Albini
GROUP

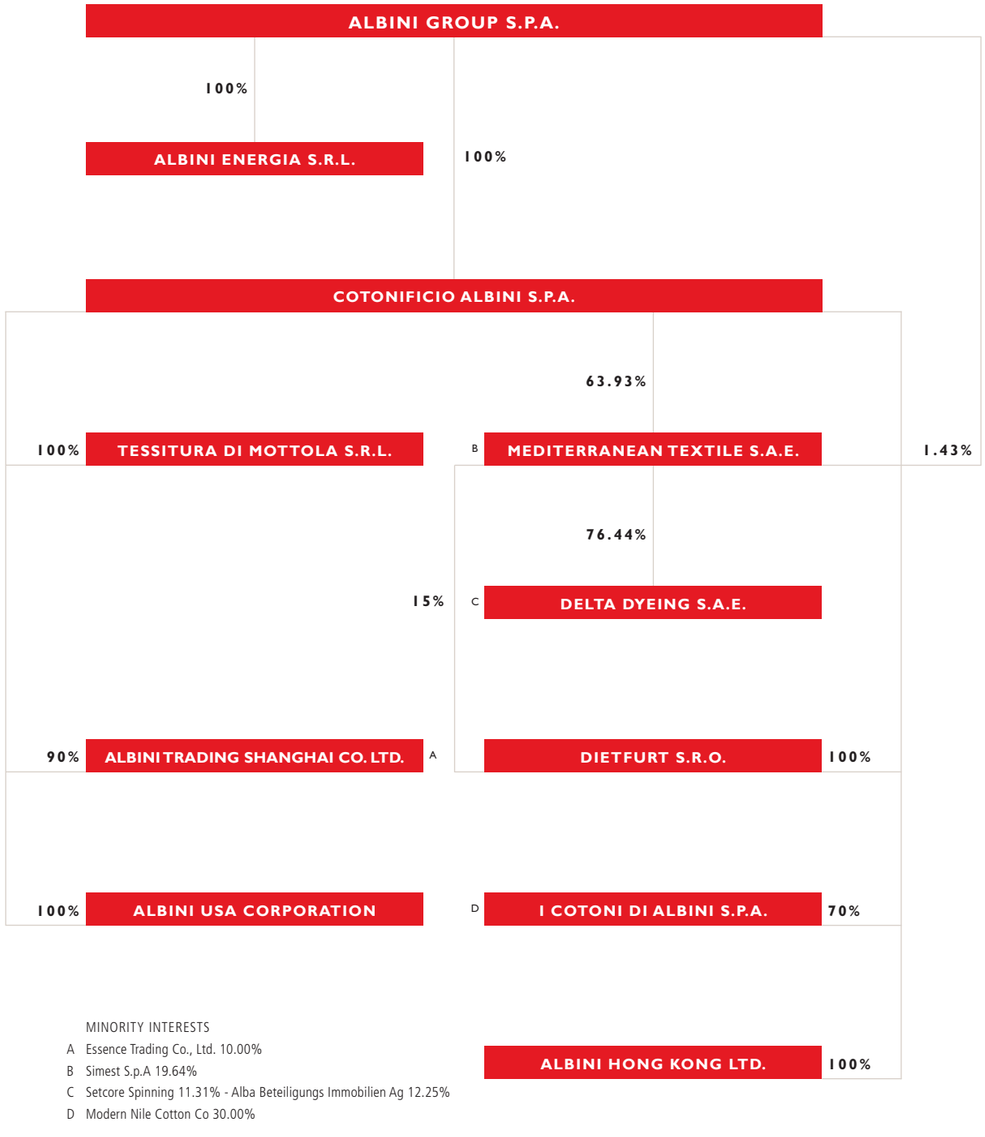
ANNUAL REPORT 2015

SUMMARY

ALBINI GROUP S.P.A.

DIRECT PRESENCE WORLDWIDE

GROUP STRUCTURE



MINORITY INTERESTS

A Essence Trading Co., Ltd. 10.00%

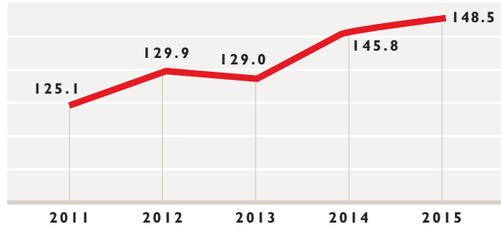
B Simest S.p.A 19.64%

C Setcore Spinning 11.31% - Alba Beteiligungs Immobilien Ag 12.25%

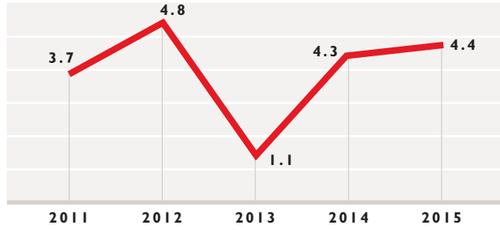
D Modern Nile Cotton Co 30.00%

ECONOMIC AND FINANCIAL INDICATORS

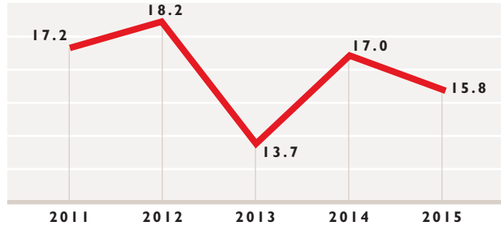
NET REVENUE
(million Euros)



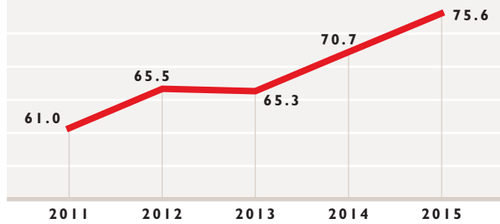
NET PROFIT
(million Euros)



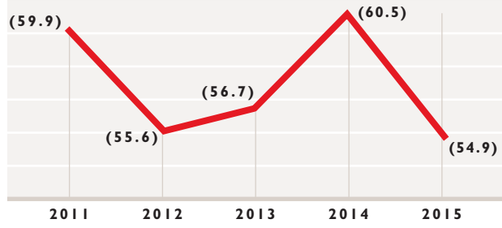
EBITDA
(million Euros)



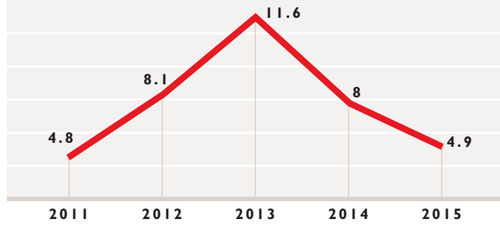
SHAREHOLDERS' EQUITY
(million Euros)



NET FINANCIAL POSITION
(million Euros)



INVESTMENTS
(million Euros)



COMPANY BODIES

BOARD OF DIRECTORS
ALBINI GROUP S.P.A.

PRESIDENT	Fabio Albini
MEMBERS OF THE BOARD	Andrea Albini Silvio Albini Giovanni Albini Giovanni Carlo Albini Laura Albini Monica Albini Stefano Albini Elena Guffanti Pesenti Marino Guffanti Pesenti

STATUTORY AUDITORS

Danilo Arici
Lorenzo Gelmini
Fabrizio Lecchi

INDEPENDENT AUDITORS

KPMG S.P.A.

BOARD OF DIRECTORS
COTONIFICIO ALBINI S.P.A.

PRESIDENT	Silvio Albini
MEMBERS OF THE BOARD	Fabio Albini Andrea Albini Stefano Albini Giovanni Carlo Albini

STATUTORY AUDITORS

Danilo Arici
Fabrizio Lecchi
Lorenzo Gelmini

INDEPENDENT AUDITORS

KPMG S.P.A.

Albini GROUP

SINCE 1876

OUR COMMITMENT AND AMBITION

HAS BEEN TO CREATE THE MOST BEAUTIFUL FABRICS

FOR SHIRTS IN THE WORLD

OUR VALUES:

INNOVATION

PRODUCT EXCELLENCE

SERVICE THAT CREATES VALUE

BRAND IDENTITY

FAMILY AND TERRITORY

ETHICAL RESPONSIBILITY

We design and manufacture our products for the International market, guaranteeing the style, innovation and quality that distinguish the Made in Italy brand.

ANDREA, FABIO, SILVIO AND STEFANO ALBINI

THE PRESIDENT'S LETTER

Large and rapid changes, uncertainty and complexity characterise the world in which we live. The sectors of textile, clothing and luxury consumption are deeply influenced by global circumstances, particularly reflecting the slowdown in growth in the emerging countries, especially China, and the mediocre growth in the mature countries.

Considering this situation, which our company must also live with day to day, I believe that the results obtained in 2015 are generally positive. We achieved a small but significant increase in the Group turnover, which reached 148.5 million Euros in comparison with 145.8 million in 2014, achieved mainly thanks to products with high added value and the contribution of the new initiatives that have emerged in recent years: I cotoni di Albini and Albini Energia. Once again the International presence of our Group, in particular the commercial presence in over 80 different markets, has allowed us to divide the geopolitical, economic and currency risks between the different areas of the world.
In particular, during 2015 we have strengthened our position in the US market, where the reorganisation and strengthening of our New York office is bearing good fruit. We have also strengthened our position in the Far East since the acquisition of our Hong Kong distributor made in 2014 is giving greater satisfaction than had been expected.

The economic results have largely held compared to 2014, with a decrease in EBITDA from 17 to 15.8 million Euros, but with a slight increase in the cash flow 13.3 to 13.7 million Euros and a net profit 4.3 to 4.4 million Euro. The revaluation of the US Dollar during the year, which for exports is generally positive, results for our management in a major challenge because in our Income Statement purchases of raw materials in US Dollars are higher than actual sales in US Dollars. A prudent hedging of foreign exchange rates has so far confronted this phenomenon. Positive results have been achieved in terms of the decrease in net debt, its consolidation in the medium term and the strengthening of the capital base of the company.

The net financial position has improved from -60.5 to -54.9 million Euros and the Group's shareholders' equity grew 70.7 to 75.6 million. Reports Net debt/shareholders' equity and net debt/EBITDA were increased from 0.89 to 0.76 and 3.6 to 3.5 indicating a strengthening of the financial and capital strength, which is crucial in a time of so much uncertainty.
The factors that contributed to this improving debt have been various, including the decrease in investments (4.9 million) compared to the exceptional commitment of the investments of the previous three years (27 million). Moreover, the maintenance in Italy and in Europe of the manufacturing facilities, plants and machinery, keeping them constantly updated and efficient remains one of the main characteristics of our Group, which increasingly differentiates us from many competitors.

Among the key events of 2015 we include in particular the major reorganisation of our yarns division (I Cotoni di Albini SpA) established to confirm our commitment in this segment that we consider strategic for the Group as a whole and coherent with the company policy to particularly take care of the quality and innovative component of our raw materials.
Albini Energia has been very busy, as addition to its normal energy saving activities, in a large technical consulting contract for a major textile manufacturing facility in Vietnam, headed by a leading Asian group.

2016 is our 140th anniversary of the founding of Cotonificio Albini. Throughout its life there have been moments of growth, but also difficult moments. We have behind us eight years of crisis and frankly there are no clear signs of a rapid improvement in the general economic outlook neither in our own sector of industry, which remains extremely competitive. However we look to the future with a certain amount of confidence because the choices made over these long years throughout many generations, in terms of industrial structure, internationalisation, innovation and product quality, through sustainability and transparency of our supply chain, all converge towards the core values that customers and consumers today seem to increasingly aspire.

I wish to conclude by thanking our employees, customers and suppliers, who once again this year have accompanied us in a process of continuous improvement, creative development and research towards even better quality, always respecting the environment.

Greetings to all

Cav. Lav. Silvio Albini
President Cotonificio Albini S.p.A.

HISTORY

1876
The company was founded by Zaffiro Borgomanero in 1876 in Desenzano sul Serio, in the municipality of Albino in Valle Seriana, under the name "Z. Borgomanero & C.". After only one year of operation, the weaving mill already boasted 40 mechanical looms and 44 workers.

1907
Giovanni Albini participated in the founding of the Industrialists' Association of Bergamo, composed primarily of companies in the textile sector.

1919
His children, Riccardo and Silvio, respectively inherited the spinning mill, Industrie Riunite Filati, and the weaving mill, which took the name of "Dr. Silvio Albini & C.".

GIOVANNI ALBINI

1884
The company received an important recognition that attested the quality of the fabrics produced: the bronze medal in the Italian Industrial Exhibition in Turin.

1890
Not having had any children, Zaffiro Borgomanero left the company to his nephew Giovanni Albini. In the census survey of that year, 107 looms and 90 workers were reported. Giovanni Albini became a major player in the local economy and was named president of the Chamber of Commerce of Bergamo.

1930
The company, thanks to new forms of organization, with the introduction of semi-automatic looms and dyeing plants for yarns, faced the big crisis of 1929 and came out even stronger than before.

1946
After the war there was strong growth in production and employment.

1962
The new weaving room was built, designed in a very innovative way. Management responsibilities passed gradually to the fourth generation, represented by Giancarlo, Marino, Piero and Gianni.

1984-1990
The fifth generation of the Albini family gradually entered the company, Silvio first, then Fabio (Silvio's cousin), Andrea and Stefano (Silvio's brothers) who would in time assume the positions of sales director, creative director, industrial director and chief financial officer. Thanks to the commitment of the fifth generation, where Silvio took on the role of CEO, Cotonificio Albini initiated its international efforts, developing a network of agents and Clients in a large number of countries. At the same time it made a major investment in the modernization of its production facility in Albino.

1992
Three historic British brands were acquired: Thomas Mason, David & John Anderson and Ashton Shirtings. This allowed for reliance on international brands and a historic archive consisting of over 700 volumes of fabric samples, a real benchmark for product creation.

2009-2010
In 2009 Mediterranean Textile weaving mill became operative in Egypt, the place of origin of the best cotton in the world. The following year, in the same location, Delta Dyeing, the new dyeing plant for yarns, was inaugurated. In 2010 Albini Group began the innovative project of cultivation of two fields of cotton in Egypt called Giza 87 and Giza 45, producing some of the finest cottons in the world.

2013
The Group's new sales office, Albini Hong Kong, was opened so as to be global, but increasingly close to Customers.

2014
Opening of a new sales office in New York. Albini Group obtains the Authorised Economic Operator certificate (AEO), status released by the Customs that represents an incentive to the international development.

1996
The path of vertical integration started by the acquisition of the finishing plant of Brebbia (VA). This was the first factory outside the historic headquarters of Albino.

2000-2006
Manifattura di Albiate and Dietfurt S.r.o. (in Czech Republic) were purchased. In 2003, the production site in Mottola, an exceedingly modern facility for fabric preparation and weaving was inaugurated in the province of Taranto. The Albini Group was thus starting to take shape.

2008
Albini Group created a new Logistics Centre in Gandino (BG) supporting all the other facilities. Raw yarns, raw fabrics and finished fabrics were stored, with an additional large space reserved for fabric inspection, laboratory for analysis and testing of finished fabrics.

2011
Albini Trading Shanghai was founded. The finished fabric laboratory received a prestigious accreditation from ACCREDIA in accordance with European and international standards. The new spinning line was inaugurated, designed to produce the finest yarns at the NK Textile facility in Ceto (BS).

2012
Albini Group, after many years of constant commitment and significant investment in terms of energy savings in its own industrial sites, has given life to Albini Energia. The new company has the objective to protect the ecosystem, providing guidance and planning sustainable industrial solutions with low environmental impact.

The conclusion of the three years investments plan that allowed the renewal of the dyeing department and the replacement of numerous looms. Launch of the new project Thomas Mason Accessories.

2015
Albini, donna, a collection born in 2012 and dedicated to the female universe, it is stating as a fundamental part of the Group offer, able to meet the needs of a classic yet modern woman, in a perfect balance of contrasts: a masculine elegance and the femininity of precious fabrics.

INTERNATIONALISATION AND DIVERSIFICATION OF RISKS

The Albini Group is an international company with a direct export to over 80 countries worldwide.

The strategy in the main business for production of shirting fabric is clear:

- In Italy great attention is paid to the exports of the Italian brand products and to the value of the authentic Made in Italy; also attention is given to Customers in the medium-high and high level concentrated in the Italian market;
- In Europe, still considered the Group's domestic market by its presence, the company is conscious of still having significant room for growth and penetration in different countries and in different segments, knowing that European consumers are still among the most sophisticated, the most demanding and the most advanced in the world;
- In the rest of the world it pursues a more and more consolidated presence in the most interesting and stable markets: in this regard the offices of New York, Shanghai and Hong Kong are deepening their knowledge and obtaining greater penetration in these areas of world. Added to this are important efforts in smaller interesting markets, such as Gulf countries, some countries in Latin America, and some African countries.

The internationalisation strategy is pursued through a comprehensive approach, but with investment and local attention that anticipate and respond to the needs of each individual market, seeking to diversify risk through a presence distributed across several currency areas and in the various markets, where the Group is also proposing a varied product segmentation through different brands and style proposals.

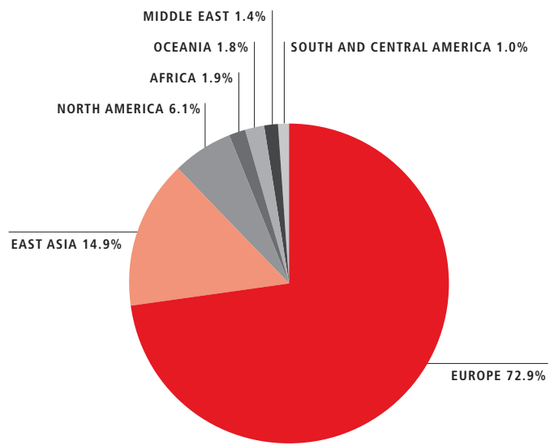
The Group's vocation to the Made in Italy continues to be much appreciated and sought after not only by the large brands but also by final use consumers who show more and more awareness and attention to the values that the Made in Italy fabrics represent: quality, creativity, excellence and innovation.

Important at the international level is also the presence in specialist trade fairs where the Group presents wide and innovative collections created by its stylistic team each season.

In 2015 the Group participated at the two seasonal Italian fairs Milano Unica and Prima, the pre-collections exhibition; abroad at Première Vision Paris and Istanbul, Denim by Première Vision, in Munich Fabric Start, Milano Unica New York and Shanghai.

Fairs that present, at the earliest opportunity and to the most prestigious Customers of the world, the trends of the new season and the innovative proposals of the Albini Group various brands: Cotonificio Albini, Albini, Donna, Thomas Mason, David & John Anderson and Albiate 1830.

TURNOVER BY GEOGRAPHICAL SEGMENT



AGENTS MEETING - SEPTEMBER 2015

HUMAN RESOURCES

In line with the Group's growth strategy, the headcount for the year 2015 was reinforced in many of its facilities, predominantly Italian.
At the end of 2015, the Albini Group is composed of 1,390 employees, an increase from 2014, with a staff comprising of 27 different nationalities.
The distribution between the different companies is as follows:

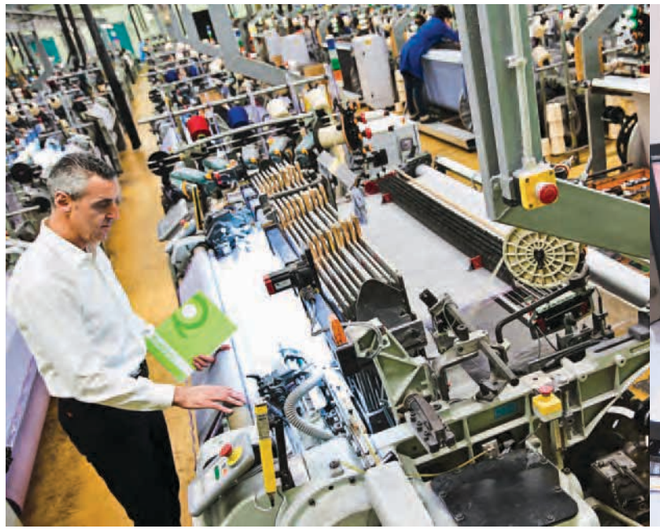
Cotonificio Albini	751	I Cotoni di Albini	5
Tessitura di Mottola	121	Albini USA	1
Dietfurt	215	Albini Hong Kong	6
Mediterranean Textile	257	Albini Energia	9
Delta Dyeing	25		

Also this year a number of young university graduates joined the company.
More specifically 17 graduates entered the company, of which nearly half have achieved a qualification in engineering with different specialisations, from textiles to electronics; the rest are graduates in economics, linguistics, industrial design; three young post-graduates have attended an MBA. There were 12 graduates in textile disciplines, chemistry and linguistics. These insertions were made possible thanks to a greater flexibility in managing human resources granted by the new Italian legislation.
Albini Energia has renewed impetus thanks to the inclusion of a number of young people with highly specialised professional profiles. In the industrial facilities the Group secured the satisfactory replacement of the turnover.

The average age of Group employees is maintained at around 40 and the total percentage of higher educated employees has increased further, now exceeding 44% of the workforce. The presence of women in Italian society is substantially constant comprising on 67% among the factory operatives, with an increase in the office staff to 66%.

