HALF-YEAR FINANCIAL REPORT

as at 30 June 2018

3 August 2018

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini - Italy
Capital stock € 33.262.560 i.v.
Tax code and Trade Register of Rimini 01836980365
R.E.A. Ufficio di Rimini n. 276618
Subject to the management and coordination of Cremonini S.p.A. – Castelvetro (MO)

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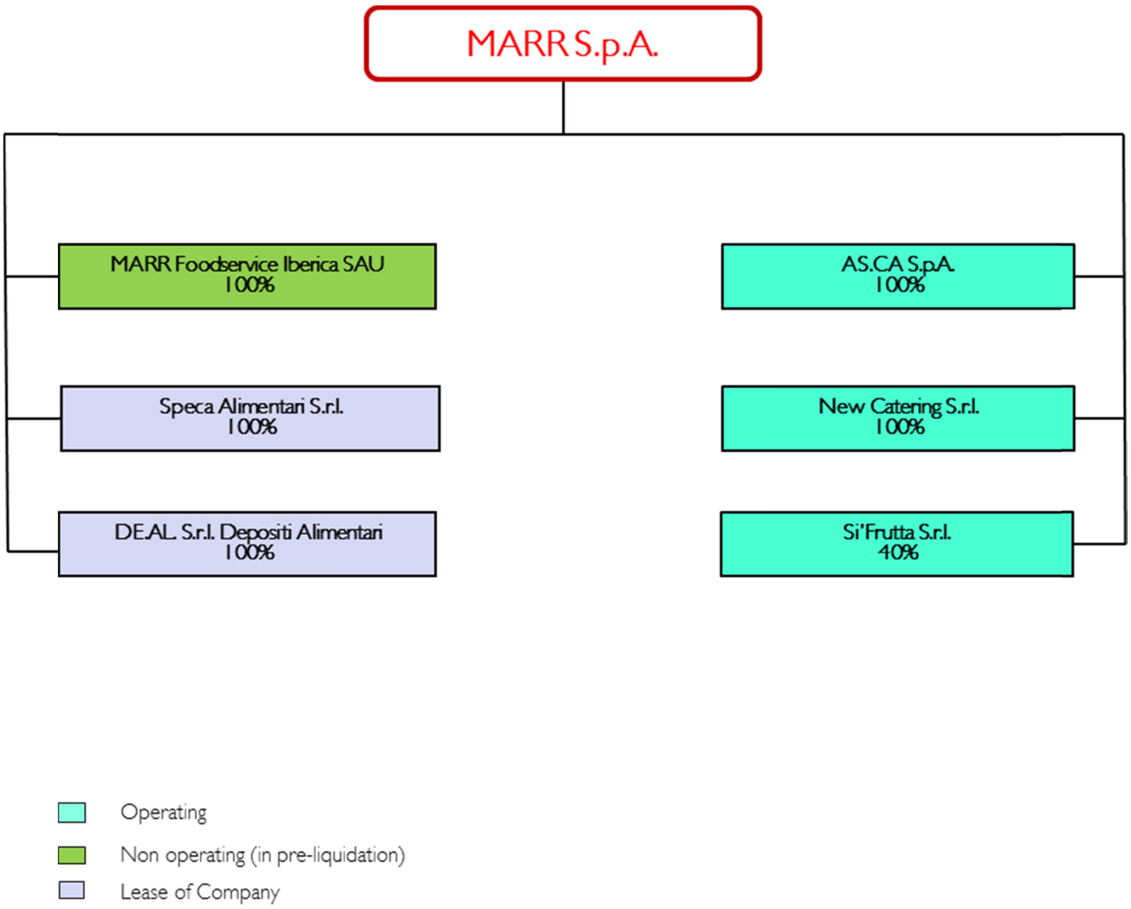
MARR GROUP ORGANISATION

as at 30 June 2018



As at 30 June 2018 the structure of the Group differs from that at 31 December 2017 and from that at 30 June 2017 due to the purchase of the remaining 50% of Griglia Doc. S.r.l.'s share capital, finalised by the subsidiary DE.AL. S.r.l. Depositi Alimentari on 27 February 2018 and for its subsequent merger by incorporation in DE.AL. S.r.l., with legal effects that came into force on 25 June 2018.

Furthermore, it is highlighted that on 31 May 2018 the Parent Company bought the 40% of the share capital of Si'Frutta S.r.l., a company operating in the supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities.

The MARR Group's activities are entirely dedicated to the foodservice distribution and are listed in the following table:

Company	Activity
MARR S.p.A. Via Spagna n. 20 – Rimini	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators.
AS.CA S.p.A. Via dell'Acero n. 1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of fresh, dried and frozen food products for Foodservice operators

Company	Activity
New Catering S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (RN)	Marketing and distribution of foodstuff products to bars and fast food outlets.
DE.AL. S.r.l. Depositi Alimentari Via Tevere n. 125 – Elice (PE)	Company, leasing its going concern to the Parent Company
Speca Alimentari S.r.l. Via dell'Acero n. 1/A – Santarcangelo di Romagna (RN)	Company, leasing its going concern to the Parent Company
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company (in pre – liquidation).
Si'Frutta S.r.l. Via Lesina n. 25 – Cervia (RA)	Supply of fresh fruit and vegetable products to hotels, restaurants, canteens and chains operators and in industrial transformation activities

All the controlled companies are consolidated on a line – by – line basis.
Related companies are evaluated by equity method.

CORPORATE BODIES

Board of Directors

Chairman	Paolo Ferrari
Chief Executive Office	Francesco Ospitali
Directors	Claudia Cremonini
	Vincenzo Cremonini
	Pierpaolo Rossi
Independent Directors	Marinella Monterumisi (1)(2)
	Alessandra Nova (2)
	Ugo Ravanelli (1)(2)
	Rossella Schiavini (1)

(1) Member of Control and Risk Committee

(2) Members of the Remuneration and Nomination committee

Board of Statutory Auditors

Chairman	Massimo Gatto
Auditors	Ezio Maria Simonelli
	Paola Simonelli
Alternate Auditors	Alvise Deganello
	Simona Muratori
Independent Auditors	PricewaterhouseCoopers S.p.A.

Manager responsible for the drafting of corporate accounting documents	Pierpaolo Rossi

DIRECTORS' REPORT

Group performance and analysis of the results for the first half-year of 2018

The interim report as at 30 June 2018 has been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002, while for information and the purposes of this report, reference is made to article 154-ter of the Legislative Decree 58 dated 24 February 1998.

At the end of the first six months, the sales of the MARR Group amounted to 770.4 million Euros (755.2 million in 2017), while those for the second quarter amounted to 437.8 million (431.9 million in 2017).

As regards the sector of activity represented by "Distribution of food products to non-domestic catering", the sales can be analysed in terms of client categories as follows.

In particular, the sales in the first half-year to clients in the Street Market and National Account segments amounted to 658.4 million Euros, with an entirely organic increase of 34.0 million compared to 624.4 million in 2017, while sales to those clients in the second quarter amounted to 382.0 million Euros (366.5 million in 2017).

In the main Street Market segment (restaurants and hotels not belonging to Groups or Chains), sales in the first six months amounted to 502.1 million Euros (481.7 million in 2017); those in the second quarter amounted to 303.1 million Euros, compared to 294.9 million in 2017, which had benefitted from the contribution of the Easter festivities, while these festivities impacted entirely in the first quarter this year.
The performance of the final reference market for Street Market clients remains positive recording, on the basis of the most recent survey conducted by the Confcommercio Studies Office (July 2018), an increase in consumption (by quantity) for the item "Hotels, meals and out-of-home food consumption" of +1.5% in the first quarter and +2.0% in the second quarter respectively.

Sales in the National Account segment (operators in Canteens and Chains and Groups) in the half-year amounted to 156.3 million Euros (142.7 million in 2017), while those in the second quarter amounted to 78.9 million Euros (71.6 million in 2017).

Sales to clients in the Wholesale segment in the half-year amounted to 112.0 million Euros (130.9 million in 2017), while those in the second quarter amounted to 55.8 million, compared to 65.4 million in 2017.

In the following table we provide reconciliation between the revenues from sales by category and the revenues from sales and services indicated in the consolidated financial statements:

MARR Consolidated (€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Revenues from sales and services by customer category		
Street market	502,108	481,688
National Account	156,343	142,670
Wholesale	111,966	130,870
Total revenues form sales in Foodservice	770,417	755,228
(1) Discount and final year bonus to the customers	(9,684)	(8,700)
(2) Other services	1,348	1,138
(3) Other	232	241
Revenues from sales and services	762,313	747,907

Note
(1) Discount and final year bonus not attributable to any specific customer category
(2) Revenues for services (mainly transport) not referring to any specific customer category
(3) Other revenues for goods or services/adjustments to revenues not referring to any specific customer category

Below are the figures re-classified according to current financial analysis procedures, with the income statement, the statement of financial position and the net financial position for the first half-year of 2018, compared to the same period of the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	*30.06.18 (6 months)*	*%*	*30.06.17 (6 months)*	*%*	*% Change*
Revenues from sales and services	762,313	*97.4%*	747,907	*97.3%*	*1.9*
Other earnings and proceeds	20,252	*2.6%*	20,651	*2.7%*	*(1.9)*
Total revenues	782,565	*100.0%*	768,558	*100.0%*	*1.8*
Cost of raw and secondary materials, consumables and goods sold	(651,474)	*-83.2%*	(644,343)	*-83.8%*	*1.1*
Change in inventories	35,427	*4.5%*	37,098	*4.8%*	*(4.5)*
Services	(89,169)	*-11.4%*	(85,738)	*-11.2%*	*4.0*
Leases and rentals	(4,838)	*-0.6%*	(4,877)	*-0.6%*	*(0.8)*
Other operating costs	(788)	*-0.1%*	(789)	*-0.1%*	*(0.1)*
Value added	71,723	*9.2%*	69,909	*9.1%*	*2.6*
Personnel costs	(18,995)	*-2.5%*	(19,074)	*-2.5%*	*(0.4)*
Gross Operating result	52,728	*6.7%*	50,835	*6.6%*	*3.7*
Amortization and depreciation	(3,434)	*-0.4%*	(3,203)	*-0.4%*	*7.2*
Provisions and write-downs	(6,597)	*-0.8%*	(5,963)	*-0.8%*	*10.6*
Operating result	42,697	*5.5%*	41,669	*5.4%*	*2.5*
Financial income	455	*0.1%*	747	*0.1%*	*(39.1)*
Financial charges	(2,848)	*-0.5%*	(3,764)	*-0.5%*	*(24.3)*
Foreign exchange gains and losses	(48)	*0.0%*	(56)	*0.0%*	*(14.3)*
Value adjustments to financial assets	0	*0.0%*	(81)	*0.0%*	*(100.0)*
Result from recurrent activities	40,256	*5.1%*	38,515	*5.0%*	*4.5*
Non-recurring income	0	*0.0%*	0	*0.0%*	*0.0*
Non-recurring charges	0	*0.0%*	0	*0.0%*	*0.0*
Profit before taxes	40,256	*5.1%*	38,515	*5.0%*	*4.5*
Income taxes	(11,690)	*-1.4%*	(11,207)	*-1.4%*	*4.3*
Net profit attributable to the MARR Group	28,566	*3.7%*	27,308	*3.6%*	*4.6*

The consolidated results in the first half of 2018 are the followings: total revenues for an amount of 782.6 million Euros (768.6 million Euros in 2017); EBITDA[1] of 52.7 million Euros (50.8 million Euros in 2017) end EBIT of a 42.7 million Euros (41.7 million Euros in 2017).

The trend in Revenues (+1.8% compared with the same period last year) is a consequence of the performance of sales in the individual client categories, as analysed previously.

The item "Other earnings and proceeds" is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years); on the other hand, following the centralisation of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centres.
It's recalled that a part of the contribution from suppliers has been included to reduce the cost of purchasing materials following the reformulation of some of the contracts for the recognition of end-of year bonuses, as already explained in the Directors' Report as at 31 December 2017.

[1] The EBITDA (Gross Operating Margin) is an economic indicator not defined by the IFRS adopted by MARR for the financial statements from 31 December 2005. The EBITDA is a measure used by the company's management to monitor and assess its operational performance. The management believes that the EBITDA is an important parameter for measuring the Group's performance as it is not affected by the volatility due to the effects of various types of criteria for determining taxable items, the amount and characteristics of the capital used and the relevant amortization policies. Today (following the subsequent detailing of the development of the accounting procedures) the EBITDA (Earnings before interests, taxes, depreciation and amortization) is defined as the business year Profits/Losses gross of amortizations and depreciations, write downs and financial income and charges and income tax.

