the transition to the new Italian accounting standards, the Company has prepared:

- a reconciliation of the shareholder's equity at 31 March, 2015 prepared under the previous accounting standards with that prepared in accordance with the new Italian accounting standards at 1 April, 2015;
- solely for comparative purposes, a reconciliation of the results reported in the financial statements prepared under the previous accounting standards (for the year ended 31 March, 2016) with those deriving from application of the new Italian accounting standards to the financial statements for that year;
- reconciliation schedules and explanatory notes;
- solely for comparative purposes, the balance sheet and the income statement for the year ended 31 March 2016.

Instructions for first-time adoption

In general, the new Italian accounting standards allow the effects of changes in accounting standards to be recognised prospectively. Accordingly, items relating to ongoing transactions whose effects have not yet been fully reflected in the financial statements continue to be recorded in accordance with the previous standards, unless specified differently in the instructions for the first-time adoption of the new Italian accounting standards.

Optional instructions for first-time adoption used by the Company

The Company made the following elections on the first-time adoption of the new Italian accounting standards:

- OIC 15 and OIC 19: the Company elected not to measure at amortised cost or to discount the receivables and payables reported in the balance sheet at 31 March, 2016. The provisions of OIC 15 and OIC 19 have therefore only been applied to transactions that were carried out from 1 April 2016 onwards.

Reconciliations of data prepared under the previous accounting standards with that prepared under the new Italian accounting standards

Reconciliation of shareholder's equity at 31 March, 2015 determined under the previous accounting standards with that at 1 April 2015 determined under the new Italian accounting standards and the profit/loss reported for FY 2015/2016 (ended on 31 March 2016)

	2015/2016 data --- restated under the new accounting standards					
(amounts in thousands of euro)	Shareholder's equity at 01/04/2015	Result 2015/2016 financial year	Retained earnings (accumulated losses)	Reserve for cash flow hedges	Other changes in shareholder's equity	Total shareholder's equity at 31st March, 2016
Shareholder's equity under the previous accounting standards	2,357	389	-	-	-	2,746
1. OIC 19 Amortized cost adoption	-	-	-	-	-	-
Tax effect	-	-	-	-	-	-

	2015/2016 data --- restated under the new accounting standards					
(amounts in thousands of euro)	Shareholder's equity at 01/04/2015	Result 2015/2016 financial year	Retained earnings (accumulated losses)	Reserve for cash flow hedges	Other changes in shareholder's equity	Total shareholder's equity at 31st March, 2016
Total adjustments on adoption of new Italian accounting standards	-	-	-	-	-	-
Shareholder's equity under the new Italian accounting standards	2,357	389	-	-	-	2,746

Effects on the restated balance sheet and income statement for the year ended 31 March 2016

In addition to the reconciliation of shareholder's equity at 1 April, 2015 and the restatement of the results for the year ended 31 March, 2016, accompanied by explanatory notes for the adjustments made to the balances restated under the new Italian accounting standards, the restated balance sheet at 31 March, 2016 and the restated income statement for the year then ended are also attached, showing for each item in individual columns:

- the amounts taken from the financial statements at 31 March, 2016 prepared under the previous accounting standards;
- the reclassifications made as a consequence of the different rules of presentation specified in the new Italian accounting standards;
- the adjustments made as a result of applying the new Italian accounting standards;
- the closing balances restated under the new Italian accounting standards.

The adjustments recorded in the balance sheet and income statements are described in the explanatory notes presented earlier, while the reclassifications are discussed in the following notes.

