Annual Report
as at December 31, 2017

MARR S.p.A.
Via Spagna, 20 – 47921 Rimini – Italy
Capital stock € 33.262.560 fully paid up
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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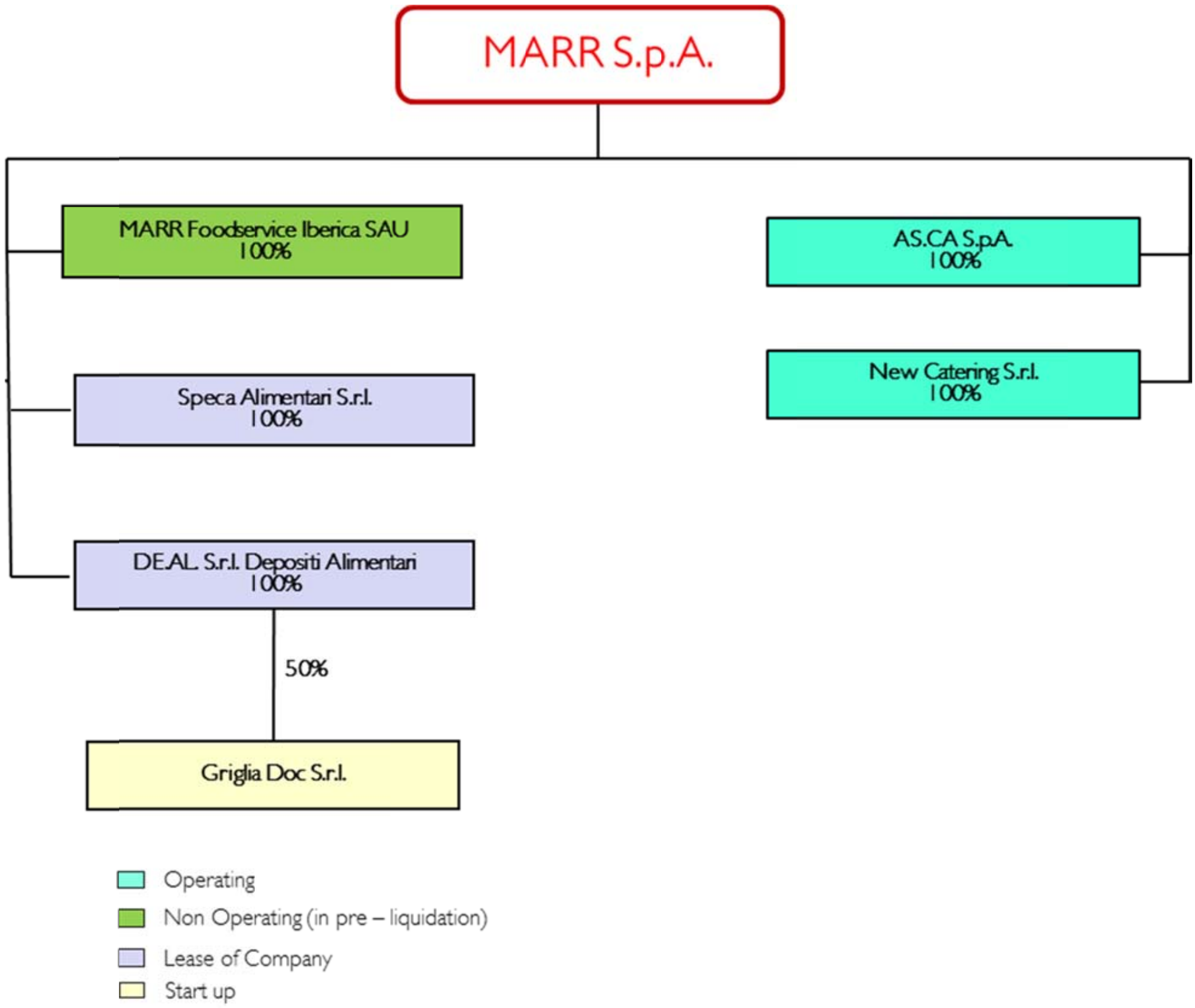
MARR GROUP ORGANISATION

as at 31 December 2017



As at 31 December 2017 the structure of the Group differs from that at 31 December 2016, due to the purchase of the 100% of the shares of the company Speca Alimentari S.r.l. with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice sector. By express agreement between the parties, the active and passive effects deriving from the deed, underwritten on 30 December 2016, became effective between the parties as of 1 January 2017. From the same date, the new acquired company leased its going concern to the parent company MARR S.p.A., which manages it through the new MARR Speca Alimentari distribution center (renamed "MARR Lago Maggiore" since 1 February 2018).

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

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

Company	Activity
New Catering S.r.l. Via dell'Acero n.1/A - Santarcangelo di Romagna (Rn)	Marketing and distribution of foodstuff products to bars and fast food outlets.
DE.AL. S.r.l. Depositi Alimentari Via Tevere n. 125 – Elice (PE)	Company, leasing its going concern to the Parent Company.
Speca Alimentari S.r.l. Via dell'Acero n. 1/A – Santarcangelo di Romagna (Rn)	Company, leasing its going concern to the Parent Company.
MARR Foodservice Iberica S.A.U. Calle Lagasca n. 106 1° centro - Madrid (Spagna)	Non-operating company (in pre – liquidation).
Griglia Doc S.r.l. Via Tevere n. 125 – Elice (PE)	Start-up company.

All the controlled companies are consolidated on a line – by – line basis.
As at 31 December 2017, the related company Griglia Doc S.r.l. is owned for the 50% by De.Al S.r.l. Depositi Alimetari and is valued at net equity.

CORPORATE BODIES

Board of Directors

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

(1) Member of Control and Risk Committee

(2) Members of the Remuneration and Nomination Committee

Board of Statutory Auditors

Chairman	Massimo Gatto
Auditors	Ezio Maria Simonelli
	Paola Simonelli
Alternate Auditors	Alvise Deganello
	Simona Muratori

Independent Auditors	PricewaterhouseCoopers S.p.A.

Manager responsible for the drafting of corporate accounting documents	Pierpaolo Rossi

DIRECTORS' REPORT

Group performance and analysis of the results for the business year 2017

As provided by Legislative Decree 38 dated 28 February 2005, in accordance with regulation no. 1606/2002 approved by the European Parliament, MARR has adopted the International Accounting Standards for the consolidated and MARR S.p.A. financial statements.

The 2017 business year closed with total consolidated revenues of 1,624.6 million Euros, compared to 1,544.4 million in 2016.

The operating profit also increased, with EBITDA of 116.0 million Euros (111.0 million in 2016) and EBIT of 97.0 million (92.7 million in 2016).

Sales of the MARR Group in 2017 amounted to 1,599.5 million Euros compared to 1,516.2 million Euros in 2016.

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

In particular, the sales to customers in the Street Market and National Account categories reached 1,335.5 million Euros, (1,263.7 million in 2016).

Sales in the main Street Market category (restaurants and hotels not belonging to Groups or Chains) reached 1,048.7 million Euros (983.9 million in 2016), with a contribution of 18.3 million Euros form the acquisition of DE.AL. (4 April 2016) and Speca (effective form 1st January 2017).

As regards the trend of the reference end market of customers in the Street Market segment, on the basis of the most recent survey by the Confcommercio Studies Office ("Congiuntura" Confcommercio no. 2, February 2018) the item "Hotels, meals and out of home consumption" recorded an increase in consumption (by quantity) in 2017 of +2.3% (+1.6% in 2016 – February 2018[1]).

Sales to clients in the "National Account" category (operators of Chains and Groups and Canteens) amounted to 286.8 million Euros, (279.8 in 2016).

Sales to customers in the "Wholesale" category reached to 264.0 million Euros, compared to 252.5 million in 2016.

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:

[1] It should be noted that the historical data of the ICC indicators (Confcommercio Consumer Indicators) may vary due to the availability of more updated figures.

MARR Consolidated (€thousand)		31.12.17	31.12.16
	Revenues from sales and services by customer category		
	Street market	1,048,710	983,868
	National Account	286,778	279,799
	Wholesale	264,055	252,501
	Total revenues from sales in Foodservice	**1,599,543**	**1,516,168**
(1)	Discount and final year bonus to the customers	(16,719)	(16,308)
(2)	other services	2,403	2,373
(3)	other	555	325
	Revenues from sales and services	**1,585,782**	**1,502,558**

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

Organisation and logistics

The organisational structure and logistics of the MARR Group as at 31 December 2017, indicating the availability of properties, is as follows

Offices, Branches, Distribution Centres and Subsidiaries

Offices, Branches, Distribution Centres		
Management Offices	Santarcangelo di Romagna (RN)	Property
Marr Battistini and Marr Polo Ittico	Rimini and Cesenatico (FC)	Leasehold by parent company Cremonini S.p.A. and by third party
Marr Adriatico	Elice (PE)	Leasehold by third party
Marr Arco	Arco (TN)	Leasehold by third party
Marr Battistini	Cesenatico (FC)	Leasehold by third party
Marr Bologna	Anzola dell'Emilia (BO) & Costermano (Vr)	Leasehold by third party
Marr Calabria	Spezzano Albanese (CS)	Property
Marr Urbe	Roma	Leasehold by third party
Marr Dolomiti	Pieve di Cadore (BL)	Leasehold by third party
Marr Elba	Portoferraio (LI)	Property and leasehold by third party
Marr Genova	Carasco (GE)	Leasehold by third party
Marr Milano	Opera (MI)	Property
Marr Napoli	Casoria (NA)	Leasehold by third party
Marr Puglia	Monopoli (BA)	Leasehold by third party
Marr Roma	Capena (Roma)	Leasehold by third party
Marr Romagna	San Vito di Rimini	Leasehold by a company where Marr S.p.A. is stakeholder
Marr Sanremo	Taggia (IM)	Leasehold by third party
Marr Santarcangelo	Santarcangelo di R. (RN)	Property
Marr Sardegna	Uta (CA)	Property
Marr Scapa	Marzano (PV)	Leasehold by third party
Marr Scapa	Pomezia (RM)	Leasehold by third party
Marr Sfera	Riccione (RN)	Leasehold by third party
Marr Sicilia	Cinisi (PA)	Leasehold by third party
Marr Lago Maggiore	Baveno	Leasehold by third party
Marr Supercash&carry	Rimini	Leasehold by third party
Marr Torino	Torino	Leasehold by third party
Marr Toscana	Bottegone (PT)	Property
Marr Valdagno	Valdagno (VI)	Leasehold by third party
Marr Venezia	S. Michele al Tagliamento (VE)	Property
Carnemilia (Meat-processing branch catering)	Bologna	Surface ownership
Emiliani (Fish and Seafood products branch)	Santarcangelo di R. (RN)	Property
Subsidiaries		
AS.CA S.p.A.	Castenaso (BO)	Property
New Catering S.r.l.	Zola Predosa (BO), Forlì (FC), Perugia and Rimini (RN)	Leasehold by third party

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 2017, compared to the previous year.

Analysis of the re-classified Income Statement

MARR Consolidated (€thousand)	*31.12.17*	*%*	*31.12.16*	*%*	*% Change*
Revenues from sales and services	1,585,782	*97.6%*	1,502,558	*97.3%*	*5.5*
Other earnings and proceeds	38,776	*2.4%*	41,839	*2.7%*	*(7.3)*
Total revenues	**1,624,558**	***100.0%***	**1,544,397**	***100.0%***	***5.2***
Cost of raw materials, consumables and goods for resale	(1,284,279)	*-79.0%*	(1,221,282)	*-79.1%*	*5.2*
Change in inventories	4,576	*0.3%*	17,311	*1.1%*	*(73.6)*
Services	(179,974)	*-11.1%*	(180,675)	*-11.7%*	*(0.4)*
Leases and rentals	(9,737)	*-0.6%*	(9,518)	*-0.6%*	*2.3*
Other operating costs	(1,592)	*-0.1%*	(1,612)	*-0.1%*	*(1.2)*
Value added	**153,552**	***9.5%***	**148,621**	***9.6%***	***3.3***
Personnel costs	(37,512)	*-2.3%*	(37,640)	*-2.4%*	*(0.3)*
Gross Operating result	**116,040**	***7.1%***	**110,981**	***7.2%***	***4.6***
Amortization and depreciation	(6,554)	*-0.4%*	(5,730)	*-0.4%*	*14.4*
Provisions and write-downs	(12,436)	*-0.7%*	(12,499)	*-0.8%*	*(0.5)*
Operating result	**97,050**	***6.0%***	**92,752**	***6.0%***	***4.6***
Financial income	(4,811)	*-0.3%*	(5,056)	*-0.3%*	*(4.8)*
Foreign exchange gains and losses	(138)	*0.0%*	119	*0.0%*	*(216.0)*
Value adjustments to financial assets	(156)	*0.0%*	(109)	*0.0%*	*43.1*
Result from recurrent activities	**91,945**	***5.7%***	**87,706**	***5.7%***	***4.8***
Non-recurring income	0	*0.0%*	0	*0.0%*	*0.0*
Non-recurring charges	0	*0.0%*	(1,064)	*-0.1%*	*(100.0)*
Profit before taxes	**91,945**	***5.7%***	**86,642**	***5.6%***	***6.1***
Income taxes	(26,443)	*-1.7%*	(28,128)	*-1.8%*	*(6.0)*
Taxes relating previous years	2	*0.0%*	10	*0.0%*	*(80.0)*
Net profit attributable to the MARR Group	**65,504**	***4.0%***	**58,524**	***3.8%***	***11.9***

As at 31 December 2017 the consolidated operating economic results were as follows: total revenues of 1,624.6 million Euros (1,544.4 million Euros in 2016); EBITDA[II] of 116.0 million Euros (111.0 million Euros in 2016); EBIT of 97.0 million Euros (92.7 million Euros in 2016).

The trend in Revenues from sales and services (+5.5% compared to 2016) is a consequence of the performance of sales in the individual client categories, as analysed previously and benefits from the consolidation of the new acquired companies DE.AL. S.r.l. Depositi Alimentari and Speca Alimentari S.r.l., effective from 4 April 2016 and 1st January 2017 respectively.
As explained in the quarter reports, the percentage incidence of the Gross margin (Total Revenues, net of Cost of goods sold plus change in inventories), slightly decreased, with inflationary dynamics which mainly affected the category of frozen seafood products.

The item "Other earnings and proceeds" is mainly represented by contributions from suppliers on purchases and includes logistics payments which MARR charges to suppliers (as in the previous years); on the other side, following the centralisation of deliveries from suppliers on logistical platforms, MARR undertakes the costs for the internal distribution to the distribution centres.
The comparison with the previous year (- 7.3%) shows that part of the contribution from suppliers has been included to reduce the cost of purchasing materials following the reformulation of some of the contracts for the recognition of end-of-year bonuses.

II 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.

Despite the acquisitions of DE.AL and Speca Alimentari, effective from 4 April 2016 and 1 January 2017 respectively, the costs for services show a percentage improvement compared to 2016, which is due to the continuous enhancing of the efficiency of operating management in addition to the reduced impact of net trade costs correlated to the sales costs. On the other hand, with regard to the costs for the use of third party assets, it should be noted that their increase in absolute value compared to last year is due to the fees for the rental of the facilities in Elice (PE) and Baveno (VB), where the MARR Adriatico and MARR Speca Alimentari (Marr Lago Maggiore since 1 February 2018) operate from respectively, following the acquisition of the two subsidiary companies, as specified in the previous paragraph.

As regards the "Personnel costs", it should be noted that, thanks to the continuation of a process of outsourcing certain operating activities (which has enabled among other things the better management of seasonal workforce) and by a careful management of the time off and the overtime the fiscal year 2017 shows a decrease compared to the year before, thereby recovering the increased costs deriving from the employees of the companies DE.AL. and Speca Alimentari (effective from 3 April 2016 and 1st January 2017 respectively), in addition to the salary increases envisaged by the "CCNL" (National Framework Labour Agreement) for workers in companies in the tertiary sector of distribution and services.
The percentage incidence of the personnel cost on total revenues is substantially in line with that of last year.

The increase in absolute value of depreciations is mainly due to the investments plan implemented in the last three years for the expansion and modernisation of some of MARR's distribution centers.

The item "provisions" and "write-downs" amounted to 12.4 million Euros (12.5 million in 2016) and is constituted for 12.0 million Euros by the provisions for bad debts and by 0.5 million Euros for the provision for client severance indemnity.

As at 31 December 2017 The result of recurrent activities, including the financial result which has taken advantage of a decrease of the net financial charges (-0.2 million compared to 2016), reached 91.9 million Euros, an increase compared to 87.7 million in 2016.

The result before taxes reached 91.9 million Euros compared to 86.6 million in 2016 when it was affected by 1.1 million Euros of non-recurrent costs for the reorganization of the DE.AL business.

The tax rate of the period is 28.8% (32.5% in 2016) and benefits from the reduction in the Ires tax rate from 27.5% to 24%, approved by the 2016 stability law with effect from business years starting after 31 December 2016.

As at 31 December 2017 the net result amounted to 65.5 million Euros, an increase of approximately 7 million Euros compared to the previous year.

Analysis of the re-classified statement of financial position

MARR Consolidated (€thousand)	*31.12.17*	*31.12.16*
Net intangible assets	151,695	144,385
Net tangible assets	70,149	71,729
Equity investments evaluated using the Net Equity method	735	891
Equity investments in other companies	315	315
Other fixed assets	26,176	28,688
Total fixed assets (A)	249,070	246,008
Net trade receivables from customers	376,690	375,650
Inventories	147,552	142,336
Suppliers	(328,860)	(312,094)
Trade net working capital (B)	195,382	205,892
Other current assets	58,972	54,948
Other current liabilities	(24,261)	(26,147)
Total current assets/liabilities (C)	34,711	28,801
Net working capital (D) = (B+C)	230,093	234,693
Other non current liabilities (E)	(1,045)	(855)
Staff Severance Provision (F)	(9,264)	(10,621)
Provisions for risks and charges (G)	(6,525)	(6,187)
Net invested capital (H) = (A+D+E+F+G)	462,329	463,038
Shareholders' equity attributable to the Group	(304,726)	(285,565)
Consolidated shareholders' equity (I)	(304,726)	(285,565)
(Net short-term financial debt)/Cash	38,092	(463)
(Net medium/long-term financial debt)	(195,695)	(177,010)
Net financial debt (L)	(157,603)	(177,473)
Net equity and net financial debt (M) = (I+L)	(462,329)	(463,038)

Analysis of the Net Financial Position[III]

The following represents the trend in Net Financial Position.

MARR Consolidated (€thousand)	31.12.17	31.12.16
A. Cash	9,133	9,137
Cheques	0	0
Bank accounts	147,044	104,770
Postal accounts	108	253
B. Cash equivalent	147,152	105,023
C. Liquidity (A) + (B)	156,285	114,160
Current financial receivable due to Parent Company	1,259	2,930
Current financial receivable due to Related Companies	0	0
Others financial receivable	716	919
D. Current financial receivable	1,975	3,849
E. Current Bank debt	(63,745)	(53,280)
F. Current portion of non current debt	(44,868)	(52,887)
Financial debt due to Parent Company	0	0
Financial debt due to Related Companies	0	0
Other financial debt	(11,555)	(12,305)
G. Other current financial debt	(11,555)	(12,305)
H. Current financial debt (E) + (F) + (G)	(120,168)	(118,472)
I. Net current financial indebtedness (H) + (D) + (C)	38,092	(463)
J. Non current bank loans	(159,583)	(125,240)
K. Other non current loans	(36,112)	(51,770)
L. Non current financial indebtedness (J) + (K)	(195,695)	(177,010)
M. Net financial indebtedness (I) + (L)	(157,603)	(177,473)

As at 31 December 2017, the net financial indebtedness amounted to 157.6 million Euros, compared to 177.5 million Euros of the previous year with a ratio of net financial position on EBITDA amounting to 1.4, improving respect the previous year (equal to 1.6) and in line with the internal management parameters and less than the financial covenants, as stated in the Explanatory Notes.

As regard the financial movements of 2017, in addition to the ordinary operating management and to the cash out related to the investments for the distribution centres of the Parent Company, we point out that:

- dividends amounting to a total of 46.6 million Euros (43.9 million Euros in 2016) have been paid out in May;
- on 4 April 2017 MARR S.p.A. paid the second instalment of the purchase price of the holdings in the company DE.AL Depositi Alimentari S.r.l. (finalized during the year 2016) for 9.0 million Euros;

[III] 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.

- on 30 May 2017 the company New Catering S.r.l. paid the third and the last instalment of the purchase price of the holdings in the company Sama S.r.l. (finalized during the year 2015) for 85 thousand Euros;
- In July, September and December MARR S.p.A. paid further instalments of the purchase price of Speca Alimnetari S.r.l. for a total amount of 3,155 thousand Euros.

As regards the structure of the sources of financing, it must be highlighted that during the 2017 the Parent Company signed some new no-current loan agreements as follows:

- on 27 March 2017 an unsecured loan was granted by UBI Banca for a total amount of 10 million of Euros and with amortization plan ending in March 2021;
- on 30 March 2017 an unsecured loan, was granted by BNL for a total amount of 30 million of Euros and with due date in September 2020;
- on 19 May 2017 an unsecured loan, was granted by Crèdit Agricole Cariparma for a total amount of 10 million of Euros and with amortization plan ending in May 2021;
- on 8 June 2017 an unsecured loan, was granted by Banca Intesa San Paolo for a total amount of 15 million of Euros and with amortization plan ending in June 2022;
- on 29 June 2017 an unsecured loan, was granted by UBI Banca for a total amount of 15 million of Euros and with amortization plan ending in June 2020;
- On 21 December 2017 an unsecured loan, was granted by BPER Banca for a total amount of 10 million of Euros and with amortization plan ending in December 2021;
- On 21 December 2017 an unsecured loan, was granted by ICCREA BancaImpresa for a total amount of 25 million of Euros and with amortization plan ending in December 2020.

Finally we highlight the following things:
- three loans granted by Ubi Banca and one by ICCREA Banca Impresa has been reimbursed in advance for a total amount of 32.7 million of Euros during the year (at 31 December 2016 the total value of these loans was of 38.6 million Euros, of which 29.8 million were classified as financial payables beyond the year);
- in December, an advance portion of the pool loan ongoing with BNP Paribas was extinguished (for a total amount of 3.1 million Euros) and an amendment was finalised, which implied on one hand a reduction in the interest rate and on the other, the expansion of the loan facility up to an overall amount of 65 million Euros (with the possibility of using the residual credit line starting in 2018), and also the rescheduling of the debt with amortization from June 2019 to June 2022.

The net financial position as at 31 December 2017 remains in line with the company objectives.

Analysis of the Trade net working Capital

MARR Consolidated (€thousand)	*31.12.17*	*31.12.16*
Net trade receivables from customers	376,690	375,650
Inventories	147,552	142,336
Suppliers	(328,860)	(312,094)
Trade net working capital	195,382	205,892

As at 31 December 2017 the trade net working capital amounted to 195.4 million Euros, decreasing, compared to 205.9 million Euros as at 31 December 2016, of 10.5 million Euros.
That is the effect of the following:

- Increase for 1.0 million Euros in trade receivables, while, during the year, total consolidated revenues increased of 83.0 million Euros compared to the previous year; those was possible thanks to the continuous attention of the entire Organization to the credit management;
- increase in inventories amount for 5.2 million Euros, by the reason of more stocks due to specific supply policies mainly related to frozen seafood products. This change is a reduction compared to the increase of 22.5 million Euros at 31 December 2016.
- increase for 16.8 million Euros in payables to suppliers (+35.4 million Euro at 31 December 2016).

At the end of the business year the trade net working capital remains in line with the company objectives.

Re-classified cash-flow statement

MARR Consolidated (€thousand)	31.12.17	31.12.16
Net profit before minority interests	65,504	58,524
Amortization and depreciation	6,554	5,730
Change in Staff Severance Provision	(1,357)	641
Operating cash-flow	70,701	64,895
(Increase) decrease in receivables from customers	(1,040)	1,787
(Increase) decrease in inventories	(5,216)	(22,478)
Increase (decrease) in payables to suppliers	16,766	35,388
(Increase) decrease in other items of the working capital	(5,910)	(3,670)
Change in working capital	4,600	11,027
Net (investments) in intangible assets	(7,545)	(36,770)
Net (investments) in tangible assets	(4,746)	(8,678)
Net change in financial assets and other fixed assets	2,668	(5)
Net change in other non current liabilities	528	1,368
Investments in other fixed assets and other change in non current items	(9,095)	(44,085)
Free - cash flow before dividends	66,206	31,837
Distribution of dividends	(46,568)	(43,907)
Capital increase	0	0
Other changes, including those of minority interests	232	(876)
Cash-flow from (for) change in shareholders' equity	(46,336)	(44,783)
FREE - CASH FLOW	19,870	(12,946)
Opening net financial debt	(177,473)	(164,527)
Cash-flow for the period	19,870	(12,946)
Closing net financial debt	(157,603)	(177,473)

The Cash Flow for the period is the result of the changes in Net Financial Position, Net Working Capital and Investments, as commented in the relevant paragraphs.

It should be noted in the comparison with the previous year that the value as at 31 December 2016 was affected by the purchase price of the holdings in DE.AL S.r.l. and Speca Alimentari S.r.l. for 43.3 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 flow statement (indirect method):

MARR Consolidated (€thousand)	31.12.17	31.12.16
Free - cash flow	19,870	(12,946)
Increase in current financial receivables	1,874	167
Decrease in non-current net financial debt	1,696	42,801
Increase in current financial debt	18,685	(5,724)
Increase (decrease) in cash-flow	42,125	24,298

Investments

As regards the investments during the year 2017 is highlighted the purchase of the holdings of the company Speca Alimentari S.r.l. with effect since 1 January 2017: this operation behaved the accounting of a goodwill amounting to 6,641 thousand Euros and the entry of tangible assets for a total net value of 214 thousand Euros and it's mainly related to " Industrial and Business equipment" (for 107 thousand Euros) and "Other assets" (for 99 thousand Euros).

Furthermore it should be noted that, by the continuation of the expansion and modernisation plan started in the year 2014, further investments have been made in certain distribution centres of the Parent Company. In particular, among them, mainly concentrated in the categories "Land and buildings", "Plant and machinery" and "Industrial and Business Equipment" the following are highlighted:

- 728 thousand Euros at the new distribution centre "Marr Battistini" in the new location in Rimini, Via Spagna;
- 505 thousand Euros at the distribution centre "Marr Adriatico" in Elice;
- 393 thousand Euros at the distribution centre "Marr Supercash";
- 272 thousand Euros at the distribution centre "Marr Bologna".

In addition, it should be noted that the item "Industrial and trade equipment" includes net investments of 120 thousand Euros by the subsidiary New Catering and that the amount of 272 thousand Euros included in the "Ongoing fixed assets and advance payments" represents investments for work in progress as at 31 December 2017 at the warehouses of the Parent Company in Santarcangelo di Romagna .

Regarding the investment in the item "other assets", the increase is mainly related to the purchase of "cars and industrial vehicles" (for some 494 thousand Euro) and to the purchase of IT equipment (for some 699 thousand Euros).

The following is a summary of the net investments made in 2017:

(€thousand)	*31.12.17*
Intangible assets	
Patents and intellectual property rights	340
Fixed assets under development and advances	563
Goodwill	6,641
Total intangible assets	7,544
Tangible assets	
Land and buildings	830
Plant and machinery	1,965
Industrial and business equipment	413
Other assets	1,267
Fixed assets under development and advances	272
Total tangible assets	4,747
Total	12,291

Research and development activities

The main research and development activities concerned the expansion of the private labels product line.

Transactions with subsidiary, associated, holding and affiliated companies

In addition to that already reported in the "Group Structure" section, the following is a summary of the principal data concerning subsidiary and associated companies:

(€ thousand)	*Annual report*	*Value of production*	*Cost of production*	*Profit (loss) for the year*	*Net Investments*	*Employees (number)*	*Net Equity*
Foodservice Companies							
AS.CA S.p.A.	31/12/2017	50,058	47,843	1,547	46	34	5,128
New Catering S.r.l.	31/12/2017	34,226	31,258	2,126	143	28	4,917
Marr Foodservice Ibérica S.A.U.	31/12/2017	0	10	(6)	0	0	401
DE.AL. S.r.l. Depositi Alimentari	31/12/2017	3,778	627	2,252	(76)	0	4,213
Speca Alimentari S.r.l.	31/12/2017	1,315	767	409	(6)	0	2,215
Associated Companies							
Griglia Doc S.r.l.	31/12/2017	20	(402)	(306)	7	0	1,480

It is pointed out that the value of MARR's consolidated purchase and sales of goods by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented approximately 5.9% of the total consolidated purchases and the 3.5% of the total revenue of goods and service of the Group.

The economic and financial data for the 2017 business year is showed in the following table, 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. (*)	438	1,224	1,259	147			4		1	11		1,230			
Total	438	1,224	1,259	147	0	0	4	0	1	11	0	1,230	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:															
Griglia DOC S.r.l.				25			3	20	1			20			
Total	0	0	0	25	0	0	3	20	1	0	0	20	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,457	9		5			9,593					49			
Fiorani & C. S.p.a.		61		231					48		2,271				
Ges.Car. S.r.l.							12								
Global Service Logistics S.r.l.															
Global Service S.r.l.				314								973		1	
Guardamiglio S.r.l.	7			2			36								
Inalca Algerie S.a.r.l.	10														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	819	2		25	56		9,045	276			417	7			
Inalca Kinshasa S.p.r.l.	277														
Inalca S.p.a.	126	148		7,809	4		470		268		68,717	24			
Inter Inalca Angola Ltda	173														
Interjet S.r.l.															
Italia Alimentari S.p.a.	3	84		406			4		124		4,506				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	8,904				160		33,304	20				1			
Roadhouse Grill Roma S.r.l.	775				30		2,676								
Tecno-Star Due S.r.l.															
Time Vending S.r.l.	29								24						
From Affiliated Companies															
Farmservice S.r.l.							78								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	13,582	304	0	8,792	250	0	55,218	296	464	0	75,911	1,054	668	1	0

(*) The item in the Other Receivables column relates to the IRES benefit transferred from MARR S.p.A. and its subsidiaries within the scope of the National Consolidated tax base, for the Ires balance of the year and for the remaining part of the requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011. 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.

Other Information

The Company neither holds nor has ever held shares or quotas of parent companies, even through third party persons and/or companies; consequently during the year 2017 the company never purchased or sold the above-mentioned shares and/or quotas.
As at 31 December 2017 the company no longer owns own shares.
During the year, the Group didn't carry out atypical or unusual operations.
As regards to the report on the reconciliation between the result for the period and the net Equity of the group, and the same values for the parent company, refer to Appendix 3 of the consolidated financial statements.

Report on corporate governance and the ownership structure

As regards the information required by art. 123 bis of the Legislative Decree 58/198 (Testo Unico della Finanza), see that contained in the "Report on Corporate Governance and the Ownership Structure", drawn up in compliance with the regulations in force and filed together with this report on the website www.marr.it, Corporate Governance section and also available at the Company headquarters.

It must also be pointed out that MARR S.p.A. adheres to and abides by the Code of Self-Governance for companies on the stock exchange approved by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.

Significant events during 2017

On 1st January 2017, the acquisition by MARR S.p.A. of 100% of the shareholding in the company Speca Alimentari S.r.l. with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice sector, became effective. By express agreement between the parties, the active and passive effects deriving from the deed, underwritten on 30 December 2016, became effective between the parties as of 1st January 2017. The transaction involves a purchase price of 8.4 million Euros.
Again as of 1 January 2017, Speca Alimentari S.r.l. leased its going concern to the parent company MARR S.p.A., which manages it through the new MARR Speca Alimentari distribution center.

In mid-February, a project was launched aimed at increasing the commercial offer in the Romagna area, starting with the enhancement of the offer of fresh seafood products, opening a new operating structure at the historical premises in via Spagna in Rimini, to which all the activities (specialising in the commercialisation of fresh shellfish) previously carried out by the MARR Baldini distribution center were contributed. A new distribution center has thus been created which will operate through the facilities in Rimini (in via Spagna) and Cesenatico, called "MARR Battistini", which represents a reference point for the offer of fresh seafood products in the important Romagna area, where MARR was founded 45 years ago; 2017 is indeed the 45th anniversary of the MARR's business activities.

On 28 April 2017 the Shareholders' meeting approved the financial statement as at 31 December 2016 and the distribution to the Shareholders of a gross dividend per share of 0.70 Euros (0.66 Euros the previous year) with "ex coupon" (no. 13) on 22 May 2017 (record date on 23 May 2017) in accordance with the Italian Stock Exchange.

The same Shareholders' Meeting also decided on the appointment of the Board of Directors, the number of members of which has been reduced from eleven to nine, and the Board of Statutory Auditors, which will both be in office for three business years and thus until the Shareholders' meeting for the approval of the financial statements for 2019.

Paolo Ferrari (Chairman), Francesco Ospitali, Pierpaolo Rossi, Claudia Cremonini, Vincenzo Cremonini, Marinella Monterumisi, Alessandro Nova, Ugo Ravanelli and Rossella Schiavini were appointed members of the Board of Directors. Massimo Gatto (Chairman), Ezio Maria Simonelli, Paola Simonelli, standing members, and Alvise Deganello and Simona Muratori, alternate members, were also appointed members of the Board of Statutory Auditors.

As at 28 April 2017 the meeting of the Board of Directors held after the Shareholders' Meeting appointed as Chief Executive
Officer Francesco Ospitali.
According to the law and the Borsa Italiana Corporate Governance Code, the Board of Directors also assessed the possession of the independence requirements for the Directors: Marinella Monterumisi, Alessandro Nova, Ugo Ravanelli and Rossella Schiavini. Specifically, the Director Ugo Ravanelli in declaring their possession of the independence

requirements, submitted the assessment of the requirements in Art. 3.C.1 sub. b), d) and e) of the Borsa Italiana Corporate Governance Code to the Board of Directors, which deemed that the independence requirements do exist in concrete terms and that it is a priority to guarantee their contribution to the Company in terms of knowledge and skills. The Board of Directors also acknowledged the independence assessment conducted by the Board of Statutory Auditors for its members.
The Board of Directors confirmed the set-up of the Remuneration and Nomination Committee composed by: Marinella Monterumisi (Chairman of the Committee), Alessandro Nova e Ugo Ravanelli and of the Control and Risk Committee composed by: Marinella Monterumisi, Ugo Ravanelli (Chairman of the Committee) e Rossella Schiavini.

Finally the Board of Directors appointed the Manager for Finance, Controlling and Administration Pierpaolo Rossi as "Manager responsible for preparing the company's financial reports", pursuant to art. 21 of the Company by-laws, by attributing him tasks, responsibilities and resources provided for under art. 154-bis, decree law 58, 24th February 1998.

Antonio Tiso, who previously was "Manager responsible for preparing the company's financial reports", will collaborate with the Chief Executive Officer for the activities of "Strategic Business Planning", maintaining the role of Investor Relator and that of responsible of the IT department.

Subsequent Events after the closing of the year

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

On 27 February 2018, with agreement certified by the Notary Grazia Buta form Pescara, DE.AL – S.r.l. Distribuzioni Alimentari purchased the residual 50% of Griglia Doc's share capital for an amount of 190 thousand Euros.

Following this operation the company DE.AL. – S.r.l. Distribuzioni Alimentari hold the 100% of the share capital of Griglia Doc S.r.l. and thus become the sole shareholder.

Outlook

The outlook is that out-of-home food consumption in Italy will grow also for 2018.
By the way to take all the opportunities and get stronger its leadership, the MARR Group will keep focusing on process and product innovation, oriented towards the specialisation of its commercial offer to clients and so improve the customer's fidelity.
This market approach is pursued together with the objective of maintaining the levels of profitability achieved and keeping the absorption of the working capital under control.

Main risks and uncertainties

In carrying out its activities, the Company is affected by risks of a financial nature, as described in more details in the Explanatory notes to the financial statement, these risks being intended as: market risks (as a combination of the risk concerning foreign currencies for purchases abroad, the exchange rate risk and price risk), credit risks and liquidity risks.
It should also be considered that although the company operates in the food distribution sector, which is characterised by its mainly stable nature, it is affected by the general state of the economy and is therefore exposed to the uncertainty of the current macro-economic scenario, albeit to a lesser extent than other sectors.

The difficulties in accessing credit by clients – also confirmed in 2017 although in slightly improvement– have led the management team to keep a strong focus on credit management. The policies of cost containment aimed at maintaining the trade margin were also confirmed.
As regards the development of the financial situation of the Group, this depends upon numerous conditions, including the performance of the banking and monetary segments, which are also affected by the current economic situation, in addition to the achievement of the pre-established objectives in terms of management of the trade net working capital.
As regards the specific risks and uncertainties involved in the activities of MARR and the Group, please refer to what described in detail in the paragraph entitled "provision for non-current risks and charges" in the Explanatory notes to the financial statements.

Human Resources

There were 816 employees of the MARR Group at the end of December 2017 (8 Executives, 32 Managers, 518 Employees and 258 Labourers), a decrease compared to the end of 2016 (845 employees) in spite of the acquisition of SPECA (25 Employees at 1 Jenuary 2017)) mainly as a consequence of the reorganizations concerning some of the Units in the provinces of Rimini and Forlì Cesena, in addition to the reorganization following the integration after the lease of De.Al S.r.l. by MARR S.p.A. and the progress of the securitization of the operating activities within the Units.
The average number of employees in 2017 (847) is lower than the average date of 2016 (863) and higher than the number of employees at December 2017, as a result of that described above and by effect of the dynamics of the employment (aimed at dealing with peaks in activity) of workers under contracts of a seasonal nature.
However, employment under such contracts had a lesser impact compared to the previous year as a result of management increasingly focused on resources.
In addition to dependent employees, the Group also uses over 800 trade experts and a network of transporters with about 700 vehicles, through agency and service contracts.

As regarding the information related to "training and safety in workplace", we refer to the "health and safety at work" and "human resources" paragraphs in the Consolidated non-financial statement at 31 December 2017 attached at this report.

Cost of employment
In addition to the trend commented above, a confirmed policy of careful resource management, also in terms of limiting the recourse to overtime work, the employment of seasonal personnel and favouring the use of leave, for MARR Group (including also DE.AL. from the period from 4 April to 30 September 2016) implied a decrease of about 0.87% percentage point in the 2017 cost of employment compared to 2016.

Environmental information

As regards damage caused to the environment there are no pending legal procedures ongoing for the Group.
In this regard, it should be pointed out that the quality of waste water discharged through the sewers or on the surface is monitored through periodical analyses conducted under self-control to verify the respect of the limits provided by the Law and that our operating units are in possession of discharge authorisations or unique environmental authorization ("AUA") as provided by the law on the subject.
The waste produced by our activities - constituted by leftover packaging such as paper, plastic and glass, and sub-products of animal origin deriving from the processing carried out in some local units - is disposed off in compliance with the dispositions of the Law concerning environmental and sanitary matters, almost totally through public utilities and partly through private disposal firms.
More details are exposed in the "Environment" paragraph of the Consolidated non-financial statement at 31 December 2017, attached at this Report.

Fulfilments ex art. 37 of Regulation 16191/2007 (Market Regulation)

The Board of Directors certifies that the conditions inhibiting flotation on the stock market pursuant to art. 37 of Market Regulation 16191/2007 concerning companies subject to the management and coordination of others are not applicable.

Fulfilments ex Legislative Decree 254/2016: Non-financial statement

As regards the information required by Legislative Decree 254/2016, see the Consolidated Non-Financial Statement as at 31 December 2017, which is annexed to this Report and is an integral part thereof.

MARR S.p.A. – Parent Company

Below are the results of the Parent Company MARR S.p.A. drawn up according to the International Accounting Standards IAS.

Re-classified Income Statement of the Parent Company MARR

MARR S.p.A. (€thousand)	31.12.17	%	31.12.16	%	% Change
Revenues from sales and services	1,506,154	97.6%	1,382,444	97.3%	8.9
Other earnings and proceeds	36,906	2.4%	38,839	2.7%	(5.0)
Total revenues	**1,543,060**	**100.0%**	**1,421,283**	**100.0%**	**8.6**
Raw and secondary materials, consumables and goods for resale	(1,224,575)	-79.4%	(1,137,640)	-80.0%	7.6
Change in inventories	5,141	0.3%	22,732	1.6%	(77.4)
Services	(168,287)	-10.9%	(162,374)	-11.4%	3.6
Leases and rentals	(13,333)	-0.8%	(9,512)	-0.7%	40.2
Other operating costs	(1,422)	-0.1%	(1,415)	-0.1%	0.5
Value added	**140,584**	**9.1%**	**133,074**	**9.4%**	**5.6**
Personnel costs	(34,872)	-2.2%	(33,747)	-2.4%	3.3
Gross Operating result	**105,712**	**6.9%**	**99,327**	**7.0%**	**6.4**
Amortization and depreciation	(6,010)	-0.4%	(5,196)	-0.4%	15.7
Provisions and write-downs	(11,542)	-0.8%	(11,212)	-0.8%	2.9
Operating result	**88,160**	**5.7%**	**82,919**	**5.8%**	**6.3**
Financial income	(767)	0.0%	(1,299)	0.0%	(41.0)
Foreign exchange gains and losses	(149)	0.0%	116	0.0%	(228.4)
Value adjustments to financial assets	(6)	0.0%	(4)	0.0%	50.0
Result from recurrent activities	**87,238**	**5.7%**	**81,732**	**5.8%**	**6.7**
Non-recurring income	0	0.0%	17	0.0%	(100.0)
Non-recurring charges	0	0.0%	(1,064)	-0.1%	(100.0)
Profit before taxes	**87,238**	**5.7%**	**80,685**	**5.7%**	**8.1**
Income taxes	(24,011)	-1.6%	(24,882)	-1.8%	(3.5)
Total net profit	**63,227**	**4.1%**	**55,803**	**3.9%**	**13.3**

Re-classified Balance Sheet of the Parent Company MARR

MARR S.p.A. (€thousand)	*31.12.17*	*31.12.16*
Net intangible assets	95,988	95,302
Net tangible assets	64,744	65,899
Equity investments in other companies	66,275	57,836
Other fixed assets	25,885	28,410
Total fixed assets (A)	252,892	247,447
Net trade receivables from customers	360,922	356,843
Inventories	139,898	134,757
Suppliers	(314,008)	(295,696)
Trade net working capital (B)	186,812	195,904
Other current assets	55,374	54,786
Other current liabilities	(22,247)	(23,536)
Total current assets/liabilities (C)	33,127	31,250
Net working capital (D) = (B+C)	219,939	227,154
Other non current liabilities (E)	(1,045)	(854)
Staff Severance Provision (F)	(8,038)	(9,433)
Provisions for risks and charges (G)	(5,887)	(5,744)
Net invested capital (H) = (A+D+E+F+G)	457,861	458,570
Shareholders' equity	(297,494)	(280,623)
Shareholders' equity (I)	(297,494)	(280,623)
(Net short-term financial debt)/Cash	35,327	(1,029)
(Net medium/long-term financial debt)	(195,694)	(176,918)
Net financial debt (L)	(160,367)	(177,947)
Net equity and net financial debt (M) = (I+L)	(457,861)	(458,570)

Net financial position of the Parent Company MARR S.p.A.

	(€thousand)	*31.12.17*	*31.12.16*
A.	Cash	8,996	8,595
	Bank accounts	137,683	97,657
	Postal accounts	108	254
B.	Cash equivalent	137,791	97,911
C.	Liquidity (A) + (B)	146,787	106,506
	Current financial receivable due to Subsidiaries	4,418	3,977
	Current financial receivable due to Parent Company	1,259	2,930
	Others financial receivable	709	917
D.	Current financial receivable	6,386	7,824
E.	Current Bank debt	(59,018)	(48,941)
F.	Current portion of non current debt	(44,793)	(52,485)
	Financial debt due to Parent Company	0	0
	Financial debt due to Subsidiaries	(2,486)	(1,763)
	Financial debt due to Related Companies	0	0
	Other financial debt	(11,548)	(12,170)
G	Other current financial debt	(14,034)	(13,933)
H.	Current financial debt (E) + (F) + (G)	(117,845)	(115,359)
I.	Net current financial indebtedness (H) + (D) + (C)	35,328	(1,029)
J.	Non current bank loans	(159,583)	(125,240)
K.	Other non current loans	(36,112)	(51,678)
L.	Non current financial indebtedness (J) + (K)	(195,695)	(176,918)
M.	Net financial indebtedness (I) + (L)	(160,367)	(177,947)

Re-classified Cash Flows Statement of the Parent Company MARR S.p.A.

MARR S.p.A. (€thousand)	*31.12.17*	*31.12.16*
Net profit before minority interests	63,227	55,803
Amortization and depreciation	6,010	5,196
Change in Staff Severance Provision	(1,395)	481
Operating cash-flow	67,842	61,480
(Increase) decrease in receivables from customers	(4,079)	3,638
(Increase) decrease in inventories	(5,141)	(22,732)
Increase (decrease) in payables to suppliers	18,312	34,200
(Increase) decrease in other items of the working capital	(1,878)	(5,103)
Change in working capital	7,214	10,003
Net (investments) in intangible assets	(894)	(21,805)
Net (investments) in tangible assets	(4,652)	(9,398)
Net change in financial assets and other fixed assets	(5,914)	(22,588)
Net change in other non current liabilities	334	2,615
Investments in other fixed assets and other change in non current items	(11,126)	(51,176)
Free - cash flow before dividends	63,930	20,307
Distribution of dividends	(46,568)	(43,907)
Capital increase	0	2,779
Other changes, including those of minority interests	218	(819)
Cash-flow from (for) change in shareholders' equity	(46,350)	(41,947)
FREE - CASH FLOW	17,580	(21,640)
Opening net financial debt	(177,947)	(156,307)
Cash-flow for the period	17,580	(21,640)
Closing net financial debt	(160,367)	(177,947)

Nature of proxies conferred on Directors

With reference to the Self-Regulatory Code and Consob Recommendation dated 20 February 1997, the proxies conferred on individual Directors are detailed below:

- the Chairman has powers of legal representation as per art. 20 of the by Laws,
- the Executive Officer, in addition to the powers of legal representation as per art. 20 of the By Laws, have been conferred the necessary powers for the completion of the deeds concerning business activities, to be exercised in the framework of the proxies attributed by deliberation of the Board of Directors on 28 April 2017.

In the current structure of the Corporate Bodies there is no Executive Committee.

During the course of the business year, the Director who filled the role of Executive Officer used the powers attributed to him solely for the everyday management of business activities, while the significant transactions in terms of type, quality and value were submitted for examination by the Board of Directors.

Transactions with subsidiary, associated, parent and affiliated companies

As regards the relations with subsidiary, associated, parent and affiliated companies, for which refer to the analyses contained in the note to the financial statements, as required by Civil Code art. 2497-bis, the following is a list of the types of ongoing relations:

Companies	Nature of Transactions
Subsidiaries	Trade and general Services
Parent Companies - Cremonini S.p.A.	Trade and general Services
Associated Companies	General Services
Associated companies - Cremonini Group's companies	Trade and general Services

It must be pointed out that the value of the purchase and sales of goods of MARR S.p.A. by transactions with Cremonini S.p.A. and affiliated companies (as in the following table) represented 6.2% of the total purchases and 3.9% of the total sales made by MARR itself. All the commercial transactions and supply of services, etc. occurred at market value.

The following table reports economical and financial data of the 2017 business year, classified by nature and by company:

COMPANY	FINANCIAL RELATION						ECONOMIC RELATIONS								
	RECEIVABLES			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 Spa (*)	347	765	1,259				4		1	11		1,224			
Total	347	765	1,259	0	0	0	4	0	1	11	0	1,224	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:															
Griglia Doc S.r.l. (***)				24			3	20	1			20			
Total	0	0	0	24	0	0	3	20	1	0	0	20	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,456	9		5			9,593					49			
Fiorani & C. S.p.a.		61		231					48		2,267				
Ges.Car. S.r.l.							12								
Global Service Logistics S.r.l.															
Global Service S.r.l.				314								972		1	
Guardamiglio S.r.l.															
Inalca Algerie S.a.r.l.	10														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	819	2		25	56		9,045	276			417	7			
Inalca Kinshasa S.p.r.l.	277														
Inalca S.p.a.	126	147		7,617	4		470		268		67,730	24			
Inter Inalca Angola Ltda	173														
Interjet S.r.l.															
Italia Alimentari S.p.a.		84		367			2		122		4,319				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	8,904				160		33,304	20				1			
Roadhouse Grill Roma S.r.l.	775				30		2,676								
Tecno-Star Due S.r.l.															
Time Vending S.r.l.	29								24						
From not Affiliated Companies															
Farmservice S.r.l.							78								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	13,571	303	0	8,559	250	0	55,180	296	462	0	74,733	1,053	668	1	0

(*) The item in the Other Receivables column relates to the IRES benefit transferred from MARR S.p.A. within the scope of the National Consolidated tax base, for the Ires balance of the year and the remaining part of the requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011.
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.
(***) It is highlighted that Griglia Doc S.r.l. is indicated as an associated company, because it is an indirect associated company (50% held by De.Al. S.r.l. that is 100% held by MARR S.p.A.)

From Affiliated Companies															
Asca S.p.a.	740		4,221	37			942	323	4	64	497	9			
De.Al. S.r.l.	1					376		95	29	12	131	31	3,419	18	1
Marr Foodservice Iberica S.a.U.				109		285									5
New Catering S.r.l.	264		197	9			777	233	5	1	16	8			2
Speca Alimentari S.r.l.				7		1,825		50			641	17	614	3	18
Total	1,005	0	4,418	162	0	2,486	1,719	701	38	77	1,285	65	4,033	21	26

Proposal for the distribution of the 2017 profits and distribution of dividends

Dear Shareholders,
before concluding and deciding on this matter, we would like to confirm that the draft financial statements closed on 31 December 2017 submitted for your examination and approval in this meeting, have been drafted in respect of the legislation in force.

In submitting the 2017 financial statements for approval, we propose to:

a) distribute the profits amounting to 63,226,966 Euros as follows:

- to dividend of 0.74 Euros for each ordinary share with rights,

- allocation of the remaining amount to the extraordinary reserve.

b) to pay the dividend on 30 May 2018 with ex coupon (No. 14) on 28 May 2018 (record date on 29 May 2018), in accordance with the Italian Stock Exchange regulations.

The Board of Directors would like to express its sincere thanks to all employees and collaborators who contributed in 2017 to the achievement of the Company's objectives through their commitment.

Rimini, 14 March 2018

The Chairman of the Board of Directors

Paolo Ferrari

MARR
Consolidated Non-Financial Statement
as at 31 December 2017
in accordance with Legislative Decree 254/2016

Contents

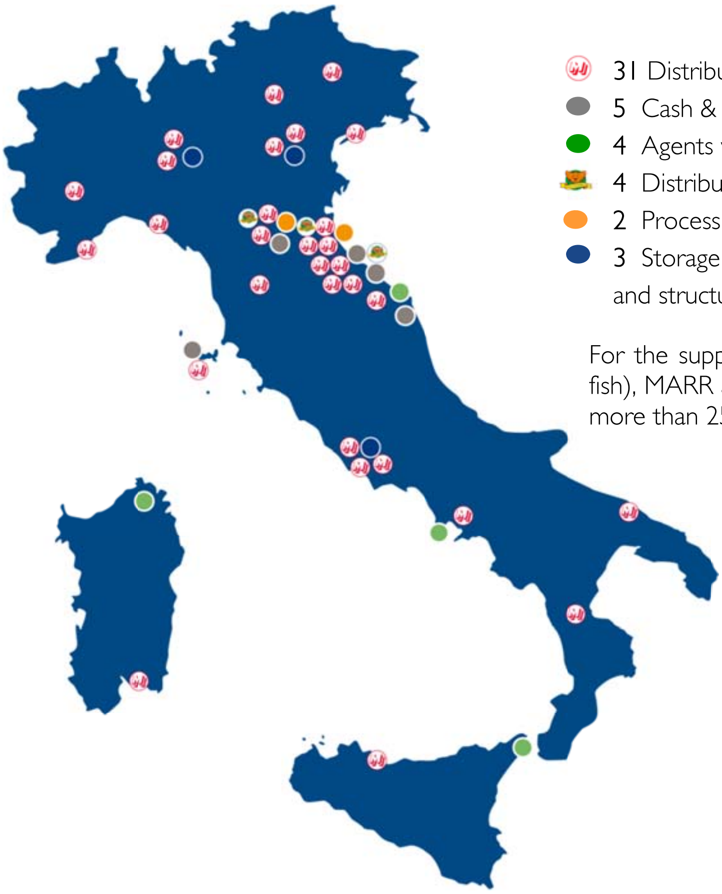
The Company's identity

MARR operates in a reference market of which features opportunities induced both by the development of restaurant and catering services (foodservice) and by the growing request for a complete and organised distribution service.

Within the foodservice in Italy, MARR is an intermediary between foodstuffs producers and processors and the commercial catering and canteens operators.

Founded in 1972 and listed in the STAR segment of the Italian Stock Exchange since June 2005, with an organisation comprising a sales staff of over 800 people, considering both sales technicians personnel and sales managers, MARR serves over 45,000 customers composed of "Street Market" operators (restaurants and hotels not belonging to groups or chains), "National Account" operators (structured commercial catering operators - groups and chains - and canteens) and "Wholesale" oerators. The range of product offered includes over 10,000 food products, including fish, meat, varied foodstuffs and fruit and vegetables, at the diverse conservation temperatures, and 8,000 instrumental articles (including equipment, kitchenware and table linen).

With over 45 years of experience, MARR is a point of reference for foodservice operators who can consider it a sole supplier at national level of a wide range of products: the Group procures its products from selected suppliers (over 2,200) throughout the world, and it operates throughout the country by means of a logistics-distribution network comprising over 30 distribution centres, 5 cash & carry stores and 4 agents with storage facilities, and it takes avail of over 700 delivery vehicles of third-party carriers.

