Half-Year Financial Report
as at 30 June 2019

2 August 2019

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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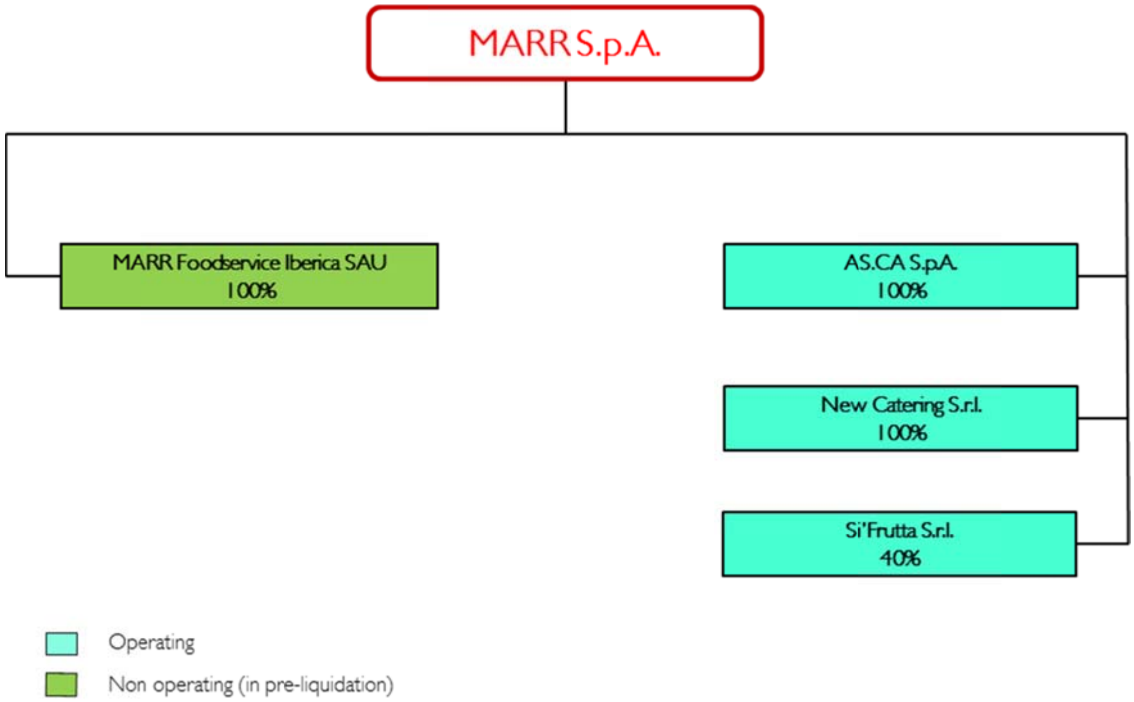
MARR GROUP ORGANISATION

as at 30 June 2019



As at 30 June 2019 the structure of the Group does not differ from that at 31 December 2018.

Compared to the situation as at 30 June 2018, it must be pointed out that some mergers were completed during the course of last year, aimed at rationalising the economic, financial and administrative management of the Group. Specifically, the merger by incorporation of the company Griglia Doc S.r.l. into the subsidiary DE.AL – S.r.l. Depositi Alimentari became effective on 25 June 2018, and subsequently, on 1 December 2018, the latter and the subsidiary Speca Alimentari S.r.l. merged into the Parent Company MARR S.p.A..

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.
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.
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company (in pre – liquidation).

Company	Activity
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	Andrea Foschi
	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 2019

As provided by the implementing regulation for Legislative Decree 58 dated 24 February 1998, concerning Issuers regulations, MARR has prepared this half-year financial report in accordance with the International Accounting Principle applicable for interim financial reporting, IAS 34 as approved by (EC) Regulation No. 1606/2002 of the European Parliament and Council dated 19 July 2002.

At the end of the first six months of the year, sales of the MARR Group amounted to 779.7 million Euros (770.4 million in 2018), while those for the second quarter amounted to 450.4 million (437.8 million in 2018).

As regards the only 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.

The sales in the first half to clients of the Street Market and National Account segments reached 664.1 million Euros compared to 658.4 million in 2018, while the sales to Street Market and National Account segments in the second quarter amounted to 390.8 million Euros (382.0 million in 2018).

In the main segment of the Street Market (restaurants and hotels not belonging to Groups or Chains), sales in the first six months amounted to 513.7 million Euros (502.1 million in 2018). Sales in the second quarter amounted to 315.3 million Euros, an increase compared to 303.1 million in 2018, and benefited from the contribution of the Easter festivities, which had only impacted the first quarter in 2018.

The performance of the end reference market of the Street Market segment, on the basis of the most recent survey by the Confcommercio Studies Office (July 2019), recorded for "Hotels, meals and out-of-home food consumption" an increase in consumption (by quantity) in the first quarter and in the second of +1.2% and +0.7% respectively.

Sales in the National Account segment (operators in Canteens and Chains and Groups) in the half-year amounted to 150.4 million Euros (156.3 million in 2018), while those in the second quarter amounted to 75.5 million Euros (78.9 million in 2018).

Sales to clients in the Wholesale segment in the half-year amounted to 115.6 million Euros (112.0 million in 2018), while those in the second quarter amounted to 59.6 million, compared to 55.8 million in 2018.

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)	30.06.19 (6 months)	30.06.18 (6 months)
Revenues from sales and services by customer category		
Street market	513,724	502,108
National Account	150,433	156,343
Wholesale	115,587	111,966
Total revenues form sales in Foodservice	779,744	770,417
(1) Discount and final year bonus to the customers	(9,191)	(9,684)
(2) Other services	1,280	1,348
(3) Other	137	232
Revenues from sales and services	771,970	762,313

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 2019, compared to the same period of the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	30.06.19 (6 months)	%	30.06.18 (6 months)	%	% Change
Revenues from sales and services	771,970	97.3%	762,313	97.4%	1.3
Other earnings and proceeds	21,037	2.7%	20,252	2.6%	3.9
Total revenues	**793,007**	**100.0%**	**782,565**	**100.0%**	**1.3**
Cost of raw and secondary materials, consumables and goods sold	(650,556)	-82.0%	(651,474)	-83.2%	(0.1)
Change in inventories	25,262	3.2%	35,427	4.5%	(28.7)
Services	(90,881)	-11.5%	(89,169)	-11.4%	1.9
Leases and rentals	(330)	0.0%	(4,838)	-0.6%	(93.2)
Other operating costs	(762)	-0.1%	(788)	-0.1%	(3.3)
Value added	**75,740**	**9.6%**	**71,723**	**9.2%**	**5.6**
Personnel costs	(19,414)	-2.5%	(18,995)	-2.5%	2.2
Gross Operating result	**56,326**	**7.1%**	**52,728**	**6.7%**	**6.8**
Amortization and depreciation	(7,545)	-1.0%	(3,434)	-0.4%	119.7
Provisions and write-downs	(6,816)	-0.8%	(6,597)	-0.8%	3.3
Operating result	**41,965**	**5.3%**	**42,697**	**5.5%**	**(1.7)**
Financial income	419	0.1%	455	0.1%	(7.9)
Financial charges	(3,311)	-0.5%	(2,848)	-0.5%	16.3
Foreign exchange gains and losses	(9)	0.0%	(48)	0.0%	(81.3)
Value adjustments to financial assets	0	0.0%	0	0.0%	0.0
Result from recurrent activities	**39,064**	**4.9%**	**40,256**	**5.1%**	**(3.0)**
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	**39,064**	**4.9%**	**40,256**	**5.1%**	**(3.0)**
Income taxes	(11,299)	-1.4%	(11,690)	-1.4%	(3.3)
Net profit attributable to the MARR Group	**27,765**	**3.5%**	**28,566**	**3.7%**	**(2.8)**

As already highlighted in the Explanatory Notes to the financial statements as at 31 December 2018 and in the Interim Report as at 31 March 2019, with reference to the values stated above, it must be highlighted that the new accounting principle IFRS16 became effective on 1st January 2019.
This 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.

For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statement of a right of use, classified in the fixed assets, and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It should be noted that the first half-year 2018 has not been restated in compliance with the new standard so the effects of its application will be explained in the following notes with reference to each item involved.

The application of the new accounting principle implied an improvement in the EBITDA of total 4.5 million Euros (equal to the value of rental fees that previously were accounted in the item "Leases and rentals costs") and in the EBIT for 0.4 million Euros; on the other hands the impact on the result before taxes has been negative for 0.4 million Euros by the effect of the accrued interests related to the amortization plans of the financial liabilities recorded in the statement of the financial position.

In view of the above, the consolidated operating economics at 30 June 2019 are as follows: total revenues for 793.0 million Euros (782.6 million in 2018); EBITDA[1] 56.3 million Euros (52.7 million Euros in 2018) and EBIT for 42.0 million Euros (42.7 million Euros in 2018).

The trend in Revenues (+1.3% compared to the same period in the last year) is a consequence of the performance of sales in each client categories, as previously analysed.

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).
About this, we recall that, following the centralization of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centers.

The percentage incidence of the first margin (Total revenues, less purchase cost of goods plus changes in inventories) confirms the trend in the first quarter of the year, also because of the temporary deflationary dynamics which affected frozen seafood products in this first half-year.

As regard operative costs, it is highlighted that the percentage incidence of Services and Other Operating Costs on the total revenues remains substantially in line with those at the first half-year of 2018. Leases and Rentals cost is significant reduced due to the application of the new accounting principle as explained in the previous paragraphs.