During the course of the exercise the training plan was divided into different subject areas:

- Safety: they continued with the coordination function of the RSPP (Head of Prevention and Protection Service), the training and awareness of the different aspects of professional procedures and the organisation of the security situation.
- Language studies (English - French - German - Spanish) with the involvement of over 55 people between employees and managers, through lessons in small groups, individual and distance learning.
- Professional: through training and specialist technical update sessions that have involved about 50 participants with particular attention to the training plan of the function of management control that continues this year. Not to forget the traditional participation of some employees in the Master in Technology and Processes Supply Chain Processes in Textiles at the University of Bergamo.



- For the first time, an experiential training program has been initiated aimed at people involved in significant processes of change, supported by counselling techniques.

With the aim of supporting the homogenisation of working practices between the operatives and technical professionals in the countries where the Group operates, an exchange of experiences is made through shadowing and mentoring practices between the operatives.
Also this year partnerships were renewed with MAFED, Master in Fashion, Experience & Design Management at SDA Bocconi, with the Master in Marketing Management for the International Business and the Master in Technologies and Business Supply Chain Processes at the University of Bergamo and the Biella Master of Noble Fibres.
New collaborations have been born with the Master 'MTE Studios City Biella' and with the Institut Français de la Mode in Paris. These rapports also involve other universities and technological institutes with which the Group collaborates through offering internships for undergraduates and graduates and by promoting knowledge of the textile world also to the teachers at the technical schools in order to encourage the choice of textile career adoption in young people.
Consequently, this activity made it possible to initiate a total of 38 placements, of which:

- 16 extracurricular (which often result in subsequent hiring);
- 11 curricular;
- 11 of alternation between school and work, in particular with the industrial technical institutes.

RAW MATERIALS

For Albini Group, the research of excellence, starting from the raw material, is an essential part of the strategy. A team of experts travels around the world to select the best raw materials, sometimes available in a very limited quantity. Among these:

- Giza 45, the "Queen" of all Egyptian cottons. The most valued and precious Extra-long Staple, cultivated for the first time in Egypt in 1820, had been on the verge of extinction. During the years 2010-2012 Albini Group decided to save this precious species of cotton and replanted. The best seeds in the world, combined with an incomparable environment – a small area in the Nile delta – created the perfect conditions to obtain the finest cotton. The harvest is carried out manually in various steps, to select only the bolls with the correct maturity. The careful cultivation and the manual harvesting avoid the use of defoliants and chemical products. This cotton possesses a long and resistant fibre, perfect to obtain yarns of unparalleled fineness. An average annual production of 90 bales (equal to the 0,4% of the total Egyptian cotton production), that the Albini Group transforms in the most precious shirting fabrics.

- Giza 87, white, brilliant and silky. Cultivated exclusively in the particular climatic conditions in the fertile region of the Nile delta, the fibres of Giza 87 present extraordinary and unique characteristics; the staple is notably long and resistant. Giza 87 is one of the brightest cottons among the Egyptian Extra-Long Staple and this allows the creation of extremely luminous fabrics and guarantees particularly brilliant whites. The fabrics made with Giza 87 cotton do not degrade over time, on the contrary, through numerous washes, the softness and the freshness further increase.

ALBINI GROUP S.P.A.

- SEA ISLAND, the cotton with the longest staple in the world. Sea Island is one of the most ancient and precious species, discovered at the beginning of 1700 in the West Indies. Today, in Barbados and Jamaica, real paradise climate areas – only 130 bales of this extraordinary cotton are produced, and Albini Group owns the 100% of the Barbados production, equal to just 70 bales, thanks to a partnership with ECCI Cotton (association formed by small local farmers and supported by the Ministry of Agriculture of the island). The low temperature range between day and night ensures that the cotton does not suffer from thermal shock. Harvesting, by hand, is carried out with the utmost attention to not spoil that which nature has created. The organisation responsible WISICA (West Indian Sea Island Cotton Association) inspects every kilo of cotton produced locally and issues the Certificate of Authenticity for the yarns marked SEA ISLAND. The remarkable staple length allows the production of a resistant and homogeneous yarn, that guarantees brightness, body to the fabric and a silky touch, even after numerous washes.
  At the beginning of 2015 the new collection "West Indian Sea Island-Barbados" has been presented.

- CORCORAN, the exclusive selection of American Supima (Superior Pima) by Albini Group. Supima is a cotton with a long and fine fibre, cultivated mainly in California and suitable for the production of white fabrics and for the enhancement of colours. Corcoran is the name of a particular Supima selected by Albini Group that represents only the 1% of the local production. Its length, resistance and fineness are higher than the standard. The Supima Association controls and guarantees the provenance of each fabric bearing the Supima brand.

- LINEN, natural, elegant, European. The secret of the finest linen shirting fabric in the world is hidden in a beautiful light blue flower. Quality is the result of a combination of three factors: the availability of appropriate land, favourable climate, and the extraordinary knowledge of the linen growers. Albini Group entrusted the care of linen, certified for its origin 100% European by Masters of Linen, to Terre de Lin, the biggest European linen cooperative. Linen is sustainable: linen growers from Normandy have a know-how that has passed on for generations and contributes to the economic and social wellbeing of the growing areas. Linen is also eco-friendly: it produces no waste since all the parts are used and doesn't need a big amount of pesticides. The nature, the composition and the architecture of the fibres give linen exceptional properties: maximum resistance, high capability of humidity absorption, faster elimination of heat, hypoallergenic.

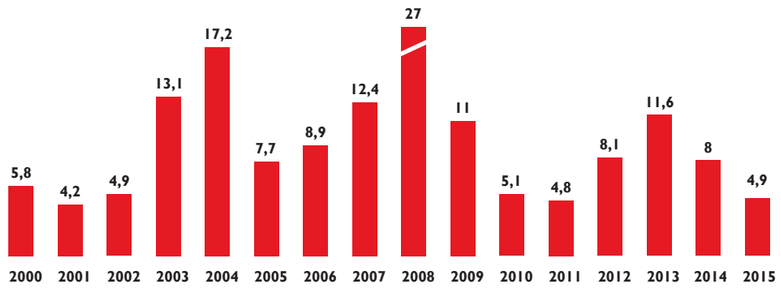
INVESTMENTS

In the four years 2012/2015 the Albini Group has invested over 30 million Euros, which have enabled the modernisation of the establishments making them more productive and flexible in various stages of the production process and always maintaining a high level of technology at all industrial sites of the Group. The investment cycle has made possible numerous interventions: at Albino there was a complete overhaul of the dyeing department, with the installation of avant-garde machinery, together with the replacement of 40 weaving looms that have increased production efficiency whilst simultaneously allowing further improvement in the quality of the fabrics produced. At the Logistical Hub in Gandino were installed new magnifying glasses for the inspection control of the textiles; in the weaving plants at Mottola and Mediterranean Textile in Egypt replacements of the looms which started in 2013 have now been completed. At the plant in Letohrad in Czech Republic has been installed new machinery for warping samples and a new Savio winder of the latest generation. At the finishing plant of Brebbia has been installed the new brushing line for the manufacture of "Flannels", and the new emerising line for obtaining "peach-skin" hand feel fabrics.

The goal is to ensure the best service to Customers and always be more responsive and fast in a market that increasingly requires these features.

Investments were also focused on areas of the product, marketing and communication, information systems, optimisation and rationalisation of processes: a fundamentally important commitment to continue to guarantee the quality standards and service to Customers and Consumers which today are increasingly aware and demanding.

Attention to Customer satisfaction and consistency of one who always offers a product of excellence, are also reflected in major investments in terms of sustainability. In all plants, thanks to the support and the know-how of Albini Energia, important investments for energy saving and environmental protection have been put into effect.



INVESTMENT TREND
(thousands Euros)

MARKETING AND GLOBAL COMMUNICATION

For a company of Made in Italy with a long history and a product of excellence it is important to be able to effectively communicate the key values and distinctive elements to all stakeholders. The Albini Group, to achieve this objective, continues to make targeted investments in marketing and communication, both for its own direct Customers, and also to promote understanding to the final end use consumer, the content of excellence in the product. In 2015 the Group has strengthened the activity of "ingredient branding", with the aim of supporting our Customers directly by educating the final consumer to the quality of the fabrics used in the finished garment, through hang-tags and labels that bring out and emphasise the value of the product. These investments run alongside co-branding initiatives promoted with the most important names in fashion worldwide, through joint communication projects, in a win-win alliance. These projects include many creations of personalised books and dedicated marketing tools. Always with a view to approaching the final customer, the shop windows project has been further expanded, which brings the communication content to the most beautiful stores in the world, highlighting the values of the Group.
The Group initiated a specific activity of public relations and communication activities on American soil with a first event dedicated to the Bespoke shirt, organised in collaboration with the Neapolitan shirt maker Maria Santangelo, addressed to Customers, journalists and buyers, to raise awareness of the high quality of Albini fabrics, the Italian tailoring and all the secrets of a made to measure shirt.

2015 saw the Albini Group create the exhibition "La Via del Cotone", which, in collaboration with Anto Beverly Hills, the tailor of the Hollywood film stars, transformed for two weeks the Via della Spiga in Milan into a multimedia journey through images, video and natural installations, telling everyone who walked along the famous street of the Fashion Quarter, how the most prestigious fabrics for shirts in the world were born.
Finally, in the interests of local community involvement and attachment to the locality, the establishment of Albino opened its doors to former employees, families, suppliers and just the curious for an open day that saw more than 2,000 visitors.
In recent years, investments have also intensified in the media of digital communication with continuous promotion of content on social media, YouTube, Facebook and Instagram this year, to create more and more involvement to the final end use consumer. All of these interventions have led to a strengthening of awareness of the Group's brands, a value and an increasingly important asset for the company.

STYLE, INNOVATION AND BRANDS

The seasonal fabric offer of the Group consists today of thousands of different design variations, developed into 5 distinct brands, able to meet the specific needs of each market:

Cotonificio Albini
Enhances the Italian taste, sophisticated and refined.

Albini, donna
Dedicated to a classic yet modern woman, in a perfect balance of contrasts:
a masculine elegance and the femininity of precious fabrics.

Thomas Mason
Synonymous with British Heritage, is a unique example of quality, style and elegance.

David & John Anderson
Synonymous with excellence, featuring fabrics with some
of the highest counts of the best raw materials:
Egyptian Giza 45 cotton, Sea Island cotton and Normandy linen.

Albiate 1830
A cutting-edge collection of denim, print and jacquard
for a youthful, sporty shirt.

Two other important services support the seasonal collections: the service programmes offer a wide choice of products continuously in stock. Furthermore, the exclusive designs which are specifically developed by the design teams of the Group, in collaboration with individual Customers.

To follow, for each brand, some of the proposals of the 2015 collections which will be carried, for the Spring-Summer 2016, in the most prestigious shops in the world.

Cotonificio Albini®
1876

In 2015 the collections of Cotonificio Albini are protagonists and trendsetter in textile exhibitions with a proposal of more than 5.000 new variants presented to stylist and buyers from the most prestigious brands in the world.
Colour and movement. This is the leitmotif that inspired the creative team of Cotonificio Albini to create a collection modern and contemporary, which combines to the maximum fabrics, colours, quality and the Made in Italy style. Six themes, six moods cross the collection to give emphasis to the colour:

- Watercolour: pastel colours blend with the most intense sorbets;
- Solar: the colours are more vivid, the contrasts become strong;
- Sand: the urban and contemporary interpretation of the neutral tones of the desert in which the colonial and military nuances find new expression in fabrics of a lightweight hand, with a modern lived effect;
- Travel: a journey to Africa. The more sporty part of the collection is characterised by ethnic tints, intense and brilliant;
- Blue on Blue: blue in all its nuances and its variations, innovative concepts of colour obtained under delavé yarns made with surprising new blends;
- White, Ivory and Black: classicism, sophistication, elegance, class.

Linen is confirmed as one of the protagonists of the Summer collection. Sahara, yarn dyed fabric with a bright aspect obtained from the best European linen from Normandy, presents a wide and innovative proposal: from the basics to the more traditional structured effects with dobby and fil coupé. The prints are widespread throughout the collection, enhancing quality bases like piquet, Piumino, twill, zephyr, arriving at the cotton developed for beachwear: a base in 100% cotton that acquires, thanks to a special finishing, the same drying performance of nylon.

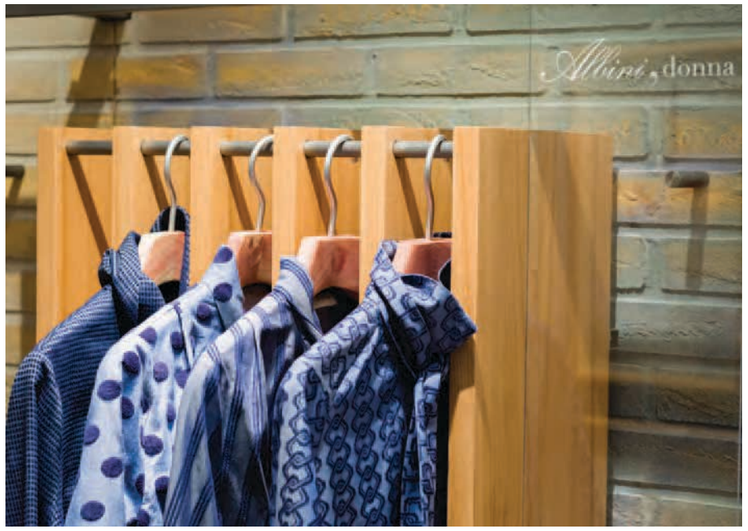
Stripes and mélange. These are the cornerstones of Cotonificio Albini collection for Autumn/Winter 2016-2017.
The colours are diluted, the fabrics are soft, for a look that expresses a deconstructed elegance.
Six moods run through the collection, bringing out different textures and colours:

- Grey: the sophisticated appeal of the mélange is expressed in all its forms, in fil coupé, in print, in tiny checks and in micro-optical effects;
- Tailor: an interpretation of all tones of blue and light-blue, moved by jacquards, fil coupé, and structures for a modern classic that is also strictly defined;
- Structures & Patterns: sophisticated fabrics in plains and false plains together are enhanced by structures, geometry and architectural patchwork. Refined micro prints incorporate new colours that give life to the future neutrals: pink and lilac;
- Regimental: Cotonificio Albini celebrates the return of the stripes with a fierce stripe, thanks to intense and bold colours;
- Ethno Folk: new tonalities, different structures and offbeat prints create a style that is inspired by distant cultures;
- Undergrowth: a reminder of the world of nature: intense tones that are mixed with more vivid shades: red, green, ochre and all the colours of the undergrowth.

Two seasonal proposals that inspired the stylists for the creation of garments that will trend in the next seasons in different styles, from classic and informal, to a sophisticated sport. Cotonificio Albini collections are also supported with an important stock service programme, “Albini Classic Express”, always available in our warehouse, for a quick delivery to the Customer.

Albini, donna

In 2015 the woman collection of Albini Group has acquired a strategic importance, becoming a point of reference in the sector for its style and personality. The inspiration for the new Spring-Summer 2016 Albini, donna collection is a research that starts from the theme of men's shirts and which reflects and continues the tradition and codes. New basics have been created that evolve from those typically masculine and move towards a sophisticated neutral colour palette with feminine touches in shades of grey, pink, beige and amber. It is not only a formal research, but essential, which aims to highlight the quality of the fabric, even before the stylistic exercise. Whites are revisited with a modern touch, monochromatic prints are important, and colour woven stripes mark an elegant alternation between full and empty: from the micro threads of Piumino 100 to the strong lines of Satin Stretch, passing by asymmetric stripes to arrive at ginghams. Polka dots form the dominant element in the print graphics, always indispensable in the women's collections, and these are developed in different sizes and also in more irregular shapes. The extra-large versions of madras give life to lightweight wrap shirts, matching the colonial feeling to the pastel palette. The Satin Stretch quality is the undisputed star of the Spring, fully expressing the trends, whether in a bright satin and matte, or in the research into a metropolitan technical performance, which increasingly meets the need of a dynamic multi-tasking woman who does not wish to relinquish her true femininity. The technical breaks out in the collection with examples of transformation of traditional shirt fabrics in ready to wear concepts, also in hydrophobic versions or double-face prints.



The Autumn-Winter 2016-2017 collection is a snap-shot of a woman with a double soul: classical yet avant-garde. A collection that is a perfect balance of contrasts: classical elegance and the strictness of Men's Tailoring with modern femininity of warm and precious fabrics. A world of impalpable refinement, where a path of fabrics guide a route made of textures and graphic elements reinvented with new creativity. The classic designs are combined with prints of flowers declined in different amplitudes, stripes, polka dots and micro-patterns that generate beautiful and surprising chromatic atmosphere. Fabrics declined on the bases of cotton, stretch cotton, cotton/silk, cotton/wool or cotton combined with innovative yarns such as Tencel, a natural fibre obtained from the pulp of eucalyptus trees from sustainable cultivation, that is used to create soft fabrics, slippery, comfortable, breathable and fresh bright deep colours. Great protagonists are again the stripes, developed both in the classics and up to the macro and impactful where black is combined with fashionable colours and transparencies. A focus is also on vintage taste print, with polka dots, geometric patterns, flowers and small designs. Warm and sensory luxury effect yarns are made of chenille, bouclé effects fabrics with a soft handle for a winter shirt with jacquard weaves and fil coupé for innovative dressing. A collection created to dress a woman attentive to style and trends, avant-garde, that loves to feel at ease and beautiful every day.

THOMAS MASON®

FOUNDED 1796

NELSON LANCASHIRE ENGLAND

The excellence of Made in Italy production encounters English style. For the Spring-Summer 2016 collection Thomas Mason presents a proposal of linen bases and linen blends, cottons with strong colourful stripes, but also micro-gingham and tartan. Fresh, sophisticated fabrics in fine yarn counts, linen enriched with designs and colour: pronounced stripes, whether the classic micro-stripes picked out in pastel shades moving quickly to bold bright colours. The masterpiece of the collection, Amber, is a fabric made with an extremely fine yarn obtained by an intimate blend of cotton/linen, produced exclusively by Albini Group. This fabric is breathable and cool thanks to the best linen of Normandy and also has a soft and pleasant touch typical of the best cottons. From the point of view of colour, the Spring-Summer is tinged overall in pink: a refined tone, a common denominator among the fancy checks and stripes. Colour and refinement are the key ingredients of Thomas Mason collection for Autumn/Winter 2016/2017. Stripes, the main protagonists of the season, are reinterpreted and renovated to create fabrics ideal for shirts to be worn on all occasions.

The quality bases - such as twill, poplin, flannel and end on end - bring out high colour. The palette is sophisticated and innovative, ranging between burnt browns, from purple to blue, they tend towards cyclamen and petrol to arrive with more unusual greens and reds. The seasonal collections of Thomas Mason enrich the important proposal of stock services always available in the warehouse and divided into many proposals: Silverline, icon of the British Heritage; Goldline, with the finest fabrics made with Egyptian cotton Giza 45 and Normandy linen; Journey, an innovative proposal of fabrics for a shirt which is perfect all day long; Giza 87, a collection of fabrics made with refined Egyptian cotton.

DJA

FOUNDED 1822

DAVID & JOHN ANDERSON

David & John Anderson: maximum perfection in shirting fabrics. David and John Anderson is synonymous with excellence, with its fabrics in the finest yarn counts in the world, made with the prestigious Egyptian cotton Giza 45 and the rare Sea Island cotton from Barbados, of which Albini Group has the exclusivity of the production.

For the Spring-Summer 2016 David and John Anderson presents the finest linen, cultivated in Normandy by Terre de Lin, both in the 100% cotton version and in cotton-linen blend, developed in summery colours, to give life to a fresh and elegant shirt.

For the Autumn-Winter 2016-2017 collection presents fabrics with elegant and sophisticated designs, also in 100% silk.

The seasonal proposal is completed by “The Diamonds” by David and John Anderson, the most prestigious collection of cotton fabrics ever created: Golden Jubilee 330/4, Millennium Star 330/3, Great Mogul 300/3, Cullinan 300/2 and Sancy 240/3, take their names from the most wonderful diamonds in the world.

18ALBIATE30
MILANO

Albiate 1830 presents for Spring-Summer 2016 a collection characterised by an extensive research on new bases, yarns and finishes. Linen is one of the great protagonists of the collection, both in the traditional part of yarn-dyed and in denim: structures, small dobby, but also further characteristic jacquard bases already moved. The designs are inspired by the African continent with its nature, its protagonists and its atmosphere, seen through both the jacquard proposal, the fil coupé and the prints on indigo. Albiate 1830 proposes also a sportier part of the collection developed on new sophisticated lightweight quality bases ranging from muslin to slub chambray. The colour palette is developed upon two themes: the colonial (beige, brown, green) and intensive (grey, burnt). Fabrics in jersey and knit, also double-faced, wink at the world of informal and unstructured jackets. A collection with a sporty spirit for Autumn-Winter 2016-2017: a major theme is represented by the evolution of the stripe with jacquard effect or fil-coupé, interpreted on many bases. The fabrics in indigo, very different from each other, are delineated both in the most sophisticated versions for a business shirt and in the most sporty flannels. The colour card is declined on two different routes: the summer colours - red, yellow, green - reported on winter bases like flannel, on one hand, and the colours of the earth and sophisticated neutrals combined to indigo on the other. This season Albiate 1830, in addition to the collection, presents a new service programme: ALBIATE, FACTORY 1830. This new proposal combines contemporary craftsmanship and "Made in Italy" for a cool, young and an international look with flannels, jacquards, fil coupé, plains and fancies. Factory 1830 adds to the already existing proposal of the Denim Stock Service.

