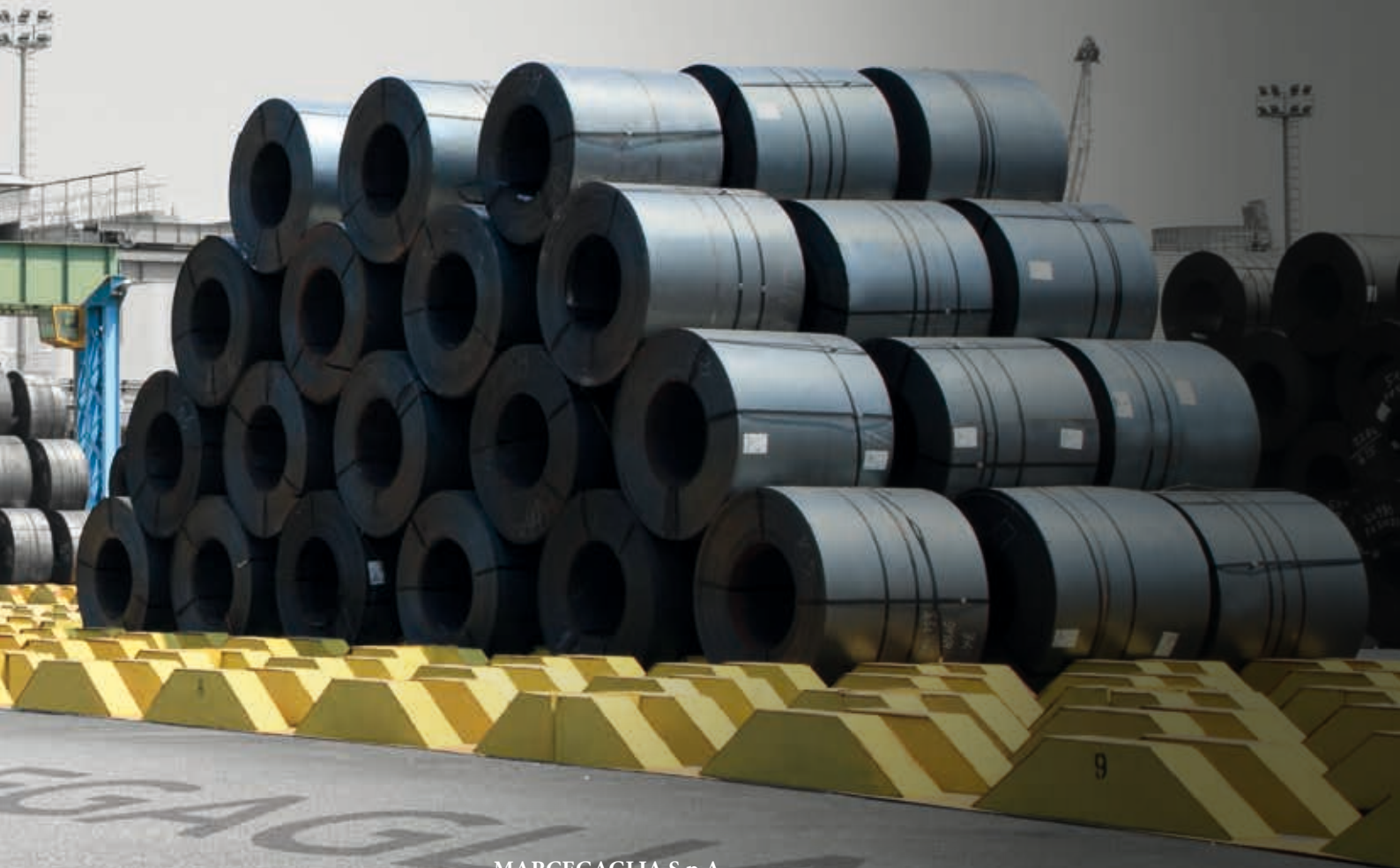






Consolidated Financial Statements 2014



MARCEGAGLIA S.p.A.

Head office: via Bresciani, 16 - Gazoldo degli Ippoliti, Mantova - Italy

Share capital: euro 58.876.440 fully paid up

Tax Code and registration in the Trade Register in Mantua no. 01331020204

VAT n° 01331020204

Registered at the C.C.I.A.A. (Chamber of Commerce) of Mantua at no. 152396

ASSETS values in EUR

as of 12/31/2014

as of 12/31/2013

A SHARE CAPITAL ISSUED AND NOT YET PAID			
1	Share capital issued and not yet paid uncalled	-	-
2	Share capital issued and not yet paid called	-	-
	Total Share capital issued and not yet paid A	-	-
B FIXED ASSETS			
I Intangible fixed assets			
1	Installation and expansion cost	9,105,016	3,274,739
2	Research, development and advertising cost	212,536	258,512
3	Industrial and other patent rights	1,937,545	566,420
4	Concessions, licenses, trademarks and similar rights	5,650	13,794
5	Goodwill	134,272	293,539
6	Assets under construction and advances	5,937,400	7,971,630
7	Other intangible assets	38,631,552	36,084,259
	Total intangible fixed assets (B-I)	55,963,971	48,462,893
II Tangible fixed assets			
1	Land and buildings	417,808,139	432,596,955
2	Plant and machinery	635,997,416	616,158,078
3	Industrial and commercial equipment	20,168,116	24,623,859
4	Other goods	40,243,181	35,337,181
5	Construction in progress and advances	47,396,500	121,409,572
	Total tangible fixed assets (B-II)	1,161,613,352	1,230,125,645
III Financial assets			
1	Investments in:		
	- subsidiaries non consolidate	12,885,981	12,176,313
	- associated companies	20,996,516	18,469,481
	- other companies	41,386,409	43,476,378
		75,268,906	74,122,172
2	Receivables after 12 months:		
	- from subsidiaries - after 12 months non consolidate	-	309,066
	- from associated companies	1,200	-
	- from others	432,146	441,053
		433,346	750,119
	Receivables within 12 months		
	- from others - within 12 months non consolidate	-	-
3	Other securities	32,492	4,814
4	Own shares	-	-
	Total financial assets (B-III)	75,734,744	74,877,105
	Total fixed assets B	1,293,312,067	1,353,465,643
C CURRENT ASSETS			
I Inventory			
1	Raw materials, auxiliary materials and spare parts	741,661,739	719,105,522
2	Work in progress	475,570,351	444,555,378
3	Contract work in progress	60,382,149	80,815,591
4	Finished goods	728,953,224	619,749,985
6	Advances	442,501	517,405
	Totale inventory (C-I)	2,007,009,964	1,864,743,881
II Receivables within 12 months			
1	Trade receivables	500,001,062	611,945,175
2	Receivables from subsidiaries	10,472,657	23,880,064
3	Receivables from associated companies	29,501,596	32,272,708
4	Receivables from parent companies	152,232,012	126,004,330
4-bis	Tax debtors	23,975,045	29,417,430
4-ter	Deferred tax liabilities	21,408,369	17,764,060
6	Other receivables	213,025,173	252,551,194
		950,615,914	1,093,834,961
	Receivables after 12 months		
1	Trade receivables	1,081,571	1,069,319
4-bis	Tax debtors	4,531,302	4,579,184
4-ter	Deferred tax liabilities	18,840,497	19,086,705
6	Other receivables	3,138,447	2,100,474
		27,591,817	26,835,682
	Total receivables (C-II)	978,207,731	1,120,670,643
III Short-term investment			
4	Other Investments	10,707,594	14,681,643
6	Other securities	30,078,243	28,688,643
	Total short-term investment (C-III)	40,785,837	43,370,286
IV Cash and banks			
1	Bank and postal deposits	72,983,129	22,779,823
2	Cheques	16,467	4,507
3	Cash on hand	63,774	76,735
	Totale cash and banks (C-IV)	73,063,370	22,861,065
	Totale current assets C	3,099,066,902	3,051,645,875
D PREPAYMENTS AND ACCRUED INCOME			
1	Deferred discount on loans	-	-
2	Others prepayments and accrued income	9,336,206	5,807,346
	Totale prepayments and accrued income D	9,336,206	5,807,346
	TOTAL ASSETS	4,401,715,175	4,410,918,864

LIABILITIES values in EUR

as of 12/31/2014

as of 12/31/2013

A SHAREHOLDERS' EQUITY			
I	Share capital	58,876,440	58,876,440
II	Share premium reserve	138,927,445	138,927,445
III	Revaluation reserve	9,073,656	9,073,656
IV	Legal reserve	13,752,584	13,752,584
VII	Other reserves		
	- Extraordinary reserve	444,020,432	486,574,971
	- Consolidation process reserve of the group	38,999,146	(4,221,458)
	- Currency conversion reserve on consolidation process of the group	21,291,815	14,182,005
	- Reserve for profit on exchange rates from conversions at the end of the year	-	-
	- Surplus on merger	47,124,268	47,124,268
	- Reserve under Italian law 10/91	997,605	997,605
	- Reserve under Italian law 130/83	165,275	165,275
	- Reserve under Italian law 193/84	8,201,336	8,201,336
	- Reserve under Italian law 19/87	14,125,195	14,125,195
	- Reserve under Italian law 30/84	511,292	511,292
	- Others available reserves	20,000,000	20,000,000
	- Euro rounding difference	2	(2)
	Total reserves (VII)	595,436,366	587,660,487
IX	Profit (loss) for the year	(36,499,568)	4,162,982
	Total shareholders' equity of the group	779,566,923	812,453,594
	Capital and reserves belonging to third parties	56,294,420	59,602,772
	Profit (loss) for the year of third parties	(7,592,032)	(2,453,718)
	Total shareholders' equity of third parties	48,702,388	57,149,054
	Total shareholders' equity consolidated A	828,269,311	869,602,648
B PROVISIONS FOR CONTINGENCIES AND COMMITMENTS			
1	Provision for severance indemnities and similar commitments	4,167,842	3,931,600
2	Provision for deferred taxes	11,631,298	13,452,775
3	Other provisions	41,536,145	39,624,856
	Total provisions for contingencies and commitments B	57,335,285	57,009,231
C STAFF LEAVING INDEMNITY			
	Total staff leaving indemnity C	27,512,350	29,310,727
D PAYABLES			
	<i>payables within 12 months</i>		
3	Shareholder's loans	-	-
4	Banks loans and overdrafts	1,329,068,616	1,116,503,072
5	Other financial payables	9,892,491	10,497,858
6	Advances	65,096,271	78,618,416
7	Trade payables	1,231,462,671	1,312,687,351
8	Notes payables	663,500	-
9	Payables to subsidiaries	4,481,601	4,573,194
10	Payables to associated companies	841,458	16,815,719
11	Payables to parent companies	333,057	535,479
12	Taxes payable	6,134,432	5,550,837
13	Social security payables	13,987,659	13,700,204
14	Other payables	486,477,098	426,842,762
		3,148,438,854	2,986,324,892
	<i>payables after 12 months</i>		
4	Banks loans and overdrafts	270,254,482	380,558,384
5	Other financial payables	29,613,003	37,114,764
7	Trade payables	-	-
12	Taxes payable	486,391	7,877,724
14	Other payables	8,185,067	14,662,741
		308,538,943	440,213,613
	Total Payables D	3,456,977,797	3,426,538,505
E ACCRUED LIABILITIES AND DEFERRED INCOMES			
2	Others accrued liabilities and deferred incomes	31,620,432	28,457,753
	Total Accrued liabilities and deferred incomes E	31,620,432	28,457,753
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,401,715,175	4,410,918,864
MEMORANDUM ACCOUNTS			
	RISKS		
	Bank Guarantees: to subsidiaries	9,286,102	8,170,000
	to associated companies	7,048,273	6,990,500
	to other companies	44,941,082	193,187,071
	Total Bank Guarantees	61,275,457	208,347,571
	Non bank guarantees: to subsidiaries	100,000	-
	to associated companies	4,058,537	3,956,388
	to parent company	2,750,000	-
	to affiliated companies	23,155,000	25,905,000
	to other companies	2,500,000	2,500,000
	Total non bank guarantees	32,563,537	32,361,388
	Real securities: to other companies	6,601,580	570,217
	Total real securities	6,601,580	570,217
	OTHER RISKS		
	Factoring with recourse	-	31,633,321
	Total other risks	-	31,633,321
	Total risks	100,440,574	272,912,497
	UNDERTAKINGS		
	Total undertakings	325,602,131	325,596,646
	THIRD PARTY GOODS		
	others	359,513	357,404
	Total third party goods	359,513	357,404
	TOTAL MEMORANDUM ACCOUNTS	426,402,218	598,866,547

MARCEGAGLIA S.P.A. CONSOLIDATED PROFIT AND LOSS ACCOUNT COVERING FINANCIAL YEARS 2014 AND 2013

values in EUR		year 2014	year 2013
A VALUE OF PRODUCTION			
1	Revenues from sales and services	4,090,264,276	4,126,931,472
2	Changes in work in progress and finished goods	139,271,281	(41,573)
3	Variations in contracted work in progress	(1,353,297)	2,068,979
4	Increase in internal construction capitalized	5,499,924	18,906,725
5	Other income		
	- grants and subsidies	20,412,035	9,970,378
	- others income	21,300,385	22,941,122
	Total other income (5)	41,712,420	32,911,500
	Total Value of production A	4,275,394,604	4,180,777,103
B COST OF PRODUCTION			
6	Cost of raw materials, auxiliary materials, spare parts and goods	(3,161,656,057)	(3,067,183,043)
7	Costs for services	(582,130,655)	(596,791,601)
8	Cost for utilization of third parties' assets	(9,524,580)	(9,063,368)
9	Personnel costs		
	a) salaries and wages	(199,999,795)	(210,323,255)
	b) social contributions	(62,937,096)	(66,808,304)
	c) staff leaving indemnity	(12,924,716)	(13,814,731)
	d) other social contributions	(356,375)	(505,441)
	e) other costs	(1,319,928)	(1,502,600)
	Total Personnel costs (9)	(277,537,910)	(292,954,331)
10	Depreciation and write downs		
	a) amortization of intangible assets	(6,473,784)	(5,045,887)
	b) depreciation of tangible fixed assets	(140,030,886)	(131,627,217)
	c) other write downs of assets	(6,668,832)	(10,607,095)
	d) write down of receivables recorded among current assets	(11,404,056)	(27,792,871)
	Total Depreciation and write downs (10)	(164,577,558)	(175,073,070)
11	Change in inventory of raw materials, auxiliary materials, spare parts and goods	23,092,518	50,882,825
12	Accruals for contingencies	(1,634,857)	(1,172,423)
13	Other accruals	(301,020)	(324,020)
14	Other operating charges	(16,296,674)	(20,648,356)
	Total Cost of production B	(4,190,566,793)	(4,112,327,387)
	Difference between value of production and costs of production A - B	84,827,811	68,449,716
C PROVENTI E ONERI FINANZIARI			
15	Income from investments:		
	- dividends from subsidiaries	0	18,759,634
	- dividends from associated companies	150,000	0
	- dividends other income from investments	96,924	4,999,130
	Total income from investments (15)	246,924	23,758,764
16	Other financial income:		
	a) from receivables recorded as fixed from others	59	5
	c) from securities recorded as current assets	1,525,789	1,161,358
	d) financial income:		
	- interest income from subsidiaries	145,430	131,390
	- interest income from associated companies	705,547	613,032
	- interest income from parent companies	3,444,019	3,801,491
	- other financial income	10,063,821	12,147,029
	Total other financial income (d)	14,358,817	16,692,942
	Total other financial income (16)	15,884,665	17,854,305
17	Interest and other financial charges:		
	- interest paid to subsidiaries	(78,205)	(75,313)
	- interest paid to associated companies	(46,027)	(24,548)
	- interest paid to parent companies	0	0
	- bank interest	(63,495,960)	(63,794,702)
	- other financial charges	(31,800,503)	(32,673,748)
	Total interessi ed altri oneri finanziari (17)	(95,420,695)	(96,568,311)
17-bis	Exchange gains/losses	(17,470,771)	2,989,445
	Total financial income and charges C	(96,759,877)	(51,965,797)
D ADJUSTMENTS TO THE VALUE OF FINANCIAL OPERATIONS			
18	Revaluation		
	investments in share capital	1,284,980	11,986,140
	other investments	0	0
	securities recorded as current assets	1,758,412	0
	Total revaluation (18)	3,043,392	11,986,140
19	Write down		
	of investments in share capital	(7,917,476)	(6,132,914)
	other investments	0	0
	securities recorded as current assets	(134,429)	(3,471,804)
	Total write down (19)	(8,051,905)	(9,604,718)
	Total adjustments to the value of financial operations D	(5,008,513)	2,381,422

values in EUR

year 2014

year 2013

E EXTRAORDINARY INCOME AND EXPENSES			
20	Income		
	- extraordinary capital gains on disposal of assets	0	134,666
	- other extraordinary income	2,388,684	5,419,394
	Total income (20)	2,388,684	5,554,060
21	Expenses:		
	- other extraordinary charges	(16,604,940)	(1,466,540)
	- income taxes relating to previous periods	(192,524)	(3,379,518)
	- losses on disposal of assets	(3,959)	0
	Total expenses (21)	(16,801,423)	(4,846,058)
	Total extraordinary income and expenses E	(14,412,739)	(708,002)
PROFIT (LOSS) BEFORE TAXATION A-B+/-C+/-D+/-E			
	Profit (loss) before taxation A-B+/-C+/-D+/-E	(31,353,318)	19,573,343
22	Income taxes for the period deferred assets/liabilities		
	- income taxes for the current period	(27,896,950)	(32,375,651)
	- deferred taxes	2,036,676	6,042,553
	- prepaid income taxes	1,105,048	456,160
	- income (expenses) from fiscal consolidation	12,016,944	8,012,859
	Total income taxes for the period deferred assets/liabilities (22)	(12,738,282)	(17,864,079)
PROFIT (LOSS) FOR THE PERIOD			
		(44,091,600)	1,709,264
PROFIT (LOSS) FOR THE YEAR OF THIRD PARTIES			
		(7,592,032)	(2,453,718)
PROFIT (LOSS) FOR THE YEAR OF THE GROUP			
		(36,499,568)	4,162,982

ADDITIONAL NOTE

Basis of presentation of the consolidated financial statements

The consolidated financial statements for the financial year ended December 31, 2014 was prepared according to the provisions of Legislative Decree no. 127 of 9 April 1991.

The basis of presentation of the consolidated Balance Sheet and Profit and Loss Account is the one required for the financial statements of the companies included in the consolidation, suitably adjusted to consider the broader concept of “group”. Therefore, in order to provide a clear, truthful and accurate representation of the group’s equity and financial positions as well as its operating result, the layouts for Balance Sheets and Profit and Loss Accounts set forth in Articles 2424 and 2425 of the Italian Civil Code provided for industrial and commercial companies were used, adjusted - as provided by Italian Accounting Standard [OIC] no. 17, paragraph 28 - by:

- the inclusion in assets, among the line items of the group “Intangible fixed assets”, after the line item “Other”, of the separate line item “Difference from consolidation”, pursuant to Article 33 of Legislative Decree 127/91;

- the inclusion among the line items of the risk and expense funds of the line item “Consolidation reserve for future risks and expenses”;

- the inclusion among the line items of shareholders’ equity of the line item “Consolidation reserve”, deriving from the consolidation process of equity investments;

- the inclusion among the line items of shareholders’ equity of the line items “Capital and reserves of minority shareholders” and “Profit (Loss) of minority shareholders”, respectively representing the portion of shareholders’ equity and consolidated profit corresponding to minority shareholdings;

- the indication, in consolidated shareholders’ equity, of the sub-total related to all of the components pertaining to the group, followed by the components corresponding to minority shareholdings;

- the inclusion in the line item AVII “Other reserves” of shareholders’ equity of the line item “Reserve from conversion differences”, representing the difference deriving from the conversion of financial statements of subsidiaries expressed in foreign currency;

- the inclusion in the Profit and Loss Account, after line item 23) “net profit (loss)”, of the line items “Profit (Loss) attributable to minority shareholders” and “Group Profit (Loss)” for purposes of the separate indication of the part of the consolidated operating result corresponding to minority shareholders.

For each line item of the consolidated Balance Sheet and consolidated Profit and Loss Account, the amount was indicated for the same line item referring to the previous financial year. It is noted that following the introduction in June 2014 by the Italian Accounting Standards Board of the revised version of Accounting Standard no. 15 on receivables, the method used to disclose trade receivables presented subject to collection to the banking system was modified.

The new version of the standard provides, in a section dedicated to the issue of the derecognition of receivables, for an accounting model based on the transfer of risks. In respect of the previous OIC 15, which in any case allowed the derecognition of receivable from the financial statements after a disposal transaction, the new standard allows such derecognition only in the case of transactions that substantially transfer all of the risks inherent in the receivable that is subject to disposal.

In consideration of the above, in the 2014 financial statements, trade receivables presented subject to collection to the banking system continued to be recognised in Working Capital in line item C II 1) Trade receivables; the consequent bank advance obtained by the company in exchange for the disposal of such receivables was recognized among bank payables within the following year (line item D 4 of Balance Sheet Liabilities).

The Financial Statements for financial year 2013, shown below for comparison purposes with financial year 2014, was realigned according to this new receivable reporting method for better comparability. The line items involved with such realignment in these consolidated financial statements are broken down in the following table:

BALANCE SHEET - ASSETS		2013 Consolidated financial statements	2013 Consolidated financial statements (post adjustment)
C) II 1)	Trade receivables due within the following year	235,299,631	611,945,175
C) IV 1)	Bank and postal deposits	24,900,403	22,779,823
BALANCE SHEET - LIABILITIES		2013 Consolidated financial statements	2013 Consolidated financial statements (post adjustment)
D) 4)	Payables to banks due within the following year	741,978,108	1,116,503,072

These Notes contain the information required by Art. 38 of Legislative Decree 127/91, as well as the information required by other provisions of such Decree. Further, a reconciliation was prepared between shareholders’ equity and the statutory result of the parent company Marcegaglia spa, and consolidated shareholders’ equity and consolidated operating result.

In respect of the Report on Operations of the Marcegaglia group, reference is made to the Report on Operations accompanying the statutory financial statements of the parent company Marcegaglia spa, in that it contains information regarding the entire group.

SCOPE OF CONSOLIDATION

Equity investments in subsidiaries (Art. 26 of Legislative Decree 127/91)

1) subsidiaries included in the consolidation using the comprehensive method:

Below is a list of the equity investments in subsidiaries at December 31, 2014, consolidated using the comprehensive method pursuant to Art. 31 of Legislative Decree 127/91:

Name Registered Office	Share capital	Direct stake	Indirect stake	Company
Marcegaglia S.p.A. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	58,876,440 EUR			Parent company
Albarella S.p.A. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	2,600,000 EUR	100%		
Steam Generators S.r.l. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	100,000 EUR	100%		
Oskar S.r.l. via Lumaca, 3 - Mezzolara di Budrio, Bo	1,560,000 EUR	99%		
ETA Energie Tecnologie Ambiente S.p.A. via Firenze, 52 - Crotone	23,000,000 EUR	100%		
Marcegaglia Buildtech S.r.l. via G. della Casa, 12 - Milano, Mi	11,000,000 EUR	100%		
BVB. S.r.l. in liquidazione Z.I. Mirabello - San Lorenzo in Campo, Pu	300,000 EUR	100%		
Imat S.p.A. via P. Zorutti, 13/14/16 - Fontanafredda, Pn	1,032,000 EUR	100%		
Consorzio Stabile CO.GE.AM Contrada Forcellara San Sergio - Massafra, Ta	1,000,000 EUR	51%		
Progetto Ambiente Bacino Lecce Tre S.r.l. Contrada Forcellara San Sergio - Massafra, Ta	1,000,000 EUR		100%	Co.Ge.Am.
Progetto Ambiente Bacino Lecce Due S.r.l. Contrada Forcellara San Sergio - Massafra, Ta	1,000,000 EUR		95%	Co.Ge.Am.
Progetto Ambiente Provincia di Lecce S.r.l. Contrada Forcellara San Sergio - Massafra, Ta	1,000,000 EUR		99.9743%	Co.Ge.Am.
Progetto Ambiente Provincia di Foggia S.r.l. Contrada Forcellara San Sergio - Massafra, Ta	100,000 EUR		99.90%	Co.Ge.Am.
Marcegaglia do Brasil Ltda Rodovia BR 101 km 11 Garuva (SC) (Brasile)	306,000,000 BRL	89.9098%		
S.I.P.A.C. S.a. 223, Val Ste Croix L-1371 Luxembourg	4,957,870 EUR	100%		
FMH Financial Management Holding S.a. Chaussée de Boondael, 6 - B6 Bruxelles (Belgique)	2,855,733 EUR		100%	S.I.P.A.C. S.a.
Marcegaglia Poland Sp.z.o.o. Kaliska, 72 int - Praszka (Poland)	100,000,000 PLN	99.6%		
Marcegaglia UK Ltd New Road, Netherton, Dudley (UK)	10,000,000 GBP		100%	S.I.P.A.C. S.a.
Marcegaglia USA Inc. 1001 East Waterfront Drive, Munhall, (Pa) (USA)	86,876,440 USD		100%	S.I.P.A.C. S.a.
Mariven S.r.l. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	100,000 EUR	65%		
Marcegaglia RU Bolshaja Nizgorodskaja 92B - Vladimir (Russia)	1,099,325,274 RUB		51.03%	Mariven S.r.l.
Marcegaglia China Co. Ltd Chuang Ye Road 7 Guangling Industrial Park - Yangzhou	128,000,000 EUR	91.4063%		
Elet.ca S.r.l. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	100,000 EUR	100%		
Outsourcing Inox S.r.l. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	10,000 EUR	100%		
Made HSE S.r.l. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	100,000 EUR	100%		

The scope of consolidation was unchanged vs. 2013.