As regards the Personnel costs, it must be noted that, with a workforce which had reduced at the end of the first half-year in numerical terms compared to the first half of 2018 (856 employees as at 30 June 2019 against 864 as at 30 June 2018), during the course of last year, because of hiring new staff with a view to enhancing some of the central and commercial departments, together with the closure of the Valdagno distribution centre and the completion of the process of outsourcing in some units, the composition of the workforce itself changed, with an increase in the number of employees and a decrease in the number of manual labourers. This process, jointly with the different calendar of festivities has led to an increase in absolute value of about 0.4 million Euros compared to the same period last year.

The increase in absolute value of depreciation is attributable for 4.1 million Euros to the depreciation of the right of use accounted for according to IFRS16 in the financial statements for the lease contracts.

The item Provisions and write-downs amounted to 6.8 million Euros (6.6 million in the first half-year of 2018) and consists for 6.6 million Euros by the provision for bad debts and for 0.2 million Euros by the provision for supplementary client severance indemnity. The percentage incidence on the total revenues was in line with that of the previous year.

The net financial costs, net of those deriving from the application of IFRS 16 that amount to 0.8 million of Euros, showed a decrease for some 0.4 million Euros, mainly linked to the renegotiation of some loans and to the interest rates trend.

By effect of that illustrated above the result of recurrent activities at the end of the half-year amounted to 39.1 million Euros (40.3 million Euros at 30 June 2018).

The tax rate of the period is 28.9%, in line with that one at first half-year 2018.

As at 30 June 2019 the total net result reached 27.8 million Euros (28.6 million Euros at 30 June 2018).

[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.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	30.06.19	31.12.18	30.06.18
Net intangible assets	152,045	152,097	152,081
Net tangible assets	69,570	68,168	68,448
Right of use assets	55,639	0	0
Equity investments evaluated using the Net Equity method	516	516	516
Equity investments in other companies	304	304	315
Other fixed assets	24,404	25,516	23,780
Total fixed assets (A)	302,478	246,601	245,140
Net trade receivables from customers	415,807	378,489	424,301
Inventories	184,140	158,878	182,979
Suppliers	(390,300)	(323,227)	(396,418)
Trade net working capital (B)	209,647	214,140	210,862
Other current assets	52,242	61,468	51,743
Other current liabilities	(35,449)	(23,678)	(34,651)
Total current assets/liabilities (C)	16,793	37,790	17,092
Net working capital (D) = (B+C)	226,440	251,930	227,954
Other non current liabilities (E)	(1,178)	(1,116)	(1,220)
Staff Severance Provision (F)	(8,170)	(8,418)	(8,835)
Provisions for risks and charges (G)	(7,651)	(8,069)	(6,026)
Net invested capital (H) = (A+D+E+F+G)	511,919	480,928	457,013
Shareholders' equity attributable to the Group	(300,736)	(324,272)	(283,706)
Consolidated shareholders' equity (I)	(300,736)	(324,272)	(283,706)
(Net short-term financial debt)/Cash	54,477	61,701	52,828
(Net medium/long-term financial debt)	(209,390)	(218,357)	(226,135)
Net financial debt - before IFRS16 (L)	(154,913)	(156,656)	(173,307)
Current lease liabilities (IFRS16)	(7,654)	0	0
Non-current lease liabilities (IFRS16)	(48,616)	0	0
IFRS16 effect on Net financial debt (M)	(56,270)	0	0
Net financial debt (N) = (L+M)	(211,183)	(156,656)	(173,307)
Net equity and net financial debt (O) = (I+N)	(511,919)	(480,928)	(457,013)

With reference to the statement of the financial position it should be noted the accounting - according to IFRS16 and as described in the previous paragraph - in the total fixed assets of the Right of use, the net book value of which as at 30 June 2019 was 55.6 million Euros and which is mainly related to the long-term lease contracts for the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering are located.
On the other hands the new principle implied the accounting of a financial liability that amounted to 56.3 million Euros at 30 June 2019.

It is highlighted that the Group applied a modified retrospective approach which does not require that the comparative data be restated.

Analysis of the Net Financial Position[II]

The following represents the trend in Net Financial Position:

	MARR Consolidated (€thousand)	*30.06.19*	*31.12.18*	*30.06.18*
A.	Cash	20,070	9,345	8,799
	Cheques	0	0	0
	Bank accounts	186,000	168,804	154,648
	Postal accounts	14	261	83
B.	Cash equivalent	186,014	169,065	154,731
C.	Liquidity (A) + (B)	206,084	178,410	163,530
	Current financial receivable due to Parent company	1,099	1,956	174
	Current financial receivable due to related companies	0	0	0
	Others financial receivable	1,035	923	778
D.	Current financial receivable	2,134	2,879	952
E.	Current Bank debt	(59,845)	(41,043)	(57,997)
F.	Current portion of non current debt	(92,713)	(77,196)	(50,918)
	Financial debt due to Parent company	0	0	0
	Financial debt due to related company	0	0	0
	Other financial debt	(1,183)	(1,349)	(2,739)
G.	Other current financial debt	(1,183)	(1,349)	(2,739)
H.	Current lease liabilities (IFRS16)	(7,654)	0	0
I.	Current financial debt (E) + (F) + (G) + (H)	(161,395)	(119,588)	(111,654)
J.	Net current financial indebtedness (C) + (D) + (I)	46,823	61,701	52,828
K.	Non current bank loans	(171,565)	(180,707)	(188,892)
L.	Other non current loans	(37,825)	(37,650)	(37,243)
M.	Non-current lease liabilities (IFRS16)	(48,616)	0	0
N.	Non current financial indebtedness (K) + (L) + (M)	(258,006)	(218,357)	(226,135)
O.	Net financial indebtedness (J) + (N)	(211,183)	(156,656)	(173,307)

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 of the first half-year net financial indebtedness reached 211.2 million Euros (173.3 million Euros as at 30 June 2018).
The value is affected by the application from 1st January 2019 of the new IFRS16 which implied the accounting of a financial liability for total 56.3 million Euros (of which 48.6 million with a maturity over one year) related to the long-term lease contracts.
As already explained above the comparative data were not been restated.

[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.

Net of the above mentioned impact, the Net Financial Positions of the Group amounts to 154.9 million Euros, improving of 1.7 million Euros compared to 156.7 million as at 31 December 2018 and of 18.4 million Euros compared to 173.3 million of the same period of the previous year.

This trend, net of the financial disbursements related to the investment made at various distribution centre of the Parent Company (as indicated subsequently in the paragraph "Investments"), is mainly linked to the ordinary operational management.

In addition, it should be noted that in May dividends were paid for 51.9 million Euros (49.2 million Euros in 2018).

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*30.06.19*	*31.12.18*	*30.06.18*	*31.12.17*
Net trade receivables from customers	415,807	378,489	424,301	376,690
Inventories	184,140	158,878	182,979	147,552
Suppliers	(390,300)	(323,227)	(396,418)	(328,860)
Trade net working capital	209,647	214,140	210,862	195,382

As at 30 June 2019, net trade working capital amounted to 209.6 million Euros, decreasing for 4.5 million Euros compared to 31 December 2018 (+15.5 million Euros compared to the previous period), and for 1.2 million compared to the end of the first half-year of 2018.

Specifically, it should be noted that, against an increase in the item Total Revenues of 10.4 million Euros, the decrease in Trade receivables from customers compared to the same period in the previous year reached approximately 8.5 million Euros, confirming the maintenance of a continued policy of careful credit management.

The increase in inventories, amounting to 25.3 million Euros compared to 31 December 2018 (+35.4 million Euros in the same period of the previous year) is a result of the supply policies related to frozen seafood products in preparation of the summer season.

Suppliers, increasing of 67.1 million Euros compared to 31 December 2018, show a decrease of 6.1 million Euros compared to the same period of the previous year.

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

Re-classified cash-flow statement

MARR Consolidated (€thousand)	*30.06.19*	*30.06.18*
Net profit before minority interests	27,765	28,566
Amortization and depreciation	7,546	3,434
Change in Staff Severance Provision	(248)	(429)
Operating cash-flow	35,063	31,571
(Increase) decrease in receivables from customers	(37,318)	(47,611)
(Increase) decrease in inventories	(25,262)	(35,427)
Increase (decrease) in payables to suppliers	67,073	67,558
(Increase) decrease in other items of the working capital	20,997	17,619
Change in working capital	25,490	2,139
Net (investments) in intangible assets	(142)	(548)
Net (investments) in tangible assets	(4,637)	(1,573)
Net (investments) in right of use IFRS16	(59,759)	0
Net change in financial assets and other fixed assets	1,112	2,615
Net change in other non current liabilities	(356)	(324)
Investments in other fixed assets	(63,782)	170
Free - cash flow before dividends	(3,229)	33,880
Distribution of dividends	(51,889)	(49,229)
Capital and reserves increase	0	0
Other changes, including those of minority interests	591	(355)
Cash-flow from (for) change in shareholders' equity	(51,298)	(49,584)
FREE - CASH FLOW	(54,527)	(15,704)
Opening net financial debt	(156,656)	(157,603)
Cash-flow for the period	(54,527)	(15,704)
Closing net financial debt	(211,183)	(173,307)

Compared to the same period of the previous year, net of the effect deriving from the IFRS16, the ordinary management has generated an improvement of the free-cash flow before dividends for some 22.6 million Euros.

