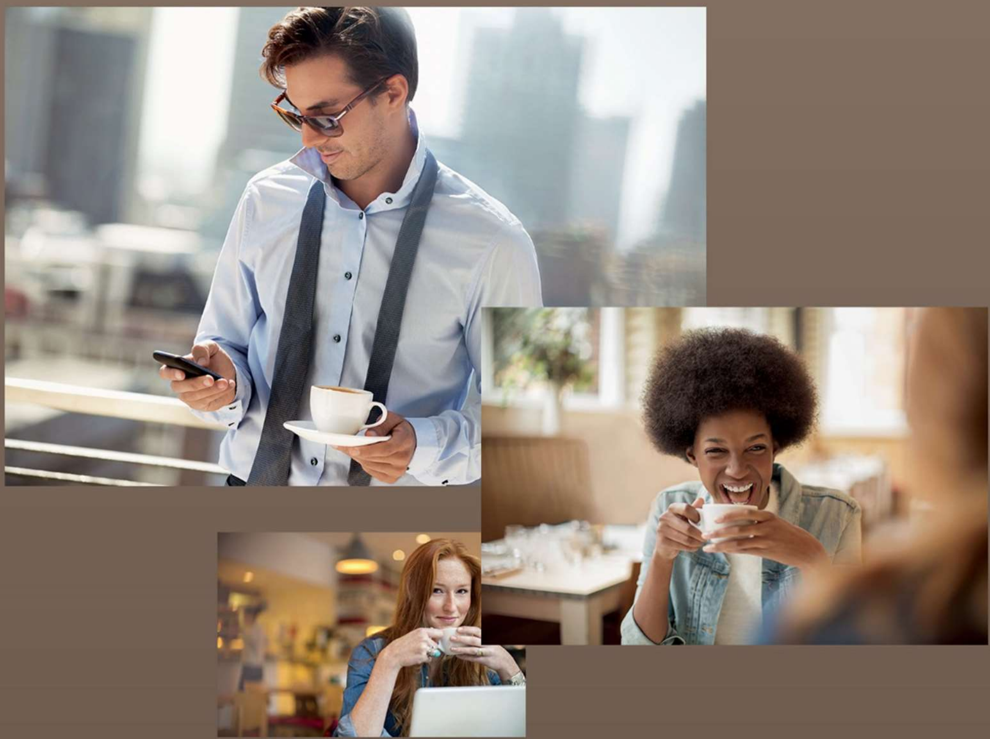
ANNUAL REPORT 2015



Dalla pianta alla tazzina, Massimo Zanetti Beverage Group è l'ambasciatore italiano del caffè nel mondo.

MASSIMO ZANETTI
BEVERAGE GROUP

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Company Information

Massimo Zanetti Beverage Group S.p.A.

Registered Office
Viale G.G. Felissent, 53
31020 Villorba (Treviso)

Corporate Information
Share capital authorized Euro 34,300,000
Share capital subscribed and paid Euro 34,300,000

Tax ID / Company Registration / VAT No. 02120510371C

Company Officers

Board of Directors

Massimo Zanetti
President and CEO

Matteo Zanetti (**)
Director

Laura Zanetti (**)
Director

Massimo Mambelli
Director

Lawrence L. Quier
Director

Maria Pilar Arbona Palmeiro Goncalves Braga Pimenta (**)
Director

Josè Fernando Pinto dos Santos (*) (2) (4)
Director

Roberto H. Tentori (*) (2) (3)
Director

Annapaola Tonelli (*) (1) (4)
Director

(*) Independent Director pursuant to article 148, paragraph 3 of TUF and article 3 of the Code of Conduct

(**) Non-executive Director pursuant to article 2 of the Code of Conduct

(1) President of Appointment and Remuneration Committee
(2) Member of Appointment and Remuneration Committee
(3) President of Audit and Risk Committee
(4) Member of Audit and Risk Committee

Statutory Auditors

Pier Paolo Pascucci
President

Ermanno Era
Statutory Auditor

Maria Augusta Scagliarini
Statutory Auditor

Simona Gnudi
Supplementary Statutory Auditor

Franco Squizzato
Supplementary Statutory Auditor

Corporate Reporting Manager

Massimo Zuffi

Independent Auditors

PricewaterhouseCoopers S.p.A.

DISCLAIMER

The document includes certain information considered to be "forward-looking statements" which are statements of expectation or belief, and therefore are not historical fact. By their very nature, they involve inherent risks and uncertainties, both general and specific, because they depend on the occurrence of future events and developments outside of the control of the Company. Actual results could therefore differ materially from the plans, objectives, expectations, estimates and intentions expressed in the forward-looking statements. Forward-looking statements use information available as at the date on which they are made, therefore Massimo Zanetti Beverage Group S.p.A. does not undertake any obligation to update or revise any of them after that date, whether as a result of new information, future events or otherwise, other than as required by applicable laws or regulations. The forward-looking statements do not represent and should not be considered to constitute legal, accounting, tax or investment advice of any kind.

MANAGEMENT REPORT

Introduction

With reference to the year ended December 31, 2015, the financial information included in this report and the comments reported therein are intended to provide an overview of the financial position and results of operations, the relevant changes that occurred during the year, and the significant events that have occurred affecting the results of the year.

Overview

Massimo Zanetti Beverage Group S.p.A. (the "Company") and its subsidiaries (together referred to as the "Group" or "MZB Group") are international players in the production and sale of roasted coffee. In support of the core business, the Group also produces and sells, or makes available for free use, coffee machines and coffee equipment for use in the home, the workplace and professional offices. The Group also operates an international network of cafés, primarily under a franchise model. To complement the coffee product range, the Group sells certain selected regional products (primarily tea, cocoa and spices) and other food products (including sauces, sugar, chocolates and biscuits). Finally, the Group sells certain goods and services, such as green coffee, that are related to its core business.

The Group sells roasted coffee and related products, primarily in the following three sales channels, which are monitored separately by management: *i)* Mass Market, *ii)* Foodservice and *iii)* Private Label.

Customers in the Mass Market are businesses which buy and sell food and drinks aimed at domestic consumption (typically local shops, chains of hyper and supermarkets, door-to-door sales operations and cash and carry outlets).

Customers in the Foodservice channel are businesses which buy and sell food and drinks for consumption outside the home environment (typically coffee shops, bars and cafés, restaurants, hotels, franchising chains, licensing chains, chains of road and highway service stations, on-board catering companies and also canteens, schools, hospitals, catering and vending machine companies).

Customers in the Private Label channel include customers from either the Mass Market or Foodservice channels that sell food and drinks produced and supplied by third parties under their own brands.

The Group operates mainly in Italy, the USA, France, Finland, Germany and Austria, and is also present, to a lesser extent, in the Netherlands, Poland, Portugal, Switzerland, Belgium, Czech Republic, Denmark, Greece, Hungary, Slovakia, Slovenia, United Kingdom, Estonia, Croatia, Brazil, Argentina, Chile, Costa Rica, Mexico, Japan, Australia, New Zealand, Thailand, Malaysia, United Arab Emirates and Singapore.

The structure of the Group is defined by product line, distribution channel and geographic area. However, top management periodically review the results to make decisions, allocate resources and define the strategy of the Group based on a single vision of the business, which, therefore, is represented by a single operating segment.

Recent developments

In the months of February and June 2015, the Group signed contracts for a new joint partnership with TNPI, the leader in Asia in the food & beverage sector with a specialization in the retail and coffee chain, in order to develop its own network of franchised cafés through the opening of 50 stores in China and Hong Kong and 25 Segafredo Zanetti Espresso Café stores in South Korea within the next 5 years.

During the first quarter of 2015, Massimo Zanetti Beverage USA and Krispy Kreme, a global retailer of desserts and complementary beverages, signed a multi-year licensing agreement for the roasting and distribution of Krispy Kreme® Coffee in grocery stores, wholesalers and club shops in the USA.

In April 2015 the Group strengthened its position in Costa Rica with the acquisition of certain assets of the roasting and marketing of roasted coffee business of Ceca S.A. (part of the Neumann Gruppe GmbH), for an amount of USD 4,200 thousand.

From June 3, 2015, the Company is listed on the STAR segment of the *Borsa Italiana*’s stock market (Mercato Telematico Azionario or MTA).

In the months of June and September 2015 the Company made an early payment, in accordance with the contractual provisions of the related loan agreement, of a portion of the loan from Intesa San Paolo S.p.A. for the purchase of the Boncafe entities. The payment amounted to USD 82,700 thousand and was made with the cash collected as a result of the Company’s public listing.

In November 2015, the Group reached a preliminary agreement to acquire a 25.1% non-controlling interest in the share capital of Club Coffee, which is a company governed under the laws of Canada and a leader in market innovation relating to the single serve business. The consideration for the acquisition is Canadian Dollar 25.1 million. Through this strategic acquisition, the Group intends to boost sales and to expand its global presence in new geographical markets and in highly profitable business segments. The completion of the acquisition, which was originally expected to be finalized before the end of 2015, will be concluded when the due diligence and other pre-closing conditions are completed.

On December 17, 2015, the Regional Court of Düsseldorf pronounced the final judgment on the proceeding pending against Segafredo Zanetti Deutschland GmbH as regards its alleged participation in an anticompetitive agreement. The Regional Court of Düsseldorf has partially accepted the German subsidiary defense, which was only found liable for the participation in an information exchange leading to a concerted market behavior, thereby only playing a minor and passive role. The German subsidiary was fined an overall amount of Euro 3,700 thousand to be paid in three instalments, with the *i)* first instalment to be paid one week after the filing of the written judgment (in January 2016), *ii)* the second instalment by December 31, 2016, and *iii)* the third instalment by December 31, 2017.

Results of operations

Forward

In addition to the financial information and financial indicators required by IFRS, this document presents reclassified financial information and certain alternative performance indicators (“Non-GAAP Measures”). Management believe that such information also provides useful and relevant information regarding the Group’s financial position and financial performance. However, these reclassified financial information and Non-GAAP Measures should not be considered a substitute for financial information and indicators required by IFRS.

The Group’s business, while not showing significant seasonal or cyclical fluctuations, in total annual revenue is subject to different distribution in different months of the year which impact revenue and cost during the year.

Results of operations for the year ended December 31, 2015 and 2014

The following table sets forth the reclassified consolidated income statement for the years ended December 31, 2015 and 2014:

	For the year ended December 31,				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Revenue	941,680	100.0%	781,455	100.0%	160,225	20.5%
Purchases of goods	(576,523)	-61.2%	(454,715)	-58.2%	(121,808)	26.8%
Gross Profit[1]	**365,157**	**38.8%**	**326,740**	**41.8%**	**38,417**	**11.8%**
Purchases of services, leases and rentals	(169,967)	-18.0%	(145,776)	-18.7%	(24,191)	16.6%
Personnel costs	(127,777)	-13.6%	(112,298)	-14.4%	(15,479)	13.8%
Other operating costs, net[2]	(5,420)	-0.6%	(42)	0.0%	(5,378)	> 100%
Impairment[3]	(3,726)	-0.4%	(4,002)	-0.5%	276	-6.9%
EBITDA[1]	**58,267**	**6.2%**	**64,622**	**8.3%**	**(6,355)**	**-9.8%**
Non-recurring items[4]	6,753	0.7%	-	0.0%	6,753	n.a.
Adjusted EBITDA [1]	**65,020**	**6.9%**	**64,622**	**8.3%**	**398**	**0.6%**
Depreciation and amortization[5]	(31,237)	-3.3%	(27,452)	-3.5%	(3,785)	13.8%
Operating profit	**27,030**	**2.9%**	**37,170**	**4.8%**	**(10,140)**	**-27.3%**
Net finance costs[6]	(8,080)	-0.9%	(10,010)	-1.3%	1,930	-19.3%
Profit before tax	**18,950**	**2.0%**	**27,160**	**3.5%**	**(8,210)**	-30.2%
Income tax expense	(7,317)	-0.8%	(11,034)	-1.4%	3,717	-33.7%
Profit for the year from continuing operations	**11,633**	**1.2%**	**16,126**	**2.1%**	**(4,493)**	**-27.9%**
Loss for the year from discontinued operations	-	0.0%	(3,538)	-0.5%	3,538	-100.0%
Profit for the year	**11,633**	**1.2%**	**12,588**	**1.6%**	**(955)**	**-7.6%**

(*) Percentage of revenue

Reconciliation between the reclassified consolidated income statement and the consolidated income statement:

(1) For additional information refer to the Non-GAAP Measures section
(2) Includes other income and other operating costs
(3) Includes impairment of receivables
(4) Includes costs related to the IPO and the German Antitrust fine
(5) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets
(6) Includes finance income and finance costs

Revenue

Revenue amounted to Euro 941,680 thousand for the year ended December 31, 2015, an increase of Euro 160,225 thousand (20.5%) compared to the year ended December 31, 2014. The increase is mainly due to:

- foreign currency exchange rate impact, which led to an increase in revenue on translation of financial statements of Group entities expressed in currencies other than the Euro, and in particular, those expressed in U.S. Dollars (9.8%);
- increase in the sales price of roasted coffee (6.5%);
- contribution to results of the Boncafe entities (acquired in August 2014) for the first seven months in 2015 (3.1%); and
- organic increase in the sales volumes of roasted coffee (1.1%).

Excluding the contribution to results of the Boncafe entities and the effect of the foreign exchange rate fluctuations, the increase in revenue is mainly due to the increase in the sale of roasted coffee, amounting to Euro 55,354 thousand (8.0%). The increase is mainly due to the combined effect of:

- increase in the sales price of roasted coffee, related to an increase in the sales price of green coffee, which led to an increase in revenues of 6.9%;
- an increase of 1.1% in the volumes of roasted coffee sold compared to the year 2014, to 126.5 thousand tonnes in 2015 compared to 125.1 thousand tonnes in 2014, excluding the contribution of Boncafe for the first seven months in 2015 (0.9 thousand tonnes). The increase mainly relates to Other Countries (1.5 thousand tonnes) and in particular in Costa Rica mainly in the Mass Market channel and to France (0.9 thousand tonnes), in the Mass Market and Private Label channels, which were partially offset by sales volume decline in USA (1.1 thousand tonnes), in the Mass Market and Private Label channels.

The following table provides a breakdown of revenue of the Group for the years ended December 31, 2015 and 2014, by sales channel:

	For the year ended December 31,				Change	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Mass Market	339,056	36.0%	287,847	36.8%	51,209	17.8%
Foodservice	186,690	19.8%	169,385	21.7%	17,305	10.2%
Private Label	353,450	37.5%	276,912	35.4%	76,538	27.6%
Other	62,484	6.7%	47,311	6.1%	15,173	32.1%
Total	**941,680**	**100.0%**	**781,455**	**100.0%**	**160,225**	**20.5%**

(*) Percentage of revenue

The following table provides a breakdown of revenue of the Group for the years ended December 31, 2015 and 2014, by geographical area:

	For the year ended December 31,				Change	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
USA	464,705	49.3%	364,904	46.7%	99,801	27.3%
Italy	89,368	9.5%	87,051	11.1%	2,317	2.7%
France	101,900	10.8%	88,533	11.3%	13,367	15.1%
Finland	82,069	8.7%	76,115	9.7%	5,954	7.8%
Germany and Austria	42,404	4.5%	42,734	5.5%	(330)	-0.8%
Boncafe	42,517	4.5%	15,272	2.0%	27,245	178.4%
Other countries	118,717	12.7%	106,846	13.7%	11,871	11.1%
Total	**941,680**	**100.0%**	**781,455**	**100.0%**	**160,225**	**20.5%**

(*) Percentage of revenue

Seasonality

The Group's business, while not showing significant seasonal or cyclical fluctuations, is not perfectly uniform throughout the year. For that reason, the financial position, results of operations and performance indicators for any single period should not be considered representative of all or a portion of the full year and therefore it would be incorrect to consider the results of a single period as the pro-rata of a single financial year.

Gross Profit

Gross Profit amounted to Euro 365,157 thousand for year ended December 31, 2015, an increase of Euro 38,417 thousand (11.8%) compared to the year ended December 31, 2014. The increase is mainly due to: *i)* the aforementioned impact of the Euro/USD foreign currency exchange rate (6.0%) and *ii)* the contribution to results of the Boncafe entities acquired in August 2014 (4.0%).

On a constant currency basis and consistent scope of consolidation, Gross Profit increased Euro 5,806 thousand (1.8%). The increase is mainly due to the aforementioned impact of roasted coffee volumes (1.1%), which was partially offset by the trends of average sales price of roasted coffee and average purchase price of green coffee (0.7%) attributable to the different sales mix in 2015 and 2014. The abovementioned trends include the impact of exchange rate fluctuations of USD against the local currency of Group entities deriving from green coffee purchases.

EBITDA and EBITDA Adjusted

The following table provides a reconciliation between EBITDA and profit for the year ended December 31, 2015 and 2014:

	For the year ended December 31,				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Profit for the year	11,633	1.2%	12,588	1.6%	(955)	7.6%
Loss for the year from discontinued operations	-	0.0%	3,538	0.5%	(3,538)	-100.0%
Income tax expense	7,317	0.8%	11,034	1.4%	(3,717)	-33.7%
Finance costs	8,259	0.9%	10,421	1.3%	(2,162)	-20.7%
Finance income	(179)	0.0%	(411)	-0.1%	232	-56.4%
Depreciation and amortization(1)	31,237	3.2%	27,452	3.6%	3,785	13.8%
EBITDA(2)	**58,267**	**6.1%**	**64,622**	**8.3%**	**(6,355)**	**-9.8%**

(*) Percentage of revenue
(1) Includes depreciation of property, plant and equipment and investment properties and amortization of intangible assets
(2) For additional information refer to the Non-GAAP Measures section

The following table provides a reconciliation between EBITDA and Adjusted EBITDA for year ended December 31, 2015 and 2014:

	For the year ended December 31,				**Change**	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
EBITDA(1)	58,267	6.2%	64,622	8.3%	(6,355)	-9.8%
Costs related to the IPO	3,053	0.3%	-	0.0%	3,053	n.a.
German Antitrust fine	3,700	0.4%	-	0.0%	3,700	n.a.
Adjusted EBITDA(1)	**65,020**	**6.9%**	**64,622**	**8.3%**	**398**	**0.6%**

(*) Percentage of revenue
(1) For additional information refer to the Non-GAAP Measures section

Adjusted EBITDA amounted to Euro 65,020 thousand for the year ended December 31, 2015 and was substantially consistent with Euro 64,222 thousand for the year ended December 31, 2014. The result is mainly due to the aforementioned factors impacting Gross Profit, and the combined effect of:

- the contribution to results of the Boncafe entities (acquired in August 2014) in the first seven months in 2015 (Euro 3,047 thousand);
- foreign currency exchange rate impact, which led to an increase in Adjusted EBITDA on translation of financial statements of Group entities expressed in currencies other than the Euro, and in particular, those expressed in U.S. Dollars (Euro 2,662 thousand); and
- an increase in operating costs (Euro 11,117 thousand), mainly due to costs incurred to develop country and global brand awareness activity and to the personnel costs relating to the expansion and growth of Boncafe entities in Asia, additional activities of Ceca in Costa Rica and single serve development in USA.

Operating profit

Operating profit amounted to Euro 27,030 thousand for the year ended December 31, 2015, a decrease of Euro 10,140 thousand (-27.3%) compared to the year ended December 31, 2014. The decrease is mainly due to:

- Euro 3,700 thousand related to the fine from the Regional Court of Düsseldorf, as further explained in Recent Developments;
- expenses incurred in relation to the IPO of Euro 3,053 thousand not attributable to the share capital increase; and
- an increase in amortization of Euro 3,785 thousand (13.8%), principally attributable to: *i)* the contribution to results of Boncafe entities (acquired in August 2014) for the first seven months in 2015, including the additional amortization relating to the Boncafe families of trademarks which were recognized as result of the final fair values of the net assets acquired determined in accordance with IFRS 3 (Euro 1,688 thousand), and *ii)* the Euro/USD foreign currency exchange rate impact on translation of financial statements of Group entities with a U.S. Dollar functional currency (Euro 1,185 thousand).

Profit for the year

Profit for the year amounted to Euro 11,633 thousand for the year ended December 31, 2015, a decrease of Euro 955 thousand (-7.6%) compared to the year ended December 31, 2014.
In addition to the factors impacting the decrease in operating profit, the decrease is also due to the combined effect of:

- a decrease in income tax expense of Euro 3,717 thousand (-33.7%) mainly as a result of a lower impact from *i)* IRAP and *ii)* a different mix of taxable income in various jurisdictions, which were taxed at higher rates;
- a decrease in finance costs of Euro 1,930 thousand (-19.3%), mainly as a result of the net foreign exchange losses in 2015 as opposed to the net foreign exchange losses in 2014 (Euro 1,854 thousand), mainly due to the USD/Euro exchange rate fluctuations; and
- the impact in the year ended December 31, 2014 of the loss from discontinued operations of Euro 3,538 thousand relating to the green coffee business, which was spun off from the Company effective as of December 1, 2014.

Reclassified statement of financial position

The following table shows the reclassified statement of financial position of the Group as at December 31, 2015 and 2014:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014**
Investments:		
Intangible assets	117,834	112,607
Property, plant and equipment	208,871	203,226
Investment properties	4,422	4,525
Non-current trade receivables	13,783	15,079
Deferred tax assets and other non-current assets(2)	17,049	15,960
Non-current assets (A)	**361,959**	**351,397**
Net working capital (B)(1)	**159,170**	**142,418**
Employee benefits	(9,624)	(9,743)
Other non-current provisions	(2,258)	(2,291)
Deferred tax liabilities and other non-current liabilities(3)	(29,889)	(30,406)
Non-current liabilities (C)	**(41,771)**	**(42,440)**
Net invested capital (A+B+C)	**479,358**	**451,375**
Sources:		
Total equity	293,686	208,034
Net financial indebtedness	185,672	243,341
Total sources of financing	**479,358**	**451,375**

Reconciliation between the reclassified consolidated statement of financial position and the consolidated statement of financial position:

(1) For additional information refer to the Non-GAAP Measures section
(2) Includes deferred tax assets, investments in joint venture and other non-current assets
(3) Includes deferred tax liabilities and other non-current liabilities

The following table shows the composition of Net Working Capital of the Group as at December 31, 2015 and 2014:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014**
Inventories	134,807	139,302
Trade receivables	115,950	119,903
Income tax receivables	3,242	510
Other current assets(1)	12,272	18,450
Trade payables	(80,745)	(92,576)
Income tax liabilities	(620)	(2,084)
Other current liabilities	(25,736)	(41,087)
Net working capital(2)	**159,170**	**142,418**

(1) Other current assets excludes current financial receivables, which are included in Net Financial Indebtedness
(2) For additional information refer to the Non-GAAP Measures section

Total equity for the year ended December 31, 2015 increased by Euro 85,652 thousand, principally related to the share capital issued in the IPO process (Euro 69,218 thousand, net of transaction costs) and comprehensive income for the year of Euro 18,332 thousand.

Reclassified cash flow statement

The following table shows the reclassified cash flow statement for the years ended December 31, 2015 and 2014:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Adjusted EBITDA[1]	65,020	64,622
Non-recurring items	(3,053)	-
Changes in net working capital	(12,570)	(20,400)
Net recurring investments[2]	(26,400)	(29,240)
Income tax paid	(7,566)	(6,335)
Other operating items	(2,004)	5,094
Free Cash Flow[1]	**13,427**	**13,741**
Net non-recurring investments[3]	(6,244)	(61,049)
Interest expense	(8,696)	(8,811)
Net cash generated from financing activities	8,698	56,208
Net cash used by discontinuing activities	-	(2,511)
Exchange gains on cash and cash equivalents	87	868
Total net increase/(decrease) in cash and cash equivalents	**7,272**	**(1,554)**
Cash and cash equivalents at the beginning of the year	18,302	19,856
Cash and cash equivalents at the end of the year	**25,574**	**18,302**

(1) For additional information refer to the Non-GAAP Measures section
(2) Net recurring investments include purchases of property, plant and equipment and intangible assets, net of asset deal
(3) Net non-recurring investments include business combinations, asset deal and other minor items

Free Cash Flow amounted to positive Euro 13,427 thousand for the year ended December 31, 2015, a decrease of Euro 314 thousand compared to the year ended December 31, 2014. The decrease is mainly due to the decrease of other operating items of Euro 7,098 thousand and income tax paid of Euro 1,231 thousand, partially set off by the increase in changes in net working capital of Euro 7,830 thousand.

The following table shows the composition of the changes in Net Working Capital for the years ended December 31, 2015 and 2014:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Changes in inventories	(1,222)	(16,213)
Changes in trade receivables	4,776	(27,361)
Changes in trade payables	(2,750)	18,159
Changes in other assets/liabilities	(12,808)	5,226
Payments of employee benefits	(566)	(211)
Changes in net working capital	**(12,570)**	**(20,400)**

The **changes in Net Working Capital** of negative Euro 12,570 thousand for the 2015 represent an improvement of Euro 7,830 thousand compared to the year ended December 31, 2014.

The changes in Net Working Capital is mainly related to changes in trade receivables of Euro 32,137 thousand mainly due to an improvement in days sales outstanding as a result of the action taken by management which enabled the Group to reach the same days sales outstanding level before 2014, partially offset by changes in other net assets/liabilities of Euro 18,034 thousand, relating to a decrease in advances from customers from 2015 to 2014, principally due to an important Private Label channel customer in the USA for green coffee purchases (Euro 14,133 thousand as at December 31, 2014).

Net recurring investments amounted to Euro 26,400 thousand for the year ended December 2015, show a decrease of Euro 2,840 thousand compared to the year ended December 31, 2014. The objective of reducing recurring investments is based on a strategic decision to rationalize the financial resources dedicated to this type of investment and was achieved also considering:

- purchases of property, plant and equipment amounting to Euro 1,330 thousand during the first seven months of 2015 relating to the Boncafe entities acquired in August 2014;
- the Euro/USD foreign currency exchange rate impact on translation of financial statements of Group entities with a U.S. Dollar functional currency (Euro 774 thousand);
- both partially set off by the capital expenditure reduction in Vietnam of Euro 1,856 thousand, mainly due to the almost completed installation of the line to treat coffee to support sales both in Vietnam and throughout the countries of the Association of South-East Asian Nations (ASEAN).

Net non-recurring investments amounted to Euro 6,244 thousand and Euro 61,049 thousand for the year ended December 31, 2015 and 2014, respectively.

The cash flow used in the net non-recurring investments for the year ended December 31, 2015 relate primarily to: *i)* payment of the price adjustment for the acquisition of the Boncafe entities for an amount of USD 2,975 thousand, and *ii)* acquisition of Ceca S.A. assets for an amount of USD 4,200 thousand.

The cash flow used in the net non-recurring investments for the year ended December 31, 2014 relate primarily to *i)* acquisition of the Boncafe entities for an amount of Euro 58,004 thousand, net of cash acquired, and *ii)* to the acquisition of Espressoworkz Limited (now Segafredo Zanetti New Zealand Ltd) for an amount of Euro 2,727 thousand.

Net cash generated from financing activities decreased from Euro 56,208 thousand for the year ended December 31, 2014 to Euro 8,698 thousand for year ended December 31, 2015. The decrease is mainly due to:

- cash absorbed from the repayment of long-term borrowings during the year ended December 31, 2015 (Euro 51,482 thousand) compared to cash proceeds in 2014 (Euro 55,800 thousand). This fluctuation is mainly due to the loan agreement for USD 82,700 thousand entered into with Intesa Sanpaolo S.p.A. in order to finance the acquisition of the Boncafe companies, utilized in 2014 and early repaid in 2015 in accordance with the contractual provisions in the event of a public listing of the Company; and
- cash proceeds in June 2015 following the share issuance as a result of the IPO process of the Company, amounting to Euro 67,903 thousand net of transaction costs.

Net financial indebtedness

The following table sets forth a breakdown of net financial indebtedness of the Group as at December 31, 2015 and 2014, determined in accordance with the CONSOB communication dated July 28, 2006 and in compliance with the Recommendation ESMA/2013/319:

		As at December 31,	
	(in thousands of Euro)	**2015**	**2014**
A	Cash and cash equivalents	(811)	(645)
B	Cash at bank	(24,763)	(17,657)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(25,574)**	**(18,302)**
E	**Current financial receivables**	**(192)**	**(592)**
F	Current loans	87,739	90,708
G	Current portion of non-current loans	25,291	23,038
H	Other current financial payables	70	2,758
I	**Current indebtedness (F+G+H)**	**113,100**	**116,504**
J	**Net current indebtedness (I+E+D)**	**87,334**	**97,610**
K	Non-Current loans	97,787	131,757
L	Issued bonds	-	-
M	Other non-current financial payables	551	13,974
N	**Net current indebtedness (I+E+D)**	**98,338**	**145,731**
O	**Net financial indebtedness (J+N)**	**185,672**	**243,341**
	of which due to third parties	*185,672*	*227,050*
	of which due to related parties	*-*	*16,291*

Net financial indebtedness amounted to Euro 185,672 thousand as at December 31, 2015, a decrease of Euro 57,669 thousand compared to December 31, 2014. The decrease is mainly due to the combined effect of the following:

- cash proceeds in June 2015 following the share issuance as a result of the IPO process, amounting to Euro 67,903 thousand net of transaction costs;
- positive Free Cash Flow of Euro 13,427 thousand for the year ended December 31, 2015; which was only partially offset by:
- net non-recurring investments of Euro 6,244 thousand for the year ended December 31, 2015, relating principally to the payment of the price adjustment for the acquisition of the Boncafe entities and the acquisition of Ceca S.A. assets;
- interest paid of Euro 8,696 thousand for the year ended December 31, 2015; and
- the Euro/USD foreign currency exchange rate impact.

Capital expenditure

The following table sets forth capital expenditure in business combinations, property, plant and equipment and intangible assets for the years ended December 31, 2015 and 2014:

	For the year ended December 31,			
(in thousands of Euro)	**2015**		**2014**	
	Additions	**Cash-out**	**Additions**	**Cash-out**
Business combinations	-	2,640	66,311	60,731
Property, plant and equipment	5,509	5,059	14,247	1,647
Intangible assets	26,786	26,786	28,593	28,593
Total	**32,295**	**34,485**	**109,151**	**90,971**

Business combinations
Amount to Euro 2,640 thousand and Euro 60,731 thousand for years ended December 31, 2015 and 2014, respectively, and relate to the payment of the price adjustment for the acquisition of the Boncafe entities in 2015 and the acquisition of Espressoworkz Limited (now Segafredo Zanetti New Zealand Ltd) in 2014.

Intangible assets
Capital expenditure in intangible assets for the year ended December 31, 2015 relates principally to assets acquired from Ceca S.A., amounting to USD 3,500 thousand, and consist mainly of trademarks, brands and commercial information.

Capital expenditure in intangible assets in 2014 relates principally to the Puccino’s and Segafredo Zanetti Espresso families of trademarks, which were acquired from MZ Industries S.A. on September 25, 2014, for a consideration of Euro 12,600 thousand, based on valuations carried out by Bugnion S.p.A. The acquisition was paid through the offset of Group receivables towards MZ Industries.

Property, plant and equipment
Capital expenditure in property, plant and equipment for the year ended December 31, 2015 relates principally to bar equipment and assets under construction, amounting to Euro 13,978 thousand and Euro 5,469 thousand, respectively, and include USD 700 thousand related to coffee roasting machinery and vehicles acquired from Ceca S.A.

Capital expenditure in property, plant and equipment for the year ended December 31, 2014 relates principally to bar equipment and assets under construction, amounting to Euro 13,141 thousand and Euro 8,166 thousand, respectively.

Subsequent events

Please refer to Note 33 – Subsequent Events in the notes to the consolidated financial statements at December 31, 2015.

Business outlook

In view of the results achieved in the year ended December 31, 2015 and considering current market developments, expectations relating to the Group's performance for the year 2016 are as follows:

- growth in sales volumes of roasted coffee of approximately 2% -3% and consolidation of revenues from more profitable activities such as the development and marketing of the capsules and the focus on the Foodservice channel;
- increase in gross profit of approximately 4% -6%, primarily due to the focus on activities with higher margins, considering also forward purchases of green coffee;
- increase in Adjusted EBITDA of approximately 4% -6% mainly driven by the estimated increase in gross profit as well as to a general continuation of the Group's capacity to absorb its fixed costs; and
- reduction in net debt through cash flow generation from operating activities.

Non-GAAP measures

Company management evaluates the performance of the Group using certain financial and operating indicators not required by IFRS (the “Non-GAAP Measures”). In particular, EBIDTA is used as a primary indicator of profitability, as it allows for the analysis of the Group by eliminating the effects of volatility associated with non-recurring items or items unrelated to ordinary operations.

In accordance with Communication CESR/05-178b, a description of the components of the Non-GAAP Measures used by management is provided below:

- Gross Profit is defined as the difference between revenue and purchases of goods;
- Gross Margin is defined as the ratio of Gross Profit to revenue;
- EBITDA is defined as the profit for the year adjusted to exclude amortization and depreciation, finance income and costs, income tax expense and loss for the year from discontinued operations
- EBITDA Margin is defined as the ratio of EBITDA to revenue;
- Adjusted EBITDA is defined by the Group as EBITDA adjusted for non-recurring items;
- Adjusted EBITDA Margin is defined by the Group as the ratio of Adjusted EBITDA to revenue;
- Net Working Capital is calculated as the sum of inventory, trade receivables, income tax receivables and other current assets (excluding financial assets), net of trade payables, income tax liabilities and other current liabilities;
- Net Invested Capital is defined as the sum of non-current assets, non-current liabilities and Net Working Capital;
- Free Cash Flow is defined as the sum of EBITDA, changes in Net Working Capital, net recurring investments, income tax paid and other operating items.

Related party transactions

For details regarding related party transactions for the year ended December 31, 2015, please refer to Note 32 – Related Party Transactions of the notes to the consolidated financial statements at December 31, 2015.

In accordance with the regulations related to transactions with related parties adopted by Consob Resolution no 17221 of March 12, 2010 and subsequent amendments and additions, the Company has adopted the procedure governing related party transactions.

The aforementioned procedure was approved by the Board of Directors of the Company on July 15, 2014 and amended on August 28, 2015 with the approval of the independent directors.

The objective of the procedure is to ensure transparency and procedural correctness of transactions with related parties and is published on the Company website – www.mzb-group.com.

Share price trend

Massimo Zanetti Beverage Group ordinary shares are traded on the Italian Electronic Stock Exchange (MTA) organised and managed by Borsa Italiana SpA and are identifiable by the following codes:

• ISIN Code: IT0005042467;
• Reuters: MZB.MI;
• Bloomberg: MZB:IM.

The Group works towards constructing an ongoing and professional relationship with its shareholders in general and with institutional investors through Investor Relations.

More information is available in the Investors relations section of the Company's website.

At December 31, 2015, issued and fully paid share capital of the Company amounted to Euro 34,300 thousand and relates to 34,300,000 ordinary shares without nominal value. As at December 31, 2015 no categories of shares with voting or other rights had been issued aside from ordinary shares. In addition, no financial instruments that provide the right to subscribe newly issued shares had been issued.

On the basis of communications provided pursuant to Article 120 of the Consolidated Law on Finance and other information in the possession of the Company, the significant equity investments in the share capital of the Company as of December 31, 2015, are as follows: *i)* MZ Industries S.A. 66.02% and *ii)* Invesco Ltd 2.313%.

Environment and personnel

In the various jurisdictions in which the Group operates, it is subject to specific laws and regulations governing products safety and labelling, environmental and workplace safety. The Group aims to carry out its business activities in compliance with all laws and regulations governing environmental and workplace safety and adopted all the procedures and actions to monitor potentially dangerous activities from environmental and workplace safety standpoint.

All Group espresso capsules, including compatible capsules for other espresso systems, are environmental friendly since they employ an innovative biodegradable system called Ecopure®. This system uses a special plastic that, when discarded, becomes undifferentiated biodegradable waste, dissolving at a rate 230 times faster than that of traditional plastic.

As of December 31, 2015 the number of employees of the Group amounted to 3,071 with an increase of 115 compared to December 31, 2014. The following table shows the evolution of the number of employees employed by the Group as at December 31, 2015 and 2014, broken down by main categories.

	Average number of employees during the year		**Number of employees as at December 31,**	
(number)	**2015**	**2014**	**2015**	**2014**
Executives	117	102	121	113
Managers and white collar staff	1,677	1,368	1,693	1,661
Blue-collar workers	1,220	1,112	1,257	1,183
Total	**3,014**	**2,582**	**3,071**	**2,957**

The following table shows the breakdown by major geographical area of the Group's employees as at December 31, 2015 and 2014.

	As at December 31,	
(no.)	**2015**	**2014**
USA	726	693
Italy	314	320
France	259	257
Finland	171	171
Germany and Austria	101	101
Boncafe	632	610
Other countries	868	805
Total	**3,071**	**2,957**

Over the past three years, the Group companies, including the Boncafe companies, have not made use of forms of social safety nets (or similar institutions in other jurisdictions) or other types of contracts with employees.

As at December 31, 2015 there have not been, nor are there in progress, checks or assessments by the competent bodies regarding staff and safety at work relating to the Group companies.

Corporate governance

The governance model adopted by the Group is in line with the application criteria and principles laid down in the Corporate Governance Code the Company adheres to. This model is aimed at maximising value for shareholders, at controlling business risks and ensuring greater transparency to the market, as well as ensuring integrity and correctness of decision-making processes.

The Company is organized based on the traditional model of administration and control as defined by regulations on listed issuers and by the guidance of the Corporate Governance Code and it is articulated as follows.

Shareholders' Meeting
It passes resolutions in ordinary and extraordinary sessions in relation to such matters as are reserved for the same by law or the By-laws.