By the effect of different sales mix, the percentage incidence of the first margin (Total revenues, less Cost of purchase of goods plus variations in inventories) confirms an improvement trend compared to the same period of the previous year (+0.3%), as already showed at the end of the first quarter (+0.1%).

As regard operating costs it is highlighted an increase of Services both in value and as percentage incidence on the total revenues; as commented above, this trend is partly related to the higher costs of transport, handling and processing of goods mainly by the effect of the different sales mix.
The percentage incidence of the other operating costs was in line with the corresponding period of the previous year.

Despite the remuneration increases envisaged by the National Collective Labour Contract for workers of companies in the tertiary sector of distribution and services from 2015 to the end of 2017, the personnel cost has decreased slightly compared to the same period last year. This is a result of both the maintenance of a careful policy of resources and the process of outsourcing some activities conducted in the previous business year. In this regard, it should be noted that the average number of employees in the first half-year 2018 was 842, compared to an average of 849 employees in the corresponding period in 2017.

The increase in absolute value of depreciation is mainly due to the investments made in the last three-year period for the expansion and modernisation of some MARR distribution centres.

The item provisions and write-downs amounted to 6.6 million Euros (6.0 million in the first half of 2017) and consists for 6,2 million Euros by the provision for bad debts and for 0.4 million Euros by the provision for supplementary client severance indemnity. The percentage incidence on total revenues was in line with the previous year.

The result of the recurring activities, which amounted to 40.3 million Euros at the end of the half-year, benefitted from a reduction in the net financial charges, correlated to the lesser cost of money, thanks to the trends in interest rates and the re-negotiation of some medium and long-term loans completed in the latter part of 2017 and early 2018.

The tax rate of the period is 29.0% (29.1% in the half-year 2017).

As at 30 June 2018 the total net result reached 28.6 million Euros, increasing by 4.6% compared to the same period of the previous year.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*30.06.18*	*31.12.17*	*30.06.17*
Net intangible assets	152,081	151,695	151,476
Net tangible assets	68,448	70,149	71,818
Equity Investments evaluated using the Net Equity method	516	735	811
Equity investments in other companies	315	315	315
Other fixed assets	23,780	26,176	25,235
Total fixed assets (A)	245,140	249,070	249,655
Net trade receivables from customers	424,301	376,690	441,975
Inventories	182,979	147,552	180,074
Suppliers	(396,418)	(328,860)	(390,277)
Trade net working capital (B)	210,862	195,382	231,772
Other current assets	51,743	58,972	50,959
Other current liabilities	(34,651)	(24,261)	(39,240)
Total current assets/liabilities (C)	17,092	34,711	11,719
Net working capital (D) = (B+C)	227,954	230,093	243,491
Other non current liabilities (E)	(1,220)	(1,045)	(981)
Staff Severance Provision (F)	(8,835)	(9,264)	(9,534)
Provisions for risks and charges (G)	(6,026)	(6,525)	(6,034)
Net invested capital (H) = (A+D+E+F+G)	457,013	462,329	476,597
Shareholders' equity attributable to the Group	(283,706)	(304,726)	(267,627)
Consolidated shareholders' equity (I)	(283,706)	(304,726)	(267,627)
(Net short-term financial debt)/Cash	52,828	38,092	(16,743)
(Net medium/long-term financial debt)	(226,135)	(195,695)	(192,227)
Net financial debt (L)	(173,307)	(157,603)	(208,970)
Net equity and net financial debt (M) = (I+L)	(457,013)	(462,329)	(476,597)

Analysis of the Net Financial Position[ii]

The following represents the trend in Net Financial Position:

	MARR Consolidated (€thousand)	*30.06.18*	*31.12.17*	*30.06.17*
A.	Cash	8,799	9,133	7,467
	Cheques	0	0	0
	Bank accounts	154,648	147,044	121,458
	Postal accounts	83	108	106
B.	Cash equivalent	154,731	147,152	121,564
C.	Liquidity (A) + (B)	163,530	156,285	129,031
	Current financial receivable due to Parent Company	174	1,259	1,926
	Current financial receivable due to Related Companies	0	0	0
	Others financial receivable	778	716	969
D.	Current financial receivable	952	1,975	2,895
E.	Current Bank debt	(57,997)	(63,745)	(65,853)
F.	Current portion of non current debt	(50,918)	(44,868)	(69,523)
	Financial debt due to Parent Company	0	0	0
	Financial debt due to Related Company	0	0	0
	Other financial debt	(2,739)	(11,555)	(13,293)
G.	Other current financial debt	(2,739)	(11,555)	(13,293)
H.	Current financial debt (E) + (F) + (G)	(111,654)	(120,168)	(148,669)
I.	Net current financial indebtedness (H) + (D) + (C)	52,828	38,092	(16,743)
J.	Non current bank loans	(188,892)	(159,583)	(152,738)
K.	Other non current loans	(37,243)	(36,112)	(39,489)
L.	Non current financial indebtedness (J) + (K)	(226,135)	(195,695)	(192,227)
M.	Net financial indebtedness (I) + (L)	(173,307)	(157,603)	(208,970)

The MARR's Group financial debt is affected by the business seasonality, that requires higher net working capital during the summer period.

At the end first half of 2018 net financial indebtedness reached 173.3 million Euros, an increase compared to the 157.6 million Euros at 31 December 2017 and an improvement compared to the 209.0 million Euros as at 30 June 2017.

As regard the movements of the first half-year of 2018, in addition to the ordinary operating management and to the cash out related to the investments made for the various distribution centres of the Parent Company (as explained in the following paragraph "Investments"), we point out the followings:

[ii] The Net Financial Position used as a financial indicator of debts is represented by the total of the following positive and negative components of the Statement of financial position:
Positive short term components: cash and equivalents; items of net working capital collectables; financial assets.
Negative short and long term components: payables to banks; payables to other financiers, payables to leasing companies and factoring companies; payables to shareholders for loans.

- dividends amounting to a total of 49.2 million Euros (46.6 million Euros in 2017) have been paid out in the second quarter of the year;
- in February the company DE.AL S.r.l. Depositi Alimentari paid, for an amount of 0.2 million Euros, the instalment for the purchase of the remaining 50% of the share capital of Griglia Doc S.r.l.;
- in May, 0.2 million Euros was paid as the initial instalment of the purchase price of the holdings in Si'Frutta S.r.l., the overall impact of which on the financial position of the Group amounted to 0.5 million Euros.

As regards the structure of financing structure, it must be highlighted as follows:

- with regard to the ongoing loans outstanding with ICCREA BancaImpresa and BNP Paribas, in January additional financing tranches were granted for a total value of 40.9 million Euros;
- on 14 February the Parent Company signed a new loan in Pool with Cassa Centrale Banca (as agent bank) and BCC Malatestiana, for 10 million Euros and with amortization plan ending in December 2020;
- on 11 April the Parent Company signed a new loan with UniCredit, granted for 25 million Euros and with amortization plan expiring in April 2022;
- in April and June, the ongoing loans with the Cassa di Risparmio di Ravenna (for a total amount of 1.0 million Euros) and UniCredit Banca (for a total amount of 21 million Euros) were extinguished in advance. As at 31 December 2017, these loans were included for 12 million Euros in the current financial payables and for 12 million Euros in the non-current financial payables.

Lastly, it should be noted that in April, the total amount of 9 million Euros was paid for the last instalment of the purchase price of the holdings in DE.AL. Depositi Alimentari S.r.l..

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*30.06.18*	*31.12.17*	*30.06.17*
Net trade receivables from customers	424,301	376,690	441,975
Inventories	182,979	147,552	180,074
Suppliers	(396,418)	(328,860)	(390,277)
Trade net working capital	210,862	195,382	231,772

As at 30 June 2018, the net trade working capital amounted to 210.9 million Euros, an increase of 15.5 million Euros compared to 31 December 2017 (25.9 million Euros as at 30 June 2017), but a decrease compared to 231.8 million Euros at the end of the half-year 2017.
Specifically, it should be noted that, against an increase in the item Total Revenues of approximately 14 million Euros, the decrease in the Trade receivables from customers compared to the same period in the previous year reached approximately 17.7 million Euros; this trend is correlated to the maintenance of a continued policy for the entire Organization of careful credit management.
The increase in inventories, amounting to 35.4 million Euros as at 31 December 2017 (+37.7 million Euros as at 30 June 2017) is a result of the supply policies in preparation for the summer season.

The maintenance of a careful management of the Payables to suppliers has been confirmed.

The trade net working capital remains in line with the company objectives.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	30.06.18	30.06.17
Net profit before minority interests	28,566	27,308
Amortization and depreciation	3,434	3,203
Change in Staff Severance Provision	(429)	(1,087)
Operating cash-flow	31,571	29,424
(Increase) decrease in receivables from customers	(47,611)	(66,325)
(Increase) decrease in inventories	(35,427)	(37,738)
Increase (decrease) in payables to suppliers	67,558	78,183
(Increase) decrease in other items of the working capital	17,619	17,082
Change in working capital	2,139	(8,798)
Net (investments) in intangible assets	(548)	(7,191)
Net (investments) in tangible assets	(1,573)	(3,194)
Net change in financial assets and other fixed assets	2,615	3,533
Net change in other non current liabilities	(324)	(27)
Investments in other fixed assets	170	(6,879)
Free - cash flow before dividends	33,880	13,747
Distribution of dividends	(49,229)	(46,568)
Capital and reserves increase	0	0
Other changes, including those of minority interests	(355)	1,324
Cash-flow from (for) change in shareholders' equity	(49,584)	(45,244)
FREE - CASH FLOW	(15,704)	(31,497)
Opening net financial debt	(157,603)	(177,473)
Cash-flow for the period	(15,704)	(31,497)
Closing net financial debt	(173,307)	(208,970)

In the following table we provide reconciliation between the "free-cash flow" above showed and the "increase/decrease in cash flow" reported in the cash flows statement (indirect method):

MARR Consolidated (€thousand)	30.06.18	30.06.17
Free - cash flow	(15,704)	(31,497)
(Increase) / decrease in current financial receivables	1,023	954
Increase / (decrease) in non-current net financial debt	30,440	15,217
Increase / (decrease) in current financial debt	(8,514)	30,197
Increase (decrease) in cash-flow	7,245	14,871

Investments

Net investments made in the first half are exposed in the various categories as follow:

(€thousand)	*30.06.18 (6 months)*
Intangible assets	
Patents and intellectual property rights	461
Intangible assets under development and advances	87
Goodwill	0
Total intangible assets	548
Tangible assets	
Land and buildings	186
Plant and machinery	403
Industrial and business equipment	156
Other assets	405
Fixed assets under development and advances	423
Total tangible assets	1,573
Total	2,121

It should be noted that the increase in intangible fixed assets is due to the acquisition of new software, some of which is still being implemented, and also to the inclusion in the Group of the value of the Griglia Doc patent following its merger by incorporation into DE.AL S.r.l. Depositi Alimentari subsequently to the purchase by the latter of the totality of the holdings.

Regarding the investments in Land and buildings, Plant and machinery and Fixed assets under development and advances investment it's highlight the continuation of the expansion and modernisation works in some distribution centres of the Parent Company mainly referred to MARR Adriatico and distributions centres and industrial plants located in Romagna Area.

Increase in the items "Other assets" was mainly related to the purchase of electronics machines and vehicles.

Other information

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently during the first half of 2018 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 30 June 2018 the company don't owns own shares.

During the half year, the Company did not carry out atypical or unusual operations.

Significant events during the half-year 2018

On 20 February 2018, the Board of Directors appointed Mr Loris Piscaglia as Manager of the Internal Auditing Department, who become responsible for the auditing activities, both on a continuous basis and in relation to specific needs and in respect of the international standards, concerning operations and the suitability of the internal audit and risk management system.

On 27 February 2018, with agreement certified by the Notary Grazia Buta form Pescara, DE.AL – S.r.l. Depositi Alimentari purchased the 50% of the associated Company Griglia Doc's share capital for an amount of 190 thousand Euros.
Following this operation the company DE.AL. – S.r.l. Depositi Alimentari become the sole shareholder of Griglia Doc S.r.l..