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)	*30.06.19*	*30.06.18*
Free - cash flow	(54,527)	(15,704)
(Increase) / decrease in current financial receivables	745	1,023
Increase / (decrease) in non-current net financial debt	39,649	30,440
Increase / (decrease) in current financial debt	41,807	(8,514)
Increase (decrease) in cash-flow	27,674	7,245

Investments[III]

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

(€thousand)	*30.06.19*
Intangible assets	
Patents and intellectual property rights	97
Intangible assets under development and advances	126
Total intangible assets	223
Tangible assets	
Land and buildings	717
Plant and machinery	1,195
Industrial and business equipment	248
Other assets	356
Fixed assets under development and advances	2,038
Total tangible assets	4,554
Total	4,777

As concern the investments of the first half-year, should be highlighted the building of the new headquarter located in Santarcangelo di Romagna (for a total investment amounting to 1,344 thousand Euros in the period) and the expansion works at the distribution centre MARR Adriatico (for a total amount of 681 thousand Euros) in the tangible fixed assets under the development and advances category.

Regarding the investments in Land and buildings it is recalled the continuation of the expansion and modernisation works in some distribution centers of the Parent Company which are mainly referred, in the half-year, to MARR Venezia and to the warehouse of the subsidiary New Catering (for total 445 thousand Euros).
Investments in Plant and machinery were made in various distribution centers of the Parent Company.

The intangible asset increase is linked to the purchase of new software, some of which is still being implemented.

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

[III] Only monetary investments are included in this category; are therefore excluded increases related to the accounting in the balance sheet assets of the right of use consequently to the introduction of IFRS 16.

Other informations

The Company neither holds nor has ever held shares or quotas of parent companies, even though third party persons and/or companies; consequently during the first half of 2019 the company never purchased or sold the above-mentioned shares and/or quotas.

As at 30 June 2019 the Company does not owns own shares.

During the half-year, the Group did not carry out any atypical or unusual operations.

Significant events during the half-year 2019

On 1st March 2019 the Alternate Statutory Auditor Simona Muratori, pursuant to art. 23 paragraph 9 of the By Laws of MARR S.p.A, replaced the Statutory Auditor Ezio Maria Simonelli, who notified his resignation for limits to the cumulation of offices, according to the limits provided by Article 144 *terdecies* of the Issuers' Regulation.

On 18 April 2019 the Shareholders' meeting approved the financial statement as at 31 December 2018 and the distribution to the Shareholders of a gross dividend per share of 0.78 Euros (0.74 Euros the previous year) with "ex-coupon" (no. 15) on 27 May 2019, record date on 28 May 2019 and payment on 29 May. The non-distributed profits will be allocated to the Reserves.

On the same date, in fulfilment of art. 2401, paragraph 1 of the Civil Code, the Shareholders' Meeting integrated the Board of Statutory Auditors by appointing one Standing Statutory Auditor and one Alternate Auditor, in compliance with art. 148 of Legislative Decree 58/1998. Andrea Foschi and Simona Muratori were appointed respectively as Standing Statutory Auditor and as Alternate Statutory Auditor.
Auditors thus appointed will step down from office together with the other members of the Board, and thus on the date of the Shareholders' Meeting called to approve the financial statements as at 31 December 2019.

Subsequent events after the closing the half-year

There are no subsequent events after the closing of the half-year.

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 - Cremonini S.p.A.	Trade and general services
Associated Companies	Trade and 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) as well as the associated company represented 6.9% of the total purchases and 4.1% of the total sales made by the Group itself respectively. All the commercial transactions and supply of services, occurred at market value.

The following table reports economical and financial data of the first half of 2019, 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 rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	28	13	1,099	1,564	9,748		7			1		624			
Total	28	13	1,099	1,564	9,748	0	7	0	0	1	0	624	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:															
Sì Frutta S.r.l.	31	133		294			0	11			979				
Total	31	133	0	294	0	0	0	11	0	0	979	0	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Chef Express S.p.A.	2,267	9			1		4,640					12			
Fiorani & C. S.p.a.		108		1,190			17		118		5,071				
Ges.Car. S.r.l.															
Global Service S.r.l.		1		287							3	552			
Guardamiglio S.r.l.	4			2			10								
Inalca Algerie S.a.r.l.															
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	1,032	1		2	24		4,537	84	1					2	
Inalca Kinshasa S.p.r.l.															
Inalca S.p.a.	84	41		7,731			231		161		36,540	9			
Inter Inalca Angola Ltda	7														
Interjet S.r.l.												20			
Italia Alimentari S.p.a.	2	45		569			3		54		2,377				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	7,585			1	5		20,032	18				1			
Roadhouse Grill Roma S.r.l.	873						2,119								
Tecno-Star Due S.r.l.				1											
From Affiliated Companies															
Farmservice S.r.l.	7						22								
Le Cupole S.r.l.		136		111		1,487							334		8
Time Vending S.r.l.		12							12						
Total	11,861	353	0	9,894	30	1,487	31,611	102	346	0	43,991	594	334	2	8

(*) The items in the Other Receivables columns relate to the residual receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the Other Payables is related to the IRES balance for the year 2018 and the first half-year 2019. 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

In the main client segment of the Street Market the trend of July puts sales of the first seven months towards the year-end objectives in terms of growth and of strengthening of market share.

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 2018, which should be referred to for more details.

Interim Condensed Consolidated Financial Statements

MARR Group

30 June 2019

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	*Note*	30.06.19	31.12.18
ASSETS			
Non-current assets			
Tangible assets	1	69,570	68,168
Right of use assets	2	55,639	0
Goodwill	3	149,921	149,921
Other intangible assets	4	2,124	2,176
Equity Investments evaluated using the Net Equity method	5	516	516
Investments in other companies		304	304
Non-current financial receivables	6	561	723
Financial instruments/derivatives	7	3,598	2,513
Deferred tax assets	22	0	0
Other non-current assets	8	29,449	30,880
Total non-current assets		311,682	255,201
Current assets			
Inventories	9	184,140	158,878
Financial receivables	10	2,123	2,878
relating to related parties		*1,099*	*1,957*
Financial instruments / derivative	11	11	1
Trade receivables	12	406,603	369,889
relating to related parties		*11,920*	*16,101*
Tax assets	13	2,971	3,312
relating to related parties		*12*	*109*
Cash and cash equivalents	14	206,084	178,410
Other current assets	15	49,271	58,156
relating to related parties		*487*	*457*
Total current assets		851,203	771,524
TOTAL ASSETS		*1,162,885*	*1,026,725*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	16	300,736	324,272
Share capital		*33,263*	*33,263*
Reserves		*221,215*	*207,868*
Retained Earnings		*46,258*	*83,141*
Total Shareholders' Equity		300,736	324,272
Non-current liabilities			
Non-current financial payables	17	209,293	218,357
Non-current lease liabilities (IFRS16)	18	48,616	0
relating to related parties		*830*	*0*
Financial instruments/derivatives	19	97	0
Employee benefits	20	8,170	8,418
Provisions for risks and costs	21	5,968	5,981
Deferred tax liabilities	22	1,683	2,088
Other non-current liabilities	23	1,178	1,116
Total non-current liabilities		275,005	235,960
Current liabilities			
Current financial payables	24	153,741	119,578
relating to related parties		*0*	*0*
Current lease liabilities (IFRS16)	25	7,654	0
relating to related parties		*657*	*0*
Financial instruments/derivatives		0	10
Current tax liabilities	26	13,665	1,953
relating to related parties		*9,748*	*0*
Current trade liabilities	27	390,300	323,227
relating to related parties		*11,752*	*8,829*
Other current liabilities	28	21,784	21,725
relating to related parties		*30*	*144*
Total current liabilities		587,144	466,493
TOTAL LIABILITIES		*1,162,885*	*1,026,725*

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(€thousand)	*Note*	*30.06.19 (6 months)*	*30.06.18 (6 months)*
Revenues	29	771,970	762,313
relating to related parties		*31,731*	*30,788*
Other revenues	30	21,037	20,252
relating to related parties		*346*	*340*
Changes in inventories	9	25,262	35,427
Purchase of goods for resale and consumables	31	(650,556)	(651,474)
relating to related parties		*(44,970)*	*(43,684)*
Personnel costs	32	(19,414)	(18,995)
Amortization, depreciation and write-downs	33	(14,361)	(10,031)
Other operating costs	34	(91,973)	(94,795)
relating to related parties		*(1,554)*	*(1,522)*
Financial income and charges	35	(2,901)	(2,441)
relating to related parties		*(7)*	*0*
Revenues/(Losses) from investments evaluated using the Net Equity method		0	0
Pre-tax profits		***39,064***	***40,256***
Taxes	36	(11,299)	(11,690)
Profits for the period		***27,765***	***28,566***
Profit for the period atributable to:			
Shareholders of the parent company		27,765	28,566
Minority interests		0	0
		27,765	***28,566***
basic Earnings per Share (euro)	37	0.42	0.43
diluted Earnings per Share (euro)	37	0.42	0.43

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Note*	*30.06.19 (6 months)*	*30.06.18 (6 months)*
Profits for the period (A)		*27,765*	*28,566*
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		591	(354)
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)	*38*	*591*	*(354)*
Comprehensive Income (A) + (B)		*28,356*	*28,212*
Comprehensive Income attributable to:			
Shareholders of the parent company		28,356	28,212
Minority interests		0	0
		28,356	*28,212*

(note 16)