2) subsidiaries measured using the shareholders' equity method

Below is a list of equity investments in non-consolidated subsidiaries, measured using the shareholders' equity method:

Name Registered Office	Share capital	Direct stake	Indirect stake	Company
Gaia Turismo S.r.l. viale Sarca, 336 Milano, Mi	EUR 10,000	91%		

Pursuant to Art. 28 of the cited Legislative Decree, it is specified that the company Gaia Turismo srl is significant only because it holds 50% of the associate company Mita Resort srl, having its registered office in S.Margherita di Pula (Cagliari) and a share capital of Euro 20,000,000, since Gaia Turismo srl does not have other activities other than the management of this investment. Therefore the equity investment in Gaia Turismo srl was recognised in proportion to the portion of shareholders' equity held, suitably adjusted in order to consider the impact on such shareholders' equity if the equity investment in Mita Resort srl was measured using the same method.

3) companies that are direct or indirect subsidiaries measured at cost

Name Registered Office	Share Capital	Direct stake	Indirect Stake	Company
Marcegaglia Benelux n.v. Dendermondestraat, 44-46 - Anversa (Belgio)	EUR 100,000	99%		
Marcegaglia Perù sac Av.Paz Soldán no.170, San Isidro - Lima (Perù)	PEN 3,000	1%	99%	Marcegaglia Buildtech s.r.l.
Marcegaglia Romania S.r.l. st. Taietura Turcului 47 - Judetul Cluj Napoca	RON 400,000	100%		
MM Gulf S.r.l. via Abbiategrosso, 5 - Cisliano, Mi	EUR 100,000		90%	Marcegaglia Buildtech s.r.l.
Marcegaglia Deutschland GmbH Vogelsanger Weg 38, Dusseldorf (Germania)	EUR 153,388		100%	S.I.P.A.C. S.a.
Marcegaglia France Sarl Le Bois des Cotes II Route Nationale 6, 300 - Limonest (Francia)	EUR 50,000	5%	95%	S.I.P.A.C. S.a.
Albarella Touristik Service GmbH Thomas-Wimmer-Ring, 15 - München (Germania)	EUR 25,565		100%	S.I.P.A.C. S.a.
Marcegaglia Iberica s.a. Calle Solsona, 3 - S.P. de Magoda-B - (Spagna)	EUR 120,220		51%	S.I.P.A.C. S.a.
Rei Sci 2 Bis Place de Gerbrois Chateau Thierry (France)	EUR 1,000		100%	FMH S.a.
Marcegaglia India Private Limited EC 58, Sector I, Sal Lake, Kolkata-700064, West Bengal (India)	INR 100,000	90%	10%	Marcegaglia China Co. Ltd.
Elletre Fotovoltaico S.r.l. via Ilaria Alpi, 4 - Mantova	EUR 10,000	70%		
Consortile Sammichele scarl Corso Vittorio Emanuele 52 - 70122 Bari (BA)	EUR 10,000		55.94%	Marcegaglia Buildtech s.r.l.
Marcegaglia Tr Paslanmaz Çelik Sanayi Ve Ticaret Anonim Şirketi Kazimiye Mahallesi, Yakut Sokak, Nova Center 39/27, Çorlu, Tekirdağ (Turchia)	TRY 50,000	65%		

In accordance with Art. 28 of the cited Legislative Decree, it is specified that such equity investments are measured “at cost” since their impact in terms of the total value of assets, shareholders’ equity, revenue and net profit, when considered overall, is scarcely significant for purposes of the truthful and accurate representation of the group’s financial position and operating result.

In 2014, the subsidiary Marcegaglia Buildtech srl increased its stake in its subsidiary MM Gulf srl to 90% of the share capital (from the 65% previously held).

Further, also during 2014, the parent company Marcegaglia spa subscribed to 65% of the share capital of the Turkish company Marcegaglia Tr Paslanmaz Çelik Sanayi Ve Ticaret Anonim Şirketi; the equity investment is linked to the start of a manufacturing activity in the Middle Eastern country together with local partners. The actual start of production is forecast for 2015.

Equity investments in associates (Art. 36 of Legislative Decree 127/91)

1) associates measured using the shareholders’ equity method

Below is a list of equity investments in associates at December 31, 2014, measured using the shareholders’ equity method pursuant to Art. 36(1) of Legislative Decree 127/91:

Name Registered Office	Share Capital	Direct stake	Indirect Stake	Company
SIM S.r.l. (*) Zona Industriale S.Atto - Teramo	EUR 780,000	50%		
Allu's S.p.A. via Giotto Bondone, 79 - Sesto al Reghena, Pn	EUR 3,000,000	33.33%		

(*) financial statements at 09/30/2014

2) direct or indirect associates measured at cost

Equity investments in associates at December 31, 2014, measured at cost pursuant to Art. 36(2) of Legislative Decree 127/91 are indicated below:

Name Registered Office	Share Capital	Direct stake	Indirect Stake	Company
Palazzo dell'Agricoltura S.r.l. via Marconi, 23 - 46025 Poggio Rusco, Mn	EUR 20,000	50%		
Pugnochiuso gruppo Marcegaglia S.r.l. via Bresciani, 16 - Gazoldo degli Ippoliti, Mn	EUR 10,000		24%	Albarella S.p.A.
Progetto Gestione Bacino Bari Cinque S.r.l. S.P.Triggiano-Carbonara KM 0,600- 70010 Capurso, Ba	EUR 1,000,000		40%	Co.Ge.Am.
Progetto Ambiente Bacino Bari Cinque S.r.l. in liquid. Contrada Forcellara San Sergio - Massafra, Ta	EUR 1,000,000		40%	Co.Ge.Am.
AM Consulenze S.r.l. via Sardegna - Brescia	EUR 10,000		20%	Made HSE S.r.l.
Fontana spa strada San Giorgio , 23 - Settimo Torinese (TO)	EUR 50,000	32%		
Dalmine Logistic Solutions srl viale del Commercio 32/34 - Piacenza	EUR 100,000		34.4%	Marcegaglia Buildtech srl

It is specified that such equity investments are measured “at cost” since their impact in terms of the value of net profit, even considered overall, is scarcely significant for purposes of the truthful and accurate representation of the group’s financial position and operating result.

In 2014 the parent company Marcegaglia spa acquired a shareholding in Fontana spa, which was already its customer, in the context of a restructuring plan that also involved other parties tied to such company.

Also in 2014, the subsidiary Marcegaglia Buildtech srl subscribed to 34.4% of Dalmine Logistic Solutions srl, to which, at the beginning of 2015, it contributed the “warehousing” branch of business carried out at the plants in Potenza and Graffignana (LO). The new company will end its first financial statements at 12.31.2015, as decided by the shareholders at the time it was incorporated.

CONSOLIDATION CRITERIA

Consolidation using the comprehensive method

All of the companies in which Marcegaglia S.p.a. has, directly or indirectly, a majority stake have been consolidated using the comprehensive method, with the exception of the subsidiaries included in tables 2) and 3) above.

Through the comprehensive consolidation method, the accounting values of equity investments are derecognised in exchange of the total takeover of the assets and liabilities, income and expenses of the subsidiary/associate. Any portion of shareholders’ equity and the operating result relating to the minority shareholders of consolidated subsidiaries are respectively disclosed in a specific line item of consolidated shareholders’ equity and the consolidated Profit and Loss Account. Any differences resulting from the comparison between the accounting values of equity investments and the stakes of shareholders’ equity of subsidiaries/associates are recognised in a line item of shareholders’ equity called “Consolidation Reserve”. Payables and receivables and transactions among the companies included in the scope of consolidation have been derecognised. Any adjustments related to dividends distributed to the parent company were instead considered.

For purposes of a clearer understanding of the changes between the 2013 and 2014 financial years, it is noted that on 09.30.2013 the parent company Marcegaglia spa sold its entire stake in the company OTO SPA, which therefore left the scope of consolidation starting from such date together with its subsidiary OTO AUTOMATION SRL.

The consolidation methodology used in 2013 with reference to such sale resulted in (a) the complete recognition in the Profit and Loss Account of the revenue and costs recognised by the cited companies during the period 01.01.2013-09.30.2013, naturally without considering intra-group transactions, and (b) the adjustment at a consolidated level of the overall capital gains realized by the parent company Marcegaglia group spa (net of ancillary costs linked to the sale), amounting to Euro 40,719,580 and recognised in line item C15) of the Profit and Loss Account, in order to consider the fact that part of this was already expressed in the value of the consolidation reserve of consolidated shareholders’ equity prior to 2013. Through the consolidation accounting records, therefore, the cited capital gains was adjusted by the amount of Euro 21,959,946, thus continuing to be recognised in line item C15) of the 2013 consolidated Profit and Loss Account for the amount of Euro 18,759,634. For the sake of complete information, it is noted that during 2014 the price adjustment procedure initiated between the transferor Marcegaglia spa and the transferee was completed, which resulted in the recognition of an extraordinary expense for Marcegaglia spa of Euro 1,251,049, recognised in line item E21) of the consolidated Profit and Loss Account.

Equity investments measured using the shareholders’ equity method

Associates and subsidiaries excluded from the scope of consolidation for the reasons set forth above are measured using the shareholders’ equity method.

According to this procedure, the consolidated financial statements only reflect the portion of shareholders’ equity accruing to the subsidiary/associate, but not the values of the individual line items of the financial statements.

In this case as well, any differences resulting from the comparison between the accounting values of equity investments and the portions of shareholders’ equity of subsidiaries/associates are recognised in a line item of shareholders’ equity called “Consolidation reserve” for the original portion prior to 2014. Profits or losses for

the period of the subsidiary/associate are instead allocated, on an accrual basis, to the consolidated Profit and Loss Account, among “adjustments of value of financial assets” (revaluations or write-downs of equity investments), with the line item equity investments in subsidiaries/associates as a counter-entry in the Balance Sheet.

The accounting currency

The consolidated financial statements were prepared in units of Euro. The financial statements of consolidated companies expressed in currency other than the Euro have been converted into Euro using the current exchange rate method, since the foreign subsidiaries/associates to which such financial statements refer are substantially independent from the parent company. According to such method, all assets and liabilities, with the exception of the entries in shareholders' equity (converted at the historical exchange rates), are converted using the exchange rate at the date of the financial statements, whereas the line items of the Profit and Loss Account were converted at the average exchange rate of the period. The differences thus created are recognised in a specific reserve of shareholders' equity called “Reserve from conversion differences”.

The exchange rates applied are indicated in the following table:

Currency	Exchange rate at 12/31/14	Average exchange rate 2014
US Dollar (USD)	1.2141	1.3285
UK Pound Sterling (GBP)	0.7789	0.80612
Brazilian Real (BRL)	3.2207	3.12113
Polish Zloty (PLN)	4.2732	4.18426
Russian Ruble (RUB)	72.337	50.9518
Chinese Renminbi (CNY)	7.5358	8.18575

Reference date of the consolidated financial statements

Both the parent company (Marcegaglia S.p.A.) as well as the other companies included in the scope of consolidation ended their financial year at December 31, 2014, with the exception of the subsidiary SIPAC s.a. which, having ended its financial year at 06.30.2014, was consolidated pursuant to Art. 30(3) of Legislative Decree 127/91 using the comprehen-

sive method on the basis of interim financial statements referring to the date of the consolidated financial statements (12.31.2014).

Financial statements used for consolidation

The financial statements prepared by the respective administrative bodies were used for the consolidation of the Italian subsidiaries.

With respect to the consolidation of foreign subsidiaries included within the consolidation perimeter, the financial statements used were specifically prepared by the respective administrative bodies according to measurement criteria used by the parent company, in compliance with the “Manual of the group's accounting standards” prepared expressly for such purpose, and certified by the local independent auditors belonging to the same network as the independent auditor of the parent company Marcegaglia spa.

VALUATION CRITERIA

The criteria used to measure the line items of the consolidated financial statements conform to those required by law.

Intangible fixed assets

Intangible fixed assets are recognised in the financial statements at purchase cost or production cost and are amortized in relation to their residual potential uses.

Property, plant and equipment and depreciation funds

Property, plant and equipment are recognised in the financial statements at purchase cost or production cost, increased by statutory monetary revaluations, and are disclosed in the financial statements net of the relative depreciation funds; it is specified that with the exception of the companies having their registered office in countries with strong inflation, the revaluations are only maintained if required by law.

Depreciation is calculated on the basis of the presumed future usefulness of such fixed assets. At 12.31.2014 write-downs of fixed assets are recognised in line item

B10c) of the consolidated Profit and Loss Account for a total of Euro 6,668,832, all referring to the parent company Marcegaglia spa and which regard property, plant and equipment in process (systems) that were never installed, which have suffered deterioration including in terms of technological efficiency.

Finance lease assets

In compliance with accounting standard OIC 17 - paragraph 107, financial lease contracts entered into by the Italian consolidated companies that prepare their financial statements according to the provisions of the Italian Civil Code were recognised using the equity method. Their entries in the statutory financial statements were adjusted to express, at consolidated level, the values of such contracts using the financial method (governed by IAS 17). The adjustments regarded the most significant leases, i.e. those regarding buildings and large plants; to the contrary, leases having an insignificant value continued to be recognised using the equity method.

The cited adjustments resulted in the following:

- from an equity standpoint, the recognition of Land and Buildings in the amount of Euro 14,327,001, Plants and Machinery in the amount of Euro 37,666,218, Payables to Other Lenders due within the following year in the amount of Euro 8,933,312, Payables to Other Lenders due after the following year in the amount of Euro 26,746,559 (for a total of Euro 35,679,871), a decrease in prepaid expenses vs. the aggregate value proposed by the companies that are parties to the lease contracts recognised in the accounting records using the equity method in the amount of Euro 7,446,701, Receivables for pre-paid taxes due within and beyond the following year for a total of Euro 721,331, a Fund for deferred taxes in the amount of Euro 3,750,852 and a reclassification of payables from “trade payables” to “payables to other lenders” in the amount of Euro 781,600.

- from an economic standpoint, the recognition of a benefit for a total amount of Euro 2,057,728, represented by the reversal of the lease payments already recognised in line item B8) of the aggregate Profit and Loss Account in the amount of Euro 11,443,985, by the recognition of amortization in line item B10b) of the consolidated Profit and Loss Account in the amount of Euro 7,639,824, the recognition in line item C17) of the consolidated Profit and Loss Account of financial expenses included in the lease payments for the amount of Euro 766,149, and by the recognition in line item 22) of the consolidated Profit and Loss Account of the net (negative) effect of deferred and pre-paid taxes in the amount of Euro 980,284.

Financial fixed assets

Equity investments in companies that are not entirely consolidated are measured using the shareholders' equity method or at historical cost.

The write-downs and revaluations of equity investments recognised in line items D18) and D19) of the consolidated Profit and Loss Account are broken down in the following tables:

Write-downs	2014
- of equity investments in subsidiaries measured at cost	
Marcegaglia Perù	1,044,959
Elletre Fotovoltaico srl	125,999
- of equity investments in other companies measured at cost	
Gabetti Property Solutions spa	1,212,202
Cai spa (Alitalia)	3,358,657
Other equity investments (Consorzio Conai and Consorzio Micene)	599
- of equity investments recognised in working capital	2,175,060
Total write-downs of equity investments	7,917,476
Revaluations	2014
- of equity investments in associates measured using the shareholders' equity method	
S.I.M. srl	10,990
Allu's spa	122,446
- of equity investments recognised in working capital	1,151,544
Total revaluations of equity investments	1,284,980

Reference is made to the paragraph "Equity investments and securities other than fixed assets" for comments on the write-downs and revaluations of equity investments recognised in working capital.

Inventory

Inventory is recognised at the lower between purchase cost or production cost, calculated as will be specified below, and the estimated realisable value that can be inferred from the market trend. The purchase cost includes ancillary costs of transportation and customs clearance of raw materials; production costs include all of the costs directly allocated to the product (raw materials and subsidiary materials, direct labour, depreciation of the capital assets used in production), in addition to the share of indirect industrial costs relating to the manufacturing period (maintenance costs, consumables, electric power,

external labour, etc.).

The value of the final inventory was calculated using the weighted average cost method.

Inventories other than interchangeable assets are recognised among the inventories of finished products and are measured at purchase cost or production cost calculated according to Article 2426(1) of the Italian Civil Code, since they are deemed not to exceed the estimated realisable market value.

The line item Raw materials, subsidiary materials and consumables also includes inventories of subsidiary materials and consumables such as paints, lubricants, fuels, zinc and miscellaneous materials in general.

Such inventories are recognised in the financial statements at the lesser of the value calculated by the moving average and their replacement value inferred from the market trend.

Inventories of work in progress on order are measured, if applicable, using the method of the completion percentage, also in view of accounting standard OIC 23 – Work in progress on order, whose revised version – published during the month of August 2014 and applicable starting from the financial statements at 12.31.2014 – makes such method mandatory, at least for orders having a multi-year duration. The effect of the revision of the accounting standard resulted in recognition in line items E20) and E21) of the consolidated Profit and Loss Account of extraordinary income and expenses in the amount of Euro 112,502 and Euro 4,257,775 respectively by the subsidiary Marcegaglia Buildtech srl, which had to adjust orders having a multi-year duration which until 12.31.2013 had been measured using the completed order method to the value resulting from the use of the completion percentage.

Receivables and payables

Receivables (both fixed assets as well as working capital) are recognised in the financial statements at nominal value.

Such value was decreased to that of the expected realisable value through specific funds, whose changes are summarized below:

Provision for bad debts at beginning of the year	35,036,090
Exchange rate differences on the opening balance	35,659
Provisions made during the year	11,404,056
Uses during the year	-9,219,286
Exchange rate differences on changes during the year	-15,195
Provision for bad debts at year end	37,241,324

The most significant allocations to the provision for bad debts regard the parent company Marcegaglia spa (Euro 8,788,730) and the subsidiaries Marcegaglia Buildtech srl (Euro 1,941,300), Progetto Ambiente Bacino Lecce Tre srl (Euro 394,134) and Progetto Ambiente Bacino Province of Lecce (Euro 211,149).

Exchange rate differences from forex transactions and conversion criteria for items in foreign currency

Receivables and payables expressed in foreign currencies are originally converted in Euro on the basis of the exchange rates recognised at the date of the relevant transactions. The exchange rate differences realised at the time of collection of receivables and payment of liabilities in foreign currency are recognised in the Profit and Loss Account in line item C.17-bis – gains and losses on exchange rates.

Receivables and payables expressed in foreign currency in the financial statements are measured on the basis of the relative exchange rates at the end of the year (12.31.2014). Exchange rate differences emerging from such valuation are allocated to the Profit and Loss Account in line item 17 bis – gains and losses on exchange rates.

Equity investments and securities other than fixed assets

Equity investments other than fixed assets, all listed in regulated markets, and securities other than fixed assets are measured on the basis of the lower value between the purchase cost and the realisable value inferred from the market trend. The purchase cost is represented by the price paid increased by ancillary costs attributable to the purchase transaction. Market value, used as a comparative parameter vs. cost, consists of: (a) for equity investments other than are not fixed assets and securities listed on regulated markets, the last available price at 12.31.2014, and (b) for securities that are not listed on regulated markets, the value at which a theoretical sale of the securities could take place at the reference date of the financial statements calculated using suitable technical measures. If the reasons for the recognition of a write-down in previous financial years no longer exist, the value of the security is reversed until reaching its original cost.

It is noted that, with reference to the equity investments and securities held by the parent company Marcegaglia spa, in relation to financial years 2008 through 2012, a derogation was made to the measurement criteria described above, which made it possible to recognize such assets, alternatively:

- on the basis of the lower between purchase cost or production cost and the realisable value that can be inferred from the market trend, according to the ordinary provisions pursuant to the Italian Civil Code (Art. 2426(1)(9) of the Italian Civil Code) and national accounting standards;
- on the basis of the recognition value appearing from the last financial statements or from the last interim report duly approved, according to the derogation regime introduced by Art. 15(13) of Law Decree no. 185 of November 29, 2008 (converted into Law no. 2 of January 28, 2009).

Specifically, such provision provides that *“parties that do not adopt international accounting standards (...) can measure securities not intended to remain at length in their assets on the basis of their recognition value appearing from the last financial statements or, if available, from the last interim report duly approved instead of the realisation value that can be inferred from market trend, with the exception of long-lasting losses”*.

In substance, in consideration of the exceptional turmoil of the financial markets, which made the values they expressed unreliable, the write-down of securities and equity investments other than long-term investments on the basis of their realisable value inferable from the market trend could be avoided.

As noted in the interpretative document OIC 3, the derogation regarded financial statements and consolidated financial statements without distinction, because the provisions relating to the valuation criteria are common to the two types of documents.

With respect to its scope of application, the derogation included equity investments (shares, shares of limited liability companies and similar financial instruments) and debt securities (bonds, government securities, unit trusts units, etc.), both listed and non listed, but excluded derivative financial instruments.

As noted, the derogation was applied on the condition that the loss of value was not long-lasting, according to the definition set forth in OIC 20 for debt securities and OIC 21 for equity investments.

From this standpoint, securities recognised in working capital are treated, in an exceptional manner and for the sole purpose of measurement, the same as securities recognised among long-term investments, requiring a write-down only when impairment is long-lasting. Therefore, unlike the ordinary measurement regime for securities and equity investments in working capital, write-downs are not automatic, but depend on the decision of the directors, who must determine whether the loss of value is permanent or not. The provision, originally introduced by Law Decree 185/2008 with reference just

to financial year 2008 (for parties with financial years coinciding with the solar year), was subsequently extended to 2009, 2010, 2011 and 2012 in consideration of the ongoing volatility of share prices and, therefore, of the turmoil of the financial markets, through specific regulatory action.

The option of using the derogation was not, instead, extended starting from 2013. Therefore, as in the financial statements at 12.31.2013, also in the financial statements at 12.31.2014 the measurement of securities and equity investments recognised in working capital was done on the basis of the above described criteria, i.e. at the lower between cost and market value.

On the basis of a comparison between the 2014 year-end market values and the book values at 12.31.2014 of the portfolio, differences appear that have resulted in the recognition of write-downs and revaluations, as indicated in the following table:

	Write-downs	Revaluations
a) Equity portfolio	2,175,060	1,151,544
b) Bonds		1,650,000
c) Unit trusts/Sicav	134,429	108,412

The write-downs and revaluations related to the equity portfolio were classified in line item D19 Write-down of equity investments and D18 Revaluation of equity investments respectively, together with the write-downs and revaluations of long-term equity investments (see paragraph "Financial fixed assets"), while the write-downs and revaluations of the other securities in working capital (Bonds and Unit Trusts /SICAV) were classified in line item D19 Write-down of securities in working capital and D18 Revaluation of securities in working capital.

Cash and cash equivalents

Cash and cash equivalents (bank and postal deposits, cash and cash on hand) are recognised based on their actual worth.

Accruals and deferrals

This line item recognises portions of income and expenses common to two or more years: the portion matured in the year that has not yet had a cash flow effect (accruals), and the portion attributable to future years whose cash flow was realized in its entirety in the current year (deferrals).

Risk and expense funds

Risk and expense funds are allocated in the financial statements in order to cover losses or liabilities having a specific, certain or probable nature, in respect of which, however, at the end of the financial year their amount or realisable date cannot be determined.

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

Employee Severance Pay

Provisions are made in the financial statements for employee severance pay in conformity with law and outstanding contracts, and reflect the liability accrued with respect to all employees at the date of the financial statements.

Tax fund, including deferred taxes

The fund includes deferred taxes allocated, mainly, as a result of the recognition of leased assets according to the financial method and consistency in measurement criteria. Such fund also includes the provisions that have prudently been set aside in view of presumed tax costs on positions that have not yet been settled or are disputed with the Tax Administration.

Recognition of revenue

Revenue from the sale of products is recognised at the time of the transfer of ownership, which occurs upon the shipment of the goods. Revenue from services is recognised when such service is completed.

OTHER INFORMATION

Pursuant to Art. 38(1)(o-quinquies) of Legislative Decree 127/91, it is noted that there are no transactions for significant amounts with related parties of an ordinary nature other than arm's length transactions.

Specifically, in respect of relations with subsidiaries and associates, reference is made to the Report on Operations accompanying the statutory and consolidated financial statements of the parent company Marcegaglia spa.

Neither the parent company, nor any other company of the group, engaged in transactions falling under Art. 38(1)(o-sexies) of Legislative Decree 127/91 (Off-Balance Sheet agreements), which have not already been disclosed in this document.

REFERENCE TO THE PARENT COMPANY'S REPORT ON OPERATIONS

In respect of information regarding:

- the nature of the company's business
- significant facts that occurred after the end of the financial year
- relations with subsidiaries, associates, parent companies and companies subject to the latter's control,

reference is made to the Report on Operations to the statutory and consolidated financial statements of Marcegaglia spa.

CHANGES IN THE ASSET AND LIABILITY LINE ITEMS

Changes in the other asset and liability line items are indicated below. Changes in funds are set forth in specific tables (see Exhibit 2), in the shareholders' equity line items (see the following section), and in property, plant and equipment, intangible and financial fixed assets (see Exhibits 1a and 1b).

