

CFS EUROPE S.p.A.

(Sole Shareholder Company)

Company subject to the management and co-ordination of Camlin Fine Sciences Ltd.
(India)

Registered Office: Viale della Lirica 35 – 48124 Ravenna (RA)

Tax Code 03902320823 - VAT No. 11310150153

Register of Companies of Ravenna No. 03902320823 - REA Ravenna No.
134927

Share Capital Euro 2,000,000 fully paid in

Directors' Report on the Financial Statements at 31 March 2016

Dear Shareholder,

The financial statements for the year ended 31 March 2016, submitted for your approval, made up of the balance sheet, income statement and explanatory notes, have been drawn up in compliance with the Italian Civil Code. They highlight a profit of Euro 2,513,098 after taxes of Euro 1.005.071 and depreciations for Euro 1.075.967.

This Directors' Report has been prepared in accordance with the provisions of art. 2428 of the aforementioned Civil Code, and aims to provide a true and accurate analysis of the company and its operating results for the year ended 31 March 2016.

To this end, we will go through the contents of the Balance Sheet and Income Statement, reclassifying them by a number of criteria to highlight figures and results that can help to understand and calculate useful ratios.

We will now look at the assets and liabilities of the company, as well income-related and cash flow items, taking into account costs, revenues and investments made in particular.

PRELIMINARY INFORMATION

Thanks to the significant investments in new improvements to certain parts of the plant during the year, management has made strategic changes to the production process and this has made it possible to increase the efficiency of the diphenol plant.



OPERATIONAL PERFORMANCE

CFS Europe S.p.A. produces and sells chemical products for industrial use, with business concentrating particularly on diphenols: catechol and hydroquinone. During 2015/2016, due to a significant decrease of the oil price, market prices of both purchase and sales materials generally decreased, with the effect that revenues of the year decreased by 19% compared to past financial year, and a very similar trend is observed on raw materials purchase prices. This is demonstrated by the fact that EBITDA was improved despite lower revenues for the year.

STAFF

The average number of employees working for the company the previous year and this year is shown below, broken down by category.

QUALIFICA / ESERCIZIO	31/03/2015	31/03/2016	N.MEDIO
Operai	17	19	18
Impiegati	18	18	18
Quadri	5	6	6
Dirigenti	1	1	1
TOTALE DIPENDENTI	41	44	43

Industrial relations are normal and there is no litigation pending.

BALANCE SHEET

The company's capital structure consists of substantial tangible and intangible investments, significant inventories of raw materials, semi-finished and finished products and receivables, mainly trade receivables still to be collected, as well as deferred tax assets amounting to approximately Euro 1.7 million. Compared to the previous year, note the significant increase in net investments (up by around Euro 3.1 million) and an increase in inventories (up by a total of approximately Euro 2.1 million, especially semi-finished and finished products). As regards liabilities, the company's debt is relatively stable in absolute terms, but the debt structure has changed. Specifically, payables due to banks have decreased by around Euro 1.2 million and trade payables have risen by approximately Euro 1.6 million.

Short-term bank liabilities of approximately Euro 7.3 million include about Euro 1 million relating to accounts receivable financing and around Euro 3.63 million to the presentation and early deposit of letters of credit that have not yet reached their natural maturity for collection. On the date of collection of the invoices issued there will be a reduction in trade receivables and payables due to banks for the same amount.

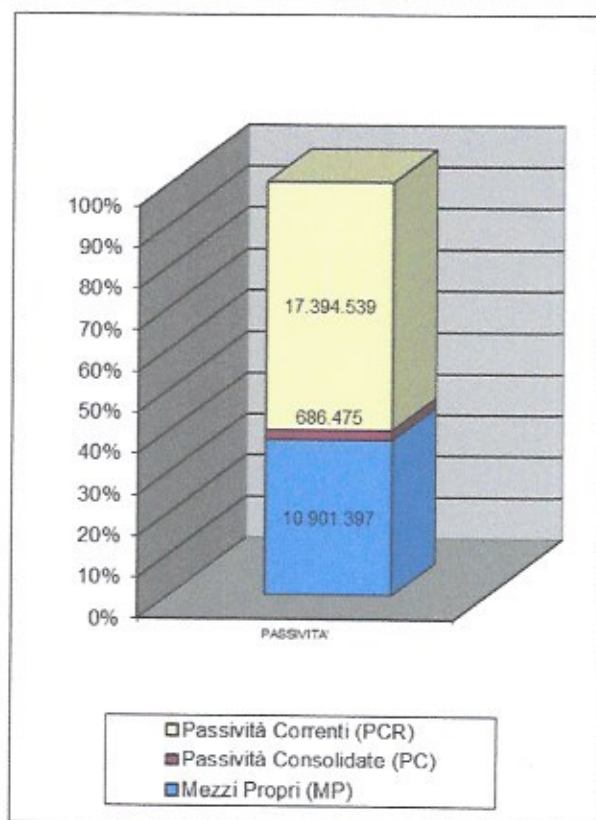
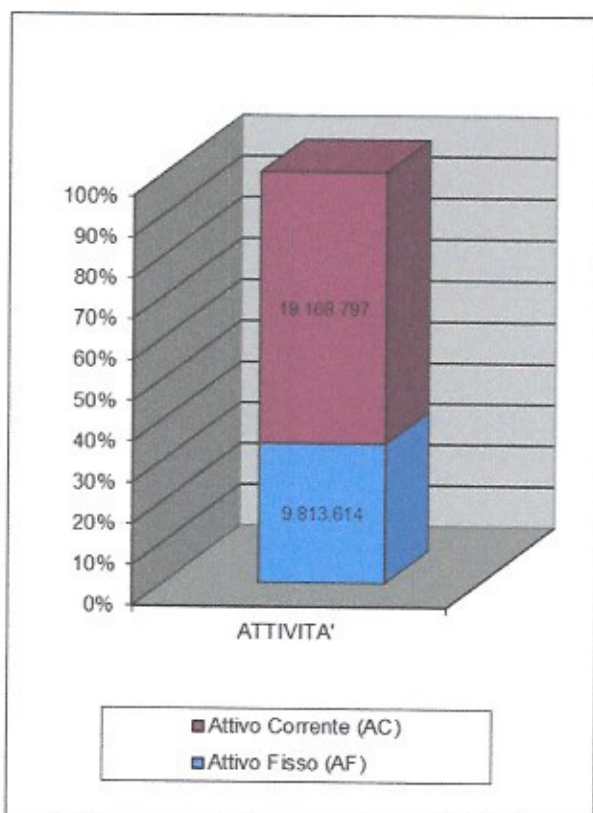
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ROBERTO MALLARDO
IL PRESIDENTE


The amounts payable as employee severance indemnity and on the bank loan have been included in medium- and long-term payables.

The table below shows figures reported in the Balance Sheet, but reclassified on the basis of financial criteria, i.e. sorting assets and liabilities by increasing "liquidity".

ASSETS	
Fixed assets (AF)	
Intangible fixed assets	1,440,705
Tangible fixed assets	8,197,178
Financial fixed assets	175,730
Total fixed assets	9,813,614
Current assets (AC)	
Inventories	8,219,003
Deferred assets (ld)	10,538,697
Liquid assets (li)	411,097
Total current assets	19,168,797
Capital invested	28,982,411

LIABILITIES	
Equity (MP)	
Share capital	2,000,000
Reserves, profit and shareholder loans	8,901,397
Total equity	10,901,397
Consolidated liabilities (PC)	
Medium/long-term liabilities	686,475
- of which borrowing (pf)	0
Current liabilities (PCR)	
Short-term payables	17,394,539
- of which borrowing (pf)	7,132,530
Funding capital	28,982,411



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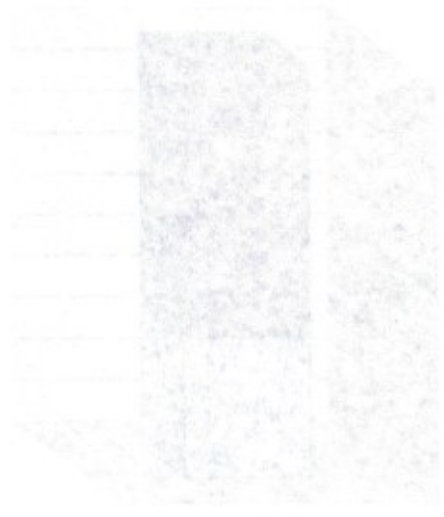
The Euro 200,730 payable for the shareholder loan has been reclassified as "equity".



DESCRIZIONE	2014 (Euro)	2013 (Euro)
IMMOBILIZZAZIONI	1.234.567	1.123.456
VALORI IN PROGRESSO	567.890	456.789
ATTIVO TOTALE	1.802.457	1.580.245
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1.580.245

1.802.457

ANALYSIS OF THE CAPITAL STRUCTURE

As a result of the reclassification we are able to calculate a number of capital adequacy ratios which highlight how medium- and long-term uses are financed, as well as the composition of the sources of financing.

In more detail:

Indicatori di solidità patrimoniale – Capital adequacy ratios

INDICATORI DI SOLIDITA' PATRIMONIALE		31/03/2015	31/03/2016
Quoziente primario di struttura	MP / AF	117,83%	111,08%
Quoziente secondario di struttura	(MP+PC) / AF	124,89%	118,08%
Quoziente indebitamento compl.	(PC+PCR) / MP	2,120	1,659

Quoziente primario di struttura - Fixed asset to equity capital ratio

Quoziente secondario di struttura - Fixed asset to equity capital and medium-long term debt ratio

Quoziente indebitamento compl. – Total borrowing ratio

The first two ratios look at the extent to which investments (fixed assets) are covered by financial resources destined to remain in the company over the long term, and represented by own resources and consolidated liabilities. Though reduced from last year, the two ratios show excellent balance and coverage.

The total borrowing ratio indicates that third-party resources are twice the amount of the company's own resources (which also include loans by shareholders, which for analysis purposes are similar to contributions).