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 1st January 2018	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
Other minor variations										(3)		**(3)**		**(3)**
Consolidated comprehensive income (1/07-31/12/2018):														
- Profit for the period													39,939	**39,939**
- Other Profits/Losses, net of taxes									516		114	**630**		**630**
Balance at 31 December 2018	33,263	63,348	6,652	13	36,496	93,352	1,475	7,292	(1,578)	1,463	(644)	207,868	83,141	324,272
Allocation of 2018 profit						12,759						**12,759**	(12,759)	
Distribution of MARR S.p.A. dividends													(51,889)	**(51,889)**
Other minor variations										(4)		**(3)**		**(3)**
Consolidated comprehensive income (1/1 - 30/06/2019):														
- Profit for the period													27,765	**27,765**
- Other Profits/Losses, net of taxes									591			**591**		**591**
Balance at 30 June 2019	33,263	63,348	6,652	13	36,496	106,111	1,475	7,292	(987)	1,459	(644)	221,215	46,258	300,736

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	*30.06.19*	*30.06.18*
Result for the Period	27,765	28,566
Adjustment:		
Amortization	3,426	3,437
IFRS 16 depreciation	4,120	0
Change in deferred tax	(593)	(767)
Allocation of provison for bad debts	6,614	6,171
Allocation of provison for supplementary clientele severance indemnity	203	427
Capital profit/losses on disposal of assets	(126)	(7)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	2,892	2,393
relating to related parties	*7*	*0*
Foreign exchange evaluated (gains)/losses	55	26
Total	16,591	11,680
Net change in Staff Severance Provision	(249)	(429)
(Increase) decrease in trade receivables	(43,328)	(52,246)
relating to related parties	*4,181*	*167*
(Increase) decrease in inventories	(25,262)	(35,427)
Increase (decrease) in trade payables	67,073	67,477
relating to related parties	*2,923*	*2,874*
(Increase) decrease in other assets	10,315	12,176
relating to related parties	*(30)*	*125*
Increase (decrease) in other liabilities	(95)	(532)
relating to related parties	*(114)*	*(169)*
Net change in tax assets / liabilities	12,240	7,522
relating to related parties	*9,856*	*9,920*
Interest paid	(3,311)	(2,848)
relating to related parties	*0*	*0*
Interest received	419	455
relating to related parties	*1*	*0*
Foreign exchange evaluated gains	(54)	18
Foreign exchange evaluated losses	(1)	(44)
Cash-flow form operating activities	62,103	36,368
(Investments) in other intangible assets	(142)	(182)
(Investments) in tangible assets	(4,710)	(2,176)
Net disposal of tangible assets	203	610
Right of use	0	0
Net (investments) in equity investments no consolidated on a line-by-line basis	0	(516)
Outgoing for acquisition of subsiaries or going concerns during the year (net of liquidity purchased)	(180)	(9,087)
Cash-flow from investment activities	(4,829)	(11,351)
Distribution of dividends	(51,889)	(49,229)
Other changes, including those of third parties	589	(362)
Net change lease liabilities (IFRS16)	(3,489)	0
relating to related parties	*0*	*0*
Other changes in financial payables (net of non-current loans received)	19,082	(4,375)
relating to related parties	*0*	*0*
New non-current loans received	40,000	75,894
relating to related parties	*0*	*0*
Non current loans repayment	(33,715)	(40,439)
relating to related parties	*0*	*0*
Net change in current financial receivables	745	1,023
relating to related parties	*0*	*1,085*
Net change in non-current financial receivables	(923)	(284)
relating to related parties	*0*	*0*
Cash-flow from financing activities	(29,600)	(17,772)
Increase (decrease) in cash-flow	27,674	7,245
Opening cash and equivalents	178,410	156,285
Closing cash and equivalents	206,084	163,530

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 2019 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 2018. The interim condensed consolidated financial statements for the half-year closing as at 30 June 2019 were authorised for publication by the Board of Directors on 2 August 2019.

In the "Accounting policies" section, the international accounting principles adopted do not differ from those used in the drawing up of the consolidated financial statements as at 31 December 2018, excepted for the amendments and interpretations effective from the 1st January 2019.

In particular, as already explained in the Directors' Report, it is highlighted that the international standard IFRS 16 is effective from 1st January 2019.
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.
For all long-term lease contracts identified as above explained the principle implies the accounting in the financial statement of a right of use classified in the fixed assets and the related financial liability, with allocation in the statement of profit and loss of the related depreciation and financial charges.
With reference to these contracts no lease and rental costs are recorded in the profit and loss statement of the Group.
It is highlighted that the Group adopted a modified retrospective approach, without the restatement of the comparative figures.

For the purposes of the application of IFRS 8 it is recalled 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 2019, see what described in the Directors' Report.

The interim condensed consolidated financial statements as at 30 June 2019 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 2019 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 2018) while those for the Statement of financial position are made comparing to the previous business year (31 December 2018).

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 2019 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 2019, with an indication of the method of consolidation, is reported in the Group organisation.
The consolidated financial statements have been prepared on the basis of the financial statements as at 30 June 2019 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 2019 the structure of the Group does not differ from that at 31 December 2018.

As already mentioned in the introduction to this Report, compared to the situation as at 30 June 2018, it must be pointed out that some mergers were completed during the course of last year, aimed at rationalising the economic, financial and administrative management of the Group. Specifically, the merger by incorporation of the company Griglia Doc S.r.l. into the subsidiary DE.AL – S.r.l. Depositi Alimentari became effective on 25 June 2018, and subsequently, on 1 December 2018, the latter and the subsidiary Speca Alimentari S.r.l. merged into the parent company MARR S.p.A..

Accounting policies

The criteria for assessment used for the purpose of predisposing the consolidated accounts up for the half-year closed on 30 June 2019 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2018, excepted for new Accounting Standards, interpretations and changes to the Accounting Standards effective from 1st January 2019.

In particular, as reported in the introduction of these Explanatory notes, it should be highlighted the application of the new IFRS 16.
This 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.
From 1st January 2019 it involved the accounting in the fixed assets of a Right of use the net book value of which was equal to 55.6 million Euros as at 30 June 2019, mainly related to the long-term lease contracts of the buildings in which the distribution centers of the Parent Company and of the subsidiary New Catering were located.
On the other hands the new principle implied the accounting of a financial liability that amounted to 56.3 million Euros at 30 June 2019.
With regard to the Statement of profit or loss the new principle implied the allocation of depreciations for 4.1 million Euros, financial charges for 0.8 million Euros and lower rental fees for total 4.5 million Euros with an overall impact represented by a lower profit of 0.3 million Euros.

The new Accounting Standards, interpretations and changes to the Accounting Standards applicable from 1st January 2019, but which did not have an impact on the financial and economic position of the Group, are mentioned below:

- 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.
- 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 fair value through other comprehensive income (OCI) for the financial assets with the option of advance extinction ("negative compensation").
- Changes to IAS 28 "Long-term Interests in Associates and Joint Ventures". On 12 October 2017, the IASB emanated these changes to clarify the application of IFRS 9 "Financial Instruments" as regards the long-term interest in subsidiary companies or joint ventures, for which the net equity method is not applicable.
- Changes to IAS 19, "Employee benefits'- Plan amendment, curtailment or settlement". This amendment, issued by the IASB on 7 February 2018, clarifies how pension costs are to be determined when changes are made to the defined benefits plan.
- Improvements to the International Financial Reporting Standards (2015-2017). The changes, published in December 2017, mainly concern the following IFRS: a) IAS 12 "Income Taxes". The proposed changes clarify that an entity should recognise all of the fiscal effects to the distribution of the dividends; b) IAS 23 "Borrowing Costs": the proposed changes clarify that, in the event that the specific finances required for the purchase and/or construction of an asset remain ongoing even after the asset in question is ready for use or sale, such loans shall cease to be considered as specific, and are therefore included in the general loans of the entity, in order for the rate of capitalisation of the loans to be determined; c) IAS 28 "Investments in Associates and joint ventures – Long-term interests in an associate or joint venture". The proposed changes

clarify that standard IFRS 9 "Financial Instruments", including the impairment requirements, is also applicable to other financial instruments held in the long-term issued for an associate company or joint venture.

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

- IFRS 17 - "Insurance Contracts". This standard, issued on 18 May 2017, establishes the standards for the recognition, measurement, presentation and representation of insurance contracts included in the standard. The objective of IFRS 17 is to guarantee that an entity provides relevant information which truthfully represents such contracts in order to represent a basis for evaluation by the reader of the financial statements of the effects of such contracts on the equity and financial situation, on the economic results and on the cash flows of the entity. On 21 June 2018, the IASB decided to issue clarifications concerning IFRS 17 "Insurance Contracts", in order to ensure that the interpretation of the standard reflects the decisions taken by the Board, with specific reference to certain points in the contracts subject to variable fees and aspects correlated to IFRS 3 "Business combination". The dispositions of IFRS 17 will be effective as of business years starting from 1st January 2021 or subsequently.
- IFRS 14 - "Regulatory deferral accounts"'. The standard, published by the IASB on 30 January 2014, enables only those who are adopting the IFRS for the first time to continue to record the amounts concerning the rate regulation according to the accounting standards previously adopted.
- Changes to IAS 1 and to IAS 8. These changes, published by the IASB on 31 October 2018, provide a different definition of "material", in other words: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". These changes will be applicable for business years starting on 1st January 2020 or subsequently. Advance application is allowed.
- Changes to IFRS 10 and to IAS 28: this change, published on 11 September 2014, provided the 1st January 2016 as the date of entry into force; application was subsequently postponed to an unspecified date. These amendments were issued because of the conflict between the requirements of IAS 28 and IFRS 10. The IASB and the committee for interpretations determined that a complete gain or loss must be recognised on the loss of control of a business, independently of the whether the business is part of a subsidiary or not.
- Changes to IFRS3 "Business Combination". These changes, issued by the IASB on 22 October 2018, are aimed at resolving the difficulties that arise when an entity determines whether it has purchased a business ot group of assets. The changes are effective for business combinations for which the date of acquisition is in force on or subsequent to 1st January 2020. Advance application is allowed.