Assets	Balance at 01.01.2014	Effect of exchange rate difference on the balance at 01.01.2014	Effect of change in scope of consolida- tion	Increases/ Decreases during the period	Balance at 12.31.2014
A) Receivables from shareholders for outstanding capital contributions					
- paid-in					
- remainder					
TOTAL					
I - INVENTORY					
1. Raw materials, subsidiary materials and consumables	719,105,522	510,752		22,045,465	741,661,739
2. Work in progress and semi-finished goods	444,555,378	676,045		30,338,928	475,570,351
3. Work in progress on order	80,815,591	-25,446		-20,407,996	60,382,149
4. Finished goods and products	619,749,985	454,359		108,748,880	728,953,224
5. Advance payments	517,405	-19,988		-54,916	442,501
TOTAL	1,864,743,881	1,595,722		140,670,361	2,007,009,964
II - RECEIVABLES					
1. Trade receivables	613,014,494	715,141		-112,647,002	501,082,633
2. From non-consolidated subsidiaries	23,880,064			-13,407,407	10,472,657
3. From associates	32,272,708			-2,771,112	29,501,596
4. From parent companies	126,004,330			26,227,682	152,232,012
4-bis. Tax receivables	33,996,614	-118,376		-5,371,891	28,506,347
4-ter. Pre-paid taxes	36,850,765	-72,116		3,470,217	40,248,866
5. From others	254,651,668	346,119		-38,834,167	216,163,620
TOTAL	1,120,670,643	870,768		-143,333,680	978,207,731
III - FINANCIAL ASSETS OTHER THAN FIXED ASSETS					
4. Other equity investments	14,681,643			-3,974,049	10,707,594
5. Treasury shares					
6. Other securities	28,688,643	98,778		1,290,822	30,078,243
TOTAL	43,370,286	98,778		-2,683,227	40,785,837
IV - CASH AND CASH EQUIVALENTS					
1. Bank and postal deposits	22,779,823	-1,313,307		51,516,613	72,983,129
2. Cheques	4,507			11,960	16,467
3. Cash on hand and cash equivalents	76,735	1,271		-14,232	63,774
TOTAL	22,861,065	-1,312,036		51,514,341	73,063,370

The bank and postal deposits include an escrow account, opened to guarantee the loans granted to the foreign subsidiary Marcegaglia do Brasil.

The balance as at 12.31.2014 of said current account amounts to EUR 1,650,000.

The line item "Receivables from others" is broken down as follows:

	Balance at 01.01.2014	Balance at 12.31.2014	Change
Advance payments to suppliers	3,021,886	2,122,911	-898,975
Receivables from factoring entities	101,686,496	93,096,003	-8,590,493
Receivables from associates	136,632,939	96,798,810	-39,834,129
Other receivables	13,310,347	24,145,896	10,835,549
TOTAL	254,651,668	216,163,620	-38,488,048
Breakdown of receivables from affiliates			
Receivables from Marcegaglia Ireland Ltd	87,089,090	90,613,452	3,524,362
Receivables from Euroenergy Group srl	46,737,596	3,366,048	-43,371,548
Receivables from Appia Energy srl	291,187	395,286	104,099
Receivables from Arendi srl	2,877	3,816	939
Receivables from Taranto Solar srl	2,512,189	2,420,208	-91,981
TOTAL	136,632,939	96,798,810	-39,834,129

Accrued income and prepaid expenses	Balance at 01.01.2014	Effect of exchange rate difference on the balance at 01.01.2014	Effect of change in the scope of consolidation	Increases/Decreases for the period	Balance at 12.31.2014
Discounts on loans					
Other accruals and deferrals	5,807,346	11,282		3,517,578	9,336,206
TOTAL	5,807,346	11,282		3,517,578	9,336,206

Payables	Balance at 01.01.2014	Effect Exchange rate difference on the balance at 01.01.2014	Effect of change in the scope of consolidation	Increases/Decreases during the period	Balance at 12.31.2014
4. Payables to banks	1,497,061,456	15,349,031		86,912,611	1,599,323,098
5. Payables to other lenders	47,612,622	37,070		-8,144,198	39,505,494
6. Advance payments	78,618,416	-53,273		-13,468,872	65,096,271
7. Trade payables	1,312,687,351	-2,884,933		-78,339,747	1,231,462,671
8. Payables represented by credit instruments				663,500	663,500
9. Payables to non-consolidated subsidiaries	4,573,194			-91,593	4,481,601
10. Payables to associates	16,815,719			-15,974,261	841,458
11. Payables to parent companies	535,479			-202,422	333,057
12. Tax payables	13,428,561	-1,855,565		-4,952,173	6,620,823
13. Payables to welfare and social security organizations	13,700,204	-12,232		299,687	13,987,659
14. Other payables	441,505,503	-535,552		53,692,214	494,662,165
TOTAL	3,426,538,505	10,044,546		20,394,746	3,456,977,797

The line item “Other payables” is broken down as follows:

	Balance at 01.01.2014	Balance at 12.31.2014	Change
Payables to associates	13,890,064	4,674,311	-9,215,753
Payables to employees	22,649,503	23,429,136	779,633
Payables to factoring entities	370,432,726	433,020,817	62,588,091
Other payables	34,533,210	33,537,901	-995,309
TOTAL	441,505,503	494,662,165	53,156,662

Breakdown of payables to affiliates	Balance at 01.01.2014	Balance at 12.31.2014	Change
Payables to Euroenergy Group srl	13,055,948	1,763,603	-11,292,345
Payables to Appia Energy srl	25,809	9,678	-16,131
Payables to Arendi srl in liquidation	539,312	2,031,876	1,492,564
Payables to Abaco Service srl	268,995	869,154	600,159
TOTAL	13,890,064	4,674,311	-9,215,753

Deferred income and accrued liabilities	Balance at 01.01.2014	Effect exchange rate differences on the balance at 01.01.2014	Effect of change in the scope of consolidation	Increases/Decreases during the period	Balance at 12.31.2014
Other accruals and deferrals	28,457,753	607,996		2,554,683	31,620,432
TOTAL	28,457,753	607,996		2,554,683	31,620,432

Table of changes in the line items of consolidated shareholders' equity

Line item of shareholders' equity	Balance at 12/31/13	Allocation of the Parent Company's result, impact of the 2013 consolidated accounting records and carry forward of the minority shareholders' result	Payment of dividends	Change in the scope of consolidation	Other changes in the consolidated shareholders' equity	Result for the year	Balance at 12/31/14
Capital	58,876,440	0	0	0	0	0	58,876,440
Share premium reserve	138,927,445	0	0	0	0	0	138,927,445
Revaluation reserves	9,073,656	0	0	0	0	0	9,073,656
Legal reserves	13,752,584	0	0	0	0	0	13,752,584
Statutory reserves	0	0	0	0	0	0	0
Reserves for treasury shares of the group in portfolio	0	0	0	0	0	0	0
Other reserves							
- Extraordinary reserve	486,574,971	-42,554,538	0	0	-1	0	444,020,432
- Consolidation reserve	-4,221,458	46,717,520	0	0	-3,496,916	0	38,999,146
- Reserve from conversion differences	14,182,005	0	0	0	7,109,810	0	21,291,815
- Reserve for gains on exchange rates	0	0	0	0	0	0	0
- Merger surplus	47,124,268	0	0	0	0	0	47,124,268
- reserve pursuant to Law 10/91	997,605	0	0	0	0	0	997,605
- reserve pursuant to Law 130/83	165,275	0	0	0	0	0	165,275
- reserve pursuant to Law 193/84	8,201,336	0	0	0	0	0	8,201,336
- reserve pursuant to Law 19/87	14,125,195	0	0	0	0	0	14,125,195
- reserve pursuant to Law 30/84	511,292	0	0	0	0	0	511,292
- Other reserves	20,000,000	0	0	0	0	0	20,000,000
- difference rounded off in Euro	-2	0	0	0	4	0	2
Total other reserves	587,660,487	4,162,982	0	0	3,612,893	0	595,436,366
Carry forward profits (losses)	0	0	0	0	0	0	0
Profit (loss) of the year for the group	4,162,982	-4,162,982	0	0	0	-36,499,568	-36,499,568
Total shareholders' equity for the group	812,453,594	0	0	0	3,612,893	-36,499,568	779,566,923
Capital and reserves attributable to minority shareholders	59,602,772	- 2,453,718	0	0	-854,634	0	56,294,420
Profit (Loss) of the year attributable to minority shareholders	-2,453,718	2,453,718	0	0	0	-7,592,032	-7,592,032
Total shareholders' equity attributable to minority shareholders	57,149,054	0	0	0	-854,634	-7,592,032	48,702,388
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	869,602,648	0	0	0	2,758,259	-44,091,600	828,269,311

Reconciliation of the parent companies' shareholders' equity with the groups' consolidated shareholders' equity

	YEAR 2014			YEAR 2013		
	Share capital and reserves	Result of the period	Total	Share capital and reserves	Result of the period	Total
Shareholders' equity from statutory financial statements of the parent company	755,775,528	-46,346,563	709,428,965	798,330,063	-42,554,538	755,775,525
Difference between shareholders' equity of consolidated companies and the book value of the relevant equity investments in the financial statements of the parent company	-209,758,944	0	-209,758,944	-145,849,086	0	-145,849,086
Reserve from conversion difference deriving from the derecognition of equity investments In foreign subsidiaries	21,291,815	0	21,291,815	14,182,006	0	14,182,006
Operating results of entirely consolidated companies, net of the portion attributed to minority shareholders	0	-58,332,712	-58,332,712	0	-56,899,868	-56,899,868
Adjustment of value of subsidiaries/associates measured using the shareholders' equity method	11,103,237	133,436	11,236,673	50,361	11,052,876	11,103,237
Derecognition of dividends cashed by the parent company	0	0	0	0	-3,500,000	-3,500,000
Derecognition of write-downs and revaluations of equity investments	243,475,450	65,225,901	308,701,351	130,432,346	113,030,027	243,462,373
Derecognition of intra-group capital gains/capital losses and derecognition of write-downs/revaluations of other equity items other than equity investments	-9,230,893	284,335	-8,946,558	12,574,216	-21,805,109	-9,230,893
Adjustments to conform the financial statements to the accounting standards used for the consolidated financial statements (*)	4,560,996	2,057,728	6,618,724	-133,987	4,694,983	4,560,996
Other consolidation entries	-1,150,698	478,307	-672,391	-1,295,310	144,611	-1,150,699
Addition/reduction reserve for rounding off amounts to units of Euro	0	0	0	3	0	3
The group's consolidated shareholders' equity	816,066,491	-36,499,568	779,566,923	808,290,612	4,162,982	812,453,594

START-UP AND EXPANSION COSTS, RESEARCH AND DEVELOPMENT COSTS, AND ADVERTISING EXPENSES

Such costs are suitably broken down in the following table, in which the nature and amount of the components are specified:

Start-up and expansion costs	Balance at 12.31.2014
Capitalised start up costs of the subsidiary Marcegaglia do Brasil Ltd	1,566,742
Start up costs for the plant in Manfredonia capitalised by the subsidiary ETA spa	7,531,624
Other	6,650
Total	9,105,016

Research and development costs and advertising expenses	Balance at 12.31.2014
Research costs applied to new products of the subsidiary Imal spa	193,483
Other	19,053
Total	212,536

RECEIVABLES AND PAYABLES HAVING A RESIDUAL DURATION IN EXCESS OF FIVE YEARS

The following payables and receivables having a residual duration that exceeds five years are set forth below:

Creditor	Line item of the financial statements	Amount
Banca Intesa Sanpaolo spa	D.4.b) payables to banks due after the financial year	2,023,088
Banco do Brasil	D.4.b) payables to banks due after the financial year	541,922
Veneto Banca s.c.p.a.	D.4.b) payables to banks due after the financial year	7,090,594
Totale debiti		9,655,604

Debtor	Line item of the financial statements	Amount
Taranto Solar srl	C.6) receivables from others due after the following year	1,501,000
Armada Tube	C.6) receivables from others due after the following year	422,974
Total receivables		1,923,974

The receivable from the affiliate Taranto Solar srl refers to the assignment by Marcegaglia Buildtech srl of surface rights to the roof of the shed in Taranto where a photovoltaic system was installed, which is operated by the same company. The receivable from the customer Armada Tube, recognised in the financial statements of the subsidiary Marcegaglia UK, refers to a payment plan agreed upon with such customer in the context of the Creditor Voluntary Agreement (CVA) procedure provided by British legislation.

PAYABLES SECURED BY COLLATERAL ON CORPORATE ASSETS

Payables secured by collateral on corporate assets are indicated in the following table together with the nature of each security:

	Amount of residual secured debt at 12/31/2014	Security
Payables to banks	317,538,962	Mortgage on buildings
Payables to banks	44,032,637	Pledge on securities
Payables to other lenders	39,491,736	Collateral for leased assets
Total	401,063,335	

Trade payables include a debt secured by a pledge on black coils in storage at the plant in Ravenna. It refers to a payable due to an international trader of raw materials, the amount of which at 12.31.2014 is equal to EUR 12,296,742.

The pledge is made for a maximum total amount of EUR 60 million.

ACCRUALS AND DEFERRALS

Following is the breakdown of the equity components recognized in the financial statements:

Accrued income	Breakdown of the balance at the end of the year	2013
Interest earned on securities and deposits	85,978	173,940
Lease payments	15,468	5,820
Green certificates (ETA SPA)	7,356,449	4,229,601
Simest contributions (Mariven srl)	137,984	155,475
Other	64,468	114,149
total	7,660,347	4,678,985

Prepaid expenses	Breakdown of the balance at the end of the year	2013
Lease payments and portion of balloon payments allocated to future years	12,788	93,939
Insurance premiums	313,280	252,254
Licensing fees/software/hardware maintenance fees	311,198	215,558
Telephone utilities	41,014	39,662
Interest expenses	116,528	153,402
Other	881,051	373,546
total	1,675,859	1,128,361

Accrued expenses	Breakdown of the balance at the end of the year	2013
Fees for concession leases of State owned property	2,292,078	2,176,973
Interest expenses	2,904,045	2,946,736
Other	1,541,501	911,641
total	6,737,624	6,035,350

Deferred income	Breakdown of the balance at the end of the year	2013
Operating subsidies	19,192,571	17,221,838
Port services	167,289	165,397
Other	5,522,948	5,035,168
total	24,882,808	22,422,403

CAPITALISED FINANCIAL EXPENSES

During the financial year in review, financial expenses were capitalised that referred to 2014, for the total amount of Euro 2,639,513, of which Euro 2,625,485 was recognised among other intangible fixed assets and Euro 14,028 was recognised among property, plant and equipment.

BREAKDOWN OF REVENUE

The breakdown of revenue according to the most significant geographic areas is provided below:

Geographic area	31.12.2014	%	31.12.2013	%
Italy	1,667,250,949	40.76	1,725,451,698	41.81
European Union	1,928,105,202	47.14	1,825,089,478	44.22
Other European Countries	200,048,030	4.89	238,091,305	5.77
North America	73,375,571	1.79	90,078,862	2.18
Central and South America	162,282,015	3.97	192,134,441	4.66
Middle East	8,179,329	0.20	10,525,513	0.26
Far East and Oceania	36,129,506	0.88	34,790,694	0.84
Africa	14,893,674	0.37	10,769,481	0.26
Total revenue from sales and services	4,090,264,276	100.00	4,126,931,472	100.00

BREAKDOWN OF FINANCIAL EXPENSES ALLOCATED TO THE PROFIT AND LOSS ACCOUNT

The following is the breakdown of line item C17 of the consolidated Profit and Loss Account:

	2014	2013
Interest expenses to subsidiaries	78,205	75,313
Interest expenses to associates	46,027	24,548
Interest expenses to parent companies	0	0
Interest expenses to banks	63,495,960	63,794,702
Interest expenses to affiliates	38,585	14,981
Other financial expenses	31,761,918	32,658,767
Total interest and financial expenses	95,420,695	96,568,311

It is noted that other financial expenses include interest expenses to factoring entities in the amount of approximately 18.4 million Euro and expenses on derivatives amounting to approximately 13.2 million Euro.

EXTRAORDINARY INCOME AND EXPENSES

The line item “Extraordinary income and expenses” includes income components not referable to the Company’s ordinary operations.

Extraordinary income	2014
Adjustment of tariffs of companies in the energy group	1,722,123
Adjustment values of previous financial years due to change in the accounting standards	112,503
Other extraordinary income	554,058
total	2,388,684

Extraordinary expenses	2014
Allocation for extraordinary risks	3,269,544
Price adjustment for the sale of the OTO group	1,251,049
Costs attributed to previous financial years	1,593,377
Adjustment of values of previous financial years due to change in the accounting standards	4,257,775
Expenses related to the plant in Taranto	5,875,950
Other extraordinary expenses	357,245
total	16,604,940

The extraordinary allocation to the risk fund refers to a dispute with the Spanish administrative authority deriving from liability attributed to the parent company Marcegaglia spa in managing a Spanish affiliate, which was subject to insolvency proceedings in 2005. In March 2015 a settlement was reached with the Spanish administrative authority ending the litigation, which substantially confirmed the amount that had been set aside. The line item “Adjustment of values of previous financial years due to change in the accounting standards”, included both in income as well as among expenses, refers to the effects recognised in the Profit and Loss Account of the subsidiary Marcegaglia Buildtech srl deriving from the change in the valuation criteria used for work in progress on order having a multiyear duration. As already discussed in the paragraph “VALUATION CRITERIA - Inventory”, the revised version of the accounting standard OIC 23, published in the month of August 2014 and applicable starting from the financial statements ended at 12.31.2014, made the use of the percentage of completion method mandatory for orders having a multiyear duration.

The expenses related to the plant in Taranto (owned by Marcegaglia Buildtech srl) refer to the expenses for the plant in question incurred in 2014, the year in which all manufacturing activity ceased.

PREPAID AND DEFERRED TAXES

The value of prepaid and deferred taxes included in the Profit and Loss Account is disclosed directly in the financial statements, through the breakdown of line item 22 income taxes in its components (deferred and prepaid taxes in the year). In respect of the parent company and Italian subsidiaries, prepaid and deferred taxes were calculated considering a tax rate for IRES [corporate income tax] of 27.5% and a tax rate for IRAP [regional tax on productive activity] of 3.9%. The foreign subsidiaries instead used the outstanding tax rates in their respective countries.

AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORY

Category	Average 2014	Dec. 2014	Average 2013	Dec. 2013
Managers	81	81	82	80
Office workers	1,617	1,594	1,710	1,604
Factory workers	4,861	4,750	5,105	4,927
Totals	6,559	6,425	6,897	6,611

REMUNERATION TO DIRECTORS AND AUDITORS

The directors and acting auditors of the parent company were granted fees amounting to a total of Euro 1,670,000 (directors) and 182,520 (auditors), for performing their respective functions also in other companies included in the consolidation.

The independent auditor entrusted with the audit of the accounts of the parent company Marcegaglia spa, was granted annual remuneration in the amount of Euro 125,000.00, of which Euro 23,000 for the audit of the consolidated financial statements and Euro 10,000 for issuing the certification of compliance with specific obligations in terms of the financial ratios provided by the contract entered into with a pool of banks in December 2007 by the parent company Marcegaglia spa. The independent auditor was not appointed for tax consulting services or for different services other than the legal audit.

DERIVATIVE FINANCIAL INSTRUMENTS

At the date the financial statements, the parent company held the following derivatives:

Interest rate derivatives: at December 31, 2014 Marcegaglia spa held “interest rate swaps”, both for the specific purpose of hedging medium/long-term variable-rate loans (whose reference parameter is the Euribor for the period), and for generally mitigating the risk related to the financial expense deriving from variable-rate bank payables. However they are not related to

the concept of a hedging transaction set forth in Art.112(6) of T.U.I.R. [Income Tax Consolidation Act].

The hedge instruments held provide for fixed-rate payments for Marcegaglia spa vs. collections linked to the Euribor rate for the period, having the same duration and frequency of the loans to which they are linked.

Such instruments have 3-year residual duration and a cumulative notional value at December 31, 2014 of Euro 325 million. Their negative “fair value” (calculated with the mark-to-market approach at 12/31/2014) amounted to Euro 41,479,740. The fair value of hedged liabilities, i.e. the value of the principal of the cited bank loans at December 31, 2014, amounts to Euro 426,631,672.

The “interest rate swaps” are instead held for the purpose of generally mitigating the risks connected to the financial burden deriving from variable-rate bank payables, but they are not related to the concept of a hedging transaction set forth in Article 112 (6) T.U.I.R.. Interest rate swaps have a residual duration ranging from 1 to 6 years and a cumulative notional value at December 31, 2014 of Euro 196,250,000. Comparing their “fair value” valuation calculated by “mark to market” at 12/31/2014, equivalent to Euro -27,174,445, and their “fair value” calculated by “mark to market” at 12/31/2013, it appears that the specific risks fund created to hedge such liabilities had a net deficit of Euro 822,583. Such differential, set aside in the specific risk fund, had as a counter-entry a negative income component in the amount of Euro 2,080,201 that was recognised among other financial expenses in line item 17 of the Profit and Loss Account, and a positive component of Euro 1,257,619 that was also recognised in other financial expenses, but as an adjustment of the negative differentials on derivatives paid during 2014, since a portion of such differentials paid in 2014 had been included in the fair value valuation as at 12/31/2013.

Forward exchange purchase/sale contracts: as at December 31, 2014, Marcegaglia spa did not have any outstanding

forward exchange contracts. The relevant risk fund that had been provided in the 2013 financial statements related to some forward contracts in USD and was entirely used during 2014 to adjust the forex results achieved at the maturity of such forward exchange contracts

In conclusion, it is noted that the direct recognition in the Profit and Loss Account of the fair value at December 31 of transactions in derivatives not used for hedging purposes pursuant to Art.112(6) of T.U.I.R. was made to comply with OIC no.3 provisions.

(*) The adjustments are made in order to measure finance leases according to the financial method as suggested by O.I.C. accounting standard no. 17.

EXHIBITS THAT ARE AN INTEGRAL PART OF THESE NOTES

Exhibits 1a-1b-1c: Tables of the changes in property, plant and equipment, intangible fixed assets and financial fixed assets
Exhibit 2: Table of the changes in risk and expense funds and employee severance pay.

Gazoldo degli Ippoliti, June 12, 2015

The Chairman of the Board of Directors

Dott. Antonio Marcegaglia

annex 1a - TABLE OF THE MOVEMENTS OF TANGIBLE FIXED ASSETS

		Start-of-year balance	Opening Exchange R. Diff.	Increases	Decreases	Re-classifica- tions	Movement Exchange R. Diff.	Consolidation Perimeter Variation	End-of-year balance
Lands and buildings	Original Cost	660,474,628	1,799,765	4,942,358	0	3,641,478	0	-52,008	670,806,221
	Revaluation	37,342,162	129,184	0	0	0	0	0	37,471,346
	Devaluation	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	265,219,835	1,080,983	24,793,743	0	-560,091	0	-65,042	290,469,428
	Tot. Amt.	432,596,955	847,966	-19,851,385	0	4,201,569	0	13,034	417,808,139
Plants and machines	Original Cost	1,791,811,294	10,792,317	36,074,698	7,415,408	76,237,685	0	137,563	1,907,638,149
	Revaluation	12,935,491	141,572	0	0	0	0	0	13,077,063
	Devaluation	6,372	-177	0	0	0	0	0	6,195
	Ordinary Depreciation Fund	1,188,582,335	4,576,341	100,235,447	5,280,023	-2,879,927	0	-522,572	1,284,711,601
	Tot. Amt.	616,158,078	6,357,725	-64,160,749	2,135,385	79,117,612	0	660,135	635,997,416
Industrial and commercial equipment	Original Cost	156,805,009	181,678	4,836,457	714,196	207,124	0	51,049	161,367,121
	Revaluation	66,640	0	0	0	0	0	0	66,640
	Devaluation	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	132,247,790	64,294	9,646,573	681,095	-11,816	0	-101	141,265,645
	Tot. Amt.	24,623,859	117,384	-4,810,116	33,101	218,940	0	51,150	20,168,116
Other assets	Original Cost	91,803,927	-124,313	1,929,511	4,405,010	15,009,310	0	-96,037	104,117,388
	Revaluation	27,911	0	0	0	0	0	0	27,911
	Devaluation	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	56,494,657	95,613	5,355,123	1,433,500	3,451,834	0	-61,609	63,902,118
	Tot. Amt.	35,337,181	-219,926	-3,425,612	2,971,510	11,557,476	0	-34,428	40,243,181
Fixed assets in progress	Original Cost	122,759,793	212,445	22,129,539	858,704	-87,996,103	0	-38,366	56,208,604
	Revaluation	0	0	0	0	0	0	0	0
	Devaluation	10,644,574	-33,062	6,668,832	0	0	0	0	17,280,344
	Ordinary Depreciation Fund	0	0	0	0	0	0	0	0
	Tot. Amt.	112,115,219	245,507	15,460,707	858,704	-87,996,103	0	-38,366	38,928,260
Advances	Original Cost	9,294,353	-123	3,898,905	4,722,589	0	0	-2,306	8,468,240
	Revaluation	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	0	0	0	0	0	0	0	0
	Tot. Amt.	9,294,353	-123	3,898,905	4,722,589	0	0	-2,306	8,468,240
ii - tangible fixed assets	Original Cost	2,832,949,004	12,861,769	73,811,468	18,115,907	7,099,494	0	-105	2,908,605,723
	Revaluation	50,372,204	270,756	0	0	0	0	0	50,642,960
	Devaluation	10,650,946	-33,239	6,668,832	0	0	0	0	17,286,539
	Ordinary Depreciation Fund	1,642,544,617	5,817,231	140,030,886	7,394,618	0	0	-649,324	1,780,348,792
	Tot. Amt.	1,230,125,645	7,348,533	-72,888,250	10,721,289	7,099,494	0	649,2198	1,161,613,352

annex 1b - TABLE OF THE MOVEMENTS OF INTANGIBLE FIXED ASSETS

		Start-of-year balance	Opening Exchange R. Diff.	Increases	Decreases	Re-classifica- tions	Extraordina- ry operations	Movement Exchange R. Diff.	Conso- lidation Perimeter Variation	End-of-year balance
Installation and enlargement costs	Original Cost	6,423,494	121,814	9,414,530	1,370	-1,256,406	0	0	0	14,702,062
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	3,148,755	77,234	2,376,136	1,370	-16,848	0	13,139	0	5,597,046
	Tot. Amt.	3,274,739	44,580	7,038,394	0	-1,239,558	0	-13,139	0	9,105,016
Research, development and advertisement costs	Original Cost	385,271	216	111,425	0	-1,320	0	0	0	495,592
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	126,759	0	156,297	0	0	0	0	0	283,056
	Tot. Amt.	258,512	2160	-44,872	0	-1,320	0	0	0	212,536
Industrial patent rights and use of original works	Original Cost	12,360,544	8,235	257,934	0	1,519,900	0	130,716	0	14,277,329
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	11,794,124	5,506	536,624	0	0	0	3,530	0	12,339,784
	Tot. Amt.	566,420	2,729	-278,690	0	1,519,900	0	127,186	0	1,937,545
Concessions, licenses, trademarks, rights and alike	Original Cost	496,181	17,649	0	0	0	0	0	0	513,830
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	482,387	16,825	8,359	0	0	0	609	0	508,180
	Tot. Amt.	13,794	824	-8,359	0	0	0	-609	0	5,650
Goodwill	Original Cost	3,519,154	0	0	0	0	0	0	0	3,519,154
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	3,225,615	0	159,268	0	0	0	0	0	3,384,882
	Tot. Amt.	293,539	0	-159,268	0	0	0	0	0	134,272
Fixed assets in progress	Original Cost	7,971,630	160,826	5,457,073	0	-7,843,970	0	191,341	0	5,936,900
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Tot. Amt.	7,971,630	160,826	5,457,073	0	-7,843,970	0	191,341	0	5,936,900
Advances on intangible fixed assets	Original Cost	0	0	500	0	0	0	0	0	500
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Tot. Amt.	0	0	500	0	0	0	0	0	500
Others	Original Cost	63,674,483	1,042,824	4,575,271	150,001	468,528	0	-83,758	0	69,527,347
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	27,590,224	123,948	3,237,100	30,000	3,074	0	-28,551	0	30,895,795
	Tot. Amt.	36,084,259	918,876	1,338,171	120,0010	465,454	0	-55,207	0	38,631,552
i - Intangible fixed assets	Original Cost	94,830,757	1,351,564	19,816,733	151,371	-7,113,268	0	238,299	0	108,972,714
	Revaluation	0	0	0	0	0	0	0	0	0
	Devaluation	0	0	0	0	0	0	0	0	0
	Ordinary Depreciation Fund	46,367,864	223,513	6,473,784	31,371	-13,774	0	-11,273	0	53,008,743
	Tot. Amt.	48,462,893	1,128,051	13,342,949	120,000	-7,099,494	0	249,572	0	55,963,971

The most significant increase concerns the " Installation and expansion cost" (EUR 9,414,530), in which the subsidiary ETA spa has capitalized costs of start-up of the new plant of Manfredonia (FG). Other significant increases relate to the item "Assets under construction" (EUR 5,457,073), mostly related to the parent company Marcegaglia SpA (EUR 1,701,033) and the subsidiary Marcegaglia China (EUR 3,738,387).