Note the further improvement in the debt ratio, which after the 40% decrease compared to 2014, fell by roughly an additional 20%.

ANALYSIS OF FINANCIAL POSITION AND SOLVENCY RATIOS

After initial analysis of the solidity of the company, i.e. the ability to maintain financial stability over the medium- to long-term, let's now look at the solvency ratios.

A number of solvency ratios can be calculated that are based on reclassified short-term balance sheet data.

In more detail:

INDICATORI DI SOLVIBILITA' - LIQUIDITA'		31/03/2015	31/03/2016
Margine di disponibilità	AC - PCR	1.771.830	1.774.258
Quoziente di disponibilità	AC / PCR	110,24%	110,20%
Margine di tesoreria	LD + LI - PCR	(4.378.507)	(6.444.745)
Indice di liquidità	(LD+LI) / PCR	74,71%	62,95%

Indicatori di solvibilità – liquidità – Solvency ratios

Quoziente di disponibilità – Current ratio

Indice di liquidità – Solvency ratio

Margine di disponibilità – Net working capital

Margine di tesoreria – Quick ratio

The results obtained from calculation of the various ratios show how the company has more short-term assets than liabilities in the same category (net working capital).

The quick ratio highlights that the difference between current liabilities and assets increases when inventories are not considered.

This ratio (also referred to as the acid test) removes the inventory component from the net working capital, generating as a result a more prudent solvency ratio, given that inventories are less likely to be transformed into cash than the remaining current asset components.

Comparative analysis of the ratios for the two years shows substantial stability of the current ratio and net working capital, whilst the quick ratio was down by approximately Euro 2 million euro and the solvency ratio by around 16% on an annual basis.

ANALYSIS OF THE INCOME SITUATION

An analysis of income is provided below for the period covered by the financial statements ended 31 March 2016.

In any event, we have included the reclassified income statement which highlights the results generated from operations for the company's core business and also other accessory, financial, non-recurring and tax figures.

The format used is that recommended by the Italian National Council for Chartered Accountants.

Acronyms	Aggregates	31/03/2016	31/03/2015
RV	Revenues from sales	31,226,242	38,379,396
PI	In-house production	1,857,638	(473,006)
VP	Value of operating production	33,083,879	37,906,390
External costs	External operating costs	25,675,322	30,491,062
VA	Added value	7,408,557	7,415,328
CP	Staff and related costs	2,483,735	2,523,390
MOL	EBITDA	4,924,823	4,891,938
Am/Dep and Prov.	Amortization, depreciation and provisions	1,075,967	1,657,567
RO	Operating result (EBIT)	3,848,856	3,234,370
	Result: accessory area	0	0
	Result: financial area	433	3,989
	Normalized EBIT	3,849,288	3,238,360
	Result: extraordinary area	0	(52,064)
	Full EBIT	3,849,288	3,186,296
OF	Financial charges	331,119	93,170
RL	Gross profit (loss)	3,518,169	3,093,126
	Income taxes	1,005,071	(1,041,661)
RN	Net profit (loss)	2,513,098	4,134,787



INDICATORI DI ECONOMICITA'		31/03/2015	31/03/2016
Redditività capitale proprio	RN / MP	49,59%	23,05%
Redditività capitale investito	RO / CI	12,34%	13,28%
Redditività delle vendite	RO / RV	8,43%	12,33%

Key:

Indicatori di economicità – Profitability ratios

Redditività capitale proprio – Return on equity (ROE)

Redditività capitale investito – Return on capital invested (ROI)

Redditività delle vendite – Return on sales (ROS)

From an economic point of view, highlights include:

- Decrease in revenues from sales by around 19% on an annual basis;
- Decrease in external operating costs by around 16% on an annual basis;
- Staff and related costs essentially in line with the previous year;
- Amortization and depreciation in line with that of the previous year (up around Euro 80,000), net of write-downs of receivables recorded last year totalling roughly Euro 673,000;
- Operating result (EBIT) up by around 19% on an annual basis;
- Profit (loss) before tax up by approximately 14%.

As highlighted above, the revenues and costs decrease is a global scale phenomenon in chemical and oil & gas industry connected to the general decrease of the oil price. This is demonstrated by the substantial stability of the EBITDA despite the lower revenues.

RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development costs were incurred during the year, whilst those incurred in previous years were amortized according to the predefined amortization plans.

TRANSACTIONS WITH RELATED PARTIES

The company has as its sole shareholder CFL Mauritius PVT Ltd. which is part of the Camlin Fine Sciences Ltd. Group, listed on the Mumbai Stock Exchange (India) and exercising management and coordination activities over CFS Europe S.p.A.

During the year, a number of transactions were carried out with Camlin Fine Sciences Ltd.; these are discussed in more detail in the Explanatory Notes, to which reference should be made.

SHARES OR QUOTAS HELD

The company does not possess, nor has it purchased and/or sold shares or quotas in parent companies during the year, either directly or through trust companies or third parties.

The only shareholding the company owns is in Ravenna Servizi Industriali (RSI), Consortium that provides site services to all the companies in Ravenna Chemical district.

BUSINESS OUTLOOK

On the basis of the tests, technical trials and research and development activities carried out during the past two years, as already mentioned, the company has reviewed its production process, making significant changes which have made it possible to increase the efficiency of the diphenol plant and, consequently, achieve very positive economic results.

Furthermore, thanks to new evaporator and new boiler investments in progress, as explained better in the Explanatory Notes, the Company has the goal to improve the diphenols production process efficiency, in addition to the increase of commercialization of the derivatives.

FINANCIAL INSTRUMENTS, COMPANY STRATEGY AND RISK EXPOSURE

The company is mainly exposed to the risk of an increase in the cost of specific raw materials, particularly phenol, and to euro/dollar exchange rate risk, the US dollar being the currency in which the company deals with some commercial partners. The effect on the Income Statement of the increase of the phenol price is generally balanced in medium term by a corresponding increase of diphenols prices. Also currency exchange risk is generally balanced by a similar effect on purchases and sales, as explained better in the Explanatory Notes in current financial year, where currency losses and profits are in good part neutralized.

SUCCESSIVE EVENTS

In the month of April 2016, a serious accident happened in Ravenna Plant during maintenance activities sub-contracted to an external company, and this caused the death of a worker of the maintenance company during his activities. No other damage was done to other persons, very close to the accident location, and also damages on the plant are quite limited. The Authorities in charge started an investigation that is still in progress. All the safety protections were correctly used, and all workplace safety procedures were in place, so the first aid was immediately done, but nevertheless nothing could be done for the dead worker, due to the explosion of a tank activated by the above mentioned maintenance activities. The management has started all the necessary procedures in order to protect the integrity of personal property and the integrity all the company activities. As usually done, and as necessary act, as per opinion of the Company Lawyers, Managing Director, Site Director and Shift Foreman involved in the accident have received a notice of investigation.

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For more information, see the details provided in the single sections of the Explanatory Notes.

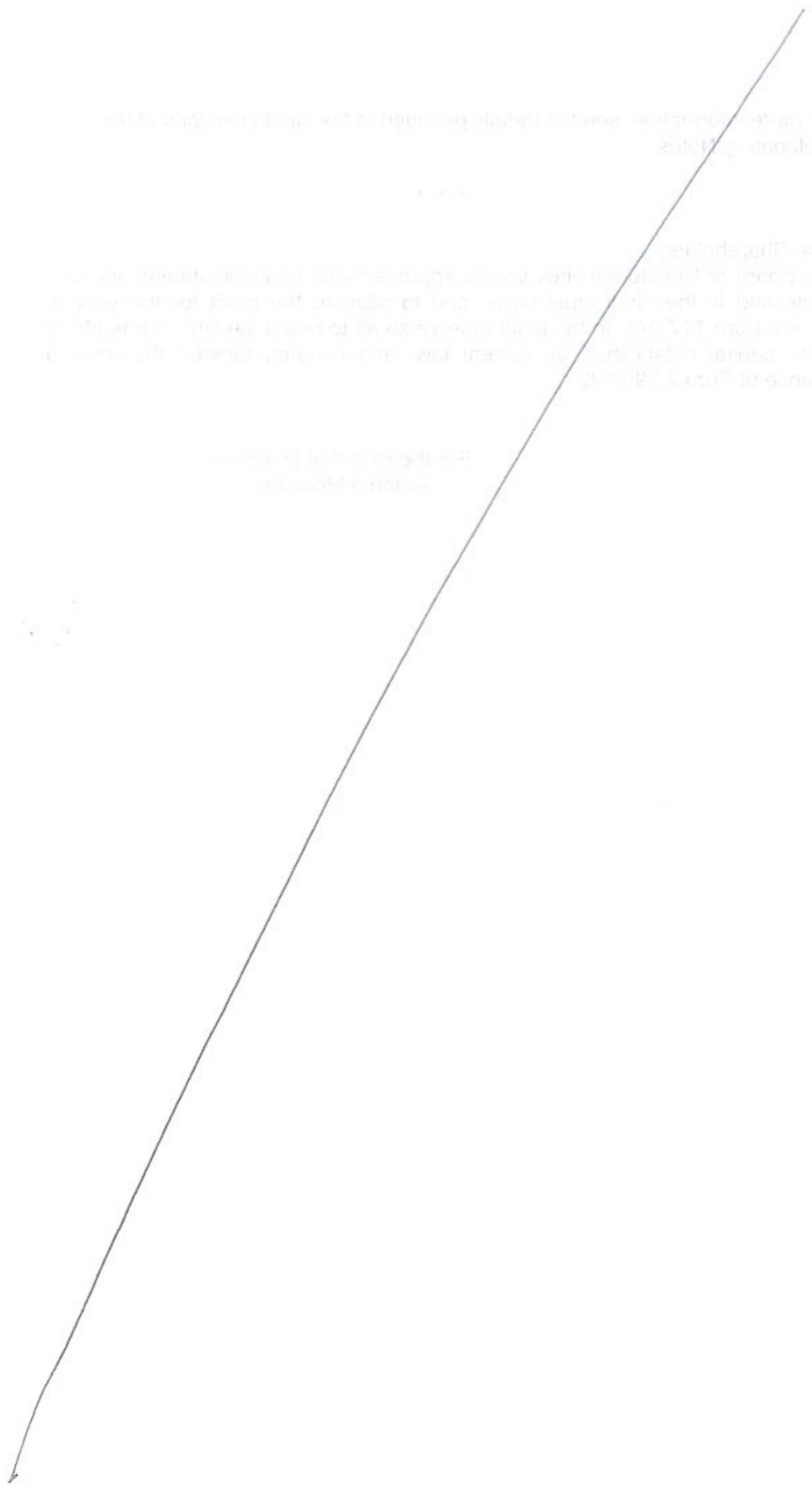
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Dear Shareholder,

The Board of Directors invites you to approve these financial statements, as a whole and in their individual parts, and to allocate the profit for the year as follows: Euro 117,076, to the legal reserve so as to reach the limit of one fifth of share capital established by current law, and carrying forward the residual balance of Euro 2,396,022.