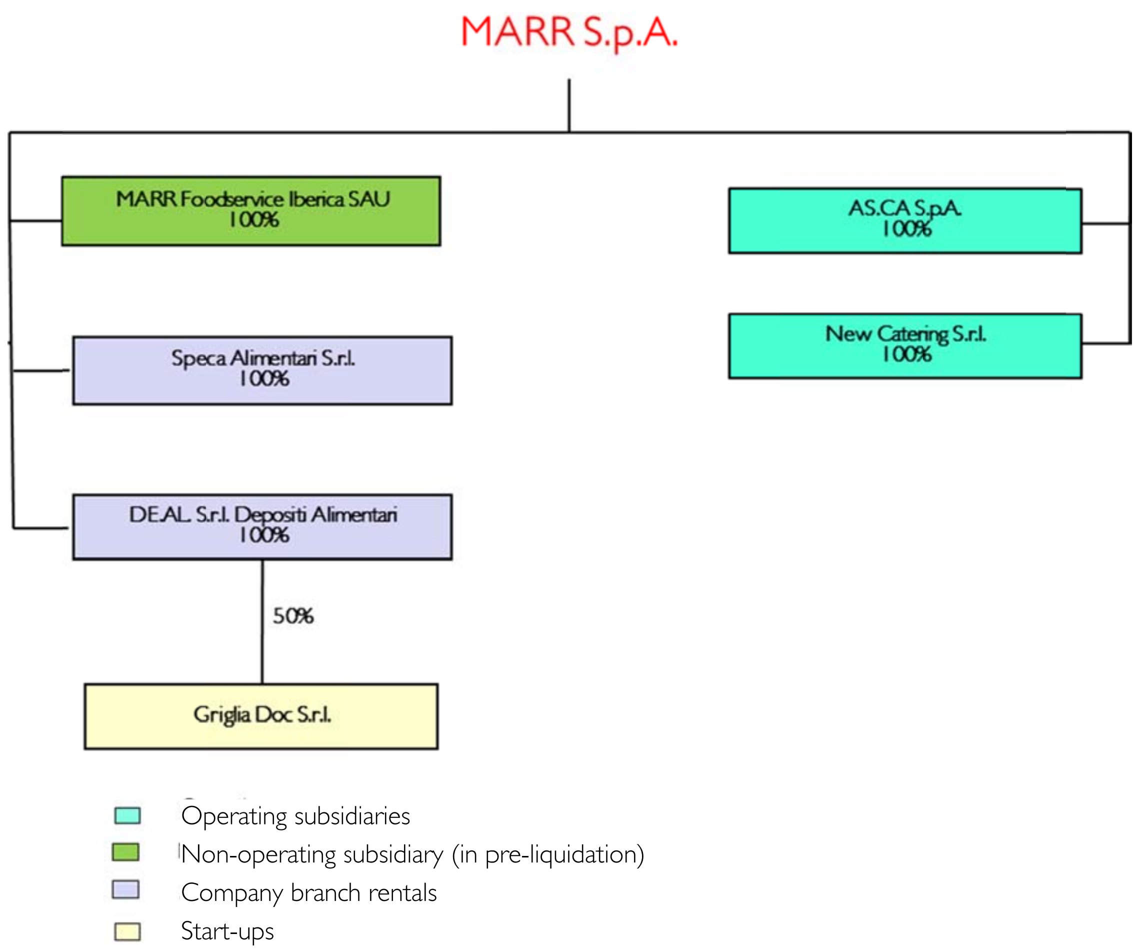


- 31 Distribution centres for commercial catering customers
- 5 Cash & carry stores
- 4 Agents with warehousing
- 4 Distribution centres specifically for QSB&R
- 2 Processing centres (meat – Bologna, and fish - Rimini)
- 3 Storage platforms and distribution centres specifically for collective and structured commercial catering

For the supply of fresh products (fruit and vegetables *in primis* and fish), MARR also takes avail of distribution agreements stipulated with more than 25 such counterparties in Italy.

The main features that represent the bases for MARR's competitive advantage are: a wide assortment, the competence of the sales structure, the efficiency of the logistics system and it marketing innovation capacity.

The structure of the MARR Group (hereinafter "the Group") can be defined as follows:



To this regard, we point out that:

- AS.CA S.p.A. sells and distributes fresh, non-perishable and frozen foodstuffs to the foodservice mainly in the Bologna area;
- New Catering S.p.A. sells and distributes products to bars and fast food restaurants;
- the subsidiaries DE.AL. S.r.l. and Speca Alimentari have rented their going concern to MARR which has managed them since 1 October 2016 and 1 January 2017 respectively, through the branches MARR Adriatico and MARR Speca (which became MARR Lago Maggiore on 1 February 2018).

The Group's stakeholders are represented by the following subjects:

- Customers: with over 30 structures including both operational units and storage facilities, spread over the entire country, the Group assures its customers immediate and precise service to answer the various, changing needs that are typical of the segment of customers served, with personalised, fast service and constant attention paid to respecting the qualitative standards requested by consumers. In addition, thanks to its experience gained over the many years of collaboration with both small and large customers, the Company has in-depth knowledge of the needs of the diverse types of customers. In particular, thanks to its specialists whose main duty is to assist the customers that are national chains and other important public and private customers, the Company can identify ad-hoc marketing solutions to satisfy special needs, in order to offer an extremely efficient all-round service.

- Employees and collaborators: the Group has over 800 employees and a sales staff of over 800; special training courses are organised every year in new sales techniques, health and safety at work and food safety, as well as specific training meetings for branch managers, sales managers, sales technicians, operating managers, sector specialists and local credit managers. The Company's employees are also aware of its main values thanks to the fact that the Code of Ethics is distributed to each one. MARR has also created the *MARR Academy*, a Company "workshop" conceived to foster the development of knowledge - knowledge of what to do and of how to get it done - addressed to everyone that collaborates with the Company, to invest in talent and skills and to increase the value of the organisation. Lastly, a *house organ* is periodically circulated to all collaborators to inform them of the Company's trend, its results, national and local initiatives and the life of the Company in general.
- Suppliers of products and services: the Company promotes the creation of stable, long-term relationships with its suppliers in order to always ensure that the entire supply chain respects the Company's principles. The suppliers are selected, assessed and qualified according to methods and criteria defined by specific Company procedures, and they are directly involved in quality control and the sustainability of their products. This involvement is also achieved by the use of tools such as the multi-media catalogue and by encouraging them to obtain specific certifications, as described in more detail in the successive paragraphs.
- Control institutions and bodies: the Company is subject to many controls on the part of the official control institutions and bodies. Said controls involve the official analysis of samples of the products distributed and inspections carried out by the veterinary authorities and the food hygiene and nutrition control services of the competent local National Health departments. Controls and inspections are also carried out by other bodies, such as the Anti-Adulteration and Health Protection Police Corps, the Forestry Police Corps and the Coast Guards, as well as bodies appointed to control the measures adopted for the protection of workers and their health. MARR strictly respects the legislation applicable to its sector and collaborates with the authorities appointed to perform the controls when inspections are carried out. As a listed company, MARR is also subject to the control of the supervisory body (the Italian Securities and Exchange Commission - CONSOB) and it must respect the reporting obligations imposed by the segment of reference.
- Category associations: the Company fosters open dialogue with the category associations, paying attention to the requests put forward. Said associations are also a tool used by MARR for keeping updated and for complying with the law, considering the activity that they perform by advising their member companies in real time of new provisions that discipline the activities of the sector.
- Shareholders and the financial community: MARR, listed in the STAR segment (*"Segmento Titoli ad Alti Requisiti"*) of the Italian stock exchange since June 2005, has a capitalisation of about Euro 1,395 thousand (annual average of 2017) and about 6 thousand shareholders (who cashed in the 13th dividend coupon on 22 May 2017). Over 40% of its capital is held by institutional investment funds, 90% of which are based abroad. The Company entrusts to its Investor Relations department the management of prompt and transparent reporting to the financial community, in line with the provisions of the legislation in force.
- Local community: the local community plays an important role inasmuch as linked to the activities of other stakeholders, such as the customers, the suppliers, the employees and the collaborators. Proximity to the community is not only indispensable but also strategic for the Company and is expressed, on one hand, by the dialogue with the local bodies and, on the other, by participation in social and cultural events held on the territory.

MARR's non-financial reporting focuses on the importance or material nature of the various aspects relative to its activities. For this purpose, the Company has implemented a materiality analysis, carried out according to the sustainability reporting guidelines issued by the GRI (Global Reporting Initiative), aimed at identifying the topics that could have a considerable influence on the Company's capacity to create value in the short, medium and long term, and which have more relevance for the Company and for its stakeholders. Reference is made to such subjects in this document since, in view of their relevance, they can influence the stakeholders' decisions and reflect the economic, environmental and social impact of the Company.

The materiality analysis process is structured as follows:

Identification of relevant topics

- Research and analysis of internal sources (policies, procedures, etc.) and of external sources (analysis of the publications of standard-setters and the benchmarks of the main competitors);
- The development of a long list of potentially relevant topics;
- Review and approval of the long list and the selection of the most important to produce a short list.

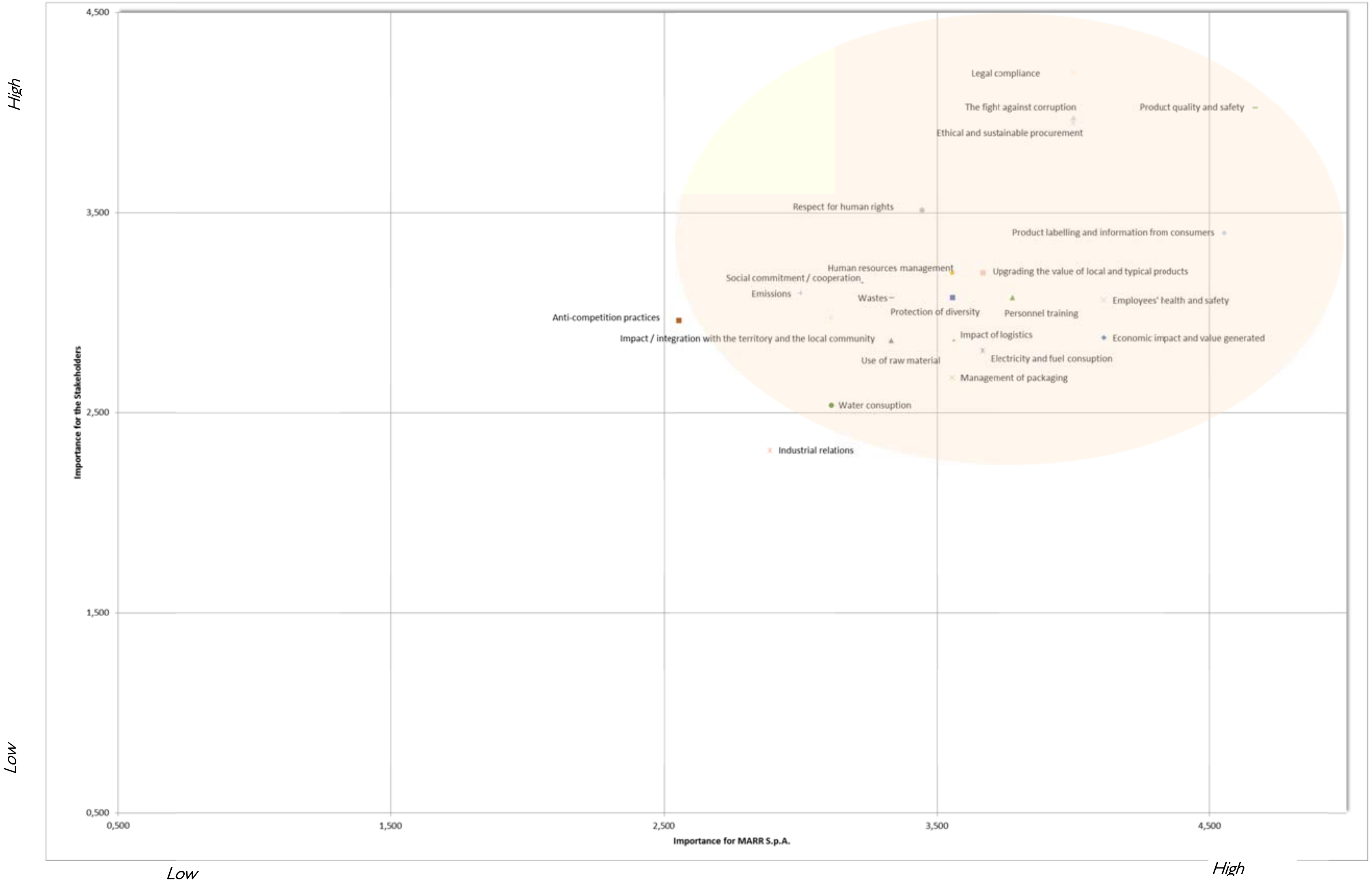
Assessment of the relevant topics

- The organisation of meetings with the front-line people to assess the importance of every topic on the short list, from the Company's and the stakeholders' viewpoints;
- Consolidation of the results of the assessment and development of the relative materiality matrix.

Approval and review

- Approval of the short list of topics identified and assessed in the previous steps;
- Review and verification of the Materiality Matrix deriving from the assessment of the various topics;
- Overall approval of the materiality analysis.

The results of the materiality analysis are illustrated in the materiality matrix presented below. The materiality matrix consists of a graphic representation of the importance attributed to each of the topics from the viewpoint of the Management (the X axis) and of the stakeholders (the Y axis); the higher and the more to the right the topic is situated on the graph, the greater its relevance for both parties. The material topics that result during the analysis conducted are considered key elements to guide the Company in terms of its constantly increasing commitment towards non-financial matters. In fact, this non-financial statement focuses on the topics that are relevant for the Company and its stakeholders. In addition, the "Industrial Relations" topic, although not considered particularly material for MARR, will be included in the topics of this document inasmuch as it is considered relative as regards compliance with Legislative Decree 254/2016; we therefore invite you to refer to the contents reported under the "Human Resources" paragraph.


High
Low
Importance for the Stakeholders
4,500
3,500
2,500
1,500
0,500
0,500
1,500
2,500
3,500
4,500
Importance for MARR S.p.A.
Low
High
Legal compliance
The fight against corruption
Product quality and safety
Ethical and sustainable procurement
Respect for human rights
Product labelling and information from consumers
Human resources management
Social commitment / cooperation
Upgrading the value of local and typical products
Emissions
Wastes
Employees' health and safety
Protection of diversity
Personnel training
Anti-competition practices
Impact of logistics
Impact / integration with the territory and the local community
Economic impact and value generated
Electricity and fuel consuption
Use of raw material
Management of packaging
Water consuption
Industrial relations

MARR's governance structure is described in the Rules of self-discipline and its activities are represented in the Corporate Governance Report. More specifically, the Rules of self-discipline explains that the Company's Board of Directors defines the nature and level of risk that is compatible with the Company's strategic aims, including in its assessments all the risks that can have relevance as regards the sustainability of the activity performed in the medium-long term. No single subject has yet been placed in charge of sustainability governance, since this responsibility has been divided according to the responsibilities of the following managements and their respective responsibilities: Quality Assurance and Control, the Product Divisions, the Human Resources Management, Legal and Corporate Affairs, Investor Relations and Internal Auditing-Management Control; all subjects involved in the process are coordinated by the Chief Executive Officer.

The Company, to assure the correctness and transparency of Company transactions, has deemed it opportune to adopt an Organisational, Management and Control Model, in accordance with Legislative Decree 231/01. The purpose of said Model is to create a structured and organic system of procedures and control activities, aimed at preventing the various types of offence contemplated by said Legislative Decree from being committed. The Board of Directors periodically updates and integrates said Model in order to adapt the content to the provisions of law introduced after the adoption of the Model.

On 4 August 2017 the Board of Directors of MARR S.p.A., on a proposal of the Supervisory Board, approved a new text of the Organisational Model replacing the previous text approved on 14 November 2016, and it appointed a Supervisory Board responsible for ensuring the implementation of the Model, composed of the lawyer Mr Marcello Elia, Chairman and external member, Mr Ezio Maria Simonelli, external member, and the lawyer Mr Cristiano Cambria, internal member who also acts as secretary, replacing the previous body composed of a single member appointed on 14 November 2014.

Fight against corruption

Risks and opportunities

With regard to the risks deriving from the procurement chain, MARR has adopted a series of preventive procedures for the approval and qualification of suppliers and for the management of product non-conformities. In 2005 the Company adopted its own Code of Ethics, last revised on 4 August 2017, available to all the (internal and external) stakeholders interested at MARR's website and also circulated to all Company departments. The document defines professional practices and the behaviour to which all employees and collaborators must adhere. The cases of risk to which the Company is exposed and inherent to the so-called predicate offences are identified in the 231/01 Organisational Model, and their assessment and the identification of the relative preventive protocols are described in the Organisational Model implementation document. More specifically, the main sphere in which the risk of corruption could exist MARR's participation in public tender procedures, disciplined by a specific procedure of the Quality Management System entitled "Contract Review" and entrusted to a special office at the Company's registered office (the Public Bodies and Contracts Office).

Within this sphere, it must be noted that should the offence of corruption be committed by a director and/or Company representative, the Company, under Art. 80 of Legislative Decree no. 50/2016 (the so-called Public Contracts Code), could be excluded from participating in tender procedures.

The risk of corruption is considered as recurrent inasmuch as linked to the Company's ordinary activity; the relative impact could regard the Company's reputation and/or it could be of an economic nature (ban on participating in tender procedures of the sector with loss of the earnings related to said sale channel).

Policies implemented by MARR

The Code of Ethics aims to assure that the Company's governance system attains increasingly higher levels of transparency and efficiency. In fact, it includes the rules of conduct and the principles of legality, transparency and correctness to be applied in relations both within and outside the Company. MARR itself circulates the Code of Ethics to the stakeholders and, in the case of recruitment, to new employees. The observance and adequacy of said document are verified annually by the Risk Control Committee to which the Supervisory Board reports. MARR has also adopted a reporting mechanism via a specific e-mail box, by which employees can contribute to the application of the Code of Ethics and the 231/01 Organisational Modal. Only the Supervisory Board can consult said e-mail box.

In 2017 no cases occurred in MARR which would have rendered legal action necessary for anti-competitive, anti-trust and monopolistic behaviour; however, as a precaution the Company adopts a series of procedures for greater control over the activities relative to which there could be a risk of corruption. The following procedures have been formalised:

- the "Credit Procedure" which disciplines the aspects relative to the collection of the sums from customers for supplies;
- the "Public Tender Procedure" which disciplines the correct management and participation of tender contract procedures to assure compliance with the obligations to be assumed in the case of the award of the contract.

In a case of corruption, disciplinary measures will be taken and possibly other ad-hoc measures defined at the moment when such deviation from the rules of the control system occurs.

Non-financial performance

The Company has not registered any cases of corruption during the year and it has not programmed anti-corruption training activities for its employees.

To this regard, however, of the positions/divisions monitored in respect of the risk of corruption, that exposed to major risk is the department involved in public tender procedures; said risk, however, is monitored and managed as indicated in the section "Management of the fight against corruption - Risks and opportunities".

With regard to the risk of corruption in relations with suppliers and customers, the Company, as a preventive measure, provides for constant reminders of the Code of Ethics and implements the supplier assessment and qualification procedure carried out by the Divisions and the Quality Control department, as well as the Credit procedure in relations with customers.

Environment

Risks and opportunities

For MARR, protection of the environment is a topic of considerable relevance. In fact, the manner in which the Company operates on the territory pursues a balance between its activities and the surrounding environment, without harming the same and minimising the use of the resources but favouring the use of sustainable products. To this latter regard, see also the contents of the next paragraph, *"Supply Chain – Ethical and sustainable procurement and the promotion of local products"*.

In the practice of its business, the Group takes avail of about 190 carriers which, using over 700 vehicles, renders necessary the adoption of suitable procedures for the optimisation of the logistics processes, aimed at reducing emissions into the atmosphere.

It also sells a wide range of products subject to various types of conservation (frozen, fresh, non-perishable) with impact not only in terms of the use of energy resources and waste production but also, especially for fish products, in terms of sustainable fishing.

The potential risks linked to the Group's activities are: excessive consumption of water and/or energy with consequences on carbon dioxide emissions, the emission of noxious substances caused by the carriers of which the Group takes avail for the distribution of the products, the emission of polluting substances deriving from the water or gas discharged from the refrigerating systems, as well as risks linked to the impoverishment of marine resources subsequent to unregulated provisioning.

MARR assesses such recurrent risks inasmuch as inherent to the Group's core business and, to promote environmental (as well as social) sustainability, seeks to direct the internal stakeholders towards programmes for water and energy saving and for the reduction of emissions into the atmosphere, as well as constructing stable relationships with suppliers that guarantee adherence to MARR's principles.

Policies implemented by MARR

With reference to environmental aspects, MARR adopts the Quality System procedure entitled "Control and Management of Environmental Aspects", which describes the methods for the management of operations and activities linked to environmental aspects deemed important, including the activities for the supervision and management of environment emergencies. MARR also promotes the prevention of pollution and a minimum use of the available resources, adopting preventive measures. In particular, with reference to the specific question of waste, it makes all efforts in order:

- to reduce the quantities of packaging, using recycled materials when possible;
- to promote the use of packaging and materials of certified cellulose from sources managed in a responsible manner ("FSC");
- to improve the differentiated collection of waste and the management of special wastes and of the by-products of animal origin such as, for example, the waste produced by the processing of meats and fish products.

MARR also pays attention to other aspects linked to consumption and the consequent emission of substances that are noxious for the environment. More specifically, it spares no efforts in order:

- to reduce the number of vehicles on the road that have a strong environmental impact. To this regard, all Euro 2 standard vehicles were decommissioned in 2016, and all those of Euro 3 standard were decommissioned in 2017. It requires all new vehicles that are used to be at least Euro 5 standard;
- to reduce the environmental impact of production processes, promoting the prevention of environmental pollution also by monitoring the quality of the waste waters by means of laboratory analyses to check that they conform to the provisions of Legislative Decree 152/06;
- to reduce the consumption of electricity (especially by correct management of the cold chain), potable water and gas;
- to limit the destruction of food products when this represents a waste of food and of Company resources and, indirectly, environmental resources;
- to rationalise the consumption of detergents and disinfectants which have a direct impact on the waste water discharged, scrupulously respecting the methods and concentrations indicated in the sanitisation procedures;
- to optimise the procedures for the management of deliveries to customers and the logistics for the transfer of the products between the Group's various platforms, maximising loads as far as compatible with the limits imposed by the Highway Code;
- to promote behaviour that respects the environment and the correct use of the natural resources, involving the suppliers of fish products and requesting them to adhere to the standards of ethical, social and environmental responsibility defined in the contractual agreements;
- to accurately manage the products, the rotations and the stocks in order to decrease waste and the destruction of stocks, avoiding the waste of food products and of Company resources.

The aims inherent to the environmental aspects also include the monitoring carried out on the procurement process of the fish products chain, and the Company launched activities in order to obtain the "Certification of the Control Service of the MARR Sustainable Fish Products Chain", developed with the collaboration of an accredited body recognised at international level; it must be noted that the process was completed in March 2018 and the certification was obtained.

Non-financial performance

The Group's energy consumptions are illustrated below. The indices in bold type are deemed explanatory of the result of the policies mentioned in the preceding paragraph and, taking into account the Group's growth over the years analysed, they show the constant commitment on the part of the Management to efficient energy consumption, mainly in the goods conservation, storage and handling processes which are the Group's core business.

The results confirm an improving trend notwithstanding the increase in the volumes handled.

Direct energy consumption

Energy consumption	UM	2017	2016
Methane gas for heating	m^3	279,397.58	277,362.37
Diesel oil for heating offices and for processing[1]	l	120,000.00	126,386.00
Petrol for generators	l	30.00	60.00
Diesel oil for generators and sundry services	l	6,228.00	7,189.00
Electricity from the mains supply	KWh	58,011,181.00	56,410,366.26
In-house produced electricity	KWh	389,014.00	374,610.00

Energy consumptions expressed in GJ	UM	2017	2016
Total consumptions	GJ	224,545.30	218,921.63
of which:			
Methane gas for heating	GJ	9,784.42	9,711.57
Diesel oil for heating offices and for processing	GJ	4,296.28	4,524.91
Petrol for generators	GJ	0.92	1.85
Diesel oil for generators and sundry services	GJ	222.98	257.38
Electricity from the mains supply	GJ	208,840.25	203,077.32
In-house produced electricity	GJ	1,400.45	1,348.60

Electricity consumption	UM	2017	2016
Total electricity consumption, of which:	KWh	58,400,195.00	56,784,977.26
from renewable sources	KWh	389,014.00	374,610.00
from non-renewable sources	KWh	58,011,181.00	56,410,366.26

We point out that the energy consumption from renewable sources indicated in the table regards only the photovoltaic systems of the MARR branches in Sicily and MARR Bologna branches, since the figure representing the quantity of energy provided by the supplier which is from non-renewable sources is not available for the years referred to by the report.

Considering all the above energy consumption data, it is worth noting the relative unit indices deemed most significant, which are indicated below.

- Electricity consumption: the total consumption of electricity acquired from the mains supply is given as a ratio to the tons of fresh and frozen product handled[2] (and therefore conserved) by MARR and its subsidiaries inasmuch as mainly used for the cooling and freezing systems.

	UM	2017	2016
Electricity consumption (from the mains supply)	GJ	208,840.25	203,077.32
Tons of fresh and frozen product handled	t	246,728.69	240,910.88
Unit index of energy consumption	GJ/t	0.85	0.84

[1] The use of diesel oil is limited to the branches of Turin, Venice, the Dolomites and the Carnemilia platform, where it is used for both heating the offices and product processing (mainly for the production of hot water required for the meat processing activities).
[2] To identify the kg of product handled, reference is made to the kg of product that leaves the Group's storage structures (sold and transferred from the platforms to the branches and by these to the customers, except in the case of goods delivered to our customers directly by the suppliers).

- Consumption of diesel oil for heating offices and for processing: total consumption of diesel oil is shown in relation to the tons of fresh and frozen product handled[2] (and therefore conserved) at the branches which use said energy resources (MARR Turin, MARR Venice, MARR Dolomites and Carnemilia) considering that a prevalent part of the diesel oil used is linked to the production of the hot water necessary for meat processing.

	UM	2017	2016
Diesel oil consumption	GJ	4,296.28	4,524.91
Tons of fresh and frozen product handled	t	29,958.79	30,954.11
Unit index of diesel oil consumption	GJ/t	0.14	0.15

Use of water resources

Water withdrawal per source	UM	2017	2016
Total volume, of which:	litres	209,163.80	213,969.94
- from aqueducts (for civil and industrial use)	litres	132,285.96	141,325.94
- from wells (industrial use)	litres	76,877.84	72,644.00

Water discharged[3]	UM	2017	2016
Total volume, of which:	litres	209,163.80	213,969.94
- discharged into sewer systems	litres	151,512.60	148,186.21
- discharged into surface waters	litres	57,651.20	65,783.73

Considering the use of the water resources, which are used both for processing and handling and for the maintenance and management of the premises being in line with the necessary standards of hygiene, we maintain that the ratio of water consumption to the total tons of product handled per year is reasonable.

	UM	2017	2016
Total volume of water withdrawal	litres	209,163.80	213,969.94
Tons of product handled	t	448,499.97	428,797.34
Index of the use of water resources	l/t	0.47	0.50

Emissions of greenhouse gases and of polluting substances into the atmosphere

Direct emissions – Scope 1[4]	UM	2017	2016
Total emissions [5]	t CO_2e	878.92	894.35
of which:			
Methane gas	t CO_2e	546.33	542.30
Diesel oil for heating	t CO_2e	316.11	332.97
Petrol	t CO_2e	0.07	0.14
Diesel oil for generators and sundry services	t CO_2e	16.41	18.94

[3] There are no devices that measure the water discharged, however it is estimated that the quantity is equal to the volume of water withdrawal; however a part of the water is discharged by "evaporation" from the refrigeration systems fitted with evaporation towers, therefore it is deemed that the values indicated for the water discharged are, in fact, higher than the amount actually discharged. In consideration of the above, the Company and the Group are taking steps to be able to monitor said dispersion in the forthcoming years.
[4] The source of the coefficients used for the conversion into tCO_2e is the ISPRA 2016 figure (for 2017) and the ISPRA 2015 figure (for 2016).
[5] Direct emissions from sources owned and controlled by the Company.

Emissions – Scope 2[4]	UM	2017	2016
Total emissions[6]	t CO_2e	20,826.01	20,251.32
Electricity from the mains supply	t CO_2e	20,826.01	20,251.32

Emissions – Scope 3	UM	2017	2016
Total emissions[7]	t CO_2e	21,779.07	21,049.81
Road transport by logistics suppliers	t CO_2e	21,779.07	21,049.81

The indirect emissions of Scope 3 taken into consideration are the emissions generated by the carriers, the service companies of which MARR takes avail for the distribution of its products and do not include the AS.CA and New Catering data. We specify that the impact indicated above is relative to the km covered by the carriers both for the transport from the centralised storage structures to the large customers and the MARR branches and from the latter to their own customers[8].

Ozone damaging substances [9]	UM	2017	2016
HCFC	Kg	7,673.40	8,350.00

The emissions of ozone damaging substances derive from anomalies in the functioning of plant and the relative repairs to maintain the cold chain for the conservation of the foodstuffs.

However, a long-term investment plan has been approved for the conversion of refrigerating gases in accordance with the European environmental standards, and in recent years investments have been made in technologies and specific technical choices aimed at preventing and limiting the damage deriving from possible plant malfunctioning, subsequent to which repairs are carried out with greater immediacy.

Intensity of the greenhouse gas emissions	UM	2017	2016
Emissions of ozone damaging substances (HCFC)	t CO2e	30,101.12	31,583.46
Tons of fresh and frozen product handled [10]	t	201,412.25	191,913.41
Unit index of greenhouse gas emissions	tCO2e/t	0.15	0.16

- Wastes produced (hazardous - non-hazardous) destined for recovery and for disposal

Wastes produced (Kg)	2017	2016
Total wastes produced	2,307,050.00	1,971,528.70
- of which, hazardous	24,934.00	33,667.00
- of which, non-hazardous	2,282,116.00	1,937,861.70

[6] Indirect emissions not materially produced by the Company and not directly under its control.
[7] Indirect emissions consequent to the Group's activity, from sources that are not controlled sources or owned by the Company. The emissions have been estimated taking as reference a standard journey of an average distance and an average load weight for the year of reference, multiplied by the total number of trips carried out. The source of the coefficient used for the conversion into tCO_2e is the GHG Protocol (2015).
[8] Stretches by sea for the branches on the islands, the kilometres covered by the carriers of our agents with warehouses and transfers between branches have not been taken into account.
[9] Annual data communicated within the month of May by ISPRA (National Institute for Environmental Protection and Research).
[10] As an indicator for calculating the carbon intensity, we have deemed it reasonable to consider the tons of fresh and frozen product handled[2] (and therefore conserved) by the MARR branches and by the subsidiary New Catering, excluding the systems of the subsidiary AS.CA and of the three MARR branches inasmuch as they use ammoniac systems that do not produce CO2e.

Wastes destined for recovery (Kg)	2017	2016
Total wastes produced	2,013,931.00	1,897,987.00
- of which, hazardous	21,703.00	33,667.00
- of which, non-hazardous	1,992,228.00	1,864,320.00

Wastes destined for disposal (Kg)	2017	2016
Total wastes produced	293,118.50	73,541.70
- of which, hazardous	3,231.00	0.00
- of which, non-hazardous	289,888.00	73,541.70

It is maintained that the increase of wastes produced is directly linked to the increased turnover and the quantities of product handled by the Group in the two-year period, therefore the following index comparison is shown:

	UM	2017	2016
Total wastes produced	t	2,307.05	1,971.53
Tons of product handled	t	448,499.97	428,797.34
Waste per ton of product handled	t/t	0.005	0.005

Materials used by weight and volumes	UM	2017	2016
Total packaging, of which:	t	2,281.91	1,937.53
Paper and cardboard	t	1,812.21	1,521.54
Plastic	t	469.70	415.99
Other (specify)	t	0.00	0.00

We point out that the packaging used mainly comprises wrappings and is recyclable.

Furthermore, the increase, as mentioned above in reference to waste, is strictly linked to the increased turnover and quantities of product handled by the Group in the two years; for greater details, see the unit consumption index given below:

	UM	2017	2016
Total packaging consumed	t	2,281.91	1,937.53
Tons of product handled	t	448,500	428,797
Packaging per ton of product handled	t/t	0.005	0.005

We lastly represent below the information relative to the chemical substances used by the Company for the functioning and management of the refrigeration systems. We point out that the data of the subsidiaries are not available; however, it is maintained that their impact on the total is not significant.

Chemical substances	UM	2017	2016
Ammonia for refrigeration	Kg	740	400
"Antifreeze" chemical products for the refrigeration circuits	Kg	942	2,000
Chemical products for water treatment	Kg	22,428	20,040

The Group has no operating sites within or near protected areas or areas of high value for biodiversity.

During the year there were no reports of cases of non-compliance with environmental standards that triggered off proceedings for harm caused to the environment.

A short key of the units of measurement used in this chapter is given below.

Unit of Measurement	Symbol
Cubic metre	m^3
Litre	litres
Kilowatt per hour	KWh
GigaJoule	GJ
Carbon dioxide equivalent	CO_2e
Kilogram	Kg
Ton	t

Food health and safety

Risks and opportunities

The many food emergencies and the growing attention to people's health and well-being have placed in the limelight the safety and quality of the products sold by MARR, as fundamental aspects. MARR's activity is not limited to the distribution of foodstuffs, nor can it be considered solely in terms of economy, profit and earnings, inasmuch as the Company is also inspired by ethics and duty in the practice of its business and therefore adopts precise policies for safety and quality. Food safety must not be understood only as respect for a pre-requisite of the product which testifies to its suitability for consumption, but it must be considered from a wider and more modern viewpoint which involves many additional factors such as origin, traceability, the exclusion of organisms and substances considered suspect, and correct information given to the consumer on the label and by other communication means.

The risk factors with a potential effect on the community and the consumer mainly regard the hygiene and safety of the products. These vary according to the category of merchandise considered, but they are substantially represented by contaminants that can accidentally end up in the foodstuffs subsequent to the production processes or subsequent to environmental contamination. Contaminants can be divided into two types: those from natural sources and those resulting from the action of man.

The occurrence of any one of the above-indicted risks can harm the Company's reputation and lead to a loss of confidence on the part of consumers, with a negative impact on MARR's economic results.

Policies implemented by MARR

To guarantee food safety in the production and distribution processes, MARR has introduced the analysis of the dangers and risks linked to the various categories of merchandise, as well as the production processes that are carried out at its own operating units. The danger analyses and risk assessments are carried out on the basis of the experience of the organisation's HACCP Team, a multi-disciplinary group with specific knowledge and skills vested with the authority necessary to intervene in the Company's processes. The risk assessment is carried out according to the HACCP (Hazard Analysis and Critical Control Points) criteria, with specific procedures defined to control critical points.

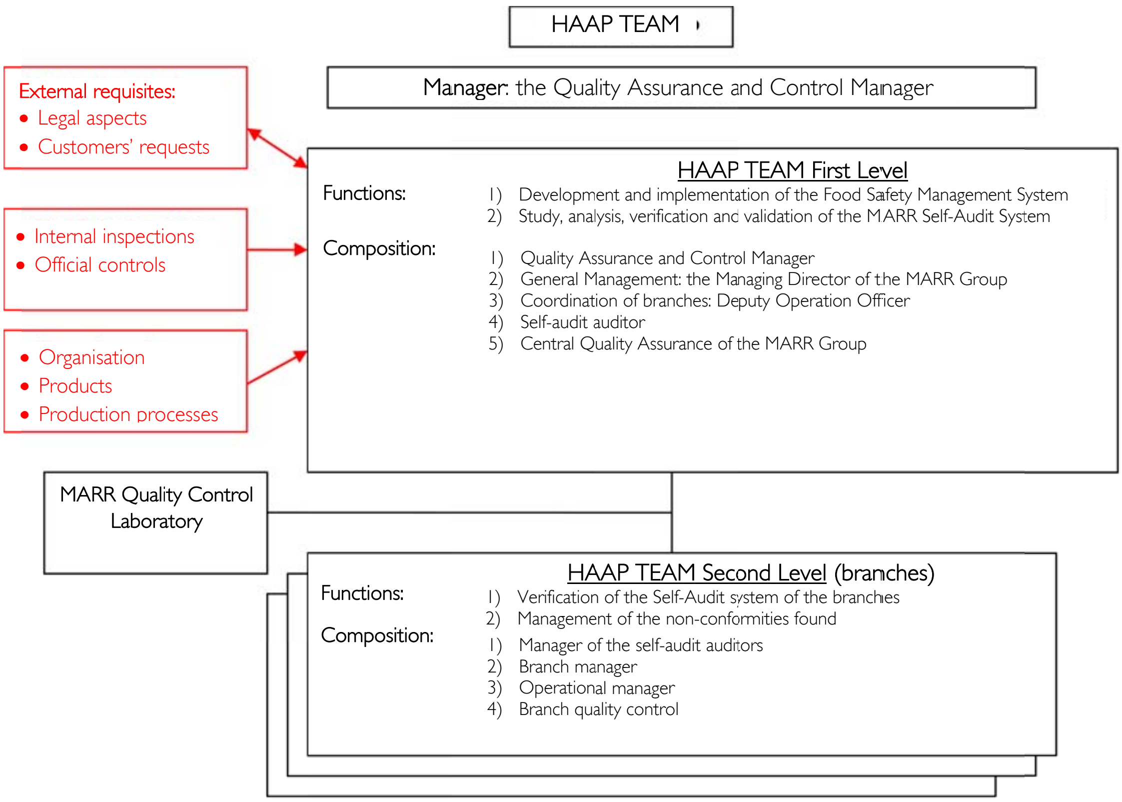
The analysis of the risk factors is carried out according to the information obtained on the products distributed and processed, especially taking into consideration the features of the products, their origin and the national and Community reference standards. The Company also analyses past data on the control and verification activity carried out by MARR's Quality Assurance and Control Management, as well as information circulated by the category associations and by the EFSA (European Food Safety Authority).

The Self-Audit System is structured according to the HACCP method, in accordance with the Codex Alimentarius and the imperative laws and regulations. The HACCP system, with UNI 10854 and ISO 22000 certification, is carried out as an integral and complementary part of the Quality System, with ISO 9001 certification, and it has been drawn up and validated by the Group's own multi-disciplinary team (the first level

HACCP Team), with specific knowledge and skills of the processes and the hazards associated with the activity. The implementation and verification of the trend of the HACCP plan at every single MARR structure involves the branches' managements and the Self-Audit and Quality System auditors (the second level HACCP Team), who are members of the Central Quality Assurance and Control staff and who all have degrees in Alimentary Sciences and Technologies and/or Biological Sciences. To control the risks linked to food quality and safety, process management procedures have been developed and control programmes have been started up which include both analytical tests on samples of the products distributed and inspections of the Group's premises and platforms. The analyses carried out on products are performed by the main accredited external laboratories of reference and by the MARR Quality Control Laboratory, whereas the inspections are carried out by qualified internal auditors or external personnel of companies specialised in controlling operators of the food sector. MARR has also set up a Food Safety Committee, an internal team appointed to manage crises, which intervenes in the case of an accidental event or any situation which could imply non-observance of product safety or serious non-compliance with the provisions of law and/or the internal provisions on quality. The main duties performed by the Committee are the following:

- to immediately put into practice the procedures for the withdrawal and/or recall of a product when necessary;
- to inform the competent health authorities;
- to inform consumers of the reason for the withdrawal, when contemplated and necessary;
- to transmit to the competent authorities all information useful for tracing the product;
- to collaborate with the authorities and with other operators of the food supply chain to prevent, mitigate and/or eliminate the risks.

The Company's Management System for guaranteeing product traceability, certified according to the requisites of the ISO 22005 standard, contributes to reinforcing and guaranteeing food safety throughout the entire supply chain.



Within the sphere of the Food Safety Management System, the management promotes:

- process control, from the procurement, logistics and service provision processes to the sale processes, monitoring specific indicators (non-conformity, returned goods, complaints and destruction of goods) and intervening in the case of discrepancies in pursuit of continuous improvement;
- the layout of the structures and periodic action to maintain the structural features necessary to ensure respect for the safety requisites;
- the procurement, through the product divisions, of genuine, good quality products that can guarantee high safety standards;
- continuous training at all levels, promoting the initiatives aimed and increasing a pro-food safety mentality;
- the application of self-audit procedures at the Group's operating units, in respect of the applicable requisites.

The main system and product certifications obtained by MARR are reported below:

System Certifications and Product Certifications	Certifying body	Accreditation[11]
ISO 9001: *Quality Management System*	ISO 9001 BUREAU VERITAS Certification	ACCREDIA
UNI 10854: *Guidelines for planning and creating a self-audit system based on the HACCP method*	HACCP - UNI 10854 BUREAU VERITAS Certification	The standard does not contemplate accreditation
ISO 22000: *Food Safety Management System*	ISO 22000 BUREAU VERITAS Certification	ACCREDIA
ISO 22005: *Traceability System in Agro-Alimentary Companies*	ISO 22005 BUREAU VERITAS Certification	ACCREDIA
ISO 14001: *Environment Management System*	ISO 14001 BUREAU VERITAS Certification	UKAS MANAGEMENT SYSTEMS
CCPB Certification: *Certification of conformity to the prescriptions of EC Reg. 834/2007 regarding the "Reception and storage of BIO foodstuffs destined for the preparation of meals"*	ccpb	ACCREDIA

[11] The accreditation testifies to the control of the certifying body and consequently to the validity and credibility of the certifications obtained by MARR S.p.A..

Agro-alimentary product certification: *Traceability of bovine meats in accordance with EC Reg. 1760/00 and optional labelling in accordance with EU Reg. 653/2014 and Italian Ministerial Decree no. 876 of 16/01/2015* Discipline and optional labelling of bovine meats filed at MIPAAF IT 124 ET		(Accreditation not contemplated)

With regard to the social impact of the articles sold, the information on the features of the products is given to the operators by means of the labelling, the packaging, the technical information sheets and the communications drawn up by the Marketing department. The labelling of the products sold under suppliers' trademarks is subjected to sample controls, during the goods reception phase, according to a specific Quality System procedure[12]. For products imported from third countries and MARR trademark products[13] the information on the labels and any claims (regarding health and nutrition) must be approved by the Quality Control department. The technical information sheets, which contain the main information on the products, are checked before publication and can be consulted at the "MARR Multimedia Catalogue" at the organisation's website. The advertising and promotional communications prepared by the Marketing Management, which contain information on the features of the products, must be checked and approved by Quality Control before being published.

The "Quality, Safety and Environment Policy", among other things, defines specific objectives of the period regarding:

- the maintenance of the certifications obtained by the Organisation, the extension to new sites and the attainment of possible new schemes of interest;
- the application of Self-Regulation according to the HACCP system at the operating sites and platforms, on the basis of specific performance indicators, for the purpose of assessing the conformity of the structures and equipment, the management of the goods and the behaviour of the personnel;
- the analysis, management and containment of returns from customers, as an important activity to protect the quality perceived;
- the management of the products, the rotations and the stocks in order to decrease waste and the destruction of stocks, avoiding the waste of food products and of Company resources;
- the functioning and effectiveness of the Company's traceability system[14], to guarantee the traceability of the products at every step of the process;
- the level of skill and training of the personnel, promoting training courses to guarantee the correct application of the Quality, Safety and Environment Management System procedures and to increase each person's awareness of his/her role to guarantee effective answers to customers and the institutions.

Non-financial performance

Controls and analyses	2017	2016
Total analyses[15] of which:	7,126	6,692
Internal laboratory analyses	1,468	1,605
External analyses	5,658	5,087

Self-Regulation Inspections	2017	2016
Total self-regulation inspections	111	109

[12] The Quality System procedure is drawn up according to the provisions of EU Reg. 1169/2011 and they comply with the Community provisions that discipline the indication of the origin and the traceability of specific categories of goods (such as, for example, bovine meats, pork meats, fish products, dairy products, etc.).

[13] For which the Company is responsible under the afore-mentioned EU Reg. 1169/2011.

[14] In accordance with EC Reg. 178/2002.

[15] Data referring to the matrices sampled, which include several analyses.

Compared to 2016, the data show an increase in verifications, especially those carried out under outsourcing agreements by external laboratories. The decrease in the analyses carried out at MARR's internal laboratory is linked to the reorganisation of the storage facilities with a concentration of about 45% of products at the storage platforms and direct sampling carried out directly by accredited external laboratories at the operating units spread over the country.

Health and Safety at Work

Risks and opportunities

The workers' safety

The Company considers the mental and physical health of its employees a primary objective and therefore it undertakes to guarantee work environments that respect the applicable standards in force and which are as healthy and safe as possible, simultaneously fostering a responsible approach to safety on the part of its collaborators.

The potential risks to which the Company's and Group's workers are exposed in the performance of their activities are the following: i) work-connected stress; ii) noise, vibrations, chemicals, explosive atmospheres and micro-climates; iii) manual handling of loads and repetitive movements; iv) video-terminal risks.

These potential risks are identified by periodic inspections of the Prevention and Protection Service Manager of every unit, and they are formalised in the Risk Assessment Document of each operating unit, in accordance with Legislative Decree 81/08 as successively amended. Each of the specific above-mentioned risks is assessed by specialised technicians who collaborate with Servizi Industriali S.r.l. of the Confindustria chapter of the Romagna Region which MARR has mandated to provide advisory services in the field of safety at work.

MARR considers such risks to be recurrent; the existence of one of the above-identified risk factors can involve complications of a legal nature and in relations with the appointed supervisory authorities, with impact not only of an economic nature but also on its reputation.

Policies implemented by MARR

The workers' safety

In addition to specific, targeted assessments of the risks referred to in the preceding paragraph, the Company, for all the operating units and the companies of the Group, also provides for the drafting of a "Workers' Health and Safety Risk Assessment Document" and for its updating on the part of the Prevention and Protection Service Manager.

To guarantee constant monitoring and immediate action in all the Company's structures, the authority to take action has been vested on the managers of the MARR branches and the managers of certain specific areas, aimed at fostering involvement and the assumption of responsibility for matters of safety.

Obligatory medical check-ups are carried out periodically to verify that workers appointed to perform duties involving particular risks (e.g. elevator truck drivers and heavy lorry drivers) are not addicted to alcohol or drugs, and alcohol tests are carried out on workers who perform transport activities with company cars and light lorries; these are in addition to the periodic checks on all workers, carried out according to the protocols indicated by the Company's physician.

Considerable investments are also constantly made in the training of personnel with specific duties, in matters of: i) the safety of elevator truck drivers; ii) fire prevention/fighting; iii) first aid; iv) training in the use of raised vertical platforms; v) suitability and registration of the maintenance staff and operators of refrigeration and cooling systems. The above are in addition to the general training for all workers and managers (pursuant to Art. 37, paragraph 2, of Legislative Decree 81/08) carried out according to the criteria of the State-Regions Agreement of 21 December 2011.

With reference to the services outsourced to third companies, with which potential interference with the Group's activities may be generated (e.g. logistics and handling services, and processes carried out within the units), specific agreements are drawn up (and updated) to define the parties' duties, obligations and responsibilities relative to the outsourced activities, as well as the "Interference Risk Assessment Document". However, in the case of the performance of "on-call" services or, in any case, access on the part of third parties to branch/unit premises, specific ad-hoc procedures are drawn up.

It is lastly worth noting that activities are in progress in order to obtain SA 8000 certification.

Legal non-conformities regarding workers' health and safety

With regard to non-compliance with law within the Company, MARR carries out a series of specific checks on the safety of the workplaces, analysing the following areas:

- work contracts for goods handling in the storage facilities of the MARR units, with the drafting and verification of an Interference Risk Assessment Document;
- routine and non-routine maintenance of the buildings owned or rented;
- procedures relative to damages caused at branches by service companies;
- the updating of standards;
- relations with the Prevention and Protection Service Manager and with the Company's physician.

The appointment of the Prevention and Protection Service Manager is entrusted to an external consultant, who also has the task of pointing out possible improvements in the management of health and safety at work. The following departments liaise with the Prevention and Protection Service Manager: Human Resources (training, relations with the Company's physician, accidents at work), Legal Affairs (assistance regarding laws and documents) and the Technical Services (structural aspects). The position of Company Physician is entrusted to doctors coordinated by the San Gaudenzo hospital.

Non-financial performance

Accidents	2017			2016		
	Women	Men	Total	Women	Men	Total
Total accidents, of which:	5	8	13	4	8	12
accidents while travelling	4	2	6	4	3	7
serious accidents	0	0	0	0	0	0

Accident indices[16]	2017			2016		
	Women	Men	Total	Women	Men	Total
Frequency index	2.520	5.358	4.616	0	4.499	3.337
Severity index	0.015	0.110	0.085	0	0.151	0.112

No fatal accidents occurred in the two-year period.

In addition to full respect for the provisions established by the National Collective Labour Agreement of reference relative to health and safety, information on the Company's attention to safety at work is also communicated to the local Trade Unions with which the Company liaises as well as the complementary agreement in force for employees of the Cesenatico branch under which the Parties, among other things, agree on the need to continue to guarantee the present level of safety and to maintain high attention on this subject.

Hours of training on Health and Safety at Work, at 31 December	2017			2016		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Managers	16	0	16	0	0	0
Middle managers	16	86	102	0	33	33
White collars	446	1,213	1,659	176	545	721
Blue collars	24	966	990	12	596	608
Total	502	2,265	2,767	188	1,174	1,362

[16] Said indices are calculated as follows:
Severity index = (number of accident days x 1,000) / (number of hours worked in the year)
Frequency index = (number of accidents x 1,000,000) / (number of hours worked in the year)
For the calculation of the indices, accidents while travelling are not considered; however, the total number of accident days of periods off work due to accident that start in one year and end in another are entirely included in the year in which the actual accident occurred.
Lastly, the calculation of the severity index takes into account calendar days, not working days.

The increase in the hours in 2017 compared to 2016 is mainly linked to the five-year updating of the obligatory training previously carried out in 2012.

Human resources

Risks and opportunities

MARR is strongly convinced of the importance of human resources for the Company's development: collaborators adequately trained, strongly motivated and involved in the Company's "spirit" are a necessary condition for reaching the Company's objectives and, at the same time, to increase the value of the Organisation and of the People who belong to the same represents one of the Company's main aims.

The management of human resources focuses on professional growth, guided only by the criterion of merit, aimed at developing both the professional attitude and ambition of each collaborator. In fact, the Company promotes wise management of its personnel aimed at preventing any discrimination whatsoever on the basis of the gender, race, religion, civil status, sexual orientation, age, disability or political convictions of its collaborators. Decisions on the assignment of duties, roles or promotion are taken solely on the basis of the professional profile and the effective skills of each single employee and his/her capacity to contribute to attaining the Company's objectives.

Therefore, the Company, adhering to criteria of equity and impartiality, wishes to guarantee adequate professional training for its employees, and for this reason MARR has established its own Academy (the "MARR Academy") which is a virtual and physical environment for learning, for training and for attaining both technical and transversal skills, with distance training alternated with formal "classroom" training, involving the sharing of knowledge, skills and values, to increase the worth and worthiness of the Organisation.

Lastly, the Company also plans to launch initiatives in order to enter into contact with a high number of potential candidates and to favour the search for candidates now and in the future (thanks to a more widespread knowledge of the Company), facilitating recruitment activities and reducing the time required, as soon as coherent needs arise, by participation in events which allow for candidates and the Company to meet (e.g. Career Days) and also by reviewing and updating the "Work with us" section of the Company's website.

All the above-mentioned activities will also reduce the potential risk of personnel redundancies and favour the Group's capacity to attract suitable candidates to cover the various roles, as well as having adequately trained and motivated personnel.

Policies implemented by MARR

Within its Code of Ethics, MARR confirms its awareness of the fundamental importance of its human resources and, in addition to guaranteeing compliance with the laws in force on labour, it also pursues a policy for the development and appreciation of its employees based on the following rules:

Selection of personnel: carried out only on the basis of the profiles of the candidates in relation to the Company's needs, with maximum transparency and respect for the principles of equal opportunity, avoiding any form whatsoever of favouritism.

Impartiality: respect for this principle not only in the selection and recruitment phase, but also throughout the relationship with the company, for example in the assignment of duties and roles, promotion and transfers, determined solely on the basis of the professional profile, the effective skills and the capacities of the individual. Personnel management aims to prevent any form of discrimination or abuse relative to race, gender, religion, political convictions, sexual orientation, civil status, age or disability.

Professional growth: always adhering to criteria of equity and impartiality, MARR guarantees adequate professional training for its employees, taking into account their professional aptitudes and character.
For that matter, the Company maintains that such conditions are fundamental to guarantee *gender equity*. To this regard, we point out that the Board of Directors of MARR S.p.A. is composed of 9 members, of which 3

are women and 6 are men; in 2015 the Marisa Bellisario Foundation awarded the Company the "Mela Rosa" prize for giving value to feminine talent in the top management.

The policies adopted which tend to respect and give value to human resources also include the following.

Measures to assure respect for human rights: since 2009 the Company has had an e-mail box for reporting any behaviour contrary to the Code of Ethics adopted by MARR. Only the Supervisory Board can consult said e-mail box.

National Collective Labour Agreement: MARR applies the National Collective Labour Agreement for the Third Sector, the Distribution and Services field (Commerce). In some units (Capena and Cesenatico), for "historic" reasons, a local collective agreement is also applied. Under the National Collective Labour Agreement the companies and the trade unions meet, normally within the first four months of each year, for the communication of information on relevant processes of reorganisation, outsourcing, restructuring, etc. With the trade unions of the province of Rimini, where the Company has its registered office, an agreement has been in force since 2017 according to which, in the case of operational changes that involve the outsourcing of activities, MARR must inform the workers with 30 day's advance notice.