Subsequently, on 23 April 2018 (following up that deliberated during the meeting of the Board of Directors on 20 February 2018), the extraordinary shareholders' meetings of the companies Griglia Doc S.r.l. and DE.AL S.r.l. – Depositi Alimentari were held, which resolved on the merger by incorporation of Griglia Doc into DE.AL..
On 8 June 2018, by deed with the signatures authenticated by the Notary Stefania Di Mauro, DE.AL. – S.r.l. Depositi Alimentari thus incorporated the subsidiary company Griglia Doc S.r.l.; the legal effects of the merger came into force on 25 June 2018, while the accounting and tax effects did so on 1 January 2018.

On 28 April 2018 the Shareholders' meeting approved the financial statement as at 31 December 2017 and the distribution to the Shareholders of a gross dividend per share of 0.74 Euros (0.70 Euros the previous year) with "ex-coupon" (no. 14) on 28 May 2018 (record date on 29 May 2018) in accordance with the Italian Stock Exchange.

On 14 May 2018, the Board of Directors approved the planned merger by incorporation of the entirely owned companies DE.AL – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l. into MARR S.p.A., in order to ensure the rationalisation of the economic, financial and administrative management of the companies in the Group.

In May MARR has obtained MSC (Marine Stewardship Council) certification according to MSC Standards for its Fishing Chain. The products boasting this certification originate from fishing zones managed by advanced management programmes. The MSC brand is the most common and renowned system guaranteeing sustainable fishing at an international level.
This new certification complements the sustainable fishing policy adopted by MARR, which includes its own management discipline for the process of controlling the "Sustainable fishing chain" certified (www.marr.it/en/sustainable-fishing)

MARR has also adopted an animal welfare policy (www.marr.it/en/sostenibilita/benessere-animale) through which the commitments in the fishing sector are extended to fish farming. Another salient point of the policy concerns eggs and egg-based products. For MARR, the Animal Welfare criteria are an integral part of its supply requirements, in order to ensure the respect in the production lines of the laws in force in Italy and in the EU concerning animal welfare and the five freedoms envisaged by the "Farm Animal Welfare Council of 1979".

On 31 May 2018, the Parent Company finalised, for an overall cost of 0.5 million Euros (to which the eventual adjustment to be defined on the closing date could be added), the purchase (covered by specific contractual protection clauses in favour of the MARR holding) of 40% of the holdings in the company Si'Frutta S.r.l., a company based in Cervia (RA) and operating in the supply of fresh fruit and vegetables to customers in the segment of hotels, restaurants, canteens and industrial processing activities.

Subsequent events after the closing the half-year

On 3 August the Board of Directors, pursuant to art. 2505 second paragraph of the Italian Civil Code and to the By Laws, approved the planned merger by incorporation into MARR S,p.A. of the fully owned companies DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l..
On the same date the Shareholder's meetings of DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l. also approved the said merger which will become effective within the end of the year 2018.
As commented in the previous paragraph the merger is aimed at achieving rationalisation in terms of economic, financial and administrative management, given that DE.AL. – S.r.l. Depositi Alimentari and Speca Alimentari S.r.l. are companies whose activities are limited to the lease of the going concerns to the Parent Company MARR S.p.A..

Transactions with subsidiaries, associates, parent companies and affiliates

The following is some information on the shareholdings held, to supplement that already outlined in the introduction to this Directors' report.

With regard to the transactions with subsidiaries, associates, parents companies and affiliates, for which reference is made to the analyses contained in the explanatory notes to the interim condensed consolidated financial statements, it is pointed out that they are not atypical or unusual, being part of the normal course of activities of the companies in the Group. The following is a list of the types of ongoing relations:

Companies	Nature of Transactions
Subsidiaries	Trade and general services
Parent Company	Trade and general services
Associated Companies	General Services
Associated Companies - Cremonini Group's companies	Trade and general services

It must be pointed out that the value of the purchase and sales of goods of the MARR Group by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented 6.7% of the total purchases and 4.0% of the total sales made by MARR itself respectively. All the commercial transactions and supply of services, etc. occurred at market value.

The following table reports economical and financial data of the first half of 2018, classified by nature and by company.

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVEBLES			PAYABLES			REVENUES				COSTS				
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rentals	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	19	12	174	2.377	8.708		3					621			
Total	19	12	174	2.377	8.708	0	3	0	0	0	0	621	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Affiliated Companies (**)															
Consolidated by Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2.695	9					4.938					17			
Fiorani & C. S.p.a.	13	85		1.048			20		108		4.236				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.		1		333								537			
Guardamiglio S.r.l.				2											
Inalca Algerie S.a.r.l.	10														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	1.114	2		41	79		4.655	151			134	2			
Inalca Kinshasa S.p.r.l.	285														
Inalca S.p.a.	83	14		7.575			147		166		37.222	11			
Inter Inalca Angola Ltda	178														
Interjet S.r.l.															
Italia Alimentari S.p.a.	4	56		509			3		54		2.092				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	8.548						19.047	11							
Roadhouse Grill Roma S.r.l.	890						1.789								
Tecno-Star Due S.r.l.															
Unconsolidated by Cremonini Group															
Farmservice S.r.l.	12				2		23								
Food & Co S.r.l.	2														
Le Cupole S.r.l.													334		
Frimo S.A.M.															
Time Vending S.r.l.		12							12						
Total	13.834	179	0	9.508	81	0	30.622	162	340	0	43.684	567	334	0	0

(*) The item in the Other Receivables column relate to the IRES benefit transferred from MARR S.p.A. within the scope of the National Consolidated tax base, for residual balance of the requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011 while the item in the and Other Payables column represents the payable for the Ires of the previous year and of the first half of 2018. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.
(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

Outlook

The sales performance in July to clients in the Street Market and National Account categories has put the sales in the first seven months in line with the growth objectives for the year.

With regard to the risks and uncertainties there were no significant events during the course of the half year such as to imply a different assessment with respect to that already highlighted in the Directors' Report on the financial statements as at 31 December 2017, which should be referred to for more details.

Interim Condensed Consolidated Financial Statements

MARR Group

30 June 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€thousand)	*Note*	30.06.18	31.12.17
ASSETS			
Non-current assets			
Tangible assets	1	68,448	70,149
Goodwill	2	149,921	149,921
Other intangible assets	3	2,160	1,774
Equity Investments evaluated using the Net Equity method	4	516	735
Investments in other companies		315	315
Non-current financial receivables	5	863	1,171
Financial instruments/derivatives	6	1,178	586
Deferred tax assets	7	479	0
Other non-current assets	8	29,472	31,357
Total non-current assets		253,352	256,008
Current assets			
Inventories	9	182,979	147,552
Financial receivables	10	952	1,964
relating to related parties		*174*	*1,259*
Financial instruments / derivative		0	11
Trade receivables	11	416,089	369,752
relating to related parties		*13,853*	*14,020*
Tax assets	12	12,385	9,323
relating to related parties		*12*	*1,224*
Cash and cash equivalents	13	163,530	156,285
Other current assets	14	39,358	49,649
relating to related parties		*179*	*304*
Total current assets		815,293	734,536
TOTAL ASSETS		*1,068,645*	*990,544*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	15	283,706	304,726
Share capital		*33,263*	*33,263*
Reserves		*207,241*	*193,600*
Retained Earnings		*43,202*	*77,863*
Total Shareholders' Equity		283,706	304,726
Non-current liabilities			
Non-current financial payables	16	226,135	195,695
Financial instruments / derivative		0	0
Employee benefits	17	8,835	9,264
Provisions for risks and costs	18	6,026	6,001
Deferred tax liabilities	7	0	524
Other non-current liabilities	19	1,220	1,045
Total non-current liabilities		242,216	212,529
Current liabilities			
Current financial payables	20	111,631	120,161
relating to related parties		*0*	*0*
Financial instruments/derivatives	21	23	7
Current tax liabilities	22	12,350	1,654
relating to related parties		*8,708*	*0*
Current trade liabilities	23	396,418	328,860
relating to related parties		*11,885*	*9,011*
Other current liabilities	24	22,301	22,607
relating to related parties		*81*	*250*
Total current liabilities		542,723	473,289
TOTAL LIABILITIES		*1,068,645*	*990,544*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	Note	***30.06.18 (6 months)***	*30.06.17 (6 months)*
Revenues	25	762,313	747,907
relating to related parties		*30,788*	*24,945*
Other revenues	26	20,252	20,651
relating to related parties		*340*	*207*
Changes in inventories	9	35,427	37,098
Purchase of goods for resale and consumables	27	(651,474)	(644,343)
relating to related parties		*(43,684)*	*(33,394)*
Personnel costs	28	(18,995)	(19,074)
Amortization, depreciation and write-downs	29	(10,031)	(9,166)
Other operating costs	30	(94,795)	(91,404)
relating to related parties		*(1,522)*	*(1,547)*
Financial income and charges	31	(2,441)	(3,073)
relating to related parties		*0*	*9*
Revenues/(Losses) from investments evaluated using the Net Equity method		0	(81)
Pre-tax profits		***40,256***	***38,515***
Taxes	32	(11,690)	(11,207)
Profits for the period		***28,566***	***27,308***
Profit for the period atributable to:			
Shareholders of the parent company		28,566	27,308
Minority interests		0	0
		28,566	***27,308***
basic Earnings per Share (euro)	33	0.43	0.41
diluted Earnings per Share (euro)	33	0.43	0.41

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Note*	*30.06.18 (6 months)*	*30.06.17 (6 months)*
Profits for the period (A)		*28,566*	*27,308*
Items to be reclassified to profit or loss in subsequent periods:			
Efficacious part of profits/(losses) on cash flow hedge instruments, net of taxation effect		(354)	1,324
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		0	0
Total Other Profits/Losses, net of taxes (B)	34	*(354)*	*1,324*
Comprehensive Income (A) + (B)		*28,212*	*28,632*
Comprehensive Income attributable to:			
Shareholders of the parent company		28,212	28,632
Minority interests		0	0
		28,212	*28,632*

(note 15)

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDER'S EQUITY

Description	Share Capital	Other reserves											Retained earnings	Total Group net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to Ias/Ifrs	Cash-flow hedge reserve	Reserve ex art. 55 (dpr 597-917)	Reserve IAS 19	Total Reserves		
Balance at 1 January 2017	33,263	63,348	6,652	13	36,496	70,119	1,475	7,290	(1,901)	1,474	(826)	184,141	68,161	285,565
Allocation of 2016 profit						9,235						9,235	(9,235)	
Distribution of MARR S.p.A. dividends													(46,568)	(46,568)
Other minor variations										(3)		(3)	1	(3)
Consolidated comprehensive income (1/1 - 30/06/2017):														
- Profit for the period													27,308	27,308
- Other Profits/Losses, net of taxes									1,324			1,324		1,324
Balance at 30 June 2017	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(577)	1,472	(826)	194,697	39,667	267,627
Other minor variations										(3)		(2)		(2)
Consolidated comprehensive income (1/07-31/12/2017):														
- Profit for the period													38,196	38,196
- Other Profits/Losses, net of taxes									(1,163)		68	(1,095)		(1,095)
Balance at 31 December 2017	33,263	63,348	6,652	13	36,496	79,354	1,475	7,290	(1,740)	1,468	(758)	193,600	77,863	304,726
Allocation of 2017 profit						13,998						13,998	(13,998)	
Distribution of MARR S.p.A. dividends													(49,229)	(49,229)
Other minor variations										(3)		(3)		(3)
Consolidated comprehensive income (1/1 - 30/06/2018):														
- Profit for the period													28,566	28,566
- Other Profits/Losses, net of taxes									(354)			(354)		(354)
Balance at 30 June 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,292	(2,094)	1,465	(758)	207,241	43,202	283,706

