NOVELIS ITALIA SPA

Financial Statements as at 31 March 2017

Company's data	
Registered office	BRESSO
Tax code no.	04598460964
Rea (Administrative Economic Register) no.	MILAN 1760001
VAT no.	04598460964
Share capital (in € units)	96,000,000.00 fully paid-up
Legal status	COMPANY LIMITED BY SHARES
ATECO (Economic Activities' Classification) code	244200
Company in liquidation	no
Company with sole shareholder	no
Company subject to the management and co-ordination activities	yes
Name of the company or body, which carries out the management and co-ordination activities	Hindalco Industries Ltd
Member of a corporate group	yes
Group company's name	Hindalco Industries Ltd
Group company's country	INDIA
Enrolled in the Register of Cooperatives under no.	

All amounts are expressed in euros

Financial Statements as at 31 March 2017

BALANCE SHEET

ASSETS	31/03/2017	31/03/2016
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL OWED		
Total receivables from shareholders for payments still owed (A)	**0**	**0**
B) NON-CURRENT ASSETS		
I - Intangible assets		
4) Concessions, licences, trademarks and similar rights	72,753	99,385
7) Other	74,421	101,341
Total intangible assets	147,174	200,726
II - Property, plant and equipment		
1) Land and buildings	24,416,073	25,339,609
2) Plant and machinery	37,778,421	38,776,116
3) Industrial and commercial equipment	1,123,821	966,847
4) Other assets	912,316	1,015,699
5) Assets under construction and advances paid	125,744	914,213
Total property, plant and equipment	64,356,375	67,012,484
III - Financial assets		
1) Equity investments		
d-bis) other companies	3,644	3,590
Total equity investments (1)	3,644	3,590
2) Trade and Other Receivables		
d-bis) due from others		
within 12 months	1,636,047	1,636,047
after 12 months	397,344	352,597
Total due from others	2,033,391	1,988,644
Total trade and other receivables	2,033,391	1,988,644
Total financial assets (III)	2,037,035	1,992,234
Total non-current assets (B)	**66,540,584**	**69,205,444**
C) CURRENT ASSETS		
I) Inventories		
1) Raw materials, supplies & consumables	7,664,974	7,337,375
2) Work in progress and semi-finished products	17,477,171	13,853,266
4) Finished products and goods for resale	14,770,847	12,928,209
Total inventories	39,912,992	34,118,850
II) Receivables		
1) Trade receivables		
within 12 months	14,630,666	11,720,358
Total trade receivables	14,630,666	11,720,358
4) Due from parent companies		
within 12 months	110,025	5,491,632
Total due from parent companies	110,025	5,491,632
5) Due from companies under the control of parent companies		
within 12 months	921,849	1,903,198
Total due from companies under the control of parent companies	921,849	1,903,198
5-bis) Tax receivables		
within 12 months	399,682	581,122

after 12 months	2,733,918	1,005,452
Total tax receivables	3,133,600	1,586,574
5-ter) Deferred tax assets	100,277	100,277
5-quater) Due from others		
within 12 months	1,636,362	1,813,658
Total due from others	1,636,362	1,813,658
Total receivables	20,532,779	22,615,697
III – Current financial assets		
5) Derivative assets	279,979	253,059
Total current financial assets	279,979	253,059
IV - Cash and cash equivalents		
1) Banks and post office accounts	1,215,400	9,370
3) Cash on hand	6,144	16,064
Total cash and cash equivalents	1,221,544	25,434
Total current assets (C)	**61,947,294**	**57,013,040**
D) ACCRUED INCOME AND PREPAID EXPENSES	**339,832**	**239,700**
TOTAL ASSETS	**128,827,710**	**126,458,184**

BALANCE SHEET

LIABILITIES	**31/03/2017**	**31/03/2016**
A) SHAREHOLDERS' EQUITY		
I – Share capital	96,000,000	96,000,000
II – Share premium reserve	0	0
III – Revaluation reserve	0	0
IV – Legal reserve	656,109	611,647
V – Statutory reserves	0	0
VI - Other reserves, shown separately		
Amounts paid-in for future capital increase	10,000,000	10,000,000
Total other reserves	10,000,000	10,000,000
VII – Reserve for expected cash flow hedging	0	0
VIII - Retained earnings (accum. losses) carried forward	-40,262,532	-40,739,626
IX - Net income (loss) for the year	-867,306	521,556
Loss covered in the year	0	0
X – Negative reserve for own shares in portfolio	0	0
Total Shareholders' equity	**65,526,271**	**66,393,577**
B) PROVISIONS FOR RISKS AND CHARGES		
1) Retirement benefit obligations	424,078	417,730
3) Derivative liabilities	157,447	996,008
4) Others	509,879	452,093
Total provisions for risks and charges (B)	**1,091,404**	**1,865,831**
C) STAFF LEAVING INDEMNITY (TFR)	**3,263,294**	**3,310,928**
D) PAYABLES		
4) Bank borrowings		
within 12 months	5,738	1,082
Total bank borrowings (4)	5,738	1,082
7) Trade payables		
within 12 months	34,766,476	36,778,405
Total trade payables (7)	34,766,476	36,778,405
11) Due to parent companies		
within 12 months	189,150	114,604
Total due to parent companies (11)	189,150	114,604

11-bis) Due to companies under the control of parent companies		
within 12 months	17,266,130	11,539,916
after 12 months	2,859	0
Total due to companies under the control of parent companies (11-bis)	17,268,989	11,539,916
12) Tax payable		
within 12 months	666,523	334,701
Total tax payable (12)	666,523	334,701
13) Due to insurance and pension institutes		
within 12 months	1,529,006	1,772,684
Total due to insurance and pension institutes (13)	1,529,006	1,772,684
14) Other payables		
within 12 months	4,520,859	4,346,456
Total other payables (14)	4,520,859	4,346,456
Total payables (D)	**58,946,741**	**54,887,848**
E) ACCRUED LIABILITY AND DEFERRED INCOME	**0**	**0**
TOTAL LIABILITIES	**128,827,710**	**126,458,184**

INCOME STATEMENT

	31/03/2017	31/03/2016
A) VALUE OF PRODUCTION (REVENUE):		
1) Revenues from sales and rendering of services	170,792,089	182,638,711
2) Change in inventories of work in progress, semi-finished and finished products	5,749,412	754,298
5) Other revenues and income		
Miscellaneous	7,445,016	7,131,535
Total other revenues and income	7,445,016	7,131,535
Total value of production (revenue)	**183,986,517**	**190,524,544**
B) PRODUCTION COSTS:		
6) Raw, ancillary and consumable materials	118,087,834	121,575,192
7) Costs of services	33,682,846	33,001,675
8) Leases and rentals	1,034,829	983,260
9) Personnel costs:		
a) Wages and salaries	16,385,625	16,321,403
b) Social security contributions	6,583,452	6,666,630
c) Staff leaving indemnity	1,402,107	1,355,508
e) Other costs	535,711	494,031
Total personnel costs	24,906,895	24,837,572
10) Amortisation, depreciation and write-downs:		
a) Amortisation of intangible assets	53,552	53,051
b) Depreciation of property, plant and equipment	6,641,042	6,364,212
d) Write-downs of receivables included under current assets and cash and cash equivalents	229,226	142,453
Total amortisation, depreciation and write-downs	6,923,820	6,559,716
11) Change in inventories of raw, ancillary, and consumable materials	-44,730	-10,459
12) Provisions for risks	146,878	0
14) Other operating expenses	1,188,380	1,320,127
Total production costs	**185,926,752**	**188,267,083**

Difference between production value and cost (A-B)	**-1,940,235**	**2,257,461**
C) FINANCIAL INCOME AND CHARGES:		
16) Other financial income:		
d) Income other than the foregoing		
Others	823	182
Total income other than the foregoing	823	182
Total other financial income	823	182
17) Interest and other financial charges		
- companies under the control of parent companies	125,537	263,305
Others	258,728	348,222
Total interest and other financial charges	384,265	611,527
17-bis) Exchange gains and losses	-260,411	-512,822
Total financial income and charges (C) (15+16-17+-17-bis)	**-643,853**	**-1,124,167**
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS:		
19) Write-downs:		
d) of financial derivative instruments	-1,323,938	367,674
Total write-downs	-1,323,938	367,674
Total valuation adjustments to financial assets (18-19)	**1,323,938**	**-367,674**
PRE-TAX RESULT (A-B+-C+-D)	**-1,260,150**	**765,620**
20) Current and deferred income taxes for the year		
Current taxes	-364,375	254,740
Prior years' taxes	-28,469	-93,896
Deferred tax assets and liabilities	0	83,220
Total current and deferred income taxes for the year	-392,844	244,064
21) INCOME (LOSS) FOR THE YEAR	**-867,306**	**521,556**

CASH FLOW STATEMENT (INDIRECT METHOD)		
	Current period	**Prior period**
A. Cash flows from (used in) operating activities (indirect method)		
Income (loss) for the year	(867,306)	521,556
Income taxes	(392,844)	244,064
Interest expense/(interest income)	383,442	611,345
(Dividends)	0	0
(Capital gains)/capital losses from disposals of assets	(30,777)	34,079
1. Income / (loss) for the year before income taxes, interest, dividends and capital gains and losses from disposals	(907,485)	1,411,044
Adjustments for non-monetary items, which do not have counterpart in net working capital		
Charge to the provisions	1,027,324	1,075,334
Amortisation/depreciation	6,694,594	6,417,263
Impairment of assets	0	0
Valuation adjustments to financial assets and liabilities of financial derivative instruments that do not entail monetary movements	0	367,674
Increase/(Decrease) in other adjustments for non-monetary items	229,226	0
Total adjustments for non-monetary items, which do not have counterpart in net working capital	7,951,144	7,860,271
2. Cash flows before changes in net working capital	7,043,659	9,271,315
Changes in net working capital		
Decrease/(Increase) in inventories	(5,794,142)	(764,757)
Decrease/(Increase) in trade receivables	(3,139,534)	1,390,364
Increase/(Decrease) in trade payables	(1,490,205)	624,263
Decrease/(Increase) in accrued income and prepaid expenses	(100,132)	73,597
Increase/(Decrease) in accrued liability and deferred income	0	0
Other decreases / (Other increases) in net working capital	9,772,204	(3,291,551)
Total changes in net working capital	(751,809)	(1,968,084)
3. Cash flows after changes in net working capital	6,291,850	7,303,231
Other adjustments		
Interest received/(paid)	(383,442)	(611,345)
(Income taxes paid)	(57,091)	(260,000)
Dividends cashed	0	0
(Utilisation of provisions)	(1,849,385)	(2,416,733)
Other collections/(payments)	0	0
Total other adjustments	(2,289,918)	(3,288,078)
Cash flows from (used in) operating activities (A)	4,001,932	4,015,153
B. Cash flows from (used in) investing activities		
Property, plant and equipment		
(Investments)	(4,710,881)	(4,156,947)
Disinvestments	235,001	267,421