For the Board of Directors
Antonio Menezes





For more information, see the article provided in the article below.
External Links

For information, see the article provided in the article below.
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INDEPENDENT AUDITORS' REPORT

ART. 14 OF IT. LEGISLATIVE DECREE No. 39 DATED 27 JANUARY 2010

To the Shareholder of CFS Europe S.p.A.

1. We have audited the financial statements of CFS Europe S.p.A. as of and for the period ended 31 March 2014. The drawing up of the financial statements is the responsibility of the Directors of CFS Europe S.p.A.. Our responsibility is to express a professional opinion on the financial statements based on the audit.
2. Our audit was carried out according to the audit standards and criteria recommended by CONSOB. In accordance with such standards and criteria, we planned and performed our audit to obtain every element necessary in order to determine whether the balance sheet was materially misstated and if this statement, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the balances and disclosures in the balance sheet, as well as assessing the appropriateness and suitability of the accounting standards applied and the reasonableness of the estimates made by the directors. We believe that our audit provides a reasonable basis for our professional opinion.

For the opinion on the previous year's financial statements, whose data are presented for comparative purposes as required by law, please refer to our report dated July 18 2013.

3. In our opinion, CFS Europe S.p.A.'s financial statements as at 31 March 2014 are compliant with the provisions which discipline the basis of presentation; they have therefore been prepared clearly in all the material aspects and provide a true and fair view of the financial and equity position of the Company.

4. The Directors of CFS Europe S.p.A. are responsible for drawing up the Management Report on operations, in compliance with the matters envisaged by the legal provisions. Our responsibility is to express an opinion on the consistency of the report on operations with the financial statements, as required by law. For this purpose, we have performed the procedures indicated by Auditing Standard No. 001 issued by the Italian Accounting Committee. In our opinion, the Management Report on operations is consistent with the annual financial statements of CFS Italia S.p.A. as of 31 March 2014.

5. We believe it appropriate to draw attention to the following information:
 - i. Ravenna Customs Authorities on 2012 performed checks on the business activities carried out in 2008 and 2009. Some of the findings disclosed are due to the failure to trace documentation proving the effective transfer of the goods abroad. The company has provided to the qualified Authorities the most part of required documentation and this has ensured the reduction of the inland revenue claims. After receiving notification for the amount claimed for year 2008 the company has already agreed with the Authorities on March 20th 2014 to pay an amount including taxes, penalties and interests, of approx. Euro 34 Thousand;

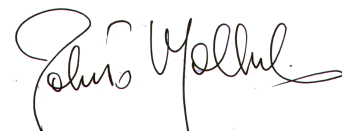
 - ii. The company operates in a market also characterised by appreciable fluctuations in the prices of raw materials and finished products intended for sale. In this scenario, the company has carried out a deep review of the production process in order to improve efficiency, performances and production costs control. The results are already reflected on this financial year closed on March 31st 2014. However the company has to pay attention to treasury dynamics in order to optimize

cash flow that will benefit an overall flexibility.

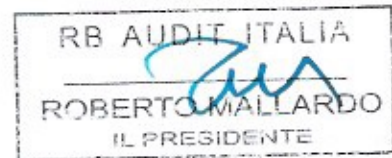
- iii. the Shareholder of the Group which the company belongs to, keeps considering the Italian Investment a strategic one.

Rome, 20th May 2014

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Roberto Mallardo - Partner

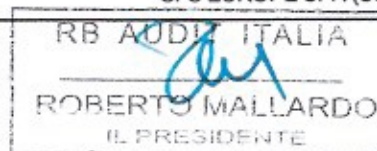


CFS EUROPE SPA (SOLE SHAREHOLDER COMPANY)

Financial statements for the year ended 31 March 2016

Company data	
Registered office	VIALE DELLA LIRICA 35 - 48124 RAVENNA (RA)
Tax code	03902320823
Economic administrative index no.	RA 000000134927
VAT no.	11310150153
Share Capital (in Euro)	2,000,000 fully paid-up
Legal format	JOINT STOCK COMPANY
Business activity code (ATECO)	201409
Company in liquidation	no
Sole shareholder company	yes
Company subject to management and coordination	yes
Name of the company or entity exercising management and coordination activities	CAMLIN FINE SCIENCES LTD. (INDIA)
Member of a group	yes
Parent Company name	CAMLIN FINE SCIENCES LTD. (INDIA)
Country of the parent company	INDIA

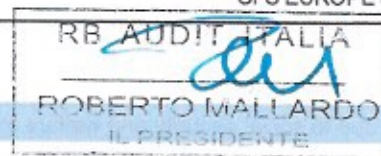
All amounts are expressed in Euro



Balance Sheet

31-03-2016 **31-03-2015**

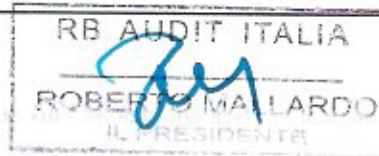
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and expansion costs	0	51,323
2) research, development and advertising costs	1,245,075	1,660,100
3) industrial patents and intellectual property rights	7,440	11,888
4) concessions, licences, trademarks and similar rights	185,306	113,640
7) other	2,884	20,891
Total intangible fixed assets	1,440,705	1,857,842
II - Tangible fixed assets		
1) land and buildings	350,827	354,025
2) plant and machinery	4,601,130	4,166,357
3) industrial and commercial equipment	101,078	169,899
4) other assets	70,069	34,408
5) assets in process of formation and advances	3,074,074	386,144
Total tangible fixed assets	8,197,178	5,110,833
III - Financial fixed assets		
1) equity investments in		
d) third parties	141,783	141,783
Total equity investments	141,783	141,783
2) receivables		
d) due from others		
due beyond the following year	33,947	8,734
Total other receivables	33,947	8,734
Total receivables	33,947	8,734
Total financial fixed assets	175,730	150,517
Total fixed assets (B)	9,813,613	7,119,192
C) Current assets		
I - Inventories		
1) raw, ancillary and consumable materials	1,793,622	1,403,011
2) work in progress and semi-finished products	3,571,052	2,957,863
4) finished products and goods for resale	2,747,220	1,785,236
5) payments on account	107,109	4,227
Total inventories	8,219,003	6,150,337
II - Receivables		
1) trade receivables		
due within the following year	8,609,968	9,400,425
Total trade receivables	8,609,968	9,400,425
4-bis) tax receivables		
due within the following year	174,844	125,496
Total tax receivables	174,844	125,496
4-ter) deferred tax assets		
due within the following year	801,264	1,555,304
due beyond the following year	918,023	882,553
Total deferred tax assets	1,719,287	2,437,857
5) other		



due within the following year	1,256	3,968
Total other receivables	1,256	3,968
Total receivables	10,505,355	11,967,746
IV - Cash and cash equivalents		
1) bank and postal deposits	410,684	920,893
3) cash and equivalents on hand	414	194
Total cash and cash equivalents	411,098	921,087
Total current assets (C)	19,135,456	19,039,170
D) Accruals and deferrals		
Accrued income and prepayments	33,342	42,912
Total accruals and deferrals (D)	33,342	42,912
Total assets	28,982,411	26,201,274
Liabilities		
A) Shareholders' equity		
I - Share capital	2,000,000	2,000,000
IV - Legal reserve	282,924	76,185
VII - Other reserves, indicated separately		
Extraordinary or special reserve	1,897,693	1,897,693
Exchange gains reserve	24,198	0
Miscellaneous other reserves	78,903	78,903
Total other reserves	2,000,794	1,976,596
VIII - Retained earnings (accumulated losses)	3,903,850	0
IX - Net profit (loss) for the year		
Profit (loss) for the year	2,513,098	4,134,787
Residual profit (loss) for the year	2,513,098	4,134,787
Total shareholders' equity	10,700,666	8,187,568
B) Provisions for risks and charges		
2) for current and deferred taxes	12,431	18,343
Total provisions for risks and charges	12,431	18,343
C) Employee severance indemnity (TFR)	519,809	484,381
D) Payables		
3) payables to shareholders for loans		
due beyond the following year	200,730	200,730
Total payables due to shareholders for loans	200,730	200,730
4) due to banks		
due within the following year	7,132,530	8,322,291
due beyond the following year	154,235	200,000
Total payables due to banks	7,286,765	8,522,291
6) payments on account		
due within the following year	580,125	1,272,250
Total payments on account	580,125	1,272,250
7) trade payables		
due within the following year	7,021,967	5,462,536
Total trade payables	7,021,967	5,462,536
11) due to parent companies		
due within the following year	1,976,628	1,115,233
Total payables due to parent companies	1,976,628	1,115,233
12) tax payables		
due within the following year	41,695	325,930
Total tax payables	41,695	325,930
13) due to social security and welfare institutions		

due within the following year	53,773	65,312
Total payables due to social security and welfare institutions	53,773	65,312
14) other payables		
due within the following year	299,632	266,587
Total other payables	299,632	266,587
Total payables	17,461,315	17,230,869
E) Accruals and deferrals		
Accrued expenses and deferred income	288,190	280,113
Total accruals and deferrals	288,190	280,113
Total liabilities and shareholders' equity	28,982,411	26,201,274





