FY 2017

S.ITALIA S.p.A.
Company with sole shareholder subject to the management and coordination of IVS Group S.A.
Registered office in Seriate - Via dell'Artigianato 25
Share capital Euro 120,000 fully paid-up
Tax code 12687800156 - Economic and Administrative Index (REA) no. 1578687

(Translation from the original Italian language report, which remains the definitive version)

Contents

Corporate officiers

Directors

Massimo Paravisi	Chairman
Antonio Tartaro	Director
Alessandro Stefanelli	Director

Board of Statutory Auditors

Massimo Troppina	Chairman
Maria Cristina Pituello	Regular auditor
Mauro Valentino	Regular auditor
Massimo Bassi	Alternate auditor
Monia Pividori	Alternate auditor

Independent auditors

EY S.p.A.

Report on Operations

Dear Shareholder,
These financial statements for the year ended 31 December 2017, prepared in accordance with international accounting standards, show a profit of Euro 2,339 thousand.

Significant events during the period

On 7 August 2017, the Chairman Cesare Cerea passed away suddenly. On 18 October 2017, the Shareholders' Meeting elected Massimo Paravisi as the new Chairman of the Board of Directors of S.Italia S.p.A.

S.Italia S.p.A. operates in the vending sector, i.e. in the sale and supply of goods, food and beverages through automatic and semi-automatic vending machines and deals with the purchase, overhaul/repair and resale of used automatic vending machines as well as the purchase, preparation and resale of new automatic vending machines.
Starting October 2012, the Company has rented the entire company owned concerning the supply of goods, food and beverages through vending machines to the subsidiary IVS Italia S.p.A., also fully controlled by IVS Group S.A., while from February 2013 the following acts have taken effect:

- termination of the contract for the lease of a business unit located in the municipality of Seriate (BG) relating to the purchase, preparation and sale of vending machines between IVS Group S.A. and S.Italia S.p.A.;
- stipulation of a business lease contract with the subsidiary IVS Italia S.p.A., with which the Company took charge of the management of the business unit consisting of a complex of goods organised for the exercise of commercial business in the sector of the supply of food and beverages through vending machines, in particular the purchase, overhaul/repair and resale of used vending machines at the branches of Orio al Serio and Pomezia (revamping activities). The annual lease charges are Euro 300 thousand.

Also for the year 2017 the company renewed the option to pay the Group VAT and therefore transferred its VAT credit/debit to the parent company IVS Group S.A.

In September 2015, the Company entered into a business lease contract with the subsidiary IVS Italia S.p.A., with which the Company took charge of the management of the business unit consisting of a complex of goods organised for the exercise of commercial business in the sector of the supply of food and beverages through vending machines, in particular the purchase, overhaul/repair and resale of used vending machines at the branches of Modugno (revamping activities). The annual lease charges are Euro 40 thousand.

In September 2015, the Company entered into a lease agreement with the parent company IVS Group S.A. for the business unit consisting of a group of assets organised for business purposes in the food and beverage supply sector through vending machines, in particular for the management of the purchase and preparation of new vending machines for an annual amount of Euro 300 thousand. Until 31 August 2015, the BU was always rented by the subsidiary Vending System Italia S.p.A. which, on the occasion of the termination of the contract, transferred to the Company its entire warehouse represented by new vending machines and related accessories and spare parts necessary for their preparation.

On 11 March 2016, a hearing was held before the Lombardy Regional Tax Commission to discuss the tax dispute that arose with the Revenue Agency in 2014 in relation to the offsetting of the 2011 VAT credit. The Commission accepted in part the Revenue Agency's opposition to the first instance decision of the Tax Court (Provincial Tax Commission), which was entirely in favour of S.Italia S.p.A., confirming that VAT was not due, but nevertheless ordered the company to pay only the fine (amounting to Euro 154 thousand).
On 20 October 2016, the Company filed an appeal against Regional Tax Commission's decision with the Italian Supreme Court (Court of Cassation).
As at 31 December 2017, the company is still awaiting a hearing at the Court of Cassation.
At the reporting date, there were no contingent liabilities other than those for which - in consideration of the assessment of the degree of risk - a provision was made in this balance sheet item.