Intangible assets		
(Investments)	0	0
Disinvestments	0	0
Financial assets		
(Investments)	(46,683)	0
Disinvestments	1,882	0
Current financial assets		
(Investments)	(26,920)	0
Disinvestments	0	0
(Purchase of business concerns, net of cash and cash equivalents)	0	0
Sale of business concerns, net of cash and cash equivalents	0	0
Cash flows from (used in) investing activities (B)	(4,547,601)	(3,889,526)
C. Cash flows from (used in) financing activities		
Borrowed funds		
Increase/(Decrease) in bank borrowings within 12 months	1,741,779	(125,627)
New loans	0	0
(Loan repayment)	0	0
Own funds		
Paid-in capital increase	0	0
(Repayment of capital)	0	0
Sale (Purchase) of treasury shares	0	0
(Dividends and on account dividends paid)	0	0
Cash flows from (used in) financing activities (C)	1,741,779	(125,627)
Increase (decrease) in cash and cash equivalents (A ± B ± C)	1,196,110	0
Exchange-rate effect on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the year		
Banks and post office accounts	9,370	16,608
Cheques	0	0
Cash on hand	16,064	13,715
Total cash and cash equivalents at the beginning of the year	25,434	30,323
Of which not freely utilizable	0	0
Cash and cash equivalents at the end of the year		
Banks and post office accounts	1,215,400	9,370
Cheques	0	0
Cash on hand	6,144	16,064
Total cash and cash equivalents at the end of the year	1,221,544	25,434
Of which not freely utilizable	1,207,626	0

Financial Statements as at 31 March 2017

PREAMBLE

The financial year ending 31 March 2017 closed with a net loss of € -867,306 after depreciation/amortisation of € 6,694,594, provision for doubtful accounts for € 229,226, and taxes for the year for € -392,844 .

Business carried out

Pursuant to Art. 2428 of the Italian Civil Code, the aluminium rolling and recycling activities have been carried out in the Bresso registered office, the Pieve Emanuele plant, as well as the San Martino Buon Albergo (VR) and Campi Bisenzio (FI) Distribution Centres.

Group structure

The Company is controlled by the Novelis Inc. Group, based in the USA, through the English subsidiary Novelis Europe Holdings Limited. In May 2007, the Aditya Birla Group, which is one of the main industrial groups in India, acquired the majority of the share capital of the Group parent Novelis Inc.. Therefore the Company is subject to the management and co-ordination of Hindalco Industries Ltd, company belonging to the Aditya Birla Group, which deals with the production and marketing of metals.

Below is presented the latest available data relating to the consolidated financial statements of Hindalco Industries Ltd (in $ millions):

	Financial year as at 31/03/2016
Fixed assets	12,808
Other assets	3,414
Total assets	16,222
Current liabilities	10,104
Deferred taxes	261
Minority interests	59
Shareholders' equity	5,798
Total liabilities and shareholders' equity	16,222

	Financial year as at 31/03/2016
Net revenues	15,292
Costs	13,948
Operating result before taxes and other items	1,344
Income taxes	-79
Other revenues	186
Other items	-672
Interest	-772
Net result	7

For an adequate and complete understanding of the financial position and results of operations of the Hindalco Industries Ltd Group at 31 March 2016, reference should be made to the financial statements of the above mentioned (available on the website: www.hindalco.com).

BASIS OF PREPARATION

These Financial Statements as at 31 March 2017 were prepared in accordance with the regulations laid down in the Italian Civil Code, as amended by Legislative Decree no. 139/2015 (the "Decree"), interpreted and supplemented by the accounting principles promulgated by the Organismo Italiano di Contabilità (the Italian Accounting Standards Committee) applicable in the financial statements as from January 1, 2016.

In this respect, it should be noted that several accounting principles were amended and updated in 2016 as part of the revision process started by the O.I.C., after the transposition of the Directive 2013/34/UE into national law, through the Decree.

These Financial Statements comprise the Balance Sheet (as prepared in compliance with the outline of presentation required by Articles 2424 and 2424 bis of the Italian Civil Code), the Income Statement (as prepared in compliance with the outline of presentation required by Articles 2425 and 2425 bis of the Italian Civil Code) and the Cash Flow Statement (whose content, pursuant to Art. 2425-ter of the Italian Civil Code, is presented in accordance with OIC accounting principle no. 10, and these Notes to the Financial Statements, drawn up in compliance with Art. 2427 of the Italian Civil Code.

These Notes to the Financial Statements analyse and supplement the financial statements data with the additional information required to give a true and fair view of the data provided, taking into consideration that no departures have been made pursuant to Arts. 2423 and 2423-bis of the Italian Civil Code.

The items not expressly reported in the Balance Sheet and in the Income Statement, as contemplated by Arts. 2424 and 2425 of the Italian Civil Code, have a zero balance.

For information relating to the nature of the business activities and all the relationships with associated companies, parent companies and other companies under the control of the latter, please refer to the Director's Report.

The following is noted with respect to the principle of consistency:

Accounting principles: Legislative Decree no. 139/2015 introduces the valuation criteria of the amortised cost method to be used for the representation of receivables and payables. The rule provides the optional exemption of not applying the amortised cost method for receivables and payables recorded in the 2015 financial statements. In this particular instance, the application of the amortised cost for positions arisen before or after April 1, 2016 has not impacted on these financial statements. Moreover, the Decree has also introduced the fair value valuation method for the measurement and representation of derivative instruments. The effects of the changes have been identified by the Company, in accordance with OIC no. 29, on the net equity opening balance at April 1, 2015 as if the new principles had already been applied in the previous financial year.

- Financial Statements structure: the Financial Statements as at 31 March 2017 and the related comparative amounts of the Financial Statements as at 31 March 2016 reflect the statements required by OIC no. 12. The changes can be summarized as follows:
  - Separate evidence in the financial statements of the balances related to the companies under the control of parent companies;
  - Change in the representation of derivative instruments;
  - Elimination of the item "Extraordinary income and charges";
  - Elimination of Memorandum Accounts, with the indication in the Notes to the Financial

Statements of Guarantees and Commitments;
- Presentation of the Cash Flow Statement.

Therefore, the Balance Sheet and the Income Statement for the year closed at 31 March 2016, presented in the financial statements for comparative purposes, differ from the financial statements approved by the Shareholders' Meeting on May 20, 2016.

The effects of the transposition of the new regulation are described in detail in the section "Accounting Effects of the Accounting Reform".

It is also declared that the financial statements are correct from a formal and substantial point of view and give a true and fair view of the financial position and results of operations of the Company.
Please refer to the Directors' Report for information on Art. 2428 of the Italian Civil Code.

ACCOUNTING PRINCIPLES

The items in the Financial Statements have been valued in accordance with the general criteria of prudence, accrual and on a going concern basis as well as by taking account of the substance of the transaction or of the contract.
The valuations have been undertaken in accordance with the provisions set forth in Art. 2426 of the Italian Civil Code and the accounting standards as contemplated by the Organismo Italiano di Contabilità (the Italian Accounting Standards Committee).
The application of the principle of prudence requires each asset and liability item to be valued on an individual basis so as not to offset losses that should be recognised against profits that should not be recognised, as they have not been realised.
In accordance with the accrual basis, the effect of the operations and other events was accounted for and attributed to the year such operations and events refer to, and not to the year in which the relative movements took place (receipts and payments).
Taking into account the substance of the transaction or of the contract, the valuation expressing the principle of prevalence of substance over form - compulsory where not expressly in contrast with other specific regulations on the Financial Statements – allows the representation of the transactions according to the financial reality behind the formal aspects.

Below are the main accounting principles adopted:

Non-current assets

Intangible assets

Intangible assets are stated at their historical purchase cost, with the consent of the Board of Statutory Auditors where contemplated by the regulations in force, and shown net of the amortisation made.
Amortisation is calculated over the expected useful life of 10 years.

Property, plant and equipment

These are stated at purchase cost and adjusted by the corresponding accumulated depreciation.
Any accessory charges and costs incurred for bringing the asset in the present location were capitalized when recording this item to the Balance Sheet and any non-negligible commercial and cash discounts were deducted from said costs and charges.
Depreciation charged to the Income Statement has been calculated taking into account the use, utility and economic-technical life of the assets, over their estimated useful life.
The depreciation rates of the assets received upon transfer with effect 1 January 2005 differ from the rates of the new assets acquired after the transfer in virtue of their different residual possibility of use by adjusting the same to the useful life of the newly-acquired assets.
The assets acquired after the transfer by Alcan Alluminio SpA on 1 January 2005 are depreciated systematically using the economic-technical rates reflecting the remaining possibilities for the use of the assets, as shown in the following table:

	Useful life
Land and buildings	from 10 to 50 years
Plant and machinery	from 2 to 35 years
Industrial and commercial equipment	from 3 to 10 years
Motor vehicles	from 3 to 8 years
Office furniture and machines	from 5 to 10 years

For fixed assets acquired during the year, depreciation is reduced by 50%.
Land is not depreciated since not subject to a limited use in the time.
Ordinary maintenance and repair cost are expensed when incurred. Improvement and expansion costs, where they represent an increase of the asset value or useful life, are shown as an increase in the value of the assets.