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	30.06.18	30.06.17
Result for the Period	28,566	27,308
Adjustment:		
Amortization and write-downs	3,437	3,206
Allocation of provison for bad debts	6,171	5,628
Allocation of provison for supplementary clientele severance indemnity	427	335
Capital profit/losses on disposal of assets	(7)	(42)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	2,393	(3,017)
relating to related parties	*0*	*0*
Foreign exchange evaluated (gains)/losses	26	97
	12,447	6,207
Net change in Staff Severance Provision	(429)	(1,293)
(Increase) decrease in trade receivables	(52,246)	(70,559)
relating to related parties	*167*	*136*
(Increase) decrease in inventories	(35,427)	(37,098)
Increase (decrease) in trade payables	67,477	77,147
relating to related parties	*2,874*	*4,704*
(Increase) decrease in other assets	12,176	(1,711)
relating to related parties	*125*	*73*
Increase (decrease) in other liabilities	(532)	1,172
relating to related parties	*(169)*	*(3)*
Net change in tax assets / liabilities	6,755	11,706
relating to related parties	*9,920*	*9,862*
Income tax paid	0	0
relating to related parties	*0*	*0*
Interest paid	(2,848)	3,764
relating to related parties	*0*	*0*
Interest received	455	(747)
relating to related parties	*0*	*9*
Foreign exchange evaluated gains	18	1
Foreign exchange evaluated losses	(44)	(98)
Cash-flow form operating activities	36,368	15,799
(Investments) in other intangible assets	(182)	(549)
(Investments) in tangible assets	(2,176)	(3,261)
Net disposal of tangible assets	610	321
Net (investments) in equity investments no consolidated on a line-by-line basis	(516)	81
Net (investments) in equity investments in other companies	0	4
Outgoing for acquisition of subsiaries or going concerns during the year (net of liquidity purchased)	(9,087)	(8,620)
Cash-flow from investment activities	(11,351)	(12,024)
Distribution of dividends	(49,229)	(46,568)
Other changes, including those of third parties	(362)	1,322
Other changes in financial payables (net of non-current loans received)	(4,375)	8,932
relating to related parties	*0*	*0*
New non-current loans received	75,894	80,000
relating to related parties	*0*	*0*
Non current loans repayment	(40,439)	(35,669)
relating to related parties	*0*	*0*
Net change in current financial receivables	1,023	954
relating to related parties	*1,085*	*1,004*
Net change in non-current financial receivables	(284)	2,125
Cash-flow from financing activities	(17,772)	11,096
Increase (decrease) in cash-flow	7,245	14,871
Opening cash and equivalents	156,285	114,160
Closing cash and equivalents	163,530	129,031

For the reconciliation between the opening figures and closing figures with the relevant movements of the financial liabilities deriving from financing activities (as required by paragraph 44A of IAS 7), see Appendix 3 to the following explanatory notes.

EXPLANATORY NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Structure and contents of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements at 30 June 2018 have been prepared in accordance with the accounting policies and measurement criteria established by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission according to the procedures in art. 6 of (EC) Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002. In this case, IAS 34 (interim financial reporting) has been applied in the preparation of these interim condensed consolidated financial statements. These interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017. The interim condensed consolidated financial statements for the half-year closing as at 30 June 2018 were authorised for publication by the Board of Directors on 3 August 2018.

The section entitled "Accounting policies" contains the reference to international accounting principles used.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the "Distribution of food products to non-domestic catering" sector only.

This sector is subject to seasonal dynamics mainly linked to the flows of the tourist season, which are more concentrated in the summer months and during which the increase in activities, and therefore in net working capital, historically implies greater cash flows and the consequent increase in the financial requirements.

With regard to performance levels in the first half of 2018, see what described in the Directors' Report.

The interim condensed consolidated financial statements as at 30 June 2018 have been prepared on the basis of the cost method except for the derivative financial instruments, which are recorded at fair value.

In observance of that provided by Consob, the figures in the Statement of profit or loss are provided for the 2018 half-year and the period between the start of the business year and the half-year end closing date (progressive); they are compared with the figures for the same periods of the previous business year. The figures in the Statement of financial position concerning the half-year end closing date are compared with the figures at the closing date of the previous business year. Therefore, the comments on the items on the Income Statement are made with reference to the same period for the previous year (30 June 2017) while those for the Statement of financial position are made comparing to the previous business year (31 December 2017).

The following classifications have been used:

- "Statement of financial position" by current/ non-current items
- "Statement of profit or loss" by nature
- "Cash flows statement" (indirect method)

These classifications are deemed to provide information which is better suited to represent the economic and financial situation of the Group.

The figures are expressed in Euros.

The statements and tables contained in this interim condensed consolidated financial statements are shown in thousand Euros.

This report has been prepared using the principles and accounting policies illustrated below.

Consolidation method

Consolidation is made by using the line-by-line method, which consists in recognizing all the items in the assets and liabilities in their entirety. The main consolidation criteria adopted to apply this method are the following:

- Subsidiaries have been consolidated as from the date when control was actually transferred to the Group, and are no longer consolidated as from the date when control was transferred outside the Group.
- Assets and liabilities, charges and income of the companies consolidated on a line-by-line basis, have been fully entered in the consolidated financial statements; the book value of equity investments has been written off

against the corresponding portion of shareholders' equity of the related concerns, by assigning to each single item of the statement of financial position's assets and liabilities, the current value as at the date of acquisition of control (purchase method as defined by IFRS 3, "Business combinations"). Any residual difference, if positive, is entered under "*Goodwill*" in the assets; if negative, in the income statement.

- Mutual debt and credit, costs and revenues relationships, between consolidated companies, and the effects of all significant transactions between these companies, have been written off.
- The portions of shareholders' equity and of the results for the period of minority shareholders have been shown separately in the consolidated shareholders' equity and income statement: this holding is determined on the basis of the percentage held in the fair value of the assets and liabilities recorded at the date of original takeover and in the changes in shareholders' equity after this date.
- Subsequently, the profits and losses are attributed to the minority shareholders on the basis of the percentage they hold and the losses are attributed to minorities even if this implies that the minority holdings have a negative balance.
- Changes in the shareholding of the parent company in a subsidiary which do not imply loss of control are accounted as equity transactions.
- If the parent company loses control over a subsidiary, it:
    - derecognises the assets (including any goodwill) and liabilities of the subsidiary,
    - derecognises the carrying amount of any non-controlling interest,
    - derecognises the cumulative translation differences recorded in equity,
    - recognises the fair value of the consideration received,
    - recognises the fair value of any investment retained,
    - recognises any surplus or deficit in the profit and loss,
    - re-classifies the parent's share of components previously recognised in other comprehensive income to profit and loss or retained earnings, as appropriate.

Scope of consolidation

The interim condensed consolidated financial statements as at 30 June 2018 include the financial statements of the Parent Company MARR S.p.A. and those of the companies it either directly or indirectly controls.
Control is achieved when the Group is exposed or has the right to variable performance levels, deriving from its own relations with the entity involved in the investment and, simultaneously, has the capacity to affect these performance levels by exercising its power over the entity. Specifically, the Group controls a subsidiary if, and only if, the Group has:
· the power over the entity involved in the investment (or has valid rights conferring upon it the current capacity to manage the significant activities of the entity being invested in);
· exposure or the right to variable performance levels deriving from relations with the entity being invested in;
· the capacity to exercise its own power over the entity being invested in terms of affecting the amount deriving from its performance.
There is a general assumption that the majority of voting rights implies control. In support of this assumption and when the Group possesses less than the majority of the voting (or similar) rights, the Group considers all the significant facts and circumstances to establish whether it controls the entity being invested in, including:
· contractual agreements with other owners of voting rights;
· rights deriving from contractual agreements;
· voting rights and potential voting rights of the Group.
The Group reconsiders whether it has control over a subsidiary or not if the facts and circumstances indicate that there have been changes in one or more of the significant elements defining control.

The complete list of subsidiaries included in the scope of consolidation as at 30 June 2018, with an indication of the method of consolidation, is reported in the Marr Group organisation.
The consolidated financial statements have been prepared on the basis of the financial statements as at 30 June 2018 prepared by the subsidiaries included in the scope of consolidation and adjusted, if necessary, in order to align them to the accounting Group policies and classification criteria, in accordance with IFRS.

As at 30 June 2018 the structure of the Group differs from that at 31 December 2017 due to the purchase of the remaining 50% of the quotas of Griglia Doc. S.r.l. made by DE.AL S.r.l. Depositi Alimentari on 27 February 2018 and for its subsequent merger by incorporation in DE.AL. S.r.l., the legal effects of which came into force on 25 June 2018.

Furthermore as explained in the Director's report, it should be noted that on 31 May the Parent Company bought the 40% of the quotas of Si'Frutta S.r.l, a company operating in the supply of fresh fruit and vegetable products to hotels, restaurants, in canteens and chains operators and in industrial transformation activities.

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the half-year closed on 30 June 2018 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2017. It should be highlighted that the new Accounting Standards, changes and interpretations to the Accounting Standards applicable from 1st January 2018 and listed above did not affected the equity, economic and financial situation of the present interim statement of the Group:

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues.
- Changes to IFRS 2 – Clarifications of classification and measurement of share based payment transactions. This amendment deals with the following matters identified by the IFRS Interpretations Committee: i) the accounting of a share based payment plan with defined benefits including the achievement of targets; ii) a share based payment in which the method of settlement is correlated to future events; iii) share based payments settled net of fiscal withholdings; iv) transfer from a cash based payment method to a share based payment method.
- Changes to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment deals with worries that arose during the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Two options are given for companies subscribing insurance contracts with regard to IFRS 4: i) an option that enables the company to reclassify some revenues or costs originating from specific financial assets from the income statement to the statement of comprehensive income; ii) a temporary exemption from the application of IFRS 9, the main activity of which is the subscription of contracts as described in IFRS 4.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation deals with transactions in foreign currency in the event that an entity recognises a nonmonetary asset or liability originating from a payment or receipt of an advance payment before the entity recognises the relevant asset, cost or revenue. This need not be applied to taxes, insurance or re-insurance contracts.
- Changes to IAS 40 regarding transfers of investment property. The amendment provides that: i) paragraph 57 of IAS 40 be modified, providing that an entity must transfer a property from, or to, the category of investment property only when there is evidence of its change of use; ii) the list of examples included in the paragraph 57 (a) – (d) be redefined as a non-exhaustive list of examples.
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the annual improvement plan for the standards and will come into force from 1 January 2018. The changes concern:
  - IFRS 1: the short-term exemptions provided in paragraph E3-E7 are deleted, given that the reasons for including them are no longer in place;
  - IFRS 12: the scope of the standard is clarified, specifying that the disclosure requirements, except for those in paragraphs B10-B16, are applicable to the interests of an entity listed in paragraph 5, which are classified as held for sale, distribution of as a discontinued operations ex IFRS 5;
  - IAS 28: it is clarified that the decision to measure an investment in a subsidiary or joint venture held by a venture capital company at fair value through the income statement is possible for all investments in subsidiaries or joint ventures as of their initial recording.
  - Changes to IFRS 9 - Financial Instruments. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or the fair value through other comprehensive income (OCI) for the financial activities with an option of advance termination ("negative compensation");
  - Changes to IAS 28 - Long-term Interests in Associates and Joint Ventures. The changes specify that IFRS 9 must be applied to the long-term receivables from an associate company or a joint venture which, in substance, is part of the investment in the associate company or joint venture;

The new accounting standards, amendments and interpretations applicable from subsequent financial years are mentioned below:

- IFRS 16 – Leases. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The Group is evaluating the impacts of this new standard on its own consolidated financial statements; for further details regarding the estimated effects we refer to the Explanatory Notes of the consolidated financial statements at 31 December 2017, given that no significant variations occurred during the first half-year.
- IFRIC 23 - Uncertainty over Income Tax Treatments. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon. IFRIC 23 will come into force on 1 January 2019

Finally we remind that IASB on 12 December 2017 published the *Annual Improvements to IFRS (2015 – 2017 cycle)* that included the modify at *IAS 12 – Income Taxes;, at IAS 23 – Borrowing Costs, at IFRS 3 – Business Combinations – and at IFRS 11 – Joint Arrangement.*

Main estimates adopted by management and discretional assessments

The preparation of the half-year condensed consolidated financial statements requires that the directors carry out discretional assessments, estimates and hypotheses that influence the value of revenues, costs, assets and liabilities, and the indication of potential liabilities at the time of the financial statements. However, uncertainty as to these hypotheses and estimates may lead to outcomes that will require future significant adjustments on the accounting value of these assets and/or liabilities.

Estimates and hypotheses

Below is an outline of the key hypotheses concerning the future and other significant sources of uncertainty in estimates at the date of closure of the interim condensed consolidated financial statements that could be the cause of significant adjustment to the value of assets and liabilities in coming business years. The results achieved could differ from these estimates. The estimates and assumptions made are periodically revised and the effects of all changes are immediately reflected in the income statement.