	Balance Sheet – Assets	31st March, 2016 Approved (*) (Previous accounting standards)	Reclassifications Rec/liab. entities under common control	31st March, 2016 Restated (New accounting standards)
A)	Due from shareholders for amounts still to be paid in			
B)	Fixed assets			
I	Intangible assets			
1)	Start-up and expansion costs	1,116	-	1,116
2)	Development costs	-	-	-
3)	Industrial patent rights and intellectual property rights	26,687	-	26,687
4)	Concessions, licences, trademarks and similar rights	-	-	-
5)	Goodwill	1,080,000	-	1,080,000
6)	Assets in process of formation and advance payments	-	-	-
7)	Other	219,379	-	219,379
		1,327,182	-	1,327,182

	Balance Sheet – Assets	31st March, 2016 Approved (*) (Previous accounting standards)	Reclassifications Rec/liab. entities under common control	31st March, 2016 Restated (New accounting standards)
II	**Tangible fixed assets**			
1)	Land and buildings	51,652	-	-
2)	Plant and machinery	966,709	-	30,959,137
3)	Industrial and commercial equipment	267,319	-	1,654,098
4)	Other assets	111,805	-	309,489
5)	Assets under construction and advance payments	-	-	6,909,869
		1,397,485	-	39,832,594
III	**Financial fixed assets**			
1)	Equity investments in:			
	d-bis) other companies	505	-	505
		505	-	505
2)	Receivables:	-	-	-
3)	Other securities	-	-	-
4)	derivative financial instruments	-	-	-
	Total fixed assets	**2,725,172**	**-**	**2,725,172**
C)	**Current assets**			
I)	**Inventories**			
1)	Raw materials, ancillary materials and consumables	927,686	-	927,686
2)	Work in process and semi-finished products	29,059	-	29,059
3)	Contract work in progress	-	-	-
4)	Finished products and goods	849,568	-	849,568
5)	Advances	-	-	-
		1,806,313	-	1,806,313
II)	**Receivables**			
1)	From customers			
	- within 12 months	3,651,717	(246,759)	3,404,958
	- beyond 12 months	-	-	-
		3,651,717	(246,759)	3,404,958
5)	entities under common control			
	- within 12 months	-	246,759	246,759
	- beyond 12 months	-	-	-
		-	246,759	246,759
5-bis)	Tax receivables			
	- within 12 months	698,824	-	698,824
	- beyond 12 months	62,025	-	62,025
		760,849	-	760,849

	Balance Sheet – Assets	31st March, 2016 Approved (*) (Previous accounting standards)	Reclassifications Rec/liab. entities under common control	31st March, 2016 Restated (New accounting standards)
5-ter)	Deferred tax assets			
	- within 12 months	-	-	-
	- beyond 12 months	184,660	-	184,660
		184,660	-	184,660
5-quater)	From others			
	- within 12 months	18,392	-	18,392
	- beyond 12 months	11,980	-	11,980
		30,372	-	30,372
III)	**Current financial assets**	-	-	-
IV)	**Cash and cash equivalents**			
1)	Bank and postal deposits	962,910		962,910
2)	Cheques	-		-
3)	Cash on hand	1,231		1,231
		964,141	-	964,141
	Total current assets	**7,398,052**	-	**7,398,052**
D)	**Prepaid expenses and accrued income**	**146,624**	-	**146,624**
	Total assets	**10,269,848**	-	**10,269,848**

	Balance Sheet - Liabilities and Shareholder's Equity	31st March, 2016 Approved (*) (Previous accounting standards)	Reclassifications Rec/–liab. entities under common control	31st March, 2016 Restated (New accounting standards)
A)	**Shareholder's equity**			
I	Share capital	100,000	-	100,000
IV	Legal reserve	17,913	-	17,913
VI	Other reserves	-		-
	Extraordinary reserve	1,900,000	-	1,900,000
VII	Reserve for cash flow hedges	-	-	-
VIII	Retained earnings (accumulated losses)	-	-	-
IX	Net income (loss) for the year	338,974	-	338,974
		388,690	-	388,690
	Total shareholder's equity	**2,745,577**		**2,745,577**
B)	**Provision for risks and charges**		-	
	4) Other	44,030	-	44,030
	Total provisions for risks and charges	**44,030**		**44,030**
C)	**Provision for employee termination indemnity**	**304,048**		**304,048**
D)	**Payables**			