Impairment of assets

Impairment of property, plant and equipment and intangible assets is recorded as prescribed by OIC no. 9.

In particular, if the recoverable amount of an asset (e.g. intended as the higher of its value in use and its fair value) has declined below its carrying value, the asset is measured at the lower value. The difference is recorded in the Income Statement as impairment loss and is recognised in the Income Statement under item B10c). If requirements for write-down no longer apply in subsequent periods, the original value is restored as adjusted by depreciation/amortisation only.
If it is not possible to estimate the recoverable value of an individual asset, the company determines the recoverable amount of the Cash Generating Unit to which the asset belongs. This occurs when individual assets do not generate cash flows in an autonomous way with respect to other assets.
The Company verifies at least annually, whether any indication exists that assumes a permanent impairment of assets; in the presence of this indication, the Company estimates the recoverable amount of the related assets.

Revaluations

The book value of property, plant and equipment can include revaluations of cost, if these are made under specific laws.
Revaluations do not represent an Income Statement component but are carried to a shareholders' equity reserve.

Receivables (including those recorded under financial assets)

Receivables arising from revenues from sales of goods or rendering of services are recognised as current assets on an accrual basis when there are conditions for revenue recognition.
The value of receivables is subsequently reduced in respect of the amounts received - both principal and interest – of any write-downs for readjusting the receivables to their estimated realisable value or of any losses. Receivables are valued as a general rule at amortized cost taking into account the time factor, but for receivables due within 12 months, it is assumed that the effects deriving from the application of the amortized cost and of discounting are not relevant, given the reduced time frame between the onset of the credit position and the related collection. In this case the book value coincides with the nominal value.
A specific allowance has been set aside to tackle any possible insolvency risks, the adequacy of which in respect of doubtful positions is verified periodically and anyway at the end of each financial year, taking into account both cases of uncollectibility already emerged or deemed to be probable and the general economic conditions and the risks potentially under way.

Factoring without recourse

The Novelis Group entered into an agreement with a German bank in December 2013 relating to the assignment of trade receivables without recourse. As provided for by OIC no. 15, the assigned receivables have been removed from the Balance Sheet up to a quota of 90% equal to the advance received. The difference of 10% is recorded in the Balance Sheet as receivable from factoring companies.
Interest and fees due to the factoring company have been fully charged to the Income Statement.

Payables

Payables arising from purchases of goods are stated in the Balance Sheet when significant risks, charges and benefits related to the property title have been substantially transferred. Payables refer to services already rendered, i.e. the rendering has been completed. The item "advances" instead includes the advances received from costumers for supplies of goods or services not made yet.
Payables are valued as a general rule at amortized cost taking into account the time factor, but for payables due within 12 months, it is assumed that the effects deriving from the application of the amortized cost and of discounting are not relevant, given the reduced time frame between the onset of the debit position and the related payment. In this case the book value coincides with the nominal value.
The items D11 and D11-bis include due to parent companies and due to companies under the control of parent companies respectively, as defined by Art. 2359 of the Italian Civil Code. These payables have a separate indication in the balance sheet.

Prepayments/deferred income/accrued income and liabilities

Prepayments and deferred revenue are recorded on the basis of the matching principle, in compliance with the costs and revenues correlation.

Inventories

Raw materials, supplies & consumables and finished products are valued at the lower of purchase or production cost and their net realisable value presumed from market trends (replacement cost for raw materials), applying the weighted average cost method.
Work-in-progress is measured on the basis of the costs incurred in the financial year.
A stock depreciation provision has been recorded in order to adjust the value of obsolete and slow-moving items to their market value, and recorded as a direct reduction of the closing inventories value.

Cash and cash equivalents

Bank deposits and cheques (current account cheques, banker's drafts and similar ones) are stated according to the general principle of their estimated realisable value that coincides with the nominal value in the absence of collectibility risk.
Cash and revenue stamps are stated at nominal value.

Provisions for risks and charges

Provisions for risks and losses are accrued to cover known or probable losses or liabilities, whose amounts or settlement dates are uncertain at year-end.
In measuring the value of these provisions, the general principles of prudence and accruals basis have been complied with and no provisions for general risks without any economic justification have been set aside.
Potential liabilities have been recognised in the accounts and recorded as provisions since they are considered probable and being their amount reasonably determinable.
In compliance with OIC no. 31 para. 16, given that the classification of expenses by nature should prevail, provisions for risks and charges are recorded under the items of operational activity (classes B, C and E of the Income Statement) to which the operation refers (ordinary, accessory or financial).

Staff indemnity leaving (TFR)

This represents the liability accrued in favour of employees in accordance with current legislation and employment contracts, taking into consideration any type of remuneration having a permanent nature.
The indemnities set aside fully cover the employee retirement and seniority accrued up to the date of their transfer to funds outside the company in compliance with Law no. 296 of 27 December 2006.

Current and deferred taxes

Current taxes are determined on the basis of a realistic estimate of the amounts payable in accordance with the current fiscal regulations. Current income taxes are reflected in the Balance

Sheet under item “Tax receivables” in case the advances paid are higher than the actual tax payable for the year, or otherwise under “Tax payable”. Deferred tax assets and liabilities result from the temporary differences between the carrying amounts of assets and liabilities reported in the Balance Sheet and their carrying amounts for tax purposes.
Deferred tax assets are booked to the extent their future recoverability is deemed probable on the basis of the future taxable income.
Deferred tax assets and liabilities are calculated on the basis of the rates in force in the financial year in which the temporary differences arise.
Deferred tax assets and liabilities are not discounted back.

Revenues recognition

Revenues from the sale of products and costs for the related purchase are recognised upon the transfer of all the risks and benefits connected with the property title; such transfer normally coincides with the delivery or shipment of the goods.
Financial revenues and revenues from services are recognised on an accrual basis.

White certificates

White certificates are recognised when there is reasonable assurance that all the conditions for obtaining them are met; this generally coincides with the issue of the certificate by the authorised body.

White certificates are recorded in the Income Statement on the basis of their nature, as a reduction in electric power costs.

Translation of foreign currencies

Receivables and payables originally expressed in foreign currency, entered on the basis of the exchange rates prevailing at the date of transactions, are translated at the rates in force at the closing of the financial statements for the currencies of non-EMU countries. The gains and losses resulting from the translation of receivables and payables are respectively reflected in the Income Statement under item C)17 bis Exchange gains and losses. The exchange gain resulting from the translation is set aside, for the part not absorbed by the loss for the year, as a specific reserve not distributable until realisation.

Financial derivative instruments and hedging transactions

Financial derivative instruments are stated at fair value. Changes in the fair value are recognised in the Income Statement, or, if the instrument covers the risk of expected cash flows changes in another financial instrument or in a planned transaction, are booked directly to a positive or negative shareholders’ equity reserve; this reserve is recorded in the Income Statement to the extent and at the time the cash flows of the hedged instrument occur or modify or to the extent and at the time the hedging transaction occurs. The fair value, which is positive at the reporting date, is recorded in the item “derivative assets” under financial fixed assets or under current financial assets. The fair value, which is negative at the reporting date, is recorded in the item “derivative liabilities” under provisions for risks and charges.

Forward metal purchase/sale transactions (offset hedge)

The Company faced the management of the metal price risk through entering in contracts directly with the suppliers of raw materials or with financial counterparts. The portion of gain or loss realised on the offset hedge is distributed among the Group companies included in the hedging process. The Company is taking part in the global hedging strategy and records the pertaining portion of the result in the Income Statement as operating income or expense.

BALANCE SHEET

ASSETS

NON-CURRENT ASSETS

Intangible assets

Intangible assets amount to € 147,174 (€ 200,726 in the previous financial year).

The break-down and changes in individual items are shown below:

	Concessions, licences, trademarks and similar rights	Other	Total intangible assets
Opening balance			
Historical cost	292,039	374,477	666,516
Accumulated amortisation	192,654	273,136	465,790
Net book value at 31 March 2016	99,385	101,341	200,726
Changes in the financial year			
Amortisation for the period	26,632	26,920	53,551
Total changes	-26,632	-26,920	-53,552
Closing balance			
Historical cost	292,039	374,477	666,516
Accumulated amortisation	219,286	300,056	519,342
Net book value at 31 March 2017	72,753	74,421	147,174

The item “Concessions, licenses, trademarks and similar rights” regards licenses for the use of software.
The item “Other” refers to software packages.

Property, plant and equipment

Property, plant and equipment amount to € 64,356,375 (€ 67,012,484 in the previous financial year).

The break-down and changes in individual items are shown below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and advances paid	Total property, plant and equipment
Opening balance						
Historical cost	44,538,015	88,245,885	4,783,388	4,453,733	914,213	142,935,234
Accumulated depreciation	19,198,406	49,469,769	3,816,541	3,438,034	0	75,922,750
Net book value at 31 March 2016	25,339,609	38,776,116	966,847	1,015,699	914,213	67,012,484
Changes in the financial year						
Increases for acquisitions/ capitalisation	0	0	0	0	4,189,157	4,189,157
Transfers from assets under construction	125,604	4,224,803	496,572	130,647	-4,977,626	0
Decreases for disposals (historical cost)	0	494,464	3,195	0	0	497,659
Depreciation for the year	1,049,140	5,018,276	339,597	234,030	0	6,641,043
Decreases for disposals (accumulated depreciation)	0	290,240	3,195	0	0	293,435
Total changes	-923,536	-997,697	156,975	-103,383	-788,469	-2,656,110
Closing balance						
Historical cost	44,663,619	91,976,225	5,276,764	4,584,380	125,744	146,626,732
Accumulated depreciation	20,247,546	54,197,804	4,152,943	3,672,064	0	82,270,357
Net book value at 31 March 2017	24,416,073	37,778,421	1,123,821	912,316	125,744	64,356,375

Land is not depreciated in accordance with the accounting principles.
The investments in assets under construction occurred during the financial year have been made in order to maintain productive efficiency, reduce energy consumption and increase the level of safety and environmental protection.
The transfer from assets under construction refers to the above-mentioned investments.