Among the reclassifications, the largest amount (EUR 6,296,834) relates to the transfer from the item "Assets under construction" to "Tangible assets - Plant and machinery" of the new plant Manfredonia (FG), completed and delivered to the subsidiary ETA spa in 2014 and activated in the same year.

annex 1c - TABLE OF THE MOVEMENTS OF FINANCIAL FIXED ASSETS

		Start-of-year balance	Opening exchange rate differences	Acquisitions/ Subscriptions	Capital increases	Other increases	Decreases	Reclassifica- tions	Movement exchange rate differences	End-of-year balance
1) Shares held in										
shares held in controlled	Original Cost	1,138,561	368	711,427	1,163,237	0	0	5,594	0	3,019,187
companies valued at cost	Provision for bad debts	304,183	0	0	0	1,170,958	0	0	0	1,475,141
	Revaluation Fund	304,183	0	0	0	0	0	0	0	304,183
shares held in controlled	Original Cost	11,037,752	0	0	0	0	0	0	0	11,037,752
companies valued acc.	Provision for bad debts	0	0	0	0	0	0	0	0	0
equity method	Revaluation Fund	0	0	0	0	0	0	0	0	0
shares held in controlled companies	Tot. Amt.	12,176,313	368	711,427	1,163,237	-1,170,958	0	5,594	0	12,885,981
shares held in associated	Original Cost	16,276,047	0	783,599	1,610,000	0	0	0	0	18,669,646
companies valued at cost	Provision for bad debts	0	0	0	0	0	0	0	0	0
shares held in associated	Original Cost	2,118,848	0	0	0	0	0	0	0	2,118,848
companies valued acc.	Provision for bad debts	49,098	0	0	0	0	0	0	0	49,098
equity method	Revaluation Fund	123,684	0	0	0	133,436	0	0	0	257,120
shares held in associated companies	Tot. Amt.	18,469,481	0	783,599	1,610,000	133,436	0	0	0	20,996,516
shares held in other	Original Cost	62,976,786	0	2,260,577	226,506	0	599	-5,594	0	65,457,676
companies	Provision for bad debts	19,500,408	0	0	0	4,570,859	0	0	0	24,071,267
other companies	Tot. Amt.	43,476,378	0	2,260,577	226,506	-4,570,859	599	-5,594	0	41,386,409
1) total shareholdings	Original Cost	93,547,994	368	3,755,603	2,999,743	0	599	0	0	100,303,109
	Provision for bad debts	19,853,689	0	0	0	5,741,817	0	0	0	25,595,506
	Revaluation Fund	427,867	0	0	0	133,436	0	0	0	561,303
	Tot. Amt.	74,122,172	368	3,755,603	2,999,743	-5,608,381	599	0	0	75,268,906
2) Receivables included in financial fixed assets										
<i>receivables over the next financial year</i>										
receivables from controlled non-consolidated companies		309,066	0			0	0	-309,066	0	0
receivables from associates			0			1,200	0		0	1,200
receivables from others		441,053	0			33,652	42,559		0	432,146
tot. receivables over the next FY		750,119	0			34,852	42,559	-309,066	0	433,346
<i>receivables within the next fiscal year</i>										
receivables from others		0	0			0	0	0	0	0
tot. receivables within the next FY		0	0			0	0	0	0	0
3) Other securities		4,814	-134			28,403	0	0	-591	32,492
total financial fixed assets		74,877,105	234	3,755,603	2,999,743	-5,545,126	43,158	-309,066	-591	75,734,744

annex 2 - TABLE OF THE MOVEMENTS OF THE FUNDS FOR RISKS AND CHARGES AND SEVERANCE INDEMNITY

	Start-of-year balance	Opening Exchange R. Diff.	Provisions	Utilisation	Movement Exchange R. Diff.	Consolidation Perimeter Variation	End-of-year balance
for severance indemnity and similar obligations	3,931,600	126,121	308,107	215,038	17,052	0	4,167,842
1) for severance indemnity and sim. obl.	3,931,600	126,121	308,107	215,038	17,052	0	4,167,842
for taxes, even deferred ones	13,452,775	55,576	2,086,172	3,978,633	15,408	0	11,631,298
2) for taxes, even deferred ones	13,452,775	55,576	2,086,172	3,978,633	15,408	0	11,631,298

Provisions, mainly accounted by the parent Marcegaglia SpA (EUR 1,925,752), are related, for EUR 1,735,587, to the recognition of deferred taxes on foreign exchange gains valuation and to income from insurance compensation recognized on an accrual basis in the year, and, for EUR 190,165, to liabilities arising from tax assessments being developed.

Also utilization are accounted for mainly by the parent Marcegaglia SpA (EUR 3,450,356) and relate, for EUR 814,952, to the reversal of deferred tax provisions in previous exercises and, for EUR 2,635,404, to the definition during the year 2014 of tax assessments whose liability had been accrued in the year 2013.

	Start-of-year balance	Opening Exchange R. Diff.	Provisions	Utilisation	Movement Exchange R. Diff.	Consolidation Perimeter Variation	End-of-year balance
others	39,624,856	0	8,462,514	6,551,225	0	0	41,536,145
of consolidation for future risks and charges	0	0	0	0	0	0	0
3) others	39,624,856	0	8,462,514	6,551,225	0	0	41,536,145

Provisions relate primarily to (i) a dispute with the Spanish administrative authorities arising from a liability attributed to the parent company Marcegaglia spa (EUR 3,269,544), (ii) the allocation of the cost related to the mark to market valuation of outstanding derivative contracts signed by the parent company Marcegaglia SpA (EUR 2,080,201), (iii) a liability that the subsidiary Marcegaglia Buildtech will be called upon to sustain under the rules on joint responsibility in procurement (EUR 1,118,092), and (iv) in provisions made by companies Progetto Ambiente Bacino Lecce Due srl, Progetto Ambiente Bacino Lecce Tre srl, Progetto Ambiente Bacino Provincia di Lecce srl to the funds for the maintenance and restoration of the sites owned by public concession (for a total of EUR 1,731,041).

The utilization refers to the closure, in the year 2014, of disputes whose liabilities were allocated in previous years by the parent company Marcegaglia SpA (EUR 1,453,910), as well as to the release of mark to market risk funds again by the parent Marcegaglia SpA (EUR 4,868,830).

	Start-of-year balance	Opening Exchange R. Diff.	Provisions	Utilisation	Movement Exchange R. Diff.	Consolidation Perimeter Variation	End-of-year balance
B) FUNDS FOR RISKS AND CHARGES	57,009,231	181,697	10,856,793	10,744,896	32,460	0	57,335,285
C) SEVERANCE INDEMNITY FOR SUBORDINATE EMPLOYMENT	29,310,727	3,560	12,924,716	14,723,751	-2,902	0	27,512,350

Most of the provisions and of the utilization are referred to the parent company Marcegaglia SpA (respectively EUR 10,351,363 and EUR 11,332,463), and to the subsidiary Marcegaglia Buildtech (respectively EUR 1,237,283 and EUR 2,034,218).

CASH FLOW STATEMENT YEAR 2014

MARCEGAGLIA S.p.A. - Head office: via Bresciani, 16 - 46040 Gazoldo degli Ippoliti, Mantova - Italy
Share capital euro 58.876.440,00 fully paid up
Tax Code and registration in the Trade Register in Mantua no. 01331020204

	EUR/1000	
	year 2014	year 2013
Profit (loss) for the year	(44,092)	1,709
Amortization of intangible assets	6,474	5,046
Depreciation of tangible fixed assets	140,031	131,627
Total amortization and depreciation	146,505	136,673
Provisions for staff leaving indemnity reserve	12,925	13,815
Staff leaving indemnity reserve - utilization	(14,724)	(17,940)
Provision for taxes and deferred taxes reserve	2,086	3,399
Provision for taxes and deferred taxes - utilization	(3,979)	(15,334)
Decrease (increase) advanced taxes	(4,035)	1,138
Provision for other risks reserve	8,771	7,147
Other risks reserve - utilization	(6,766)	(9,974)
Provisions for doubtful accounts	11,404	27,793
Provisions for doubtful accounts utilization	(9,219)	(6,074)
Total Accruals	(3,537)	3,970
Net value of exchange losses (gains) from conversion at the end of the year	6,432	(1,708)
Adjustments to the value of financial assets	5,009	(2,381)
Reduction of the excess part of provisions for risks	0	(4,000)
Losses (gains) from disposal of financial fixed assets	0	(4,641)
Losses (gains) from disposals of intangible and tangible fixed assets	(1,647)	(33)
Write-off of tangible/intangible assets	6,669	10,607
Gains from lease back transaction	0	(56)
Increase in internal construction capitalized	(5,501)	(18,906)
Other non-monetary costs and revenues	10,962	(21,118)
Profit(loss) for the year after amort,depr,accr and other non-mon costs and rev	109,838	121,234
Decrease (increase) of inventories and advances	(140,559)	(16,907)
Decr. (incr.) of trade receiv before adjs from conversion at the end of the year	111,163	(27,858)
Decr. (incr.) of receiv from subs before adjs from conv at the end of the year	13,414	(4,052)
Decr. (incr.) of receiv from assoc comp before adjs from conv at the end of the year	2,771	(7,322)
Decr. (incr.) of receiv from parent comp. bef adjs from conv at the end of the year	(26,228)	6,427
Decr. (incr.) of other current receivables before adjs from conversion at the end of the year	44,444	(32,499)
Increase (decrease) of advances	(13,496)	(23,782)
Incr. (decr.) of trade payables before adjs from conversion at the end of the year	(84,993)	32,599
Incr. (decr.) of pay. to sub. bef. adjs from conversion at the end of the year	(93)	827
Incr. (decr.) of pay. to assoc comp. bef. adjs from conversion at the end of the year	(15,974)	15,819
Incr. (decr.) of pay. to parent comp. bef. adjs from conv. at the end of the year	(202)	153
Incr. (decr.) of other pay. bef. adjs from conv. at the end of the year	39,443	(25,976)
Decr. (incr.) of prepayments and accrued income	(3,480)	(3,149)
Incr. (decr.) of accrued liabilities and deferred incomes	2,512	5,599
Intercompany adjustment	5,136	(90)
Cash flow from (used in) operating activities	(66,142)	(80,211)
INVESTMENT ACTIVITIES		
Increase of intangible assets	(19,817)	(11,171)
Increase of tangible assets less internal construction capitalized	(62,814)	(41,945)
Revenues from disposal of tangible and intangible assets	2,255	84
Other movements of tangible/intangible assets	4,736	3,215
Decr. (incr.) of financial fixed assets before write down and disposals	(6,467)	(1,991)
Revenues from disposal of other fixed assets	0	6,991
Decr. (incr.) of other invest. of curr. assets before rev. and write - down	3,366	(10,207)
Cash flow from (used in) investment activities	(78,741)	(55,024)
FINANCIAL ACTIVITIES		
Other movements of shareholders' equity (group and third parties)	(2,987)	18,014
Decr. (incr.) Share capital issued and not yet paid	151	4,700
Incr. (decr.) of bank loans and over.within 12 m. bef.conv.at the end of the year	202,725	106,765
Incr. (decr.) of bank loans and overdrafts - after 12 months	(113,870)	(120,837)
Cash flow from (used in) financial activities	86,019	8,642
Movement of currency translation differences reserves (group and third parties)	5,745	(25,381)
Movement of assets and other liabilities from exchange rates variation	(6,518)	24,495
Cash flow from exchange rates differences	(773)	(886)
Increase (decrease) cash and cash equivalents	50,201	(6,245)
Financial position at the beginnig of the year	22,862	31,226
Financial position at the end of the year	73,063	24,982





The background image is a photograph of a large industrial facility, likely a steel mill or pipe manufacturing plant. It features a high ceiling with a complex network of steel beams and a series of bright, rectangular fluorescent light fixtures. In the foreground and middle ground, there are large, dark-colored metal pipes or rods, some of which are being processed by machinery with prominent yellow and blue components. The overall atmosphere is industrial and brightly lit.

Marcegaglia SpA Financial Statements 2014

MARCEGAGLIA S.p.A.

Head office: via Bresciani, 16 - Gazoldo degli Ippoliti, Mantova - Italy

Share capital: euro 58.876.440 fully paid up

Tax Code and registration in the Trade Register in Mantua no. 01331020204

VAT n° 01331020204

Registered at the C.C.I.A.A. (Chamber of Commerce) of Mantua at no. 152396

MARCEGAGLIA S.P.A.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2014 AND 2013

ASSETS values in EUR		as of 12/31/2014	as of 12/31/2013
A	SHARE CAPITAL ISSUED AND NOT YET PAID		
	Share capital issued and not yet paid	0	0
B	FIXED ASSETS		
I	<i>Intangible fixed assets</i>		
1	Installation and expansion cost	0	0
2	Research, development and advertising cost	0	0
3	Industrial and other patent rights	185,633	248,221
4	Concessions, licenses, trademarks and similar rights	1,520	1,710
5	Goodwill	253,140	506,280
6	Assets under construction and advances	1,841,903	140,871
7	Other intangible assets	1,481,974	2,196,543
	Total Intangible fixed assets (B-I)	3,764,170	3,093,625
II	<i>Tangible fixed assets</i>		
1	Land and buildings	209,993,510	220,035,701
2	Plant and machinery	298,948,529	324,488,929
3	Industrial and commercial equipment	13,092,556	17,000,138
4	Other goods	4,421,682	4,736,746
5	Construction in progress and advances	25,396,243	28,784,294
	Total Tangible fixed assets (B-II)	551,852,520	595,045,808
III	<i>Financial assets</i>		
1	Investments:		
a)	Investments in subsidiaries	337,560,996	345,802,999
b)	Investments in associated companies	3,033,848	2,248,848
c)	Investments in parent companies	0	0
d)	Investments in other companies	41,368,006	43,451,782
		381,962,850	391,503,629
2	Receivables after 12 months:		
a)	Receivables from subsidiaries	0	0
b)	Receivables from associated companies	0	0
c)	Receivables from parent companies	0	0
d)	Receivables from others	274,187	249,701
		274,187	249,701
3	Receivables within 12 months:		
a)	Receivables from subsidiaries	0	0
b)	Receivables from associated companies	0	0
c)	Receivables from parent companies	0	0
d)	Receivables from others	0	0
		0	0
	Total Financial assets (B-III)	382,237,037	391,753,330
	Total Fixed assets B	937,853,727	989,892,763
C	CURRENT ASSETS		
I	<i>Inventory</i>		
1	Raw materials, auxiliary materials and spare parts	585,042,442	566,061,496
2	Work in progress	447,828,935	411,330,780
3	Contract work in progress	0	0
4	Finished goods	555,528,799	446,316,384
4bis	Other inventories	0	0
5	Advances	96,390	96,390
	Total inventory (C-I)	1,588,496,566	1,423,805,050
II	<i>Receivables within 12 months</i>		
1	Trade receivables	344,916,540	448,983,065
2	Receivables from subsidiaries	357,163,081	380,110,676
3	Receivables from associated companies	1,340,089	2,691,509
4	Receivables from parent companies	81,726,094	61,252,797
4bis	Tax debtors	8,772,902	15,116,674
4-ter	Deferred tax liabilities	2,988,902	1,011,317
5	Other receivables	185,928,747	221,001,928
	Total receivables (C-II)	1,016,366,522	1,141,887,633
III	<i>Short-term investment</i>		
4	Other Investments	10,671,435	14,660,270
6	Other securities	23,952,032	20,062,697
	Total short-term investment (C-III)	34,623,467	34,722,967
IV	<i>Cash and banks</i>		
1	Bank and postal deposits	51,874,027	5,686,154
2	Cheques	0	0
3	Cash on hand	16,948	23,410
	Total cash and banks (C-IV)	51,890,975	5,709,564
	Total current assets C	2,691,377,530	2,606,125,214
D	PREPAYMENTS AND ACCRUED INCOME		
	Deferred discount on loans	7,792,389	9,534,586
	Others prepayments and accrued income	0	0
	Total prepayments and accrued income D	7,792,389	9,534,586
	TOTAL ASSETS	3,637,023,646	3,605,552,563

LIABILITIES values in EUR

as of 12/31/2014

as of 12/31/2013

A SHAREHOLDERS' EQUITY			
I	Share capital	58,876,440	58,876,440
II	Share premium reserve	138,927,445	138,927,445
III	Revaluation reserve	9,073,656	9,073,656
IV	Legal reserve	13,752,584	13,752,584
V	Statutory reserves	0	0
VI	Reserve for own shares	0	0
VII	Other reserves		
	- extraordinary reserve	444,020,432	486,574,971
	- reserve for profit on exchange rates from conversions at the end of the year	0	0
	- surplus on merger	47,124,268	47,124,268
	- reserve under Italian law 10/91	997,605	997,605
	- reserve under Italian law 130/83	165,275	165,275
	- reserve under Italian law 193/84	8,201,336	8,201,336
	- reserve under Italian law 19/87	14,125,195	14,125,195
	- reserve under Italian law 30/84	511,292	511,292
	- others available reserves	20,000,000	20,000,000
	- others not available reserves	0	-
	- round to EUR unit	-4	-4
	Total reserves (VII)	535,145,399	577,699,938
VIII	Profits (losses) carried forward	0	0
IX	Profit (loss) for the year		
	- Profit (loss) for the year	(46,346,563)	(42,554,538)
	Totale Equity A	709,428,961	755,775,525
B PROVISIONS FOR CONTINGENCIES AND COMMITMENTS			
1	Provision for severance indemnities and similar commitments	2,155,049	2,171,150
2	Provision for deferred taxes	2,254,025	3,778,629
3	Other provisions	33,168,683	34,081,678
	Totale Provisions for contingencies and commitments B	37,577,757	40,031,457
C STAFF LEAVING INDEMNITY			
	Staff leaving indemnity C	18,816,518	19,797,618
D PAYABLES			
	<i>Payables within 12 months</i>		
4	Banks loans and overdrafts	1,059,284,845	878,861,100
6	Advances	7,668,790	5,484,264
7	Trade payables	1,092,857,228	1,157,676,887
9	Payables to subsidiaries	51,345,946	45,518,910
10	Payables to associated companies	654,208	16,812,606
11	Payables to parent companies	0	0
12	Taxes payable	17,490,756	17,126,580
13	Social security payables	9,706,618	9,521,676
14	Other payables	443,841,059	378,185,949
	<i>Payables after 12 months</i>		
4	Banks loans and overdrafts	185,833,018	272,503,225
9	Payables to subsidiaries	0	0
12	Taxes payable	0	5,574,401
14	Other payables	515,186	515,186
	Total Payables D	2,869,197,654	2,787,780,784
E ACCRUED LIABILITIES AND DEFERRED INCOMES			
	- Others accrued liabilities and deferred incomes	2,002,756	2,167,179
	- Deferred premium on loans	0	0
	Total Accrued liabilities and deferred incomes E	2,002,756	2,167,179
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,637,023,646	3,605,552,563

MEMORANDUM ACCOUNTS		12/31/2014	12/31/2013
RISKS			
	Bank Guarantees: to subsidiaries	362,849,236	332,400,187
	to associated companies	7,048,273	6,990,500
	to other companies	28,156,081	159,125,720
	Total Bank Guarantees	398,053,590	498,516,407
	Non bank guarantees: to subsidiaries	132,858,455	124,407,243
	to associated companies	4,058,537	3,956,388
	to parent company	2,750,000	0
	to affiliated companies	23,155,000	25,905,000
	to other companies	2,500,000	2,500,000
	Total non bank guarantees	165,321,992	156,768,631
	Real Securities: to subsidiaries	0	4,842,000
	to other companies	6,601,580	570,217
	Total Real Securities	6,601,580	5,412,217
	Factoring with recourse	0	30,262,323
	Total risks	569,977,162	690,959,578
UNDERTAKINGS			
	Total undertakings	326,698,899	327,161,111
	TOTAL MEMORANDUM ACCOUNTS	896,676,061	1,018,120,689

values in EUR		as of 12/31/2014	as of 12/31/2013
A	VALUE OF PRODUCTION		
1	Revenues from sales and services	3,457,510,448	3,410,615,820
2	Changes in work in progress and finished goods	145,710,570	10,165,368
3	Variations in contracted work in progress	0	0
4	Increase in internal construction capitalized	0	5,128,478
5	Other income		
	- Grants and subsidies	4,971,624	1,573,098
	- Others income	22,005,481	24,597,385
	Total Other income (5)	26,977,105	26,170,483
	Total Value of production A	3,630,198,123	3,452,080,149
B	COST OF PRODUCTION		
6	Cost of raw materials, auxiliary materials, spare parts and goods	2,729,082,098	2,598,749,355
7	Costs for services	480,242,860	478,660,620
8	Cost for utilization of third parties' assets	16,250,356	17,192,768
9	Personnel costs		
	a) Salaries and wages	142,261,104	140,262,207
	b) Social contributions	46,141,553	46,048,085
	c) Staff leaving indemnity	10,351,363	10,388,652
	d) Other social contributions	0	0
	e) Other costs	326,838	531,000
	Total Personnel costs (9)	199,080,858	197,229,944
10	Depreciation and write downs		
	a) Amortization of intangible assets	1,150,542	1,271,892
	b) Depreciation of tangible fixed assets	83,304,753	77,855,904
	c) Other write downs of assets	6,668,832	10,556,036
	d) Write down of receivables recorded among current assets	8,788,730	19,406,900
	Total Depreciation and write downs (10)	99,912,857	109,090,732
11	Change in inventory of raw materials, auxiliary materials, spare parts and goods	(20,332,870)	(49,819,819)
12	Accruals for contingencies	0	0
13	Other accruals	0	0
14	Other operating charges	7,080,032	11,724,527
	Total Cost of production B	3,511,316,191	3,362,828,127
	Difference between value of production and costs of production A - B	118,881,932	89,252,022
C	FINANCIAL INCOME AND CHARGES		
15	Income from investments:		
	- dividends subsidiaries	0	44,219,580
	- dividends associated companies	150,000	0
	- dividends other	96,881	4,999,091
	Total Income from investments (15)	246,881	49,218,671
16	Other financial income:		
	a) from receivables recorded as fixed assets:		
	- subsidiaries	0	0
	- associated companies	0	0
	- parent companies	0	0
	- others	59	5
	Total other income from receivables recorded as fixed assets (a)	59	5
	b) from securities recorded as fixed assets	0	0
	c) from securities recorded as current assets	793,040	725,225
	d) other financial income		
	- from subsidiaries	6,631,472	6,148,109
	- from associated companies	10,676	19,551
	- from parent companies	2,299,604	2,679,516
	- other	5,137,348	6,876,452
	Total other financial income (d)	14,079,100	15,723,628
	Total other financial income (16)	14,872,199	16,448,858
17	Interest and other financial charges:		
	- subsidiaries	1,557,757	1,935,133
	- associated companies	46,027	24,548
	- parent companies	0	0
	- Bank interest	46,612,548	42,236,801
	- Other financial charges	34,310,119	28,208,896
	Total interest and other financial charges (17)	82,526,451	72,405,378
17-bis	Exchange gains/losses	1,407,263	6,864,902
	Total exchange gains/losses (17bis)	1,407,263	6,864,902
	Total Financial income and charges C (15+16-17+/-17bis)	(66,000,108)	127,053
D	ADJUSTMENTS TO THE VALUE OF FINANCIAL OPERATIONS		
18	Revaluation		
	a) revaluation investments in share capital	1,151,544	629,081
	b) revaluation other investments	0	0
	c) revaluation securities recorded as current assets	1,758,412	0
	Total revaluation (18)	2,909,956	629,081
19	Write down		
	a) write down of investments in share capital	72,097,819	114,993,670
	b) write down other investments	0	0
	c) write down securities recorded as current assets	120,161	3,471,804
	Total write down (19)	72,217,980	118,465,474
	Totale Adjustments to the value of financial operations D (18-19)	(69,308,024)	(117,836,393)

values in EUR

as of 12/31/2014

as of 12/31/2013

E EXTRAORDINARY INCOME AND EXPENSES			
20	Income		
	- extraordinary capital gains on disposal of assets	0	0
	- other extraordinary income	0	4,000,001
	Total income (20)	0	4,000,001
21	Expenses:		
	- losses on disposal of assets	0	0
	- income taxes relating to previous periods	171,674	2,954,457
	- other extraordinary charges	6,132,465	405,070
	Total expenses (21)	6,304,139	3,359,527
	Total extraordinary income and expenses E (20-21)	(6,304,139)	640,474
PROFIT (LOSS) BEFORE TAXATION (A-B+/-C+/-D+/-E)			
	Profit (loss) before taxation A-B+/-C+/-D+/-E	(22,730,339)	(27,816,844)
22	Income taxes for the period deferred assets/liabilities		
	- income taxes for the current period	24,460,133	23,664,322
	- deferred taxes	920,635	(5,104,216)
	- prepaid income taxes	641,721	2,958,627
	- income (expenses) from fiscal consolidation	1,122,823	863,785
	Total income taxes for the period deferred assets/liabilities (22)	23,616,224	14,737,694
23	PROFIT (LOSS) FOR THE PERIOD	(46,346,563)	(42,554,538)

NOTES

First Part

PREMISES

Basis of presentation of the financial statements

The financial statements for the financial year ended at December 31, 2014 were prepared according to the provisions of Articles 2423 et seq. of the Italian Civil Code, supplemented by the accounting standards prepared by the Italian Accounting Standards Board, and, where missing and thus applicable, by the International Accounting Standards issued by the IASB.