Board of Directors
It is vested with the fullest powers for the administration of the Company, with the authority to perform any act it considers appropriate to the fulfilment of the Company's business purpose, except for those acts reserved to the Shareholders' Meeting by law or by the By-laws.

The Board of Directors in office at the date of these consolidated financial statements is comprised of 9 officers, of which three are non-executive and three independent, nominated at the shareholders meeting of July 15, 2014. The officers will remain in office for three years, until the shareholders meeting for the approval of the December 31, 2016 financial statements.

The Board of Directors of July 15, 2014 approved the creation of an Appointment and Remuneration Committee and Audit and Risk Committee, effective from the date of listing of the Company's ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (June 3, 2015).

Appointment and Remuneration Committee
The Appointment and Remuneration Committee has the task of assisting the Board of Directors with proactive and consultative functions of investigation, in the evaluations and decisions relating to the composition of the Board of Directors and remuneration of directors and managers with strategic responsibilities.

Audit and Risk Committee
The Audit and Risk Committee is responsible for assisting the Board of Directors, with proactive and consultative functions of investigation, in its evaluations and decisions on the system of internal control and risk management, as well as those relating to the approval of periodic financial reports.

In support of the internal control and risk management system of the Issuer, the Company's Board of Directors appointed as responsible of the internal audit an external party to satisfy the need to draw on the expertise and experience of an absolutely independent entity in order to start the analysis and implementation of control.

Lead Independent Director
On July 15, 2014, the Board of Directors appointed the position of lead independent director, effective from the date of listing of the Company's ordinary shares on the Mercato Telematico Azionario organized and managed by Borsa Italiana S.p.A. (June 3, 2015), for the purpose of representing a point of reference and coordination for the requests and contributions of non-executive directors and, in particular, independent directors.

Board of Statutory Auditors
The Board of Statutory Auditors has - inter alia - the task of monitoring: a) compliance with the law and by-laws and observance of the principles of proper business administration; b) the adequacy and effectiveness of the Company’s organizational structure, internal control and risk management system, as well as the administrative and accounting system, and also the latter’s reliability as a means of accurately reporting business operations; c) any procedures for the actual implementation of the corporate governance rules provided for in the Corporate Governance Code; d) the adequacy of the Company’s instructions to subsidiaries with regard to disclosures prescribed by law. The current Board of Statutory Auditors was appointed by the Shareholders’ Meeting on July 15, 2014 for the 2014-2016 term

Officer in charge of financial reporting
On July 15, 2014, the Board of Directors, after consultation with the Board of Statutory Auditors, appointed Massimo Zuffi as manager responsible for preparing the company’s financial statements, effective as from the date of commencement of trading of the Company’s shares on the MTA.

Organizational, Management and Control Model Pursuant to Legislative Decree no. 231/2001
On May 8, 2015, the Board of Directors of the Company adopted the organizational, management and control model and the related measures requested by Legislative Decree no. 231/2001 (‘‘231 Model’’), in order to limit potential liabilities of the Company for criminal offenses committed in its interest or for its advantage by those holding positions of representation, administration or management, as well as by others under the direction or supervision of such persons.

In particular, the Board of Directors adopted the 231 Model and appointed the supervisory body, with the task of monitoring compliance with and constant updating of the 231 Model.

Corporate governance report
The Company prepared a report on corporate governance and ownership structure that describes the corporate govrnance system adopted by the Company as well as information on the ownership structure and the internal control system and risk management. The report - which refers to the year ended December 31, 2015 - can be consulted, in full version, on the Company's website www.mzb-group.com.

Risk management

Risk related to the Group’s concentration in the roasted coffee business
The results of the Group are significantly correlated to the performance of the coffee market, both at the global and national levels, in the Group's main markets. In particular, the Group's revenues are related to the sales price of roasted coffee and sales volumes, as well as the change in exchange rates.

Risk of fluctuations in the prices of green coffee and other raw materials used by the Group
The price of green coffee is characterized by a high level of volatility due to various factors, such as, speculation in the relevant reference market, weather changes or natural disasters, deficiencies - actual or perceived - and damage to crops. In order to reduce the impact of fluctuations in raw material prices, the Group, on the one hand, adopts procurement policies for raw materials (in particular for raw coffee) to reduce the effects of such fluctuations, and on the other hand, policies aimed at transferring these price changes to the selling prices of its products.

Risk associated with the procurement of raw materials and semi-finished goods
The Group purchases raw materials needed for the manufacture of its products through a network of selected suppliers, some of which - as regards the supply of green coffee - are companies previously belonging to the Group.

The Group has set up internal procedures for the selection of its supplies that are based on minimum quality standards and financial standing in order to guarantee operations and control the costs related to the acquisition of raw materials and semi-finished products. The Group also performs period control activities on the compliance with the aforementioned requirements in time.

Risk related to the concentration of sales to principal clients
The Group's sales of roasted coffee in the Mass Market and Private Label channels are concentrated on a limited number of major customers. Although the Group has good relationships with key customers, particularly in the Private Label channel, the Group may not be able to maintain these business relationships with existing major customers in the future, or develop new ones. The Group may also be need to replace and/or modify the agreements currently in place with one or more of its main customers, which could negative affect the Group's growth prospects as well as its results and financial position.

Risk related to legal proceedings
At the date of this report, the Group is involved in ongoing legal proceedings, for which it has recognized accounting provisions where an adverse outcome to the Group is probable. Such legal proceedings may result in the payment of amounts that have not been provided for, resulting in negative effects on the Group's results and financial position.

See Note 18 – "Other Non-Current Provisions" of the consolidated financial statements for further details.

Risk related to the early repayment of borrowings made available to the Group
As a result of contractual clauses, the borrowings of the Group are exposed to the risk of early repayment upon the occurrence of certain events, whereby the lenders can, in summary, *i)* cancel credit lines made available, and *ii)* demand that the borrowings be fully reimbursed.

In particular, some borrowings contain certain covenants that when not complied with will result in the obligation to pay an additional spread or the right of the lenders to demand full or accelerated repayment.

Risk related to interest rate fluctuations
The majority of the Group's long-term borrowings are subject to floating rates of interest. The Group utilizes derivative financial instruments (mainly interest rate swaps) to partially hedge cash flows, with the objective of fixing the interest rates in accordance with its financial risk management policies.

Although the Group has an active risk management policy, in the event of an increase in interest rates, the increase in finance costs relating to variable rate borrowings that are not hedged could negatively affect the Group's results and financial position.

Risk related to foreign currency exchange rate fluctuations
The Group is exposed to fluctuations in exchange rates, particularly with respect to the USD, in relation to:

(i) purchases of green coffee (the main raw material used by the Group), which are typically denominated in USD;
(ii) the Group's subsidiaries with a functional currency other than the Euro, including the following in particular companies whose functional currency is the USD.

In order to reduce exposure to exchange rate risk resulting from cash flows denominated in USD, the Group, as considered appropriate, uses forward contracts, fixing the exchange rates of the functional currencies of the Group companies towards the USD.

In order to reduce exposure to fluctuations in the exchange rates of net investments in foreign operations with a functional currency other than the Euro (in particular the USD), the Group uses non-derivative financial instruments (such as long-term loans denominated in USD) to hedge the unfavorable change of these exchange rates.

See Note 3 – "Management of Financial Risks" in the consolidated financial statements for further details relating to the nature and management of financial risks.

Other information

Unusual transactions or events
No significant unusual transactions or events occurred during the period that effect the Group's financial position or results of operations.

Treasury shares
The Company does not possess nor did it possess treasury shares as at December 31, 2015, not even through a third party or trust company, and therefore, has not pursued purchase operations of such shares during the period.

Issuers' Regulation - Article 36
In accordance with CONSOB provisions contained in the Issuers Regulation and specifically Article 36 of Resolution 16191/2007, the Company performed the controls on the subsidiaries that were incorporated and are governed under the laws of non-EU Member States and that, as a result, were deemed "material" based on the requirements under Article 151 of the Issuers' Regulations adopted with CONSOB Resolution 11971/1999. As regards the non-EU foreign subsidiaries Massimo Zanetti Beverage USA, Inc, Boncafe International Pte Ltd and Kauai Coffee Company LLC, identified based on the above regulations and in compliance with the provisions of local laws, these verifications revealed the existence of an adequate administrative and accounting system and the additional requirements envisaged in said Article 36.

Information pursuant to Articles 70 and 71 of Issuers' Regulations
The Company adopted the simplification regime under Articles 70/8 and 71/1-bis of the Issuers' Regulations, adopted with CONSOB Resolution 11971/1999, as subsequently amended.The Company chose the option to make exceptions to the obligation to issue the documents required by the law when transactions of greater importance (such as mergers, spin-offs, capital increases by means of the conferral of assets in kind, acquisitions or disposals) occur.

Research and development

The research and development of the Group focus primarily on marketing and brands and it is almost totally included in marketing activity and does not constitute an independent source of cost.

In the Consolidated Financial Statements, research and development costs that do not meet the conditions for capitalization as intangible assets under IFRS are expensed as incurred in the income statement and classified as costs included in operating profit.

Reclassified income statement and reclassified statement of financial position of the Company

Reclassified income statement for the years ended December 31, 2015 and 2014

The following table sets forth the reclassified income statement of the Company for the years ended December 31, 2015 and 2014:

	For the year ended December 31,				Change	
(in thousands of Euro)	**2015**	**(*)**	**2014**	**(*)**	**2015-2014**	
Revenue	9,273	100.0%	6,761	100.0%	2,512	37.2%
Purchases of goods	(46)	-0.5%	(44)	-0.7%	(2)	4.5%
Purchases of services, leases and rentals	(3,432)	-37.0%	(1,440)	-21.3%	(1,992)	>100%
Personnel costs	(2,354)	-25.4%	(2,166)	-32.0%	(188)	8.7%
Other operating costs, net(2)	(108)	-1.2%	(79)	-1.2%	(29)	36.7%
EBITDA(1)	**3,333**	**35.9%**	**3,032**	**44.8%**	**301**	**9.9%**
Non-recurring items(3)	3,053	32.9%	-	0.0%	3,053	n.a.
EBITDA Adjusted(1)	**6,386**	**68.8%**	**3,032**	**44.8%**	**3,354**	>100%
Depreciation and amortization	(522)	-5.6%	(602)	-8.9%	80	-13.3%
Operating profit	**(242)**	**-2.6%**	**2,430**	**35.9%**	**(2,672)**	**> -100%**
Net finance costs(4)	(2,081)	-22.4%	(2,873)	-42.5%	792	-27.6%
Profit before tax	**(2,323)**	**-25.0%**	**(443)**	**-6.6%**	**(1,880)**	**>-100%**
Income tax expense	2,665	28.7%	1,215	18.0%	1,450	>100%
Profit for the year	**342**	**3.7%**	**772**	**11.4%**	**(430)**	**-55.7%**

Reconciliation between the reclassified income statement and the income statement:

(1) For additional information refer to the Non-GAAP Measures section
(2) Includes other income and other operating costs
(3) Includes costs related to the IPO
(4) Includes finance income and finance costs

Reclassified statement of financial position of the Company as at December 31, 2015

The following table shows the reclassified statement of financial position of the Company as at December 31, 2015 and 2014:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014**
Investments:		
Intangible assets	381	85
Property, plant and equipment	12,016	12,473
Investments in subsidiaries	180,067	180,045
Non-current trade receivables	33,696	19,479
Deferred tax assets and other non-current assets	3,639	1,385
Non-current assets (A)	**229,799**	**213,467**
Net working capital (B) [(1)]	**417**	**682**
Employee benefits	(242)	(209)
Deferred tax liabilities and other non-current liabilities[(2)]	(1,954)	(835)
Non-current liabilities (C)	**(2,196)**	**(1,044)**
Net invested capital (A+B+C)	**228,020**	**213,105**
Sources:		
Total equity	151,454	81,893
Net financial indebtedness	76,566	131,212
Total sources of financing	**228,020**	**213,105**

Reconciliation between the reclassified statement of financial position and the statement of financial position:

(1) For additional information refer to the Non-GAAP Measures section

(2) Includes deferred tax liabilities and other non-current liabilities

Net Financial Indebtedness

The following table sets forth a breakdown of net financial indebtedness of the Company at December 31, 2015 and 2014, determined in accordance with the CONSOB communication dated July 28, 2006 and in compliance with the Recommendation ESMA/2013/319:

		As at December 31,	
	(in thousands of Euro)	**2015**	**2014**
A	Cash and cash equivalent	(5)	(2)
B	Cash at bank	(1,033)	(258)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(1,038)**	**(260)**
E	**Current financial receivables**	**(1,969)**	**(200)**
F	Current loans	8,497	6,947
G	Current portion of non-current loans	6,697	8,897
H	Other current financial payables	21,403	33,604
I	**Current indebtedness (F+G+H)**	**36,597**	**49,448**
J	**Net current indebtedness (I+E+D)**	**33,590**	**48,988**
K	Non-Current loans	42,976	82,224
L	Issued bonds	-	-
M	Other non-current financial payables	-	-
N	**Non-current indebtedness (K+L+M)**	**42,976**	**82,224**
O	**Net financial indebtedness (J+N)**	**76,566**	**131,212**
	of which due to third parties	*57,132*	*97,808*
	of which due to related parties	*19,434*	*33,404*

Reconciliation of the Company and Group net profit and shareholders' equity

Pursuant to the Consob communication of 28 July 2006, the table below shows a reconciliation between the net profit for the period and shareholders' equity for Massimo Zanetti Beverage Group S.p.A and the Group.

As at and for the year ended December 31, 2015 *(in thousands of Euro)*	**Equity**	**Profit for the Year**
Figures from the annual financial statements of Massimo Zanetti Beverage Group S.p.A.	**151,454**	**342**
Difference between carrying amount and pro rata value of shareholders’ equity of investments	129,522	-
Pro rata results of subsidiaries	-	22,636
Elimination of intercompany dividends	-	(11,297)
Elimination of intercompany profit	(2,675)	(48)
Foreign currency translation impact of foreign subsidiaries with a functional currency different than the Euro	15,385	-
Figures from the consolidated financial statements	**293,686**	**11,633**

Proposed resolution concerning net income for the year

Dear Shareholders,

We submit the following proposed resolution for your approval:

"The Massimo Zanetti Beverage Group S.p.A.Ordinary Shareholders' Meeting

- having heard and approved the information provided by the Board of Directors;
- having examined the separate financial statements of Massimo Zanetti Beverage Group S.p.A. as of December 31, 2015 e and the Management Report;
- having acknowledged the report of the Board of Statutory Auditors and the independent auditors' report, having examined the consolidated financial statements as of December 31, 2015,

hereby resolve

1. to approve the separate financial statements of Massimo Zanetti Beverage Group S.p.A. as of December 31, 2015;

2. to approve the following allocation of the net income of Massimo Zanetti Beverage Group S.p.A. as of December 31, 2015 totaling Euro 342,123:
    - Euro 17,106 to the legal reserve;
    - Euro 325,017 to retained earnings

3. to approve the proposal made by the Board of Directors to allocate to shareholders, with the use of "other reserves", available for distribution, a maximum of Euro 3,087,000 through the recognition of a dividend of Euro 0.09 for each share entitled.

For the Board of Directors
President and CEO

Massimo Zanetti

Villorba (Treviso), March 10, 2016

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015

Consolidated Income Statement

(in thousands of Euro)	**Note**	**For the year ended December 31,**	
		2015	**2014***
Revenue	**20**	941,680	781,455
Other income	**21**	6,109	5,907
Purchases of goods	**22**	(576,523)	(454,715)
Purchases of services, leases and rentals	**23**	(169,967)	(145,776)
Personnel costs	**24**	(127,777)	(112,298)
Other operating costs	**25**	(11,529)	(5,949)
Amortization, depreciation and impairment	**26**	(34,963)	(31,454)
Operating profit		**27,030**	**37,170**
Finance income	**27**	179	411
Finance costs	**27**	(8,259)	(10,421)
Profit before tax		**18,950**	**27,160**
Income tax expense	**28**	(7,317)	(11,034)
Profit for the year from continuing operations		**11,633**	**16,126**
Loss for the year from discontinued operations	**29**	-	(3,538)
Profit for the year		**11,633**	**12,588**
Profit attributable to:			
Non-controlling interests		*138*	*168*
Owners of the parent		*11,495*	*12,420*
Earnings per share basic / diluted (in Euro)	**30**	**0.36**	**0.44**
From continuing operations		*0.36*	*0.57*
From discontinued operations		*-*	*(0.13)*

* Figures restated for the application of IFRS 3 (see Note 2.7)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Profit for the year	**11,633**	**12,588**
(Losses)/Gain from cash flow hedges	(250)	753
Losses from net investment hedges	(3,688)	(6,745)
Currency translation differences	10,595	13,918
Items that may be subsequently reclassified to profit or loss	**6,657**	**7,926**
Remeasurements of employee benefit obligations	42	(222)
Items that will not be reclassified to profit or loss	**42**	**(222)**
Total comprehensive income for the year	**18,332**	**20,292**
Comprehensive income attributable to non-controlling interests	140	160
Comprehensive income attributable to owners of the parent	**18,192**	**20,132**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Financial Position

	Note	As at December 31	
(in thousands of Euro)		2015	2014*
Intangible assets	**7**	117,834	112,607
Property, plant and equipment	**8**	208,871	203,226
Investment properties	**9**	4,422	4,525
Investments in joint venture		138	128
Non-current trade receivables	**10**	13,783	15,079
Deferred tax assets	**11**	11,046	10,311
Other non-current assets	**12**	5,865	5,521
Total non-current assets		**361,959**	**351,397**
Inventories	**13**	134,807	139,302
Trade receivables	**10**	115,950	119,903
Income tax receivables		3,242	510
Other current assets	**12**	12,464	19,042
Cash and cash equivalents	**14**	25,574	18,302
Total current assets		**292,037**	**297,059**
Total assets		**653,996**	**648,456**
Share capital		34,300	28,000
Other reserves		121,803	51,708
Retained earnings		135,786	126,567
Equity attributable to owners of the parent		**291,889**	**206,275**
Non-controlling interests		1,797	1,759
Total equity	**15**	**293,686**	**208,034**
Non-current borrowings	**16**	98,338	145,731
Employee benefits	**17**	9,624	9,743
Other non-current provisions	**18**	2,258	2,291
Deferred tax liabilities	**11**	24,008	26,228
Other non-current liabilities	**19**	5,881	4,178
Total non-current liabilities		**140,109**	**188,171**
Current borrowings	**16**	113,100	116,504
Trade payables		80,745	92,576
Income tax liabilities		620	2,084
Other current liabilities	**19**	25,736	41,087
Total current liabilities		**220,201**	**252,251**
Total liabilities		**360,310**	**440,422**
Total equity and liabilities		**653,996**	**648,456**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in thousands of Euro)	Note	For the year ended December 31, 2015	2014*
Profit before tax		**18,950**	**27,160**
Adjustments for:			
Amortization, depreciation and impairment	**26**	34,963	31,454
Provisions for employee benefits and other charges	**25**	383	1,478
Finance costs	**27**	8,080	10,010
Other non-monetary items		(2,413)	(386)
Net cash generated from operating activities before changes in working capital		**59,963**	**69,716**
Increase in inventory		(1,222)	(16,213)
Decrease/(Increase) in trade receivables		4,776	(27,361)
(Decrease)/Increase in trade payables		(2,750)	18,159
(Increase)/Decrease in other assets/liabilities		(12,808)	5,226
Payments of employee benefits		(566)	(211)
Interest paid		(8,696)	(8,811)
Income tax paid		(7,566)	(6,335)
Net cash generated from operating activities		**31,131**	**34,170**
Acquisition of subsidiary, net of cash acquired	**5**	(2,640)	(60,731)
Acquisition under common control, net of cash acquired		-	(16)
Purchase of property, plant and equipment	**8**	(26,786)	(28,593)
Purchase of intangible assets	**7**	(5,059)	(1,647)
Proceeds from sale of property, plant and equipment	**8**	722	908
Proceeds from sale of intangible assets	**7**	894	92
Increase in financial receivables		(24)	(572)
Interest received		249	270
Net cash used in investing activities		**(32,644)**	**(90,289)**
Proceeds from borrowings	**16**	43,448	71,684
Repayment of borrowings	**16**	(94,930)	(15,884)
(Decrease)/Increase in short-term loans		(7,621)	628
Share capital increase	**15**	67,903	-
Dividends paid to non-controlling interests	**15**	(102)	(220)
Net cash generated from financing activities		**8,698**	**56,208**
Exchange gains on cash and cash equivalents		87	868
Net increase in cash and cash equivalents		**7,272**	**957**
Net cash used in operating activities of discontinued operations		-	(15,376)
Net cash used in investing activities of discontinued operations		-	(537)
Net cash generated from financing activities of discontinued operations		-	13,402
Net cash used in discontinued operations		**-**	**(2,511)**
Total net increase in cash and cash equivalents		**7,272**	**(1,554)**
Cash and cash equivalents at the beginning of the year		18,302	19,856
Cash and cash equivalents at the end of the year		**25,574**	**18,302**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Consolidated Statement of Changes in Equity

(in thousands of Euro)	Share capital	Other reserves	Retained earnings	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
As at December 31, 2013	**28,000**	**57,297**	**130,450**	**215,747**	**3,261**	**219,008**
Profit for the year	-	-	12,420	12,420	168	**12,588**
Remeasurements of employee benefit obligations	-	-	(214)	(214)	(8)	**(222)**
Gains from cash flow hedges	-	753	-	753	-	**753**
Losses from net investment hedges	-	(6,745)	-	(6,745)	-	**(6,745)**
Currency translation differences	-	13,918	-	13,918	-	**13,918**
Total comprehensive income for the year	**-**	**7,926**	**12,206**	**20,132**	**160**	**20,292**
Shareholders transactions						
Acquisition of 3.15% of Segafredo Zanetti SpA	-	-	(6,293)	(6,293)	(1,442)	**(7,735)**
Reclassifications	-	456	(456)	-	-	**-**
Dividends paid	-	-	-	-	(220)	**(220)**
Demerger of green coffee business	-	(13,971)	(9,340)	(23,311)	-	**(23,311)**
As at December 31, 2014*	**28,000**	**51,708**	**126,567**	**206,275**	**1,759**	**208,034**
Profit for the year	-	-	11,495	11,495	138	**11,633**
Remeasurements of employee benefit obligations	-	-	40	40	2	**42**
Losses from cash flow hedges	-	(250)	-	(250)	-	**(250)**
Losses from net investment hedges	-	(3,688)	-	(3,688)	-	**(3,688)**
Currency translation differences	-	10,595	-	10,595	-	**10,595**
Total comprehensive income for the year	**-**	**6,657**	**11,535**	**18,192**	**140**	18,332
Shareholders transactions						
Increase in share capital, net of transaction costs	6,300	62,918	-	69,218	-	**69,218**
Other movements	-	-	(1,796)	(1,796)	-	**(1,796)**
Dividends paid	-	-	-	-	(102)	**(102)**
Reclassifications	-	**520**	(520)	-	-	**-**
As at December 31, 2015	**34,300**	**121,803**	**135,786**	**291,889**	**1,797**	**293,686**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The accompanying notes are an integral part of the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

1 General Information

Massimo Zanetti Beverage Group S.p.A. (the "**Company**"), a company established and domiciled in Italy, is organized and governed under the laws of the Republic of Italy. The registered offices of the Company are located in Viale Felissent, Villorba (Treviso). The Company is controlled by Massimo Zanetti Industries S.A. ("**MZ Industries**") based in Luxembourg.

The Company and its subsidiaries (together referred to as the "Group") operate in the coffee business. In particular, the Group manages numerous well-known international brands and a vast assortment of regional products, from coffee to tea, cocoa and spices.

As of June 3, 2015, the Company is listed on the STAR segment of the Borsa Italiana's stock market (*Mercato Telematico Azionario* or MTA).

The consolidated financial statements were audited by PricewaterhouseCoopers SpA, who was appointed as independent auditor of the Company and its most significant subsidiaries.

2 Accounting policies

The principal accounting policies and criteria adopted in preparing the consolidated financial statements are described below.

2.1. Basis of Preparation

The consolidated financial statements as at and for the year ended December 31, 2015 ("**Consolidated Financial Statements**"), approved by the Company's Board of Directors on March 10, 2016, have been prepared on a going concern basis. Management has confirmed the absence of any financial, operational or other indicator that might call into question the ability of the Group to meet its obligations in the foreseeable future and, in particular, over the next twelve months. The approach adopted by the Group for the management of financial risks is discussed in Note 3 "Management of financial risks" below.

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"). In this context, IFRS means all the "International Financial Reporting Standards", all the "International Accounting Standards" (IAS), and all the interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), previously known as the "Standing Interpretations Committee" (SIC), that, at the date of approving the Consolidated Financial Statements, had been endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002. In particular, IFRS has been applied consistently to all the accounting periods presented in this document except as described in Note 2.5.

The Consolidated Financial Statements have been prepared and presented in Euro. Unless otherwise indicated, all amounts included in this document are stated in thousands of Euro.

Financial statement formats and related classification criteria adopted by the Group, in accordance with IAS 1 – Presentation of Financial Statements, are as follows:

- the *consolidated statement of financial position* classifies assets and liabilities using the "current/non-current" criterion;
- the *consolidated income statement* classifies operating costs by nature;
- the *consolidated statement of comprehensive income* includes income and costs not reported in the income statement for the year, as required or allowed by IFRS, such as gains/losses from cash flow hedges, remeasurement of employee benefit obligations and currency translation differences; and

- the *consolidated statement of cash flows* presents the cash flows generated by operating activities using the "indirect method".

The Consolidated Financial Statements have been prepared under the historical cost convention, except with regard to the measurement of financial assets and liabilities, where application of the *fair value* criterion is required.

2.2. Scope of Consolidation and Changes

The entities included within the scope of consolidation as of December 31, 2015 and 2014 are listed in appendix 1.

On December 1, 2014 the demerger of part of the Company's business (the "Green Coffee Group") was completed to MZ Green Coffee Group S.p.A., which controls MZ Green Coffee S.A., a Swiss company to which, in turn, the business of Massimo Zanetti Beverage S.A. was transferred. As a result of such demerger operations, the entities which are involved in the cultivation, processing, exporting and sale of green coffee are now outside the scope of consolidation.

See Note 5 for further information about the principal changes in the scope of consolidation during the years ended December 31, 2015 and 2014.

2.3. Consolidation Principles and Methodology

Subsidiaries

Subsidiaries are those entities over which the Company exercises control. The Company controls an entity when it is exposed to or exercises rights over the results of the subsidiary as a result of its involvement with the subsidiary and it is able to influence such results through exercise of its power.

Control may be exercised as a result of direct or indirect ownership of the majority of shares with voting rights, or as a consequence of contractual or legal agreements that may be unrelated to the ownership of equity. The existence of potential voting rights exercisable is considered when determining whether or not control exists.

In general, control is presumed to exist when the Company holds, directly or indirectly, the majority of voting rights.
Subsidiaries are consolidated on a line-by-line basis from the date on which control is acquired and are deconsolidated on the date on which control is transferred to a third party.

The principles adopted for line-by-line consolidation are as follows:

- the assets, liabilities, revenues and expenses of the subsidiaries are consolidated on a line-by-line basis, attributing to the non-controlling interests, where applicable, their share of equity and profit or loss for the year which is shown separately in equity and in the consolidated income statement;
- in accordance with IFRS 3, business combinations are accounted for using the acquisition method. Under this method, the consideration transferred for the acquisition is measured at fair value, represented by the sum of the fair values of the assets transferred and the liabilities assumed by the Group at the acquisition date and the equity instruments issued in exchange for control over the entity acquired. Transaction-related expenses are generally charged to the income statement as incurred. On the acquisition date, the identifiable assets acquired and liabilities assumed are recognized at their fair value, except for the following items that are measured on the basis specified in the relevant accounting standards: *i)* deferred tax assets and

liabilities; *ii)* assets and liabilities relating to employee benefits; and *iii)* assets held for sale. In the case in which it is only possible to estimate provisionally the fair value of assets, liabilities and potential liabilities, the business combination is accounted for on the basis of provisional estimated values. Any subsequent corrections required following completion of the valuation process are accounted for within 12 months of the acquisition date;

- if an element of the consideration depends on the outcome of future events, such element is included in the estimate of fair value at the time of the business combination;
- significant gains and losses and related tax effects deriving from transactions between consolidated entities on a line-by-line basis, are generally eliminated if not yet realized. Losses are not eliminated, however, if the transaction provides evidence that the value of the asset transferred is impaired. Intercompany receivables and payables, costs and revenues, and financial income and expense are also eliminated, if significant; and
- the acquisition of further shares in subsidiaries and any sale of shares which do not lead to loss of control are accounted for as transactions between shareholders; as such, the accounting effects of such operations are reflected directly in the Group equity.

Business combinations under common control

Business combinations occurring between entities that are controlled by the same entity/person or entities/persons both before and after the combination, where such control is not transitory, are known as transactions "*under common control"*.

Such transactions are explicitly not covered by IFRS 3 or by any other IFRS. In the absence of a relevant accounting standard and in accordance with IAS 8, in preparing the Consolidated Financial Statements the Group has accounted for the entities acquired and disposed of on the basis of their accounting values in the financial statements of MZ Industries, at the transaction date. Where, in cases with no significant influence on future cash flows of the net assets transferred, the value on transfer of such entities differs from that accounted for in the financial statements of the controlling party, the difference is recorded in net equity.

Joint ventures

Joint ventures refer to those entities in which the Group exercises control together with another entity. Such entities, which are classified as joint ventures, are accounted for using the equity method.

Under the equity method, the Group's share of the entity's profit or loss for the year is accounted for in the income statement, with the exception of any other changes in the net equity of the entity which are recorded in the statement of comprehensive income.

In the case of losses incurred in excess of the carrying value of the investment, to the extent to which the venturer has legal or implicit obligations with regard to the joint venture or is required to cover its losses, the excess loss is accounted for by the venturer as a liability.

The following table sets out certain information relating to the joint ventures included in the Consolidated Financial Statements:

Entity	Country	Assets	Liabilities	Revenue	Net Profit	% share capital
		(in thousands of Euro)				
December 31, 2015						
Segafredo Zanetti Espresso Services Srl	Romania	4	35	-	(32)	51.0%
Massimo Zanetti Beverage Mexico SA de CV	Mexico	276	110	328	16	50.0%
Coffee Care (South West) Ltd	UK	178	68	368	13	50.0%
December 31, 2014						
Massimo Zanetti Beverage Mexico SA de CV	Mexico	246	86	520	6	50.0%
Coffee Care (South West) Ltd	UK	138	42	281	10	50.0%

The financial statements of subsidiaries are prepared in the currency of the primary economic area in which they operate. Financial statements presented in currencies other than the Euro are translated into Euro as follows:

- assets and liabilities are translated using the exchange rates applicable at the reporting date;
- revenues and expenditures are translated using the average exchange rate for the year; and
- the reserve for currency translation differences includes exchange differences generated by translating balances at a rate other than the closing rate, as well as those generated by translating opening assets and liabilities at a rate other than the rate applicable at the reporting date.

The following exchange rates were used to translate non-Euro financial statements of subsidiaries as at December 31, 2015 and 2014:

Currency		Average exchange rate for the year ended		Exchange rate as at December 31		
		2015	2014	2015	2014	2013
US Dollar	USD	1.11	1.33	1.09	1.21	1.38
Australian Dollar	AUD	1.48	1.47	1.49	1.48	1.54
Japanese Yen	JPY	134.29	140.38	131.07	145.23	144.72
Swiss Franc	CHF	1.07	1.21	1.08	1.20	1.23
Brasilian Real	BRL	3.69	3.12	4.31	3.22	3.26
British Pound	GBP	0.73	0.81	0.73	0.78	0.83
Costarican Colon	CRC	593.18	713.29	585.64	655.72	690.43
Argentine Peso	ARS	10.25	10.77	14.10	10.28	8.99
Danish Crown	DKK	7.46	7.45	7.46	7.45	7.46
Polish Zloty	PLZ	4.18	4.18	4.26	4.27	4.15
Chilean Peso	CLP	725.70	757.06	772.71	737.30	724.77
Czech Koruna	CSK	27.29	27.54	27.02	27.74	27.43
Mexican Peso	MXN	17.60	17.66	18.91	17.87	18.07
New Zealander Dollar	NZD	1.59	1.60	1.59	1.55	1.68
Singapore Dollar	SGD	1.53	1.68	1.54	1.61	1.74
Thai Bhat	THB	38.00	43.16	39.25	39.91	45.18
United Arab Emirates Dinar	AED	4.07	4.88	4.00	4.46	5.07
Malaysian Ringgit	MYR	4.33	4.35	4.70	4.25	4.52
Vietnamese Dong	VND	24,314.57	28,160.33	24,475.10	25,972.10	29,096.70
Croatian Kuna	HRK	7.61	7.63	7.64	7.66	7.63
Hong Kong Dollar	HKD	8.60	10.30	8.44	9.42	10.69
Romanian Leu	RON	4.45	-	4.52	-	-
Hungarian Forint	HUF	309.90	308.70	315.98	315.54	297.04

2.4. Accounting Policies

A brief description is provided below of the accounting policies and principles adopted in preparing the Consolidated Financial Statements.

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost and stated net of accumulated depreciation and any impairment adjustments. The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Purchase or production cost includes costs incurred directly to prepare property, plant and equipment for use, as well as any costs to be incurred to dismantle and remove the assets in line with contractual obligations that require that the assets be returned to their original condition or location. Borrowing costs directly attributable to the purchase, construction or production of an asset are capitalized and depreciated over the asset's useful life.

Maintenance costs and the costs of routine and/or cyclical repairs are charged directly to the income statement as incurred. Costs incurred for the expansion, modernization or improvement of owned or leased fixed assets are capitalized if they meet the requirements for separate classification as an asset or part of an asset. Improvements to leased assets are depreciated over the life of the lease contract or over the useful life of the asset in question, if shorter. If improvements can be considered as separate assets, they are depreciated over the expected useful life of the separate asset.

Depreciation is recognized monthly on a straight-line basis, using rates that depreciate property, plant and equipment over their useful lives. In those cases where assets include distinctly identifiable elements with significantly different useful economic lives, depreciation is calculated separately for each part in accordance with the component approach.

The estimated useful lives of the various categories of property, plant and equipment are as follows:

Property, plant and equipment	Useful life (in year)
Buildings	40
Biological assets	20
Silos	30
Toasting, grinding and packaging machines	20
Equipment for green coffee	15
Catalysts, equipment control and PCs and models for the production of coffee machines	10
Office and bar equipment	8
Carts and trucks	6
Vehicles	5
Hardware, sales and marketing equipment and cars	4
Leasehold improvements	Lesser between useful life and term of the contract

The useful lives of property, plant and equipment are reviewed and updated at the end of each financial year, or more frequently when required.

Leased assets

Assets held under finance leases, whereby the risks and rewards of ownership are transferred to the Group, are recognized as assets at their fair value on the contract date or, if lower, at the present value of the minimum lease payments including any amounts payable in respect of end-of-lease purchase options, when it is reasonably certain that it will be exercised. The corresponding liability to the lessor is recorded as financial liabilities. Leased assets are depreciated applying the criteria and rates described above, unless the duration of the lease contract is shorter than the useful lives represented by such rates and the transfer of ownership at the end of the contract period is not reasonably certain. In such circumstances, the depreciation period is the duration of the lease contract.

Leases in which the lessor retains the significant risks and rewards of asset ownership are accounted for as operating leases. Operating lease installments are charged to the income statement on a straight-line basis over the lease term.

Biological assets

Coffee plantations held by the green coffee business represent "biological assets" pursuant to IAS 41 Agriculture. In particular, IAS 41 applies to biological activities and agricultural products until they are harvested. Subsequently, IAS 2 – Inventories is applicable.

Coffee plantations are measured at cost, since it is difficult to establish a reliable fair value for them, given the highly subjective nature of the variables driving the related valuation model. Cost is therefore deemed to represent the best available approximation of fair value and is depreciated over an estimated useful life of 20 years. Coffee plantations are classified as property, plant and equipment related to discontinued operations and are recorded at purchase or production cost, and stated net of accumulated depreciation and any impairment adjustments. Purchase or production cost includes directly related charges incurred to prepare the coffee plantations for use, as well as any removal costs to be incurred under contracts requiring the restoration of the assets concerned to their original condition. Such assets are derecognized when sold or when no further use for them is foreseeable and no economic benefits are expected from their sale. Any gains or losses deriving from the withdrawal or retirement of coffee plantations are recognized in the income statement in the year in which such withdrawal or retirement occurs.

Investment properties

Properties held in order to generate rental income or for capital appreciation purposes are accounted for as investment properties; they are valued at their purchase or production cost, including any related transaction costs, net of accumulated depreciation and any impairment adjustments.

Intangible assets

Intangible assets consist of identifiable, non-monetary items without physical form that are controllable and expected to generate future economic benefits. Such items are initially recorded at purchase and/or production cost, including any directly related costs incurred to prepare them for use. Any borrowing costs incurred during and for the development of intangible assets are deemed part of their purchase cost. The following intangible assets exist within the Group:

(a) Goodwill and trademarks with an indefinite useful life

Goodwill and certain trademarks are classified as intangible assets with an indefinite useful life. They are initially recorded at cost, as described above, and subsequently subjected to impairment testing at least annually in order to identify any loss in value (refer to Note 7 “Intangible Assets” for further details regarding impairment testing). Once recognized, impairment adjustments to goodwill may not be reversed.

(b) Other intangible assets with a finite useful life

Intangible assets with a finite useful life are recorded at cost, as described above, and stated net of accumulated amortization and any impairment adjustments.

Amortization commences when intangible assets become available for use and is charged on a straight-line basis over the asset’s estimated residual useful economic lives.