BESPOKE

In 2015 Albini Group continued to build its "Bespoke" project, set up in 2009 to serve the best tailors and shirtmakers in the world. It comprises two distinct lines: Albini Su Misura and Thomas Mason Bespoke. The business is growing steadily, confirming the importance of providing a dedicated service to tailors and bespoke specialists, with fast turnaround times and a particularly wide range of products delivered in 24/48 hours of placing the order. The Thomas Mason Bespoke collection contains 1200 different fabrics embodying the true essence of British style and produced in different structures. Albini Su Misura is a collection of 850 articles imbued with Italian elegance and style. Each season both lines propose a limited edition with designs and fabrics that reflect the needs of the Clients and the fashion trends. The entire Bespoke offer is also available via an e-commerce platform where tailors can directly place their orders online. Orders are placed from over 80 countries and today most of the orders arrive through the digital channel. Confirming the increasingly international disposition of the project, the acquisition of our Hong Kong distributor and stock, made in 2014, is giving higher satisfaction than expected to respond effectively and promptly to the needs of the Eastern markets. In addition, new partnerships were created in Canada, United States and South America. Thomas Mason Bespoke and Albini Su Misura are valuable partners for the world's best tailors, and the exponential growth seen from the project's set-up to the present continues.

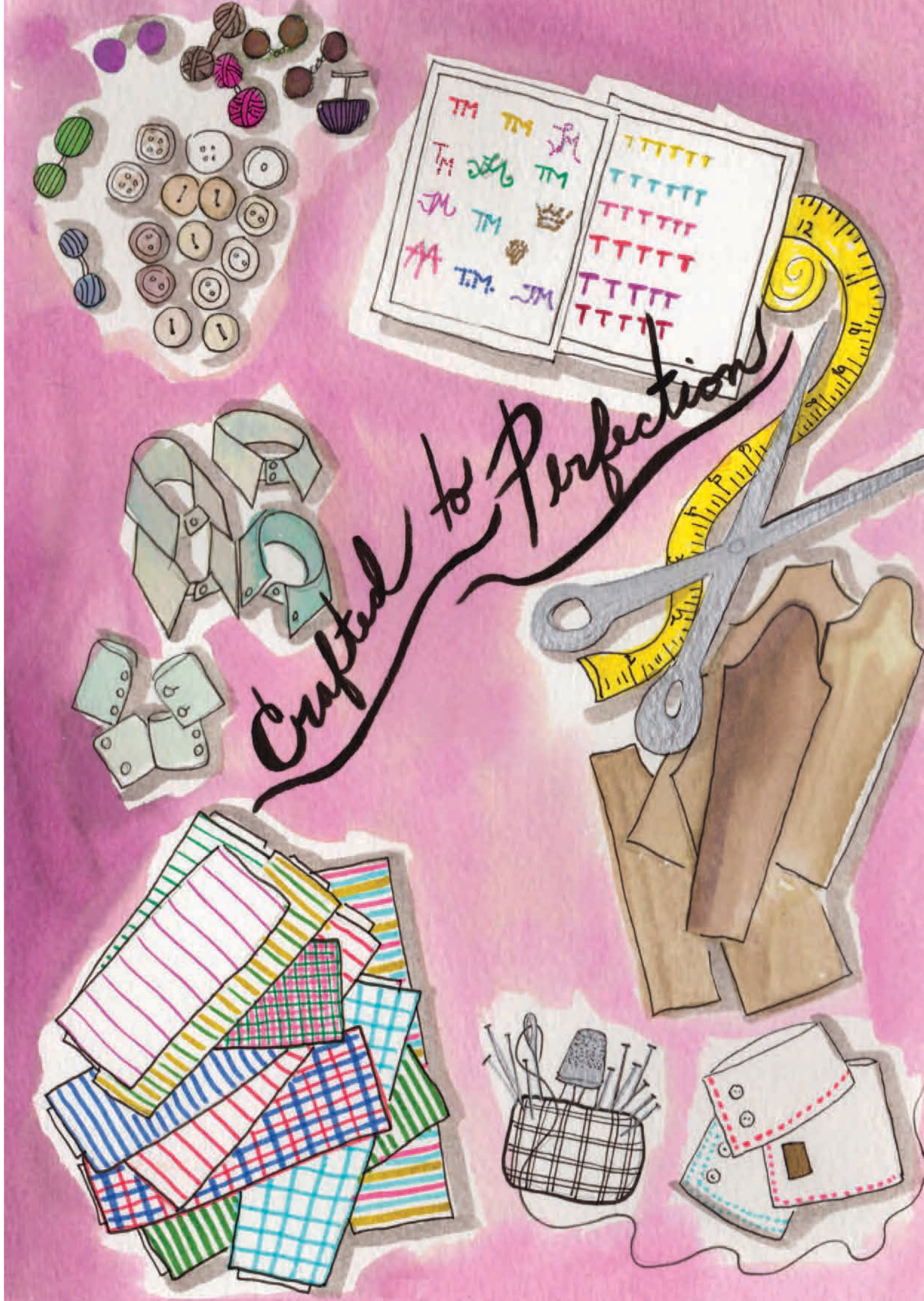


ILLUSTRATION
BY REBECCA MOSES
CREATED FOR
MILANO UNICA

THOMAS MASON ACCESSORIES

Research on designs and materials to create unconventional garments: a unique creative concept that translates into neckties, bow ties and pocket handkerchiefs, made of cotton, linen, jersey, silk, wool flannel and fine lawn, to be worn naturally, for easy and unusual accessorising, made with precious fabrics and all strictly handmade.

This was the creative principle of Thomas Mason Accessories, a project launched in 2014 by Albini Group, with the intent to enhance and reinforce the awareness of the Thomas Mason brand whilst filling a gap in the offer of informal accessories in the masculine world. Starting from the accessory, the line is being enriched with new categories. For Spring/Summer 2016 at Pitti Uomo for the first time were presented a limited edition of colourful scarves and cravats and a collection of men's beachwear in 100% Egyptian cotton. Products result from meticulous stylistic research combined with a unique and creative approach and the inimitable quality of materials, exclusively "haut de gamme" from the authentically British brand of the Albini Group.

For 2016 there is a forecast of a further development with new product categories that will complete increasingly the wardrobe of the modern gentleman, not only in the world of accessories.

A continually evolving project that wishes to bring the brand Thomas Mason to attention in the most beautiful multi-brand stores in the world, with particular attention to three important markets: Italy, Japan and the United States.

SUSTAINABILITY: A GLOBAL APPROACH

Since 1876 the commitment of Albini Group has been to offer Customers the most beautiful shirting fabrics in the world, while protecting the environment and safety, contributing to the welfare of employees and the communities in which it operates. Quality, clarity and transparency are the values that define and represent the way of working of the Group. Thanks to continuous investments, industrial growth and local roots, every year economic value for our stakeholders is produced. The attachment to territory is part of the strategy: often going against the tide, the Group decided to retain most of the production in Italy, maintaining the manufacturing tradition, which is characterised by craftsmanship and quality. With the conviction that the know-how of the workforce represents an hallmark all over the world and although Albini Group has been present in the Bergamo area for more than 100 years, this didn't stop the firm from following its International vocation. The company is a point of reference for the land in which operates. In collaboration with the municipalities and the main territorial organisations, the Group supports projects within the community and for young people. Transparency and clarity are the basis of the work. The Group collaborates with its Customers to ensure that the fabrics comply with the standards and regulations imposed, with the objective of improving quality and strengthening the safety requirements. In particular we keep under control the levels of PH, formaldehyde and solidity and we are constantly working to ensure the absence of carcinogenic aromatic amines listed in the schedules of the standards GB 18401 and REACH (the European Union standard adopted to improve protection of human health and the environment from the risks of chemicals). The Customers have the opportunity to visit the production facilities, verifying personally the attention and care with which the fabrics are produced. Albini Group offers them customised training courses sharing experience and knowledge in textile production processes. For many years it has pursued a strategy of vertical integration. Thanks to the full control of all stages of the production chain, Albini Group is able to guarantee Customers the traceability of each fabric. In all the processes the Group pays attention to water and energy saving, trying also to reduce the use of chemicals, with the objective to decrease the impact of production processes on the environment. Albini Group is certified OEKO-TEX Standard 100, control system that certifies the absence of content considered toxic in raw materials, both semi-finished and finished products at all stages of processing.
Protection of the land, the use of production processes with a low environmental impact, the exploitation of alternative energy sources are some of the objectives the Group has pursued over the years which allow important economic savings to be obtained. The experience related to alternative energy sources has allowed the Group to install in its factories, seven renewable energy plants with the objectives of reducing the consumption of purchased energy from the national grid and to produce clean energy to market directly on the electricity network, thus reducing emissions of fossil fuel and the consequent environmental impact.

At the industrial sites the Group has installed three photovoltaic plants, three hydroelectric plants and a wind farm, for a total investment in renewable energy installations of more than 3 million Euros. Moreover in our factories we have achieved energy efficiency actions that allow us to annually save more than 2.300 tonnes of oil equivalent, protecting the environment and reducing energy consumption with huge economic savings. To improve the energy efficiency we invested 3 million Euros.
Thanks to the focus on reducing energy consumption and on the renewal of the industrial plants, Albini Group was able to contain CO2 emissions and water consumption, despite growth of production. In particular, the refurbishment of the department of yarn dyeing, with the installation of modern machinery, has enabled a reduction of approximately 20% of the consumption of water and chemicals used.
Sustainability for the Group represents the starting point for the creation of shared values that result in growth path and a better quality of life for future generations.

SAVINGS OBTAINED THROUGHOUT THE PRODUCTION PROCESS

FINISHING

Waste water of machines treated by purifier

Installation of inverters

Installation of exchangers for the recovery of thermal energy from the waste water

1000 TOE saved

DYEING PLANT

Replacement of existing equipment with higher performance machines

Installation of inverter pumps

Installation of heat exchangers for the recovery of thermal energy from the waste water

-20% of water consumption
-20% of chemicals used
-20% of electric power
-20% of thermal power

QUALITY CONTROL

Replacement of the lighting system

-50% of electric power
-50% of economic savings

AVERAGE OF ANNUAL SAVINGS
2300 TOE saved
8 million kWh of electricity
6000 tonnes of CO2
1.3 million Sm3 of methane

PREPARATION

Replacement of the air conditioning systems

Replacement of the lighting system

-30% of electric power

WEAVING

Renewal of the central air-conditioning
-30% of electric power

Replacement of the lighting system
-50% of electric power

Installation of a system for the cooling of looms
Decrease of heat load of the weaving

(Data obtained as a result of the individual interventions)

ALBINIEnergia

PER UN FUTURO SOSTENIBILE

Improving the quality standards of the product, using processes that reduce the impact on the environment and using energy resources and raw materials efficiently, are goals that Albini Group has pursued over the years and which have materialised in 2011 with the establishment of the division Albini Energia. Born from extensive experience in technical and industrial applications within the Group, Albini Energia promotes environmental sustainability through research efficiency and energy conservation.

Albini Energia is the largest energy services company in charge of implementing and managing actions efficiency to reduce energy consumption. With the aim of protecting the ecosystem, realising its commitment and its focus on the sustainability, Albini Energia offers consulting and the design of industrial solutions of low environmental impact which allow saving TOE (tonnes of oil equivalent).

During 2015 Albini Energia has consolidated its range of services:

- Conducting energy audits, in accordance with the European Directive 2012/27/EU (Transposed by Legislative Decree No. 102 of 4 July 2014) which obliges large enterprises and energy-intensive firms to carry out an audit every 4 years.
- Making requests for the GSE White Certificates (Energy Efficiency Certificates, TEE) on behalf of the client and management of their sale on the market.
- Upgrading the energy efficiency of the industrial reality of the client companies and designing and implementing installations for the reduction of thermal and electrical consumption. In particular, Albini Energia has designed exchangers for continuous lines and for multiline and batch machines that are able to recover heat from the waste water of the process machines. Thanks to an automatic cleaning system (patented internationally), these exchangers are able to remove the impurities present in the waste, thus ensuring an efficiency heat exchange above 90% and constant over time. Albini Energia has developed even its own know-how in the field of water purification systems with automation and MBR implementation (membranes seen biological reactor). Albini Energia is also able to design and automate systems for the management of water circuits process, steam (management of multiple boilers in cascade) and central adiabatic air conditioning for spinning and weaving mills.

- Design and engineering of plant solutions which guarantee efficiency in the generation, distribution and use of heat carrying fluids, with consequent reduction of energy consumption. In particular the project activity includes analysis of the energy needs of the plants and the identification of possible points of improvement through a complete audit that integrates production lines and energy requirements of buildings. The result of this activity is to return to the Customer an investment plan that includes, in addition to the technical solution and economic analysis, also the list of incentives/cost relief to which it has access.
- Design and customisation of automation systems for production process control or installations. The automation provided may comprise both the control of process (PLC) and its supervision (SCADA). The offered systems are designed to ensure ease of use and the autonomy of the customer who has the ability to monitor and graphically display a high number of process variables, in order to modify the settings in an extremely intuitive way, even remotely. The automation will send email, SMS or phone calls in case of any anomalies, to facilitate timely interventions of the maintenance personnel.
- Financing of the investment relating to the construction of new plants at the Customer companies, by proposing the new "Energy Performance Contract tool" (EPC).
- Albini Energia also is working on a project on behalf of a Customer for the construction in Vietnam of a large integrated textile facility (weaving, dyeing and finishing). The project sees Albini Energia engaged in the design and selection of equipment necessary to ensure the production, in defining the layout of the production site and mechanical systems engineering and electrical design necessary to guarantee the production. It is completed with the design of the BMS (Building Management System) that will monitor all the parameters related to the "utilities" and with the study and application of the best technologies available to ensure the sustainability of the intervention. Albini Energia was also in charge of the purification plant design that, through the application of state of the art technologies, will ensure the strict limits of the local legislation in order to obtain a consistent reuse of wastewater in the production process.

ALBINI GROUP S.P.A.

DIRECTORS' REPORT

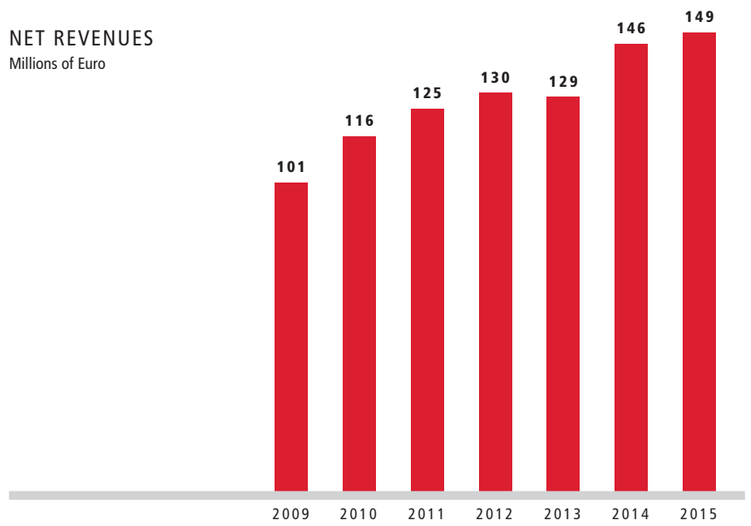
Registered head office in Albino (BG) Via Dr. Silvio Albini, 1 -
Share capital € 2,028,000.00.= of which € 208,000.00.=
reserved to conversion of convertible bonds of the subsidiary
Cotonificio Albini S.p.A., Real share capital € 1,820,000.00.=
fully paid-up. - Trade Register of Bergamo and Tax Code 01736210160

Dear shareholders,

The consolidated net turnover came to €148.5 million in 2015, a 2% increase on the €145.8 million of 2014. For the first time, revenues from the energy segment and fabric consultancy have been included in net turnover in 2015 to give a more complete view of the Group's various business activities. For comparative purposes, 2014 revenues from the energy segment and fabric consultancy have been reclassified from other revenues and income to net turnover. The amount of this reclassification is €2.4 million.
Net profit for the year attributable to the Group came to €4.4 million, compared to €4.3 million in 2014. Amortisation and depreciation of the year totalled €8.7 million, compared to €8.3 million in 2014. Current taxes for the year totalled €1.8 million, compared to €2.2 million in 2014. Cash flows from operating activities came to €13.7 million, compared to €13.3 million in 2014.
The net financial indebtedness of €54.9 million at 31 December 2015 decreased by €5.6 million on the previous year end.

OPERATIONS AND DEVELOPMENTS

Cotonificio Albini S.p.A. was the top contributor to these results, with €134.15 million in revenues, although I Cotoni di Albini S.p.A., Albini Energia S.r.l. and Albini Hong Kong Ltd have taken on more important, independent roles within the Group, contributing total revenues of €9.7 million, €2.2 million and €1.3 million, respectively.



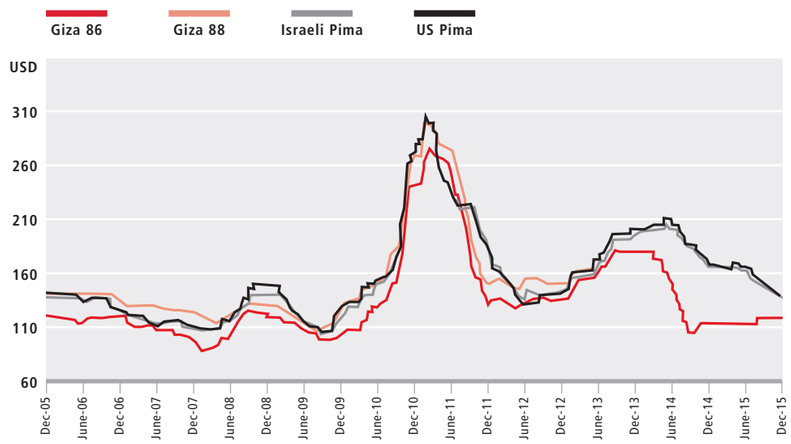
The Group achieved these results although its operating context has grown more difficult. Indeed, growth in the Italian textile/clothing sector, which is the Group's core business, slowed in 2015 compared to 2014. In particular, the cotton and shirting segments were no exception, and underperformed the other segments. This weak performance was due to factors relating to the markets on which such products are sold, as well as to factors relating to our product styles.

The sharp emphasis on exports which had enabled the Italian textile/clothing business to survive and recover after the 2008/2009 crisis has progressively diminished as growth in all emerging countries, and China specifically, has slowed, while mature economies show weak growth with consumer spending hampered by economic and geopolitical uncertainty or, in any case, drawn to other types of consumption.
The luxury sector and major international brands are also suffering the effects of this slowdown: the entire clothing industry and related consumer goods segments are facing considerable uncertainty with the need to re-evaluate many of the business models on which they had based their uninterrupted growth in recent years.

In this context, the men's shirting segment is suffering most: knitwear is a fierce competitor and consumers are less interested in patterned shirts, with the exception of prints, than they are in solid and faux-solid colour shirts and white shirts, which are all products that we do not typically make as yarn-dye fabric specialists.
Accordingly, the results achieved in this business segment are satisfying, despite the small drop in turnover.

The Group has made substantial efforts to improve yarn procurement, which suffered from the Euro's significant depreciation against the US dollar between 2014 and 2015.
An excellent Euro/USD hedging policy and weak cost of extra long staple cotton have made it possible to improve results for the year.
Furthermore, we kept high quality and technology levels for our raw materials, to which we devote our utmost attention on the belief that it is a crucial competitive lever.
The following chart tracks the trend in the price of cotton over the past decade.

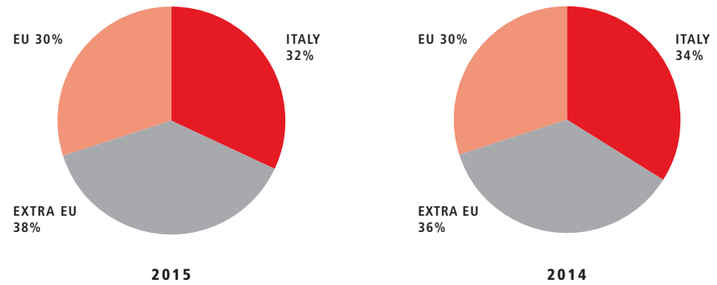
EXTRA LONG STAPLE COTTON PRICES 2006 - 2015



We have sought out all possible product innovations considering the style trends described above.
In addition to work on typical features such as fabric colours, patterns and finishes, we have also worked on each stage of the production chain: raw materials, innovative yarns, dyeing technologies and new finishes and treatments. We have also strengthened our Women's Collection to exploit the favourable stage in this market.

In terms of sales, we have sought to stay even closer to customers on more than 80 markets where we operate in all business segments. The percentage of exports has risen past 68%, with a balance between Italy (32%), the EU (30%) and non-EU (38%) and an improvement in sales on non-EU markets compared to 2014.
In the fabric sector, in addition to aggressively defending our penetration among traditional customers, we have devoted specific focus to international customers with new business models, which often make the best Italian fabrics their signature feature.

TURNOVER BY GEOGRAPHICAL AREA



With respect to production, we have strived to make the most of our sizeable manufacturing structure, which we strengthened and made even more efficient with substantial investments in recent years: the production of certain basic products was insourced at costs that are competitive with those incurred to purchase the same products from external suppliers.