Income Statement

	31-03-2016	31-03-2015
Income statement		
A) Value of production:		
1) revenues from sales and services	31,226,242	38,379,396
2) change in inventories of work in progress, semi-finished and finished products	1,575,173	(1,118,383)
4) increase in internal work capitalized	185,970	0
5) other revenues and income		
other	96,494	645,378
Total other revenues and income	96,494	645,378
Total value of production	33,083,879	37,906,391
B) Cost of production:		
6) for raw, ancillary and consumable materials and goods for resale	16,854,291	19,935,764
7) for services	8,957,830	10,375,041
8) for leased assets	107,508	102,011
9) for staff		
a) salaries and wages	1,821,446	1,853,610
b) social security contributions	541,595	554,290
c) employee severance indemnity	120,693	115,490
Total staff costs	2,483,734	2,523,390
10) amortization, depreciation and write-downs		
a) amortization of intangible fixed assets	501,145	511,526
b) depreciation of tangible fixed assets	574,822	473,104
d) write-downs of receivables recognised as current assets, cash and cash equivalents	0	672,938
Total amortization, depreciation and write-downs	1,075,967	1,657,568
11) changes in inventories of raw, ancillary and consumable materials and goods for resale	(390,611)	(94,072)
14) other operating costs	146,305	172,318
Total cost of production	29,235,024	34,672,020
Difference between value and cost of production (A - B)	3,848,855	3,234,371
C) Financial income and charges:		
16) other financial income:		
d) income other than the above		
other	433	3,989
Total income other than the above	433	3,989
Total other financial income	433	3,989
17) interest and other financial expense		
other	251,237	258,976
Total interest and other financial expense	251,237	258,976
17-bis) Foreign exchange gains and losses	(79,882)	165,806
Total financial income and expense (15 + 16 - 17 +/- 17-bis)	(330,686)	(89,181)
E) Extraordinary income and charges		
21) charges		
other	0	52,064
Total charges	0	52,064
Total extraordinary items (20 - 21)	0	(52,064)
Profit (loss) before taxes (A - B +/- C +/- D +/- E)	3,518,169	3,093,126
22) Income taxes for the year, current and deferred tax assets and liabilities		
current taxes	292,413	411,536
deferred tax liabilities	(5,912)	840,682

deferred tax assets	(718,570)	2,293,879
Total income taxes for the year, current and deferred tax assets and liabilities	1,005,071	(1,041,661)
23) Profit (loss) for the year	2,513,098	4,134,787



Explanatory notes to the financial statements for the year ended 31 March 2016



Explanatory Notes - Introduction

INTRODUCTION

Dear Shareholders,

This document provides explanatory notes to the financial statements which, along with the balance sheet and income statement, form a material part of the annual report for the period from 1 April 2015 to 31 March 2016. The result of the period is a profit of Euro 2.513.098 after accrual of taxes for Euro 1.005.071 and after depreciation for Euro 1.075.967.

ACCOUNTING STANDARDS

This document has been drafted in accordance with applicable legislation; more specifically with articles 2423 et seq. of the Italian Civil Code as well as the accounting standards (OICs) of the Italian National Council for Chartered Accountants. The items in the financial statements were valued following the general criteria of prudence and on an accrual basis, under the assumption of going concern, as well as by taking into account the economic function of the asset or liability item considered, in accordance with the provisions of article 2423-bis of the Italian Civil Code.

Application of the principle of prudence led to the individual valuation of the components of the individual headings or items of the assets or liabilities, to avoid set-offs between losses that must be recognised and profits that must not be recognised as they are unrealised.

In accordance with the accruals principle, the effects of the transactions and other events have been recorded in the accounts and allocated to the accounting period to which said transactions and events refer, and not to the period when the related cash movements (collections and payments) took place.

There are no risks or losses to be disclosed which pertain to the reporting period since they emerged only after the end of the year.

The most important valuation criteria adopted in drawing up these financial statements are described below

INTANGIBLE FIXED ASSETS

Intangible assets were measured on the basis of the actual purchase cost incurred by the company and the resulting value amortized on a line-by-line basis every year in relation to the remaining useful life.

TANGIBLE FIXED ASSETS

Tangible assets are brought to account at their historical purchase or production cost, including any directly associated accessory costs.

The value of these assets does not include any interest expense. Routine maintenance costs are charged in full to the income statement for the year in which they are incurred, whereas improvement, modernization and transformation costs increasing the value of an asset are recognized as balance sheet assets.

As required in applicable regulations, all tangible assets are subject to depreciation on a straight line basis at rates which depend on the remaining useful life and physical wear of the assets.

Depreciation was calculated for all assets purchased during the year by halving the ordinary rate given that this produced an amount which was more or less the same as the actual amount that would have resulted had depreciation been calculated from the exact date the asset was ready for use.

The depreciation rates used for each individual category in the year ended 31 March 2016 and also the previous year are:

Asset category	31/03/2016	31/03/2015
Civil Buildings	5.50%	5.50%
General Plants	7.70%-10%	7.70%
Specific less corrosive plants	12%	12%
Specific highly corrosive plants	17.50%	17.50%
Motor goods and other vehicles	25%	25%
Lab equipment	40%	40%
Office furnishings and furniture	12%	12%
Electronic office equipment	20%	20%

In the year ending 31 March 2014, the amortization plan for generic plants was modified and the rate adjusted to the results of a special report prepared by an external expert who, basing his evaluation on the technical checks and inspections carried out, estimated that at 31 March 2014 the remaining useful life of the assets was 12 years. The effects of this change on the income statement and on shareholders' equity are explained and detailed in the relevant section of these notes. Usually, General Plants have a depreciation plan which is between 10 and 13 years. During last Financial Year at 31st March 2016, two investments for a new evaporator and a new diathermic oil boiler were made and they are posted in the assets in process of formation, and their construction activities will be finished during year 2016.

FINANCIAL FIXED ASSETS

Equity investments are shown at their purchase value.
Accounts receivable are posted at their nominal value.

INVENTORIES

Raw material, consumables and finished goods inventories are measured at either the average purchase or production cost incurred during the year or the realizable value, net of sales costs, whichever is lower. Inventories of obsolete items are measured on the basis of their usage options and realization potential, and the lower values attributed to them are booked to a specific provision.

Raw materials and finished goods are valued using the weighted average cost method, i.e. with purchase and production volumes for the year contributing in different proportions to the starting inventories. During this financial year, in order to align better the effective production value of hydroquinone and catechol to market prices, production costs of hydroquinone and catechol were reallocated so that hydroquinone has a value of 3,93 Euro/Kg and catechol 2,17 Euro/kg. This reallocation doesn't have a significant impact on the Financial Statements ended at 31st march 2016, because finished goods inventories are low at 31st March 2016.

As in previous years, materials are valued using the weighted average cost method based on movements recorded.

RECEIVABLES AND PAYABLES

Accounts receivable are posted at their face value, adjusted if necessary to their estimated realisable value by an appropriate provision for losses.
Accounts payable are posted at their nominal value.

CASH AND CASH EQUIVALENTS

This reflects actual amounts of cash on hand.

ACCRUALS AND DEFERRALS

Accruals and deferrals are calculated in such a way as to charge to the current year only the correct portion of costs and income that refer to more than one year.

PROVISIONS FOR RISKS AND CHARGES

The balance sheet provisions were created to cover payables of a definite nature and which are certain or likely to occur but for which the exact amount or effective date were not known at year-end.

These provisions are measured on the basis of the general criteria of prudence and on an accruals basis.

EMPLOYEE SEVERANCE INDEMNITY (TFR)

The overall liability for employee severance indemnity is calculated in compliance with applicable legislation governing employment contracts, and equals the actual amount the company has accrued for each individual member of the staff at the end of the financial year, less any advances paid or amounts transferred to INPS or other supplementary funds.

AMOUNTS IN FOREIGN CURRENCY

Any receivables and payables originating in other, non-Eurozone currencies are calculated using the exchange rate in effect on the date the relative transaction was executed. The exchange rate differences arising at the time receivables are collected and the payables paid are posted in the income statement.

At year end, foreign currency receivables and payables, with the exception of fixed non-monetary investments, are recorded in the income statement using the spot exchange rate in effect at the date of the financial statements.

Any net gains are allocated to a specific non-distributable equity reserve until realized.

REVENUES AND CHARGES

Revenues and charges are brought to account, net of returns, discounts, allowances and bonuses, on an

accruals basis and irrespective of the collection or payment date associated with a concept of a financial nature.

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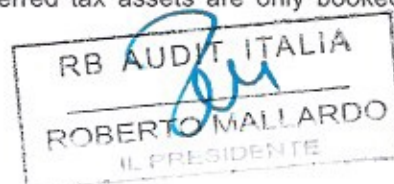
In particular, for product sales, revenues are recognized at the time they are delivered or shipped, while revenues from services are recognized on an accrual accounting basis.

TAXES

Provisions are made for current taxes on the basis of the figures reported in the income statement and tax write-backs to be made in accordance with regulations governing corporation tax (IRES) and the regional tax on production activities (IRAP).

The tax payable was entirely offset against payments on account made during the year, and therefore in accordance with OIC 15, the tax receivables are recorded net of tax payables.

Deferred taxes are calculated on the basis of temporary differences between the values of assets and liabilities using statutory criteria and the corresponding values for fiscal purposes. Deferred tax liabilities are not booked when it can be proved that their payment is not likely to occur; deferred tax assets are only booked if it is reasonably certain that they will be recovered.



Explanatory Notes - Assets

Changes in receivables due from shareholders

The share capital is fully paid-in.