Alternative Performance Measures

In order to facilitate the understanding of its economic and financial data, S.Italia S.p.A. uses a number of widely available indicators, which are not required by IAS/IFRS. In particular, these indicators and intermediate results are highlighted in the income statement: EBITDA and EBIT, deriving from the algebraic sum of the above items.
Similar considerations apply to the net financial position, the components of which are detailed in the specific section of the notes to the financial statements.
The definitions of the indicators used by the Company, as they do not derive from the reference accounting standards, may not be homogeneous with those adopted by other companies/groups and may therefore not be comparable with them.
This report contains a number of financial and non-financial performance indicators, including those mentioned above. The first, deriving from the financial statements, comprise the tables that provide a summary of the Company's economic, equity and financial performance, in relation to comparative values and other values for the same period (e.g. change, compared to the previous year, in revenues, EBITDA and operating income and change in their incidence on revenue). The indication of economic values that cannot be directly deduced from the financial statements, as well as the presence of comments and evaluations, also contributes to better qualify the dynamics of the different values.
The report on operations also includes a series of financial and equity ratios that are certainly relevant for a better understanding of the performance of the company, especially in relation to the performance compared to previous periods. In addition, the notes to the financial statements, in the section on net financial position, provide information on the economic and financial effects of changes in interest rates.

Operating performance

In 2017, the revenue from ordinary operations of S.Italia S.p.A. at the end of the period amounted to Euro 40,887 thousand, of which Euro 10,129 thousand (Euro 9,984 thousand at 31 December 2016) related to revamping, i.e. the refurbishment of vending machines.

(Euro thousands)	**31/12/2017**	**31/12/2016**
Revenue from sales and services	28,903	23,925
Other revenue and income	11,984	11,774
Total	**40,887**	**35,699**

(Euro thousands)	**31/12/2017**	**31/12/2016**
Value of production	40,887	35,699
Operating costs	(37,677)	(31,183)
EBITDA	3,210	4,516
% EBITDA/value of production	7.85%	12.65%
Amortisation/depreciation	(44)	(50)
EBIT	3,166	4,466
% EBIT/production value	7.74%	12.51%

At the end of the year, the Company's economic/financial balance is ensured, both by the rental income of the Vending BU and by the purchase, overhaul/repair and resale of used vending machines, destined for the most part for the other companies of the IVS Group.
On the basis of the above, these financial statements have been prepared on the assumption of the business operating as a going concern.
Amortization, depreciation, provisions and write-downs amount to a total of Euro 44 thousand, of which Euro 1 thousand attributable to intangible assets and Euro 43 thousand to tangible assets.

Significant events after the end of the financial year

No significant events to mention occurred after the end of the financial year. The Company's management team believes that positive results can also be reported for the next financial year, as well as those recorded in 2017, considering the orders received in the first months of 2018 and the continuous commercial expansion and turnover by the Group to which it belongs.

Main asset, financial and income ratios

S.Italia S.p.A. closed FY 2017 with a net profit of Euro 2,339 thousand and shareholders' equity of Euro 7,868 thousand.

In addition, at 31 December 2017, the company had a positive net financial position of Euro 13,943 thousand, mainly consisting of a receivable for cash pooling from the parent company IVS Group S.A. of Euro 13,940 thousand.

(Euro thousands)	S.Italia S.p.A. 31/12/2017	%	31/12/2016	%
Fixed assets (AI)	264	1.07%	172	1.05%
Current assets (AC)	24,351	98.91%	16,299	98.93%
Liquidity (LQ)	3	0.01%	4	0.02%
Invested Capital (CI)	**24,618**	**100%**	**16,475**	**100%**
Consolidated liabilities (PC)	431	1.75%	417	2.53%
Current liabilities (PCR)	16,319	66.29%	10,528	63.90%
Own funds (MP)	7,868	31.96%	5,530	33.56%
Financing capital (CF)	**24,618**	**100%**	**16,475**	**100%**

(Euro thousands)	S.Italia S.p.A. 31/12/2017	31/12/2016
Ind. financial autonomy (MP/CI)	32%	34%
Ind. financial dependency ((PC+PRC)/CI)	68%	66%
Ind. of indebtedness (CI/MP)	313%	298%
Consolidated debt ratio (PC/CI)	2%	3%
Ind. Current debt (PCR/CI)	66%	64%
Own funds/Third party funds ((PC+PRC)/MP)	213%	198%
Current assets+Liquidity/Current liabilities	149%	155%
Fixed asset hedging margin	3,144%	3,452%
Structural margin (MP-AI)	7,604	5,358
Net current assets (AC+LQ-PCR)	8,035	5,775

Investments

No significant investments were made in 2017.

