(Translation from the Italian original which remains the definitive version)

2010 ANNUAL REPORT

IVS GROUP HOLDING S.p.A.
Registered office in Seriate (BG) - Via dell'Artigianato 25
Fully paid up share capital €64,002,000.00
Tax code 03318950163 – REA no. BG367900

Contents

Company officers

Board of directors

Cesare Cerea	Chairman
Paolo Covre	Deputy chairman
Massimo Paravisi	Director
Ivan Padelli	Director

Board of statutory auditors

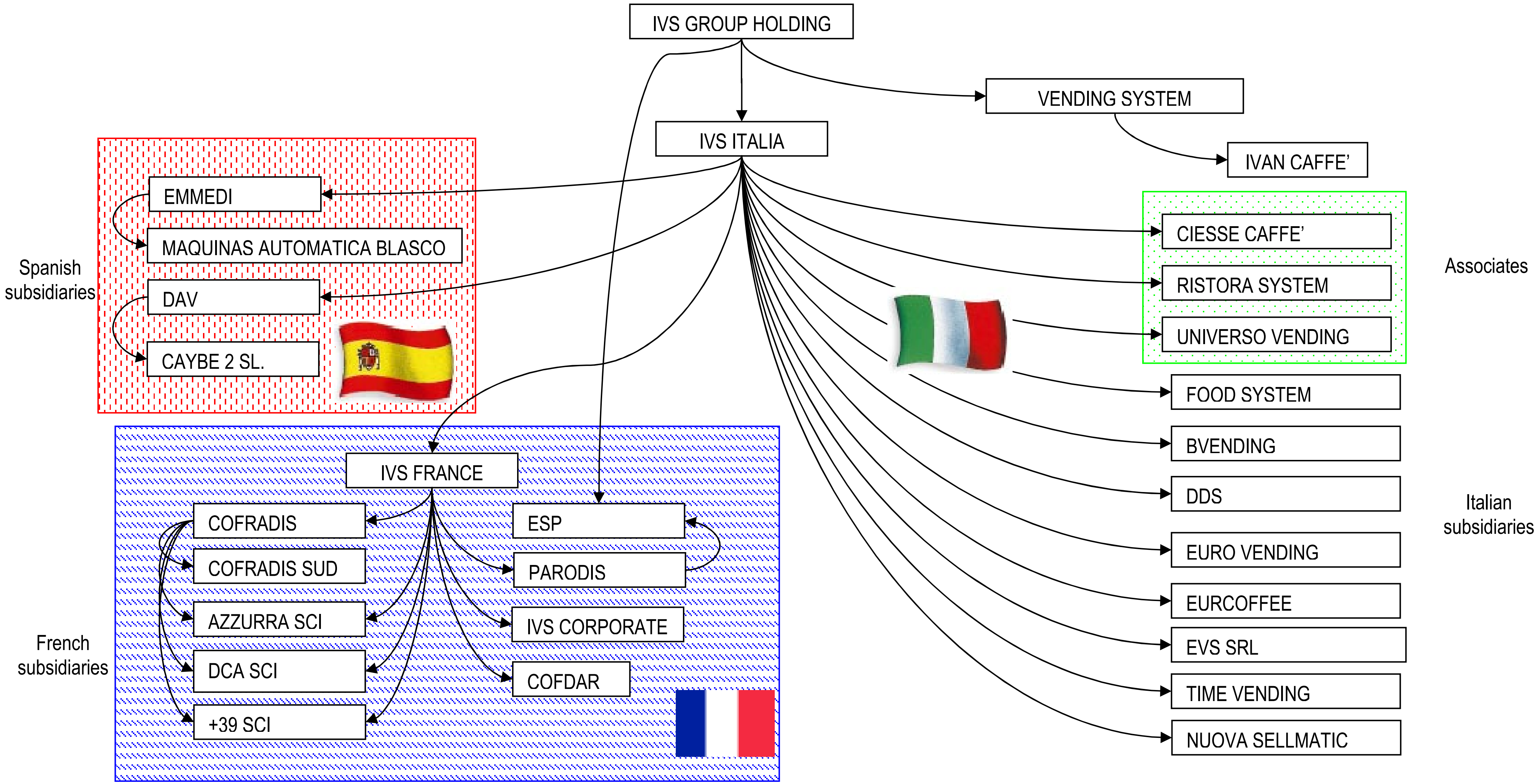
Paolo Cerutti	Chairman
Massimo Troppina	Standing statutory auditor
Fabrizio Testa	Standing statutory auditor
Tiziana Colussi	Alternate statutory auditor
Maria Cristina Pituello	Alternate statutory auditor

Independent auditors

Reconta Ernst & Young S.p.A.

Group structure

At 31 December 2010, the Group's structure is as follows:



Directors' report

Dear shareholders,

The Group's consolidated financial statements as at and for the year ended 31 December 2010, drawn up under the International Financial Reporting Standards (IFRS), show a profit for the year of €5,823 thousand, after income tax expense of €4,954 thousand and amortisation and depreciation of €36,973 thousand.

The Parent's separate financial statements, which are also prepared under the IFRS, show a profit for 2010 of €1,872 thousand after income tax expense of €923 thousand.

These very satisfactory results confirm our remarks in the 2009 directors' report.
With respect to our preliminary observations in that report, the profit for 2010 has undoubtedly benefited from the positive interest rate trend, described in such document. Interest rates continued to be low throughout 2010, assisting the recording of a profit for the year.
Moreover, thanks to the size of this profit, the Parent and the Group are now in a position to be able to face a steeper rise in interest rates than the current market trend shows.
The Group's sales pricing policies and those to control and contain costs and investments have been successful. Indeed, the gross operating profit (i.e., before income tax, financial expense and changes in working capital) increased from €48,866 thousand to €55,381 thousand. The decrease in cash flows generated during the year was solely due to the use of liquidity to cover the unjustified delay in the reimbursement of VAT receivables in Italy together with faster payment times to suppliers of operating assets towards the end of the year.
Investment levels were lower than those of previous years, confirming the downwards trend seen in 2009. The Group mainly invested in property, plant and equipment, especially automated vending machines, to sustain the significant price increases of the year.
Alongside the acquisition of new assets, the roll out of the first two of the five planned sites, where the automated vending machines will be revamped to optimise the Group's pool of machines, is worthy of mention.
The Group reviewed its business plan, prepared in 2009, in early 2011 to reflect the current economic and financial situation. While we acknowledge the uncertainties inherent in any business plan, we believe that the assumptions about the Group's income and cash flow generating capacity necessary to continue as a going concern to be reasonable and feasible. These assumptions are reflected in the measurement of the assets' recoverable amounts in the consolidated and separate financial statements.

Introduction

The Parent has prepared a single directors' report for consolidated and separate financial statements as allowed by the amendments to article 40 of Legislative decree no. 127/1991, following enactment of EC directive no. 2003/51/EC, which introduced the new paragraph 2-bis.

Performance indicators

In order to facilitate an understanding of performance and financial figures, the Parent uses certain generally-accepted indicators, which are not however envisaged by IFRS. Specifically, the income statement includes the following indicators and sub-totals: gross operating profit from continuing operations, gross operating profit, operating profit, which are the sum of the captions preceding them.
It uses similar indicators for its net financial indebtedness, the components of which are described in the relative section of the notes.
The definitions of these indicators used by the Parent may not match those adopted by other companies/groups and, therefore, should not be compared. This is because they are not provided for in IFRS.
This report includes many performance, financial and non-financial indicators, including those mentioned above. The performance indicators derive from the financial statements schedules and include the tables summarising the Group's results of operations, financial position and cash flows with comparative and other prior year figures (e.g., changes on the previous year in revenue, gross operating profit from continuing operations and operating profit and changes as a percentage of revenue). Inclusion of figures not taken directly from the financial statements and comments and valuations contribute to a better understanding of changes in such figures.
The directors' report also includes a number of financial ratios which are helpful to better understand the Group's performance, especially with respect to differences compared to previous years. The section on net financial indebtedness

in the notes also contains information about the effects of changes in interest rates on the Group's operating performance and financial position.

Changes in the consolidation perimeter

The consolidated financial statements compromise the separate financial statements of the Parent, IVS GROUP HOLDING S.p.A., and the Italian and foreign companies over which it exercises, directly or indirectly (through its subsidiaries and associates) control, governing their financial and operating policies so as to obtain benefits from their activities.
The main changes in the consolidation perimeter compared to 31 December 2009 are the following:

- Italdrink S.r.l., O.D.A. S.r.l. and IVS Serida S.r.l., all wholly owned and consolidated, were merged into IVS Italia S.p.A. with tax and accounting effect from 1 January 2010;
- Mega S.a.S. was merged into the French company Cofradis S.a.S.;
- the associate Espresso Service Proximitè S.A. merged its subsidiary Plus S.a.S. into it; this subsidiary had been transferred to Espresso Service Proximitè S.A. by the Group in 2009;
- the Group acquired BVending S.r.l., active in Brescia.

The section "Consolidation scope" in the notes to the consolidated financial statements at 31 December 2010 includes details of the control percentages and consolidation methods.

Significant events of the year

IVS GROUP HOLDING S.p.A. operates in the vending sector and the principal activities are the sale and supply of goods, food and beverages via automated and semiautomated vending machines. It sells its products in Italy, France and Spain through its operating and management offices as well as through a network of more than 50 warehouses and logistics points strategically located in these countries.
The economic crisis had a massive impact on the Group in 2009, leading to a decrease in orders of roughly 10% using the same consolidation scope. However, the Parent and its Group managed to maintain stable revenue following important actions to improve and reorganise the sales network and by increasing average prices to the end user.
Again in 2010, and indeed to a greater extent in the first half of the year compared to the second, consumers continued to be very mobile due to the large movements of employees in offices, factories and commercial sites as a result of the economic crisis that has hit employers.
Accordingly, the Group continued the project commenced in 2009 and relocated roughly 20 thousand automated vending machines. As in the previous year, operating costs increased in 2010 with respect to those incurred by employees and equipment to undertake this huge project.
The Group launched a significant campaign to increase the average sales price, aimed at recovering turnover and aligning wholesale prices with suppliers' increasing demands for a price rise. The average increase was above 1.5 Euro cents on 664,485 thousand units sold during 2010.

The Group also continued its reorganisation and streamlining of the logistics network, especially with respect to:

- the main branch for western central Italy, where the operating unit was relocated from Fino Mornasco (CO) to new premises in Rovello Porro (CO), nearer the Milan metropolitan area, and
- the branches around and in Paris where new premises have been built to house the two warehouses north of Paris.

Other smaller projects, with the same feedback in economic terms, were undertaken in southern Italy. They included the exciting partnership with the Liomatic Group that has led to the exchange of Calabria and Liguria through business leases with effect from the second half of 2010. In fact, IVS Italia S.p.A. leased its operating unit in Calabria (the Rende and Reggio di Calabria branches) to Liomatic S.p.A. while Pit Stop S.r.l. (a Liomatic Group company which was merged into its parent) leased their Liguria-based branch.
Finally, the subsidiaries Vending System Italia S.p.A. and Ivan Café S.r.l. joined the Parent's national tax consolidation scheme during the year, which now includes nearly all the Italian group companies.

Performance

The IVS Group Holding S.p.A's operating revenue for 2010 came to €19,905 thousand which, as shown in the following table, nearly entirely derived from its core business of selling automated vending machines.

(thousands of Euros)	2010	2009	Variation	Var. %
Revenue from sales and services	19,905	26,195	(6,290)	(24%)
Other revenue and income	30	76	(46)	(61%)
Total	**19,935**	**26,271**	**(6,336)**	**(24%)**

The Group's production revenue amounts to €269,720 thousand, including €263,453 thousand generated by its core administrative services activities. The following table provides a geographical breakdown of the Group's operations:

(thousands of Euros)	Italy	Spain	France	Total
Production revenue	229,899	14,458	25,363	269,720
Operating costs	(183,034)	(10,538)	(18,724)	(212,295)
Gross operating profit	46,865	3,920	6,639	57,424
Gross operating profit/production revenue %	20%	27%	26%	21%
Amortisation and depreciation	(31,678)	(2,558)	(2,650)	(36,973)
Operating profit	15,188	1,362	3,989	20,451
Operating profit/production revenue %	7%	9%	16%	8%

The Group's Italian business includes the corporate and management activities which obviously also benefit the foreign group companies, that thus avoid having to set up similar structures.

Operating costs amount to €212,295 thousand, of which €17,188 thousand incurred by the Parent and €179,119 thousand by its main subsidiary, IVS Italia S.p.A.. The cost of purchasing raw materials equalled 25% of revenue.
Amortisation, depreciation, provisions and impairment losses amount to €36,973 thousand, including amortisation of €2,301 thousand, depreciation of €34,584 thousand and other impairment losses of €88 thousand. Amortisation and depreciation come to €36,973 thousand. Services come to €28,292 thousand and mainly consist of costs for the use of third party assets (€5,874 thousand).
Personnel expenses, which include the cost of filling the vending machines, amount to €80,811 thousand, of which €63,687 thousand relate solely to the subsidiary IVS Italia S.p.A..
Other operating costs of €35,430 thousand (2009: €30,071 thousand) include €30,265 thousand related to IVS Italia S.p.A.. The largest item relates to slotting fees given to customers (private and public) for locating the vending machines inside their offices, using their energy and water supplies.
The Group's financial income and expense was commented on at the start of this report. It derives from the bond issue (€1,736 thousand), the Intesa San Paolo loan taken out by IVS Italia S.p.A. (€5,570 thousand), the BNL loan taken out by Vending System Italia S.p.A. (€476 thousand), other financing (€2,545 thousand) and derivatives that do not meet the requirements for hedge accounting and are, therefore, considered to be speculative (€90 thousand).
The notes to the consolidated and separate financial statements provide more information about the financial statements captions. This section solely summarises the financial highlights presenting the appropriate ratios for 2010 compared with prior year figures.