- Estimates adopted in the actuarial calculation in order to determine the benefit plans defined in the context of post-employment obligations:
  - The expected inflation rate is equal to: 1.5%;
  - The discounting rate[III] used is equal to 0.88% for the companies MARR and AS.CA. while is equal to 1.30% for the company New Catering;
  - The annual rate of increase of the severance plan is expected to be equal to 2.625%;
  - A 6.5% turnover of employees is expected.

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity:

  - The rate of voluntary turnover is expected to be 13% for MARR, 7% for AS.CA, 5% for New Catering.;
  - The rate of corporate turnover is expected to be 2% for MARR. 10% for AS.CA, 7% for New Catering;
  - The discounting rate used is 0.51%.

- Estimates used in calculating deferred taxes
  A significant discretional assessment is required by the directors in order to determine the total amount of deferred taxes assets to be accounted. They must estimate the probable occurrence in time and the total value of future fiscally chargeable profits.

[III] Average performance curve deriving from the IBOXX Eurozone Corporates AA (duration "7-10 years" for MARR and AS.CA and "+10 years" for New Catering).

- Other

  Other elements in the financial statements that were the object of estimate and assumptions by Management are inventory write-down, the determination of amortizations and evaluation of receivables and other assets.
  These estimates, although supported by well defined corporate procedures, require hypotheses to be made mainly concerning the future realisable nature of the value of inventories, the probability of collecting receivables and the solvency of creditors as well as the remaining useful lifetime of assets that may be influenced by both market performance and the information available to Management.

  The non-financial instruments with an indefinite useful life are not amortized but subjected to impairment tests annually or whenever there is an indication of impairment. As at 30 June 2018, there was no indication of impairment of any of these instruments.

Financial Risks Management

The financial risks to which the Group is exposed in the performance of its business activities are as follows:
- market risk (including currency risk, interest rate risk and price risk);
- credit risk;
- liquidity risk.

It is noted that at the time of drafting of this half-year financial report, no significant variations had occurred with regard to the management of these risks, with respect to that already illustrated in the financial statements as at 31 December 2017.

Classes of financial instruments

The following items are reported in keeping with the accounting rules relative to financial instruments:

(€thousand)	30 June 2018			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non current derivative/financial instruments	0	1,178	0	1,178
Non Current financial receivables	863	0	0	863
Other non-current assets	29,472	0	0	29,472
Current financial receivables	952	0	0	952
Current derivative/financial instruments	0	0	0	0
Current trade receivables	416,089	0	0	416,089
Cash and cash equivalents	163,530	0	0	163,530
Other current receivables	39,358	0	0	39,358
Total	650,264	1,178	0	651,442
Liabilities as per balance sheet				
Non-current financial payables	226,135	0	0	226,135
Non current derivative/financial instruments	0	0	0	0
Current financial payables	111,631	0	0	111,631
Current derivative financial instruments	0	23	0	23
Total	337,766	23	0	337,789

(€thousand)	31 December 2017			
Assets as per balance sheet	Amortized Cost	Fair value through other comprehensive income (FVOCI)	Fair value through profit or loss (FVTPL)	Total
Non current derivative/financial instruments	0	586	0	586
Non Current financial receivables	1,171	0	0	1,171
Other non-current assets	31,357	0	0	31,357
Current financial receivables	1,964	0	0	1,964
Current derivative/financial instruments	0	11	0	11
Current trade receivables	369,752	0	0	369,752
Cash and cash equivalents	156,285	0	0	156,285
Other current receivables	49,649	0	0	49,649
Total	610,178	597	0	610,775
Liabilities as per balance sheet				
Non-current financial payables	195,695	0	0	195,695
Non current derivative/financial instruments	0	0	0	0
Current financial payables	120,161	0	0	120,161
Current derivative financial instruments	0	7	0	7
Total	315,856	7	0	315,863

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchange and interest rates, are classifiable as "Level 2" financial assets, in as much as the inputs which have a significant effect on the fair value registered are market figures observable directly (exchange and interest rate market).[IV]
Similarly, as regards the non-current financial debts, are also classifiable as "Level 2" financial assets, in as much as the inputs influencing their fair value are market data which is directly observable.
As regards the other current and non-current assets, see that stated in paragraphs 8 and 14 of these explanatory notes.
We highlight that the table was revised in line with the information required by IFRS 9 modified in force since 1 January 2018.

[IV] The Group identifies as "Level 1" financial assets and liabilities those for which the input which has a significant effect on the fair value registered are represented by prices listed on an active market for similar assets or liabilities and as "Level 3" financial assets and liabilities those for which the input is not based on observable market figures.

Transactions with subsidiaries, associates, parent companies and affiliates

With regard to the nature of relationship with subsidiary, associated, holding and affiliated companies, refer to that illustrated in the following Appendix 2.
It is noted that the operations with related parties were conducted in respect of the dispositions of the laws in force, on the basis of reciprocal economic convenience.

Significant events in the first half of 2018 and events subsequent to the closing of the first half of 2018

With regard to the significant events which occurred during the half-year and events subsequent to the closing of the first half of 2018, refer to that illustrated in the Directors' report.

Comments to the main items included in the consolidated statement of financial position

ASSETS

Non-current assets

1. Tangible assets

(€thousand)	Balance at 30.06.18	Purchases / other movements	Net decreases	Depreciation	Balance at 31.12.17
Land and buildings	54,738	196	0	(1,228)	55,770
Plant and machinery	7,611	461	(58)	(1,195)	8,403
Industrial and business equipment	1,730	161	(5)	(189)	1,763
Other assets	3,734	995	(540)	(662)	3,941
Fixed assets under development and advances	635	363	0	0	272
Total tangible assets	68,448	2,176	(603)	(3,274)	70,149

With regard to the variation exposed in the table we point out the followings.

The changes in the column "Purchases / other movements" mainly represent the investments related to the expansion plan and modernisation started in the previous years, which involved investments (some still in progress) primarily in the items "Land and buildings" and "Plant and machinery" in some distributions centre; in particular the investments of the first half-year 2018 was related to the branch MARR Adriatico and to the distribution centres and industrial plant located in Romagna area.

With reference to the increases in the item "Other assets", we point out that they mainly refer to the purchase of industrial vehicles (for total 564 thousand Euros) and to the purchase of electronic machines (for 308 thousand Euros); the decreases, amounting to 603 thousand Euros, refers almost totally to the sales of vehicles.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgage is due for a total of 10,000 thousand Euros in favour of Cassa di Risparmio di Pistoia registered to hedge the mortgage granted on the property Bottegone (PT) – Via Francesco Toni 285 and 297(the value of which in the item Land and Buildings totally amounts to 4.4 million of Euros as at 30 June 2018).

Tangible Asset Leasing:

Below are the summary details of the operation concerning the purchase of an hardware infrastructure for the Group ERP, as it is deemed to be the most significant:

- Start of the financial lease: 1 March 2016.
- Duration of the contract: 5 years.
- Number of instalments: 20.
- Value of the asset financed: 1.1 million Euros.
- Amount of the monthly instalments: 60 thousand Euros.
- Annual periodical rate: 3.31%.
- Redemption price: 11 thousand Euros (plus VAT).
- Total of the instalments paid during the first half-year 2018: 119 thousand Euros.
- Net book value of the asset at 30 June 2018: 592 thousand Euros.
- Remainder of leases at 30 June 2018: 595 thousand Euros.

2. Goodwill

(€thousand)	Balance at 30.06.18	Purchases / other movements	Balance at 31.12.17
Marr S.p.A.	93,380	0	93,380
AS.CA S.p.a.	8,634	0	8,634
New Catering s.r.l.	5,082	0	5,082
DE.AL. S.r.l. Depositi Alimentari	36,184	0	36,184
Speca S.r.l.	6,641	0	6,641
Total Goodwill	149,921	0	149,921

Goodwill is not subject to amortization; the recoverability of its book value is determined at least each year and, in any case, whenever in the presence of events implying an impairment. Verification is made on the smallest aggregate upon which Management, either directly or indirectly, assesses the return on the investment, including the goodwill itself (*cash generating unit*); as concern the main hypothesis used for the determination of the recoverable value, refer to that explained in the notes to the financial statements as at 31 December 2017.

On the basis of the stability of the results of the MARR Group in the first half-year of 2018 there are no indications of loss of value of the assets.

Business combinations realised during the first half-year

During the half-year the subsidiary DE.AL S.r.l. acquired the remaining 50% of the quotas of Griglia Doc S.r.l..
The purchase of share capital for some 0.2 million Euros didn't generate any goodwill accounted in the consolidate financial statement. For further details about that operation, please refer to Group performance and analysis in the Directors' Report.

Business combinations realised after the closing of the half-year

No business combinations have been realised after the closing of the half-year.

3. Other intangible assets

Below there are the movements of the item in the half-year:

(€thousand)	Balance at 30.06.18	Purchases / other movements	Net decreases	Depreciation	Change in consolidation	Balance at 31.12.17
Patents	1,417	506	0	(161)	357	715
Concessions, licenses, trademarks and similar rights	15	0	0	(1)	0	16
Intangible assets under development and advances	728	(315)	0	0	0	1,043
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Fixed Assets	2,160	191	0	(162)	357	1,774

The increases are mainly linked to new software which became operational during the course of the half-year; part of the investments concern software that was still being implemented as at 30 June 2018 and are therefore included in the item "Intangible assets under development and advances".
The increase in the item "Change in consolidation" includes the value of the patent incorporated following the purchase of 100% of the holdings of Griglia Doc s.r.l. and the subsequent merger by incorporation of the company into the subsidiary DE.AL S.r.l. Depositi Alimentari.

4. Equity investments evaluated using the Net Equity Method

The item amounted to 516 thousand Euros and represents the value of the related company Si'Frutta S.r.l., 40% owned by the Parent Company MARR S.p.A. following the purchase of the relevant quotas finalized on 31 May 2018.
Compared to the previous year, it has to be recalled that as at 31 December 2017 this item included the valuation to equity of Griglia Doc S.r.l. , later merged in DE.AL. S.r.l. Depositi Alimentari.

5. Non-current financial receivables

As at 30 June 2018, this item amounted to 863 thousand Euros and includes 461 thousand Euros for the quota beyond the year of interest-bearing financial receivables from Adria Market and other trade partners and the quota beyond the year (totalling 402 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

6. Financial instruments / derivatives

The amount as at 30 June 2018, amounting to 1,178 thousand Euros (586 thousand Euros as at 31 December 2017), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalised in July 2013.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate.
It should be noted that this amount, for 575 thousand Euros, expires beyond 5 years.

7. Deferred tax assets and deferred tax liabilities

As at 30 June 2018, this item amounted to 479 thousand Euros (-524 thousand Euros as at 31 December 2017). The table below shows the details of the items:

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
On taxed provisions	11,715	10,827
On costs deductible in cash	91	61
On costs deductible in subsequent years	897	845
On other changes	149	8
Deferred tax assets	12,852	11,741
On goodwill amortisation reversal	(7,917)	(7,739)
On funds subject to suspended taxation	(409)	(409)
On leasing recalculation as per IAS 17	(475)	(446)
On actuarial calculation of staff severance provision	222	220
On fair value revaluation of land and buildings	(3,495)	(3,513)
On allocation of acquired companies' goodwill	(690)	(694)
On Cash Flow Hedge	661	548
Others	(270)	(232)
Deferred tax liabilities	(12,373)	(12,265)
Totale Deferred Tax Assets	479	(524)

8. Other non-current assets

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Non-current trade receivables	8,212	6,938
Accrued income and prepaid expenses	1,416	1,992
Other non-current receivables	19,844	22,427
Total Other non-current assets	29,472	31,357

The "Non-current trade receivables", amounting to 8,212 thousand Euros (of which 1,894 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature and have an expiry date within 5 years.
The item "Other non-current receivables" includes, in addition to receivables from State coffers for loss of clients of 7,258 thousand Euros, also receivables from suppliers for 12,154 thousand Euros (14,612 thousand Euros as at 31 December 2017) of which 376 thousand Euros was with an expiry date of over 5 years (752 thousand Euros as at 31 December 2017).
There are no other assets with expiry dates over 5 years.