Research and development

Given the type of business, the company did not carry out any research and development in 2017.

Related party transactions

With reference to the financial statements, related party transactions concerned:

- the parent company IVS Group S.A.,
- other Group companies,
- other related parties.

Summary data as at 31 December 2017 for related party transactions is provided in the notes to the financial statements.
The execution of related party transactions is in S.Italia S.p.A.'s interest in realising the synergies existing within the Group in terms of production, commercial and logistical integration, efficient use of skills and rationalisation of central structures and financial resources.
Related party transactions, both those relating to the exchange of goods and the provision of services, are regulated at arm's length.

Transactions with the parent company

S.Italia S.p.A. is subject to management and coordination by IVS Group S.A.
For further details on transactions with the parent company, reference should be made to the notes to the financial statements.

Transactions with other Group companies

Transactions with other Group companies are of a commercial (exchange of goods and/or services) and financial nature.
For further details on transactions with subsidiaries and associates, reference should be made to the notes to the financial statements.

Own shares and shares/stocks in investee companies

We acknowledge that S.Italia S.p.A. does not hold, nor has held, acquired or disposed of, either directly or through trust companies or third parties, its own shares or those of its shareholders.

Information on risks and uncertainties

Risk management (internal and external, social, industrial, political, financial) is integrated into the development strategy of the Group and represents an essential element of the continuous process of evolution of the governance system. Risk management aims, also through an improvement in the rules of conduct, at protecting stakeholders (employees, customers, suppliers, shareholders), as well as safeguarding the company's assets.

The company constantly monitors its financial risks so as to assess their potential effects in advance and take appropriate action to mitigate or counterbalance them.

The company has not invested in financial fixed assets or in financial assets that do not constitute fixed assets (shares, bonds or atypical securities) such as to require particular caution or explanation in order to assess the impact of the economic recession and the collapse of the financial markets on them.

The company is exposed to the following ordinary financial risks associated with its operations:

Credit risk
In relation to normal commercial transactions, there are no significant concentrations of the risk of non-collection.

Liquidity risk
Risk relating to the ratio between liquidity obtained from operating activities and outflows for investments or for managing debt towards third parties.
The objective of S.Italia S.p.A. is to obtain a level of indebtedness capable of ensuring a balance between average payment due dates, flexibility and diversification of supply sources. To this end, the Company negotiates credit facilities and implements diversified sources of financial supply (e.g. loans, financial leases, bank credit facilities).

Interest rate risk
Risk associated with future cash flows from variable rate financial assets and liabilities. A change in interest rates will affect the market value of financial assets and liabilities at variable rates and may affect the future performance of the company. With regard to the management of this risk as at 31 December 2017, the Company had no loans in place with credit institutions or with companies belonging to the IVS Group.

Legal and tax risks
S.Italia S.p.A. is exposed to the risks arising from failure to comply with the changing laws and new regulations in the sectors and markets in which it operates. On this front, the Company constantly monitors the reference regulations, with the assistance of external consultants, if necessary. The management periodically monitors the progress of existing and potential disputes and determines the most appropriate measures to be taken in their management, ensuring the appropriate assessment of these risks and their effect on the income statement.

Other information

No loans were granted or guarantees given to the Board of Directors or the Board of Statutory Auditors during the year, nor do they exist at the end of the year.

Assessment of environmental and energy impact policies

With reference to the requirements of the regulations on the protection of the integrity of the environment and the territory, it is confirmed that the company has long been in compliance with each of the directives and regulations in force. In addition, great emphasis has been placed, also to contain costs, on the recovery of all reusable materials and the selection of capital goods with energy saving profiles.

Conclusions

Dear Shareholder,

We believe that we have sufficiently illustrated the Company's position as at 31 December 2017 and its operating performance.