Events after the reporting period

Significant events that have taken place in early 2011 are:

- the directors of the Parent and IVS Italia S.p.A. jointly drew up the Group's business plan which was used to check the recoverable amounts of the assets recognised in the consolidated and separate financial statements;
- two small business units (one in Emilia and one in Sicily) were acquired;
- the third automated vending machine revamping unit located in the Pomezia (RM) municipality was rolled out and covers central and southern Italy;

Outlook

The IVS Group made a profit of €5,824 thousand for 2010 with equity attributable to the owners of the Parent of €55,238 thousand. At year end, the Group had net financial indebtedness of €229,946 thousand with banks, €131,880 thousand with bondholders and €4,410 thousand with shareholders.

Performance and financial indicators

	Consolidated				IVS GROUP HOLDING S.p.A.			
(thousands of Euros)	**31 December 2010**	**%**	**31 December 2009**	**%**	**31 December 2010**	**%**	**31 December 2009**	**%**
Non-current assets (NCA)	447,301	87.4%	458,935	89%	227,525	91.4%	218,541	89%
Current assets (CA)	52,925	10.3%	47,417	9%	21,453	8.7%	27,101	11%
Cash (C)	11,308	2.2%	11,772	2%	25	0.0%	32	0%
Invested capital	**511,533**	**100%**	**518,124**	**100%**	**249,003**	**100%**	**245,674**	**100%**
Non-current liabilities (NCL)	322,835	63.1%	335,233	65.2%	146,576	58.9%	142,134	57.9%
Current liabilities (CL)	133,460	26.1%	132,022	25.0%	27,299	11.0%	30,425	12.4%
Own funds (OF)	55,238	10.8%	50,870	9.8%	75,128	30.2%	73,115	29.8%
Loan capital (LC)	**511,533**	**100%**	**518,124**	**100%**	**249,003**	**100%**	**245,674**	**100%**

	Consolidated		IVS GROUP HOLDING S.p.A.	
(thousands of Euros)	**31 December 2010**	**31 December 2009**	**31 December 2010**	**31 December 2009**
Equity ratio (own funds/invested capital)	11%	10%	30%	30%
Total debt ratio ((non-current liabilities+current liabilities)/invested capital)	89%	90%	70%	70%
Invested capital/own funds ratio	926%	1019%	331%	336%
Non-current liabilities/invested capital ratio	63%	65%	59%	58%
Current liabilities/invested capital ratio	26%	25%	11%	12%
(Non-current liabilities+current liabilities)/own funds ratio	826%	919%	231%	236%
Current assets+Cash/Current liabilities	48%	46%	79%	89%
Equity to non-current assets ratio	85%	85%	97%	98%
Own funds less non-current assets (own funds-non-current assets)	(392,063)	(408,065)	(152,397)	(145,426)
Net working capital (current assets+cash-current liabilities)	(69,216)	(70,476)	(5,821)	(3,292)

Investments

In addition to the acquisitions of companies described earlier, the group companies' main investments made in 2010 related to the purchase of operating assets, such as vending machines, token dispensers and payment systems, vehicles and transport vehicles. These investments were made to upgrade and renew the existing machinery and equipment in order to meet customers' changing requirements, to improve customer service and, accordingly, strengthen and develop the Group's position in its reference market.

Reconciliation of the profit for the year of the Parent and its equity at 31 December 2010 with those of the Group

Profit of the Parent (IVS GROUP HOLDING S.p.A.)	**1,872**
Consolidation adjustments:	
- Share of profit or loss of consolidated companies (under IFRS)	4,259
- Elimination of intragroup dividends received during the year	(332)
- Reversal of impairment losses (reversals of impairment losses) in consolidated investments	-
- Elimination of intragroup profits (losses) and other changes	(498)
= Profit of the Group	**5,301**
- Attributable to non-controlling interests	479
= Attributable to owners of the Parent	**4,822**
Equity of the Parent (IVS GROUP HOLDING S.p.A.)	**75,128**
Consolidation adjustments:	
- Elimination of the carrying amount of consolidated investments	
• Equity of consolidated companies at the date of first consolidation	(102,051)
• Equity of the consolidated companies measured under IFRS	84,738
- Elimination of profits (losses) on intragroup transactions	(2,563)
= Consolidated equity	**55,251**
- Equity attributable to non-controlling interests	5,336
= Equity attributable to the owners of the Parent	**49,915**

Research & Development

The Group did not carry out any R&D activities during the year, given the nature of its business.

Related party transactions

Transactions with related parties, presented in the consolidated and separate financial statements, related to:

- the subsidiaries of IVS GROUP HOLDING S.p.A.;
- the associates;
- other related parties.

The notes to the financial statements include details of related party transactions. They are undertaken in the Parent's interests of consolidating existing synergies within the Group in terms of production, commercial and logistics integration, the efficient use of expertise and skills and streamlining of central structures and financial resources.
All transactions with related parties, both related to the exchange of goods or services and of a financial nature, are at market conditions. No atypical or unusual transactions were made during the year.

Transactions with shareholders

The notes provide details of small loans received from certain shareholders and/or their related parties.

Transactions with subsidiaries and associates

These transactions are of a commercial (exchange of goods and/or services) and financial nature.
The Parent has granted IVS Italia S.p.A. loan of €125,109 thousand indexed to the reference rate (former discount rate). This amount increased on the previous year due to the merger of O.D.A. S.r.l., Italdrink S.r.l. and IVS Serida S.r.l. into IVS Italia S.p.A..
Reference should be made to the notes for more information about transactions with subsidiaries and associates.

Transactions with other related parties

Transactions with other related parties are of a commercial nature and mostly consist of the exchange of goods and/or services such as management fees, fees and consideration for services, lease expense, etc.. Reference should be made to the notes for more information about transactions with other related parties.

Own shares and shares/quotas of parents

IVS GROUP HOLDING S.p.A. does not hold nor has it held, purchased or sold, either directly or indirectly via trustees or nominees, treasury shares or shares of its shareholders.

Risks and uncertainties

Risk management (internal and external, social, industrial, political and financial risks) is an integrated part of the Group's growth strategy and essential to its ongoing development of its corporate governance system. Its aim is to protect stakeholders (employees, customers, suppliers and shareholders) and the Group's assets by improving codes of conduct.

As mentioned at the start of this report, the international crisis, unprecedented in its scope and rapid spread, has steadily damaged the global economy in the last few years and constituted a risk for the Group. This difficult situation was worsened by the financial scenario characterised by rising uncertainty and an inflexible system which made it very difficult to act.
The Group countered this situation by adjusting its financial position and introducing policies to contain costs, rethink its commercial policies and increase prices. The effects of the crisis would seem to have mostly stabilised although average demand trends continue to fluctuate.

The Group monitors its financial risks on an ongoing basis to assess in advance any potential effects and undertake the necessary actions to mitigate or counter them.

It has not made investments in financial assets nor in current financial assets (shares, bonds or atypical securities) such that warrant particular caution or explanations about how to measure the impact of the economic recession and collapse of the financial markets thereon.

The Group is exposed to the following normal financial risks as part of its business activities:

Credit risk
The Group does not have significant concentrations of non-collection risk.

Liquidity risk
This is the risk that the Group cannot generate sufficient cash flows from its operations to cover investments and third party debt. Although the current bank credit facilities (roughly €15 million) are sufficient to meet its requirements, given the operating limit agreed with the banks that provided the senior loan, the Group intends to have a debt level able to balance average loan repayments with flexible and diversified sources of funding. Accordingly, each group company is free to negotiate credit facilities and to agree diversified sources of funding (e.g., loans, finance leases, bank credit facilities, etc.) as long as the covenants of the loan agreement between IVS Italia S.p.A. and its banks (described earlier) are respected.

Interest rate risk
This is the risk related to future cash flows from financing transactions at floating interest rates. A change in interest rates affects the fair value of floating rate financial assets and liabilities and may impact a company's future results. The subsidiary IVS Italia S.p.A. has agreed a plain vanilla IRS for Tranche A of the senior bank loan, effective from 10 December 2011.

Legal risks
The Group is not involved in any legal disputes about products sold, unfair competition or market practices, nor does it have any related financial obligations.

Other information

The Parent has not given loans to or guarantees on behalf of its directors or statutory auditors during the year nor do these exist at the reporting date.

It has updated its Data protection document, required by article 34.1-bis of Legislative decree no. 196 of 30 June 2003.

Environment and energy policies

The Group complies with all current regulations and laws in relation to the protection of the environment and the local community, and has done so for some time. A key part of its policies is the recycling of all reusable materials and selection of operating assets that have energy saving options; this is also to contain costs.

IVS Italia S.p.A. has commenced a project to obtain ISO 14001 certification.

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Conclusions

Dear shareholders,

We believe that we have clearly illustrated the Group's position at 31 December 2010 and its performance during the year.

We invite you to approve the separate financial statements and the allocation of the profit for the year to:

- the legal reserve (€94 thousand);
- the extraordinary reserve (€1,778 thousand).

We thank you for your trust in us and invite you to approve the separate financial statements as they stand.

Seriate, 5 May 2011

On behalf of the Board of directors
Chairman
Cesare Cerea
(signed on the original)

Consolidated financial statements

Financial statements

Statement of financial position

(€'000)		Note	31 December 2010	31 December 2009
ASSETS				
Non-current assets				
Intangible assets		4	11,140	12,851
Goodwill		4	285,622	284,620
Property, plant and equipment		5	135,642	145,242
Buildings		5	1,134	1,169
Equity investments and loans and receivables		6	6,220	6,058
Deferred tax assets		17	7,349	8,774
Other non-current assets		7	195	221
TOTAL NON-CURRENT ASSETS	**A**		**447,301**	**458,935**
Current assets				
Inventories		8	16,874	15,369
Trade receivables		9	9,086	9,913
Tax assets		10	1,261	1,505
Other current assets		11	25,704	20,629
Cash and cash equivalents		12	11,308	11,772
TOTAL CURRENT ASSETS	**B**		**64,232**	**59,189**
TOTAL ASSETS	**A+B**		**511,533**	**518,124**
EQUITY AND LIABILITIES				
Equity				
Share capital		14	64,002	64,002
Reserves		14	6,357	17,401
Losses carried forward		14	(25,819)	(35,526)
Profit for the year attributable to the owners of the Parent		14	5,345	37
EQUITY ATTRIBUTABLE TO THE OWNER OF THE PARENT			**49,885**	**45,914**
Share capital and reserves attributable to non-controlling interests		14	4,875	4,640
Profit for the year attributable to non-controlling interests		14	478	317
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS			**5,353**	**4,956**
Share capital and reserves		14	49,414	50,517
Profit for the year		14	5,824	353
EQUITY	**C**		**55,238**	**50,870**
Non-current liabilities				
Bonds		18	131,880	126,056
Shareholders' loans		18	4,410	755
Non-current loan liabilities		15	170,603	191,247
Employee benefits		16	5,610	5,779
Provisions for risks and charges		17	562	559
Deferred tax liabilities			9,771	10,837
TOTAL NON-CURRENT LIABILITIES	**D**		**322,836**	**335,233**
Current liabilities				
Current loan liabilities		18	55,627	48,008
Derivatives		18	3,715	1,974
Trade payables			57,231	62,320
Tax liabilities		10	785	858
Other current liabilities		19	16,102	18,862
TOTAL CURRENT LIABILITIES	**E**		**133,460**	**132,022**
TOTAL LIABILITIES	**(F=D+E)**		**456,296**	**467,255**
TOTAL EQUITY AND LIABILITIES	**C+F**		**511,533**	**518,124**

Income statement

(€'000)	Note	2010	%	2009	%
Revenue from sales and services	21	263,453	100%	261,064	100%
Other revenue and income	22	6,266		9,377	
Raw materials, supplies and consumables	23	(68,521)		(78,447)	
Services	24	(28,292)		(33,566)	
Personnel expenses	25	(80,811)		(79,359)	
Other operating costs and income	26	(35,430)		(30,071)	
Gross operating profit from continuing operations		**56,665**	**22%**	**48,998**	**19%**
Net gains on disposal of non-current assets	27	1,629		(87)	
Other income, net	27	(870)		2,382	
Gross operating profit		**57,424**	**22%**	**51,293**	**20%**
Amortisation and depreciation		(36,973)		(36,265)	
Operating profit		**20,451**	**8%**	**15,028**	**6%**
Net impairment losses	29	0		(109)	
Financial expense	28	(10,334)		(13,794)	
Financial income	28	364		1,579	
Net exchange gains (losses) and net gains (losses) on derivatives	28	90		(411)	
Share of profit of equity-accounted investees	6	207		84	
Profit before tax		**10,778**	**4.09%**	**2,377**	**1%**
Current tax expense	30	(3,871)		(3,218)	
Deferred tax income (expense)	30	(1,084)		1,194	
Profit for the year		**5,824**	**2.21%**	**353**	**0%**
Profit for the year attributable to non-controlling interests		**478**	**0.18%**	**317**	**0.12%**
Profit for the year attributable to the owners of the Parent		**5,345**	**2.03%**	**37**	**0%**