Current assets

9. Inventories

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Finished goods and goods for resale		
Foodstuff	45,342	38,462
Meat	15,919	14,075
Seafood	110,974	84,255
Fruit and vegetables	65	29
Hotel equipment	2,352	2,263
	174,652	139,084
provision for write-down of inventories	(630)	(630)
Goods in transit	7,081	7,210
Packaging	1,876	1,888
Total Inventories	182,979	147,552

The inventories are not conditioned by obligations or other property rights restrictions.

The increase in inventories compared to 31 December 2017 is the effect of the usual business seasonality and of stocking policies related of the summer season.

The following table shows the half-year movement of the item:

(€thousand)	Balance at 30.06.18	Other Change	Balance at 31.12.17
Finished goods and goods for resale	174,652	35,568	139,084
Goods in transit	7,081	(129)	7,210
Packaging	1,876	(12)	1,888
	183,609	35,427	148,182
Provision for write-down of inventories	(630)	0	(630)
Total Inventories	182,979	35,427	147,552

10. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Financial receivables from Parent Companies	174	1,259
Receivables from loans granted to third parties	778	705
Total Current financial receivables	952	1,964

The *Receivables for loans granted to third parties*, all of which are interest-bearing, refer mainly to receivables towards truck drivers (amounting to 676 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (55 thousand Euros).
It must be noted that the receivables from Parent Companies are interest-bearing (at rates in line with market rates).

11. Current trade receivables

This item is composed of:

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Receivables from customers	458,637	407,901
Trade receivables from parent companies	19	438
Total current trade receivables from customers	458,656	408,339
Bad debt provision	(42,567)	(38,587)
Total net current trade receivables from customers	416,089	369,752

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Trade receivables from customers	444,803	394,319
Receivables from Affiliated Consolidated Companies by the Cremonini Group	13,820	13,580
Receivables from Affiliated not Consolidated Companies by the Cremonini Group	14	2
Total current trade receivables	458,637	407,901

The receivables from customers due within the year, deriving in part from normal sales operations and in part from the supply of services, have been valued on the basis of that indicated above. Receivables are shown net of bad debt provision of 42,567 thousand Euros which, as result of uses for 2.2 million Euros and provisions for 6.2 million reflects the exposure of the receivables at their presumable realisation value.

The receivables "from affiliated companies consolidated by the Cremonini Group" (13,820 thousand Euros), "from affiliated companies not consolidated by the Cremonini Group" (14 thousand Euros) are analytically outlined, together with the corresponding payable items, in the table exposed in the Directors' Report and in the Appendix 2 oh these Explanatory Notes. These receivables are all of a commercial nature.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 30 June 2018.

12. Tax assets

This item amount to 12,385 thousand Euros (9,323 thousand Euros as at 31 December 2017) and mainly includes the followings:

- *Irpeg litigation* (for 6,040 thousand Euros): with regard to this item, refer to what contained in the paragraph "Provisions for non-current risks and charges".
- VAT Receivables for 4,967 thousand Euros, almost totally related to Vat Deductibility on the customs bills accounted within the date of interim report.
- *Receivables from the parent company for transferred Ires benefits* for 12 thousand Euros for the residual receivables calculated on the Irap paid for the cost of employment and collaborators not deducted for said purpose (as per reimbursement claims sent in February 2013).
- *Receivables from State coffers for tax reimbursement claims* for a total amount of 232 thousand Euros.

13. Cash and cash equivalents

The balance represents the liquid assets available and the existence of ready cash and values on closure of the period.

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Cash and Cheques	8,799	9,133
Bank and postal accounts	154,731	147,152
Total Cash and cash equivalents	163,530	156,285

With regard to the changes to the net financial position, refer to the cash flows statement for the first half of 2018, and for its composition, refer to the comments in the paragraph "Analysis of the Net Financial Position" in Directors' Report.

14. Other current assets

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Accrued income and prepaid expenses	1,420	620
Other receivables	37,938	49,029
Total Other current assets	39,358	49,649

The item "Other receivables" is composed as follow.

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Guarantee deposits	130	139
Other sundry receivables	1,217	1,420
Provision for write-down of receivables from others	(5,215)	(5,249)
Receivables from social security institutions	263	198
Receivables from agents	3,377	3,125
Receivables from employees	93	33
Receivables from insurance companies	201	293
Advances and deposits	77	49
Advances to suppliers and supplier credit balances	37,616	48,715
Advances to suppliers and supplier credit balances from Associates	179	306
Total Other current receivables	37,938	49,029

The item *Advances to suppliers and supplier credit balances* includes, in addition to the payments made to foreign suppliers (non-EU) for the purchase of goods with "f.o.b. clause" or advance payment on next fishing campaigns (22,364 thousand Euros; 23,772 thousand Euros as at 31 December 2017), also receivables for contributions to be received from suppliers totalling 17,247 thousand Euros (see the comments made in paragraph 26 "Other revenues") and that amounted to 25,159 thousand Euros as at 31 December 2017.
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 30 June 2018.

The "Provision for write-down of receivables from others" amounts, net of uses for 34 thousand Euros, to 5,215 thousand Euros and refers to receivables relates to agents for 900 thousand Euros and for the remaining to suppliers.

LIABILITIES

15. Shareholders' Equity

As regards the changes within the Shareholders' Equity, refer to the statement of changes in the shareholders' equity.

Share Capital
The Share Capital as at 30 June 2018, amounting to 33,263 thousand Euros, is represented by 66,525,120 MARR S.p.A. ordinary shares, entirely subscribed and paid up, with regular benefit, of a nominal value of 0.50 Euros.

Share premium reserve
As at 30 June 2018 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2017.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2017.

Shareholders' contributions on account of capital
This Reserve did not change in 2018 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,292 thousand Euros) set up following the first time adoption of the international accounting standards.

Extraordinary Reserve
As at 30 June 2018, the increase of 13,998 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2017, as per shareholder meeting's decision made on 28 April 2018.

Cash flow hedge reserve
As at 30 June 2018, this item amounted to a negative value of 2,094 thousand Euros and is linked to the stipulation of hedging contracts for interest and exchange rates undertaken for the specific hedging of a loan in foreign currency, in addition to those for trade payables due to purchase of goods in foreign currency.
As regards the movements in this reserve and the other profits/losses in the Statement of Comprehensive Income, see that described in the Consolidated Statement of Changes in the Shareholders' Equity and in paragraph 34 "Other profits/losses", as well as in paragraph 6 and 21 in these explanatory notes.

Reserve for exercised stock option
This reserve has not changed during the course of the year, as the plan was concluded in April 2007 and amounted to 1,475 thousand Euros.

Reserve IAS19
As at 30 June 2018, this reserve amounts to a negative value of 758 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits", effective for the business years starting on 1st January 2013. According to the IFRS these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

Whit regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,465 thousand Euros as at 30 June 2018, the relevant deferred tax liabilities have been accounted for.

On 28 April 2018 the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2017 and consequently decided upon allocation of the business year profits, and the approval of a dividend of 0.74 Euros for each ordinary share with the right to vote.

Non-current liabilities

16. Non-current financial payables

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Payables to banks - non-current portion	188,892	159,583
Payables to other financial institutions - non-current portion	37,062	36,112
Payables for the purchase of quotas or shares (1-5 years)	181	0
Total non-current financial payables	226,135	195,695

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Payables to banks (1-5 years)	188,892	159,583
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	188,892	159,583

The difference in long-term payables to banks is due to the combined effect of the ordinary progress of the amortization plans and the transactions finalised during the first half-year.
In particular as already explained in the Directors' Report, during the first half-year the Parent Company signed new loans as shown below:

- loan in pool granted on 14 February by Cassa Centrale Banca (as agent bank) and BCC Malatestiana, for a total amount of 10 million of Euros and with amortization plan ending in December 2020;
- loan granted on 11 April by UniCredit for 25 million Euros and with amortization plan expiring on April 2022;

Lastly, it should be noted that, regarding the ongoing loan with ICCREA BancaImpresa and BNP Paribas, additional instalments of the loan were paid out in January, amounting to a total of 40.9 million Euros, while in April and June, the ongoing loans with Cassa di Risparmio di Ravenna (for a total amount of 1.0 million Euros) and with UniCredit Banca (for a total amount of 21 million Euros) were extinguished in advance. As at 31 December 2017, these loans were included for 12 million Euros in the current financial payables and for 12 million Euros in the non-current financial payables.

Below is the break-down of the security on mortgages on the Group's real estate:

Credit institutes	Guarantee	Amount	Property
Cassa di Risparmio di Pescia e Pistoia	mortgage	10,000	Via Francesco Toni 285/297 - Bottegone (PT)
Total		10,000	

It is pointed out that the ongoing loans with Banca Intesa San Paolo S.p.A., with ICCREA BancaImpresa, with BNL, with UBI Banca, with Crèdit Agricole Cariparma, with Intesa San Paolo and with BPER as well as the loan in pool with BNP Paribas and the private placement in bond, provide for financial covenants that are calculated punctually on the basis of the MARR Group consolidated figures at the end of each business year (or half-yearly on the figures for the previous twelve months). For a detailed description of these covenants, please refer to the financial statement as at 31 December 2017.
As regards the new loans finalised during the first half of the year, it is pointed out the followings:

- the ongoing loans with UniCredit S.p.A. (signed in April 2018), provides the following covenants to be verified as at 31 December and 30 June of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Payables to other financial institution (1-5 years)	8,757	8,624
Payables to other financial institution (over 5 years)	28,305	27,488
Total payables to other financial institutions - non-current portion	37,062	36,112

The value of payables to other financial institution is represented, for 36,664 thousand Euros (35,603 thousand Euro as at 31 December 2017) by the bond private placement in US dollars, finalised in July 2013. The bond placement amounts to 43 million dollars (originally 30,6 million Euros), of which 10 million dollars expires in 2020 and the remaining 33 million dollars in 2023; the loan involves an average coupon of about 5.1%. Compared to the end of the previous year, the increase is attributable to variations in the Dollar/Euro exchange rate.

It is recalled that, to hedge the risk of oscillations in the Euro-Dollar exchange rate, specific Cross Currency Swap contracts are ongoing, for the effects of which see paragraph 6 "Financial instruments / derivatives".

It is noted that, as at 30 June 2018, the item includes also, for 398 thousand Euros (1-5 years) the payable accounted due to the ongoing financial leasing contract signed by the Parent Company for the hardware infrastructure for the Group ERP.

The item "Payables for the purchase of quotas or shares", amounting to 181 thousand Euros, refers to the debt for the purchase of the 40% of the share capital of the company Si'Frutta S.r.l. finalized on 31 May 2018 and which have maturity date in the month of November 2019.

The comparison of the book values and related fair values of the non-current financial payables is as follows:

(€thousand)	Book Value		Fair Value	
	2018	2017	2018	2017
Payables to banks - non-current portion	188,892	159,583	187,487	158,771
Payables to other financial institutions - non-current portion	37,243	36,112	32,538	32,458
	226,135	195,695	220,025	191,229

The difference between the fair value and the book value lies in the fact that the fair value is obtained by discounting back future cash flows, while the book value is determined by the amortised cost method.

17. Employee benefits

The employment contract applied is that of companies operating in the "Tertiary, Distribution and Services" sector.
As at 30 June 2018 this item amounts to 8,835 thousand Euros and its variation compared to 31 December 2017 (9,264 thousand Euros) is due to the ordinary employee turnover.

18. Provisions for non-current risks and charges

(€thousand)	Balance at 30.06.18	Provisions/other movements	Uses	Balance at 31.12.17
Provision for supplementary clients severance indemnity	4,943	427	0	4,516
Provision for specific risk	1,083	0	(402)	1,485
Total Provisions for non-current risks and charges	6,026	427	(402)	6,001

The provision for supplementary clients severance indemnity has been allocated in compliance with IAS 37 on the basis of a reasonable estimate of probable future liabilities, considering the available elements.

The "Provision for specific risks" covers probable liabilities connected to certain ongoing legal disputes and the decrease is linked to the definition of some disputes.