Estimated useful economic lives for the various categories of intangible asset are as follows:

Intangible assets	**Useful life (in year)**
Customer lists	25
Trademarks with a finite useful life and patents	20
Concessions, licenses and similar assets	5
Software	3
Key money	End of the contract

Impairment of intangible assets and property, plant and equipment

(a) Goodwill and trademarks with an indefinite useful life

Intangible assets with an indefinite useful life are not amortized but are subjected to impairment testing on an annual basis, or more frequently if there is evidence to suggest that their value might be impaired.
Impairment testing of goodwill is carried out with reference to each of the **Cash Generating Units** (“**CGU**”) to which goodwill is allocated. Impairment is recognized if the recoverable amount of the goodwill is lower than its carrying amount. Recoverable amount is defined as the greater of the fair value of the CGU net of disposal costs and its value in use. If the writedown deriving from the impairment test is greater than the value of the goodwill allocated to the CGU, the excess amount is deducted from the assets included in the CGU, in proportion to their carrying amounts.
In allocating an impairment loss, the carrying amount of an asset cannot be reduced below the highest of:

- the fair value of the asset, net of disposal cost;
- its value in use, as defined above;
- zero.

Impairment losses recognized against intangible assets with an indefinite useful life are never reversed.

(b) Property, plant and equipment and intangible assets with a finite useful life

At each balance sheet date, the Group assesses whether there are any indications of impairment of property, plant and equipment and intangible assets with a finite useful life. Both internal and external sources of information are considered for this purpose. Internal sources include obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset with respect to expectations. External sources include the market value of the asset, changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments.

Where indicators of impairment are seen to exist, the recoverable value of the relevant assets are estimated and any impairment adjustments with respect to their carrying amounts are charged to the income statement. The recoverable value of an asset is represented by the greater of its fair value, net of disposal costs, and its value in use, which is defined as the present value of the estimated future cash flows deriving from the asset. When determining value in use, the expected future cash flows are discounted using a pre-tax rate that reflects the current market assessment of the cost of money, considering the length of the investment period and the specific risks associated with the asset. The recoverable value of assets that do not generate independent cash flows is determined with reference to the CGU to which such assets belong.

Impairment is charged to the income statement when the carrying amount of an asset, or the CGU to which it has been allocated, exceeds its recoverable value. Reductions in the value of a CGU are initially deducted from the carrying amount of any goodwill allocated to it, and then from the carrying amounts of the CGU’s remaining assets in proportion to their carrying amounts, to the extent of their related recoverable value. If the conditions that gave rise to an impairment adjustment cease to exist, the carrying amount of the asset concerned is reinstated, by crediting the income statement with an amount equal to the net carrying amount that the asset would have had in the absence of impairment, net of depreciation.

Trade receivables and other financial assets

Trade receivables and other financial assets are initially recorded at fair value and subsequently stated at amortized cost using the effective interest method, net of any impairment allowances. They are classified as current assets, except in those cases where the contractual duration at the reporting date exceeds twelve months, in which case they are classified as non-current assets.

Agreements for the factoring of trade receivables that do not envisage transfer to the factor of the risks and rewards associated with the receivables assigned (i.e. the Group remains exposed to the insolvency risk - assignment with recourse in IFRS terms) are treated as loans secured against the factored receivables. In this case, the factored receivables continue to be reported in the Group’s statement of financial position until they have been collected by the factor, and any advances obtained from the factor are recognized as a financial liability.

Impairment losses on receivables are recognized in the financial statements when there is objective evidence that the Group will be unable to recover the amount contractually due from the counterparty.

Objective evidence includes such events as:

- significant financial difficulties of the counterparty;
- legal disputes with the debtor over the amount receivable; or
- probability that the debtor will declare bankruptcy or that other financial restructuring procedures will be initiated.

The amount of impairment is measured as the difference between the carrying amount of the asset and the present value of the related future cash flows and is recorded under “Amortization, depreciation and impairment” in the income statement. Unrecoverable receivables are derecognized from the statement of financial position and charged against the provision for impairment. If, in later periods, the conditions that gave rise to an impairment loss cease to exist, the carrying amount of the asset concerned is reinstated to the net carrying amount that such asset would have had in the absence of impairment, using the amortized cost method.

Inventories

Inventories are recorded at the lower of purchase or production cost and their net realizable value, being the amount that the Group expects to obtain from their sale in the ordinary course of business, net of selling costs. Cost is determined on a first-in, first-out (FIFO) basis.

The cost of semi-finished and finished products includes design costs, raw materials, direct labor and other production costs (allocated based on normal capacity levels). The carrying amount of inventories does not include borrowing costs, as these costs do not meet the time requirements for capitalization and are therefore, expensed as incurred.

Inventories of raw materials and semi-finished products no longer usable in the production cycle and inventories of unsellable finished products are written-off.

Cash and cash equivalents

Cash and cash equivalents comprise cash and unrestricted bank deposits, as well as other forms of short-term investment with an original maturity of not more than three months. Bank overdrafts at the balance sheet date are reported as current borrowings within current liabilities in the statement of financial position.

Non-current assets held for sale

Non-current assets whose carrying amounts will be recovered principally through sale, rather than continuous use, are classified as held for sale and reported separately from other assets in the statement of financial position. Such assets are considered to be held for sale when sale of the assets is highly probable and the business or group to be sold is available for immediate sale in its current condition.

Non-current assets held for sale are not depreciated and are accounted for at the lower of their book value or their fair value, net of disposal costs.

Discontinued operations refer to parts of the business that have been retired or classified as held for sale. The results of discontinued operations are reported separately in the income statement, net of taxation. Where applicable, for comparative purposes, corresponding prior year amounts are reclassified for separate presentation in the income statement, net of taxation.

Costs and revenues, and finance income and costs, relating to transactions between consolidated entities that are respectively part of continuing and discontinued operations, are eliminated on the basis of expectations regarding the continuation or cessation of such transactions following transfer of the discontinued operations outside the scope of consolidation.

Cash flows relating to the discontinued operations are shown separately in the statement of cash flows as they relate to operating activities, investing activities and financing activities.

See Note 29 for further information regarding the effect on results of losses relating to discontinued operations.

Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recorded at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. If there is a change in the estimate of expected cash flows, the value of the liabilities is remeasured to account for this change based on the present value of the new cash flows expected and the effective interest rate as initially determined. Borrowings and other financial liabilities are classified within current liabilities, except those with contractual maturities due beyond twelve months of the balance sheet date and those for which the Group has an unconditional right to defer payment for at least twelve months after that date.

Borrowings and other financial liabilities are recognized at the transaction date and are derecognized when settled and when the Group has transferred all the risks and costs related to the instruments.

Derivative instruments and hedging activities

Derivative instruments are securities held for trading and accounted for at fair value through profit or loss, unless designated as hedging instruments, and are classified in current and non-current assets or liabilities.

Financial assets and liabilities at fair value through profit or loss are initially recorded and subsequently measured at fair value, with related transaction costs being charged to the income statement. Gains and losses deriving from changes in the fair value of interest rate derivatives are recognized in the income statement as finance income and finance costs in the period in which they are identified.
If the maturity of the hedged item exceeds twelve months, the fair value of derivatives used as hedging instruments is classified among other non-current assets or liabilities; if such maturity is less than twelve months, the fair value of the related hedging derivatives is classified among other current assets or liabilities. Derivatives not designated as hedging instruments are classified as either current or non-current assets or liabilities, depending on their contractual maturity.

Cash flow hedges
The Group designates certain derivative instruments as hedges against exchange rate risks considered highly likely to occur. The relationship between each derivative designated as a hedging instrument and the hedged item is documented, specifying the risk management objectives, the hedging strategy and the methods adopted to monitor effectiveness. The effectiveness of each hedge is monitored both upon arrangement of the related derivative and throughout its life. Generally, a cash flow hedge is deemed highly "effective" if, both at the start and throughout its life, changes in the expected cash flows associated with the hedged item are substantially offset by the changes in the fair value of the hedging instrument. Changes in the fair value of cash flow hedges subsequent to their initial recognition are accounted for within other reserves as part of net equity, to the extent that they are effective in hedging cash flows. When the economic effects of the hedged transaction are recognized, the related reserve is then released to the income statement and recorded together with the effects of the hedged transaction. If a hedge is not perfectly effective, the ineffective portion of the change in the fair value of the hedging instrument is accounted for directly in the income statement. If, during the life of a hedging instrument, the expected cash flows subject to hedging are no longer deemed to be highly likely, the cash flow hedge reserve is released to the income statement. Conversely, if the hedging instrument is sold or is no longer deemed an effective hedge, the balance of the cash flow hedge reserve up to that moment is retained within equity and is then released to the income statement at the time the hedged transaction takes place.

Net investment hedges

The Group makes use of non-derivative financial instruments (net investment hedges) to hedge against the risk of unfavorable movements in the rates of foreign exchange at which net investments in foreign assets are translated. Net investment hedges are accounted for in the same way as cash flow hedges.

Gains and losses on net investment hedges on the effective portion of the hedge are accounted for in other reserves in equity, thereby offsetting movements in the currency translation reserve relating to net investments in foreign assets. Gains and losses on the ineffective portion are accounted for directly in the income statement.

Cumulative gains and losses relating to the effective portion of such hedges, which are accounted for in other reserves in equity, are released to the income statement on full or partial disposal of the overseas assets.

Forward purchase and sale of green coffee

The Group analyzes all forward purchases and sales of non-financial assets and, in particular, forward purchases and sales of green coffee, to assess how these should be classified and treated in accordance with IAS 39, with the exception of contracts entered into and held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale, or usage requirements (own use exemption). In accordance with the "own use" regime, therefore, such contracts for the forward purchase and sale of green coffee, when entered into with a view to the subsequent physical delivery of green coffee as described above, do not qualify as derivative financial instruments fair valued in the financial statements under IAS 39, paragraph 5.

On the other hand, in the case in which such forward contracts are not entered into with a view to the subsequent physical delivery of green coffee as described above, they do qualify as derivative financial instruments. Such cases do occur in the green coffee business. Although in such cases the Group's ultimate objective is to hedge against the risk of movements in coffee prices, from an accounting viewpoint such contracts do not qualify as hedge contracts and therefore the related changes in fair value are accounted for in the income statement.

Employee benefits

Short-term benefits comprise wages, salaries, related social security costs, payments in lieu of holiday and incentives in the form of bonuses payable within twelve months of the reporting date. These benefits are recorded as payroll costs in the period in which the work is performed.

In the case of defined benefit plans, such as that governing the termination indemnities due to employees in accordance with art. 2120 of the Italian Civil Code ("**TFR**"), the amount of the benefit is only quantifiable following termination of the employment relationship and is dependent upon factors such as age, length of service and level of remuneration; for this reason, the costs charged to the income statement for a given year are determined by actuarial calculations. The liability recognized for defined benefit plans corresponds to the present value of the obligation at the reporting date. The obligations under defined benefit plans are determined each year by an independent actuary, using the projected unit credit method. The present value of defined benefit plans is determined by discounting the future cash flows using an interest rate based on that of high-quality corporate bonds issued in Euro that takes into account the duration of the pension plan concerned. The actuarial gains and losses deriving from adjustments in the total liability and the effect of changes in the actuarial assumptions are recognized in other comprehensive income.

With effect from January 1, 2007, Italian Law 2007 and the related decrees regarding implementation of the law, introduced significant changes to the TFR regulations, including the option for each employee to choose the destination of the accruing indemnity. In particular, employees may now allocate new TFR flows to alternative external pension plans or elect for them to be retained by the employer. If an external pension plan is chosen, an entity is only obliged to make defined contributions to such plan, and accordingly, from the aforementioned date the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

In addition, certain subsidiaries based in the United States of America participate in multi-employer plans, formed and funded by a range of participating entities. Each participating entity makes contributions based on certain parameters and such contributions are used to provide benefits to their employees. In the case in which a participating entity decides to leave the plan, it remains obliged to continue to make contributions in relation to benefits already earned. Accordingly, if it is probable that an entity will leave such a plan, it may be required to recognize a liability for the contributions to be paid in relation to benefits already earned.

The Group classifies its multi-employer pension plans as defined benefit plans. However, since the information available is not sufficient to account for them as defined benefit plans, the Group recognizes such plans as if they were defined contribution plans. The liability that would arise on leaving such plans is not recognized, as the likelihood of such event is considered remote at the reporting date.

Provisions

Provisions are recognized to provide for known or likely losses or liabilities, the timing and/or amount of which cannot be determined. Provisions are only recorded when there exists a present obligation, whether legal or constructive, for a future outflow of resources relating to past events, and when it is probable that such outflow will be required to settle the obligation. Provisions represent the best estimate of the expenditure required to settle the related obligation. The rate used to calculate the present value of the liability reflects market values and takes into account the specific risk associated with each liability.

In the case in which the effect of the time value of money is material and the settlement dates for the obligations can be reliably estimated, provisions are recorded at the present value of the expected future payments by applying a discount rate that reflects market conditions, the change in the time value of money, and the specific risks associated with the obligation. Provision increases due to changes in the time value of money are recognized as interest expense.

Obligations considered to be possible but not probable are disclosed in the note on contingent liabilities, however, no provision is made.

Trade payables and other liabilities

Trade payables and other liabilities are initially recorded at fair value, net of directly related charges, and subsequently measured at amortized cost using the effective interest method.

Revenue recognition

Revenues are recognized at the fair value of the consideration received from the sale of goods and services in the ordinary course of business. Revenues are stated net of value-added tax, expected returns, allowances, discounts and certain marketing activities arranged together with customers, where the value depends on the revenue generated.

Revenues from the sale of goods are recognized when the risks and rewards of owning the asset are transferred to the purchaser, the selling price is agreed or determinable and collection is expected.

Cost recognition

Costs are recognized when they relate to goods or services acquired or consumed during the year, or when allocated to the year on a systematic basis.

Taxation

Current taxes are provided for based on an estimate of taxable income, consistent with the tax regulations applicable to Group entities in their respective countries.

The Group's Italian entities are members of a domestic tax group established pursuant to Decree 344/2003. This law recognizes the combined taxable income of the Group entities that elected, on an optional basis, to join the tax group. In particular, the rules allow the tax group to net the tax results of the member entities (taxable income and losses for the consolidation period) for IRES purposes.

Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax base of an asset or liability and the related carrying amount, except for goodwill and the differences deriving from investments in subsidiaries when the Group has control over their reversal and it is likely that they will not reverse in the foreseeable future. Deferred tax assets, including those deriving from tax loss carry-forwards, are recognized, to the extent not offset by deferred tax liabilities, if it is probable that they will be recovered against future taxable income. Deferred tax assets and liabilities are determined using the tax rates, enacted or substantially enacted at the reporting date, expected to apply in the years in which the related temporary differences reverse or expire.

Current income taxes and the changes in deferred tax assets and liabilities are recognized as "Income tax expense" in the income statement, except for those taxes relating to items (other than profit for the year) included in the comprehensive income statement and those relating to amounts credited or charged directly to equity. In such cases, deferred taxes are recognized in the statement of comprehensive income and directly in equity. Deferred tax assets and liabilities are netted when they are applied by the same tax authorities, there is a legal right of offset and the net balance is likely to be settled.

Other taxes not linked to income, such as indirect taxes and other levies, are charged to the "Other operating costs" in the income statement.

Earnings per share

(a) Basic earnings per share
Basic earnings per share is calculated by dividing the result for the year attributable to the Group, (separately disclosing continuing and discontinued operations), by the weighted average number of ordinary shares outstanding during the year, excluding own treasury shares held.

(b) Diluted earnings per share
Diluted earnings per share is calculated by dividing the result for the year attributable to the Group, (separately disclosing continuing and discontinued operations), by the weighted average number of ordinary shares outstanding during the year, excluding own treasury shares held. For the purposes of the calculation of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming that rights having potential dilutive effects are fully exercised, and the result

attributable to the Group is adjusted to take into account the effect of the exercise of those rights, net of tax.

2.5. Recently-Issued Accounting Standards

Accounting standards, amendments and interpretations adopted by the Group at January 1, 2015
The following accounting standards and amendments have been adopted by the Group with effect from January 1, 2015:

On November 21, 2013, the IASB issued a number of minor amendments to IAS 19 - Employee Benefits entitled "Defined Benefit Plans: Employee Contributions". These amendments simplify the accounting treatment of the contributions made to defined benefit plans by employees or, in certain cases, by third parties. These amendments are effective on a retrospective basis for the annual periods commencing on or after July 1, 2014.

On December 12, 2013, the IASB issued a series of amendments to the IFRS as part of the annual improvement process ("Annual Improvements to IFRS - 2011-2013 Cycle"). These amendments are applicable for annual periods beginning on or after January 1, 2015.

The adoption of the above amendments did not have a significant impact on the Consolidated Financial Statements.

Accounting standards, amendments and interpretations endorsed by the European Union that are not yet effective and have not been early adopted by the Group
The following standards and amendments have been issued by the IASB and endorsed by the European Union but are not yet effective for the year ended December 31, 2015. The following new standards and amendments have not been early adopted.

- Amendment to IFRS 11 - Joint Arrangements - "Accounting for Acquisitions of Interests in Joint Operations (published on May 6, 2014), to clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture - "Bearer Plants" (published on June 30, 2014) to clarify the accounting treatment of bearer plants to bring them into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets "Clarification of Acceptable Methods of Depreciation and Amortization" (published on May 12, 2014) in order to clarify that a revenue-based depreciation/amortization method for fixed assets is inappropriate as it reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 1 - "Disclosure Initiative" (published on December 18, 2014) which provides a series of clarifications in relation to materiality and aggregation, on additional methods of presentation of results and on the ordering of notes and disclosure on significant accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Also in relation to the annual improvements process, on December 12, 2013 a series of amendments to IFRS were issued through "Annual Improvements to IFRS - 2010-2012 Cycle". The amendments are applicable for annual periods beginning on or after February 1, 2015.

No significant effect is expected from the adoption of these new standards.

Accounting standards, amendments and interpretations not endorsed by the European Union

The following standards have been issued by the IASB but at the date of these financial statements had not been adopted by the European Union.

On January 30, 2014 the IASB issued IFRS 14 - Regulatory Deferral Accounts, which provides relief to first time adopters of IFRS in relation to accounting for certain balances that arise from rate regulated activities ("regulatory deferral accounts"). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. to enhance comparability with entities that already apply IFRS and that do not recognise the deferred amounts, IFRS 14 requires that the effect of recognising the deferred account balances that arise from rate regulation must be presented separately from other items.

On May 28, 2014 the IASB issued IFRS 15 - Revenue from Contracts with Customers. A key objective of the standard is to improve the quality and comparability of revenue recognition practices. The standard is expected to be applicable from January 1, 2018, with early adoption permitted.

On July 24, 2014 the IASB published the final version of IFRS 9 - Financial Instruments relating to the classification, recognition and measurement of financial assets and liabilities, as well as to hedge accounting. The standard is expected to be applicable from January 1, 2018, with early adoption permitted.

On September 11, 2014 the IASB published amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets Between an Investor and its Associate or Joint Venture", to resolve a conflict between the requirements of IFRS 10 and IAS 28 and clarify the accounting treatment when an investor sells or contributes a business to an associate or joint venture. The IASB has currently suspended the date of effectiveness of this standard.

On December 18, 2014 the IASB published amendments to IFRS 10, IFRS 12 and IAS 28 - "Investment entities - Applying the Consolidation Exception" relating to modifications which arose as a result of the consolidation exception related to investment entities. The amendments are expected to be applicable from January 1, 2016, with early adoption permitted.

On January 13, 2016 the IASB issued IFRS 16 - Leases, which is intended to replace IAS 17. The new standard, as well as the interpretations of IFRIC 4, SIC-15 and SIC-27 introduce a single lease accounting model which requires, except in certain circumstances, the recognition by the lessee of the related lease asset and liability. The amendments are expected to be effective from January 1, 2019 with early adoption allowed only if IFRS 15 - Revenue from Contracts with Customers is applied.

In January 2016, the IASB published amendments to IAS 12 - Income Taxes and IAS 7 - Statement of Cash Flows , to clarify how to account for deferred tax assets related to debt instruments measured at fair value and information to be provided about changes in financial liabilities, respectively. The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

The Group will adopt these new standards and amendments, with due regard to the application dates envisaged, and will assess their potential effects on the Consolidated Financial Statements, when they have been endorsed by the European Union.

2.6. Significant Non-Recurring Events and Transactions

In accordance with CONSOB Regulation of July 28, 2006, it should be noted that the Group's results for 2015 were influenced by non-recurring expenses classified as other operating costs in the amount of Euro 6,753 thousand (nil in 2014) as reported in the table below:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
German antitrust fine	3,700	-
Costs related to the IPO	3,053	-
Total non-recurring items	**6,753**	**-**
Tax impact	(840)	-
Total	**5,913**	**-**

* Figures restated for the application of IFRS 3 (see Note 2.7)

In particular non-recurring expenses for the year ended December 31, 2015 include:

- Euro 3,700 thousand relating to the fine assessed to the German subsidiary by the Regional Court of Düsseldorf. See section Recent Developments included in the Management Report for further details; and
- Euro 3,053 thousand relating to the costs associated with the Company's IPO and not related to the increase in share capital (see Note 15).

2.7. Restatement of Comparative Figures

During the third quarter of 2015, the purchase price allocation was finalized to determine the fair value of the Boncafe entities net assets acquired in August 2014. In accordance with IFRS 3, the accounting effects of the finalization of such exercise have been retrospectively reflected from the date that control was obtained.

Certain financial line items included in the consolidated statement of financial position as at December 31, 2014 and in the consolidated income statement for the year ended December 31, 2014 have been reclassified to improve comparability with the corresponding balances as at and for the year ended December 31, 2015.

The effects of the finalization of the purchase price allocation and fair value determination of the Boncafe entities net assets at December 31, 2014 and of the abovementioned reclassifications relating to consolidated statement of financial position as at December 31, 2014 and to the consolidated income statement for the year ended December 31, 2014 are as follows.

	As at December 31, 2014			
(in thousands of Euro)	**Reported**	**Fair value adjustment Boncafe**	**Reclassifications**	**Restated**
Intangible assets	108,435	4,172	-	112,607
Other non-current assets	238,790	-	-	238,790
Total non-current assets	**347,225**	**4,172**	**-**	**351,397**
Total current assets	**297,059**	**-**	**-**	**297,059**
Total assets	**644,284**	**4,172**	**-**	**648,456**
Share capital	28,000	-	-	28,000
Other reserves	62,754	1,727	(12,773)	51,708
Retained earnings	114,062	(268)	12,773	126,567
Equity attributable to owners of the parent	**204,816**	**1,459**	**-**	**206,275**
Non-controlling interests	1,759	-	-	1,759
Total equity	**206,575**	**1,459**	**-**	**208,034**
Deferred tax liabilities	23,515	2,713	-	26,228
Other non-current liabilities	161,943	-	-	161,943
Total non-current liabilities	**185,458**	**2,713**	**-**	**188,171**
Total current liabilities	**252,251**	**-**	**-**	**252,251**
Total equity and liabilities	**644,284**	**4,172**	**-**	**648,456**

	For the year ended December 31,			
(in thousands of Euro)	**Reported**	**Fair value adjustment Boncafe**	**Reclassifications**	**Restated**
Revenue	781,455	-	-	781,455
Other income	5,907	-	-	5,907
Purchases of goods	(461,656)	-	6,941	(454,715)
Purchases of services, leases and rentals	(145,262)	-	(514)	(145,776)
Personnel costs	(105,871)	-	(6,427)	(112,298)
Other operating costs	(5,949)	-	-	(5,949)
Amortization, depreciation and impairment	(31,130)	(324)	-	(31,454)
Operating profit	**37,494**	**(324)**	**-**	**37,170**
Finance income	411	-	-	411
Finance costs	(10,421)	-	-	(10,421)
Profit before tax	**27,484**	**(324)**	**-**	**27,160**
Income tax expense	(11,090)	56	-	(11,034)
Profit for the year from continuing operations	**16,394**	**(268)**	**-**	**16,126**
Loss for the year from discontinued operations	(3,538)	-	-	(3,538)
Profit for the year	**12,856**	**(268)**	**-**	**12,588**
Profit attributable to:				
Non-controlling interests	*168*	-	-	*168*
Owners of the parent	*12,688*	*(268)*	-	*12,420*

	As at December 31, 2014		
(in thousands of Euro)	**Reported**	**Fair value adjustment Boncafe**	**Restated**
Profit for the year	**12,856**	**(268)**	**12,588**
Gain from cash flow hedges	753	-	753
Losses from net investment hedges	(6,745)	-	(6,745)
Currency translation differences	12,191	1,727	13,918
Items that may be subsequently reclassified to profit or loss	**6,199**	**1,727**	**7,926**
Remeasurements of employee benefit obligations	(222)	-	(222)
Items that will not be reclassified to profit or loss	**(222)**	**-**	**(222)**
Total comprehensive income for the year	**18,833**	**1,459**	**20,292**
Comprehensive income attributable to non-controlling interests	160	-	160
Comprehensive income attributable to owners of the parent	**18,673**	**1,459**	**20,132**

3 Management of Financial Risks

The activities of the Group are exposed to the following risks: market risk (including in particular, interest rate risk, foreign exchange rate risk and price risk), credit risk, liquidity risk, and capital risk.

The Group's risk management strategy focuses on minimizing potential adverse effects on the Group's financial performance. Certain types of risk are mitigated by using derivative instruments. Risk management is centralized with Group management who identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. Group management provides instructions for monitoring the management of risks, as well as instructions for specific areas concerning interest rate risk, exchange rate risk and the use of derivative and non-derivative instruments.

Market risk

The Group is exposed to market risks associated with interest rates, exchange rates and green coffee prices.

Interest rate risk

Interest rate swaps are entered into to reduce the exposure to changes in interest rates for long-term borrowings, as a result of which the Group swaps floating rate interest into fixed rates. Changes in fair value are recorded in the income statement.

The notional value of interest rate swaps outstanding as at December 31, 2015 totaled Euro 48,166 thousand (Euro 49,618 thousand as at December 31, 2014). Interest rate swaps outstanding as at December 31, 2015 had a negative fair value of Euro 3,070 thousand (negative fair value of Euro 2,235 thousand as at December 31, 2014).

The risk of floating-rate borrowings not hedged through interest rate swaps represents a key exposure, given the potential impact on the income statement and cash flows of a rise in market interest rates.

The majority of the Group's non-current borrowings bore floating rates of interest as at December 31, 2015 and 2014. After considering the impact of interest rate swaps, the exposure to floating interest rate risk was reduced to 59% and 68% respectively at December 31, 2015 and 2014.

An increase/decrease of 1% (100 basis points) in interest rates compared to those applicable as at December 31, 2015 and 2014, with all other variables (including hedging derivatives in place) remaining unchanged, would have resulted in a decrease/increase respectively in profit before taxation for the year of Euro 730 thousand in 2015 and Euro 1,065 thousand in 2014.

Exchange rate risk

In order to reduce the exchange rate risk deriving from foreign currency denominated assets, liabilities and cash flows, the Group enters into forward contracts to hedge future cash flows denominated in currencies other than Euro. In particular, the Group fixes the exchange rates of the functional currencies of Group entities against the US dollar, as purchases and sales of the Group's principal raw material, green coffee, are generally made in US dollars. Group policy is to hedge, whenever possible, expected cash flows in US dollars deriving from known or highly probable contractual commitments. The maturity dates of outstanding forward contracts do not exceed 12 months.

The instruments adopted by the Group satisfy the criteria necessary to be recognized in accordance with hedge accounting rules.

The notional value of forward contracts outstanding as at December 31, 2015 was Euro 26,658 thousand (Euro 14,239 thousand at December 31, 2014). Forward contracts outstanding as at December 31, 2015 had a positive fair value of Euro 431 thousand (positive fair value of Euro 1,034 at December 31, 2014).

In order to reduce the exchange rate risk deriving from unfavorable movements in foreign exchange rates (in particular USD to Euro) at which net investments in overseas assets are translated, the Group makes use of non-derivative financial instruments (long-term loans denominated in USD).

Net investment hedges are accounted for in the same way as cash flow hedges. For the year ended December 31, 2015 losses on net-investment hedges of Euro 3,688 thousand were recorded in the comprehensive income statement in 2015 (Euro 6,745 thousand for the year ended December 31, 2014). As at December 31, 2015 the funds designated for such coverage were fully repaid.

Price risk of green coffee

In the ordinary course of business, the Group is exposed to the risk of fluctuations in the price of green coffee, its principal raw material. The Group reduces risk deriving from fluctuations in the price of green coffee by entering into forward contracts for the purchase of green coffee that fix the price of expected future purchases. The maturity of such contracts is generally four to six months. For further details, see Note 32 - Related Party Transactions.

For accounting purposes, changes in the fair value of such contracts:

- are not accounted for when the "own use exemption" conditions apply (as explained above under *Forward purchase and sale of green coffee)*; or
- are accounted for in the income statement, when the "own use exemption" conditions do not apply (as such forwards are not linked to subsequent physical delivery but rather are net settlement mechanisms) as they do not qualify as hedge contracts. Such instances occurred in the green coffee business that was spun-off with effect from December 1, 2014.

As a result of the demerger of the green coffee business, at December 31, 2015 and 2014, there were no such contracts outstanding for which the own use exemption did not apply.

The value of outstanding contractual obligations for which the own use exemption conditions applied amounted to Euro 96,590 thousand at December 31, 2015 (Euro 90,574 thousand at December 31, 2014).

Credit risk

Credit risk relates almost exclusively to trade receivables. The credit risk on open financial positions on derivative transactions is considered marginal, as the counterparties are leading financial institutions. With regard to the credit risk relating to the management of cash and financial resources, Group entities implement procedures to ensure they maintain relationships with independent counterparties of good standing.

In order to mitigate the credit risk associated with its customers, the Group has implemented procedures to ensure that sales of products are made only to customers that are deemed reliable, based on both past experience and available information. In addition, Group management constantly reviews its credit exposure and monitors the collection of receivables on the contractually agreed due dates.

The following table sets forth a breakdown of current and non-current trade receivables analyzed by channel at December 31, 2015 and 2014:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Mass Market	58,429	70,946
Foodservice	63,602	58,253
Others	7,702	5,783
Total current and non-current trade receivables	**129,733**	**134,982**
of which		
Trade receivables	*115,950*	*119,903*
Non-current trade receivables	*13,783*	*15,079*

* Figures restated for the application of IFRS 3 (see Note 2.7)

Mass Market: Trade receivables due from leading domestic and international wholesalers and chain retailers. Trade receivables due from Mass Market customers also include trade receivables due from Private Label customers.

Foodservice: Trade receivables due from a range of hotels, restaurants and bars. Trade receivables due from Foodservice channel customers also include trade receivables due from Private Label customers.

Other: Trade receivables due from other customers.

With respect to trade receivables, customers in the Foodservice channel are those which represent the highest credit risk, and therefore payment periods and collections relating to Foodservice channel receivables are closely monitored by management. The amount of trade receivables considered to be impaired is not significant and is covered by appropriate provisions for impairment. See Note 10 for further information about the provision for impairment.

The following table sets forth an aging analysis of current and non-current trade receivables at December 31, 2015 and 2014, net of the provision for impairment:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Not due	99,436	102,949
Past due 0-90 days	18,428	19,332
Past due 91-180 days	2,329	3,841
Past due over 180 days	9,540	8,860
Total current and non-current trade receivables	**129,733**	**134,982**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Liquidity risk

Liquidity risk relates to the Group's capacity to meet its obligations and commitments deriving principally from financial liabilities. The Group's management of liquidity risk in the ordinary course of business involves maintaining a sufficient level of cash and ensuring the availability of funds through adequate lines of credit.

As at December 31, 2015 the Group had lines of credit totaling Euro 204,913 thousand (Euro 195,425 thousand at December 31, 2014), arranged with various banks to cover overdraft requirements.

The undrawn portion of such credit lines at December 31, 2015 totaled Euro 127,229 thousand (Euro 109,851 thousand at December 31, 2014).

In this regard, it is also noted that:

- various sources of finance are available from different banks;
- there is no significant concentration of liquidity risk, either in relation to financial assets or in relation to the sources of finance.

The following tables set forth the expected future cash flows related to financial liabilities outstanding at December 31, 2015 and 2014:

As at December 31, 2015 *(in thousands of Euro)*	**Book Value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	211,438	118,110	98,066	8,487
Derivatives on interest rates	3,070	703	2,367	-
Trade payables and other liabilities	84,640	83,072	1,568	-
Total financial liabilities	**299,148**	**201,885**	**102,001**	**8,487**

As at December 31, 2014* *(in thousands of Euro)*	**Book Value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	262,235	123,702	120,082	49,643
Derivatives on interest rates	2,235	372	1,863	-
Trade payables and other liabilities	99,419	97,851	1,568	-
Total financial liabilities	**363,889**	**221,925**	**123,513**	**49,643**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Capital risk

The Group's main objective in managing capital risk is to ensure business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Group also seeks to maintain an optimal capital structure in order to reduce the cost of borrowing.

Financial assets and liabilities by category

Trade receivables and other financial assets, trade payables, other payables and other financial liabilities classified as "current" in the statement of financial position are measured at amortized cost. The fair value of such assets and liabilities is the same as the related carrying amounts in the Consolidated Financial Statements at December 31, 2015 and 2014, as they primarily relate to balances generated by normal business that will be settled in the short term.

The following tables set forth an analysis of the Group's financial assets and liabilities by category as at December 31, 2015 and 2014:

As at December 31, 2015 *(in thousands of Euro)*	**Loans and receivables**	**Investments held to maturity**	**Assets / liabilities at fair value**	**Hedging derivatives at fair value**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets							
Current and non-current trade receivables	129,733	-	-	-	**129,733**	-	**129,733**
Other current and non-current assets	7,476	-	-	431	**7,907**	10,422	**18,329**
Cash and cash equivalents	25,574	-	-	-	**25,574**	-	**25,574**
Total assets	**162,783**	**-**	**-**	**431**	**163,214**	**10,422**	**173,636**
Liabilities							
Current and non-current borrowings	211,438	-	-	-	**211,438**	-	**211,438**
Trade payables	80,745	-	-	-	**80,745**	-	**80,745**
Other current and non-current liabilities	3,895	-	3,070	-	**6,965**	24,652	**31,617**
Total Liabilities	**296,078**	**-**	**3,070**	**-**	**299,148**	**24,652**	**323,800**

As at December 31, 2014* *(in thousands of Euro)*	**Loans and receivables**	**Investments held to maturity**	**Asset / liabilities at fair value**	**Hedging derivatives at fair value**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets							
Current and non-current trade receivables	134,982	-	-	-	**134,982**	-	**134,982**
Other current and non-current assets	10,736	-	-	1,034	**11,770**	12,793	**24,563**
Cash and cash equivalents	18,302	-	-	-	**18,302**	-	**18,302**
Total assets	**164,020**	**-**	**-**	**1,034**	**165,054**	**12,793**	**177,847**
Liabilities							
Current and non-current borrowings	262,235	-	-	-	**262,235**	-	**262,235**
Trade payables	92,576	-	-	-	**92,576**	-	**92,576**
Other current and non-current liabilities	6,843	-	2,235	-	**9,078**	36,187	**45,265**
Total Liabilities	**361,654**	**-**	**2,235**	**-**	**363,889**	**36,187**	**400,076**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Fair value

The fair value of financial instruments listed in an active market is based on their market prices at the reporting date. The fair value of financial instruments not listed in an active market is determined using measurement techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The fair value of financial instruments is classified in accordance with the following hierarchy:

Level 1: Fair value is determined with reference to the (unadjusted) listed prices in active markets of identical financial instruments.

Level 2: Fair value is determined using measurement techniques based on inputs observable in active markets.

Level 3: Fair value is determined using measurement techniques based on inputs that are not observable.

As at December 31, 2015 *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivatives on exchange rates	-	431	-	431
Total	**-**	**431**	**-**	**431**
Liabilities				
Derivatives on interest rates	-	3,070	-	3,070
Total	**-**	**3,070**	**-**	**3,070**

As at December 31, 2014* *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Derivatives on exchange rates	-	1,034	-	1,034
Total	**-**	**1,034**	**-**	**1,034**
Liabilities				
Derivatives on interest rates	-	2,235	-	2,235
Total	**-**	**2,235**	**-**	**2,235**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The fair value of derivative instruments in place at December 31, 2015 and 2014 is measured in accordance with Level 2 as described above.

Financial instruments with a Level 2 fair value include derivatives that qualify for hedge accounting and other derivative instruments designed to reduce exposure to economic risks. Derivative instruments include forward foreign exchange contracts and interest rate swaps.

The fair value of forward-exchange contracts is determined using forward exchange rates quoted on active markets. The fair value of interest rate swaps is determined using a forward curve of interest rates based on market yield curves.

There were no changes in measurement techniques during the years ended December 31, 2015 and 2014. Decisions to classify financial instruments in terms of Level 2 or Level 3 are taken at each balance sheet date for financial reporting purposes.

4 Use of Estimates and Assumptions

The preparation of financial statements requires that management apply accounting standards and methods, which in certain cases depend on subjective measurements and estimates based on past experience as well as assumptions which, on a case-by-case basis, are considered reasonable and realistic in the specific circumstances. The use of such estimates and assumptions influences the amounts reported in the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the explanatory notes. Actual results for such items may differ from the amounts reported in the financial statements due to the uncertainties that characterize the assumptions and conditions on which such estimates were made.

The following paragraphs provide brief descriptions of those areas, which, more than others, require subjective judgment on the part of management when making estimates, and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial information reported.