Impairment of assets

As required by the accounting principles, directors assessed at the reference date of the financial statements whether any indication exists that a tangible asset or a cash generating unit may be impaired.
After considering the economic trend, directors drew-up a five-year financial plan to assess the recoverability of the value of the assets recorded in the financial statements.
On the basis of the estimated future cash flows on a timescale of five years, the recoverability of the recorded values is deemed probable and therefore no write-down is needed.

Revaluation/ write-down of property, plant and equipment

It should be noted that in the 2009 financial year, pursuant to Legislative Decree 185/2008, land was revalued by € 12,060,895 and buildings were written-down by € 2,046,662.

Financial assets

Equity investments

The equity investments, which are included under financial assets, amount to € 3,644 (€ 3,590 in the previous financial year).
In compliance with Art. 2427 bis of the Italian Civil Code, the fair value of equity investments in other companies cannot be determined reliably on the basis of the information at disposal. However, it should be specified that these equity investments are not material and cannot generate significant impacts on the Company's earnings, capital and financial position.
The outstanding equity investments refer to Consorzio Conai, Consorzio imballaggi Alluminio, Società Gas Intensive.

Trade and other receivables

The amounts due from others included under financial assets are equal to € 2,033,391 (€ 1,988,644 in the previous financial year).

The break-down and changes in individual items are shown below:

	Net opening balance	Reclassification	Decreases	Net closing balance
- For remediation activities at the Borgofranco plant	1,636,047	0	0	1,636,047
- Sundry	352,597	46,629	1,882	397,344
Total	1,988,644	46,629	1,882	2,033,391

The five-year monitoring period subsequent to the completion of the environmental remediation process on the Borgofranco plant is concluded.
The Company has already paid for the expenses incurred by ARPA (Regional Environmental Protection Agency) related to the five-year monitoring period and those related to the remediation certification.
The Company is therefore waiting to receive from the Metropolitan City of Turin the Certificate of Remediation and the related clearance of the guarantee then provided.
Given the complexity of the procedure, the Company has prudentially decided to classify the receivable under financial fixed assets.

CURRENT ASSETS

Inventories

The inventories included under current assets amount to € 39,912,992 (€ 34,118,850 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Closing balance	Change
Raw materials, supplies & consumables	7,337,375	7,664,974	327,599
Work in progress and semi-finished products	13,853,266	17,477,171	3,623,905
Finished products and goods for resale	12,928,209	14,770,847	1,842,638
Total	34,118,850	39,912,992	5,794,142

The increase in inventories is due to the commercial policy of the Company, which in order to strengthen the business relationships with major customers, reduce delivery times and improve customer services, has increased the stocks of finished and semi-finished products.

Receivables

The receivables included under current assets amount to € 20,532,779 (€ 22,615,697 in the previous financial year).

The break-down is shown below:

	Nominal value	Provision for doubtful accounts	Net closing balance	Net opening balance	Change
Trade receivables within 12 months	15,685,796	1,055,130	14,630,666	11,720,358	2,910,308
Due from parent companies within 12 months	110,025	0	110,025	5,491,632	-5,381,607
Due from companies under the control of parent companies within 12 months	921,849	0	921,849	1,903,198	-981,349
Tax receivables within 12 months	399,682	0	399,682	581,122	-181,440
Tax receivables after 12 months	2,733,918	0	2,733,918	1,005,452	1,728,466
Deferred tax assets after 12 months	100,277	0	100,277	100,277	0
Due from others within 12 months	1,636,360	0	1,636,362	1,813,658	-177,296
Total	21,587,907	1,055,130	20,532,779	22,615,697	-2,082,918

The item “Trade receivables” consists of the following:

	Opening balance	Closing balance	Change
Receivables from customers / Unaccepted orders to pay	11,358,408	14,432,646	3,074,238
Doubtful receivables	1,230,016	1,253,150	23,134
Other	2,184	0	-2,184
Provision for doubtful accounts - trade	-870,250	-1,055,130	-184,880
Total	11,720,358	14,630,666	2,910,308

It should be noted that trade receivables are shown net of the assignment of receivables without recourse; the assigned receivables amount to € 13,070 thousand at 31 March 2017 (€ 16,826 thousand in the previous financial year).
The provision for doubtful accounts showed the following movement in the course of the financial year:

Opening balance	870,250
Utilisation	-44,346
Charge	229,226
Closing balance	**1,055,130**

The utilisations in the year refer to closed matters, for which credit collection was considered not possible, as expressed by legal advice.

Due from parent companies and due from companies under the control of the latter are detailed in the Directors’ Report.

The item “Due from companies under the control of parent companies” refers to recharges of costs related to administrative and management services and to sales of semi-finished products to the companies under the control of parent companies.

“Tax receivables” after 12 months, equal to € 2,733,918 reflect the taxes paid concerning the dispute with the Revenue Authorities relating to 2007, as explained hereinafter.

Deferred tax assets, equal to € 100,277, refer to tax losses, net of deferred tax liabilities, as shown in the table included in the section “Deferred taxation”.

The item “Due from others” consists of the following:

	Opening balance	Closing balance	Change
Receivables from factoring companies	1,768,193	1,495,074	-273,119
Receivables from employees	29,099	31,076	1,977
Receivables from social-security institutions	7,697	56,133	48,436
Other	8,669	54,077	45,408
Total	1,813,658	1,636,360	-177,298

Receivables – break-down by maturity dates

Below is the break-down of the receivables included under current assets by maturity dates, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Within 12 months	After 12 months	Total
Trade receivables	14,630,666	0	14,630,666
Due from parent companies	110,025	0	110,025
Due from companies under the control of parent companies	921,849	0	921,849
Tax receivables	399,682	2,733,918	3,133,600
Deferred tax assets	0	100,277	100,277
Due from others	1,636,362	0	1,636,362
Total	17,698,584	2,834,195	20,532,779

At 31 March 2017, there are no receivables with maturity after 5 years.

Receivables – break-down by geographical area

Below is the break-down of the receivables included under current assets by geographical area, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Italy	Other EU countries	Rest of Europe	Africa and Middle East	Other	Total
Trade receivables	4,118,769	9,734,380	610,339	167,178	0	14,630,666
Due from parent companies	0	0	0	0	110,025	110,025
Due from companies under the control of parent companies	0	714,471	168,610	0	38,768	921,849
Tax receivables	3,133,600	0	0	0	0	3,133,600
Deferred tax assets	100,277	0	0	0	0	100,277
Due from others	141,288	1,495,074	0	0	0	1,636,362
Total	7,493,934	11,943,925	778,949	167,178	148,793	20,532,779

Current financial assets

The item, equal to € 279,979 (€ 253,059 in the previous financial year) reflects the valuation of financial derivative instruments with a positive fair value, entered into with Novelis AG. For further information, please refer to the section “Financial instruments” in Other information.

Cash and cash equivalents

The cash and cash equivalents included in current assets total € 1,221,544 (€ 25,434 in the previous financial year).
The balance includes € 1,207,626 which is not available in relation to the factoring contract.

Accrued income and prepaid expenses

Accrued income and prepaid expenses amount to € 339,832 (€ 239,700 in the previous financial year).
This item shows income and expenses related to prior or subsequent periods without considering the date of payment or collection of the relative income and charges.
At 31 March 2017, there were no accruals and deferrals with a duration of more than five years.

The break-down and changes in individual items are shown below:

	Opening balance	Closing balance	Change
Prepaid expenses – insurance	101,759	219,542	117,783
Prepaid expenses - EDP costs	10,057	8,275	-1,782
Prepaid expenses – commercial information	13,000	12,309	-691
Sundry	114,884	99,706	-15,178
Total	239,700	339,832	100,132

BALANCE SHEET
LIABILITIES AND SHAREHOLDERS' EQUITY

Shareholders' equity

The Shareholders' equity at the end of the financial year was equal to € 65,526,271 (€ 66,393,577 in the previous financial year).
The changes in Shareholders' equity are provided in the following table:

	Share capital	Legal reserve	Other reserves	Retained earnings (accum. losses) carried forward	Net income (loss) for the year	Total
31/3/2015	96,000,000	611,647	10,000,000	-35,672,029	-4,912,271	66,027,347
Opening effect of the Accounting Reform				-155,326		-155,326
01/04/2015	96,000,000	611,647	10,000,000	-35,827,355	-4,912,271	65,872,021
Allocation of the result				-4,912,271	4,912,271	0
Effect of the Accounting Reform - OIC no. 32	0	0	0	0	-367,674	-367,674
Result for the year 2015/16	0	0	0	0	-889,230	-889,230
31/03/2016	96,000,000	611,647	10,000,000	-40,739,626	521,556	66,393,577
Allocation of the result	0	44,462	0	844,768	-889,230	-44,462
Effect of the Accounting Reform – OIC no. 32	0	0	0	-367,674	367,674	0
Result for the year 2016/17	0	0	0	0	-867,306	-867,306
31/03/2017	96,000,000	656,109	10,000,000	-40,262,532	-867,306	65,526,271

The Shareholders' meeting of 20 May 2016 resolved that the net income for the year of € 889,230, be allocated as follows:

- € 44,462, to legal reserve;
- the remaining part as a reduction of the accumulated losses carried forward.

Availability and utilisation of the Shareholders' equity items

Below is given the information required by Art. 2427 point 7-bis of the Italian Civil Code regarding the Shareholders' equity items, broken-down by origin, possibility of utilisation, possibility of distribution and the uses made in the previous financial years:

Description	Amount	Possible utilisation (*)	Available portion	Distributions made in the 3 previous periods for loss coverage	Distributions made in the 3 previous periods for other reasons
Share capital	96,000,000			0	0
Revaluation reserves – Legislative Decree 185/2008	0			-8,273,774	
Legal reserve	656,109	B		0	0
Other reserves	10,000,000	A,B	10,000,000	0	0
Retained earnings (accum, losses) carried forward	-40,262,532		0	0	0
Total	**66,393,577**		**10,000,000**	**-8,273,774**	
Non-distributable portion			**10,000,000**		
Remaining non-distributable portion			**0**		

(*) A = for capital increase; B = for loss coverage; C = for distribution to shareholders

Below is provided the information required by Art. 2427, point 17 of the Italian Civil Code relating to the data on the shares making up the Company's share capital, the number and the nominal value of the shares subscribed in the year:

Description	Nominal value	Number of shares at the beginning of financial year	Value of shares at the end of financial year
Ordinary shares	1,000	60,000	1,000
Preferred shares	1,000	36,000	1,000
Total	**1,000**	**96,000**	**1,000**

With deed of 10 March 2017, the shareholders Novelis Deutschland GmbH and Novelis Europe Holdings Limited gave as pledge the Company's shares in favour of third parties lenders, for a value of € 96,000,000.