Training: in MARR the programmes linked to personnel upgrading and performance assessment are mainly managed by the top management. Said programmes, mainly addressed to managerial and/or sales personnel, are developed according to practice, since no specific procedure for the purpose exists at present.

Trainees and apprentices: MARR remunerates trainees and apprentices according to the limits established by the collective labour agreements. To a limited extent the Group organises traineeships in collaboration with the universities, involving undergraduates and new fellows, and it also collaborates with Bologna University which indicates possible candidates for traineeships available in the Company.

Welfare: the Company has put into practice the measures contemplated by the collective labour agreement regarding welfare within the Company. In addition, in the case of requests for changing the work timetable submitted by employees in the "post maternity" period, the Company carefully seeks organisational solutions to grant such requests as far as possible.

In 2016 and in 2017 the Group received requests for part-time work on the part of nine female employees (three in 2016 and six in 2017), in some cases for family reasons and in others linked to the "post maternity" period. The Company, with a viewpoint to favouring equal opportunities, created the organisational conditions necessary and answered positively to said requests.

The Company has not defined objectives or targets to be reached with reference to the human resources aspects.

Non-financial performance

The following tables gives numeric information on the composition of the Group's human resources.

The data show a decrease in numbers subsequent to the reorganisation activities, specified in more detail with reference to the "turnover" parameter, which confirm that over 50% of employees under 50 years of age have remained with the Company.

Consistency of personnel at 31 December	2017			2016		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total
<= 29 years of age	13	37	50	15	33	48
30 - 50 years of age	131	289	420	137	317	454
>= 51 years of age	89	257	346	84	259	343
Total	233	583	816	236	609	845

Consistency of personnel at 31 December	2017			2016		
Breakdown by gender, age and category	Women	Men	Total	Women	Men	Total
Managers						
<= 29 years of age	0	0	0	0	0	0
30 - 50 years of age	0	3	3	0	3	3
>= 51 years of age	1	4	5	1	4	5
Total managers	1	7	8	1	7	8
Middle managers						
<= 29 years of age	0	0	0	0	0	0
30 - 50 years of age	1	9	10	1	10	11
>= 51 years of age	3	19	22	4	19	23
Total middle managers	4	28	32	5	29	34
White collars						
<= 29 years of age	13	21	34	15	20	35
30 - 50 years of age	126	179	305	129	174	303
>= 51 years of age	77	102	179	72	101	173
Total white collars	216	302	518	216	295	511
Blue collars						
<= 29 years of age	0	16	16	0	13	13
30 - 50 years of age	4	98	102	7	130	137
>= 51 years of age	8	132	140	7	135	142
Total blue collars	12	246	258	14	278	292
Total	233	583	816	236	609	845

Recruitments	2017			2016		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total
<= 29 years of age	8	28	36	10	36	46
30 - 50 years of age	39	51	90	33	75	108
>= 51 years of age	12	28	40	9	38	47
Total	59	107	166	52	149	201

Outgoing personnel	2017			2016		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total
<= 29 years of age	6	19	25	8	18	26
30 - 50 years of age	37	47	84	23	59	82
>= 51 years of age	18	65	83	8	45	53
Total	61	131	192	39	122	161
Reason for leaving the Company:						
Voluntary resignation (excluding retirement)	16	45	61	4	39	43
Retirement	0	3	3	1	2	3
Dismissal	7	33	40	4	27	31
Other	38	50	88	30	54	84

Turnover	2017			2016		
%	Women	Men	Total	Women	Men	Total
Turnover rate	26.2%	22.5%	23.5%	16.5%	20.0%	19.1%

With reference to the turnover trend, the increase in the rate in 2017 is mainly linked to the reorganisation of DE.AL. and of the Romagna area activities and to the outsourcing of certain activities as of the end of 2016.

Maternity/parental leave	2017			2016		
Return to work rate	Women	Men	Total	Women	Men	Total
Number of employees who have taken avail of the leave	2	2	4	5	1	6
Number of employees who have returned to work after taking avail of the leave	1	1	2	4	1	5
Number of employees in service in MARR 12 months after having taken avail of the leave	n.a.	n.a.	n.a.	n.a.	1	1
Return rate after maternity/parental leave	50%	50%	50%	80%	100%	83%
Rate of maintenance of work position after maternity/parental leave	n.a.	n.a.	n.a.	n.a.	100%	n.a.

The above table shows the leave trend, including both the early, obligatory and optional maternity leave and parental leave. The data relative to employees that return after the leave and the number of employees in service after 12 months are indicated in the year in which the period of leave began.

It must be noted that in both years, the employees that have not returned from the leave are those for whom the period of leave has not yet terminated, whereas, for several of those who have returned, twelve months have not yet passed since the date of their return to work; therefore the return to work rate after the leave cannot be accurately determined although we point out that all employees that have returned are currently working within the Group.

Seniority of service	2017			2016		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Managers	31.91	20.75	22.14	30.91	19.75	21.14
Middle managers	15.47	15.16	15.20	11.60	15.74	15.14
White collars	12.45	11.72	12.03	12.35	11.74	12.00
Blue collars	9.26	12.89	12.72	9.69	13.14	12.99
Breakdown by term of contract	2017			2016		
Breakdown by gender	Women	Men	Total	Women	Men	Total
Permanent contract	210	525	735	216	562	778
Temporary contract	23	58	81	19	48	67

Breakdown by part-time/full-time work	2017			2016		
Breakdown by gender	Women	Men	Total	Women	Men	Total
Number of full time employees	184	579	763	185	605	790
Number of part-time employees	49	4	53	50	5	55

Breakdown by academic qualification	2017			2016		
Breakdown by gender	Women	Men	Total	Women	Men	Total
University degree	27	61	88	26	58	84
High school diploma	155	243	398	154	242	396
Junior high school diploma	22	220	242	23	232	255
Other	29	59	88	33	77	110

Breakdown of governance bodies	2017			2016		
Breakdown by gender and age	Women	Men	Total	Women	Men	Total
<= 29 years of age	0	0	0	0	0	0
30 - 50 years of age	0	1	1	0	2	2
>= 51 years of age	3	5	8	3	6	9
Total members of the governance bodies	3	6	9	3	8	11

The number of members of the governance bodies includes only the members of the Board of Directors of the parent company MARR S.p.A.. The position of sole director of As.ca. S.p.A. and of New Catering S.r.l. is covered by the Chief Executive Officer of MARR.

Breakdown of personnel at 31 December	2017			2016		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Managers	1	7	8	1	7	8
Middle managers	4	28	32	5	29	34
White collars	216	302	518	216	295	511
Blue collars	12	246	258	14	278	292
Total	233	583	816	236	609	845

The ratio between the basic salaries (according to the National Collective Labour Agreement) and the total remuneration of women / men is given below. For managers, the salaries of Chief Executive Officers have not been taken into account (for this calculation).

Ratio between women's / men's basic salaries	2017	2016
Breakdown by category		
Managers	100.0%	100.0%
Middle managers	100.0%	100.0%
White collars	92.7%	92.0%
Blue collars	93.0%	94.4%

Ratio between women's / men's remuneration	2017	2016
Breakdown by category		
Managers	79.7%	85.2%
Middle managers	84.2%	83.5%
White collars	83.1%	82.9%
Blue collars	90.9%	93.9%

As contemplated by the National Collective Labour Agreement of reference, the Company meets the Trade Unions of reference normally within the first four months of the year, to communicate relevant information on possible reorganisations, outsourcing, restructuring, etc. A company transfer involving more than fifteen workers must be communicated to the trade union representatives in writing at least twenty-five days in advance.

In addition to the National Collective Labour Agreement for the distribution and services sector applied to all MARR employees (100%), two other agreements are applied at the Capena and Cesenatico branches.

Employees covered by local complementary agreements	2017	2016
% of employees covered by complementary agreements	4.78	5.44

The details relative to the total hours of training (professional training and training on health and safety at work) provided in the two-year term are given below.

Training (hours) at 31 December	2017			2016		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Managers	32	4	36	0	0	0
Middle managers	23	173	196	0	95	95
White collars	925	2,648	3,573	452	914	1,366
Blue collars	68	2,316	2,384	53	1,411	1,464
Total	1,048	5,141	6,189	505	2,420	2,925

Average hours of training at 31 December	2017			2016		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Managers	32.00	0.57	4.50	0.0	0.0	0.0
Middle managers	5.75	6.18	6.13	0.0	3.28	2.79
White collars	4.28	8.77	6.90	2.09	3.10	2.67
Blue collars	5.67	9.41	9.24	3.79	5.08	5.01
Total	4.50	8.82	7.58	2.14	3.97	3.46

During the current year, the Company has invested in training, increasing the hours of sales training and the involvement of all the sector specialists in specifically prepared training sessions. Details of only professional training are given below:

Professional training (hours) at 31 December	2017			2016		
Breakdown by gender and category	Women	Men	Total	Women	Men	Total
Managers	16	4	20	0	0	0
Middle managers	7	287	294	0	62	62
White collars	479	1,435	1,914	276	369	645
Blue collars	44	1,350	1,394	41	815	856
Total	546	3,076	3,622	317	1,246	1,563

The Group's absenteeism data are given below:

Absenteeism indices[17]	2017			2016		
Breakdown by gender	Women	Men	Total	Women	Men	Total
Absences[18]	4.90	2.98	3.51	5.61	2.53	3.37
Illness	2.43	1.98	2.10	2.79	1.86	2.11

The Company does not contemplate specific benefits for the workers in general apart from what is provided by the contractual welfare defined by the applicable National Collective Labour Agreement. In this sphere, subscription to the complementary health assistance (Fondo Est) is reserved to employees with a permanent contract.

Within the Company and the Group, there have been no incidents based on discrimination.

Supply chain

Risks and opportunities

The Group purchases products from over 2,200 suppliers throughout the world, in order to guarantee its customers a complete assortment of food products and equipment.

The Company has decided to undertake action aimed at an increasingly more accurate and aware control of respect for its own principles, in addition to the law, also on the part of the entire supply chain.

[17] These indices are calculated as follows:
total hours of absence / maximum hours that could have been worked
total hours of absence for illness / maximum hours that could have been worked
[18] The total number of absences is calculated taking into account all the hours of absence excluding holidays and leave.

For this reason, suppliers are subjected to accurate vetting, to guarantee respect for the safety and quality features required of the products, both those of MARR's own trademarks and those of third parties' trademarks.

MARR is a leading company in the sale of fresh and frozen fish products, with procurement channels involving suppliers operating in various countries of the world. The fish segment is subject to risks linked to illegal fishing practices (illegal, undeclared and unregulated fishing) and, in some countries, the risk of the violation of human rights and failure to respect dignified labour conditions for the workers. In this context MARR has developed its own management regulations to control the "Sustainable Fish Supply Chain". The control system adopted on a voluntary basis aims to mitigate the direct and indirect risks linked to procurement from suppliers operating in this sector. Intervening at the supply chain level, in terms of the selection and monitoring of the suppliers, the Management System for controlling the "Sustainable Fish Supply Chain" pursues the promotion of the sustainable development of the fish sector, respect for the human rights of the people involved in the countries of origin and the procurement of fish products that can satisfy the quality, safety and labelling requisites according to the applicable laws and regulations. As indicated in the paragraph on "Environment", on 7 March 2018 the control system adopted by MARR obtained certification by a third-party organisation recognised at international level.

The implementation of the Quality, Safety and Environment Management System adopted by MARR requires continuous and accurate planning of the activities and the involvement of all the personnel that operate within the organisation. In terms of impact, with reference to the end consumer, the communication of information on the foodstuffs is also managed according to specific internal rules and involves various Managements of the Company, in the same way as food safety.

With specific reference to the fish sector, the Company has procurement channels that involve suppliers operating in third countries that can be disadvantaged for the social-economic conditions and that can present a higher risk level as regards respect for human rights. In this context MARR expressly requests its suppliers to respect the laws of each country and to conform to the international guidelines intended to guarantee respect for human rights and labour (the "Universal Declaration of Human Rights" and the "International Labour Organisation Convention"). Said suppliers are required to sign specific supply agreements that include respect for said requisites. To check on suppliers' observance of the requisites of the supply agreements, MARR carries out programmed inspections at the production establishments located in third countries. Said inspections are carried out by MARR's internal auditors and by external inspectors of private certification bodies, and they are defined in specific control plans.

Policies implemented by MARR

The product suppliers of the MARR procurement chain and the service providers are selected, assessed and qualified according to methods and criteria defined in specific procedures of the Quality System, in accordance with the ISO 9001 standard. The Company has decided to take action aimed at increasingly more efficient control of respect for its own principles, as well as the law, also on the part of the entire supply chain.

The "Suppliers Assessment and Qualification" procedure of MARR's Quality System includes verification of system and product certifications held by suppliers, including the SA 8000 certificate regarding the Social Responsibility sphere. The SA 8000 standard integrates the aspects of the protection of workers' rights with those regarding safety at work and respect for rights, and it extends to the entire supply chain. Within the supply agreements, suppliers are also required to sign a specific "Declaration of Commitment to Social Responsibility" under which the supplier guarantees respect for all the principles of the SA 8000 standard, and in particular:

- not to use or sustain the use of child labour;
- not to use or sustain the use of forced labour;
- to guarantee a safe and healthy workplace, to adopt adequate measures to prevent accidents and damage to health by minimising the causes of danger ascribable to the work environment, and to respect everything contemplated by the laws in force on Health and Safety at Work;
- to respect laws and regulations on freedom of association and on the right to collective contracting;
- not to adopt or sustain discrimination in recruitment, remuneration, access to training, promotion, dismissal and retirement, based on race, class, national origin, religion, invalidity, gender, sexual orientation, trade union membership or political affiliation;
- not to use or sustain or tolerate the use of physical punishment, mental or physical coercion or verbal abuse;
- to conform to the work timetable contemplated by the laws in force and by the collective contracting of the category;
- to respect the National Collective Labour Agreement of reference also as regards the salaries paid.

The suppliers' performances are periodically assessed, in order to verify that the requested quality and service standards are maintained. Many elements are considered for said assessment, including: direct checks on the products purchased, data regarding the correct and regular delivery of the goods, and reports of customers' complaints and returns ascribable to the suppliers. During the supply period, the products purchased are checked on arrival and during processing/storage at the MARR establishments and platforms. The controls on arrival are carried out by skilled personnel trained in the test procedures and the specific control plans for the execution of the verifications. The main controls involve:

1) visual inspection to verify the state of conservation, the packaging of the product and the hygienic state of the vehicle;
2) labelling checks carried out on samples of packaged products to verify the presence of the information required for the consumer;
3) temperature controls on perishable and frozen products; the temperatures of reference and the tolerance limits are indicated in specific self-regulatory instructions;
4) check on conformity to the order and on the correctness of the accompanying documents;
5) analytical, microbiological and chemical checks on the basis of specific samples for each type of product.

The complete assessment of the suppliers also includes the analysis of reports of any complaints and/or returns from customers, in order to understand the causes of the non-conformities found and to identify the responsibilities.

The data of the "Suppliers' Assessment Questionnaires", the non-conformities of supplies and the reports of customers are used to draft the "List of Qualified MARR Suppliers". Said list is periodically updated. Any suppliers that obtain a less than completely positive assessment are requested by MARR to adopt provisions and corrective action to remedy the shortcomings found. If seriously critical situations occur relative to supplies, the appointed departments take immediate action towards the supplier (letters of warning, audits at the production establishments, sampling and analytic testing of the products, up to the suspension of the purchases), in order to eliminate the problems that have been discovered and to ensure the conformity of the products purchased.

Ethical and sustainable procurement, recognising the value of local products

Within the sphere of its activity of the distribution of foodstuffs and non-food to restaurants and catering establishments, MARR has put into practice several methods to guarantee its customers an extremely wide range of products conforming to minimum environmental criteria, as contemplated by Annex 1 of the Italian Ministerial Decree of 25 July 2011 (NAP GPP - "Minimum environmental criteria for the service of collective catering and the supply of food commodities"). MARR has a products portfolio of over 10,000 food articles including organic products, PGI and DPO products, traditional agro-food products, certified biologically grown products and fair trade products. To promote environmental and social sustainability, MARR, with adequate programming, can also supply products with special production features, such as, for example: short chain products (Km 0) and fruit and vegetable produce of green care farming. These products allow the collective catering operators (refectories, schools, hospitals) to adopt a Green Public Procurement policy consistent with the National Action Plan on GPP (NAP GPP) and they allow the professionals of commercial catering (restaurants, hotels, tourist resorts) to promote ecological catering measures and sustainable tourism.

Green Product Categories	
GPP conforming products	Products which allow for implementing a Green Public Procurement policy, consistent with the National Action Plan on GPP (NAP GPP) and which satisfy one or more environmental sustainability requisites contemplated by Annex I of the Ministerial Decree of 25 July 2011.
DPO products	The Denomination of Protected Origin (DPO) mark indicates the legal protection attributed by the European Union to agricultural products and foodstuffs whose production process is carried out in a limited geographic area and which conforms to certain production rules. The entire production, the transformation and the processing of such products must take place within the limited area. The features of DPO products are essentially or exclusively due to the geographic environment, including natural and human factors.
PGI products	The Protected Geographic Indication (PGI) mark indicates the legal protection attributed by the European Union to agricultural products and foodstuffs that are native to a region or country whose qualities, reputation and features depend on the geographic origin, and of which at least one step of the production, transformation and processing takes place within the limited area.
Organic products	Organic agriculture is a type of agriculture which considers the entire agricultural ecosystem, exploits the natural fertility of the soil favouring this with limited action, promotes the biodiversity of the environment in which it is practised and excludes the use of synthetic products (except those specifically allowed by Community regulations) and genetically modified organisms. The European organic agriculture mark gives consumers the assurance of the origin and quality of what they eat and drink. The presence of the mark on the products guarantees conformity to the EU regulation on ecological farming. The European ecological mark is placed on packaged and labelled food products of which at least 95% of the ingredients come from ecological farming.
Fair Trade products	Fair Trade products are a concrete and sustainable alternative to international trade and represent a tangible economy carried out by people for people, in which work offers dignity and a future for millions of workers, especially in the southern countries of the world. Fair Trade is a primary objective for re-balancing relations with the economically less developed countries, improving their access to the market through fair earnings and dignified work conditions. In this way, the producers receive a fair and stable remuneration and an additional margin to invest in the growth of the community.
Ecological aqua-culture products	Ecological aqua-culture promotes fresh and salt water fish farming, including shrimps and other molluscs, clams, oysters and also algae, by means of certified ecological techniques. The fundamental aspects of ecological aqua-culture are: to guarantee that the organism completes its entire life cycle in the breeding plant, to maintain breeding stress equal to or near zero also thanks to the reduced impact of man on the animal's life, and to refrain from administering hormonal additives to the fish or fish feed based on fish oils or flours or GMOs.

Sustainable fishing products	Sustainable fishing products answer certain environment sustainability criteria; the fishing areas are, in fact, managed in a manner that guarantees respect for the existing fish resources, considering their reproductive capacity and the biodiversity. The products that are awarded this certification (such as, for example, the MSC – Marine Stewardship Council - certification) come from fishing areas governed by advanced management programmes. The MSC mark is the most common and internationally well-known system that guarantees sustainable fishing.
Non-food (detergents, ecological paper, table napkins, table cloths, etc.)	
EU Ecolabel www.ecolabel.eu Ecolabel product	The EU Ecolabel (EC Regulation no. 66/2010) is the European Union mark of ecological quality awarded to the best products from an environmental viewpoint, which can thus be distinguished from those of the competitors on the market, and which, in any case, maintain high performance standards. In fact, the label testifies to the fact that the product has reduced environmental impact throughout its entire life cycle.
Sustainable forest management FSC and PEFC Products	The purpose of the FSC (Forest Stewardship Council) and PEFC (Pan-European Forest Certification Project) certifications, two of the internationally most common certification schemes, is to identify the management of ecosystems based on sustainability principles. Wood-based products (paper, packaging, etc.) bearing these marks are certified independently and come from forests managed in a manner that respects the social, economic and environmental needs of today's generations and those of the future. In this way the management and traceability of products derived from wood processing are certified, with the aim of protecting the biodiversity of the forests and woods, respecting their normal rhythm of growth.

We lastly point out that, consistently with its business methodology, animal welfare is also an area of interest for MARR, in line with the growing sensitivity of consumers towards this subject. Attention in this sense is directed towards the goal of making available, in the MARR assortment, of products of animal origin which come from production chains that respect the dignity and well-being of the animals. MARR stipulates specific written agreements with the suppliers to guarantee that the supply chain complies with the rules in force in the EU and in Italy regarding animal welfare and pursues respect for the five freedoms contemplated by the "Farm Animal Welfare Council" of 1979.

Non-financial performance

The total number of suppliers with which the Company has operated in the years of reference is given below, with indication of those selected according to social and/or environmental criteria, i.e. suppliers that deal in certified products as indicated in the table attached to the preceding paragraph or suppliers with ISO14001 and/or SA8000 certification:

Selected suppliers that satisfy social/environmental criteria	2017	2016
Total suppliers	2,498	2,274
- of which, selected according to social/environmental criteria	267	252
% of the total	11%	11%

Of the above-indicated suppliers, with characteristics that answer social/environmental criteria, with which MARR has worked in 2017, 2 new suppliers were included during the year.

We point out that the data indicated in the table regard only MARR S.p.A. inasmuch as the subsidiaries, in the years of the analysis, did not have a reporting system which monitored this aspect; in the future, the Group will organise itself in order to create a consolidated reporting system.

We also emphasise the value of the products purchased by MARR S.p.A. from local suppliers (Italy) out of total purchases, to sustain the importance of the national social-economic fabric and to sustain the local communities where the Group practises its core business (about 93% of the Group's sales are within the Italian Republic).

Local suppliers (€ 000)	2017	2016
Total expenditure for procurement[19]	1,211,291	1,118,346
- of which, from national suppliers	725,713	673,360
% of the total	60%	60%

Methodological Note

MARR's Consolidated Non-Financial Statement has been drawn up pursuant to Legislative Decree no. 254 of 30 December 2016, taking as reference the "Sustainability Reporting Standards" published in October 2016 by the GRI (Global Reporting Initiative) and adopting the "GRI-Referenced" approach. The list of the selected indicators is given in the annex of this document, in the "Table of relationship with Legislative Decree 254/16". In accordance with the GRI standards, the Statement contains information relative to the aspects that are deemed material and which indicates the impacts that have significance for the Organisation from the economic, environmental and social viewpoints and which can substantially influence the stakeholders' assessments and decisions.

The data and information acquisition process, for the drafting of this Statement, was managed in collaboration with the various Company departments, in order to clearly and precisely communicate the information deemed significant for the stakeholders according to the principles of balance, comparability, accuracy, timeliness, clarity and reliability expressed by the GRI standards. The process involved the preparation of a Reporting Package containing the disclosure elements identified, together with the Key Users, within the Group. The information acquired has been checked and consolidated by the Head Office, specifically by the department responsible.

Unless otherwise indicated, the data and information of this Statement refer to the MARR Group, including all the fully consolidated operating companies included in the Annual Consolidated Financial Statements at 31 December 2017 (for further details on this subject, please see the paragraph on "The Company's identity"). Therefore, the data reported do not include the non-operating companies and those that have rented their business units to the parent company, such as Marr Foodservice Iberica and DE.AL. S.r.l. – Depositi Alimentari e Speca Alimentari S.r.l. We lastly mention that for all the companies operating in the field of the distribution of food products to catering operators, the risks and opportunities that can be recognised for the activities of MARR S.p.A. are also those of the entire Group.

For the assessment of the trend of the Group's activities and for purposes of comparison, the data relative to the 2017 financial period also show the data relative to the previous financial period. No data are given relative to the year 2015 inasmuch as there were no reporting procedures suitable for reporting said data at that time, therefore their inclusion could be insignificant in terms of benchmarks.

Lastly, any estimates used for the quantitative information represented in this document have been opportunely pointed out in the various chapters.

[19] The figure for total procurement expenditure represents the cost for the purchase of merchandise without taking into account connected charges or other purchase adjustments, therefore it does not actually coincide with the cost for the purchase of merchandise indicated in the Notes to the Accounts of the MARR financial statements for the period.

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 topic	Material topic	Identified risks	Policies practised		Specific standard/disclosure of the topic		Chapter/Paragraph of reference	Scope of the report	Notes
Environment	Electricity and fuel consumption	Chap. Environment	The Group refers to the "Quality, Safety and Environment Policy". In addition to the above, it adheres to the polices adopted expressly referred to in the Code of Ethics and the ISO 14001 Management Model, as also explained on the MARR website in the section "Sustainability - Environment Protection" (http://www.marr.it/sostenibilita-ambientale/tutela-ambiente).	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	302-1 2016	Energy consumption within the Group	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	
					302-3 2016	Energy intensity		The Marr Group, all the consolidated companies as defined in the Methodological Note	
	Water consumption	Chap. Environment			303-1 2016	Water withdrawal per source	Chap. Environment	The MARR Group, all the consolidated companies as defined in the Methodological Note except, only for the year 2016, New Catering (whose impact is insignificant on the total of the Group). However, the Group undertakes to cover the entire perimeter for the year 2019.	
					306-1 2016	Water discharged			The Company cannot precisely calculate the volume of water discharged; therefore, since there are no devices to measure the quantity of water discharged, the volume of water withdrawal has been considered assuming that the volume of water reported will be greater than the actual volume of water discharged. The Group will consider whether it is possible to adopt technical solutions in order to measure said quantity or to make a reasonable estimate of the consumption and report it in the next Statement.
	Use of raw materials Management of packaging	Chap. Environment			301-1 2016	Materials used by weight and volume	Chap. Environment	The MARR Group, all the consolidated companies as defined in the Methodological Note except AS.CA and New Catering only as regards the figure relative to chemical substances. However, the Group undertakes to cover the entire perimeter for the year 2019.	
	Legal compliance	Chap. Environment			307-1 2016	Non-compliance with laws and environmental regulations	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	
	Wastes	Chap. Environment			306-2 2016	Wastes by type and disposal method	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	In respect of the laws on wastes and the municipal regulations applicable in the territory of competence of the single units/branches, the Group transfers part of the wastes to the service companies appointed by the individual town councils, in respect of the law and with payment of the relative Waste Collection Fee. With this method, evidence of the quantities transferred to the service companies indicated by the town councils is not available and therefore the figure represents the amount of wastes disposed of by the companies of the Group through private waste disposal companies in respect of Legislative Decree 152/06.
	Ethical and sustainable procurement	Chap. Environment	The Group refers to the "Quality, Safety and Environment Policy". In addition, the policies that it practices refer expressly to the contents of the Code of Ethics and the supply agreements.		308-1 2016	New suppliers selected according to environmental criteria	Chap. Environment	The MARR Group, all the consolidated companies as defined in the Methodological Note except AS.CA and New Catering.	
	Emissions	Chap. Environment	The Group refers to the "Quality, Safety and Environment Policy". In addition to the above, it adheres to the polices adopted expressly referred to in the Code of Ethics, as also explained on the MARR website in the section "Sustainability - Environment Protection" (http://www.marr.it/sostenibilita-ambientale/tutela-ambiente).		305-4 2016	Intensity of greenhouse gas emissions	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	
		Chap. Environment			304-1 2016	Operating sites owned, rented or managed within or near protected areas or areas of high value for biodiversity	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	
		Chap. Environment			305-1 2016	Direct GHG emissions (Scope 1)	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	
		Chap. Environment			305-2 2016	Indirect GHG emissions from energy sources (Scope 2)	Chap. Environment	The Marr Group, all the consolidated companies as defined in the Methodological Note	
	Emissions Impact of logistics	Chap. Environment			305-3 2016	Indirect GHG emissions from other sources (Scope 3)	Chap. Environment	The MARR Group, all the consolidated companies as defined in the Methodological Note except AS.CA and New Catering.	The Group includes within Scope 3 only the emissions due to fuel for road transport provided by third parties, excluding the Agents with storage facilities and transport between branches. The Group undertakes to asses the implementation of a reporting system that guarantees the completeness and accuracy of the information relative to goods transport and which will be given in the next Statement.
	Upgrading of the value of local products	Chap. Supply chain	The Group refers to the "Quality, Safety and Environment Policy". In addition, the policies that it practices refer expressly to the contents of the following		204-1 2016	Percentage of expenditure concentrated on local suppliers	Chap. Supply chain	The MARR Group, all the consolidated companies as defined in the Methodological Note except AS.CA and New Catering. However, the Group undertakes to cover the entire perimeter for the year 2019.	
	Social/cooperation commitment	Chap. Supply chain			414-2 2016	Negative social impact in the supply chain and the action undertaken	Chap. Supply chain	The MARR Group, all the consolidated companies as defined in the Methodological Note except AS.CA and New Catering.	Although the Group does not give specific indicators on this topic it is considered material and the Group intends to implement a monitoring system for the year 2019 which will allow for formalising what is already practised and for obtaining confirmation of the information.

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 topic	Material topic	Identified risks	Policies practised		Specific standard/disclosure of the topic		Chapter/Paragraph of reference	Scope of the report	Notes
Social	Product quality and safety	Chap. Food health and safety	documents: - Code of Ethics; - Supply agreements. See also what is indicated on the Company's website in the sections on "Quality" (http://www.marr.it/gruppo/qualità), "Sustainability - Green products" ("http://www.marr.it/prodotti-verdi") and "Sustainability - Sustainable fishing ("http://www.marr.it/sostenibilita/pesca-sostenibile").	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	416-1 2016	Assessment of the categories of products and services with impact on health and safety	Chap. Food health and safety	The Marr Group, all the consolidated companies as defined in the Methodological Note	The Group considers this subject to be material; inasmuch as regarding sensitive information, it prefers a qualitative and not quantitative disclosure.
	Product labelling and information for consumers				417-1 2016	Type of information necessary on product labels and for services		The Marr Group, all the consolidated companies as defined in the Methodological Note	Since our suppliers (producers) must provide for the activities or compliance with labelling rules, the Group does not report this figure inasmuch as it only carries out conformity checks and quality verifications on the products, reporting any anomaly to the relative supplier. See the chapter on "Food health and safety".
	Impact on/integration with the territory and the local community	Chap. Supply chain			414-1 2016	New suppliers selected according to social/environmental criteria	Chap. Human resources	The MARR Group, all the consolidated companies as defined in the Methodological Note except AS.CA and New Catering. However, the Group undertakes to cover the entire perimeter for the year 2019.	
Relative to personnel	Human resources management	Chap. Human resources	The Group has not drawn up a formalised policy, however the policies that it practises refer to the contents of the procedures of the Human Resources Management and the Code of Ethics. The Group undertakes to issue/define a policy on this matter for 2019.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	401-1 2016	Total number and turnover rate by age group, gender and region	Chap. Human resources	The Marr Group, all the consolidated companies as defined in the Methodological Note	
					401-2 2016	Benefits for permanent workers not offered to temporary and part-time workers			
					401-3 2016	Parental leave			
					102-8 2016	Information on personnel			
	Industrial relations				402-1 2016	Minimum period of notice in the case of organisational changes	In accordance with the National Collective Labour Agreement, the Company meets the Trade Unions, normally within the first four months of every year, to inform them of relevant processes of reorganisation, outsourcing, restructuring, etc. In the case of the transfer of a Company with more than fifteen workers (in accordance with Article 2112 of the Civil Code), the trade union representatives are advised in writing with advance notice of at least twenty-five days.		
					102-41 2016	Existence of collective labour agreements	Chap. Human resources		
	Protection of diversity				405-1 2016	Diversity within the governance bodies and within the personnel			In consideration of the composition of the governance bodies, the Group has chosen to report the number of the members instead of the percentage incidence of the same, as requested by the GRI
					405-2 2016	Ratio between basic salary and men's and women's remuneration by category and by operational qualification			
	Personnel training				404-1 2016	Average hours of training per employee per year			
					412-2 2016	Personnel training on policies and procedures relative to human rights			
	Employees' health and safety	Chap. Health and Safety at Work			403-2 2016	Accidents and accident indices, occupational diseases, days lost, absenteeism and the number of non-fatal accidents linked to work	Chap. Health and Safety at Work		The indices are calculated using, as a denominator, the number of hours worked instead of the number of hours that could have been worked as requested by the GRI, for the sake of consistency with the data communicated in other reports. The Group indicates the number of days lost and will report the indicator in the next Statement.
Respect for human rights	Respect for human rights	Chap. Human resources	The Group refers to the "Quality, Safety and Environment Policy". In addition, the policies that it practices refer expressly to the contents of the Code of Ehhics and the supply agreements.	102-15 Risks, impacts and opportunities 2016 103 Management approach 2016	406-1 2016	Incidents based on discrimination and the action undertaken	Chap. Human resources	The Marr Group, all the consolidated companies as defined in the Methodological Note	
					412-1 2016	Total number of activities subject to review or assessment of impact on human rights	During the year, the Company has not reviewed or assessed the impact on human rights of any activity.		
Fight against corruption	Fight against corruption	Chap. Fight against corruption	The Group does not have a formalised policy, however the policies that it practises refer to the contents of the Organisational Model, the Self-Regulatory Code and the Code of Ethics. The Group	102-15 Risks, impacts and opportunities 2016 103	205-1 2016	Activities subject to the risk of corruption	Chap. Fight against corruption	The Marr Group, all the consolidated companies as defined in the Methodological Note	The Group, subsequent to the risk assessment activity, identifies the activities of greater risk, but it is not able to report a specific number. The Group will implement a monitoring system within 2019, which will allow for formalising what is already practised and which will confirm the number of activities subject to the risk of corruption.
					205-2 2016	Communications and training on anti-corruption policies and procedures			
					205-3 2016	Confirmed incidents of corruption and relative measures adopted			

Table of relationship with Legislative Decree 254/16

Legislative Decree 254/2016 topic	Material topic	Identified risks	Policies practised		Specific standard/disclosure of the topic		Chapter/Paragraph of reference	Scope of the report	Notes
	Legal compliance		undertakes to issue/define a policy on this matter for 2019.	Management approach 2016	419-1 2016	Non-compliance with law in the economic and social sphere	During the year no cases of legal non-compliance were registered		
	Anti-competition practices				206-1 2016	Legal action for anti-competitive, anti-trust and monopolistic behaviour	Chap. Fight against corruption		

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ART. 3, PARAGRAPH 10 OF LEGISLATIVE DECREE 254/2016 AND TO ART. 5 OF CONSOB REGULATION 20267

MARR SPA

YEAR ENDED 31 DECEMBER 2017

Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267

To the board of directors of Marr SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267, we have performed a limited assurance engagement on the consolidated non-financial statement of Marr SpA and its subsidiaries (hereafter the "group") for the year ended 31 December 2017 prepared in accordance with article 4 of the Decree and approved by the Board of Directors on 14 March 2018 (hereafter the "NFS").

Responsibility of the directors and of the board of statutory auditors for the NFS

Directors are responsible for the preparation of the NFS in accordance with article 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016 by the GRI - Global Reporting Initiative ("GRI Standards"), with reference to selected GRI Standards, as laid down in paragraph "Methodological Note" of the NFS, identified by them as the reporting standard.

Directors are responsible, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the group and to the extent necessary to ensure an understanding of the group's activities, its performance, its results and related impacts.

Directors are responsible for defining the business and organisational model of the group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the group and for the identification and management of risks generated and/or faced by the group.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control

PricewaterhouseCoopers SpA

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system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree and with the GRI Standards, with reference to selected GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In particular, we performed the following procedures:

1. Analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the company, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
2. Analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. Understanding of the following matters:
   - Business and organisational model of the group, with reference to the management of the matters specified by article 3 of the Decree;
   - Policies adopted by the group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
   - Main risks, generated and/or faced by the group, with reference to the matters specified in article 3 of the Decree;

   with reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 4 a) below;
4. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

   In particular, we held meetings and interviews with the management of Marr SpA and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the group:

- at a group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify their consistency with available evidence;
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the company Marr SpA, which was selected on the basis of its activities, its contribution to the performance indicators at a consolidated level and its location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusions

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Marr group as of 31 December 2017 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the “Global Reporting Initiative Sustainability Reporting Standards” defined in 2016by the GRI - Global Reporting Initiative (“GRI Standards”), with reference to selected GRI Standards.

Other aspects

The comparative information presented in the NFS in relation to the financial year ended 31 December 2016 has not been subjected to any procedures.

Bologna, 30 March 2018

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

Paolo Bersani
(Authorized signatory)

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

MARR GROUP

Consolidated Financial Statements

as at December 31, 2017

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(€thousand)	Notes	31.12.17	31.12.16
ASSETS			
Non-current assets			
Tangible assets	1	70,149	71,729
Goodwill	2	149,921	143,280
Other intangible assets	3	1,774	1,105
Investments valued at equity	4	735	891
Investments in other companies		315	315
Non-current financial receivables	5	1,171	2,153
Non current derivative/financial	6	586	5,401
Deferred tax assets		0	0
Other non-current assets	7	31,357	30,833
Total non-current assets		256,008	255,707
Current assets			
Inventories	8	147,552	142,336
Financial receivables	9	1,964	3,848
relating to related parties		*1,259*	*2,930*
Financial instruments / derivative	10	11	1
Trade receivables	11	369,752	365,950
relating to related parties		*14,020*	*12,106*
Tax assets	12	9,323	8,530
relating to related parties		*1,224*	*1,011*
Cash and cash equivalents	13	156,285	114,160
Other current assets	14	49,649	46,418
relating to related parties		*304*	*172*
Total current assets		734,536	681,243
TOTAL ASSETS		*990,544*	*936,950*
LIABILITIES			
Shareholders' Equity			
Shareholders' Equity attributable to the Group	15	304,726	285,565
Share capital		*33,263*	*33,263*
Reserves		*193,600*	*184,141*
Retained Earnings		*0*	*0*
Profit for the period attributable to the Group		*77,863*	*68,161*
Total Shareholders' Equity		304,726	285,565
Non-current liabilities			
Non-current financial payables	16	195,695	176,923
Non current derivative/financial instruments		0	87
Employee benefits	17	9,264	10,621
Provisions for risks and costs	18	6,001	5,861
Deferred tax liabilities	19	524	326
Other non-current liabilities	20	1,045	855
Total non-current liabilities		212,529	194,673
Current liabilities			
Current financial payables	21	120,161	118,472
relating to related parties		*0*	*0*
Current derivative/financial instruments	22	7	0
Current tax liabilities	23	1,654	2,438
relating to related parties		*0*	*0*
Current trade liabilities	24	328,860	312,094
relating to related parties		*9,011*	*6,942*
Other current liabilities	25	22,607	23,708
relating to related parties		*250*	*30*
Total current liabilities		473,289	456,712
TOTAL LIABILITIES		*990,544*	*936,950*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€thousand)	*Notes*	31.12.17	31.12.16
Revenues	26	1,585,782	1,502,558
relating to related parties		*55,558*	*42,491*
Other revenues	27	38,776	41,839
relating to related parties		*466*	*423*
Changes in inventories	8	4,576	17,311
Purchase of goods for resale and consumables	28	(1,284,279)	(1,221,282)
relating to related parties		*(75,911)*	*(71,176)*
Personnel costs	29	(37,512)	(38,354)
Amortization, depreciation and write-downs	30	(18,990)	(18,579)
Other operating costs	31	(191,303)	(191,805)
relating to related parties		*(3,021)*	*(2,955)*
Financial income and charges	32	(4,949)	(4,937)
relating to related parties		*11*	*21*
Revenues/(Losses) form investments evaluated using the Net Equity method	33	(156)	(109)
Pre-tax profits		91,945	86,642
Taxes	34	(26,441)	(28,118)
Profits for the period		65,504	58,524
Atributable to:			
Shareholders of the parent company		65,504	58,524
Minority interests		0	0
		65,504	*58,524*
basic Earnings Per Share (euro)	35	0.98	0.88
diluted Earnings Per Share (euro)	35	0.98	0.88

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(€thousand)	*Notes*	31.12.17	31.12.16
Profits for the period (A)		65,504	58,524
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		161	(785)
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		68	(95)
Total Other Profits/Losses, net of taxes (B)	*36*	229	(880)
Comprehensive Income (A + B)		65,733	57,644
Atributable to:			
Shareholders of the parent company		65,733	57,644
Minority interests		0	0
		65,733	*57,644*

CONSOLIDATED STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
(Note n. 15)

Description	Share Capital	Other Reserves: Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for residual stock options	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Reserve IAS 19	Total reserves	Profits carried over from consolidated	Total Group net equity
Balance at 1st January 2016	33,263	63,348	6,652	13	36,496	57,542		1,475	7,290	(1,116)	1,480	(731)	172,449	66,118	271,830
Allocation of 2015 profit						12,577							**12,577**	(12,577)	
Distribution of parent company dividends														(43,907)	**(43,907)**
Other minor variations											(6)		**(6)**	4	**(2)**
Consolidated comprehensive income 2016:															
- Profit for the period														58,524	**58,524**
- Other Profits/Losses, net of taxes										(785)		(95)	**(880)**		**(880)**
Balance at 31 December 2016	33,263	63,348	6,652	13	36,496	70,119		1,475	7,290	(1,901)	1,474	(826)	184,141	68,161	285,565
Allocation of 2016 profit						9,235							**9,235**	(9,235)	
Distribution of subsidiaries company dividends														(46,568)	**(46,568)**
Other minor variations											(6)		**(5)**	1	**(4)**
Consolidated comprehensive income 2017:															
- Profit for the period														65,504	**65,504**
- Other Profits/Losses, net of taxes										161		68	**229**		**229**
Balance at 31 December 2017	33,263	63,348	6,652	13	36,496	79,354		1,475	7,290	(1,740)	1,468	(758)	193,600	77,863	304,726

CONSOLIDATED CASH FLOWS STATEMENT (INDIRECT METHOD)

Consolidated (€thousand)	31.12.17	31.12.16
Profit for the Period	65,504	58,524
Adjustment:		
Amortization / Depreciation	6,561	5,736
Allocation of provison for bad debts	11,951	11,373
Allocation of provision for risks and losses	0	950
Provision for supplementary clientele severance indemnity	484	526
Write-downs of investments non consolidated on a line – by – line basis	156	109
Capital profit/losses on disposal of assets	(6)	(76)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	4,811	5,056
relating to related parties	*(11)*	*(21)*
Profit from sale of investement in other companies	177	(76)
	24,134	23,598
Net change in Staff Severance Provision	(1,563)	(433)
(Increase) decrease in trade receivables	(13,717)	6,823
relating to related parties	*(1,936)*	*(7,499)*
(Increase) decrease in inventories	(4,576)	(17,311)
Increase (decrease) in trade payables	15,730	22,192
relating to related parties	*2,069*	*3,737*
(Increase) decrease in other assets	(10,980)	(958)
relating to related parties	(132)	*1*
Increase (decrease) in other liabilities	(1,552)	22
relating to related parties	*220*	*(17)*
Net change in tax assets / liabilities	26,927	28,420
relating to related parties	*22,011*	*22,304*
Interest paid	(6,090)	(7,395)
relating to related parties	*(0)*	*(1)*
Interest received	1,279	2,339
relating to related parties	*11*	*22*
Foreign exchange gains	321	617
Foreign exchange losses	(498)	(541)
Income tax paid	(28,306)	(27,400)
relating to related parties	*(22,224)*	*(22,730)*
Cash-flow from operating activities	**66,613**	**88,497**
(Investments) in other intangible assets	(903)	(512)
Net disposal in other intangible assets	0	1,000
(Investments) in tangible assets	(5,169)	(8,540)
Net disposal of tangible assets	643	555
Net (investments) non consolidated on a line – by – line basis	0	(1,000)
Net (investments) in equity investments in other companies	4	51
Outgoing for acquisition of subsidiaries or going concerns during the year (net of the cash acquired)	(11,775)	(22,268)
Cash-flow from investment activities	**(17,200)**	**(30,714)**
Distribution of dividends	(46,568)	(43,907)
Other changes, including those of third parties	224	(884)
Net change in financial payables (excluding the new non-current loans received)	5,379	15,172
relating to related parties	*0*	*0*
New non-current loans received	115,000	38,002
relating to related parties	*0*	*0*
Repayment of other long - term debt	(88,994)	(42,250)
relating to related parties	*0*	*0*
Net change in current financial receivables	1,874	167
relating to related parties	*1,671*	*(159)*
Net change in non-current financial receivables	5,797	215
relating to related parties	*0*	*0*
Cash-flow from financing activities	**(7,288)**	**(33,485)**
Increase (decrease) in cash-flow	**42,125**	**24,298**
Opening cash and equivalents	114,160	89,862
Closing cash and equivalents	**156,285**	**114,160**

*It must be pointed out that the figures as at 31 December 2016 have been restated for comparative purposes where necessary to acknowledge the new aspects introduced by the changes to IAS 7 in force from 1 January 2017.
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 9 to the following explanatory notes.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Corporate information

MARR Group operates entirely in the commercialisation and distribution of food products to the Foodservice sector.
In particular, the parent company MARR S.p.A., with headquarters in Via Spagna 20, Rimini, operates in the commercialisation and distribution of fresh, dried and frozen food products to the Foodservice.

The consolidated financial statements for the business year closing as at 31 December 2017 were authorised for publication by the Board of Directors on 14 March 2018.

Structure and contents of the consolidated financial statements

The consolidated financial statements as at 31 December 2017 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 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent CONSOB amendments, communications and decisions.

Reference to the international accounting standards, adopted in the preparation of the consolidated financial statements as at 31 December 2017, is indicated in the "Accounting policies" section.

For the purposes of the application of IFRS 8 it is noted that the Group operates in the "Distribution of food products to the Foodservice" sector only; as regards performance levels in 2017, see that described in the Directors' Report on management performance.

The consolidated financial statements as at 31 December 2017 include, for comparative purposes, the figures for the year ended on 31 December 2016.

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.

Appendix 2 contains the Statement of financial position, the Statement of Profit or Loss, the Statement of Other Comprehensive Income, Cash Flows Statement and the Statement of changes in the shareholders' equity of MARR S.p.A.. This report omits the explanatory notes concerning the accounting situation of the Parent Company, as this does not contain significant additional information compared to that contained in the MARR Group Consolidated Financial Statements, as highlighted in the table below, illustrating the impact of the parent company MARR S.p.A. on the Group consolidated data.

(€thousand)	31.12.17 MARR Consolidated	31.12.17 MARR S.p.A.	Impact %
Revenues from sales and services	1,585,782	1,506,154	95.0%
Total assets	990,544	962,259	97.1%
Net profit for the period	65,504	63,227	96.5%

All amounts are shown in Euros.

The statements and tables contained in this consolidated financial statements are shown in thousands of Euros.

These financial statements have 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 consolidated financial statements as at 31 December 2017 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 31 December 2017, with an indication of the method of consolidation, are attached in Appendix 1.
The consolidated financial statements have been prepared on the basis of the financial statements as at 31 December 2017 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 31 December 2017 the structure of the Group differs from that at 31 December 2016 mainly due to the purchase of the 100% of the shares of the company Speca Alimentari S.r.l. with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice sector. By express agreement between the parties, the active and passive effects deriving from the deed, underwritten on 30 December 2016, became effective between the parties as of 1 January 2017. Again as of the same date, the new acquired company leased its going concern to the parent company MARR S.p.A., which manages it through the new MARR Speca Alimentari distribution center.

Accounting policies

The most significant Accounting policies adopted for the preparation of the consolidated financial statements as at 31 December 2017 are indicated below:

Tangible assets

Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As permitted by IFRS 1, in the context of the first time adoption of the International Accounting Standards, the Company has measured certain land and buildings owned at fair value, and has adopted such fair value as the new cost subject to depreciation.
No revaluations are permitted, even if pursuant to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor, and depreciated in accordance with the criteria below.
Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When the tangible asset is made up of a number of significant components, each with a different useful life, depreciation is made for each single component. The depreciation value is represented by the book value minus the presumable net transfer value at the end of its useful life, if material and reasonably determinable. Land is not depreciated, even if purchased together with a building, and neither are tangible assets held for sale, measured at the lower between the book value and fair value after transfer charges.
Costs for improvement, upgrading and transformation increasing tangible assets are entered in the statement of financial position, in compliance with the requirements of the IAS 16.
The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
The rates (not changed compared with the period before) applied are the following:

-Buildings	2.65% - 4% - 3%
-Plant and machinery	7.50%-15%
-Industrial and business equipment	15%- 20%
Other assets:	
-Electronic office equipment	20%
-Office furniture and fittings	12%
-Motor vehicles and means of internal transport	20%
-Cars	25%
-Other minor assets	10%-30% / contract term

The remaining accounting value, useful lifetime and amortization criteria are reviewed on closure of each business year and the tables adjusted if required.
An asset is removed from the financial statements when it is sold or when there are no longer any future economic benefits expected from its use or disposal. Any losses or profits (calculated as the difference between the net income from its sale and its accounting value) are included in the profit and loss account when it is removed.

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a financial consideration.
Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets while those bought through business combinations are accounted by the fair value at the acquisition date. No revaluations are permitted, even if pursuant to specific laws.
Intangible assets with a definite useful life are systematically amortized over their useful

life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
Goodwill and other intangible assets, if any, with an indefinite useful life are not subject to amortization; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss of value. As far as goodwill is concerned, 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). Write-downs are not subject to value restoration.
Other intangible assets have been amortized by adopting the following criteria:

- Patents and intellectual property rights	5 years
- Concessions, licenses, trademarks and similar rights	5 years / 20 years
- Other assets	5 years / contract term

The period of amortization and amortization criteria for intangible assets with a definite lifetime are reviewed at least on closure of each business year and adjusted if necessary.

Investments in related companies and other companies

A related company is a company over which the Group exercises significant influence. Significant influence is intended as the power to participate in the determination of financial and management policies of the related party without having control or joint control.
Investments in related companies are evaluated using the Net Equity method and the shareholdings in other companies are evaluated as the purchase, subscription or conferment cost, as indicated in Appendix 1 and the following explanatory notes.
In the net equity method, the participation in a related company is initially recorded at cost. The accountable value of the holding is increased or decreased in order to record the quota of pertinence of the holder in the profits and losses of the related party achieved after the date of acquisition. The goodwill concerning the related party is included in the accountable value of the holding and is not subjected to amortization, or to an individual evaluation of loss of value (impairment).
The consolidated statement of profits or loss reflects the quota of pertinence of the Group of the business year result of the related company. All changes to the other components in the overall profits and loss account concerning these related parties are presented as part of the overall income statement of the Group. Also, in the case of a related company recording a change directly attributable to the net equity, the Group records the quota of pertinence, when applicable, in the statement of changes in the net equity. The unrealised profits and losses deriving from transactions between the Group and related companies or joint ventures are eliminated in proportion to the quota of the holding in the related companies or joint ventures.
The recoverable nature of their recorded value is verified adopting the criteria described in the point "Losses in value of non-financial assets" as regards the holdings in related parties and the point "Losses in value of financial assets" as regards the holdings in other companies.
Whenever significant influence over a related company or joint control over a joint venture ceases, the Group assesses and records the remaining holding at fair value. The difference between the recorded value of the holding on the date of the termination of significant influence or joint control and the fair value of the remaining holding and the incoming payments received is recorded in the income statement.

Inventories

These are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realizable value in consideration of the market trend.

Receivables and other current assets

The trade receivables and other short-term receivables are initially recorded at their nominal value, which represents their fair value, and subsequently evaluated at their amortized cost, net of any depreciations. When they are recorded, the nominal value of the receivables is representative of their fair value on said date. By virtue of the high rotation of receivables, the application of the amortized cost does not have any significant effect. The Provision for write-down of receivables represents the difference between the recorded value of receivables and the reasonable forecast of financial flows expected from their cashing-in.

Financial assets

The financial assets within the scope of IAS 39 are classified as receivables, financial assets available for sale or as derivatives designated as hedging instruments for effective hedging, according to the circumstances in question. The Group determines the classification of its own financial assets at initial recognition.

Financial assets are initially recorded at their fair value plus transaction costs directly attributable to their purchase, except in the case of financial assets recorded at fair value in the profit or loss. The Group's financial assets include cash and short-term deposits, trade and other short-term receivables, loans, non-listed financial instruments and derivatives financial instruments.

The subsequent measurement of the financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that have not been floated on the stock exchange. After initial measurement, such financial assets are subsequently measured at their amortized cost using the effective interest rate criterion (EIR), less impairment. The amortized cost is calculated by recording any discounts, purchase premiums, fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is included in financial income in the income statement. The losses arising from any impairment are recognised in the income statement as financial costs.

Derivatives

Subsequently to their initial recording, the derivatives are evaluated again at fair value and are accounted as financial assets should the fair value be positive. Eventual profits or losses deriving from changes in the fair value of the derivatives are recorded directly in the income statement, except for the effective part of the hedging of cash flows, which is recorded among the components of other comprehensive income and subsequently reclassified in the statement of profit or loss if the hedging instrument influences the profits or losses. As regards the instruments classified as cash flow hedges and which are classified as such, the variations in fair value are recorded, solely as regards the effective part, in a specific equity reserve defined as "cash flow hedge reserve", included in the statement of comprehensive income. This reserve is subsequently overturned to the income statement as soon as the economic effects of the scope of the hedging operation manifest themselves. The variation in fair value referring to the ineffective portion is immediately recorded in the period income statement. Should the occurrence of the underlying operation no longer be considered highly probable, or the hedging relation no longer be demonstrable, the corresponding portion of the "cash flow hedge reserve" is immediately overturned to the income statement.

Losses in value of financial assets

A financial asset (or, if applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:

- the right to receive cash flows from the asset have expired;
- the Group has transferred the right to receive cash flows from the asset or has assumed an obligation to pay them fully and without delay to a third party and either (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has neither transferred nor substantially withheld all the risks and rewards of the asset but has transferred control of it.

In cases in which the Group has transferred the right to receive cash flows from an asset and has not either transferred or substantially withheld all the risks and rewards or has not lost control of it, the asset is recorded in the financial statements of the Group in the remainder measure in which is involved in the asset in question. In this case, the Group also recognises an associated liability. The asset transferred and the associated liabilities are measured on a basis to reflect the rights and obligations that the Group has retained.