Since 2012, the Group has also operated in the yarn business through I Cotoni di Albini S.p.A., which posted a dramatic increase in turnover in the year, from €11.6 million to €17.4 million, including €9.7 million generated with third parties. This considerable growth was forecasted in the light of the expanded range of products and customers in late 2014.
In 2015, we managed the comprehensive and delicate reorganisation of the 70%-owned subsidiary I Cotoni di Albini S.p.A.. Following the decision to reorganise, we were able to terminate the processing contract with N&K Filati S.r.l. in a little over five months. We rapidly carried forward the new business plan, which provides for the use of Italian and foreign processing specialists with demonstrated reliability and quality services, meeting the Group's yarn procurement needs. This strategic decision was due to rising costs which led to a downturn in operating results, in addition to the extraordinary restructuring costs.
In the first few months of 2016, the subsidiary had already balanced its accounts and a brighter outlook is expected in this business - one that remains strategic for the Group as it exploits the know-how gained and research into new yarns and cottons.

New expertise was developed in the energy business, while there is room for growth in engineering consultancy for new investments in fabric production structures on behalf of third party clients. Albini Energia S.r.l. expects to growth in forthcoming years in this field.

We are proud and eager to celebrate the subsidiary Cotonificio Albini S.p.A.'s 140th anniversary in 2016. At such a challenging time for our industry, this milestone will provide us with an opportunity to reiterate our confidence in the future, based on our greater, renewed attention to increasingly numerous end consumers' focus on innovation and creativity, intrinsic quality, the right price/quality ratio and respect for people, the environment, ethical values and accountability in the production chain.

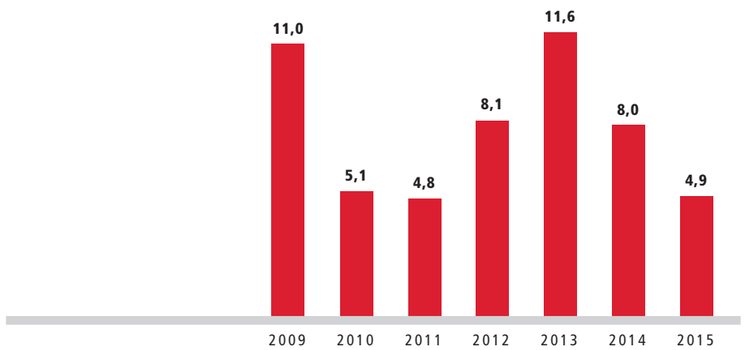
INVESTMENTS

In 2015, the company's investment plan was more modest than in the previous three-year cycle, coming to a total of €4.9 million. Confirming our calling as a manufacturer, we have continued to strengthen our production structure with projects aimed at improving safety and compliance with environmental standards. We have also invested in updating weaving and finishing machines at the Group's various production facilities and we have continued reducing energy consumption with specific projects at the different sites.

Investments in intangible and tangible fixed assets from 2009 to 2015 are described below.

INVESTMENTS IN INTANGIBLE AND TANGIBLE FIXED ASSETS

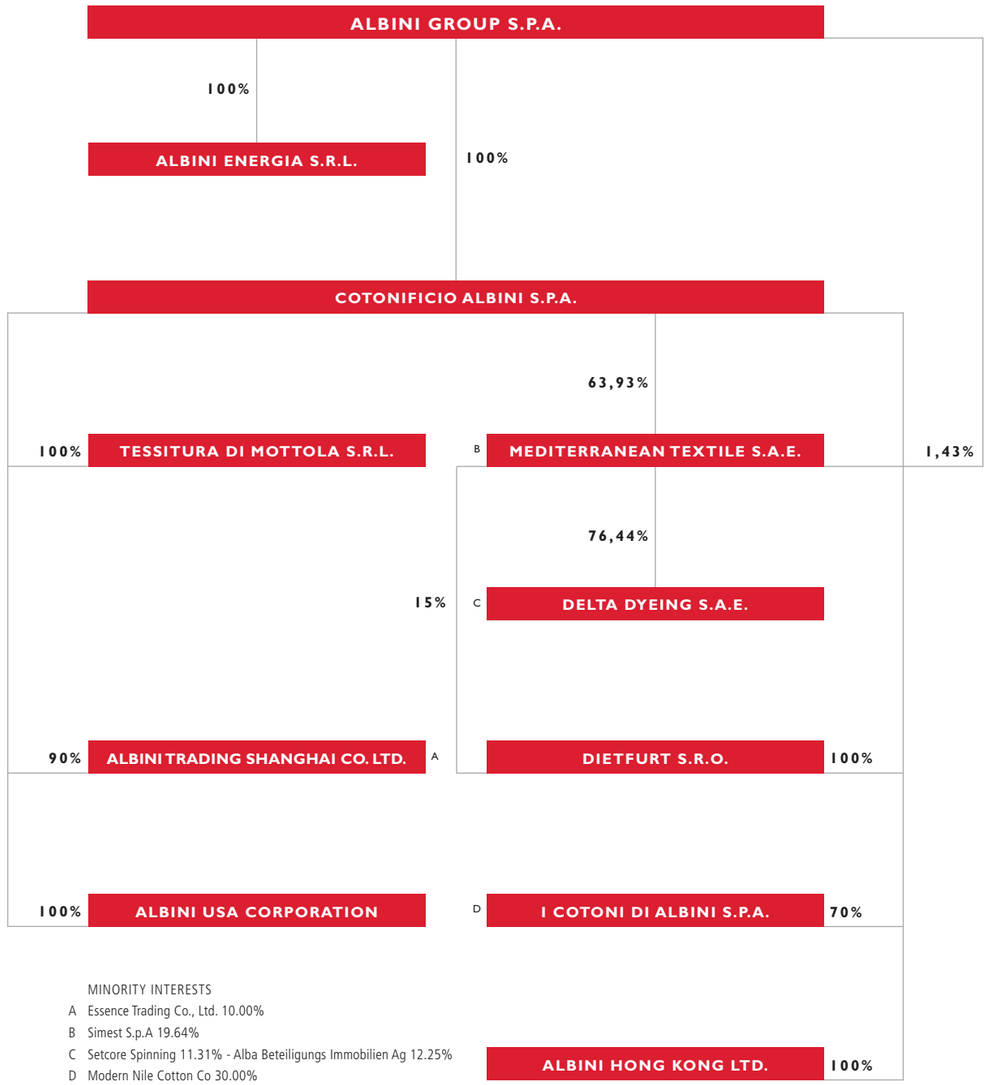
Millions of Euro



Investments enable us to maintain direct control over all stages of production, from raw cotton to the finished fabric, so we can directly track each and every step, monitor quality and ensure consistency over time. Research and investments in energy savings, control over the substances used in processing and the accuracy of testing in our certified laboratory also underscore the group's attention to issues of environmental sustainability, which our key customers increasingly demand.
As described later on in this report, we also continued to invest in research and development for product innovation, the search for new fabrics and technological improvement.

THE GROUP STRUCTURE

AT 31.12.2015



MINORITY INTERESTS
A Essence Trading Co., Ltd. 10.00%
B Simest S.p.A 19.64%
C Setcore Spinning 11.31% - Alba Beteiligungs Immobilien Ag 12.25%
D Modern Nile Cotton Co 30.00%

Cotonificio Albini S.p.A.

This direct subsidiary of the parent and operating sub-holding company recognised a net profit for the year of €2.2 million, compared to a net profit for 2014 of €2.4 million, after amortisation and depreciation of €4.3 million, in line with the amortisation and depreciation of €4.2 million in 2014.
Net turnover from sales of core business fabrics only went from €134.7 million in 2014 to €133.2 million in 2015 (-1.1%). The subsidiary posted net cash inflows of €7.7 million, up on the €6.2 million of 2014. Income taxes of the year came to €1.6 million, versus €2 million in 2014. Investments in tangible and intangible fixed assets in 2015 totalled €2.8 million and related to plants to improve safety and meet environmental standards. In addition, the subsidiary replaced some warping, weaving and finishing machinery and invested in energy savings.

Tessitura di Mottola S.r.l.

This subsidiary, which is wholly-owned by Cotonificio Albini S.p.A., recognised turnover for processing performed for the Group companies of €5.4 million, compared to €6 million in 2014 (-10%).
It recognised a net loss for the year of €0.4 million (2014: a net loss of €0.2 million), after amortisation and depreciation of €0.5 million (unchanged with respect to 2014) and current income taxes of zero (2014: €66 thousand). Cash flows of the year remained positive at €15 thousand (0.3% of turnover), though they were much lower than those of 2014 (€117 million; 4.5% of turnover). This subsidiary purchased new machinery of €0.5 million.

Dietfurt S.r.o.

The Czech company is also a wholly-owned subsidiary of Cotonificio Albini S.p.A.. It recognised a net profit for the year of €0.7 million (unchanged with respect to 2014), after amortisation and depreciation of €1.01 million (2014: €1.08 million).
Turnover for processing for Group companies totalled €5.9 million in 2015, in line with the €6.02 million of 2014, and relates to processing carried out for the parent, Cotonificio Albini S.p.A.. The company invested in new looms and for the implementation of energy savings on plant (€0.9 million).

Mediterranean Textile S.a.e.

The 80.36%-owned Egyptian subsidiary (directly held at 1.43%) continued its production for Cotonificio Albini S.p.A.. It recognised a net profit for the year of €1.09 million, up on the net profit of €0.74 million for 2014, after amortisation and depreciation of €1.6 million (2014: €1.22 million). Turnover was €12.9 million, compared to €11.7 million in 2014 (+10%), mainly for fabric sales to the parent, Cotonificio Albini S.p.A.. In 2015, the company completed the installation of looms and compressors acquired from other Group companies in the previous year.
During the year, the subsidiary Cotonificio Albini S.p.A. transferred an interest in this company to the subsidiary Dietfurt S.r.o. without any change to the Group's percentage of ownership. Cotonificio Albini S.p.A. also paid Simest for the transfer of an investment in the Egyptian subsidiary. The transaction will be formalised in 2016.

Delta Dyeing S.a.e.

Indirectly owned (61.43%) through Mediterranean Textile S.a.e. (which directly controls 76.44%), Delta Dyeing S.a.e. posted a net profit for the year of €0.03 million, compared to €0.18 million in 2014. 2015 turnover totalled €1.98 million and related to the sale of yarns and dyeing on behalf of the Group and third parties, compared to €3.2 million in 2014. This subsidiary stated amortisation and depreciation of €0.43 million, in line with the €0.35 million of 2014. Its investments mainly related to the water cooling system for the dyeing unit.

Albini Energia S.r.l.

A direct subsidiary of the parent, this company continued research, studies, designs, construction and management of energy plant and systems to improve energy efficiency in industrial processes and sell heat recovery systems and automation software. In the year, it also saw growth in its provision of engineering consultancy services in various industrial fields. It provides these services to both Group companies and third party clients, with those targeting third parties showing growth in the year. It posted a net profit for the year of €217 thousand, up on the €162 thousand of 2014. Turnover for 2015 came to €2.54 million, compared to €2.77 million in 2014 (-8%). Investments in 2015 mainly related to the acquisition of software for technical drawings.

I Cotoni di Albini S.p.A.

Cotonificio Albini S.p.A. owns 70% of this company, which manages the production and sale of yarns for the Group and third parties. In the year, it decided to terminate its production contract with the Niggeler & Kupfer group at the Ceto (Bergamo) facilities because production costs were too high and kept the company from achieving adequate profitability. The agreement with the other party was signed in the first few months of 2016 and entails the gradual closure of the Ceto facilities with the relocation of the subsidiary's production to other Italian and foreign production facilities beginning in March 2016. 2015 turnover from the sale of cotton, unbleached and dyed yarns in Italy and abroad came to €17.4 million, compared to €11.6 million 2014, up by 50%. Turnover consists of both sales to the parent and to third parties in Italy and abroad, with the percentage of sales to third party customers up in 2015. The net loss for the year is €807 thousand, compared to a net loss of €26 thousand for 2014, after amortisation and depreciation of €224 thousand (2014: €192 thousand). The net loss was impacted by the reorganisation costs, the penalty due for the early termination of the processing contract and the inefficiencies still in place in the last few months of 2015. The company did not make any material investments in the year.

Albini Trading Shanghai Co. Ltd.

The company is 90% owned by Cotonificio Albini S.p.A.. It carries out sales activities in the "Bespoke" business and provides sales and marketing support for the parent's sales on the Chinese market. Turnover from fabric sales totalled €265 thousand compared to €293 thousand in 2014 (-9.6%). The company recognised a net loss for the year of €226 thousand compared to a net loss for of €69 thousand in 2014. The net loss for the year reflects the ongoing challenges of maintaining consistent sales volumes on the Chinese market and profitability at the top end of this market, which has experienced a sharp slowdown.

Albini Hong Kong Ltd.

This company is wholly owned by Cotonificio Albini S.p.A. and carries out commercial activities for the "Bespoke" business and provides commercial and marketing support for the parent's sales in Hong Kong and Southeast Asia. In 2015, it further strengthened its presence as a local Bespoke fabric distributor when it acquired the complete inventory of another local distributor that had managed the group's fabrics. Furthermore, the subsidiary continues to act as Cotonificio Albini S.p.A.'s Hong Kong agent, thereby significantly reinforcing the Group's coverage of the local market. Its net profit for the year came to €252 thousand, compared to a net loss of €106 thousand for 2014. Turnover from fabric sales rose from €231 thousand in 2014 to €1.3 million in 2015, providing a substantial contribution to Group turnover.

Albini USA Corporation

Wholly owned by Cotonificio Albini S.p.A., this company is based in New York and bolsters the Group's direct presence in North America, contributing to the development of commercial and marketing activities targeting North American customers. Its turnover from consultancy provided to Cotonificio Albini S.p.A. totalled €335 thousand in 2015, compared to €118 thousand in 2014 and it posted a net profit for the year of €10 thousand, versus €3.4 thousand in 2014.

After beginning the liquidation process, Tifil Italiana S.r.l. in liquidation and Thomas Mason Ltd. were wound up in the year. The two companies have therefore been definitively eliminated from the consolidation scope.

GROUP PERFORMANCE

The consolidated balance sheet and profit and loss account, reclassified according to management criteria, are attached as annex 1 to this report. The following table gives highlights from the 2015 financial statements and the previous two years:

Highlights	2013	2014	2015
Net revenues	129.0	145.8	148.5
GOP (€ millions)	26.6	32.7	33.3
EBIT margin (€ millions)	5.6	8.5	6.8
EBITDA margin (€ millions)	13.7	17.0	15.8
Net profit for the year attributable to the group (€ millions)	1.1	4.3	4.4
Personnel expenses (€ millions)	36.5	38.7	40.5
Cash flows from operating activities (€ millions)	9.0	13.3	13.7
Net financial debt (€ millions)	(56.7)	(60.5)	(54.9)
Consolidated net equity (€ millions)	65.3	70.7	75.6
Turnover per person (€ thousands)	96	107	107
Cost of labour per person (€ thousands)	27.1	28.4	29.3
Average number of employees in the year	1,347.5	1,365.0	1,383.5
Net profit for the year per share	0.3	1.2	1.2

Total consolidated current and non-current net financial debt with banks has improved considerably, decreasing from €60.5 million to €54.9 million, mainly due to the slight improvement in cash flows, the reduction in investments and a steady balance of net working capital. The percentage of debt due after one year has grown from 71% at 31 December 2014 to 75% at the end of 2015. The main performance indicators compared with the two previous years are shown below:

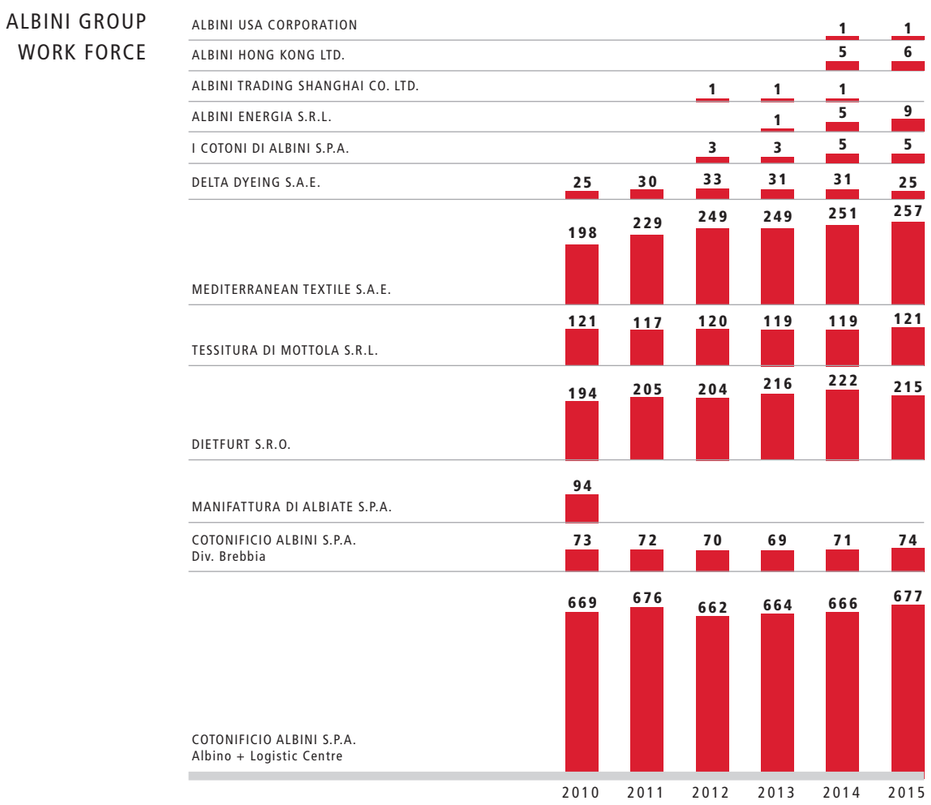
Performance indicators	2013	2014	2015
Return on equity (ROE)	1.7%	6.1%	5.8%
Return on sales (ROS)	4.3%	5.9%	4.6%
Return on investment (ROI)	3.9%	5.6%	4.4%
Equity ratio	0.33	0.34	0.36
NFD/Net equity	0.87	0.86	0.73
EBIT margin	4.3%	5.8%	4.6%
EBITDA margin	10.6%	11.7%	10.6%
NFD/EBITDA margin	4.1	3.6	3.5
Cash flows as a percentage of sales	7.0%	9.1%	9.3%
Net working capital as a percentage of sales	49.4%	48.9%	50.8%
DSO	89.94	90.85	81.47
Inventory turnover	199	191	198
Research and development costs as a percentage of sales	3.7%	3.0%	3.4%

WORKFORCE

There were 1,390 group employees at 31 December 2015, 13 more than at 31 December 2014. They are distributed across the various group companies as follows:

	2015	2014
Cotonificio Albini S.p.A.	751	737
Tessitura di Mottola S.r.l.	121	119
Albini Energia S.r.l.	9	5
I Cotoni di Albini S.p.A.	5	5
Albini Trading Shanghai Co. Ltd.	-	1
Albini Hong Kong Ltd.	6	5
Dietfurt S.r.o.	215	222
Mediterranean Textile S.a.e.	257	251
Delta Dyeing S.a.e.	25	31
Albini USA Corporation	1	1
Total employees	**1,390**	**1,377**

The trend in employee numbers over the last six years is shown in the following graph:



We wish to extend our thanks to all Group company employees for their unstinting commitment to improvement in all company areas.

OTHER INFORMATION

Pursuant to article 2428.2.6-*bis* of the Italian Civil Code, we set out below the Group's financial risks management objectives and policies. The risk analysis performed covers all risk types, including strategic, management and financial.

Group risk factors

Effective risk management is essential to maintaining the Group's value over time.
Monitoring of the key risks focused on the subsidiary Cotonificio Albini S.p.A. and on the companies that have invoiced customers external to the Group, such as I Cotoni di Albini S.p.A., Albini Energia S.r.l., Albini Hong Kong Ltd. and Albini Shanghai Co Ltd..
The other Group companies almost exclusively perform work commissioned by Cotonificio Albini S.p.A..
Risks are analysed monthly at a meeting covering Group results, opportunities and risks in its various geographical and operating segments.

The identified risks are:

Strategic and market risks
Operational risks
Financial risks

Strategic and market risks

The textile and clothing sector is risky by its very nature, as the season's collection has to interpret fashion trends which are by definition uncertain and subjective.
This risk cannot be entirely eliminated but over time we have developed a method to create our products involving: intense research and development activities entailing significant resources, sales and marketing managers continually monitoring the market and its trends and working closely with key customers on styling, which is a win-win situation for both parties. Moreover, to reduce the risks linked to our products' high degree of specialisation and the natural ups and downs dictated by fashion as mentioned earlier, we have for many years now concentrated on diversifying across a large number of customers, both in geographical terms and in terms of the sectors in which they operate. Close attention is paid to emerging markets, where sales are currently limited but which should experience the highest growth rates.
The textile/clothing sector is one of the most globalised and competitive. The risk is that changes in competitive conditions (costs and exchange rate fluctuations) would cause some of our customers to start purchasing from other parts of the world.
We have responded to this threat by diversifying our customer base, pursuing greater competitiveness and diversifying our production facilities.
On the other hand, a long-term goal of ours has been to shift our competitive edge as far as possible away from the price factor to elements such as product innovation, quality, service and marketing, to defend our position in the premium market. However, we are also aware of how important and influential the price/quality ratio is.
In addition to the fabric segment, the energy business in which Albini Energia S.r.l. operates, is taking on an increasingly greater role in analysis and discussion. This has also enabled us to diversify risks, although the impact of energy revenues on total turnover is still marginal.