Statement of comprehensive income

(€'000)	2010	2009
Profit for the year	**5,824**	**353**
Net fair value losses on hedging derivatives	(1,832)	(929)
Tax impact	759	-
Comprehensive income (expense)	**4,751**	**(576)**
of which: comprehensive income attributable to non-controlling interests	*478*	*295*

Statement of changes in equity

(€'000)	**31 December 2008**	**Allocation of profit (loss)**	**Change in cons. scope**	**Compre-hensive expense**	**Dividends**	**Other**	**31 December 2009**	**Allocation of of profit (loss)**	**Change in cons. scope**	**Compre-hensive income**	**Dividends**	**Other**	**31 December 2010**
Share capital	**64,002**						**64,002**						**64,002**
Share premium reserve	**2,498**						**2,498**						**2,498**
Legal reserve	**70**	531					**601**	34					**635**
Statutory reserve	**277**						**277**						**277**
FTA reserve	**562**						**562**						**562**
Hedging reserve	**(0)**			(929)			**(929)**			(1,072)			**(2,001)**
Other reserves	**(1,188)**		(592)				**(1,780)**		(443)				**(2,223)**
Capital injections for future capital increase	**5,090**						**5,090**					141	**5,231**
Losses carried forward	**(16,433)**	(7,964)				(46)	**(24,443)**	3					**(24,440)**
Profit for the year	**(7,433)**	7,433		37			**37**	(37)		5,345			**5,345**
Equity attributable to the owners of the Parent	**47,445**	**-**	**(592)**	**(892)**	**-**	**(46)**	**45,914**	**-**	**(443)**	**4,273**	**-**	**141**	**49,884**
Equity attributable to non-controlling interests	**4,298**		295	317		46	**4,956**		(81)	478			**5,353**
Total equity	**51,743**	**-**	**(297)**	**(575)**	**-**	**-**	**50,870**	**-**	**(525)**	**4,751**	**-**	**141**	**55,238**

Statement of cash flows

(€'000)	2010	2009
A) Cash flows from operating activities		
Profit before tax	10,778	2,377
Adjustments for:		
Undistributed profit (loss) recognised in equity	(207)	24
Amortisation, depreciation and impairment losses	36,973	36,641
Net gains on disposal of non-current assets	(1,629)	(115)
Changes in employee benefits and other provisions	(363)	(2,020)
Reversal of financial expense	9,829	11,959
Cash flows from operating activities before tax, financial income/expense and change in working capital:	*55,381*	*48,866*
Change in working capital	(6,973)	7,774
Cash flows from operating activities before tax and financial income/expense:	*48,408*	*56,640*
Net financial expense paid	(8,445)	(9,857)
Tax paid	(3,712)	(4,016)
Total A)	**36,250**	**42,767**
B) Cash flows used in investing activities:		
Investments in non-current assets:		
Intangible assets	(439)	(1,072)
Property, plant and equipment	(34,978)	(23,184)
Business units	(623)	(1,392)
Financial assets (equity investments), net of cash acquired	(515)	(7,028)
Total investments	(36,556)	(32,676)
Proceeds from disposal of net non-current assets	5,173	2,986
Total divestments	5,173	2,986
Change in consolidation scope	0	(833)
Total B)	**(31,383)**	**(30,523)**
C) Cash flows used in financing activities:		
New non-current loan liabilities:	32,683	14,839
Repayment of non-current loan liabilities:	(41,216)	(37,326)
Change in current financial liabilities:	3,484	7,086
Change in financial assets	169	(1,014)
Share capital increase	141	1,250
Change in consolidation scope of financing activities	(592)	-
Total C)	**(5,332)**	**(15,165)**
D) Exchange rate differences and other changes:		
E) Change in cash and cash equivalents (A+B+C+D):	**(465)**	**(2,921)**
F) Opening cash and cash equivalents:	**11,772**	**14,693**
Closing cash and cash equivalents (E+F)	**11,308**	**11,772**

Notes to the consolidated financial statements

Corporate information

The consolidated financial statements of the IVS Group as at and for the year ended 31 December 2010 was approved by the board of directors on 5 May 2011.
IVS GROUP HOLDING S.p.A. is a company limited by shares incorporated and domiciled in Italy, which directly and indirectly controls a number of companies that operate in the vending market , i.e., in the sale of products through automated and semi-automated vending machines installed at unattended points of sale (businesses, schools, hospitals, railway stations and other public places). These machines offer their services 24 hours a day and consumers purchase products through the introduction of coins, banknotes, prepaid cards and other means of payment.

During 2010, the main subsidiary, IVS Italia S.p.A., signed an amendment to the loan agreement in place with a bank syndicate headed by Intesa San Paolo (original amount €200 million), whereby it renegotiated the financial covenants to reflect the current economic and financial situation. In the meantime, IVS GROUP HOLDING S.p.A. signed with the lending banks an amendment and supplement to the subordination and postponement agreement signed on 5 March 2008, whereby all amounts due by IVS Italia S.p.A. to its Parent as a result of trading transactions and VAT advances became subordinated and the repayment of the shareholders' loan subordinated and postponed. Moreover:

- IVS GROUP HOLDING S.p.A. waived its right to collect interest on the shareholders' loans, which will nonetheless continue to accrue, up to either (i) the date of full repayment of Tranche C of the loan or (ii) 31 March 2012, whichever is later;
- the commitment to provide the subsidiary with another €5 million to strengthen its financial position, which was met when the financial statements at 31 December 2009 were approved and the Parent waived its right to repayment of the €5 million loan disbursed to the subsidiary during the first half of 2010.

Accounting policies

1- Statement of compliance with the IFRS

These consolidated financial statements have been prepared in accordance with the IFRS effective at 31 December 2010, as endorsed by the Commission of the European Communities. Pursuant to EC regulation no. 1606 of 19 July 2002, the Group did not consider standards and interpretations published by the IASB and the IFRIC but not endorsed by the EU at the reporting date.

The following Standards and Interpretations have been changed starting from 1 January 2010:

- IFRS 2 (revised) "Share-based payment": the IASB has issued an amendment to IFRS 2 which clarifies the scope and accounting for group cash-settled share-based payment transactions;
- IFRS 3 (revised) "Business combinations" and IAS 27 (amended) "Consolidated and separate financial statements". This revised Standard introduces significant changes to accounting for business combinations. The changes involves the measurement of non-controlling interests, accounting for transaction costs, initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. They will have an impact on the carrying amount of goodwill and profit or loss for the period in which the business combination is carried out and future periods;
- IFRS 8 "Operating segments" which clarifies that assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker;
- IAS 7 "Statement of cash flows" states that only those expenses that result in the recognition of an asset can be classified as cash flows from investing activities;
- IAS 27 (amended) requires that a change in the ownership interest in a subsidiary that does not result in a loss of control be accounted for as a transaction with owners in their capacity as owners. Accordingly, such transactions do not generate goodwill, profits or losses. Moreover, the amended Standard introduces changes to the accounting for losses incurred by a subsidiary as well as the loss of control over a subsidiary. The changes introduced by IFRS 3 (revised) and IAS 27 (revised) relate to acquisitions or losses of control over a subsidiary and transactions with non-controlling interests;

- IAS 36 "Impairment of assets" has been amended to clarify that a cash-generating unit to which goodwill acquired in a business combination is allocated cannot be larger than an operating segment, as defined by IFRS 8, before combination for reporting purposes;
- amendments to IAS 32 and IAS 1: Puttable financial instruments and obligations arising on liquidation, which require that certain instruments currently classified as liabilities, despite having features similar to ordinary shares be classified as equity. Disclosures about such instruments are required and new treatments to be applied to their reclassification would be advisable;
- amendment to IAS 39 "Financial instruments: recognition and measurement, eligible hedged items", clarifies that an entity can designate a portion of the fair value or cash flows of a financial instrument as a hedged item. Moreover, the amendment has introduced the designation of inflation as a hedged risk or a portion of risk in particular situations;
- IFRIC 12 "Service concession arrangements", providing guidance on the treatment of service concession arrangements under IFRS. Specifically, it clarifies how an operator of a service concession should recognise obligations assumed and rights obtained, identifying the intangible, financial and mixed models, depending on the operator's level of uncertainty about the cash flows arising from the concession and the obligations assumed for the use of the infrastructure used to provide the service;
- IFRIC 15 "Agreements for the construction of real estate", providing clarifications and guidance about when the revenue from the construction of real estate should be recognised and the application of IAS 11 "Construction contracts" or IAS 18 "Revenue" to the construction of real estate;
- IFRIC 16 "Hedges of a net investment in a foreign operation", which clarifies how to apply the provisions of IAS 21 and IAS 39 when an entity hedges the currency risk arising from its net investments in foreign operations;
- IFRIC 17 "Distributions of non-cash assets to owners", providing guidance on how to account for arrangements whereby an entity distributes non-cash assets to its owners as reserves or dividends;
- IFRIC 18 "Transfers of assets from customers", which is particularly relevant for companies operating in the utilities market. It clarifies the requirements of IFRS for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water).

Furthermore, on 1 January the improvements to IFRS 1, IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38 , IAS 39, IFRIC 9 and IFRIC 16 became effective.

The adoption of the new Standards and Interpretations did not significantly affect the Group's consolidated financial statements.

The EU-endorsed standards, amendments and interpretations that are not yet effective and have not been applied early are as follows:

- IAS 24 "Related party disclosures", that simplifies the definition of "related party", concurrently eliminating a number of inconsistencies. Moreover, it introduces a disclosure exemption for state-controlled entities;
- IAS 32 "Financial instruments" - Classification of rights issues, relating to the issue of rights, such as, for example options and warrants, denominated in a currency other than the issuer's functional currency. These issues were previously treated as derivative financial liabilities. Now, under certain conditions, they can be classified as equity, regardless of the currency in which the exercise price is denominated;
- IFRIC 14 "The limit on a defined benefit asset, minimum funding requirements and their interaction", eliminating an unintended consequence (treatment as an expense) that arises from some voluntary prepayments to a defined benefit plan that is subject to a minimum funding requirement. When a defined benefit plan is subject to minimum funding requirements, the amendment to IFRIC 14 requires that the prepayment be treated as an asset, as in the case of any other type of prepayment;
- IFRIC 19 "Extinguishing financial liabilities with equity instruments", providing guidance on how a debtor should account for equity instruments issued to fully or partially extinguish a financial liability, following the renegotiation of the related terms.

The standards, amendments and interpretations published by the IASB but not yet endorsed by the EU are as follows:

- IFRS 9 “Financial instruments” (phase 1: classification and measurement of financial assets); amendments to IFRS 7;
- improvements to IFRS (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13).

2 – Critical judgements and accounting estimates

The consolidated financial statements are based on the cost model, except for derivatives and available-for-sale financial assets held for trading, which are measured at fair value.
The Euro is the Group’s functional currency. Amounts are expressed in thousands of Euros in both these notes and the financial statements schedules if not otherwise stated.
These consolidated financial statements are presented as follows:

- assets and liabilities are classified as current or non-current in the statement of financial position. Current assets, which include cash and cash equivalents, are those that will be realised, sold or used in the Group’s ordinary operating cycle. Current liabilities are those that will be extinguished within the Group’s ordinary operating cycle or in the twelve months after the reporting date;
- expenses are presented based on their nature in the income statement;
- with reference to the statement of comprehensive income, the Group chose to adopt two separate schedules: an income statement presenting the traditional items forming the profit or loss for the period and the statement of comprehensive income that begins with the profit or loss for the period and details the other items of comprehensive income (expense) that were previously presented only in the statement of changes in equity, i.e., fair value gains or losses on derivatives;
- the statement of cash flows is presented using the indirect method.

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates that affect the reported amounts of assets, liabilities, income and expenses, such as amortisation, depreciation and provisions, as well as the disclosures about contingent assets and liabilities set out in the notes. These estimates are based on the going concern assumption and on available information. Actual results may differ from these estimates. This is particularly true considering the current financial crisis which may give rise to future situations that are different to those currently forecast, with the consequent need to make (significant) adjustments to the relevant carrying amounts that cannot presently be foreseen. Assumptions and estimates are particularly critical if referred to the measurement of non-current assets, forecasts of future results and cash flows, provisions for litigation and restructuring and obligations for pension plans and other long-term benefits. Assumptions and estimates are revised on a regular basis and any resulting change immediately affects the financial statements.
The main financial statements captions affected by the use of estimates or critical judgements are the following:

Goodwill and other intangible assets
Goodwill and indefinite-lived intangible assets are tested at least annually for impairment or more frequently in the case of impairment indicators. Impairment testing requires management to estimate the value in use of the cash-generating unit (CGU) to which goodwill and indefinite-lived intangible assets are allocated. Value in use is based on the present value of estimated future cash flows discontinued using an appropriate rate.
Accordingly, in calculating value in use, management estimates the asset’s or CGU’s estimated future cash flows and selects an appropriate discount rate to obtain their present value. Reference should be made to the relevant note for a sensitive analysis of the key underlying assumptions.