Lastly, it must be noted that on 29 March 2018, the IASB published the reviewed version of the Conceptual Framework for Financial Reporting. The main changes compared to the 2010 version concern: i) a new chapter concerning evaluation; ii) better definitions and guidance, especially with regard to the definition of liabilities; iii) clarifications concerning important concepts, such as stewardship, prudence and uncertainty in evaluations. The amendments, where they are effective updates, will be applicable for business years starting on 1st January 2020 or subsequently.

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[IV] used is equal to 1.13% for the companies MARR and AS.CA while is equal to 1.57% 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 S.p.A., 7% for AS.CA S.p.A., 5% for New Catering S.r.l.;
  - The rate of corporate turnover is expected to be 2% for MARR S.p.A. 10% for AS.CA S.p.A., 7% for New Catering S.r.l.;
  - The discounting rate used is 0.77%[V].

- 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.

- 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 2019, 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 2018.

[IV] 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).
[V] Average performance curve deriving from the IBOXX Eurozone Corporates AA referred to the duration of collective.

Classes of financial instruments

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

(€thousand)	30 June 2019			
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	3,598	0	3,598
Non current financial receivables	561	0	0	561
Other non-current assets	29,449	0	0	29,449
Current financial receivables	2,123	0	0	2,123
Current derivative/financial instruments	0	11	0	11
Current trade receivables	406,603	0	0	406,603
Cash and cash equivalents	206,084	0	0	206,084
Other current receivables	49,271	0	0	49,271
Total	694,091	3,609	0	697,700
Liabilities as per balance sheet				
Non-current financial payables	209,293	0	0	209,293
Non-current lease liabilities (IFRS16)	48,616	0	0	48,616
Non current derivative/financial instruments	0	97	0	97
Current financial payables	153,741	0	0	153,741
Current lease liabilities (IFRS16)	7,654	0	0	7,654
Current derivative financial instruments	0	0	0	0
Total	419,304	97	0	419,401

(€thousand)	31 December 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	2,513	0	2,513
Non current financial receivables	723	0	0	723
Other non-current assets	30,880	0	0	30,880
Current financial receivables	2,878	0	0	2,878
Current derivative/financial instruments	0	1	0	1
Current trade receivables	369,889	0	0	369,889
Cash and cash equivalents	178,410	0	0	178,410
Other current receivables	58,156	0	0	58,156
Total	640,936	2,514	0	643,450
Liabilities as per balance sheet				
Non-current financial payables	218,357	0	0	218,357
Non-current lease liabilities (IFRS16)	0	0	0	0
Non current derivative/financial instruments	0	0	0	0
Current financial payables	119,578	0	0	119,578
Current lease liabilities (IFRS16)	0	0	0	0
Current derivative financial instruments	0	10	0	10
Total	337,935	10	0	337,945

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).[VI] 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 15 of these explanatory notes.

[VI] 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 2019 and events subsequent to the closing of the half-year of 2019

With regard to the significant events which occurred during the half-year and events subsequent to the closing of the first half of 2019, 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 30.06.19	Purchases	Net decreases	Other movements	Depreciation	Balance at 31.12.18
Land and buildings	52,766	280	0	0	(1,184)	53,670
Leashold improvements	550	520	0	46	(16)	0
Plant and machinery	7,228	1,195	0	12	(1,220)	7,241
Industrial and business equipment	1,692	253	(5)	0	(174)	1,618
Other assets	3,018	428	(72)	85	(641)	3,218
Fixed assets under development and advances	4,316	2,038	0	(143)	0	2,421
Total tangible assets	69,570	4,714	(77)	0	(3,235)	68,168

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

The changes in the columns "Purchases" mainly represent the investments related to the expansion and modernisation plan of some distribution centres started in the previous years, which involved investments (some still in progress) primarily in the items "Land and buildings", "Leasehold improvements" and "Plant and machinery".
In particular, it must be pointed out that the expansions of the MARR Venezia distribution centre facility (with total investments in the three categories of 252 thousand Euros) and of the Rimini warehouse of the subsidiary New Catering (292 thousand Euros) became operational in the half-year.

The half-year investments highlighted in the item "fixed assets under development and advances" mainly concern the construction works for the new headquarters' building located in Santarcangelo di Romagna (for 1,344 thousand Euros) and the expansions works at the distribution centre MARR Adriatico (for 681 thousand Euros).

With reference to the increases in the item "Other assets", they mainly refer to the purchase of electronic machines (for total 215 thousand Euros) and to the purchase of industrial vehicles (for 175 thousand Euros); the decreases 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 Pescia e 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 4.3 million of Euros as at 30 June 2019).

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: 1st March 2016[VII].
- Duration of the contract: 5 years.
- Number of instalments: 20.
- Value of the asset financed: 1.2 million Euros.
- Amount of the monthly instalments: 69 thousand Euros.
- Annual periodical rate: 3.75%.
- Redemption price: 12 thousand Euros (plus VAT).
- Total of the instalments paid during the 1st half-year 2019: 129 thousand Euros.
- Net book value of the asset at 30 June 2019: 434 thousand Euros.
- Remainder of leases at 30 June 2019: 415 thousand Euros.

[VII] Amended agreement with effects starting from 1st June 2019.

2. Right Of Use

(€thousand)	Balance at 30.06.19	Purchases/ other movements	Net decreases	Depreciation	Balance at 31.12.18
Land and buildings - Right of use	55,537	59,632	0	(4,095)	0
Other assets - Right of use	102	127	0	(25)	0
Total Right of use	55,639	59,759	0	(4,120)	0

This item represents the actualised value of the future leasing fees concerning the operating lease contracts with a multi-annual duration that were ongoing as at 30 June 2019, as provided by the new IFRS 16 in force since 1 January 2019.

In order to give a better understanding of this items, we attached a few details about the composition and the changes in the half-year.

(€thousand)	Net Book Value at 30.06.19	Accumulated depreciation 30.06.19	Depreciation	Asset Book Value 30.06.19	Purchases	Asset Book value 01.01.19
Land and buildings MARR	52,855	(3,931)	(3,931)	56,786	99	56,687
Land and buildings New Catering	2,682	(164)	(164)	2,846	0	2,846
Other assets - MARR	75	(24)	(24)	99	0	99
Other assets - New Catering	27	(1)	(1)	28	28	0
Total	55,639	(4,120)	(4,120)	59,759	127	59,632

Furthermore, it is noted that the value above consists of 37 lease contracts of which 30 related to industrial buildings in which some distribution centres of the Parent Company and of the subsidiary New Catering are located and 7 related to other assets.

3. Goodwill

(€thousand)	Balance at 30.06.19	Purchases / other movements	Balance at 31.12.18
Marr S.p.A.	136,205	0	136,205
AS.CA S.p.a.	8,634	0	8,634
New Catering s.r.l.	5,082	0	5,082
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 2018.

On the basis of the stability of the results of the MARR Group in the first half-year of 2019 there are no indications of loss of value of the assets.

Business combinations realised during the first half-year

No business combinations have been realised during the half-year.

Business combinations realised after the closing of the half-year

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

4. Other intangible assets

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

(€thousand)	Balance at 30.06.19	Purchases	Net decreases	Other movements	Depreciation	Balance at 31.12.18
Patents	1,253	97	0	104	(193)	1,245
Concessions, licenses, trademarks and similar rights	14	0	0	0	(1)	15
Intangible assets under development and advances	857	126	0	(185)	0	916
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Fixed Assets	2,124	223	0	(81)	(194)	2,176

The increases are mainly related to new licenses, software and applications, partly became operational during the course of the half-year, partly still being implemented as at 30 June 2019 and are therefore included in the item "Intangible assets under development and advances".

5. Equity investments evaluated using the Net Equity Method

As at 30 June 2019 the item amounted to 516 thousand Euros and represents the value of the related company Si'Frutta S.r.l..

6. Non-current financial receivables

As at 30 June 2019, this item amounted to 561 thousand Euros and includes 315 thousand Euros for the quota beyond the year of interest-bearing financial receivables from Adria Market and the quota beyond the year (totalling 204 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

7. Financial instruments / derivatives

The amount as at 30 June 2019, amounting to 3,598 thousand Euros (2,513 thousand Euros as at 31 December 2018), 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.
It should be noted that, consistently with the possibility offered by the new IFRS9 (paragraph 7.2.21 on "Transitory dispositions concerning the accounting of hedging operations"), the Group has opted to continue to apply the dispositions concerning the accounting of hedging operations of which in IAS 39 to this type of operations.
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. There are not any contracts whit expiry date over 5 years.

8. Other non-current assets

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Non-current trade receivables	9,204	8,600
Accrued income and prepaid expenses	4,408	4,847
Other non-current receivables	15,837	17,433
Total Other non-current assets	29,449	30,880

The "Non-current trade receivables", amounting to 9,204 thousand Euros (of which 2,541 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 (the amount with expiry date over 5 years is estimated at around 2,010 thousand Euros).
The item "Other non-current receivables" includes, in addition to receivables from State coffers for loss of clients of 6,624 thousand Euros, also receivables from suppliers for 8,798 thousand Euros (10,727 thousand Euros as at 31 December 2018) entirely with an expiry date within 5 years. There are no other assets with expiry dates over 5 years.