(a) Impairment of assets

Goodwill and trademarks with an indefinite useful life

Intangible assets include goodwill and other intangible assets with an indefinite useful life. Management periodically tests goodwill and trademarks for impairment. Impairment tests involve comparing the carrying value of each cash generating unit (CGU) with its recoverable value, where recoverable value is defined as the fair value of the CGU net of disposal costs, or if greater, the related value in use; value in use, in such cases, is calculated in terms of expected pre-tax cash flows discounted using rates which reflect market estimates of the time value of money and the specific risks associated with each CGU. The recoverability of the carrying value of intangible assets is reviewed at least once per year for those CGUs to which goodwill or trademarks with an indefinite useful life have been allocated. In carrying out impairment tests, management uses itsbest estimates and assumptions regarding development of the business and market trends, however, these are subject to a high degree of uncertainty in view of the ongoing difficult economic circumstances in many countries. In particular, given the high degree of uncertainty, a worsening of the economic climate beyond that foreseen by management could lead to results below expectations, resulting in a need to writedown the carrying value of related non-current assets.

Intangible assets and property, plant and equipment with a finite useful life

In accordance with the relevant accounting standards, intangible assets and property, plant and equipment with a finite useful life are tested for impairment, and then written down as appropriate whenever indicators suggest that their net carrying amount may be higher than their recoverable amount. The identification of such indicators requires that management exercises subjective judgment based on information available within the Group and from the market as well as on historical experience. In addition, when potential impairment is identified, management determines the extent of such impairment by applying suitable measurement techniques. Identification of the indicators of potential impairment, as well as the estimates for determining its extent, depend on factors that may vary over time, thus influencing management’s judgments and estimates.

(b) Amortization and depreciation

The cost of intangible assets and property, plant and equipment with a finite useful life is amortized or depreciated on a straight-line basis over their estimated useful lives. The useful economic lives of these assets are determined by management at the time of acquisition, based on historical experience with similar assets, market conditions and information regarding future events that may have an impact on useful life, such as changes in technology. Accordingly, actual useful lives may differ from estimates. Management periodically evaluates changes in technology and markets in order to update the estimated residual useful lives of assets. These periodic updates may result in changes being made to the length of the depreciation period and, therefore, the charge to be recognized in future years.

(c) Provisions for other charges

Provisions are recognized in relation to legal and tax risks in order to recognize the possibility of adverse outcomes. The amounts of provisions reported in the financial statements in relation to such risks reflect management’s best estimates at that time. Such estimates are based on assumptions, which in turn depend on factors that may change over time, and which could significantly affect estimates made by management for the preparation of the financial statements.

(d) Taxation

Income taxes (current and deferred) are determined in each country in which the Group is active, on the basis of the local tax regulations in force. This process sometimes involves making complex estimates to determine the amount of taxable income and the deductible and taxable temporary differences between book and tax amounts. In particular, deferred tax assets are recognized if it is probable that they will be recovered against future taxable income. The assessment of the recoverability of deferred tax assets, which are recognized in relation to both tax loss carryforwards and deductible temporary differences, takes account of estimated future taxable income and is based on prudent tax planning.

(e) Provision for impairment

The provision for impairment of receivables reflects the estimated loss on receivables. Provisions are made to cover expected losses on receivables and are estimated on the basis of past experience with receivables having similar levels of credit risk, current and historical levels of past due amounts, and ongoing monitoring of the quality of receivables considering current and forecast economic and market conditions. The estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement for the year concerned.

(f) Employee benefits

The present value of the defined benefit plan liability reported in the Consolidated Financial Statements was calculated by an independent actuary. In order to estimate the future defined benefit liability, the application of various assumptions is required and any changes in the assumptions and/or the discount rate used will affect the calculation of present value and may significantly affect the amounts reported in the financial statements. The assumptions used to make the actuarial calculations are reviewed annually.

Present value is determined by discounting future cash flows using an interest rate for high-quality corporate bonds, issued in the currency in which the liability will be settled, and taking account of the duration of the pension plan concerned.

Further information is provided in Note 17 - Employee Benefits and in Note 24 - Personnel Costs.

5 Business Combinations

This section summarizes the principal business combinations that occurred during the years under examination.

2015

No business combinations were made in the year ended December 31, 2015.

During 2015, the Group paid the purchase price adjustment for the accounting variations for the period between January 1, 2014 and the date of acquisition, for an amount of USD 2,975 thousand.

As previously explained, during 2015, the purchase price allocation was finalized to determine the fair value of the Boncafe entities net assets acquired in August 2014.

The following table compares the provisional and final fair value of the net assets acquired:

(in thousands of Euro)	**Provisional fair value**	**Fair value adjustment**	**Final fair value**
Intangible assets	7	15,700	15,707
Property, plant and equipment	10,036	-	10,036
Inventories	6,832	-	6,832
Employee benefits	(782)	-	(782)
Deferred tax	(881)	(2,669)	(3,550)
Other assets, net	1,665	435	2,100
Net current borrowings	(1,661)	-	(1,661)
Cash and cash equivalents	3,357	-	3,357
Fair value of net assets acquired	**18,573**	**13,466**	**32,039**
Consideration	(63,584)	-	(63,584)
Goodwill	**45,011**	**(13,466)**	**31,545**

As a result of the finalization of the purchase price allocation and the determination of the fair value of the Boncafe entities net assets acquired, intangible assets with a finite useful life were recorded in relation to the Boncafe family of trademarks, as well as the related tax impacts.

2014

Acquisition of Boncafe companies

In August 2014, the Group acquired control of Boncafe companies, a group of 8 companies located in various countries in South-East Asia and the United Arab Emirates, leaders in roasting (roasting plants in Thailand and Singapore) and sale of "gourmet" coffee and bar equipment in South-East Asia and the Middle East.

The acquisition was financed through a long-term loan agreement of USD 82,700 thousand, entered into on July 2, 2014.

Acquisition of Espressoworkz

In February 2014, the Group acquired the assets of Espressoworkz Limited (now Segafredo Zanetti New Zealand Ltd), a trading company based in Auckland which sells coffee and coffee machines in New Zealand.

Acquisition under common control

The Group acquired from Doge S.p.A, a related party, 100% of Doge Finland Oy, the company that owns the Helsinki, Finland, roasting plant that was historically used under a lease arrangement by Meira Oy, a Finnish subsidiary of the Group.

6 Operating Segments

IFRS 8 defines an operating segment as a component of an entity: *i)* that engages in business activities from which it may earn revenues and incur expenses; *ii)* whose operating results are reviewed regularly by the entity's chief operating decision maker; and *iii)* for which discrete financial information is available. For the purposes of IFRS 8, the Group has a single operating segment.

Note 20 - "Revenues", provides details in relation to revenues by product line, distribution channel and geographical area.

7 Intangible Assets

The following table sets forth the movements in intangible assets for the years ended December 31, 2015 and 2014:

(in thousands of Euro)	Goodwill	Trademarks, licenses, and similar	Customer related assets	Software and other immaterial assets	Green Coffee Group	Total
As at December 31, 2013	**35,590**	**6,556**	**1,726**	**2,617**	**36**	**46,525**
Of which:						
- historical cost	*35,590*	*8,188*	*2,538*	*15,033*	*226*	***61,575***
- accumulated depreciation	*-*	*(1,632)*	*(812)*	*(12,416)*	*(190)*	***(15,050)***
Change in scope of consolidation	33,762	15,700	-	30	(21)	**49,471**
Additions	-	12,728	-	1,519	-	**14,247**
Disposals	-	-	-	(92)	-	**(92)**
Amortization	-	(631)	(105)	(1,048)	(17)	**(1,801)**
Exchange differences	2,489	1,404	224	138	2	**4,257**
As at December 31, 2014*	**71,841**	**35,757**	**1,845**	**3,164**	**-**	**112,607**
Of which:						
- historical cost	*71,841*	*37,961*	*2,883*	*17,001*	*-*	***129,686***
- accumulated depreciation	*-*	*(2,204)*	*(1,038)*	*(13,837)*	*-*	***(17,079)***
Additions	-	3,953	-	1,556	-	**5,509**
Disposals	-	-	-	(406)	-	**(406)**
Amortization	-	(1,702)	(126)	(1,131)	-	**(2,959)**
Exchange differences	1,307	1,368	210	198	-	**3,083**
As at December 31, 2015	**73,148**	**39,376**	**1,929**	**3,381**		**117,834**
Of which:						
- historical cost	*73,148*	*43,202*	*3,215*	*17,889*	*-*	***137,454***
- accumulated depreciation	*-*	*(3,826)*	*(1,286)*	*(14,508)*	*-*	***(19,620)***

* Figures restated for the application of IFRS 3 (see Note 2.7)

Intangible assets as at December 31, 2015 principally comprise goodwill. Specifically, total goodwill as at December 31, 2015, other than in relation to the aforementioned Boncafe Companies acquisition, mainly arose from the following transactions:

- acquisition in 2002 of Meira Oy Ltd. (Finland) for which goodwill amounted to Euro 24,000 thousand (the same amount of goodwill was reported at December 31, 2014);
- acquisition in 2005 of retail activities in the United States from Sara Lee Corporation and in 2011 of Kauai Coffee Company LLC for which goodwill amounted to Euro 3,504 thousand (Euro 3,298 thousand at December 31, 2014); and
- acquisition in 2010 by an Australian subsidiary of Espresso Italia Ltd for which goodwill amounted to Euro 5,069 thousand (Euro 5,020 thousand at December 31, 2014).

Trademarks, licenses and similar rights principally include:

i) The “Chase & Sanborn”, “Chock full o’Nuts”, “Hills Bros” and “MJB” trademarks held by MZB USA, amounting to approximately Euro 7,439 thousand as at December 31, 2015 (Euro 6,671 thousand at December 31, 2014). These trademarks are deemed to have indefinite useful lives and therefore are not amortized but are subject to annual impairment tests, or more frequently when required;

ii) The Puccino’s and Segafredo Zanetti Espresso families of trademarks with definite useful lives, amounting to Euro 2,344 thousand and Euro 9,469 thousand as at December 31, 2015, respectively (Euro 2,469 thousand and Euro 9,974 thousand as at December 31, 2014). Such trademarks were acquired from MZ Industries on September 25, 2014 by Massimo Zanetti Beverage S.A. and Segafredo Zanetti Espresso Worldwide Ltd respectively, for consideration of Euro 2,500 thousand and Euro 10,100 thousand, based on valuations carried out by Bugnion S.p.A.

iii) The Boncafe family of trademarks recognized as a result of the finalization of the purchase price allocation and the determination of the fair value of the Boncafe entities net assets acquired amounting to Euro 15,785 thousand as at December 31, 2015. See Note 5 for further details; and

iv) trademarks, brands and commercial information of Ceca S.A. (part of the Neumann Gruppe GmbH in Costa Rica) acquired in April 2015 for a total consideration of USD 3,500 thousand. An amount of USD 700 thousand relating to coffee roasting machinery and vehicles is recorded in property, plant and equipment.

Impairment test

At each year-end, the Group carries out impairment testing of intangible assets with an indefinite useful life. The recoverable value of the CGUs to which individual assets are allocated is determined in terms of CGUs value in use and/or fair value.

Relevant CGUs include Segafredo Zanetti, Boncafe and assets managed in the USA, Finland and the United Kingdom, and are unchanged compared to the prior year.

For the purposes of impairment testing, the value in use of the aforementioned CGUs is based on the present value of forecast figures for each of the CGUs, which in turn is based on the following assumptions:

- The projections included in the business plan submitted to the Board of Directors on March 8, 2016 are broadly in line with the forecast market growth for each CGU, considering volume, price and market. Management determined expected CGU cash flows in line with forecast levels of revenues and EBITDA based on past performance, and expected economic and market trends. The business plan includes projections for the level of revenues, investment and margins, as well as for the trends in the principal market variables, such as inflation, nominal interest rates and exchange rates. The projections used reflect a reduction compared to those used in the previous year to reflect a prudent approach to a possible risk associated with the evolution of the parameters explained above, however, further reflected in the determination of the WACC, as explained below.
- expected cash flows, which reflect the results of normal business plus depreciation and amortization less the cost of expected investments, include a terminal value to estimate the value of future results for the years subsequent to the 3 year period (2016-2018) analyzed in the business plan. Such terminal value has been calculated using a long term growth rate (g-rate) for each CGU, representing the expected long term rates of inflation in the countries in which each CGU operates (see the summary table below). In estimating a sustainable medium to long term EBITDA, an EBITDA margin equal to that estimated for the final year of the business plan has been applied to revenues (in turn identified by applying the g-rate to revenues in the final year covered by the business plan). Annual investments have been estimated based on both levels required for normal maintenance and levels required to support organic growth of the CGUs. A zero change in net working capital has been assumed in line with normal professional practice in relation to impairment testing.
- expected cash flows are discounted at a post-tax weighted average cost of capital ("**WACC**") which reflects current market valuation of the time value of money for the period in question and the specific risks in the countries in which each CGU is active. The WACC has been calculated based on the following:
  - a risk-free rate for each CGU equal to the average return on 10 year government bonds;
  - a beta coefficient in line with a group of comparable listed companies operating in the coffee business;

- a cost of borrowing based on the estimated average debt of the same group of comparable listed companies as used for reference to determine the beta coefficient; and
- a debt-equity ratio based on the average ratio of a group of comparable companies.
- The tax rate utilized is the applicable tax rate for each CGU (weighted average tax rate for Boncafe);
- An additional risk premium has been reflected.

The recoverable value of the individual CGUs at December 31, 2015, calculated on the aforementioned basis, is greater than the related carrying value. The following table shows the WACC, g-rate and result of the impairment test for each of the CGUs at December 31, 2015:

As at December 31, 2015	**CGU Segafredo Zanetti**	**CGU Finland**	**CGU United Kingdom**	**CGU USA**	**CGU Boncafe**
Recoverable amount / carrying value	124%	182%	174%	130%	119%
WACC	6.26%	5.07%	6.49%	7.10%	8.27%
g-rate	1.3%	1.1%	2.4%	2.5%	2.6%

While the assumptions regarding the overall economic context, developments in the markets in which the Group operates and future cash flow estimates are all considered to be reasonable, changes in assumptions or circumstances may lead to changes in the above analysis. Sensitivity analysis has been carried out for each CGU to consider the effect on recoverable value of the following changes in assumptions: *i)* an increase of 0.5% (50 basis points) in the WACC; *ii)* a reduction of 0.75% (75 basis points) in the g-rate; and *iii)* a decrease of 7.5% in the EBITDA. The results of such sensitivity analysis are as follows:

As at December 31, 2015	**CGU Segafredo Zanetti**	**CGU Finland**	**CGU United Kingdom**	**CGU USA**	**CGU Boncafe**
Recoverable amount / carrying value (WACC +0.5%)	113%	162%	155%	117%	109%
Recoverable amount / carrying value (g-rate -0.75%)	108%	155%	148%	113%	105%
Recoverable amount / carrying value (EBITDA -7.5%)	102%	165%	152%	115%	106%

Considering the results of the sensitivity analysis, no impairments have been identified for the intangible assets with an indefinite useful life.

8 Property, Plant and Equipment

The following table sets forth the movements in property, plant and equipment for the years ended December 31, 2015 and 2014:

(in thousands of Euro)	**Land and buildings**	**Plant and machinery**	**Industrial and commercial equipment and other assets**	**Bar equiment**	**Assets under construction**	**Green Coffee Group**	**Total**
As at December 31, 2013	**56,096**	**50,063**	**18,091**	**37,910**	**2,697**	**29,785**	**194,642**
Of which:							
- historical cost	*77,185*	*104,419*	*57,873*	*129,409*	*2,697*	*47,872*	***419,455***
- accumulated depreciation	*(21,089)*	*(54,356)*	*(39,782)*	*(91,499)*	*-*	*(18,087)*	***(224,813)***
Change in scope of consolidation	*24,681*	*702*	*1,114*	*1,751*	*124*	(30,431)	**(2,059)**
Additions	2,390	1,565	3,331	13,141	8,166	692	**29,285**
Disposals	(24)	(34)	(31)	(432)	30	(130)	**(621)**
Depreciation	(3,206)	(4,527)	(4,759)	(13,073)	-	(1,227)	**(26,792)**
Reclassifications	229	6,547	2,020	89	(8,885)	-	**-**
Exchange differences	2,181	4,582	384	117	196	1,311	**8,771**
As at December 31, 2014*	**82,347**	**58,898**	**20,150**	**39,503**	**2,328**	**-**	**203,226**
Of which:							
- historical cost	*112,169*	*122,153*	*63,483*	*138,260*	*2,328*	*-*	***438,393***
- accumulated depreciation	*(29,822)*	*(63,255)*	*(43,333)*	*(98,757)*	*-*	*-*	***(235,167)***
Additions	*969*	*2,526*	*3,844*	*13,978*	*5,469*	-	**26,786**
Disposals	*(24)*	*(3)*	*(164)*	*(423)*	*-*	-	**(614)**
Depreciation	*(3,765)*	*(5,722)*	*(5,040)*	*(13,648)*	*-*	-	**(28,175)**
Reclassifications	*310*	*3,887*	*1,036*	*12*	*(5,245)*	-	**-**
Exchange differences	*1,912*	*5,049*	*384*	*112*	*191*	-	**7,648**
As at December 31, 2015	**81,749**	**64,635**	**20,210**	**39,534**	**2,743**	**-**	**208,871**
Of which:							
- historical cost	*115,397*	*131,908*	*65,445*	*137,020*	*2,743*	*-*	***452,513***
- accumulated depreciation	*(33,648)*	*(67,273)*	*(45,235)*	*(97,486)*	*-*	*-*	***(243,642)***

* Figures restated for the application of IFRS 3 (see Note 2.7)

Property, plant and equipment includes assets held under finance leases totaling Euro 669 thousand and Euro 1,263 thousand as at December 31, 2015 and 2014 respectively.

Bar equipment includes coffee machines, grinders and company-branded products. Bar equipment is generally provided free of charge to customers in the Foodservice channel (mainly in Italy, France, Germany and Austria) for marketing purposes and aimed at maintaining customer loyalty.

9 Investment Properties

The following table sets for a breakdown of investment properties:

(in thousands of Euro)	Land	Buildings	Total
As at December 31, 2013	**1,019**	**3,609**	**4,628**
Of which:			
- historical cost	*1,019*	*4,123*	*5,142*
- accumulated depreciation	*-*	*(514)*	*(514)*
Depreciation	-	(103)	(103)
As at December 31, 2014*	**1,019**	**3,506**	**4,525**
Of which:			
- historical cost	*1,019*	*4,123*	*5,142*
- accumulated depreciation	*-*	*(617)*	*(617)*
Depreciation	-	(103)	(103)
As at December 31, 2015	**1,019**	**3,403**	**4,422**
Of which:			
- historical cost	*1,019*	*4,123*	*5,142*
- accumulated depreciation	*-*	*(720)*	*(720)*

* Figures restated for the application of IFRS 3 (see Note 2.7)

Investment properties include properties in Modena (MO) and Cortina D’Ampezzo (BL), which are held for the purpose of earning rental income.

Management believes that the fair value of investment properties is in line with the carrying amount. The fair value of investment properties is considered to be the value of individual assets on the reporting date, assuming that they were to be sold in arms-length transactions between market participants at market conditions. The determination of fair value takes into account the state of individual assets, of the revenues they currently generate, and other considerations relevant to market participants in determining the market values of the assets.

10 Current and Non-Current Trade Receivables

The following table sets forth a breakdown of current and non-current trade receivables:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Trade receivables and other receivables from customers	136,355	138,759
Provision for impairment of trade receivables	(20,405)	(18,856)
Total trade receivables	**115,950**	**119,903**
Non-current trade receivables and other receivables from customers	18,826	20,025
Provision for impairment of non-current trade receivables	(5,043)	(4,946)
Total non-current trade receivables	**13,783**	**15,079**
Total current and non-current trade receivables	**129,733**	**134,982**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table sets forth the movements in the provision for impairment of receivables:

(in thousands of Euro)	**Provision for impairment of trade receivables**	**Provision for impairment of non-current trade receivables**
As at December 31, 2013	**18,678**	**4,390**
Accruals	2,027	2,758
Releases	(783)	-
Utilizations	(1,697)	(2,202)
Exchange differences	631	-
As at December 31, 2014*	**18,856**	**4,946**
Accruals	1,757	2,032
Releases	(63)	-
Utilizations	(662)	(1,935)
Exchange differences	517	-
As at December 31, 2015	**20,405**	**5,043**

* Figures restated for the application of IFRS 3 (see Note 2.7)

11 Deferred Tax Assets and Liabilities

The following table sets forth the movements in deferred tax assets and liabilities:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Balance as at January 1,	**(15,917)**	**(11,867)**
Of which:		
- deferred tax assets	*10,311*	*10,704*
- deferred tax liabilities	*(26,228)*	*(22,571)*
Charged to the income statement	(980)	(2,504)
Credited/(Charged) to the other comprehensive income	1,732	(538)
Change in scope of consolidation	-	(424)
Charged to the income statement within discontinued operations	-	502
Tax impact of transaction costs related to the increase in share capital	1,316	-
Reclassifications	1,347	-
Exchange differences	(460)	(1,086)
Balance as at December 31,	**(12,962)**	**(15,917)**
Of which:		
- deferred tax assets	*11,046*	*10,311*
- deferred tax liabilities	*(24,008)*	*(26,228)*

* Figures restated for the application of IFRS 3 (see Note 2.7)

Deferred tax assets relate mainly to the provisions recorded for obsolescence, doubtful accounts and other charges that will only become deductible for tax purposes when the respective losses become certain. Deferred tax liabilities relate mainly to intangible assets and property, plant and equipment that have lower deductible values for tax purposes than the related carrying amounts.

12 Other Current and Non-Current Assets

The following table sets forth a breakdown of other current and non-current assets:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Guarantee deposits	2,544	2,120
Other	3,321	3,401
Total other non-current assets	**5,865**	**5,521**
Financial receivables	192	592
Advances to suppliers and others	6,815	8,230
Other tax credits	3,607	2,664
Derivatives on exchange rates	431	1,034
Other	1,419	6,522
Total other current assets	**12,464**	**19,042**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Assets relating to derivative contracts reflect the valuation of derivative financial instruments which had a positive fair value at the reporting date. See Note 3 - "Fair value" for further details.

In September 2015, the parent company, MZ Industries SA, settled its payable with Massimo Zanetti Beverage Group entities, for an amount of Euro 3,193 thousand, plus VAT (classified in other as at December 31, 2014).

13 Inventory

The following table sets forth a breakdown of inventories:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Raw materials	65,595	71,306
Finished goods	66,250	64,202
Work in progress	2,962	3,794
Total	**134,807**	**139,302**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Inventories are stated net of allowances for obsolescence, amounting to Euro 1,145 thousand and Euro 914 thousand as at December 31, 2015 and 2014 respectively. Provisions recorded in the years ended December 31, 2015 and 2014 amounted to Euro 252 thousand and Euro 31 thousand respectively.

14 Cash and cash equivalents

The following table sets forth a breakdown of cash and cash equivalents:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Cash at bank	24,763	17,657
Cash and cash equivalents	811	645
Total cash and cash equivalents	**25,574**	**18,302**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table sets for a breakdown of cash and cash equivalents by currency at December 31, 2015 and 2014:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Cash and cash equivalents denominated in Euro	11,412	7,193
Cash and cash equivalents denominated in USD	5,263	1,114
Cash and cash equivalents denominated in Bhat	1,046	1,423
Cash and cash equivalents denominated in Ringgit	516	2,379
Cash and cash equivalents denominated in other currencies	7,337	6,193
Total cash and cash equivalents	**25,574**	**18,302**

* Figures restated for the application of IFRS 3 (see Note 2.7)

15 Equity

Share Capital

As at December 31, 2015, issued and fully paid share capital of the Company amounted to Euro 34,300 thousand (Euro 28,000 thousand at December 31, 2014) and relates to 34,300,000 ordinary shares without par value.

The increase in share capital amounting to Euro 6,300 thousand relates to the Company's listing on the STAR segment of the Borsa Italiana's stock market (Mercato Telematico Azionario or MTA) on June 3, 2015 and the subsequent issue and sale of 6,300 thousand new ordinary shares.

Other reserves and retained earnings

Other reserves and retained earnings are detailed as follow:

(in thousands of Euro)	***Legal reserve***	***Share premium***	***Other reserves***	***Cash flow hedge reserve***	***Net investment hedge***	***Translation reserve***	**Total other reserves**	**Retained earnings**
As at December 31, 2013	**3,636**	**-**	**72,625**	**(587)**	**-**	**(18,377)**	**57,297**	**130,450**
Remeasurements of employee benefit obligations	-	-	-	-	-	-	**-**	**(295)**
Tax on remeasurements of employee benefit obligations	-	-	-	-	-	-	**-**	**81**
Cash flow hedge: fair value gains in the year	-	-	-	1,375	-	-	**1,375**	**-**
Tax on fair value losses in the year from cash flow hedges	-	-	-	(622)	-	-	**(622)**	**-**
Net investment hedge: losses in the year	-	-	-	-	(6,745)	-	**(6,745)**	**-**
Currency translation differences	-	-	-	-	-	13,918	**13,918**	
Profit for the year	-	-	-	-	-	-	**-**	**12,420**
Demerger of green coffee business	-	-	(23,590)	370	-	9,249	**(13,971)**	**(9,340)**
Acquisition of 3.15 % of Segafredo Zanetti S.p.A.	-	-	-	-	-	-	**-**	**(6,293)**
Reclassifications	106	-	350	-		-	**456**	**(456)**
As at December 31, 2014*	**3,742**	**-**	**49,385**	**536**	**(6,745)**	**4,790**	**51,708**	**126,567**
Remeasurements of employee benefit obligations	-	-	-	-	-	-	**-**	**55**
Tax on remeasurements of employee benefit obligations	-	-	-	-	-	-	**-**	**(15)**
Cash flow hedge: fair value losses in the year	-	-	-	(597)	-	-	**(597)**	**-**
Tax on fair value gains in the year from cash flow hedges	-	-	-	347	-	-	**347**	**-**
Currency translation differences	-	-	-	-	-	10,595	**10,595**	**-**
Net investment hedge: losses in the year	-	-	-	-	(5,088)	-	**(5,088)**	**-**
Tax on losses in the year from net investment hedge	-	-	-	-	1,400	-	**1,400**	**-**
Other movements	-	-	-	-	-	-	**-**	**(1,796)**
Increase in share capital, net of transaction costs	-	62,918	-	-	-	-	**62,918**	**-**
Profit for the year	-	-	-	-	-	-	**-**	**11,495**
Reclassifications	26	-	494	-	-	-	**520**	**(520)**
As at December 31, 2015	**3,768**	**62,918**	**49,879**	**286**	**(10,433)**	**15,385**	**121,803**	**135,786**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The share premium reserve, amounting to Euro 62,918 thousand as at December 31, 2015, is recorded net of transaction costs related to the share capital increase in conjunction with the public listing of the Company, in the amount of Euro 3,862 thousand (net of taxes) and in accordance with IAS 32. The remaining costs related to the public listing for an amount of Euro 3,053 thousand have been recorded in other operating costs.

The extraordinary corporate reorganization transactions completed during 2014 included the demerger of part of the Company's business as described in Note 2.2 above, and the acquisition on July 29, 2014, of the remaining non-controlling interest of 3.15% in Segafredo Zanetti S.p.A. from related party, Doge S.p.A. The consideration transferred was Euro 7,718 thousand, which was based on the report of an external appraiser.

16 Current and Non-Current Borrowings

The following tables set forth a breakdown of current and non-current borrowings as at December 31, 2015 and 2014:

As at December 31, 2015 *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	25,291	87,513	10,274	123,078
Short-term borrowings	75,394	-	-	75,394
Advances from factors and banks	12,345	-	-	12,345
Loans from related parties	-	-	-	-
Finance lease liabilities	70	344	207	621
Total current and non-current borrowings	**113,100**	**87,857**	**10,481**	**211,438**

As at December 31, 2014* *(in thousands of Euro)*	**Less than 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Long-term borrowings	23,038	91,177	40,580	154,795
Short-term borrowings	77,550	-	-	77,550
Advances from factors and banks	13,158	-	-	13,158
Loans from related parties	2,728	13,563	-	16,291
Finance lease liabilities	30	256	155	441
Total current and non-current borrowings	**116,504**	**104,996**	**40,735**	**262,235**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Long-term borrowings

The following table provides details of the main long-term borrowings in place:

Interest Rate	Year	Original principal amount *(in thousands)*	As at December 31, 2015 *(in thousands of Euro)*	2014*
denominated in Euro				
Euribor 6M + 4.95%	2013	24,000	14,871	20,849
Euribor 6M + 3.00%	2013	20,000	11,428	13,930
Euribor 3M + 3.50%	2013	12,000	7,419	9,715
Euribor 6M + 2.50%	2011	15,000	5,362	7,960
Euribor 6M + 3.00%	2013	8,000	6,073	6,965
Euribor 3M + 3.375%	2014	5,000	3,175	4,397
Euribor 3M + 4.50%	2014	5,000	2,083	3,750
Euribor 6M + 2.30%	2015	20,000	19,826	-
Euribor 6M + 1.25%	2015	5,000	4,181	-
Euribor 3M + 1.25%	2015	12,000	11,000	-
Other loans			834	1,425
		subtotal	**86,252**	**68,991**
denominated in US Dollar				
Libor 3M +2.5% / + 4.25%	2014	82,700	-	67,476
Libor 1M + 2.75%	2014	22,718	-	18,328
Libor 3M + 2.50%	2015	39,620	34,109	-
6.5% / 7.5%	2015	3,000	2,717	-
		subtotal	**36,826**	**85,804**
Total			**123,078**	**154,795**
of which non-current			*97,691*	*131,757*
of which current			*25,387*	*23,038*

* Figures restated for the application of IFRS 3 (see Note 2.7)

In accordance with international practice, certain of the Group's loan contracts require compliance with financial covenants and/or operational covenants, including negative pledges and cross-defaults:

- *financial covenants*: such clauses require the Group to comply with certain target financial ratios (such as ratio of net indebtedness to profitability, profitability to finance charges and net debt to equity) and may result in changes to interest rates if certain conditions arise. If financial covenants are breached, the Group may be required to repay the loan immediately;
- *negative pledges*: such clauses allow financial institutions to require early repayment of loans and set limits to the Group's rights to use Group assets as collateral or security in favor of third parties or to vary controlling shareholdings without the express consent of the financial institution;
- *cross-defaults*: such clauses foresee that in the case in which a breach of a requirement is declared in relation to contracts other than the loan contracts, such breach constitutes a breach of the loan contracts.

The Group's loan contracts during the periods under examination require compliance with certain operational covenants and financial covenants, which had been complied with at December 31, 2015 and 2014.

In 2015 the Company made an early payment of USD 82,700 thousand of the loan from Intesa San Paolo S.p.A. with the cash collected from the Company's public listing.

During 2015 the Group entered into three long-term financing agreements with the following financial institutions:

- Unicredit – entered into on March 17, 2015 for a principal amount of Euro 20,000 thousand and with a maturity date of March 31, 2021;
- Credito Emiliano – entered into on March 18, 2015 for a principal amount of Euro 5,000 thousand and with a maturity date of March 18, 2018;

- BAC San Jose – entered into on March 24, 2015 for a principal amount of USD 3,000 thousand and with a maturity date of April 24, 2023, the funds of which will be used to finance the acquisition of Ceca S.A. Please refer to Note 7 for further details.

Additionally, in 2015 the Company obtained USD 17,470 thousand of a loan from BB&T, according to the option granted by the counterparty as part of the contractual changes defined in the month of December 2014.

See Note 32 – Related Party Transactions for further information relating to assumption by the Company of the entire outstanding amount of Doge S.p.A. to Banca Nazionale del Lavoro S.p.A.

The following table reports the long-term borrowings by variable and fixed rates of interest and by currency (Euro and USD):

	As at December 31,	
(in thousands of Euro and percentages)	**2015**	**2014**
Principal amount of long-term borrowings		
- at variable rate	121,173	156,118
- at fixed rate	2,717	-
Notional amount of derivatives on interest rates	48,166	49,618
Long-term debt converted at fixed rate	41%	32%
Remaining portion of long-term debt at variable rate	59%	68%
Long-term borrowings denominated in Euro	70%	45%
Long-term borrowings denominated in USD	30%	55%

Interest rate swaps, which are entered into to reduce the exposure to changes in interest rates as a result of which the Group swaps floating rate interest into fixed rates, do not comply with the requirements of hedge accounting in accordance with IAS 39 – Financial Instruments: Recognition and Measurement. See Note 3 – Management of Financial Risks for further details.

Advances from factors and banks

Advances from factors and banks relate to advances received from factors or other credit institutions in relation to trade receivables assigned during the year that do not satisfy the criteria established for the de-recognition of the related financial assets.

Loans from related parties

Please refer to Note 32 – Related Party Transactions for further details of loans from related parties.

Net financial indebtedness

The following table sets forth a breakdown of the Group's net financial indebtedness as at December 31, 2015 and 2014, determined in accordance with the CONSOB communication dated July 28, 2006 and in compliance with the Recommendation ESMA/2013/319:

		As at December 31,	
	(in thousands of Euro)	**2015**	**2014***
A	Cash and cash equivalent	(811)	(645)
B	Cash at bank	(24,763)	(17,657)
C	Securities held for trading	-	-
D	**Liquidity (A+B+C)**	**(25,574)**	**(18,302)**
E	**Current financial receivables**	**(192)**	**(592)**
F	Current loans	87,739	90,708
G	Current portion of non-current loans	25,291	23,038
H	Other current financial payables	70	2,758
I	**Current indebtedness (F+G+H)**	**113,100**	**116,504**
J	**Net current indebtedness (I+E+D)**	**87,334**	**97,610**
K	Non-current loans	97,787	131,757
L	Issued bonds	-	-
M	Other non-current financial payables	551	13,974
N	**Non-current indebtedness (K+L+M)**	**98,338**	**145,731**
O	**Net financial indebtedness (J+N)**	**185,672**	**243,341**
	of which due to third parties	*185,672*	*227,050*
	of which due to related parties	*-*	*16,291*

* Figures restated for the application of IFRS 3 (see Note 2.7)

17 Employee Benefits

Employee benefits mainly include the provision for termination indemnities (TFR) for employees of Group entities in Italy.

Employee benefits are detailed as follows:

	As at December 31,	
(in thousands of euro)	**2015**	**2014***
Balance as at January 1	**9,743**	**7,794**
Current service costs	371	967
Interest expenses	97	105
Benefits paid	(566)	(211)
Change in scope of consolidation	-	782
Remeasurements of employee benefits	(58)	306
Exchange differences	37	-
Balance as at December 31	**9,624**	**9,743**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table provides details of the actuarial assumptions used to measure the defined benefit pension plans:

(in thousands of Euro)	As at December 31, 2015	As at December 31, 2014*
Economic assumptions		
Inflation rate	2.00%	2.00%
Discount rate	3.02%	2.83%
Demographic assumptions		
Probability of resignation	5.22%	5.02%
Probability of advances payments to employees	0.78%	1.17%

Demographic assumptions reflect actuarial expectations, based on relevant, published statistical data relating to the business sector for the countries in which the Group is active and the average number of employees during the periods in question.

The following table provides a sensitivity analysis of the defined benefit pension plans to changes in the key assumptions:

(in thousands of Euro)	**Changes in assumptions (%)**	**Impact on employee benefits based on**			
		Increase in assumptions	**Decrease in assumptions**	**Increase in assumptions**	**Decrease in assumption s**
Economic assumptions		*as at December 31, 2015*		*as at December 31, 2014*	
Inflation rate	0.50%	81	(86)	91	(92)
Discount rate	0.50%	(143)	144	(155)	161
Demographic assumptions					
Probability of resignation	0.50%	8	(17)	9	(13)
Probability of advance payments to employees	0.50%	8	(16)	9	(13)

The above sensitivity analysis is based on changes being made to individual assumptions while maintaining other assumptions constant, although it is recognized that in practice changes in a given assumption often result in changes being made to other assumptions because of potential links. The sensitivities reported in the table above are calculated applying the same methodology used to calculate the liability included in the consolidated statement of financial position (the projected unit credit method).

The Group is exposed to certain risks relating to its defined benefit pension plans, including the following:

Interest rate risk

The present value of defined benefit plans is determined by discounting the future cash flows using an interest rate based on that of high-quality corporate bonds. A decrease in the discount rate would lead to an increase in the liability.

Probability of retirement, termination and advance payments

The present value of defined benefit plans is determined using best estimates of retirement, termination and advance payments. An increase in the level of retirement, termination and advance payments would result in an increase in the liability.

The following table provides details of expected payments during the next five years (not discounted) in relation to employee benefits.

(in thousands of euro)	**Less than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Expected benefits paid to employees as at December 31, 2015	1,192	561	2,194	6,347	**10,294**
Expected benefits paid to employees as at December 31, 2014	1,009	759	2,455	6,113	**10,336**

Should the US subsidiary decide to leave the multi-employer plan, the Company may still be required to make contributions to cover the benefits already earned. Based on the information available, the liability on ceasing membership of the plan would amount to approximately Euro 9,645 thousand. This amount is not reflected in the Consolidated Financial Statements, since management does not consider it to be a probable event.

18 Other Non-Current Provisions

The following table sets forth a breakdown of other non-current provisions:

(in thousands of Euro)	**Provision for agents' termination indemnities**	**Provisions for other risks**	**Provisions for other risks of Green Coffee Group**	**Total**
As at December 31, 2013	**1,644**	**598**	**167**	**2,409**
Change in scope of consolidation	-	-	(88)	**(88)**
Accruals	198	463	87	**748**
Utilizations	-	(261)	-	**(261)**
Releases	(163)	(185)	(167)	**(515)**
Exchange differences	2	(5)	1	**(2)**
As at December 31, 2014*	**1,681**	**610**	**-**	**2,291**
Accruals	114	152	-	**266**
Utilizations	-	(43)	-	**(43)**
Releases	(96)	(152)	-	**(248)**
Exchange differences	(35)	27	-	**(8)**
As at December 31, 2015	**1,664**	**594**		**2,258**

* Figures restated for the application of IFRS 3 (see Note 2.7)

On May 9, 2011, Massimo Zanetti Beverage U.S.A., Inc. was summoned, along with several other companies operating in the production and marketing of coffee, by the Council for Education and Research on Toxics, which accused them of failing to include, in the product labels, a warning relating to the presence of a component in coffee allegedly harmful to health (acrylamide).