Impairment of non-current assets
Under IFRS, non-current assets should be tested for impairment. An impairment loss is recognised when the asset’s carrying amount is no longer deemed recoverable through its use. This analysis requires management to make subjective judgements based on external and internal available information and past experience. Moreover, should an asset be found to be impaired, the relevant impairment loss is calculated using suitable valuation techniques. The identification of impairment indicators and the estimates made to calculate the amount of the impairment loss are based on subjective judgements and other factors that may change over time, affecting management judgements and estimates.

Deferred tax assets

Deferred tax assets are recognised for all temporary differences and the carryforward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax losses can be utilised. Management uses a high level of discretionary judgement to determine the amount of deferred tax assets that can be recognised, by estimating when they will probably become due and the amount of future taxable profit, as well as a future tax planning strategy.

Other captions affected by estimates
Moreover, estimates are used to recognise the allowance for impairment, amortisation and depreciation, employee benefits and provisions for risks and charges and to allocate the acquisition cost of recent business combinations.

3 - Accounting policies

The consolidated financial statements at 31 December 2010 have been drawn up using the accounting policies detailed below.

Basis of consolidation
The consolidated financial statements include the financial statements of IVS GROUP HOLDING S.p.A. (Parent) and its subsidiaries prepared at 31 December of each year, except for - as permitted by IAS 27 - the associate Espresso Service Proximitè, the reporting date of which is 30 September. Subsidiaries are those companies over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control is generally presumed to exist when the Group holds, directly or indirectly, more than half of the voting rights, including the potential voting rights arising from convertible notes. Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is generally presumed to exist when the Group holds at least 20% of the voting rights or, if less, it is able to exercise significant influence over the financial and operating policies of the company by virtue of specific legal rights, such as, for examples, shareholder agreements or other agreements that enable it to exercise significant governance rights.
The subsidiaries' financial statements are prepared using the Parent's accounting policies. Possible consolidation adjustments are made to make those captions affected by the adoption of different accounting policies consistent. All intragroup balances and transactions, including any unrealised profits arising from intragroup transactions, are eliminated in full. Unrealised profits and losses arising from transactions with associates are eliminated to the extent of the Group's share. Unrealised losses are not eliminated, except for impairment losses. Subsidiaries are consolidated as from the acquisition date, i.e., the date on which the Group obtains control, up to the date control is transferred outside the Group. Non-controlling interests, i.e., the portion of profit or loss and net assets that the Group does not hold, are presented separately from the portion attributable to the Group in the income statement and in the statement of financial position, under equity.
Investments in associates are measured using the equity method. Therefore, they are recognised initially at cost, which is subsequently adjusted for possible changes in the Group's share of the associate's equity. The Group's share of profit or loss of associates is recognised in the relevant income statement caption starting from when the Group exercises significant influence up to when it no longer exercises it.
Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Interests in joint ventures are recognised using proportionate consolidation, whereby the Group's share of the investee's assets, liabilities, revenue and expenses is recognised in the financial statements line by line. Proportionate consolidation begins when the Group obtains joint control and ends when such control ceases.

Business combinations and goodwill
Business combinations are accounted for using the acquisition method, whereby identifiable assets (including intangible assets, which were previously not recognised) and identifiable liabilities (including contingent liabilities but excluding future restructurings) are recognised at fair value.
Under IFRS 3 (revised), the cost of a business combination is measured as the aggregation of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer should measure any non-controlling interests in the acquiree at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. The revised Standard requires that the acquirer account for acquisition-related costs as expenses in the periods in which the costs are incurred and the services are received.
Goodwill acquired in a business combination is recognised initially at cost and is the excess cost of the business combination compared to the acquirer's share of the acquiree's net fair value of identifiable assets, liabilities and contingent liabilities. After initial recognition, goodwill is not amortised, but is adjusted for accumulated impairment losses calculated as described below.

If a business combination can be recognised initially only provisionally, any adjustments to the provisional amounts are recognised within twelve months of the acquisition date.

The recoverability of goodwill is analysed at least annually, or more frequently should events or changes in conditions take place that indicate that impairment losses might exist.
For impairment testing purposes, goodwill acquired in a business combination is allocated, at the acquisition date, to the individual cash-generating units (CGUs) or groups of CGUs benefitting from the combination synergies, regardless of whether the acquiree's other assets or liabilities have been allocated to such CGUs or groups of CGUs.

Impairment losses are identified by considering each CGU's ability to generate the cash flows necessary to recover the portion of goodwill allocated thereto, using the method subsequently detailed in the section on intangible assets. If the recoverable amount is lower than the carrying amount, goodwill is impaired. These impairment losses cannot be reversed should the underlying reasons no longer exist.

When a previously acquired business (or a portion thereof), from the acquisition of which had led to the recognition of goodwill, is sold, the relevant gain or loss on disposal is recognised in profit or loss considering the relevant residual value of goodwill.

Upon IFRS first-time adoption, the Group opted not to apply IFRS 3 "Business combinations" retroactively to those acquisitions that occurred prior to 1 January 2007. Accordingly, goodwill that arose before the IFRS transition date has been maintained at the carrying amount it had under Italian GAAP, after having been tested for impairment and possibly impaired.

As the subsidiary IVS Italia S.p.A. had already presented IFRS-compliant consolidated financial statements at 31 December 2008, pursuant to IFRS 1.D17, its assets and liabilities have been consolidated using the relevant carrying amounts shown at 1 January 2008 and 31 December 2008.

Acquisitions of investments in subsidiaries after control is obtained do not entail the remeasurement of the fair value of the identifiable assets and liabilities. The difference between the consideration transferred and the Group's share of acquired equity is recognised in equity attributable to the owners of the parent. Transactions leading to a decrease in the Group's holding percentage without determining a loss of control are treated as transactions with owners. Accordingly, the difference between the portion of investment sold and the consideration paid is recognised in equity attributable to the owners of the parent. This accounting treatment does not differ from that already applied by the Group.

Translation of foreign currency captions and financial statements
All group companies present their financial statements in Euros.

Translation of foreign currency captions
Foreign currency transactions are translated initially using the exchange rate at the transaction date. At the reporting date, monetary assets and liabilities denominated in foreign currency are retranslated using the closing rate. Any resulting exchange rate gains or losses are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the transaction date rate, while those carried at fair value are translated at the exchange rate in force when fair value is measured.

Intangible assets
Separately acquired intangible assets are recognised initially at cost. Those acquired through a business combination are recognised at the acquisition date fair value. After initial recognition, they are measured at cost, net of accumulated amortisation and any accumulated impairment losses. Except for development expenditure, internally-developed intangible assets are not capitalised, but are immediately recognised in profit or loss. Intangible assets may have a finite or indefinite useful life.
Intangible assets with a finite useful life are amortised over their useful life and are tested for impairment whenever an indication of impairment emerges. The amortisation period and method are reviewed at each annual reporting date, or more frequently if necessary. Changes to their expected useful life and to the way in which they are expected to produce future economic benefits are recognised by adjusting the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

The gains or losses arising from their sale are measured as the difference between the net proceeds from disposal and the asset's carrying amount and are recognised in profit or loss upon disposal.

Other intangible assets
The other intangible assets with a finite useful life recognised as a result of a business combination (e.g., customer base) are recognised initially at the acquisition date fair value, separately from goodwill. They are subsequently carried

net of accumulated amortisation and any accumulated impairment losses determined as detailed later on for property, plant and equipment.
Such intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful life, which is reviewed annually. Any required changes are recognised prospectively.

The gains or losses arising from their sale are measured as the difference between the net proceeds from disposal and the asset's carrying amount and are recognised in profit or loss upon derecognition.

Research and development expenses
Research expenses are recognised in profit or loss when incurred.
Development expenses incurred in relation to a specific project are capitalised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete the intangible asset and use or sell it, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and its ability to measure reliably the expenditure attributable to the intangible asset during its development.
Intangible assets arising from development are amortised over the period during which the cash flows expected from the project will flow to the Group.
During the development period, the asset is tested for impairment annually. After initial recognition, development expenses are measured at cost, adjusted for accumulated amortisation or impairment losses. Amortisation of the asset begins when the development phase has been completed and the asset is available for use.
All other development expenses are recognised in profit or loss when incurred.

Property, plant and equipment
Property, plant and equipment are recognised at cost, including any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management, increased by the present value of the estimated costs of dismantling and removing the item, if significant and if the Group has a present obligation for dismantling and removing it. If an item has significant parts with different useful lives, such parts are recognised separately. Land, either associated or not associated with buildings, is not depreciated as it has an unlimited useful life.

Assets revalued in periods prior to 1 January 2007 are recognised on the basis of their fair value at the transition date, which is considered their deemed cost as from that date.

Property, plant and equipment are recognised net of accumulated depreciation and any accumulated impairment losses calculated as detailed later on. Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually. Any required changes are recognised prospectively.

The carrying amount of property, plant and equipment is tested for impairment when events or changes in conditions take place that indicate that it may not be recovered. When there are such indications and the carrying amount exceeds the estimated recoverable amount, the assets are impaired to that amount, which, for items of property, plant and equipment, is the higher of an asset's fair value less costs to sell and its value in use.

Impairment losses are recognised in profit or loss in the caption "Amortisation, depreciation and impairment losses". They are reversed if the underlying reasons no longer exist.

On disposal or when no future economic benefits are expected from its use, an item of property, plant and equipment is derecognised and any gain or loss (i.e., the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit or loss when the item is derecognised.

The asset's residual value, useful life and applied methods are reviewed annually and adjusted, where necessary, at the reporting date.

Leases
At the commencement of the lease term, finance leases that substantially transfer all risks and rewards of ownership of the leased asset to the Group are recognised as assets at amounts equal to the fair value of the leased item or, if lower, the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability, so as to produce a constant periodic rate of interest on the remaining balance of the liability.
Depreciation and subsequent measurement follow the same rules as those for owned property, plant and equipment.
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation, rather than for use in the production or supply of goods or services. It is recognised initially at cost, including directly attributable transaction costs and subsequently measured at amortised cost.

Financial assets

All financial assets are recognised initially at cost at the transaction date, which equals their fair value increased by transaction costs.

After initial recognition, financial assets held for trading are classified as current assets and measured at fair value through profit or loss.

Held-to-maturity investments are classified as current assets if their maturity is within one year and as non-current assets if it is after one year. They are subsequently measured at amortised cost, which is determined using the effective interest method, taking into account any discounts or premiums at acquisition that are allocated over the life of the asset. Any impairment losses decrease amortised cost.

The other financial assets are classified as available for sale and measured at fair value. The resulting fair value gains or losses are recognised in a specific equity caption until the assets are sold, recovered, discontinued, or impaired, in which case the accumulated gains or losses are removed from equity and recognised in profit or loss. If there is no active market for an equity instrument and its fair value cannot be measured reliably, it is carried at cost.

Impairment losses on financial assets

At each annual or interim reporting date, the Group assess whether financial assets or groups of financial assets are impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group firstly assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss may be reversed. The amount of the reversal is recognised in profit or loss to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment loss not been recognised at the date it is reversed.

Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unlisted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, or on a derivative asset that is linked to and must be settled by delivery of such an unlisted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity instrument is recognised in other comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt instrument increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs incurred in bringing the inventories to their present location and condition and takes into account any write-downs due to obsolescence or slow-moving items.
The cost of acquired finished products and goods is determined using the FIFO method.
Considering the services provided by the Group, the consolidated financial statements do not include raw materials or semi-finished products.

Trade receivables and other assets
Trade receivables and other assets are measured at their nominal amount, net of the allowance for impairment. Impairment losses are recognised when identified.

Cash and cash equivalents
Cash and cash equivalents comprise cash, bank accounts and other treasury investments with an original maturity not exceeding three months.
Cash and cash equivalents presented in the statement of cash flows are the same as those in the statement of financial position.

Employee benefits
The group companies have in place pension plans, post-employment benefit plans for health assistance and post-employment benefits.

Defined contribution plans
Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate insurance company or pension fund and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.
These contributions, paid in exchange for the employees' services, are accounted for as an expense on an accruals basis.

Defined benefit plans
Defined benefit plans are arrangements whereby the Group provides post-employment benefits and has a future obligation to pay. Actuarial risk and investment risk fall, in substance, on the Group. As required by IAS 19, the Group determines the present value of the defined benefit obligation and the current service cost using the projected unit credit method. This actuarial calculation requires the use of unbiased and mutually compatible actuarial assumptions about demographic (mortality and rates of employee turnover) and financial (discount rate, future salary and benefit levels and medical benefits) variables.
The Italian post-employment benefit (TFR) is considered as a defined benefit plan.

Actuarial gains and losses
Actuarial gains and losses relating to defined benefit plans may arise from changes in the actuarial assumptions from one reporting period to the following, increases or decreases in either the present value of a defined benefit obligation or the fair value of any related plan assets.
Actuarial gains and losses relating to other long-term benefits and termination benefits are recognised immediately in profit or loss.

Past service cost
Increases in the liabilities resulting from changes to an existing defined benefit plan are recognised as a an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the changes, the past service cost is recognised immediately in profit or loss.