Current assets

9. Inventories

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Finished goods and goods for resale		
Foodstuff	44,279	37,366
Meat	17,497	13,729
Seafood	110,964	96,283
Fruit and vegetables	77	26
Hotel equipment	2,689	2,434
	175,506	149,838
provision for write-down of inventories	(630)	(630)
Goods in transit	6,782	7,520
Packaging	2,482	2,150
Total Inventories	184,140	158,878

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

The increase in inventories compared to 31 December 2018 is the effect of the usual business seasonality and of stocking policies mainly linked to frozen seafood products in preparation of the summer season.

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

(€thousand)	Balance at 30.06.19	Other Change	Balance at 31.12.18
Finished goods and goods for resale	175,506	25,668	149,838
Goods in transit	6,782	(738)	7,520
Packaging	2,482	332	2,150
	184,770	25,262	159,508
Provision for write-down of inventories	(630)	0	(630)
Total Inventories	184,140	25,262	158,878

10. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Financial receivables from Parent Companies	1,099	1,956
Receivables from loans granted to third parties	1,024	922
Total Current financial receivables	2,123	2,878

The *Receivables for loans granted to third parties*, all of which are interest-bearing, refer mainly to receivables towards truck drivers (amounting to 908 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and to service-supplying partners (65 thousand Euros).
It must be noted that the receivables from Parent Companies are interest-bearing (at rates in line with market rates).

11. Financial instruments / derivatives

The total as at 30 June 2019, amounting to 11 thousand Euros, concerns term exchange purchase transactions undertaken by the Parent Company and by the Subsidiary Company As.Ca S.p.A.. These operations were record in the accounts as the hedging of financial flows.[VIII].

12. Current trade receivables

This item is composed of:

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Receivables from customers	442,044	401,079
Trade receivables from parent companies	28	2,740
Total current trade receivables from customers	442,072	403,819
Bad debt provision	(35,469)	(33,930)
Total net current trade receivables from customers	406,603	369,889

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Trade receivables from customers	430,152	387,718
Receivables from Associated Companies	31	43
Receivables from Affiliated Consolidated Companies by the Cremonini Group	11,854	13,311
Receivables from Affiliated not Consolidated Companies by the Cremonini Group	7	7
Total current trade receivables	442,044	401,079

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 35,469 thousand Euros.

The receivables "from affiliated companies consolidated by the Cremonini Group" (11,854 thousand Euros), "from affiliated companies not consolidated by the Cremonini Group" (7 thousand Euros) and from "Associated companies" (31 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 2019.

During the first half-year of 2019, the provision for the write-down of receivables recorded the following movements and the determination of the period allocation reflects the exposure of the receivables – net of the write-down provision – at their presumable realisation value.

(€thousand)	Balance at 30.06.19	Increases	Decreases	Balance at 31.12.18
- Tax-deductible provision	1,158	1,156	(2,157)	2,159
- Taxed provision	34,185	5,198	(2,654)	31,641
- Provision for interest for late payments	126	0	(4)	130
Total Provision for write-down of Receivables from customers	35,469	6,354	(4,815)	33,930

[VIII] These operations are accounted in compliance with IAS 39, consistently with the possibility offered by the new IFRS9 (please refer to paragraph 7).

13. Tax assets

This item amount to 2,971 thousand Euros (3,312 thousand Euros as at 31 December 2018) and mainly includes the followings:

- *Ires Receivables* for 646 thousand Euros, represented by the deposits for 2018 paid by the companies DE.AL. – Depositi Alimentari and Speca Alimentari S.r.l., subsequently merged into MARR and not within the scope of fiscal consolidation;
- *Receivables for VAT brought forward* for 1,624 thousand Euros mainly represented by the following items: - 850 thousand Euros as receivables for deferred VAT in Spain; - 381 thousand Euros as receivables relating to the deferred VAT deduction on customs duties accounted before the closure of the half-year; - 239 thousand Euros represented by the balance of VAT receivables deriving from the Company DE.AL. – S.r.l. Depositi Alimentari not included in the Group VAT;
- VAT receivables accrued abroad (Spain), requested as reimbursement from the competent authority, totalling 617 thousand Euros.

The decrease compared to the balance as at 31 December 2018 is related to the receipt during the half-year of 442 thousand Euros as part of the VAT receivables from Spain requested as reimbursement and also the classification of the Ires and Irap receivables for 2018 among the tax payables compensating the balance payable for taxes during the half-year.

14. 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 30.06.19	Balance at 31.12.18
Cash and Cheques	20,070	9,345
Bank and postal accounts	186,014	169,065
Total Cash and cash equivalents	206,084	178,410

With regard to the changes to the net financial position, refer to the cash flows statement for the first half of 2019, instead for its composition, refer to the comments in the paragraph "Analysis of the Net Financial Position" in Directors' Report.

15. Other current assets

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Accrued income and prepaid expenses	1,317	717
Other receivables	47,954	57,439
Total Other current assets	49,271	58,156

The item "Other receivables" is composed as follow.

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Guarantee deposits	130	130
Other sundry receivables	1,296	1,398
Provision for write-down of receivables from others	(4,950)	(4,691)
Receivables from social security institutions	257	222
Receivables from agents	1,863	1,797
Receivables from employees	129	70
Receivables from insurance companies	338	259
Advances and deposits	62	41
Advances to suppliers and supplier credit balances	48,342	57,756
Advances to suppliers and supplier credit balances from Associates	487	457
Total Other current receivables	47,954	57,439

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 (for 23,939 thousand Euros; 25,716 thousand Euros as at 31 December 2018), also receivables for contributions and end-of-year bonuses to be received from suppliers totalling 20,861 thousand Euros (see the comments made in paragraph 26 "Other revenues") and that amounted to 27,428 thousand Euros as at 31 December 2018.
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 30 June 2019.

The "Provision for write-down of receivables from others" amounts to 4,950 thousand Euros and refers to receivables related to agents for 1,100 thousand Euros and for the remaining to suppliers. During the half-year the provision have showed the following changes:

(€thousand)	Balance at 30.06.19	Increases	Decreases	Balance at 31.12.18
- Provision for Receivables from Others	4,950	259	0	4,691
Total Provision for write-down of Receivables from Others	4,950	259	0	4,691

LIABILITIES

16. 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 2019, 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 2019 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2018.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2018.

Shareholders' contributions on account of capital
This Reserve did not change in 2019 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 2019, the increase of 12,759 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2018, as per shareholder meeting's decision made on 18 April 2019.

Cash flow hedge reserve
As at 30 June 2019, this item amounted to a negative value of 987 thousand Euros and was linked to the stipulation both 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 and the interest rate hedging contracts started for the specific hedging of variable-rate loan agreements.
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 38 "Other profits/losses", as well as in paragraph 7,11 and 19 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 2019, this reserve amounts to a negative value of 644 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 1,459 thousand Euros as at 30 June 2019, the relevant deferred tax liabilities have been accounted for.

On 18 April 2019 the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2018 and consequently decided upon the approval of a dividend of 0.78 Euros for each ordinary share with the right to vote.

Non-current liabilities

17. Non-current financial payables

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Payables to banks - non-current portion	171,468	180,707
Payables to other financial institutions - non-current portion	37,825	37,650
Total non-current financial payables	209,293	218,357

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Payables to banks (1-5 years)	171,468	180,707
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	171,468	180,707

The change in non-current 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, it is pointed out that during the first half-year the Parent Company signed new loans as shown below:

- loan signed on 3 April 2019 by Mediobanca, granted on May for 35 million of Euros and with amortization plan ending in April 2024;
- loan signed on 16 May 2019 by Cassa di Risparmio di Ravenna, granted on May for 5 million Euros and with amortization plan expiring on May 2022.

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 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 2018.
In addition as regards the new loans finalised during the first half of the year, it is pointed out the followings:

- the ongoing loans with Mediobanca – Banca di Credito Finanziario S.p.A.. (signed in April 2019), 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 < 1.5
  NET DEBT / EBITDA < 3.0
  EBITDA / Net financial charges > 4.0

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Payables to other financial institution (1-5 years)	37,825	37,650
Payables to other financial institution (over 5 years)	0	0
Total payables to other financial institutions - non-current portion	37,825	37,650

The value of payables to other financial institution is represented, for 37,632 thousand Euros (37,367 thousand Euro as at 31 December 2018), 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 July 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 7 "Financial instruments / derivatives".

In addition, the item includes 193 thousand Euros the payable accounted due to the ongoing financial leasing contract signed by the Parent Company for the hardware infrastructure for the Group ERP.

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

(€thousand)	Book Value		Fair Value	
	2019	2018	2019	2018
Payables to banks - non-current portion	171,468	180,707	170,731	179,511
Payables to other financial institutions - non-current portion	37,825	37,650	36,973	36,266
	209,293	218,357	207,704	215,777

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.