Provisions for risks and charges

The provisions for risks and charges are recorded under liabilities for € 1,091,404 (€ 1,865,831 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Charge for the year	Utilisation	Closing balance
Retirement benefit obligations	417,730	5,810	-538	424,078
Derivative liabilities	996,008	0	838,561	157,447
Others: Provision for sales returns	444,482	470,572	405,175	509,879
Provision for restructuring and risks	7,611	390,073	397,684	0
Total	1,865,831	866,455	1,640,882	1,091,404

The item "Retirement benefit obligations" is made up by provisions to cover the indemnities in case of termination of agency relationships.

The item "Derivative liabilities", equal to € 157,447 reflects the valuation of derivative contracts with a negative fair value, entered into with Novelis AG. For further information, please refer to the section "Financial instruments" in Other information.

The "Provision for sales returns" reflects the estimate of the liabilities deriving from the credit notes that the Company shall issue against the return goods for sundry complaints.

With regard to the information relating to the movement of the "Provision for deferred taxes", please refer to the section "Current and deferred income taxes for the year".

Staff leaving indemnity (TFR)

The staff leaving indemnity is recognised under liabilities for a total amount of € 3,263,294 (€ 3,310,928 in the previous financial year).

The break-down and changes in individual items are shown below:

	Opening balance	Charge for the year	Utilisation	Transfers to pension funds	Closing balance
Staff leaving indemnity	3,310,928	1,402,107	208,503	1,241,238	3,263,294
Total	3,310,928	1,402,107	208,503	1,241,238	3,263,294

The transfer to the pension funds took place in compliance with the regulations in force (Law no. 296 of 27 December 2007).

Payables

Payables are recorded under liabilities for a total of € 58,946,741 (€ 54,887,848 in the previous financial year).

The break-down of the individual items is shown as follows:

	Opening balance	Closing balance	Change
Bank borrowings	1,082	5,738	4,656
Trade payables	36,778,405	34,766,476	-2,011,929
Due to parent companies	114,604	189,150	74,546
Due to companies under the control of parent companies	11,539,916	17,268,989	5,729,073
Tax payable	334,701	666,523	331,822
Due to insurance and pension institutes	1,772,684	1,529,006	-243,678
Other payables	4,346,456	4,520,859	174,403
Total	54,887,848	58,946,741	4,058,893

"Trade payables" are stated net of trade discounts; cash discounts are instead recorded upon payment. The nominal value of these payables has been adjusted, on the occasion of returns or rebates (invoicing adjustments), to the amount set with the counterpart.
The item "Due to companies under the control of parent companies", equal to € 17,268,989 is composed by:

	Opening balance	Closing balance	Change
Cash pooling payables to companies under the control of parent companies	9,852,826	11,589,949	1,737,123
Due to companies under the control of parent companies	1,687,090	5,679,040	3,991,950
Total	11,539,916	17,268,989	5,729,073

As mentioned in the Directors' Report, since October 2011 the Company has adhered to the group cash-pooling managed by the related concern Novelis AG.

The related credits and debits are remunerated at market rates and governed by a specific contract.

Due to parent companies and due to companies under the control of the latter are detailed in the Directors' Report.

The item "Tax payable" within 12 months includes payables to Tax authorities for source withheld taxes.

The item "Other payables" is made up by:

	Opening balance	Closing balance	Change
Payables to employees for vacations accrued, year-end bonus, fourteenth-month pay, bonuses	2,439,047	2,762,164	323,117
Payables to factoring companies/ collections to be transferred	1,341,792	1,207,626	-134,166
Others	447,765	433,225	-14,540
Payables towards Statutory Auditors for emoluments	117,852	117,844	-8
Total	4,346,456	4,520,859	174,403

Payables – break-down by maturity dates

Below is the break-down of payables by maturity dates, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Within 12 months	After 12 months	Total
Bank borrowings	5,738	0	5,738
Trade payables	34,766,476	0	34,766,476
Due to parent companies	189,150	0	189,150
Due to companies under the control of parent companies	17,266,130	2,859	17,268,989
Tax payable	666,523	0	666,523
Due to insurance and pension institutes	1,529,006	0	1,529,006
Other payables	4,520,859	0	4,520,859
Total	58,943,882	2,859	58,946,741

Payables – break-down by geographical area

Below is the break-down of payables by geographical area, pursuant to Art. 2427, para. 1 point 6 of the Italian Civil Code:

	Italy	Other EU countries	Rest of Europe	Africa and Middle East	Other	Total
Bank borrowings	5,738	0	0	0	0	5,738
Trade payables	23,292,346	1,483,597	2,356,702	7,633,602	229	34,766,476
Due to parent companies	0	0	0	0	189,150	189,150
Due to companies under the control of parent companies	0	2,929,174	14,339,815	0	0	17,268,989
Tax payable	666,523	0	0	0	0	666,523
Due to insurance and pension institutes	1,529,006	0	0	0	0	1,529,006
Other payables	3,313,233	1,207,626	0	0	0	4,520,859
Total	28,806,846	5,620,397	16,696,517	7,633,602	189,379	58,946,741

Accrued liability and deferred income

There were no accrued expenses and deferred income at 31 March 2017.

INCOME STATEMENT

For the comments on the trend of operating income and expenses, please refer to the Directors' Report.

VALUE OF PRODUCTION

	Prior period	Current period	Change
Revenues from sales and rendering of services	182,638,711	170,792,089	-11,846,622
Change in inventories	754,298	5,749,412	4,995,114
Other revenues and income	7,131,535	7,445,016	313,481
Total	190,524,544	183,986,517	-6,538,027

Revenues from sales and rendering of services – Break-down by type of activities

The following table contains the break-down of revenues by type of activities in accordance with Art. 2427, para. 1, point 10 of the Italian Civil Code:

	Prior period	Current period	Change
Sale of goods	7,721,575	5,861,880	-1,859,695
Sale of products	172,491,982	162,925,552	-9,566,430
Sale of ancillary materials	1,570	1,880	310
Rendering of services	2,423,584	2,002,777	-420,807
Total	182,638,711	170,792,089	-11,846,622

Revenues from sales and rendering of services showed a decrease of 6.5% connected with the weak demand.

Revenues from sales and rendering of services - Break-down by geographical area

The following table contains the break-down of revenues by geographical area in accordance with Art. 2427, para. 1, point 10 of the Italian Civil Code:

	Prior period	Current period	Change
Italy	58,478,403	56,463,112	-2,015,291
Other EU countries	102,208,745	103,080,210	871,465
Rest of Europe	13,332,674	3,784,086	-9,548,588
Africa and Middle East	2,037,025	6,104,962	4,067,937
Asia	297,414	507,982	210,568
America and Canada	6,284,450	851,737	-5,432,713
Total	182,638,711	170,792,089	-11,846,622

Intra-group sales are outlined in the Directors' Report.

Other revenues and income

Other revenues and income are recorded under Value of production in the Income Statement for a total of € 7,445,016 (€ 7,131,535 in the previous financial year).
The break-down of the individual items is shown below:

	Prior period	Current period	Change
Services to Group companies	6,765,480	6,767,205	1,725
Reimbursement of expenses	95,219	94,151	-1,068
Capital gains from disposals	75,798	30,777	-45,021
Sundry revenues and income	233,343	481,860	248,517
Prior-year over-accruals	-38,305	71,023	109,328
Total	7,131,535	7,445,016	358,502

Services to Group companies include USD 6 million for Market assistance fees, equal to € 5,500,000, this year acknowledged by Novelis Inc..

PRODUCTION COSTS

	Prior period	Current period	Change
Raw, ancillary and consumable materials	121,575,192	118,087,834	-3,487,358
Costs of services	33,001,675	33,682,846	681,171
Leases and rentals	983,260	1,034,829	51,569
Wages and salaries	16,321,403	16,385,625	64,222
Social security contributions	6,666,630	6,583,452	-83,178
Staff leaving indemnity	1,355,508	1,402,107	46,599
Other personnel costs	494,031	535,711	41,680
Amortisation of intangible assets	53,051	53,552	501
Depreciation of property, plant and equipment	6,364,212	6,641,042	276,830
Write-downs of receivables included under current assets	142,453	229,226	86,773
Change in inventories of raw materials	-10,459	-44,730	-34,271
Provisions for risks	0	146,878	146,878
Other operating expenses	1,320,127	1,188,380	-131,747
Total	188,267,083	185,926,752	-2,340,331

Raw, ancillary and consumable materials

The item "Raw, ancillary and consumable materials" includes the purchases with the Group companies (Novelis Deutschland GMBH, Novelis Switzerland SA and Novelis PAE), as reported in the Directors' Report.