Intangible fixed assets

The intangible assets were brought to account as they are considered to be of long-term utility and, as necessary, with the previous consent of the Statutory Auditors Board.

The amount recorded in balance sheet assets is already net of amortization applied over the years.

The amortization process for start-up and expansion costs, research and development costs, intellectual property rights and other intangible assets will be completed, as scheduled, over a five-year period.

The amortization plan for costs incurred for Reach Centrum rights will be completed in 2044; until this time, CFS will have leaseholder rights on the production systems at the Ravenna plant.

In line with OIC 24, no new costs for research and development projects were capitalized during the year. Consequently the amount posted in the financial statements refers to costs capitalized in the past.

The studies and research carried out in previous years enabled the company to review manufacturing process, leading to improved production in terms of efficiency and diversification of the range of finished products obtained. The expansion of the company and the increase in revenues, with the improved economic performance, confirm the long-term utility of the costs incurred.

The tables below provide details of changes in the last financial year.

Changes in intangible fixed assets

	Start-up and expansion costs	Research, development and advertising costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
Opening balance						
Cost	327,595	2,075,125	31,292	156,421	104,456	2,694,889
Amortization (Accumulated amortization)	(276,271)	(415,025)	(19,404)	(42,781)	(83,565)	(837,046)
Book value	51,323	1,660,100	11,888	113,640	20,891	1,857,842
Changes during the year						
Increases for acquisitions	-	-	2,263	78,140	3,605	84,008
Amortization for the year	51,323	415,025	6,711	6,474	21,612	501,145
Total changes	(51,323)	(415,025)	(4,448)	71,666	(18,007)	(417,137)
Closing balance						
Cost	327,595	2,075,125	31,565	158,411	186,201	2,778,897
Amortization (Accumulated amortization)	(327,595)	(830,050)	(26,115)	(49,255)	(105,177)	(1,338,192)
Book value	0	1,245,075	7,440	185,306	2,884	1,440,705

Tangible fixed assets

All company assets are owned in full by the company, with the exception of buildings which are held with leaseholder rights. In this regard, note that no land value needed to be separated.

Investments made during the year are shown in the table below, with breakdown by category.

No revaluations or write-downs were made during the year.

Changes in each of the fixed asset categories are highlighted one by one in the tables below.

Changes in tangible fixed assets

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible assets in process of formation and advances	Total tangible fixed assets
Opening balance						
Cost	1,131,314	21,581,752	452,375	205,721	386,144	23,755,428
Depreciation (Accumulated)	(777,290)	(17,413,516)	(282,476)	(171,313)	-	(18,644,595)
Book value	354,025	4,166,357	169,899	34,408	386,144	5,110,833
Changes during the year						
Increases for acquisitions	30,798	857,309	31,437	55,570	2,687,930	3,663,044
Decreases for disinvestments and disposals (of the book)	-	-	-	5,006	-	5,006
Amortization for the year	33,996	422,536	100,258	18,032	-	574,822
Other changes	-	-	-	3,129	-	3,129
Total changes	(3,198)	434,773	(68,821)	35,661	2,687,930	3,086,345
Closing balance						
Cost	1,162,113	22,437,182	483,812	256,285	3,074,074	27,413,466
Depreciation (Accumulated)	(811,286)	(17,836,052)	(382,734)	(186,216)	-	(19,216,288)
Book value	350,827	4,601,130	101,078	70,069	3,074,074	8,197,178

There are also contract works in progress for Euro 3,074,074 which relate to contracts not yet completed at 31 March 2016, the most important of which are the construction of an evaporator for approximately Euro 2,050,000 and a diathermic oil boiler for around Euro 930,000.

Contracts in progress at the end of the previous year and completed in the year under review were restated to their respective reference categories.

Lastly, note that following the review performed during the year ended 31 March 2014 of the general plants amortization plan, these financial statements record lower amortization for Euro 309,827, which net of tax effects led to higher profit for the year, i.e. an increase in shareholders' equity of Euro 280,703.

Finance lease transactions

Information on finance lease transactions

At 31 March 2016 the company had two ongoing lease agreements for two vehicles. The following data are provided in the table below:

- the current value of remaining instalments and the redemption price which, as hypothetical assets, represent the company's outstanding debt;
- the actual financial expense relating to the reporting period, i.e. the interest expense to be charged to the income statement, in relation to a mortgage loan payment, for example;
- the book value, equal to the net carrying amount of the asset, if it is booked as a balance sheet asset. The amount disclosed equals the difference between the theoretical purchase value of the asset and the relative accumulated depreciation;

- the value of depreciation for the period is calculated on the basis of a predefined schedule at a rate of 20%.

Lease 1	Values at 31/03/2015	Values at 31/03/2016
Residual debt to the lessor	12,774	4,663
Financial charges	1,911	699
Total gross assets at year end	53,890	53,890
Depreciation for the year	(10,778)	(5,389)
Total accumulated depreciation	(48,501)	(53,890)
Total net assets	5,389	0

Lease 2	Values at 31/03/2015	Values at 31/03/2016
Residual debt to the lessor	11,277	8,058
Financial charges	0	192
Total gross assets at year end	11,648	11,648
Depreciation for the year	1,165	2,330
Total accumulated depreciation	1,165	3,495
Total net assets	10,483	8,153

Lease 1 data (amounts net from VAT)

Cost of the asset: Euro 53,980

Lease rate: 6%

Advance lease payment: Euro 5,422

Asset purchase option: Euro 13,555

Beginning date of lease contract: 29.06.2011

End date of lease contract: 29.06.2016

Lease 2 data (amounts net from VAT)

Cost of the asset: Euro 11,648

Lease rate: 2%

Advance lease payment: Euro 1,204

Asset purchase option: Euro 120

Beginning date of lease contract: 25.02.2015

End date of lease contract: 25.02.2019

Financial fixed assets

Changes in financial fixed assets: investments, other securities, own shares

This item did not change. The shareholding in Ravenna Servizi Industriali S.C.p.A. (RSI) equal to 2.533% of the company's share capital with 141,783 shares is booked under this category. CFS EUROPE is a partner of RSI with other companies operating from within the Ravenna chemical plant.

Changes in financial fixed assets: receivables

Long-term receivables include the following guarantee deposits:

- Euro 7,005 paid to an insurance company for the issue of sureties;
- Euro 3,300 to the owner of offices leased to the company;
- Euro 23,642 to a temp agency.

	Opening balance	Changes during the year	Closing balance	Due beyond the following year
Long-term receivables from others	8,734	25,213	33,947	33,947
Total long-term receivables	8,734	25,213	33,947	33,947

Breakdown of long-term receivables by geographic area

Geographic area	Long-term receivables from others	Total long-term receivables
ITALY	10,305	10,305
EU	23,642	23,642
Total	33,947	33,947



Current assets



Inventories

Inventories disclosed refer to specific raw materials used in the sector, as well as technical materials, packaging, semi-finished products and finished goods ready for sale.

The table below provides highlights of the numerical changes compared to the previous year.

	Opening balance	Change during the year	Closing balance
Raw, ancillary and consumable materials	1,403,011	390,611	1,793,622
Work in progress and semi-finished products	2,957,863	613,189	3,571,052
Finished products and goods for resale	1,785,236	961,984	2,747,220
Payments on account	4,227	102,882	107,109
Total inventories	6,150,337	2,068,666	8,219,003

The Company has recalculated industrial production costs of catechol and hydroquinone because, after maintenance activities, that increased efficiency in the production process, they resulted lower than the earlier used ones.

Current assets: receivables

Changes in receivables recognized as current assets

	Opening balance	Change during the year	Closing balance	Due within the following year	Due beyond the following year
Trade receivables recognized as current assets	9,400,425	(790,457)	8,609,968	8,609,968	-
Tax receivables recognized as current assets	125,496	49,348	174,844	174,844	-
Deferred tax assets recognized as current assets	2,437,857	(718,570)	1,719,287	801,264	918,023
Other receivables recognized as current assets	3,968	(2,712)	1,256	1,256	-
Total receivables recognized as current assets	11,967,746	(1,462,391)	10,505,355	9,587,332	918,023

Accounts receivable are analysed by maturity as follows:

TRADE RECEIVABLES

Trade receivables reflect commercial accounts still to be received.

The provision for doubtful accounts remained unchanged from the previous year and totals Euro 1,187,717, accounting for 40% of total receivables due from Versalis S.p.A. proving difficult to collect.

This amount prudently adjusts the figure reported in the financial statements given a further refusal to pay by Versalis, despite honouring the contract since 1994.

In relation to trade receivables no additional amount has been set aside to the provision for doubtful accounts because, except the above mentioned, there were no collection difficulties.

The total amount receivable from customers consists entirely of trade receivables.

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Trade receivables	8,653,076	7,858,619	(794,457)
Receivables on invoices to be issued	1,935,066	1,939,066	4,000
Provision for doubtful	(1,187,717)	(1,187,717)	0
Category total	9,400,425	8,609,968	-790,457

Trade receivables include Euro 1,034,387 receivable from Versalis S.p.A., and the invoices to be issued all refer to this company. Therefore the total credit position against Versalis is Euro 2,973,453 whose data, adjusted for the provision for doubtful accounts, is reduced to Euro 1,785,736.

TAX RECEIVABLES

VAT receivables were formed by the balance after the monthly settlement for March 2016 and the residual annual VAT receivable that can be used for offsetting.

The remaining tax receivables (payments on account made during the year for IRES/IRAP taxes and withholding tax on interest income accrued on current accounts) are recorded net of IRES and IRAP tax payables as there is a real option to offset from a legal point of view, as required by OIC 15.

The table below shows the breakdown of and changes in receivables collectible within 12 months:

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Tax offsetting	-	115,892	115,892
VAT receivables	125,496	58,952	(66,544)
Category total	125,496	174,844	49,348

DEFERRED TAX ASSETS

In accordance with OIC accounting standard 25, deferred tax asset allocation in the financial statements is based on the following items:

- unrealized foreign exchange losses;
- default interest not paid;
- membership contributions not paid;
- receivable write-downs not fully deductible;
- temporary misalignment between accounting value and fiscal value of certain depreciation and amortization;
- previous fiscal losses expected to be recovered.