Specifically, the general provisions for the preparation of financial statements (Article 2423 of the Italian Civil Code), the preparation principles (Article 2423-bis) and the valuation criteria established for individual line items (Article 2426) were complied with, without making any of the derogations provided by Article 2423(4) of the Italian Civil Code.

The Balance Sheet and Profit and Loss Account were prepared according to the statutory layouts provided by the Italian Civil Code; the provisions set forth in Article 2423-ter of the Italian Civil Code in respect of the composition of the Balance Sheet and Profit and Loss Account were complied with: no further breakdown or aggregation of any of the line items preceded by Arabic numerals was made; no new line items were inserted, nor were modifications made to those provided by the statutory layouts, because they were considered sufficient for the clear, truthful and accurate representation of the Company's financial position and operating result for the period.

With reference to the provision under Article 2424(2) of the Italian Civil Code on the recognition of asset or liability items in line items other than those in which they are recognised, it is unnecessary, in order to understand these financial statements, to specify in these Notes the line items of the Balance Sheet that can be included in more than one

line item of the statutory layout.

The financial statements for the year ended at December 31, 2014 were prepared in units of Euro. Any differences from rounding off the values expressed in Euro are allocated to a specific shareholders' equity reserve and line item E) of the Profit and Loss Account "Extraordinary income and expenses".

Comparison with the previous financial year

In compliance with the provisions of Article 2423-ter of the Italian Civil Code, the amount of the corresponding line item in the previous financial year has been indicated for each Balance Sheet and Profit and Loss Account line item.

It is noted that after the introduction in June 2014 of the revised version of Accounting Standard no. 15 on receivables by the Italian Accounting Standards Board, the method used to disclose trade receivables presented to the banks subject to collection was modified.

The new version of the standard provides, in a section dedicated to the derecognition of receivables, an accounting model based on the transfer of risks. In respect of the previous OIC [Italian Accounting Standard] 15, which nevertheless allowed derecognition of the receivable from the financial statements after a sale transaction, the new standard only allows such derecognition for transactions that transfer substantially all of the risks inherent in the receivable that is subject to disposal.

In consideration of the above, in the 2014 financial statements trade receivables presented to the banks subject to collection continue to be recognised in the financial statements in Working Capital in line item C II 1) Trade receivables; the resulting bank advance obtained by the Company in respect of the disposal of such receivables was recognised in payables to banks within the following year (line item D 4 of Balance Sheet Liabilities).

In the financial statements of 2013, reported for comparison to financial year 2014, the tables were realigned according to this new methodology of comparative recognition of receivables.

This resulted in an increase for 2013 of the line item Trade receivables in Working Capital and Payables to banks within the following year in the amount of Euro 365,532,906, as compared to the values set forth in the 2013 financial statements approved in June 2014.

Classification criteria

In preparing the financial statements as at December 31, 2014, the following classification criteria were used:

- a. the asset line items of the Balance Sheet were classified on the basis of their relevant use by the Company, while the liability line items were classified according to their nature;
- b. the Profit and Loss Account was prepared considering three distinct classification criteria, specifically:
 - the breakdown of the entire operating area into the four sub-areas specified by the statutory layout;
 - the prevalence of the nature of costs in respect of their use;
 - the need to properly recognise the interim results in respect of the formation of the operating result.

Other information

Pursuant to Article 2427(1)(22 bis) of the Italian Civil Code, it is noted that there are no transactions for significant amounts with related parties other than arm's length transactions.

Reference is made to the Report on Operations with specific regard to relations with subsidiaries and associates.

Marcegaglia spa did not engage in any transaction falling among the cases governed by Article 2427(1)(22 ter) of the Italian Civil Code that have not already been disclosed in this document.

Reference to the Report on Operations

In respect of information regarding:

- the nature of the Company's activity
- significant events that occurred after the end of the financial year
- relations with subsidiaries, associates, parent companies and companies subject to the control of the latter,

reference is made to the *Report on Operations*.

Asset or liability items of the Balance Sheet included in more than one line item of the statutory layout (Article 2424(2) of the Italian Civil Code)

In order to understand the financial statements, it is unnecessary to specify in these Notes the items that belong to the line items of the Balance Sheet that are included in more than one line item of the statutory layout, with the exception of what is specified above in the paragraph “Basis of presentation of the financial statements”.

Memorandum Accounts (Article 2424(3) of the Italian Civil Code)

Memorandum accounts are represented in a specific table to be intended “at the bottom of the Balance Sheet”.

Recognition in the Profit and Loss Account of revenue, income, costs and expenses (Article 2425-bis of the Italian Civil Code)

Revenue and income, costs and expenses are indicated in the Profit and Loss Account net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of products and the provision of services.

PRINCIPLES USED TO MEASURE THE LINE ITEMS OF THE FINANCIAL STATEMENTS, ADJUSTMENTS OF VALUE AND THE CONVERSION OF VALUES ORIGINALLY NOT EXPRESSED IN A CURRENCY RECOGNISED AS LEGAL TENDER IN ITALY ARTICLE 2427(1)(1)

The line items in the financial statements were measured for the Company as an ongoing concern based on general principles of caution and on an accrual basis and considering the economic function of each asset and liability item. The valuation criteria used for the individual line items of the financial statements comply with the provisions of Article 2426 of the Italian Civil Code.

In particular:

Intangible assets

Intangible assets are recognised at purchase cost, inclusive of directly attributable ancillary costs, and refer to costs having proven multi-year usefulness, recognised among assets in the financial statements net of the relevant amortization.

Goodwill is recognised, with the consent of the Board of Statutory Auditors, within the limits of the cost incurred, net of the relative amortizations calculated on the basis of a systematic plan; the amortization period, even though it is longer than five years, does not exceed the duration of the use of the goodwill, thus intending to represent more realistically the impact of the relevant cost on the results achieved during the amortization period.

Goodwill recognised in the financial statements refers to the deficit resulting from the merger by incorporation of the company Trisider spa. Such merger took place in financial year 2006 and the difference between the value of the equity investment and the shareholders' equity of the incorporated company was recognised in goodwill among Intangible Assets. The residual value of such goodwill at 12/31/2014 amounted to Euro 253,140. With reference to the period in which the values recognised as goodwill are expected to be recovered, a period of 10 years is considered to be fair considering the ten-year experience in the sectors of the managerial and operating structures of the companies acquired or incorporated. An amortization period for goodwill exceeding five years, on the condition that there are justified and proven reasons, also appears to be in line with the provisions set out by the national accounting standards (OIC Document 24), as well as by international accounting standards (IAS no. 38). More in detail, as regards the amortization of goodwill deriving from the surplus of the merger by incorporation of Trisider, the year 2015 still remains to be amortized in order to complete the ten-year period.

The breakdown of intangible fixed assets can be summarized as follows:

Line items of the financial statements	Amortization Rate	Book value as at 12/31/2014
Industrial property rights and intellectual property rights		
Licenses and software for production management and data transmission	33%	185,633
Concessions, licenses, trademarks and similar rights		
Costs to file the “Ecorsteel” patent	10%	1,520
Goodwill		
Goodwill due to incorporation of Trisider in 2006	10%	253,140
Fixed assets in process and advance payments		
Software licenses for SAP upgrade	in process	1,701,032
Design costs incurred for the realization of an energy supply line from France - in collaboration with the Enel Group - for the “Interconnector” project	in process	125,371
Incremental software costs	in process	15,500
Fixed assets in process and advance payments		tot. 1,841,903
Other intangible fixed assets		
Multi-year costs		
Customisation costs for management software and factory systems	33%	62,246
Costs incurred for studies on making industrial processes more “efficient”	20%	88,182
Multi-year costs for obtaining loans		
Costs incurred in relation to the mortgage loan granted in 2007 by a bank pool for Euro 625 million, issued in its entirety on 12/31/2009, maturing on 12/15/2017	10 year starting from 2007	838,346
Costs to make management of the Ravenna plant more efficient		493,200
Other intangible fixed assets		tot. 1,481,974

Property, plant and equipment

Property, plant and equipment are recognised in the financial statements at purchase cost, inclusive of directly attributable ancillary costs, or production costs; for land and industrial buildings, such costs were revalued on the basis of Revaluation Law no. 413 of 1991, which partially recognised the effect of inflation within the limits

of market values, thus remaining significantly higher than the amounts recognised in financial statements; the same applies to the fixed assets of incorporated companies (at 12/31/98) revalued in accordance with Laws nos. 413, 576, and 72, as well as a voluntary revaluation done on the assets of the incorporated company Lombarda Tubi in 1977.

Land and buildings:

in accordance with the accurate application of the OIC 16 accounting standard, reviewed on account of the latest tax rules introduced by Law Decree 223/2006, in 2006 the share of the cost referring to the underlying areas and appurtenances was separated. The value attributed to land, in view of such separation, was calculated on the basis of the specific cost of such land (insofar as it was purchased autonomously and prior to the construction of the building), or on the basis of the lump sum principle of unit cost allocation, established by the tax legislator, that is deemed reasonable, thus applying a 30% or 20% percentage (for industrial buildings and commercial buildings respectively) to the cost of the building net of capitalised and revalued incremental costs. Therefore, starting from financial year 2006, depreciation in respect of the value of such land was no longer allocated, because it was deemed, on the basis of updated company estimates, to be an asset not subject to deterioration and having an unlimited useful life. The entire amount of depreciation recognised through the financial year ended at December 31, 2005 was only allocated to the value of the building in the financial statements ended at December 31, 2006. Notwithstanding the indications provided first by Law Decree August 3, 2007, even if subsequently not converted into law, and then repeated by Article 1(81) of Law no. 244 of December 24, 2007 (the 2008 Budget Law), the decision was made not to assign pro rata the depreciation already taken and recognised through December 31, 2005, calculated on the buildings, to the value of the underlying buildable areas, calculated in accordance with the cited Law Decree

223/2006, because such transaction was deemed to be scarcely significant in view of the Company's current situation, and did not result in any tax violation since it exclusively consisted de facto in the waiver of a possible tax advantage. Ordinary depreciation on property, plant and equipment is recorded on a straight-line basis according to tax rates determined in relation to the residual potential use of the assets, in conformity with the provisions of Article 2426(1)(2) of the Italian Civil Code. Ordinary maintenance costs are entirely allocated to the Profit and Loss Account; maintenance costs that increase the useful life of the assets to which they refer are attributed to such assets and depreciated in relation to their residual potential uses. Leased assets are recognised among assets in the financial year in which the relevant redemption right was exercised.

The depreciation rates actually applied are indicated in the following table:

Line items of the financial statements	Depreciation Rate
Buildings (B II 1)	3% - 5%
Light Constructions (B II 1)	10%
Large plants and specific machinery (B II 2)	12%
Annealing furnaces (B II 2)	15%
Generic plants and machinery (B II 2)	9% - 10% 12% - 7.5%
Purification plants (B II 2)	15%
Miscellaneous equipment (B II 3)	15% - 25%
Internal means of transport (B II 3)	20%
Furniture and office equipment (B II 4)	12%
Electronic office equipment (B II 4)	20%
Cars (B II 4)	25%
Lorries and trailers (B II 4)	20%
Furniture and decor (B II 4)	10%

It is specified that no depreciation was calculated on assets sold or disposed of during the year. It is noted that some assets, recognised among assets in the Balance Sheet, were subject to monetary revaluation pursuant to Laws no. 576/1975, no. 72/1983 and no. 413/91, as well as to

voluntary revaluation in 1977. For a breakdown of the amounts included in the value of property, plant and equipment subject to such monetary revaluation, reference is made to the table included below at the bottom of the changes in property, plant and equipment.

Financial fixed assets

Investments in subsidiaries and associates, equity and non, are measured in compliance with Article 2426(I)(3), according to the principle of the purchase cost, increased by any additions for the waiver of receivables from subsidiaries and associates to cover their losses and, if such is the case, written-down for losses considered to be long-lasting. In the latter case, the original value of the equity investment is re-recognised in subsequent financial years if the reasons for the write-down no longer exist. For equity investments in subsidiaries and associates measured on the basis of historical cost (eventually adjusted in compliance with the above provisions), it is noted that the value corresponds to the share of shareholders' equity emerging from the last financial statements approved by the subsidiary.

The greater value recognised using the principle of historical cost, with respect to the value calculated using the equity method, is justified by:

- impairment losses other than long-lasting due to contingent market situations, the start-up phase, or major corporate reorganizations;
- recognition, at the time the equity investment is made, of a value in excess of shareholders' equity due to specific characteristics of the company acquired;
- valuation of the Company on the basis of expected higher income due to its significant presence in national and international markets as an industry leader.

It is noted that in financial year 2014, given the continuation of some significant losses, above all in respect of foreign subsidiaries, and as a consequence of the loss of value of some foreign currencies, by now considered to be long-lasting, the book value of some equity investments were subject to write-downs.

Such write-downs are recognised in line item D19 of the Profit and Loss Account “Write-downs of equity investments” together with the write-downs of equity investments recognised in working capital in the amount of Euro 2,175,060 (for an analysis of the write-downs of the securities included in working capital reference is made to the relevant paragraph). The write-downs recognised in line item D19 of the Profit and Loss Account are broken down as follows:

Corporate name of the company subject to write-down	Amount of the 2014 write-down
Marcegaglia China Co Ltd	7,604,955
Marcegaglia Poland Sp.z.o.o.	10,240,201
Co.Ge.Am. srl	1,000,000
Marcegaglia Buildtech s.r.l.	21,063,420
IMAT S.p.a.	3,500,000
BVB srl in liquidation	800,683
ETA spa	12,000,000
Marcegaglia do Brasil Ltda	8,716,642
Oskar srl	300,000
Elletre Fotovoltaico srl	125,999
Total write-downs of long-term equity investments in subsidiaries	65,351,900
Alitalia - Compagnia Aerea Italiana spa	3,358,657
Gabetti Property Solutions spa	1,212,202
Total write-downs of long-term equity investments in other companies	4,570,859
Equity investments in other companies held in working capital	2,175,060
Total write-downs in other companies held in working capital	2,175,060
Total write-downs of equity investments	72,097,819

Revaluations of equity investments in other companies classified among working capital amounting to Euro 1,151,544 are recognised in line item D18 of the Profit and Loss Account “Revaluations of equity investments”; such revaluations consist of the reversal at cost value of some equity investments in other companies included in working capital, since the reasons that led to the recognition of the write-downs in previous financial years no longer exist. Long-term receivables were measured on the basis of their nominal value. Further, it is noted that long-term equity investments and receivables in foreign currency are recognised at the exchange rate at the time of their purchase, or at the lower exchange rate at the end

of the financial year, if the impairment loss is considered to be long-lasting.

Inventory

Inventory is recognised at the lower between purchase cost or production cost, calculated as will be specified below, and the estimated realisable value that can be inferred from the market trend. The purchase cost includes ancillary costs of transportation and customs clearance of raw materials; production costs include all of the costs directly allocated to the product (raw materials and subsidiary materials, direct labour, depreciation of the capital assets used in production), in addition to the share of indirect industrial costs relating to the manufacturing period (maintenance costs, consumables, electric power, external labour, etc.).

The value of the final inventory was calculated using the weighted average cost method. Inventories other than interchangeable assets are recognised among the inventories of finished products and are measured at purchase cost or production cost calculated according to Article 2426(1) of the Italian Civil Code, since they are deemed not to exceed the estimated realisable market value.

The line item Raw materials, subsidiary materials and consumables also includes inventories of subsidiary materials and consumables such as paints, lubricants, fuels, zinc and miscellaneous materials in general. Such inventories are recognised in the financial statements at the lesser of the value calculated by the moving average and their replacement value inferred from the market trend. Inventory other than interchangeable assets are recognised at purchase cost or production cost, calculated according to Article 2426(1) of the Italian Civil Code, since they are deemed not to exceed their estimated realisable market value. Such inventories are indicated in the line item C) I-4) **inventory of finished goods and products, and consists of:**

Land and buildings held as investment property	3,563,587
Sundry materials to be resold	45,701
Total	3,609,288

Receivables

Receivables are recognised in the financial statements at nominal value; such value is reduced to that of its estimated realisable value through the use of specific provisions. Receivables in foreign currency in the financial statements as at 12/31/2014 are measured at the exchange rate recognised at the end of the financial year; the difference in respect of the original recognised amount is indicated in line item C.17-bis of the Profit and Loss Account (gains and losses on exchange rates - from valuation). The breakdown of receivables recognised in the financial statements at December 31, 2014 is indicated in the following tables:

Description	Receivables held as financial fixed assets	
	due within the following year	due after the following year
Nominal value		274,187
Depreciation funds:		
Recognised value		274,187

The majority of receivables consisting of financial fixed assets refer to security deposits for utilities and leases.

Description	Receivables making up working capital	
	due within the following year	due after the following year
Trade receivables		
Nominal value	372,742,521	
Depreciation funds:	-27,825,981	
Trade receivables - value recognised in the financial statements	344,916,540	
Receivables from subsidiaries	357,163,081	24,000,000
Receivables from associates	1,340,089	
Receivables from parent companies	81,726,094	
Tax receivables	8,772,902	1,001,994
Receivables for pre-paid taxes	2,988,902	8,528,173
Receivables from others	185,928,747	
Total working capital receivables	982,836,355	33,530,167

Equity investments and securities not held as financial fixed assets

The general standard provides that equity investments and securities recognised in working capital be measured at the lesser amount between cost and the realisable value that can be inferred from the market trend. The configuration of the cost used by

the Company is that of the specific cost; in the case of interchangeable securities the weighted average cost criteria is used, considering potential issue discounts. It is clear that if in the following years the reasons for the write-down made in previous financial years to align the security to the realisable value no longer exist, its relative value is adjusted to market value until it reaches the original cost.

Following application of Italian Civil Code provisions and accounting standards, a portfolio of working capital made up of shares, bonds, unit trusts and SICAV (a collective investment scheme), a portfolio for the most part listed on a stock exchange, is measured based on market values during the last business day of financial year 2014. Comparing equity investments based on the market values at the end of financial year 2014 with their book value, differences emerged that resulted in the following:

	Write-downs	Revaluations
Equity portfolio	2,175,060	1,151,544
Bonds		1,650,000
Unit trusts/SICAV	120,161	108,412

The write-downs and revaluations related to the equity portfolio were classified in line item D19 Write-down of equity investments and D18 Revaluation of equity investments respectively, as already noted in the comment on the above paragraph “Financial fixed assets”, together with the write-downs and revaluation of long-term equity investments, while the write-downs of the other securities in working capital (Bonds and Unit Trusts /SICAV) were classified in line item D19 Write-down of securities in working capital.

Cash and cash equivalents

Cash and cash equivalents (bank and postal deposits, cash and cash on hand) are recognised based on their actual worth.

Cash line items and shareholders' equity

These are measured at nominal value.

Risk Funds

Risk and expense funds are allocated in

the financial statements in order to cover losses or liabilities having a specific, certain or probable nature, in respect of which, however, at the end of the financial year their amount or realisable date cannot be determined.

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

Employee Severance Pay

Provisions are made in the financial statements for employee severance pay in conformity with law and outstanding contracts, and reflect the liability accrued with respect to all employees at the date of the financial statements. According to the provisions of the Italian Accounting Standards Board in its appendix of September 26, 2007 to Guideline no.1 relating to the transition to the IAS, the Severance pay fund recognised in the financial statements ended at December 31, 2014 is net of the share paid to supplementary pension schemes or to the “Fund for paying severance pay to employees in the private sector pursuant to Article 2120 of the Italian Civil Code”, known as the INPS Treasury Fund, in accordance with Legislative Decree 252/2005, Law 296/2006, Article 1(755 et seq.) and (765) and Articles 1 and 3 of Ministerial Decree 30/01/2007.

Payables

Payables are measured at nominal value. Such line item includes liabilities that are certain and specific, both with respect to the amount as well as the contingency date.

Accruals and Deferrals

Accruals and deferrals are calculated on an accrual basis accounting of the income and expenses to which they refer.

Revenue

Revenue from the sale of products is recognised at the time of transfer of ownership, which occurs upon the shipment of the goods, or upon delivery of the goods to the customer. Revenue from services is recognised at the time of completion of such service. In both cases, obviously, also according to the contractual terms agreed with the customer.

Income taxes

Income taxes are calculated based on the charge accrued in the financial year. The debt recognised in the Balance Sheet liabilities is indicated net of advance payments, withholdings and tax receivables.

Deferred taxes are calculated based on the temporary differences between the value attributed to assets and liabilities according to statutory and tax criteria. Pre-paid taxes are recognised among assets in the financial statements, to the extent that there is a reasonable certainty of realising profits in the future capable of reabsorbing the previous temporary differences. Starting from tax year 2008, the Company is included, as a subsidiary, in the tax consolidation of the parent Company Marfin srl. Consequently, it recognised current taxes, withholdings, advances paid by the parent company and charged to the Company, as well as the income from participation in the fiscal unit on an accrual basis, in the line items “Receivables from parent Companies” and “Payables to parent Companies”.

Exchange rate differences from forex transactions and conversion criteria for items in foreign currency

Receivables and payables expressed in foreign currencies are originally converted into the accounting currency on the basis of the exchange rates recognised at the date of the relevant transactions. The exchange rate differences inherent in the receipt of receivables and the payment of liabilities in foreign currency are recognised in the Profit and Loss Account in line item C.17-bis. Pursuant to Article 2426 of the Italian Civil Code no. 8 bis, line items in foreign currency of outstanding receivables and payables as at December 31, 2014 have been converted at the exchange rates of the date of the end of the financial year and the relevant gains and losses on exchange rates were allocated to the Profit and Loss Account, again to line item C.17-bis.

Dividends

Dividends were recognised in the financial year in which they were cashed.

NOTES - ASSETS

INTANGIBLE FIXED ASSETS

The following table shows the changes in intangible fixed assets, specifying for each line item:

- the cost;
- the previous revaluations, amortizations and write-downs;
- the increases, transfers from one line item to another, and decreases occurred during the year;
- the revaluations, amortizations and write-downs made during the year.

CHANGES IN INTANGIBLE FIXED ASSETS

	Industrial patent rights and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible fixed assets in process and advance payments	Other intangible fixed assets	Total intangible fixed assets
Value at beginning of year						
Cost	11,040,593	11,196	4,417,142	140,871	12,783,051	28,393,213
Amortization (Amortization fund)	10,792,372	9,486	3,910,862		10,586,508	25,299,228
Book Value	248,221	1,710	506,280	140,871	2,196,543	3,093,625
Changes during the year						
Increases due to acquisitions	197,561			1,701,032	42,494	1,941,087
Decreases due to sales and disposals (in the book value)					120,000	120,000
Amortization in the financial year	260,149	190	253,140		637,063	1,150,542
Total changes	(62,588)	(190)	(253,140)	1,701,032	(714,569)	670,545
Value at year end						
Cost	11,238,154	11,196	4,417,142	1,841,903	12,675,545	30,183,940
Amortization (Amortization fund)	11,052,521	9,676	4,164,002		11,193,571	26,419,770
Book value	185,633	1,520	253,140	1,841,903	1,481,974	3,764,170

Start-up and expansion costs, research and development costs and advertising expenses

There are no capitalised research and development costs or advertising expenses.

PROPERTY, PLANT AND EQUIPMENT

Changes in property, plant and equipment

The following table shows the changes in property, plant and equipment, specifying for each line item:

- the cost;
- the previous revaluations, depreciation and write-downs;
- the increases, transfers from one line item to another, and the decreases that occurred during the year;
- the revaluations, depreciation and write-downs made during the year.