In December 2015, Massimo Zanetti Beverage USA Inc and the defendants summoned in the court case have been unsuccessful in the proceeding. Pending the opening of an appeal procedure, Massimo Zanetti Beverage USA Inc and the defendants in the court case do not exclude a possible extra- judicial resolution of the dispute, considering the possible recognition of an amount for the resolution.

19 Other Current and Non-Current Liabilities

The following table sets forth a breakdown of other current and non-current liabilities:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Non-current interest rate derivatives	2,367	1,863
Non-current financial guarantee contracts	1,568	1,568
Other	1,946	747
Total other non-current liabilities	**5,881**	**4,178**
Payables to personnel	7,515	7,309
Payables to social security institutions	4,412	4,274
Other tax payables	3,983	4,208
Current financial guarantee contracts	1,729	1,729
Advances from customers	532	15,900
Payables to agents	1,474	1,271
Current interest rate derivatives	703	372
Other	5,388	6,024
Total other current liabilities	**25,736**	**41,087**

* Figures restated for the application of IFRS 3 (see Note 2.7)

See comments in Note 3 on fair value for further details regarding liabilities related to derivative instruments.

Financial guarantee contracts, the current portion of which is included among other current liabilities, relate to financial guarantees (in the form of discounted bills of exchange) issued in favor of Claris Factor S.p.A. in relation to loans provided by the latter to Group customers. Such guarantees are part of a broader business arrangement with customers, and in particular with bars in Italy. At December 31, 2015, total loans made to customers by Claris Factor which are covered by Group guarantees amounted to Euro 16,911 thousand (Euro 19,112 thousand at December 31, 2014). The Group monitors repayment of loans covered by such guarantees to evaluate and manage its exposure.

Advances from customers totaling Euro 532 thousand as at December 31, 2015 (Euro 15,900 thousand at December 31, 2014) decreased by Euro 15,368 thousand mainly due to advances from an important *Private Label* customer in the USA for green coffee purchases amounting to Euro 14,133 thousand as at December 31, 2014.

Other current and non-current liabilities include accruals for Euro 2,400 thousand and Euro 1,300 thousand relating to the installments of the fine from the German Antitrust Authority that is expected to be settled in 2016 and 2017. Other current liabilities at December 31, 2014 include USD 2,975 thousand relating to adjustments to the acquisition price for the Boncafe companies, to reflect accounting movements between January 1, 2014 and the acquisition date. The liability was settled during 2015.

20 Revenue

The following table sets forth a breakdown of revenue for the years ended December 31, 2015 and 2014, the trends of which are illustrated in the Management Report:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Sales of roasted coffee	831,223	690,031
Sales of regional and other food related products	47,973	44,113
Sales of coffee machines	34,852	20,221
Revenue from cafe network	12,070	9,238
Other revenue	15,562	17,852
Total	**941,680**	**781,455**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table sets forth a breakdown of revenue by distribution channel:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Mass Market	339,056	287,847
Foodservice	186,690	169,385
Private Label	353,450	276,912
Other	62,484	47,311
Total	**941,680**	**781,455**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table sets forth a breakdown of revenue by geographic area:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
USA	464,705	364,904
Italy	89,368	87,051
France	101,900	88,533
Finland	82,069	76,115
Germany and Austria	42,404	42,734
Boncafe	42,517	15,272
Other Countries	118,717	106,846
Total	**941,680**	**781,455**

* Figures restated for the application of IFRS 3 (see Note 2.7)

21 Other Income

Other income relates mainly to rental contracts.

22 Purchase of Goods

The following table sets forth a breakdown of purchases of goods:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Purchases of raw materials	435,695	347,319
Purchases of finished goods	76,543	60,597
Purchases of packaging and other	64,285	46,799
Total	**576,523**	**454,715**

* Figures restated for the application of IFRS 3 (see Note 2.7)

23 Purchase of Services, Leases and Rentals

The following table sets forth a breakdown of purchases of services, leases and rentals:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Advertising and promotions	38,369	28,938
Transportation costs	26,456	22,756
Agent commissions and other	18,755	18,938
Maintenance, repair and support	15,462	13,902
Leases and rentals	15,055	11,583
Utilities	14,718	12,655
Travel expenses and fuel	9,263	8,563
Consultancy	8,740	8,130
Temporary staff	4,614	3,313
Insurance	3,083	2,508
Outsourced processing	3,363	3,551
Other services	12,089	10,939
Total	**169,967**	**145,776**

* Figures restated for the application of IFRS 3 (see Note 2.7)

24 Personnel Costs

The following table sets forth a breakdown of personnel costs:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Wages and salaries	103,938	88,714
Social security contributions	16,887	16,643
Directors' fees	3,461	3,107
Contributions to pension funds	1,325	1,887
Other personnel-related costs	2,166	1,947
Total	**127,777**	**112,298**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table shows the average number of employees for the years ended December 31, 2015 and the number of employees as at December 31, 2015 and 2014:

	Average number of employees during the year		Number of employees as at December 31,	
(no.)	**2015**	**2014**	**2015**	**2014**
Executives	117	102	121	113
Managers and white collar staff	1,677	1,368	1,693	1,661
Blue-collar workers	1,220	1,112	1,,257	1,183
Total	**3,014**	**2,582**	**3,071**	**2,957**

25 Other Operating Costs

The following table sets forth a breakdown of other operating costs:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Indirect taxes and levies	3,494	3,304
Other costs	1,270	2,367
Accruals of provisions	12	278
German Antitrust fine	3,700	-
Costs related to the IPO	3,053	-
Total	**11,529**	**5,949**

* Figures restated for the application of IFRS 3 (see Note 2.7)

Other operating costs for the year ended December 31, 2015 include the following non-recurring items:

- Euro 3,700 thousand relating to the fine assessed to the German subsidiary by the Regional Court of Düsseldorf. See section Recent Developments included in the Management Report for further details; and
- Euro 3,053 thousand relating to the costs associated with the Company's IPO and not related to the increase in share capital (see Note 15).

26 Amortization, Depreciation and Impairment

The following table sets forth a breakdown of amortization, depreciation and impairment:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Depreciation of property, plant and equipment	28,175	25,565
Amortization of intangible assets	2,959	1,784
Depreciation of investment property	103	103
Allowances for doubtful accounts	3,726	4,002
Total	**34,963**	**31,454**

* Figures restated for the application of IFRS 3 (see Note 2.7)

27 Finance Income and Costs

The following table sets forth a breakdown of finance income and costs:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Interest expense	8,741	8,964
Net foreign exchange (gains)/losses	(1,286)	568
Net fair value gains on derivative financial instruments	(962)	(472)
Other finance costs	1,766	1,361
Total finance costs	**8,259**	**10,421**
Interest income	(179)	(411)
Total net finance costs	**8,080**	**10,010**

* Figures restated for the application of IFRS 3 (see Note 2.7)

28 Income Tax Expenses

The following table sets for a breakdown of income tax expenses:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Current income tax	6,337	8,530
Deferred income tax	980	2,504
Total	**7,317**	**11,034**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table provides a reconciliation between theoretical and effective income tax expenses:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014***
Profit before tax	18,950	27,160
Theoretical taxes	**5,211**	**7,469**
Domestic tax rate impact	349	1,012
IRAP	578	1,114
ACE	(642)	-
Non-deductible German Antitrust fine	1,018	-
Permanent differences and minor items	803	1,439
Income tax expenses	**7,317**	**11,034**

* Figures restated for the application of IFRS 3 (see Note 2.7)

29 Loss for the year from Discontinued Operations.

Losses from discontinued operations were nil for the year ended December 31, 2015 (Euro 3,538 thousand in 2014).

Such losses are shown separately as a result of the demerger, which took effect on December 1, 2014. The contribution of the green coffee business in 2014 relates to the period from January 1, 2014 to November 30, 2014.

30 Earnings per share

The following table provides a breakdown of earnings per share:

	For the year ended December 31,	
(in thousands of Euro, unless otherwise specified)	**2015**	**2014***
Average number of ordinary shares	31,641,918	28,000,000
Profit attributable to owners of the parent:	11,495	12,420
of which profit for the year from continuing operations	*11,495*	*15,958*
of which loss for the year from discontinued operations	-	*(3,538)*
Earnings per share / diluted (in Euro)	**0.36**	**0.44**
from continuing operations	*0.36*	*0.57*
from discontinued operations		*(0.13)*

* Figures restated for the application of IFRS 3 (see Note 2.7)

Basic earnings per share and diluted earnings per share were the same for the years ended December 31, 2015 and 2014 as there were no dilutive options and other dilutive potential ordinary shares.

31 Commitments

Contractual commitments to third parties and related parties as at December 31 2015, not yet reflected in the financial statements, include contracts for the purchase of green coffee totaling Euro 96,590 thousand (Euro 90,574 thousand at December 31, 2014).

The following table provides details of commitments arising in relation to non-cancellable operating leases outstanding as at December 31, 2015 and 2014:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014***
Less than 12 months	6,138	5,273
Between 1 and 5 years	18,492	15,318
Over 5 years	16,907	18,721
Total	**41,537**	**39,312**

32 Related Party Transactions

Related parties are recognized in accordance with IAS 24. Related party transactions are mainly of a commercial and financial nature and are conducted under normal market terms and conditions; there is, however, no guarantee that had similar transactions been entered into between or with third parties, such third parties would have negotiated or entered into the contracts under the same conditions or in the same manner.

The transactions with related parties described below result in benefits arising from the use of common services and shared competencies, Group-level synergies and common policy and strategy in financial matters. In particular, during the years ended December 31, 2015 and 2014, related party transactions were entered into in the following areas:

- purchase and sale of green coffee;
- provision of professional and other services;
- issue of loans and guarantees; and
- management of shared services.

The Group has entered into transactions with the following related parties:

- MZ Industries or Mr. Massimo Zanetti who directly or indirectly control the Group ("**Controlling Parties**")**;**
- Entities which are controlled directly or indirectly by MZ Industries or Mr. Massimo Zanetti ("**Entities under Common Control**"); and
- Group directors with strategic responsibilities and, in particular, members of the Board of Directors ("**Key Management**").

The following table shows the income statement effects of related party transactions for the years ended December 31, 2015 and 2014, as well as the statement of financial position balances resulting from related party transactions by financial statement line item as at December 31, 2015 and 2014:

(in thousands of Euro)	**Controlling Parties**	**Entities under common control**	**Key management**	**Total related parties**	**Financial statement line item**	**Percentage of financial statement line item**
Impact of transactions on income statement						
Revenue						
Year ended December 31, 2015	-	185	-	**185**	941,680	**0.0%**
Year ended December 31, 2014*	-	1,807	-	**1,807**	781,455	**0.2%**
Purchases of goods						
Year ended December 31, 2015	-	205,214	-	**205,214**	576,523	**35.6%**
Year ended December 31, 2014*	-	169,764	-	**169,764**	454,715	**37.3%**
Services, leases and rentals						
Year ended December 31, 2015	-	543	-	**543**	169,967	**0.3%**
Year ended December 31, 2014*	-	108	-	**108**	145,776	**0.1%**
Personnel costs						
Year ended December 31, 2015	-	-	3,550	**3,550**	127,777	**2.8%**
Year ended December 31, 2014*	-	-	2,754	**2,754**	112,298	**2.5%**
Finance income						
Year ended December 31, 2015	-	-	-	**-**	179	**0.0%**
Year ended December 31, 2014*	-	107	-	**107**	411	**26.0%**
Finance costs						
Year ended December 31, 2015	-	347	-	**347**	8,259	**4.2%**
Year ended December 31, 2014*	-	1,127	-	**1,127**	10,421	**10.8%**
Impact of transactions on statement of financial position						
Trade receivables						
Balance as at December 31, 2015	-	533	-	**533**	115,950	**0.5%**
Balance as at December 31, 2014*	-	561	-	**561**	119,903	**0.5%**
Other current assets						
Balance as at December 31, 2015	-	40	-	**40**	12,464	**0.3%**
Balance as at December 31, 2014*	3,193	82	-	**3,275**	19,042	**17.2%**
Non-current borrowings						
Balance as at December 31, 2015	-	-	-	**-**	98,338	**0.0%**
Balance as at December 31, 2014*	-	13,563	-	**13,563**	145,731	**9.3%**
Current borrowings						
Balance as at December 31, 2015	-	-	-	**-**	113,100	**0.0%**
Balance as at December 31, 2014*	959	1,769	-	**2,728**	116,504	**2.3%**
Trade payables						
Balance as at December 31, 2015	-	13,507	-	**13,507**	80,745	**16.7%**
Balance as at December 31, 2014*	-	23,365	-	**23,365**	92,576	**25.2%**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table shows details of other balances resulting from related party transactions at December 31, 2015 and 2014:

(in thousands of euro)	**Controlling Parties**	**Entities under common control**	**Key management**	**Total related parties**	**Total**	**Percentage of total**
Other information						
Guarantees						
Balance as at December 31, 2015	-	49,000	-	**49,000**	65,911	**74.3%**
Balance as at December 31, 2014	-	79,357	-	**79,357**	98,469	**80.6%**
Commitments						
Balance as at December 31, 2015	-	85,510	-	**85,510**	96,590	**88.5%**
Balance as at December 31, 2014	-	84,645	-	**84,645**	90,574	**93.5%**

Controlling Parties

The following table shows the income statement effects of transactions between the Group and the Controlling Parties and balances resulting from transactions between the Group and the Controlling Parties by relevant financial statement line item as at and for the years ended December 31, 2015 and 2014.

(in thousands of Euro)	**MZ Industries**	**Mr. Zanetti**	**Total Controlling Parties**	**Financial statement line item**	**Percentage of financial statement line item**
Impact of transactions on income statement					
Other current assets					
Balance as at December 31, 2015	-	-	**-**	12,464	**0.0%**
Balance as at December 31, 2014*	3,193	-	**3,193**	19,042	**16.8%**
Current borrowings					
Balance as at December 31, 2015	-	-	**-**	113,100	**0.0%**
Balance as at December 31, 2014*	-	959	**959**	116,504	**0.8%**

* Figures restated for the application of IFRS 3 (see Note 2.7)

MZ Industries

Transactions between the Group and *MZ Industries* relate to:

(i) recharges to MZ Industries of Group costs totaling Euro 3,193 thousand at December 31, 2014 accounted for as other current assets. In September 2015, the parent company, MZ Industries S.A., settled its payable with Massimo Zanetti Beverage Group entities, in accordance with the contractual conditions;

(ii) acquisition on September 25, 2014 from MZ Industries, the "PUCCINO'S" family of trademarks by the subsidiary company, Massimo Zanetti Beverage S.A., and the "SEGAFREDO ZANETTI ESPRESSO" family of trademarks by the subsidiary company Segafredo Zanetti Espresso Worldwide Ltd, for consideration of Euro 2,500 thousand and Euro 10,100 thousand respectively, based on valuations carried out by Bugnion S.p.A. The amounts were settled on September 30, 2014 through the offset of receivable and payable balances.

Mr. Zanetti

Transactions between the Group and Mr. Zanetti relate to loans, repayable on demand, which were repaid in full during 2015 (Euro 959 thousand at December 31, 2014).

Entities under Common Control

The following table shows the income statement effects of transactions with Entities under Common Control for the years ended December 31, 2015 and 2014, as well as the statement of financial position balances resulting from transactions with Entities under Common Control by financial statement line item for the years ended December 31, 2015 and 2014:

(in thousands of Euro)	Cofiroasters S.A.	Other entities Green Coffee	Doge S.p.A.	Doge Finland OY	Kaupè Aviation Ltd	Hotel Cipriani	Other	Total entities under common control	Financial statement line item	Percentage of financial statement line item
Impact of transactions on income statement										
Revenue										
Year ended December 31, 2015	2	9	18	-	-	7	149	**185**	941,680	**0.0%**
Year ended December 31, 2014*	1,297	359	18	-	-	8	125	**1,807**	781,455	**0.2%**
Purchases of goods										
Year ended December 31, 2015	196,244	8,970	-	-	-	-	-	**205,214**	576,523	**35.6%**
Year ended December 31, 2014*	164,047	5,717	-	-	-	-	-	**169,764**	454,715	**37.3%**
Services, leases and rentals										
Year ended December 31, 2015	-	-	68	-	-	139	336	**543**	169,967	**0.3%**
Year ended December 31, 2014*	-	-	76	-	-	2	30	**108**	145,776	**0.1%**
Finance income										
Year ended December 31, 2015	-	-	-	-	-	-	-	**-**	179	**0.0%**
Year ended December 31, 2014*	-	-	107	-	-	-	-	**107**	411	**26.0%**
Finance costs										
Year ended December 31, 2015	13	-	334	-	-	-	-	**347**	8,259	**4.2%**
Year ended December 31, 2014*	2	-	1,125	-	-	-	-	**1,127**	10,421	**10.8%**
Impact of transactions on statement of financial position										
Trade receivables										
Balance as at December 31, 2015	-	-	-	-	-	98	435	**533**	115,950	**0.5%**
Balance as at December 31, 2014*	-	-	29	-	-	100	432	**561**	119,903	**0.5%**
Other current assets										
Balance as at December 31, 2015	-	-	-	-	-	17	23	**40**	12,464	**0.3%**
Balance as at December 31, 2014*	-	-	-	-	-	-	82	**82**	19,042	**0.4%**
Non-current borrowings										
Balance as at December 31, 2015	-	-	-	-	-	-	-	**-**	98,338	**0.0%**
Balance as at December 31, 2014*	-	-	13,563	-	-	-	-	**13,563**	145,731	**9.3%**
Current borrowings										
Balance as at December 31, 2015	-	-	-	-	-	-	-	**-**	113,100	**0.0%**
Balance as at December 31, 2014*	607	-	1,162	-	-	-	-	**1,769**	116,504	**1.5%**
Trade payables										
Balance as at December 31, 2015	11,321	2,167	-	-	-	-	19	**13,507**	80,745	**16.7%**
Balance as at December 31, 2014*	22,305	830	230	-	-	-	-	**23,365**	92,576	**25.2%**

* Figures restated for the application of IFRS 3 (see Note 2.7)

The following table shows details of other balances resulting from transactions with Entities under Common Control at December 31, 2015 and 2014:

(in thousands of Euro)	Cofiroasters SA	Doge SpA	Company	Subsidiaries	Total entities under common control	Total	Percentage of total
Other information							
Guarantees							
Balance as at December 31, 2015	-	-	24,000	25,000	**49,000**	65,911	**74.3%**
Balance as at December 31, 2014	26,357	28,000	-	25,000	**79,357**	98,469	**80.6%**
Commitments							
Balance as at December 31, 2015	85,510	-	-	-	**85,510**	96,590	**88.5%**
Balance as at December 31, 2014	84,645	-	-	-	**84,645**	90,574	**93.5%**

Cofiroasters S.A. and other green coffee companies

(a) Management fees and royalties

Management fees, earned mainly from Cofiroasters S.A., relate to services provided by the Group to related parties. The nature of the services provided are set out in service agreements with the various related parties and include support, assistance and coordination in relation to sales and production activities and also in relation to the management and implementation of trademarks and other rights owned by the Group. Group management also provides assistance to related parties in the preparation of internal reporting and in the management of human resources. Following the exit of the green coffee business, the aforementioned contract was terminated by mutual consent as of December 31, 2014.

(b) Purchase of green coffee from Cofiroasters S.A.

Cofiroasters S.A. purchases green coffee from producers and sells it to both Group entities and to other customers (mainly through purchase and sale on the New York and London coffee commodity markets) and organizes the transport of green coffee from production locations to destination ports or directly to roasting plants.

Group purchases of green coffee from Cofiroasters S.A. are based on individual orders placed by individual Group entities as required by the "*European contract for Coffee*" as adopted by the *European Coffee Federation*.

Group purchases of green coffee from related parties accounts for raw material costs included in "Purchases of goods" totaling Euro 196,244 thousand for the year ended December 31, 2015 (Euro 164,047 thousand for the year ended December 31, 2014).

(c) Current loan from Cofiroasters S.A.

During the first six months of 2015, short-term loans granted by Cofiroasters S.A. to Massimo Zanetti Beverage S.A. were fully repaid. The loans USD denominated, payable on demand, and bore interest at 5% per annum (amount outstanding of Euro 607 thousand as at December 31, 2014).

Borrowing costs paid by the Group for such loans during 2015 amounted to Euro 13 thousand.

(d) Guarantees granted in favor of Cofiroasters S.A.

The Company and Massimo Zanetti Beverage S.A. have issued guarantees and comfort letters (substantially comparable to guarantee deposits), to certain banks in favor of Cofiroasters S.A., in relation to credit lines granted by the banks to Cofiroasters S.A. In April 2015, such guarantees were taken over by MZ Industries, fully releasing the Company and Massimo Zanetti Beverage S.A. (guarantees outstanding of Euro 26,357 thousand as at December 31, 2014).

(e) Commitments to purchase green coffee from Cofiroasters S.A.

In order to mitigate risks relating to the price of green coffee, Group entities make forward purchases of green coffee thereby fixing the price of future purchases. Commitments to purchase green coffee from Cofiroasters S.A. not reflected in the financial statements (off-balance sheet items) at December 31, 2015 totaled Euro 85,510 thousand (Euro 84,645 thousand at December 31, 2014).

Doge S.p.A.

(a) Lease and purchase of property

Segafredo Zanetti S.p.A. leases certain warehouse properties under agreements with the related party Doge S.p.A. for which lease charges of Euro 68 thousand were recorded during the year ended December 31, 2015 (Euro 76 thousand for the year ended December 31, 2014).

On September 24, 2015, Segafredo Zanetti S.p.A. purchased a building in Udine, Italy, from Doge S.p.A. for a total purchase price of Euro 300 thousand based on a third-party appraisal.

On December 29, 2014, Segafredo Zanetti S.p.A. acquired the shop/warehouse part of the property it had previously leased from Doge S.p.A. for a consideration of Euro 850 thousand, based on a third-party appraisal.

(b) Corporate Bonds issued by Doge S.p.A. and financial receivables due from Doge S.p.A.

The corporate bonds issued by Doge S.p.A. and the financial receivables due from Doge S.p.A. were settled during 2014 through the offset of receivable and payable balances. The aforementioned items generated financial income totaling Euro 107 thousand for the year ended December 31, 2014.

(c) Loan from Doge S.p.A.

On February 23, 2009, Doge Finland Oy and Doge S.p.A. entered into an agreement governed by Finnish law, under which Doge S.p.A. granted a loan to Doge Finland Oy of Euro 20,000 thousand at a fixed interest rate of 7.26% and maturity date of February 23, 2024.

On April 24, 2015, the Company, Doge S.p.A. and Doge Finland Oy signed an agreement for the transfer of a receivable under which Doge S.p.A. sold to the Company, without recourse, its remaining receivable of Euro 14,619 thousand relating to a loan granted by Doge S.p.A. to Doge Finland Oy for a consideration equal to the face value of the receivable sold. The consideration paid was Euro 12,097 thousand, by assumption by the Company of the entire outstanding amount of Doge S.p.A. to Banca Nazionale del Lavoro S.p.A. and assumption of an interest rate swap contract previously signed by Doge S.p.A. to hedge against the risk related to changes in interest rates. Under the agreement for the sale of the receivable, the remaining amount of Euro 2,522 thousand was paid during 2015.

The finance costs generated on the loan prior to April 24, 2015 amounted to Euro 334 thousand.

(d) Bank guarantee granted in favor of Banca Nazionale del Lavoro S.p.A. on behalf of di Doge S.p.A.

As foreseen by the terms of a contract entered into between Doge S.p.A. and the Milan branch of Fortis Bank S.A./N.V., on January 22, 2009, the Group provided a guarantee of up to Euro 4,000 thousand in relation to the obligations of Doge S.p.A., which was subsequently taken over by Banca Nazionale del Lavoro S.p.A. The guarantee was extinguished during 2015.

(e) Mortgage created by Doge Finland Oy in favor of Banca Nazionale del Lavoro S.p.A.

As foreseen by the terms of a contract entered into between Doge S.p.A. and the Milan branch of Fortis Bank S.A./N.V., which was subsequently taken over by Banca Nazionale del Lavoro S.p.A., on January 22, 2009, Doge Finland Oy created a mortgage over land and buildings situated in Vallila Paahtimo - Aleksis Kiven Katu 15, Helsinki, Finland, as guarantee up to a maximum of Euro 24,000 thousand against the obligations of Doge S.p.A

Hotel Cipriani

Segafredo Zanetti S.p.A. was accredited as official partner of the hotel in the coffee business for the 2015/2016 biennium. On February 18, 2015, Hotel Cipriani Asolo Srl (a company wholly owned by Mr. Massimo Zanetti) and Segafredo Zanetti S.p.A. signed a sponsorship contract for the biennium 2015/2016, which provides for the payment by Segafredo Zanetti S.p.A. for sponsorship services provided by Hotel Cipriani Asolo Srl, for a consideration of Euro 200 thousand plus VAT. A similar contract was in place between the parties for the 2013/2014 period. In relation to the contact, an amount of Euro 100 thousand was recorded within purchases of services for the year ended December 31, 2015.

In addition, Segafredo Zanetti S.p.A. has a coffee distribution contract with Hotel Cipriani. In accordance with such contract, Segafredo Zanetti S.p.A. paid an advance of Euro 100 thousand to Hotel Cipriani. The amount recorded was Euro 91 thousand at December 31, 2015 (Euro 93 thousand at December 31, 2014).

Subsidiaries

The Company has provided guarantees in favor of banking institutes on behalf of Group companies. These include:

- a guarantee in favor of BNP Paribas, in the amount of Euro 1,000 thousand at December 31, 2015 (Euro 1,000 thousand at December 31, 2014), in relation to the obligations of Segafredo Zanetti Portugal S.A. under the loan contract entered into by the latter with BNP Paribas on July 25, 2013; and
- a guarantee first granted on November 29, 2005 and subsequently renewed on May 13, 2013, in favor of Société Européenne Generale, in the amount of Euro 24,000 thousand at December 31, 2015 (Euro 24,000 thousand at December 31, 2014) in relation to the obligations of Massimo Zanetti Beverage S.A. under the loan contract entered into between the latter, the Company and Société Européenne Generale on November 9, 2005.

Key Management

Key Management include members of the Company's Board of Directors who also carry out executive roles within other Group entities.

Key Management compensation amounted to Euro 3,550 thousand and Euro 2,754 thousand for the year ended December 31, 2015 and 2014, respectively.

33 Subsequent events

In February 2016, the Company acquired the entire share capital of Segafredo Zanetti Worldwide Italy SpA, a company owned directly by Massimo Zanetti, president and CEO of the Company, active mainly in commercial franchising of operators in the Foodservice channel. The acquisition is of strategic importance as it will bring to the Group activities for the promotion and development of the MZBG Italian coffee shops managed by Segafredo Zanetti Worldwide Italy S.p.A., which completed the process of redefining its business model and improving its profitability. The agreed purchase price amounts to Euro 2.8 million on the basis of an expert valuation.

Appendix 1 – List of Companies included in the Consolidated Financial Statements:

Company	Location	Reporting date	Share Capital		Percentage held as at	
			Currency	Amount (000)	December 31, 2015	December 31, 2014
Massimo Zanetti Beverage S.A.	Geneva	December 31	CHF	149,900	100%	100%
Segafredo Zanetti S.p.A.	Bologna	December 31	EUR	38,800	100%	100%
La San Marco S.p.A.	Gorizia	December 31	EUR	7,000	90%	90%
Segafredo Zanetti Sarl	Geneva	December 31	CHF	20	100%	100%
Segafredo Zanetti Argentina S.A.	Buenos Aires	December 31	ARS	4,913	100%	100%
Segafredo Zanetti Australia Pty Ltd.	Sydney	December 31	AUD	4,400	100%	100%
Segafredo Zanetti Austria Gmbh	Salzburg	December 31	EUR	727	100%	100%
Segafredo Zanetti Belgium S.A.	Brussels	December 31	EUR	892	100%	100%
Segafredo Zanetti (Brasil) Com. distr. de Cafè S.A.	Belo Horizonte	December 31	BRL	16,479	100%	100%
Segafredo Zanetti Chile S.A.	Santiago	December 31	CLP	25,000	100%	100%
Segafredo Zanetti Coffee System S.p.A.	Treviso	December 31	EUR	6,000	100%	100%
Segafredo Zanetti CR spol.sro	Prague	December 31	CSK	9,300	100%	100%
Segafredo Zanetti Danmark Aps	Copenhagen	December 31	DKK	141	100%	100%
Segafredo Zanetti Deutschland Gmbh	Munich	December 31	EUR	1,534	100%	100%
Segafredo Zanetti Espresso Texas Inc.	Houston	December 31	USD	-	100%	100%
Segafredo Zanetti Espresso Worldwide Ltd.	Geneva	December 31	CHF	38,000	98%	98%
Segafredo Zanetti Espresso Worldwide Japan Inc.	Tokyo	December 31	YEN	100,000	98%	98%
Segafredo Zanetti France S.A.S.	Rouen	December 31	EUR	8,500	100%	100%
Segafredo Zanetti Hellas S.A.	Athens	December 31	EUR	950	100%	100%
Segafredo Zanetti Hungaria KFT	Budapest	December 31	HUF	46,630	100%	100%
Tiktak/Segafredo Zanetti Nederland BV	Groningen	December 31	EUR	18	100%	100%
Segafredo Zanetti Poland Sp.z.o.o.	Bochnia	December 31	PLN	47,615	100%	100%
Segafredo Zanetti Portugal S.A.	Porto	December 31	EUR	570	100%	100%
Segafredo Zanetti SR Spol S.r.o.	Bratislava	December 31	EUR	200	100%	100%
Segafredo Zanetti Trgovanje s kavo. d.o.o.	Ljubljana	December 31	EUR	651	100%	100%
Brodie Merlose Drysdale & CO Ltd.	Edinburgh	December 31	GBP	11	100%	100%
Brulerie des Cafés Corsica SAS	Ajaccio	December 31	EUR	152	100%	100%
Distribuidora Cafè Montaña S.A.	San Josè	December 31	CRC	304,000	100%	100%
El Barco Herrumdrado S.A.	San Josè	December 31	CRC	10	100%	100%
Massimo Zanetti Beverage U.S.A. Inc.	Suffolk	December 31	USD	67,891	100%	100%
Meira Eesti Oü	Tallin	December 31	EUR	15	100%	100%
Meira Oy Ltd.	Helsinki	December 31	EUR	1,000	100%	100%
Puccinos Worldwide Ltd	Edinburgh	December 31	GBP	-	100%	100%
Massimo Zanetti Beverage Mexico SA de CV	Mazatlán	December 31	MXN	1,806	50%	50%
MZB Cafes USA Inc	Suffolk	December 31	USD	-	100%	100%
Kauai Coffee Company LLC	Hawaii	December 31	USD	-	100%	100%
Massimo Zanetti Beverage Food Services LLC	Wilmington	December 31	USD	-	100%	100%
Coffee Care (South West) Ltd	Weddmore	December 31	GBP	-	50%	50%
Segafredo Zanetti New Zealand Ltd	Auckland	December 31	NZD	-	100%	100%
Segafredo Zanetti Croatia d.o.o.	Zagreb	December 31	HRK	1,850	100%	100%
Doge Finland Oy	Helsinki	December 31	EUR	3	100%	100%
Massimo Zanetti Beverage Vietnam Company Ltd	Ben Cat district - Binh Duong	December 31	VND	21,000,000	100%	100%
Segafredo Zanetti (Thailand) Ltd	Bangkok	December 31	THB	15,300	100%	100%
Boncafe International Pte Ltd	Singapore	December 31	SGD	3,200	100%	100%
Boncafe (Cambodia) Ltd	Phnom Penh	December 31	KHR	108,000	100%	100%
Boncafe (M) Sendirian Berhad	Kuala Lumpur	December 31	MYR	200	100%	100%
Boncafe (East Malaysia) Sdn Bhd	Kota Kinabalu	December 31	MYR	-	100%	100%
Six Degrees Cafè Pte Ltd	Singapore	December 31	SGD	-	100%	100%
BeanToCup (Thailand) Ltd	Bangkok	December 31	THB	4,000	100%	100%
Boncafe Middle East Co LLC	Dubai	December 31	AED	300	100%	100%
Boncafe (Thailand) Ltd	Bangkok	December 31	THB	150,000	100%	100%
Massimo Zanetti Beverage (Thailand) Ltd	Bangkok	December 31	THB	30,000	100%	100%

Company	Location	Reporting date	Share Capital		Percentage held as at	
			Currency	Amount (000)	December 31, 2015	December 31, 2014
Boncafe (Hong Kong) Ltd	Hong Kong	December 31	USD	500	100%	100%
Segafredo Zanetti Grandi Eventi Srl	Italy	December 31	EUR	20	100%	-
SZE Service SRL	Municipiul Brasov	December 31	RON	1	51%	-

Consolidated Income Statement in accordance with Consob Resolution no. 15519 of July 27, 2006

	For the year ended December 31,			
(in thousands of Euro)	**2015**	***of which related parties***	**2014***	***of which related parties***
Revenue	941,680	185	781,455	1,807
Other income	6,109		5,907	
Purchases of goods	(576,523)	(205,214)	(454,715)	(169,764)
Purchases of services, leases and rentals	(169,967)	(543)	(145,776)	(108)
Personnel costs	(127,777)	(3,550)	(112,298)	(2,754)
Other operating costs	(11,529)		(5,949)	
Amortization, depreciation and impairment	(34,963)		(31,454)	
Operating profit	**27,030**		**37,170**	
Finance income	179		411	107
Finance costs	(8,259)	(347)	(10,421)	(1,127)
Profit before tax	**18,950**		**27,160**	
Income tax expense	(7,317)		(11,034)	
Profit for the year from continuing operations	**11,633**		**16,126**	
Loss for the year from discontinued operations	-		(3,538)	
Profit for the year	**11,633**		**12,588**	
Profit attributable to:				
Non-controlling interests	*138*		*168*	
Owners of the parent	*11,495*		*12,420*	
Earnings per share basic / diluted (in Euro)	**0.36**		**0.44**	
From continuing operations	*0.36*		*0.57*	
From discontinued operations	*-*		*(0.13)*	

* Figures restated for the application of IFRS 3 (see Note 2.7)

Consolidated Statement of Financial Position in accordance with Consob Resolution no. 15519 of July 27, 2006

	As at December 31,			
(in thousands of Euro)	**2015**	***of which related parties***	**2014***	***of which related parties***
Intangible assets	117,834		112,607	
Property, plant and equipment	208,871		203,226	
Investment properties	4,422		4,525	
Investments in joint venture	138		128	
Non-current trade receivables	13,783		15,079	
Deferred tax assets	11,046		10,311	
Other non-current assets	5,865		5,521	
Total non-current assets	**361,959**		**351,397**	
Inventories	134,807		139,302	
Trade receivables	115,950	533	119,903	561
Income tax receivables	3,242		510	
Other current assets	12,464	40	19,042	3,275
Cash and cash equivalents	25,574		18,302	
Total current assets	**292,037**		**297,059**	
Total assets	**653,996**		**648,456**	
Share capital	34,300		28,000	
Other reserves	121,803		51,708	
Retained earnings	135,786		126,567	
Equity attributable to owners of the parent	**291,889**		**206,275**	
Non-controlling interests	1,797		1,759	
Total equity	**293,686**		**208,034**	
Non-current borrowings	98,338		145,731	13,563
Employee benefits	9,624		9,743	
Other non-current provisions	2,258		2,291	
Deferred tax liabilities	24,008		26,228	
Other non-current liabilities	5,881		4,178	
Total non-current liabilities	**140,109**		**188,171**	
Current borrowings	113,100		116,504	2,728
Trade payables	80,745	13,507	92,576	23,365
Income tax liabilities	620		2,084	
Other current liabilities	25,736		41,087	
Total current liabilities	**220,201**		**252,251**	
Total liabilities	**360,310**		**440,422**	
Total equity and liabilities	**653,996**		**648,456**	

* Figures restated for the application of IFRS 3 (see Note 2.7)

Consolidated Statement of Cash Flow in accordance with Consob Resolution no. 15519 July 27, 2006

	For the year ended December 31,			
(in thousands of euro)	**2015**	***of which related parties***	**2014***	***of which related parties***
Profit before tax	**18,950**		**27,160**	
Adjustments for:				
Amortization, depreciation and impairment	34,963		31,454	
Provisions for employee benefits and other charges	383		1,478	
Finance costs	8,080	347	10,010	1,020
Other non-monetary items	(2,413)		(386)	
Net cash generated from operating activities before changes in working capital	**59,963**		**69,716**	
Increase in inventory	(1,222)		(16,213)	
Decrease/(Increase) in trade receivables	4,776	28	(27,361)	(84)
(Decrease)/Increase in trade payables	(2,750)	2,168	18,159	8,836
(Increase)/Decrease in other assets/liabilities	(12,808)	3,235	5,226	
Payments of employee benefits	(566)		(211)	
Interest paid	(8,696)	(347)	(8,811)	(1,127)
Income tax paid	(7,566)		(6,335)	
Net cash generated from operating activities	**31,131**		**34,170**	
Acquisition of subsidiary, net of cash acquired	(2,640)		(60,731)	
Acquisition under common control, net of cash acquired	-		(16)	
Purchase of property, plant and equipment	(26,786)	(530)	(28,593)	(620)
Purchase of intangible assets	(5,059)		(1,647)	
Proceeds from sale of property, plant and equipment	722		908	
Proceeds from sale of intangible assets	894		92	
Increase in financial receivables	(24)		(572)	
Interest received	249		270	107
Net cash used in investing activities	**(32,644)**		**(90,289)**	
Proceeds from borrowings	43,448		71,684	
Repayment of borrowings	(94,930)		(15,884)	
(Decrease)/Increase in short-term loans	(7,621)	(4,194)	628	362
Share capital increase	67,903		-	
Dividends paid to non-controlling interests	(102)		(220)	
Net cash generated from financing activities	**8,698**		**56,208**	
Exchange gains on cash and cash equivalents	87		868	
Net increase in cash and cash equivalents	**7,272**		**957**	
Net cash used in operating activities of discontinued operations	-		(15,376)	
Net cash used in investing activities of discontinued operations	-		(537)	
Net cash generated from financing activities of discontinued operations	-		13,402	
Net cash used from discontinued operations	**-**		**(2,511)**	
Total net increase in cash and cash equivalents	**7,272**		**(1,554)**	
Cash and cash equivalents at the beginning of the year	18,302		19,856	
Cash and cash equivalents at the end of the year	**25,574**		**18,302**	

* Figures restated for the application of IFRS 3 (see Note 2.7)

Attestation of the consolidated financial statements pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We, the undersigned, Massimo Zanetti, in his capacity as Chairman and Chief Executive Officer, and Massimo Zuffi, in his capacity as Manager in Charge of the Financial Reports of Massimo Zanetti Beverage Group S.p.A., hereby declare, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998,:

   - the adequacy in relation to the company features and
   - the effective application

   of the administrative and accounting procedures for preparing the consolidated financial statements, for the year ended December 31, 2015.