Costs of services

Costs of services are recognised under Production costs in the Income Statement for a total of € 33,682,846 (€ 33,001,675 in the previous financial year).
The break-down of the item is as follows:

	Prior period	Current period	Change
Purchases of services	3,759,590	3,370,639	-388,951
Transport	4,865,055	4,589,919	-275,136
External processes	1,101,785	1,127,904	26,119
Electric power	7,271,755	6,744,700	-527,055
Gas	4,836,001	4,211,993	-624,008
Water	129,193	130,884	1,691
Maintenance and repair costs	2,672,482	3,065,033	392,551
Technical counselling and services	119,665	1,626	-118,039
Emoluments to Statutory Auditors and Independent Auditors	176,076	152,333	-23,743
Commission expense	485,852	443,127	-42,725
Advertising	6,757	27,504	20,747
Legal expenses and advice	118,539	64,126	-54,413
Tax, administrative and commercial advice	64,174	74,766	10,592
Telephone expenses	14,647	8,376	-6,271
Insurance	515,891	563,305	47,414
Entertainment expenses	412	924	512
Travelling expenses	312,686	320,944	8,258
Refresher and training expenses	26,294	119,485	93,191
Severance indemnity	9,570	5,810	-3,760
Other	6,515,251	8,659,448	2,144,197
Total	33,001,675	33,682,846	681,171

The decrease in electric power and gas is due to lower production volumes.
The item "Other" includes the services supplied by the Group companies, as outlined in the Directors' Report. The related rise is due to the increase in intercompany costs.

Leases and rentals

Leases and rentals are recognised under Production costs in the Income Statement for a total of € 1,034,829 (€ 983,260 in the previous financial year).

The break-down of the items is shown below:

	Prior period	Current period	Change
Rents and leases	243,031	243,468	437
Leasing	740,229	791,361	51,132
Total	983,260	1,034,829	51,569

Personnel costs

Personnel costs are recognised under Production costs in the Income Statement for a total of € 24,906,895 (€ 24,837,572 in the previous financial year).

This item includes all subordinate employee costs, including merit payments, promotions, cost-of-living increases, cost of untaken holidays and provisions allocated as required by law and collective agreements.

Amortisation and depreciation

Amortisation of intangible assets and depreciation of property, plant and equipment are recorded under Production costs in the Income Statement for a total of € 6,694,594 (€ 6,417,263 in the previous financial year).
As to depreciation, take note that it has been calculated based on the asset's useful life and its use in the production phase.

Other operating expenses

Other operating expenses are recognised under Production costs in the Income Statement for € 1,188,380 (€ 1,320,127 in the previous financial year).

The break-down of the item is shown below:

	Prior period	Current period	Change
Stamp duties	2,846	2,802	-44
IMU (Municipal property tax)	421,525	416,991	-4,534
Registration tax	4,064	367	-3,697
Chamber of Commerce dues	3,902	3,807	-95
Losses on receivables	4,556	2,898	-1,658
Prior-year charges and losses	669,747	714,108	44,361
Miscellaneous	103,610	47,407	-56,203
Capital losses from disposals	109,877	0	-109,877
Total	1,320,127	1,188,380	-131,747

FINANCIAL INCOME AND CHARGES

The item "Other income" refers to interest on trade receivables for € 823 (€ 182 in the previous financial year).

Interest and other financial charges

The following table contains the analysis of "Interest and other financial charges" in accordance with Art. 2427, para. 1, point 12 of the Italian Civil Code:

	Prior period	Current period	Change
Related to bank borrowings	166	5	-161
Related to companies under the control of parent companies	263,305	125,537	-137,768
Others	348,056	258,723	-89,333
Total	611,527	384,265	-227,262

Interest relating to the companies under the control of parent companies reflects the cash-pooling payable for € 125,537, while other financial charges refer to interest and fees related to factoring for € 258,723.

Exchange gains and losses

	Prior period	Current period	Change
Exchange gains	1,226,421	833,447	-392,974
Exchange losses	1,739,243	1,093,858	-645,385
Total	-512,822	-260,411	-1,038,359

The amount of unrealised exchange gains at 31 March 2017 is not significant.

Current and deferred income taxes for the year

	Prior period	Current period	Change
Current taxes:			
IRES	0	0	0
IRAP	254,740	-364,375	-619,115
Prior years' taxes	-93,896	-28,469	65,427
Deferred taxes (assets):			
IRES – tax rate change effect	83,220	0	-83,220
Total	244,064	-392,844	-636,908

Deferred taxation

The following table summarises the deferred taxes recognised in the previous financial periods in relation to the income temporary differences reversing from the taxable period starting on April 1, 2017 onwards.

Description	Prior period		Current period	
	Temporary differences	Tax effect Ires (24%) + Irap (3.9%)	Temporary differences	Tax effect Ires (24%) + Irap (3.9%)
Net deferred tax assets:				
Deferred tax assets – Tax losses	14,438,612	3,465,267	14,438,612	3,465,267
Deferred tax liabilities – Land revaluation ex Leg. Decree 2008	12,060,894	3,364,989	12,060,894	3,364,989
Total	**2,377,717**	**100,277**	**2,377,717**	**100,277**

For the sake of providing complete information, below are tabled deferred tax assets and liabilities recognised in the accounts (shown above) and the theoretical deferred tax assets and liabilities (i.e. not recognised in the financial statements) according to the schedule proposed by OIC.

Theoretical deferred tax assets and liabilities and related effects

Description	Temporary differences at beginning of the year	Tax decreases	Tax increases	Temporary differences at end of the year	Theoretical fiscal effect on final temporary differences	
					IRES 24%	IRAP 3.90%
Deferred tax assets:						
Provisions for risks and charges and other temporary changes	452,093	-1,084,670	1,147,425	514,848	123,564	19,885
Costs fiscally deductible in future financial years	177,260	-153,260	141,806	165,806	39,793	3,151
Provision for doubtful accounts	797,387	-	156,364	953,750	228,900	-
TOTAL DEFERRED TAX ASSETS	**1,426,740**	**-1,237,930**	**1,445,594**	**1,634,405**	**392,257**	**23,037**
Deferred tax liabilities:						
Revaluation	12,060,894	-	-	12,060,894	-2,894,615	-470,375
TOTAL DEFERRED TAX LIABILITIES	12,060,894	-	-	12,060,894	-2,894,615	-470,375
TOTAL NET				**-10,426,489**	**-2,502,357**	**-447,338**
Tax losses carried forward:						
Tax losses available to a limited extent	42,311,067	-928,408	543,805	41,926,464	10,062,351	-
Tax losses available to a full extent	10,827,009	-61,759	-	10,765,250	2,583,660	-
Total tax losses carried forward	**53,138,076**	- 990,167	**543,804,86**	**52,691,714**	12,646,011	-
TOTAL DEFERRED TAX ASSETS					9,696,316	-

With regard to the movement of tax losses that can be carried forward, it should be noted that:

- The decrease in "tax losses available to a limited extent", equal to € 928,408, is composed by:
  - losses used in the tax assessment procedure with acceptance pertaining to the taxable period closed 31 March 2012 for € 660,530;
  - adjustment made in the tax-return (Unico 2016) on the prior fiscal year's tax losses, equal to € 267,878.

- The increase in "tax losses available to a limited extent", equal to € 543,805, reflects the tax losses of the closing period.

- The decrease in "tax losses available to a full extent", equal to € 61,759, reflects the adjustment made in the tax-return (Unico 2016) on the prior fiscal year's tax losses.

Deferred tax assets

Deferred tax assets were not recognised in the amount of € 415,294 (made up of € 392,257 and € 23,037) for prudential reasons.

With regard to the total tax losses reported in the schedule (€ 52,691,714), it should be noted that:

- deferred tax assets were accounted for on € 14,438,612 (as shown above);
- deferred tax assets were not recognised on the remaining part (€ 38,253,102) for prudential reasons, though they can be carried forward without timing limitation.

Deferred tax liabilities

The item includes deferred tax liabilities on the revaluation of land pursuant to Legislative Decree 185/2008.

Tax charge reconciliation

In order to allow a reconciliation between the tax charge from the accounts and the theoretical tax charge, in accordance with the appropriate accounting principles (OIC document no. 25) below are reported the differences relevant to IRES and IRAP purposes.

RECONCILIATION BETWEEN TAX CHARGE FROM THE ACCOUNTS AND THEORETICAL TAX CHARGE (IRES)			
Pre-tax result (loss)		**867,306**	
Theoretical tax charge (24% tax rate)			**208,153**
Temporary differences:			
- Deductible in subsequent years:			
Charge to the provision for risks and charges	1,147,425		
Charge to the provision for doubtful accounts	156,364		
Other costs	141,806		
		1,445,595	
- Taxable in subsequent years:			
Tot.		-	
Reversal from previous years:			
Release from provision for risks and charges	(1,086,780)		
Other costs	(365,010)		
Tot.		(1,451,790)	
Permanent differences:			
- For the year :			
non-deductible amortisation/depreciation	-		
Telephone expenses	33,889		
Travelling expenses	48,142		
Non-deductible tax and duties	427,976		
Prior-year operating costs	655,053		
Staff indemnity leaving (TFR)	-		
Prior years' taxes	(85,060)		
10% Irap deduction	-		
Deductible Irap related to personnel costs	-		
20% recovery related to IMU (*Municipal property tax*)	(74,177)		
Tot.		1,005,322	
Gross taxable income (tax loss)		**131,820**	
Current IRES income tax for the year			**-**

RECONCILIATION BETWEEN TAX CHARGE FROM THE ACCOUNTS AND THEORETICAL TAX CHARGE (IRAP)			
Difference between production value and cost		**819,361**	
Costs not relevant to Irap purposes	24,898,359		
Total		**25,717,720**	
Theoretical tax charge (3.9% tax rate)			1,002,991
Temporary differences:			
- Deductible in subsequent years:			
Charge to the provision for risks and charges	886,119		
Other costs	56,806		
Tot.		942,925	
- Taxable in subsequent years:			
Tot.		-	
Reversal from previous years:			
Release from provision for risks and charges	(869,820)		
Release from other provisions	(217,638)		
Tot.		(1,087,458)	
Permanent differences:			
- for the year :			
Losses on receivables	47,243		
IMU (Municipal property tax)	370,885		
Other non-deductible items	633,824		
Other non-deductible costs	388,529		
Other decreases	(2,571,366)		
Tot.		(1,130,885)	
Gross taxable income (tax loss)		**24,442,302**	
Tax wedge	(24,522,255)		
Net taxable income		**(79,953)**	
Current IRAP tax for the period			**-**

OTHER INFORMATION

Employment data

The average size of the Company's workforce, broken-down by category, recorded the following changes compared to the previous financial year:

Staff	2017 FY	2016 FY
Executives	9	10
Office workers	125	128
Manual workers	230	235
Fixed-term contracts (manual workers)	10	14
Total	**374**	**387**

The changes are mainly due to the corporate reorganisation that has mainly brought to a reduction in the units employed in the support functions.
The relevant national labour contract in force is the contract applicable to the metal and mechanical industry.