CHANGES IN TANGIBLE FIXED ASSETS

	Land and buildings	Plants and machinery	Industrial and commercial equipment	Other property, plant and equipment	Property, plant and equipment in process and advance payments	Total Property, plant and equipment
Value at beginning of year						
Cost	399,138,569	1,181,557,760	127,468,282	37,386,941	39,340,330	1,784,891,882
Revaluations	20,945,946	492,028	66,640	27,910		21,532,524
Depreciation (Depreciation fund)	200,048,814	857,560,859	110,534,784	32,678,105		1,200,822,562
Write-downs					10,556,036	10,556,036
Book value	220,035,701	324,488,929	17,000,138	4,736,746	28,784,294	595,045,808
Changes during the year						
Increases due to acquisitions	3,947,654	29,295,307	3,701,427	1,340,984	13,551,043	51,836,415
Reclassifications (of the book value)	824,674	4,858,546	650	18,165	(10,270,262)	(4,568,227)
Decreases due to transfers and disposals (in the book value)		154,949	125,342	207,600		487,891
Depreciation during the year	14,814,519	59,539,304	7,484,317	1,466,613		83,304,753
Write-downs during the year					6,668,832	6,668,832
Total changes	(10,042,191)	(25,540,400)	(3,907,582)	(315,064)	(3,388,051)	(43,193,288)
Value at year end						
Cost	403,910,897	1,210,783,930	129,528,203	37,203,222	42,621,111	1,824,047,363
Revaluations	20,945,946	492,028	66,640	27,910		21,532,524
Depreciation (Depreciation fund)	214,863,333	912,327,429	116,502,287	32,809,450		1,276,502,499
Write-downs					17,224,868	17,224,868
Book value	209,993,510	298,948,529	13,092,556	4,421,682	25,396,243	551,852,520

Monetary and/or financial revaluations previously made on the assets existing at the end of the financial year

Pursuant to Article 10 of Law no. 72 of 03/19/1983 (which is also referred to by Article 7 of Law no. 408 of 12/29/1990 and by Article 27 of Law no. 413 of 12/30/1991), the following are the assets still held at the end of the financial year for which monetary and/or financial revaluations were made in the past and the relevant amount.

	Land and buildings	Plants and machinery	Industrial and commercial machinery	Other assets	Total
Revaluation pursuant to Law 413/91	18,483,578				18,483,578
Revaluation pursuant to Law 576	324,133	22,772	533	683	348,121
Revaluation pursuant to Law 72/83	1,955,564	443,433	66,107	27,227	2,492,331
Voluntary revaluation (1977)	182,671	25,823			208,494
	20,945,946	492,028	66,640	27,910	21,532,524

Impairment loss of property, plant and equipment

During the financial year, fixed assets were written-down for the total amount of Euro 6,668,832; such write-downs refers to property, plant and equipment in progress (systems), which were never installed, which suffered deterioration, including in terms of technological efficiency.

FINANCE LEASES

Information on finance leases

The Company has outstanding finance lease contracts, or has entered into finance lease contracts over the past few years for the following assets:

1. Buildable land used as storage, located in Pozzolo Formigaro (AL) loc. Arquata - Strada Bissone.
2. Building for commercial use, located in Lainate (MI), via Canova no. 36.
3. Building for use as offices/archives located in Cardano al Campo (VA) via Volta no. 54
4. Galvanization system for rolled coils, at the plant in Ravenna, via Baiona no. 141

5. Chemical coil pickling system at the plant in Ravenna, via Baiona no. 141

6. Pickling system and stainless steel thermal treatment, at the plant in Gazoldo, via Bresciani no. 16

7. Galvanization system for hot-rolled coils at the plant in Ravenna, via Baiona no. 141

The essential data of the above contracts and their impacts on the composition of the Balance Sheet and the operating result, before tax, if the financial accounting method had been used for the leases, are summarized in the following table:

contract	1) no. IF/630740 of 07/31/2001 Unicredit Leasing (ex Locat)	2) no. 483399 of 07/27/2000 Leasint spa	3) no. 42006467 of 06/04/2001 MPS Leasing & Factoring	4) no. 1110746 of 07/15/2005 MPS Leasing & Factoring	5) no. LI 1046689 of 04/29/2005 Unicredit Leasing (ex no. 68370 Mediocredito Centrale) pooled with Leasint spa contr.no.839956 of 04/29/2005	6) no. 00954419/001 of 12/01/2010 Leasint	7) no. 01005671/001 of 08/02/2010 Alba Leasing pooled with ABF Leasing no.10377 of 08/02/2010	TOTAL
Year when use began	2001	2000	2005	2005	2006	2010	2010	
Duration of the contract	8 years	8 years	8 years	4 years	7 years	8 years	8 years	
Purchase cost of the asset	960,610	8,215,538	6,145,385	26,800,000	40,000,000	45,164,325	35,600,000	162,885,858
Share of principal that matures at 12/31/2014, including the redemption price	0	0	0	0	0	18,522,744	14,831,527	33,354,271
Actual financial costs for the year	0	0	0	0	0	429,043	308,815	737,858
Net value for which the leased assets would have been recognised at the date of the financial statements, if they had been considered fixed assets	960,610	3,368,371	4,725,801	0	0	21,317,561	16,803,200	47,175,543
Depreciation during the year	0	287,544	147,849	0	0	3,997,043	3,150,600	7,583,036
Theoretical depreciation funds at year end	0	4,847,167	1,419,584	26,800,000	40,000,000	23,846,764	18,796,800	115,710,315

It is specified that the leases related to the assets set forth at numbers 1, 2 and 4 of the above list expired during financial years 2009, 2008 and 2010 respectively, whereas the contracts set forth at numbers 3 and 5 terminated in 2013.

The representation of such transactions in the financial statements according to the equity method resulted, for 2014, in a charge to the Profit and Loss Account

of costs for leases in the amount of Euro 10,772,717 (Euro 10,034,859 charges for principal and Euro 737,858 charges for interest); measurement using the financial method would instead have resulted in recognising depreciation costs in the Profit and Loss Account amounting to Euro 7,583,036 and financial expenses amounting to Euro 737,858.

FINANCIAL FIXED ASSETS

CHANGES IN FINANCIAL FIXED ASSETS: EQUITY INVESTMENTS, OTHER SECURITIES, TREASURY SHARES

	Equity investments in subsidiaries	Equity investments in associates	Equity investments in other Companies	Total Equity investments
Value at beginning of year				
Cost	729,395,284	27,290,573	72,979,245	829,665,102
Revaluations	37,632,428	1,255,117	-	38,887,545
Write-downs	421,224,713	26,296,842	29,527,463	477,049,018
Book value	345,802,999	2,248,848	43,451,782	391,503,629
Changes during the year				
Increases due to acquisitions	1,816,017	775,000	238,837	2,829,854
Write-downs	65,351,900	-	4,570,859	69,922,759
Other changes	55,293,880	10,000	2,248,246	57,552,126
Total changes	(8,242,003)	785,000	(2,083,776)	(9,540,779)
Value at year end				
Cost	786,505,181	28,075,573	75,466,328	890,047,082
Revaluations	37,632,428	1,255,117	-	38,887,545
Write-downs	486,576,613	26,296,842	34,098,322	546,971,777
Book value	337,560,996	3,033,848	41,368,006	381,962,850

CHANGES IN FINANCIAL FIXED ASSETS: RECEIVABLES

	Value at beginning of year	Changes during the year	Value at year end
Long-term receivables from third parties	249,701	24,486	274,187
Total long-term receivables	249,701	24,486	274,187

INFORMATION ON EQUITY INVESTMENTS IN SUBSIDIARIES

Name	City or State	Capital in Euro	Profit (Loss) of last financial year in Euro	Shareholders' equity in Euro	Share held in Euro	Book value or corresponding receivable
Albarella S.p.a.	via Bresciani, 16 Gazoldo degli Ippoliti	2,600,000	(2,914,015)	16,064,996	16,064,996	14,272,863
Steam Generators S.r.l.	via Bresciani, 16 Gazoldo degli Ippoliti	100,000	317,992	2,343,740	2,343,740	1,879,901
Oskar S.r.l.	via Lumaca, 3 Mezzolara di Budrio	1,560,000	(278,187)	1,884,807	1,865,959	1,841,365
BVB S.r.l. in liquidation	Z.I. Mirabello S.Lorenzo in Campo	300,000	(199,748)	(427,999)	(427,999)	1
Marcegaglia Buildtech S.r.l.	via G. della Casa, 12 Milano (MI)	11,000,000	(21,063,422)	19,808,827	19,808,829	19,808,829
Elet.ca. S.r.l.	via Bresciani, 16 Gazoldo degli Ippoliti	100,000	966,289	4,196,611	4,196,611	105,000
CO.GE.AM soc.cons.a r.l.	C.da Forcellara S. Sergio, Massafra	1,000,000	(52,257)	59,240,932	30,212,875	30,250,493
Gaia Turismo S.r.l. *	viale Sarca, 336 Milano (MI)	10,000	(8,471)	2,894,909	2,634,367	9,100
E.T.A. Energie Tecnologie Ambiente	via Firenze, 52 Cutro (KR)	23,000,000	(5,295,082)	27,575,255	27,575,255	27,287,964
IMAT S.p.a.	v. Zorutti, 13/14/16 Fontanafredda	1,032,000	(3,431,290)	4,497,148	4,497,148	4,428,438
Outsourcing Inox S.r.l.	via Bresciani, 16 Gazoldo degli Ippoliti	10,000	639,331	1,540,471	1,540,471	1,509,000
Mariven S.r.l.	via Bresciani, 16 Gazoldo degli Ippoliti	100,000	(812,829)	6,763,143	4,396,043	169,094
Made H.S.E. S.r.l.	via Bresciani, 16 Gazoldo degli Ippoliti	100,000	259,827	689,946	689,946	101,000
Elletre Fotovoltaico S.r.l. *	via Ilaria Alpi, 4 scala B Mantova	10,000	(156,448)	(146,449)	(102,514)	1
SIPAC S.a. **	223, Val Ste Croix L-1371 Luxembour	4,957,870	327,226	33,731,238	33,731,238	22,064,818
Marcegaglia Assetlux ***	Dendermondenstraat 44-46 Anversa	100,000	(1,810)	108,190	10,108	99,000
Marcegaglia France Sarl *	Route Nationale 6 n.300 Limonest	50,000	43,702	496,858	24,843	2,500
Marcegaglia Poland Sp.z.o.o.	Kaliska 72 int Praszka (PL)	23,401,666	(8,958,865)	43,948,641	43,772,846	43,772,846
Marcegaglia do Brasil Ltda	Rodovia BR 101 km 11 Garuva (SC)	306,000,000	(207,392)	102,455,231	92,117,293	92,117,292
Marcegaglia Romania Ltd	St. Taietura Turcului 47 Cluj (RO)	89,230	(55,907)	(2,076,957)	(2,076,957)	105,836
Marcegaglia of Peru sac *	Paz Soldán no.170 S. Isidro - Lima	826	(8,664)	(893,295)	(8,933)	7
Marcegaglia China Co. Ltd	Chuang Ye Road 7 Yangzhou (CN)	151,004,236	(16,169,607)	85,030,121	77,722,887	77,722,887
Marcegaglia India Ltd ****		1,303	(13,031)	(19,946)	(17,951)	1,334
Marcegaglia Tr		17,655	-	17,655	11,476	11,427
Total						337,560,996

* Data referring to the financial statements as at 12/31/2013, because the 2014 financial statements are not currently available

** The financial year of the company SIPAC S.a. goes from July 1st through June 30 of the following year. The above data refers to the last approved financial statements for the year ended at June 30, 2014

*** The financial statements refer to the 2014 financial year but have not been approved

**** The financial year of the company Marcegaglia India Ltd goes from April 1st through March 31 of the following year. The above data refers to the last approved financial statements ended at March 31, 2014

For the conversion of shareholders' equity in Euro and the result of the period expressed in currency other than the Euro, the exchange rate at year end and the average exchange rate for the financial year were used respectively.

INFORMATION ON EQUITY INVESTMENTS IN ASSOCIATES

Name	City or State	Capital in Euro	Profit (Loss) of last financial year in Euro	Shareholders' equity in Euro	Share held in Euro	Book value or corresponding receivable
SIM S.r.l. *	Zona Industriale S. Atto Teramo	780,000	21,980	1,783,027	891,514	929,622
Allu's S.p.a.	Via Ondone 79 Sesto al Reghena (PN)	3,000,000	367,376	4,306,499	1,435,356	1,189,226
Palazzo dell'Agricoltura S.r.l.	Via Marconi 23 - 46025 Poggio Rusco (MN)	20,000	301,738	1,614,063	807,032	140,000
Fontana S.p.a.	Str. S.Giorgio 23 Settimo Torinese (TO)	50,000	2,966,192	764,213	244,548	775,000
Total						3,033,848

* The financial year of the Company SIM S.p.a. goes from July 1° through June 30 of the following year. The above data refers to the last approved financial statements ended at June 30, 2014 .

BREAKDOWN OF LONG-TERM RECEIVABLES BY GEOGRAPHIC AREA

Geographic area	Long-term receivables from third parties	Total long-term receivables
Italy	274,187	274,187
Total	274,187	274,187

Long-term receivables due after the end of the financial year consist of security deposits whose expiration is linked to the duration of the underlying contracts.

Long-term receivables for transactions with retrocession fees

None exist.

WORKING CAPITAL

Changes occurred during the year ended at December 31, 2014 recognised among assets other than fixed assets are set forth below.

INVENTORY

	Value at beginning of year	Change during the year	Value at year end
Raw materials, subsidiary materials and consumables	566,061,496	18,980,946	585,042,442
Work in progress and semi-finished goods	411,330,780	36,498,155	447,828,935
Finished goods and products	446,316,384	109,212,415	555,528,799
Advances (paid)	96,390	-	96,390
Total inventory	1,423,805,050	164,691,516	1,588,496,566

WORKING CAPITAL: RECEIVABLES

CHANGES IN RECEIVABLES RECOGNISED IN WORKING CAPITAL

	Value at beginning of year	Change during the year	Value at year end
Trade receivables recognised in working capital	448,983,065	(104,066,525)	344,916,540
Receivables from subsidiaries recognised in working capital	380,110,676	1,052,405	381,163,081
Receivables from associates recognised in working capital	2,691,509	(1,351,420)	1,340,089
Receivables from parent companies recognised in working capital	61,252,797	20,473,297	81,726,094
Tax receivables recognised in working capital	16,972,304	(7,197,408)	9,774,896
Assets consisting of pre-paid taxes recognised in working capital	10,875,354	641,721	11,517,075
Receivables from others recognised in working capital	221,001,928	(35,073,181)	185,928,747
Total receivables recognised in working capital	1,141,887,633	(125,521,111)	1,016,366,522

The changes in provisions for bad debts, included in the line item Trade receivables, is summarized in the following table:

Description	balance at beginning of the financial year	Uses during the year	Provisions during the year	balance at year end
Provisions for bad debts pursuant to Article106(1)(2) of DPR 917/86	2,354,298	2,354,298	1,827,693	1,827,693
General provision for bad debts	4,918,493	3,467,556	2,450,000	3,900,937
Provision for bad debts for penalty interest	1,261,255	(*) 549,607		711,648
Provisions for bad debts in insolvency proceedings	16,876,009	1,345	4,511,037	21,385,701
	25,410,055	6,372,806	8,788,730	27,825,979

(*) uses include the adjustment of the provision for bad debts for penalty interest if during the year in review penalty interest is received that was written-down in previous years or if the relevant credit is removed with respect to the customer.

In addition to what is already disclosed in the Balance Sheet, it is noted that receivables from subsidiaries, associates and parent companies relate to the balance deriving from commercial transactions between the Company Marcegaglia spa and its various counterparts, which have not yet been settled, as well as the balance of intra-group bank accounts that were opened specifically, where payments are made to settle the cited transactions and any financial transactions that occur.

Receivables for pre-paid taxes represent taxes relating to costs whose tax deductibility refers to subsequent financial years. Such receivables for pre-paid taxes are expected to be used in the amount of Euro 2,988,902 starting from the following year, while the share after the following year amounts to Euro 8,528,173.

The breakdown and the changes in receivables from others are analyzed in the following tables:

Breakdown of receivables from others	Balance at 12/31/2013	Increases/ Decreases	Balance at 12/31/2014
Receivables from associates	133,803,233	-39,818,919	93,984,314
Receivables from factoring entities	80,632,556	-1,668,471	78,964,085
Advance payments to suppliers	699,544	-98,843	600,701
Receivables from social security organizations	1,086,443	-208,774	877,669
Advance payments to employees	1,120,314	19,323	1,139,637
Receivables from banks for collections from customers	416,600	172,863	589,463
Various security deposits payable within the financial year	1,100,567	636,337	1,736,904
Other receivables	2,142,671	5,893,303	8,035,974
	221,001,928	-35,073,181	185,928,747

Breakdown of receivables from associates	Balance at 12/31/2013	Increases / Decreases	Balance at 12/31/2014
Marcegaglia Ireland Ltd	87,089,091	3,524,361	90,613,452
Euroenergy Group srl	46,710,925	-43,344,877	3,366,048
Appia Energy srl	340	658	998
Arendi srl in liquidation	2,877	939	3,816
	133,803,233	-39,818,919	93,984,314

BREAKDOWN OF RECEIVABLES RECOGNISED IN WORKING CAPITAL BY GEOGRAPHIC AREA

	Italy	EU	Other European countries	America	Africa Middle East	Asia - Oceania	Total
Trade receivables recognised in working capital	192,576,229	103,155,657	38,328,113	2,269,796	5,454,444	3,132,301	344,916,540
Receivables from subsidiaries recognised in working capital	283,791,479	215,988	53,382,439	40,783,138	-	2,990,037	381,163,081
Receivables from associates recognised in working capital	1,340,089	-	-	-	-	-	1,340,089
Receivables from parent companies recognised in working capital	81,726,094	-	-	-	-	-	81,726,094
Tax receivables recognised in working capital	9,406,669	367,187	1,040	-	-	-	9,774,896
Assets consisting of pre-paid taxes recognised in working capital	11,517,075	-	-	-	-	-	11,517,075
Receivables from others recognised in working capital	23,354,524	87,146,091	74,894,551	533,581	-	-	185,928,747
Total receivables recognised in working capital	603,712,159	190,884,923	166,606,143	43,586,515	5,454,444	6,122,338	1,016,366,522

Receivables recognised in working capital relating to transactions with retrocession fees
None exist.

WORKING CAPITAL: FINANCIAL ASSETS OTHER THAN FIXED ASSETS

CHANGES IN FINANCIAL ASSETS OTHER THAN FIXED ASSETS

	Value at beginning of year	Changes during the year	Value at year end
Other equity investments other than long-term	14,660,270	(3,988,835)	10,671,435
Other securities other than long-term	20,062,697	3,889,335	23,952,032
Total financial assets other than long-term	34,722,967	(99,500)	34,623,467

WORKING CAPITAL: CASH AND CASH EQUIVALENTS

CHANGES IN CASH AND CASH EQUIVALENTS

	Value at beginning of year	Change during the year	Value at year end
Bank and postal deposits	5,686,154	46,187,873	51,874,027
Cash on hand and cash equivalents	23,410	(6,462)	16,948
Total cash and cash equivalents	5,709,564	46,181,411	51,890,975

The bank and postal deposits include an escrow account, opened to guarantee the loans granted to the foreign subsidiary Marcegaglia do Brasil.

The balance as at 12.31.2014 of said current account amounts to EUR 1,650,000.

ACCRUED INCOME AND PREPAID EXPENSES

	Value at beginning of year	Variation during the year	Value at year end
Accrued income	213,234	(127,256)	85,978
Other prepaid expenses	9,321,352	(1,614,941)	7,706,411
Total accrued income and prepaid expenses	9,534,586	(1,742,197)	7,792,389

The breakdown of accrued income and prepaid expenses is indicated in the following tables:

Accrued income	Breakdown of the balance at year end	financial year 2013
Simest contributions to interest account	39,293	39,294
Coupons for interest on bonds	33,290	159,821
Interest for bank accounts	13,395	14,119
Total	85,978	213,234

Prepaid expenses	Breakdown of the balance at year end	financial year 2013
The share of lease payments and balloon payments accruing in future years	7,105,349	8,961,368
Insurance premiums for the following year	10,971	4,436
Royalties/maintenance fees for software/hardware	272,363	171,349
Telephone utilities	29,396	33,569
Other	288,332	150,630
Total	7,706,411	9,321,352

CAPITALISED FINANCIAL EXPENSES

No financial expenses were capitalised in financial year 2014.

NOTES - LIABILITIES AND SHAREHOLDERS' EQUITY

SHAREHOLDERS' EQUITY

The breakdown of Shareholders' Equity, the availability of reserves for capital account transactions, the potential for reserve distribution, as well as the uses made during the past three financial years are summarised in the following tables.

CHANGES IN THE LINE ITEMS OF SHAREHOLDERS' EQUITY

	Value at beginning of year	Use of the previous operating result	Other changes	Operating result	Value at year end
		Other uses	Decreases		
Capital	58,876,440	-	-		58,876,440
Share premium reserve	138,927,445	-	-		138,927,445
Revaluation reserves	9,073,656	-	-		9,073,656
Legal reserve	13,752,584	-	-		13,752,584
Other reserves					
<i>Extraordinary or optional reserve</i>	486,574,971	(42,554,538)	1		444,020,432
<i>Payments for future capital increases</i>	20,000,000	-	-		20,000,000
<i>Merger surplus reserve</i>	47,124,268	-	-		47,124,268
<i>Sundry reserves</i>	24,000,699	-	-		24,000,699
Total other reserves	577,699,938	(42,554,538)	1		535,145,399
Profit (Loss) for the year	(42,554,538)	42,554,538	-	(46,346,563)	(46,346,563)
Total shareholders' equity	755,775,525	-	1	(46,346,563)	709,428,961

ORIGIN, POTENTIAL FOR USE AND DISTRIBUTION OF SUNDRY RESERVES

Description	Amount
Contributions Law 15/130 26/04/83	165,275
Contributions pursuant to Law 193 31/05/84	8,201,336
Contributions pursuant to Regional Law 30 23/07/84	511,292
Contributions pursuant to Law 19 06/02/87	14,125,195
Contributions pursuant to Article 11 Law 10/91	997,605
Rounding-off	(4)
Total	24,000,699

During 2014 the sole change in the shareholders' equity line items regarded the hedge of the loss in financial year 2013 amounting to Euro 42,554,538, and the consequent use of the extraordinary reserve for the same amount.

AVAILABILITY AND USE OF SHAREHOLDERS' EQUITY

	Amount	Origin / nature	Potential for use	Available share	Summary of the uses made during the previous three financial years	
					To cover losses	For other reasons
Capital	58,876,440	Shareholder contributions		-	-	-
Share premium reserve	138,927,445		A-B-C	138,927,445	-	-
Revaluation reserves	9,073,656	revaluation required by law	A-B	9,073,656	-	-
Legal reserve	13,752,584	financial year profit	B	13,752,584	-	-
Other reserves						
Extraordinary or optional reserve	444,020,432	financial year profit	A-B-C	444,020,432	42,554,538	1
Payments for future capital increases	20,000,000	Waiver of receivables by shareholders	A-B-C	20,000,000	-	-
Merger surplus reserve	47,124,268	incorporation	A-B-C	47,124,268	-	-
Sundry reserves	24,000,699			-	-	-
Total other reserves	535,145,399			511,144,700	42,554,538	1
Total	755,775,524			672,898,385	42,554,538	1
Non distributable share				20,848,944		
Residual distributable share				652,049,441		

Key: A available for capital increases; B available to cover losses; C available to shareholders; D only for particular purposes

RISK AND EXPENSE FUNDS

INFORMATION ON RISK AND EXPENSE FUNDS

	Fund for post-retirement benefit and other obligations	Fund for taxes, including deferred taxes	Other funds	Total risk and expense funds
Value at beginning of year	2,171,150	3,778,629	34,081,678	40,031,457
Changes during the year				
Provision made during the year	234,119	1,925,752	5,409,745	7,569,616
Uses during the year	250,220	3,450,356	6,322,740	10,023,316
Total changes	(16,101)	(1,524,604)	(912,995)	(2,453,700)
Value at year end	2,155,049	2,254,025	33,168,683	37,577,757

The breakdown of the Risk and Expense Funds is set forth below for further clarification.

Liability line item B.1 "Funds for post-retirement benefit and other obligations" indicates the provisions and relevant uses of the funds for the termination of agency relationships.

The provisions are quantified pursuant to Article 1751 of the Italian Civil Code and industry collective bargaining agreements.

Description	balance at beginning of the financial year	Uses during the year	provision during the year	balance at year end
Supplementary Agents Indemnity Fund	1,975,358	184,288	173,863	1,964,933
Indemnity fund for termination of agency agreement	195,792	65,932	60,256	190,116
	2,171,150	250,220	234,119	2,155,049

Description	balance at beginning of the financial year	Uses during the year	provisions during the year	balance at year end
Tax funds				
Fund for deferred taxes	1,143,225	814,952	1,735,587	2,063,860
Fund for notices of tax assessments	2,635,404	2,635,404	190,165	190,165
	3,778,629	3,450,356	1,925,752	2,254,025

The uses of the fund for Deferred taxes, amounting to a total of Euro 814,952, refer to the amount of Euro 684,278 for the payment of taxes during the year 2014 of positive items whose taxation during financial year 2013 was deferred to financial year 2014, and Euro 130,674 to re-absorption during financial year 2014 of deferred taxes set aside in previous years relating to the payment by instalment of taxes on capital gains realized in the past on property, plant and equipment.