Curtailments and settlements
The Group recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises any resulting change in the present value of the defined benefit obligation, any resulting change in the fair value of the plan assets, any related actuarial gains and losses and past service cost that had not previously been recognised.
At the date of the curtailment or settlement, the Group remeasures the obligation and the related plan assets using current actuarial assumptions.

Financial liabilities
Trade payables and other liabilities

Trade payables with maturities within ordinary trading terms are not discounted and are recognised at cost (which equals their nominal amount), representing their fair value at the reporting date.
Other liabilities, either current or non-current, are recognised initially at cost, which equals their fair value, less transaction costs directly attributable to the issue of the liability. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Loan liabilities
All loan liabilities are recognised initially at the fair value of the consideration received, net of transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Any gain or loss is recognised in profit or loss when the liability is extinguished, in addition to through the amortisation process.

Derivatives
The group companies use derivatives, such as interest rate swaps, to hedge interest rate risks. They are recognised initially at their fair value at the agreement date, which is subsequently remeasured on a regular basis. They are presented as assets or liabilities depending on whether their fair value is positive or negative. In accordance with IAS 39, hedging derivatives are recognised using hedge accounting only if:
a) at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) the effectiveness of the hedge can be reliably measured;
d) the hedge is determined to have been highly effective throughout the financial reporting periods for which it was designated.
When derivatives hedge the exposure to changes in fair value of an hedged item (fair value hedges, such as hedges of changes in the fair value of fixed rate assets/liabilities), they are recognised at fair value and any changes are recognised in profit or loss. Similarly, the gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item.
When derivatives hedge the exposure to variability in cash flows of an hedged item (cash flow hedges, such as hedges of variability in cash flows of variable rate assets/liabilities due to fluctuations in the interest rates), the fair value gain or loss on the hedging instrument is initially recognised in equity and then reclassified to profit or loss when the hedged item affects profit or loss. Fair value gains or losses that do not qualify for hedge accounting are recognised immediately in profit or loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire;
- the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to fully pay the cash flows to a third party without delay;
- the Group transfers the contractual rights to receive the cash flows of the financial asset and (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but has not retained control.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, it continues to recognise the transferred asset to the extent of its continuing involvement. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the Group's continuing involvement is the lower of the amount of the asset and the maximum amount of the consideration received that the Group could be required to repay.
When the Group's continuing involvement takes the form of a written or purchased option on the transferred asset (including cash-settled or similar options), the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase. However, in the case of a written put option on an asset that is measured at fair value (including cash-settled or similar options), the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.
An exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing financial liability are accounted for as an extinguishment of the original financial liability and a new financial liability is recognised. Any difference between the carrying amounts is recognised in profit or loss.

Provisions for risks and charges

Provisions for risks and charges relate to known costs or losses that are certain or probable but whose amount or due date is unknown at the reporting date. A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, for example when risks are covered by insurance policies, the reimbursement is recognised as a separate asset when, and only when, it is virtually certain. In this case, in the income statement, the expense relating to a provision may be presented net of the amount recognised for the reimbursement.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation or transfer it to a third party at the reporting date. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost.

Revenue and expenses

Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably. It is measured at the fair value of the consideration received or receivable, taking into account any trade discounts and volume rebates allowed by the Group.

Revenue from sales of products through automated vending machines is usually recognised when the products are purchased by the customer, which is when the goods are delivered and consideration is collected.

Revenue from invoiced sales is recognised when the risks and rewards of ownership of the goods have been transferred to the buyer.

Interest

Interest income and expense are recognised on an accruals basis on the carrying amount of the relevant financial assets and liabilities using the effective interest method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Dividends are recognised when the shareholder's right to receive payment is established.

Income taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from/paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax that relates to items that are recognised directly in equity are recognised directly in equity.

Deferred tax liabilities are calculated applying the liability method to the temporary differences between the carrying amount of assets and liabilities and their tax bases at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- to the extent that the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and the carryforward of unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference or unused tax losses can be utilised, except when:

- the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- for deductible temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, deferred tax assets are recognised solely to the extent that it is probable that the temporary

difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. At the end of each reporting period, the Group reassesses unrecognised deferred tax assets and recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities relating to transactions recognised directly in equity are recognised directly in equity and not in profit or loss.

The group offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same tax authority.

Consolidation scope

The consolidated financial statements comprise the separate financial statements of the Parent, IVS GROUP HOLDING S.p.A., and the Italian and foreign companies over which it exercises, either directly or indirectly (through its subsidiaries and associates), control, governing their financial and operating policies so as to obtain benefits from their activities.

The following table lists the companies in which the Parent directly or indirectly holds an investment, indicating how they are treated in the consolidated financial statements.

Name	**Parent**	**Investment %**	**Reference %**	**Treatment**
IVS Italia S.p.A.	IVS GROUP HOLDING S.p.A.	100%	100%	Consolidated
Vending System S.p.A.	IVS GROUP HOLDING S.p.A.	100%	100%	consolidated
Ivan Caffè S.r.l.	Vending System S.p.A.	100%	100%	consolidated
Eurovending S.r.l.	IVS Italia S.p.A.	70%	70%	consolidated
DDS S.p.A.	IVS Italia S.p.A.	71%	71%	Consolidated
Emmedi S.A.	IVS Italia S.p.A.	70%	70%	Consolidated
Dav S.A.	IVS Italia S.p.A.	78%	78%	Consolidated
Eur Coffee S.r.l.	IVS Italia S.p.A.	80%	80%	Consolidated
Nuovasellmatic S.r.l.	IVS Italia S.p.A.	93%	93%	Not consolidated
E.V.S. S.r.l.	IVS Italia S.p.A.	90%	90%	Consolidated
IVS France SAS	IVS Italia S.p.A.	87%	87%	Consolidated
Food System S.r.l.	IVS Italia S.p.A.	100%	100%	Consolidated
BVending S.r.l.	IVS Italia S.p.A.	100%	100%	Consolidated
Ciesse Caffè S.r.l.	IVS Italia S.p.A.	20%	20%	Equity-accounted
Ristora System S.r.l.	IVS Italia S.p.A.	30%	30%	Equity-accounted
Universo Vending S.r.l.	IVS Italia S.p.A.	25%	25%	Equity-accounted
Cofradis SAS	IVS France SAS	100%	87%	Consolidated
Parodis SAS	IVS France SAS	100%	87%	consolidated
Cofdar SAS	IVS France SAS	100%	87%	consolidated
Sci Azzurra SAS	IVS France SAS	99%	86.10%	consolidated
Sci Azzurra SAS	Cofradis SAS	1%	0.90%	consolidated
Sci Dca SAS	IVS France SAS	99.20%	86.10%	consolidated
Sci Dca SAS	Cofradis SAS	0.80%	0.70%	consolidated
Caybe 2 Sl	Dav S.A.	72.50%	56.60%	not consolidated
Maquinas Automaticas Blasco SA	Emmedi S.A.	100%	70%	not consolidated

IVS Corporate Sarl (formerly Rital Caffè SAS)	IVS France SAS	100%	87%	consolidated
Cofradis Sud Sarl	Cofradis SAS	50%	43.50%	not consolidated
Sci +39	IVS France SAS	99%	86.10%	consolidated
Sci +39	Cofradis SAS	1%	0.90%	consolidated
Time Vending S.r.l.	IVS Italia S.p.A.	50%	50%	Proportionally consolidated
Espresso Service Proximitè	Parodis SAS	22%	19%	Equity-accounted
Espresso Service Proximitè	IVS GROUP HOLDING S.p.A.	14.8%	14.8%	Equity-accounted

Companies that are not consolidated are dormant. The carrying amounts of their investments in the financial statements of the relevant parents totals €72 thousand.
The main changes in the consolidation scope with respect to 31 December 2009 are as follows:

- IVS Serida S.r.l., wholly owned by IVS Italia S.p.A. at the reporting date (80% owned and consolidated by the Parent at 31 December 2009), was merged into IVS Italia S.p.A. with accounting and tax effect from 1 January 2010. In the meantime, the two subsidiaries Italdrink S.r.l. and O.D.A. S.r.l., wholly owned by the Parent, were also merged into IVS Italia S.p.A., which already leased their businesses in 2009;
- Mega S.a.S. was merged into the French company Cofradis S.a.S., which concurrently acquired the residual investment therein from IVS France S.a.S.;
- IVS France S.a.s. acquired the entire investment in Rital Caffè S.a.S. from the subsidiary Cofradis S.a.s., subsequently changing its name to IVS Corporate S.a.S.;
- the associate Espresso Service Proximitè S.A. merged its subsidiary Plus S.a.S. into it; this subsidiary had been transferred to Espresso Service Proximitè S.A. by the Group in 2009;
- During the year, the subsidiary IVS Italia S.p.A. acquired 100% of BVending S.r.l., which has been consolidated as from the acquisition date.

Notes to the main captions of the statement of financial position

4 - Intangible assets and goodwill

The following table shows variations in historical cost and accumulated amortisation of intangible assets in 2010:

(€'000)	Research, development and advertising costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Customer list	Other	Total
Carrying amount at 31 December 2009	**26**	**753**	**226**	**11,444**	**402**	**12,851**
Additions/change in consolidation scope	**21**	227	18	**122**	85	**473**
Sales/change in consolidation scope	**-**	-	-	**-**	-	**-**
Amortisation	(11)	(488)	(77)	(1,577)	(31)	(2,184)
Carrying amount at 31 December 2010	**36**	**492**	**168**	**9,989**	**456**	**11,140**

The caption "Customer list" includes a carrying amount of €122 thousand at the reporting date arising from the business combinations carried out during the year (described in more detail later).

The following table shows variations in goodwill at 31 December 2010 compared to the previous year:

(€'000)	Carrying amount
At 31 December 2009	**284,620**
Additions/change in consolidation scope	745
Sales/decreases	-
Impairment losses	257

Reclassifications	-
At 31 December 2010	**285,622**

The change in this caption is mainly due to the following non-recurring transactions:

- acquisition by IVS Italia S.p.A. of the Automatic Service business unit (€99 thousand);
- acquisition by IVS Italia S.p.A. of the investment in BVending S.r.l. (€396 thousand);
- acquisition by Parodis of a business unit (€250 thousand);
- the impairment losses mostly relate to the change in goodwill arising on consolidation recognised at 31 December 2009 for the investment in Italdrink S.r.l., merged into IVS Italia S.p.A. in 2010.

The Group recognised and measured the goodwill arising on the above-mentioned transactions pursuant to IFRS 3 which requires application of the acquisition method. The acquisition cost is allocated to the acquired assets and liabilities based on their fair value using the Purchase Price Allocation (PPA) method, under which any excess cost compared to the acquiree's equity is recognised as goodwill under intangible assets in the buyer's financial statements. IFRS 3 also requires that such goodwill cannot be amortised systematically but is tested for impairment once a year.
As the merger of IVS Serida S.r.l., Italdrink S.r.l. and O.D.A. S.r.l. into IVS Italia S.r.l. qualifies as a business reorganisation given that the first company was already wholly owned by IVS Italia S.p.A. and the other two by IVS GROUP HOLDING S.p.A., the carrying amounts of the investments in the 2010 consolidated financial statements are recognised in line with the carrying amounts in the 2009 consolidated financial statements. The following table summarises the changes arising from the above-mentioned transactions:

Transaction		Goodwill	Customer list
Acquisition of Automatic Service business unit		99	16
Acquisition of business units by Parodis		250	41
Acquisition of BVending investment		396	65
Impairment loss on Italdrink S.r.l. goodwill		315	-
Impairment loss on investment in EurCoffee		(25)	-
Other transactions, including reclassifications		(33)	-
	Total	**1,002**	**122**

Captions “Industrial patents and intellectual property rights” and “Concessions, licences, trademarks and similar rights” mainly consist of costs incurred by IVS Italia S.p.A. to roll out the Navision business management software, which will become the Group’s sole IT system. The software is amortised on a straight-line basis over three years.

Carrying amount of goodwill allocated to each CGU:

IAS 36 requires that goodwill recognised as a result of a business combination be allocated to each of the CGUs benefiting from the combination synergies, regardless of which CGU or group of CGUs the assets and liabilities of the acquiree are allocated to (a CGU is the smallest group of assets which generates cash flows that are largely independent of those generated by other assets and can be used to calculate value in use).

During 2010, the Group reviewed its CGUs and decided that, given its procurement flow integration and management policy, it has two CGUs: one for the entire consolidation scope of IVS Italia S.p.A. and the other for the remaining companies controlled by IVS GROUP HOLDING S.p.A..

For the annual impairment test purposes, goodwill acquired in business combinations was allocated to one of the two CGUs, carrying out the related impairment tests required by IAS 36 based on the carrying amounts and cash flows of the “IVS Italia consolidated” and “Other group companies” CGUs.

The Italian companies acquired new business units in 2010, generating total goodwill of €127 thousand.

In 2010, the French subsidiary Parodis acquired a business unit, generating total goodwill of €250 thousand.

The recoverable amounts of the two CGUs were determined considering their value in use. The Group used the projected cash flows included in the Parent’s 2011-2013 business plan to calculate the value in use of the IVS Italia consolidated CGU and extrapolated the cash flows after three years in perpetuity assuming cash flows in line with those of the business plan’s third year. Specifically, these flows were the sum of: *(i)* adjusted forecast NOPLAT (net operating profit less adjusted taxes) for 2013 (adjusted considering the Group’s scheduled depreciation plan); *(ii)* investments equal to the maintenance amortisation. No changes in working capital were foreseen in the calculation of the terminal value. The resulting cash flow was projected to grow by factor g equal to 1%.