On the latter aspect, it should be emphasized that on the basis of the Board's forecast plans, in view of future production developments and a number of new trade agreements already signed, there is a reasonable certainty of achieving positive results over the next three years sufficient to ensure reabsorption of all the deferred tax assets recognized.

The deferred tax assets recognized in the financial statements therefore total Euro 1,719,287, decreasing compared to the previous year mainly as a result of the reversal of tax losses and recalculation of the assets based on the IRES tax rate change due to drop from the current 27.5% to 24% from 1 January 2017. Recalculation with 24% tax rate is done with a prudent purpose for two reasons: (i) the Company hopes to use a big part of the tax receivable in the financial year that will end at 31 March 2017, when IRES tax rate will be still 27,5%; and (ii) IRES tax rate reduction from 27,5% to 24% even if included in Legge Finanziaria 2016 and effective from year 2017 (only 31st March 2018 for the Company considering that Financial Statements will be closed after 31st December 2017), is still subject to a close examination from the European Community Authorities and to possible modifications in Legge Finanziaria for years 2017 and 2018.

The table below shows the breakdown of and changes in receivables collectible within 12 months

Description	Amounts
<i>IRES-IRAP deferred tax assets from the previous year</i>	2,437,857
Deferred tax assets generated during the year	276,774
Deferred tax assets reabsorbed during the year	(995,344)
<i>IRES-IRAP deferred tax assets from the current year</i>	1,719,287
<i>Change</i>	<i>(718,570)</i>

The deferred tax assets which are not expected to be recovered by the end of the following year were classified among those due beyond the end of the year and amounted to Euro 918,023.

OTHER RECEIVABLES

Other receivables include only one receivable already matured on a portion of an insurance premium.

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Other receivables	3,968	1,256	(2,712)
Category total	3,968	1,256	(2,712)

Breakdown of receivables recognized as current assets by geographic area

Geographic area	ITALY	EU	NON-EU	Total



Trade receivables recognized as current assets	2,194,092	1,844,513	4,571,363	8,609,968
Tax receivables recognized as current assets	174,844	-	-	174,844
Deferred tax assets recognized as current assets	1,719,287	-	-	1,719,287
Other receivables recognized as current assets	1,256	-	-	1,256
Total receivables recognized as current assets	4,089,479	1,844,513	4,571,363	10,505,355

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Current assets: cash and cash equivalents

Changes in cash and cash equivalents

The company's cash and cash equivalents comprise the following:

	Opening balance	Change during the year	Closing balance
Bank and postal deposits	920,893	(510,209)	410,684
Cash and equivalents on hand	194	220	414
Total cash and cash equivalents	921,087	(509,989)	411,098

Accrued income and prepayments

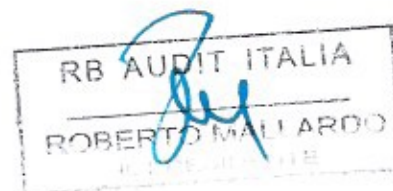
Prepayments suspend all costs pertaining to future years in the income statement. The table below provides a breakdown by type:

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Lease instalments and balloon payments	3,704	1,941	(1,763)
Insurance premiums	10,857	11,513	656
Vehicle costs	132	110	(22)
Other lease instalments	16,905	9,683	(7,222)
Other services	11,314	8,182	(3,132)
Interest and charges	0	1,914	1,914
Category total	42,912	33,342	(9,570)

There are no accruals and deferrals with a duration of more than five years.

	Opening balance	Change during the year	Closing balance
Other prepayments	42,912	(9,570)	33,342
Total accrued income and prepayments	42,912	(9,570)	33,342

Balance sheet items included in the balance sheet assets are not accounted for a value higher than their fair value



Explanatory Notes - Liabilities and Shareholders' Equity

Shareholders' equity

The company's share capital of Euro 2,000,000 is wholly owned by the sole shareholder CFL Mauritius PVT Ltd, part of the Camlin Fine Sciences Ltd group (India).

Other items making up shareholders' equity include the legal reserve for Euro 282,924, the extraordinary reserve for Euro 1,897,693, the exchange gain reserve for Euro 24,198, the non-distributable reserve for Euro 78,903 and retained earnings of Euro 3,903,850.

As far as the Board of Directors is aware, the shares are fully available to the sole shareholder, given that there are no liens, encumbrances or other restrictions upon them.

The following table shows changes over the past three years in items of shareholders' equity.

Changes in shareholders' equity items

	Opening balance	Allocation of previous year's profit (loss)		Profit (loss) for the year	Closing balance
			Other allocations		
Share capital	2,000,000	-	-	-	2,000,000
Legal reserve	76,185		206,739		282,924
Other reserves					
Extraordinary or special reserve	1,897,693		-		1,897,693
Exchange gains reserve	0		24,198		24,198
Miscellaneous other reserves	78,903		-		78,903
Total other reserves	1,976,596		24,198		2,000,794
Retained earnings (accumulated losses)	0		3,903,850		3,903,850
Profit (loss) for the year	4,134,787		(4,134,787)	2,513,098	2,513,098
Total shareholders' equity	8,187,568		-	2,513,098	10,700,666

Breakdown of miscellaneous other reserves

Description	Amount
NON-DISTRIBUTABLE PROFIT RESERVE	78,903
Total	78,903

Equity reserves increased during the year by the same amount as the profit realized in the period ended 31 March 2015 and allocated to reserves.

Availability and use of shareholders' equity

Shareholders' equity items are illustrated in the following table by source, possibility of utilisation, availability for distribution and utilisation in the three previous financial years.

	Amount	Source/type	Possibility of utilisation	Available
Share capital	2,000,000	SHARE CAPITAL		-
Legal reserve	282,924	PROFIT RESERVE	B	-
	Amount	Source/type	Possibility of utilisation	Available
Other reserves				
Extraordinary or special reserve	1,897,693	PROFIT AND CAPITAL RESERVE	A, B, C	1,897,693
Exchange gains reserve	24,198	PROFIT RESERVE	A, B, C	24,198
Miscellaneous other reserves	78,903	PROFIT RESERVE	A, B	78,903
Total other reserves	2,000,794			2,000,794
Retained earnings	3,903,850	PROFIT RESERVE	A, B, C	3,903,850
Total	8,187,568			5,904,644
Non-distributable portion				1,323,978
Remaining distributable portion				4,580,666

Source, possibility of use and availability for use of other reserves

Description	Amount	Source/type	Possibility of utilisation
NON-DISTRIBUTABLE RESERVE	78,903	PROFIT RESERVE	A, B
Total	78,903		

A: for share capital increase; B: to cover losses; C: shareholder dividends

Note that, in accordance with a specific shareholders' meeting resolution, "Other reserves" include a non-distributable profit reserve for Euro 78,903 as this is subordinated to the collection of a receivable due from Versalis S.p.A. It is for this reason that, despite it being a net item, the possibility of distribution to shareholders is not indicated in the table.

At the time of approval of the financial statements for the period ended 31 December 2015, the net foreign exchange gains from the translation of items in foreign currency were allocated to a special non-distributable reserve. At 31 March 2016, as no other unrealized exchange gains were recorded, the reserve allocated in the previous year now becomes freely distributable.

In addition, pursuant to Article 2426, paragraph 5) of the Italian Civil Code, it should be noted that until the amortization of research and development costs is complete, dividends may be distributed only if there are sufficient reserves to cover the amount of the costs not amortized.

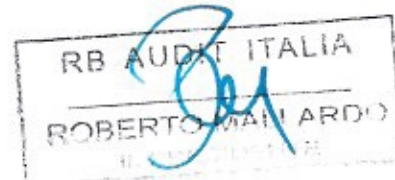
As start-up and expansion costs and research and development costs not yet amortized total Euro 1,245,075, non-distributable reserves total amount is Euro 1,323,978 and, therefore, only Euro 4,580,666 of the reserves are distributable.

Provisions for risks and charges

Information on provisions for risks and charges

The provision for risks and charges refers entirely to the provision for deferred taxation, created in accordance with OIC standard no. 25 given that a temporary misalignment has occurred between the statutory and fiscal values of some balance sheet items, giving rise to taxes which despite being for the current year, will only be payable in future years.

In this particular case, they arose from unrealized foreign exchange gains.



	Provision for current and deferred taxes	Total provisions for risks and charges
Opening balance	18,343	18,343
Changes during the year		
Allocations during the year	12,431	12,431
Utilisation during the year	18,343	18,343
Total changes	(5,912)	(5,912)
Closing balance	12,431	12,431

The deferred tax provision is generated exclusively from application of the IRES tax rate (24%) on unrealized foreign exchange gains. Recalculation with 24% tax rate is done with prudent purpose as better explained above.

Employee severance indemnity (TFR)

Information on employee severance indemnity

Employee severance indemnities are allocated over the term of employment for each employee in compliance with labour law and agreements. The amount reported in the balance sheet reflects the company's liability at the year-end date.

The following changes took place during the financial year:

	Employee severance indemnity (TFR)
Opening balance	484,381
Changes during the year	
Allocations during the year	120,693
Utilisation during the year	4,900
Other changes	(80,365)
Total changes	35,428
Closing balance	519,809



The increases relate to the employee severance indemnity accrued during the year, while decreases refer to the amounts paid to employees via their salaries as advances and/or settlements for Euro 4,900 and the amount due to supplementary pension funds for Euro 80,365.