The provisions refer exclusively to taxes on positive items recognised in the Profit and Loss Account deriving from gains on exchange rates valuations and income from insurance indemnities settled with the counterpart after the end of financial year 2014. The uses related to the fund for notices of tax assessments relate to the settlement during the year 2014 of tax assessments issued by the Tax Authority of the Lombardy Region that were served on Marcegaglia spa during the month of December 2013.

The board of directors decided to set aside, already during 2013, an estimated amount, as precise as possible, of the taxes, sanctions and interest that the Company was expected to pay.

The settlement of outstanding disputes with the Tax Authority during 2014 resulted in the reversal of the provision that had been set aside for such purpose, with recognition of the amounts due in line item “D) 12) Tax payables”, together with the interest that had a counter-entry, for the part relating to the years prior to 2014, in line item

“E21) other extraordinary expenses” and, for the part accrued in 2014, in line item “C) 17) interest and other financial expenses to others”. It is specified that the taxes and sanctions calculated by the above notices of tax assessments were in line with the provision made during financial year 2013. The total amount was paid in accordance with a three-year instalment plan.

The provision of Euro 190,165 refers to the estimate of higher taxes and sanctions related to other notices of tax assessments also issued by the Tax Authority of the Lombardy Region, served on the Company during the month of December 2014 and settled during the month of May 2015 with the Tax Authority.

Sundry risk funds	balance at beginning of the financial year	Uses during the year/ change in the fund for redundancies	provision during the year	balance at year end
Fund for "Mark-to-Market" valuation of derivatives in portfolio	29,963,073	4,868,829	2,080,201	27,174,445
Risk fund for litigation	4,118,605	1,453,910	3,329,543	5,994,238
	34,081,678			33,168,683

With reference to the “Fund for the Mark-to-Market valuation of derivatives in portfolio”, the uses of approximately Euro 1,258 million related to the release of the fund resulting from the improvement of the “Mark-to-Market” measurement at 12/31/2014 of some speculative “interest rate swaps” contracts with respect to the same valuation made on 12/31/2013 and set aside during the previous financial year. The further use of approximately Euro 3,611 million refers to the maturity during 2014 of some speculative forward exchange contracts, whose negative “Mark to Market” at 12/31/2013 was included in the risk fund.

The provision made in 2014 to the “Fund for the Mark-to-Market valuation of derivatives in portfolio” relates to the “Mark-to-Market” measurement at 12/31/2014 of “interest rate swaps” whose “fair value” at 12/31/14 worsened with respect to the “fair value” set aside at 12/31/13.

At 12/31/14 the Company did not have any forward exchange contracts in its portfolio.

The uses of the “Fund for the Mark-to-Market valuation” had a counter-entry in the Profit and Loss Account, line item C17bis “Gains and losses on exchange rates”, for the release of the “Mark-to-Market” valuation fund with reference to forward exchange contracts; whereas the release of the fund in relation to the “interest rate swaps” whose 2014 “fair value” improved with respect to 2013, had as economic counter-entry line item C17 “Other Financial expenses”, adjusting, in such way, the costs of periodic payments made to the various banks that are the counterparts to such contracts during financial year 2014.

A similar classification in line item C17 “Other financial expenses”, had as a counter-entry the provision, commented on above, made during 2014 to the “Fund for the Mark-to-Market valuation of derivatives in portfolio”.

Reference is made to the line item “Derivatives” for a more detailed analysis of the derivatives in portfolio as at December 31, 2014.

With reference to the “Risk fund for litigation”, the uses refer to the amount of Euro

570.422 for an appeal to the Provincial Tax Commission of Venice for the application of customs duties to some importations of particular types of rough steel pipes, which the Company lost during 2014 with the resulting financial outlay. The other uses refer to payments made during 2014 in relation to commercial settlements in the amount of Euro 869,220 and Euro 14,268 for labour litigation.

The 2014 provisions to the risk funds refer, almost in their entirety, to a dispute with the Spanish administrative authority from liability attributed to Marcegaglia spa in managing a Spanish affiliate that was included in an insolvency procedure in 2005. During the month of March 2015, the relevant settlement was concluded with the Spanish administrative authority thus ending the dispute, which substantially confirmed the amount set aside in the 2014 financial statements.

Such provision had a counter-entry in line item “E21) Other Extraordinary Expenses” of the Profit and Loss Account.

EMPLOYEE SEVERANCE PAY

Information on employee severance pay

The following table indicates the changes in severance pay items in respect of 2014, and also considers the amounts to be used for supplementary pension funds. On the basis of the indications of the Italian Accounting Standards Board in its appendix of September 26, 2007 to Guideline no.1 relating to the transition to the IAS, the severance pay fund in the financial statements is recognised net of the share paid to the supplementary pension funds or paid to the “Fund for

paying the severance pay to employees in the private sector pursuant to Article 2120 of the Italian Civil Code”, known as the INPS treasury fund, pursuant to Legislative Decree 252/2005, Law 296/2006 Article 1(755 et seq.) and (765) and Articles 1 and 3 of D.M. 01/30/2007.

The shares of employee severance pay accrued in 2014 that have not yet been paid to supplementary pension funds or to the INPS treasury fund are disclosed in line item “D) 13) Payables to welfare and social security organizations”.

	Employee severance pay
Value at beginning of year	19,797,618
Changes during the year	
Provision during the year	10,351,363
Uses during the year	11,332,463
Total changes	(981,100)
Value at year end	18,816,518

The breakdown of the line item “uses of the severance pay fund” is set forth below:

Uses during the year for severance pay and advance payments made and for payment of substitute tax on the revaluation accrued in 2014	Payments made to supplementary pension funds	Payments made to the INPS treasury fund net of recoveries made during the year	Recovery of INPS contribution pursuant to Law 297/82
-1,271,507	-3,827,904	-5,559,766	-673,286

PAYABLES

The changes in payables are broken down in the following tables.

CHANGES AND MATURITIES OF PAYABLES

	Value at beginning of year	Change during the year	Value at year end
Payables to banks	1,151,364,325	93,753,538	1,245,117,863
Advance payments	5,484,264	2,184,526	7,668,790
Trade payables	1,157,676,887	(64,819,659)	1,092,857,228
Payables to subsidiaries	45,518,910	5,827,036	51,345,946
Payables to associates	16,812,606	(16,158,398)	654,208
Tax payables	22,700,981	(5,210,225)	17,490,756
Payables to welfare and social security organizations	9,521,676	184,942	9,706,618
Other payables	378,701,135	65,655,110	444,356,245
Total payables	2,787,780,784	81,416,870	2,869,197,654

Breakdown of other payables	Balance at 12/31/2013	Increases / Decreases	Balance at 12/31/2014
Payables to associates	624,712	1,491,954	2,116,666
Payables to factoring entities	354,330,159	63,761,028	418,091,187
Payables to employees and free-lancers	17,411,061	1,047,305	18,458,366
Payables for settlements made during the year	1,165,838	-1,165,838	-
Sundry payables	5,169,365	520,661	5,690,026
total	378,701,135	65,655,110	444,356,245

Breakdown of payables to associates	Balance at 12/31/2013	Increases / Decreases	Balance at 12/31/2014
Arendi srl in liquidation	539,312	1,491,954	2,031,266
Euroenergy Group srl	85,400	-	85,400
total	624,712	1,491,954	2,116,666

BREAKDOWN OF PAYABLES BY GEOGRAPHIC AREA

	Italy	EU	Other European countries	America	Africa Middle East	Asia - Oceania	Total
Payables to banks	1,245,116,445	1,228	190	-	-	-	1,245,117,863
Advance payments	60,051	-	7,608,739	-	-	-	7,668,790
Trade payables	669,108,613	111,701,894	296,270,014	5,884,654	3,464,317	6,427,736	1,092,857,228
Payables to subsidiaries	7,162,161	4,744,086	15,789,150	20,939,220	-	2,711,329	51,345,946
Payables to associates	654,208	-	-	-	-	-	654,208
Tax payables	15,501,394	1,548,559	440,803	-	-	-	17,490,756
Payables to welfare and social security organizations	9,706,618	-	-	-	-	-	9,706,618
Other payables	(239,993,794)	681,725,168	2,624,489	382	-	-	444,356,245
Payables	1,707,315,696	799,720,935	322,733,385	26,824,256	3,464,317	9,139,065	2,869,197,654

PAYABLES SECURED BY COLLATERAL ON CORPORATE ASSETS

	Payables secured by collateral			Payables not secured by collateral	Total
	Payables secured by mortgages	Payables secured by pledges	Total payables secured by collateral		
Payables to banks	272,503,225	4,257,816	276,761,041	968,356,822	1,245,117,863
Advance payments	-	-	-	7,668,790	7,668,790
Trade payables	-	12,296,742	12,296,742	1,080,560,486	1,092,857,228
Payables to subsidiaries	-	-	-	51,345,946	51,345,946
Payables to associates	-	-	-	654,208	654,208
Tax payables	-	-	-	17,490,756	17,490,756
Payables to welfare and social security organizations	-	-	-	9,706,618	9,706,618
Other payables	-	-	-	-	444,356,245
Total payables	272,503,225	16,554,558	289,057,783	2,135,783,626	2,869,197,654

BREAKDOWN OF PAYABLES TO BANKS DUE AFTER THE FINANCIAL YEAR

Bank	Total liability at 12/31/2014	Share of liability maturing within the following year (2015) and reclassified as short-term payables to banks	Total share of liability maturing after the following year (2015)	Share of liability maturing after the following year (2015) but within 12/31/2019	Share of liability maturing more than 5 years from the end of the financial year, i.e. from financial year 2020	Maturity of the liability
GE Capital	10,728,225	3,065,207	7,663,018	7,663,018	0	03/25/2018
Intesa Sanpaolo	14,000,000	2,800,000	11,200,000	11,200,000	0	12/17/2019
Intesa Sanpaolo	13,400,000	2,680,000	10,720,000	10,720,000	0	12/17/2019
Mortgage pool loan of December 2007	234,375,000	78,125,000	156,250,000	156,250,000	0	12/15/2017
total	272,503,225	86,670,207	185,833,018	185,833,018	0	

The maturity dates demonstrate that there are no liabilities having a residual duration in excess of 5 years.

It is noted that during 2014 the loan issued during 2012 for Euro 21,000,000 by Allianz Bank was repaid in advance, while releasing the securities that had been pledged as security.

With reference to corporate assets used as collateral it is specified as follows:

Bank/entity beneficiary of the guarantee	Mortgage on real property located in Ravenna and Forlimpopoli (FO)	Special lien on assets located at the plant in Ravenna and Forlimpopoli (FO)	1° and 2° grade mortgage on real property located in Boltiere (BG)	Special lien on assets located at the plant in Boltiere (BG)	Mortgage on buildings located in Albignasego (Padua), Corsico (Milan) and Lainate (Milan)	Special lien on assets located in the plants of Albignasego (PD), Corsico (MI) and Lainate (MI)	Totals
Ge Capital					30,652,071	30,652,071	61,304,142
Intesa Sanpaolo			30,000,000	45,000,000			75,000,000
Mortgage pool loan of December 2007	781,250,000	343,750,000					1,125,000,000
total	781,250,000	343,750,000	30,000,000	45,000,000	30,652,071	30,652,071	1,261,304,142

It is noted that the Company Marcegaglia spa placed a pledge in favour of Bank Intesa Sanpaolo on money deposited in an existing bank account held at such bank for the amount of Euro 608,665, as indicated in the memorandum accounts, as third-party security. There is also another account with a pledge on behalf of IMI bank, created following a securitisation transaction without notice to the assigned borrowers, having a balance at 12/31/2014 of Euro 5,992,916.

Liabilities related to transactions with retrocession fees

None exist.

Loans made by the Company's shareholders

None exist.

ACCRUED EXPENSES AND DEFERRED INCOME

	Value at beginning of year	Change during the year	Value at year end
Accrued expenses	-	1,892,693	1,892,693
Other deferred income	-	110,063	110,063
Total accrued expenses and deferred income	2,167,179	2,002,756	2,002,756

The breakdown of accrued expenses and deferred income is indicated in the following tables:

Accrued expenses	Breakdown of balance at year end	financial year 2013
Share of accrued interest owed on mortgage loans	192,046	266,779
Accrued expenses on interest rate differences on Interest Rate Swaps	523,989	496,903
Interest due on loans	1,176,365	1,358,555
Other	293	28,975
total	1,892,693	2,151,212

Deferred income	Breakdown of balance at year end	financial year 2013
Rental income due the following year on an accrual basis	75,000	
Other	35,063	15,967
total	110,063	15,967

Commitments not emerging from the Balance Sheet and memorandum accounts

Commitments not emerging from the Balance Sheet are clearly indicated in special memorandum accounts set forth at the bottom of the Balance Sheet.

It is specified that the line item "Total commitments entered into by the Company" includes the amount of Euro 325,000,000 corresponding to the notional capital of derivative contracts entered into by the Company for hedging purposes pursuant to Article 112(6) of T.U.I.R. [Income Tax Consolidated Act], and the amount of Euro 1,698,899 for lease payments that will be due on account of the relevant contracts entered into by the Company.

NOTES - PROFIT AND LOSS ACCOUNT

VALUE OF PRODUCTION

BREAKDOWN OF REVENUE FROM SALES AND SERVICES BY CATEGORY OF ASSET

Category of asset	Value current financial year
Pipes	678,338,249
Flat products	1,672,855,954
Drawn carbon products	116,814,914
Stainless steel	794,114,718
Other steel products	195,386,613
Total	3,457,510,448

BREAKDOWN OF REVENUE FROM SALES AND SERVICES BY GEOGRAPHIC AREA

Geographic area	Value current financial year
Italy	1,548,069,470
EU	1,752,079,866
Other European Countries	109,405,454
North America	23,435,835
South and Central America	2,184,093
Middle East	6,502,039
Far East - Oceania	2,906,122
Africa	12,927,569
Total	3,457,510,448

The same breakdown of revenue by asset, with a further breakdown by geographic area, for both 2014 as well as 2013 is indicated below:

	Italy	EU	Other European Countries	North America	South and Central America	Middle East	Far East Oceania	Africa	Total
pipes	282,374,347	374,268,886	17,023,581	1,330,727	1,401,294	512,211	604,497	822,706	678,338,249
flat products	810,324,349	779,847,394	51,818,370	18,774,522	776,631	2,745,661	1,449,283	7,119,744	1,672,855,954
drawn carbon products	47,113,809	66,086,955	1,633,507	72,928	-	326,542	-	1,581,172	116,814,914
stainless steel	240,308,613	505,402,193	38,887,036	3,257,658	6,168	1,996,760	852,343	3,403,946	794,114,718
other steel products	167,948,350	26,474,438	42,961	-	-	920,865	-	-	195,386,613
Total 2014	1,548,069,469	1,752,079,866	109,405,454	23,435,835	2,184,093	6,502,039	2,906,122	12,927,569	3,457,510,448
% impact 2014	44.77%	50.67%	3.16%	0.68%	0.06%	0.19%	0.08%	0.37%	100.00%

	Italy	UE	Other European Countries	North America	South and Central America	Middle East	Far East Oceania	Africa	Total
pipes	281,232,702	371,136,909	19,701,348	544,879	2,319,858	598,063	916,110	870,605	677,320,472
flat products	852,524,850	722,203,558	80,374,927	114,328	1,173,494	1,600,407	65,350	1,788,424	1,659,845,337
drawn carbon products	46,964,001	64,267,074	1,432,540	19,271	-	434,826	-	1,577,119	114,694,831
stainless steel	205,718,770	467,262,485	36,827,723	734,629	-	1,534,573	583,224	3,487,438	716,148,842
other steel products	206,953,245	34,292,020	535,631	-	-	825,443	-	-	242,606,338
Total 2013	1,593,393,567	1,659,162,046	138,872,168	1,413,107	3,493,352	4,993,311	1,564,684	7,723,585	3,410,615,820
% impact 2013	46.72%	48.65%	4.07%	0.04%	0.10%	0.15%	0.05%	0.23%	100.00%

FINANCIAL INCOME AND EXPENSES

Breakdown of income from equity investments

Line item 15 of the Profit and Loss Account only recognises dividends cashed during 2014 from associates (Palazzo dell'Agricol-

tura srl) in the amount of Euro 150,000 and Companies whose equity investments are recognised in working capital (line item "Other income from equity investments"), for the total amount of Euro 96,881.

BREAKDOWN OF INTEREST AND OTHER FINANCIAL EXPENSES BY TYPE OF LIABILITY

	Interest and other financial expenses
Payables to banks	78,082,777
Other	4,443,674
Total	82,526,451

Further details of the 2014 financial expenses are set forth below:

	Balance at 12/31/2013	Increases/Decreases	Balance at 12/31/2014
Interest due to subsidiaries	1,935,133	-377,376	1,557,757
Interest due to associates	24,548	21,479	46,027
Interest due to parent companies	-	-	-
Interest due to banks and factoring entities	58,069,625	6,912,836	64,982,461
Financial expenses for derivatives	10,277,164	2,823,152	13,100,316
Other financial interest and expenses	2,098,908	740,982	2,839,890
total	72,405,378	10,121,073	82,526,451

VALUE ADJUSTMENTS OF FINANCIAL ASSETS

As already specified in the recitals, line item D18) Revaluations of the Profit and Loss Account consists of:

- revaluations of equity securities recognised in working capital for the amount of Euro 1,151,544;
- revaluations of debt securities recognised in working capital for the amount of Euro 1,650,000;
- revaluations of unit trusts and SICAV recognised in working capital in the amount of Euro 108,412.

Line item D19) Write-downs of Profit and Loss Account consists of:

- write-downs of equity investments in subsidiaries in the amount of Euro 65,351,900;
- write-downs of equity investments in other companies in the amount of Euro 4,570,859;
- write-downs of equity investments recognised in working capital in the amount of Euro 2,175,060
- write-downs of unit trusts and SICAV recognised in working capital in the amount of Euro 120,161.

EXTRAORDINARY INCOME AND EXPENSES

The line item “Extraordinary income and expenses” includes income components other than referable to the Company’s ordinary operations.

The line item “Expenses - taxes related to previous financial years” indicates taxes and sanctions in the amount of Euro 171,674, set aside in the 2014 financial statements, relating to tax assessments received at the end of the 2014 financial year and already settled through acceptance in 2015.

The line item “Other expenses” - other extraordinary expenses” includes approximately Euro 3.3 million for a provision to the risk funds for litigation with the Spanish administrative authority deriving from liability attributed to Marcegaglia spa in managing a Spanish affiliate that was included in insolvency proceedings in 2005. During the month of March, 2015 the relevant settlement was concluded with the Spanish administrative authority ending the dispute, which substantially confirmed the amount allocated in the 2014 financial statements.

The line item “Other extraordinary expenses” also includes the amount of approximately 1.6 million Euro paid to the buyer of the OTO Group (the purchase-sale of the OTO Group was perfected during the 2013 financial year) as a price adjustment.

In the line item “Extraordinary expenses”, approximately 1.2 million of expenses related to financial year 2013 were also recognised.

CURRENT, DEFERRED AND PRE-PAID INCOME TAXES

Deferred taxes recognised in the financial statements at 12/31/2014 are summarized in the following tables.

Pre-paid taxes were recognised on all temporary differences recognised between taxable income and pre-tax profit, assuming sufficient taxable income to “reabsorb” the temporary differences set forth below during the time period considered.

For each of the components indicated below, pre-paid and deferred taxes were allocated with an IRES [corporate income tax] rate of 27.5% and an IRAP [regional tax on productive activity] rate of 3.5%.

RECOGNITION OF DEFERRED AND PRE-PAID TAXES AND RESULTING EFFECTS

	Amount
A) Temporary differences	
Total deductible temporary differences	39,842,103
Total taxable temporary differences	7,504,945
Net temporary differences	(32,337,158)
B) Tax effects	
Fund for deferred (pre-paid) taxes at beginning of year	(9,732,129)
Deferred (pre-paid) taxes for the year	278,914
Fund for deferred (pre-paid) taxes at year end	(9,453,215)

BREAKDOWN OF DEDUCTIBLE TEMPORARY DIFFERENCES

Description	Amount
Amortization intangible assets. Goodwill	16,640
Unpaid remuneration to directors. 2013 Remuneration	12,500
Losses on exchange rates from valuation. Losses on 2014 exchange rates	6,081,433
Provisions. Provision for taxed bad debts	450,938
Risk Funds. Taxed risk fund	3,994,238
Penalty interest. Unpaid penalty interest	161,870
Write-downs of intangible fixed assets. Write-down of intangible fixed assets	14,355,108
Supplementary Agents Indemnity Fund. Supplementary Agents Indemnity Fund	286,729
Association fees. Unpaid association fees	164,591
Write-down securities of working capital. Write-down securities of working capital	14,318,056
Total	39,842,103

BREAKDOWN OF TAXABLE TEMPORARY DIFFERENCES

Description	Amount
Capital gains to be paid by instalment. Ordinary capital gains	252,391
Gains on exchange rates from valuation. Gains on 2014 exchange rates	3,276,825
Revaluation securities of working capital. Revaluation securities of working capital	941,329
Insurance indemnities. Insurance indemnities	3,034,400
Total	7,504,945

BREAKDOWN OF DEFERRED AND PREPAID TAXES BY TIME PERIOD

Description	2015	2016	2017	2018	2019	Beyond 2019 or which cannot be estimated	Total
A) Taxable temporary differences							
<i>Ires</i>							
gains on exchange rates from valuation	3,276,825						3,276,825
ordinary capital gains	252,391						252,391
insurance indemnities settled during following year	3,034,400						3,034,400
revaluation equity investments	941,329						941,329
<i>total</i>	7,504,945		-	-	-		7,504,945
<i>Irap</i>							
<i>total</i>							
Total deferred taxes	2,063,860	-	-	-	-	-	2,063,860
B) Differenze temporanee deducibili							
<i>Ires</i>							
losses on exchange rates from valuation	6,081,433						6,081,433
taxes on provision for bad debts	450,938						450,938
taxes on risk fund	3,994,238						3,994,238
unpaid remuneration to directors	12,500						12,500
penalty interest	161,870						161,870
write-downs of property, plant and equipment						14,355,108	14,355,108
supplemental agent indemnities						286,729	286,729
Association fees	164,591						164,591
goodwill	2,780	2,780	2,780	2,780	2,780	2,740	16,640
write-downs securities of working capital						14,318,056	14,318,056
<i>total</i>	10,868,350	2,780	2,780	2,780	2,780	28,962,633	39,842,103
<i>Irap</i>							
write-downs of property, plant and equipment						14,355,108	14,355,108
goodwill	2,780	2,780	2,780	2,780	2,780	2,740	16,640
<i>total</i>	2,780	2,780	2,780	2,780	2,780	14,357,848	14,371,748
Total pre-paid taxes	2,988,902	873	873	873	873	8,524,681	11,517,075



In conclusion, and in compliance with the provisions of O.I.C. Document no. 25, two tables are provided that indicate the reconciliation of the expected tax burden, for IRES and IRAP respectively, with the effective tax burden.