The 6.2% discount rate applied to the projected cash flows is shown in the following table and was calculated using the expected average indebtedness.

The main indicators used for impairment testing are as follows:

WACC components	IVS Group
Risk free rate	4.8%
Market risk premium	5.8%
Unlevered Beta	0.28
Cost of equity	**7.5%**
Cost of debt	6.6%
Tax effect	27.50%
Cost of debt after tax	**4.8%**
Weight D/(D+E)	46.7%
Weight E/(D+E)	53.3%
WACC	**6.2%**

The yield rate for 10-year government bonds at the start date of the business plan was used as the risk free rate.
An unlevered Beta of 0.28 was used, recalculated considering a leverage effect based on the sector's average debt/equity ratio.
The business plan assumptions include an increase in turnover over the three years from 2011 to 2013 in line with previous years and an upturn in gross operating profit compared to the 2010 actual figure. Operating costs are expected to increase in line with the Group's forecast growth.

The recoverable amount of the "Other group companies" CGU is the sum of the enterprise value of the investments not included in the consolidation scope of IVS Italia S.p.A..

The recoverable amount of the "Other group companies" CGU is the sum of the enterprise value of the investments held by IVS GROUP HOLDING, calculated using technical factors. As the business units are all leased to IVS Italia S.p.A., the related value in use was calculated by determining the number of monthly vends per machine leased to IVS Italia S.p.A. which was multiplied by a technical factor per vends/month. This is a generally accepted method for calculating sales prices in the vending sector.

Application of these valuation methods led to a positive difference between the recoverable amount and the carrying amount

Sensitivity analysis
The Group performed a sensitivity analysis of the estimated recoverable amount considering the current and forecast economic situation and the results of the impairment tests for 2010:

- The following considerations were made for the "IVS Italia Consolidated" CGU:
    - adoption of a more prudent value for the cost of equity (+0.5%) would not lead to a significant difference between the CGU's recoverable amount and carrying amount;
    - valuation of the CGU using the technical factors obtained from transactions carried out during the year applied to the gross operating profit (8.9x) would lead to a significant increase, even if this factor decreased by 5%.

- The 5% decrease of the factor applied to the vends per month would not lead to a difference between the carrying amount and recoverable amount of the "Other group companies" CGU.

As a result of the above analysis, the Group did not deem it necessary to change the amounts presented in the financial statements.

Business combinations
The main business combinations that took place during the year related to:
- IVS Italia's acquisition of a business unit (Automatic Service);
- IVS Italia's acquisition of 100% of BVending S.r.l.;
- Parodis' acquisition of a business unit (JCL Distribution).

IVS Italia's acquisition of the remaining 20% of IVS Serida S.r.l. and the subsequent merger of IVS Serica S.r.l., Italdrink S.r.l. and O.D.A. S.r.l. into IVS Italia S.p.A. do not qualify as business combinations under IFRS 3.

Cash outflows for the acquisition of investments and the above-mentioned business units came to €515 thousand and €1,685 thousand for the year, respectively. The latter figure includes €515 thousand for BVending S.r.l., €185 thousand for the Automatic Service business unit and €500 thousand for the JCL business unit acquired by the French subsidiary Parodis.

The following table summarises the effects of the acquisition of the investment in BVending S.r.l. on 2 November 2010 by IVS Italia S.p.A. on the consolidated financial statements:

(€'000)	Acquisition of BVending S.r.l.	
	Carrying amount	Fair value
Net non-current assets	226	226
Discontinued operations	-	-
Current assets	2	2
Non-current liabilities	(63)	(63)
Current liabilities	(7)	(7)
Goodwill	396	396
Acquisition cost	-	(515)
Negative goodwill		**39**

5 - Property, plant and equipment

The following tables show changes in historical cost and accumulated depreciation and the carrying amounts of property, plant and equipment and investment property in 2010:

(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Leased assets	TOTAL	Leased buildings
Carrying amount at 31 December 2009	**6,090**	**1,177**	**83,746**	**11,861**	**624**	**41,744**	**145,242**	**1,169**
Additions	819	459	22,350	2,990	935	1,264	**28,817**	-
Sales	(1,130)	-	(1,378)	(133)	(624)	(9)	**(3,275)**	-
Depreciation	(169)	(331)	(22,088)	(5,062)	-	(7,721)	**(35,372)**	(36)
Change in consolidation scope	-	-	228	-	-	-	**228**	-
Reclassifications	(1,894)	-	-	-	-	1,894	**-**	-
Carrying amount at 31 December 2010	**3,717**	**1,304**	**82,858**	**9,655**	**935**	**37,172**	**135,642**	**1,134**

2010 capital expenditure mainly involved industrial and commercial equipment, in which category all purchases of automated vending machines are classified. This expenditure is part of the Group's normal renewal of its machines, an increase in its business and part of the vending activity.
The carrying amount of property, plant and equipment under finance lease or rented, under leases that qualify as finance leases as per IFRS, is €37,172 thousand. Such assets are mainly property, industrial and commercial equipment and other assets. "Other assets" include vehicles, cars, office electronic equipment and furnishings and fittings.

The useful lives of the Group's main items of property, plant and equipment are:
-Buildings: 33 years
-Industrial and commercial equipment: 6-7 years
-Cars and vehicles: 4-5 years

6 - Equity-accounted investments

In addition to loans and receivables with related parties (principally the Parent's loan of €910 thousand to Immobiliare Vending), this caption includes the Group's share of equity (including goodwill) of the equity-accounted investees. The following table provides a list of the main investments:

	Carrying amount		Investment value		Share of profit (loss)		
(€'000)	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	Previous years
Ciesse Caffè S.r.l.	48	47	20	20	1	(24)	51
Ristora System S.r.l.	2,398	2,398	2,397	2,397	-	31	(30)
Universo Vending S.r.l.	408	384	200	200	24	47	137

Espresso Service Proximitè	2,353	2,171	2,333	2,333	182	- 145	-
Total	**5,207**	**5,000**	**4,950**	**4,950**	**207**	**- 91**	**158**

These investments are of a long-term and strategic nature. When an associate has finished its useful life, is no longer active and will be wound up, it is excluded from the consolidation scope and the related investment therein is impaired using the methods described earlier.

The following table gives details of the main equity-accounted investees' financial highlights:

	Total assets		Revenue		Profit (loss)	
(€'000)	2010	2009	2010	2009	2010	2009
Ciesse Caffè S.r.l.	1,340	1,426	2,388	2,436	7	- 22
Ristora System S.r.l.	N.A.	2,313	N.A.	70	N.A.	104
Universo Vending S.r.l.	6,092	5,243	13,260	11,409	94	189
Espresso Service Proximitè	19,210	13,894	27,060	24,636	494	1,556
Total	**26,642**	**22,876**	**42,708**	**38,551**	**596**	**1,827**

The caption also includes the investments in the unconsolidated companies Nuova Sellmatic S.r.l. in liquidation and Cofradis Sud Sarl measured at cost (€29 thousand). It also comprises investments in other companies and loans and receivables of €30 thousand.

7 – Other non-current assets

This caption includes:

(€'000)	31/12/2010	31/12/2009	Variation
Non-current securities	-	-	-
Non-current loans and receivables	195	221	(26)
Total	**195**	**221**	**(26)**

The non-current loans and receivables mainly consist of guarantee deposits.

8 - Inventories

The following table shows inventories at 31 December 2010 and 2009:

(€'000)	**31/12/2010**	**31/12/2009**	**Variation**
Raw materials, supplies and consumables	-	46	(46)
Work in progress, semi-finished products	-	-	0
Finished goods	15,308	13,982	1,326
Spare parts	1,566	1,341	225
Total	***16,874***	***15,369***	***1,505***

The closing balance mainly consists of food products, different models of automated vending machine, spare parts for the machines and, to a lesser degree, sundry materials such as work clothing and sundry accessories. No provision for inventory write-down has been made as the obsolescence risk is zero, given the high turnover rate of the goods and ongoing monitoring of the shelf life of products in the warehouse as per the Group's plan which complies with HACCP requirements.

9 - Trade receivables

The following table gives a breakdown of trade receivables and the related allowance for impairment at 31 December 2010 and 2009:

(€'000)		31/12/2010	31/12/2009	Variation
Customers		10,333	10,789	(457)
Associates		129	304	(175)
Allowance for impairment		(1,376)	(1,180)	(196)
	Total	**9,086**	**9,913**	**(827)**

The group companies do not have significant risk concentration at the reporting date. Trade receivables, due within one year, do not usually bear interest and are generally paid after 30/60 days.
They are shown net of the allowance for impairment of €1,376 thousand. The group companies make annual accruals, identifying the receivables to be impaired on an individual basis.
The following table gives a breakdown of trade receivables by due date at the reporting date:

Trade receivables		31/10/2010	%	31/12/2009	%
Not yet due		4,539	44%	5,795	54%
Overdue by 0 to 30 days		520	5%	504	5%
Overdue by 30 to 60 days		578	6%	632	6%
Overdue by 61 to 90 days		447	4%	302	3%
Overdue by more than 91 days		4,249	41%	3,556	33%
	Total	**10,333**	**100%**	**10,789**	**100%**

10 – Tax assets and liabilities

Tax assets are amounts due to the group companies by the tax authorities of the countries in which they reside for direct taxes which should be recovered in a reasonable timeframe. They amount to €1,261 thousand at the reporting date (31 December 2009: €1,505 thousand).
Tax liabilities relate to unpaid current taxes for the year due by the group companies to tax authorities. They are calculated using the rates enacted in the different countries in which the companies reside and amount to €785 thousand at the reporting date (31 December 2009: €858 thousand).

11 - Other current assets

The following table shows other current assets at 31 December 2010 and 2009:

(€'000)		31/12/2010	31/12/2009	Variation
Receivables from others due within one year		2,833	2,500	333
Other current securities		21	21	0
Accrued income		35	-	35
Prepayments		2,614	1,999	615
Tax assets unrelated to income taxes		20,201	16,109	4,092
	Total	**25,704**	**20,629**	**5,075**

Receivables from others mainly relate to guarantee deposits and advances to suppliers.
Prepayments and accrued income refer to costs incurred in advance, such as bank fees, maintenance instalments, utilities, sundry services, insurance, lease, automated vending machine location and slotting fees, etc..
Tax assets unrelated to income taxes mostly consist of VAT assets which do not bear interest until their reimbursement has been formally claimed. They are usually settled on a quarterly basis with the relevant tax authorities.

12 - Cash and cash equivalents

The following table shows cash and cash equivalents at 31 December 2010 and 2009:

(€'000)	31/12/2010	31/12/2009	Variation

Bank and postal accounts	4,468	5,487	(1,019)
Cash-in-hand and cash equivalents	6,840	6,286	554
Total	**11,308**	**11,773**	**(465)**

Bank deposits are mainly available on sight and bear interest at floating rates. Cash comprises cash collected on the sale of food and beverages at the automated vending machines that has not been lodged with banks at the reporting date.

13 – Net financial indebtedness

The Group's net financial indebtedness at 31 December 2010 and 2009 is as follows:

(€'000)		31/12/2010	31/12/2009
Securities		60	21
Cash and cash equivalents		11,308	11,773
	Cash and current financial assets	***11,368***	***11,794***
Current loan liabilities		55,627	48,008
Derivatives		3,715	1,974
	Current financial indebtedness	***59,343***	***49,982***
Non-current loan liabilities		170,603	191,247
Bonds		131,880	126,056
Shareholders' loans		4,410	755
	Non-current financial indebtedness	***306,893***	***318,058***
	Net financial indebtedness	**354,868**	**356,246**

The Group's net financial indebtedness of €354,868 thousand at the reporting date is mainly due to:

- the bonds issued by the Parent of €131,880 thousand (including interest of €9,359 thousand), the last of which was issued in 2010 with a nominal amount of €5 million;
- the bank loan taken out by IVS Italia S.p.A. in 2008 for an original principal of €200 million which has an outstanding balance of €149,064 million at 31 December 2010;
- the BNL loan of €21 million agreed by Vending System Italia S.p.A. with an outstanding amount of €17,890 thousand at the reporting date;
- the €8,607 thousand liability to West Control S.A., the financial company controlled by the shareholder West Group Participation S.A.;
- the €4 million loan from the shareholder Eurofinim S.r.l. granted at the end of the year;
- the loan from the shareholder Crimo S.r.l. with an outstanding amount of €270 thousand;
- the liability to non-controlling shareholders of €140 thousand;
- finance leases and loans of €35,596 million agreed to purchase equipment by group companies;
- bank loans and borrowings of €14,378 million for credit facilities.

14 – Equity

The Parent's fully subscribed and paid up share capital at the reporting date consists of 4,266,800 ordinary shares without a nominal amount. It has not issued warrants or other related rights. All the shares of IVS Italia S.p.A. are pledged to guarantee its bank loan.
The following table shows the equity items and their origin:

(€'000)	Carrying amount
Share capital	64,002
Share premium reserve	2,498
Legal reserve	635

Statutory reserve	277
FTA reserve	562
Hedging reserve	(2,001)
Other reserves	(2,223)
Capital injections for future capital increase	5,231
Losses carried forward	(24,440)
Profit for the year	5,345
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	**49,885**
Share capital and reserves attributable to non-controlling interests	4,875
Profit for the year attributable to non-controlling interests	478
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**5,353**
Total share capital and reserves	49,414
Profit for the year	5,824
TOTAL EQUITY	**55,238**

Reference should be made to the statement of changes in equity for more information about the equity items.