	Balance Sheet - Liabilities and Shareholder's Equity	31st March, 2016 Approved (*) (Previous accounting standards)	Reclassifications Rec/–liab. entities under common control	31st March, 2016 Restated (New accounting standards)
4)	Due to banks		-	
	- within 12 months	1,135,532	-	1,135,532
	- beyond 12 months	254,443	-	254,443
		1,389,975		1,389,975
7)	Trade payables		-	
	- within 12 months	2,507,957	-	2,507,957
	- beyond 12 months	-	-	-
		2,507,956		2,507,957
11)	Due to parent companies		-	
	- within 12 months	1,504,436	-	1,504,436
	- beyond 12 months	-	-	-
		1,504,436		1,504,436
12)	Tax payables		-	
	- within 12 months	78,358	-	78,358
	- beyond 12 months	-	-	-
		78,358		78,358
13)	Due to pension and social security institutions		-	
	- within 12 months	188,653	-	188,653
	- beyond 12 months	-	-	-
		188,653		188,653
14)	Other payables		-	
	- within 12 months	1,444,789	-	1,444,789
	- beyond 12 months	-	-	-
		1,444,789		1,444,789
	Total payables	**7,114,167**		**7,114,168**
E)	**Accrued expenses and deferred income**		-	
	- within 12 months	41,350	-	41,350
	- beyond 12 months	20,675	-	20,675
		62,025		62,025
	Total liabilities and shareholders' equity	**10,269,848**		**10,269,848**

(*) The column for balances stated under the previous accounting standards includes certain reclassifications with respect to the corresponding data reported in the officially-filed financial statements at 31 March 2016. These reclassifications did not affect the results or shareholders' equity and were not made as a consequence of the new accounting standards, but in order to improve the presentation of the Company's activities and results, as well as to standardise the classifications made by the various Group companies.

- Restatement of receivables and payables due from/to entities under common control: the Company has restated the trade amounts due from Endurance Fondalmec S.p.A. totalling € 247 thousand, from Trade receivables to the "Receivables from entities under common control" account.

With regard to the Income Statement there are not reclassifications impacting the data at 31 March 2016 arising from the introduction of the new accounting standards. In order to improve the presentation of the Company's activities and results, as well as to standardise the classifications made by the various Group companies, further reclassifications with no impact on the results or shareholders' equity have been posted in relation to the financial statements at 31 March 2016.

Independent Auditors' Report

Pursuant to article 14 of legislative decree no. 39 of January 27, 2010

To the Sole Quotaholder of

ENDURANCE ENGINEERING S.r.l.

Report on the Financial Statements

We have audited the accompanying financial statements of Endurance Engineering S.r.l. (the "Company"), which comprise the balance sheet as at March 31, 2017, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

Management's Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation of these financial statements that give a true and fair view in accordance with the Italian law governing financial statements.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Endurance Engineering S.r.l. as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with the Italian law governing financial statements.

Other matters

Pursuant to art. 2497-bis, first paragraph, of the Italian Civil Code, Endurance Engineering S.r.l. has disclosed that it is subject to management and coordination of its activities by Endurance Technologies Limited (India) and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of Endurance Engineering S.r.l. does not extend to such data.

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° 720B 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 Endurance Engineering S.r.l., with the financial statements of the Company as at March 31, 2017. In our opinion the report on operations is consistent with the financial statements of Endurance Engineering S.r.l. as at March 31, 2017.

DELOITTE & TOUCHE S.p.A.

Signed by Giorgio Barbieri

Partner

Turin, May 9, 2017

ENDURANCE
Complete Solutions

ENDURANCE TECHNOLOGIES LIMITED

Corporate Office

E-92, M.I.D.C. Industrial Area, Waluj,
Aurangabad - 431 136, (M.S.) India.
Tel.: +91-240-2569600, **Fax:** +91-240-2551700
Website: www.endurancegroup.com