RECONCILIATION BETWEEN ACTUAL TAX BURDEN AND THEORETICAL TAX BURDEN (IRES)

2014		
Profit (+) /Loss (-) statutory/before taxes	-22,730,339	
Theoretical tax 27.5% on statutory result before taxes		0
Effect of increases (+) / decreases (-) with respect to the normal rate		IRES impact
<i>Increase in temporary differences</i>		
- losses on exchange rates from valuation	6,081,433	1,672,394
- provisions for risks	7,829,544	2,153,125
- write-down securities of working capital	2,175,060	598,142
- other	326,461	89,777
<i>Decrease in temporary differences</i>		
- gains on exchange rates from valuation	-3,276,825	-901,127
- capital gains spread over a period of time		0
- other	-3,034,400	-834,460
<i>Re-absorption of decrease in temporary differences</i>		
- losses on exchange rates from valuation	-1,210,788	-332,967
- use of depreciation fund for securities in working capital	-9,403,545	-2,585,975
- use of risk funds	-3,979,890	-1,094,470
- other	-178,155	-48,993
<i>Re-absorption of increase in temporary differences</i>		
- capital gains	475,178	130,674
- gains on exchange rates from valuation	2,488,284	684,278
<i>Permanent increases</i>		
- taxes and charges	3,524,299	969,182
- write-down of equity investments	69,922,759	19,228,759
- provisions	4,618,832	1,270,179
- other	5,971,159	1,642,069
<i>Permanent decreases</i>		
- exempt capital gains	0	0
- non taxable dividends	-234,537	-64,498
- IRAP deductions	-5,483,657	-1,508,006
- non taxable revenue	-52,291	-14,380
- revaluation of equity investments		0
- non taxable contingent assets		0
- other	-979,833	-269,454
IRES taxable amount	52,848,749	20,784,249
Tax losses from previous financial years	0	0
Current IRES for the financial year (27.5% tax rate)		14,533,406
Changes due to deferred/pre-paid taxes - IRES		788,345
Costs (+) /revenue (-) from tax consolidation		1,122,823
IRES impact on income		16,444,574
Actual tax rate	-72.35%	

2013		
Profit (+) /Loss (-) statutory/before taxes	-27,816,844	
Theoretical tax 27.5% on statutory result before taxes		0
Effect of increases (+) / decreases (-) with respect to the normal rate		IRES impact
<i>Increase in temporary differences</i>		
- losses on exchange rates from valuation	1,210,788	332,967
- provisions for risks	11,973,712	3,292,771
- write-down securities of working capital	2,164,242	595,167
- other	460,347	126,595
<i>Decrease in temporary differences</i>		
- gains on exchange rates from valuation	-2,488,284	-684,278
- capital gains spread over a period of time	-55,502	-15,263
- other		0
<i>Re-absorption of decrease in temporary differences</i>		
- losses on exchange rates from valuation	-1,743,405	-479,436
- use of depreciation fund for securities in working capital		
- use of risk funds	-515,986	-141,896
- other	-317,080	-87,197
<i>Re-absorption of increase in temporary differences</i>		
- capital gains	641,609	176,442
- gains on exchange rates from valuation	1,885,525	518,519
<i>Permanent increases</i>		
- taxes and charges	3,515,506	966,766
- write-down of equity investments	112,829,428	31,028,093
- provisions	3,336,332	917,491
- other	4,813,238	1,323,640
<i>Permanent decreases</i>		
- exempt capital gains	-43,874,983	-12,065,620
- non taxable dividends	-3,665,281	-1,007,952
- IRAP deductions	-5,736,226	-1,577,462
- non taxable revenue	-4,050,042	-1,113,762
- revaluation of equity investments	-629,081	-172,997
- non taxable contingent assets	-177,384	-48,781
- other	-1,261,645	-346,952
IRES taxable amount	50,498,984	21,536,855
Tax losses from previous financial years	0	0
Current IRES for the financial year (27.5% tax rate)		13,887,220
Changes due to deferred/pre-paid taxes - IRES		-7,936,488
Costs (+) /revenue (-) from tax consolidation		-863,785
IRES impact on income		5,086,947
Actual tax rate	-18.29%	

RECONCILIATION BETWEEN THE ACTUAL TAX BURDEN AND THEORETICAL TAX BURDEN (IRAP)

2014		
Difference between value and cost of production	118,881,932	
Costs other than relevant for IRAP purposes	207,869,588	
Theoretical IRAP taxable amount	326,751,520	
Theoretical tax 3.9% on theoretical IRAP taxable amount		12,743,309
Effect of increases (+) / decreases (-) on ordinary tax rate		Effetto IRAP
<i>Increase in temporary differences</i>		
- provisions	4,500,000	175,500
- other		0
<i>Re-absorption of temporary increases</i>		
- capital gains		
- 1/6 share for disalignment from section EC		0
<i>Re-absorption of temporary decreases</i>		
- use of risk funds		0
- other	-2,780	-108
<i>Permanent increases</i>		
- costs, remuneration and gains pursuant to Article 11(1) (b) of Legislative Decree 446	2,546,895	99,329
- share of interest in lease payments	737,857	28,776
- write-downs and losses on receivables		0
- municipal tax on buildings/IMU	3,307,082	128,976
- non-deductible amortization of trademarks and goodwill	253,140	9,872
- other	3,127,375	121,968
<i>Permanent decreases</i>		
- non taxable contributions		0
- non taxable revenue		0
- other	-227,360	-8,867
Value of production before IRAP	340,993,729	13,298,755
IRAP deductions	-86,462,279	-3,372,029
IRAP Taxable income	254,531,450	
Current IRAP for the financial year (tax rate 3.9%)		9,926,727
Changes from deferred/pre-paid taxes for IRAP		-509,431
IRAP impact on financial year income		9,417,296
Actual tax rate		2.88%

2013		
Difference between value and cost of production	89,252,022	
Costs other than relevant for IRAP purposes	227,192,880	
Theoretical IRAP taxable amount	316,444,902	
Theoretical tax 3.9% on theoretical IRAP taxable amount		12,341,351
Effect of increases (+) / decreases (-) on ordinary tax rate		Effetto IRAP
<i>Increase in temporary differences</i>		
- provisions	1,439,642	56,146
- other	0	0
<i>Re-absorption of temporary increases</i>		
- capital gains		
- 1/6 share for disalignment from section EC	2,383,999	92,976
<i>Re-absorption of temporary decreases</i>		
- use of risk funds	-375,828	-14,657
- other	-58,282	-2,273
<i>Permanent increases</i>		
- costs, remuneration and gains pursuant to Article 11(1) (b) of Legislative Decree 446	2,364,326	92,209
- share of interest in lease payments	901,309	35,151
- write-downs and losses on receivables	1,263,170	49,264
- municipal tax on buildings/IMU	3,198,031	124,723
- non-deductible amortization of trademarks and goodwill	253,140	9,872
- other	1,383,383	53,952
<i>Permanent decreases</i>		
- non taxable contributions		0
- non taxable revenue		0
- other	-797,328	-31,096
Value of production before IRAP	328,400,464	12,807,618
IRAP deductions	-77,705,559	-3,030,517
IRAP Taxable income	250,694,905	
Current IRAP for the financial year (tax rate 3.9%)		9,777,102
Changes from deferred/pre-paid taxes for IRAP		-126,355
IRAP impact on financial year income		9,650,747
Actual tax rate		3.05%

NOTES - OTHER INFORMATION

EMPLOYMENT DATA

	Average number
Managers	32
Middle level management	46
Office workers	798
Factory workers	2,770
Total employees	3,646

Specific data on employees at December 31, 2014 is set forth below, compared with the analogous data at December 31, 2013:

Category	Time period	2014		2013	
		Average number	at December 31	Average number	at December 31
Managers	month	32	31	29	29
Office workers	month	844	850	843	839
Factory workers	month	2,770	2,773	2,826	2,819
Total		3,646	3,654	3,698	3,687

REMUNERATION TO DIRECTORS AND STATUTORY AUDITORS

The remuneration to members of the Board of Directors was calculated on the basis of the resolutions of October 4, 2013 and May 30, 2014. It was paid in its entirety during the year ending December 31, 2014.

	Value
Remuneration to directors	1,670,000
Remuneration to statutory auditors	145,600
Total remuneration to directors and statutory auditors	1,815,600

REMUNERATION TO THE LEGAL AUDITOR OR THE INDEPENDENT AUDITOR

Starting from 2011 the appointment to audit the financial statements for the period in accordance with and for the effects of Article 14 of Legislative Decree no. 39 of 01/27/2010 was entrusted to the independent auditor BDO spa. The remuneration for such activity and for the audit of the statutory financial statements amounts to Euro 92,000 per year. The independent auditor BDO spa was also appointed to prepare the voluntary certification of the consolidated financial statements of Marcegaglia spa (prepared in compliance with financial

obligations only), the coordination of the reporting package prior to obtaining the above mentioned consolidation, as well as the certification of compliance with specific obligations in terms of financial ratios provided by the contract entered into with the pool of banks in December 2007. BDO spa is entitled to remuneration for such further activities in the amount of Euro 33,000 per year.

	Value
Audit of annual accounts	92,000
Other auditing services performed	33,000
Total fees to which the legal auditor or independent auditor is entitled	125,000

CATEGORIES OF SHARES ISSUED BY THE COMPANY

Description	Initial balance, number	Initial balance, nominal value	Final balance, number	Final balance, nominal value
Ordinary shares	114,000	58,876,440	114,000	58,876,440
Total	114,000	58,876,440	114,000	58,876,440

The nominal value of ordinary shares amounts to Euro 516.46 each.

SECURITIES ISSUED BY THE COMPANY

None exist.

INFORMATION ON FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

The Company has not issued any financial instruments.

SUMMARY TABLE OF THE FINANCIAL STATEMENTS OF THE COMPANY EXERCISING COORDINATION AND CONTROL

It is noted that the Company is subject to the coordination and control of the parent company MARFIN srl, which holds 67.19% of the share capital directly as well as a further share of 25.44% indirectly through the 100% subsidiary Marcegaglia Ireland Ltd. It is specified that MARFIN srl. prepared the Consolidated Financial statements.

Pursuant to Article 2497-bis(4) of the Italian Civil Code, the following is a summary table of the key data of the company MARFIN srl as appears from the last approved financial statements ended at 12.31.2013.

SUMMARY TABLE OF THE BALANCE SHEET OF THE COMPANY THAT EXERCISES COORDINATION AND CONTROL

Data from the last approved financial statements	12/31/2013	12/31/2012
A) Receivables from shareholders for outstanding contributions	-	-
B) Fixed assets	634,725,426	679,347,092
C) Working capital	21,222,647	30,602,807
D) Accrued income and prepaid expenses	-	-
Total assets	655,948,073	709,949,899
A) Shareholders' equity		
Share capital	100,000	100,000
Reserves	538,753,706	537,838,774
Profit (Loss) for the year	(73,733,657)	554,803
Total shareholders' equity	465,120,049	538,493,577
B) Risk and expense funds	27,540,777	21,486,355
C) Employee severance pay	-	-
D) Payables	163,280,329	149,969,967
E) Accrued expenses and deferred income	6,918	-
Total liabilities	655,948,073	709,949,899
Guarantees, commitments and other risks	69,494,193	2,582

SUMMARY TABLE OF THE PROFIT AND LOSS ACCOUNT OF THE COMPANY EXERCISING COORDINATION AND CONTROL

Data from the last approved financial statements	12/31/2013	12/31/2012
A) Value of production	-	10,302
B) Cost of production	47,433	40,506
C) Financial income and expenses	(3,729,509)	(2,691,844)
D) Value adjustments of financial assets	(71,259,962)	2,500,555
E) Extraordinary income and expenses	(1)	-
Income taxes	(1,303,248)	(776,296)
Profit (Loss) for the year	(73,733,657)	554,803

NOTES final part

Significant changes in exchange rates

The changes in exchange rates that occurred after the end of the financial year will negatively impact the valuation of the debt or credit position in foreign currency as at 12/31/14.

Using the value of the exchange rates at 04/30/15 in fact, the net impact of the line items “gains on exchange rates from valuation” and “losses on exchange rates from valuation” (17bis of the Profit and Loss Account) worsened by approximately Euro 10 million, with an equally negative effect on income.

Transactions with related parties

Marcegaglia S.p.A.’s activity is primarily aimed at developing relations with parties who are not directly or indirectly related, without, however, ignoring the appropriate synergies stemming from the commercial and financial relationships between the companies of a group characterized by effective and efficient horizontal and vertical integration.

The Report on Operations indicates the book values of business activities with group entities, specifying that the transactions were carried out at arm’s length, as if they had been made between unrelated parties.

Property included in assets allocated for a specific business transaction

None exist.

Income from loans to be used for a specific business transaction

None exist.

Nature and economic purpose of agreements that do not appear from the Balance Sheet (“off balance sheet” transactions)

Article 2427(1)(22-ter)

The Company did not engage in any transaction falling under Article 2427(1)(22 ter) of the Italian Civil Code that has not already been disclosed in this document.

Fixed assets purchased prior to 17 April 1991 (Article 45(2) of Legislative Decree no. 127 of April 9, 1991)

It is certified that in respect of fixed assets purchased or produced prior to April 17, 1991, the original cost was already calculated and recognised in the accounting records.

Information on the “fair value” of financial instruments

The Company held the following derivatives as at the closing date of the financial statements.

Derivatives on interest rates:

at December 31, 2014 Marcegaglia spa held “interest rate swaps”, both for the specific purpose of hedging some medium/long term variable-rate loans (whose reference parameter is the Euribor rate for the period), and for generally mitigating the risks connected to the financial expense deriving from variable-rate bank payables. However they are not related to the concept of a hedging transaction set forth in Article 112(6) T.U.I.R.

The hedge instruments held provide for fixed-rate payments for Marcegaglia spa vs. collections linked to the Euribor rate for the period, having the same duration and frequency of the loans to which they are linked.

Such instruments have 3-year residual duration and a cumulative notional value at December 31 2014 of Euro 325 million. Their negative “fair value” (calculated with the mark-to-market approach at 12/31/2014) amounted to Euro 41,479,740. The fair value of hedged liabilities, i.e. the value of the principal of the cited bank loans at December 31, 2014, amounts to Euro 426,631,672.

The “interest rate swaps” are instead held for the purpose of generally mitigating the risks connected to the financial burden deriving from variable-rate bank payables, but they are not related to the concept of a hedging transaction set forth in Article 112 (6) T.U.I.R.. Interest rate swaps have a residual duration ranging from 1 to 6 years and a cumulative notional value at December 31,

2014 of Euro 196,250,000. Comparing their “fair value” valuation calculated by “mark to market” at 12/31/2014, equivalent to Euro – 27,174,445, and their “fair value” calculated by “mark to market” at 12/31/2013, it appears that the specific risks fund created to hedge such liabilities had a net deficit of Euro 822,583. Such differential, set aside in the specific risk fund, had as a counter-entry a negative income component in the amount of Euro 2,080,201 that was recognised among other financial expenses in line item 17 of the Profit and Loss Account, and a positive component of Euro 1,257,619 that was also recognised in other financial expenses, but as an adjustment of the negative differentials on derivatives paid during 2014, since a portion of such differentials paid in 2014 had been included in the fair value valuation as at 12/31/2013.

Forward exchange purchase/sale contracts:

as at December 31, 2014, Marcegaglia spa did not have any outstanding forward exchange contracts. The relevant risk fund that had been provided in the 2013 financial statements related to some forward contracts in USD and was entirely used during 2014 to adjust the forex results achieved at the maturity of such forward exchange contracts.

Information set forth in Article 27 of Legislative Decree 127/91 – consolidated financial statements

The Company, together with its subsidiaries, exceeds the limits set forth in Article 27 of Legislative Decree 127/91; however, pursuant to par. 3 of such article there is no need to prepare consolidated financial statements because these financial statements are included in the consolidated financial statements prepared by the parent holding company Marfin S.r.l., having its registered office in Gazoldo degli Ippoliti (MN) - Via Bresciani no. 16.

Information on the “national tax consolidation”

Article 2427 of the Italian Civil Code

does not provide any specific reporting obligation on tax consolidation, however, as indicated by OIC Document no. 12 of 05-2006, it is deemed fit to note the following:

The option to use the consolidated tax regime on a national basis was renewed in June 2014 and shall remain valid for the three-year period 2014/2015/2016.

In respect of the Company Marcegaglia spa, opting for tax consolidation resulted in contributing a taxable profit of Euro 52,848,749 to the Group's overall income, and in recognition, in line item E22 of the Profit and Loss Account, of a profit of Euro 1,122,823 stemming from the 10% remuneration – provided by the outstanding tax consolidation agreement – of the surplus gross operating result ("rol"), which was not used and was

instead assigned to Marfin srl pursuant to Article 96(7) of DPR 917/86.

From an equity standpoint, in consideration of the above, the Company Marcegaglia spa recognised a receivable in 2014 for the overall amount of Euro 412,704 vs. the consolidating company, following the payment of IRES for financial year 2014.

Certification of financial statements by the independent auditor

Marcegaglia S.p.A. entrusted the audit of its financial statements, in accordance with and for the effects of Article 14 of Legislative Decree no. 39 of 01/27/2010, to the independent auditor BDO S.p.A.

Use of the operating result

We propose covering the operating loss

amounting to Euro 46,346,563.19 through the use of the Extraordinary Reserve for an equivalent amount.

DECLARATION OF CONFORMITY

It is hereby repeated that the valuation criteria reported herein conform to statutory regulations.

These Notes, as well as the entire financial statements of which they are an integral part, represent the financial position of the Company as well as the operating result of the financial year in a truthful and accurate manner.

The representation of the values required by Article 2427 of the Italian Civil Code was prepared in conformity with the principle of clarity.

Gazoldo degli Ippoliti, June 12, 2015

The Chairman of the Board of Directors
Antonio Marcegaglia

CASH FLOW STATEMENT YEAR 2014

MARCEGAGLIA S.p.A. - Head office: via Bresciani, 16 - 46040 Gazoldo degli Ippoliti, Mantova - Italy
Share capital euro 58.876.440,00 fully paid up
Tax Code and registration in the Trade Register in Mantua no. 01331020204

thousands Euro

	year 2014	year 2013
Profit (loss) for the year	(46,347)	(42,555)
Amortization of intangible assets	1,151	1,272
Depreciation of tangible fixed assets	83,304	77,856
Total amortization and depreciation	84,455	79,128
Provisions for staff leaving indemnity reserve	10,351	10,389
Staff leaving indemnity reserve - utilization	(11,332)	(12,179)
Provision for taxes and deferred taxes reserve	1,926	3,320
Provision for taxes and deferred taxes - utilization	(3,450)	(8,788)
Decrease (increase) advanced taxes	(642)	(2,959)
Provision for other risks reserve	5,644	5,963
Other risks reserve - utilization	(6,574)	(7,841)
Provisions for doubtful accounts	8,789	19,407
Provisions for doubtful accounts utilization	(6,373)	(4,833)
Total Accruals	(1,661)	2,479
Net value of exchange losses (gains) from conversion at the end of the year	4,082	(1,135)
Adjustments to the value of financial assets	69,308	117,836
Reduction of the excess part of provisions for risks	0	(4,000)
Losses (gains) from disposal of financial fixed assets	0	(46,184)
Losses (gains) from disposals of intangible and tangible fixed assets	(1,656)	(122)
Write-off of tangible/intangible assets	6,669	10,556
Gains from lease back transaction	0	(56)
Increase in internal construction capitalized	0	(5,128)
Other non-monetary costs and revenues	78,403	71,767
Profit(loss) for the year after amort,depr,accr and other non-mon costs and rev	114,850	110,819
Decrease (increase) of inventories and advances	(164,692)	(59,982)
Dec. (incr.) of trade receiv before adjs from conversion at the end of the year	101,799	(19,431)
Dec. (incr.) of receiv from subs before adjs from conv at the end of the year	2,062	(13,843)
Dec. (incr.) of receiv from assoc comp before adjs from conv at the end of the year	1,351	(1,429)
Dec. (incr.) of receiv from parent comp. bef adjs from conv at the end of the year	(20,473)	7,585
Dec. (incr.) of other current receivables before adjs from conversion at the end of the year	42,487	(21,588)
Increase (decrease) of advances	2,185	(1,227)
Incr. (dec.) of trade payables before adjs from conversion at the end of the year	(70,062)	41,602
Incr. (dec.) of pay. to sub. bef. adjs from conversion at the end of the year	5,068	(25,721)
Incr. (dec.) of pay. to assoc comp. bef. adjs from conversion at the end of the year	(16,158)	15,817
Incr. (dec.) of pay. to parent comp. bef. adjs from conv. at the end of the year	0	0
Incr. (dec.) of other pay. bef. adjs from conv. at the end of the year	59,069	43,976
Dec. (incr.) of prepayments and accrued income	1,742	2,635
Incr. (dec.) of accrued liabilities and deferred incomes	(164)	1,029
Cash flow from (used in) operating activities	(53,786)	(30,577)
INVESTMENT ACTIVITIES		
Increase of intangible assets	(1,941)	(1,311)
Increase of tangible assets less internal construction capitalized	(47,268)	(61,546)
Revenues from disposal of tangible and intangible assets	2,264	382
Other movements of tangible/intangible assets	0	(59,352)
Dec. (incr.) of financial fixed assets before write down and disposals	0	42,049
Dec.(incr.) of other invest. of fixed assets before rev. and write - down	(60,406)	(1,971)
Revenues from disposal of other fixed assets	0	6,991
Dec.(incr.) of other invest. of curr. assets before rev. and write - down	714	(2,526)
Cash flow from (used in) investment activities	(106,637)	(77,284)
FINANCIAL ACTIVITIES		
Incr. (dec.) of bank loans and within 12 m. bef.conv.at the end of the year	180,424	83,253
Incr. (dec.) of bank loans and after 12 m. bef.conv.at the end of the year	(86,670)	(86,044)
Cash flow from (used in) financial activities	93,754	(2,791)
Increase (decrease) cash and cash equivalents	46,181	167
Financial position at the beginnig of the year	5,710	5,543
Financial position at the end of the year	51,891	5,710

REPORT OF THE BOARD OF STATUTORY AUDITORS RELATING TO THE FINANCIAL ACCOUNTS AS OF DECEMBER 31ST 2014

To Marcegaglia S.p.A.'s shareholders

Introduction

During the financial year closed as of December 31st 2014 we have performed the activity of surveillance and control provided for by the law, taking into account, in carrying out the mandate, the “rules of behaviour of the statutory auditors” recommended by the national board of accountants and bookkeepers; as you may know the auditing activities are performed by the auditing company BDO S.p.A. with registered office in Milano, Largo Augusto 8.

Our report only refers to the surveillance activity performed (art. 2429 comma 2) while for the auditing activity we ask you to make reference to the report of BDO S.p.A.

In particular we acknowledge:

- that we have monitored, as far as our competence is concerned, the compliance with the law and the incorporation act and the respect of the principles of proper administration;
- that we have participated to the meetings of the corporate bodies, verifying their correct development in accordance with the law and the by-laws. The resolutions adopted are compliant with the law and the by-laws and are not manifestly imprudent, risky, in potential conflict of interest or of a kind that could compromise the integrity of the corporate assets;
- that we have obtained from the directors periodic information on the general trend of the administration and on its foreseen development and on the most relevant deals, in terms of dimensions or characteristics performed by the company. In this respect we can reasonably insure that the actions taken do not conflict with the law, the resolutions adopted by the general assembly and are not of a kind that could compromise the integrity of the corporate assets;
- that we have been aware and monitored, as far as our competence is concerned, the adequacy of the organizational asset of the company and the administrative and accounting system and the latter's reliability to duly represent the management facts and that we do not have anything to report in this respect;
- that we have not observed atypical or unusual operations;
- that we did not receive notifications in accordance with art. 2408 Civil Code and that we have not issued the opinions provided for by the law.

The surveillance activity described above has been carried out in 2014 during the board of statutory auditors' meetings that have taken place with the frequency provided for by the law and by means of meetings and interviews with the company's representatives; during the surveillance activity we did not observe omissions, critical facts or irregularities that needed to be mentioned in the present report.

We have verified the compliance with the laws relating to the preparation of the report on the management and in this respect we do not have any particular observation to report.

As far as we know the directors, in preparing the financial accounts, have not waived any law in accordance with art. 2423 IV comma Civil Code.

We have verified the correspondence of what indicated in the financial accounts to the facts and information that we have received after the completion of our duties and we do not have any remark in this respect.

In conclusion, taking into account what indicated above, the board of statutory auditors does not observe any obstructive reason to the approval of the financial accounts as of December 31st 2014 as prepared by the directors and to the proposal formulated by the same directors to cover the losses accrued during the last financial year equal to Euro 46,346,563.19.

Gazoldo degli Ippoliti, June 13th 2015

The Board of Statutory Auditors

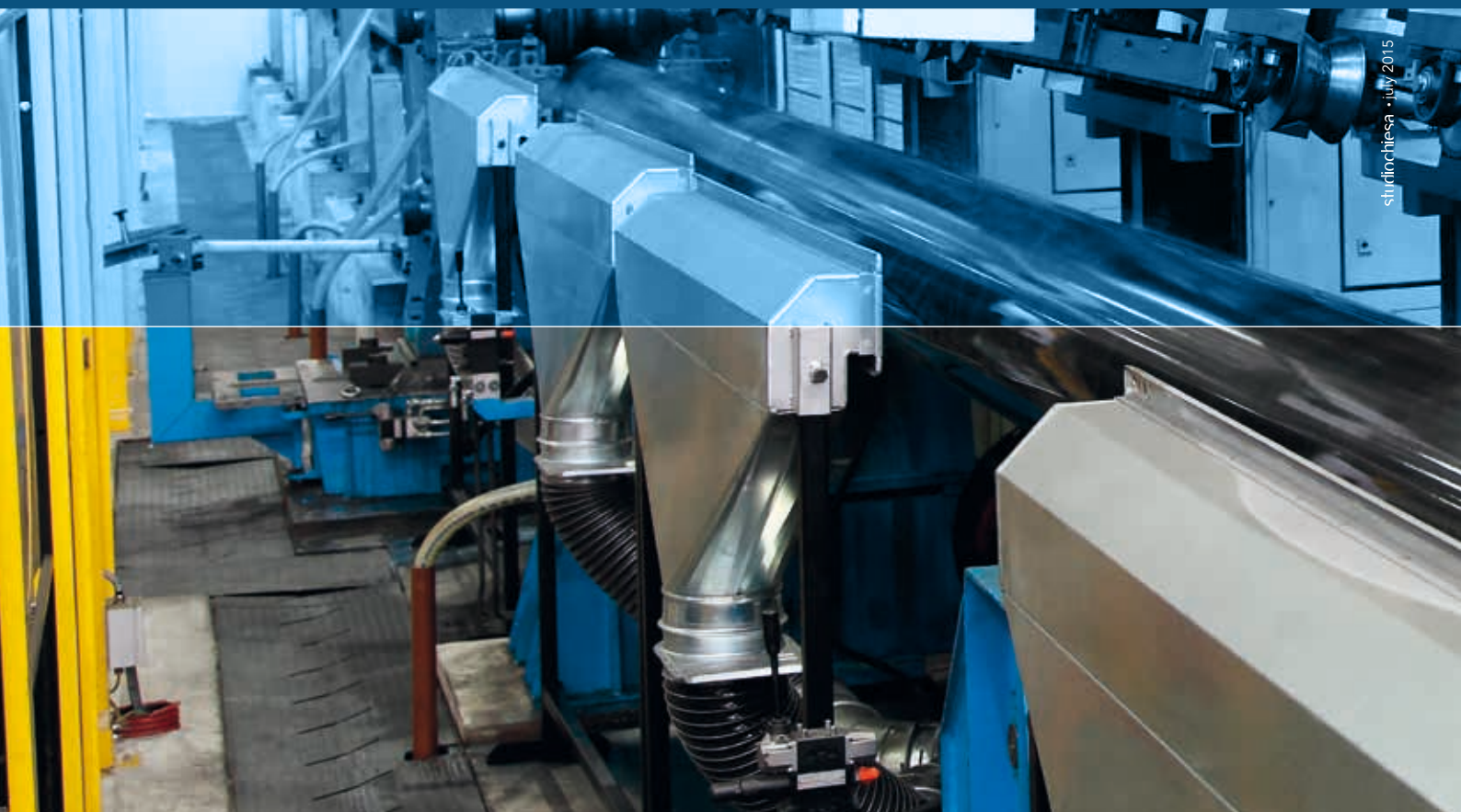
Manzitti Avv. Andrea - *President*

Lui Dr. Fausto - *Auditor*

Colantoni Dr. Enrico - *Auditor*

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MARCEGAGLIA



shirochiesca - july 2015



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