We therefore invite you to approve the financial statements for the year, and to carry forward the positive result for the current year of Euro 2,339,067.

We thank you for your confidence in us and invite you to approve the financial statements as presented.

Seriate, 22 March 2018

For the Board of Directors
Chairman
Massimo Paravisi

Financial statements

Statement of financial position

		Notes	31/12/2017	31/12/2016
ASSETS				
Non-current assets				
Intangible assets		4	-	1,349
Property, plant and equipment		5	239,924	166,802
Deferred tax assets		15	24,392	4,107
TOTAL NON-CURRENT ASSETS	**A**		**264,316**	**172,258**
Current assets				
Inventories		6	8,948,217	7,202,501
Trade receivables		7	1,175,446	4,969,422
Tax assets		8	59,952	-
Other current assets		9	227,013	418,388
Current financial assets			13,940,152	3,709,331
Cash and cash equivalents		10	3,003	3,581
TOTAL CURRENT ASSETS	**B**		**24,353,783**	**16,303,223**
Assets sold/held for sale	**C**		-	-
TOTAL ASSETS	**A+B+C**		**24,618,099**	**16,475,481**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		12	120,000	120,000
Other reserves		12	3,702,533	3,703,840
Retained earnings/(losses)		12	1,706,143	(1,397,855)
Net profit (loss) for the year		12	2,339,067	3,103,998
SHAREHOLDERS' EQUITY	**D**		**7,867,743**	**5,529,983**
Non-current liabilities				
Non-current financial liabilities		16	-	-
Employee benefits		13	287,017	272,739
Provisions for risks and charges		14	142,722	142,722
Deferred tax liabilities		15	1,229	1,642
TOTAL NON-CURRENT LIABILITIES	**E**		**430,968**	**417,103**
Current liabilities				
Current financial liabilities		16	-	452,365
Trade payables		17	10,890,893	6,940,123
Tax liabilities		8	-	142,735
Current funds		14	-	-
Other current liabilities		18	5,428,495	2,993,172
TOTAL CURRENT LIABILITIES	**F**		**16,319,388**	**10,528,395**
Liabilities related to assets held for sale	**G**		-	-
TOTAL LIABILITIES	**(H=E+F+G)**		**16,750,356**	**10,945,498**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**D+H**		**24,618,099**	**16,475,481**

Statement of Income

	Notes	31/12/2017	31/12/2016
Revenue from sales and services	20	28,902,962	23,924,607
Other revenue and income	21	11,984,374	11,774,080
Total revenues		**40,887,336**	**35,698,687**
Cost of raw materials, supplies and consumables	22	(24,388,674)	(18,402,904)
Costs for services	23	(3,356,513)	(2,853,321)
Personnel costs	24	(4,470,516)	(4,363,809)
Other operating income / (expense) net	25	(5,461,687)	(5,562,866)
Gain/(losses) from disposal of fixed assets, net		587	-
Depreciation and amortisation		(44,468)	(49,711)
Operating profit/(loss) (EBIT)		**3,166,065**	**4,466,076**
Financial expense	26	(4,343)	(52,251)
Financial income	26	74,755	122,492
Result		**3,236,477**	**4,536,317**
Profit/(loss) before tax		**3,236,477**	**4,536,317**
Current tax	28	(917,695)	(1,140,515)
Deferred tax	15	20,285	(291,804)
Net profit/(loss) for the year		**2,339,067**	**3,103,998**

Statement of Comprehensive Income

	31/12/2017	31/12/2016
Net profit/(loss) for the year	**2,339,067**	**3,103,998**
Other items of comprehensive income, which will be reclassified to profit or loss for the year: (net of tax)	**-**	**-**
Other items of comprehensive income that will not be subsequently reclassified to profit or loss for the year: (net of tax):		
Actuarial gains/losses IAS 19	(1,719)	361
Tax impact	413	(1,506)
Total other comprehensive income that will not be subsequently reclassified to profit or loss for the year net of tax	(1,306)	(1,145)
Total comprehensive income for the year	**2,337,761**	**3,102,853**