Operational risks

The main operational risks the Group faces relate to:
- raw materials
- international economic situation
- health and safety in the workplace

We have a strong knowledge of the raw materials markets and their trends thanks to our presence in the spinning field and our close relationships with cotton producers, and our partnerships with some strategic yarn suppliers are increasingly close. We have also rolled out a policy of diversifying purchases across different geographical areas of the world so as to have alternative options available in the event of unexpected economic, exchange rate or political changes in one of these areas.

We have already noted several times how changeable and uncertain the international economic situation currently is. We have also examined structural and economic initiatives to match production levels to demand trends and to decrease costs, particularly overheads. Lead times continue to be vital and the focus we have always had on efficient, reliable management control means we can quickly recognise and respond to changes as they occur.

The Group is also exposed to health and safety in the workplace issues, consisting of the risk of serious injury in the workplace, environmental pollution and failure to comply or incomplete compliance with legislation and sector regulations. These risks are significant for a substantially manufacturing Group such as ours. The Group companies carry out ongoing, systematic evaluation of the risks applicable to them and the consequent elimination of those deemed unacceptable under the legislation in force in those countries where the production facilities are located.
The function dedicated to these issues has been strengthened with specialised personnel, dedicated software and revised training and awareness programmes for all personnel of the various operational and hierarchical levels.

Financial risks

Credit risk

There is no significant concentration of credit risk at the reporting date, despite the difficulties of making collections from customers during the year due to the general market liquidity crisis. The Group partially hedges credit risk by insuring its receivables and the sales and administrative department carefully monitors customer solvency and any overdue amounts. With reference to trade receivables, the provision for bad debts accrued in the financial statements is adequate to cover bad debts.

Interest rate risk

The Group's financial debt is mainly subject to floating interest rates and the Group is therefore exposed to risks of fluctuations. To reduce this risk, the Group has agreed hedging contracts with counter parties deemed solvent by the market. IRS contracts hedged approximately 12.2% of non-current floating-rate debt at year end, whereby the Group receives the floating interest rate from the bank and pays a fixed rate.
The aim is to fix the borrowing cost for part of the debt, benefiting from sustainable fixed rates for the hedged portion.

Currency risk

As the Group operates on international markets, it is exposed to currency risk, mainly in relation to the US dollar, the pound sterling, the Japanese yen, the Czech koruna and the Egyptian lira. The Group makes use of natural hedges between receivables and payables and only partially hedges the net foreign currency amounts, mainly using financial hedging instruments such as forward sales and purchase agreements. This policy therefore reduces the exposure to currency risk.

Liquidity risk

The parent, Cotonificio Albini S.p.A., manages the treasury for the entire Group in order to ensure the efficient and effective management of financial resources. Current and non-current liquidity requirements are monitored closely such to ensure financial resources are promptly available or the appropriate investment of liquid funds, and that the make-up of debt is consistent with the investments made. Moreover, the Group seeks to optimise liquidity among Group companies, including through non-current loans bearing market interest rates.

Risks covered by insurance

Group companies have insurance policies in place to minimise financial effects. The analysis and insurance coverage of the risks faced by the Group were performed with the assistance of the broker, Assiteca, whose Italian and international organisation offers this service and manages any claims that may arise.
Briefly, all Group companies are insured against the following risks: third-party liability, accident, fire - all risks and business continuity.

RESEARCH AND DEVELOPMENT EXPENSE

The subsidiary Cotonificio Albini S.p.A. continued to develop new fabrics, research innovative yarns and finishes and improve the production technologies in 2015.
Research and development activities took place at the Albino, Brebbia and Gandino facilities and also involved the assistance of external consultants and collaborators.
The expense incurred, totalling € 5.07 million (3.41% of net turnover), includes personnel expenses for employees involved in research, developing collections and exclusives, consulting services for the development of stylistic, materials and new colour trends and the costs incurred for research into new materials and textile testing, as well as the depreciation and maintenance of machinery and equipment used directly in these activities.
The activities performed led to the completion of prototypes and subsequent production of innovative and exclusive fabrics, which performed well on Italian and foreign markets. The subsidiary's ongoing commitment to product research and development efforts continued to be well received among customers. All costs incurred were expensed.

SIGNIFICANT POST-BALANCE SHEET EVENTS AND OUTLOOK

In the first three months of the year, Group turnover is slightly down on the previous year. Sales of Autumn/Winter 2016 collection fabrics are also down slightly, whereas the samples for the subsequent season are performing well, but it is difficult to forecast the season's results given the extremely uncertain times. The yarns and energy business show growth.

Nevertheless, we expect to recover turnover in the year and achieve results in line with 2015.

Albino, 30 March 2016

On behalf of the board of directors
The Chairman
(Fabio Albini)

Annex 1

RECLASSIFIED BALANCE SHEET

(€ '000)	2015	2014
Intangible fixed assets	1,555	1,360
Tangible fixed assets	76,696	78,626
Financial fixed assets	4	381
Deferred tax assets	1,522	2,299
Provisions and employees' leaving entitlement	(14,494)	(15,338)
Net working capital	75,477	71,331
Net other medium-term receivables / (payables)	(1,546)	1,319
Net invested capital	**139,214**	**139,978**
Net financial debt	**(54,876)**	**(60,501)**
Obligations to shareholders	**(8,757)**	**(8,757)**
Consolidated net equity	**75,581**	**70,720**
of which: - attributable to the group	72,613	68,315
- minority interests	2,968	2,405

Net working capital	**2015**	**2014**
Inventory	81,099	79,675
Trade receivables	33,152	35,693
Trade payables	(30,826)	(34,264)
Other net receivables / (payables)	(7,948)	(9,773)
Total	**75,477**	**71,331**

Net financial debt	**2015**	**2014**
Bank loans and borrowings	(50,474)	(54,029)
Loans and borrowings from other financial backers	(10,907)	(12,297)
Bank deposits and cash and cash equivalents	6,505	5,825
Total	**(54,876)**	**(60,501)**

Annex 2

RECLASSIFIED PROFIT AND LOSS ACCOUNT

(€'000)	2015	2014
Net revenues	148,532	145,755
Cost of sales	(115,187)	(113,079)
Gross operating profit	**33,345**	**32,676**
Sales costs	(14,742)	(13,828)
Product research costs	(3,572)	(4,400)
Administrative costs and overheads	(9,484)	(7,658)
Other operating income	1,236	1,695
Operating profit (EBIT)	**6,782**	**8,484**
Net financial charges	(1,710)	(1,759)
Net extraordinary income	548	27
Pre-tax profit	**5,620**	**6,752**
Income taxes	(1,243)	(1,984)
Net profit for the year, including minority interests	**4,377**	**4,768**
Minority interests	**18**	**425**
Net profit for the year attributable to the group	**4,359**	**4,343**
As a % of net revenues		
Gross operating profit	22.4%	22.4%
EBITDA margin	10.6%	11.7%
EBIT margin	4.6%	5.8%
Net profit for the year	2.9%	3.0%
Cost of sales	78%	78%
Sales costs	9.9%	9.5%
Product research costs	2.4%	3.0%
Administrative costs and overheads	6.4%	5.3%

ALBINI GROUP S.P.A.

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

BALANCE SHEET

ASSETS	31.12.2015		31.12.2014	
(€'000)	**Partial**	**Total**	**Partial**	**Total**
A) Share capital proceeds to be received				
B) Fixed assets				
I. *Intangible fixed assets*				
1) Start-up and capital costs				
2) Research, development and advertising costs				
3) Industrial patents and intellectual property rights		167		142
4) Concessions, licences, trademarks and similar rights		133		111
5) Goodwill		763		508
6) Assets under development and payments on account				7
7) Other		492		592
Total		**1,555**		**1,360**
II. *Tangible fixed assets*				
1) Land and buildings		51,531		51,237
2) Plant and machinery		23,527		25,410
3) Industrial and commercial equipment		115		179
4) Other assets		913		918
5) Assets under construction and payments on account		610		882
Total		**76,696**		**78,626**
III. *Financial fixed assets*				
1) Investments:				
a) Subsidiaries				
b) Associates				
c) Parents				
d) Other				25
2) Financial receivables				
a) From subsidiaries				
b) From associates				356
c) From parents				
d) From others		4		
3) Other securities				
4) Own shares				
Total		**4**		**381**
Total fixed assets (B)		**78,255**		**80,367**

ASSETS	31.12.2015		31.12.2014	
(€'000)	**Partial**	**Total**	**Partial**	**Total**
C) Current assets				
I. *Inventory*				
1) Raw materials, consumables and supplies		33,438		31,958
2) Work in progress and semi-finished products		21,651		20,089
3) Contract work in progress		215		
4) Finished goods		25,795		27,628
5) Payments on account				
Total		**81,099**		**79,675**
II. *Financial receivables*				
1) Trade receivables				
Due within one year		33,152		35,693
Due after one year				
2) From subsidiaries				
3) From associates				
4) From parents				
4bis) Tax receivables due within one year		2,493		759
Tax receivables due after one year		1,228		1,270
4ter) Deferred tax assets due within one year		433		333
Deferred tax assets due after one year		1,522		2,299
5) From others due within one year		2,279		1,457
From others due after one year		90		81
Total		**41,197**		**41,892**
III. *Current financial assets*				
1) Investments in subsidiaries				
2) Investments in associates				
3) Investments in parents				
4) Other investments				
5) Own shares				
6) Other securities				
Total				
IV. *Liquid funds*				
1) Bank and postal accounts		6,470		5,799
2) Cheques on hand		4		2
3) Cash-in-hand and cash equivalents		31		24
Total		**6,505**		**5,825**
Total current assets (C)		**128,801**		**127,392**
D) Prepayments and accrued income				
- discount on loans				
- prepayments and accrued income		272		119
Total prepayments and accrued income (D)		**272**		**119**
Total assets		**207,328**		**207,878**

BALANCE SHEET

LIABILITIES	31.12.2015		31.12.2014	
(€ '000)	Partial	Total	Partial	Total
A) Net equity				
I. Share capital		1,820		1,820
II. Share premium reserve		828		828
III. Revaluation reserve				
IV. Legal reserve		364		364
V. Statutory reserves				
VI. Reserve for own shares in portfolio				
VII. Other reserves:				
- Extraordinary reserve	238		326	
- Shareholders for capital injections	207		207	
- Revaluation reserve as per Law no. 342/00	4,221		4,221	
- Revaluation reserve as per Law no. 266/05	4,592		4,592	
- Revaluation reserve as per Law no. 02/09	12,247		12,247	
- Translation reserve	1,667	23,172	791	22,384
VIII. Undistributed profits of subsidiaries		42,070		38,576
IX. Net profit for the year		4,359		4,343
Total net equity attributable to the group		**72,613**		**68,315**
Minority interests in net equity		2,950		1,980
Minority interests in net profit for the year		18		425
Total minority interests in net equity		2,968		2,405
Total consolidated net equity		**75,581**		**70,720**
B) Provisions for risks and charges				
1) Pension and similar provisions		1,826		1,724
2) Tax provision, including deferred tax liabilities		5,308		6,119
3) Other expense		402		467
Total provisions for risks and charges		**7,536**		**8,310**
C) Employees' leaving entitlement		**6,958**		**7,028**
D) Payables				
1) Bonds due within one year				
Bonds due after one year		4,157		4,157
2) Convertible bonds due within one year				
Convertible bonds due after one year		4,600		4,600
3) Shareholder loans due within one year				
Shareholder loans due after one year				
4) Bank loans and borrowings due within one year		18,630		21,844
Bank loans and borrowings due after one year		31,844		32,185
5) Loans and borrowings from other financial backers due within one year		1,420		1,386
Loans and borrowings from other financial backers due after one year		9,487		10,911

LIABILITIES	31.12.2015		31.12.2014	
(€ '000)	Partial	Total	Partial	Total
6) Payments on account due within one year		904		450
7) Trade payables due within one year		30,826		34,264
Trade payables due after one year		2,864		32
8) Commercial paper due within one year				
Commercial paper due after one year				
9) Payable to subsidiaries				
10) Payable to associates				
11) Payables to parents due within one year				
12) Tax payables due within one year		1,423		1,378
13) Social security charges payable due within one year		2,010		1,844
14) Other payables due within one year		7,040		6,524
Total payables		**115,205**		**119,575**
E) Accrued expenses and deferred income				
- premium on loans				
- accrued expenses and deferred income		2,048		2,245
Total accrued expenses and deferred income		**2,048**		**2,245**
Total liabilities		**131,747**		**137,158**
Total net equity and liabilities		**207,328**		**207,878**
Memorandum and contingency accounts				
- Sureties given to third parties		908		2,085
- Forward currency purchase and sales commitments		27,263		23,655
- Third party assets		449		31
Total memorandum and contingency accounts		**28,620**		**25,771**

PROFIT AND LOSS ACCOUNT

	2015		2014	
(€ '000)	Partial	Total	Partial	Total
A) Production revenues				
1) Turnover from sales and services		148,532		145,755
2) Change in work in progress, semi-finished products and finished goods		(312)		1,323
3) Change in contract work in progress		215		(26)
4) Internal work capitalised		18		52
5) Other revenues and income:				
- sundry	1,947		2,068	
- grants related to income	383	2,330	493	2,561
Total production revenues (A)		**150,783**		**149,665**
B) Production cost				
6) Raw materials, consumables, supplies and goods		51,173		54,345
7) Services		45,253		43,674
8) Use of third-party assets		431		254
9) Personnel expenses:				
a) Wages and salaries	28,793		27,599	
b) Social security contributions	9,126		8,661	
c) Employees' leaving entitlement	1,718		1,640	
d) Pension and similar costs				
e) Other costs	907	40,544	805	38,705
10) Amortisation, depreciation and write-downs:				
a) Amortisation of intangible fixed assets	479		437	
b) Depreciation of tangible fixed assets	8,213		7,888	
c) Other write-downs of fixed assets				
d) Write-downs of current receivables and liquid funds	311	9,003	178	8,503
11) Change in raw materials, consumables, supplies and goods		(854)		(5,364)
12) Provisions for risks		350		123
13) Other provisions				
14) Other operating costs		930		941
Total production cost (B)		**146,830**		**141,181**
Operating profit (A-B)		**3,953**		**8,484**
C) Financial income and charges				
15) Income from investments:				
- In subsidiaries				
- In associates				
- Other	2	2		

	2015		2014	
(€ '000)	Partial	Total	Partial	Total
16) Other financial income:				
a) From financial receivables classified as fixed assets:				
- From subsidiaries				
- From associates				
- From parents				
- Other				
b) From securities classified as fixed assets				
c) From securities classified as current assets				
d) Other income:				
- From associates				
- From parents				
- Other	2	2	119	119
17) Interest and other financial charges:				
- To subsidiaries				
- To associates				
- To parents				
- Other	(3,104)		(3,368)	
17-bis) Net exchange rate gains (losses)	4,244	1,140	1,490	(1,878)
Net financial income (charges) (15+16-17±17-bis)		**1,144**		**(1,759)**
D) Adjustments to financial assets				
18) Write-backs:				
a) Investments				
b) Financial fixed assets which are not equity investments				
c) Securities classified as current assets				
19) Write-downs:				
a) Investments	(25)			
b) Financial fixed assets which are not equity investments				
c) Securities classified as current assets				
Total adjustments (18-19)		**(25)**		
E) Extraordinary income and expense				
20) Income:				
- Gains on sale of assets				
- Other expense	1,007	1,007	252	252
21) Expense:				
- Losses on sale of assets				
- Taxes relative to prior years	(1)		(18)	
- Other expense	(458)	(459)	(207)	(225)
Net extraordinary income (20-21)		**548**		**27**
Pre-tax profit (A-B±C±D±E)		**5,620**		**6,752**
22) Income taxes				
- current	(1,754)		(2,249)	
- deferred	146		202	
- income from participation in the national tax consolidation scheme	365		63	
Total current and deferred taxes		(1,243)		(1,984)
23) Net profit for the year before minority interests		4,377		4,768
Minority interests		18		425
23 bis) Net profit for the year attributable to the Group		**4,359**		**4,343**

On behalf of the board of directors
The Chairman
(Fabio Albini)

CASH FLOW STATEMENT

(€'000)	2015	2014
A. Cash flows from operating activities (indirect method)		
Net profit (loss) for the year	4,377	4,768
Income taxes	1,243	1,982
Interest expense/(interest revenue)	3,102	3,249
(Dividends)	-	-
Gains on the sale of assets	(465)	(497)
1. Profit for the year before income taxes, interest, dividends and gains/losses on the sale of assets	**8,257**	**9,502**
Adjustments for non-monetary elements that did not affect net working capital		
Increase in provisions	2,776	2,069
Amortisation and depreciation	8,692	8,325
Write-downs for impairment	48	-
Other non-monetary adjustments	-	-
2. Cash flows before changes in net working capital	**19,773**	**19,896**
Changes in net working capital		
Decrease/(increase) in inventory	(1,624)	(7,395)
Decrease/(increase) in trade receivables	2,592	(3,816)
Increase/(decrease) in trade payables	(606)	2,402
Decrease/(increase) in prepayments and accrued income	(153)	-
Increase/(decrease) in accrued expenses and deferred income	(216)	183
Other changes in net working capital	(945)	(85)
3. Cash flows after changes in net working capital	**18,821**	**11,185**
Other adjustments		
Interest (paid)/received	(3,084)	(3,352)
(Income taxes paid)	(1,774)	(719)
Dividends collected	-	-
(Utilisation of provisions for risks)	(2,304)	(2,116)
4. Cash flows after other adjustments	**11,660**	**4,998**
Cash flows from operating activities (A)	**11,660**	**4,998**

(€'000)	2015	2014
B. Cash flows from investing activities		
Tangible fixed assets		
(Investments)	(4,225)	(7,036)
Proceeds from sales	445	600
Exchange rate losses	(2,038)	(2,065)
Intangible fixed assets		
(Investments)	(636)	(950)
Proceeds from sales	(61)	(3)
Financial fixed assets		
Investments in venture capital	-	-
Proceeds from sales of venture capital	-	-
(Investments)	(4)	-
Proceeds from sales	-	-
Current financial assets		
(Investments)	-	-
Proceeds from sales	-	-
(Investments)	-	-
Proceeds from sales	-	-
Purchase or sale of subsidiaries or business units net of liquid funds	-	-
Cash flows used in investing activities (B)	**(6,519)**	**(9,454)**
C. Cash flows from financing activities		
Third-party funds		
Increase/(decrease) in current bank loans and borrowings	(4,463)	(804)
New loans	10,500	22,469
Repayment of loans	(10,982)	(15,260)
Own funds		
Share capital increase against payment	-	-
Exchange rate gains	1,084	925
Interim dividends paid (and dividends advances)	(600)	(300)
Cash flows from (used in) financing activities (C)	**(4,461)**	**7,030**
Increase (decrease) in liquid funds (A ± B ± C)	680	2,574
Liquid funds at 1 January 2015	5,825	3,251
Liquid funds at 31 December 2015	**6,505**	**5,825**

On behalf of the board of directors

The Chairman

(Fabio Albini)

ALBINI GROUP S.P.A.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Registered head office in Albino (BG) Via Dr. Silvio Albini, 1 -
Share capital € 2,028,000.00.= of which € 208,000.00.=
reserved to conversion of convertible bonds of the subsidiary
Cotonificio Albini S.p.A., Real share capital € 1,820,000.00.=
fully paid-up. - Trade Register of Bergamo and Tax Code 01736210160

GROUP OPERATIONS

The Group's business object is to produce and sell shirting fabrics.

GROUP COMPOSITION, CONSOLIDATION SCOPE AND CHANGES FROM THE PREVIOUS YEAR

The consolidated financial statements include the financial statements of Albini Group S.p.A., with registered office in Albino (Bergamo), and those of the direct subsidiaries Albini Energia S.r.l., Cotonificio Albini S.p.A. and its subsidiaries, as listed below:

COMPANY		SHARE/QUOTA CAPITAL	
ALBINI GROUP S.P.A. Financial holding company - registered office in Albino (Bergamo)		EUR	1,820,000
COTONIFICIO ALBINI S.p.A. Operating parent - registered office in Albino (Bergamo) 100% directly owned		EUR	10,000,000
ALBINI ENERGIA S.r.l. Registered office in Albino (Bergamo) 100% directly owned		EUR	50,000
TESSITURA DI MOTTOLA S.r.l. Registered office in Mottola (Taranto) 100% indirectly owned	(1)	EUR	1,000,000
DIETFURT S.R.O. Registered office in Letohrad, Czech Republic 100% indirectly owned	(1)	CZK	60,100,000
MEDITERRANEAN TEXTILE S.A.E. Registered office in Borg El Arab, Alexandria, Egypt 1.43% directly owned; 78.93% indirectly owned	(3)	USD	14,000,000
DELTA DYEING S.A.E. Registered office in Borg El Arab, Alexandria, Egypt 61.43% indirectly owned	(2)	USD	5,200,000
ALBINI TRADING SHANGHAI CO. LTD. Registered office in Shanghai, China 90% indirectly owned.	(1)	CNY	4,225,355
I COTONI DI ALBINI S.p.A. Registered office in Albino (Bergamo) 70% indirectly owned.	(1)	EUR	1,000,000
ALBINI HONG KONG LTD. Registered office in Hong Kong 100% indirectly owned.	(1)	HKD	3,500,000
ALBINI USA CORPORATION Registered office in New York, USA 100% indirectly owned.	(1)	USD	100,200

(1) Owned by Cotonificio Albini S.p.A.
(2) Owned by Mediterranean Textile S.a.e.
(3) Owned by Cotonificio Albini S.p.A. and Dietfurt S.r.o.