At each reporting date, the Group assesses whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as result of one ore more events that have occurred after the initial recognition of the asset (when a "loss event" occurs) and this loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets in question that can be reliably estimated. Evidence of impairment may be represented by indicators such as financial difficulties, the incapacity to deal with the obligations undertaken, insolvency in the payment of interest or significant payments that are affecting the debtors or a group of debtors; the probability that it will enter bankruptcy or other form of financial reorganisation, and where observable data indicate that there is a measurable decrease in expected future cash flows, such as changes in context or in the economic conditions related to the obligations undertaken.

As regards the financial assets carried at amortized cost, the Group firstly assesses whether objective evidence of impairment exists for each financial asset that is individually significant, or collectively in the case of financial assets that are not individually significant. If the Group determines that there is no evidence of impairment for a financial asset evaluated individually, whether significant or not, then the asset in question is included in a group of financial assets with similar credit risk characteristics and these are assessed collectively for impairment. The assets that are evaluated individually in terms of impairment and for which a loss in value has been recorded or continues to be recorded are not included in any collective assessments of impairment.

If there is objective evidence of an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet incurred). The present value of the cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for the measurement of any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced directly and the amount of the loss will be recognised in the income statement. The interest income continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows to measures the impairment loss. The interest income is recorded as part of the financial income in the income statement. Loans and their relevant allowance are written off when there is no realistic prospect of their future recovery and all the collateral have been realised or transferred to the Group. If during a subsequent business year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced and the allowance account is adjusted. If a future write-off is subsequently recovered, the value recovered is credited to finance costs in the income statement.

Losses in value of non-financial assets

For available-for-sale financial assets, the Group assesses whether there is objective evidence that an asset or group of assets is impaired at each reporting date.

In the case of equity investments classified as available for sale, the objective evidence would include a significant or prolonged reduction in the fair value of the investment below its cost. The "Significance" is evaluated with respect to the original cost of the instrument and "prolonged effect" with respect to the (duration of the) period in which the fair value has been below the original cost. Should there be evidence of impairment, the cumulative losses – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from the other comprehensive income and recognised in the income statement.

Any losses due to impairment of instruments representative of capital may not be reversed with the effects recorded in the profit and loss account; any increases in their fair value subsequent to an impairment loss are recorded directly in the other comprehensive income.

When events occur that would lead to assume a reduction in the value of asset, its recoverability is assessed by comparing the recorded value with the relevant recoverable value, represented by the greater of the fair value, net of the discharge costs, and its value in use.

In the absence of a binding sales agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available to reflect the amount that the business would receive by selling the asset.

The value in use is determined by actualising the expected cash flows deriving from the use of the asset and, if significant and reasonably determinable, from its sale at the end of its useful lifetime. The cash flows are determined on the basis of reasonable and documented assumptions representative of the best estimate of the future economic conditions that may occur during the remaining lifetime of the asset, giving more importance to indications from outside. Actualisation is carried out at a rate which takes into account the market assessments of the current value of cash and specific risks of the asset, in addition to the inherent risk to the sector of business in question.
Assessment is conducted on each individual asset or the smallest identifiable group of assets which generates autonomous incoming cash flows deriving from continuous use (so-called *cash generating unit*). When the reasons for the depreciations made are no longer in place, the assets, except for goodwill, are revalued and the adjustment attributed to the profit and loss account as readjustment (restoration of value). Readjustment is carried out at the lesser of the recoverable value and recorded value gross of depreciations carried out previously and reduced by the amortization quotas that would have been allocated had impairment not been carried out.
Goodwill is tested for impairment at least once every year (on the date of the financial statements, 31 December) and more frequently should circumstances indicate that the carrying value may be impaired.

Impairment of goodwill is assessed by evaluating the recoverable amount of each cash generating unit (or the group of cash generating units) to which the goodwill relates. Should the recoverable amount of the cash generating unit be less than the carrying amount of the cash generating unit for which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating goodwill cannot be reversed in future business years.

Employee benefits

The Employee Severance Fund is included in the context of what IAS 19 defines as definite benefits plans in the framework of benefits after employment. The accounting treatment provided for these forma of remuneration requires an actuarial calculation which enables the future projection of the Employee Severance Fund amount already accrued and to actualise it to take into account the time that will elapse before effective payment. The actuarial calculation takes certain variables into consideration, such as the average employment time of employees, inflation rates and expected interest rates. The assessment of this liability is performed by an independent actuary. Following the changes to IAS 19, effective for business years starting on 1 January 2013 and subsequent, the profits and losses deriving from the actuarial calculation for the definitive benefits plans are included in the statement of other comprehensive income for the period they refer to. These actuarial profits and losses are immediately classified under the profits carried over and are not reclassified in the profit and loss accounts for subsequent periods. The social security cost for past service (past service cost) is recorded on the most recent of the following dates:

- the date on which the plan is changed or reduced; and
- the date on which the Group records the related restructuring costs.

The Group records the changes in the net debentures for definitive benefits in the statement of profit or loss.

The assets or liabilities concerning definitive benefits include the current value of the definitive benefits debentures, minus the fair value of the assets involved in the plan.

Following the recent revision of the pertinent national regulations, for companies with more than 50 employees, the Staff Severance Provision accrued from 1st January 2007 onwards is classified as a defined contributions plan, the payments relative to which are entered directly in the income statement, as expenses, when recorded The Staff Severance Provision accrued up to 31.12.2006 continues to be a defined benefits plan, but without the future contributions. Accordingly, it is now valued by the independent actuaries solely on the basis of the expected average residual working life of the employees, without further consideration of the remuneration received by them over a predetermined employment period. The Staff Severance Provision "accrued" before 1st January 2007 thus undergoes a change in calculation, due to the elimination of the previously foreseen actuarial hypotheses linked to pay increments. In particular, the liability relative to "accrued Staff Severance Provision" is actuarially valued as at 1st

January 2007 without applying the pro-rata (years already worked/total years worked), as the employees' benefits relating to the entire period up to 31st December 2006 can be considered almost entirely accrued (with the sole exception of revaluation) in application of paragraph 67 (b) of IAS 19. Therefore for the purposes of this calculation, the "current service costs" relating to the future services of employees are to be considered null insofar as represented by the contribution payments into the supplementary pension scheme fund or the INPS Treasury Fund.

Provisions for risks and charges

Provisions for risks and charges involve specific costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at the end of the year. Provisions are recognized when: (i) the existence of a current, legal or implied obligation is probable, arising from a previous event; (ii) the discharge of the obligation may likely involve charges; (iii) the amount of the obligation may be reliably estimated. Provisions are entered at the value representing the best estimate of the amount the Company would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted back; the increase in the provision associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for risks and charges, has been appropriated, based on a reasonable estimate of probable future liabilities, and taking the elements available into consideration.

Financial liabilities

The financial liabilities are initially valued at their fair value, which is the same as the payment received on the date on which they are received, to which the transaction costs directly attributable to them are to be added in the case of debts and loans. Subsequently, the non-derivative financial liabilities are measured by the criterion of amortized cost using the effective interest rate method

The financial liabilities of the Group include trade payables and other payables, loans and derivative financial instruments.

The financial liabilities within the scope of application of IAS 39 are classified as payables and loans, or as derivatives designated as hedging instruments, according to the case in question. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recorded at their fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The profits and losses are accounted in the income statement when the liability is extinguished, as well as through the amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the income statement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

In cases in which an existing financial liability is replaced by another from the same lender, on substantially different conditions, or the terms of an existing liability are substantially modified, this swap or modification is treated as the derecognition of the original liability and the recording of the new liability, with any differences between the respective carrying amounts recognised in the income statement.

Derivatives

After their initial recording, derivatives are valued again at fair value and are accounted for as financial liabilities when the fair value is negative. Any profits or losses deriving from variations in fair value of the derivatives are recorded directly in the income statement, except for the effective part of the cash flow hedges, which are recorded among the components of the statement of comprehensive income and subsequently reclassified in the business year profits/(losses) when the hedging instrument has an effect on the profits or losses.

As regards the instruments classified as cash flow hedges and which are classified as such, the variations in fair value are recorded, solely as regards the effective part, in a specific equity reserve defined as "Reserve from cash flow hedges", included in the statement of comprehensive income. This reserve is subsequently overturned to the income statement as soon as the economic effects of the scope of the hedging operation manifest themselves. The variation in fair value referring to the ineffective portion is immediately recorded in the period income statement. Should the occurrence of the underlying operation no longer be considered highly probable, or the hedging relation no longer be demonstrable, the corresponding portion of the "cash flow hedge reserve" is immediately overturned to the income statement.

Income taxes

Current income taxes are calculated on the basis of the estimated taxable income. Tax assets and liabilities for current taxes are recognized at the value expected to be paid/recovered to/from the Tax Authorities, by applying the rates and tax regulations in force or basically approved as at the end of the period, and considering the involvement of some companies to the national consolidated tax base.
Deferred tax liabilities and assets are calculated on the temporary differences between the values of the assets and liabilities recorded in the financial statements and the corresponding values recognised for fiscal purposes.
Deferred taxes are recorded on all the taxable temporary differences, with the following exceptions:

- the deferred tax liabilities deriving from the initial recording of the start-up of either an asset or a liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result;
- the repayment of the taxable temporary differences associated to holdings in subsidiaries, related companies and joint ventures can be controlled, and it is probable that this will not occur in the foreseeable future.

Deferred tax assets are recorded for all the deductible temporary differences, fiscal receivables and losses not used and brought forward, in the measure in which it is probable that sufficient future fiscal taxable will be available which may enable the use of the deductible temporary differences and fiscal receivables and losses brought forward, except in cases in which:

- the deferred tax related to the deductible temporary differences derives from the initial recording of an asset or liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result ;
- in the case of deductible temporary differences associated to holdings in subsidiaries, related companies and joint ventures, the active deferred taxes are only recorded in the measure in which it is probable they will be brought forward in the foreseeable future and that there will be sufficient fiscal taxable to enable the recovery of these temporary differences.

Deferred tax assets are recorded when their recovery is probable. Deferred tax assets and liabilities for deferred taxes are classified under non-current assets and liabilities and are offset if referring to taxes which may themselves be offset. The offsetting balance, if an asset, is entered under "deferred tax assets"; if a liability, it is entered under "Liabilities for deferred taxes". When the results of the operations are directly recognized in the shareholders' equity, current taxes, assets for prepaid taxes and liabilities for deferred taxes are also recorded in the shareholders' equity.
Deferred tax assets and deferred taxes are calculated on the basis of the tax rates expected to be applied in the year said assets will realize or said liabilities will extinguish.

Criteria for conversion of items in foreign currency

Transactions in foreign currency are initially recorded in the functional currency, applying the currency spot rate the transaction first qualifies for recognition. The monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency spot rate at the reporting date.
Any differences are recorded in the income statement.

Business combinations

The business combinations occurred prior to 1 January 2010 are accounted through the application of the so-called *purchase method* (purchase methods defined by IFRS 3 as "Business combinations"). The purchase method requires that, after having identified the buyer involved in the business combination and having determined the purchase cost all the assets and liabilities purchased (including the so-called contingent liabilities) must be valued at fair value. For this purpose, the company is required to value any intangible assets purchased in specifically. Any goodwill is to be calculated in a residual manner, as the difference between the cost of the business combination (including additional charges and any contingent considerations) and the share pertaining to the company of the difference between the assets and liabilities purchased, valued at their fair value.
The business combinations occurred subsequently to 1 January 2010 are accounted for using the acquisition method (IFRS 3R). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value acquisition date and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the no controlling interest in the acquired either at fair value or at the proportionate share of the acquired identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.
If business combinations are achieved in stages, the fair value of the shareholding previously held is remeasured to fair value at the acquisition date, recording any resulting profits or losses in the profit and loss account.
Each contingent consideration to be transferred to the acquirer will be recognised by the acquired at the fair value at the acquisition date. Changes to the fair value of the contingent consideration classified as a financial asset or liability will be recorded in accordance with IAS 39 either in the profit and loss or as a change to comprehensive income. If it does not fall within the scope of IAS 39, it will be recognised in accordance with IAS 37 or the most appropriate IFRS.
If the contingent consideration is classified as equity, it should not remeasured until it is finally settled within equity.
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.
If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recording, goodwill is measured at the cost less any accumulated impairment losses in value. For the purpose of the impairment testing, the goodwill acquired in a business combination must, from the acquisition date, be allocated to each Group's cash generating unit which is expected to benefit from the combination synergy, independently of the fact that other assets or liabilities of the entity acquired are assigned to such units.
If goodwill has been allocated to a cash generating unit and the entity disuses part of the assets of this unit, the goodwill associated to the disused asset must be included in the accounting value of the asset should any profits or losses derive from its disuse. The goodwill associated to the disused asset must be measured on the basis of the relative values of the disused asset and the portion of the cash-generating unit retained.

Revenue and cost recognition

Revenues from sales of goods are recognized upon transfer of all the risks and charges deriving from ownership of the goods transferred, which is generally their shipment or delivery date.
The revenues from services are recorded with reference to their state of progress.
Financial incomes are recognized on an accrual basis.
Costs are recognized when related to goods and services acquired and/or received over the period to which they refer.

Accounting treatment of financial assets/instruments

The Group uses derivative financial instruments to hedge its exposure to foreign currency risks on purchases and loans in currency other than the functional one.
These derivative financial instruments are initially recognised at their fair value on stipulation; subsequently, this fair value is remeasured periodically; they are carried as assets when the fair value is positive and liabilities when the fair value is negative.
Fair value is the price that would be received for the sale of an asset, or would be paid for the transfer of a liability, in a standard transaction between market operators on the date of valuation.
The fair value of the derivative financial instruments used is determined on the basis of

market value when it is possible to identify the market to which they actively belong. However, if the market value of a financial instrument is not easily calculable, but its components or those of a similar instrument are calculable, the market value is determined through the evaluation of the individual components of the instrument or of the similar instrument. Furthermore, for those instruments for which an active market is not easily identifiable, the evaluation is carried out by using the value resulting from generally accepted evaluation models and techniques which ensure a reasonable approximation of the market value. All the assets and liabilities for which the fair value is valued or recorded in the financial statements are categorised on the basis of the fair value hierarchy, as described below:
Level 1 – the quoted (not adjusted) prices on active markets for identical assets and liabilities which the entity may access on the date of valuation;
Level 2 – Input other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability in question;
Level 3 – valuation techniques for which the input data is not observable for the asset or liability in question.

Derivatives are classified as coverage instruments when the relation between the derivative and the object of the coverage is formally documented and the coverage, assessed periodically, is highly effective. If derivatives cover a risk concerning the cash flow variations of the instruments covered (cash flow hedge; for example coverage of cash flow variability of assets/liabilities by effect of oscillations in exchange rates), the variations in the fair value of derivatives are initially recorded at net equity and subsequently attributed to the income statement coherently with the economic effect produced by the operation covered. Should the derivatives cover the fair value risk, the change in fair value of the covering derivatives is recorded in the statement of profit or loss among the financial costs. The change in fair value of the element covered attributable to the risk covered is recorded as part of the load value of the element covered and is also recorded in the statement of profit or loss among the financial costs.
The variations in fair value of the derivatives which do not satisfy the conditions required in order to be classified as coverage are recorded in the income statement for the business year.

Own shares

The own shares of the company are registered in the net equity. The original cost of own shares and the income deriving from subsequent sale are recorded as changes in net equity.

Main estimates adopted by management and discretional assessments

The preparation of the Group 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 used

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 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 profit and loss account.

Estimates adopted to evaluate the impairment of non-financial assets
In order to measure any impairment of goodwill entered in the financial statements, the Group has adopted the method previously illustrated in the section on "Losses in value of non-financial assets".
The recoverable value has been determined on the value in use basis.
For the years 2018, 2019 and 2020 cash-flows generating units attributable to each goodwill/consolidation derive from the Business Plan approved by the Board of Directors; an extremely prudent conduct was maintained for the subsequent years, estimating an increase of 1% in terms of revenues for 2021 and for the calculation of the terminal value.

The Weighted Average Cost of Capital (WACC) has been adopted as the discount rate, which is 4.51% (5.18% in the previous year) calculated punctually in coherence with previous years and with a strong focus on the risk and uncertainty factors of the current market. Sensitivity analyses have also been conducted on this rate, consequently to the variation manly of interest rates and of the other financial parameters used and the sustainability of the goodwill value recorded in the financial statements has been verified with WACC values more prudential and, as in the past years, with a comparison with those used by financial analysts. Lastly, we would point out that there has been specific focus on the expected growth factors for years after plan which may be considered as mainly prudential in relation to the results achieved and the specific market context.
The measurement of any impairment of assets (Goodwill) - for the results of which refer to the paragraph 2 "*Goodwill*" - was made by referring to the situation as at 31 December 2017.

- 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 0.88% for the companies MARR and AS.CA while is equal to 1.30% for the company New Catering;
    - The annual rate of increase of the severance plan is expected to be equal to 2,625%;
    - A 6.5% turnover of employees is expected.

- Estimates adopted in the actuarial calculation in order to determine the provision for supplementary clientele severance indemnity
    - The rate of voluntary turnover is expected to be 13% for MARR 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 0.51%.

- Estimates used in calculating deferred taxes
  A significant discretional assessment is required by the directors in order to determine the total amount of deferred tax 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.

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

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 in 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.

Accounting principles, amendments and interpretations applicable as at 1 January 2017

The criteria for assessment used for drafting the consolidated accounts for the year 2017 do not differ from those used for the drafting of the consolidated financial statements as at 31 December 2016, with the exception of the accounting principles, amendments and interpretations applicable as at from 1st January 2017, listed below, that in any case are not affecting in the consolidation financial statement of the Group:

- Changes to IAS 12 – Income taxes. The IASB clarifies how the deferred tax assets concerning losses not realized on debt instruments measured at fair value that lead to the creation of a temporary deductible difference should the owner of the instrument expect to maintain it until expiry are to be recorded in the accounts.
- Changes to IAS 7 – Statement of cash flows. The improvements regard the information to be provided on the variations in the loans payable which derive from both financial cash flows and from variations that are not due to cash flows (for example profits/losses on exchange rates). The cash flows statement has been adjusted in compliance to what required and the reconciliation between the opening and closing balances of the liabilities deriving from financing activities has been provided as provided by paragraph 44A (see Appendix 3 of these Notes).

Accounting principles, amendments and interpretations applicable in the future years

The accounting principles and interpretation which, as of the date of the preparation of the Consolidated financial statements, were already issued but not yet in force are illustrated below.

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting. IFRS 9 is effective for business years starting on 1st January 2018 or later. The future application has been consider by Group not significant in relation to the economic and financial position.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues. IFRS 15 is effective for business years starting on 1st January 2018 or later, with full or modified retrospective application. Advance application is also allowed. The Group is evaluating the impact of this new principle on its own consolidated financial statements but it does not expect any significant impact on its economic and financial position.
- IFRS 16 – Leases. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The Group is evaluating the impacts of this new standard on its own consolidated financial statements and has estimated that its application would imply the following effects on the equity, financial and economic situation as at 31 December 2017: increase in the net financial position of between 70 and 75 million Euros; improvement of the EBITDA of approximately 9.2 million Euros and the EBIT of an amount estimated to be between 0.1 and 0.5 million Euros. The impact on the overall result for 2017 has been estimated as a reduction in profits of between 0.5 and 1 million Euros. It should be noted that the estimated impacts could vary on the basis of the evolution of the contracts over the next year and on the basis of the definition of certain variables used in the calculation that are yet to be finalised. However, we believe that the impact of these changes can be considered to be not significant in terms of this analysis.

- Changes to IFRS 2 – Clarifications of classification and measurement of share based payment transactions. This amendment will be applicable from 1 January 2018 and deals with the following matters identified by the IFRS Interpretations Committee: i) the accounting of a share based payment plan with defined benefits including the achievement of targets; ii) a share based payment in which the method of settlement is correlated to future events; iii) share based payments settled net of fiscal withholdings; iv) transfer from a cash based payment method to a share based payment method. This changes are not applicable to the consolidated financial statements of the Group.
- Changes to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment will be applicable as of 1 January 2018 and deals with worries that arose during the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Two options are given for companies subscribing insurance contracts with regard to IFRS 4: i) an option that enables the company to reclassify some revenues or costs originating from specific financial assets from the income statement to the statement of comprehensive income; ii) a temporary exemption from the application of IFRS 9, the main activity of which is the subscription of contracts as described in IFRS 4. This changes are not applicable to the consolidated financial statements of the Group.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (which will be effective from 1 January 2018) deals with transactions in foreign currency in the event that an entity recognises a nonmonetary asset or liability originating from a payment or receipt of an advance payment before the entity recognises the relevant asset, cost or revenue. This need not be applied to taxes, insurance or re-insurance contracts. This IFRIC is not applicable to the consolidated financial statements of the Group.
- Changes to IAS 40 regarding transfers of investment property. The amendment (effective from 1 January 2018) provides that: i) paragraph 57 of IAS 40 be modified, providing that an entity must transfer a property from, or to, the category of investment property only when there is evidence of its change of use; ii) the list of examples included in the paragraph 57 (a) – (d) be redefined as a non-exhaustive list of examples. This changes are not applicable to the consolidated financial statements of the Group.
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the annual improvement plan for the standards and will come into force from 1 January 2018. The changes concern:
    - IFRS 1: the short-term exemptions provided in paragraph E3-E7 are deleted, given that the reasons for including them are no longer in place;
    - IFRS 12: the scope of the standard is clarified, specifying that the disclosure requirements, except for those in paragraphs B10-B16, are applicable to the interests of an entity listed in paragraph 5, which are classified as held for sale, distribution of as a discontinued operations ex IFRS 5;
    - IAS 28: it is clarified that the decision to measure an investment in a subsidiary or joint venture held by a venture capital company at fair value through the income statement is possible for all investments in subsidiaries or joint ventures as of their initial recording;
    - Changes to IFRS 9 - *Financial Instruments*. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or the fair value through other comprehensive income (OCI) for the financial activities with an option of advance termination ("negative compensation");
    - Changes to IAS 28 - *Long-term Interests in Associates and Joint Ventures*. The changes specify that IFRS 9 must be applied to the long-term receivables from an associate company or a joint venture which, in substance, is part of the investment in the associate company or joint venture;
    - IFRIC 23 - *Uncertainty over Income Tax Treatments*. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon. IFRIC 23 will come into force on 1 January 2019.

Lastly, it should be noted that on 12 December 2017, the IASB published the *Annual Improvements to IFRS (2015 – 2017 cycle)*, which include changes to *IAS 12 - Income Taxes, IAS 23 - Borrowing Costs, IFRS 3 - Business Combinations* and *IFRS 11 - Joint Arrangement.*

Capital management policy

As regards the management of capital, the Group's priority is to maintain an appropriate level of its equity in relation to debts accrued (Net debt/Equity or "gearing" ratio), so as to guarantee solidity in terms of equity and its adequacy to the management of cash flows.

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").

Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.
The management of capital is also measured in terms of the principal indicators of best financial practice such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

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.

The Group employs derivative financial instruments solely for the purpose of covering some non-functional currency exposures and part of the financial exposure with variable rates.

Market risk

(i) Currency risk: the currency risk arises when reported assets and liabilities are expressed in a currency other than the enterprise's functional currency (the Euro). The Group operates at an international level and is consequently exposed to currency risk above all with regard to trade transactions denominated in US dollars. The manner of handling this risk in the Group is to enter into forward contracts to purchase/sell the foreign currency, specifically designed to hedge the individual trade transactions, if the forward rate is favourable compared to the rate at the date of the operation.
In addition to the trade relations, it should be noted that in 2013, the Parent Company finalised a bond private placement in US dollars. To cover this transaction, the Company stipulated cross currency swap contracts specifically destined to hedge the financial flows deriving from the payment of the coupons and reimbursement of capital on expiry.

As at 31 December 2017, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to an increase in pre-tax profit of 70 thousand Euros (230 thousand Euros in 2016), due to exchange rate gains (losses) on trade payables and receivables denominated in foreign currency, mainly dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown a decrease of about 80 thousand Euros (246 thousand Euros in 2016) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of forward contracts on exchange rates).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to the other currencies, all else being equal, would have been reflected by a pre-tax profit decrease of 75 thousand Euros (254 thousand Euros in 2016).
The other equity items would have shown an upward variation of 62 thousand Euros (178 thousand Euros in 2016) ascribable to variation in the amount of the cash flow hedge fund (due to the variation in the fair value of forward contracts on exchange rates).

(ii) Interest rate risks: risks concerning changes to interest rates affect loans. Almost of the long terms loans from banks are floating and variable rate financing exposes the Group to the risk of cash flow variations due to interest rates. To cover this risk, the Parent Company has historically stipulated Interest Rate Swap contracts specifically related to the partial or total hedging of certain loans (at 31 December 2017 the Company have not in being any Interest Rate Swap contract). Fixed rate financing exposes the Group to the risk of changes to the fair value of the finances themselves.

In 2017 business year, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding equity variation) of approximately 273 thousand Euros on a yearly basis (215 thousand Euros as at 31 December 2016).

As regards the use of the other short-term credit lines, management is focusing on safeguarding and consolidating relations with the credit institutes in order to stabilise the spread applied to Euribor as much as possible.

(iii) Price risks: the Group makes purchases and sales worldwide and is therefore exposed to the normal risk of price oscillations typical of the sector.

Credit Risk

The Group deals only with known and reliable customers. It is a matter of Group policy to subject customers who request deferred terms of payment to creditworthiness ascertainment procedures. In addition, credit balance monitoring is performed during the year to ensure that the amount of the overdue is not significant.

The credit quality of non-overdue financial assets that have not undergone impairments of value can be evaluated with reference to the internal credit management procedures.

The customer monitoring process consists essentially of a preliminary phase in which data and information is collected on new customers, and a post-activation phase featuring the granting of a credit line and supervision of the customer's credit position.
The preliminary phase consists of acquiring the essential administrative/fiscal data necessary to be able to carry out a complete and accurate assessment of the risks entailed by the new customer. Activation of the customer is dependent on the completeness of the aforementioned data and approval, possibly following more detailed investigations, by the Customers Office.
Every new customer is given a credit line: its granting depends on some additional items of information (years in business, terms of payment, reputation) that are indispensable so as to be able to assess the customer's solvency level. Once the overall picture has been put together, the documentation on the potential customer is submitted for approval to the various organizational levels.

Overdue management is differentiated on the basis of length of time overdue (overdue bands).
For overdue bands up to 60 days, reminder procedures are activated at branch level or directly by the Customers Office; for accounts that are over 15 days overdue or that have exceeded the amount of the credit line granted, an IT control blocks the supply to the non-performing customer. For credits in the "over 90 days" band, legal actions are taken when necessary.

Receivables comprised in the "not yet due" band, which total 218,042 thousand Euros as at 31 December 2017, represent about 58.97% of the receivable accounts reported in the financial statements.

This procedure defines the operating rules and mechanisms that are guaranteed to generate a cash flow by assuring the Company of the customer's solvency and the profitability of the commercial relationship.

At the reference date of the financial statements, the maximum exposure to credit risk for each of the following categories of receivables was as shown below:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Current trade receivables	369,752	365,950
Other non-current receivables	31,357	30,833
Other current receivables	49,649	46,418
Total	450,758	443,201

For the comments on the various categories, please refer to note 7 on "Other non-current receivables", note 11 on "Trade receivables" and note 14 on "Other current receivables".

The fair value of the above categories is not shown, as the book value constitutes a reasonable approximation of the former. The value of the trade receivables, the other non-current receivables and the other current receivables are classifiable as "Level 3" financial receivables, in other words those for which the input is not based on observable market data.

As at 31 December 2017, overdue trade receivables, net of bad debt provision, amounted to 151,710 thousand Euros (164,447 thousand Euros in 2016). The breakdown of these receivables by due date is as follows:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Overdue:		
Less than 30 days	53,149	52,121
betweeen 31 and 60 days	23,955	26,746
betweeen 61 and 90 days	20,255	19,911
Over 90 days	54,351	65,669
Total overdue trade receivables	151,710	164,447

The amounts shown above refer to overdue debts calculated on the basis of the nominal terms agreed[V] with the customer at the time of first assessment. This table also includes the "overdue" exposure of the particularly important customers most closely loyal to the Group, with whom special terms of payment are agreed. As at 31 December 2017, this particular category of customers accounted for 18,268 thousand Euros in the "Over 90 days" band (19,844 thousand Euros at 31 December 2016).

At 31 December 2017, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had undergone a write-down, amounted to 35,229 thousand Euros (39,694 thousand Euros in 2016). Those receivables were mainly related to clients in economic difficulties.
The quota of these receivables that is not recoverable is specifically covered by the bad debt reserve, which amounts to a total of 38,587 thousand Euros (36,387 thousand Euros in 2016).

Liquidity risk

The Group manages liquidity risk with a view to maintaining a liquidity level sufficient for its operational management. Its management of this risk is based mainly on constant central treasury monitoring of the collection and payment flows of all the member companies. This makes it possible, in particular, to monitor the resource flows generated and absorbed by its normal business activity.
Given the dynamic nature of the sector concerned, to meet the requirements of the business's routine management and seasonal trends preference is given to funding requirements by availing adequate lines of credit.

For the management of resources absorbed by investment activities, preference is generally given to funding through specific long-term loans.

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows. Given the high volatility of the reference rates, the financial flows of variable rate loans have been estimated consistently with that already done in previous years, using a rate determined by the IRS at five years increased by the average spread applied to our medium and long-term loans. In this regard, it must be recalled that the trend of reduction in interest rates recorded last year continued in 2017, with a forecast for 2018 of a slow recovery, which is reflected in the IRS in five years, which is the basis of calculation.

[V] Except for the expiry dates defined in paragraph 3 of art. 62 of Decree Law 1 dated 24/1/2012 which, as of 24 October 2012, has established that the payment of perishable food products be made within 30 days of the last day of the month of receipt of the invoice and that for non-perishable food products within 60 days of the last day of the month of receipt of the invoice.

(€ thousand)

At 31 december 2017	Less than 1 year	between 1 and 2 years	between 2 and 5 years	Over 5 years
Borrowings	114,092	63,850	112,595	26,514
Payables for the purchase of quotas or shares	10,574	0	0	0
Derivative financial instruments	0	0	0	0
Trade and other payables	328,860	0	0	0
	453,526	63,850	112,595	26,514
At 31 december 2016				
Borrowings	110,237	69,425	72,261	27,784
Payables for the purchase of quotas or shares	11,290	10,470	0	0
Derivative financial instruments	0	0	87	0
Trade and other payables	312,094	0	0	0
	433,621	79,895	72,348	27,784

As regards the changes to the long-term quota, see that already described in the Director's Report and on paragraph 16 "Non-current financial debts" in the explanatory notes.

Classes of financial instruments

The following elements are recorded in the accounts in compliance with the accounting principles for financial instruments:

(€thousand)	31 December 2017		
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
Non current derivative/financial instruments	0	586	586
Non Current financial receivables	1,171	0	1,171
Other non-current assets	31,357	0	31,357
Current financial receivables	1,964	0	1,964
Current derivative/financial instruments	0	11	11
Current trade receivables	369,752	0	369,752
Cash and cash equivalents	156,285	0	156,285
Other current receivables	49,649	0	49,649
Total	610,178	597	610,775
Liabilities as per balance sheet	**Other financial liabilities**	**Derivatives used for hedging**	**Total**
Non Current financial payables	195,695	0	195,695
Non current derivative/financial instruments	0	0	0
Current financial payables	120,161	0	120,161
Current derivative financial instruments	0	7	7
Total	315,856	7	315,863

(€thousand)	31 December 2016		
Assets as per balance sheet	**Loans and receivables**	**Derivatives used for hedging**	**Total**
Non current derivative/financial instruments	0	5,401	5,401
Non Current financial receivables	2,153	0	2,153
Other non-current assets	30,833	0	30,833
Current financial receivables	3,848	0	3,848
Current derivative/financial instruments	0	1	1
Current trade receivables	365,950	0	365,950
Cash and cash equivalents	114,160	0	114,160
Other current receivables	46,418	0	46,418
Total	563,362	5,402	568,764
Liabilities as per balance sheet	**Other financial liabilities**	**Derivatives used for hedging**	**Total**
Non Current financial payables	176,923	0	176,923
Non current derivative/financial instruments	0	87	87
Current financial payables	118,472	0	118,472
Current derivative financial instruments	0	0	0
Total	295,395	87	295,482

In compliance with that required by IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges 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, the recording at fair value of which is indicated in paragraph 16 of these explanatory notes, 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 noncurrent and current assets, see that stated in paragraphs 7 and 14 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.

Comments on the main items of the consolidated statement of financial position

ASSETS

Non-current assets

1. Tangible assets

The movements in the item in the year 2017 and in the period before are the following:

(€thousand)	Balance at 31.12.16	Purchases / other movements	DEAL acquisition	Net decreases for divestments	Depreciation/ Write down	Balance at 31.12.15
Land and buildings	57,165	3,800	0	(11)	(1,902)	55,278
Plant and machinery	8,833	2,255	6	(6)	(2,197)	8,775
Industrial and business equipment	1,726	411	313	(128)	(338)	1,468
Other assets	3,996	2,788	298	(334)	(1,075)	2,319
Fixed assets under development and advances	9	(714)	0	0	0	723
Total tangible assets	71,729	8,540	617	(479)	(5,512)	68,563

(€thousand)	Balance at 31.12.17	Purchases / other movements	SPECA Acquisition	Net decreases for divestments	Depreciation/ Write down	Balance at 31.12.16
Land and buildings	55,770	830	0	0	(2,225)	57,165
Plant and machinery	8,403	1,967	8	(1)	(2,404)	8,833
Industrial and business equipment	1,763	398	107	(92)	(376)	1,726
Other assets	3,941	1,711	99	(544)	(1,321)	3,996
Fixed assets under development and advances	272	263	0	0	0	9
Total tangible assets	70,149	5,169	214	(637)	(6,326)	71,729

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

The purchase of the holdings of the company Speca Alimentari S.r.l. by MARR with effect since 1st January 2017 implied an increase of tangible fixed assets for a total net book value amounting to 214 thousand Euros, mainly concentrated in the categories "Industrial and business equipment" (for 107 thousand Euros) and "Other assets" (for 99 thousand Euros).

As regarding the changes exposed in the column "Purchases/other movements" mainly represent the investments related to the plan for the expansion and modernisation plan started in the year 2014, which involved investments in the items "Land and buildings", "Plant and machinery" and "industrial and business equipment" especially at the following distribution centres:

- 728 thousand Euros at the new distribution centre "Marr Battistini" in the new location in Rimini, Via Spagna;
- 505 thousand Euros at the distribution centre "Marr Adriatico" in Elice;
- 393 thousand Euros at the distribution centre "Marr Supercash";
- 272 thousand Euros at the distribution centre "Marr Bologna".

In addition, there were investments still in progress as at 31 December 2017 (and therefore classified under the "Fixed assets under development and advance payments" item) at the warehouses of the Parent Company in Santarcangelo di Romagna (212 thousand Euros) and investments in industrial and trade equipment by the subsidiary New Catering (122 thousand Euros).

With reference to the increases in the item "Other assets", we point out that they mainly refer to the purchase of industrial vehicles and cars (for total 765 thousand Euros) and to the purchase of electronic machines (for 760 thousand Euros); the decreases, amounting to 544 thousand Euros, refers almost totally to the sales of vehicles.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgage is due for a total of 10,000 thousand Euros in favour of Cassa di Risparmio di Pistoia registered to hedge the mortgage granted on the property Bottegone (PT) – Via Francesco Toni 285 and 297(the value of which in the item Land and Buildings totally amounts to 4.6 million of Euros as at December 31, 2017).

For details of the changes in tangible assets please refer to the information provided in Appendix 5.

The following table shows the effects of revaluations of land and buildings at the date of transition to the international accounting standards (1st January 2004).

1st January 2004	FINANCIAL STATEMENTS	APPRAISAL	DIFFERENCE
(€thousands)			Totale
Land located at Via Emilia Vecchia 75-San Vito (RN) c/o CAAR	3,396	7,066	3,670
Property located at Via Cesare Pavese-Opera (MI); (under lease-back in 2004 - at which the property was transferred to the leasing company)	5,561	7,000	1,439
Property located at Macchiareddu-Uta (CA) Industrial Zone	4,564	5,401	837
Property located at Via del Carpino 4-Santarcangelo di Romagna (RN)	925	2,724	1,799
Property located at Via dell'Acero 2 e 4- Santarcangelo di Romagna (RN)	4,557	7,252	2,695
Property located in Loc. Antiche Saline -Portoferraio (LI)	601	2,430	1,829
Property located at Via Plerote 6-San Michele al Tagliamento (VE)	3,650	4,500	850
Total	23,254	36,374	13,120

As highlighted above, application of the fair value to the item Land and Buildings compared to the values in the MARR S.p.A. Financial Statements as at 1 January 2004 (gross of taxation) implies a difference of 13,120 thousand Euros

Management started a process of evaluation regarding the possibility to sell some non – operating assets.

We refer at the Appendix 10 for the detail of land and buildings owned by the Group at the date of 31 December 2017.

Tangible Asset Leasing:

Below are the summary details at 31 December 2017 of the operation concerning the purchase of an hardware infrastructure for the Group ERP, as it is deemed to be the most significant:

- Start of the financial lease: 1 March 2016.
- Duration of the contract: 5 years.
- Number of instalments: 20.
- Value of the asset financed: 1.1 million Euros.
- Amount of the quarterly instalments: 60 thousand Euros.
- Annual periodical rate: 3.35%.
- Redemption price: 11 thousand Euros (plus VAT).
- Total of the instalments paid during the year 2017: 238 thousand Euros.
- Net book value of the asset at 31 December 2017: 703 thousand Euros.
- Remainder of leases at 31 December 2017: 715 thousand Euros.

2. Goodwill

Below is the detail of the item "Goodwill":

(€thousand)	Balance at 31.12.17	Purchases	Reclassification / other movements	Balance at 31.12.16
MARR S.p.A.	93,380	0	0	93,380
AS.CA S.p.a.	8,634	0	0	8,634
New Catering S.r.l.	5,082	0	0	5,082
DE.AL. S.r.l. Depositi Alimentari	36,184	0	0	36,184
Speca Alimentari S.r.l.	6,641	6,641	0	0
Total Goodwill	149,921	6,641	0	143,280

The increase for the period concerns the acquisition by the Parent Company MARR S.p.A. of all of the holdings in Speca Alimentari S.r.l., with headquarters in Baveno (VB), the owner of the company of the same name operating in the Foodservice sector.

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.

As indicated in the notes to the financial statements of the previous years, we point out that the management considers MARR S.p.A. and the individual subsidiaries as the smallest aggregates on the basis of which Management has evaluated the return of the investment, including goodwill (Cash Generating Unit).

We would highlight that on the basis of the impairment test conducted according to the principles and hypotheses described analytically in the section "Principal estimates made by management and discretional assessments", the goodwill items listed above, with a total value of 149,921 thousand Euros, are completely recoverable.
As regards this evaluation, management believes that, also given the prudential viewpoint used in the definition of the key hypotheses used, is not be reasonable to expect to be changes in them such as to determine a recoverable value in unit terms less than their accounting value.

Business combinations closed during the year

As highlight in the previously paragraph on 30 December 2016 the Parent Company purchased, with effect since 1st January 2017, the 100% of the holdings of Speca Alimentari S.r.l., with headquarters in Baveno (VB), owner of the firm baring the same name operating in the Foodservice.

The cost of aggregation has been determined on the basis of the accounting values as at 31 December 2016 of the classes of assets, liabilities (including potential ones) acquired in compliance with the IFRS.
The goodwill attributed to the purchase is justified by the strategic importance of the company given that, thanks to Speca Alimentari, which has a consolidated trading network will be able to improve the service level in Lake Maggiore area which currently has annual returns of just over 3 million Euros and will be able to benefit more from the expansion opportunities in distribution to the foodservice segment (especially Street Market) offered by the Lake Maggiore area.

The operation implied the following effects:

Purchase consideration	*(€thousand)*
Total purchase consideration	8,445
- Fair value of the net assets identifiable	1,804
Goodwill	6,641

The accounting values, determined in compliance with the IFRS on the basis of the financial statements as at 31 December 2016 of the company acquired, and the amounts at the same date for each class of assets, liabilities and potential liabilities of the acquisition are illustrated below:

(€thousand)	*Book value of acquired company*	*Fair value of the acquired assets and liabilities*
Tangible and intangible assets	130	214
Investments in other companies	4	4
Other non-current assets	2	2
Inventories	640	640
Trade receivables	2,036	2,036
Other current assets	163	163
Net financial indebtedbess	339	284
Employee benefits	(177)	(206)
Provision for risks and costs	(82)	(58)
Current trade liabilities	(1,031)	(1,036)
Other current liabilities	(239)	(239)
Fair value of net identifiable assets acquired	1,785	1,804

In addition to the initial portions of the price paid on the date of subscription of the deed, and thus on 30 December 2016, the cash out generated by the acquisition during the course of 2017 amounts to a net flow of -2,913 thousand Euros, as specified hereafter:

	(€thousand)
Price of the acquisition paid	(3,155)
Acquisition related cost	(42)
Net financial position of the acquired company	284
Cash out of the buiness combination	(2,913)

Business combinations realised after the closing of the year

There wasn't any new Business Combination closed after the year end.

3. Other intangible assets

Below there are the movements of the item in 2017 and in the previous year:

(€thousand)	Balance at 31.12.16	Purchases / other	DEAL acquisition	Net decreases	Depreciation	Balance at 31.12.15
Patents	581	282	1,074	(1,000)	(222)	447
Concessions, licenses, trademarks and similar rights	18	2	0	0	(2)	18
Intangible assets under development and advances	506	228	0	0	0	278
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Assets	1,105	512	1,074	(1,000)	(224)	743

(€thousand)	Balance at 31.12.17	Purchases / other	SPECA acquisition	Net decreases	Depreciation	Balance at 31.12.16
Patents	715	366	1	0	(233)	581
Concessions, licenses, trademarks and similar rights	16	0	0	0	(2)	18
Intangible assets under development and advances	1,043	537	0	0	0	506
Other intangible assets	0	0	0	0	0	0
Total Other Intangible Assets	1,774	903	1	0	(235)	1,105

The increases in the year are related to the purchase of new software, still partly being implemented as at 31 December 2017 and therefore recorded under the item "Intangible assets under development and advances".
For details of the changes in intangible assets please refer to the information provided in Appendix 4.

4. Equity investments evaluated using the Net Equity Method

As at 31 December 2017, the item amount to 735 thousand Euros and represent the evaluation to Net Equity of the investment in the company Griglia Doc S.r.l.. The company was incorporated on 4 April 2016 and is 50% owned by the subsidiary DE.AL. S.r.l..

5. Non-current financial receivables

As at 31 December 2017, this item amounted to 1,171 thousand Euros (2,153 thousand Euros as at 31 December 2016) and includes 461 thousand Euros for the quota beyond the year of interest-bearing financial receivables from Adria Market and other trade partners and the quota beyond the year (totalling 710 thousand Euros) of receivables from transporters for the sale of the transport vehicles used to move MARR goods.

6. Financial instruments / derivatives

The amount as at 31 December 2017, amounting to 586 thousand Euros (5,401 thousand Euros as at 31 December 2016), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Parent Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalised in July 2013.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. It should be noted that this amount, for 207 thousand Euros, expires beyond 5 years.

7. Other non-current assets

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Non-current trade receivables	6,938	9,700
Accrued income and prepaid expenses	1,992	1,579
Other non-current receivables	22,427	19,554
Total Other non-current assets	31,357	30,833

The "Non-current trade receivables", amounting to 6,938 thousand Euros (of which 1,982 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature and have an expiry date within 5 years.
The item "Other non-current receivables" includes, in addition to receivables from State coffers for loss of clients of 7,416 thousand Euros, receivables from suppliers for 14,612 thousand Euros (12,217 thousand Euros as at 31 December 2016) of which 752 thousand with expires term over 5 years.
There are no more asset item with expire over 5 years.

Current assets

8. Inventories

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Finished goods and goods for resale		
Foodstuff	38,462	34,654
Meat	14,075	13,805
Seafood	84,255	84,315
Fruit and vegetables	29	29
Hotel equipment	2,263	1,933
	139,084	134,736
provision for write-down of inventories	(630)	(630)
Goods in transit	7,210	6,702
Packaging	1,888	1,528
Total Inventories	147,552	142,336

The inventories are not conditioned by obligations or other property rights restrictions.
As commented in the Directors' Report, the increase in inventories compared to 31 December 2016 is the effect of stocking policies aimed at making the most of specific trade opportunities in the market of frozen seafood products.

With reference to the changes in the year, as detailed below, the amount indicated in the item "Change in consolidation" represent the goods acquired with the purchase of the shares of the new subsidiary Speca Alimentari S.r.l..

(€thousand)	Balance at 31.12.17	Change of the year	Consolidation change	Balance at 31.12.16
Finished goods and goods for resale	139,084	3,708	640	134,736
Goods in transit	7,210	508	0	6,702
Packaging	1,888	360	0	1,528
	148,182	4,576	640	142,966
Provision for write-down of inventories	(630)	0	0	(630)
Total Inventories	147,552	4,576	640	142,336

9. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Financial receivables from Parent companies	1,259	2,930
Receivables from loans granted to third parties	705	918
Total Current financial receivables	1,964	3,848

The Receivables for loans granted to third parties, all of which are interest-bearing, refer to receivables towards truck drivers (amounting to 580 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (55 thousand Euros).
It must be noted that the receivables from parent companies are interest-bearing (at rates in line with market rates).

10. Financial instruments / derivatives

The total as at 31 December 2017, amounting to 11 thousand Euros, concerns term exchange purchase transactions undertaken by the Parent Company. These operations were record in the accounts as the hedging of financial flows.

11. Current trade receivables

This item is composed of:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Trade receivables from customers	407,901	401,876
Trade receivables from Parent companies	438	461
Total current receivables	408,339	402,337
Provision for write-down of receivables from customers	(38,587)	(36,387)
Total current net receivables	369,752	365,950

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Trade receivables from customers	394,319	390,233
Receivables from Associated Companies	0	22
Receivables from Associated Companies Consolidated by the Cremonini Group	13,580	11,599
Receivables from Associated Companies not Consolidated by the Cremonini Group	2	23
Total current trade receivables from customers	407,901	401,876

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 38,587 thousand Euros, as highlighted in the table below.

The receivables "from associated companies consolidated by the Cremonini Group" (13,580 thousand Euros), "from associated companies not consolidated by the Cremonini Group" (2 thousand Euros) are analytically outlined, together with the corresponding payable items, in the Appendix 8 of the these Explanatory Notes. These receivables are all of a commercial nature.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2017.

In 2017, 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 31.12.17	Increases	Decreases / Other movements	Consolidation change	Balance at 31.12.16
- Tax-deductible provision	2,088	2,086	(2,105)	0	2,107
- Taxed provision	35,745	9,665	(7,825)	455	33,450
- Provision for interest for late payments	754	0	(76)	0	830
Total Provision for write-down of Receivables from customers	38,587	11,751	(10,006)	455	36,387

12. Tax assets

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Ires/Irap tax advances /withholdings on interest	45	12
VAT carried forward	162	38
Irpeg litigation	6,040	6,040
Ires transferred to the Parent Company	1,592	1,011
Receivable for Irap	153	37
Other	1,331	1,392
Total Tax assets	9,323	8,530

As regard the item "Irpeg litigation", refer to that contained in the paragraph 18 "Provisions for non-current risks and charges".

The Items "Ires transferred to Parent Company" amounting to 1,592 thousand Euros, it is composed as follows:

- 1,212 thousand Euros represents the net Ires receivables for 2017 transferred by the Group to the parent company as a result of adhesion to the national consolidated fiscal system;
- 368 thousand Euros represents the balance of the Ires receivables for 2017 of DE.AL and Speca Alimentari, which are not part of the national consolidated fiscal system;
- 12 thousand Euros is the residual receivables for Ires pay back, calculated on the Irap paid to cover the cost of labour and collaborators that was not deducted for the same purpose, as per the reimbursement request made in February 2013 for the years 2007-2011. A total of 998 thousand Euros of the receivables were received during the course of 2017.

The item "Other" is represented almost entirely (1,076 thousand Euros as at 31 December 2017) by VAT receivables accrued by the Parent Company abroad (Spain) and to be repaid by the competent authority.

13. Cash and cash equivalents

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Cash and Cheques	9,133	9,137
Bank and postal accounts	147,152	105,023
Total Cash and cash equivalents	156,285	114,160

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

In regard to the changes of the net financial position, refer to the cash flows statement of 2017, and for its composition, refer to the comments in the paragraph "Analysis of the Net Financial Position" in Directors' Report.

14. Other current assets

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Accrued income and prepaid expenses	620	915
Other receivables	49,029	45,503
Total Other current assets	49,649	46,418

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Other accrued income (from loans)	4	1
Prepaid expenses		
Leases on buildings and other assets	221	538
Maintenance fees	239	100
Insurance costs/Administration services	31	64
Commercial and advertising costs	0	28
Other prepaid expenses	125	184
Other prepaid expenses from Parent Companies	0	0
	616	914
Totale Current accrued income and prepaid expenses	620	915

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Guarantee deposits	139	147
Other sundry receivables	1,420	815
Provision for write-down of receivables from others	(5,249)	(4,877)
Receivables from social security institutions	198	240
Receivables from agents	3,125	2,540
Receivables from employees	33	121
Receivables from insurance companies	293	457
Advances and deposits	49	3,706
Advances to suppliers and supplier credit balances	48,715	42,182
Advances to suppliers and supplier credit balances from Associates	306	172
Total Other current receivables	49,029	45,503

The item *Advances to suppliers and supplier credit balances* includes, in addition to 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 23,772 thousand Euros, 15,603 thousand Euros in 2016), also receivables for contributions to be received from suppliers totalling 25.2 million Euros (see the comments made in paragraph 27 "Other revenues"),
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2017.

As regards the item *Advances and Deposits*, it should be noted that as at 31 December 2016, this included 3,674 thousand Euros for the first portion of the total price paid for the acquisition of 100% of the holdings in Speca Alimentari S.r.l., which was effective from 1 January 2017.

The "Provision for write-down of receivables from others" refers to receivables relates to agents for 900 thousand Euros and for the remaining to suppliers. During the business year it shown the following changes:

(€thousand)	Balance at 31.12.17	Increases	Decreases	Consolidation change	Balance at 31.12.16
- Provision for Receivables from Others	5,249	304	0	68	4,877
Total Provision for write-down of Receivables from Others	5,249	304	0	68	4,877

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	1,171	0	0	1,171
Non current derivative/financial instruments	586	0	0	586
Deferred tax assets	0	0	0	0
Other non-current assets	16,745	4,160	10,452	31,357
Financial receivables	1,964	0	0	1,964
Current derivative/financial instruments	11	0	0	11
Trade receivables	347,910	16,143	5,699	369,752
Tax assets	8,171	1,152	0	9,323
Other current assets	27,517	4,957	17,175	49,649
Total receivables by geographical area	404,075	26,412	33,326	463,813

LIABILITIES

15. Shareholders' Equity

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

Share Capital
The Share Capital as at 31 December 2017, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and 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 31 December 2017 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2016.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2016.

Shareholders' contributions on account of capital
This Reserve did not change in 2017 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,290 thousand Euros) set up following the first time adoption of the international accounting standards.

Extraordinary Reserve
As at 31 December 2017, the increase of 9,235 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2016, as per shareholder meeting's decision made on 28 April 2017.

Cash flow hedge reserve
As at 31 December 2017, this item amounted to a negative value of 1,740 thousand Euros and is linked to the stipulation of hedging contracts for interest and exchange rates undertaken for the specific hedging of certain loans, with variable rates and in foreign currency respectively.
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 36 "Other profits/losses" 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 31 December 2017, this reserve amounts to a negative value of 758 thousand Euros and is composed of the value, net of the theoretical tax effect, of actuarial losses and gains regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits", effective for the business years starting on 1st January 2013. According to the IFRS these profits/losses have been entered in the net equity and their variation is highlighted (according to IAS 1 revised, in force from 1st January 2009) in the consolidated comprehensive income statement.

Whit regard to the reserves in taxation suspension (ex. Art. 55 DPR 917/86 and 597/73 reserve), amounting to 1,468 thousand Euros as at 31 December 2017, the relevant deferred tax liabilities have been accounted for.

On 28 April 2017 the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2016 and consequently decided upon allocation of the business year profits, and the approval of a dividend of 0.70 Euros for each ordinary share with the right to vote.

Non-current liabilities

16. Non-current financial payables

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to banks - non-current portion	159,583	125,153
Payables to other financial institutions - non-current portion	36,112	41,300
Payables for the purchase of quotas or shares (1-5 years)	0	10,470
Total non-current financial payables	195,695	176,923

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to banks (1-5 years)	159,583	125,153
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	159,583	125,153

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to other financial institutions (1-5 years)	8,624	10,074
Payables to other financisl institutions (over 5 years)	27,488	31,226
Total payables to other financial institutions - Non current portion	36,112	41,300

The variation in non-current payables to banks is the effect, net of the payment of the overdue instalment and of the classification of the expiring instalments among the current payables, of the following new transactions finalised during the business year by the parent company:

- unsecured loan, granted by UBI Banca on 27 March 2017 for a total amount of 10 million Euros and with amortization plan ending in March 2021;
- unsecured loan, granted by BNL on 30 March 2017 for a total amount of 30 million Euros and with due date in September 2020;
- unsecured loan, granted by Crèdit Agricole Cariparma on 19 May 2017 for a total amount of 10 million Euros and with amortization plan ending in May 2021;
- unsecured loan, granted by Banca Intesa San Paolo on 8 June 2017 for a total amount of 15 million Euros and with amortization plan ending in June 2022;
- unsecured loan, granted by UBI Banca on 29 June 2017 for a total amount of 15 million Euros and with amortization plan ending in June 2020;
- unsecured loan, granted by BPER Banca on 21 December 2017 for a total amount of 10 million Euros and with amortization plan ending in December 2021;
- unsecured loan, granted by ICCREA BancaImpresa on 21 December 2017 for a total amount of 25 million Euros and with amortization plan ending in December 2020.