Regarding the ongoing legal dispute with the Guardia di Finanza, IV Group of Sections of San Lazzaro di Savena – BO (for presumed breaches concerning direct taxes for the 1993-1999 fiscal years and VAT for the 1998 and 1999 fiscal years; verification completed in June 2000, the main finding of which is known as "CRC") highlighted in the financial statements as at 31 December 2017, it should be noted that on 22 March last, the fiscal dispute was discussed before the Emilia Romagna Tax Commission (CTR) and on 20 April 2018, the judges for the case filed sentence no. 1155/18, in which the CTR endorsed MARR's defence, ordering the annulment of the ascertainment notifications issued, with the obligation for the Inland Revenue to reimburse the amounts paid by MARR S.p.A. until now, in execution of the sentences in this regard, with costs compensated.
Regarding the timeframe for the reimbursement of the amounts due – as at 31 December 2017, MARR had paid out the amount of 6,040 thousand Euros (included among the tax receivables) as payments due while the final judgement was pending – according to the Company's consultants, it is reasonable to assume that they will be repaid by the end of the current solar year.

As concerns the ongoing dispute with Customs and Excise Office (arose during the course of 2007, concerning the payment of preferential customs duties on certain imports of fish products and for which, despite the appeals made by the Company being rejected, the judges in the initial proceedings ascertained the complete extraneousness of the Company as regards the claimed irregularities, as they are exclusively attributable to its own suppliers), it should be noted that in May 2013, the Company submitted an appeal to the Supreme Court of Cassation.

Lastly, regarding the tax inspection of a general nature (IRES, IRAP, VAT and other Taxes) undertaken by the Tax Police Nucleus of the Rimini Guardia di Finanza which started on 29 June 2017, concerning the 2015 and subsequent fiscal years, and ending with the preparation of the ascertainment report, in which only one presumed irregularity (the reduction, made pursuant to the former art. 87, paragraph 1 of Legislative Decree 917/86, amounting to 95% of the capital gain accrued during the 2015 business year regarding the sale of the 55% holding in the capital stock of Alisea Società Consortile a r.l., deemed to be incorrect) committed by MARR during the period being inspected was disputed, it must be highlighted that there have not been any updates compared to that commented on in the Annual Financial Report as at 31 December 2017, which see for more details on this dispute.
We would point out that, considering the opinion of the lawyers assisting the Company, we believe it reasonable to expect that the case will in all probability be closed with a positive outcome for MARR.

19. Other non-current liabilities

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Other non-current accrued expenses and deferred income	44	38
Other non-current liabilities	1,176	1,007
Total other non-current payables	1,220	1,045

The item "other liabilities" is represented by security deposits paid by transporters.
This item "other non-current accrued expenses and deferred income" represents the quota over the year for deferred financial income from customers.

There is no accrued income and prepaid expenses with expiry date over 5 years.

Current liabilities

20. Current financial payables

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Payables to banks	108,915	108,613
Payables to other financial institutions	961	974
Payables for the purchase of quotas or shares	1,755	10,574
Total Current financial payables	111,631	120,161

For more details regarding the variation compared to the previous business year, see that outlined in the Directors' Report on management performance and on paragraph 16 "Non-current financial payables".

The balance of the payables to other financial institutions includes:
- the payables for interest accrued concerning the bond private placement operation finalised in July 2013, amounting to 737 thousand Euros,
- the current quota of the payables for the ongoing financial leasing contracts (as detailed in the paragraph 16), amounting to total 222 thousand Euros.

The book value of the short-term loans is the same as the fair value, as the impact of discounting back is not significant.

With reference to payables for the purchase of quotas or shares, we point out that it is related for 1,574 thousand Euros to payables for the share purchase of the company Speca Alimentari S.r.l. and for 181 thousand Euros to the purchase of the quotas of Si'Frutta S.r.l..
Compared to the corresponding period of 2017, it has to be highlighted that on 4 April 2018 the Parent Company paid, for a total amount of 9,000 thousand Euros, the last tranche of the purchase price of the shares of DE.AL. S.r.l..

21. Financial instruments / derivatives

The amount at 30 June 2018, amounting to 23 thousand Euros, concerns forward and spot exchange transactions to hedge the underlying purchases of goods by the Parent Company and the subsidiary AS.CA. These operations were recorded in the accounts as the hedging of financial flows.

22. Current tax liabilities

The item, amounting to 12,350 thousand Euros (1,654 thousand Euros as at 31 December 2017), mainly refers to the current tax balance related to 2017 and to the first half-year 2018.

As regards MARR S.p.A., the 2014 and following business years can still be verifiable by the fiscal authorities, by reason of the ordinary verification deadlines and excluding currently pending fiscal litigations.

The items includes the following:
- net payables for Ires and Irap accrued taxes for 2017 and for the first half-year 2018 for total 10,714 thousand Euros (of which, 8,708 thousand Euros to the Parent Company Cremonini in the scope of adhesion to the National Consolidated Fiscal system);
- payables for IRPEF for dependent employees and external collaborators, for a total amount of 1,293 thousand Euros.
- VAT payables of the subsidiary Speca that is not included in the Group VAT, totalling 31 thousand Euros.

23. Current trade liabilities

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Payables to suppliers	384,533	319,849
Trade payables to Parent Companies	2,377	147
Payables to Associated Companies consolidated by the Cremonini Group	9,508	8,792
Payables to other Associated Companies	0	25
Payables to other Correlated Companies	0	47
Total current trade liabilities	396,418	328,860

The current trade liabilities was mainly refer to the purchase of goods for sale and payables to sales agents. Was also included "Payables to Associated Companies consolidated by the Cremonini Group" for 9,508 thousand Euros, "Trade payables to Parent Companies" for 2,377 thousand Euros the analytics detail of which are explain in the Appendix 2 of these Explanatory Notes.

24. Other current liabilities

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Accrued income and prepaid expenses due	1,344	1,256
Other payables	20,957	21,351
Total other current liabilities	22,301	22,607

The item "*Accrued income and prepaid expenses due*" mainly includes, "*Accrued income for emoluments to employees*" for 1,085 thousand Euros, which including the allocations concerning leave accrued and not taken and the relevant costs amounting to and the items *"Deferred income for interests from clients"* 83 thousand Euros.

The item "Other payables" mainly includes the following items:

- advance payments from clients amounting to 10,782 thousand Euros;
- payables to personnel for emoluments amounting to 6,397 thousand Euros, including the current remuneration to be paid as at 30 June 2018;
- payables to social security institutes for 2,974 thousand Euros;

Guarantees, securities and commitments

These are guarantees granted by both third parties and our companies for debts and other obligations.

Guarantees (totalling 17,998 thousand Euros).
These refer to:
- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 11,998 thousand Euros) and are guarantees granted on our request by credit institutions to guarantee the correct and punctual execution of tender and other contracts of a duration of either within the year or over the year;
- guarantees issued by MARR S.p.A. in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 6,000 thousand Euros as at 30 June 2018 and refers to credit lines granted to subsidiaries.

(€thousand)	Balance at 30.06.18	Balance at 31.12.17
Guarantees		
AS.CA S.p.A.	5,600	5,600
DEAL S.r.l.	400	400
Total Guarantees	6,000	6,000

Collaterals
Collaterals in favour of third parties refer mainly to mortgages on properties owned and are analysed in detail in the comment on the items "Non-current financial payables" and "Tangible Assets".

Other risks and commitments
This item includes for 10,986 thousand Euros the value of credit letters issued by certain credit institutes to guarantee obligations undertaken by the Parent Company and the subsidiary AS.CA with some foreign suppliers.

Comments to the main items included in the consolidated statement of profit or loss

25. Revenues

Revenues are composed of:

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Net revenues from sales - Goods	760,736	746,528
Revenues from Services	154	147
Other revenues from sales	36	39
Advisory services to third parties	144	114
Manufacturing on behalf of third parties	24	12
Rent income (typical management)	25	75
Other services	1,194	992
Total revenues	762,313	747,907

For the analysis of the trend of revenues from sales see the Directors' Report on management performance.

The breakdown of the revenues from sales of goods and from services by geographical area is as follows:

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Italy	726,798	692,189
European Union	25,468	35,581
Extra-EU countries	10,047	20,137
Total	762,313	747,907

26. Other revenues

The Other revenues are broken down as follows:

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Contributions from suppliers and others	19,274	18,407
Other Sundry earnings and proceeds	313	1,462
Reimbursement for damages suffered	286	237
Reimbursement of expenses incurred	323	457
Recovery of legal taxes	15	32
Capital gains on disposal of assets	41	56
Total other revenues	20,252	20,651

The change in the item Other Revenues is attributable to the reduction in the item "Other Sundry", given that the previous business year had seen the settlement of some backdated accounting items.
The "Contributions from suppliers and others" mainly consist of contributions obtained from suppliers for the commercial promotion of their products with our customers.
It has to be recalled that, since last business year, part of the contribution from suppliers has been included to reduce the cost of purchase of goods following the reformulation of some of the contracts for the recognition of end-of-year bonuses.

27. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Purchase of goods	648,285	641,024
Purchase of packages and packing material	2,357	2,296
Purchase of stationery and printed paper	368	391
Purchase of promotional and sales materials and catalogues	122	174
Purchase of various materials	219	297
Fuel for industrial motor vehicles and cars	123	161
Total purchase of goods for resale and consumables	651,474	644,343

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report on market performance.
As highlighted in the previous paragraph, the item "Purchases of goods" benefited in the half-year of the part of contribution from suppliers identifiable as end-of year bonuses and amounting to 2,352 thousand Euros.

28. Personnel costs

As at 30 June 2018 the item amounts to 18,995 thousand Euros (19,074 thousand Euros as at 30 June 2017) and includes all expenses for employed personnel, including holiday and additional monthly salaries as well as related social security charges, in addition to the severance provision and other costs provided contractually.

This item shows a slight decrease compared to the same period in the previous business year, also as a result of the process of outsourcing some activities conducted in the previous business year and as a result of which the average number of employees in the first half-year of 2018 was 842 (849 in the same period of 2017).

The maintenance of a careful resource management policy has been confirmed, with specific reference to the management of leave and permits and of overtime work.

29. Amortizations, depreciations and write-downs

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Depreciation of tangible assets	3,272	3,103
Amortization of intangible assets	162	100
Provisions and write-downs	6,597	5,963
Total amortization and depreciation and write-downs	10,031	9,166

The increase in depreciation is related to the plan of investment for expansion and modernization works carried out in the last three-years period in some MARR distribution centres.

The Provisions and write-downs can be broken down as follows:

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Taxable provisions for bad debts	4,986	4,447
Non-taxable provisions for bad debts	1,184	1,181
Provision for supplementary clientele severance indemnity	427	335
Total provisions and write-downs	6,597	5,963

30. Other operating costs

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Operating costs for services	89,170	85,738
Operating costs for leases and rentals	4,838	4,877
Operating costs for other operating charges	787	789
Total other operating costs	94,795	91,404

The operating costs for services mainly include the following items: sale expenses, distribution and logistic costs of our products for 72,837 thousand Euros (70,650 thousand Euros in the first half of 2017), costs for utilities for 4,935 thousand Euros (4,710 thousand Euros in the first half of 2017), porterage fees and other charges for handling goods for 2,539 thousand Euros (2,273 thousand Euros in the first half of 2017), processing by third parties for 2,138 thousand Euros (1,807 thousand Euros in the first half of 2017) and maintenance costs for 2,393 thousand Euros (2,464 thousand Euros in the first half of 2017).
Their increase is mainly related to higher handling and transportation cost due to the different sales mix.

Costs for leases and rentals mainly concern the rental fees for industrial buildings that amount to a total of 4,600 thousand Euros (4,654 thousand Euros as at 30 June 2017). It should be noted out that the rental fees for industrial buildings include the fees of 334 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the property in which the branch MARR Battistini carries out its activities (Via Spagna 20 – Rimini).

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 320 thousand Euros, "expenses for credit recovery" for 201 thousand Euros and "local council duties and taxes" for 145 thousand Euros.

31. Financial income and charges

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Financial charges	2,847	3,764
Financial income	(455)	(747)
Foreign exchange (gains)/losses	49	56
Total financial (income) and charges	2,441	3,073

The net balances effect of foreign exchange mainly reflects the performance of the Euro compared to the US dollar, which is the currency for imports from non-EU countries.

As also highlighted in the Directors' Report, the decrease in financial charges has benefited from a reduction in the cost of money related, in addition to the trend of interest rates, to the renegotiation of some long term debt finalised at the end of the 2017 and in the first part of 2018.