The aforementioned companies are consolidated on a line-by-line basis.

There were changes in the consolidation scope during the year, as Tifil Italiana in liquidation S.r.l. and Thomas Mason Ltd. were excluded. Both companies completed their liquidation process and therefore no longer existed as companies and were struck off the public registers. The changes in net equity due to these changes were allocated to the reserve for undistributed profits of subsidiaries.

The investment in Stil Novo Partecipazioni S.r.l. was excluded from the consolidation scope. The company was set up by a group of entrepreneurs and banks with the aim of promoting "Made in Italy" products and increasing their circulation worldwide. This investment is measured at cost as it is a minority interest and immaterial for the purposes of giving a true and fair view of the Group's consolidated financial statements. During the year, the company was written off following the completion of its liquidation, which began in 2015.

BASIS OF PRESENTATION

The consolidated financial statements as at and for the year ended 31 December 2015, comprised of a balance sheet, profit and loss account and these notes, have been prepared in compliance with the provisions of Legislative decree no. 127 of 9 April 1991. They have been drawn up on the basis of the financial statements as at and for the year ended 31 December 2015 prepared by the boards of directors or, where available, the financial statements approved by the share/quotaholders of the respective consolidated companies, adjusted where necessary to align them with the Group's classification criteria and accounting policies. Corresponding prior year figures are given for each caption of the balance sheet and profit and loss account. Where the captions are not comparable, those related to the previous year have been adjusted and significant adjustments commented in the notes.

The same accounting policies used to prepare the parent's financial statements were applied to prepare the consolidated financial statements. In their absence, those adopted by the subsidiary Cotonificio Albini S.p.A. were used. Such policies are adjusted as necessary to comply with the provisions contained in Legislative decree no. 127/91 governing the preparation of consolidated financial statements. The Group's reporting period and the reporting date match those of the financial statements of the parent and all the subsidiaries.

With a view to providing more extensive disclosure, a schedule has been prepared reconciling the net equity and the net profit for the year of the parent with those shown in the consolidated financial statements.

In order to provide more complete disclosure on the Group's financial position and results of operations, a cash flow statement is presented showing the reasons for the increase or decrease in the liquid funds of the year. The cash flow statement, prepared on a comparative basis, is presented using the indirect method and the format provided for by OIC 10.

The balance sheet and profit and loss account are prepared in thousands of Euros.

Disclosure on Group operations and significant post-balance sheet events is provided in the directors' report.

BASIS OF CONSOLIDATION

All companies included in the consolidation scope and subsidiaries are consolidated on a line-by-line basis, which may be summarised as follows:

- recognition of the full amount of assets and liabilities and costs and revenues, irrespective of the investment percentage;
- elimination of receivables and payables and costs and revenues between consolidated companies;
- elimination of the carrying amount of those investments in companies included in the consolidation scope against the corresponding elimination of the portions of net equity.

Any excess amount paid with respect to the carrying amount of the investees' net equity at the date of acquisition has been allocated to the individual asset and liability captions to which such amount relates. Any residual positive amount, representing goodwill, is recognised under "Goodwill arising on consolidation".
As they are due to changes in the investees' net equities occurring after acquisition, other differences arising from the elimination of the investees' carrying amount against their net equity are recognised as an increase in consolidated net equity under "Undistributed profits of subsidiaries". Minority interests in net equity and net profit (loss) for the year are shown in separate captions under balance sheet liabilities and the profit and loss account.
The financial statements of foreign subsidiaries prepared in currencies other than the Euro are translated into the reporting currency at the exchange rate ruling at year end for the balance sheet and at the estimated average exchange rate for the year for the profit and loss account. Exchange rate gains and losses arising from the translation of the opening net equity captions at exchange rates ruling at year end compared to those in force at the end of the previous year are recognised in the "Translation reserve". Differences generated by the translation of the net profit (loss) for the year at average exchange rates compared to the translation at year end rates are also recognised in the "Translation reserve".

The exchange rates applied for the translation into Euro are as follows:

Currency	Exchange rate at 31/12/2015	Average exchange rate - 2015	Exchange rate at 31/12/2014	Average exchange rate - 2014
Czech koruna	27.02	27.28	27.73	27.54
US dollar	1.09	1.11	1.21	1.33
Chinese renmimbi	7.06	6.97	7.54	8.19
HK dollar	8.44	8, 60	9.42	10.30

Significant receivables, payables, costs and revenues on transactions between consolidated companies and any material unrealised intercompany profits due from third parties are eliminated, taking into account the tax effect where necessary. Lease transactions are classified using the "financial method" so as to determine the original cost of the asset net of the related depreciation.

ACCOUNTING POLICIES

The accounting policies adopted to prepare the consolidated financial statements comply with article 2426 and following articles of the Italian Civil Code, interpreted in the context of and integrated by the accounting standards issued by the Italian Accounting Standard Setter (*Organismo Italiano di Contabilità*, OIC) (the "OIC accounting standards").
The accounting policies applied and described below are those in effect at the reporting date and do not consider the legislative changes introduced by Legislative decree no. 139/2015, which will be applied in the 2016 financial statements.

Intangible and tangible fixed assets

Intangible fixed assets are stated at purchase or production cost, including related charges, and shown net of accumulated amortisation calculated over the assets' income-generating potential.

The amortisation rates applied to intangible fixed assets, except for leasehold improvements, which are amortised over the residual term of the contract, are as follows:

Categories	Rate
Start-up and capital costs	20%
Industrial patents and intellectual property rights	33.33%
Concessions, licences, trademarks and similar rights	10%
Goodwill	10%
Other:	
- Software	33.33%
- Other	20%

If the carrying amount of an asset indicates an impairment loss at the reporting date, it is written down accordingly.
With the exception of goodwill and deferred costs, the original amount is reinstated in subsequent years if the reasons for such write-down cease to exist.

Tangible fixed assets are recognised at purchase or production cost. They are stated net of accumulated depreciation. Purchase cost includes ancillary costs. Production cost includes the portion of all directly-related and other costs related to the period of construction and until such time as the asset can be used that can reasonably be allocated to the asset.

Costs incurred to expand, upgrade or improve structural elements of a tangible fixed asset, including changes made to increase the asset's consistency with its intended use, are capitalised if they give rise to a significant and quantifiable increase in the asset's production capacity, safety or useful life. If such costs do not produce these effects, they are treated as ordinary maintenance and expensed.

Tangible fixed assets are revalued to the extent of their recoverable amount only where required or permitted by special laws as set out in the relevant table included in the notes.

The legal revaluations made to assets still owned by the group at 31 December 2015 are:

- Law no. 576 of 2 December 1975;
- Law no. 72 of 19 March 1983;
- Law no. 413 of 31 December 1991;
- Law no. 342 of 21 November 2000;
- Law no. 448 of 28 December 2001;
- Law no. 266 of 23 December 2005;
- Law no. 2 of 28 January 2009.

A further revaluation was made pursuant to article 16 of Presidential decree no. 598, following the merger which took place in 1987.
Tangible fixed assets are depreciated systematically on a straight-line basis using the following rates, which have been calculated based on the assets' residual useful lives. These rates are halved in the year in which the asset becomes available for use to approximate the asset's shorter period of use. Depreciation is also calculated on unused assets.
Depreciation commences from the time the asset is available and ready for use.

The depreciation rates used are as follows:

Categories	Rate
Operating buildings	3%
Plant and machinery	from 10% to 20%
Hydroelectric plant	7%
Photovoltaic systems	4%
Industrial and commercial equipment	18-25%
Other assets:	
- Office furniture and equipment	12%-20%
- Cars	25%
- Trolleys	20%

If, at the reporting date, there are indications of impairment losses on assets, the recoverable amount of such assets is estimated.

If the recoverable amount, being the higher of value in use and fair value less costs to sell, is lower than the corresponding carrying amount, the assets are written down.
The original amount is reinstated in subsequent years if the reasons for such write-down cease to exist.

Financial fixed assets

Equity investments, debt instruments and own shares which the Group intends and has the capacity to hold in the long term, are recognised under financial fixed assets. Otherwise, they are recognised under current assets.
Transfers in or out of the two categories are recognised in accordance with the accounting policies applicable to the asset's original portfolio.
Receivables are recognised under fixed or current assets depending on their intended use in relation to the company's ordinary activities that generate them. Accordingly, financial receivables are recognised under financial fixed assets, whereas trade receivables are recognised under current assets, regardless of their due date. They are measured as detailed below.
The minority investment in Stil Novo Partecipazioni S.r.l. was stated at cost, and was written off when the company went into liquidation. Other financial fixed assets mainly consist of financial receivables, which are recognised at their nominal amount, deemed to reflect estimated realisable value.

Inventory

Inventory is initially recognised at purchase or production cost and subsequently measured at the lower of cost and estimated realisable value based on market trends.
Purchase cost is the actual cost paid upon purchase including related charges, less financial charges.
The purchase cost of raw materials includes their price, transport costs, customs and other duties and other directly attributable costs.
Production cost is purchase costs plus manufacturing costs and includes the portion of all direct and indirect costs related to the period of construction and until such time as the asset can be used that can reasonably be allocated to the asset, based on normal production capacity.

Cost is determined as the weighted average cost, as follows:

- raw cotton, unbleached yarns, unbleached materials and finished fabrics are recognised at the weighted average cost of the year;
- work in progress and dyed yarns in the warehouse and at third parties are measured based on their progress;
- stocks of consumables and spare parts are recognised at their weighted average cost for the year;
- assets under construction by the direct subsidiary Albini Energia S.r.l. marked for sale are measured considering the percentage of completion with respect to revenues from plants under construction at year end.

Market value is the replacement cost of raw materials and supplies and the current market price for goods and finished products.
Obsolete and slow-moving items are written down to reflect their estimated possibility of use or sale.

Receivables

Receivables recognised in the financial statements represent rights to collect liquid funds from customers or other third parties. They are measured at estimated realisable value, whereby their nominal amount is adjusted to reflect the estimated risk of non-collection, invoicing adjustments, discounts and allowances and other reasons leading to a lower realisation.
When the company identifies expected losses for irrecoverable amounts, it writes down the receivable's nominal amount through the provision for bad debts, in order to account for the possibility that a debtor may partially default. The write-downs are estimated on an individual basis, by calculating the expected loss for each irregular position already existing or reasonably foreseeable at the reporting date, based on past trends and any other useful information about expected additional losses at the reporting date. The write-downs recognised in the provision for bad debts for receivables covered by guarantees consider the effects of enforcing the guarantees.
Invoicing adjustments are considered on an accruals and prudent basis, by providing for credit notes to be issued and adjusting receivables and related revenues accordingly. Trade discounts and allowances that the Group expects to grant upon collection and other reasons leading to a lower realisation are also specifically provided for. Cash discounts and allowances are recognised upon collection.
Factored receivables are derecognised when the contractual rights to the related cash flows are extinguished, or title thereto is transferred, along with substantially all risks related to the receivable. All contractual clauses are taken into consideration in evaluating the transfer of the risks. When the above-mentioned conditions are met and the receivable is derecognised, any difference between the amount collected and the receivable's carrying amount (i.e., its nominal amount, net of accumulated impairment losses), is recognised as a loss in the profit and loss account, unless another classification may be identified based on the transfer agreement.

Liquid funds

These are the positive balances of bank and postal accounts and cheques, as well as the cash-on-hand and cash equivalents at year end.
Bank and postal account deposits and cheques are recognised at their estimated realisable value, cash and revenue stamps at their nominal amount, while foreign currency is measured at the closing rate.

Prepayments and accrued income and accrued expenses and deferred income

Accrued income and expense are respectively portions of income and expenses pertaining to the year but that will be collected/paid in subsequent years.
Prepayments and deferred income are respectively portions of expenses and income collected/paid during the year but pertaining to one or more subsequent years.
Accordingly, these captions comprise only portions of costs and income pertaining to two or more years, whose amount varies over time.
At each year end, the company analyses the conditions underlying their initial recognition and makes any necessary adjustments. Specifically, the balance of accrued income varies not only over time, but also based on the expected realisable value, whereas that of prepayments is based on the future economic benefits of the deferred costs arising therefrom.

Provisions for risks and charges

Provisions for risks and charges are recognised to cover specific liabilities that are certain or probable, but whose amount or due date is unknown at the reporting date. Specifically, provisions for risks relate to specific liabilities whose occurrence is probable and amount estimated, while provisions for charges relate to specific liabilities, whose occurrence is certain and amount or due date estimated, that arise from obligations already taken on at the reporting date but which will be paid in subsequent years.
Accruals to provisions for risks and charges are recognised in the profit and loss account section to which the transaction relates, privileging the classification of costs by nature.
The amount of the accruals to the provisions is based on the best estimate of costs, including the legal expenses, at each reporting date and is not discounted. If the measurement of the accruals gives a range of values, the accrual represents the best possible estimate between the upper and lower thresholds of the range.
The provision is subsequently used directly and solely for those costs and liabilities for which it was originally set up. If the provision is not sufficient or is redundant, the shortfall or surplus is recognised in the profit and loss account in line with the original accrual.
Risks for which a liability is only possible are disclosed in the notes without making an accrual to a provision.

- Agents' termination indemnity:
  The agents' termination indemnity comprises accruals for the amounts due to agents in the event the Group withdraws from the agency agreement, in the event of the agent's death if the agent is a natural person, or on retirement.
  The criterion used by the Group to determine this amount differs for Italian and foreign agents. For the Italian agents, the Group has specific obligations set out in the national collective contract for agents and the accrual therefore represents the entire amount due under current legislation, including the amount based on performance. For foreign agents operating within the European Community, the accrual represents an annual amount calculated on the average commissions paid over the last five years, pursuant to the provisions of the Italian Civil Code.
- Other provisions for risks:
  These comprise the accruals made for the estimated contingent liabilities of the various Group companies.

Employees' leaving entitlement

The Italian employees' leaving entitlement (TFR) is the benefit to which employees are entitled in any case of termination of employment pursuant to article 2120 of the Italian Civil Code and considering the change in legislation introduced by Law no. 296 of 27 December 2006. The overall accrued benefit considers any type of continuous remuneration and is net of any payments on account and partial advances paid by virtue of national or individual labour contracts or company agreements which are not required to be repaid. The provision is shown net of advances paid and transfers made to the INPS (the Italian Social Security Institution) treasury fund and other supplementary pension funds for the relevant employees pursuant to legislation in force since 2009. The related liability is the amount that the company would have paid had all employees left at the reporting date.

Payables

Payables are stated at their nominal amount.
Trade payables are initially recognised when the significant risks, charges and benefits relating to ownership have been transferred. Payables relating to services are recognised once the services have been provided.
Loans and borrowings and payables unrelated to the procurement of goods and services are recognised when the Group has an obligation vis-a-vis the counterparty.
In the event of early settlement, the difference between the residual outstanding amount and the overall outlay to settle the obligation is recognised as financial income or charge.
Trade payables that are due after one year at initial recognition and do not bear interest or bear interest at unreasonably low rates are recognised at their nominal amount. The balancing entry in the profit and loss account is recognised by separating the portion relating to the purchase of goods or the provision of services at market conditions with short-term due dates from the portion of interest implicitly arising from the payment extension.

Foreign currency transactions, assets and liabilities

Assets and liabilities generated by foreign currency transactions are initially recorded in Euros, applying the spot rate ruling on the transaction date between the Euro and the foreign currency.
Foreign currency items are translated at the spot exchange rates ruling at year end, and the related gains and losses are taken to the profit and loss account. Non-monetary foreign currency assets and liabilities are maintained in the balance sheet at the exchange rate ruling at their date of purchase; consequently, the exchange rate gains and losses do not give rise to an independent and separate recognition.
For the Italian companies, any net gain deriving from the exchange rate adjustment of the foreign currency monetary items forms part of the net profit or loss for the year; on the approval of the financial statements and consequent allocation of the net profit or loss for the year, any amount not used to cover any loss for the year is recognised in a specific reserve.
Any gains or losses on the financial instruments contracted to hedge currency risk for specific assets and liabilities are recognised in profit or loss on an accruals basis.

Memorandum and contingency accounts

The memorandum and contingency accounts show the Group's guarantees, commitments, and third party assets with the Group and Group assets with third parties. They do not include items that have already been recognised in the balance sheet, profit and loss account or notes, such as the subsidiary I Cotoni di Albini S.p.A. with third parties.
Guarantees are recognised at the amount of the guarantee given or, if undetermined, at the best estimate of the risk taken on considering the current situation. Commitments are recognised at their nominal amount. If they cannot be quantified, they are disclosed in the notes. Third party assets with Group companies are recognised at their nominal amount, fair value or the amount inferred from supporting documentation, depending on the type of asset. The amounts shown in memorandum and contingency accounts are reviewed at each reporting date.

Revenues and costs

Revenues and income, costs and charges are stated net of returns, allowances, discounts and premiums, in compliance with the accruals and prudence concepts.
Revenues from the sale of goods or provision of services are recognised when the production process of goods or services has been completed and the exchange has already taken place i.e., upon the substantial rather than formal transfer of title.
Revenues, income, costs and charges arising from foreign currency transactions are measured at the spot exchange rate ruling at the transaction date.

Grants received

Grants pursuant to Laws no. 181/89 and 513/93 and grants from GSE

Forgivable grants received pursuant to Laws no. 181/89 and 513/93 by Tessitura di Mottola S.r.l. are treated as items that adjust the cost of the goods to which they relate; they are gradually taken to profit or loss over the useful life of such assets. The grants received are recognised under the profit and loss account caption, "Other revenues and income", in line with the depreciation rates of the assets to which they relate, and the portion pertaining to subsequent years under deferred income. The grant received to purchase land, which is not depreciated, has been deducted from the purchase cost of the land.
The grants received from GSE (the company that manages energy services in Italy) for energy production by the photovoltaic system installed in Mottola are taken to the profit and loss account on an accruals basis, considering the energy generated during the year.

Eko Energia grants and grants for new investments

The forgivable loans received for the Eko Energia programme by Dietfurt S.r.o., granted by the Ministry for Industry and Trade of the Czech Republic, are treated as items that adjust the cost of the assets to which they relate and are recognised as a reduction in the purchase cost of the relevant assets. The subsidiary's 2007-2012 investment plan for plant and machinery also benefited from an incentive scheme of the Czech Ministry for Industry and Trade funded by the European Community and aimed at the development of investments and new technologies in the textile sector. The investment plan has generated a tax credit which was partly used to reduce the tax charge for the year and for previous years as from 2012.

Other grants

The grants received by the subsidiary Cotonificio Albini S.p.A. for training projects for personnel are taken to the profit and loss account on an accruals basis, considering the training costs incurred during the year.

Income taxes

Income taxes are recognised based on a calculation of the tax base under current legislation. Deferred tax assets are recognised under the caption of such name based on the estimated rates enacted at the time the temporary differences will reverse. Likewise, deferred tax liabilities are recognised under liabilities in the provision for deferred taxation.
Deferred tax assets on deductible temporary differences are recognised and maintained only when their future recoverability is reasonably certain, through the availability of future taxable profits against which the deferred tax assets may be used or the availability of sufficient taxable temporary differences to recover them in the years in which they reverse.
The parent Albini Group S.p.A., as consolidating company, renewed the option to participate in the national tax consolidation scheme pursuant to articles 117-129 of Presidential decree no. 917 of 22 December 1986 for the 2014-2016 three-year period, along with Cotonificio Albini S.p.A. and Tessitura di Mottola S.r.l., and for the 2015-2017 three-year period with Albini Energia S.r.l. and I Cotoni di Albini S.p.A..
Under this option, each consolidated company calculates its tax base and transfers it to the consolidating company: the tax charge is then recognised in caption 22 (income taxes, current and deferred) of the latter's profit and loss account. Deferred taxation is also shown under this caption. If the Group recognises a tax loss, the related remuneration paid by the consolidating company is likewise recognised under caption 22 of the profit and loss account.

Subsequent events

These events modify conditions existing at the reporting date. They require adjustments to the carrying amounts of recognised assets and liabilities in accordance with the relevant accounting policy. They are recognised on an accruals basis to present their reporting-date effect on the Group's financial position and results of operations.
The post-balance sheet events that modify situations existing at the reporting date but do not require adjustments to the carrying amounts under the relevant accounting policy as they relate to the subsequent year are not recognised but are disclosed in the notes if necessary to give a more complete view of the Group's position.
The date within which an event shall be considered a post-balance sheet event is the date on which the directors prepare the draft financial statements, unless events that require adjustments to the draft financial statements take place during the period from such date and the date on which the financial statements are expected to be approved by the shareholders.

NOTES TO THE MAIN ASSET CAPTIONS

All amounts in the notes to the consolidated financial statements are in thousands of Euros.

Fixed assets

The schedules prepared for intangible, tangible and financial fixed assets are presented in the following pages, showing the historical cost, accumulated depreciation/amortisation, changes of the year, closing balances, and total revaluations at year end for each caption.