Equity attributable to non-controlling interests of €5,353 thousand increased by €397 thousand over 31 December 2010. The profit for the year attributable to non-controlling interests of €478 thousand improved slightly by €317 thousand.

The hedging reserve decreased by €1,072 thousand reflecting the fair values of the hedging derivatives at 31 December 2010 (€2,002 thousand). The €90 thousand increase between the fair value of the sole derivative classified as speculative held by the Parent at 31 December 2009 and 2010 has been recognised directly in profit or loss.

The Group acquired 20% of IVS Serida S.p.A. in December 2010 which was subsequently merged into IVS Italia S.p.A.. It paid €592 thousand for the acquisition and recognised the investment for €140 thousand. The difference has been recognised as negative goodwill under equity.

15 - Employee benefits

This caption amounts to €5,610 thousand (31 December 2009: €5,779 thousand).
As disclosed in the section on the accounting policies, the Group has defined contribution and defined benefit plans for its Italian and French employees only.
The assumptions used to calculate the Group's obligations in respect of the long-term benefits are set out below:

Calculation date	**31/12/2010**
Mortality rate	IPS55 charts
Invalidity rate	INPS-2000 charts
Personnel turnover rate	3.00%
Discount rate	4.50%
Management salary increase rate	3.00%
Junior management salary increase rate	3.00%
White collar salary increase rate	3.00%
Blue collar wage increase rate	3.00%
Advance rate	2.00%
Inflation rate	2.00%

16 – Provisions for risks and charges

This caption relates to the non-current portion of provisions for risks and charges and comprises:

(€'000)	31/12/2010	31/12/2009	Variation
Tax	-	98	(98)
Other	562	461	101
Total	**562**	**559**	**3**

The other provisions include the estimated certain or probable liabilities, mainly related to civil and/or labour pending disputes.
The following table provides a breakdown of this caption for each group company:

(€'000)	31/12/2010	31/12/2009
IVS Italia S.p.A.	152	160
DDS	-	41
IVS France	60	-
Cofdar	51	-
Parodis Sa	116	-
Vending System	176	253
Ivancaffè	7	7
Total	**562**	**461**

The provision set up by Parodis mostly relates to a prior year tax dispute.
There are no other potential liabilities at the reporting date other than those provided for in this caption, given their risk level.

17 – Deferred tax assets and liabilities

The following table provides a breakdown of the temporary differences giving rise to deferred tax assets and liabilities:

	31/12/2009	Profit (loss)	Other	31/12/2010
Untaxed provisions	639	32	0	671
Derecognition of intangible assets	388	(138)	0	251
Carry forward of tax losses	1,959	755	0	2,713
Accrued interest expense	2,548	(2,119)	0	428
Derivatives	0	0	759	759
Customer list	(4,164)	(360)	0	(4,524)
Employee benefits	(330)	26	0	(304)
Leased assets	(4,785)	208	13	(4,564)
Other	(83)	197	(46)	69
Consolidation adjustments	1,762	314	0	2,077
Net deferred tax assets (liabilities) (carrying amount)	**(2,066)**	**(1,084)**	**726**	**(2,424)**
Deferred tax assets	8,774	(2,194)	770	7,349
Deferred tax liabilities	(10,837)	1,110	(44)	(9,771)

Deferred tax assets are recognised when their recoverability is deemed probable based on the business plan approved by the Parent's board of directors.

18 – Financial liabilities

The following table gives a breakdown of financial liabilities split between current and non-current and by category:

(€'000)	31/10/2010	31/12/2009	Variation
Bank loans	147,016	166,100	(19,084)
Finance lease liabilities	4,640	7,140	(2,500)
Other loans and borrowings	18,947	18,007	940
Shareholders' loans	4,410	755	3,655
Bonds	131,880	126,056	5,824
Total non-current financial liabilities	***306,893***	***318,058***	**(11,165)**
Bank loans	20,633	23,068	(2,435)
Advances from banks	6	12	(6)
Current account overdrafts	14,372	10,827	3,545
Finance lease liabilities	2,993	4,109	(1,116)
Other loans and borrowings	17,623	9,992	7,631
Derivative liabilities	3,715	1,974	1,741
Total current financial liabilities	***59,343***	***49,982***	**9,360**
Total financial liabilities	**366,236**	**368,040**	**(1,804)**

A breakdown of non-current liabilities by due date is as follows:

(€'000)	Amount
2012	59,048
2013	30,863
2014	22,512
2015	11,958
2016	41,832
After 2015	140,680
Total non-current financial liabilities	**306,893**

Details of the loan agreement signed by IVS Italia S.p.A. and the main financial transactions undertaken during the year are as follows:

a) The loan agreement signed in 2008 established that IVS Italia S.p.A. subordinated the repayment of the principal of the shareholders' loan until it had met the contractual covenants with the bank syndicate.
With respect to the interest on the shareholders' loan to be paid to the Parent, IVS Italia S.p.A. is obliged by contract:
    - not to pay interest on this loan to IVS GROUP HOLDING S.p.A. until after 15 December and 15 June of each year up to a maximum annual nominal rate of 8% calculated on the shareholders' loan and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (€10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months;

- not to pay interest on the shareholders' loan to IVS GROUP HOLDING S.p.A. in excess of the maximum annual nominal rate of 8%, capitalised and not distributed unless the net financial indebtedness/gross operating profit ratio is less than 2.7 and, moreover, subordinated to payment of interest on the syndicated loan, repayment of Tranche A (€10 million on 10 December and 10 June of each year) and consignment of a statement to the Agent Bank confirming that payment of interest on the shareholders' loan does not prejudice compliance with the contractual covenants in the current and subsequent six months.

b) The banks formalised the amendment to the loan agreement with the bank syndicate headed by Intesa on 28 June 2010 agreed to reflect the current economic and financial situation. They also revised the covenants with retroactive effect for 2009 and following years.

c) During 2010 and in order to comply with the syndicated loan covenants (as mentioned above), the Parent waived its right to repayment of the current loan of €5 million due from IVS Italia S.p.A. in order to partly cover its losses.

d) With respect to point a), as the subsidiary has not paid the interest accrued on the shareholders' loan of €124,540 thousand since 2008, the Parent has suspended payment of its bond coupons. As disclosed earlier, the amendment to the syndicated loan agreement provides that interest on the loan provided by IVS GROUP HOLDING S.p.A. will not be paid although it will continue to accrue until either (i) the date of full repayment of Tranche C of the loan and (ii) 31 March 2012, whichever is later.
Accordingly, the bondholders resolved to suspend payment of the coupons until the subsidiary IVS Italia S.p.A. pays back the shareholders' loan without prejudicing the bank loan covenants in their meeting of 23 July 2009. This had the scope of ensuring the Parent does not default as the cash inflows from the loan granted to the subsidiary are used to pay the coupons and reimburse the bonds.

e) In addition to the existing derivative classified as speculative, the Group entered into derivatives to mitigate interest rate fluctuation risks. As the derivatives qualified for hedge accounting under IAS 39, the fair value loss of €2,001 thousand (net of the effect of deferred tax assets), calculated by the banks at the reporting date, was recognised in the hedging reserve under equity (adjusting its balance of €929 thousand recognised at 31 December 2009). The fair value gain of €90 thousand (compared to a loss of €409 thousand at 31 December 2009) on the sole derivative classified as speculative was recognised directly in profit or loss.

The Group uses the following fair value hierarchy based on different valuation techniques to determine and document the fair value of financial instruments:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments at fair value are as follows at the reporting date:

(€'000)	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest rate derivatives		(3,715)		**(3,715)**

Amounts of financial assets and liabilities

The following table compares the carrying amounts and fair values of the financial asset and liability classes at the reporting date

(€'000)	**31/12/2010**		**31/12/2009**	
	Fair value	Carrying amount	*Fair value*	Carrying amount
Financial assets				
Cash and cash equivalents	11,308	11,308	11,773	11,773
Trade receivables	9,086	9,086	9,913	9,913

Equity investments		5,207	5,207	5,000	5,000
Other financial assets		195	195	221	221
	Total	**25,796**	**25,796**	**26,907**	**26,907**
Trade payables		57,231	57,231	62,320	62,320
Derivatives		3,715	3,715	1,974	1,974
Finance lease liabilities		7,633	7,633	11,249	11,249
Variable rate loan liabilities		36,571	36,571	27,999	27,999
Bonds		131,880	131,880	126,056	126,056
Bank loans and borrowings		167,649	167,649	189,168	189,168
Other current loan liabilities		14,378	14,378	10839	10,839
Shareholders' loans		4,410	4,410	755	755
	Total	**423,467**	**423,467**	**430,360**	**430,360**

The trade receivables and payables are all current and their carrying amount is fairly equal to their fair value.
Derivatives are recognised and measured at fair value at the reporting date. They solely consist of hedging and non-hedging derivatives held by IVS Italia S.p.A.

Risk management policy
The Group's financial and accounting department ensures financing is available by carefully analysing interest rate fluctuations on an ongoing basis in relation to its financial exposure.

Market risk

- Interest rate risk
  The Group's interest risk management policy has a two-pronged objective: to minimise the cost of funding and to decrease its exposure to interest rate fluctuations, as changes in interest rates affect both the fair value of variable rate financial assets and liabilities and the Group's future results of operations. Accordingly, during 2009, the Group used derivative contracts to hedge interest rate risks. Specifically, it hedged the interest rate risks of Tranche A of the syndicated loan taken out by IVS Italia S.p.A. that has a nominal amount of €140 million.

- Currency risk
  The Group is not exposed to this risk as all its transactions are carried out in Euros.

Credit risk

a) Credit risk
   The Group procedures require that customer solvency is monitored by each company's commercial and accounting departments before and during transactions by monitoring customer balances.
   Commercial credit risk concentration, arising solely when invoices are issued, is limited given the wide and unrelated customer base. As a result, the allowance existing at the reporting date for receivables whose recovery is doubtful or improbable is deemed to be appropriate.

b) Market risk
   Interest rate hedges are solely agreed with highly rated counterparts that are selected using various criteria: the specialist agency rating, their assets and equity as well as the nature and due date of the transactions. They are usually major banks.
   The Group does not trade financial instruments with parties located in geographical areas at high political or financial risk.

c) Liquidity risk

The Group's objective is to have a debt level that ensures a good ratio of the loan repayment dates to flexible and diversified sources of funding. Each group company is free to negotiate credit facilities and agree diversified sources of funding (e.g., loans, finance leases, bank credit facilities, etc.) as long as they comply with the covenants of the loan agreement between IVS Italia S.p.A. and the bank syndicate. Forecast cash flows from operating activities will allow a steady reduction in the ratio of debt to total sources of funding in line with the Group's business plan, leading to a large decrease in the current liquidity risk level. This is because most of the investments in property, plant and equipment, investment property and financial investments have been made.

Exposure to interest rate risk
At the reporting date, all the Group's financial liabilities (without considering fluctuations in the fair value of derivatives) bear interest at floating or indexed rates. The main sources of financing are the above-mentioned bank loan with an outstanding principal of €149.8 million, indexed to the reference rate, the bonds of €123 million, also indexed to the reference rate, the finance lease liabilities, other loans taken out by most of the group companies which normally bear interest at the Euribor, and the loan agreed by Vending System Italia S.p.A. with an outstanding principal of €17,890 thousand.

Covenants
The €200 million loan with an outstanding balance of €149.8 million taken out by IVS Italia S.p.A. from IntesaSanPaolo S.p.A., which then syndicated it to a six-member syndicate, has certain covenants which require, inter alia, compliance with financial and equity ratios. At the reporting date, this loan made up 41% (31 December 2009: 46%) of the Group's total financial indebtedness (€362,520 thousand at 31 December 2010 excluding the effect of derivatives).
In June 2010, before the shareholders approved the 2009 financial statements, IVS Italia S.p.A. signed an amendment to the loan agreement with the syndicate banks which included changes to certain of the covenants provided for by article 18.2 (A)(3). These changes had retroactive effect on the 2009 consolidated financial statements; indeed, the covenants were not met at 31 December 2009.
Specifically, the consolidated financial statements should show:

a net financial indebtedness/gross operating profit ratio greater than:

- 4.50x from 31 December 2009;
- 4.00x from 31 December 2010;
- 3.50x from 31 December 2011;
- 2.70x from 31 December 2012 until the loan agreement expires.

a gross operating profit/net financial expense ratio not lower than:

- 4.00x from 31 December 2009;
- 6.00x from 31 December 2010 until the loan agreement expires.

All these ratios were met at the reporting date and, therefore, the consolidated financial statements were prepared on a going concern basis, classifying the outstanding loan liabilities as current and non-current in line with the original repayment plan.