32. Taxes

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Ires-Ires charge transferred to Parent Company	10,359	9,716
Irap	2,097	2,006
Taxes of previouse years	0	(2)
Net provision for deferred tax liabilities	(766)	(513)
Total taxes	11,690	11,207

33. Earnings per share

The following table is the calculation of the basic and diluted Earnings:

(Euros)	30.06.18 (6 months)	30.06.17 (6 months)
Basic Earnings Per Share	0.43	0.41
Diluted Earnings Per Share	0.43	0.41

It must be pointed out that the calculation is based on the following data:

Earnings:

(€thousand)	30.06.18 (6 months)	30.06.17 (6 months)
Profit for the period	28,566	27,308
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	28,566	27,308

Number of shares:

(number of shares)	30.06.18 (6 months)	30.06.17 (6 months)
Weighted average number of ordinary shares used to determine basic earning per share	66,525,120	66,525,120
Adjustments for share options	0	0
Weighted average number of ordinary shares used to determine diluted earning per share	66,525,120	66,525,120

34. Other profits/losses

The other profits/losses accounted for in the consolidated statement of other comprehensive income consist of the effects produced and reflected in the period with reference to the following items:
- effective part of the operations for hedging exchange risk rate related to the bond in US dollars closed with an operation of private placement in the month of July 2013; effective part of the term exchange purchase transactions carried out to hedge the underlying goods purchasing operations. The value indicated, amounting to a total loss of 354 thousand Euros in the first half of 2018 (+1,324 thousand Euros in the same period of the previous year), is shown net of the taxation effect (that amounts to approximately +59 thousand Euros as at 30 June 2018).

According to the IFRS these profits/losses have been entered in the net equity and highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

Net financial position

The following table represents the trend in Net Financial Position:

	MARR Consolidated (€thousand)	30.06.18	31.12.17	30.06.17
A.	Cash	8,799	9,133	7,467
	Cheques	0	0	0
	Bank accounts	154,648	147,044	121,458
	Postal accounts	83	108	106
B.	Cash equivalent	154,731	147,152	121,564
C.	Liquidity (A) + (B)	163,530	156,285	129,031
	Current financial receivable due to Parent Company	174	1,259	1,926
	Current financial receivable due to Related Companies	0	0	0
	Others financial receivable	778	716	969
D.	Current financial receivable	952	1,975	2,895
E.	Current Bank debt	(57,997)	(63,745)	(65,853)
F.	Current portion of non current debt	(50,918)	(44,868)	(69,523)
	Financial debt due to Parent Company	0	0	0
	Financial debt due to Related Company	0	0	0
	Other financial debt	(2,739)	(11,555)	(13,293)
G.	Other current financial debt	(2,739)	(11,555)	(13,293)
H.	Current financial debt (E) + (F) + (G)	(111,654)	(120,168)	(148,669)
I.	Net current financial indebtedness (H) + (D) + (C)	52,828	38,092	(16,743)
J.	Non current bank loans	(188,892)	(159,583)	(152,738)
K.	Other non current loans	(37,243)	(36,112)	(39,489)
L.	Non current financial indebtedness (J) + (K)	(226,135)	(195,695)	(192,227)
M.	Net financial indebtedness (I) + (L)	(173,307)	(157,603)	(208,970)

The net financial position as at 30 June 2018 remained in line with the company objectives.

° ° °

Rimini, 3 August 2018

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

These appendices contain additional information compared to that reported in the Notes, of which they constitute an integral part.

- Appendix 1 – List of equity investments, including those falling within the scope of consolidation as at 30 June 2018.

- Appendix 2 – List of receivables/payables and revenues/costs to correlated companies as at 30 June 2018.

- Appendix 3 – Reconciliation of liabilities deriving from financing activities as at 30 June 2018.

MARR GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN
THE SCOPE OF CONSOLIDATION AT 30 JUNE 2018

Company	Headquarters	Share capital (€thousand)	Direct control Marr S.p.A.	Indirect control	
				Company	Share held
COMPANIES CONSOLIDATED ON A LINE-BY-LINE BASIS:					
- Parent Company:					
MARR S.p.A.	Rimini	33.263			
- Subsidiaries:					
AS.CA. S.p.A.	Santarcangelo di R. (RN)	518	100,0%		
Marr Foodservice Iberica S.A.u.	Madrid (Spain)	600	100,0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100,0%		
De.Al. S.r.l. Depositi Alimentari	Elice (PE)	3.000	100,0%		
Speca Alimentari S.r.l.	Baveno (VB)	100	100,0%		
INVESTMENTS VALUED AT EQUITY:					
- Associates:					
Si'Frutta S.r.l.	Cervia (RA)	210	40,0%		
EQUITY INVESTMENTS VALUED AT COST:					
- Other companies:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11.798	1,66%		

Appendix 2

RELATIONS WITH PARENT COMPANIES, SUBSIDIARIES, REALATED PARTIES AND ASSOCIATES AT 30 JUNE 2018

COMPANY	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
	RECEIVEBLES			PAYABLES			REVENUES				COSTS				
	Trade	Other	Financial	Trade	Other	Financial	Sale of goods	Performance of services	Other revenues	Financial Income	Purchase of goods	Services	Leases and rentals	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	19	12	174	2.377	8.708		3					621			
Total	19	12	174	2.377	8.708	0	3	0	0	0	0	621	0	0	0
From unconsolidated subsidiaries:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Associeted Companies:															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
From Affiliated Companies (**)															
Consolidated by Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2.695	9					4.938					17			
Fiorani & C. S.p.a.	13	85		1.048			20		108		4.236				
Ges.Car. S.r.l.															
Global Service Logistics S.r.l.															
Global Service S.r.l.		1		333								537			
Guardamiglio S.r.l.				2											
Inalca Algerie S.a.r.l.	10														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	1.114	2		41	79		4.655	151			134	2			
Inalca Kinshasa S.p.r.l.	285														
Inalca S.p.a.	83	14		7.575			147		166		37.222	11			
Inter Inalca Angola Ltda	178														
Interjet S.r.l.															
Italia Alimentari S.p.a.	4	56		509			3		54		2.092				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	8.548						19.047	11							
Roadhouse Grill Roma S.r.l.	890						1.789								
Tecno-Star Due S.r.l.															
Unconsolidated by Cremonini Group															
Farmservice S.r.l.	12				2		23								
Food & Co S.r.l.	2														
Le Cupole S.r.l.													334		
Frimo S.A.M.															
Time Vending S.r.l.		12							12						
Total	13.834	179	0	9.508	81	0	30.622	162	340	0	43.684	567	334	0	0

(*) The item in the Other Receivables column relate to the IRES benefit transferred from MARR S.p.A. within the scope of the National Consolidated tax base, for residual balance of the requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011 while the item in the and Other Payables column represents the payable for the Ires of the previous year and of the first half of 2018. Trade receivables and payables include the net amount of VAT transferred to Cremonini within the scope of the Group VAT liquidation.
(**) The total amount of trade receivables and payables are reclassified under "Receivables from customer" and "Suppliers" respectively.

Appendix 3

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 30 JUNE 2018 AND AT 30 JUNE 2017

	30 June 2018	Cash flows	Purchases	Non-financial changes: Other changes/ reclassifications	Non-financial changes: Exchange rates variations	Fair value variation	31 December 2017
Current payables to bank	57,997	(5,748)	0	0	0	0	63,745
Current portion of non current financial debt	50,918	(8,544)	0	14,594	0	0	44,868
Current financial payables for bond private placement in US dollars	738	(755)	0	738	0	0	755
Current financial payables for leasing contracts	222	(108)	0	111	0	0	219
Current financial payables for purchase of quotas or shares	1,755	(9,154)	335	0	0	0	10,574
Total current financial payables	111,630	(24,309)	335	15,443	0	0	120,161
Current payables/(receivables) for hedging financial instruments	24	17	0	0	0	0	7
Total current financial instruments	24	17	0	0	0	0	7
Non-current payables to bank	188,892	43,903	0	(14,594)	0	0	159,583
Non-current financial payables for bond private placement in US dollars	36,664	0	0	31	1,030	0	35,603
Non-current financial payables for leasing contracts	398	0	0	(111)	0	0	509
Non-current financial payables for purchase of quotas or shares	181	0	181	0	0	0	0
Total non-current financial payables	226,135	43,903	181	(14,674)	1,030	0	195,695
Non-current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0	0
Total non-current financial instruments	0	0	0	0	0	0	0
Total liabilities arising from financial activities	337,789	19,611	516	769	1,030	0	315,863

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	29,281
Other changes/ reclassifications	769
Exchange rates variations	1,030
Fair value variation	0
Total detailed variations in the table	31,080
Other changes in financial liabilities	(4,375)
New non-current loans received	75,894
Non current loans repayment	(40,439)
Total changes shown between financing activities in the Cash Flows Statement	31,080

				Non-financial changes			
	30 June 2017	Cash flows	Purchases	Other changes/ reclassifications	Exchange rates variations	Fair value variation	31 December 2016
Current payables to bank	65,853	12,573	0	0	0	0	53,280
Current portion of non current financial debt	69,523	(19,880)	126	36,390	0	0	52,887
Current financial payables for bond private placement in US dollars	738	(753)	0	738	0	0	753
Current financial payables for leasing contracts	222	(88)	47	0	0	0	263
Current financial payables for purchase of quotas or shares	12,259	(9,085)	1,054	9,000	0	0	11,290
Total current financial payables	148,595	(17,233)	1,227	46,128	0	0	118,473
Current payables/(receivables) for hedging financial instruments	74	0	0	0	0	75	(1)
Total current financial instruments	74	0	0	0	0	75	(1)
Non-current payables to bank	152,673	63,909	0	(36,390)	0	0	125,154
Non-current financial payables for bond private placement in US dollars	37,396	0	0	30	(3,114)	0	40,480
Non-current financial payables for leasing contracts	622	(206)	8	0	0	0	820
Non-current financial payables for purchase of quotas or shares	1,470	0	0	(9,000)	0	0	10,470
Total non-current financial payables	192,161	63,703	8	(45,360)	(3,114)	0	176,924
Non-current payables/(receivables) for hedging financial instruments	66	0	0	0	0	(21)	87
Total non-current financial instruments	66	0	0	0	0	(21)	87
Total liabilities arising from financial activities	340,896	46,470	1,235	768	(3,114)	54	295,483

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	55,555
Other changes/ reclassifications	768
Exchange rates variations	(3,114)
Fair value variation	54
Total detailed variations in the table	53,263
Other changes in financial liabilities	8,932
New non-current loans received	80,000
Non current loans repayment	(35,669)
Total changes shown between financing activities in the Cash Flows Statement	53,263

STATEMENT OF CONDENSED CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO ART. 154-BIS OF LEGISLATIVE DECREE 58 DATED 24 FEBRUARY 1998

1. The undersigned Francesco Ospitali in the quality of Chief Executive Officer, and Pierpaolo Rossi, in the quality of Manager responsible for the drafting of the corporate accounting documents of MARR S.p.A., hereby certify, also taking into account that provided by art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 dated 24 February 1998:
- the adequacy in relation to the characteristics of the company and
- the effective application,

of the management and accounting procedures for the drafting of the interim condensed consolidated financial statement, during the first half-year 2018.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the interim condensed consolidated financial statement as at 30 June 2018 was based on a process defined by MARR S.p.A. in coherence with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which is an internationally accepted general reference framework.

3. It is also certified that:

a) the interim condensed consolidated financial statements:
- are prepared in conformity with the internationally applicable accounting principles recognised in the European Community pursuant to regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
- correspond to the findings in the accounts books and documents;
- are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author and the group of companies included in the scope of consolidation;

b) the interim directors' report on management includes a reliable analysis of the significant events occurred in the first six month of the business year and of their effect on the interim condensed consolidated financial statement, together with a description of the main risks and uncertainties to which they are exposed for the remaining six months of the business year. The intermediate report on management also includes a credible analysis of the information on the significant operations with related parties.

Rimini, 3 August 2018

Francesco Ospitali	Pierpaolo Rossi
Chief Executive Officer	Manager responsible for the drafting of corporate accounting documents

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
MARR SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of MARR SpA and its subsidiaries (the "MARR Group") as of 30 June 2018, comprising the consolidated statement of financial position, consolidated statement of profit or loss , consolidated statement of other comprehensive income, consolidated statement of changes in the shareholder's equity, consolidated cash flows statement and related notes. The directors of MARR SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of MARR Groupas of 30 June 2018 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 3, 2018

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

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