Intangible fixed assets

The changes in historical cost, amortisation and the carrying amount of the items under this caption are shown below.

	Historical cost					Accumulated amortisation				Carrying amount
	Balance at 31.12.2014	Purchases	Reclass.	Exchange rate fluctuation	Balance at 31.12.2015	Balance at 31.12.2014	2015 Amort.	Exchange rate fluctuation	Balance at 31.12.2015	Net intangible fixed assets at 31.12.2015
Industrial patents and intellectual property rights	2,245	185	5	1	2,436	(2,103)	(166)	-	(2,269)	167
Concessions, licences, trademarks and similar rights	1,108	56	-	-	1,164	(997)	(34)	-	(1,031)	133
Goodwill	512	255	-	59	826	(4)	(59)	-	(63)	763
Assets under development and payments on account	7	-	(7)	-	-	-	-	-	-	-
Other	11,488	140	(21)	1	11,608	(10,896)	(220)	-	(11,116)	492
Total	**15,360**	**636**	**(23)**	**61**	**16,034**	**(14,000)**	**(479)**	**-**	**(14,479)**	**1,555**

"Industrial patents and intellectual property rights" increased by €185 thousand in 2015, mainly related to the purchase of new software licences for the Italian and foreign companies.
"Concessions, licences, trademarks and similar rights" increased by €56 thousand due to new costs to register the Group's trademarks.
"Goodwill" rose by €255 thousand with the subsidiary Albini Hong Kong Ltd.'s acquisition of the last of the commercial know-how for the "Bespoke" business in Hong Kong.
The €140 thousand increase in "Other" is mainly due to the acquisition of software improvements for the sales department and the sales network and the capitalisation of substitute taxes and fees on financing that the Group agreed. In addition, residual goodwill relating to the Ceto production line was written down by €23 thousand, shown under reclassifications.

Tangible fixed assets

Changes of the year are set out in the following table:

DESCRIPTION	B.II.1 Land and buildings	B.II.2 Plant and machinery	B.II.3 Industrial and commercial equipment	B.II.4 Other assets	B.II.5 Assets under construction	**Total**
Cost at 31.12.2014	71,958	107,451	1,260	3,440	882	184,991
Accumulated depreciation at 31.12.2014	(20,721)	(82,041)	(1,081)	(2,522)	-	(106,365)
Balance at 31.12.2014	**51,237**	**25,410**	**179**	**918**	**882**	**78,626**
Changes of the year						
Historical cost:						
- acquisitions	594	2,580	13	359	679	4,225
- exchange rate fluctuations	1,680	1,105	33	31	7	2,856
- reclassifications	589	345	-	-	(958)	(24)
- gross sales	-	(3,194)	-	(89)	-	(3,283)
Accumulated depreciation:						
- depreciation of the year	(2,272)	(5,488)	(82)	(371)	-	(8,213)
- exchange rate fluctuations	(297)	(475)	(28)	(18)	-	(818)
- utilisation of the provision for the write-down of assets	-	26	-	-	-	26
- sales	-	3,218	-	83	-	3,301
Total changes of the year	**294**	**(1,883)**	**(64)**	**(5)**	**(272)**	**(1,930)**
Cost at 31.12.2015	74,821	108,287	1,306	3,741	610	188,765
Accumulated depreciation at 31.12.2015	(23,290)	(84,760)	(1,191)	(2,828)	-	(112,069)
Balance at 31.12.2015	**51,531**	**23,527**	**115**	**913**	**610**	**76,696**

The main increases of the year were as follows:

a) land and buildings of €594 thousand, mainly relating to upgrades to the buildings in Albino, Brebbia, Gandino and Letohrad to minimise their environmental impact and save energy. The Albino facilities saw the completion of part of the project to separate grey from black water while a new exterior tank and a new pumping station were built at the Brebbia facilities. A portion of the work performed had already begun in 2014 and is shown under reclassifications.

b) plant and machinery of €2,580 thousand, mainly relating to:
- construction of lighting and air treatment systems and the acquisition of new machinery at the Albino facilities;
- purchase of new jacquard looms and other machinery and the construction of the loom cooler at the Letohrad facilities;
- purchase of a new drawing-in machine for the Mottola facilities;
- construction of new refrigeration systems and a heat recovery unit for the cylinder merceriser at the Brebbia facilities;
- construction of new compressors and a water cooling system for the dyeing system at the Borg El Arab facilities.

A portion of the work that began in the previous year is included in reclassifications.

c) equipment purchased by the Albino, Ceto and Mottola facilities (€13 thousand);

d) other assets of €359 thousand mainly relating to the renewal of the fleet of cars and the purchase of furniture and electronic machines for the Albino facilities and to complete Albini Energia S.r.l.'s, I Cotoni di Albini S.p.A.'s and Albini Hong Kong Ltd.'s offices;

e) assets under construction of €679 thousand mainly relating to projects on plant and machinery at the facilities in Albino, Brebbia, Letohrad and Borg el Arab.

The main sales related to looms at the Albino, Borg El Arab and Letohrad facilities, which were replaced by new, more modern machines. The Italian subsidiaries also sold cars. The sales generated net gains of €465 thousand.

The reclassifications mainly relate to the allocation of work in progress at the previous year end to plant and machinery, consisting of both buildings and plant and machinery, as described in the specific paragraphs.

Plant and machinery, industrial and commercial equipment and electronic machines and computers are included in machinery for processing and controls of yarns, processing tubes and small tubes for the subsidiary I Cotoni di Albini S.p.A.'s spinning units which are located at Filati Niggeler & Kupfer S.r.l.'s and Ritorcitura Rossi S.r.l.'s premises.

Ordinary depreciation has been calculated using the rates deemed to represent the related assets' residual useful life disclosed in the relevant schedule at the beginning of these notes. Pursuant to article 10 of Law no. 72 of 19 March 1983 and article 2427 of the Italian Civil Code, the following table discloses the revaluations performed on those assets still in the balance sheet at 31 December 2015 carried out by Cotonificio Albini S.p.A..

a) Original (gross) value of revaluations at 31.12.2015:

(In Euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	**Total**
Historical cost of the revalued assets	13,508,818	18,289,044	2,439	-	31,800,301
Monetary revaluations on assets recognised at year end:					
- pursuant to Law no. 576/1975	102,852	3,033	-	-	105,885
- pursuant to Law no. 72/1983	256,312	6,684	-	-	262,996
- pursuant to Law no. 413/1991	812,436	-	-	-	812,436
- pursuant to Law no. 342/2000	-	5,085,487	-	-	5,085,487
- pursuant to Law no. 448/2001	-	12,375	4,342	5	16,722
- pursuant to Law no. 266/2005	-	2,864,390	-	-	2,864,390
- pursuant to Law no. 2/2009	17,852,649	-	-	-	17,852,649
Economic revaluations on assets recognised at year end:					
- related to the 1987 merger	206,583	29,438	-	-	236,021
Total revaluations	**19,230,832**	**8,001,407**	**4,342**	**5**	**27,236,586**

b) Carrying amount of revaluations at 31.12.2015:

(In Euros)	Land and buildings	**Total**
Monetary revaluations on assets recognised at year end:		
- pursuant to Law no. 413/1991	480,302	480,302
- pursuant to Law no. 2/2009	14,004,860	14,004,860
Total revaluations	**14,485,162**	**14,485,162**

No monetary or economic revaluations other than those set out above have been performed, nor were the waivers as per articles 2423 and 2423-bis and ter of the Italian Civil Code applied.

Ordinary depreciation, disclosed in the relevant schedule at the beginning of these notes, was calculated using rates deemed to represent the residual useful lives of the related assets.

A provision for the write-down of assets was recognised in previous years for the assets of the Albiate facility. The calculation took into account their estimated realisable value and the provision is used to cover the losses on the sales made over the years. The provision was used for €26 thousand in 2015.

As discussed in the section on loans, there are mortgages in favour of the banks and other financial backers that grant the Group loans on the Albino and Brebbia buildings of the direct subsidiary Cotonificio Albini S.p.A., on the Mottola building of the indirect subsidiary Tessitura di Mottola S.r.l. and on the machinery of Borg El Arab of the indirect subsidiary Delta Dyeing S.a.e..

Financial fixed assets

Investments in associates and other companies

The balance of investments in associates and other companies consists of the subsidiary Cotonificio Albini S.p.A.'s minority investment in Stil Novo Partecipazioni S.p.A.. During 2015, as the purpose for which the investee was set up no longer existed, the company was transformed into an "S.r.l." (a company limited by quotas) and put into liquidation. The cost of the investment was written off in the year, for €25 thousand.

Financial receivables due from associates

The non-interest bearing loan of €356 thousand that Cotonificio Albini S.p.A. granted to Tifil Italiana S.r.l. in liquidation was written off in the year using the provision for losses accrued in previous years. The write-off came as the associate's liquidation was complete, entailing the formal waiver of the receivable concurrently with the other quotaholders' waiver of their quotas.

Financial receivables due from others

The €4 thousand balance refers to the loan granted to Stil Novo Partecipazioni S.r.l. in liquidation for the completion of activities to wind up the company.

Current Assets

Inventory

This caption is as follows at year end:

	31.12.2015	31.12.2014
Raw materials, consumables and supplies	33,438	31,958
Semi-finished products	21,651	20,089
Contract work in progress	215	-
Finished goods	25,795	27,628
Total inventory	**81,099**	**79,675**

The Group increased its inventory of raw materials by €1.5 million, net of the provision for the write-down of inventory of €200 thousand, which the subsidiary Cotonificio Albini S.p.A. has prudently accrued. The reasons for this overall increase are to be found in the price increase due to the appreciation of the US dollar against the Euro, already discussed in the directors' report, and to the extension of the product's processing cycle thanks to the introduction of the spinning activity by the subsidiary I Cotoni di Albini S.p.A.. In respect of finished goods, the group continued to decrease the number of yarn codes used and the dyeing colours, and to optimise the stocks of finished fabrics in relation to the Service Program. Also in relation to raw materials procurement, a more accurate forecasting system was developed with a view to increasing inventory turnover.
Contract work in progress reflects the recognition of the percentage accrued for engineering projects managed by the subsidiary Albini Energia S.r.l..

Receivables

Trade receivables

This caption was as follows at 31 December 2015:

	Gross Amount	Provision for bad debts	Carrying amount
Trade receivables due within one year	34,519	(1,367)	33,152
Total	**34,519**	**(1,367)**	**33,152**

The above provision for bad debts reflects the adjustment of the receivables' carrying amount to their estimated realisable value.

Changes of the year in the provision for bad debts were as follows:

	31.12.2014	Accrual	Utilisation	31.12.2015
Provision for bad debts	1,418	311	(362)	1,367

Trade receivables arise from normal sales transactions and relate to both foreign and Italian customers. The caption includes collection orders at the Group and with banks.

Trade receivables by geographical area:

	31.12.2015	31.12.2014
Italian customers	14,405	18,550
EU customers	8,464	8,536
Non-EU customers	11,650	10,025
Total gross receivables	**34,519**	**37,111**

Tax receivables

Tax receivables may be analysed as follows:

	31.12.2015	31.12.2014
Tax receivables net of payments on account	2,444	742
Tax credit for investment bonus percentage due within one year	41	-
Payment on account on employees' leaving entitlement revaluation	2	11
Other	6	6
Total tax receivables due within one year	**2,493**	**759**
Tax authorities for IRAP reimbursement claim pursuant to Law decree no. 201/2011	1,104	1,104
Tax credit for investment bonus percentage due after one year	112	154
Tax authorities for prior year IRAP claimed for reimbursement	12	12
Total tax receivables due after one year	**1,228**	**1,270**

Receivables from the tax authorities include VAT receivables of €2,685, offset by net tax liabilities of the year totalling €241 thousand. In 2016, a portion of the VAT receivables that the subsidiaries Cotonificio Albini S.p.A. and I Cotoni di Albini S.p.A. accrued was claimed for reimbursement.

Deferred tax assets

Deferred tax assets total €1,955 thousand (31 December 2014: €2,632 thousand) and mainly relate to Cotonificio Albini S.p.A., Tessitura di Mottola S.r.l., I Cotoni di Albini S.p.A. and Albini Energia S.r.l.. They refer to the tax effect of the temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding amounts recognised for tax purposes (mainly provisions subject to tax, prior year losses and differences between amortisation and depreciation recognised for statutory and tax purposes), whose future realisation appears reasonably certain. The caption also includes the tax effects of consolidation adjustments to leases and assets. The portion of deferred tax assets that will be used in or after 2017 was adjusted in the year to reflect the change in the IRES rate from 27% to 24%. The changes of 2015 were as follows:

Balance at 31.12.2014	**2,632**
Use of deferred tax assets of previous years	(1,038)
Deferred tax assets recognised in the year	361
Balance at 31.12.2015	**1,955**

Receivables due from others

These amount to € 2,369 thousand (31 December 2014: € 1,538 thousand) and consist of advances to third parties of € 2,072 thousand, including Cotonificio Albini S.p.A.'s payment of € 1,782 thousand to Simest S.p.A. for the acquisition of 19.64% of Mediterranean Textile S.a.e.. This advance was paid when the contractual agreements with Simest lapsed pending the formalisation of the transfer of the shares in Egypt. The remaining balance is comprised of guarantee deposits of € 90 thousand, the 2015 portion of receivables, totalling € 18 thousand, that were accrued and recognised on the subsidiary Albini Energia S.r.l.'s sales of white certificates and other receivables of € 189 thousand.

Liquid funds

Liquid funds total € 6,505 thousand (31 December 2014: € 5,825 thousand) and comprise:

	31.12.2015	31.12.2014
- Bank deposits	6,470	5,799
- Cheques, cash-in-hand and cash equivalents	35	26
Total	**6,505**	**5,825**

Reference should be made to the cash flow statement for a greater understanding of the cash flows.

Prepayments and accrued income

Prepayments and accrued income amount to € 272 thousand (31 December 2014: € 119 thousand) and mainly consist of adjustments to correctly allocate costs relating to forward currency transactions, insurance, machinery maintenance and personnel training to 2015.

Prepayments and accrued income are as follows:

	31.12.2015	31.12.2014
- Maintenance/assistance instalments	12	11
- Personnel training costs	33	23
- Lease expense	2	3
- Premiums on forward transactions	127	15
- Insurance and other premiums	98	67
Total prepayments	**272**	**119**

NOTES TO THE MAIN LIABILITY CAPTIONS

Net Equity

Net equity changed as follows during the year:

	Share Capital	Share Premium reserve	Legal reserve	Revaluation reserve	Reserve for Share-holder injections	Extra-ordinary reserve	Conversion reserve	Undist-ributed profits of subsidiaries	Net profit for the year	Net equity attrib. to the group	Net equity attrib. to minority interests	Cons. net equity
Balance at 31.12.2013	**1,820**	**828**	**364**	**21,060**	**207**	**326**	**136**	**37,806**	**1,054**	**63,601**	**1,726**	**65,327**
Allocation of the net profit for 2013	-	-	-	-	-	-	-	1,054	(1,054)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(300)	-	(300)	-	(300)
Translation differences and other changes	-	-	-	-	-	-	655	16	-	671	254	925
Net profit for 2014	-	-	-	-	-	-	-	-	4,343	4,343	425	4,768
Balance at 31.12.2014	**1,820**	**828**	**364**	**21,060**	**207**	**326**	**791**	**38,576**	**4,343**	**68,315**	**2,405**	**70,720**
Allocation of the net profit for 2014	-	-	-	-	-	-	-	4,343	(4,343)	-	-	-
Dividend distribution	-	-	-	-	-	(88)	-	(512)	-	(600)	-	(600)
Translation differences and other changes	-	-	-	-	-	-	876	(337)	-	539	545	1,084
Net profit for 2015	-	-	-	-	-	-	-	-	4,359	4,359	18	4,377
Balance at 31.12.2015	**1,820**	**828**	**364**	**21,060**	**207**	**238**	**1,667**	**42,070**	**4,359**	**72,613**	**2,968**	**75,581**

The main net equity captions and changes therein are discussed below.

Share capital

The parent's share capital at 31 December 2015 is comprised of 3,500,000 ordinary shares with a nominal amount of € 0.52 each, for a total of € 1,820 thousand.

Share premium reserve

This caption is unchanged from the previous year end and equals € 828 thousand.

Legal reserve

The legal reserve amounts to € 364 thousand at 31 December 2015 and is unchanged from 31 December 2014.

Other reserves

This caption is as follows:

	31.12.2015	31.12.2014
1. Shareholder injections	207	207
2. Extraordinary reserve	238	326
3. Revaluation reserve as per Law no. 32/00	4,221	4,221
4. Revaluation reserve as per Law no. 266/05	4,592	4,592
5. Revaluation reserve as per Law no. 02/09	12,247	12,247
6. Translation reserve	1,667	791
7. Undistributed profits of subsidiaries	42,070	38,576
Total	**65,242**	**60,960**

The revaluation reserves relate to the direct subsidiary Cotonificio Albini S.p.A. and comprise:

- the revaluation reserve for plant and machinery recognised pursuant to Law no. 342 of 21 November 2000 (€9.94 million, net of the related substitute tax of €2.33 million); €5.72 million of this reserve was used in 2009 to cover the losses of the subsidiary Cotonificio Albini S.p.A.;
- the revaluation reserve for plant and machinery recognised pursuant to Law no. 266 of 23 December 2005 (€4.58 million, net of the related substitute tax of €612 thousand, subsequently adjusted by €8 thousand); the reserve was adjusted by €8 thousand to reclassify a substitute tax recognised in 2009 from undistributed profits of subsidiaries;
- the revaluation reserve for land and buildings recognised pursuant to Law no. 2 of 28 January 2009 for €12.25 million, net of deferred taxes of €5.61 million (recognised under provisions for risks and charges at 31 December 2008 and changed starting from 2009 in line with the depreciation recognised on buildings).

The translation reserve increased considerably over the previous year due to the significant exchange rate fluctuations in the currencies of the foreign subsidiaries, particularly as relates to the Czech koruna and the US dollar.

Reconciliation between the parent's financial statements and the consolidated financial statements:

	2015	2014
Net profit for the year of Albini Group S.p.A.	**1,002**	**512**
Adjustments:		
- Derecognition of net dividends	(1,200)	(700)
- Net profit for the year of the consolidated companies	3,046	3,738
- Write-backs of investees	1,049	686
- Measurement of leases using the financial method	203	133
- Elimination of intercompany transactions	277	399
Consolidated net profit for the year	**4,377**	**4,768**
(A) comprises:		
Net profit for the year attributable to the Group	4,359	4,343
Minority interests	18	425
Total	**4,377**	**4,768**

	2015	2014
Net equity and net profit for the year of Albini Group S.p.A.	**4,193**	**3,791**
- Carrying amount of the consolidated investments	(21,351)	(21,258)
- Net equity and net profit for the year of the consolidated companies	94,122	89,281
- Allocation of the gain on the Mottola land	305	305
- Elimination of dividends from Cotonificio Albini S.p.A. to Albini Group S.p.A. recognised on an accruals basis	(1,200)	(700)
- Effect of recognising leases using the financial method	261	55
- Elimination of intercompany transactions	(749)	(754)
Consolidated net equity (A)	**75,581**	**70,720**
(A) comprises:		
Net equity attributable to the Group	72,613	68,315
Minority interests	2,968	2,405
Total	**75,581**	**70,720**

Provisions for risks and charges

The breakdown of and changes in these provisions are as follows:

	31.12.2014	Accruals	Reclassifications Exchange rate differences	Decreases	31.12.2015
Pension and similar provisions	1,724	197	-	(95)	1,826
Deferred tax expense	6,119	360	12	(1,183)	5,308
Other expense	467	350	-	(415)	402
Total	**8,310**	**907**	**12**	**(1,693)**	**7,536**

The provision for pension and similar provisions includes the agents' termination indemnity and the provision for agents' performance-based amount. The calculation is based on an estimate of the amount to be paid to the agents operating in Italy and in Europe. The utilisation of this provision reflects the amounts paid to agents no longer working with the Group and the release of the amount of the provision exceeding the indemnity vested.

The provision for deferred taxation is accrued for those captions whose tax burden is deferred over more than one year (mainly the deferral of realised gains, the non-deductibility of depreciation related to the revaluation of industrial buildings carried out for statutory purposes in 2009, the deduction of fiscally-driven depreciation recognised in previous years, the deferred taxation on the elimination of the effects related to asset sales between Group companies and the deferral of exchange rate gains and losses generated by the adjustment of receivables and payables at year-end exchange rates). The utilisation of the year amounts to €1,183 thousand and includes the €27 thousand adjustment to reflect the change in the IRES rate from 27% to 24% applicable as from 2017. Translation differences amount to €12 thousand (increasing the provision).

During the year, the subsidiary Cotonificio Albini S.p.A. recognised an accrual of €350 thousand to the provision for risks considering the upcoming closure of the Ceto production unit. The provision covers both the penalty for early termination of the contract signed with Filati Niggeler & Kupfer S.r.l. and another amount as compensation for future costs that Filati Niggeler & Kupfer S.r.l. will incur to close the facilities.
Other provisions for risks include the residual provision for customs duties to be paid, which the subsidiary Cotonificio Albini S.p.A. accrued in previous years, corresponding with the amount not used in the year, and the provision for currency risks in connection with the measurement of forward currency transactions in place at year end. The provision to cover investees' losses of €344 thousand, accrued in previous years for the associate Tifil Italiana S.r.l. in liquidation, was fully used to cover the loan granted to this associate that was not repaid, as described in the note to financial fixed assets.