19 - Other current liabilities

The following table shows other current liabilities at 31 December 2010 and 2009:

(€'000)		31/12/2010	31/12/2009	Variation
Other liabilities		10,724	12,232	(1,508)
Accrued expenses		25	1,587	(1,562)
Deferred income		44	22	22
Social security charges payable		3,401	3,106	295
Other tax liabilities (excluding income taxes)		1,908	1,915	(7)
	Total	**16,103**	**18,863**	**(2,760)**

Other liabilities include payables to employees for December 2010 remuneration, paid in January 2011, unpaid accrued holidays and leave, deposits received from holders of charge keys used to purchase food and beverages from the vending machines, advances from customers and/or suppliers and outstanding balances for the acquisition of equity investments.
Social security charges payable include amounts due to the relevant institutions for the annual contributions in line with the different legislation ruling in the countries in which the Group is based (Italy, France and Spain).
Other tax liabilities, part of which is due within one month, mainly consist of withholdings on wages and salaries of the Italian employees.

20- Commitments and guarantees

The following table sets out the sureties and guarantees issued by the group companies:

Company		2010	2009
IVS Italia S.p.A.		424	397
DDS S.r.l.		185	185
EuroVending S.r.l.		5	5
	Total	**614**	**587**

These guarantees were mostly given for financing granted by third parties to group companies or for their involvement in tenders.
As provided for contractually, all the shares of IVS Italia S.p.A. and quotas of Food System S.r.l., as well as 90% of the quotas of E.V.S. S.r.l., have been pledged for the €200 million syndicated loan.
During the second half of 2010, DDS S.r.l. and SCI +39 agreed two property leases of €2.7 million and €7.7 million, respectively. These leases qualified as finance leases at the reporting date but neither the leased assets nor the financial liabilities were recognised as the companies had not yet been authorised to use the leased assets (the buildings are still being constructed).

Notes to the main income statement captions

21 - Revenue from sales and services

The following table shows changes in this caption and a breakdown by geographical segment:

(€'000)	2010	2009	Variation	Var. %
Italy	224,692	224,030	662	0%
France	24,329	23,669	660	3%
Spain	14,433	13,365	1,068	8%
Revenue from sales and services	**263,454**	**261,064**	**2,390**	**1%**

Revenue is earned on “supplies”, i.e., amounts collected for sales of food and beverages directly from the automated vending machines, “sales with invoices”, i.e., revenue from the sale of products delivered directly to customers and revenue from the sale of automated vending machines. The overall increase is mainly due to the number of *vends* (supplies), following the acquisitions of companies during the year, the Group’s commercial policies and overhaul of product portfolio during the year.

22 - Other revenue and income

The following table shows variations in this caption:

(€'000)	2010	2009	Variation	Var. %
Other revenue and income	6,266	9,377	(3,111)	(33%)

The caption includes revenue from the sale of goods, spare parts, equipment and sundry materials to third parties and revenue from technical assistance provided to third parties for their automated vending machines.
It also comprises revenue from the reimbursement of costs, lease income, compensation for damage and prior year gains generated by the group companies' operations.

23 - Raw materials, consumables, supplies and goods

The cost of procuring raw materials, consumables, supplies and goods, related to different types of food and beverages, underwent the following changes from 2009 to 2010:

(€'000)		2010	2009	Variation	Var. %
Raw materials, consumables		70,148	71,375	(1,227)	(2%)
Change in inventories		(1,627)	7,072	(8,699)	(123%)
	Total	**68,521**	**78,447**	**(9,926)**	**(13%)**

This caption is shown net of premiums, discounts and rebates granted by the key suppliers on special deliveries or when set turnover levels and/or total quantities purchased are met.

24 - Services

The following table shows changes in this caption:

(€'000)		2010	2009	Variation	Var. %
Services		22,418	25,571	(3,153)	(12%)
Use of third party assets		5,874	7,995	(2,121)	(27%)
	Total	**28,292**	**33,566**	**(5,274)**	**(16%)**

This caption includes the directors' fees (see note 31), maintenance services, electricity and utilities (e.g., water, telephone, etc.), transportation, administrative, legal and commercial services.

25 - Personnel expenses

This caption of €80,811 thousand includes the cost of filling the vending machines by third party personnel who work exclusively for IVS Italia S.p.A. (accordingly the cost of which can thus be considered as normal personnel expenses).

(€'000)		2010	2009	Variation	Var. %
Wages and salaries		61,209	60,137	1,072	2%
Social security contributions		14,487	14,288	199	1%
Employee benefits		3,263	3,124	139	4%
Other personnel expenses		1,852	1,811	41	2%
	Total	**80,811**	**79,359**	**1,452**	**2%**

The €1,452 thousand decrease is principally a result of:

- the increase following changes to the national sector labour contract (one at the end of 2009 and two during 2010);
- the approximate €180 thousand increase due to termination benefits paid in 2010 as part of the personnel restructuring plan implemented during the year.

The number of employees has decreased from 2,078 at the end of 2009 to 1,936 at 31 December 2010 as shown in the following table. However, based on the average number of employees, personnel expenses have actually risen, especially in the first half of the year due to the increase in wages and salaries as explained above.

	31/12/2010	31/12/2009	Variation
Management	31	44	(13)
White collars	424	527	(103)
Blue collars	1,470	1,492	(22)
Trainees	11	15	(4)
Total	**1,936**	**2,078**	**(142)**

26 – Other operating costs

This caption may be analysed as follows:

(€'000)	2010	2009	Variation	Var. %
Impairment losses on current assets	439	268	171	64%
Provisions for risks	522	59	463	785%
Other provisions	79	35	44	126%
Other operating costs	34,390	29,709	4681	16%
Total	**35,430**	**30,071**	**5,359**	**18%**

This caption includes the portion of rental fees for the year paid to customers (public and private) to locate machines in their premises, using their electricity and water supplies.

27 – Other income and expense

The following table gives a breakdown of non-recurring income and expense, showing those arising on the sale of non-current assets:

(€'000)	2010	2009	Variation	Var. %
Gains on the sale of assets	2,372	1,425	948	67%
Losses on the sale of assets	(743)	(1,511)	768	(51%)
Net gains (losses) on the sale of assets	**1,629**	**(86)**	**1,715**	**(1,994%)**
Non-recurring income	231	4,088	(3,857)	(94%)
Non-recurring expense	(1,101)	(1,705)	604	(35%)
Net other non-recurring income (expense)	**(870)**	**2,383**	**(3,253)**	**(136%)**

The large decrease in non-recurring income is due to the reversal of the restructuring provision (€3,166 thousand) in 2009 recognised as part of the PPA process when the investment in Vending System Italia S.p.A. was acquired. The provision was fully reversed when the reorganisation scheduled in 2008 was concluded. It also includes the loss recognised on the first time consolidation of the investment in BVending (€39 thousand).

Other non-recurring expense mainly consists of:

- impairment losses on assets recognised in the separate financial statements of the companies merged during the year and deemed not to be recoverable at the reporting date (€315 thousand);
- cash shortfalls and losses due to theft and robberies (€178 thousand);
- taxes and administrative charges (€55 thousand);
- prior year costs for customer bonuses and supplier invoices.

28 - Financial income and expense

The following table gives a breakdown of financial income and expense:

(€'000)	2010		2009	
	Income	Expense	Income	Expense
Bank interest	3	(610)	20	(380)
Interest on Banca IMI and syndicated loans	-	(5,570)	-	(8,501)
Interest on BNL loan	-	(476)	-	(161)
Interest on shareholders' loan	-	(7)	-	
Interest on bonds	-	(1,736)	-	(2,516)
Other interest	-	(1,476)	-	(1,934)
Sub total	**3**	**(9,875)**	**20**	**(13,492)**
Net interest on net financial indebtedness		**(9,872)**		**(13,472)**
Other financial income	360	-	1,559	-
Other financial expense	-	(459)	-	(302)
Net financial income (expense)	**364**	**(10,334)**	**1,579**	**(13,794)**
Net (gain) loss on interest rate derivatives	90	-	-	(405)
Net exchange rate losses	-	-	-	(6)
Net exchange rate losses and net (gain) loss on derivatives		90		(411)
Net financial income (expense), net exchange rate losses and net (gain) loss on derivatives		**(9,881)**		**(12,626)**

29 – Share of profit (loss) of equity-accounted investees

The positive balance of €207 thousand (negative €109 thousand for 2009) is mainly due to the Group's share of the profit (loss) of the equity-accounted investees.

30 - Income tax expense

Current and deferred taxes are analysed in the following table:

(€'000)	2010	2009	Variation	Var. %
Current tax expense	(3,871)	(3,218)	(653)	20%
Change in deferred tax liabilities	1,110	746	364	49%
Change in deferred tax assets	(2,194)	448	(2,642)	-590%
Total	**(4,955)**	**(2,024)**	**(2,931)**	**145%**

Note 17 provides details of the captions that lead to the recognition of deferred tax assets and liabilities.

The tax rate reconciliation required by IAS 12 is shown in the following table:

(€'000)	2010		2009	
Pre-tax profit	10,778		2,377	
Theoretical tax (27.5%)	(3,201)	(29.7%)	(1,004)	(42.2%)
Financial income at lower rate			509	21.4%
Permanent differences				
Impairment losses on equity investments	-		-	

- Untaxed sale of goodwill	-		1,195	50.3%
- Other differences	(452)	(4.2%)	(652)	(27.4%)
Effect of Tremonti-ter law	1,278	11.9%	1,293	54.4%
Consolidation adjustments	105	1.0%	238	10.0%
Deferred tax assets on tax losses not recognised in previous years	180	1.7%	-	
Prior year deferred taxes	(351)	(3.3%)	(986)	(41.5%)
IRAP	**(2,512)**	(23.3%)	**(2,617)**	(110.1%)
Total tax burden	**(4,954)**	(46.0%)	**(2,024)**	(85.1%)

Other information

31 - Related party transactions

The following tables provide information about transactions with related parties and their impact on the Group's financial position and results of operations:

	Assets			Liabilities		
	Trade	**Financial**	**Other**	**Trade**	**Financial**	**Commit-ments**
Espresso Service Proximite	10	-	-	-	-	-
Immobiliare Vending		910				
Universo Vending S.r.l.	-	-	-	(148)	-	-
Time Vending	-	-	-	(156)	-	-
Ciesse Caffè S.r.l.	30	-	-	(3)	-	-
Sogeda S.r.l.	239	-	-	(47)	-	-
Gimoka S.r.l.	242	-	-	(1,230)	-	-
Fast Service S.r.l.	747	-	-	(2,602)	-	-
MC-AG Sas	257	-	-	(3)	-	-
Crimo	0.5	-	-	-	(270)	-
West Control S.A.					(8,607)	
Eurofinim S.r.l.					(4,000)	
Astro	32	-	-	-	-	-
Shareholders who are also directors	-	-	-	-	(17,376)	-
Shareholders that are not directors	-	-	-	-	(114,486)	-
Total	**1,558**	**910**	**-**	**(4,188)**	**(144,739)**	**0**
Carrying amount	**9,086**	**910**	**25,704**	**(57,231)**	**(366,236)**	**(424)**
% of consolidated financial statements caption	**17%**	**100%**	**0%**	**7%**	**40%**	**0%**

	Revenue					
	Products	**Equipment**	**Services**	**Use of assets**	**Other**	**Interest**
Ciesse Caffè S.r.l.	3	27	1	-	-	-
Sogeda S.r.l.	283	-	16	-	37	-
Gimoka S.r.l.		-	-	-	-	-

	1,582					
Fast Service S.r.l.	288	-	158	-	2	-
MC-AG Sas	3	23	-	5	-	-
Total	**2,158**	**50**	**176**	**5**	**39**	**-**
Carrying amount	**263,454**	**263,454**	**6,266**	**6,266**	**6,266**	**364**
% of consolidated financial statements caption	**1%**	**0%**	**3%**	**0%**	**1%**	**0%**

	Costs					
	Products	**Equipment**	**Services**	**Use of assets**	**Other**	**Interest**
Universo Vending S.r.l.	1,780	-	-	-	-	-
Time Vending	-	-	-	4	271	-
Ciesse Caffè S.r.l.	-	-	22	-	-	-
Immobiliare Vending	-	-	-	2,035	6	-
Sogeda S.r.l.	51	-	-	-	2	-
Gimoka S.r.l.	3,307	-	-	-	-	-
Fast Service S.r.l.	-	-	-	-	4,252	-
MC-AG Sas	5	-	325	-	1	-
Astro	-	-	27	-	-	-
Shareholders who are also directors	-	-	-	-	-	266
Shareholders that are not directors	-	-	-	-	-	1,742
Total	**5,143**	**-**	**374**	**2,039**	**4,531**	**2,008**
Carrying amount	**68,521**	**28,817**	**22,418**	**5,874**	**35,430**	**10,334**
% of consolidated financial statements caption	**8%**	**0%**	**2%**	**35%**	**13%**	**19%**

32 – Directors' fees

The following table shows the directors' fees:

(€'000)	2010	2009	Variation	Var. %
Directors' fees	747	747	-	0%
Share-based payment	-	-	-	0%
Other long-term benefits	-	-	-	0%
Total	**747**	**747**	**-**	**0%**

The following fees were paid during the year:

- €139 thousand to the statutory auditors for their services;
- €301 thousand to the independent auditors for the legally-required audit.

33 - Events after the reporting date

The directors' report discloses information about the events after the reporting date.

Seriate, 5 May 2011

On behalf of the Board of directors
Chairman
Cesare Cerea
(signed on the original)