18. Non-current lease liabilities (IFRS16)

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Lease liabilities - Right of use (1-5 years)	25,545	0
Lease liabilities - Right of use (over 5 years)	23,071	0
Total non-current lease liabilities - Right of use	48,616	0

This item includes the financial payables relating mainly to the multi-annual lease contracts for the facilities in which some of the distribution centres of the Parent Company and the subsidiary New Catering are located.
The liability has been recorded in compliance with that provided by the new IFRS16, effective as of 1 January 2019, and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

19. Derivatives

The amount as at 30 June 2019, amounting to a financial liability of 97 thousand Euros, represents the fair value of the Interest Rate Swap contract stipulated in May with Unicredit, The contract, with a notional residual value as at 30 June 2019 of 25 million Euros, expires in April 2022 and was signed to hedge the ongoing variable-rate loan for the same amount with the same bank.
This contract is accounted as the hedging of financial flows.[IX]

20. Employee benefits

The employment contract applied is that of companies operating in the "Tertiary, Distribution and Services" sector.
As at 30 June 2019 this item amounts to 8,170 thousand Euros and its decrease compared to 31 December 2018 (8,418 thousand Euros) is due to the ordinary Group employee turnover.

[IX] These operations are accounted in compliance with IAS 39, consistently with the possibility offered by the new IFRS9 (please refer to paragraph 7).

21. Provisions for non-current risks and charges

(€thousand)	Balance at 30.06.19	Other movements	Provisions	Uses	Balance at 31.12.18
Provision for supplementary clients severance indemnity	4,884	0	202	(216)	4,898
Provision for specific risk	1,084	1	0	0	1,083
Total Provisions for non-current risks and charges	5,968	1	202	(216)	5,981

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.

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.

On 16 April 2019, the Supreme Court emanated an ordinance filed in the chancellery on 6 June 2019, in which the request by MARR for an integral reform of the sentence emanated by the second degree judges was accepted, and the impugned sentence was quashed, thereby deferring the dispute before a new set of judges of the Regional Taxation Court of Tuscany, detached section of Livorno. In the light of that already ordered by the Supreme Court of Cassation in the original ordinance, it appears reasonable to expect that the final outcome of the dispute will be favourable to the Company.

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 2018, 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.

22. Deferred tax assets and deferred tax liabilities

As at 30 June 2019, this item amounted to a negative balance for 1,683 thousand Euros (-2,088 thousand Euros at 31 December 2018). The table below shows the details of the items:

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
On taxed provisions	10,283	9,587
On costs deductible in cash	146	134
On costs deductible in subsequent years	1,123	1,091
On other changes	3	0
Deferred tax assets	11,555	10,812
On goodwill amortisation reversal	(8,605)	(8,392)
On funds subject to suspended taxation	(407)	(408)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calculation of staff severance provision	169	167
On fair value revaluation of land and buildings	(3,458)	(3,500)
On allocation of acquired companies' goodwill	(683)	(687)
On Cash Flow Hedge	313	498
Others	(118)	(129)
Deferred tax liabilities	(13,238)	(12,900)
Totale Deferred Tax Liabilities	(1,683)	(2,088)

23. Other non-current liabilities

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Other non-current accrued expenses and deferred income	38	35
Other non-current liabilities	1,140	1,081
Total other non-current payables	1,178	1,116

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

24. Current financial payables

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Payables to banks	152,558	118,240
Payables to other financial institutions	1,002	977
Payables for the purchase of quotas or shares	181	361
Total Current financial payables	153,741	119,578

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 17 "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 733 thousand Euros,
- the current quota of the payables for the ongoing financial leasing contracts (as detailed in the paragraph 17), amounting to total 267 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.

Payables for the purchase of quotas or shares concern the last instalment of the purchase price of shares of the company Si'Frutta S.r.l. and the decrease compared to 31 December 2018 is due to the payment made in February 2019.

25. Current lease liabilities (IFRS16)

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Lease liabilities - Right of use	7,654	0
Total current lease liabilities - Right of use	7,654	0

This item includes the financial payables expiring within one year, mainly concerning the multi-annual lease contracts for the facilities of some of the distribution centres of the Parent Company and of the subsidiary New Catering.
As already mentioned in paragraph 18 with regard to the non-current portion of the financial payables for leases, it must be noted that this liability has been accounted in compliance with that provided by the new IFRS16 effective as of 1 January 2019 and is calculated as the current value of the future lease payments, actualised at a marginal interest rate which, on the basis of the multi-annual contractual duration for each individual contract, has been included in the range of between 1% and 3%.

26. Current tax liabilities

The item, amounting to 13,665 thousand Euros (1,953 thousand Euros as at 31 December 2018), mainly refers to the current tax balance related to 2018 and to the first half-year 2019.

As regards MARR S.p.A., the 2015 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 mainly includes the following:

- payables for Ires and Irap accrued in the first half of 2019, amounting, net of the balance of the receivables deriving from 2018, to a total of 11,772 thousand Euros (of which 9,748 thousand Euros to the Parent Company Cremonini due to the adhesion to the National Fiscal Consolidation);
- payables for IRPEF for dependent employees and external collaborators, for a total amount of 1,564 thousand Euros.

27. Current trade liabilities

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Payables to suppliers	378,548	314,398
Trade payables to Parent Companies	1,564	3
Payables to Associated Companies consolidated by the Cremonini Group	9,783	8,802
Payables to Associated Companies	294	24
Payables to other Correlated Companies	111	0
Total current trade liabilities	390,300	323,227

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 9,783 thousand Euros, "Trade payables to Parent Companies" for 1,564 and "Payables to Associated Companies" for 294 thousand Euros and the analytics detail of which are explain in the Appendix 2 of these Explanatory Notes. They included also the "payble to other Correlated Companies" for 111 thousand Euros.

28. Other current liabilities

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Accrued income and prepaid expenses due	1,190	1,206
Other payables	20,594	20,519
Total other current liabilities	21,784	21,725

The item "*Accrued income and prepaid expenses due*" mainly includes, "*Accrued income for emoluments to employees*" for 1,068 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"* 43 thousand Euros.

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

- advance payments from clients amounting to 9,605 thousand Euros;
- payables to personnel for emoluments amounting to 6,434 thousand Euros, including the current remuneration to be paid as at 30 June 2019;
- payables to social security institutes for 2,928 thousand Euros.

Guarantees, securities and commitments

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

Guarantees (totalling 18,011 thousand Euros).
These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 12,411 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 5,600 thousand Euros as at 30 June 2019 and refers to credit lines granted to subsidiaries.

(€thousand)	Balance at 30.06.19	Balance at 31.12.18
Guarantees		
AS.CA S.p.A.	5,600	5,600
Total Guarantees	5,600	5,600

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 10,928 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 S.p.A. with some foreign suppliers.

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

29. Revenues

Revenues are composed of:

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Net revenues from sales - Goods	770,553	760,736
Revenues from Services	132	154
Other revenues from sales	0	36
Advisory services to third parties	109	144
Manufacturing on behalf of third parties	14	24
Rent income (typical management)	14	25
Other services	1,148	1,194
Total revenues	771,970	762,313

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)	30.06.19 (6 months)	30.06.18 (6 months)
Italy	722,701	726,798
European Union	31,579	25,468
Extra-EU countries	17,690	10,047
Total	771,970	762,313

30. Other revenues

The Other revenues are broken down as follows:

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Contributions from suppliers and others	19,840	19,274
Other Sundry earnings and proceeds	324	313
Reimbursement for damages suffered	435	286
Reimbursement of expenses incurred	281	323
Recovery of legal taxes	28	15
Capital gains on disposal of assets	129	41
Total other revenues	21,037	20,252

The item "Contributions from suppliers and others" mainly consists of contributions obtained from suppliers for the commercial promotion of their products with our customers; finally it should be recalled that a part of the contribution from suppliers, related contracts for the recognition of the end-of-year bonuses, has been included to reduce the cost of purchasing materials.

31. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Purchase of goods	647,228	648,285
Purchase of packages and packing material	2,348	2,357
Purchase of stationery and printed paper	492	368
Purchase of promotional and sales materials and catalogues	123	122
Purchase of various materials	209	219
Fuel for industrial motor vehicles and cars	156	123
Total purchase of goods for resale and consumables	650,556	651,474

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 for 3,359 thousand Euros (2,352 thousand Euros in the first half-year of the 2018), of the part of contribution from suppliers identifiable as end-of year bonuses.

32. Personnel costs

As at 30 June 2019 the item amounts to 19,414 thousand Euros (18,995 thousand Euros as at 30 June 2018) 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 an increase of about 0.4 million Euros compared to the same period last year. This trend is correlated to a different calendar of festivities and also to a change in the composition of the workforce which occurred from the previous year, with an increase in the number of employees and a reduction in the number of manual labourers, because of the hiring of new staff for the enhancement of some of the central and commercial departments, together with the closure of the Valdagno distribution centre and the completion of the process of outsourcing in some units.

33. Amortizations, depreciations and write-downs

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Depreciation of tangible assets	3.232	3.272
Amortization of intangible assets	194	162
Depreciation of right of use	4.120	0
Provisions and write-downs	6.815	6.597
Total amortization and depreciation and write-downs	14.361	10.031

It should be highlighted that, by the application of the new IFRS 16, the Items "Depreciation" includes the depreciation of Right of use (for 4,120 thousand Euros) as listed above.

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

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Taxable provisions for bad debts	5,457	4,986
Non-taxable provisions for bad debts	1,156	1,184
Provision for supplementary clientele severance indemnity	202	427
Total provisions and write-downs	6,815	6,597

34. Other operating costs

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Operating costs for services	90,882	89,170
Operating costs for leases and rentals	330	4,838
Operating costs for other operating charges	761	787
Total other operating costs	91,973	94,795

The operating costs for services mainly include the following items: sale expenses, distribution and logistic costs of our products for 73,394 thousand Euros (72,837 thousand Euros in the first half of 2018), costs for utilities for 5,042 thousand Euros (4,935 thousand Euros in the first half of 2018), porterage fees and other charges for handling goods for 2,725 thousand Euros (2,539 thousand Euros in the first half of 2018), processing by third parties for 2,167 thousand Euros (2,138 thousand Euros in the first half of 2018) and maintenance costs for 2,604 thousand Euros (2,393 thousand Euros in the first half of 2018).