In addition, it should be noted the following:

- in the year 2017, three ongoing loans with UBI Banca and the ongoing loan with ICCREA BancaImpresa were reimbursed in advance for a total amount of 32.7 million Euros; the total value of these loans as at 31 December 2016 amounted to 38.6 million Euros, 29.8 million of which was exposed in non-current financial payables;
- in December, an advance portion of the pool loan ongoing with BNP Paribas was extinguished (for a total amount of 3.1 million Euros) and the Parent Company finalised an amendment, which implied on one hand a reduction in the interest rate and on the other, the expansion of the loan facility up to an overall amount of 65 million Euros (with the possibility of using the residual credit line starting in 2018), and also the rescheduling of the debt with amortization from June 2019 to June 2022.

Lastly, it should be noted that as at 31 December 2017, there were no derivative contracts ongoing to hedge the interest rate risk, given that during the year, the Parent Company extinguished the *Interest Rate Swap* contract following the advance termination of the loan with Banca Popolare Commercio e Industria.

The value of the payables to other financial institutions is represented for 35,603 thousand Euros (40,480 thousand Euros as at 31 December 2016) by the bond private placement in US dollars, finalised by the parent company in July 2013. The bond placement amounts to 43 million dollars (originally 30.6 million Euros), of which 10 million dollars expires in 2020 and the remaining 33 million dollars in 2023 and involves an average coupon of about 5.1%. The decrease in its value 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".

Finally, it should be noted that, as at 31 December 2017, the item includes also, for 509 thousand Euros, the payable accounted due to the ongoing financial leasing contract for hardware infrastructure for the Group ERP, finalized in 2016 (for more details concerning this contract, see that described in paragraph 1 "Tangible fixed assets" of these Notes).

As regards the change in the item "payables for the purchase of holdings/shareholdings", it should be noted that the balance as at 31 December 2016 referred for 9,000 thousand Euros to the payables for the purchase of the holdings in DE.AL. S.r.l. expiring in April 2018 and for 1,470 thousand Euros to the payables for the purchase of the holdings in Speca Alimentari S.r.l. expiring in December 2018 and therefore classified under current financial payables as at 31 December 2017.

Below is the breakdown of the medium and long-term portion of the payables to banks, including the interest rates applied:

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.17
Banca Intesa Sanpaolo	Euribor 6m +0,75%	30/06/2022	10,485	0	10,485
UBI Banca	Euribor 3m +0,85%	26/06/2020	8,993	0	8,993
Pool BPN Paribas	Euribor 6m +0,85%	29/06/2022	43,905	0	43,905
Credit Agricole Cariparma	Euribor 3m +0,75%	19/05/2021	6,267	0	6,267
UniCredit	Euribor 6m +0,95%	15/05/2019	11,989	0	11,989
UBI	Euribor 3m +0,75%	27/03/2021	7,166	0	7,166
BNL	Fixed 0,7%	30/09/2020	29,985	0	29,985
Banca Carige	Euribor 3m +0,8%	30/06/2019	5,030	0	5,030
Pool ICCREA	Euribor 3m +0,55%	21/12/2020	24,988	0	24,988
Bper Banca	Euribor 6m +0,4%	21/12/2021	9,994	0	9,994
Carisp. Pistoia	Euribor 6m +0,48%	31/01/2020	781	0	781
			159,583	0	159,583

The following is the breakdown of the mortgage guarantees on the real estate properties of the Group:

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 must be pointed out that in 2017, following the extinction of the mortgages as described above, mortgage guarantees were cancelled for a total value of 30 million Euros for the facilities located in Santarcangelo di Romagna (RN) – Via Dell'Acero 2/4 and Via dell'Acero 1/A, Portoferraio (LI) – Via Degli Altiforni no. 29/31, Uta (CA) – Macchiareddu locality and Bologna (BO) – Via Fantoni.

Finally, it must be pointed out that the loan contracts ongoing require the maintenance of financial indices identified as described below and that these covenants have been respected as at 31 December 2017.

- The ongoing financing with BNP Paribas (as revised at December 2017) provides the following financial ratios:
  NET DEBT / EBITDA < 3.5
  NET DEBT / EQUITY <2.0
  EBITDA / Net financial charges > 4.0
  Those ratios will be verified with reference to 31 December and 30 June each year

- The ongoing financing with Banca Intesa San Paolo S.p.A. (signed in March 2015) provides the following covenants to be verified on a yearly basis.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.5
  EBITDA / Net financial charges >= 4.0

- The ongoing financing with UNICREDIT (signed in May 2015) provides the following covenants to be verified with reference to 30 June and 31 December each year in relation 12 months period and on the basis of the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

- The ongoing loans with BNL (signed in March 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

- The ongoing loans with UBI Banca (signed in March 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- The ongoing loans with Crèdit Agricole Cariparma (signed in May 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 4.0

- The ongoing loans with Intesa Sanpaolo (signed in May 2017), provides the following covenants to be verified as at 30 June and at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.5
  EBITDA / Net financial charges >= 4.0

- The ongoing loans with Ubi Banca (signed in June 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- The ongoing loans in pool with BancaImpresa as agent Bank (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0

- The ongoing loans with BPER Banca (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0

- The *bond private placement* (finalised in July 2013) provides the following financial ratios:
  NET DEBT / EBITDA < 3.5
  NET DEBT / EQUITY < 2.0
  EBITDA / Net financial charges > 4.0
  Those ratios will be verified with reference to the consolidated data as at 31 December and 30 June each year.

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

(€thousand)	Book Value		Fair Value	
	2017	2016	2017	2016
Payables to banks - non-current portion	159,583	125,153	158,771	123,874
Payables to other financial institutions - non-current portion*	36,112	51,770	32,458	50,827
	195,695	176,923	191,229	174,701

* In the year 2016 payables to other financial institutions also included the debt for the purchase of quotas or shares, that amounted to zero at 31 December 2017.

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

17. Employee benefits

This item includes the Staff Severance plan, for which changes during the period are reported:

(€thousand)	
Opening balance at 31.12.16	10,621
changes in consolidation area	208
payments of the period	(1,720)
provision for the period	306
other changes	(151)
Closing balance at 31.12.17	9,264

As highlighted in the above table, the movement during the year is linked, in addition to the quota accrued during the period net of yearly decrease in the item, to the personal entered into the Group due to the operation finalised by the Parent Company for the purchase of Speca Alimentari; it must be pointed out that the acquisition was effective from 1 January 2017 and that the Parent Company has leased the company since then, taking over the employment contracts of the employees.

The decreases in 2017 are mainly correlated to the reorganizations concerning some Units in the provinces of Rimini and Forlì Cesena, as well as the reorganization as a result of the integration following the lease of De.Al. S.r.l. by the Parent Company and the continued progress in the securitization of the operating activities within these Units.

It must be highlighted that the allocation for the period includes actuarial gains totalling 90 thousand Euros recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 15 of these Explanatory Notes).
The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector.

With reference to the significant actuarial hypotheses (as described in the paragraph entitled "Main estimates adopted by management and discretional assessments"), the table below shows the effects on the final liabilities of the Group due to possible changes to them.

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect on the final liability	(45)	50	100	(98)	(153)	157

It should also be noted that the contribution expected for the following business year is about 144 thousand Euros; future payments expected in the next five years can be estimated as totalling 4.3 million Euros.

18. Provisions for non-current risks and charges

(€thousand)	Balance at 31.12.17	Provisions/Other movements	Uses	Consolidation change	Balance at 31.12.16
Provision for supplementary clients severance indemnity	4,516	484	(13)	19	4,026
Provision for specific risks	1,485	0	(350)	0	1,835
Total Provisions for non-current risks and charges	6,001	484	(363)	19	5,861

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 variation in the business year includes in the item "Consolidation change" the provision for supplementary clients severance indemnity entered in the Group due to the purchase of the 100% of the holdings of the company Speca Alimentari S.r.l. by the Parent Company.

The *Provision for specific risks* was allocated mainly to cover probable liabilities linked to certain ongoing legal disputes and its decrease is linked to the sustaining of charges to be incurred for the reorganization of the DE.AL. activities (with start-up of the MARR Adriatico branch).

In relation to the fiscal dispute currently ongoing deriving from the verification carried out by the "Guardia di Finanza", IV Group Section in San Lazzaro di Savena (BO), because of presumed breaches in terms of direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) finalised in the month of July of the year 2000, it should be pointed out that on 28 February 2004, the recourses for direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) were discussed in a public hearing. The amount involved in the dispute concerning taxes and the relevant sanctions, for the main inspection known as "C.R.C." (the other inspections concerning insignificant amounts or others that were abandoned) amounts to approximately 4.7 million Euros plus interest.
In its sentence no. 73/2/04, the Rimini Provincial Tributary Commission, Section II, accepted the recourse presented for IRAP referring to the main inspection, while it partly rejected, with reference to the other inspections, the recourses presented, confirming the conclusions of the Inland Revenue.
On 20 December 2004, MARR S.p.A. impugned the aforementioned sentence, presenting an appeal to the Rimini Section of the Bologna Regional Tributary Commission.
The matter was discussed before Section 24 of the Emilia Romagna Regional Tributary Commission on 16 January 2006.
As regards the reasons put forward by the company in the documentation for the second stage of the proceedings, the Bologna Tributary Commission disposed in Order 13/24/06 on 3 April 2006, that a technical consultancy be carried out, assigning the duty to a board of three professionals to provide an opinion, among other things, on the disputed matter, and asked them to ascertain, on the basis of contractual agreements and economic and financial relations effectively ongoing between the parties involved in the complex operation, whether the cost sustained by MARR S.p.A. and being disputed concerns the business of the company or not.
On 18 November 2006, the board of consultants deposited its report, concluding that: "in summary, it can be stated that these capital losses are relevant in as much as they are objectively referable to the business of the company".
On 15 January 2007, the dispute was again discussed in a public hearing during which the findings in the report of the board of consultants were again presented. In sentence 23/10/07, the Bologna Tributary Commission reviewed its first phase sentence in favour of MARR S.p.A. as regards the four findings subject of the dispute but, without providing any motivation, it completely rejected the conclusions drawn by the technical consultants it itself appointed with reference to the principal inspection known as "CRC", thus confirming that established by the judges in the first phase of the proceedings.
By reason of this, a recourse was presented on 22 April 2008 before the Supreme Court of Cassation. The State Bar met to discuss the matter on 3 June 2008.
Although the outcome of the appeal was negative, although it must be pointed out that there were two technical consultancies in perfect agreement with each other during this phase, comprising four undoubtedly authoritative professionals, three of them appointed by the Tributary Commission itself, the opinions expressed being undoubtedly fully in favour of MARR Spa, and on the basis of the opinion expressed by the defence lawyers representing the Company, we believe it reasonable to hypothesise the successful outcome of the dispute.

On 10 February 2014, the Supreme Court of Cassation, in sentence 20055/14 (filed on 24 September 2014), accepted the appeal by the Company, repealing the impugned sentence no. 23/2007 by the Regional Taxation Commission for Emilia Romagna, submitting for the second degree judge (in another proceeding) the decision regarding the claim, stating the need for the decision to be taken by proceeding with an "*adequate assessment of the expert findings*", consistently described by the same Court as "*extremely favourable to the taxpayer*". On 16 December 2014, the Company filed the claim again with the above-mentioned Taxation Commission; the date for the discussion of the dispute has yet to be established.

As at 31 December 2017, MARR S.p.A. had paid 6,040 thousand Euros as payment of taxes while awaiting judgment; this amount was classified under tax receivables.

During the course of 2007, several disputes arose with the Customs Authorities concerning the payment of preferential customs duties on certain imports of fish products. With reference to the most significant of these disputes, involving import duties amounting to approximately 250 thousand Euros concerning the purchase of certain goods from Mauritania, it must be pointed out that the judges in the first phase of proceedings rejected the recourses presented by the Company in May 2008, but in any case accepted the fact that the company was entirely extraneous to the claimed irregularities, as they were attributable exclusively to its suppliers, from whom, as already formally notified to them, all expenses and costs inherent and/or consequent to the aforementioned dispute will be reclaimed.
The appeal made by the Company against the first grade sentence has not been accepted by the Regional Tax Commission of Florence.
It should be noted that the Company appealed to the Supreme Court of Cassation in May 2013.

Lastly, it must be pointed out that on 29 June 2017, the Taxation Unit of the Guardia di Finanza (Finance Police) in Rimini started a tax inspection of a general nature (IRES, IRAP, VAT and other taxes) with MARR concerning the 2015 and subsequent fiscal years. The inspection ended and a Final Report was drawn up in which it was claimed that there had only been one presumed irregularity committed by MARR during the years involved. Specifically, this was the reduction, made pursuant to art. 87, paragraph 1 of Legislative Decree 917/86, amounting to 95% of the capital gains accrued during the 2015 business year, concerning the sale of the 55% holding in the share capital of the company Alisea Società Consortile a r.l., which was deemed to be improper. Considering the opinion expressed by our consultants, we believe that this presumed irregularity is unfounded, given that the Company acted correctly in determining the business profits. Because of this, on 20 December 2017, we filed with the Inland Revenue Service – Emilia Romagna Regional office and with the Inland Revenue Service – Rimini Provincial Office illustrative memorandums in which the reasons for the unfoundedness of the claim made were described analytically. As yet, we are still waiting to receive the notification setting the date for the first meeting, in which joint consultational proceedings will begin aimed at verifying the foundations of the reasons given by each of the parties for the circumstances described in the Final Report. Considering the opinion of the legal advisors who are assisting the Company in the proceedings, we deem it reasonable to believe that the case will in all probability conclude with a fully satisfactory outcome in favour of MARR.

19. Deferred tax assets and deferred tax liabilities

As at 31 December 2017, this item amounted to 524 thousand Euros. The table below shows the details of the items.

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
On taxed provisions	10,827	10,288
On costs deductible in cash	61	73
On costs deductible in subsequent years	845	755
On other changes	8	0
Deferred tax assets	11,741	11,116
On goodwill amortisation reversal	(7,739)	(7,078)
On funds subject to suspended taxation	(409)	(411)
On leasing recalculation as per IAS 17	(446)	(446)
On actuarial calc. of severance provision fund	220	228
On fair value revaluation of land and buildings	(3,513)	(3,526)
On allocation of acquired companies' goodwill	(694)	(701)
On cash flow hedge	548	601
Others	(232)	(109)
Deferred tax liabilities	(12,265)	(11,442)
Deferred tax assets / (liabilities)	(524)	(326)

20. Other non-current payables

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Other non current liabilities	1,007	761
Other non-current accrued expenses and deferred income	38	94
Total other non-current payables	1,045	855

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 or other liabilities with expiry date over 5 years.

Current liabilities

21. Current financial payables

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to banks	108,613	106,167
Payables to other financial institutions	974	1,015
Payables for the purchase of quotas / shares / going concern	10,574	11,290
Total Current financial payables	120,161	118,472

Current payables to banks:

(€thousand)		Balance at 31.12.17		Balance at 31.12.16
Current accounts		311		7,157
Loans/Advances		63,434		46,123
Loans:				
- Cassa di Risp.di Pescia e Pistoia	519		517	
- Centrobanca	0		1,385	
- Pop.Commercio e Industria	0		703	
- Pop.Comm. e Ind.	0		3,310	
- Pool financing with BNP Paribas	0		18,667	
- ICCREA Banca d'Impresa	0		3,347	
- Intesa San Paolo	8,005		6,628	
- Carige	9,998		4,967	
- Unicredit	8,962		8,960	
- Cassa di Risparmio di Ravenna	3,026		4,001	
- Unicredit 4788683	0		402	
- Intesa San Paolo	2,991		0	
- Cariparma	2,475		0	
- Ubi	5,990		0	
- Ubi	2,827		0	
- Popolare di Novara	75		0	
		44,868		52,887
		108,613		106,167

For more details regarding the variation compared to the previous business year, see that outlined in the paragraph 16 "Non current financial payables".

It should be noted that the item "Loans/Advances" includes, in addition to 24,500 thousand Euros for "hot money " loans and 11,597 thousand Euros for sbf advances, the 27,454 thousand Euros payables to Banca IMI due to the securitization operation started in the business year 2014 by the Parent Company.

The balance of payables to other financiers mainly includes:

- the payables for interest accrued concerning the bond private placement operation finalised in July 2013, amounting to 814 thousand Euros,
- the current quota of the payables for the ongoing financial leasing contracts (as detailed in the paragraphs 1 and 16 of these Explanatory Notes), amounting to total 219 thousand Euros.

As regarding to the payables for the purchase of quotas or shares, it is recalled that the Group paid the instalments expiring for a total amount of 12,240 thousand Euros (for the purchase quotas of the companies DE.AL S.r.l. and Speca Alimentari by the parent company and for Sama by the subsidiary New Catering); the liability as at 31 December 2017 is related to the last purchase price instalments of DE.AL (9,000 Thousand Euro) and of Speca Alimentari S.r.l (1,574 thousand Euro) which will expire in April and in December 2018 respectively.

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

22. Financial instruments / derivatives

The amount as at 31 December 2017, equal to 7 thousand Euros, concerns forward transactions in foreign currency to hedge the underlying transactions for the purchase of goods undertaken by the subsidiary AS.CA. These transactions are accounted as hedging financial flows.

23. Current tax liabilities

The breakdown of this item is as follows:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Irap/Ires	0	508
Other taxes payables	193	320
Irpef for employees	1,250	1,350
Irpef for external assistants	211	260
Total current tributary payables	1,654	2,438

This item relates to taxes payable of a determined and certain amount.
As regards MARR S.p.A., the 2013 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 decrease is mainly attributable to the net IRES receivable balance by the subsidiary DE.AL. S.r.l., which is not part of the National Consolidated Fiscal System as at 31 December 2017 and that exposed, in the previous year, a net debt balance for 508 thousand Euros.

24. Current trade liabilities

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to suppliers	319,849	305,152
Trade payables to Parent Company	147	210
Payables to Associated companies consolidated by the Cremonini Group	8,792	6,572
Payables to Associated companies	25	19
Payables to other correlated companies	47	141
Total current trade liabilities	328,860	312,094

The liabilities refer mainly to payables for the purchase of goods for sale and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 8,792 thousand Euros, "Payables to Parent Companies" for 147 thousand Euros and "Payables to Associated Companies" for 25 thousand Euros the details and analysis of which are reported in the Appendix 8 of these Explanatory Notes and "Payables to other Correlated Companies" for 47 thousand Euros.

25. Other current liabilities

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Current accrued income and prepaid expenses	1,256	1,393
Other payables	21,351	22,315
Total other current liabilities	22,607	23,708

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Other accrued expenses	63	66
Amounts due for remuneration of employees/directors	1,065	1,083
Other deferred income	3	5
Deferred income for interest from clients	125	239
Total current accrued expenses and deferred income	1,256	1,393

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Inps/Inail and other social security institutes	1,818	2,016
Enasarco/ FIRR	885	860
Payables to personnel for emoluments	4,821	4,755
Advances from customers, customers credit balances	12,270	13,274
Payables to insurance companies	165	198
Other sundry payables	1,392	1,212
Total other payables	21,351	22,315

The item "payables to personnel for emolument" and "accrual for remuneration of employees/directors" includes current salaries not yet paid as at 31 December 2017 and allocations for leave accrued but not taken, with relevant charges.
The item "*Advances from customers, customers credit balances*" includes the credit notes to be issued to customers for end of year premiums and contributions.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	142,876	16,964	35,854	195,694
Non current derivative/financial instruments	0	0	0	0
Employee benefits	9,264	0	0	9,264
Provisions for risks and charges	6,001	0	0	6,001
Deferred tax liabilities	524	0	0	524
Other non-current liabilities	1,045	0	0	1,045
Current financial payables	119,347	0	814	120,161
Current derivative/financial instruments	7	0	0	7
Current tax liabilities	1,620	0	34	1,654
Current trade liabilities	272,704	51,738	4,418	328,860
Other current liabilities	22,519	56	32	22,608
Total payables by geographic area	575,908	68,758	41,152	685,818

Guarantees, securities and commitments

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

Guarantees (totalling 20,066 thousand Euros).

These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 14,066 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 in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 6,000 thousand Euros as at 31 December 2017 and refers to credit lines granted to subsidiaries.

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Guarantees		
AS.CA S.p.A.	5,600	5,600
DE.AL. S.r.l.	400	8,602
Total Guarantees	6,000	14,202

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, amounting to 10,428 thousand Euros, refers to credit letters issued by certain credit institutes to guarantee obligations undertaken by the Parent Company and by AS.CA with certain foreign suppliers.

Comments on the main items of the consolidated statement of profit or loss

26. Revenues

Revenues are composed of:

(€thousand)	31.12.2017	31.12.2016
Revenues from sales - Goods	1,582,873	1,499,903
Revenues from Services	277	241
Other revenues from sales	68	15
Advisory services to third parties	301	201
Manufacturing on behalf of third parties	31	31
Rent income (typical management)	107	36
Other services	2,125	2,131
Total revenues	1,585,782	1,502,558

See that described in the Directors' Report with regard to comments on the performance of revenues.

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

(€thousand)	31.12.2017	31.12.2016
Italy	1,475,660	1,406,474
European Union	66,307	59,327
Extra-EU countries	43,815	36,757
Total	1,585,782	1,502,558

27. Other revenues

The Other revenues are broken down as follows

(€thousand)	31.12.2017	31.12.2016
Contributions from suppliers and others	34,290	37,927
Other Sundry earnings and proceeds	2,660	1,899
Reimbursement for damages suffered	906	946
Reimbursement of expenses incurred	787	864
Recovery of legal taxes	51	61
Capital gains on disposal of assets	82	142
Total other revenues	38,776	41,839

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers.
The comparison with the previous year shows that part of the contribution from suppliers has been included to reduce the cost of purchasing materials following the reformulation of some of the contracts for the recognition of end-of-year bonuses.

28. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2017	31.12.2016
Purchase of goods	1,277,372	1,214,955
Purchase of packages and packing material	4,782	4,298
Purchase of stationery and printed paper	802	803
Purchase of promotional and sales materials and catalogues	343	158
Purchase of various materials	670	772
Fuel for industrial motor vehicles and cars	310	296
Total purchase of goods for resale and consumables	1,284,279	1,221,282

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefit for some 5,513 thousand Euros, of the part of contribution from suppliers identifiable as end-of year bonuses.

29. Personnel costs

This item 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.

(€thousand)	31.12.2017	31.12.2016
Salaries and wages	27,311	27,424
Social security contributions	8,123	8,509
Staff Severance Provision	1,982	2,032
Other Costs	96	389
Total personnel costs	37,512	38,354

With regard to this item, it should be noted that, due to the process of outsourcing some of the operating activities (which has enabled, among other things, the better management of seasonal work) and the careful management of leave/permits and overtime work, 2017 shows a decrease compared to last year, thereby recovering the increased costs deriving from the employees of DE.AL and Speca Alimentari (effective from 4 April 2016 and 1 January 2017 respectively) and the salary increases provided by the CCNL for workers in the tertiary sector of distribution and services.

Breakdown of employees by category is as follows:

	Workers	Employees	Managers	Total
Employees at 31.12.16	291	546	8	845
Net increases and decreases	*(33)*	*4*	*0*	*(29)*
Employees at 31.12.17	258	550	8	816
Average employees at 31.12.17	289.4	549.8	8.0	847.3

30. Amortizations and write-downs

(€thousand)	31.12.2017	31.12.2016
Depreciation of tangible assets	6,320	5,506
Amortization of intangible assets	235	224
Provisions and write-downs	12,435	12,849
Total amortization and depreciation	18,990	18,579

(€thousand)	31.12.2017	31.12.2016
Allocation of taxable provisions for bad debts	9,865	9,268
Allocation of non-taxable provisions for bad debts	2,086	2,105
Provision for risk and loss fund	0	950
Provision for supplementary clientele severance indemnity	484	526
Total provisions and write-downs	12,435	12,849

For more details on provisions, reference is made to the relevant movements highlighted in notes 11 "Current trade receivables", 18 "Provisions for non-current risks and charges" in addition to that commented in the paragraph "Credit risk".

31. Other operating costs

(€thousand)	31.12.2017	31.12.2016
Operating costs for services	179,974	180,674
Operating costs for leases and rentals	9,737	9,518
Operating costs for other operating charges	1,592	1,613
Total other operating costs	191,303	191,805

(€thousand)	31.12.2017	31.12.2016
Sale expenses, distribution and logistic costs for our products	147,394	150,204
Energy consumption and utilities	10,242	10,021
Third-party production	3,738	3,460
Maintenance costs	4,912	4,421
Porterage and movement of goods	4,743	3,806
Advertising, promotion, exhibitions, sales (sundry items)	553	747
Directors' and statutory auditors' fees	873	892
Insurance costs	978	1,003
Reimbursement of expenses, travel costs and sundry personnel costs	451	359
General and other services	6,090	5,761
Total operating costs for services	179,974	180,674

It should be noted that the operating costs for services improved compared to 2016, despite the acquisitions of DE.AL and Speca Alimentari, effective from 4 April 2016 and 1 January 2017 respectively, thanks to the ongoing enhancement of the efficiency of operating management linked to the handling and distribution of our products, as well as the reduced impact of the net trade costs correlated to the sales costs.

(€thousand)	31.12.2017	31.12.2016
Lease of industrial buildings	9,251	9,035
Lease of processors and other personal property	161	233
Lease of industrial vehicles	113	12
Lease of cars	2	13
Lease of plants, machinery and equipment	77	82
Rent fees and other charges paid on other personal property	133	143
Total operating costs for leases and rentals	9,737	9,518

Finally it should be pointed out that the rental fees for industrial buildings include the fees of 668 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the properties located in St. Spagna 20 – Rimini.
The increase compared to the previous year is mainly related to the rent fees both for the industrial buildings in Elice (PE), effective from 4 April 2016 when the quota of the company DE.AL were acquired, and for the building located in Baveno (VB) where, since 1st January MARR Speca Alimentari (renamed MARR Lago Maggiore since 1 February) carry out its activities.

(€thousand)	31.12.2017	31.12.2016
Other indirect taxes, duties and similar charges	675	655
Expenses for recovery of debts	284	357
Other sundry charges	156	205
Capital losses on disposal of assets	76	66
IMU	345	276
Contributions and membership fees	56	54
Total operating costs for other operating charges	1,592	1,613

The item "other indirect taxes, duties and similar charges" mainly includes: tax and register duties, local duties and taxes and car and vehicle ownership tax.

32. Financial income and charges

(€thousand)	31.12.2017	31.12.2016
Financial charges	6,090	7,395
Financial income	(1,279)	(2,339)
Foreign exchange (gains)/losses	138	(119)
Total financial (income) and charges	4,949	4,937

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

The detail of financial charges and income is as follows:

(€thousand)	31.12.2017	31.12.2016
Interest paid on other loans, bills discount, hot money, imports	3,393	3,698
Interest payable on loans	83	304
Interest payable on discounted bills, advances, exports	426	105
Other financial interest and charges	2,187	3,287
Interest and Other financial charges for Consolidated Parent Companies	1	1
Total financial charges	6,090	7,395

The decrease in financial charges, as well as in the Report of the Directors, has benefited from a positive trend in interest rates which led to a reduction in the cost of money.

(€thousand)	31.12.2017	31.12.2016
Other sundry financial income (interest from customers, etc.)	(1,132)	(2,276)
Interests and financial income from Parent Companies	(11)	(22)
Positive interest from bank accounts	(136)	(41)
Total Financial Income	(1,279)	(2,339)

The other financial income concerns the interests due from clients for payment delays; the decrease of financial income compared to the previous period is mainly due to the conclusion of some repayment plan and also to the betterment of some credit positions.

33. Revenues / (Losses) from investments evaluated using the Net Equity method

This item, that shows a loss of 156 thousand Euros, represent the equity evaluation of the investment in the company Griglia Doc S.r.l., that is 50% owned by DE.AL. S.r.l.. For further details refer to paragraph 4.

34. Taxes

(€thousand)	31.12.2017	31.12.2016
Ires-Ires charge transferred to Parent Company	21,595	22,542
Irap	4,637	4,679
Net provision for deferred tax assets and liabilities	211	907
Previous years tax	(2)	(10)
Total taxes	26,441	28,118

As explain in the Directors Report, we point out that the tax of the period benefited from the reduction in the Ires tax rate from 27.5% to 24%, approved by the 2016 stability law with effect from business years starting after 31 December 2016.

Reconciliation between theoretical and effective fiscal charges

(€thousand)	*Year 2017*		*Year 2016*	
	Taxable amount	*Tax*	*Taxable amount*	*Tax*
I.R.E.S.				
Profit before taxation	95,926		90,224	
Taxation rate	24.00%		27.50%	
Theoretical tax burden		23,022		24,812
Permanent differences				
Non-deductible depreciation	580		360	
Write-down of financial assets	6		0	
Other	960		960	
	1,546		1,320	
Deductible depreciation	(2,807)		(2,571)	
Dividends from Italian companies (95%)	(3,789)		(3,465)	
Income from subsidiaries disposal (95%)	0		0	
Personel cost not deducted to Irap	(163)		(131)	
Other	(1,741)		(4,462)	
	(8,500)		(10,629)	
Temporary differences deductible in future years				
Allocation of taxed provision for bad debts	10,018		10,337	
Maintenance costs excess 5%	0		0	
Other	679		739	
Deductible entertainment expenses	0		0	
	10,697		11,076	
Reversal of temporary differences from previous years				
Surplus value deductible in future years	0		0	
	0		0	
Use of taxed provision for bad debts	(7,723)		(8,438)	
Use of others taxed provisions	(401)		(335)	
Amount deductible entertainment expenses	0		0	
Amount of Write-down of financial assets	0		0	
Amount of maintenance cost excess 5%	(9)		(20)	
Other	(967)		(677)	
	(9,100)		(9,470)	
Taxable income	90,570		82,521	
Taxation rate	24.00%		27.50%	
Actual tax burden		21,737		22,693
Balance of IRES for past business years and roundings		(142)		(151)
Reimbursements of previous business years		0		0
Actual Tax burden of Period		21,595		22,542
I.R.A.P.				
Profit before taxation	95,926		90,224	
Cost not relevant for I.R.A.P.				
Income and expense from investments	(3,830)		(3,660)	
Financial income and expense	4,997		1,292	
Personnel costs	37,688		38,795	
Theorical taxable	134,782		126,651	
Taxation rate	3.95%		3.95%	
theoretical tax burden		5,318		4,998
Other	(20,032)		(9,740)	
Taxable income	114,750		116,911	
Taxation rate	4.02%		4.00%	
Actual tax burden		4,609		4,674
Balance of IRAP for past business years and roundings		28		5
Actual Tax burden of Period		4,637		4,679

35. Earnings per share

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

(in Euro)	2017	2016
EPS base	0.98	0.88
EPS diluted	0.98	0.88

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

Earnings:

(€thousand)	31.12.2017	31.12.2016
Profit for the period	65,504	58,524
Minority interests	0	0
Profit used to determine basic and diluted earnings per share	65,504	58,524

Number of shares:

(number of shares)	31.12.2017	31.12.2016
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

36. 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 interest rates related to variable rate loans existing at the date; hedging exchange risk rate related to the bond in US dollars signed with an operation of private placement in July 2013; effective part of the exchange purchase transactions to hedge the purchases of goods. The value indicated amounted to a total profit of 161 thousand Euros (-785 thousand Euros in the year 2016) and is shown net of the taxation effect (that amounts to approximately -51 thousand Euros as at 31 December 2017).
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits"; the value indicated, amounting to a total profit of 68 thousand Euros (a loss of 95 thousand Euros in 2016), is shown net of the taxation effect (that amount to about -22 thousand Euros as at 31 December 2017).

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 statement of other comprehensive income.

Net financial position

As regards the details of the components of the net financial position and indication of the payables and receivables to and from correlated parties, refer to that outlined in the Directors' report on management performance.

	MARR Consolidated (€thousand)	*31.12.17*	*31.12.16*
A.	Cash	9,133	9,137
	Cheques	0	0
	Bank accounts	147,044	104,770
	Postal accounts	108	253
B.	Cash equivalent	147,152	105,023
C.	Liquidity (A) + (B)	156,285	114,160
	Current financial receivable due to Parent Company	1,259	2,930
	Current financial receivable due to Related Companies	0	0
	Others financial receivable	716	919
D.	Current financial receivable	1,975	3,849
E.	Current Bank debt	(63,745)	(53,280)
F.	Current portion of non current debt	(44,868)	(52,887)
	Financial debt due to Parent Company	0	0
	Financial debt due to Related Companies	0	0
	Other financial debt	(11,555)	(12,305)
G.	Other current financial debt	(11,555)	(12,305)
H.	Current financial debt (E) + (F) + (G)	(120,168)	(118,472)
I.	Net current financial indebtedness (H) + (D) + (C)	38,092	(463)
J.	Non current bank loans	(159,583)	(125,240)
K.	Other non current loans	(36,112)	(51,770)
L.	Non current financial indebtedness (J) + (K)	(195,695)	(177,010)
M.	Net financial indebtedness (I) + (L)	(157,603)	(177,473)

Events after the closing of the year

With regard to the events subsequent to the yearend closing, refer to the Directors' report on management performance.

° ° °

Rimini, 14 March 2018

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

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

- Appendix 1 – List of equity investments, including those falling within the scope of consolidation as at 31 December 2017.
- Appendix 2 – Statement of financial position, Income statement, Statement of comprehensive income, Cash-flows statement and Changes in net equity of the Parent Company MARR S.p.A. as at 31 December 2017.
- Appendix 3 – Table showing reconciliation as at 31 December 2017 between the Parent Company's Net Equity and the consolidated Net Equity.
- Appendix 4 – Table showing variations in Intangible Assets for the year ending 31 December 2017.
- Appendix 5 – Table showing variations in Tangible Assets for the year ending 31 December 2017.
- Appendix 6 – Table showing the essential data from Cremonini S.p.A. and consolidated financial statements as at 31 December 2016.
- Appendix 7 – Information as per art. 149-duodecies of the Consob Issuers Regulations.
- Appendix 8 – Table summarising the relations with parent companies, subsidiaries, related parties and associates.
- Appendix 9 – Reconciliation of liabilities deriving from financing activities as at 31 December 2017.
- Appendix 10 – Detail of lands and buildings owned by the Group.

MARR GROUP S.p.A.
LIST OF EQUITY INVESTMENTS
AT 31 DECEMBER 2017

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control	
				Company	Share held
COMPANY 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 (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
De.Al. S.r.l.	Elice (PE)	3,000	100.0%		
Speca Alimentari S.r.l.	Santarcangelo di R (RN)	100	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
Griglia Doc S.r.l.	Elice (PE)	2,000		De.Al. S.r.l.	50.0%
EQUITY INVESTMENTS VALUED AT COST:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

MARR S.p.A. STATEMENT OF FINANCIAL POSITION

(€)	*31.12.17*	*31.12.16*
ASSETS		
Non-current assets		
Tangible assets	64,744,269	65,898,767
Goodwill	94,260,786	94,260,786
Other intangible assets	1,727,090	1,041,637
Investments in subsidiaries and associated companies	65,975,023	57,535,945
Investments in other companies	299,812	299,812
Non-current financial receivables	1,171,291	2,153,029
Non current derivative/financial instruments	585,619	5,401,347
Deferred tax assets	0	0
Other non-current assets	31,066,336	30,555,602
Total non-current Assets	259,830,226	257,146,925
Current assets		
Inventories	139,898,260	134,757,540
Financial receivables	6,375,065	7,824,567
relating to related parties	*5,677,148*	*6,907,053*
Current derivative/financial instruments	10,879	0
Trade receivables	353,983,822	347,143,031
relating to related parties	*14,923,508*	*12,879,929*
Tax assets	8,215,154	8,647,479
relating to related parties	*764,617*	*1,193,952*
Cash and cash equivalents	146,786,491	106,505,788
Other current assets	47,159,096	46,138,270
relating to related parties	*303,683*	*2,006,443*
Total current Assets	702,428,767	651,016,675
TOTAL ASSETS	*962,258,993*	*908,163,600*
LIABILITIES		
Shareholders' Equity	297,493,923	280,623,013
Share capital	*33,262,560*	*33,262,560*
Reserves	*198,547,629*	*189,101,019*
Retained Earnings	*0*	*0*
Profit for the period	*65,683,734*	*58,259,434*
Total Shareholders' Equity	297,493,923	280,623,013
Non-current liabilities		
Non-current financial payables	195,694,505	176,830,993
Non current derivative/financial instruments	0	86,936
Employee benefits	8,037,667	9,432,620
Provisions for risks and charges	4,921,612	4,847,388
Deferred tax liabilities	965,869	896,801
Other non-current liabilities	1,045,672	854,131
Total non-current Liabilities	210,665,325	192,948,869
Current liabilities		
Current financial payables	117,845,033	115,359,081
relating to related parties	*2,486,202*	*1,763,093*
Current derivative/financial instruments	0	0
Current tax liabilities	1,511,898	1,625,010
relating to related parties	*0*	*0*
Current trade liabilities	314,008,266	295,696,419
relating to related parties	*8,792,860*	*8,116,320*
Other current liabilities	20,734,548	21,911,208
relating to related parties	*249,778*	*30,482*
Total current Liabilities	454,099,745	434,591,718
TOTAL LIABILITIES	*962,258,993*	*908,163,600*

MARR S.p.A. STATEMENT OF PROFIT OR LOSS

(€)	***31.12.2017***	*31.12.2016*
Revenues	1,506,153,833	1,382,444,012
relating related parties	*57,940,504*	*44,761,763*
Other revenues	36,906,109	38,839,233
relating to related parties	*501,809*	*420,926*
Changes in inventories	5,140,720	22,732,275
Purchase of goods for resale and consumables	(1,224,575,395)	(1,137,640,476)
relating to related parties	*(76,018,295)*	*(75,349,860)*
Personnel costs	(34,871,759)	(34,460,604)
relating to related parties	*0*	*(13,462)*
Amortization, depreciation and write-downs	(17,551,897)	(16,757,886)
Other operating costs	(183,042,039)	(173,301,159)
relating to related parties	*(7,132,276)*	*(3,898,356)*
Financial income and charges	(4,903,892)	(4,830,466)
relating to related parties	*61,854*	*115,377*
Income (charge) from associated companies	3,982,539	3,659,954
Profit before taxes	***87,238,219***	***80,684,883***
Taxes	(24,011,253)	(24,882,217)
Profit for the period	***63,226,966***	***55,802,666***
EPS base (euros)	0.95	0.84
EPS diluted (euros)	0.95	0.84

MARR S.p.A. STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*31.12.2017*	*31.12.2016*
Profits for the period (A)	*63,226,966*	*55,802,666*
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	167,909	(785,250)
Items not to be reclassified to profit or loss in subsequent periods:		
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect	49,438	(34,305)
Total Other Profits/Losses, net of taxes (B)	*217,347*	*(819,555)*
Comprehensive Income (A + B)	*63,444,313*	*54,983,111*

CASH FLOWS STATEMENT (INDIRECT METHOD)

MARR S.p.A. *(€thousand)*	*31.12.17*	*31.12.16**
Profit for the Period	63,227	55,803
Adjustment:		
Amortization / Depreciation	6,016	5,202
Allocation of provison for bad debts	11,200	10,200
Allocation of provision for investments in subsidiaries	5	4
Allocation of provision for risks and losses	0	950
Provision for supplementary clientele severance indemnity	342	412
Capital profit/losses on disposal of assets	(4)	(43)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	4,755	4,946
relating to related parties	*(36)*	*(115)*
Foreign exchange evaluated (gains)/losses	190	(68)
Income from subsidiaries disposal	0	0
Dividends Received	(3,988)	(3,647)
	18,516	17,956
Net change in Staff Severance Provision	(1,395)	481
(Increase) decrease in trade receivables	(18,041)	(3,187)
relating to related parties	*(2,044)*	*(7,253)*
(Increase) decrease in inventories	(5,140)	(22,733)
Increase (decrease) in trade payables	18,312	32,143
relating to related parties	*676*	*4,678*
(Increase) decrease in other assets	(1,530)	(1,461)
relating to related parties	*1,703*	*(514)*
Increase (decrease) in other liabilities	(1,251)	(1,365)
relating to related parties	*219*	*(30)*
Net change in tax assets / liabilities	24,803	25,500
relating to related parties	*20,710*	*20,002*
Interest paid	(6,084)	(7,346)
relating to related parties	*(26)*	*(12)*
Interest received	1,329	2,400
relating to related parties	*62*	*127*
Foreign exchange gains	295	576
Foreign exchange losses	(485)	(508)
Income tax paid	(24,415)	(23,992)
relating to related parties	*(20,281)*	*(20,444)*
Cash-flow from operating activities	68,141	74,267
(Investments) in other intangible assets	(893)	(489)
(Investments) in tangible assets	(5,103)	(8,230)
Net disposal of tangible assets	454	287
Net (investments) in equity investments (subsidiaries and associated)	(8,444)	(36,000)
Net (investments) in equity investments in other companies	0	5
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	(12,155)	(21,674)
Dividends Received	3,983	3,647
Cash-flow from investment activities	(22,158)	(62,454)
Distribution of dividends	(46,568)	(43,907)
Other changes, including those of third parties	212	(825)
Net change in financial payables (excluding the new non-current loans received)	6,959	59,514
relating to related parties	*723*	*7,233*
New non-current loans received	115,000	37,000
relating to related parties	*0*	*0*
Repayment of other long - term debt	(88,542)	(42,250)
relating to related parties	*0*	*0*
Net change in current financial receivables	1,439	(972)
relating to related parties	*1,231*	*(1,548)*
Net change in non-current financial receivables	5,797	215
Cash-flow from financing activities	(5,703)	8,775
Increase (decrease) in cash-flow	40,280	20,588
Opening cash and equivalents	106,506	85,918
Closing cash and equivalents	146,786	106,506

*It must be pointed out that the figures as at 31 December 2016 have been restated for comparative purposes where necessary to acknowledge the new aspects introduced by the changes to IAS 7 in force from 1 January 2017.
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 8 to the following Explanatory Notes.

MARR S.p.A. STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY

Description	Share Capital	Other Reserves												Profits carried over	Total net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves		
Balance at 1st January 2016	33,263	63,348	6,652	12	36,496	57,542	1,475	7,516	(1,117)	1,479	1,823	(656)	174,570	58,940	266,773
Allocation of 2015 profit						12,577							12,577	(12,577)	
Distribution dividends Marr S.p.A.														(43,907)	(43,907)
Merger of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. in MARR S.p.A.											2,779		2,779		2,779
Other minor variations										(6)			(6)		(6)
Consolidated comprehensive income 2016:															
- Profit for the period														55,803	55,803
- Other Profits/Losses, net of taxes									(785)			(34)	(819)		(819)
Balance at 31 December 2016	33,263	63,348	6,652	12	36,496	70,119	1,475	7,516	(1,902)	1,473	4,602	(690)	189,101	58,259	280,623
Allocation of 2016 profit						9,235							9,235	(9,235)	
Distribution dividends Marr S.p.A.														(46,568)	(46,568)
Other minor variations										(6)			(6)	1	(5)
Consolidated comprehensive income 2017:															
- Profit for the period														63,227	63,227
- Other Profits/Losses, net of taxes									168			49	217		217
Balance at 31 December 2017	33,263	63,348	6,652	12	36,496	79,354	1,475	7,516	(1,734)	1,467	4,602	(641)	198,547	65,684	297,494

Reconciliation between the Parent Company's Net Equity and the consolidated Net Equity as at 31 December 2017

	Increase/(Decrease)	
	Shareholders' Equity	of which Net Profit for the period
Parent Company's shareholders' equity and profit/(loss) for the year	297,494	63,227
Effect of the consolidation on a line-by-line basis:		
-- Difference between the book value of the consolidated subsidiaries and the relevant portion of shareholders' equity	(55,429)	0
-- Allocation of the surplus of the purchase price paid for the acquisition of equity investments consolidated on a line-by-line basis, to lands, buildings and consolidation difference	56,675	(18)
-- Pro rata subsidiary profits (losses)	6,328	6,328
Allocation of the consolidation differences caused by the company amalgamations	2,718	0
Write-off of the goodwill caused by company merged	(2,053)	0
Effect of the elimination of profits not yet realised from transactions between Group companies, net of the applicable tax effect	(1,572)	(3,971)
Adjustments to adapt the financial statements of some consolidated companies to Group Accounting Standards	565	(62)
Group's share of net equity and profit/(loss)	304,726	65,504

Intangible fixed assets (in thousand of Euros)	OPENING BALANCE			MOVEMENTS DURING THE YEAR				CLOSING BALANCE		
	Original Cost	Provision for amortization	Balance 01/01/2017	Purchases/ reclassification	Consolidation Change	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2017
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	5,956	(5,375)	581	366	1		(233)	6,323	(5,608)	715
Concessions, licences, brand names, and similar rights	176	(158)	18				(2)	176	(160)	16
Goodw ill	143,280		143,280		6,641			149,921		149,921
Intangible fixed assets under development and advances	506		506	537				1,043		1,043
Other intangible fixed assets	436	(436)						436	(436)	
Total	**150,354**	**(5,969)**	**144,385**	**903**	**6,642**		**(235)**	**157,899**	**(6,204)**	**151,695**

Tangible fixed assets	Opening balance			Movements during the year								Closing balance		
					SPECA Acquisition	SPECA Acquisition	Decreases		Reclassification					
(in thousand of Euros)	Original Cost	Provision for amortization	Balance 01/01/2017	Purchases/ other movements	Original cost	Prov. for am.	Original cost	Prov. for am.	Original cost	Prov. for am.	Amortization/ write down	Original Cost	Provision for amortization	Balance 31/12/2017
Land and buildings	82,678	(25,513)	57,165	830							(2,225)	83,508	(27,738)	55,770
Plant and machinery	34,785	(25,952)	8,833	1,958	38	(30)	(17)	16	9		(2,404)	36,773	(28,370)	8,403
Industrial and commercial equipment	6,577	(4,851)	1,726	398	408	(301)	(196)	104			(376)	7,187	(5,424)	1,763
Other tangible assets	16,354	(12,357)	3,996	1,711	349	(250)	(1,516)	972			(1,321)	16,898	(12,956)	3,941
Tangible fixed assets under development and advances	9		9	272					(9)			272		272
Total	**140,403**	**(68,673)**	**71,729**	**5,169**	**795**	**(581)**	**(1,729)**	**1,092**			**(6,326)**	**144,638**	**(74,488)**	**70,149**

Appendix 6

Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company -

Financial Statements as of December 31, 2016

Cremonini S.p.A.		in thousands of Euros		Consolidated
		BALANCE SHEET		
		ASSETS		
83,292		Tangible assets		941,481
7		Goodwill and other intangible assets		220,455
256,532		Investments		16,205
3,061		Non-current assets		67,024
342,892		*Total non-current assets*		*1,245,165*
0		Inventories		407,084
16,043		Receivables and other current assets		679,096
10,432		Cash and cash equivalents		238,730
26,475		*Total current assets*		*1,324,910*
369,367		**Total assets**		**2,570,075**
		LIABILITIES		
238,817		Shareholders' equity:		*795,127*
	67,074	Share capital	67,074	
	154,027	Reserves	372,206	
	17,716	Net profit (loss)	51,390	
	0	Minority interest	304,457	
44,747		Non-current financial payables		592,427
354		Employee benefits		29,057
245		Provisions for risks and charges		15,159
4,515		Other non-current liabilities		61,361
49,861		*Total non-current liabilities*		*698,004*
73,138		Current financial payables		348,803
7,551		Current liabilities		728,141
80,689		*Total current liabilities*		*1,076,944*
369,367		**Total Liabilities**		**2,570,075**
		INCOME STATEMENT		
5,866		Revenues		3,633,625
1,360		Other revenues		67,841
		Changes in inventories		(8,281)
		Internal works performed		3,842
(53)		Purchase of goods		(2,499,576)
(5,540)		Other operating costs		(571,271)
(2,667)		Personnel costs		(357,682)
(2,144)		Amortization		(71,081)
(15)		Depreciation and Allocations		(27,150)
21,898		Income from investments		720
(1,837)		Financial income and charges		(27,197)
0		Profit from business aggregations		0
16,868		*Profit before taxes*		143,790
848		Taxes		(50,993)
17,716		Net profit (loss) before consolidation		92,797
0		Minority interest's profit (loss)		(41,407)
17,716		**Consolidated Net profit (loss)**		**51,390**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2016. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2016, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

Appendix 7

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulations, shows the fees pertinent to business year 2017 for services rendered to the Group companies by Auditing Firms or entities belonging to the auditing firms' network

(€thousand)	Service Company	Client	Fees pertinent to business year 2017
Auditing	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	106
	PricewaterhouseCoopers S.p.A.	As.Ca S.p.a.	19
Certification service			0
Other services *			30
Total			155

* It should be noted that the amount indicated in the items "Other services" is referred to the compliance and assessment activities related to the new normative introduced by the Legislative Decree 254/2016.

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. (*)	438	1,224	1,259	147			4		1	11		1,230			
Total	438	1,224	1,259	147	0	0	4	0	1	11	0	1,230	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:															
Griglia DOC S.r.l.				25			3	20	1			20			
Total	0	0	0	25	0	0	3	20	1	0	0	20	0	0	0
From Affiliated Companies (**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,457	9		5			9,593					49			
Fiorani & C. S.p.a.		61		231					48		2,271				
Ges.Car. S.r.l.							12								
Global Service Logistics S.r.l.															
Global Service S.r.l.				314								973		1	
Guardamiglio S.r.l.	7			2			36								
Inalca Algerie S.a.r.l.	10														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	819	2		25	56		9,045	276			417	7			
Inalca Kinshasa S.p.r.l.	277														
Inalca S.p.a.	126	148		7,809	4		470		268		68,717	24			
Inter Inalca Angola Ltda	173														
Interjet S.r.l.															
Italia Alimentari S.p.a.	3	84		406			4		124		4,506				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	8,904				160		33,304	20				1			
Roadhouse Grill Roma S.r.l.	775				30		2,676								
Tecno-Star Due S.r.l.															
Time Vending S.r.l.	29								24						
From Affiliated Companies															
Farmservice S.r.l.							78								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	13,582	304	0	8,792	250	0	55,218	296	464	0	75,911	1,054	668	1	0

(*) The item in the Other Receivables column relates to the IRES benefit transferred from MARR S.p.A. and its subsidiaries within the scope of the National Consolidated tax base, for the Ires balance of the year and for the remaining part of the requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011. 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 31 DECEMBER 2017*

	31 December 2017	Cash flows	Purchases	Non-financial changes: Other changes/ reclassifications	Non-financial changes: Exchange rates variations	Fair value variation	31 December 2016
Current payables to bank	63,745	10,569	1	(105)	0	0	53,280
Current portion of current debt	44,868	(42,090)	125	33,947	0	0	52,887
Current financial payables for bond private placement in US dollars	755	(803)	0	755	0	0	803
Current financial payables for leasing contracts	219	(351)	47	311	0	0	212
Current financial payables for purchase of quotas or shares	10,574	(12,240)	1,054	10,470	0	0	11,290
Total current financial payables	120,161	(44,915)	1,227	45,378	0	0	118,472
Current payables/(receivables) for hedging financial instruments	7	7	0	0	0	0	0
Total current financial instruments	7	7	0	0	0	0	0
Non-current payables to bank	159,583	68,270	0	(33,839)	0	0	125,153
Non-current financial payables for bond private placement in US dollars	35,603	0	0	62	(4,939)	0	40,480
Non-current financial payables for leasing contracts	509	(8)	8	(311)	0	0	820
Non-current financial payables for purchase of quotas or shares	0	0	0	(10,470)	0	0	10,470
Total non-current financial payables	195,695	68,262	8	(44,558)	(4,939)	0	176,923
Non-current payables/(receivables) for hedging financial instruments	0	(87)	0	0	0	0	87
Total non-current financial instruments	0	(87)	0	0	0	0	87
Total liabilities arising from financial activities	**315,863**	**23,267**	**1,235**	**820**	**(4,939)**	**0**	**295,482**

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows	35,504
Other changes/ reclassifications	820
Exchange rates variations	(4,939)
Fair value variation	0
Total detailed variations in the table	**31,385**
Other changes in financial liabilities	5,379
New non-current loans received	115,000
Non current loans repayment	(88,994)
Total changes shown between financing activities in the Cash Flows Statement	**31,385**

*There is no information on the flows of 2016, as IAS 17 has established a prospective application which does not require the comparative information to be included in the initial application of the relevant amendments.

Detail of Lands and building own by the Group *
(Value in thousand Euros)

	Original Cost	Prov. For Am.	Net Book Value
Building in Spezzano Albanese - St.Prov.le 19	1,779	693	1,086
Land in Spezzano Albanese close to the building	125	0	125
Building in Pistoia - St F.Toni loc.Bottegone	5,305	1,728	3,577
Land of Building in Pistoia	1,000	0	1,000
Building in Santarcangelo of Romagna (RN) - St. dell'Acero 1/a	3,620	1,355	2,265
Land of Building St. dell'Acero 1/a	954	0	954
Building in Santarcangelo of Romagna (RN)- St. dell'acero 2-4	5,227	2,195	3,032
Land of Building St. acero 2-4	2,422	0	2,422
Building in Opera (MI) - St. Cesare Pavese, 10	4,406	2,004	2,402
Land of Building Opera	2,800	0	2,800
Building in San Michele al Tagl.to (VE) - St. Plerote, 6	3,981	1,736	2,245
Land of Building San Michele	1,100	0	1,100
Building in Uta (CA) - Zona ind.le Macchiareddu	4,045	1,594	2,451
Land of Building Uta	1,531	0	1,531
Building in Portoferraio (LI) - Località Antiche Saline	1,502	678	824
Land of Building Portoferraio	990	0	990
Surface ownership Building in Bologna - St. Fantoni, 31	11,857	1,418	10,439
Land in Rimini loc.SAN VITO - St. Emilia Vecchia, 75	7,078	0	7,078
Building in Villanova di Castenaso (BO) - St. Trattati di Roma, 64	2,488	1,118	1,370
Land of Building in Villanova of Castenaso	542	0	542
TOTAL	62,752	14,519	48,233

* The value given in the table represents only the land and buildings owned and does not consider the values of the enhancements to the buildings leased and minor construction, both classified under "Land and buildings".