Payables

Changes and due dates of payables

	Opening balance	Change during the year	Closing balance	Due within the following year	Due beyond the following year
Due to shareholders for loans	200,730	-	200,730	-	200,730
Due to banks	8,522,291	(1,235,526)	7,286,765	7,132,530	154,235
Payments on account	1,272,250	(692,125)	580,125	580,125	-
Trade payables	5,462,536	1,559,431	7,021,967	7,021,967	-
Due to parent companies	1,115,233	861,395	1,976,628	1,976,628	-
Tax payables	325,930	(284,235)	41,695	41,695	-
Due to social security and welfare institutions	65,312	(11,539)	53,773	53,773	-
Other payables	266,587	33,045	299,632	299,632	-
Total payables	17,230,869	230,446	17,461,315	17,106,350	354,965



Accounts payable are analysed by maturity below



PAYABLES TO SHAREHOLDERS FOR LOANS

The payables to shareholders for loans remain unchanged from the previous year. Based on an agreement signed by the parties in May 2014, an interest-free loan can be obtained for up to a maximum Euro 1,000,000 within two years of signing. The amount disbursed to date is Euro 200,728.

The repayment will be made in the future at the request of the shareholder and in accordance with law limitations.

PAYABLES TO BANKS

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Current accounts	2,334,044	2,535,625	201,581
Letters of credit	4,863,247	3,625,540	(1,237,707)
Accounts receivable financing	0	933,271	933,271
Loans due within the following year	1,125,000	38,094	(1,086,906)
Loans due beyond the following year	200,000	154,235	(45,765)
Category total	8,522,291	7,286,765	(1,235,526)

Amounts due to banks are represented by the current account overdraft, the amount of letters of credit presented for payment clause subject to clearance and credited to the account, but whose effective maturity is future, and also the amount due to banks for accounts receivable financing.

During the year the company fully repaid the short-term loan outstanding at the end of the previous year for Euro 1,125,000 and began repayments on the medium-term loan obtained for the original amount of Euro 200,000, of which Euro 38,094 due within the following year.

PAYMENTS ON ACCOUNT

The company received payments on account from customer for Euro 580,125.

TRADE PAYABLES

All trade payables are due within 12 months and have increased compared to the previous year. A more detailed breakdown of accounts payable is provided in the table below.

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Trade payables	4,762,825	6,424,949	1,662,124
Invoices to be received	722,881	627,130	(95,751)
Credit notes to be received	(23,170)	(30,111)	(6,941)
Category total	5,462,536	7,021,967	1,559,431

PAYABLES TO PARENT COMPANIES

This category represents only accounts payable by the company to other group companies. The amount qualifies as a trade payable for various supplies.

The table below illustrates changes compared to the previous year.

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Due to parent companies	1,115,233	1,976,628	861,395
Category total	1,115,233	1,976,628	861,395

TAX PAYABLES

Tax payables are outlined in the following table:

Description	Value at 31/03/2015	Value at 31/03/2016	Change
IRES and IRAP payables	274,959	0	(274,959)
Withholdings	(344)	0	344
IRPEF withholdings for employees	34,026	36,855	2,829

Self-employed withholdings	0	4,623	4,623
Other tax payables	17,289	217	(17,072)
Category total	325,930	41,695	(284,235)

The tax payables refer mainly to withholdings on employee and self-employed income.

PAYABLES TO SOCIAL SECURITY AND WELFARE INSTITUTIONS

This category includes the liabilities specified in the table below, which also indicate changes compared to the previous year:

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Social security payables	46,995	41,971	(5,024)
Payables to other institutions	18,452	12,412	(6,040)
INAIL contributions	(135)	(610)	(475)
Category total	65,312	53,773	(11,539)

OTHER PAYABLES

This remaining category groups together amounts payable for trade union dues and other items withheld from employees, amounts payable to employees for additional salaries accrued during the year but still to be paid at 31 March 2016, and other amounts payable to employees and third parties.

The specification of amounts for the two-year period 2015-2016 is contained in the table below with an indication of the changes.

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Other payables	119,517	149,125	29,608
Additional monthly salaries	146,185	148,954	2,769
Payables for other withholdings	885	1,553	668
Category total	266,587	299,632	33,045

Breakdown of payables by geographic area

Geographic area	ITALY	EU	NON-EU	Total
Payables due to shareholders for loans	-	-	200,730	200,730
Due to banks	933,271	6,161,165	192,329	7,286,765
Payments on account	-	-	580,125	580,125
Trade payables	5,043,908	1,792,763	185,296	7,021,967
Due to parent companies	-	-	1,976,628	1,976,628
Tax payables	41,695	-	-	41,695
Due to social security and welfare institutions	53,773	-	-	53,773
Other payables	299,632	-	-	299,632
Payables	6,372,279	7,953,928	3,135,108	17,461,315

Payables collateralized by corporate assets

There are no payables collateralized by corporate assets.

Loans provided by company shareholders

Please refer to the comments in the specific paragraph under "Payables".



Accrued expenses and deferred income

Accrued expenses group together all relevant costs for the year in the income statement. The table below provides a breakdown by type:

Description	Value at 31/03/2015	Value at 31/03/2016	Change
Membership contributions	3,543	3,023	(520)
Insurance premiums	0	788	788
Utilities and other	17	17	0
Accrued leave, absence permits, reduced working hours	276,553	284,362	7,809
Category total	280,113	288,190	8,077

There are no accrued expenses with a duration of more than five years.



Explanatory Notes - Income Statement

Value of production

Description	Values at 31/03/2015	Values at 31/03/2016
Revenues from sales and services	38,379,396	31,226,242
Changes in finished goods	(118,383)	1,575,173
Increases in internal work	0	185,970
Other revenues and income	645,378	96,494
TOTAL	38,906,391	33,083,879

Revenues from sales and services include amounts for the sale of various chemical products generated by the production process.

During financial year ended at 31st march 2016, due to a significant decrease of the oil price, market prices of both purchase and sales materials generally decreased, with the effect that revenues of the year decreased by 19% compared to past financial year, and a very similar trend is observed on raw materials purchase prices. This is demonstrated by the fact that EBITDA was improved despite lower revenues for the year.

Breakdown of revenue from sales and services by geographic area

Revenues from sales break down by macro geographical area as follows:

Geographic area	Current year value
ITALY	1,776,066
EU	7,584,506
NON-EU	21,865,670
Total	31,226,242

Cost of production

Costs are broken down by category.

Description	Values at 31/03/2015	Values at 31/03/2016	Change
Purchase costs	19,935,764	16,854,291	-18%
Service costs	10,375,041	8,957,830	-16%
Leased asset costs	102,011	107,508	5%
Staff-related costs	2,523,390	2,483,735	-2%
Amortization and depreciation	984,630	1,075,967	8%
Write-downs	672,938	0	-100%
Change in raw materials	-94,072	-390,611	76%
Other operating costs	172,318	146,305	-18%
TOTAL	34,672,020	29,235,024	-19%

Costs for raw materials, consumables and goods for resale and costs for services record an overall decrease of around 19%, in parallel with the decline in revenues.

Leased asset costs and staff costs were essentially in line with the previous year.

Regarding the employment data it should be noted that the company continues to operate at full strength, and its cost remains substantially in line over the two-year period.

Also note the increase in amortization following the amortization start-up for new investments.

No write-downs were made during the year. Industrial relations are in the norm and there are no disputes.

Financial income and charges

The results of the financial management of the company can be summarized as follows:

Description	Values at 31/03/2015	Values at 31/03/2016
Other income	3,989	433
Interest and financial charges	(258,976)	(251,237)
Foreign exchange gains and losses	165,806	(79,882)
CATEGORY TOTAL	(89,181)	(330,686)

Financial income refers in full to interest accrued on the company current account.

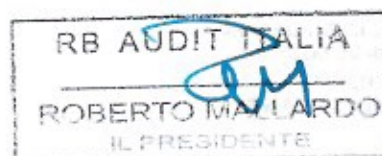
Financial charges can be split between bank interest payable (Euro 239,362) and other financial expense (Euro 11,875).

The item "exchange gains and losses" includes gains of Euro 109,367 and losses of Euro 189,249.

The main changes in currencies are attributable to the Euro-US Dollar, Euro-Yen and Euro-Swiss Franc exchange rates.

Breakdown of interest and other financial expense by payable type

	Interest and other financial expense
Due to banks	239,362
Other	11,875
Total	251,237



Income taxes for the year, current and deferred tax assets and liabilities

Current taxes and deferred tax assets and liabilities

Income taxes for the year, resulting from the algebraic sum of the tax currently payable and deferred tax liabilities, net of deferred tax assets, are as follows

Financial statements item Description	22 - Income taxes for the year	
	Values at 31/03/2015	Values at 31/03/2016
a) Current taxes	411,536	292,413
IRES tax for the year	192,981	130,818
IRAP tax for the year	218,555	161,595
b) Deferred tax liabilities	840,682	(5,912)
IRES deferred tax liabilities	840,682	(5,912)
c) Deferred tax assets	2,293,879	(718,570)
IRES deferred tax assets	2,293,879	(718,570)
Total taxes	(1,041,661)	1,005,071

The two tables below summarize the items that generated the deferred tax assets and the provision for deferred taxes recorded in the financial statements.

Recognition of deferred tax assets and liabilities, and resulting effects

	IRES
A) Temporary differences	
Total deductible temporary differences	7,163,701
Total taxable temporary differences	51,794
Net temporary differences	7,111,907
B) Tax effects	
Provision for deferred tax liabilities (deferred tax assets) - opening balance	2,419,515
Deferred tax liabilities (assets) for the year	(712,658)
Provision for deferred tax liabilities (deferred tax assets) - closing balance	1,706,857

Breakdown of deductible temporary differences

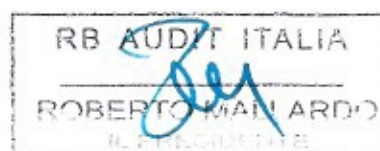
Description	Amount at end of previous year	Change during the year	Amount at year end
UNREALIZED FOREIGN EXCHANGE LOSSES	42,186	82,908	125,094
MEMBERSHIP CONTRIBUTIONS NOT PAID	2,887	2,253	5,140
DEFAULT INTEREST NOT PAID	10,577	(2,211)	8,366
TAX LOSSES	8,806,299	(2,858,825)	5,947,474
RECEIVABLE WRITE-DOWNS	-	1,074,638	1,074,638
AMORTIZATION AND DEPRECIATION	2,989	-	2,989

Breakdown of taxable temporary differences

Description	Amount at end of previous year	Change during the year	Amount at year end
FOREIGN EXCHANGE GAINS	66,702	(14,908)	51,794

Information on tax losses

	Current year			Previous year		
	Amount	Tax rate	Deferred tax assets recognized	Amount	Tax rate	Deferred tax assets
Tax losses						
previous years	5,947,474			8,806,299		
Total tax losses	5,947,474			8,806,299		
Tax losses carried forward with reasonable certainty of recovery	5,947,474	24.00%	1,427,394	8,806,299	27.50%	2,421,732



Explanatory Notes - Cash Flow Statement

The balance sheet and income statement illustrate the company's sources of funding and investments made, along with how the revenues and expenses during the period were transformed into income.