Costs for leases and rentals amount to a total of 330 thousand Euros and their decrease compared to the same period of the previous year is related to the application of the IFRS 16; the balance at 30 June 2019 represents short-term lease contracts not included in the scope of the new standard account.

The operating costs for other operating charges mainly include the following items: "other indirect duties, taxes and similar costs" for 337 thousand Euros, "expenses for credit recovery" for 181 thousand Euros and "local council duties and taxes" for 144 thousand Euros.

35. Financial income and charges

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Financial charges	3,311	2,847
Financial income	(419)	(455)
Foreign exchange (gains)/losses	9	49
Total financial (income) and charges	2,901	2,441

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.

It is specified that the financial charges included interest expenses for 821 thousand Euros (of which 8 thousand Euros related to lease contract with the related Company Le Cupole of Castelvetro (MO), for lease of the buildings located in Via Spagna, 20 – Rimini) as a result of the application of IFRS 16; net of this amount financial charges showed a decrease compared to the same period of the previous year primarily due to the renegotiation of some loans and for the interest rate trend.

36. Taxes

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Ires-Ires charge transferred to Parent Company	9,845	10,359
Irap	2,030	2,097
Taxes of previouse years	16	0
Net provision for deferred tax liabilities	(592)	(766)
Total taxes	11,299	11,690

37. Earnings per share

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

(Euros)	30.06.19 (6 months)	30.06.18 (6 months)
Basic Earnings Per Share	0.42	0.43
Diluted Earnings Per Share	0.42	0.43

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

Earnings:

(€thousand)	30.06.19 (6 months)	30.06.18 (6 months)
Profit for the period	27,765	28,566
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	27,765	28,566

Number of shares:

(number of shares)	30.06.19 (6 months)	30.06.18 (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

38. 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; effective part of the interest rate hedging operations undertaken with regard to specific variable-rate loans. The value indicated, amounting to a total profit of 591 thousand Euros in the first half

of 2019 (-354 thousand Euros in the same period of the previous year), is shown net of the taxation effect (that amounts to approximately -187 thousand Euros as at 30 June 2019).
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)	30.06.19	31.12.18	30.06.18
A. Cash	20,070	9,345	8,799
Cheques	0	0	0
Bank accounts	186,000	168,804	154,648
Postal accounts	14	261	83
B. Cash equivalent	186,014	169,065	154,731
C. Liquidity (A) + (B)	206,084	178,410	163,530
Current financial receivable due to Parent company	1,099	1,956	174
Current financial receivable due to related companies	0	0	0
Others financial receivable	1,035	923	778
D. Current financial receivable	2,134	2,879	952
E. Current Bank debt	(59,845)	(41,043)	(57,997)
F. Current portion of non current debt	(92,713)	(77,196)	(50,918)
Financial debt due to Parent company	0	0	0
Financial debt due to related company	0	0	0
Other financial debt	(1,183)	(1,349)	(2,739)
G. Other current financial debt	(1,183)	(1,349)	(2,739)
H. Current lease liabilities (IFRS16)	(7,654)	0	0
I. Current financial debt (E) + (F) + (G) + (H)	(161,395)	(119,588)	(111,654)
J. Net current financial indebtedness (C) + (D) + (I)	46,823	61,701	52,828
K. Non current bank loans	(171,565)	(180,707)	(188,892)
L. Other non current loans	(37,825)	(37,650)	(37,243)
M. Non-current lease liabilities (IFRS16)	(48,616)	0	0
N. Non current financial indebtedness (K) + (L) + (M)	(258,006)	(218,357)	(226,135)
O. Net financial indebtedness (J) + (N)	(211,183)	(156,656)	(173,307)

The net financial position as at 30 June 2019 remained in line with the company objectives.

° ° °

Rimini, 2 August 2019

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 2019.
- Appendix 2 – List of receivables/payables and revenues/costs to correlated companies as at 30 June 2019.
- Appendix 3 – Reconciliation of liabilities deriving from financing activities as at 30 June 2019 and at 30 June 2018.

MARR GROUP
LIST OF EQUITY INVESTMENTS INCLUDING THOSE FALLING WITHIN THE SCOPE OF CONSOLIDATION AT 30 JUNE 2019

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%		
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 2019

	FINANCIAL RELATIONS						ECONOMIC RELATIONS								
COMPANY	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 rental	Other operating charges	Financial charges
From Parent Companies:															
Cremonini S.p.A. (*)	28	13	1,099	1,564	9,748		7			1		624			
Total	28	13	1,099	1,564	9,748	0	7	0	0	1	0	624	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:															
Si' Frutta S.r.l.	31	133		294			0	11			979				
Total	31	133	0	294	0	0	0	11	0	0	979	0	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Chef Express S.p.A.	2,267	9			1		4,640					12			
Fiorani & C. S.p.a.		108		1,190			17		118		5,071				
Ges.Car. S.r.l.															
Global Service S.r.l.		1		287							3	552			
Guardamiglio S.r.l.	4			2			10								
Inalca Algerie S.a.r.l.															
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	1,032	1		2	24		4,537	84	1					2	
Inalca Kinshasa S.p.r.l.															
Inalca S.p.a.	84	41		7,731			231		161		36,540	9			
Inter Inalca Angola Ltda	7														
Interjet S.r.l.												20			
Italia Alimentari S.p.a.	2	45		569			3		54		2,377				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	7,585			1	5		20,032	18				1			
Roadhouse Grill Roma S.r.l.	873						2,119								
Tecno-Star Due S.r.l.				1											
From Affiliated Companies															
Farmservice S.r.l.	7						22								
Le Cupole S.r.l.		136		111		1,487							334		8
Time Vending S.r.l.		12							12						
Total	11,861	353	0	9,894	30	1,487	31,611	102	346	0	43,991	594	334	2	8

(*) The items in the Other Receivables columns relate to the residual receivables for requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011, transferred to the Parent Company within the scope of of the National Consolidated tax base; the amount in the Other Payables is related to the IRES balance for the year 2018 and the first half-year 2019. 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.

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 30 JUNE 2019 AND AT 30 JUNE 2018

			Non-financial changes				
	30 June 2019	Cash flows	Other changes/ reclassifications	Purchases/ IFRS16	Exchange rates variations	Fair value variation	31 December 2018
Current payables to bank	59.845	18.802	0	0	0	0	41.043
Current portion of non current financial debt	92.713	(28.176)	43.693	0	0	0	77.196
Current financial payables for bond private placement in US dollars	736	(752)	736	0	0	0	752
Current financial payables for IFRS 16 lease contracts	7.654	(3.488)	3.822	7.320	0	0	0
Current financial payables for leasing contracts	267	(114)	155	0	0	0	226
Current financial payables for purchase of quotas or shares	181	(180)	0	0	0	0	361
Total current financial payables	161.396	(13.908)	48.406	7.320	0	0	119.578
Current payables/(receivables) for hedging financial instruments	0	(10)	0	0	0	0	10
Total current financial instruments	0	(10)	0	0	0	0	10
Non-current payables to bank	171.468	34.461	(43.700)	0	0	0	180.707
Non-current financial payables for bond private placement in US dollars	37.631	0	33	0	231	0	37.367
Non-current financial payables for IFRS 16 lease contracts	48.616	0	(3.822)	52.438	0	0	0
Non-current financial payables for leasing contracts	194	0	(89)	0	0	0	283
Non-current financial payables for purchase of quotas or shares	0	0	0		0	0	0
Total non-current financial payables	257.909	34.461	(47.578)	52.438	231	0	218.357
Non-current payables/(receivables) for hedging financial instruments	97	0	0	0	97	0	0
Total non-current financial instruments	97	0	0	0	97	0	0
Total liabilities arising from financial activities	**419.402**	**20.543**	**828**	**59.758**	**328**	**0**	**337.945**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows (net of outgoing for acquisition of subsidiaries)	20.723
Other changes/ reclassifications	828
Exchange rates variations	328
Fair value variation	0
Total detailed variations in the table	**21.879**
Other changes in financial liabilities	15.594
New non-current loans received	40.000
Non current loans repayment	(33.715)
Total changes shown between financing activities in the Cash Flows Statement	**21.879**

			Non-financial changes				
	30 June 2018	Cash flows	Other changes/ reclassifications	Purchases	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)	14,594	0	0	0	44,868
Current financial payables for bond private placement in US dollars	738	(755)	738	0	0	0	755
Current financial payables for leasing contracts	222	(108)	111	0	0	0	219
Current financial payables for purchase of quotas or shares	1,755	(9,154)	0	335	0	0	10,574
Total current financial payables	111,630	(24,309)	15,443	335	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	(14,594)	0	0	0	159,583
Non-current financial payables for bond private placement in US dollars	36,664	0	31	0	1,030	0	35,603
Non-current financial payables for leasing contracts	398	0	(111)	0	0	0	509
Non-current financial payables for purchase of quotas or shares	181	0	0	181	0	0	0
Total non-current financial payables	226,135	43,903	(14,674)	181	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	769	516	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

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 2019.

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 2019 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, 2 August 2019

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 2019, 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 Group as of 30 June 2019 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.

Parma, August 2, 2019

PricewaterhouseCoopers SpA

Edoardo Orlandoni
(Partner)

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