Remuneration to the Corporate bodies

The compensation given to the Board of Statutory Auditors, equal to € 64,750, remained unchanged from the previous financial year.

Directors are not entitled to any compensation, since they are all employees of the Novelis Group.

Fees to the auditing firm

Below is reported the information concerning the fees due to the legal auditors, i.e. the auditing firm, pursuant to Art. 2427 para. 1, point 16 bis of the Italian Civil Code:

Description	Prior period	Current period	Change
Legal audit of the accounts	76,000	85,000	9,000
Services other than the legal audit	15,000	20,000	5,000
Total	**91,000**	**105,000**	**14,000**

Information on exceptional costs and revenues

The Company, in the course of the financial year, did not record any exceptional costs and revenues as contemplated by Art. 2427, para. 1, point 13 of the Italian Civil Code.

Financial instruments

Pursuant to Art. 2427-bis, para. 1, point 1) of the Italian Civil Code, below are provided the fair value and the information on the entity and nature of the outstanding transactions related to the exchange rate risk management and to the metal price risk management (Fixed Forward Price):

Forward contracts	Currency	Amount in currency	Amount in Euro	Positive FV	Negative FV	Total
Purchase	USD	16,473,886	15,409,116	31,420	-129,037	-97,617
Sale	USD	3,647,348	3,411,606	17,318	-24,133	-6,815
Sale	GBP	659,625	771,013	516	-4,001	-3,485
		Total hedging transactions	**19,591,735**	**49,254**	**-157,171**	**-107,917**

FFP	Tons	Nominal value in USD	Nominal value in Euro	Positive FV	Negative FV	Total
Metal	4,068	7,967,276	7,452,321	230,723	-275	230,448

The counterpart of the above-mentioned transactions is the company Novelis AG, which is subject to the control of the parent companies.

Positive and negative balances related to the forward contracts outstanding at 31 March 2017 and valued as hedging instruments have been recorded respectively in the Balance Sheet in the item “Derivative assets” under Current financial assets and in the item “Derivative liabilities” under Provisions for risks and charges.

Commitments, guarantees and potential liabilities

Guarantees in favour of third parties – securities for € 734 thousand issued by credit institutions in favour of the Customs Authorities for temporary import.

Contingent liabilities

With regard to the main tax assessments received and the pending litigation relating to direct and indirect taxes, it should be noted the following.

2005 taxable period

As already outlined in the Notes to the Financial Statements of the previous financial year, in the course of 2013 the Company was unsuccessful in the appeal – filed by the Revenue Authorities before the Milan Provincial Tax Commission – in relation to the notice of assessment for VAT pertaining to the 2005 taxable period (€ 263,853 plus interest and penalties).

Against this judgment of second instance, the Company filed:

- an appeal to the Court of Cassation;
  an appeal for partial revocation to the Milan Provincial Tax Commission.

The Milan Provincial Tax Commission upheld the appeal for revocation of the judgment of second instance filed by the Company, thereby cancelling the notice of assessment in the amount € 167,804 for taxes (plus any related interest and penalties).

The judgment of the Commission was declared, on the basis of the opinion expressed by an expert, voidable for vices which may be brought before the Court of Cassation.

Consequently, the Company – which in any case is waiting for a hearing before the Court of Cassation – has not set aside any provisions for risks.

2007 taxable period

A notice of assessment for the 2007 taxable year was served in relation to the IRES tax (€ 841,043), IRAP tax (€ 108,626), VAT (€ 509,722), withholdings on interest (€ 17,825), as well as penalties and interest for € 2,440,370.

With regard to this assessment, the Company filed an appeal to the Milan Provincial Tax Commission, which was upheld in full.

Against this favourable judgement, the Revenue Authorities appealed to the Milan Provincial Tax Commission. The Company thus appeared before the judge by presenting its counter-deductions to the Milan Provincial Tax Commission on 11 April 2014.

The judgement of second instance, unfavourable to the Company, was challenged before the Court of Cassation.

On 22 April 2015, the Company received a notice from Equitalia (Italian State owned tax collection agency) requiring a payment of € 2,227,601.

The Company filed an appeal to suspend the collection, subsequently rejected by the Milan Provincial Tax Commission.

Consequently, the Company paid by instalments the requested amounts, which have been recorded in the item “Tax receivables”, while waiting for the judgment before the Court of Cassation, since it is deemed that the Company has valid defensive arguments.

2011 and 2012 taxable periods

On 19 December 2014 an Ascertainment Report was notified upon the conclusion of a tax inspection started on 29 May 2014, concerning the taxable period ended 31 March 2011 and 31 March 2012.

Taxable period ended 31 March 2011: with regard to the notices of assessment for: IRES tax (€ 224,996 plus interest and penalties), IRAP tax (€ 99,848 plus interest and penalties) and the ascertainment report for the imposition of penalties described in the Notes to the Financial Statements of the previous financial year, the Company on 16 March 2017 signed a settlement agreement with the Revenue Authorities.

The settlement agreement relating to the IRES tax provides for a higher final taxable income of € 459,545.43 (against a higher taxable income assessed of € 818,168.55). The adjustment of the income has not any impact on the prior-year losses carried forward, since the Company has used losses that can no longer be carried forward.
The settlement agreement relating to the IRAP tax provides for a higher taxable income of € 546,100.00 (against a higher taxable income assessed of € 2,554,583.00). On 16 March 2017, the Company paid the amount due for IRAP, equal to € 26,851.85 (including interest and penalties).
With regard to the notice of assessment for the penalties, the Company paid an amount of € 667.

The dispute relating to withholding taxes is still pending (€ 129,398 plus interest and penalties).

Taxable period ended 31 March 2012: with regard to the notices of assessment for: IRES tax (adjustment of prior-year losses for € 1,005,057), IRAP tax (€ 116,606 plus interest and penalties) and the ascertainment report for the imposition of penalties described in the Notes to the Financial Statements of the previous financial year, the Company on 16 March 2017 signed a settlement agreement with the Revenue Authorities.

The deed of adherence relating to the IRES tax provides for a higher taxable income of € 660,530.00 (against a higher taxable income assessed of € 1,005,057.00). This has led to a reduction in the tax losses carried forward of equal amount.

The deed of adherence relating to the IRAP tax provides for a higher taxable income of € 616,000 (against a higher taxable income assessed of € 2,984,944.00). On 16 March 2017, the Company paid the amount due for IRAP, equal to € 30,156.38 (including interest and penalties).

With regard to the notice of assessment for the penalties, the Company paid an amount of € 675.

The dispute relating to withholding taxes is still pending (€ 171,479 plus interest and penalties).

Related party transactions

In order to ensure a correct transparency in the accounts, it should be noted that in the financial year under review related party transactions have been carried out at arm's length. For further information on the related parties, please refer to the Directors' Report.

Accounting effects of the Accounting Reform

These Notes contain the information required by OIC no. 29 and, in particular, the description of the impacts of the Accounting Reform on the financial position, the results of operations and the Shareholders' equity of the Company. The following documentation has been prepared for this

purpose:

- the reconciliation statement between the Shareholders' equity of the Company at 1 April 2015 and at 31 March 2016 determined on the basis of the accounting principles in force prior to the Reform with the Shareholders' equity determined, for comparative purposes only, as if the accounting principles in force after the Reform had always been applied;
- the reconciliation statements between the balance sheet and the income statement as at 31 March 2016, prepared in accordance with the Italian Civil Code before the Reform with, for comparative purposes only, the balance sheet and the income statement prepared as if the accounting principles in force after the Reform had always been applied;
- the explanatory notes relating to the reclassifications included in the above-mentioned reconciliation statements.

Reconciliation of the Shareholders' equity and explanatory notes

Accounting for the derivative's fair value

The Accounting Reform has introduced the fair value valuation method as a reference model for the measurement and representation of derivative instruments in the financial statements.
Consequently, the Company has recorded in the Balance Sheet at 1 April 2015 and at 31 March 2016 the total positive fair value of derivative assets under "current financial assets" and the total negative fair value of derivative liabilities under "provisions for risks and charges", equal to € 253,059 and € 996,008 respectively. The negative change, equal to € 367,674, was recorded in the item "Write-downs - financial derivative instruments" in the Income Statement.

(In Euro)	**Shareholders' equity at 01/04/2015**	**Net income (loss) for the 2015/16 financial year**	**Other changes in Shareholders' equity**	**Shareholders' equity at 31/03/2016**
Financial Statements approved by the Shareholders' meeting of 20/05/2015	**66,027,347**	**889,230**	**-**	**66,916,577**
Derivative's fair value impact	(155,326)	(367,674)	-	**(523,000)**
Financial Statements modified as a result of the Reform	**65,872,021**	**521,556**	**-**	**66,393,577**

Balance Sheet Reconciliation

(In Euro)	**31/03/2016** As approved by the Shareholders' meeting of 20/5/2016	**New numbering of some items**	**Balances related to companies under the control of the common parent company**	**Derivative's fair value impact**	**31/03/2016** Following the reform
ASSETS					
TOTAL I. INTANGIBLE ASSETS	**200,726**	**-**	**-**	**-**	**200,726**
TOTAL II. PROPERTY, PLANT AND EQUIPMENT	**67,012,484**	**-**	**-**	**-**	**67,012,484**
III. FINANCIAL ASSETS					
1) Equity investments:					
~~d) other companies;~~	3,590	(3,590)	-	-	-
d-bis) other companies	-	3,590	-	-	3,590
Total equity investments (1)	**3,590**	**-**	**-**	**-**	**3,590**
2) Trade and Other Receivables:					
~~d) due from others;~~	1,988,644	(1,988,644)	-	-	-
d-bis) due from others	-	1,988,644	-	-	1,988,644