2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the consolidated financial statements, for the year ended December 31, 2015 was based on a process defined by Massimo Zanetti Beverage Group S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally- accepted reference framework.

3. The undersigned further declare that:

   3.1 the consolidated financial statements:

   a) have been prepared in accordance with applicable International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) No. 1606/2002 of European Parliament and Council on 19 July 2002;

   b) reflect the accounting books and records; and

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.

   3.2 the Report on Operations includes a reliable analysis of the significant events that occurred during the financial year and the impact of such events on the Company's consolidated financial statements.

Villorba (TV), March 10, 2016

Massimo Zanetti
Chairman and Chief Executive Officer

Massimo Zuffi
Manager in Charge of the Company's
Financial Reports

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

MASSIMO ZANETTI BEVERAGE GROUP SPA

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015 pwc

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Massimo Zanetti Beverage Group SpA

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Massimo Zanetti Beverage Group SpA and its subsidiaries (hereinafter also the "MZBG Group"), which comprise the statement of financial position as of 31 december 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of Massimo Zanetti Beverage Group SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated 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

PricewaterhouseCoopers SpA

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the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the MZBG Group as of 31 december 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the consolidated financial statements of the management report and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the management report and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, which are the responsibility of the directors of Massimo Zanetti Beverage Group SpA, with the consolidated financial statements of the MZBG Group as of 31 december 2015. In our opinion, the management report and the information in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of the Massimo Zanetti Beverage Group SpA as of 31 december 2015.

Bologna, 25 March 2016

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2015

Income Statement

(in Euro)	Note	For the year ended December 31, 2015	2014
Revenue	**16**	9,273,259	6,761,424
Other income		50,551	38,541
Purchases of goods		(46,068)	(43,997)
Purchases of services, leases and rentals	**17**	(3,432,113)	(1,440,358)
Personnel costs	**18**	(2,354,323)	(2,165,854)
Other operating costs	**19**	(3,210,769)	(117,402)
Amortization, depreciation and impairment	**20**	(522,408)	(602,201)
Operating profit		**(241,871)**	**2,430,153**
Finance income	**21**	5,066,978	4,805,658
Finance costs	**21**	(7,147,690)	(7,678,911)
Loss before tax		**(2,322,583)**	**(443,100)**
Income tax benefit	**22**	2,664,706	1,215,494
Profit for the year		**342,123**	**772,394**

The accompanying notes are an integral part of the Separate Financial Statements.

Statement of Comprehensive Income

(in Euro)	Note	For the year ended December 31, 2015	2014
Profit for the year		**342,123**	**772,394**
Remeasurements of employee benefit obligations	**14**	1,325	(11,071)
Items that will not be reclassified to profit or loss		**1,325**	**(11,071)**
Total comprehensive income for the year		**343,448**	**761,323**

The accompanying notes are an integral part of the Separate Financial Statements.

Statement of Financial Position

(in Euro)	Note	As at December 31, 2015	As at December 31, 2014	As at January 1, 2014
Intangible assets	**5**	380,817	85,489	66,415
Property, plant and equipment	**6**	12,016,086	12,473,327	12,951,445
Investments in subsidiaries	**8**	180,066,854	180,044,719	143,787,178
Deferred tax assets	**9**	3,639,078	1,385,302	128,648
Non-current financial receivables	**7**	33,696,437	19,478,998	-
Total non-current assets		**229,799,272**	**213,467,835**	**156,933,686**
Income tax receivables		2,118,414	802,255	963,653
Current financial receivables	**7**	1,969,252	200,451	-
Other current assets	**10**	4,393,351	6,629,645	2,825,134
Cash and cash equivalents	**11**	1,038,673	259,901	3,921,010
Total current assets		**9,519,690**	**7,892,252**	**7,709,797**
Total assets		**239,318,962**	**221,360,087**	**164,643,483**
Share capital		34,300,000	28,000,000	28,000,000
Other reserves		116,566,301	53,128,382	63,489,071
Retained earnings		588,445	764,928	2,128,198
Total equity	**12**	**151,454,746**	**81,893,310**	**93,617,269**
Non-current borrowings	**13**	42,976,054	82,223,661	23,667,564
Employee benefits	**14**	241,921	209,431	167,635
Deferred tax liabilities	**9**	32,931	33,847	34,763
Other non-current liabilities	**15**	1,921,196	800,657	1,054,245
Total non-current liabilities		**45,172,102**	**83,267,596**	**24,924,207**
Current borrowings	**13**	36,596,478	49,448,405	42,267,233
Trade payables		1,927,973	3,070,448	233,338
Income tax liabilities		-	1,263,022	1,068,444
Other current liabilities	**15**	4,167,663	2,417,306	2,532,992
Total current liabilities		**42,692,114**	**56,199,181**	**46,102,007**
Total liabilities		**87,864,216**	**139,466,777**	**71,026,214**
Total equity and liabilities		**239,318,962**	**221,360,087**	**164,643,483**

The accompanying notes are an integral part of the Separate Financial Statements.

Statement of Cash Flows

(in Euro)	Note	For the year ended December 31, 2015	2014
Loss before tax		**(2,322,583)**	**(443,100)**
Adjustments for:			
Amortization, depreciation and impairment	**20**	522,408	602,201
Finance costs	**21**	2,080,712	2,873,253
Other non-monetary items		33,513	30,558
Net cash generated from operating activities before changes in working capital		**314,050**	**3,062,912**
(Decrease) Increase in trade payables		(1,142,475)	2,837,110
Decrease in other assets/liabilities	**10-15**	(1,852,263)	(3,202,592)
Payments of employee benefits	**14**	(4,330)	(8,524)
Interest paid		(2,855,989)	(2,332,648)
Income tax paid		(2,522,000)	(1,488,000)
Net cash used in operating activities		**(8,063,007)**	**(1,131,742)**
Investments in subsidiaries	**8**	(22,135)	(44,024,523)
Dividends received	**21**	1,181,828	1,098,495
Purchase of intangible assets	**5**	(323,091)	(90,446)
Purchase of property, plant and equipment	**6**	(37,404)	(52,711)
Interest received		1,190,462	135
Increase/(Decrease) in financial receivables	**7**	2,457,745	(17,834,268)
Net cash generated from/(used in) investing activities		**4,447,405**	**(60,903,318)**
Proceeds from borrowings	**13**	20,000,000	61,371,000
Repayment of borrowings	**13**	(78,684,000)	(5,085,000)
(Decrease)/Increase in short-term loans	**13**	(4,824,666)	2,087,951
Share capital increase	**12**	67,903,040	-
Net cash generated from financing activities		**4,394,374**	**58,373,951**
Total net increase in cash and cash equivalents		**778,772**	**(3,661,109)**
Cash and cash equivalents at the beginning of the year	**11**	259,901	3,921,010
Cash and cash equivalents at the end of the year		**1,038,673**	**259,901**

The accompanying notes are an integral part of the Separate Financial Statements.

Statement of Changes in Equity

(in Euro)	**Share capital**	**Total other reserves**	**Retained earnings**	**Total**
As at January 1, 2014	**28,000,000**	**63,489,071**	**2,128,198**	**93,617,269**
Profit for the year	-	-	772,394	772,394
Remeasurements of employee benefit obligations	-	-	(11,071)	(11,071)
Total comprehensive income for the period	-	-	**761,323**	**761,323**
Reclassifications	-	**2,124,593**	(2,124,593)	-
Shareholders transactions				
Demerger	-	**(12,485,282)**	-	(12,485,282)
As at December 31, 2014	**28,000,000**	**53,128,382**	**764,928**	**81,893,310**
Profit for the year	-	-	342,123	342,123
Remeasurements of employee benefit obligations	-	-	1,325	1,325
Total comprehensive income for the year	-	-	**343,448**	**343,448**
Reclassifications	-	**519,931**	(519,931)	-
Shareholders transactions				
Increase in share capital, net of transaction costs	6,300,000	**62,917,988**	-	**69,217,988**
As at December 31, 2015	**34,300,000**	**116,566,301**	**588,445**	**151,454,746**

The accompanying notes are an integral part of the Separate Financial Statements.

Notes to the Separate Financial Statements

1 General Information

Massimo Zanetti Beverage Group S.p.A. (the "**Company**"), a company established and domiciled in Italy, is organized and governed under the laws of the Republic of Italy. The registered offices of the Company are located in Viale Felissent, Villorba (Treviso). The Company is controlled by Massimo Zanetti Industries S.A. ("**MZ Industries**") based in Luxembourg.

The Company and its subsidiaries (together referred to as the "Group") operate in the coffee business. In particular, the Group manages numerous well-known international brands and a vast assortment of regional products, from coffee to tea, cocoa and spices.

As of June 3, 2015, the Company is listed on the STAR segment of the Borsa Italiana's stock market (*Mercato Telematico Azionario* or MTA).

The separate financial statements were audited by PricewaterhouseCoopers SpA, who was appointed as independent auditor of the Company and its most significant subsidiaries.

2 Accounting policies

The principal accounting policies and criteria adopted in preparing the separate financial statements are described below.

2.1. Basis of Preparation

The Company has prepared the financial statements for prior periods in accordance with the provisions of Legislative Decree no. 127 of April 9, 1991 governing the preparation of such financial statements, as interpreted by, and integrated with, the accounting principles established by Organismo Italiano di Contabilità ("Italian GAAP").

Pursuant to Legislative Decree February 28, 2005, No. 38, as amended by Decree Law No. 91 of June 24, 2014, a company which is listed is required to prepare not only the consolidated financial statements but also the separate financial statements of the Company in accordance with international accounting standards issued by the International Accounting Standards Board and adopted by the European Union ("IFRS"), therefore, the financial statements for the year ended December 31, 2015 (the "**Separate Financial Statements**") are the first financial statements prepared under IFRS. The IFRS transition date is therefore January 1, 2014 (the "**Transition Date**"). The effects of the transition are shown in Note 29 "Transition to IFRS".

In this context, IFRS means all the "International Financial Reporting Standards", all the "International Accounting Standards" (IAS), and all the interpretations of the "International Financial Reporting Interpretations Committee" (IFRIC), previously known as the "Standing Interpretations Committee" (SIC), that, at the date of approving the Separate Financial Statements, had been endorsed by the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002. In particular, IFRS has been applied consistently to all the accounting periods presented in this document except as described in Note 2.3.

The Separate Financial Statements, approved by the Company's Board of Directors on March 10, 2016, have been prepared on a going concern basis. Management has confirmed the absence of any financial, operational or other indicator that might call into question the ability of the Company to meet its obligations in the foreseeable future and, in particular, over the next twelve months. The approach adopted by the Company for the management of financial risks is discussed in Note 3 "Management of Financial Risks" below.

The Separate Financial Statements have been prepared and presented in Euro. Unless otherwise indicated, all amounts included in this document are stated in thousands of Euro.

Financial statement formats and related classification criteria adopted by the Company, in accordance with IAS 1 – Presentation of Financial Statements, are as follows:

- the *statement of financial position* classifies assets and liabilities using the "current/non-current" criterion;
- the *income statement* classifies operating costs by nature;
- the *statement of comprehensive income* includes income and costs not reported in the income statement for the year, as required or allowed by the IFRS, such as gains/(losses) from cash flow hedges, re-measurement of employee benefit obligations and currency translation differences; and
- the *statement of cash flows* presents the cash flows generated by operating activities using the "indirect method".

The Separate Financial Statements have been prepared under the historical cost convention, except with regard to the measurement of financial assets and liabilities, where application of the *fair value* criterion is required.

2.2. Accounting Policies

A brief description is provided below of the accounting policies and principles adopted in preparing the Separate Financial Statements.

Property, plant and equipment

Property, plant and equipment are recorded at purchase or production cost and stated net of accumulated depreciation and any impairment adjustments. The residual values of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Purchase or production cost includes costs incurred directly to prepare property, plant and equipment for use, as well as any costs to be incurred to dismantle and remove the assets in line with contractual obligations that require that the assets be returned to their original condition or location. Borrowing costs directly attributable to the purchase, construction or production of an asset are capitalized and depreciated over the asset's useful life.

Maintenance costs and the costs of routine and/or cyclical repairs are charged directly to the income statement as incurred. Costs incurred for the expansion, modernization or improvement of owned or leased fixed assets are capitalized if they meet the requirements for separate classification as an asset or part of an asset. Improvements to leased assets are depreciated over the life of the lease contract or over the useful life of the asset in question, if shorter. If improvements can be considered as separate assets, they are depreciated over the expected useful life of the separate asset.

Depreciation is recognized monthly on a straight-line basis, using rates that depreciate property, plant and equipment over their useful lives. In those cases where assets include distinctly identifiable elements with significantly different useful economic lives, depreciation is calculated separately for each part in accordance with the component approach.

The estimated useful lives of the various categories of property, plant and equipment are as follows:

Property, plant and equipment	Useful life (in year)
Buildings	33
Light buildings	10
Furniture, fittings and equipment	8
Electronic office equipment	5
Audiovisual equipment	4
External fittings and equipment	13
Other equipment	6

The useful lives of property, plant and equipment are reviewed and updated at the end of each financial year, or more frequently when required.

Intangible assets

Intangible assets consist of identifiable, non-monetary items without physical form that are controllable and expected to generate future economic benefits. Such items are initially recorded at purchase and/or production cost, including any directly related costs incurred to prepare them for use. Any borrowing costs incurred during and for the development of intangible assets are deemed part of their purchase cost.

Intangible assets with a finite useful life are recorded at cost, as described above, and stated net of accumulated amortization and any impairment adjustments.

Amortization commences when intangible assets become available for use and is charged on a straight-line basis over the asset's estimated residual useful economic lives.

Estimated useful economic lives for software and other intangible assets is 5 years.

Impairment of intangible assets and property, plant and equipment with a definite useful life.

At each balance sheet date, the Company assesses whether there are any indications of impairment of property, plant and equipment and intangible assets with a finite useful life. Both internal and external sources of information are considered for this purpose. Internal sources include obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset with respect to expectations. External sources include the market value of the asset, changes in technology, markets or laws, trends in market interest rates and the cost of capital used to evaluate investments.

Where indicators of impairment are seen to exist, the recoverable value of the relevant assets are estimated and any impairment adjustments with respect to their carrying amounts are charged to the income statement. The recoverable value of an asset is represented by the greater of its fair value, net of disposal costs, and its value in use, which is defined as the present value of the estimated future cash flows deriving from the asset. When determining value in use, the expected future cash flows are discounted using a pre-tax rate that reflects the current market assessment of the cost of money, considering the length of the investment period and the specific risks associated with the asset. The recoverable value of assets that do not generate independent cash flows is determined with reference to the CGU to which such assets belong.

Impairment is charged to the income statement when the carrying amount of an asset, or the CGU to which it has been allocated, exceeds its recoverable value. Reductions in the value of a CGU are initially deducted from the carrying amount of any goodwill allocated to it, and then from the carrying amounts of the CGU's remaining assets in proportion to their carrying amounts, to the extent of their related recoverable value. If the conditions that gave rise to an impairment adjustment cease to exist, the carrying amount of the asset concerned is reinstated, by crediting the income statement with an amount equal to the net carrying amount that the asset would have had in the absence of impairment, net of depreciation.

Investment in subsidiaries

Investment in subsidiaries are recognised at their purchase or incorporation cost. In case of any impairment indicators, their recoverability is verified through the comparison between their carrying amount and the higher of their value in use that is determined by discounting prospective cash flows, where applicable, of the equity investment and the assumed sales value which is determined on the basis of recent transactions or market multiples. The portion of losses exceeding the carrying amount is recognised in a specific provision under liabilities to the extent that the Company states the existence of legal or implicit obligations to cover such losses, which are in any case within the limits of the book equity. If the impaired investee shows a subsequent improvement in performance which leads to believe that the reasons for the impairment cease to exist, the equity investments are revalued to the extent of the impairment losses recognised in previous periods. Dividends from subsidiaries and associates are recognised in the income statement in the year in which they are resolved.

Finally, with reference to transactions between entities under common control, which are not governed by IFRS, either from the point of view of the purchaser/assignee or from that of the seller/assignor, the Company, considering this, recognises such transactions in accordance with the best Italian practices, recognising directly in equity any gain on the transfer or sale of its subsidiaries.

Receivables and other financial assets

Receivables and other financial assets are initially recorded at fair value and subsequently stated at amortized cost using the effective interest method, net of any impairment allowances. They are classified as current assets, except in those cases where the contractual duration at the reporting date exceeds twelve months, in which case they are classified as non-current assets.

Impairment losses on receivables are recognized in the financial statements when there is objective evidence that the Company will be unable to recover the amount contractually due from the counterparty.

Objective evidence includes such events as:

- significant financial difficulties of the counterparty;
- legal disputes with the debtor over the amount receivable; or
- probability that the debtor will declare bankruptcy or that other financial restructuring procedures will be initiated.

The amount of impairment is measured as the difference between the carrying amount of the asset and the present value of the related future cash flows and is recorded under “Amortization, depreciation and impairment” in the income statement. Unrecoverable receivables are derecognized from the statement of financial position and charged against the provision for impairment. If, in later periods, the conditions that gave rise to an impairment loss cease to exist, the carrying amount of the asset concerned is reinstated to the net carrying amount that such asset would have had in the absence of impairment, using the amortized cost method.

Cash and cash equivalents

Cash and cash equivalents comprise cash and unrestricted bank deposits, as well as other forms of short-term investment with an original maturity of not more than three months. Bank overdrafts at the balance sheet date are reported as current borrowings within current liabilities in the statement of financial position.

Borrowings and other financial liabilities

Borrowings and other financial liabilities are initially recorded at fair value, net of directly attributable transaction costs, and subsequently measured at amortized cost using the effective interest method. If there is a change in the estimate of expected cash flows, the value of the liabilities is re-measured to account for this change based on the present value of the new cash flows expected and the effective interest rate as initially determined. Borrowings and other financial liabilities are classified within current liabilities, except those with contractual maturities due beyond twelve months of the balance sheet date and those for which the Company has an unconditional right to defer payment for at least twelve months after that date.

Borrowings and other financial liabilities are recognized at the transaction date and are derecognized when settled and when the Company has transferred all the risks and expenses related to the instruments.

Derivative instruments

Derivative instruments are securities held for trading and accounted for at fair value through profit or loss, unless designated as hedging instruments, and are classified in current and non-current assets or liabilities.

Financial assets and liabilities at fair value through profit or loss are initially recorded and subsequently measured at fair value, with related transaction costs being charged to the income statement. Gains and losses deriving from changes in the fair value of interest rate derivatives are recognized in the income statement as finance income and finance costs in the period in which they are identified.

If the maturity of the hedged item exceeds twelve months, the fair value of derivatives used as hedging instruments is classified among other non-current assets or liabilities; if such maturity is less than twelve months, the fair value of the related hedging derivatives is classified among other current assets or liabilities. Derivatives not designated as hedging instruments are classified as either current or non-current assets or liabilities, depending on their contractual maturity.

Employee benefits

Short-term benefits comprise wages, salaries, related social security costs, payments in lieu of holiday and incentives in the form of bonuses payable within twelve months of the reporting date. These benefits are recorded as payroll costs in the period in which the work is performed.

In the case of defined benefit plans, such as that governing the termination indemnities due to employees in accordance with art. 2120 of the Italian Civil Code (“**TFR**”), the amount of the benefit is only quantifiable following termination of the employment relationship and is dependent upon factors such as age, length of service and level of remuneration; for this reason, the costs charged to the income statement for a given year are determined by actuarial calculations. The liability recognized for defined benefit plans corresponds to the present value of the obligation at the reporting date. The obligations under defined benefit plans are determined each year by an independent actuary, using the projected unit credit method. The present value of defined benefit plans is determined by discounting the future cash flows using an interest rate based on that of high-quality corporate bonds issued in Euro that takes into account the duration of the pension plan concerned. The actuarial gains and losses deriving from adjustments in the total liability and the effect of changes in the actuarial assumptions are recognized in other comprehensive income.

With effect from January 1, 2007, Italian Law 2007 and the related decrees regarding implementation of the law, introduced significant changes to the TFR regulations, including the option for each employee to choose the destination of the accruing indemnity. In particular, employees may now allocate new TFR flows to alternative external pension plans or elect for them to be retained by the employer. If an external pension plan is chosen, an entity is only obliged to make defined contributions to such plan, and accordingly, from the aforementioned date the related new TFR flows are deemed to be payments to a defined contribution plan not subject to actuarial valuation.

Provisions

Provisions are recognized to provide for known or likely losses or liabilities, the timing and/or amount of which cannot be determined. Provisions are only recorded when there exists a present obligation, whether legal or constructive, for a future outflow of resources relating to past events, and when it is probable that such outflow will be required to settle the obligation. Provisions represent the best estimate of the expenditure required to settle the related obligation. The rate used to calculate the present value of the liability reflects market values and takes into account the specific risk associated with each liability.

In the case in which the effect of the time value of money is material and the settlement dates for the obligations can be reliably estimated, provisions are recorded at the present value of the expected future payments by applying a discount rate that reflects market conditions, the change in the time value of money, and the specific risks associated with the obligation. Provision increases due to changes in the time value of money are recognized as interest expense.

Obligations considered to be possible but not probable are disclosed in the note on contingent liabilities, however, no provision is made.

Trade payables and other liabilities

Trade payables and other liabilities are initially recorded at fair value, net of directly related charges, and subsequently measured at amortized cost using the effective interest method.

Revenue recognition

Revenues are recognized at the fair value of the consideration received from the sale of goods and services in the ordinary course of business. Revenues are stated net of value-added tax, expected returns, allowances, discounts and certain marketing activities arranged together with customers, where the value depends on the revenue generated.

Revenues from the sale of goods are recognized when the risks and rewards of owning the asset are transferred to the purchaser, the selling price is agreed or determinable and collection is expected.

Cost recognition

Costs are recognized when they relate to goods or services acquired or consumed during the year, or when allocated to the year on a systematic basis.

Taxation

Current taxes are provided for based on an estimate of taxable income, consistent with the tax regulations applicable to the Company.

The Group’s Italian entities are members of a domestic tax group established pursuant to Decree 344/2003. This law recognizes the combined taxable income of the Group entities that elected, on an optional basis, to join the tax group. In particular, the rules allow the tax group to net the tax results of the member entities (taxable income and losses for the consolidation period) for IRES purposes.

Deferred tax assets and liabilities are calculated on all temporary differences arising between the tax base of an asset or liability and the related carrying amount, except for goodwill and the differences deriving from investments in subsidiaries when the Company has control over their reversal and it is likely that they will not reverse in the foreseeable future. Deferred tax assets, including those deriving from tax loss carry-forwards, are recognized, to the extent not offset by deferred tax liabilities, if it is probable that they will be recovered against future taxable income. Deferred tax assets and liabilities are determined using the tax rates, enacted or substantially enacted at the reporting date, expected to apply in the years in which the related temporary differences reverse or expire.

Current income taxes and the changes in deferred tax assets and liabilities are recognized as “Income tax expense” in the income statement, except for those taxes relating to items (other than profit for the year) included in the comprehensive income statement and those relating to amounts credited or charged directly to equity. In such cases, deferred taxes are recognized in the statement of comprehensive income and directly in equity.

Deferred tax assets and liabilities are netted when they are applied by the same tax authorities, there is a legal right of offset and the net balance is likely to be settled.

Other taxes not linked to income, such as indirect taxes and other levies, are charged to the “Other operating costs” in the income statement.

2.3. Recently-Issued Accounting Standards

Accounting standards, amendments and interpretations adopted by the Company at January 1, 2015

The following accounting standards and amendments have been adopted by the Company with effect from January 1, 2015:

On November 21, 2013, the IASB issued a number of minor amendments to IAS 19 - Employee Benefits entitled "Defined Benefit Plans: Employee Contributions". These amendments simplify the accounting treatment of the contributions made to defined benefit plans by employees or, in certain cases, by third parties. These amendments are effective on a retrospective basis for the annual periods commencing on or after July 1, 2014.

On December 12, 2013, the IASB issued a series of amendments to the IFRS as part of the annual improvement process ("Annual Improvements to IFRS - 2011-2013 Cycle"). These amendments are applicable for annual periods beginning on or after January 1, 2015.

The adoption of the above amendments did not have a significant impact on the Separate Financial Statements.

Accounting standards, amendments and interpretations endorsed by the European Union that are not yet effective and have not been early adopted by the Company

The following standards and amendments have been issued by the IASB and endorsed by the European Union but are not yet effective for the year ended December 31, 2015. The following new standards and amendments have not been early adopted.

- Amendment to IFRS 11 - Joint Arrangements - "Accounting for Acquisitions of Interests in Joint Operations (published on May 6, 2014), to clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture - "Bearer Plants" (published on June 30, 2014) to clarify the accounting treatment of bearer plants to bring them into the scope of IAS 16 so that they are accounted for in the same way as property, plant and equipment. These amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets "Clarification of Acceptable Methods of Depreciation and Amortization" (published on May 12, 2014) in order to clarify that a revenue-based depreciation/amortization method for fixed assets is inappropriate as it reflects a pattern of generation of economic benefits that arise from the operation of the business of which an asset is part, rather than the pattern of consumption of an asset's expected future economic benefits. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 1 - "Disclosure Initiative" (published on December 18, 2014) which provides a series of clarifications in relation to materiality and aggregation, on additional methods of presentation of results and on the ordering of notes and disclosure on significant accounting policies. The amendment is effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- Amendment to IAS 27 - Equity Method in Separate Financial Statements (published on August 12, 2014) which introduces the option to adopt the equity method for measuring the investments in subsidiaries, joint ventures and associates in the separate financial statements The amendment is effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

Also in relation to the annual improvements process, on December 12, 2013 a series of amendments to IFRS were issued through "Annual Improvements to IFRS - 2010-2012 Cycle". The amendments are applicable for annual periods beginning on or after February 1, 2015.

No significant effect is expected from the adoption of these new standards.

Accounting standards, amendments and interpretations not endorsed by the European Union

The following standards have been issued by the IASB but at the date of these financial statements had not been adopted by the European Union.

On January 30, 2014 the IASB issued IFRS 14 - Regulatory Deferral Accounts, which provides relief to first time adopters of IFRS in relation to accounting for certain balances that arise from rate regulated activities ("regulatory deferral accounts"). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts. to enhance comparability with entities that already apply IFRS and that do not recognise the deferred amounts, IFRS 14 requires that the effect of recognising the deferred account balances that arise from rate regulation must be presented separately from other items.

On May 28, 2014 the IASB issued IFRS 15 - Revenue from Contracts with Customers. A key objective of the standard is to improve the quality and comparability of revenue recognition practices. The standard is expected to be applicable from January 1, 2018, with early adoption permitted.

On July 24, 2014 the IASB published the final version of IFRS 9 - Financial Instruments relating to the classification, recognition and measurement of financial assets and liabilities, as well as to hedge accounting. The standard is expected to be applicable from January 1, 2018, with early adoption permitted.

On September 11, 2014 the IASB published amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets Between an Investor and its Associate or Joint Venture", to resolve a conflict between the requirements of IFRS 10 and IAS 28 and clarify the accounting treatment when an investor sells or contributes a business to an associate or joint venture. The IASB has currently suspended the date of effectiveness of this standard.

On December 18, 2014 the IASB published amendments to IFRS 10, IFRS 12 and IAS 28 - "Investment entities - Applying the Consolidation Exception" relating to modifications which arose as a result of the consolidation exception related to investment entities. The amendments are expected to be applicable from January 1, 2016, with early adoption permitted.

On January 13, 2016 the IASB issued IFRS 16 - Leases, which is intended to replace IAS 17. The new standard, as well as the interpretations of IFRIC 4, SIC-15 and SIC-27 introduce a single lease accounting model which requires, except in certain circumstances, the recognition by the lessee of the related lease asset and liability. The amendments are expected to be effective from January 1, 2019 with early adoption allowed only if IFRS 15 - Revenue from Contracts with Customers is applied.

In January 2016, the IASB published amendments to IAS 12 - Income Taxes and IAS 7 - Statement of Cash Flows , to clarify how to account for deferred tax assets related to debt instruments measured at fair value and information to be provided about changes in financial liabilities, respectively. The amendments are effective for annual periods beginning on or after January 1, 2017, with early adoption permitted.

The Company will adopt these new standards and amendments, with due regard to the application dates envisaged, and will assess their potential effects on the Separate Financial Statements, when they have been endorsed by the European Union.

2.4. Significant Non-Recurring Events and Transactions

In accordance with CONSOB Regulation of July 28, 2006, it should be noted that the Company's results for 2015 were influenced by non-recurring expenses relating to the costs related with the IPO (see Note 12) as reported in the table below:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014**
Costs related to the IPO	3,053	-
Total non-recurring expenses	**3,053**	**-**
Tax impact	(840)	-
Total	**2,213**	**-**

3 Management of Financial Risks

The activities of the Company are exposed to the following risks: market risk (including in particular, interest rate risk and foreign exchange rate risk), liquidity risk, and capital risk.

The Company's risk management strategy focuses on minimizing potential adverse effects on the Company's financial performance. Certain types of risk are mitigated by using derivative instruments. Risk management is centralized with Group management who identifies, assesses and hedges financial risks in close cooperation with the Group's and Company's operating units. Group management provides instructions for monitoring the management of risks, as well as instructions for specific areas concerning interest rate risk, exchange rate risk and the use of derivative and non-derivative instruments.

Market risk

The Company is exposed to market risks associated with interest rates and exchange rates.

Interest rate risk

Interest rate swaps are entered into to reduce the exposure to changes in interest rates for long-term borrowings, as a result of which the Company swaps floating rate interest into fixed rates. Changes in fair value are recorded in the income statement.

The notional value of interest rate swaps outstanding as at December 31, 2015 totaled Euro 26,232 thousand (Euro 18,887 thousand as at December 31, 2014). Interest rate swaps outstanding as at December 31, 2015 had a negative fair value of Euro 2,318 thousand (Euro 967 thousand as at December 31, 2014).

The risk of floating-rate borrowings not hedged through interest rate swaps represents a key exposure given the potential impact on the income statement and cash flows of a rise in market interest rates.

The Company's non-current borrowings bore floating rates of interest as at December 31, 2015 and 2014. After considering the impact of interest rate swaps, the exposure to floating interest rate risk was reduced to 47% and 79% respectively at December 31, 2015 and 2014.

An increase/decrease of 1% (100 basis points) in interest rates compared to those applicable as at December 31, 2015 and 2014, with all other variables (including hedging derivatives in place) remaining unchanged, would have resulted in a decrease/increase respectively in profit before taxation for the year of Euro 237 thousand in 2015 and Euro 730 thousand in 2014.

Exchange rate risk

In order to reduce the exchange rate risk deriving from foreign currency denominated assets, liabilities and cash flows, the Company enters into forward contracts to hedge future cash flows denominated in currencies other than Euro.

The Company has opted not to hedge through forward contracts the exposure to the foreign exchange rate fluctuations connected with long-term borrowings and financial receivables from related parties denominated in foreign currencies and in particular USD.

The income statement for the years ended December 31, 2015 and 2014 includes net foreign exchange losses amounting to Euro 3,292 thousand and Euro 4,884 thousand mainly relating to long-term borrowings denominated in USD which was early repaid during 2015 in accordance with the contractual provisions (see Note 13) net of the foreign exchange gains relating to the abovementioned financial receivables.

An increase/(decrease) of 1% (100 basis points) in Euro/USD exchange rates compared to those applicable as at December 31, 2015 and 2014, with all other variables remaining unchanged, would have resulted in a (decrease)/increase in profit before taxation for the year of Euro (184)/188 thousand in 2015 and increase/(decrease) of Euro 500/(510) thousand in 2014.

Liquidity Risk

Liquidity risk relates to the Company’s capacity to meet its obligations and commitments deriving principally from financial liabilities. The Company’s management of liquidity risk in the ordinary course of business involves maintaining a sufficient level of cash and ensuring the availability of funds through adequate lines of credit.

As at December 31, 2015 the Company had lines of credit totaling Euro 15,000 thousand (nil at December 31, 2014), totally undrawn.

In this regard, it is also noted that:

- various sources of finance are available from different banks;
- there is no significant concentration of liquidity risk, either in relation to financial assets or in relation to the sources of finance.

The following tables set forth the expected future cash flows related to financial liabilities outstanding at December 31, 2015 and 2014 and at January 1, 2014:

As at December 31, 2015 *(in thousands of Euro)*	**Book Value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	79,573	45,594	40,354	7,231
Other current and non-current liabilities	6,089	4,168	1,921	-
Trade payables	1,928	1,928	-	-
Total financial liabilities	**87,590**	**51,690**	**42,275**	**7,231**

As at December 31, 2014 *(in thousands of Euro)*	**Book Value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	131,672	62,076	58,308	40,292
Other current and non-current liabilities	3,218	2,417	801	-
Trade payables	3,070	3,070	-	-
Total financial liabilities	**137,960**	**67,563**	**59,109**	**40,292**

As at January 1, 2014 *(in thousands of Euro)*	**Book Value**	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**
Current and non-current loans	65,935	49,133	27,677	-
Other current and non-current liabilities	3,587	2,533	1,054	-
Trade payables	233	233	-	-
Total financial liabilities	**69,755**	**51,899**	**28,731**	**-**

Capital risk

The Company's main objective in managing capital risk is to ensure business continuity in order to guarantee returns for shareholders and benefits for other stakeholders. The Company also seeks to maintain an optimal capital structure in order to reduce the cost of borrowing.

Financial assets and liabilities by category

Trade receivables and other financial assets, trade payables, other payables and other financial liabilities classified as "current" in the statement of financial position are measured at amortized cost. The fair value of such assets and liabilities is the same as the related carrying amounts in the Separate Financial Statements at December 31, 2015 and 2014 and at January 1,2014, as they primarily relate to balances generated by normal business that will be settled in the short term.

The following tables set forth an analysis of the Company's financial assets and liabilities by category as at December 31, 2015 and 2014 and at January 1,2014:

As at December 31, 2015 *(in thousands of Euro)*	**Loans and receivables**	**Asset / liabilities at fair value**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets					
Current and non-current financial receivables	35,665	-	**35,665**	-	**35,665**
Other current assets	696	-	**696**	3,697	**4,393**
Cash and cash equivalents	1,039	-	**1,039**	-	**1,039**
Total assets	**37,400**	**-**	**37,400**	**3,697**	**41,097**
Liabilities					
Current and non-current borrowings	79,572	-	**79,572**	-	**79,572**
Trade payables	1,928	-	**1,928**	-	**1,928**
Other current and non-current liabilities	3,036	2,318	**5,354**	735	**6,089**
Total liabilities	**84,536**	**2,318**	**86,854**	**735**	**87,589**

As at December 31, 2014 *(in thousands of Euro)*	**Loans and receivables**	**Asset / liabilities at fair value**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets					
Current and non-current financial receivables	19,679	-	**19,679**	-	**19,679**
Other current assets	2,638	-	**2,638**	3,992	**6,630**
Cash and cash equivalents	260	-	**260**	-	**260**
Total assets	**2,898**	**-**	**2,898**	**3,992**	**6,890**
Liabilities					
Current and non-current borrowings	131,672	-	**131,672**	-	**131,672**
Trade payables	3,070	-	**3,070**	-	**3,070**
Other current and non-current liabilities	1,124	967	**2,091**	1,127	**3,218**
Total liabilities	**135,866**	**967**	**136,833**	**1,127**	**137,960**

As at January 1, 2014 *(in thousands of Euro)*	**Loans and receivables**	**Asset / liabilities at fair value**	**Total financial assets / liabilities**	**Non-financial assets / liabilities**	**Total**
Assets					
Current and non-current financial receivables	-	-	-	-	-
Other current assets	1,985	-	**1,985**	840	**2,825**
Cash and cash equivalents	3,921	-	**3,921**	-	**3,921**
Total assets	**5,906**	**-**	**5,906**	**840**	**6,746**
Liabilities					
Current and non-current borrowings	65,935	-	**65,935**	-	**65,935**
Trade payables	233	-	**233**	-	**233**
Other current and non-current liabilities	1,517	1,214	**2,731**	856	**3,587**
Total liabilities	**67,685**	**1,214**	**68,899**	**856**	**69,755**

Fair value

The fair value of financial instruments listed in an active market is based on their market prices at the reporting date. The fair value of financial instruments not listed in an active market is determined using measurement techniques based on a series of methods and assumptions linked to market conditions at the reporting date.