STATEMENT OF CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO ART. 154-BIS PARAGRAPH 2 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 year 2017.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the consolidated financial statement as at 31 December 2017 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:

    3.1 The consolidated financial statements:

    a. are drafted 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;
    b. correspond to the findings in the accounts books and documents;
    c. 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.

    3.2 The Directors' report on management includes a reliable analysis of performance levels and the management result, and also on the situation of the issuer and the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Rimini, 14 March 2018

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

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
MARR SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of MARR Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2017, the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in Shareholders' equity, consolidated cash flows statement for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of MARR SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	*Auditing procedures performed in response to key audit matters*

Goodwill

Note 2 to the consolidated financial statements

The consolidated financial statements of MARR SpA include indefinite useful life intangible assets that are not amortised but tested for impairment at least once a year. These comprise goodwill for about Euro 149.9 million (representing 15% of total consolidated assets). During the year 2017, the balance of goodwill increased (for about Euro 6.6 million) following the acquisition of Speca Alimentari Srl..
Management considers MARR S.p.A. and the individual subsidiaries as the smallest groups of assets based on which management valued the return on the investment which includes the goodwill (the cash generating unit, "CGU").

Total goodwill is analysed as follows:

Goodwill	Value in thousands of Euro
Marr SpA	93,380
As.Ca SpA	8,634
New Catering Srl	5,082
De.Al Srl	36,184
Speca Alimentari Srl	6,641

To determine value in use management used the discounted cash flow (DCF) method, under which the enterprise value of an entity or CGU is equal to the sum of the present value of the estimated cash flows for the years of the explicit forecast period and, at the end of that period, of the terminal value.

As part of the statutory audit of the consolidated financial statements as of 31 December 2017, we focused on this financial statements area in

Auditing procedures performed

As part of our auditing activities on the consolidated financial statements as of 31 December 2017 we performed the following procedures.

We obtained the impairment tests prepared by management and approved by the board of directors of MARR SpA on 14 March 2018.

We verified that the Group had made no changes to definition of the CGUs identified in the past and that, in substance, represent the main geographical markets in which it operates. Following the acquisition of Speca Alimentari Srl, a new, specific CGU was created that was also tested for impairment.
We verified the mathematical accuracy of the calculations underlying the tests and the values of the net invested capital of the CGUs identified as of 31 December 2017 and used for comparison with the corresponding values in use.

With reference to the future cash flows used in the impairment test model, we verified their consistency with the projections in the underlying business plans (approved by the board of directors) and the reasonableness of the assumptions used, in light of the past performance of the individual CGUs and of the Group.

The business plans were discussed with management.

We verified that the method applied was consistent with IAS 36 as adopted by the European Union and with common valuation

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
consideration of the magnitude of the balances and the fact that the recoverability of the carrying amounts was verified by management based on estimates and assumptions that require a high degree of judgment with reference to both future cash flows and discount rates.	practice. Moreover, the key valuation parameters adopted were analysed for reasonableness. With specific reference to the method of calculation of the discount rates applied (weighted average cost of capital, "WACC"), we analysed whether they had been determined in accordance with common best practice and based on market data. Similarly, we also assessed the calculation of the medium-/long-term growth rates ("g") against the indications of IFRS as adopted by the European Union. Finally, we analysed the completeness and accuracy of the disclosures provided by management on the results of the impairment test.
Inventories *Note 8 to the consolidated financial statements* The consolidated financial statements of MARR SpA show inventories of Euro 147.5 million as of 31 December 2017 (representing 15% of total consolidated assets). Inventories are carried at the lower of purchase or production cost, determined under the FIFO (First In First Out) method, and estimated realisable value derived from the market. The Group operates throughout the Italian territory, through 32 branches. As part of the statutory audit of the consolidated financial statements as of 31 December 2017, we focused on this financial statements area in consideration of the magnitude of the amounts and the presence of estimates and assumptions requiring a high degree of judgement by management about the future recoverability of the value of inventories.	**Auditing procedures performed** As part of our auditing activities on the consolidated financial statements as of 31 December 2017 we performed the following procedures. We understood and evaluated the controls implemented by the Company (mainly the automated procedure for measuring consolidated inventories at FIFO, the monitoring of goods in transit, the periodical reconciliation of sales recorded and the value of goods withdrawn from inventory) in order to assess the correctness of management and valuation of the inventories. In the course of our work we also selected a sample of product codes in stock as of 31 December 2017 and re-performed the calculation of the related values.

Key Audit Matters	Auditing procedures performed in response to key audit matters
	In order to obtain suitable evidence supporting the existence of the balance reported, we selected four of the Group's branches, on a test basis, and observed the physical stocktakings, and we verified the correct recognition of the quantities in stock at the date of the count, also on a test basis; during our inspections we also discussed with the warehouse managers the procedures applied to identify and manage any damaged or obsolete goods. We selected a sample of purchases and goods booked in or out of inventory during December 2017 and January 2018 and we verified the correct cut-off. Finally, we analysed and tested the procedure applied to identify any product codes sold at a loss and we verified their correct recognition. We also performed an analysis, on a test basis, to evaluate the existence of other product codes sold at a loss and the related accounting treatment.
Trade receivables *Note 11 to the consolidated financial statements* The consolidated financial statements of MARR SpA include trade receivables per Euro 369.7 million (representing 37% of total consolidated assets). Management measured those receivables at nominal value (representing fair value) less any write-downs. Due to the high receivables turnover, the application of the amortised cost method does not generate a significant impact. The bad debt reserve recognised is the difference between the value at which the receivables were initially recognised and a reasonable estimate of the cash flows expected from their collection. As part of the statutory audit of the consolidated	**Auditing procedures performed** We understood and evaluated the internal procedures adopted by the Group to measure trade receivables; we also performed sample tests (extraction and monthly monitoring of the receivables report with evidence of overdue positions and accounts not yet due, periodical submission of the status of the receivables to the Audit and Risk Committee, monthly definition of accounts to be turned over for legal action) in order to verify their effectiveness. We understood and evaluated the procedures in place for monitoring receivables and verified the effectiveness of the main internal controls. We analysed accounts receivable and payments received after the year end to identify any

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
financial statements as of 31 December 2017, we focused on this financial statements area in consideration of the magnitude of the amounts and the fact that the recoverable amount is an estimate by management.	accounts that were potentially not recoverable. We selected a sample of trade receivables and sent confirmation letters for the balances as of 31 December 2017. We then compared and reconciled replies received to the amounts in the consolidated financial statements, and where no replies were received we examined supporting evidence. Moreover, we obtained the ageing list of receivables to identify any significant positions; we then isolated the largest balances and significant overdue amounts, and we discussed and analysed critically those amounts with credit management to obtain supporting evidence for the estimated provisions for bad debts. We sent inquiries to all legal counsels who deal with disputed receivables and we obtained documentary evidence supporting the valuation of the receivables. We then compared the valuations performed by external professionals with the amounts in the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Group’s ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management either intends to liquidate MARR SpA or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 20 April 2016, the shareholders of MARR SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 2014.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

Management of MARR SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the MARR Group as of 31 December 2017, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the MARR Group as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of MARR SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 30 March 2018

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

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

MARR S.p.A.

Financial Statements as at December 31, 2017

STATEMENT OF FINANCIAL POSITION

(€)	*Notes*	*31.12.17*	*31.12.16*
ASSETS			
Non-current assets			
Tangible assets	1	64,744,269	65,898,767
Goodwill	2	94,260,786	94,260,786
Other intangible assets	3	1,727,090	1,041,637
Investments in subsidiaries and associated companies	4	65,975,023	57,535,945
Investments in other companies	5	299,812	299,812
Non-current financial receivables	6	1,171,291	2,153,029
Non current derivative/financial instruments	7	585,619	5,401,347
Deferred tax assets	20	0	0
Other non-current assets	8	31,066,336	30,555,602
Total non-current Assets		259,830,226	257,146,925
Current assets			
Inventories	9	139,898,260	134,757,540
Financial receivables	10	6,375,065	7,824,567
relating to related parties		*5,677,148*	*6,907,053*
Current derivative/financial instruments	11	10,879	0
Trade receivables	12	353,983,822	347,143,031
relating to related parties		*14,923,508*	*12,879,929*
Tax assets	13	8,215,154	8,647,479
relating to related parties		*764,617*	*1,193,952*
Cash and cash equivalents	14	146,786,491	106,505,788
Other current assets	15	47,159,096	46,138,270
relating to related parties		*303,683*	*2,006,443*
Total current Assets		702,428,767	651,016,675
TOTAL ASSETS		*962,258,993*	*908,163,600*
LIABILITIES			
Shareholders' Equity	16	297,493,923	280,623,013
Share capital		*33,262,560*	*33,262,560*
Reserves		*198,547,629*	*189,101,019*
Retained Earnings		*0*	*0*
Profit for the period		*65,683,734*	*58,259,434*
Total Shareholders' Equity		297,493,923	280,623,013
Non-current liabilities			
Non-current financial payables	17	195,694,505	176,830,993
Non current derivative/financial instruments		0	86,936
Employee benefits	18	8,037,667	9,432,620
Provisions for risks and charges	19	4,921,612	4,847,388
Deferred tax liabilities	20	965,869	896,801
Other non-current liabilities	21	1,045,672	854,131
Total non-current Liabilities		210,665,325	192,948,869
Current liabilities			
Current financial payables	22	117,845,033	115,359,081
relating to related parties		*2,486,202*	*1,763,093*
Current derivative/financial instruments		0	0
Current tax liabilities	23	1,511,898	1,625,010
relating to related parties		*0*	*0*
Current trade liabilities	24	314,008,266	295,696,419
relating to related parties		*8,792,860*	*8,116,320*
Other current liabilities	25	20,734,548	21,911,208
relating to related parties		*249,778*	*30,482*
Total current Liabilities		454,099,745	434,591,718
TOTAL LIABILITIES		*962,258,993*	*908,163,600*

STATEMENT OF PROFIT OR LOSS

(€)	*Notes*	*31.12.2017*	*31.12.2016*
Revenues	26	1,506,153,833	1,382,444,012
relating related parties		*57,940,504*	*44,761,763*
Other revenues	27	36,906,109	38,839,233
relating to related parties		*501,809*	*420,926*
Changes in inventories	9	5,140,720	22,732,275
Purchase of goods for resale and consumables	28	(1,224,575,395)	(1,137,640,476)
relating to related parties		*(76,018,295)*	*(75,349,860)*
Personnel costs	29	(34,871,759)	(34,460,604)
relating to related parties		*0*	*(13,462)*
Amortization, depreciation and write-downs	30	(17,551,897)	(16,757,886)
Other operating costs	31	(183,042,039)	(173,301,159)
relating to related parties		*(7,132,276)*	*(3,898,356)*
Financial income and charges	32	(4,903,892)	(4,830,466)
relating to related parties		*61,854*	*115,377*
Income (charge) from associated companies	33	3,982,539	3,659,954
Profit before taxes		*87,238,219*	*80,684,883*
Taxes	34	(24,011,253)	(24,882,217)
Profit for the period		*63,226,966*	*55,802,666*
EPS base (euros)	35	0.95	0.84
EPS diluted (euros)	35	0.95	0.84

STATEMENT OF OTHER COMPREHENSIVE INCOME

(€)	*Notes*	*31.12.2017*	*31.12.2016*
Profits for the period (A)		*63,226,966*	*55,802,666*
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		167,909	(785,250)
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial (losses)/gains concerning defined benefit plans, net of taxation effect		49,438	(34,305)
Total Other Profits/Losses, net of taxes (B)	36	*217,347*	*(819,555)*
Comprehensive Income (A + B)		*63,444,313*	*54,983,111*

STATEMENT OF CHANGES IN THE SHAREHOLDERS' EQUITY
(note 16)

Description	Share Capital	Other Reserves												Profits	Total net equity
		Share premium reserve	Legal reserve	Revaluation reserve	Shareholders contributions on capital account	Extraordinary reserve	Reserve for exercised stock options	Reserve for transition to the Ias/Ifrs	Cash -flow hedge reserve	Reserve ex art. 55 (DPR 597-917)	Surplus for mergers	Reserve IAS 19	Total reserves	carried over	
Balance at 1st January 2016	33,263	63,348	6,652	12	36,496	57,542	1,475	7,516	(1,117)	1,479	1,823	(656)	174,570	58,940	266,773
Allocation of 2015 profit						12,577							**12,577**	(12,577)	
Distribution dividends Marr S.p.A.														(43,907)	(43,907)
Merger of Sfera S.p.A. and Baldini Adriatica Pesca S.r.l. in MARR S.p.A.											2,779		**2,779**		2,779
Other minor variations										(6)			**(6)**		(6)
Consolidated comprehensive income 2016:															
- Profit for the period														55,803	55,803
- Other Profits/Losses, net of taxes									(785)			(34)	**(819)**		(819)
Balance at 31 December 2016	33,263	63,348	6,652	12	36,496	70,119	1,475	7,516	(1,902)	1,473	4,602	(690)	189,101	58,259	280,623
Allocation of 2016 profit						9,235							**9,235**	(9,235)	
Distribution dividends Marr S.p.A.														(46,568)	(46,568)
Other minor variations										(6)			**(6)**	1	(5)
Consolidated comprehensive income 2017:															
- Profit for the period														63,227	63,227
- Other Profits/Losses, net of taxes									168			49	**217**		217
Balance at 31 December 2017	33,263	63,348	6,652	12	36,496	79,354	1,475	7,516	(1,734)	1,467	4,602	(641)	198,547	65,684	297,494

CASH FLOWS STATEMENT (INDIRECT METHOD)

MARR S.p.A.

(€thousand)	*31.12.17*	*31.12.16**
Profit for the Period	63,227	55,803
Adjustment:		
Amortization / Depreciation	6,016	5,202
Allocation of provison for bad debts	11,200	10,200
Allocation of provision for investments in subsidiaries	5	4
Allocation of provision for risks and losses	0	950
Provision for supplementary clientele severance indemnity	342	412
Capital profit/losses on disposal of assets	(4)	(43)
relating to related parties	*0*	*0*
Financial (income) charges net of foreign exchange gains and losses	4,755	4,946
relating to related parties	*(36)*	*(115)*
Foreign exchange evaluated (gains)/losses	190	(68)
Income from subsidiaries disposal	0	0
Dividends Received	(3,988)	(3,647)
	18,516	17,956
Net change in Staff Severance Provision	(1,395)	481
(Increase) decrease in trade receivables	(18,041)	(3,187)
relating to related parties	*(2,044)*	*(7,253)*
(Increase) decrease in inventories	(5,140)	(22,733)
Increase (decrease) in trade payables	18,312	32,143
relating to related parties	*676*	*4,678*
(Increase) decrease in other assets	(1,530)	(1,461)
relating to related parties	*1,703*	*(514)*
Increase (decrease) in other liabilities	(1,251)	(1,365)
relating to related parties	*219*	*(30)*
Net change in tax assets / liabilities	24,803	25,500
relating to related parties	*20,710*	*20,002*
Interest paid	(6,084)	(7,346)
relating to related parties	*(26)*	*(12)*
Interest received	1,329	2,400
relating to related parties	*62*	*127*
Foreign exchange gains	295	576
Foreign exchange losses	(485)	(508)
Income tax paid	(24,415)	(23,992)
relating to related parties	*(20,281)*	*(20,444)*
Cash-flow from operating activities	**68,141**	**74,267**
(Investments) in other intangible assets	(893)	(489)
(Investments) in tangible assets	(5,103)	(8,230)
Net disposal of tangible assets	454	287
Net (investments) in equity investments (subsidiaries and associated)	(8,444)	(36,000)
Net (investments) in equity investments in other companies	0	5
Outgoing for acquisition of subsidiaries or going concerns during the year (net of cash acquired)	(12,155)	(21,674)
Dividends Received	3,983	3,647
Cash-flow from investment activities	**(22,158)**	**(62,454)**
Distribution of dividends	(46,568)	(43,907)
Other changes, including those of third parties	212	(825)
Net change in financial payables (excluding the new non-current loans received)	6,959	59,514
relating to related parties	*723*	*7,233*
New non-current loans received	115,000	37,000
relating to related parties	*0*	*0*
Repayment of other long - term debt	(88,542)	(42,250)
relating to related parties	*0*	*0*
Net change in current financial receivables	1,439	(972)
relating to related parties	*1,231*	*(1,548)*
Net change in non-current financial receivables	5,797	215
Cash-flow from financing activities	**(5,703)**	**8,775**
Increase (decrease) in cash-flow	**40,280**	**20,588**
Opening cash and equivalents	106,506	85,918
Closing cash and equivalents	**146,786**	**106,506**

*It must be pointed out that the figures as at 31 December 2016 have been restated for comparative purposes where necessary to acknowledge the new aspects introduced by the changes to IAS 7 in force from 1 January 2017.
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 8 to the following Explanatory Notes.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Corporate information

The Company, with headquarters in Via Spagna 20, Rimini, operates in the commercialisation and distribution of fresh, dried and frozen food products to the foodservice.

The financial statements for the business year closing as at 31 December 2017 were authorised for publication by the Board of Directors on 14 March 2018.

Structure and contents of the consolidated financial statements

The financial statements as at 31 December 2017 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 as acknowledged by Legislative Decree 38 dated 28 February 2005 and subsequent amendments and CONSOB communications and decisions.

The financial statements have been prepared on the basis of the historical cost principal, except for the derivative financial instruments, recorded at fair value.

Reference to the international accounting standards, adopted in the preparation of the financial statements as at 31 December 2017, is indicated in the "Accounting policies" section.

For the purposes of the application of IFRS 8 it is noted that the Company operates in the "Distribution of food products to the Foodservice" sector only; as regards the performance levels in 2017, see that described in the Directors' Report on management performance.

The financial statements as at 31 December 2017 include, for comparative purposes, the figures for the year ended on 31 December 2016.

The following classifications have been used:

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

It is believed that these classifications provide information which better represent the economic and financial situation of the company.

All amounts are indicated in Euros.

As regards the data contained in these financial statements, the Statement of Financial Position, the Statement of Profit or Loss and the Statement of Other Comprehensive Income are shown simply in Euros whereas the Statement of Changes in Shareholders' Equity and the Cash Flows Statement are shown in thousands of Euros.
Tables are shown in thousands of Euros.

These financial statements have been prepared using the principles and accounting policies illustrated below.

Accounting policies

The most significant Accounting policies adopted for the preparation of the MARR S.p.A. financial statements as at 31 December 2017 are indicated below:

Tangible assets	Tangible assets are entered at their purchase cost or production cost, inclusive of directly allocated additional charges required to make the assets available for use. As permitted by IFRS 1, in the context of the first time adoption of the International Accounting Standards, the Company has measured certain land and buildings owned at fair value, and has adopted such fair value as the new cost subject to depreciation.

No revaluations are permitted, even if pursuant to specific laws. Assets subject to capital lease are entered under tangible assets against a financial payable to the lessor, and depreciated in accordance with the criteria below.
Tangible assets are systematically depreciated on a straight-line basis over their expected useful life, based on the estimate of the period over which the assets will be used by the Company. When the tangible asset is made up of a number of significant components, each with a different useful life, depreciation is made for each single component. The depreciation value is represented by the book value minus the presumable net transfer value at the end of its useful life, if material and reasonably determinable. Land is not depreciated, even if purchased together with a building, and neither are tangible assets held for sale, measured at the lower between the book value and fair value after transfer charges.
Costs for improvement, upgrading and transformation increasing tangible assets are entered in the statement of financial position, in compliance with the requirements of the IAS 16.

The recoverability of the book value of tangible assets is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
The rates (not changed compared with the period before) applied are the following:

- Buildings	2.65% - 4% - 3%
- Plant and machinery	7.50%-15%
- Industrial and business equipment	15%- 20%
Other assets:	
- Electronic office equipment	20%
- Office furniture and fittings	12%
- Motor vehicles and means of internal transport	20%
- Cars	25%
- Other minor assets	10%-30% / contract term

The remaining accounting value, useful lifetime and amortization criteria are reviewed on closure of each business year and the tables adjusted if required.
An asset is removed from the financial statements when it is sold or when there are no longer any future economic benefits expected from its use or disposal. Any losses or profits (calculated as the difference between the net income from its sale and its accounting value) are included in the profit and loss account when it is removed.

Goodwill and other intangible assets

Intangible assets are assets that lack physical substance, controlled by the Company and capable of generating future economic benefits, as well as goodwill, whenever purchased for a financial consideration.
Intangible assets are entered at cost, measured in accordance with the criteria established for tangible assets while those bought through business combinations are accounted by the fair value at the acquisition date No revaluations are permitted, even if pursuant to specific laws.
Intangible assets with a definite useful life are systematically amortized over their useful life, based on the estimate of the period over which the assets will be used by the Company; the recoverability of their book value is determined by adopting the criteria indicated in the section "Impairment of non-financial assets".
Goodwill and other intangible assets, if any, with an indefinite useful life are not subject to amortization; the recoverability of their book value is determined at least each year and, in any case, whenever in the presence of events implying a loss of value. As far as goodwill is concerned, 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). Write-downs are not subject to value restoration.
Other intangible assets have been amortized by adopting the following criteria:

- Patents and intellectual property rights	5 years
- Concessions, licenses, trademarks and similar rights	5 years / 20 years
- Other assets	5 years / contract term

The period of amortization and amortization criteria for intangible assets with a definite lifetime are reviewed at least on closure of each business year and adjusted if necessary.

Investments in subsidiaries, associated and other companies

Investments in subsidiaries, associated and other companies are evaluated as the purchase, subscription or conferment cost, as indicated in Appendix 1 and the following explanatory notes. The recoverability of their recorded value is verified by adopting the criteria indicated in the subsection "Losses of value of non-financial assets" as regards investments in associated companies and in the subsection "losses in value of financial assets" as regards investments in other companies.

Inventories

These are entered at the lower of purchase or production cost, calculated by the FIFO method and the presumed realizable value in consideration of the market trend.

Receivables and other current assets

The trade receivables and other short-term receivables are initially recorded at their nominal value, which represents their fair value, and subsequently evaluated at their amortized cost, net of any depreciations. When they are recorded, the nominal value of the receivables is representative of their fair value on said date. By virtue of the high rotation of receivables, the application of the amortized cost does not have any significant effect. The Provision for write-down of receivables represents the difference between the recorded value of receivables and the reasonable forecast of financial flows expected from their cashing-in.

Financial assets

The financial assets within the scope of IAS 39 are classified as receivables, financial assets available for sale or as derivatives designated as hedging instruments for effective hedging, according to the circumstances in question. The Company determines the classification of its own financial assets at initial recognition.

Financial assets are initially recorded at their fair value plus transaction costs directly attributable to their purchase, except in the case of financial assets recorded at fair value in the profit or loss. The Company's financial assets include cash and short-term deposits, trade and other short-term receivables, loans, non listed financial instruments and derivatives financial instruments.

The subsequent measurement of the financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that have not been floated on the stock exchange. After initial measurement, such financial assets are subsequently measured at their amortized cost using the effective interest rate criterion (EIR), less impairment. The amortized cost is calculated by recording any discounts, purchase premiums, fees or costs that are an integral part of the effective interest rate. The amortization of the effective interest rate is included in financial income in the income statement. The losses arising from any impairment are recognised in the income statement as financial costs.

Derivatives

After their initial recording, derivatives are valued again at fair value and are accounted for as financial assets when the fair value is positive. Any profits or losses deriving from variations in fair value of the derivatives are recorded directly in the income statement, except for the effective part of the cash flow hedges, which are recorded among the components of the statement of comprehensive income and subsequently reclassified in the business year profits/(losses) when the hedging instrument has an effect on the profits or losses.

As regards the instruments classified as cash flow hedges and which are classified as such, the variations in fair value are recorded, solely as regards the effective part, in a specific equity reserve defined as "cash flow hedge reserve", included in the statement of comprehensive income. This reserve is subsequently overturned to the income statement as soon as the economic effects of the scope of the hedging operation manifest themselves. The variation in fair value referring to the ineffective portion is immediately recorded in the period income statement. Should the occurrence of the underlying operation no longer be considered highly probable, or the hedging relation no longer be demonstrable, the corresponding portion of the "cash flow hedge reserve" is immediately overturned to the income statement.

Losses in value of financial assets

A financial asset (or, if applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:

- the right to receive cash flows from the asset have expired;
- the Company has transferred the right to receive cash flows from the asset or has assumed an obligation to pay them fully and without delay to a third party and either (a) has substantially transferred all the risks and rewards of ownership of the financial asset or (b) has neither transferred nor substantially withheld all the risks and rewards of the asset but has transferred control of it.

In cases in which the Company has transferred the right to receive cash flows from an asset and has not either transferred or substantially withheld all the risks and rewards or has not lost control of it, the asset is recorded in the financial statements of the Company in the remainder measure in which is involved in the asset in question. In this case, the Company also recognises an associated liability. The asset transferred and the associated liabilities are measured on a basis to reflect the rights and obligations that the Company has retained.

At each reporting date, the Company assesses whether a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as result of one or more events that have occurred after the initial recognition of the asset (when a "loss event" occurs) and this loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets in question that can be reliably estimated. Evidence of impairment may be represented by indicators such as financial difficulties, the incapacity to deal with the obligations undertaken, insolvency in the payment of interest or significant payments that are affecting the debtors or a group of debtors; the probability that it will enter bankruptcy or other form of financial reorganisation, and where observable data indicate that there is a measurable decrease in expected future cash flows, such as changes in context or in the economic conditions related to the obligations undertaken.

As regards the financial assets carried at amortized cost, the Company firstly assesses whether objective evidence of impairment exists for each financial asset that is individually significant, or collectively in the case of financial assets that are not individually significant. If the Company determines that there is no evidence of impairment for a financial asset evaluated individually, whether significant or not, then the asset in question is included in a group of financial assets with similar credit risk characteristics and these are assessed collectively for impairment. The assets that are evaluated individually in terms of impairment and for which a loss in value has been recorded or continues to be recorded are not included in any collective assessments of impairment.

If there is objective evidence of an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not yet incurred). The present value of the cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for the measurement of any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced directly and the amount of the loss will be recognised in the income statement. The interest income continues to be accrued on the reduced carrying amount and is accrued using the interest rate used to discount the future cash flows to measures the impairment loss. The interest income is recorded as part of the financial income in the income statement. Loans and their relevant allowance are written off when there is no realistic prospect of their future recovery and all the collateral have been realised or transferred to the Company. If during a subsequent business year the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced and the allowance account is adjusted. If a future write-off is subsequently recovered, the value recovered is credited to finance costs in the income statement.

For available-for-sale financial assets, the Company assesses whether there is objective evidence that an asset or group of assets is impaired at each reporting date.

In the case of equity investments classified as available for sale, the objective evidence would include a significant or prolonged reduction in the fair value of the investment below its cost. The "Significance" is evaluated with respect to the original cost of the instrument and "prolonged effect" with respect to the (duration of the) period in which the fair value has been below the original cost. Should there be evidence of impairment, the cumulative losses – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from the other comprehensive income and recognised in the income statement.

Any losses due to impairment of instruments representative of capital may not be reversed with the effects recorded in the profit and loss account; any increases in their fair value subsequent to an impairment loss are recorded directly in the other comprehensive income.

Losses in value of non-financial assets

When events occur that would lead to assume a reduction in the value of asset, its recoverability is assessed by comparing the recorded value with the relevant recoverable value, represented by the greater of the fair value, net of the discharge costs, and its value in use.

In the absence of a binding sales agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available to reflect the amount that the business would receive by selling the asset.

The value in use is determined by actualising the expected cash flows deriving from the use of the asset and, if significant and reasonably determinable, from its sale at the end of its useful lifetime. The cash flows are determined on the basis of reasonable and documented assumptions representative of the best estimate of the future economic conditions that may occur during the remaining lifetime of the asset, giving more importance to indications from outside. Actualisation is carried out at a rate which takes into account the market assessments of the current value of cash and specific risks of the asset, in addition to the inherent risk to the sector of business in question.

Assessment is conducted on each individual asset or the smallest identifiable group of assets which generates autonomous incoming cash flows deriving from continuous use (so-called *cash generating unit*). When the reasons for the depreciations made are no longer in place, the assets, except for goodwill, are revalued and the adjustment attributed to the profit and loss account as readjustment (restoration of value). Readjustment is carried out at the lesser of the recoverable value and recorded value gross of depreciations carried out previously and reduced by the amortization quotas that would have been allocated had impairment not been carried out.

Goodwill is tested for impairment at least once every year (on the date of the financial statements, 31 December) and more frequently should circumstances indicate that the carrying value may be impaired.

Impairment of goodwill is assessed by evaluating the recoverable amount of each cash generating unit (or the group of cash generating units) to which the goodwill relates. Should the recoverable amount of the cash generating unit be less than the carrying amount of the cash generating unit for which goodwill has been allocated, an impairment loss is recognised. Impairment losses relating goodwill cannot be reversed in future business years.

Employee benefits

The Employee Severance Fund is included in the context of what IAS 19 defines as definite benefits plans in the framework of benefits after employment. The accounting treatment provided for these forma of remuneration requires an actuarial calculation which enables the future projection of the Employee Severance Fund amount already accrued and to actualise it to take into account the time that will elapse before effective payment. The actuarial calculation takes certain variables into consideration, such as the average employment time of employees, inflation rates and expected interest rates. The assessment of this liability is performed by an independent actuary. Following the changes to IAS 19, effective for business years starting on 1 January 2013 and subsequent, the profits and losses deriving from the actuarial calculation for the definitive benefits plans are included in the statement of other comprehensive income for the period they refer to. These actuarial profits and losses are immediately classified under the profits carried over and are not reclassified in the profit and loss accounts for subsequent periods. The social security cost for past service (past service cost) is recorded on the most recent of the following dates:

- the date on which the plan is changed or reduced; and
- the date on which the Company records the related restructuring costs.

The Company records the changes in the net debentures for definitive benefits in the statement of profit or loss.

The assets or liabilities concerning definitive benefits include the current value of the definitive benefits debentures, minus the fair value of the assets involved in the plan.

Following the recent revision of the pertinent national regulations, for companies with more than 50 employees, the Staff Severance Provision accrued from 1st January 2007 onwards is classified as a defined contributions plan, the payments relative to which are entered directly in the income statement, as expenses, when recorded The Staff Severance Provision accrued up to 31.12.2006 continues to be a defined benefits plan, but without the future contributions. Accordingly, it is now valued by the independent actuaries solely on the basis of the expected average residual working life of the employees, without further consideration of the remuneration received by them over a predetermined employment period. The Staff Severance Provision "accrued" before 1st January 2007 thus undergoes a change in calculation, due to the elimination of the previously foreseen actuarial hypotheses linked to pay increments. In particular, the liability relative to "accrued Staff Severance Provision" is actuarially valued as at 1st January 2007 without applying the pro-rata (years already worked/total years worked), as the employees' benefits relating to the entire period up to 31st December 2006 can be considered almost entirely accrued (with the sole exception of revaluation) in application of paragraph 67 (b) of IAS 19. Therefore for the purposes of this calculation, the "current service costs" relating to the future services of employees are to be considered null insofar as represented by the contribution payments into the supplementary pension scheme fund or the INPS Treasury Fund.

Provisions for risks and charges

Provisions for risks and charges involve specific costs and charges, considered definite or probable, for which the amount or due date could not yet be determined at the end of the year. Provisions are recognized when: (i) the existence of a current, legal or implied obligation is probable, arising from a previous event; (ii) the discharge of the obligation may likely involve charges; (iii) the amount of the obligation may be reliably estimated. Provisions are entered at the value representing the best estimate of the amount the Company would reasonably pay to redeem the obligation or to transfer it to third parties at the end of the period. When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, the provision is discounted back; the increase in the provision associated with the passage of time, is entered in the income statement under "Financial income (charges)". The supplementary clientele severance indemnity, as all other provisions for risks and charges, has been appropriated, based on a reasonable estimate of probable future liabilities, and taking the elements available into consideration.

Financial liabilities

The financial liabilities are initially valued at their fair value, which is the same as the payment received on the date on which they are received, to which the transaction costs directly attributable to them are to be added in the case of debts and loans. Subsequently, the non-derivative financial liabilities are measured by the criterion of amortized cost using the effective interest rate method

The financial liabilities of the Company include trade payables and other payables, loans and derivative financial instruments.

The financial liabilities within the scope of application of IAS 39 are classified as payables and loans, or as derivatives designated as hedging instruments, according to the case in question. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recorded at their fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The profits and losses are accounted in the income statement when the liability is

extinguished, as well as through the amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the income statement.
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.
In cases in which an existing financial liability is replaced by another from the same lender, on substantially different conditions, or the terms of an existing liability are substantially modified, this swap or modification is treated as the derecognition of the original liability and the recording of the new liability, with any differences between the respective carrying amounts recognised in the income statement.

Derivatives
Subsequently to their initial recording, derivatives are valued again at their fair value and are accounted as financial liabilities when their fair value is negative. Eventual profits or losses deriving from changes in the fair value of the derivatives are recorded directly in the income statement, except for the effective part of the hedging of cash flows, which is recorded among the components of other comprehensive income and subsequently reclassified in the statement of profit or loss if the hedging instrument influences the profits or losses.
As regards the instruments classified as cash flow hedges and which are classified as such, the variations in fair value are recorded, solely as regards the effective part, in a specific equity reserve defined as "cash flow hedge reserve", included in the statement of comprehensive income. This reserve is subsequently overturned to the income statement as soon as the economic effects of the scope of the hedging operation manifest themselves. The variation in fair value referring to the ineffective portion is immediately recorded in the period income statement. Should the occurrence of the underlying operation no longer be considered highly probable, or the hedging relation no longer be demonstrable, the corresponding portion of the "cash flow hedge reserve" is immediately overturned to the income statement.

Income taxes

Current income taxes are calculated on the basis of the estimated taxable income. Tax assets and liabilities for current taxes are recognized at the value expected to be paid/recovered to/from the Tax Authorities, by applying the rates and tax regulations in force or basically approved as at the end of the period, and considering the involvement of some companies to the national consolidated tax base.
Deferred tax liabilities and assets are calculated on the temporary differences between the values of the assets and liabilities recorded in the financial statements and the corresponding values recognised for fiscal purposes.
Deferred taxes are recorded on all the taxable temporary differences, with the following exceptions:

- the deferred tax liabilities deriving from the initial recording of the start-up of either an asset or a liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result;
- the repayment of the taxable temporary differences associated to holdings in subsidiaries, related companies and joint ventures can be controlled, and it is probable that this will not occur in the foreseeable future.

Deferred tax assets are recorded for all the deductible temporary differences, fiscal receivables and losses not used and brought forward, in the measure in which it is probable that sufficient future fiscal taxables will be available which may enable the use of the deductible temporary differences and fiscal receivables and losses brought forward, except in cases in which:

- the deferred tax related to the deductible temporary differences derives from the initial recording of an asset or liability in a transaction which does not represent a corporate aggregation and, at the time of the transaction itself, does not influence either the result in the financial statements or the fiscal result ;
- in the case of deductible temporary differences associated to holdings in subsidiaries, related companies and joint ventures, the active deferred taxes are only recorded in the measure in which it is probable they will be brought forward in the foreseeable

future and that there will be sufficient fiscal taxables to enable the recovery of these temporary differences.

Deferred tax assets are recorded when their recovery is probable. Deferred tax assets and liabilities for deferred taxes are classified under non-current assets and liabilities and are offset if referring to taxes which may themselves be offset. The offsetting balance, if an asset, is entered under "deferred tax assets"; if a liability, it is entered under "Liabilities for deferred taxes". When the results of the operations are directly recognized in the shareholders' equity, current taxes, assets for prepaid taxes and liabilities for deferred taxes are also recorded in the shareholders' equity.

Deferred tax assets and deferred taxes are calculated on the basis of the tax rates expected to be applied in the year said assets will realize or said liabilities will extinguish.

Criteria for conversion of items in foreign currency

Transactions in foreign currency are initially recorded in the functional currency, applying the currency spot rate the transaction first qualifies for recognition. The monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency spot rate at the reporting date.

Any differences are recorded in the income statement.

Business combinations

The business combinations occurred prior to 1 January 2010 are accounted through the application of the so-called *purchase method* (purchase methods defined by IFRS 3 as "Business combinations"). The purchase method requires that, after having identified the buyer involved in the business combination and having determined the purchase cost all the assets and liabilities purchased (including the so-called contingent liabilities) must be valued at fair value. For this purpose, the company is required to value any intangible assets purchased in specifically. Any goodwill is to be calculated in a residual manner, as the difference between the cost of the business combination (including additional charges and any contingent considerations) and the share pertaining to the company of the difference between the assets and liabilities purchased, valued at their fair value.

The business combinations occurred subsequently to 1 January 2010 are accounted for using the acquisition method (IFRS 3R). The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value acquisition date and the amount of any non-controlling interest in the acquired. For each business combination, the acquirer measures the no controlling interest in the acquired either at fair value or at the proportionate share of the acquired identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

If business combinations are achieved in stages, the fair value of the shareholding previously held is remeasured to fair value at the acquisition date, recording any resulting profits or losses in the profit and loss account.

Each contingent consideration to be transferred to the acquirer will be recognised by the acquired at the fair value at the acquisition date. Changes to the fair value of the contingent consideration classified as a financial asset or liability will be recorded in accordance with IAS 39 either in the profit and loss or as a change to comprehensive income. If it does not fall within the scope of IAS 39, it will be recognised in accordance with IAS 37 or the most appropriate IFRS.

If the contingent consideration is classified as equity, it should not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recording, goodwill is measured at the cost less any accumulated impairment losses in value. For the purpose of the impairment testing, the goodwill acquired in a business combination must, from the acquisition date, be allocated to each Company's cash generating unit which is expected to benefit from the combination synergy, independently of the fact that other assets or liabilities of the entity acquired are assigned to such units.

If goodwill has been allocated to a cash generating unit and the entity disuses part of the assets of this unit, the goodwill associated to the disused asset must be included in the accounting value of the asset should any profits or losses derive from its disuse. The goodwill associated to the disused asset must be measured on the basis of the relative values of the disused asset and the portion of the cash-generating unit retained.

Revenue and cost recognition

Revenues from sales of goods are recognized upon transfer of all the risks and charges deriving from ownership of the goods transferred, which is generally their shipment or delivery date.
The revenues from services are recorded with reference to their state of progress.
Financial incomes are recognized on an accrual basis.
Costs are recognized when related to goods and services acquired and/or received over the period to which they refer.

Accounting treatment of financial assets/instruments

MARR S.p.A. uses derivative financial instruments to hedge its exposure to foreign currency risks on purchases and loans in currency other than the functional one in addition to its exposure to rate interest risk on certain variable rate loans.

These derivative financial instruments are initially recognised at their fair value on stipulation; subsequently, this fair value is remeasured periodically; they are carried as assets when the fair value is positive and liabilities when the fair value is negative.
Fair value is the price that would be received for the sale of an asset, or would be paid for the transfer of a liability, in a standard transaction between market operators on the date of valuation.

The fair value of the derivative financial instruments used is determined on the basis of market value when it is possible to identify the market to which they actively belong. However, if the market value of a financial instrument is not easily calculable, but its components or those of a similar instrument are calculable, the market value is determined through the evaluation of the individual components of the instrument or of the similar instrument. Furthermore, for those instruments for which an active market is not easily identifiable, the evaluation is carried out by using the value resulting from generally accepted evaluation models and techniques which ensure a reasonable approximation of the market value. All the assets and liabilities for which the fair value is valued or recorded in the financial statements are categorised on the basis of the fair value hierarchy, as described below:

- Level 1 – the quoted (not adjusted) prices on active markets for identical assets and liabilities which the entity may access on the date of valuation;
- Level 2 – Input other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability in question;
- Level 3 – valuation techniques for which the input data is not observable for the asset or liability in question.

Derivatives are classified as coverage instruments when the relation between the derivative and the object of the coverage is formally documented and the coverage, assessed periodically, is highly effective. If derivatives cover a risk concerning the cash flow variations of the instruments covered (cash flow hedge; for example coverage of cash flow variability of assets/liabilities by effect of oscillations in exchange rates), the variations in the fair value of derivatives are initially recorded at net equity and subsequently attributed to the income statement coherently with the economic effect produced by the operation covered. Should the derivatives cover the fair value risk, the change in fair value of the covering derivatives is recorded in the statement of profit or loss among the financial costs. The change in fair value of the element covered attributable to the risk covered is recorded as part of the load value of the element covered and is also recorded in the statement of profit or loss among the financial costs.
The variations in fair value of the derivatives which do not satisfy the conditions required in order to be classified as coverage are recorded in the income statement for the business year.

Own shares

The own shares of the company are registered in the net equity. The original cost of own shares and the income deriving from subsequent sale are recorded as changes in net equity.

Main estimates adopted by management and discretional assessments

The preparation of the Company 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 used

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 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 profit and loss account.

- Estimates adopted to evaluate the impairment of non-financial assets

In order to measure any impairment of goodwill entered in the financial statements, the Company has adopted the method previously illustrated in the section on "Losses in value of non-financial assets".
The recoverable value has been determined on the value in use basis.
For the years 2018, 2019 and 2020 cash-flows generating units attributable to each goodwill derive from the Business Plan approved by the Board of Directors; an extremely prudent conduct was maintained for subsequent years, estimating an increase of 1% in terms of revenues for 2021 and for the calculation of the terminal value. The Weighted Average Cost of Capital (WACC) has been adopted as the discount rate, which is 4.51% (5.18% in the previous year) calculated punctually in coherence with previous years and with significant focus on the risk and uncertainty factors of the current market. Sensitivity analyses have also been conducted on this rate, consequently to the variation manly of interest rates and of the other financial parameters used and the sustainability of the goodwill value recorded in the financial statements has been verified with WACC values more prudential and, as in the past years, with a comparison with those used by financial analysts. Lastly, we would point out that specific focus has also been given to the growth factors expected in years after plan, which can be considered as mainly prudential in relation to the results achieved and the specific market context.
The measurement of any impairment of assets (Goodwill), for the results of which refer to the paragraph 2 "*Goodwill*", was made by referring to the situation as at 31 December 2017.

- 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 used is equal to 0.88%[VII];
  - 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%;
  - The rate of corporate turnover is expected to be 2%;
  - The discounting rate used is 0.51%.

- Estimates used in calculating deferred taxes

A significant discretional assessment is required by the directors in order to determine the total amount of deferred tax 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 in receivables and the

[VII] Average performance curve deriving from the IBOXX Eurozone Corporates AA (7 – 10 years).

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.

Accounting principles, amendments and interpretations applicable as at 1 January 2017

The criteria for assessment used for drafting the accounts do not differ from those used for the drafting of the financial statements as at 31 December 2016, with the exception of the accounting principles, amendments and interpretations applicable as at from 1st January 2017, listed below, that in any case are not affecting in the financial statement of the Company.

- Changes to IAS 12 – Income taxes. The IASB clarifies how the deferred tax assets concerning losses not realized on debt instruments measured at fair value that lead to the creation of a temporary deductible difference should the owner of the instrument expect to maintain it until expiry are to be recorded in the accounts.
- Changes to IAS 7 – Statement of cash flows. The improvements regard the information to be provided on the variations in the loans payable which derive from both financial cash flows and from variations that are not due to cash flows (for example profits/losses on exchange rates). The cash flows statement has been adjusted in compliance to what required and the reconciliation between the opening and closing balances of the liabilities deriving from financing activities has been provided as provided by paragraph 44A (see Appendix 3 of these Notes).

Accounting principles, amendments and interpretations applicable subsequently

The accounting principles and interpretation which, as of the date of the preparation of the Company financial statements, were already issued but not yet in force are illustrated below.

- IFRS 9 - Financial instruments. In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the phases of the project concerning financial instruments and replaces IAS 39, Financial Instruments: Recording and assessment, and all previous versions of IFRS 9. The principle introduces new requirements for classification, assessment, loss of value and hedge accounting. IFRS 9 is effective for business years starting on 1st January 2018 or later. The future application has been consider by Company not significant in relation to the economic and financial position.
- IFRS 15 (and subsequent clarifications issued on 12 April 2016) - Revenues deriving from contracts with customers. This IFRS was issued in May 2014 and introduces a new five-phase model to be applied to revenues from customer contracts. IFRS 15 provides that revenues be recorded for an amount reflecting the payment the entity deems to have the right to in exchange for the transfer of goods or services to the customer. The principle gives a more structured approach for recording and assessing revenues, replacing all the current requirements in the other IFRS on the recognition of revenues. IFRS 15 is effective for business years starting on 1st January 2018 or later, with full or modified retrospective application. Advance application is also allowed. The Company is evaluating the impact of this new principle on its own consolidated financial statements but it does not expect any significant impact on its economic and financial position.
- IFRS 16 – Leases. Standard published by the IASB on 13 January 2016, destined to replace standard IAS 17 – Leasing, and also the interpretations of IFRIC 4 – Determining whether an agreement involves leasing, SIC 15 – Operating leasing – Incentives and SIC 27 – The evaluation of the substance of operations in the legal form of leasing. The new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish leasing contracts from service contracts, identifying as discriminants: the identification of the asset, the right to replace it, the right to obtain substantially all of the economic benefits deriving from the use of the asset and the right to manage the use of the asset underlying the contract. Its application is provided as of 1 January 2019. Advance application is allowed for entities applying IFRS 15. The Company is evaluating the impacts of this new standard on its own financial statements and has estimated that its application would imply the following effects on the equity, financial and economic situation as at 31 December 2017: increase in the net financial position of between 70 and 75 million Euros; improvement of the EBITDA of approximately 8.8 million Euros and the EBIT of an amount estimated to be between 0.1 and 0.5 million Euros. The impact on the overall result for 2017 has been estimated as a reduction in profits of between 0.5 and 1 million Euros. It should be noted that the estimated impacts could vary on the basis of the evolution of the contracts over the next year and on the basis of the definition of certain variables used in the calculation that are yet to be finalised. However, we believe that the impact of these changes can be considered to be insignificant in terms of this analysis.
- Changes to IFRS 2 – Clarifications of classification and measurement of share based payment transactions. This amendment will be applicable from 1 January 2018 and deals with the following matters identified by the IFRS Interpretations Committee: i) the accounting of a share based payment plan with defined benefits including the

achievement of targets; ii) a share based payment in which the method of settlement is correlated to future events; iii) share based payments settled net of fiscal withholdings; iv) transfer from a cash based payment method to a share based payment method. This changes are not applicable to the financial statements of the Company.
- Changes to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. This amendment will be applicable as of 1 January 2018 and deals with worries that arose during the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Two options are given for companies subscribing insurance contracts with regard to IFRS 4: i) an option that enables the company to reclassify some revenues or costs originating from specific financial assets from the income statement to the statement of comprehensive income; ii) a temporary exemption from the application of IFRS 9, the main activity of which is the subscription of contracts as described in IFRS 4. This changes are not applicable to the financial statements of the Company.
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration. The interpretation (which will be effective from 1 January 2018) deals with transactions in foreign currency in the event that an entity recognises a nonmonetary asset or liability originating from a payment or receipt of an advance payment before the entity recognises the relevant asset, cost or revenue. This need not be applied to taxes, insurance or re-insurance contracts. This IFRIC is not applicable to the financial statements of the Company.
- Changes to IAS 40 regarding transfers of investment property. The amendment (effective from 1 January 2018) provides that: i) paragraph 57 of IAS 40 be modified, providing that an entity must transfer a property from, or to, the category of investment property only when there is evidence of its change of use; ii) the list of examples included in the paragraph 57 (a) – (d) be redefined as a non-exhaustive list of examples. This changes are not applicable to the financial statements of the Company
- Improvements to the International Financial Reporting Standards (2014-2016). These are part of the annual improvement plan for the standards and will come into force from 1 January 2018. The changes regard:
    - IFRS 1: the short-term exemptions provided in paragraph E3-E7 are deleted, given that the reasons for including them are no longer in place;
    - IFRS 12: the scope of the standard is clarified, specifying that the disclosure requirements, except for those in paragraphs B10-B16, are applicable to the interests of an entity listed in paragraph 5, which are classified as held for sale, distribution of as a discontinued operations ex IFRS 5;
    - IAS 28: it is clarified that the decision to measure an investment in a subsidiary or joint venture held by a venture capital company at fair value through the income statement is possible for all investments in subsidiaries or joint ventures as of their initial recording;
    - Changes to IFRS 9 - *Financial Instruments*. The changes, published in October 2017, concern the "Prepayment Features with Negative Compensation" which enable the application of the amortized cost or the fair value through other comprehensive income (OCI) for the financial activities with an option of advance termination ("negative compensation");
    - Changes to IAS 28 - *Long-term Interests in Associates and Joint Ventures*. The changes specify that IFRS 9 must be applied to the long-term receivables from an associate company or a joint venture which, in substance, is part of the investment in the associate company or joint venture;
    - IFRIC 23 - *Uncertainty over Income Tax Treatments*. This interpretation provides indications on how to reflect in the accounting of income tax the uncertainties of the fiscal treatment of a specific phenomenon. IFRIC 23 will come into force on 1 January 2019.

Lastly, it should be noted that on 12 December 2017, the IASB published the *Annual Improvements to IFRS (2015 – 2017 cycle),* which include changes to *IAS 12 - Income Taxes, IAS 23 - Borrowing Costs, IFRS 3 - Business Combinations* and *IFRS 11 - Joint Arrangement*.

Capital management policy

As regards the management of capital, the Company's priority is to maintain an appropriate level of its equity in relation to debts accrued (Net debt/Equity or "gearing" ratio), so as to guarantee solidity in terms of equity and its adequacy to the management of cash flows.

Taking into account the fact that the financial requirements, because of the characteristics of the Company's core business, are calculated in terms of trade net working capital, the main indicator for cash flow management is summarily represented by the performance of the ratio between trade net working capital and revenues ("Trade NWC on total Revenues").
Still in relation to the seasonal nature characterising its business, the Company also monitors the performance of the single components of trade net working capital (trade receivables and payables and inventories) in terms of both absolute value and days of outstanding.

The management of capital is also measured in terms of the principal indicators of best financial practice, such as: ROS, ROCE, ROE, Net debt / Equity and Net debt / EBITDA.

Financial Risks Management

The financial risks to which the Company 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.

MARR employs derivative financial instruments solely for the purpose of covering some non-functional currency exposures and part of the financial exposure with variable rates.

Market risk

(i) Currency risk: The currency risk arises when reported assets and liabilities are expressed in a currency other than the enterprise's functional currency. MARR operates at an international level and is consequently exposed to currency risk above all with regard to trade transactions denominated in US dollars. The manner of handling this risk in the Company is to enter into forward contracts to purchase/sell the foreign currency, specifically designed to hedge the individual trade transactions, if the forward rate is favourable compared to the rate at the date of the operation. In addition to the trade relations, it should be noted that in 2013, the Company finalised a bond private placement in US dollars. To cover this transaction, the Company stipulated Cross Currency Swap contracts specifically destined to hedge the financial flows deriving from the payment of the coupons and reimbursement of capital on expiry.

As at 31 December 2017, a 5% appreciation in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have given rise to an increase in pre-tax profit of 57 thousand Euros (230 thousand Euros in 2016), due to exchange rate gains (losses) on trade payables and receivables denominated in dollars (because of the change in the fair value of current assets and liabilities).
The other equity items would have shown a downward variation of 92 thousand Euros (223 thousand Euros as at 31 December 2016) ascribable to variation in the amount of the *cash flow hedge* fund (due to the variation in the fair value of forward contracts on exchange rates).
On the other hand, at the same date, a 5% drop in the exchange rate in relation to the US dollar and to other currencies, all else being equal, would have been reflected by a pre-tax profit decrease of 59 thousand Euros (254 thousand Euros in 2016).
The other equity items would have shown an upward variation of 75 thousand Euros (153 thousand Euros as at 31 December 2016) ascribable to variation in the amount of the *cash flow hedge* fund, due to the variation in the fair value of forward contracts on exchange rates).

(ii) Interest rate risks: risks concerning changes to interest rates affect loans. Almost of the long term loans from banks are floating and variable rate financing exposes the Company to the risk of cash flow variations due to interest rates. To cover this risk, the Company has historically stipulated Interest Rate Swap contracts specifically related to the partial or total hedging of certain loans (at 31 December 2017 the Company have not in being any Interest Rate Swap contract) Fixed rate financing exposes the MARR to the risk of changes to the fair value of the finances themselves.

In 2017 business year, a hypothetical upward or downward fluctuation of 10% in the interest rate, all else being equal, would have produced a pre-tax cost increase or decrease (with corresponding equity variation) of approximately 274 thousand Euros on an yearly basis (203 thousand Euros as at 31 December 2016).
As regards the use of the other short-term credit lines, management is focusing on safeguarding and consolidating relations with the credit institutes in order to stabilise the spread applied to Euribor as much as possible.

(iii) Price risks: MARR makes purchases and sales worldwide and is therefore exposed to the normal risk of price oscillations typical of the sector.

Credit risk

MARR only deals with known and reliable clients. It is the Company's policy that clients who request delayed payment conditions are subject to verification procedures for their class of client. Furthermore, the credit collection is monitored during the course of the year so that the impact of overdue is not significant.

The credit quality of non-overdue financial that have not undergone value impairments can be assessed with reference to the internal credit management process.