A cash flow statement provides an insight into the financial management of the company and allows the verification of cash movements over the period.

The document below uses one of the formats recommended for this purpose in OIC 12.

More specifically, the analysis has been split into operating, investments and financing activities. The cash flow generated during the year is the sum of the results achieved in the aforementioned areas, less any profit distributed to shareholders.

Indirect Cash Flow Statement

	31/03/2016	31/03/2015
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	2,513,098	4,134,787
Income taxes	1,005,071	(1,041,661)
Interest expense/(income)	250,804	254,987
1) Profit (loss) for the year before taxes, interest, dividends and disposal gains /losses	3,768,973	3,348,113
Adjustments for non-cash items with no balancing entry in net working capital		
Allocations to provisions	120,693	115,490
Amortization/depreciation of fixed assets	1,075,967	984,629
Total adjustments for non-cash items with no balancing entry in net working capital	1,196,660	1,100,119
2) Cash flows before changes in net working capital	4,965,633	4,448,232
Changes in net working capital		
Decrease/(Increase) in inventories	(2,068,666)	1,024,892
Decrease/(Increase) in trade receivables	790,457	(2,654,163)
Increase/(Decrease) in trade payables	1,559,431	(134,405)
Decrease/(Increase) in accrued income and prepayments	9,570	(3,936)
Increase/(Decrease) in accrued expense and deferred income	8,077	35,641
Other decreases/(Other increases) in net working capital	250,411	(2,450,861)
Total changes in net working capital	549,280	(4,182,832)
3) Cash flows after changes in net working capital	5,514,913	265,400
Other adjustments		
Interest collected/(paid)	(250,804)	(254,987)
(Income taxes paid)	(682,919)	(162,100)
(Utilisation of provisions)	(85,265)	(152,101)
Total other adjustments	(1,018,988)	(569,188)
Cash flows from operating activities (A)	4,495,925	(303,788)
B) Cash flows from investment activities		
Tangible fixed assets		
(Cash flows from investments)	(3,661,167)	(831,360)
Cash flows from disinvestments	-	165
Intangible fixed assets		
(Cash flows from investments)	(84,008)	(124,264)
Financial fixed assets		

(Cash flows from investments)	(25,213)	(1,571)
Cash flows from investment activities (B)	(3,770,388)	(957,030)
C) Cash flows from financing activities		
Third-party funding		
Increase/(Decrease) in short-term payables to banks	(102,855)	2,227,312
New loans	-	1,325,000
(Repayment of loans)	(1,132,671)	(1,424,432)
Cash flows from financing activities (C)	(1,235,526)	2,127,880
Increase (decrease) in cash and cash equivalents (A ± B ± C)	(509,989)	867,062
Cash and cash equivalents - opening balance	921,087	54,025
Cash and cash equivalents - closing balance	411,098	921,087

The positive cash flow generated by operating activities of Euro 4,495,925 was absorbed by the negative cash flow from investment activities of Euro 3,770,389 and from financing activities for Euro 1,235,526.

The financial management of the company is closely supervised by the Board, and obtaining new credit lines accompanied by the analysis and future planning of the business, for which significant positive results are expected, allow the normal and proper fulfilment of all corporate obligations.

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 ROBERTO MAIARDO
 IL PRESIDENTE



Explanatory Notes - Other Information

Employment data

The number of employees at year end is provided below, broken down by category.

	Average number
Executives	1
Management	6
Office staff	18
Manual workers	18
Total employees	43

Directors and Statutory Auditors remuneration

The Board of Directors of the company consists of five members who will remain in office until approval of the financial statements as at 31 March 2016. No remuneration is envisaged for Board members. The Board of Statutory Auditors, which terminates on the same date, is composed of three permanent members, one of which is the Chairman. The entire Board is given an overall remuneration of Euro 28,000 per annum.

	Value
Statutory Auditors remuneration	28,000
Total Directors and Statutory Auditors remuneration	28,000

Independent auditor remuneration

The audit of company accounts is assigned to an auditing firm for an annual remuneration of Euro 14,000. In the year under review no other remuneration or requests for other advisory services were envisaged.

	Value
Independent audit of annual accounts	14,000
Total independent auditor remuneration	14,000

Summary financial statements of the company exercising management and coordination activities

In accordance with sub-section 4 of Article 2497-bis of the Italian Civil Code, the key figures from the last financial statements (years ended 31 March 2014 and 31 March 2015) of Camlin Fine Sciences Ltd., which exercises management and coordination over the company, are provided below.

These figures have been translated to Euro using the exchange rate at 31 March 2015 (Euro-Rupee 62.274).

BALANCE SHEET

All amounts are expressed in Euro		
BALANCE SHEET ITEMS	31/03/2015	31/03/2014
I - SHAREHOLDERS' EQUITY AND LIABILITIES		
1) Shareholders' equity		
a) Share capital	1,425,335	1,143,258
b) Reserves and surpluses	13,116,613	8,117,743
Total shareholders' equity	14,541,948	9,261,002
2) Consolidated liabilities		
Loans	3,970,791	3,454,261
Deferred tax liabilities	556,441	477,609
Total consolidated liabilities	4,527,232	3,931,870
3) Current liabilities		
Short-term loans	14,508,057	10,385,744
Trade payables	13,918,170	7,285,754
Other short-term payables	2,547,700	2,751,060
Short-term payables available for consolidation	1,344,933	1,173,690
Total current liabilities	32,318,860	21,596,248
Total liabilities and shareholders' equity	51,388,040	34,789,121
II - ASSETS		
1) Fixed assets		
a) Fixed assets	9,394,595	6,042,917
b) Long-term investments	680,456	461,055
c) Assets in process of formation	1,138,969	162,828
Total fixed assets	11,214,020	6,666,800
2) Current assets		
a) Inventories	13,391,949	5,914,360
b) Trade receivables	18,421,545	11,079,525
c) Cash and cash equivalents	1,816,467	1,739,701
d) Loans and payments on account	5,265,823	8,407,518
e) Other current assets	1,278,235	981,218
Total current assets	40,174,020	28,122,321
Total assets	51,388,040	34,789,121

INCOME STATEMENT

All amounts are expressed in Euro		
BALANCE SHEET ITEMS	31/03/2015	31/03/2014
Revenues		
Net operating revenues	64,021,658	45,338,068
Other operating income	289,324	281,794
Total revenues	64,310,982	45,619,862
OPERATING COSTS		
Raw materials consumption	39,185,629	25,155,175
Goods purchased	3,601,941	2,728,511
Change in inventories	(1,387,564)	759,682
Staff and related costs	2,632,384	1,693,126



Explanatory Notes - Final Comments

TRANSACTIONS WITH RELATED PARTIES

In accordance with and pursuant to article 2497 of the Italian Civil Code, CFS EUROPE S.p.A. is subject to management and coordination by Camlin Fine Sciences Ltd (India). The concept of related parties, as laid down in IAS 24, includes all companies which may be related and/or directly or indirectly controlled by the Indian company, as members of the same group of companies.

CFS is indirectly controlled by Camlin Fine Sciences Ltd as the Indian company owns all the shares in the sole shareholder CFL Mauritius PVT LTD.

Details of transactions during the year between the shareholder and the Indian parent are provided below. Items in the income statement that refer to transactions with related parties are reported below:

<i>Transactions with related parties</i>	31/03/2015	31/03/2016
Revenues from sales	19,907,822	17,187,667
Total value of production (A)	37,906,390	33,083,879
Impact	53%	52%
Costs to purchase goods and services	1,853,474	3,233,434
Total cost of production (B)	34,672,019	29,235,024
Impact	5%	11%

CFS Europe S.p.A. sells hydroquinone and catechol, both of which obtained from the production process, to Camlin Fine Sciences Ltd.

Moving on to examine items in the balance sheet, those regarding related party transactions are listed below:

<i>Transactions with related parties</i>	31/03/2015	31/03/2016
Trade receivables	3,704,750	3,200,344
Total C-II)-1) Trade receivables	9,400,425	8,609,968
Impact	39%	37%
Trade payables	1,115,233	1,976,628
Total D - Payables	17,230,869	17,461,314
Impact	6%	11%
Interest-free shareholder loan	200,730	200,730
Total D - Payables	17,230,869	17,461,314
Impact	1%	1%
Payments on account received	-	580,125
Total D - Payables	17,230,869	17,461,314
Impact	0%	3%
Other payables	-	84,000
Total D - Payables	17,230,869	17,461,314
Impact	-	0.5%

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IL PRESIDENTE

CLOSING COMMENTS

The financial statements for the year ended 31 March 2016, consisting of the balance sheet, income statement and these explanatory notes, were drafted in compliance with applicable statutory regulations and in accordance with Italian national accounting standards.

For the Board of Directors
Antonio Menezes

I, the undersigned, Gaetano Cirilli, entered with registration no. 286/A in the Ravenna Register of Chartered Accountants and Accounting Experts, hereby confirm, pursuant to article 31, paragraph 2-*quinquies*, Italian Law 340/2000, that this document is a true copy of the original filed with the company.