Employees' leaving entitlement

The changes in this caption were as follows:

Balance at 31.12.2014	**7,028**
Portion vested and accrued in profit or loss	1,718
Payments to pension/supplementary funds	(1,594)
Payments of the year	(177)
Tax on the revaluation of employees' leaving entitlement and other changes	(17)
Balance at 31.12.2015	**6,958**

The amount reflects the actual amount due to Group employees at 31 December 2015.

Payables

The breakdown and changes of the year in the items making up this caption are discussed below.

Bonds

Bonds have not changed in the previous year end, are all due after one year and may be detailed as follows:

- bond of €671 thousand redeemable in a single tranche on 31 December 2020 issued by Cotonificio Albini S.p.A.;
- bond of €1,033 thousand redeemable in a single tranche on 31 December 2020 issued by Cotonificio Albini S.p.A.;
- bond of €1,575 thousand redeemable in a single tranche on 31 December 2021 issued by Albini Group S.p.A.;
- bond of €878 thousand redeemable in a single tranche on 31.12.2021 December 2020 issued by Cotonificio Albini S.p.A..

Convertible bonds

Convertible bonds are unchanged from the previous year end and are as follows:

- convertible bonds of €4,600 thousand redeemable in a single tranche on 31 July 2022 issued by Cotonificio Albini S.p.A. and convertible into shares of the parent, Albini Group S.p.A..

The issue is comprised of 400,000 bonds of a nominal amount of €11.5, convertible into shares of Albini Group S.p.A. in the ratio of one share to each bond.

Bank loans and borrowings

This caption may be analysed as follows:

	31.12.2015				31.12.2014
	Total	Due within one year	Due from 1 to 5 years	Due after 5 years	Total
Overdrafts	3,482	3,482	-	-	3,995
Advances on exports	5,900	5,900	-	-	9,850
Loan - Unicredit Sace and ECB	6,041	1,988	4,053	-	8,000
Loan - Banca Popolare di Bergamo	6,965	1,262	3,970	1,732	8,175
Loan - Banco Popolare	5,461	1,295	4,166	-	5,391
Loan - Mediocredito	7,944	1,222	4,778	1,944	9,000
Loan - Popolare di Sondrio	2,944	676	2,268	-	3,719
Loan - Banca Sella	2,817	738	2,079	-	1,817
Loan - Banca Passadore	2,000	254	1,746	-	-
Loan - Credito Emiliano	-	-	-	-	76
Loan - B.N.L.	3,714	571	2,286	857	-
Loan - Bank of Alexandria	3,206	1,242	1,965	-	4,006
Total	**50,474**	**18,630**	**27,311**	**4,533**	**54,029**

There are mortgages on the Albino and Brebbia buildings to secure the loans that Banca Popolare di Bergamo, Mediocredito, Banco Popolare and B.N.L. have granted to Cotonificio Albini S.p.A., while the machinery at the Borg El Arab facilities have been mortgaged to secure the loans that Bank of Alexandria has granted to Mediterranean Textile S.a.e. and Delta Dyeing S.a.e..
During the year, Cotonificio Albini S.p.A. agreed new loans totalling € 10,500 thousand, while it repaid € 8,608 thousand in loans. Mediterranean Textile S.a.e. and Delta Dyeing S.a.e. repaid USD1,352 thousand in loans.
The terms of the interest rate swaps are consistent with the repayment schedules for the outstanding loans. The fair value of these hedging instruments at 31 December 2015 is negative, detailed as follows (in thousands of Euros):

	Fair value at 31.12.2015
Medium-term IRSs with positive fair value	-
Medium-term IRSs with negative fair value	(328,160)
Net fair value of IRSs at 31.12.2015	**(328,160)**

Loans and borrowings from other financial backers

This caption totals € 10,907 thousand at year end (31 December 2014: € 12,297 thousand) and is comprised of the subsidised loan granted by Simest S.p.A. to the direct subsidiary, Cotonificio Albini S.p.A., and by lease payments of € 10,541 thousand.

Loans and borrowings from other financial backers analysed by due date are as follows:

	Due within one year	Due after 1 year	Due after 5 years	Total
Loans and borrowings from other financial backers	1,420	5,154	4,333	10,907

Payments on account

This caption totals € 904 thousand (31 December 2014: € 450 thousand) and is comprised of advance payments made for the supply of goods.

Trade payables

Trade payables total € 33,690 thousand (31 December 2014: € 34,296 thousand) and decreased by € 606 thousand over the previous year end.
The amount due after one year, totalling € 2,864 thousand, refers to the subsidiary Cotonificio Albini S.p.A.'s payable to Egyptian suppliers of raw cotton.

Trade payables by geographical area:

	31.12.2015	31.12.2014
Italian suppliers	19,805	19,694
EU suppliers	1,501	1,739
Non-EU suppliers	12,384	12,863
Total trade payables	**33,690**	**34,296**

Tax payables

This caption may be analysed as follows:

	31.12.2015	31.12.2014
Withholding taxes payable to tax authorities on:		
Employees' remuneration	1,272	1,234
Bond coupons	97	113
Consultants' remuneration and other sundry amounts	54	31
Total	**1,423**	**1,378**

Social security charges payable

This caption amounts to € 2.01 million and relates to amounts due to social security institutions at year end for the relevant amounts withheld from December wages and salaries, and the amounts due to supplementary pension funds for employees and agents.

Other payables

This caption may be analysed as follows:

	31.12.2015	31.12.2014
Employees	5,983	5,485
Bondholders for coupons to be paid	331	324
Insurers	172	177
Water purification instalments	251	245
Deferred customs duties and local bodies	25	78
Sundry	278	215
Total	**7,040**	**6,524**

Due date of payables due after one year

The due dates of payables due after one year are as follows:

	Due from 1 to 5 years	Due after 5 years	Total
Ordinary and convertible bonds	1,704	7,053	8,757
Bank loans and borrowings	27,311	4,533	31,844
Loans and borrowings from other financial backers	5,154	4,333	9,487
Trade payables	2,864	-	2,864
Total	**37,033**	**15,919**	**52,952**

Accrued expenses and deferred income

This caption amounts to €2,048 thousand (31 December 2014: €2,245 thousand) and may be analysed as follows:

	31.12.2015	31.12.2014
Interest expense	185	217
Deferred grants	1,482	1,550
Simest fees	-	64
Deferred tax credit on investments	118	139
Accrued personnel expenses	16	-
Accrued costs due to GAFI	51	54
Other	196	221
Total accrued expenses and deferred income	**2,048**	**2,245**

Deferred grants consist of the grants related to income received by Tessitura di Mottola S.r.l. to purchase assets pursuant to Law no. 181/89 and recognised in line with the depreciation charged each year.

Memorandum and contingency accounts

	2015	2014
Sureties given to third parties	908	2,085
Forward currency purchase and sales commitments	27,263	23,655
Third party assets	449	31
Total memorandum and contingency accounts	**28,620**	**25,771**

Sureties given to third parties consist of those issued to fabric and yarn suppliers for letters of credit (€450 thousand), those issued to the Trieste customs authorities (€218 thousand) for payment extensions on customs duties, those issued to the Egyptian authorities (GAFI) to guarantee the Egyptian subsidiaries' customs operations (€193 thousand) and sureties to others (€45 thousand).

Forward currency purchase and sales commitments relate to currency purchase forwards totalling USD28.04 million and currency sale forwards totalling JPY330 million. These derivatives were agreed by the subsidiaries, Cotonificio Albini S.p.A. and I Cotoni di Albini S.p.A. to hedge their foreign currency receivables and payables at year end and to hedge US dollar-denominated orders to purchase cotton, yarns and fabrics under the respective contracts.
Third-party assets comprise unbleached fabrics owned by third parties at the Brebbia facility for finishing works (€15 thousand) and third party machinery installed at the Albino facilities for production tests (€434 thousand).

NOTES TO THE MAIN PROFIT AND LOSS CAPTIONS

Production revenues

Turnover from sales and services

This caption amounts to €148.53 million, with an increase of €2.78 million (+2%) over the previous year.
The subsidiary Albini Energia S.r.l.'s activities in the energy segment and, to a lesser extent, those of other Group companies, were reclassified in 2015 from Other revenues and income in order to give a more complete view of the Group's various business activities, which do not solely relate to sales of yarns and fabrics, but also consist of energy and engineering consultancy. Prior year revenues of €2.4 million were also reclassified for comparative purposes.
Revenues are analysed by business segment below:

	2015	2014
Fabric sales	135,450	136,565
Yarn sales and yarn processing	10,711	6,797
Energy (profit on white certificate trading, sale of energy and energy saving systems)	1,666	2,359
Consultancy and services	579	10
Shirt accessories	126	24
Total	**148,532**	**145,755**

Turnover from sales and services is analysed by geographical area below:

	2015	2014
Italy	47,640	49,861
EU countries (excluding Italy)	45,007	43,996
Non-EU countries	55,885	51,898
Total	**148,532**	**145,755**

Internal work capitalised

This caption amounts to € 18 thousand and includes the cost of labour used to build plant and machinery during the year.

Other revenues and income

This caption totals € 2.33 million (2014: € 2.56 million), of which sundry income of € 1.95 million and grants related to income of € 383 thousand.

Sundry income mainly consists of the recovery of transport costs (€ 763 thousand), gains on the sale of assets (€ 466 thousand), the sale of marketing materials and other consumables (€ 142 thousand) and the use of provisions accrued in previous years (€ 121 thousand).

Grants related to income are as follows:

	2015	2014
Grant related to assets pursuant to Law no. 181/89	68	68
Grants for employment incentives	8	5
GSE grants related to energy	281	327
Fondimpresa grants for personnel training	26	93
Total	**383**	**493**

Production cost

Raw materials, consumables, supplies and goods

This caption amounts to € 51.17 million, down by € 3.17 million (-5.8%) over the previous year. Thanks to the incorporation of the new spinning company and with its other procurement strategies, the Group has continued its policy of ensuring it procures high-quality raw materials, directly sourcing raw cotton from the best plantations. This enabled a direct control over yarn production by identifying selected spinning companies to process yarns of the required quality, including on a processing and consignment basis. For certain fabrics, projects have also commenced in conjunction with external suppliers to which the group sells cotton and yarn, from which it then repurchases the unbleached or finished fabric, enabling the group to maintain a close quality control over the entire production chain, including the stages carried out externally.

The Euro/USD hedges agreed in 2014 at more favourable rates had a positive impact on the purchase cost of raw materials. In addition, the Group achieved production synergies enabling it to reduce purchase costs for unbleached and finished material.

Services

Services rose 3.6%, going from € 43.67 million in 2014 to € 45.25 million in 2015. This caption includes outsourcing and transportation costs, customs duties, fees, utilities and driving power.
Again in 2015, the increase in services was mainly due to the dramatic growth in sales of printed and piece-dyed fabrics and the related processing costs, which are performed in Italy by third-party specialists. Furthermore, the outsourced spinning mill processing that N&K Textile carries out on behalf of the subsidiary I Cotoni di Albini S.p.A. and electricity procurement costs grew substantially.
Services also includes the portion of temporary labour costs relating to services received, accruals to the provision for agents' leaving indemnities and directors' and statutory auditors' fees, which amount to € 197 thousand and € 78 thousand, respectively.

Use of third party assets

This caption amounts to € 431 thousand (2014: € 254 thousand) and mainly comprises lease instalments for employees and costs for civil buildings for € 67 thousand, lease expense of industrial buildings for € 247 thousand and hire costs of € 117 thousand, for the Italian and foreign subsidiaries.

Personnel expenses

The breakdown of these costs is already provided in the profit and loss account. Personnel expenses increased from € 38.7 million in 2014 to € 40.5 million in 2015, up by € 1.8 million (4.6%).

As a result of the alternating order trend and in order to reduce costs, the Group again made use of the ordinary government-sponsored lay-off scheme in 2015 for the Albino, Gandino and Brebbia production facilities for a total of 13,194 hours, a slight increase on the 11,421 hours of the previous year. The measure involved an average of 600 employees on a rotating basis.
At peak production times, the Group companies use temporary labour. Included in "Other costs", this expense increased on the previous year.
The changes of the year in the Group's workforce by category are as follows:

	31.12.2014	New hires	Departures	Transfers	31.12.2015	Average of the year
Managers	18	-	-	-	18	18
Junior managers and white collars	245	51	(34)	4	266	255.5
Blue collars and other employees	1,114	176	(180)	(4)	1,106	1,110
Total	**1,377**	**227**	**(214)**	**-**	**1,390**	**1,383.50**

Amortisation, depreciation and write-downs

Amortisation of intangible fixed assets of €479 thousand is substantially in line with that of the previous year (€437 thousand).
Depreciation of tangible fixed assets amounted to €8.21 million (2014: €7.89 million).
Write-downs of receivables and liquid funds include the €311 thousand accrual to the provision for bad debts for the portion necessary to adjust receivables to their estimated realisable value.

Provisions for risks and other provisions

This caption comprises the accrual for the payment of fines and additional costs to be incurred to close the subsidiary I Cotoni di Albini S.p.A.'s Ceto production unit, as described in the note to the provisions for risks.

As required by OIC 31, accruals for specific captions in 2015 have been classified to the relevant captions. The 2015 accruals to the provision for agents' leaving indemnities covering Italian and European agents amount to €197 thousand and have been recognised under services, while the accrual to the provision for the write-down of inventory amounts to €200 thousand in 2015 and has been recognised as the change in raw materials.

Other operating costs

This caption totals €930 thousand (2014: €941 million) and mainly relates to contributions to trade associations of €168 thousand, indirect taxes and duties of €532 thousand and losses on sales of assets and prior year expenses of €51 thousand. Bad debts of €50 thousand were recognised during the year, net of the utilisation of the provision for bad debts.

Financial income and charges

Other financial income

This caption includes income of €2 thousand due to the recognition of VAT credits arising from the closure of Tifil Italiana S.r.l. in liquidation.

Interest and other financial charges - Net exchange rate gains and losses

Interest and other financial charges is comprised as follows:

	2015	2014
Interest expense on loans and advances	1,804	1,920
Bank interest expense	57	75
Interest expense on bonds	625	625
Discounts and financial charges	616	748
Other financial charges	2	-
Total	**3,104**	**3,368**

Net exchange rate gains come to €4,244 thousand (2014: net exchange rate losses of €1,490 thousand).

Write-downs of investments

This caption includes the write-off of the investment in Stil Novo Partecipazioni, which was put into liquidation during the year.

Extraordinary income and expense

This caption includes all positive and negative items deemed extraordinary, as well as amounts generated by recognition errors in previous year financial statements.

Extraordinary Income

Extraordinary income amounts to €1 million (2014: €252 thousand) and mainly includes export subsidies of €766 thousand, which the Egyptian subsidiaries stated in connection with previous years, but had not recognised because it was difficult to estimate the amount and date when they would be collected; Cotonificio Albini S.p.A.'s tax credits for energy saving projects of €16 thousand, income of €51 thousand arising from positive adjustments to the tax benefit calculated by the Italian companies in 2014; positive adjustments of €174 thousand on insurance costs and energy utilities and other adjustments to costs accrued in previous years.

Extraordinary Expense

Taxes relative to prior years refer to the differences between the IRES and IRAP amounts that the Italian subsidiaries accrued for 2014 and the amounts that they actually paid.
"Other" totals €458 thousand (2014: €207 thousand) and includes €258 thousand for the adjustment of un-accrued personnel costs related to previous years and others costs not provided for in previous years of €200 thousand.

Income taxes

This caption is as follows:

	2015	2014
Current:		
Income taxes	(1,754)	(2,249)
Total current taxes	**(1,754)**	**(2,249)**
Income from participation in the national tax consolidation scheme	**365**	**63**
Deferred tax income	361	498
Use of deferred tax assets	(1,038)	(344)
Deferred tax expense	(360)	(445)
Use of deferred tax liabilities	1,183	493
Total deferred taxes	**146**	**202**
Total income taxes of the year	**(1,243)**	**(1,984)**

The reconciliation between the theoretical tax charge shown in the consolidated financial statements and the effective tax change (IRES and IRAP) is set out below:

Description	Net		Tax amount
Pre-tax profit for the year	5,620		
Reversal of net profit of foreign investees	(1,981)		
Net effect of consolidation adjustments	(827)		
Theoretical IRES tax base	2,812	(a)	
Theoretical tax charge:			
IRES (%)	**27.5%**		**773**
Temporary differences:			
Gains and entertainment expenses	344		
Non-deductible amortisation/depreciation	767		
Accruals to various non-deductible provisions, net of utilisations	308		
Other changes	(663)		
Total temporary differences	756	(b)	

Description	Net		Tax amount
Permanent differences:			
Non-deductible provisions for risks and write-downs of investments	1,425		
Non-deductible taxes	295		
ACE tax incentives and IRAP deductions of personnel expenses	(601)		
Other changes	467		
Total permanent differences	1,586	(c)	
IRES tax base (a + b + c)	5,155		
Net IRES	**27.5%**		**1,417**
Costs not deductible for IRAP purposes of the Italian subsidiaries:			
Personnel expenses net of the deductible portions	1,014		
Write-downs of receivables and bad debts	1,767		
Net financial income	445		
Non-deductible taxes	268		
Other changes	100		
Total IRAP adjustments	3,594	(d)	
IRAP (%) (a + d) PORTION 3.9%	**6,406**		**250**
Income taxes of the czech subsidiary net of tax credit on investments			**75**
Income taxes of the Hong Kong subsidiary			**12**
Total current taxes			**1,754**
Tax benefit on losses			**(365)**
Net taxes			**1,389**

Albino, 30 March 2016

On behalf of the board of directors
The Chairman
(Fabio Albini)

STATUTORY AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

ALBINI GROUP S.p.A. with registered office in Albino (BG) Via Dr. Silvio Albini 1 - Share capital of €2,028,000.00, of which €208,000.00 reserved for the conversion of the subsidiary Cotonificio Albini S.p.A.'s convertible bonds, actual share capital €1,820,000.00, fully paid up - Bergamo company registration no. and tax code 01736210160

REPORT OF THE BOARD OF STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2015

Dear shareholders,

The consolidated financial statements are comprised, as per legislation, of a balance sheet, a profit and loss account and the notes thereto and are accompanied by a directors' report on the companies included in the consolidation scope.

The net profit for the year is made up of the following captions, whose amounts are given in thousands of Euros:

A.	Production revenues	150,783.=
B.	Production cost	146,830.=
•	Operating profit (A – B)	3,953.=
C.	Net financial income	1,144.=
D.	Adjustments to financial assets	(25).=
E.	Net extraordinary income	548.=
•	Pre-tax profit (A-B±C±D±E)	5,620.=
•	Income taxes, current and deferred	(1,243).=
•	Profit for the year	4,377.=
•	Minority interests	18.=

- Net profit for the year attributable to the group 4,359.=

The memorandum and contingency accounts total € 28,620.

We hereby state that no critical issues arise in relation to the consolidated financial statements, as stated in the auditors' report issued today.

After carrying out our checks and to the extent of our duties, we confirm the following:

- the consolidated financial statements were prepared on the basis of the financial statements as at and for the year ended 31 December 2015 prepared by the directors of each Group company;
- the consolidation scope has been correctly determined with the consolidation of the direct and indirect subsidiaries Cotonificio Albini S.p.A., Albini Energia S.r.L., Tessitura di Mottola S.r.L., I Cotoni di Albini S.p.A., Dietfurt S.r.o., Mediterranean Textile S.a.e., Delta Dyeing S.a.e., Albini Trading Shanghai CO. Ltd, Albini Hong Kong Ltd. and Albini USA Corp. on a line-by-line basis;
- the directors' report adequately describes:
  - the Group's results of operations and cash flows and the risks to which it is exposed;
  - the 2015 performance;
  - significant post-balance sheet events and the outlook.

Our examination confirmed the directors' report is consistent with the consolidated financial statements.

The independent auditors issued their report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 bearing today's date. Such report states that the consolidated financial statements as at and for the year ended 31 December 2015 are compliant with the regulations governing their preparation and are prepared clearly and give a true and fair view of the group's financial position, results of operations and cash flows.

The shareholders are only required to consider the consolidated financial statements and related documents for disclosure purposes as they are not subject to approval.

Bergamo, 19 May 2016

The chairman of the board of statutory auditors

(Danilo Arici)

KPMG

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Albini Group S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of the Albini Group Group (the "group"), which comprise the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and notes thereto.

Directors' responsibility for the consolidated financial statements

The parent's directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation.

Independent 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 the International Standards on Auditing (ISA Italia) promulgated pursuant to article 11.3 of Legislative decree no. 39/10. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 group's financial position as at 31 December 2015 and of its financial performance for the year then ended in accordance with the Italian regulations governing their preparation.

Report on other legal and regulatory requirements

Opinion on the consistency of the directors' report with the consolidated financial statements

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion, as required by the law, on the consistency of the directors' report, which is the responsibility of the parent's directors, with the consolidated financial statements. In our opinion, the directors' report is consistent with the consolidated financial statements of the Albini Group Group as at and for the year ended 31 December 2015.

Bergamo, 19 May 2016

KPMG S.p.A.

(signed on the original)

Ivan Lucci
Director of Audit

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