The customer monitoring process consists essentially of a preliminary phase in which data and information is collected on new customers, and a post-activation phase featuring the granting of a credit line and supervision of the customer's credit position.
The preliminary phase consists of acquiring the essential administrative/fiscal data necessary to be able to carry out a complete and accurate assessment of the risks entailed by the new customer. Activation of the customer is dependent on the completeness of the aforementioned data and approval, possibly following more detailed investigations, by the Customers Office.
Every new customer is given a credit line: its granting depends on some additional items of information (years in business, terms of payment, reputation) that are indispensable so as to be able to assess the customer's solvency level. Once the overall picture has been put together, the documentation on the potential customer is submitted for approval to the various organizational levels.

Overdue management is differentiated on the basis of length of time overdue (overdue bands).
For the overdue bands up to 60 days, reminder procedures are activated at branch level or directly by the Customers Office; for accounts that are over 15 days overdue or that have exceeded the amount of the credit line granted a personal IT control blocks the supply to non-performing customer. For debts in the "over 90 days" band, legal actions is taken when necessary.
Receivables comprised in the "not yet due" band, which total 209,122 thousand Euros as at 31 December 2017, represent 59.08 % of the receivables reported in the financial statements.

This procedure defines the operating rules and mechanisms that are guaranteed to generate a cash flow by assuring the Company of the customer's solvency and the profitability of the commercial relationship.

At the reference date of the financial statements, the maximum exposure to credit risk for each of the following categories of receivables was as shown below:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Current trade receivables	353,984	347,143
Other non-current receivables	31,066	30,556
Other current receivables	47,159	46,138
Total	432,209	423,837

For the comments on the various categories, please refer to note 8 on "Other non-current receivables", note 12 on "Trade receivables" and note 15 on "Other current receivables". The value of the trade receivables, the other non-current receivables and the other current receivables are classifiable as "Level 3" financial receivables, in other words those for which the input is not based on observable market data.
The fair value of the above categories is not shown, as the book value constitutes a reasonable approximation of the same.

As at 31 December 2017, overdue trade receivables, net of bad debt reserve, amounted to 144,862 thousand Euros (155,183 thousand Euros in 2016). The breakdown of these receivables by due date is as follows:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Overdue:		
Less than 30 days	50,640	49,593
betweeen 31 and 60 days	23,246	25,048
betweeen 61 and 90 days	20,011	18,759
Over 90 days	50,965	61,783
Total overdue trade receivables	144,862	155,183

The amounts shown above refer to overdue debts calculated on the basis of the nominal terms agreed[VIII] with the customer at the time of first assessment. This table also includes the "overdue" exposure of the particularly important customers most closely loyal to the Company, with whom special terms of payment are agreed. As at 31 December 2017, this particular category of customers has been accounted for 18,268 thousand Euros in the "Over 90 days" band (19,844 thousand Euros as at 31 December 2016).

As at 31 December 2017, the nominal amount of the disputed trade receivables (all classified in the category of expired "over 90 days"), which had undergone a write-down, amounted to 29,893 thousand Euros (33,726 thousand Euros in 2016).
Those receivables were mainly related to clients in economic difficulties. The quota of these receivables that is not recoverable is specifically covered by the bad debt reserve, which amounts to a total of 34,484 thousand Euros (31,956 thousand Euros in 2016).

Liquidity risk

Marr manages liquidity risk with a view to maintaining a liquidity level sufficient for its operational management.
Given the dynamic nature of the sector concerned, to meet the requirements of the business's routine management and seasonal trends preference is given to funding requirements by availing adequate lines of credit.

For the management of resources absorbed by investment activities, preference is generally given to funding through specific long-term loans.

The following table shows the breakdown of financial liabilities and derivative financial liabilities on the basis of contractual expiry dates at the reference date of the financial statements. It is noted that the amounts shown do not reflect the book values in as much as they consider the future expected cash flows.
In this regard, it must be recalled that the trend of reduction in interest rates recorded last year continued in 2017, with a forecast for 2018 of a slow recovery, which is reflected in the IRS in five years, which is the basis of calculation.

[VIII] Except for the expiry dates defined in paragraph 3 of art. 62 of Decree Law 1 dated 24/1/2012 which, as of 24 October 2012, has established that the payment of perishable food products be made within 30 days of the last day of the month of receipt of the invoice and that for non-perishable food products within 60 days of the last day of the month of receipt of the invoice.

(€thousand)

	Less than 1 year		between 2 and 5 years	Over 5 years
At 31 december 2017				
Borrowings	111,776	63,850	112,595	26,514
Payables for the purchase of quotas or shares	10,574	0	0	0
Derivative financial instruments	0	0	0	0
Trade and other payables	314,008	0	0	0
	436,358	63,850	112,595	26,514
At 31 december 2016				
Borrowings	107,203	69,385	72,205	27,784
Payables for the purchase of quotas or shares	11,205	10,470	0	0
Derivative financial instruments	0	0	87	0
Trade and other payables	295,696	0	0	0
	414,104	79,855	72,292	27,784

As regards the changes to the long-term quota, see that already described in the Director's Report and on paragraph 17 "Non current financial debts" in the Explanatory Notes.

Classes of financial instruments

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

(€thousands)	31 December 2017		
Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Total
Non current derivative/financial instruments	0	586	586
Non Current financial receivables	1,171	0	1,171
Other non-current assets	31,066	0	31,066
Current financial receivables	6,375	0	6,375
Current derivative/financial instruments	0	11	11
Current trade receivables	353,984	0	353,984
Cash and cash equivalents	146,786	0	146,786
Other current receivables	47,159	0	47,159
Total	586,541	597	587,138
Liabilities as per balance sheet	Other financial liabilities	Derivatives used for hedging	Total
Non Current financial payables	195,695	0	195,695
Non current derivative/financial instruments	0	0	0
Current financial payables	117,845	0	117,845
Current derivative financial instruments	0	0	0
Total	313,540	0	313,540

(€thousands)	31 December 2016		
Assets as per balance sheet	Loans and receivables	Derivatives used for hedging	Total
Non current derivative/financial instruments	0	5,401	5,401
Non Current financial receivables	2,153	0	2,153
Other non-current assets	30,556	0	30,556
Current financial receivables	7,825	0	7,825
Current derivative/financial instruments	0	0	0
Current trade receivables	347,143	0	347,143
Cash and cash equivalents	106,506	0	106,506
Other current receivables	46,138	0	46,138
Total	540,321	5,401	545,722
Liabilities as per balance sheet	Other financial liabilities	Derivatives used for hedging	Total
Non Current financial payables	176,831	0	176,831
Non current derivative/financial instruments	0	87	87
Current financial payables	115,359	0	115,359
Current derivative financial instruments	0	0	0
Total	292,190	87	292,277

In compliance with that required by the modifications introduced to IFRS 13, we would point out that the derived financial instruments, constituted by contracts for the coverage of exchanges 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).[IX] Similarly, as regards the non-current financial debts, the recording at fair value of which is indicated in paragraph 18 of these explanatory notes, 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 non-current and current assets items, see that stated in paragraphs 8 and 15 of these explanatory notes.

[IX] 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.

Comments to the main items included in the statement of financial position of MARR S.p.A.

ASSETS

Non-current assets

1. Tangible assets

The changes in this item in 2017 and previous year is as follows:

(€thousand)	Balance at 31.12.16	Purchases / other movements	Net decreases for divestments	Depreciation	Variation for merger	Balance at 31.12.15
Land and buildings	52,579	3,749	0	(1,739)	593	49,976
Plant and machinery	8,596	2,182	(6)	(2,153)	330	8,243
Industrial and business equipment	983	248	(3)	(160)	93	805
Other assets	3,732	2,766	(235)	(963)	108	2,056
Fixed assets under development and advances	9	(715)	0	0	288	436
Total tangible assets	65,899	8,230	(244)	(5,015)	1,412	61,516

(€thousand)	Balance at 31.12.17	Purchases / other movements	Net decreases for divestments	Depreciation	Balance at 31.12.16
Land and buildings	51,338	820	0	(2,061)	52,579
Plant and machinery	8,198	1,960	0	(2,358)	8,596
Industrial and business equipment	1,071	258	(1)	(169)	983
Other assets	3,865	1,802	(449)	(1,220)	3,732
Fixed assets under development and advances	272	263	0	0	9
Total tangible assets	64,744	5,103	(450)	(5,808)	65,899

The changes exposed in the column "Purchases / Other movements" mainly represent the investments related to the expansion and modernisation plan started in the 2014, which involved investments in the items "Land and Buildings", "Plant and machinery" and "Industrial and business equipment", located in some Distributor Centers.
In particular we highlight the following:

- 728 thousand Euros at the new distribution centre "Marr Battistini" in the new location in Rimini, Via Spagna;
- 505 thousand Euros at the distribution centre "Marr Adriatico" in Elice;
- 393 thousand Euros at the distribution centre "Marr Supercash";
- 272 thousand Euros at the distribution centre "Marr Bologna".

The item "Fixed assets under development and advances" for some 272 thousand Euros mainly refers to the works carried out in the warehouses of Santarcangelo di Romagna.

As regard to the increases in the item "Other assets", we point out that they mainly refer to the purchase of industrial vehicles and cars (for total 946 thousand Euros) and to the purchase of electronic machines (for 742 thousand Euros); the decreases, amounting to 449 thousand Euros, refers almost totally to the sales of vehicles.

As indicated subsequently, in the commentary on the item current and non-current financial payables, mortgage is due for a total of 10,000 thousand Euros in favour of Cassa di Risparmio di Pistoia registered to hedge the mortgage granted on the property Bottegone (PT) – Via Francesco Toni 285 and 297(the value of which in the item Land and Buildings totally amounts to 4.6 million of Euros as at December 31, 2017).

For details of the changes in tangible assets please refer to the information provided in Appendix 3.

The following table shows the effects of revaluations of land and buildings at the date of transition to the international accounting standards (1st January 2004).

1st January 2004	FINANCIAL STATEMENTS	APPRAISAL	DIFFERENCE
(€thousands)			Total
Land located at Via Emilia Vecchia 75-San Vito (RN) c/o CAAR	3,396	7,066	3,670
Property located at Via Cesare Pavese-Opera (MI); (under lease-back in 2004 - at which the property was transferred to the leasing company)	5,561	7,000	1,439
Property located at Macchiareddu-Uta (CA) Industrial Zone	4,564	5,401	837
Property located at Via del Carpino 4-Santarcangelo di Romagna (RN)	925	2,724	1,799
Property located at Via dell'Acero 2 e 4- Santarcangelo di Romagna (RN)	4,557	7,252	2,695
Property located in Loc. Antiche Saline -Portoferraio (LI)	601	2,430	1,829
Property located at Via Plerote 6-San Michele al Tagliamento (VE)	3,650	4,500	850
Total	23,254	36,374	13,120

As highlighted above, application of the fair value to the item Land and Buildings compared to the values in the MARR S.p.A. Financial Statements as at 1 January 2004 (gross of taxation) implies a difference of 13,120 thousand Euros.

Management started a process of evaluation regarding the possibility to sell some non – operating assets.

We refer at the Appendix 9 for the detail of land and buildings owned by the Group at the date of 31 December 2017.

Tangible Asset Leasing:

Below are the summary details of the operation concerning the purchase of an hardware infrastructure for the Group ERP, ongoing as at 31 December 2017:

- Start of the financial lease: 1 March 2016.
- Duration of the contract: 5 years.
- Number of instalments: 20.
- Value of the asset financed: 1.1 million Euros.
- Amount of the quarterly instalments: 60 thousand Euros.
- Annual periodical rate: 3.35%.
- Redemption price: 11 thousand Euros (plus VAT).
- Total of the instalments paid during the year 2017: 238 thousand Euros.
- Net book value of the asset at 31 December 2017: 703 thousand Euros.
- Remainder of leases at 31 December 2017: 715 thousand Euros.

2. Goodwill

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Goodwill	94,261	94,261
Total Goodwill	94,261	94,261

The "Goodwill" didn't change during the period.

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.

As indicated in the notes to the financial statements of the previous years, we point out that the management considers MARR S.p.A. as the smallest aggregates on the basis of which Management has evaluated the return of the investment, including goodwill (Cash Generating Unit).

We would highlight that on the basis of the impairment test conducted according to the principles and hypotheses described analytically in the section "Principal estimates made by management and discretional assessments", the goodwill amounting to 94,261 thousand Euros, is completely recoverable.
As regards this evaluation, management believes that, also given the prudential viewpoint used in the definition of the key hypotheses used, is not be reasonable to expect to be changes in them such as to determine a recoverable value in unit terms less than their accounting value.

Corporate aggregations realised during the year

No further aggregations combinations occurred during the year.

Corporate aggregations realised after closure of the financial statements

No further aggregations combinations occurred after closure of the financial statements.

3. Other intangible assets

The following are the movements in this item in 2017 and the previous year:

(€thousand)	Balance at 31.12.16	Purchases/ other movements	Net decreases	Depreciation	Variation for merger	Balance at 31.12.17
Patents	519	261	0	(186)	127	317
Concessions, licenses, trademarks and similar rights	17	0	0	(1)	1	17
Intangible assets under development and advances	506	228	0	0	0	278
Other intangible assets	0	0	0	0	0	0
Total Other intangible assets	1,042	489	0	(187)	128	612

(€thousand)	Balance at 31.12.17	Purchases/ other movements	Net decreases	Depreciation	Balance at 31.12.16
Patents	678	366	0	(207)	519
Concessions, licenses, trademarks and similar rights	15	(1)	0	(1)	17
Intangible assets under development and advances	1,034	528	0	0	506
Other intangible assets	0	0	0	0	0
Total Other intangible assets	1,727	893	0	(208)	1,042

The increases in the year are related to the purchase of new software, still partly being implemented as at 31 December 2017 and therefore recorded under the item "Intangible assets under development and advances.

4. Investments in subsidiaries and associated companies

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
- Investment in subsidiaries		
Marr Foodservice Ibérica S.A.U.	400	406
As.ca S.p.A.	13,691	13,691
New Catering S.r.l.	7,439	7,439
De.Al. S.r.l. Depositi Alimentari	36,000	36,000
Speca Alimentari S.r.l.	8,445	0
Total Investments in subsidiaries and associated companies	65,975	57,536

With regard to the variation of this item in the business year, it should be highlighted that on 1 January 2017, by express agreement between the parties, the active and passive effects of the deed stipulated on 30 December 2016 for the purchase of 100% of the holdings in Speca Alimentari S.p.A., based in Baveno (VB), became effective. The company, which owns the business of the same name operating in the Foodservice sector, leased its business on the same date to the Parent Company MARR S.p.A., which manages it through the new branch MARR Speca Alimentari (which became Marr Lago Maggiore on 1 February 2018).

Finally the shareholding depreciation fund of the subsidiary Marr Foodservice Iberica S.A.U. has been adjusted.

A suitable list has been prepared (Appendix 5), indicating the information required by point 5 of Civil Code art. 2427 for each subsidiary company. This list also indicates the differences resulting between the book value in the statement of financial position and the corresponding fraction of the Shareholders' Equity resulting from the last financial statements or draft financial statements of the controlled company. We would explain that the positive differences are attributable to the future profit estimates, as follows:

- 8,563 thousand Euros attributable to the subsidiary company AS.CA S.p.A., as MARR, on acquiring the company, strengthened its own presence in the Bologna area, in coherence with a strategy aimed at increasing its presence in the major Italian cities.
- 2,522 thousand Euros attributable to the subsidiary company New Catering S.r.l. and partly deriving from the company Emigel, incorporated during the course of 2014. As mentioned above, in 2015, was finalised the merger by incorporation of Sama S.r.l. into New Catering (a company acquired by the subsidiary itself during the year), which enabled MARR to strengthen its offer in the bar and quick restaurants segment.
- 31,788 thousand Euros attributable to the subsidiary company DE.AL. S.r.l. Depositi Alimentari (leader in its area in the distribution of food products to independent operators in non-domestic catering – customers classified in the Street Market segment of the MARR Group) which, with over 60 million Euros in sales in 2015, strengthens the presence of MARR in the mid-Adriatic area.
- 6,230 thousand Euros attributable to the newly acquired Speca Alimentari S.r.l., which has a consolidated commercial network and through which MARR has enhanced the level of service in the Lake Maggiore area, being in a better position to benefit from the development opportunities in distribution to foodservice (Street Market in particular).

5. Investments in other companies

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
- Other companies		
Centro Agro-Al. Riminese S.p.A.	280	280
Conai - Cons. Naz. Imball. - Roma	1	1
Idroenergia Scrl	1	1
Banca Malatestiana Cr.Coop.vo	2	2
Consorzio Assindustria Energia	1	1
Caf dell'Industria dell'Em. Romagna S.p.A.	2	2
Veneto Banca S.c.ar.l.	8	8
Banca Popolare di Bari S.p.A.	4	4
Total Other companies	300	300

6. Non-current financial receivables

As at 31 December 2017, this item amounted to 1,171 thousand Euros (2,153 thousand Euros as at 31 December 2016) and includes 461 thousand Euros for the quota beyond the year of interest-bearing financial receivables from Adria Market and other trade partners and the quota beyond the year (totalling 710 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 31 December 2017, amounting to 586 thousand Euros (5.401 thousand Euros as at 31 December 2016), represents the positive fair value of the Cross Currency Swap contracts stipulated by the Company to hedge the risk of changes to the Dollar-Euro exchange rate, with reference to the bond private placement in US dollars finalised in July 2013.
The change compared to the end of the previous business year is linked to the performance during the period of the US dollar-Euro exchange rate. It should be noted that this amount, for 207 thousand Euros, expires beyond 5 years.

8. Other non-current assets

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Non-current trade receivables	6,938	9,700
Accrued income and prepaid expenses	1,992	1,579
Other non-current receivables	22,136	19,277
Total Other non-current assets	31,066	30,556

The "Non-current trade receivables", amounting to 6,938 thousand Euros (of which 1,982 thousand Euros was with an expiry date of over 5 years) mainly concerns agreements and delays in payment defined with the customers.
The prepaid expenses are mainly linked to promotional contributions with clients of a multi-annual nature and have an expiry date within 5 years.
The item "Other non-current receivables" includes, in addition to receivables from State coffers for loss of clients of 7,124 thousand Euros, receivables from suppliers for 14,612 thousand Euros (12,217 thousand Euros as at 31 December 2016), of which 752 thousand Euros expiring over 5 years.

There are no other assets with expiry dates over 5 years.

Current assets

9. Inventories

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Finished goods and goods for resale		
Foodstuffs	36,257	32,609
Meat	12,984	12,396
Fish products	79,905	80,209
Fruit and vegetable products	29	29
Hotel equipment	2,250	1,918
	131,425	127,161
provision for write-down of inventories: to be deducted	(618)	(618)
Goods in transit	7,210	6,702
Packing	1,881	1,513
Total Inventories	139,898	134,758

The inventories are not conditioned by obligations or other property rights restrictions.
As commented in the Directors' Report, the increase in inventories compared to 31 December 2016 is the effect of stocking policies aimed at benefitting from specific trade opportunities on the market of frozen seafood products.

The movements during the business year is the following:

(€thousand)	Balance at 31.12.17	Change of the year	Balance at 31.12.16
Finished goods and goods for resale	131,425	4,264	127,161
Goods in transit	7,210	508	6,702
Packing	1,881	368	1,513
	140,516	5,140	135,376
Provision for write-down of inventories	(618)	0	(618)
Total Inventories	139,898	5,140	134,758

10. Current financial receivables

The item "Current financial receivables" is composed of:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Financial receivables from Parent companies	1,259	2,930
Financial receivables from Subsidiaries	4,418	3,977
Receivables from loans granted to third parties	698	918
Total Current financial receivables	6,375	7,825

As regards the items "Financial receivables from subsidiaries" and "Financial receivables from Parent companies" (all of which interest bearing and with interest rates aligned to the market), the detailed analysis is indicated in the Appendix 7 of these Explanatory Notes.

The Receivables for loans granted to third parties, all of which are interest-bearing, refer to receivables towards truck drivers (amounting to 580 thousand Euros) consequent to the sale to the latter of the trucks used by them to transport MARR products and service-supplying partners (55 thousand Euros).

11. Financial instruments / derivatives

The total as at 31 December 2017, amounting to 11 thousand Euros, concerns term exchange purchase transactions undertaken by the Company. These operations were record in the accounts as the hedging of financial flows.

12. Current trade receivables

This item is composed of:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Trade receivables from customers	387,116	377,840
Trade receivables from Subsidiaries	1,005	886
Trade receivables from Parent companies	347	373
Total Current trade receivables	388,468	379,099
Provision for write-down of receivables from customers	(34,484)	(31,956)
Total current net receivables	353,984	347,143

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Trade receivables from customers	373,543	366,221
Receivables from Associated companies	0	8
Receivables from Associated companies consolidated by the Cremonini Group	13,571	11,589
Receivables from Associated companies not consolidated by the Cremonini Group	2	22
Total current trade receivables from customers	387,116	377,840

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 34,484 thousand Euros, as highlighted in the table below.

The receivables "from subsidiaries" (1,005 thousand Euros), "from parent companies" (347 thousand Euros), "from associated companies consolidated by the Cremonini Group" (13,571 thousand Euros) and "from associated companies not consolidated by the Cremonini Group" (2 thousand Euros), are analytically outlined, together with the corresponding payable items, in the Appendix 7 of the these Explanatory Notes.
These receivables are all of a commercial nature.

Receivables in foreign currencies have been adjusted to the exchange rate valid on 31 December 2017.

In 2017, 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 31.12.17	Increases	Decreases	Other movements	Balance at 31.12.16
- Tax-deductible provision	2,000	2,000	(1,980)	0	1,980
- Taxed provision	31,730	9,000	(6,415)	0	29,145
- Provision for default interest	754	0	(77)	0	831
Total Provision for write-down of Receivables from customers	34,484	11,000	(8,472)	0	31,956

13. Tax assets

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Ires/Irap tax advances /withholdings on interest	43	9
VAT carried forward	146	36
Irpeg litigation	6,040	6,040
Ires transferred to the Parent Company	765	1,194
Receivable for Irap	0	81
Other	1,221	1,287
Total Tax assets	8,215	8,647

As regard the item "Irpeg litigation", refer to that contained in the paragraph 19 "Provisions for non-current risks and charges".

The Item "Ires transferred to Parent Company" amounting to 765 thousand Euros is composed as follows:

- 11 thousand Euros is the residual receivables for Ires pay back, calculated on the Irap paid to cover the cost of labour and collaborators that was not deducted for the same purpose, as per the reimbursement request made in February 2013 for the years 2007-2011. A total of 937 thousand Euros of the receivables were received during the course of 2017;
- 754 thousand Euros represents the Ires receivables for 2017.

The item "Other" is represented almost entirely (1,076 thousand Euros as at 31 December 2017) by VAT receivables accrued abroad (Spain) and to be repaid by the competent authority.

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 31.12.17	Balance at 31.12.16
Cash and Cheques	8,996	8,595
Bank and postal accounts	137,791	97,911
Total Cash and cash equivalents	146,787	106,506

In regard to the changes of the net financial position, refer to the cash flows statement of 2017.

15. Other current assets

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Accrued income and prepaid expenses	604	885
Other receivables	46,555	45,253
Total Other current assets	47,159	46,138

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Accrued income	0	0
Prepaid expenses		
Leases on buildings and other assets	221	538
Maintenance fees	239	100
Commercial and advertising costs	0	28
Insurance costs/Administration services	0	6
Other prepaid expenses	144	213
Total Current accrued income and prepaid expenses	604	885

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Guarantee deposits	109	119
Other sundry receivables	1,163	790
Other sundry receivables from Subsidiaries Company	0	1,834
Other sundry receivables from Associated Company	0	2
Provision for write-down of receivables from others	(4,406)	(4,206)
Receivables from social security institutions	162	203
Receivables from agents	2,115	1,789
Receivables from employees	33	120
Receivables from insurance companies	293	455
Advances and deposits	49	3,706
Advances to suppliers and supplier credit balances	46,733	40,271
Advances to suppliers and supplier credit balances from Associates	304	170
Total Other current receivables	46,555	45,253

The item *Advances to suppliers and supplier credit balances* includes, in addition to 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 23,772 thousand Euros; 15,603 thousand Euros in 2016), also receivables for contributions to be received from suppliers totalling 23,422 thousand Euros (see the comments in paragraph 27 "Other revenues").
Receivables from foreign suppliers in foreign currencies have been adjusted, if necessary, to the exchange rate valid on 31 December 2017.

The "Provision for write-down of receivables from others" refers to receivables relates to agents for 900 thousand Euros and for the remaining to suppliers. During the business year it shown the following changes:

(€thousand)	Balance at 31.12.17	Increases	Decreases	Other movements	Balance at 31.12.16
- Provision for Receivables from Others	4,406	200	0	0	4,206
Total Provision for write-down of Receivables from others	4,406	200	0	0	4,206

As regards the item *Other sundry receivables from subsidiary companies*, it should be noted that the balance at 31 December 2016 was represented by receivables from DE.AL. S.r.l. as a result of the leasing of the relevant going concerns to the Parent Company as of 1 October 2016 and was paid off during 2017.

As regards the item *Advances and Deposits*, it should be noted that as at 31 December 2016, this included 3,674 thousand Euros for the first portion of the total price paid for the acquisition of 100% of the holdings in Speca Alimentari S.r.l., which was effective from 1 January 2017.

Breakdown of receivables by geographical area

The breakdown of receivables by geographical area is as follows

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial receivables	1,171	0	0	1,171
Non current derivative financial instruments	586	0	0	586
Deferred tax assets	0	0	0	0
Other non-current assets	16,454	4,160	10,452	31,066
Financial receivables	6,375	0	0	6,375
Current derivative financial instruments	11	0	0	11
Trade receivables	332,209	16,142	5,633	353,984
Tax assets	7,064	1,151	0	8,215
Other current assets	25,393	4,765	17,001	47,159
Total receivables by geographical area	389,263	26,218	33,086	448,567

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 31 December 2017, amounting to 33,263 thousand Euros, is unchanged compared to the previous business year and 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 31 December 2017 this reserve amounts to 63,348 thousand Euros and does not appear to have changed since 31 December 2016.

Legal reserve
This Reserve amounts to 6,652 thousand Euros and does not appear to have changed since 31 December 2016.

Shareholders' contributions on account of capital
This Reserve did not change in 2017 and amounts to 36,496 thousand Euros.

Reserve for transition to IAS/IFRS
This is the reserve (amounting to 7,516 thousand Euros) set up following the first time adoption of the international accounting standards.

Extraordinary Reserve
As at 31 December 2017, the increase of 9,235 thousand Euros, is attributable to the allocation of part of the profits for the year closed on 31 December 2016, as per shareholder meeting's decision made on 28 April 2017.

Reserve for surplus for mergers
This Reserve did not change in 2017 and amounts to 4,602 thousand Euros.

Cash flow hedge reserve
As at 31 December 2017, this item amounted to a negative value of 1,734 thousand Euros and is linked to the stipulation of hedging contracts for interest and exchange rates undertaken for the specific hedging of certain loans, with variable rates and in foreign currency respectively.
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 36 "Other profits/losses" 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 31 December 2017, this reserve amounts to a negative value of 641 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 1,467 thousand Euros as at 31 December 2017, the relevant deferred tax liabilities have been accounted for.

On 28 April 2017 the Shareholders' meeting approved the MARR S.p.A. financial statements as at 31 December 2016 and consequently decided upon allocation of the business year profits, and the approval of a dividend of 0.70 Euros for each ordinary share with the right to vote.

In addition of the commentary on the items in the Net Equity, it should be pointed out:

(€thousands)	at 31 December 2017	Possible utilization	Available quota
Share Capital	33,263		
Reserves:			
Share premium reserve	63,348	A,B,C	63,348
Legal reserve	6,652	B	
Revaluation reserve	12	A,B,C	12
Shareholders contributions or capital account	36,496	A,B,C	36,496
Extraordinary reserve	79,354	A,B,C	79,354
Reserve for exercised stock options	1,475	-	
Cash-flow hedge reserve	(1,734)	-	
Reserve for transition to the Ias/Ifrs	7,516	-	
Reserve ex art. 55 (DPR 597-917)	1,467	A,B,C	1,467
Surplus for mergers	4,602	A,B,C	4,602
Reserve IAS19	(641)	-	
Total Reserves	198,547		
Profits carried over	65,684	A,B,C	

Notes:
A: for increase of share capital
B: for covering losses
C: for distribution to shareholders

Non-current liabilities

17. Non-current financial payables

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to banks - non-current portion	159,583	125,153
Payables to other financial institutions - non-current portion	36,112	41,208
Payables for the purchase of quotas / shares / going conceme	0	10,470
Total non-current financial payables	195,695	176,831

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to banks (1-5 years)	159,583	125,153
Payables to banks (over 5 years)	0	0
Total payables to banks - non-current portion	159,583	125,153

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Payables to other financial institutions (1-5 years)	8,624	9,982
Payables to other financisl institutions (over 5 years)	27,488	31,226
Total payables to other financial institutions - Non current portion	36,112	41,208

The variation in non-current payables to banks is the effect, net of the payment of the overdue instalment and of the classification of the expiring instalments among the current payables, of the following new transactions finalised during the business year:

- unsecured loan, granted by UBI Banca on 27 March 2017 for a total amount of 10 million Euros and with amortization plan ending in March 2021;
- unsecured loan, granted by BNL on 30 March 2017 for a total amount of 30 million Euros and with due date in September 2020;
- unsecured loan, granted by Crèdit Agricole Cariparma on 19 May 2017 for a total amount of 10 million Euros and with amortization plan ending in May 2021;
- unsecured loan, granted by Banca Intesa San Paolo on 8 June 2017 for a total amount of 15 million Euros and with amortization plan ending in June 2022;
- unsecured loan, granted by UBI Banca on 29 June 2017 for a total amount of 15 million Euros and with amortization plan ending in June 2020;
- unsecured loan, granted by BPER Banca on 21 December 2017 for a total amount of 10 million Euros and witha amortization plan ending in December 2021;
- unsecured loan, granted by ICCREA BancaImpresa on 21 December 2017 for a total amount of 25 million Euros and with amortization plan ending in December 2020.

In addition, it should be noted the following:
- in the year 2017, three ongoing loans with UBI Banca and the ongoing loan with ICCREA BancaImpresa were reimbursed in advance for a total amount of 32.7 million Euros; the total value of these loans as at 31 December 2016 amounted to 38.6 million Euros, 29.8 million of which was exposed in non-current financial payables;
- in December, an advance portion of the pool loan ongoing with BNP Paribas was extinguished (for a total amount of 3.1 million Euros) and an amendment was finalised, which implied on one hand a reduction in the interest rate and on the other, the expansion of the loan facility up to an overall amount of 65 million Euros (with the possibility of using the residual credit line starting in 2018), and also the rescheduling of the debt with amortization from June 2019 to June 2022.

Lastly, it should be noted that as at 31 December 2017, there were no derivative contracts ongoing to hedge the interest rate risk, given that during the year, the *Interest Rate Swap* contract was extinguished following the advance termination of the loan with Banca Popolare Commercio e Industria.

The value of the payables to other financial institutions is represented for 35,603 thousand Euros (40,480 thousand Euros as at 31 December 2016) by the bond private placement in US dollars, finalised by the parent company in July 2013. The bond placement amounts to 43 million dollars (originally 30.6 million Euros), of which 10 million dollars expires in 2020 and the remaining 33 million dollars in 2023 and involves an average coupon of about 5.1%. The decrease in its value 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".

Finally, it should be noted that, as at 31 December 2017, the item includes also, for 509 thousand Euros, the payable accounted due to the ongoing financial leasing contract for harware infrastructure for the Group ERP, finalized in 2016 (for more details concerning this contract, see that described in paragraph 1 "Tangible fixed assets" of these Notes).

As regards the change in the item "payables for the purchase of holdings/shareholdings", it should be noted that the balance as at 31 December 2016 referred for 9,000 thousand Euros to the payables for the purchase of the holdings in DE.AL. S.r.l. expiring in April 2018 and for 1,470 thousand Euros to the payables for the purchase of the holdings in Speca Alimentari S.r.l. expiring in December 2018 and therefore classified under current financial payables as at 31 December 2017.

Below is the breakdown of the medium and long-term portion of the payables to banks, including the interest rates applied:

Credit institutes	Interest rate	Expiry	Portion from 2 to 5 years	Portion beyond 5 years	Balance at 31.12.17
Intesa Sanpaolo	Euribor 6m +0,75%	30/06/2022	10,485	0	10,485
UBI Banca	Euribor 3m +0,85%	29/06/2020	8,993	0	8,993
Pool BPN Paribas	Euribor 6m +0,85%	30/06/2022	43,905	0	43,905
Credit Agricole Cariparma	Euribor 3m +0,75%	19/05/2021	6,267	0	6,267
UniCredit	Euribor 6m +0,95%	15/05/2019	11,989	0	11,989
UBI	Euribor 3m +0,75%	27/03/2021	7,166	0	7,166
BNL	Fixed 0,7%	30/09/2020	29,985	0	29,985
Banca Carige	Euribor 3m +0,8%	30/06/2019	5,030	0	5,030
Pool ICCREA	Euribor 3m +0,55%	21/12/2020	24,988	0	24,988
Bper Banca	Euribor 6m +0,4%	21/12/2021	9,994	0	9,994
Carisp. Pistoia	Euribor 6m +0,48%	31/01/2020	781	0	781
			159,583	0	159,583

The following is the breakdown of the mortgage guarantees on the real estate properties of the Group:

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 must be pointed out that in 2017, following the extinction of the mortgages as described above, mortgage guarantees were cancelled for a total value of 30 million Euros for the facilities located in Santarcangelo di Romagna (RN) – Via Dell'Acero 2/4 and Via dell'Acero 1/A, Portoferraio (LI) – Via Degli Altiforni no. 29/31, Uta (CA) –Macchiareddu locality and Bologna (BO) – Via Fantoni.

Finally, it must be pointed out that the loan contracts ongoing require the maintenance of financial indices identified as described below and that these covenants have been respected as at 31 December 2017.

- The ongoing financing with BNP Paribas (as revised at December 2017) provides the following financial ratios:
  NET DEBT / EBITDA < 3.5
  NET DEBT / EQUITY <2.0
  EBITDA / Net financial charges > 4.0
  Those ratios will be verified with reference to 31 December and 30 June each year

- The ongoing financing with Banca Intesa San Paolo S.p.A. (signed in March 2015) provides the following covenants to be verified on a yearly basis.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.5
  EBITDA / Net financial charges >= 4.0

- The ongoing financing with UNICREDIT (signed in May 2015) provides the following covenants to be verified with reference to 30 June and 31 December each year in relation 12 months period and on the basis of the consolidated MARR Group data at year-end.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

- the ongoing loans with BNL (signed in March 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0
  EBITDA / Net financial charges >= 4.0

- the ongoing loans with UBI Banca (signed in March 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- the ongoing loans with Crèdit Agricole Cariparma (signed in May 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 4.0

- the ongoing loans with Intesa Sanpaolo (signed in May 2017), provides the following covenants to be verified as at 30 June and at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.5
  EBITDA / Net financial charges >= 4.0

- the ongoing loans with Ubi Banca (signed in June 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 1.5
  NET DEBT / EBITDA =< 3.0

- the ongoing loans in pool with BancaImpresa as agent Bank (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0

- the ongoing loans with BPER Banca (signed in December 2017), provides the following covenants to be verified as at 31 December of each year with reference to the consolidated MARR Group data.
  NET DEBT / EQUITY =< 2.0
  NET DEBT / EBITDA =< 3.0

- The *bond private placement* (finalised in July 2013) provides the following financial ratios:
  NET DEBT / EBITDA < 3.5
  NET DEBT / EQUITY < 2.0
  EBITDA / Net financial charges > 4.0
  Those ratios will be verified with reference to the consolidated data as at 31 December and 30 June each year.

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

(€thousand)	Book Value		Fair Value	
	2017	2016	2017	2016
Payables to banks - non-current portion	159,583	125,153	158,771	123,874
Payables to other financial institutions - non-current portion*	36,112	51,678	32,458	50,735
	195,695	176,831	191,229	174,609

* Payables to other financial institutions also include the debt for the purchase of quotas or shares, that amounted to zero as at 31 December 2017.

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. Employee benefits

This item includes the Staff Severance plan, for which changes during the period are reported:

(€thousand)	
Opening balance at 31.12.16	*9,433*
effect of lease of going concern	208
payments of the period	(1,616)
provision for the period	164
other changes	(151)
Closing balance at 31.12.17	8,038

The movement during the year is linked, in addition to the quota accrued during the period net of yearly decrease in the item, to the personal entered into the Company due to the operation of lease of the going concern of the subsidiary Speca Alimentari S.r.l., starting since 1 January 2017.
The decreases in 2017 are mainly correlated to the reorganizations concerning some Units in the provinces of Rimini and Forlì Cesena, as well as the reorganization as a result of the integration following the lease of De.Al. S.r.l. by the Company and the continued progress in the securitization of the operating activities within these Units.

It must be highlighted that the allocation for the period includes actuarial gains totalling 65 thousand Euros recorded in the accounts, net of the theoretical fiscal effect, in the relevant net equity reserve as provided by IAS 19 (see that described as regards the movement of the Net Equity and in paragraph 16 of these Explanatory Notes).

The applicable employment contract is that for companies operating in the "Tertiary, Distribution and Services" sector.

With reference to the significant actuarial hypotheses (as described in the paragraph entitled "Main estimates adopted by management and discretional assessments"), the table below shows the effects on the final liabilities of the Group due to possible changes to them.

(€thousand)	Turnover +1 %	Turnover -1 %	Inflation rate + 0.25%	Inflation Rate - 0.25%	Discounting rate + 0.25%	Discounting rate - 0.25%
Effect on the finaly liability	(38)	42	83	(82)	(131)	135

It should also be noted that the contribution expected for the following business year is equal to zero and the average financial duration of the debenture is 7. The future payments expected in the next five years can be estimated as totalling 3.7 million Euros.

19. Provisions for non-current risks and charges

(€thousand)	Balance at 31.12.17	Allocations	Other movements	Uses	Balance at 31.12.16
Provision for supplementary clients severance indemnity	3,439	342	83	0	3,014
Provision for specific risks	1,483	0	0	(350)	1,833
Total Provisions for non-current risks and charges	4,922	342	83	(350)	4,847

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. In addition to the provision for the period (amounting to 342 thousand Euros), the variation of the year includes, in the item "Other movements" the provision for supplementary clients severance indemnity entered in MARR due to the lease of the going concern of the subsidiary Speca Alimentari S.r.l..

The *Provision for specific risks* was allocated mainly to cover probable liabilities linked to certain ongoing legal disputes and its decrease is linked to the sustening of charges to be incurred for the reorganization of the DE.AL. activities (with start-up of the MARR Adriatico branch).

In relation to the fiscal dispute currently ongoing deriving from the verification carried out by the "Guardia di Finanza", IV Group Section in San Lazzaro di Savena (BO), because of presumed breaches in terms of direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) finalised in the month of July of the year 2000, it should be pointed out that on 28 February 2004, the recourses for direct tax (1993-1999 fiscal years) and VAT (1998 and 1999 fiscal years) were discussed in a public hearing. The amount involved in the dispute concerning taxes and the relevant sanctions, for the main inspection known as "C.R.C." (the other inspections concerning insignificant amounts or others that were abandoned) amounts to approximately 4.7 million Euros plus interest.
In its sentence no. 73/2/04, the Rimini Provincial Tributary Commission, Section II, accepted the recourse presented for IRAP referring to the main inspection, while it partly rejected, with reference to the other inspections, the recourses presented, confirming the conclusions of the Inland Revenue.
On 20 December 2004, MARR S.p.A. impugned the aforementioned sentence, presenting an appeal to the Rimini Section of the Bologna Regional Tributary Commission.
The matter was discussed before Section 24 of the Emilia Romagna Regional Tributary Commission on 16 January 2006.
As regards the reasons put forward by the company in the documentation for the second stage of the proceedings, the Bologna Tributary Commission disposed in Order 13/24/06 on 3 April 2006, that a technical consultancy be carried out, assigning the duty to a board of three professionals to provide an opinion, among other things, on the disputed matter, and asked them to ascertain, on the basis of contractual agreements and economic and financial relations effectively ongoing between the parties involved in the complex operation, whether the cost sustained by MARR S.p.A. and being disputed concerns the business of the company or not.
On 18 November 2006, the board of consultants deposited its report, concluding that: "in summary, it can be stated that these capital losses are relevant in as much as they are objectively referable to the business of the company".
On 15 January 2007, the dispute was again discussed in a public hearing during which the findings in the report of the board of consultants were again presented. In sentence 23/10/07, the Bologna Tributary Commission reviewed its first phase sentence in favour of MARR S.p.A. as regards the four findings subject of the dispute but, without providing any motivation, it completely rejected the conclusions drawn by the technical consultants it itself appointed with reference to the principal inspection known as "CRC", thus confirming that established by the judges in the first phase of the proceedings.
By reason of this, a recourse was presented on 22 April 2008 before the Supreme Court of Cassation. The State Bar met to discuss the matter on 3 June 2008.
Although the outcome of the appeal was negative, although it must be pointed out that there were two technical consultancies in perfect agreement with each other during this phase, comprising four undoubtedly authoritative professionals, three of them appointed by the Tributary Commission itself, the opinions expressed being undoubtedly fully in favour of MARR Spa, and on the basis of the opinion expressed by the defence lawyers representing the Company, we believe it reasonable to hypothesise the successful outcome of the dispute.

On 10 February 2014, the Supreme Court of Cassation, in sentence 20055/14 (filed on 24 September 2014), accepted the appeal by the Company, repealing the impugned sentence no. 23/2007 by the Regional Taxation Commission for Emilia Romagna, submitting for the second degree judge (in another proceeding) the decision regarding the claim, stating the need for the decision to be taken by proceeding with an "*adequate assessment of the expert findings*", consistently described by the same Court as "*extremely favourable to the taxpayer*". On 16 December 2014, the Company filed the claim again with the above-mentioned Taxation Commission; the date for the discussion of the dispute has yet to be established.

As at 31 December 2017, MARR S.p.A. had paid 6,040 thousand Euros as payment of taxes while awaiting judgment; this amount was classified under tax receivables.

During the course of 2007, several disputes arose with the Customs Authorities concerning the payment of preferential customs duties on certain imports of fish products. With reference to the most significant of these disputes, involving import duties amounting to approximately 250 thousand Euros concerning the purchase of certain goods from Mauritania, it must be pointed out that the judges in the first phase of proceedings rejected the recourses presented by the Company in May 2008, but in any case accepted the fact that the company was entirely extraneous to the claimed irregularities, as they were attributable exclusively to its suppliers, from whom, as already formally notified to them, all expenses and costs inherent and/or consequent to the aforementioned dispute will be reclaimed.
The appeal made by the Company against the first grade sentence has not been accepted by the Regional Tax Commission of Florence.
It should be noted that the Company appealed to the Supreme Court of Cassation in May 2013.

Lastly, it must be pointed out that on 29 June 2017, the Taxation Unit of the Guardia di Finanza (Finance Police) in Rimini started a tax inspection of a general nature (IRES, IRAP, VAT and other taxes) with MARR concerning the 2015 and subsequent fiscal years. The inspection ended and a Final Report was drawn up in which it was claimed that there had only been one irregularity committed by MARR during the years involved. Specifically, this was the reduction, made pursuant to art. 87, paragraph 1 of Legislative Decree 917/86, amounting to 95% of the capital gains accrued during the 2015 business year, concerning the sale of the 55% holding in the share capital of the company Alisea Società Consortile a r.l., which was deemed to be improper. Considering the opinion expressed by our consultants, we believe that this presumed irregularity is unfounded, given that the Company acted correctly in determining the business profits. Because of this, on 20 December 2017, we filed with the Inland Revenue Service – Emilia Romagna Regional office and with the Inland Revenue Service – Rimini Provincial Office illustrative memorandums in which the reasons for the unfoundedness of the claim made were described analytically. As yet, we are still waiting to receive the notification setting the date for the first meeting, in which joint consultational proceedings will begin aimed at verifying the foundations of the reasons given by each of the parties for the circumstances described in the Final Report. Considering the opinion of the legal advisors who are assisting the Company in the proceedings, we deem it reasonable to believe that the case will in all probability conclude with a fully satisfactory outcome in favour of MARR.

20. Deferred tax assets and deferred tax liabilities

As at 31 December 2017, this item amounted to 966 thousand Euros, classified in the item "Defferred tax liabilities".
The table below shows the details of the items:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
On taxed provisions	9,588	9,016
On costs deductible in cash	61	72
On costs deductible in subsequent years	821	750
On other changes	8	0
Deferred tax assets	10,478	9,838
On goodwill amortisation reversal	(7,739)	(7,078)
On funds subject to suspended taxation	(409)	(411)
On leasing recalculation as per IAS 17	(449)	(449)
On actuarial calc. of severance provision fund	167	171
On fair value revaluation of land and buildings	(3,513)	(3,526)
On cash flow hedge	548	601
Others	(49)	(43)
Deferred tax liabilities	(11,444)	(10,735)
Deferred tax assets / (liabilities)	(966)	(897)

21. Other non-current payables

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Accrued expensed and prepaid income	38	93
Others non current liabilities	1,007	761
Total other non-current payables	1,045	854

This item "Other non-current accrued expenses and deferred income" represents the quota over the year for deferred financial income from customers.
The item "other liabilities" is represented by security deposits paid by transporters.
There is no accrued income and prepaid expenses or other liabilities with expiry date over 5 years.

Current liabilities

22. Current financial payables

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Financial payables to subsidiaries	2,486	1,763
Payables to banks	103,811	101,426
Payables to other financial institutions	974	965
Payables for the purchase of quotas / shares / going conceme	10,574	11,205
Total Current financial payables	117,845	115,359

Current payables to banks:

(€thousand)		Balance at 31.12.17		Balance at 31.12.16
Current accounts		91		6,555
Loans/Advances		58,927		42,386
Loans :				
- Cassa di Risp.di Pescia e Pistoia	519		517	
- Centrobanca	0		1,385	
- Pop.Commercio e Industria	0		703	
- Pop.Commerc.Ind.	0		3,310	
- Pool financing with BNP Paribas	0		18,667	
- ICCREA Banca d'Impresa	0		3,347	
- Intesa San Paolo	8,005		6,628	
- Carige	9,998		4,967	
- Unicredit	8,962		8,960	
- Cassa di Risparmio di Ravenna	3,026		4,001	
- Intesa San Paolo	2,991		0	
- Cariparma	2,475		0	
- Ubi Banca	5,990		0	
- Ubi Banca	2,827		0	
		44,793		52,485
		103,811		101,425

For more details regarding the variation compared to the previous business year, see that outlined in the paragraph 17 "Non current financial payables".

It should be noted that the item "Loans/Advances" includes, in addition to 21,500 thousand Euros for "hot money " loans and 10,089 thousand Euros for sbf advances, the 27,454 thousand Euros payable to Banca IMI due to the securitization operation started in the business year 2014.

As regards the breakdown of the *Financial payables to subsidiary companies (accruing interest at market rates)*, see that described in Appendix 7 to these Explanatory Notes.

The balance of payables to other financiers includes:

- the payables for interest accrued concerning the bond private placement operation finalised in July 2013, amounting to 814 thousand Euros,
- the current quota of the payables for the ongoing financial leasing contracts (as detailed in the paragraphs 1 and 17 of these Explanatory Notes), amounting to total 219 thousand Euros.

As regarding to the payables for the purchase of quotas or shares, we point out that the Company paid the expiring instalments for a total amount of 12,155 thousand Euros; the liability as at 31 December 2017 is related to the last purchase price instalments of the companies DE.AL (9,000 thousand Euro) and Speca Alimentari S.r.l (1,574 thousand Euro) which will expire in April and in December 2018 respectively.

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

23. Current tax liabilities

The breakdown of this item is as follows:

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Irap	23	0
Other taxes payable	157	149
Irpef for employees	1,166	1,268
Irpef for external assistants	166	208
Total Current taxes payable	1,512	1,625

This item relates to taxes payable of a determined and certain amount.

As regards MARR S.p.A., the 2013 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.

24. Current trade liabilities

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Suppliers	305,216	287,580
Payables to Associated companies	24	3
Payables to Associated companies consolidated by the Cremonini Group	8,559	6,363
Payables to Subsidiaries	162	1,609
Payables to Correlated Companies	47	141
Total Current trade liabilities	314,008	295,696

The liabilities refer mainly to payables for the purchase of goods for sale and payables to Sales Agents. They also include "Payables to Associated Companies consolidated by the Cremonini Group" for 8,559 thousand Euros, "Payables to subsidiaries" for 162 thousand Euros the details and analysis of which are reported in the following Appendix 7, in addition to "Payables to other Correlated Companies" for 47 thousand Euros.
It is highlighted that the item "Payables to associated companies", amounting to 24 thousand Euros, represents the payable to the company Griglia DOC, undirected associated to MARR, being 50% owned by the subsidiary DE.AL S.r.l..

25. Other current liabilities

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Current accrued expenses and deferred income	1,114	1,246
Other payables	19,621	20,665
Total Other current liabilities	20,735	21,911

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Accruals for emoluments to employees/directors	986	1,003
Other deferred income	3	4
Deferred income for interests from clients	125	239
Total Current accrued expenses and deferred income	1,114	1,246

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Inps/Inail and Other social security institutions	1,683	1,885
Enasarco/ FIRR	766	743
Payables to personnel for emoluments	4,561	4,512
Advances from customers, customers credit balances	11,412	12,499
Payables to insurance companies	165	198
Other sundry payables	1,034	828
Total Other payables	19,621	20,665

The item "payables to personnel for emolument" and "accrual for remuneration of employees/directors" includes current salaries not yet paid as at 31 December 2017 and allocations for leave accrued but not taken, with relevant charges.

The item "*Advances from customers, customers credit balances*" includes the credit notes to be issued to customers for end of year premiums and contributions.

Breakdown of payables by geographical area

The breakdown of payables by geographical area is as follows:

(€thousand)	Italy	EU	Extra-EU	Total
Non-current financial payables	142,877	16,964	35,854	195,695
Non current derivative financial instruments	0	0	0	0
Employee benefits	8,038	0	0	8,038
Provisions for risks and charges	4,922	0	0	4,922
Deferred tax liabilities	966	0	0	966
Other non-current liabilities	1,045	0	0	1,045
Current financial payables	116,746	285	814	117,845
Current tax liabilities	1,478	0	34	1,512
Current trade liabilities	261,178	49,227	3,603	314,008
Other current liabilities	20,647	56	32	20,735
Total payables by geographical area	557,897	66,532	40,337	664,766

Guarantees, securities and commitments

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

Guarantees (totalling 20,066 thousand Euros).
These refer to:

- guarantees issued on behalf of MARR S.p.A. in favour of third parties (amounting to 14,066 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 . in favour of financial institutes in the interest of subsidiary companies. This item amounted to a total of 6,000 thousand Euros as at 31 December 2017 and refers to credit lines granted to subsidiaries.

(€thousand)	Balance at 31.12.17	Balance at 31.12.16
Guarantees		
As.ca S.p.A.	5,600	5,600
DE.AL. S.r.l.	400	8,602
Total Guarantees	6,000	14,202

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, amounting to 9,867 thousand Euros, refers to credit letters issued by certain credit institutes to guarantee obligations undertaken by the Parent Company and by AS.CA with certain foreign suppliers.

Comments on the main items of the consolidated statement of profit or loss

26. Revenues

Revenues are composed of:

(€thousand)	31.12.2017	31.12.2016
- Net Revenues from sales of goods	1,502,889	1,379,336
- Revenues from services		
Advisory services to third parties	991	913
Manufacturing on behalf of third parties	31	31
Rent income (typical management)	117	46
Other services	2,126	2,118
Total	3,265	3,108
Total Revenues	1,506,154	1,382,444

See that described in the Directors' Report with regard to comments on the performance of revenues.

The revenues from services mainly include revenues from companies in the group for insurance consultancies and assistance, technical consultancies, administrative management of personnel, administrative, legal and commercial assistance, processing, transport and handling and revenues from transport and similar costs from clients.

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

(€thousand)	31.12.2017	31.12.2016
Italy	1,396,673	1,286,949
European Union	66,307	59,314
Extra-EU countries	43,174	36,181
Total	1,506,154	1,382,444

The breakdown by category of activity of the revenues from sales of goods is as follows:

(€thousand)	31.12.2017	31.12.2016
Foodstuff	635,965	581,611
Meat	270,247	249,264
Seafood	552,726	510,590
Fruit and vegetables	51,608	45,163
Hotel equipment	7,123	7,334
Sias Division	941	942
Trade discounts / year-end bonuses	(15,721)	(15,568)
Total Revenues from sales of goods	1,502,889	1,379,336

The revenues have been achieved within national territory, including the islands.
Below is a list of the total revenues (million Euros) realised during 2017 by the Rimini Head Office and each unit (branches and divisions):

(million Euros)	31.12.2017	31.12.2016
Head Branch of Rimini (Marr Uno)	1	103
Branch: Marr Napoli	51	46
Branch: Marr Milano	86	81
Branch: Marr Roma	71	74
Branch: Marr Venezia	54	50
Branch: Marr Supercash&carry - Rimini	29	32
Branch: Marr Sardegna	63	58
Branch: Marr Romagna - Rimini	69	56
Emiliani Division - Rimini	232	222
Carnemilia Division - Bologna	7	6
Branch: Marr Sicilia	50	46
Branch: Marr Sanremo	18	16
Branch: Marr Elba	8	8
Branch: Marr Genova	24	23
Branch: Marr Dolomiti	12	10
Warehouse: Santarcangelo	1	1
Branch: Marr Puglia	41	40
Branch: Marr Battistini	38	23
Branch: Marr Torino	52	50
Branch: Marr Calabria	49	45
Branch: Marr Sfera	49	46
Branch: Marr Arco	18	17
Branch: Marr Toscana	49	42
Branch: Marr Urbe (già Marr Cater)	69	33
Branch: Marr Valdagno	9	9
Branch: Marr Scapa	205	178
Branch: Marr Bologna	77	56
Branch: Marr Baldini	1	15
Branch: Marr Adriatico	74	8
Branch: Marr Speca	11	0
Sias Division	1	1
Others (trade discounts / year-end bonuses)	(16)	(16)
Total Revenues from sales of goods	1,503	1,379

As regards the above table, it must be highlighted that the MARR Adriatico distribution centre was managed for the entire business year (from 1 October 2016 last year), as the new Marr Speca branch (Marr Lago Maggiore since 1 February 2018), located in Baveno (BV), following the purchase of 100% of the holdings and the lease of the business with the same name as of 1 January 2017.
In comparing the figures with last year, the impact deriving from the reorganizations started in 2016 with the opening of the new Marr Urbe and Marr Adriatico distribution centres and continued in 2017 with the unification of the facilities in Rimini (in via Spagna) and Cesenatico into a single new distribution centre called "MARR Battistini" must also be noted.