The fair value of financial instruments is classified in accordance with the following hierarchy:

Level 1: Fair value is determined with reference to the (unadjusted) listed prices in active markets of identical financial instruments.

Level 2: Fair value is determined using measurement techniques based on inputs observable in active markets.

Level 3: Fair value is determined using measurement techniques based on inputs that are not observable.

Derivatives on interest rates *(in thousands of Euro)*	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities as at December 31, 2015	-	2,317	-	**2,317**
Liabilities as at December 31, 2014	-	968	-	**968**
Liabilities as at January 1, 2014	-	1,214	-	**1,214**

The fair value of derivative instruments in place at December 31, 2015 and 2014 and January 1, 2014 is measured in accordance with Level 2 as described above.

Financial instruments with a Level 2 fair value include derivatives designed to reduce exposure to economic risks that do not qualify for hedge accounting. Derivative instruments include interest rate swaps determined using a forward curve of interest rates based on market yield curves.

There were no changes in measurement techniques during the years ended December 31, 2015 and 2014. Decisions to classify financial instruments in terms of Level 2 or Level 3 are taken at each balance sheet date for financial reporting purposes.

4 Use of Estimates and Assumptions

The preparation of financial statements requires that management apply accounting standards and methods, which in certain cases depend on subjective measurements and estimates based on past experience as well as assumptions which, on a case-by-case basis, are considered reasonable and realistic in the specific circumstances. The use of such estimates and assumptions influences the amounts reported in the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the explanatory notes. Actual results for such items may differ from the amounts reported in the financial statements due to the uncertainties that characterize the assumptions and conditions on which such estimates were made.

The following paragraphs provide brief descriptions of those areas, which, more than others, require subjective judgment on the part of management when making estimates, and for which a change in the conditions underlying the assumptions used could have a significant impact on the financial information reported.

(a) Impairment of assets

In accordance with the relevant accounting standards, intangible assets and property, plant and equipment with a finite useful life are tested for impairment, and then written down as appropriate whenever indicators suggest that their net carrying amount may be higher than its recoverable amount. The identification of such indicators requires that management exercise subjective judgment based on information available within the Company and from the market as well as on historical experience. In addition, when potential impairment is identified, management determines the extent of such impairment by applying suitable measurement techniques. Identification of the indicators of potential impairment, as well as the estimates for determining its extent, depend on factors that may vary over time, thus influencing management's judgments and estimates.

(b) Amortization and depreciation

The cost of intangible assets and property, plant and equipment with a finite useful life is amortized or depreciated on a straight-line basis over their estimated useful lives. The useful economic lives of these assets are determined by management at the time of acquisition, based on historical experience with similar assets, market conditions and information regarding future events that may have an impact on useful life, such as changes in technology. Accordingly, actual useful lives may differ from estimates.

(c) Taxation

Income taxes (current and deferred) are determined on the basis of the local tax regulations in force. This process sometimes involves making complex estimates to determine the amount of taxable income and the deductible and taxable temporary differences between book and tax amounts. In particular, deferred tax assets are recognized if it is probable that they will be recovered against future taxable income. The assessment of the recoverability of deferred tax assets, which are recognized in relation to both tax loss carriedforwards and deductible temporary differences, takes account of estimated future taxable income and is based on prudent tax planning.

5 Intangible assets

The following table sets forth the movements in intangible assets:

(in thousands of Euro)	**Software and other immaterial assets**	**Intangible assets under construction**	**Total**
As at January 1, 2014	**66**	**-**	**66**
Of which:			
- historical cost	*426*	-	**426**
- accumulated depreciation	*(360)*	-	**(360)**
Additions	91	-	**91**
Disposals	(1)	-	**(1)**
Amortization	(71)	-	**(71)**
As at December 31, 2014	**85**	**-**	**85**
Of which:			
- historical cost	*516*	-	***516***
- accumulated depreciation	*(431)*	-	***(431)***
Additions	5	318	***323***
Amortization	(27)	-	***(27)***
As at December 31, 2015	**63**	**318**	**381**
Of which:			
- historical cost	*521*	*318*	***839***
- accumulated depreciation	*(458)*	-	***(458)***

Intangible assets under construction as at December 31, 2015 amounts to Euro 318 thousand (nil at December 31, 2014 and January 1, 2014) and are related to the costs incurred for the installation in progress of the new software for Group financial reporting.

6 Property, Plant and Equipment

The following table sets forth the movements in property, plant and equipment:

(in thousands of Euro)	**Land and buildings**	**Plant and machinery**	**Other**	**Total**
As at January 1, 2014	**9,972**	**503**	**2,476**	**12,951**
Of which:				
- historical cost	*11,000*	*952*	*3,010*	*14,962*
- accumulated depreciation	*(1,028)*	*(449)*	*(534)*	*(2,011)*
Additions	-	49	4	**53**
Depreciation	(295)	(96)	(140)	***(531)***
As at December 31, 2014	**9,677**	**456**	**2,340**	**12,473**
Of which:				
- historical cost	*11,000*	*1,002*	*3,014*	*15,016*
- accumulated depreciation	*(1,323)*	*(546)*	*(674)*	*(2,543)*
Additions	4	34	1	**39**
Disposals	-	-	(1)	***(1)***
Depreciation	(294)	(73)	(128)	***(495)***
As at December 31, 2015	**9,387**	**417**	**2,212**	**12,016**
Of which:				
- historical cost	*11,004*	*1,035*	*3,011*	*15,050*
- accumulated depreciation	*(1,617)*	*(618)*	*(799)*	*(3,034)*

Property, plant and equipment mainly includes net book value of the building located in Villorba (Treviso), headquarter of the Group together with the associated capital expenditure.

7 Current and Non-Current Financial Receivables

The following table sets forth a breakdown of current and non-current financial receivables at December 31, 2015 and 2014 and at January 1, 2014:

Current and non-current financial receivables *(in thousands of Euro)*	**Within 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Balance as at December 31, 2015	1,969	27,067	6,629	**35,665**
Balance as at December 31, 2014	200	1,881	17,598	**19,679**
Balance as at January 1, 2014	-	-	-	**-**

The following table provides details of the main borrowings in place:

Interest rate	**Year**	**Currency**	**Counterparty**	**Original principal amount**	**As at December 31**		**As at January 1**
					2015	**2014**	**2014**
				(in thousands)	*(in thousands of Euro)*		
7.26%	2015	Euro	Doge Finland	16,416	15,158	-	-
Libor 3M + 3%	2014	USD	Boncafe International	21,366	18,589	17,598	-
Libor 3M + 3%	2014	THB	MZB (Thailand) Ltd	83,275	1,918	2,081	-
Total					**35,665**	**19,679**	**-**
of which non-current					33,696	19,479	
of which current					1,969	200	

See Note 23 - Related Party Transactions for further information about current and non-current financial receivables.

8 Investments in Subsidiaries

The following table sets for a breakdown of investment in subsidiaries:

(in thousands of Euro)	**Balance as at January 1, 2014**	**Increase/ (Decrease)**	**Demerger**	**Balance as at December 31, 2014**	**Increase/ (Decrease)**	**Balance as at December 31, 2014**
Segafredo Zanetti SpA	34,502	7,756	-	42,258	-	42,258
La San Marco SpA	1,420	-	-	1,420	-	1,420
Segafredo Zanetti Espresso Worldwide Ltd	1,642	-	-	1,642	-	1,642
Massimo Zanetti Beverage SA	99,882	-	(12,485)	87,397	-	87,397
Brulerie Des Cafes Corsica SaS	3,000	(3,000)	-	-	-	-
Segafredo Zanetti Coffe System SpA	3,341	-	-	3,341	-	3,341
Massimo Zanetti Beverage (Thailand) Ltd	-	339	-	339	-	339
Boncafe International Pte Ltd	-	43,648	-	43,648	22	43,670
Total	**143,787**	**48,743**	**(12,485)**	**180,045**	**22**	**180,067**

During 2014 the most relevant transactions were the following:

- acquisition of 100% share capital in Boncafe International Pte Ltd and incorporation of Massimo Zanetti Beverage (Thailand) Ltd to obtain control of Boncafe entities, a group of 8 companies located in various countries in South-East Asia and the United Arab Emirates, leaders in roasting (roasting plants in Thailand and Singapore) and sale of “gourmet” coffee and bar equipment in South-East Asia and the Middle East;
- acquisition on July 29, 2014, of the remaining non-controlling interest of 3.15% in Segafredo Zanetti S.p.A. from related party, Doge S.p.A. The consideration transferred was Euro 7,718 thousand, which was based on the report of an external appraiser, and related transaction costs.
- disposal of 100% share capital of Brulerie des Cafés Corsica S.A.S. to Massimo Zanetti Beverage S.A. for a consideration of Euro 3,000 thousand; and

- demerger of part of the Company's business, the green coffee business completed to MZ Green Coffee Group S.p.A., a company wholly owned by MZ Green Coffee S.A., a Swiss company to which, in turn, the business of Massimo Zanetti Beverage S.A. was transferred. As a result of such demerger operations, the entities which are involved in the cultivation, processing, exporting and sale of green coffee are now outside the scope of consolidation.

The following table sets forth the information relating to the percentage held in the subsidiaries' share capital and their equity as at December 31, 2015.

As at December 31, 2015 *(in thousands of euro)*	**Direct**	**Indirect**	**Location**	**Share capital**	**Equity**	**Carrying value**	**Equity attributable to owners of the parent**
Segafredo Zanetti SpA	100%	-	Bologna	*EUR 38.800*	45,701	42,258	45,701
La San Marco SpA	90.4%	-	Gorizia	*EUR 7.000*	21,110	1,420	19,079
Segafredo Zanetti Espresso Worldwide Ltd	8.6%	89.1%	Geneva	*CHF 38.000*	21,852	1,642	1,879
Massimo Zanetti Beverage SA	100%	-	Geneva	*CHF 149.900*	130,013	87,397	130,013
Segafredo Zanetti Coffe System SpA	16.7%	83.3%	Treviso	*EUR 6.000*	13,383	3,341	2,231
Massimo Zanetti Beverage (Thailand) Ltd	49.0%	51.0%	Bangkok	*THB 15.300*	986	339	483
Boncafe International Pte Ltd	100.0%	-	Singapore	*SGD 3.200*	5,586	43,670	5,586
Total						**180,067**	**204,973**

No impairment indicator were noted as at December 31, 2015 also considering the results of the impairment test performed at Group level on the Group CGU as at December 31, 2015.

9 Deferred Tax Assets and Liabilities

The following table sets forth the movements in deferred tax assets and liabilieties:

	As at December 31,	
(in thousands of Euro)	**2015**	**2014**
Balance as at January 1,	**1,351**	**94**
Of which:		
- deferred tax assets	*1,385*	*129*
- deferred tax liabilities	*(34)*	*(35)*
Charged to the income statement	933	1,246
(Charged)/Credited to the other comprehensive income	(1)	4
Other	7	7
Tax impact of transaction costs related to the increase in share capital	1,316	-
Balance as at December 31	**3,606**	**1,351**
Of which:		
- deferred tax assets	*3,639*	*1,385*
- deferred tax liabilities	*(33)*	*(34)*

Deferred tax assets relate mainly to *i)* unused tax losses carried forward, *ii)* transactions costs associated with the increase in share capital which are deductible in future years, *iii)* timing differences connected with the IFRS conversion net of foreign exchange gains taxable in future years.

10 Other Current Assets

The following table sets forth a breakdown of other current:

	As at December 31,		**As at January 1,**
(in thousands of Euro)	**2015**	**2014**	**2014**
Other receivables from related parties	696	2,637	1,985
Tax receivables	1,306	282	519
Other receivables and current assets	2,391	3,711	321
Other current assets	**4,393**	**6,630**	**2,825**

See Note 23 - Related Party Transactions for further information about other current assets from related parties.

Tax receivables mainly relating to V.A.T. receivables amounting to Euro 1,198 thousand at December 31, 2015 (Euro 175 thousand at December 31, 2014).

Other receivables and current assets are mainly relating to the deferred costs for the Group sponsorship activites amounting to Euro 2,041 thousand as at December 31, 2015 (Euro 1,899 thousand as at December 31, 2014). Other receivables and current assets as at December 31, 2014 also include the deferred costs associated with the IPO (see Note 12 for further details).

11 Cash and cash equivalents

The following table sets forth a breakdown of cash and cash equivalents:

	As at December 31,		**As at January 1,**
(in thousands of Euro)	**2015**	**2014**	**2014**
Cash at bank	1,034	258	3,919
Cash and cash equivalents	5	2	2
Total	**1,039**	**260**	**3,921**

12 Equity

Share capital

As at December 31, 2015, issued and fully paid share capital of the Company amounted to Euro 34,300 thousand (Euro 28,000 thousand at December 31, 2014) and relates to 34,300,000 ordinary shares without par value.

The increase in share capital amounting to Euro 6,300 thousand relates to the Company's listing on the STAR segment of the Borsa Italiana's stock market (Mercato Telematico Azionario or MTA) on June 3, 2015 and the subsequent issue and sale of 6,300 thousand new ordinary shares.

Other reserves and retained earnings

Other reserves and retained earnings are detailed as follow:

(in thousands of euro)	*Legal reserve*	*Share premium*	*Other reserves*	**Total other reserves**	**Retained earnings**
As at January 1, 2014	**3,636**	**-**	**59,853**	**63,489**	**2,128**
Profit for the year	-	-	-	**-**	**772**
Remeasurements of employee benefit obligations	-	-	-	**-**	**(11)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**761**
Reclassifications	106	-	2,018	**2,124**	**(2,125)**
Shareholders transactions					
Demerger	-	-	(12,485)	**(12,485)**	**-**
As at December 31, 2014	**3,742**	**-**	**49,386**	**53,128**	**765**
Profit for the year	-	-	-	**-**	**342**
Remeasurements of employee benefit obligations	-	-	-	**-**	**1**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**343**
Reclassifications	26	-	494	**520**	**(520)**
Shareholders transactions					
Increase in share capital, net of transaction costs	**-**	62,918	-	**62,918**	**-**
As at December 31, 2015	**3,768**	**62,918**	**49,880**	**116,566**	**588**

The share premium reserve, amounting to Euro 62,918 thousand as at December 31, 2015, is recorded net of transaction costs related to the share capital increase in conjunction with the public listing of the Company, in the amount of Euro 3,862 thousand (net of taxes) and in accordance with IAS 32. The remaining costs related to the public listing for an amount of Euro 3,053 thousand have been recorded in other operating costs.

During 2014 the demerger of part of the Company's business was completed as described in Note 8 above.

The following table provides details of the uses and amounts of reserves in equity available for distribution.

(in thousands of Euro)	As at December 31, 2015	Potential uses	Amount available
Share capital	**34,300**		
Legal reserve	*3,768*	*B*	*-*
Share premium	*62,918*	*A, B, C*	*59,826*
Other reserves	*49,880*	*A, B, C*	*49,880*
Total other reserves	**116,566**		
Retained earnings	**588**	*A, B, C*	*588*
Total equity	**151,454**		
Total			**110,294**
Amount distributable			*107,202*

*Legend - A = share capital increase, B = to cover losses, C = for shareholders distribution

13 Current and Non-Current Borrowings

The following tables set forth a breakdown of current and non-current borrowings as at December 31, 2015 and 2014 and as at January 1, 2014:

As at December 31, 2015 *(in thousands of Euro)*	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term borrowings	6,697	36,141	6,835	49,673
Short-term borrowings	8,497	-	-	8,497
Loans from related parties	21,403	-	-	21,403
Total	**36,597**	**36,141**	**6,835**	**79,573**

As at December 31, 2014 *(in thousands of Euro)*	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term borrowings	8,897	45,476	36,748	91,121
Short-term borrowings	6,947	-	-	6,947
Loans from related parties	33,604	-	-	33,604
Total	**49,448**	**45,476**	**36,748**	**131,672**

As at January 1, 2014 *(in thousands of Euro)*	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term borrowings	5,061	23,668	-	28,729
Short-term borrowings	-	-	-	-
Loans from related parties	37,206	-	-	37,206
Total	**42,267**	**23,668**	**-**	**65,935**

Long-term borrowings

The following table provides details of the main borrowings in place:

Interest Rate	Year	Original principal amount	As at December 31, 2015	As at December 31, 2014	As at January 1, 2014
		(in thousands)	*(in thousands of Euro)*		
denominated in Euro					
Euribor 6M + 3.00%	2013	20,000	11,428	13,930	15,926
Euribor 3M + 3.50%	2013	12,000	7,419	9,715	11,944
Euribor 3M + 1.50%	2010	5,000	-	-	859
Euribor 6M + 2.30%	2015	20,000	19,826	-	-
Euribor 3M + 1.25%	2015	12,000	11,000	-	-
		subtotal	**49,673**	**23,645**	**28,729**
denominated in US Dollar					
Libor 3M +2.5% / + 4.25%	2014	82,700	-	67,476	-
		subtotal	**-**	**67,476**	**-**
Total			**49,673**	**91,121**	**28,729**
of which non-current			*42,976*	*82,224*	*23,668*
of which current			*6,697*	*8,897*	*5,061*

In accordance with international practice, certain of the Company's loan contracts require compliance with financial covenants and/or operational covenants, including negative pledges and cross-defaults:

- *financial covenants*: such clauses require the Company to comply with certain target financial ratios (such as ratio of net indebtedness to profitability, profitability to finance charges and net debt to equity) and may result in changes to interest rates if certain conditions arise. If financial covenants are breached, the Company may be required to repay the loan immediately;
- *negative pledges*: such clauses allow financial institutions to require early repayment of loans and set limits to the Company's rights to use Company assets as collateral or security in favor of third parties or to vary controlling shareholdings without the express consent of the financial institution;
- *cross-defaults*: such clauses foresee that in the case in which a breach of a requirement is declared in relation to contracts other than the loan contracts, such breach constitutes a breach of the loan contracts.

The Company's loan contracts during the periods under examination require compliance with certain operational covenants and financial covenants, which had been complied with at December 31, 2015 and 2014.

In 2015 the Company made an early payment, in accordance with the contractual provisions of the related loan agreement, of the loan from Intesa San Paolo S.p.A. for the purchase of the Boncafe entities. The payment amounted to USD 82,700 thousand and was made with the cash collected as a result of the Company's public listing.

During 2015 the Company entered into one long-term financing agreements with Unicredit on March 17, 2015 for a principal amount of Euro 20,000 thousand and with a maturity date of March 31, 2021.

See Note 23 – Related Party Transactions for further information relating to assumption by the Company of the entire outstanding amount of Doge S.p.A. to Banca Nazionale del Lavoro S.p.A.

The following table reports the long-term borrowings by variable and fixed rates of interest and by currency (Euro and USD):

	As at December 31,		As at January 1,
(in thousands of Euro and percentages)	**2015**	**2014**	**2014**
Principal amount of long-term borrowings	49,964	91,890	28,859
Notional amount of interest rate derivatives	26,232	18,887	22,859
Long-term borrowings converted at fixed rate	53%	21%	79%
Remaining portion of long-term borrowings at variable rate	47%	79%	21%
Long-term borrowings denominated in Euro	100%	26%	100%
Long-term borrowings denominated in USD	0%	74%	0%

Interest rate swaps, which are entered into to reduce the exposure to changes in interest rates as a result of which the Company swaps floating rate interest into fixed rates, do not comply with the requirements of hedge accounting in accordance with IAS 39 – Financial Instruments: Recognition and Measurement. See Note 3 – Management of Financial Risks for further details.

Short-term borrowings

Short-term borrowings include four short-term borrowings from the Italian branch of Banco Do Brasil bearing variable interest rates, net of related transaction costs, and having a principal amount of Euro 8,500 thousand at December 31, 2015. Settlement of the aforementioned borrowings is expected in 2016.

Loans from related parties

Please refer to Note 23 – Related Party Transactions for further details of loans from related parties.

Net financial indebtedness

The following table sets forth a breakdown of the Company's net financial indebtedness as at December 31, 2015 and 2014, determined in accordance with the CONSOB communication dated July 28, 2006 and in compliance with the Recommendation ESMA/2013/319:

		As at December 31,		As at January 1,
	(in thousands of Euro)	**2015**	**2014**	**2014**
A	Cash and cash equivalent	(5)	(2)	(2)
B	Cash at bank	(1,033)	(258)	(3,919)
C	Securities held for trading	-	-	-
D	**Liquidity (A+B+C)**	**(1,038)**	**(260)**	**(3,921)**
E	**Current financial receivables**	**(1,969)**	**(200)**	**-**
F	Current loans	8,497	6,947	-
G	Current portion of non-current loans	6,697	8,897	5,061
H	Other current financial payables	21,403	33,604	37,206
I	**Current indebtedness (F+G+H)**	**36,597**	**49,448**	**42,267**
J	**Net current indebtedness (I+E+D)**	**33,590**	**48,988**	**38,346**
K	Non-current loans	42,976	82,224	23,668
L	Issued bonds	-	-	-
M	Other non-current financial payables	-	-	-
N	**Non-current indebtedness (K+L+M)**	**42,976**	**82,224**	**23,668**
O	**Net financial indebtedness (J+N)**	**76,566**	**131,212**	**62,014**
	of which due to third parties	*57,132*	*97,808*	*24,808*
	of which due to related parties	*19,434*	*33,404*	*37,206*

14 Employee Benefits

Employee benefits include the provision for termination indemnities (TFR) for employees of Company entities in Italy.

Employee benefits are detailed as follows:

	As at December 31,	
(in thousands of Euro)	2015	2014
Balance as at January 1	**209**	**168**
Current service costs	34	31
Interest expenses	5	4
Benefits paid	(4)	(9)
Remeasurements of employee benefits	(2)	15
Balance as at December 31	**242**	**209**

The following table provides details of the actuarial assumptions used to measure the defined benefit pension plans:

	As at December 31,	
	2015	2014
Economic assumptions		
Inflation rate	2.00%	2.00%
Discount rate	3.37%	3.05%
Demographic assumptions		
Probability of resignation	5.74%	4.05%
Probability of advances payments to employees	0.78%	1.89%

Demographic assumptions reflect actuarial expectations, based on relevant, published statistical data relating to the business sector for the countries in which the Company is active and the average number of employees during the periods in question.

The following table provides a sensitivity analysis of the defined benefit pension plans to changes in the key assumptions:

		Impact on employee benefits based on			
(in thousands of Euro)	**Changes in assumptions (%)**	**Increase in assumptions**	**Decrease in assumptions**	**Increase in assumptions**	**Decrease in assumption s**
Economic assumptions		*as at December 31, 2015*		*as at December 31, 2014*	
Inflation rate	0.50%	3	(4)	3	(4)
Discount rate	0.50%	(8)	9	(8)	7
Demographic assumptions					
Probability of resignation	0.50%	1	(1)	-	(1)
Probability of advance payments to employees	0.50%	1	(1)	-	(1)

The above sensitivity analysis is based on changes being made to individual assumptions while maintaining other assumptions constant, although it is recognized that in practice changes in a given assumption often result in changes being made to other assumptions because of potential links. The sensitivities reported in the table above are calculated applying the same methodology used to calculate the liability included in the statement of financial position (the projected unit credit method).

The Company is exposed to certain risks relating to its defined benefit pension plans, including the following:

Interest rate risk

The present value of defined benefit plans is determined by discounting the future cash flows using an interest rate based on that of high-quality corporate bonds. A decrease in the discount rate would lead to an increase in the liability.

Probability of retirement, termination and advance payments

The present value of defined benefit plans is determined using best estimates of retirement, termination and advance payments. An increase in the level of retirement, termination and advance payments would result in an increase in the liability.

The following table provides details of expected payments during the next five years (not discounted) in relation to employee benefits.

(in thousands of Euro)	**Balance**	**Less than 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total**
Expected benefits paid to employees as at December 31, 2015	242	15	20	62	333	**430**
Expected benefits paid to employees as at December 31, 2014	209	15	15	52	294	**376**

15 Other Current and Non-Current Liabilities

The following table sets forth a breakdown of other current and non-current liabilities:

	As at December 31,		**As at January 1,**
(in thousands of Euro)	**2015**	**2014**	**2014**
Non-current interest rate derivatives	1,921	801	1,054
Total other non-current liabilities	**1,921**	**801**	**1,054**
Payables to personnel	61	46	47
Current interest rate derivatives	396	167	160
Payables to social security institutions	71	61	54
Tax payables	151	220	90
Other payables and current liabilities	453	800	665
Other payables due to related parties	3,036	1,123	1,517
Total other current liabilities	**4,168**	**2,417**	**2,533**

See comments in Note 3 on fair value for further details regarding liabilities related to derivative instruments.

See Note 23 – Related Party Transactions for further details regarding other payables due to related parties.

16 Revenue

Revenue amounted to Euro 9.723 thousand in the year ended December 31, 2015 (Euro 6,761 thousand in 2014), entirely relating to related party transactions and, in particular, to management fees to subsidiaries.

17 Purchase of Services, Leases and Rentals

The following table sets forth a breakdown of purchases of services, leases and rentals:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Advertising and promotions	1,924	6
Consultancy	542	489
Maintenance, repair and support	170	186
Transportation costs	119	123
Utilities	95	67
Insurance	20	205
Leases and rentals	8	8
Other services	554	356
Total	**3,432**	**1,440**

Advertising and promotions amounted to Euro 1,924 thousand in the year ended December 31, 2015 (Euro 6 thousand in 2014) mainly include costs incurred for the Group sponsorship.

18 Personnel Costs

The following table sets forth a breakdown of personnel costs:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Wages and salaries	1,036	1,003
Social security contributions	346	298
Contributions to pension funds	10	9
Other personnel-related costs	56	20
TFR	34	31
Directors' fees	872	805
Total	**2,354**	**2,166**

The following table shows the average number of employees for the years ended December 31, 2015 and the number of employees as at December 31, 2015 and 2014:

	Average number of employees during the year		Number of employees as at December 31,	
(no.)	**2015**	**2014**	**2015**	**2014**
Executives	2	2	3	2
Managers and white collar staff	9	8	10	8
Blue-collar workers	14	15	12	15
Total	**25**	**25**	**25**	**25**

19 Other operating costs

The following table sets forth a breakdown of other operating costs:

	For the year ended December 31,	
(in thousands of euro)	**2015**	**2014**
Costs related to the IPO	3,053	-
Indirect taxes and levies	87	66
Donations	35	35
Other costs	36	16
Total	**3,211**	**117**

Other operating costs include Euro 3,053 thousand associated with the Company’s IPO and not related to the increase in share capital (see Note 12).

20 Amortization, Depreciation and Impairment

The following table sets forth a breakdown of amortization, depreciation and impairment:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Depreciation of property, plant and equipment	495	531
Amortization of intangible assets	27	71
Total	**522**	**602**

21 Finance income and costs

The following table sets forth a breakdown of finance income and costs:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Interest income from related parties	1,169	265
Dividends from subsidiaries	3,898	4,541
Total finance income	**5,067**	**4,806**
Interest expense	(2,429)	(1,818)
Interest expense from related parties	(648)	(636)
Net foreign exchange losses	(3,292)	(4,884)
Net fair value losses on derivative financial instruments	(20)	(249)
Other finance costs	(759)	(92)
Total finance costs	**(7,148)**	**(7,679)**
Total net finance costs	**(2,081)**	**(2,873)**

See Note 23 – Related Party Transactions for further details regarding interest income from related parties and interest expense from related parties.

During the year ended December 31, 2015 subsidiaries distributed dividends to the Company for Euro 3,898 thousand (Euro 4,541 thousand in 2014), of which: *i)* Euro 2,716 thousand from Segafredo Zanetti S.p.A. (Euro 3,442 thousand in 2014), *ii)* Euro 1.015 thousand from La San Marco S.p.A. (Euro 1.015 thousand in 2014) and *iii)* Euro 166 thousand from Segafredo Zanetti Coffee System S.p.A. (Euro 83 thousand in 2014).

Net foreign exchange losses are mainly related to the exchange gains and losses from current and non-current financial receivables and current and non-current borrowings both denominated in a foreign currency and in particular USD (see Notes 7 and 13 for further details).

See Note 3 – Management of Financial Risks – Fair value for further details on net fair value losses on derivative financial instruments.

22 Income Tax Benefit

The following table provides a reconciliation between theoretical and effective income tax expense:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Current income tax	-	(54)
Taxes related to prior periods	(80)	-
Benefit from group tax consolidation	1,812	23
Deferred income tax	933	1,246
Total	**2,665**	**1,215**

The following table provides a reconciliation between theoretical and effective income tax expenses:

	For the year ended December 31,	
(in thousands of Euro)	**2015**	**2014**
Profit before tax	(2,323)	(443)
Theoretical taxes	**639**	**122**
IRAP	-	(54)
Taxes related to prior periods	(80)	-
ACE and ROL	1,219	-
Change in IRES rate	(90)	-
Non-taxable dividends	1,018	1,186
Permanent differences and minor items	(41)	(39)
Income tax benefit	**2,665**	**1,215**

Measurement of deferred tax assets and deferred tax liabilities takes into consideration the change in IRES tax rate from 27.5% to 24.0% starting January 2017.

23 Related Party-Transactions

Related parties are recognized in accordance with IAS 24. Related party transactions are mainly of a commercial and financial nature and are conducted under normal market terms and conditions; there is, however, no guarantee that had similar transactions been entered into between or with third parties, such third parties would have negotiated or entered into the contracts under the same conditions or in the same manner.

The transactions with related parties described below result in benefits arising from the use of common services and shared competencies, Group-level synergies and common policy and strategy in financial matters. In particular, during the years ended December 31, 2015 and 2014, related party transactions were entered into in the following areas:

- provision of professional and other services;
- issue of loans and guarantees; and
- management of shared services.

The Company has entered into transactions with the following related parties:

- MZ Industries or Mr. Massimo Zanetti who directly or indirectly control the Company (“**Controlling Parties**”**);**
- Entities which are controlled directly or indirectly by MZ Industries or Mr. Massimo Zanetti (“**Entities under Common Control**”);
- Subsidiaries; and
- Company directors with strategic responsibilities and, in particular, members of the Board of Directors (“**Key Management**”).

The following table shows the income statement effects of related party transactions for the years ended December 31, 2015 and 2014 and January 1, 2014 as well as the statement of financial position balances resulting from related party transactions by financial statement line item as at December 31, 2015 and 2014 and January 1, 2014:

(in thousands of Euro)	**Parent Company**	**Entities under common control**	**Subsidiaries**	**Key management**	**Total related parties**	**Financial statement line item**	**Percentage of financial statement line item**
Impact of transactions on income statement							
Revenue							
Year ended December 31, 2015	-	18	9,255	-	**9,273**	9,273	**100.0%**
Year ended December 31, 2014	-	797	5,964	-	**6,761**	6,761	**100.0%**
Other income							
Year ended December 31, 2015	-	36	-	-	**36**	51	**70.6%**
Year ended December 31, 2014	-	36	-	-	**36**	39	**92.3%**
Purchases of goods							
Year ended December 31, 2015	-	-	7	-	**7**	46	**15.2%**
Year ended December 31, 2014	-	-	12	-	**12**	44	**27.3%**
Purchases of services, leases and rentals							
Year ended December 31, 2015	-	35	-	-	**35**	3,432	**1.0%**
Year ended December 31, 2014	-	-	-	-	**-**	1,440	**0.0%**
Personnel costs							
Year ended December 31, 2015	-	-	-	872	**872**	2,354	**37.0%**
Year ended December 31, 2014	-	-	-	805	**805**	2,166	**37.2%**
Other operating costs							
Year ended December 31, 2015	-	35	-	-	**35**	3,211	**1.1%**
Year ended December 31, 2014	-	35	-	-	**35**	117	**29.9%**
Finance income							
Year ended December 31, 2015	-	-	5,067	-	**5,067**	5,067	**100.0%**
Year ended December 31, 2014	-	-	4,806	-	**4,806**	4,806	**100.0%**
Finance costs							
Year ended December 31, 2015	-	-	648	-	**648**	7,148	**9.1%**
Year ended December 31, 2014	-	-	636	-	**636**	7,679	**8.3%**
Impact of transactions on statement of financial position							
Non-current financial receivables							
Balance as at December 31, 2015	-	-	33,696	-	**33,696**	33,696	**100.0%**
Balance as at December 31, 2014	-	-	19,479	-	**19,479**	19,479	**100.0%**
Balance as at January 1, 2014	-		-	-	**-**	-	**0.0%**
Other current assets							
Balance as at December 31, 2015	-	43	653	-	**696**	4,393	**15.8%**
Balance as at December 31, 2014	1,871	111	655	-	**2,637**	6,630	**39.8%**
Balance as at January 1, 2014	-	111	1,874	-	**1,985**	2,825	**70.3%**
Current financial receivables							
Balance as at December 31, 2015	-	-	1,969	-	**1,969**	1,969	**100.0%**
Balance as at December 31, 2014	-	-	200	-	**200**	200	**100.0%**
Balance as at January 1, 2014	-	-	-	-	**-**	-	**0.0%**
Current borrowings							
Balance as at December 31, 2015	-	-	21,403	-	**21,403**	36,596	**58.5%**
Balance as at December 31, 2014	959	-	32,645	-	**33,604**	49,448	**68.0%**
Balance as at January 1, 2014	13,864	-	23,342	-	**37,206**	42,267	**88.0%**
Other current liabilities							
Balance as at December 31, 2015	-	-	3,036	-	**3,036**	4,168	**72.8%**
Balance as at December 31, 2014	-	-	1,123	-	**1,123**	2,417	**46.5%**
Balance as at January 1, 2014	-	-	1,517	-	**1,517**	2,533	**59.9%**

The following table shows details of other balances resulting from related party transactions at December 31, 2015 and 2014 and January 1, 2014:

(in thousands of euro)	**Entities under common control**	**Subsidiaries**	**Total related parties**	**Total**	**Percentage of financial statement line item**
Guarantees					
Balance as at December 31, 2015	-	25,000	**25,000**	25,000	**100.0%**
Balance as at December 31, 2014	18,002	25,000	**43,002**	43,002	**100.0%**
Balance as at January 1, 2014	106,996	25,000	**131,996**	131,996	**100.0%**

Controlling Parties

a) MZ Industries

Transactions between the Compnay and *MZ Industries* relate to recharges to MZ Industries of Company costs totaling Euro 1,871 thousand at December 31, 2014 accounted for as other current assets. In September 2015, the parent, MZ Industries SA, settled its payable with Massimo Zanetti Beverage Group entities, in accordance with the contractual conditions.

b) Mr. Zanetti

Transactions between the Company and Mr. Zanetti relate to loans, repayable on demand, which were fully repaid during 2015 (Euro 959 thousand at December 31, 2014 and Euro 13,864 thousand at January 1, 2014).

Subsidiaries

a) Revenue

Management fees, mainly earned from Cofiroasters S.A., relate to services provided by the Company to related parties. The nature of the services provided are set out in service agreements with the various related parties and include support, assistance and coordination in relation to sales and production activities and also in relation to the management and implementation of trademarks and other rights owned by the Group. Group management also provides assistance to related parties for internal reporting and in the management of human resources. Following the exit of the green coffee business, the aforementioned contract was terminated by mutual consent as at December 31, 2014.

b) Finance income

Finance income include *i)* dividends from subsidiaries amounting to Euro 3,898 thousand for the year ended December 31, 2015 (Euro 4,541 thousand in 2014); see Note 21 for further details and *ii)* interest income amounting to Euro 1,169 thousand for the year ended December 31, 2015 (Euro 265 thousand in 2014) generated from the current and non-current financial receivables from subsidiaries as at December 31, 2015 and 2014 as extensively described under section *d)*.

c) Finance costs

Finance costs amounting to Euro 648 thousand for the year ended December 31, 2015 (Euro 636 thousand in 2014) are related to interest expenses on the current borrowings from subsidiaries as at December 31, 2015 and 2014, as described below under section f).

d) Current and Non-Current Financial Receivables

Current and non-current financial receivables amounting to Euro 35,665 thousand as at December 31, 2015 (Euro 19,679 thousand as at December 31, 2014) relate to receivables denominated in foreign currencies with Massimo Zanetti Beverage (Thailand) Ltd (see Note 7 for further details) and Doge Finland Oy.

On February 23, 2009, Doge Finland Oy and Doge S.p.A. entered into an agreement governed by Finnish law, under which Doge S.p.A. granted a loan to Doge Finland Oy of Euro 20,000 thousand at a fixed interest rate of 7.26% and maturity date of February 23, 2024.