Total trade and other receivables (2)	**1,988,644**	**-**	**-**	**-**	**1,988,644**
TOTAL III. FINANCIAL ASSETS	**1,992,234**	**-**	**-**	**-**	**1,992,234**
TOTAL NON-CURRENT ASSETS (B)	**69,205,444**	**-**	**-**	**-**	**69,205,444**
C) CURRENT ASSETS					
TOTAL I. INVENTORIES	**34,118,850**	**-**	**-**	**-**	**34,118,850**
II. RECEIVABLES with separate indication, for each item, of the amounts due after 12 months:					
1) trade receivables	11,720,358	-	-	-	11,720,358
4) due from parent companies	5,491,632	-	-	-	5,491,632
~~4-bis) tax receivables~~	1,586,574	(1,586,574)	-	-	-
~~4-ter) deferred tax assets~~	100,277	(100,277)	-	-	-
~~5) due from others~~	3,761,851	(3,761,851)	-	-	-
5) due from companies under the control of parent companies	-	-	1,948,193	(44,995)	1,903,198
5-bis) tax receivables	-	1,586,574	-	-	1,586,574
5-ter) deferred tax assets	-	100,277	-	-	100,277
5-quater) due from others	-	3,761,851	(1,948,193)	-	1,813,658
TOTAL II. RECEIVABLES	**22,660,692**	**-**	**-**	**(44,995)**	**22,615,697**
III. CURRENT FINANCIAL ASSETS					
5) derivative assets	-	-	-	253,059	253,059
TOTAL III. CURRENT FINANCIAL ASSETS	**-**	**-**	**-**	**253,059**	**253,059**
TOTAL IV. CASH AND CASH EQUIVALENTS	**25,434**	**-**	**-**	**-**	**25,434**
TOTAL CURRENT ASSETS (C)	**56,804,976**	**-**	**-**	**208,064**	**57,013,040**
TOTAL ACCRUED INCOME AND PREPAID EXPENSES (D)	**239,700**	**-**	**-**	**-**	**239,700**
TOTAL ASSETS (A + B + C + D)	**126,250,120**	**-**	**-**	**208,064**	**126,458,184**
LIABILITIES					
A) SHAREHOLDERS' EQUITY					
I. Share capital	96,000,000	-	-	-	96,000,000
IV. Legal reserve	611,647	-	-	-	611,647
VI. Other reserves, shown separately:					
Amounts paid-in for future capital increase	-	10,000,000	-	-	10,000,000
Total other reserves (VI)	**-**	**10,000,000**	**-**	**-**	**10,000,000**
~~VII. Other reserves, shown separately.~~					
~~*Amounts paid-in for future capital increase*~~	10,000,000	(10,000,000)	-	-	-
~~**Total other reserves (VII)**~~	**10,000,000**	**(10,000,000)**	**-**	**-**	**-**
VIII. Retained earnings (accum. losses) carried forward	(40,584,300)	-	-	(155,326)	(40,739,626)
IX. Net income (loss) for the year	889,230	-	-	(367,674)	521,556
TOTAL SHAREHOLDERS' EQUITY	**66,916,577**	**-**	**-**	**(523,000)**	**66,393,577**
B) PROVISIONS FOR RISKS AND CHARGES					
1) retirement benefit obligations	417,730	-	-	-	417,730
~~3) others~~	452,093	(452,093)	-	-	-
3) derivative liabilities	-	-	-	996,008	996,008
4) others	-	452,093	-	-	452,093
TOTAL B) PROVISIONS FOR RISKS AND CHARGES	**869,823**	**-**	**-**	**996,008**	**1,865,831**
C) STAFF LEAVING INDEMNITY (TFR)	**3,310,928**	**-**	**-**	**-**	**3,310,928**
D) PAYABLES					
4) bank borrowings	1,082	-	-	-	1,082
7) trade payables	36,778,405	-	-	-	36,778,405
11) due to parent companies	114,604	-	-	-	114,604
11-bis) due to companies under the control of parent companies	-	-	11,804,860	(264,944)	11,539,916
12) tax payable	334,701	-	-	-	334,701
13) due to insurance and pension institutes	1,772,684	-	-	-	1,772,684
14) other payables	16,151,316	-	(11,804,860)	-	4,346,456
TOTAL PAYABLES (D)	**55,152,792**	**-**	**-**	**(264,944)**	**54,887,848**
TOTAL LIABILITIES/SHAREHOLDERS' EQUITY (A + B + C + D + E)	**126,250,120**	**-**	**-**	**208,064**	**126,458,184**

Income Statement Reconciliation

(In Euro)	31/03/2016 As approved by the Shareholders' meeting of 20/05/2016	Elimination of the "E" items of the Income Statement	Balances related to companies under the control of the common parent company	Derivative's fair value impact	31/03/2016 Following the reform
A) VALUE OF PRODUCTION (REVENUE)					
1) Revenues from sales and rendering of services	184,978,352	-	-	-	184,978,352
2) Change in inventories of work in progress, semi-finished and finished products	754,298	-	-	-	754,298
5) Other revenues and income	7,055,737	75,798	-	-	7,131,535
TOTAL VALUE OF PRODUCTION (REVENUE) (A)	**192,788,387**	**75,798**	**-**	**-**	**192,864,185**
B) PRODUCTION COSTS				-	-
6) raw, ancillary and consumable materials	121,575,192	-	-	-	121,575,192
7) costs of services	32,937,116	64,559	-	-	33,001,675
8) leases and rentals	983,260	-	-	-	983,260
9) personnel costs					
a) wages and salaries	16,321,403	-	-	-	16,321,403
b) social security contributions	6,666,630	-	-	-	6,666,630
c) staff leaving indemnity	1,355,508	-	-	-	1,355,508
e) other costs	68,365	425,666	-	-	494,031
total personnel costs (9)	**24,411,906**	**425,666**	**-**	**-**	**24,837,572**
total amortisation, depreciation and write-downs (10)	**6,559,716**	**-**	**-**	**-**	**6,559,716**
11) change in inventories of raw, ancillary, and consumable materials	(10,459)	-	-	-	(10,459)
14) other operating expenses	1,195,250	124,877	-	-	1,320,127
TOTAL PRODUCTION COSTS (B)	**187,651,981**	**615,102**	**-**	**-**	**188,267,083**
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A -B)	**5,136,406**	**(539,304)**	**-**	**-**	**4,597,102**
C) FINANCIAL INCOME AND CHARGES					
Total other financial income (16)	**182**	**-**	**-**	**-**	**182**
17) interest and other financial charges					
companies under the control of parent companies	-	-	263,305	-	263,305
others	2,951,168	-	(263,305)	-	2,687,863
Total interest and other financial charges (17)	**2,951,168**	**-**	**-**	**-**	**2,951,168**
17-bis) exchange gains and losses	**(512,822)**	**-**	**-**	**-**	**(512,822)**
realised	(292,873)	-	-	-	(292,873)
from valuation	(219,949)	-	-	-	(219,949)
TOTAL FINANCIAL INCOME AND CHARGES (C)	**(3,463,808)**	**-**	**-**	**-**	**(3,463,808)**
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS					
19) write-downs :					
d) of financial derivative instruments	-	-	-	367,674	367,674
Total write-downs (19)	**-**	**-**	**-**	**367,674**	**367,674**
TOTAL VALUATION ADJUSTMENTS TO FINANCIAL ASSETS (D)	**-**	**-**	**-**	**(367,674)**	**(367,674)**
~~**E) Extraordinary income and charges**~~					
~~**20) INCOME WITH SEPARATE INDICATION OF GAINS FROM DISPOSALS**~~					
~~gains from disposals, which cannot be recorded under no. 5~~	75,798	(75,798)	-	-	-
~~other~~	93,896	(93,896)	-	-	-
~~**Total income (20)**~~	~~**169,694**~~	~~**(169,694)**~~	~~**-**~~	~~**-**~~	~~**-**~~
~~**21) CHARGES, WITH SEPARATE INDICATION OF LOSSES FROM DISPOSALS AND OF PRIOR YEARS' TAXES**~~					
~~losses from disposals, which cannot be recorded under no. 14~~	109,877	(109,877)	-	-	-

~~other~~	505,225	(505,225)	-	-	-
~~Total charges (21)~~	**615,102**	**(615,102)**	**-**	**-**	**-**
~~TOTAL EXTRAORDINARY INCOME AND CHARGES (E)~~	**(445,408)**	**445,408**	**-**	**-**	**-**
PRE-TAX RESULT ~~(A - B +/- C +/- D +/- E)~~					
PRE-TAX RESULT (A - B +/- C +/- D)	**1,227,190**	**(93,896)**	**-**	**(367,674)**	**765,620**
22) CURRENT AND DEFERRED INCOME TAXES FOR THE YEAR					
current taxes	254,740	-	-	-	254,740
deferred tax assets and liabilities	83,220	-	-	-	83,220
prior years' taxes	-	(93,896)	-	-	(93,896)
Total current and deferred income taxes for the year (22)	**337,960**	**(93,896)**	**-**	**-**	**244,064**
23) INCOME (LOSS) FOR THE YEAR	**889,230**	**-**	**-**	**(367,674)**	**521,556**

Agreements not resulting from the Balance Sheet

The Company had no agreements in place not resulting from the Balance Sheet, which may have a significant impact on the financial position and results of operations of the Company pursuant to Art. 2427, .22-Ter of the Italian Civil Code.

Significant events subsequent to year-end

No subsequent events occurred after the year end.

These Financial Statements, comprising the Balance Sheet, the Income Statement, the Cash Flow Statement and these Notes to the Financial Statements, give a true and fair view of the financial position and results of operations for the year ended 31 March 2017, and are in agreement with the accounting records.

Allocation of the result for the year

The following resolution has been proposed:

the Shareholders' Meeting, having heard the Board of Directors' remarks and taken due note of the Independent Auditor's Report and the Report of the Board of Auditors, unanimously has resolved to approve:

- the Financial Statements as at 31 March 2017 and the Directors' Report.
- the proposal to carry forward the net loss of € 867,306.

Steven Kenneth Clarke
Member of the Board of Directors
Bresso, 24 April 2017