27. Other revenues

The Other revenues are broken down as follows:

(€thousand)	31.12.2017	31.12.2016
Contributions from suppliers and others	32,595	35,314
Other sundry earnings	2,601	1,776
Reimbursements for damages suffered	891	874
Reimbursement of expenses incurred	701	719
Recovery of legal fees	50	61
Capital gains on disposal of assets	68	95
Total Other revenues	36,906	38,839

The "Contributions from suppliers and others" consist mainly of contributions obtained from suppliers for the commercial promotion of their products with our customers.
The comparison with the previous year shows that part of the contribution from suppliers has been included to reduce the cost of purchasing materials following the reformulation of some of the contracts for the recognition of end-of-year bonuses.

28. Purchase of goods for resale and consumables

This item is composed of:

(€thousand)	31.12.2017	31.12.2016
Purchases of goods	1,217,887	1,131,659
Purchases of packages and packing material	4,741	4,179
Purchase of stationery and printed paper	722	719
Purchase of promotional and sales materials, and catalogues	343	157
Purchase of various materials	612	700
Fuel for industrial motor vehicles and cars	270	226
Total Purchase of goods for resale and consumables	1,224,575	1,137,640

As regards the performance of the purchase cost of goods destined for commercialisation, see the Directors' Report and the relevant comments on the gross margin.
As highlighted in the previous paragraph, the item "Purchases of goods" benefit for some 4,427 thousand Euros, of the part of contribution from suppliers identifiable as end-of-year bonuses.

It is noted that, by effect of the lease of the going concern of the subsidiary Speca Alimentari, this item includes the purchase of the inventories and packaging stored in the warehouse in Baveno (VB) at 1 January 2017 (date of validity of the lease), for a total amount 640 thousand Euros.

29. Personnel costs

This item 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.

(€thousand)	31.12.2017	31.12.2016
Salaries and wages	25,369	24,593
Social security contributions	7,562	7,637
Staff Severance Provision	1,845	1,827
Other Costs	96	404
Total Personnel Costs	34,872	34,461

With regard to this item, it should be noted that, due to the process of outsourcing some of the operating activities (which has enabled, among other things, the better management of seasonal work) and the careful management of leave/permits and overtime work, 2017 shows a decrease compared to last year, thereby recovering the increased costs deriving from the employees of DE.AL and Speca Alimentari (effective from 4 April 2016 and 1 January 2017 respectively) and the salary increases provided by the CCNL for workers in the tertiary sector of distribution and services.

Breakdown of employees by category is as follows:

	Workers	Employees	Managers	Total
Employees as of 31.12.16	268	503	8	779
Net increases and decreases	*(31)*	*6*	*0*	*(25)*
Employees as of 31.12.17	237	509	8	754
Average number of employees as of 31.12.17	265.5	508.4	8.0	781.7

30. Amortizations and write-downs

(€thousand)	31.12.2017	31.12.2016
Depreciation of tangible assets	5,802	5,009
Amortization of intangible assets	208	187
Provisions and write-downs	11,542	11,562
Total Amortizations and Depreciations and Write-downs	17,552	16,758

(€thousand)	31.12.2017	31.12.2016
Allocation of taxed provision for bad debts	9,200	8,220
Allocation of non-taxed provision for bad debts	2,000	1,980
Allocation of future risks and losses	0	950
Adjustment for supplementary clientele severance	342	412
Total Provisions and write-downs	11,542	11,562

For more details on provisions, reference is made to the relevant movements highlighted in notes 12 "Current trade receivables", 19 "Provisions for non-current risks and charges" in addition to that commented in the paragraph "Credit risk".

31. Other operating costs

(€thousand)	31.12.2017	31.12.2016
Operating costs for services	168,287	162,374
Operating costs for leases and rentals	13,333	9,512
Operating costs for other operating charges	1,422	1,415
Total Other operating costs	183,042	173,301

(€thousand)	31.12.2017	31.12.2016
Sale expenses, distribution and logistic costs for our products	137,283	134,293
Energy consumption and utilities	9,650	9,241
Third-party production	3,738	3,187
Maintenance costs	4,674	4,113
Porterage and movement of goods	4,386	3,346
Advertising, promotion, exhibitions, sales (sundry items)	500	668
Directors' fees	778	784
Statutory auditors' fees	74	89
Insurance costs	938	907
Reimbursement of expenses, travels and sundry costs for personnel	438	336
General and other services	5,828	5,410
Total Operating costs for services	168,287	162,374

The increase in operating "sale, movement and distribution" net of less impact of the net commercial charges related to cost of sell is related , in addition to the increase in revenues, to the increasing centralisation of deliveries by suppliers onto logistical platforms (to which the logistical payments charged to the suppliers relate), with the consequent undertaking by the Company of the costs for distribution from the logistical platforms to the commercial branches.
The comparison with last year must also take into account that the MARR Adriatico distribution centre was managed for the full year, following the lease of DE.AL from 1 October 2016, and the lease of Speca Alimentari since 1 January 2017, through which the Company manages the new MARR Speca Alimentari distribution centre (MARR Lago Maggiore since 1 February 2018).

See the Directors' Report and that stated as regards the operating costs for more details.

(€thousand)	31.12.2017	31.12.2016
Lease of industrial buildings	8,845	8,220
Lease of processors and other personal property	160	225
Lease of industrial vehicles	136	17
Rentals for lease of business premises	4,000	850
Lease of cars	2	13
Lease of plant, machinery and equipment	57	55
Rentals and other charges paid on other personal property	133	132
Total Operating costs for leases and rentals	13,333	9,512

The increase, compared with the previous year is related in part to the DE.AL company rent fees (from 1st October 2016) and in part to that one related to the Company Speca (from 1st January 2017).
Also increase for the item "Lease of industrial buildings" were the effect of the building located in Elice (PE), where MARR Adriatico carries out its activities and of the building located in Baveno (VB), where since 1st January MARR Speca Alimentari has carries out its business (since 1st February 2018 it has changed its name in MARR Lago Maggiore).
Finally it should be noted out that the rental fees for industrial buildings include the fees of 668 thousand Euros paid to the associate companies Le Cupole S.r.l. in Castelvetro (MO) for the rental of the property in Via Spagna 20 – Rimini.

As regards the leasing fees for buildings, see that described in the paragraph entitled "Organisation and logistics" in the Directors' Report on Management, with the specification that the relevant ongoing contracts are subjected to Law 392/78 Chapter II (Leasing contracts for uses other than habitation).

(€thousand)	31.12.2017	31.12.2016
Other indirect taxes, duties and similar charges	621	591
Expenses for collection of debts	212	277
Other sundry charges	137	185
Capital losses on disposal of assets	72	52
IMU	327	259
Contributions and membership fees	53	51
Total Operating costs for other operating charges	1,422	1,415

The item "other indirect taxes, duties and similar charges" mainly includes: tax and register duties, local duties and taxes and car and vehicle ownership tax.

32. Financial income and charges

(€thousand)	31.12.2017	31.12.2016
Financial charges	6,084	7,346
Financial income	(1,329)	(2,400)
Foreign exchange (gains)/losses	149	(116)
Total Financial income and charges	4,904	4,830

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

Below the detail of financial charges and income:

(€thousand)	31.12.2017	31.12.2016
Interest payable on other loans, bills discount, hot money, import	3,383	3,693
Interest payable on loans	79	290
Interest payable on discounted bills, advances, export	425	104
Other financial interest and charges	2,171	3,248
Interest and Other financial charges for Parent Companies	0	0
Interest and Other financial charges for Subsidiaries	26	11
Total Financial charges	6,084	7,346

The decrease in financial charges, as well as in the Directors' Report, has benefited from a positive trend in interest rates which led to a reduction in the cost of money.

(€thousand)	31.12.2017	31.12.2016
Other sundry financial income (interest from customers, etc)	1,110	2,237
Positve interest from bank accounts	131	36
Other sundry financial income for Parent Companies	11	22
Other sundry financial income for Subsidiaries	77	105
Total Financial income	1,329	2,400

The other financial income concerns the interests due from clients for payment delays; the decrease of financial income compared to the previous period is mainly due to the conclusion of some repayment plan and also to the betterment of some credit positions.

33. Income and charge from associated companies

This item is detailed as indicated in the following table:

(€thousand)	31.12.2017	31.12.2016
Dividends by Subsidiaries	3,988	3,647
Profit from subsidiary liquidation	0	17
Write off investments in subsidiaries	(5)	(4)
Total Income (charge) from associated companies	3,983	3,660

The item "Dividends by subsidiaries" as at 31 December 2017 (equal to 3,988 thousand Euros) is composed by the dividends distributed in 2017 by the subsidiary AS.CA. S.p.A. in the amount of 2,474 thousand Euros and by the subsidiary New Catering S.r.l. in the amount of 1,514 thousand Euros.

As regard the cost for the write-off of the investment in subsidiaries (equal to 5 thousand Euros), this is attributable to the Spanish subsidiary MARR Foodservice Iberica S.A.U..

34. Taxes

(€thousand)	31.12.2017	31.12.2016
Ires charge transferred to the Parent Company	19,774	19,892
Irap	4,237	4,176
Net Provision for deferred tax asset and liabilities	0	814
Total taxes	24,011	24,882

As explain in the Directors Report, we point out that the tax of the period benefited from the reduction in the Ires tax rate from 27.5% to 24%, approved by the 2016 stability law with effect from business years starting after 31 December 2016.

Reconciliation between theoretical and effective fiscal charges

(€thousand)	*Year 2017*		*Year 2016*	
	Taxable amount	*Tax*	*Taxable amount*	*Tax*
I.R.E.S.				
Profit before taxation	87,238		80,685	
Taxation rate	24.00%		27.50%	
theoretical tax burden		20,937		22,188
Permanent differences				
Non-deductible depreciation	509		287	
Write-down of financial assets	6		0	
Other	842		667	
	1,357		*954*	
Deductible depreciation	(2,807)		(2,566)	
Dividends from Italian companies (95%)	(3,789)		(3,465)	
Income from investments disposal (95%)	0		0	
Personel cost not deducted to Irap	(163)		(131)	
Other	(1,640)		(3,364)	
	(8,399)		*(9,526)*	
Temporary differences deductible in future years				
Allocation of taxed provision for bad debts	9,200		9,174	
Maintenance cost excess 5%	0		0	
Other	676		614	
Deductible entertainment expenses	0		0	
	9,876		*9,788*	
Reversal of temporary differences from previous years				
Surplus value deductible in future years	0		0	
	0		0	
Use of taxed provision for bad debts	(6,415)		(8,022)	
Use of others taxed provisions	(394)		(335)	
Amount of taxed entertainment expenses	0		0	
Write down of financial assets	0		0	
Amount of maintenance cost excess 5%	0		0	
Other	(712)		(677)	
	(7,521)		*(9,034)*	
Taxable income	82,552		72,867	
Taxation rate	24.00%		27.50%	
Actual tax burden		19,812		20,038
Balance of IRES for past business years and roundings		(38)		(146)
Recovery for Ires relating years 2004-2007		0		0
Actual Tax burden of Period		19,774		19,892
I.R.A.P.				
Profit before taxation	87,238		80,685	
Cost not relevant for I.R.A.P.				
Income and expense from investments	(3,983)		(3,660)	
Financial income and expense	4,904		4,830	
Personnel costs	34,872		34,461	
Theorical taxable	123,032		116,316	
Taxation rate	3.95%		3.95%	
theoretical tax burden		4,860		4,594
Other	(18,434)		(11,234)	
Taxable income	104,598		105,082	
Taxation rate	4.00%		3.97%	
Actual tax burden		4,184		4,172
Balance of IRAP for past business years and roundings		53		4
Actual Tax burden of Period		4,237		4,176

35. Earnings per share

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

(in Euro)	2017	2016
EPS base	0.95	0.84
EPS diluted	0.95	0.84

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

Earnings:

(€thousand)	31.12.2017	31.12.2016
Profit for the period	63,227	55,803
Profit used to determine basic and diluted earnings per share	63,227	55,803

Number of shares:

(number of shares)	31.12.2017	31.12.2016
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

36. 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 interest rates related to variable rate loans existing at the date; hedging exchange risk rate related to the bond in US dollars signed with an operation of private placement in July 2013; term exchange purchase transactions to hedge the underlying goods purchasing operations. The values indicated amounted to a total profit of 168 thousand Euros in the year 2017 (-785 thousand Euros in the year 2016) and are shown net of the taxation effect (that amounts to approximately -53 thousand Euros as at 31 December 2017).
- actuarial profits regarding the evaluation of Staff Severance Provision as required by amendments to IAS principle 19 "Employee Benefits";the value indicated, amounting to a total profit of 49 thousand Euros (-34 thousand Euro in the year 2016), is shown net of the taxation effect (that amount to about 16 thousand Euros as at 31 December 2017).

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 statement of other comprehensive.

Net financial position

As regards the details of the components of the net financial position and indication of the payables and receivables to and from correlated parties, refer to that outlined in the Directors' Report on management performance

Net financial position MARR S.p.A.

	(€thousand)	31.12.17	31.12.16
A.	Cash	8,996	8,595
	Bank accounts	137,683	97,657
	Postal accounts	108	254
B.	Cash equivalent	137,791	97,911
C.	Liquidity (A) + (B)	146,787	106,506
	Current financial receivable due to Subsidiaries	4,418	3,977
	Current financial receivable due to Parent Company	1,259	2,930
	Others financial receivable	709	917
D.	Current financial receivable	6,386	7,824
E.	Current Bank debt	(59,018)	(48,941)
F.	Current portion of non current debt	(44,793)	(52,485)
	Financial debt due to Parent Company	0	0
	Financial debt due to Subsidiaries	(2,486)	(1,763)
	Financial debt due to Related Companies	0	0
	Other financial debt	(11,548)	(12,170)
G	Other current financial debt	(14,034)	(13,933)
H.	Current financial debt (E) + (F) + (G)	(117,845)	(115,359)
I.	Net current financial indebtedness (H) + (D) + (C)	35,328	(1,029)
J.	Non current bank loans	(159,583)	(125,240)
K.	Other non current loans	(36,112)	(51,678)
L.	Non current financial indebtedness (J) + (K)	(195,695)	(176,918)
M.	Net financial indebtedness (I) + (L)	(160,367)	(177,947)

Events after the closing of the year

With regard to the events subsequent to the year-end closing, refer to the Directors' Report on management performance.

° ° °

Rimini, 14 March 2018

The Chairman of the Board of Directors

Paolo Ferrari

Appendices

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

- Appendix 1 – List of relevant equity investments in subsidiaries, associated companies and other companies as at 31 December 2017, indicating the criteria adopted for accounting.
- Appendix 2 – Table showing variations in Intangible Assets for the year ending 31 December 2017.
- Appendix 3 – Table showing variations in Tangible Assets for the year ending 31 December 2017.
- Appendix 4 – Table showing the essential data from the Cremonini S.p.A. financial and consolidated financial statements as at 31 December 2016.
- Appendix 5 – List of stockholdings in subsidiaries and associated companies as at 31 December 2017 (Civil Code art. 2427, paragraph 5).
- Appendix 6 – Information as per art. 149-duodecies of the Consob Issuers Regulations.
- Appendix 7 - Table summarising the relations with parent companies, subsidiaries, related parties and associates.
- Appendix 8 – Reconciliation of liabilities deriving from financing activities as at 31 December 2017.
- Appendix 9 – Detail of lands and buildings owned by the Company.

MARR GROUP
LIST OF EQUITY INVESTMENTS
AT 31 DECEMBER 2017

Company	Headquarters	Share capital (€thousand)	Direct control Marr SpA	Indirect control Company	Indirect control Share held
COMPANY 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 (Spagna)	600	100.0%		
New Catering S.r.l.	Santarcangelo di R. (RN)	34	100.0%		
De.Al. S.r.l.	Elice (PE)	3,000	100.0%		
Speca Alimentari S.p.A.	Santarcangelo di R. (RN)	100	100.0%		
INVESTMENTS EVALUATED USING THE NET EQUITY METHOD					
Griglia Doc S.r.l.	Elice (PE)	2,000		De.Al. S.r.l.	50.0%
EQUITY INVESTMENTS VALUED AT COST:					
- Other Company:					
Centro Agro-Alimentare Riminese S.p.A.	Rimini	11,798	1.66%		

Intangible fixed assets (in thousand of Euros)	OPENING BALANCE			MOVEMENTS DURING THE YEAR				CLOSING BALANCE		
	Original Cost	Provision for amortization	Balance 01/01/2017	Purchases/ reclassification	Other changes	Net decreases	Amortization	Original Cost	Provision for amortization	Balance 31/12/2017
Start-Up and expansion costs										
Cost of research, development and advertising										
Cost of industrial patents and rights for the use of intellectual property	4,151	(3,632)	519	366			(207)	4,517	(3,839)	678
Concessions, licences, brand names, and similar rights	173	(156)	17	(1)			(1)	172	(157)	15
Goodw ill	94,261		94,261					94,261		94,261
Intangible fixed assets under development and advances	506		506	528				1,034		1,034
Other intangible fixed assets	70	(70)						70	(70)	
Total	**99,161**	**(3,858)**	**95,303**	**893**			**(208)**	**100,054**	**(4,066)**	**95,988**

Tangible fixed assets (in thousand of Euros)	Opening balance			Movements during the year				Closing balance		
	Original Cost	Provision for amortization	Balance 01/01/2017	Purchases/ reclassification	Decreases		Amortization	Original Cost	Provision for amortization	Balance 31/12/2017
					Original cost	Prov. for am.				
Land and buildings	75,124	(22,545)	52,579	820			(2,061)	75,944	(24,606)	51,338
Plant and machinery	33,252	(24,656)	8,596	1,960	(3)	3	(2,358)	35,209	(27,011)	8,198
Industrial and commercial equipment	3,614	(2,631)	983	258	(19)	18	(169)	3,853	(2,782)	1,071
Other tangible assets	14,708	(10,976)	3,732	1,802	(1,107)	658	(1,220)	15,403	(11,538)	3,865
Tangible fixed assets under development and advances	9		9	263				272		272
Total	**126,707**	**(60,808)**	**65,899**	**5,103**	**(1,129)**	**679**	**(5,808)**	**130,681**	**(65,937)**	**64,744**

Appendix 4

Main figures' Statement of the last Cremonini S.p.A. financial statements and consolidated financial statements - MARR S.p.A. parent company -				
		Financial Statements as of December 31, 2016		
Cremonini S.p.A.		in thousands of Euros		Consolidated
		BALANCE SHEET		
		ASSETS		
83,292		Tangible assets		941,481
7		Goodwill and other intangible assets		220,455
256,532		Investments		16,205
3,061		Non-current assets		67,024
342,892		*Total non-current assets*		*1,245,165*
0		Inventories		407,084
16,043		Receivables and other current assets		679,096
10,432		Cash and cash equivalents		238,730
26,475		*Total current assets*		*1,324,910*
369,367		**Total assets**		**2,570,075**
		LIABILITIES		
238,817		Shareholders' equity:		*795,127*
	67,074	Share capital	67,074	
	154,027	Reserves	372,206	
	17,716	Net profit (loss)	51,390	
	0	Minority interest	304,457	
44,747		Non-current financial payables		592,427
354		Employee benefits		29,057
245		Provisions for risks and charges		15,159
4,515		Other non-current liabilities		61,361
49,861		*Total non-current liabilities*		*698,004*
73,138		Current financial payables		348,803
7,551		Current liabilities		728,141
80,689		*Total current liabilities*		*1,076,944*
369,367		**Total Liabilities**		**2,570,075**
		INCOME STATEMENT		
5,866		Revenues		3,633,625
1,360		Other revenues		67,841
		Changes in inventories		(8,281)
		Internal works performed		3,842
(53)		Purchase of goods		(2,499,576)
(5,540)		Other operating costs		(571,271)
(2,667)		Personnel costs		(357,682)
(2,144)		Amortization		(71,081)
(15)		Depreciation and Allocations		(27,150)
21,898		Income from investments		720
(1,837)		Financial income and charges		(27,197)
0		Profit from business aggregations		0
16,868		*Profit before taxes*		143,790
848		Taxes		(50,993)
17,716		Net profit (loss) before consolidation		92,797
0		Minority interest's profit (loss)		(41,407)
17,716		**Consolidated Net profit (loss)**		**51,390**

The essential data for the parent company Cremonini S.p.A. contained in the summary report required by Civil Code article 2497-bis have been extracted from the relevant financial statements for the business year closed on 31 December 2016. For an adequate and full understanding of the Cremonini S.p.A. financial situation as at 31 December 2016, and the economic result achieved by the company during the business year closed on that date, refer to the financial statements which, supplemented by the audit company's report, is available in the forms and methods provided by the law.

List of stockholdings in subsidiaries and associated companies as at December 31, 2017 (art. 2427 n.5 c.c.)
(€/thousands)

Company	Corporate Domicile	Capital Stock	Shareholder's equity Total Amount	Shareholder's equity Pro-rata Amount (A)	Net Profit (loss) Total Amount	Net Profit (loss) Pro-rata Amount	Percentage Held	Carrying Value (B)	Difference (B) - (A)	Last Financial Statements approved/ preliminary financial statements approved	Shareholders' equity pro-rata amount in accordance with art. 2426 n. 3 cc (C)	Difference (B) - (C)
- In subsidiares:												
Marr Foodservice Iberica S.A.U.	Madrid (Spagna)	600	401	401	(6)	(6)	100.00%	400	(1)	31/12/2017	401	(1)
AS.CA. S.p.a.	Santarcangelo di R.(RN)	518	5,128	5,128	1,547	1,547	100.00%	13,691	8,563 *	31/12/2017	13,753	(62)
New Catering S.r.l.	Santarcangelo di R.(RN)	34	4,917	4,917	2,126	2,126	100.00%	7,439	2,522 *	31/12/2017	8,555	(1,116)
De.Al. S.r.l. Depositi Alimentari	Elice (PE)	3,000	4,212	4,212	2,251	2,251	100.00%	36,000	31,788 *	31/12/2017	40,396	(4,396)
Speca Alimentari S.r.l.	Santarcangelo di R.(RN)	100	2,215	2,215	409	409	100.00%	8,445	6,230 *	31/12/2017	8,856	(411)

* See comment in the note to the financial statements

Appendix 6

The following table, drawn up in accordance with art. 149-duodecies of the Consob Issuers Regulations, shows the fees pertinent to business year 2017 for services rendered to the Company by Auditing Firms or entities belonging to the auditing firms' network:

(€thousands)	Service Company	Client	Fees pertinent to business year 2017
Auditing	PricewaterhouseCoopers S.p.A.	MARR S.p.A.	106
Certification service			0
Other services *			30
Total			136

* It should be noted that the amount indicated in the items "Other services" is referred to the compliance and assessment activities related to the new normative introduced by the Legislative Decree 254/2016.

COMPANY	FINANCIAL RELATION						ECONOMIC RELATIONS								
	RECEIVABLES			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 Spa (*)	347	765	1,259				4		1	11		1,224			
Total	347	765	1,259	0	0	0	4	0	1	11	0	1,224	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:															
Griglia Doc S.r.l. (***)				24			3	20	1			20			
Total	0	0	0	24	0	0	3	20	1	0	0	20	0	0	0
From Affiliated Companies(**)															
Cremonini Group															
Avirail Italia S.p.a.															
Bell Carni S.r.l.															
Chef Express S.p.A.	2,456	9		5			9,593					49			
Fiorani & C. S.p.a.		61		231					48		2,267				
Ges.Car. S.r.l.							12								
Global Service Logistics S.r.l.															
Global Service S.r.l.				314								972		1	
Guardamiglio S.r.l.															
Inalca Algerie S.a.r.l.	10														
Inalca Brazzaville S.a.r.l.															
Inalca Food and Beverage S.r.l.	819	2		25	56		9,045	276			417	7			
Inalca Kinshasa S.p.r.l.	277														
Inalca S.p.a.	126	147		7,617	4		470		268		67,730	24			
Inter Inalca Angola Ltda	173														
Interjet S.r.l.															
Italia Alimentari S.p.a.		84		367			2		122		4,319				
Marr Russia Ll.c.															
Realbeef S.r.l.															
Roadhouse S.p.A.	8,904				160		33,304	20				1			
Roadhouse Grill Roma S.r.l.	775				30		2,676								
Tecno-Star Due S.r.l.															
Time Vending S.r.l.	29								24						
From not Affiliated Companies															
Farmservice S.r.l.							78								
Food & Co S.r.l.	2														
Frimo S.A.M.															
Le Cupole S.r.l.													668		
Prometex Sam															
Total	13,571	303	0	8,559	250	0	55,180	296	462	0	74,733	1,053	668	1	0

(*) The item in the Other Receivables column relates to the IRES benefit transferred from MARR S.p.A. within the scope of the National Consolidated tax base, for the Ires balance of the year and the remaining part of the requests of reimbursement regarding to the personel cost not deducted to Irap in the years 2007-2011. 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.

(***) It is highlighted that Griglia Doc S.r.l. is indicated as an associated company, because it is an indirect associated company (50% held by De.Al. S.r.l. that is 100% held by MARR S.p.A.)

From Affiliated Companies															
Asca S.p.a.	740		4,221	37			942	323	4	64	497	9			
De.Al. S.r.l.	1					376		95	29	12	131	31	3,419	18	1
Marr Foodservice Iberica S.a.U.				109		285									5
New Catering S.r.l.	264		197	9			777	233	5	1	16	8			2
Speca Alimentari S.r.l.				7		1,825		50			641	17	614	3	18
Total	1,005	0	4,418	162	0	2,486	1,719	701	38	77	1,285	65	4,033	21	26

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES AS AT 31 DECEMBER 2017*

	31 December 2017	Cash flows	Other changes/ reclassifications	Exchange rates variations	Fair value variation	31 December 2016
Current payables to bank	59,018	10,182	(105)	0	0	48,941
Current portion of current debt	44,793	(41,637)	33,945	0	0	52,485
Current financial payables for bond private placement in US dollars	755	(753)	755	0	0	753
Current financial payables vs subsidiaries	2,486	723	0	0	0	1,763
Current financial payables for leasing contracts	219	(212)	219	0	0	212
Current financial payables for purchase of quotas or shares	10,574	(12,155)	11,524	0	0	11,205
Total current financial payables	117,845	(43,852)	46,338	0	0	115,359
Current payables/(receivables) for hedging financial instruments	0	0	0	0	0	0
Total current financial instruments	0	0	0	0	0	0
Non-current payables to bank	159,583	68,269	(33,839)	0	0	125,153
Non-current financial payables for bond private placement in US dollars	35,603	0	62	(4,939)	0	40,480
Non-current financial payables for leasing contracts	509	0	(219)	0	0	728
Non-current financial payables for purchase of quotas or shares	0	0	(10,470)	0	0	10,470
Total non-current financial payables	195,695	68,269	(44,466)	(4,939)	0	176,831
Non-current payables/(receivables) for hedging financial instruments	0	(87)	0	0	0	87
Total non-current financial instruments	0	(87)	0	0	0	87
Total liabilities arising from financial activities	313,540	24,330	1,872	(4,939)	0	292,277

Reconciliation of variations with Cash Flows Statement (Indirect Method)	
Cash flows	36,485
Other changes/ reclassifications	1,872
Exchange rates variations	(4,939)
Fair value variation	0
Total detailed variations in the table	33,418
Other changes in financial liabilities	6,960
New non-current loans received	115,000
Non current loans repayment	(88,542)
Total changes shown between financing activities in the Cash Flows Statement	33,418

*There is no information on the flows of 2016, as IAS 17 has established a prospective application which does not require the comparative information to be included in the initial application of the relevant amendments.

Appendix 9

Detail of Lands and building own by the Company*

(Values in thousand Euros)

	Original Cost	Prov. For Am.	Net Book Value
Building in Spezzano Albanese - St.Prov.le 19	1,779	693	1,086
Land in Spezzano Albanese close to the building	125	0	125
Building in Pistoia - St F.Toni loc.Bottegone	5,305	1,728	3,577
Land of Building in Pistoia	1,000	0	1,000
Building in Santarcangelo of Romagna (RN) - St. dell'Acero 1/a	3,620	1,355	2,265
Land of Building St. dell'Acero 1/a	954	0	954
Building in Santarcangelo of Romagna (RN)- St. dell'acero 2-4	5,227	2,195	3,032
Land of Building St. acero 2-4	2,422	0	2,422
Building in Opera (MI) - St. Cesare Pavese, 10	4,406	2,004	2,402
Land of Building Opera	2,800	0	2,800
Building in San Michele al Tagl.to (VE) - St. Plerote, 6	3,981	1,736	2,245
Land of Building San Michele	1,100	0	1,100
Building in Uta (CA) - Zona ind.le Macchiareddu	4,045	1,594	2,451
Land of Building Uta	1,531	0	1,531
Building in Portoferraio (LI) - Località Antiche Saline	1,502	678	824
Land of Building Portoferraio	990	0	990
Surface ownership Building in Bologna - St. Fantoni, 31	11,857	1,418	10,439
Land in Rimini loc.SAN VITO - St. Emilia Vecchia, 75	7,078	0	7,078
TOTAL	59,722	13,401	46,321

* The value given in the table represents only the land and buildings owned and does not consider the values of the enhancements to the buildings leased and minor construction, both classified under "Land and buildings".

STATEMENT OF FINANCIAL STATEMENTS OF MARR S.p.A. PURSUANT TO ART. 154-BIS PARAGRAPH 2 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 year 2017.

2. The assessment of the adequacy of the management and accounting procedures for the drafting of the consolidated financial statement as at 31 December 2017 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:

3.1 the financial statements:

a) are drafted 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;

b) correspond to the findings in the accounts books and documents;

c) are suited to providing a truthful and correct representation of the equity, economic and financial situation of the author.

3.2 The Directors' report on management includes a reliable analysis of performance levels and the management result, and also on the situation of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Rimini, 14 March 2018

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

pwc

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
MARR SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MARR SpA (the Company), which comprise the statement of financial position as of 31 December 2017, the statement of profit or loss, statement of other comprehensive income, statement of changes in Shareholders' equity, cash flows statement for the year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2017, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C .F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

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Key Audit Matters	***Auditing procedures performed in response to key audit matters***
Goodwill *Note 2 to the financial statements* The financial statements of MARR SpA include indefinite useful life intangible assets that are not amortised but tested for impairment at least once a year. These comprise goodwill for about Euro 94.3 million (representing 10% of total assets). During the year 2017, there were no movements in the balance of goodwill. Management considers MARR SpA as a whole as the smallest group of assets on which management measures the return on the investment that includes goodwill (cash generating unit, "CGU"). To determine value in use management applied the discounted cash flow method, under which the enterprise value of an entity or CGU is equal to the sum of the present value of the future cash flows estimated for the explicit forecast period and, at the end of that period, of the terminal value. As part of the statutory audit of the financial statements as of 31 December 2017, we focused on this financial statements area in consideration of the magnitude of the balance and the fact that the recoverability of the carrying amount was verified by management based on estimates and assumptions that require a high degree of judgment with reference to both future cashflows and the discount rate.	**Auditing procedures performed** As part of our auditing activities on the financial statements as of 31 December 2017 we performed the following procedures. We obtained the impairment test prepared by management and approved by the board of directors of MARR SpA on 14 March 2018. We verified the mathematical accuracy of the calculations underlying the test and the values of the net invested capital of the CGU identified as of 31 December 2017 and used for comparison with value in use. With reference to the future cashflows used in the impairment test model, we verified their consistency with the projections in the underlying business plan (approved by the board of directors) and the reasonableness of the assumptions used, in light of the past performance of the CGU. The business plan was discussed with management. We verified that the method applied was consistent with IAS 36 as adopted by the European Union and with common valuation practice. Moreover, the key valuation parameters adopted were analysed for reasonableness. With specific reference to the method of calculation of the discount rate applied (weighted average cost of capital, "WACC"), we analysed whether it had been determined in accordance with common best practice and based on market data. Similarly, we also assessed the calculation of the medium-/long-term growth rate ("g") against

Key Audit Matters	Auditing procedures performed in response to key audit matters
	the indications of IFRS as adopted by the European Union. Finally, we analysed the completeness and accuracy of the disclosures provided by management on the results of the impairment test.
Inventories *Note 9 to the financial statements* The financial statements of MARR SpA show inventories of Euro 139.9 million as of 31 December 2017 (representing 15% of total assets). Inventories are carried at the lower of purchase or production cost, determined under the FIFO (First In First Out) method, and estimated realisable value derived from the market. The Company operates throughout the Italian territory, through 31 branches. As part of the statutory audit of the financial statements as of 31 December 2017, we focused on this financial statements area in consideration of the magnitude of the amounts and the presence of estimates and assumptions requiring a high degree of judgement by management about the future recoverability of the value of inventories.	**Auditing procedures performed** As part of our auditing activities on the financial statements as of 31 December 2017 we performed the following procedures. We understood and evaluated the controls implemented by the Company (mainly the automated procedure for measuring consolidated inventories at FIFO, the monitoring of goods in transit, the periodical reconciliation of sales recorded and the value of goods withdrawn from inventory) in order to assess the correctness of management and valuation of the inventories. In the course of our work we also selected a sample of product codes in stock as of 31 December 2017 and re-performed the calculation of the related values. In order to obtain suitable evidence supporting the existence of the balance reported, we selected three of the Company's branches, on a test basis, and observed the physical stocktakings, and we verified the correct recognition of the quantities in stock at the date of the count, also on a test basis; during our inspections we also discussed with the warehouse managers the procedures applied to identify and manage any damaged or obsolete goods. We selected a sample of purchases and goods

Key Audit Matters	*Auditing procedures performed in response to key audit matters*
	booked in or out of inventory during December 2017 and January 2018 and we verified the correct cut-off. Finally, we analysed and tested the procedure applied to identify any product codes sold at a loss and we verified their correct recognition. We also performed an analysis, on a test basis, to evaluate the existence of other product codes sold at a loss and the related accounting treatment.
Trade receivables *Note 12 to the financial statements* The financial statements of MARR SpA include trade receivables for Euro 354 million. (representing 37% of total assets). Management measured those receivables at nominal value (representing fair value) less any write-downs. Due to the high receivables turnover, the application of the amortised cost method does not generate a significant impact. The bad debt reserve recognised is the difference between the value at which the receivables were initially recognised and a reasonable estimate of the cash flows expected from their collection. As part of the statutory audit of the financial statements as of 31 December 2017, we focused on this financial statements area in consideration of the magnitude of the amounts and the fact that the recoverable amount is an estimate by management.	**Auditing procedures performed** We understood and evaluated the internal procedures adopted by the Company to measure trade receivables; we also performed sample tests (extraction and monthly monitoring of the receivables report with evidence of overdue positions and accounts not yet due, periodical submission of the status of the receivables to the Audit and Risk Committee, monthly definition of accounts to be turned over for legal action) in order to verify their effectiveness. We understood and evaluated the procedures in place for monitoring receivables and verified the effectiveness of the main internal controls. We analysed accounts receivable and payments received after the year end to identify any accounts that were potentially not recoverable. We selected a sample of trade receivables and sent confirmation letters for the balances as of 31 December 2017. We then compared and reconciled replies received to the amounts in the financial statements, and where no replies were received we examined supporting evidence. Moreover, we obtained the ageing list of receivables to identify any significant positions; we then isolated the largest balances and

Key Audit Matters	Auditing procedures performed in response to key audit matters
	significant overdue amounts, and we discussed and analysed critically those amounts with credit management to obtain supporting evidence for the estimated provisions for bad debts. We sent inquiries to all legal counsels who deal with disputed receivables and we obtained documentary evidence supporting the valuation of the receivables. We then compared the valuations performed by external professionals with the amounts in the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 20 April 2016, the shareholders of MARR SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2016 to 2014.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

Management of MARR SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of MARR SpA as of 31 December 2017, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of MARR SpA as of 31 December 2017 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of MARR SpA as of 31 December 2017 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 30 March 2018

PricewaterhouseCoopers SpA

Signed by

Edoardo Orlandoni
(Partner)

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

MARR S.p.A.

"Report by the Board of Statutory Auditors on the 2017 Financial Statements to the Shareholders' Meeting of MARR S.p.A. pursuant to art. 153 of Legislative Decree 58/1998 (TUF) and art. 2429 of the Civil Code"

Dear Shareholders,

This report refers to the supervisory activities carried out by the Board of Statutory Auditors of MARR S.p.A. during the 2017 business year, prepared pursuant to Legislative Decree 58/1998 ("*TUF*") as subsequently amended, art. 2429 of the Civil Code, the Rules of Conduct for the Boards of Statutory Auditors of listed companies emanated by the National Order of Chartered Accountants and Auditors, and consistently with the instructions contained in Consob Communication no. DEM/1025564 dated 6 April 2001 and subsequent integrations.

1. Appointment of the Board of Statutory Auditors

The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting on 28 April 2017 according to the law and Statutes and its term of office will end on the date of the Shareholders' Meeting for the approval of the financial statements as at 31 December 2019. In the first useful meeting after the aforementioned Shareholders' Meeting, the Board of Statutory Auditors successfully verified the requirements of independence of its members, with regard to art. 148, paragraph 3 of the TUF and the dispositions of the Code of Self-Governance for Listed Companies.

2. Supervisory activities carried out and information received

During the business year, we carried out the supervisory activities reserved for us in respect of art. 149 of the aforementioned Legislative Decree 58, the "*Rules of Conduct for the Boards of Statutory Auditors of Listed Companies*" emanated by the National Order of Chartered Accountants and Auditors as regards company audits and the activities of the Board of Statutory Auditors and the instructions in the Code of Self-Governance. As regards the activities carried out in the 2017 business year and early 2018, the Board of Statutory Auditors:

a) met 9 times in 2017 and 4 times so far in 2018, with an average meeting duration of 2 hours;

b) attended:

i) 7 meetings of the Board of Directors in 2017 and 2 meetings in 2018;

ii) 6 meetings of the Remuneration and Nomination Committee;

iii) 8 meetings of the Control and Risks Committee in 2017 (3 of them held jointly) and 2 meetings in 2018, both referring to the 2017 Financial Statements;

c) attended the ordinary Shareholders' Meeting held on 28 April 2017;

d) met 3 times with the referents of the independent auditing firm in 2017 and another 3 times so far in 2018;

e) supervised over the observance of the law and the company statutes, and also became aware and supervised over, for matters of its competence, the adequacy of the organizational structure of the Company, the respect of the principles of proper administration and the adequacy of the instructions given by the Company to its subsidiaries, pursuant to art. 114, paragraph 2 of the TUF;

f) obtained from the Chief Executive Officer, at the frequency established by the law and the company statutes, the information required on the activities of the Company and its subsidiaries, on the general management performance and its outlook, and also on the transactions of most economic, financial and equity relevance deliberated and undertaken, which are reported on the Directors' Report on Management, which see for more details;

g) also acquired the information required for the performance of the activities it is responsible for through the collection of documents, data and information and during the course of periodical meetings, scheduled for the reciprocal exchange of significant data and information with: *(i)* the management team of the Company; *(ii)* the Managers of the Company departments; *(iii)* the Manager responsible for the drafting of corporate accounting documents; *(iv)* the Supervisory Board provided in the organization, management and control model adopted by the Company in compliance with Legislative Decree 231/2001 (the "*231 Model*"); *(v)* the representatives of the independent auditing firm and *(vi)* the Boards of Statutory Auditors of its subsidiaries;

h) in its capacity of "*committee for internal control and auditing of the accounts*" pursuant to art, 19 of Legislative Decree 39/2010 supervised over: *(i)* the company's informative process; *(ii)* the effectiveness of the internal control, auditing and risk management systems; *(iii)* the legal auditing of the annual and consolidated accounts and *(iv)* the independence of the independent auditing firm;

i) supervised over the adequacy of the Internal Auditing and Risk Management system and the Administration - accounting System, and also over the reliability of the latter in terms of properly representing the management events through the competent corporate departments.

The Board examined the evaluation of the Board of Directors on the adequacy and effective functioning of the Internal Auditing and Risk Management System by:

- updating the Guidelines for the Internal Auditing and Risk Management System, approved by the Board of Directors on 14 March 2018, within which the company has dealt, through the logic of the ERM model, with validating a new integrated risk management model aimed at identifying, evaluating and monitoring the internal (operating), external and strategic risks to which the company is exposed;
- the attestation of the Annual Financial Statements and the Consolidated Financial Statements by the Chief Executive Officer and the Manager responsible for the drafting of corporate accounting documents, who provided the required declarations, as provided by paragraph 5 of art. 154-*bis* of the TUF, taking into account that provided by art. 154-bis, paragraphs 3 and 4 of Legislative Decree 58/98;
- periodical meetings with the *Internal Audit* Manager, in relation to the activities carried out;
- examining the corporate documents and the results of the work of the independent auditing firm;
- relations with the Boards of Statutory Auditors of the subsidiary companies, pursuant to art. 151, paragraphs 1 and 2 of the TUF;
- participating in the work of the Control and Risks Committee and, on the occasions when the matters being dealt with so required, scheduling joint meetings with the Committee itself;

l) received from the independent auditing firm an informative note concerning the new regulations impacting on the auditing of the accounts, and in particular on the annual report by the independent auditing firm and also confirmation of the independence of same, and the notification of the services other auditing the accounts provided by the independent auditing firm, as highlighted in the following paragraph 10;

m) monitored the concrete methods of implementation of the corporate governance rules provided by the Code of Self-Governance for listed companies drawn up by Borsa Italiana S.p.A., as adopted by the Company;

n) in relation to matters of corporate responsibility, monitored the application of the integration of data and information concerning sustainability, integrated into the corporate processes, which were described in the non-financial statement, which is an integral part of the 2017 Financial Report according to the international standards of the GRI as a methodological reference to the consolidated set of GRI Sustainability Reporting Standards 2016.

3. Consolidated Financial Statements and draft 2017 Annual Financial Statements

The Board of Statutory Auditors received the Report on Management drawn up by the Directors, together with the "*consolidated*" Financial Statements of the Group which MARR S.p.A. is part of and the draft Annual financial statements as at 31 December 2017 within the terms of the Law.

The financial statements were prepared according to the *IFRS* emanated by the *IASB* and adopted by the European Commission according to the procedure in art. 6 of EC Regulation 1606/2002 of the European Parliament and Council dated 19 July 2002 and pursuant to art. 9 of Legislative Decree 38/2005. The *IFRS* include the *IAS* and interpretative documents in force issued by the *IFRS IC*.

The independent auditing firm PricewaterhouseCoopers S.p.a., responsible for auditing the company's accounts, today issued the reports pursuant to articles 14 of Legislative Decree 39/2010 and 10 of EU Regulation 537/2014 for the annual financial statements and consolidated financial statements of MARR S.p.A. as at 31 December 2017, expressing an opinion with no reserves.

In particular, in these reports, the independent auditing firm attests that the consolidated financial statements and annual financial statements provide a truthful and accurate representation of the equity and financial situation, the economic result and the cash flows for the business year closed on said date, in compliance with the IFRS and the procedures emanated in implementation of art. 9 of Legislative Decree 38/2005 and that the Directors' Report on management and some specific information in the Report on corporate governance and the ownership set-up indicated in art. 123-*bis*, paragraph 4 of Legislative Decree 58 dated 24 February 1998, for which the Directors of MARR S.p.A. are responsible, are consistent with the annual financial statements and consolidated financial statements of the MARR Group as at 31 December 2017 and were drawn up in compliance with the law.

4. Operations of greatest economic, financial and equity relevance – transactions with related parties

As illustrated in the Directors' Report, it must be highlighted that on 1 January 2017, the acquisition of Speca Alimentari S.r.l., purchased in late 2016 but with accounting effects from 2017, became effective. Again on 1 January 2017, Speca Alimentari S.r.l. leased its business concern to the parent company MARR, which manages it through the new MARR Speca Alimentari branch.

Among the events subsequent to the closure of the 2017 business year, it should be noted that the subsidiary DE.Al S.r.l. – Depositi Alimentari acquired the remaining 50% of the holdings in the company Griglia Doc S.r.l.. Following this transaction, DE.AL – S.r.l. Distribuzioni Alimentari owns 100% of the share capital of Griglia Doc S.r.l..

As illustrated by the Chief Executive Officer, the infra-group transactions for the exchange of goods and/or services occurred under normal market conditions, taking into account the characteristics of the goods sold or services rendered. In this regard, no conflicts of interest were either reported or arose and nor were any manifestly imprudent or hazardous transactions carried out or any that may have been capable of prejudicing the economic, equity and financial situation of the Company and/or the Group.

On the basis of the information available to the Board of Statutory Auditors, there do not appear to have been any atypical and/or unusual transactions.

5. Meetings with the Boards of Statutory Auditors of the subsidiaries, article 151, paragraphs 1 and 2 of Legislative Decree 58 dated 24.2.1998

No aspects and/or events worthy of reporting emerged from the meetings with the Statutory Auditors of the subsidiaries.

6. Observations on the adequacy of the organizational structure

On the basis of its own skills, the Board of Statutory Auditors supervised over the adequacy of the organizational structure of the Company, monitoring its suitability to the needs of management and control over business activities.
The Board of Statutory Auditors acknowledged that the organizational structure has been updated.

7. Observations on the adequacy of the internal auditing and risk management system

The Board of Statutory Auditors acknowledges that the supervisory activities carried out did not highlight any shortcomings or criticalities that may be considered as indicators of inadequacies in the internal auditing and risk management system (see paragraph 2).
It is hereby acknowledged that on 14 March 2018, the Board of Directors approved the new Guidelines for the internal auditing and risk management system, which from a methodological viewpoint, follows the logic of the ERM (Enterprise Risk Management) model.
The Board of Statutory Auditors hereby acknowledges that on 4 August 2017, the Board of Directors appointed the new Supervisory Board with independent powers of initiative and control, composed of two external members, one of them the Chairman, and one internal member from the company and that it approved the update to the 231 Model on 20 February 2018, in compliance with that provided by Legislative Decree 231/2001.
On 20 February 2018, the Supervisory Board submitted to the Board of Statutory Auditors the annual report on the activities it carried out during the course of 2017, which concerned supervising over the effectiveness of the 231 Model, on the basis of which no events or circumstances emerged that are worthy of highlighting in this report.

8. Observations on the adequacy of the administration and accounting system and its reliability in properly representing management events

The Board of Statutory Auditors has no observations to make on the adequacy of the administration and accounting system and its reliability in properly representing management events.

9. <u>Observations on any significant aspects that emerged during the meetings held with the independent auditing firm pursuant to art. 150, paragraph 2 of Legislative Decree 58/1998 and art. 19, paragraph 1 of Legislative Decree 39/2010</u>

During the course of the 2017 business year, and again in 2018, the Board of Statutory Auditors held six meetings and periodically exchanged information with the independent auditing firm. The information exchanged with the independent auditors pursuant to article 150 of Legislative Decree 58/98 and art. 19, paragraph 1 of Legislative Decree 39/2010 did not highlight any criticalities.

The independent auditing firm PricewaterhouseCoopers S.p.a. did not highlight any significant reporting and/or emphasis of matter or related observations or limitations in its reports issued on 30 March 2018 pursuant to article 14 of Legislative Decree 39/2010 and art. 10 of EU Regulation 537/2014 for the annual financial statements and for the consolidated financial statements of MARR S.p.A. as at 31 December 2017.

The independent auditing firm PricewaterhouseCoopers S.p.a. did not highlight any significant reporting and/or emphasis of matter in its report issued on 30 March 2018 pursuant to article 11 of Legislative Decree 39/2010.

In its report ex art. 19 of Legislative Decree 39/2010, the independent auditing firm highlighted that no fundamental questions or significant shortcomings in the internal auditing system emerged during its audit, as regards the financial reporting process.

Taking the above into account, and the declaration of non-existence of reasons for incompatibility issued by the independent auditing firm on 30 March 2018, pursuant to art. 6 of European Regulation 537/2014, the Board of Statutory Auditors believes that no critical matters emerged concerning the independence of the auditing firm.

10. <u>Conferment of duties on the independent auditing firm</u>

During the course of the 2017 business year, the Company conferred the following duties on the independent auditing firm:

a) additional audits following the Reform of the Legal Auditing system;

b) supervising over the preparation and compliance of the non-financial statement pursuant to art. 3 of Legislative decree 254/2016 and Consob Regulation 20267.

Appendix 6 of the 2017 annual financial statements, which is included in the Annual Financial Report as at 31 December 2017, highlights the payments due for the business year for the auditing of the accounts and services other than auditing.

The independent auditing firm was not attributed any duties that are forbidden by art. 17, paragraph 3 of Legislative Decree 39/2010.

11. <u>Opinions given during the course of the business year</u>

During the course of the business year, the Board of Statutory Auditors gave:

- its opinion on the proposal for annual monetary incentives for 2017 for the Chief Executive Officer;
- its opinion of which in art. 2389, paragraph 3 of the Civil Code as regards the remuneration of the Chief Executive Officer;
- its opinion with regard to the integration of the fees due to the independent auditing firm PricewaterhouseCoopers S.p.a. for the legal auditing of the accounts in the annual and consolidated financial statements of MARR as at 31 December 2017;

- its opinion as regards the proposal for the composition and identification of the Supervisory Board as per the 231 model;
- its opinion as regards the remuneration of the directors for their membership of the committees of the Board;
- its opinion as regards (i) the remuneration of the Chairman, (ii) the short and medium/long-term fixed and variable remuneration of the Chief Executive Officer and (iii) a fixed and variable component for the Executive Director;
- its opinion pursuant to that provided by article 21.6 of the Company Statutes as regards the appointment by the Board of Directors of the Manager responsible for the drafting of MARR corporate accounting documents;
- its opinion as regards the Audit Plan proposal for 2017;
- its opinion as regards the proposal of an additional duty for the independent auditing firm PricewaterhouseCoopers S.p.a. regarding the supervision of the proper preparation and compliance of the non-financial declaration pursuant to Legislative Decree 254/2016, conferred upon PricewaterhouseCoopers S.p.A..

12. <u>Statement of adhesion by the Company to the Code of Self-Governance of the committee for corporate governance in listed companies</u>

In observance of the dispositions of article 149, no. 1, sub. c) of Legislative Decree 58/98, we hereby acknowledge that the company adheres to and complies with the Code of Self-Governance for Italian listed companies also in respect of the *comply or explain* principle. Adhesion to the rules provided by said code has been acknowledged and was the subject of the Report on Corporate Governance and Ownership prepared by the Board of Directors.
As provided by article 3.P.2 of the aforementioned Code of Self-Governance, during the course of the year, the Board of Directors ensured the effective independence of the independent directors and the Board of Statutory Auditors also ensured the proper application of the criteria and procedures applied. Consistently with that disposed by article 8.P.1 of the same code, we also ensured that our independence was retained throughout the year.
The Board was also informed as regards the remuneration policies in the Report on Remuneration approved by the Board of Directors on 14 March 2018 pursuant to art. 123-ter of the TUF.
The Board of Statutory Auditors was updated as regards the outlook of the sector of activity in which the company operates and the reference regulatory framework during the periodical meetings of the Board and in suitable communications pursuant to article 2.7 of the Code of Self-Governance.

13. <u>Non-financial statement as per art. 4 of Legislative Decree 254/2016</u>

Having acknowledged art. 4 of Legislative Decree 254/2016 concerning the communication of non-financial information and implementation regulation no. 20267 issued by CONSOB by resolution dated 18 January 2018, pursuant to article 3, paragraph 7 of Legislative Decree 254/2016, the Board of Statutory Auditors monitored the approval of said document by the Board of Directors on 14 March 2018 and supervised the observance of the dispositions laid down in this decree, of which the independent auditing firm certified the existence and compliance. The Board met with both the department responsible for its preparation and the representatives of the independent auditing firm and examined the documentation made available. The Board hereby acknowledges the report by the independent auditing firm issued on 30 March 2018, from which it can be seen that there are no elements, facts or circumstances that may lead us to believe that the NFD was not prepared in compliance with the reference laws.

14. Final evaluations as regards the supervisory activities carried out and any omissions, censurable facts or irregularities reported during said activities

By virtue of the supervisory activities carried out by the Board of Statutory Auditors, as described above, no censurable facts, omissions or irregularities emerged that were worthy of reporting to the competent supervisory and control bodies or worthy of mention in this Report and no reports ex art. 2408 of the Civil Code or other claims were received.
The Board of Statutory Auditors is not aware of any other facts or claims worthy of mention to the Shareholders' Meeting.

15. Proposals to be made to the shareholders' meeting pursuant to art. 153, paragraph 2 of Legislative Decree 58/1998

As stated above, on the basis of the annual financial statements as at 31 December 2017 submitted by the Board of Directors on 14 March 2018, the Board of Statutory Auditors sees no reason why they should not be approved and expresses its favourable opinion as regards the proposal for the allocation of the profits and distribution of dividends submitted by the Board of Directors and asks that you deliberate in this regard.

Rimini, 30 March 2018

The Board of Statutory Auditors

(Mr. Massimo Gatto)

(Mrs. Paola Simonelli)

(Mr. Ezio Simonelli)