On April 24, 2015, the Company, Doge S.p.A. and Doge Finland Oy signed an agreement for the transfer of a receivable under which Doge S.p.A. sold to the Company, without recourse, its remaining receivable of Euro 14,619 thousand relating to a loan granted by Doge S.p.A. to Doge Finland Oy for a consideration equal to the face value of the receivable sold. The consideration paid was Euro 12,097 thousand, by assumption by the Company of the entire outstanding amount of Doge S.p.A. to Banca Nazionale del Lavoro S.p.A. and assumption of an interest rate swap contract previously signed by Doge S.p.A. to hedge against the risk related to changes in interest rates. Under the agreement for the sale of the receivable, the remaining amount of Euro 2,522 thousand was paid during 2015.

e) Other current assets and other current liabilities

The Company opted to use the Group system for payment of VAT (Article 73 of Presidential Decree 633/72) and the ‘‘tax consolidation’’ statute (pursuant to Articles 117 et seq. of the Italian Consolidated Law on Income Taxes), together with the direct subsidiaries Segafredo Zanetti S.p.A., La San Marco S.p.A. and indirect subsidiaries Segafredo Zanetti Coffee System S.p.A., Segafredo Zanetti Worldwide Italia S.p.A. (the latter until its sale to the Related Party Massimo Zanetti, which took place in November 2013). The item ‘‘Other current and assets” and “Other current liabilities’’ mainly includes open positions relating to the Group system for payment of VAT and the “tax consolidation statute”.

f) Current borrowings

Current borrowings amounting to Euro 21,403 thousand as at December 31, 2015 (Euro 33,604 thousand and Euro 37,206 thousand as at December 31, 2014 and January 1, 2014 respectively) relate to current borrowings from subsidiaries bearing floating rates of interest and financial payables, mainly with Segafredo Zanetti S.p.A., Segafredo Zanetti Coffee System S.p.A. and Massimo Zanetti Beverage S.A., and originated in the Group reorganization and settlement of open items with entities under common control in accordance with the IPO process of the Company.

g) Guarantees

The Company has provided guarantees in favor of banking institutes on behalf of Group companies. These include:

- a guarantee in favor of BNP Paribas, in the amount of Euro 1,000 thousand at December 31, 2015 (Euro 1,000 thousand at December 31, 2014), in relation to the obligations of Segafredo Zanetti Portugal S.A. under the loan contract entered into by the latter with BNP Paribas on July 25, 2013; and
- a guarantee first granted on November 29, 2005 and subsequently renewed on May 13, 2013, in favor of Société Européenne Generale, in the amount of Euro 24,000 thousand at December 31, 2015 (Euro 24,000 thousand at December 31, 2014) in relation to the obligations of Massimo Zanetti Beverage S.A. under the loan contract entered into between the latter, the Company and Société Européenne Generale on November 9, 2005.

Entities under common control

i) Guarantees

The Company has issued guarantees and comfort letters (substantially comparable to guarantee deposits), to certain banks in favor of Cofiroasters S.A., in relation to credit lines granted by the banks to Cofiroasters S.A. In April 2015, such guarantees were taken over by MZ Industries, fully releasing the Company (guarantees outstanding of Euro 18,002 thousand as at December 31, 2014 and Euro 106,996 thousand as at January 1, 2014).

Key Management

Key Management include members of the Company’s Board of Directors who also carry out executive roles within other Group entities. Key Management compensation amounted to Euro 872 thousand for the year ended December 31, 2015 (Euro 805 thousand for the year ended December 31, 2014).

24 Subsequent events

No significant subsequent events were identified.

25 First time application of IFRS

The following note sets out a description of the procedures followed for the transition from Italian GAAP and IFRS in the preparation of these financial statements (the "Transition").

a. General Principles

The Company has retrospectively applied IFRS to all periods prior to January 1, 2014 (the "Transition Date") with the exception of some of the optional exemptions and all of the compulsory exemptions which have been applied in compliance with IFRS 1 - First Time Adoption of International Financial Reporting Standards, as explained below. The accounting principles applied are those described in Note 2.

The opening balance sheet at January 1, 2014 reflects the following differences from the balance sheet as of December 31, 2013 prepared under Italian GAAP:

- all balance sheet items have been recognized and measured as required under IFRS, including items that were held off-balance sheet under Italian GAAP;
- any balance sheet items that have been recognized under Italian GAAP, but which are not recognized under IFRS have been eliminated;
- certain balance sheet items have been reclassified according to the requirements of the relevant IFRS.

The effects of the above transactions have been recognized directly in the opening balance sheet as of the Transition Date.

b. Presentation

Reference is made to Note 2.1 for information regarding the presentation of the principle statements.

c. Compulsory and optional exemptions from complete retrospective adoption

The following compulsory and optional exemptions from complete retrospective adoption, as permitted by IFRS 1, have been applied in the Transition.

Optional Exemptions

- Employee benefits: All cumulative gains and losses at the Transition Date have been recognized in equity
- Fair value as deemed cost: The Company decided to account for its property, plant and equipment at fair value on the Transition Date.

The other optional exemptions allowed by IFRS 1 have not been applied as: *i)* Italian GAAP and IFRS accounting principles are aligned, *ii)* the Company opted to retrospectively applied or *iii)* they were not applicable to the Company.

Compulsory Exemptions

- Estimates: The estimates used in preparing the IFRS financial statements as of the Transition Date are consistent with those used in the preparation of the Italian GAAP financial statements (after the adjustments required to reflect any changes in accounting principles).

The other compulsory exemptions required by IFRS 1 have not been applied as they were not applicable to the Company.

d. Selection of accounting policies under IFRS where IFRS provides options

Valuation of property, plant and equipment and intangible assets: IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets state that assets can be carried at either cost less any accumulated depreciation and amortization and any accumulated impairment losses or at revalued amount. The Company decided to account for its property, plant and equipment and intangible assets on a cost basis.

e. Description of the main effects of the transition to IFRS

The following tables set forth the main effects of the transition to IFRS (adjustments and reclassifications) on the balance sheet at the Transition Date and at December 31, 2014 and on the income statement for the year ended December 31, 2014. Certain items of the Italian GAAP balance sheet and income statement have been aggregated in order to provide a more meaningful disclosure.

26 Reconciliation of the statement of financial position as at December 31, 2014

(in Euro)	ITA GAAP	Reference	Reclassifications	Adjustments	IFRS
Intangible assets	942,502	C/E	(821,908)	(35,105)	85,489
Property, plant and equipment	12,473,327		-	-	12,473,327
Investments in subsidiaries	180,745,230	B	-	(700,511)	180,044,719
Deferred tax assets	1,854,833	A/C/D/E	(746,078)	276,547	1,385,302
Non-current financial receivables	19,679,450	E	(200,452)	-	19,478,998
Total non-current assets	**215,695,342**		**(1,768,438)**	**(459,069)**	**213,467,835**
Income tax receivables	802,255		-	-	802,255
Current financial receivables	-	E	200,451	-	200,451
Other current assets	7,289,381	E	(659,736)	-	6,629,645
Cash and cash equivalents	259,901		-	-	259,901
Total current assets	**8,351,537**		**(459,285)**	**-**	**7,892,252**
Total assets	**224,046,879**		**(2,227,723)**	**(459,069)**	**221,360,087**
Share capital	28,000,000		-	-	28,000,000
Other reserves	54,797,994	A/B/C/D	-	(1,669,612)	53,128,382
Retained earnings	519,931		-	244,997	764,928
Total equity	**83,317,925**		**-**	**(1,424,615)**	**81,893,310**
Non-current borrowings	82,961,752	E	(738,091)	-	82,223,661
Employee benefits	201,712	D	-	7,719	209,431
Deferred tax liabilities	779,925	E	(746,078)	-	33,847
Other non-current liabilities	-	A	-	800,657	800,657
Total non-current liabilities	**83,943,389**		**(1,484,169)**	**808,376**	**83,267,596**
Current borrowings	48,572,927	E	875,478	-	49,448,405
Trade payables	3,070,448		-	-	3,070,448
Income tax liabilities	1,263,022		-	-	1,263,022
Other current liabilities	3,879,168	A/E	(1,619,032)	157,170	2,417,306
Total current liabilities	**56,785,565**		**(743,554)**	**157,170**	**56,199,181**
Total liabilities	**140,728,954**		**(2,227,723)**	**965,546**	**139,466,777**
Total equity and liabilities	**224,046,879**		**(2,227,723)**	**(459,069)**	**221,360,087**

27 Reconciliation of the statement of financial position as at January 1, 2014

(in Euro)	ITA GAAP	Reference	Reclassifications	Adjustments	IFRS
Intangible assets	333,925	C/E	(127,360)	(140,150)	66,415
Property, plant and equipment	12,951,445		-	-	12,951,445
Investments in subsidiaries	144,487,689	B	-	(700,511)	143,787,178
Deferred tax assets	-	A/C/D/E	(245,114)	373,762	128,648
Non-current financial receivables	-		-	-	-
Total non-current assets	**157,773,059**		**(372,474)**	**(466,899)**	**156,933,686**
Income tax receivables	963,653		-	-	963,653
Current financial receivables	-		-	-	-
Other current assets	3,511,139	E	(686,005)	-	2,825,134
Cash and cash equivalents	3,921,010		-	-	3,921,010
Total current assets	**8,395,802**		**(686,005)**	**-**	**7,709,797**
Total assets	**166,168,861**		**(1,058,479)**	**(466,899)**	**164,643,483**
Share capital	28,000,000		-	-	28,000,000
Other reserves	65,158,683	A/B/C/D	-	(1,669,612)	63,489,071
Retained earnings	2,124,593		-	3,605	2,128,198
Total equity	**95,283,276**		**-**	**(1,666,007)**	**93,617,269**
Non-current borrowings	23,773,693	E	(106,129)	-	23,667,564
Employee benefits	172,608	D	-	(4,973)	167,635
Deferred tax liabilities	279,877	E	(245,114)	-	34,763
Other non-current liabilities	-	A	-	1,054,245	1,054,245
Total non- current liabilities	**24,226,178**		**(351,243)**	**1,049,272**	**24,924,207**
Current borrowings	28,424,541	E	13,842,692	-	42,267,233
Trade payables	233,338		-	-	233,338
Income tax liabilities	1,068,444		-	-	1,068,444
Other current liabilities	16,933,084	A/E	(14,549,928)	149,836	2,532,992
Total current liabilities	**46,659,407**		**(707,236)**	**149,836**	**46,102,007**
Total liabilities	**70,885,585**		**(1,058,479)**	**1,199,108**	**71,026,214**
Total equity and liabilities	**166,168,861**		**(1,058,479)**	**(466,899)**	**164,643,483**

28 Reconciliation of the income statement and statement of comprehensive income for the year ended December 31, 2014

(in Euro)	ITA GAAP	Reference	Reclassifications	Adjustments	IFRS
Revenue	6,797,424	E	(36,000)	-	6,761,424
Other income	2,408	E	36,133	-	38,541
Purchases of goods	(38,960)	E	(5,037)	-	(43,997)
Purchases of services, leases and rentals	(2,234,774)	C/E	807,253	(12,837)	(1,440,358)
Personnel costs	(1,367,808)	D/E	(805,117)	7,071	(2,165,854)
Other operating costs	(100,150)	E	(17,252)	-	(117,402)
Amortization, depreciation and impairment	(807,406)	C/E	87,323	117,882	(602,201)
Operating profit	**2,250,734**		**67,303**	**112,116**	**2,430,153**
Finance income	4,836,417	E	(30,759)	-	4,805,658
Finance costs	(7,864,108)	A/E	(56,563)	241,760	(7,678,911)
Extraordinary items	(20,019)	E	20,019	-	-
Loss before tax	**(796,976)**		**-**	**353,876**	**(443,100)**
Income tax benefit	1,316,907	A/B/C/D	-	(101,413)	1,215,494
Profit for the year	**519,931**		**-**	**252,463**	**772,394**

(in Euro)	ITA GAAP	Reference	Riclassifiche	Adjustments	IFRS
Profit for the year	**519,931**		**-**	**252,463**	**772,394**
Remeasurements of employee benefit obligations	-	D		(11,071)	(11,071)
Total comprehensive income for the year	**519,931**		**-**	**241,392**	**761,323**

The following table sets forth a reconciliation of equity prepared under Italian GAAP to equity prepared under IFRS at the Transition Date and as at December 31, 2014.

(in Euro)	**As at December 31, 2014**	**As at January 1, 2014**
Equity according to ITA GAAP	**83,317,925**	**95,283,276**
A. Derivative financial instruments	(694,427)	(872,959)
B. Valuation of investments in subsidiaries	(700,511)	(700,511)
C. Not capitalized costs according to IFRS	(24,081)	(96,142)
D. TFR	(5,596)	3,605
Equity according to IFRS	**81,893,310**	**93,617,269**

The following table sets forth a reconciliation of profit prepared under Italian GAAP to profit under IFRS for the year ended December 31, 2014.

(in Euro)	**For the year ended December 31, 2014**
Profit according to ITA GAAP	**519,931**
A. Derivative financial instruments	178,532
B. Valuation of investments in subsidiaries	-
C. Not capitalized costs according to IFRS	72,061
D. TFR	1,870
Profit according to IFRS	**772,394**

29 Explanatory notes to IFRS transition

Descriptions of the adjustments to the balance sheet at the Transition Date and at December 31, 2014 and to the income statement for the year ended December 31, 2014 prepared in accordance with Italian GAAP are set forth below.

A. Derivatives

The Company has entered into interest rate derivatives (interest rate swaps) to hedge the fluctuations in long term financial liabilities which bear variable rates of interest. These contracts do not satisfy all of the requirements of IAS 39 – Financial Instruments: Recognition and Measurement to meet the criteria for hedge accounting. Therefore, the derivative instruments are initially recognized at fair value and subsequent changes in fair value are recorded in the income statement

The application of IFRS 39 had the following impact:

- At the Transition Date an increase in other current liabilities and other non-current liabilities for a total amount of Euro 1,204 thousand, the recognition of a deferred tax asset for Euro 331 thousand and a decrease in equity of Euro 873 thousand;

- At December 31, 2014 an increase in other current liabilities and other non-current liabilities for a total amount of Euro 958 thousand, an increase in deferred tax assets of Euro 263 thousand and a decrease in equity of Euro 695 thousand, including an increase in profit for the year of Euro 179 thousand.

B. Investments in subsidiaries

The adjustment relates to the elimination of a revaluation of an investment in a subsidiary, performed for legal requirements. Such revaluation does not meet the “cost criteria” under IAS 27 – Separate Financial Statements.

The impact of this adjustment at the Transition Date and at December 31, 2014 was a decrease in investments in subsidiaries and a decrease in equity of Euro 701 thousand.

C. Costs which cannot be capitalized under IFRS

The adjustment relates to the elimination of costs capitalized as intangible assets under Italian GAAP which do not meet the recognition criteria to be capitalized as an intangible asset pursuant to IAS 38 – Intangible Assets, paragraphs 9 and 10.

The impact of this adjustment was:

- At the Transition Date a decrease in intangible assets of Euro 140 thousand, the recognition of a deferred tax asset for Euro 44 thousand and a decrease in equity of Euro 96 thousand;

- At December 31, 2014 a decrease in intangible assets of Euro 35 thousand, an increase in deferred tax assets of Euro 11 thousand and a decrease in equity and an increase in profit for the year of Euro 24 thousand and Euro 72 thousand, respectively.

D. Employee Benefits

The adjustment relates to the actuarial valuation of the employee benefit liability “TFR”, payable to employees on termination of employment. In accordance with Italian GAAP, the TFR liability is recorded based on existing regulation and in particular Article 2120 of the Civil Code and the employee contracts.

Considering that the Company has less than 50 employees, in accordance with IAS 19 – Employee Benefits, is similar to a defined benefit plan which should be measured in accordance with actuarial valuation methods using statistical and demographic assumptions.

The application of IAS 19 had the following impact:

- At the Transition Date a decrease in employee benefits of Euro 5 thousand, a decrease in deferred tax assets of Euro 1 thousand and an increase in equity of Euro 4 thousand;

- At December 31, 2014 an increase in employee benefits of Euro 8 thousand, an increase in deferred tax assets of Euro 2 thousand, a decrease in shareholders equity of Euro 6 thousand, an increase in profit for the year of Euro 2 thousand and a decrease in total comprehensive income for the year of Euro 11 thousand, net of the related tax effect.

E. Reclassifications

The application of IFRS resulted in certain reclassifications which did not impact the profit for the year or shareholders equity. Descriptions of the main reclassification to the balance sheet at the Transition Date and at December 31, 2014 and to the income statement for the year ended December 31, 2014 prepared in accordance with Italian GAAP are set forth below.

Statement of Financial Position

The main reclassifications to the balance sheet are as follows:

i) Transaction costs relating to long term financial liabilities which have been classified as intangible assets under Italian GAAP have been reclassified as a reduction of the related financial liability under IFRS, in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, for an amount of Euro 127 thousand at the Transition Date and Euro 822 thousand at December 31, 2014;

ii) Deferred tax assets and liabilities are shown net in accordance with IAS 12 – Income Taxes, therefore at the Transition Date and at December 31, 2014 an amount of Euro 245 thousand and Euro 746 thousand, respectively has been reclassified as a reduction of deferred tax liabilities;

iii) The payable to Dott., Zanetti which was classified as other current liabilities in accordance with Italian GAAP has been reclassified for an amount of Euro 13,864 thousand and for Euro 959 thousand to current borrowings at the Transition Date and at December 31, 2014, respectively.

Income Statement

The main reclassifications to the income statement are as follows:

i) Remuneration for the Board of Directors amounting to Euro 805 thousand for the year ended December 31, 2014 has been reclassified from purchases of services, leases and rentals to personnel costs;

ii) Amortization of transaction costs on long term financial liabilities amounting to Euro 87 thousand for the year ended December 31, 2014 which had been classified as intangible assets under Italian GAAP were reclassified to finance costs;

iii) Extraordinary costs amounting to Euro 20 thousand for the year ended December 31, 2014 have been reclassified according to their nature within other operating costs.

30 Information pursuant to article 149 *duodecies* of the Issuers' Regulation

Pursuant to the article 149-duodecies of the Issuers' Regulation, the following table shows the breakdown of 2015 fees of the independent auditors and entities belonging to the audit firm's network.

Service	Service provider	Recipient	Fees 2015 *(in thousands of Euro)*	
Audit services	PricewaterhouseCoopers SpA	Company	2.136	(*)
	PricewaterhouseCoopers SpA	Subsidiaries	181	
	PricewaterhouseCoopers Network	Subsidiaries	603	
Other assurance services	PricewaterhouseCoopers Network	Company	275	(*)
	PricewaterhouseCoopers SpA	Subsidiaries	3	
Tax and legal services	PricewaterhouseCoopers Network	Company	5	
	PricewaterhouseCoopers Network	Subsidiaries	92	
Other services	PricewaterhouseCoopers Network	Company	300	(**)
	PricewaterhouseCoopers Network	Subsidiaries	76	

(*) Include the activities carried out for the IPO of Massimo Zanetti Beverage Group S.p.A.
(**) Include the activities carried out for the analysis and understanding of the procedures in place relating in particular to the financial reporting.

Income Statement in accordance with Consob Resolution no. 15519 of July 27, 2006

	For the year ended December 31,			
(in Euro)	**2015**	***of which related parties***	**2014**	***of which related parties***
Revenue	9,273,259	9,273,259	6,761,424	6,761,424
Other income	50,551	36,000	38,541	36,000
Purchases of goods	(46,068)	(7,087)	(43,997)	(11,532)
Purchases of services, leases and rentals	(3,432,113)	(34,771)	(1,440,358)	-
Personnel costs	(2,354,323)	(872,000)	(2,165,854)	(805,117)
Other operating costs	(3,210,769)	35,000	(117,402)	35,000
Amortization, depreciation and impairment	(522,408)		(602,201)	
Operating profit	**(241,871)**		**2,430,153**	
Finance income	5,066,978	5,066,978	4,805,658	4,805,523
Finance costs	(7,147,690)	(647,666)	(7,678,911)	(636,168)
Loss before tax	**(2,322,583)**		**(443,100)**	
Income tax benefit	2,664,706		1,215,494	
Profit for the year	**342,123**		**772,394**	

Statement of Financial Position in accordance with Consob Resolution no. 15519 of July 27, 2006

	As at December 31,				As at January 1,	
(in Euro)	**2015**	*of which related parties*	**2014**	*of which related parties*	**2014**	*of which related parties*
Intangible assets	380,817		85,489		66,415	
Property, plant and equipment	12,016,086		12,473,327		12,951,445	
Investments in subsidiaries	180,066,854		180,044,719		143,787,178	
Deferred tax assets	3,639,078		1,385,302		128,648	
Non-current financial receivables	33,696,437	33,696,437	19,478,998	19,478,998	-	
Total non-current assets	**229,799,272**		**213,467,835**		**156,933,686**	
Income tax receivables	2,118,414		802,255		963,653	
Current financial receivables	1,969,252	1,969,252	200,451	200,451	-	
Other current assets	4,393,351	696,230	6,629,645	2,637,277	2,825,134	1,984,995
Cash and cash equivalents	1,038,673		259,901		3,921,010	
Total current assets	**9,519,690**		**7,892,252**		**7,709,797**	
Total assets	**239,318,962**		**221,360,087**		**164,643,483**	
Share capital	34,300,000		28,000,000		28,000,000	
Other reserves	116,566,301		53,128,382		63,489,071	
Retained earnings	588,445		764,928		2,128,198	
Total equity	**151,454,746**		**81,893,310**		**93,617,269**	
Non-current borrowings	42,976,054		82,223,661		23,667,564	
Employee benefits	241,921		209,431		167,635	
Deferred tax liabilities	32,931		33,847		34,763	
Other non-current liabilities	1,921,196		800,657		1,054,245	
Total non-current liabilities	**45,172,102**		**83,267,596**		**24,924,207**	
Current borrowings	36,596,478	21,403,316	49,448,405	33,603,981	42,267,233	37,205,679
Trade payables	1,927,973		3,070,448		233,338	
Income tax liabilities	-		1,263,022		1,068,444	
Other current liabilities	4,167,663	3,036,024	2,417,306	1,123,144	2,532,992	1,517,057
Total current liabilities	**42,692,114**		**56,199,181**		**46,102,007**	
Total liabilities	**87,864,216**		**139,466,777**		**71,026,214**	
Total equity and liabilities	**239,318,962**		**221,360,087**		**164,643,483**	

Statement of Cash Flow in accordance with Consob Resolution no. 15519 July 27, 2006

	For the year ended December 31,			
(in Euro)	**2015**	*of which related parties*	**2014**	*of which related parties*
Loss before tax	**(2,322,583)**		**(443,100)**	
Adjustements for:				
Depreciation, amortization and impairment	522,408		602,201	
Finance costs, net	2,080,712	(4,419,312)	2,873,253	(4,169,355)
Other non-monetary items	33,513		30,558	
Net cash generated from operating activities before changes in working capital	**314,050**		**3,062,912**	
Increase/(Decrease) in trade payables	(1,142,475)		2,837,110	
Decrease in other assets/liabilities	(1,852,263)	(3,526,050)	(3,202,592)	(1,705,459)
Payments of employee benefits	(4,330)		(8,524)	
Interest paid	(2,855,989)		(2,332,648)	
Income tax paid	(2,522,000)		(1,488,000)	
Net cash used in operating activities	**(8,063,007)**		**(1,131,742)**	
Investments in subsidiaries	(22,135)		(44,024,523)	
Dividends received	1,181,828		1,098,495	
Purchase of property, plant and equipment	(323,091)		(90,446)	
Purchase of intangible assets	(37,404)		(52,711)	
Interest received	1,190,462	1,190,269	135	
Increase/(Decrease) in financial receivables	2,457,745	2,457,745	(17,834,268)	(17,834,268)
Net cash generated from/ (used in) investing activities	**4,447,405**		**(60,903,318)**	
Proceeds from borrowings	20,000,000		61,371,000	
Repayment of borrowings	(78,684,000)		(5,085,000)	
Increase/(decrease) in short-term loans	(4,824,666)	(6,423,922)	2,087,951	(4,218,521)
Share capital increase	67,903,040		-	
Net cash generated from financing activities	**4,394,374**		**58,373,951**	
Total net increase in cash and cash equivalents	**778,772**		**(3,661,109)**	
Cash and cash equivalents at the beginning of the year	259,901		3,921,010	
Cash and cash equivalents at the end of the year	**1,038,673**		**259,901**	

Attestation of the financial statements pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We, the undersigned, Massimo Zanetti, in his capacity as Chairman and Chief Executive Officer, and Massimo Zuffi, in his capacity as Manager in Charge of the Financial Reports of Massimo Zanetti Beverage Group S.p.A., hereby declare, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998,:

   • the adequacy in relation to the company features and
   • the effective application

   of the administrative and accounting procedures for preparing the financial statements, for the year ended December 31, 2015.

2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the financial statements, for the year ended December 31, 2015 was based on a process defined by Massimo Zanetti Beverage Group S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally- accepted reference framework.

3. The undersigned further declare that:

   3.1 the financial statements:

   a) have been prepared in accordance with applicable International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) No. 1606/2002 of European Parliament and Council on 19 July 2002;

   b) reflect the accounting books and records; and

   c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer.

   3.2 the Report on Operations includes a reliable analysis of the significant events that occurred during the financial year and the impact of such events on the Company's financial statements.

Villorba (TV), March 10, 2016

Massimo Zanetti	Massimo Zuffi
Chairman and Chief Executive Officer	Manager in Charge of the Company's Financial Reports
....	....

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

MASSIMO ZANETTI BEVERAGE GROUP SPA

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2015 pwc

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLES 14 AND 16 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the Shareholders of
Massimo Zanetti Beverage Group SpA

Report on the financial statements

We have audited the accompanying financial statements of Massimo Zanetti Beverage Group SpA (hereinafter also the "Company"), which comprise the statement of financial position as of 31 december 2015, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of Massimo Zanetti Beverage Group SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Auditors' 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) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional 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 Massimo Zanetti Beverage Group SpA as of 31 december 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Report on compliance with other laws and regulations

Opinion on the consistency with the financial statements of the management report and of certain information set out in the report on corporate governance and ownership structure

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the management report and of the information set out in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, which are the responsibility of the directors of Massimo Zanetti Beverage Group SpA, with the financial statements of the Company as of 31 december 2015. In our opinion, the management report and the information in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Massimo Zanetti Beverage Group SpA as of 31 december 2015.

Bologna, 25 March 2016

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Massimo Zanetti Beverage Group S.p.A.

Registered office at Via Gian Giacomo Felissent 53 - Villorba (TV)
Share capital € 34,300,000.00 fully paid up
Treviso company registration no. 02120510371
Treviso REA no. 300188
Tax code and VAT no. 02120510371

* * *

Report of the Board of statutory auditors to the shareholders of Massimo Zanetti Beverage Group S.p.A. called to approve the financial statements at 31 December 2015, pursuant to article 153 of Legislative decree no. 58 of 24 February 1998 and article 2429.3 of the Italian Civil Code.

Dear Shareholders,

Massimo Zanetti Beverage Group S.p.A. ("MZBG" or the "Issuer" or the "Company") has been listed on the STAR segment of the Italian stock market organised and managed by Borsa Italiana S.p.A. since 3 June 2015.

MZBG's Board of statutory auditors reports on the supervisory activities performed during the year pursuant to article 149 of Legislative decree no. 58/1998 ("TUF" or the Consolidated finance act), articles 2403 and 2429.2 of the Italian Civil Code, the code of conduct promulgated by the Italian Accounting Profession ("CNDCEC"), Consob's (the Italian commission for listed companies and the stock exchange) recommendations on company controls and Board of statutory auditors' activities and the guidelines set out in the Code of conduct (the "Code").

The current Board of statutory auditors was appointed by the Shareholders in their meeting held on 15 July 2014 for the years 2014, 2015 and 2016. Its term of office will expire with the approval of the financial statements at 31 December 2016.

During the year, the Board of statutory auditors collected the information necessary to perform its duties through meetings with company heads, participation in Board of directors' meetings (the "Board" or the "BoD"), the Audit and risk committee ("ARC"), the Appointment and remuneration committee ("AaRC"), the Related party committee ("RPC"), the Manager in charge of financial reporting ("FRM"), the company's Internal audit manager, the Supervisory body manager ("SB") and the independent auditors PriceWaterhouseCoopers S.p.A. (PWC).

Based on the activities performed and with reference to the above regulations, the Board of statutory auditors reports on the following matters:

1) Monitoring compliance with the law and the by-laws.

Following its listing, the Company implemented a series of information flows which ensure that its structure as well as that of its internal procedures, company deeds and company bodies' resolutions comply with the law, the by-laws, applicable regulations and the Code of conduct adopted by the Company.

According to the Board of statutory auditors, both the organisational and management structure, which is currently being implemented, and the internal procedures applied, are such to ensure that the Company operates in accordance with the above regulations.

During the year, the Board of statutory auditors met five times and participated in:

a) the ordinary shareholders' meeting called to set the remuneration of the members of the Board of directors;

b) the ordinary shareholders' meeting called on 31 March 2015 to approve the financial statements at 31 December 2014 and to assign the legally-required audit for the period 2015-2023 to PWC S.p.A.;

c) the ordinary shareholders meeting called on 4 May 2015 (applying for admission to the STAR segment);

d) the ordinary shareholders meeting of 8 May 2015 (adoption of the organisational model and supervisory body);

e) all twelve meetings of the Board of directors;

f) one meeting of the Appointment and remuneration committee;

g) with its Chairman attending two meetings of the Audit and risk committee and two meetings of the Related party committee.

2) Monitoring compliance with the principles of sound administration.

The Board of statutory auditors obtained knowledge of and monitored, as far as is in its power, compliance with the principles of sound administration in order to check the consistency of management's decisions with economic rationality.

This was achieved through direct surveys, by gathering data and obtaining information from company heads, meeting with the ARC and the independent auditors, including for a mutual exchange of relevant data and information.

The Board of statutory auditors checked that the Board of directors' resolutions complied with the law and the by-laws by regularly participating in Board's meetings.

Where necessary, the Board of statutory auditors checked that the resolutions were supported by independent professionals' analyses and/or opinions. These mainly covered the financial fairness of transactions and whether the resolutions had actually been taken in the Company's interest.

3) Monitoring the adequacy of the organisational structure.

The Board of directors obtained knowledge of the adequacy of the organisational structure by examining its characteristics vis-à-vis the Company's size and distinguishing features.

According to the Board of statutory auditors, the organisational structure of the Company and the Group, which have been active in the market for a long time and are expanding to many foreign markets, is adequate to their size and complexities.

In order to pursue its business object, MZBG meets the following requirements:

- Company's organisational chart, identifying functions, duties and lines of responsibilities;

- decision-making process entrusted to authorised parties;

- procedures, effective risk management and control system and completeness, promptness, reliability and effectiveness of the information flows generated, including with respect to subsidiaries;

- procedures which are such to allow the performance of the duties assigned;

- company directives and procedures, updating and circulation thereof.

With respect to the Board's organisational structure and its composition, reference should be made to that set out and commented on by the Company in the “Report on corporate governance” about the Board of directors (composition, delegated bodies, Chairperson) and the three Committees (ARC), (AaRC), (RPC) and (SB).

The Board of statutory auditors expressed its favourable opinion on the adequacy of the Company's organisational structure and its operation, by gathering, during the year, information about the above committees, meeting with the heads of the Company's relevant departments and the Internal audit department and with PWC.

In 2015, after MZBG's admission to listing, the Board of statutory auditors checked the Board's correct application of the assessment criteria and procedures applied to assess its members' independence. The Board of statutory auditors successfully carried out the same check on its members.

The same check was successfully re-performed on 3 February 2016.

4) <u>Monitoring the adequacy of the internal control system.</u>

During the year, the Board of statutory auditors obtained knowledge of the most significant activities and functions carried out by the Company's internal control, internal audit and risk management system.

To this end, contacts and meetings were held with the Director Massimo Mambelli, Internal audit and risk manager, implementing the recommendations of articles 7.3.a) and 7.4. of the Code of conduct since the beginning of the listing.

Additional meetings involved the ARC and Internal audit manager. The latter commenced a risk assessment process in 2015 and identified and assessed the Company's main business risks. On 2 March 2016, the Board of directors approved the “Risk assessment 2016” document that identifies and assesses the Company's main business risks.

In its 2015 report, published on 2 March 2016, the CCR acknowledged the adequacy of the 2016 Audit plan, but recommended strengthening the Internal audit support/units at the strategic foreign companies under the supervision and the coordination of the Issuer's Internal audit department.

No critical issues are to be reported in relation to the above Operational bodies.

The Company has a Management and organisational model pursuant to Legislative decree no. 231 of 8 June 2001, approved by the Board of directors and the Shareholders in their ordinary meeting of 8 May 2015.

During the year, the 231 Model was updated and approved by the Board of directors in its meeting of 28 August 2015. The latest update, which implemented the new predicate crimes, was approved by the Board of directors on 8 March 2016.

On the same date, the Board of directors adopted the Organisational model and appointed a monocratic Supervisory body which will remain in office for three years.

5) Monitoring the adequacy of the accounting and administrative system and the legally-required audit.

On today's date, the independent auditors PWC issued its reports pursuant to articles 14 and 16 of Legislative decree no. 39 of 27 January 2010 (Legislative decree no. 39/2010), confirming that the separate and consolidated financial statements at 31 December 2015:

- comply with the Internal Financial Reporting Standards (IFRS) endorsed by the European Union and the provisions implementing article 9 of Legislative decree no. 38 of 28 February 2015,

- are clearly stated and give a true and fair view of the Company's and the Group's financial position and financial performance.

Furthermore, the Independent auditors believe that the directors' report and the information required by article 123-bis.1, lett. c), d), f), l), n) and .2. lett. b) and d) of the Consolidated finance act, disclosed in the report on corporate governance and shareholding structure, are consistent with the Company's separate financial statements and the Group's consolidated financial statements.

The Board of statutory auditors monitored the financial reporting process and the legally-required audit of the separate and consolidated financial statements pursuant to article 19 of Legislative decree no. 39/2010. In this respect, it is noted that PWC posted the "Transparency report" on its website pursuant to article 18.1 of Legislative decree no. 39/2010 which provides information about its composition and operations. Moreover, as required by article 19.2 of Legislative decree no. 39/2010, in its letter of 25 March 2016, it confirmed its independence to the Board of statutory auditors pursuant to article 17.9, lett. c) of the above Legislative decree.

The above report, which covers any fundamental issues that may have been identified during the legally-required audit as well as any internal control weaknesses affecting the financial reporting process, does not include any critical issue.

During the year, MZBG assigned PWC engagements other than the audit of the separate and consolidated financial statements, such the review of the half-year report and checks that the Company's accounts are kept properly and that the accounting entries regularly reflect its operations, as analytically outlined and quantified in Note 30 "Information pursuant to article 149 *duodecies* of the Issuers' Regulation" of the Annual Report as of 31 December 2015.

The Board of statutory auditors assessed the administrative/accounting system, monitored its reliability in presenting operations (by obtaining information from the relevant company heads, examining company documentation and analysing the results of PWC work) and expressed a positive opinion on its adequacy.

6) Proposals about the separate and consolidated financial statements, approval thereof and matters under the Board of statutory auditors' responsibility.

The Board of statutory auditors states that the separate and consolidated financial statements have been prepared in accordance with the international financial reporting standards and that the notes thereto and the directors' report thereon give a description of the measurement criteria applied in line with the relevant accounting standards.

As far as is in its power in relation to accounting matters, the Board of statutory auditors acknowledges that the information provided by the Directors in the notes to MZBG's separate and consolidated financial statements at 31 December 2015 and that set out in the “Directors' report” is exhaustive and adequate in every management, financial and corporate governance respect.

The Board of statutory auditors acknowledged the statements of the Company's Chairman and Managing director and the FRM in a specific report on MZBG's accounting documentation about the adequacy and actual application of the administrative/accounting procedures for the preparation of the separate and consolidated financial statements during the year.

7) Effective application of corporate governance rules.

As mentioned earlier, the Company applies the principles and recommendations set out in the Corporate governance code for listed companies prepared upon Borsa Italiana's initiative.

MZBG's Board of directors, which is currently comprised of nine members, includes three non-executive directors which all qualify as independent directors.

The Board of directors has established the following committees:

- “Appointment and remuneration committee”;
- “Audit and risk committee”;
- “Related party committee”.

The above committees only consist of Independent directors.

In its resolution of 27 January 2016, the Board of directors adopted the Code of conduct for listed companies approved by the Corporate governance committee established and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria in July 2015. For additional information reference should be made to the “Report on corporate governance” prepared and approved by the Directors pursuant to article 123-bis of the Consolidated finance act.

Furthermore, the Company adopted the criteria set out in the Code of conduct governing Directors' independence.

Based on the information available to the Company and that provided by the Directors, the Board of directors checked the existence of independence requirements. These checks were also performed by the Board of statutory auditors which carried out the assessments within its responsibility, checking that the Board of directors, as a whole, met the relevant requirements.

The Board of statutory auditors also checked its independence pursuant to article 148.3 of the Consolidated finance act.

It expressed a positive opinion on the Company's Corporate governance system.

In its ordinary meeting of 5 February 2015, pursuant to article 2389.3 of the Italian Civil Code, the Board of statutory auditors provided the Board of directors with an opinion on the remuneration assigned to a director entrusted with a specific duty in 2015.

8) Monitoring related party transactions.

The Company adopted the procedure governing Related party transactions.

In this respect, the Board of statutory auditors checked the existence of adequate procedures to ensure that related party or intra-group transactions take place on reasonable terms and in the Company's interest.

The notes to the consolidated financial statements at 31 December 2015 provide information about the above transactions, mainly of a financial and commercial nature, carried out during the year by MZBG. These transactions were carried out on an arm's length basis.

The Board of statutory auditors did not identify or receive communication from the Board of directors, the Independent auditors or the ARC about the existence of atypical and/or unusual transactions with third parties, related parties or group companies.

9) Omissions or irregularities.

During the year, no claims or complaints pursuant to article 2408 of the Italian Civil Code were filed with the Board of statutory auditors.

The supervisory activity carried out and the information received enable us to confirm that that no omissions were identified or irregularities or significant facts to be reported to the supervisory authorities or disclosed in this report.

* * * *

Dear Shareholders,

Based on the above, the Board of statutory auditors is in favour of the approval of the financial statements of Massimo Zanetti Beverage Group S.p.A. at 31 December 2015, of the proposed allocation of the profit for the year or the dividend distribution included in the Directors' report.

Villorba, March the 25th 2016

The Board of statutory auditors

(Pier Paolo Pascucci – Chairman auditor)

(Ermanno Era – Standing auditor)

(Maria Augusta Scagliarini – Standing auditor)