Statement of changes in equity

	31/12/2016	Destination result	Comprehensive result	31/12/2017
Share capital	**120,000**	**-**	**-**	**120,000**
Legal reserve	**86,095**	**-**	**-**	**86,095**
Extraordinary reserve	**110,000**	**-**	**-**	**110,000**
FTA reserve	**213,070**	**-**	**-**	**213,070**
Other reserves	**3,296,698**	**-**	(1,306)	**3,295,392**
Retained earnings/(losses)	**(1,399,879)**	3,103,998	**-**	**1,704,119**
Net profit (loss) for the year	**3,103,998**	(3,103,998)	2,339,067	**2,339,067**
Total	**5,529,983**	**-**	**2,337,761**	**7,867,743**

Statement of cash flows

		31/12/2017	31/12/2016
A) Cash flow from operating activities			
	Profit (Loss) before tax	3,236,477	4,536,317
Adjustments for:			
Amortisation, depreciation and impairment		44,468	49,711
(Gains)/losses on disposal of non-current assets		(587)	-
Change in employee benefits and other provisions		8,550	(174,408)
Reversal of financial expense		(70,260)	(65,820)
	Cash flow from operating activities before tax, financial income/expense and change in working capital:	*3,218,648*	*4,345,800*
Change in working capital		7,809,199	474,161
	Cash flow from operating activities before tax and financial income/expense:	*11,027,847*	*4,819,961*
Net financial expense paid		(47,772)	-
Tax paid		(181,812)	-
	Total A)	**10,798,263**	**4,819,961**
B) Cash flow from investing activities:			
Investments in non-current assets:			
Tangible		(116,242)	(95,587)
	Total investments	(116,242)	(95,587)
Proceeds from disposal of net non-current assets		587	-
	Total disinvestments	587	-
Change in financial assets		(10,230,821)	(5,193,112)
	Total B)	**(10,346,476)**	**(5,288,699)**
C) Cash flow from financing activities:			
Change in current financial liabilities		(452,365)	452,365
	Total C)	**(452,365)**	**452,365**
D) Translation differences and other changes:			
E) Change in cash and cash equivalents (A+B+C+D):		**(578)**	**(16,373)**
F) Opening cash and cash equivalents:		3,581	19,954
Closing cash and cash equivalents (E+F+G)		**3,003**	**3,581**

Notes to the financial statements

Company information

The draft financial statements of S.Italia S.p.A. at 31 December 2017 were prepared and approved by the Directors on 22 March 2018. The financial statements are submitted for approval to the Shareholders' Meeting, which has the power to make amendments.

S.Italia S.p.A. is a joint-stock company incorporated and domiciled in Italy that operates in the "Vending" market, i.e. in the sale of products through vending machines and semi-automatic machines, in the purchase, overhaul/repair and resale of used vending machines as well as the purchase, preparation and resale of new vending machines.

In 2012, S.Italia S.p.A. leased its entire vending business to its subsidiary IVS Italia S.p.A., while the following deeds, formalised in December 2012, became effective in 2013:

- termination of the contract for the lease of a business unit located in the municipality of Seriate (BG) relating to the purchase, preparation and sale of vending machines between IVS Group S.A. and S.Italia S.p.A.;
- stipulation of a business lease contract with the subsidiary IVS Italia S.p.A., with which the Company took charge of the management of the business unit consisting of a complex of goods organised for the exercise of commercial business in the sector of the supply of food and beverages through vending machines, in particular the purchase, overhaul/repair and resale of used vending machines at the branches of Orio al Serio and Pomezia (revamping activities). The annual lease charges are Euro 300 thousand.

In September 2015, the Company entered into a business lease with the subsidiary IVS Italia S.p.A., with which the Company took charge of the management of the business unit consisting of a complex of goods organised for the exercise of commercial business in the sector of the supply of food and beverages through vending machines, in particular the purchase, overhaul/repair and resale of used vending machines at the branches of Modugno (revamping activities). The annual lease charges are Euro 40 thousand.
In 2015, the Company entered into a lease agreement with the parent company IVS Group S.A. for the business unit consisting of a group of assets organised for business purposes in the food and beverage supply sector through vending machines, in particular for the management of the purchase and preparation of new vending machines.

S.Italia S.p.A. is a legal entity organized according to the laws of the Italian Republic and is subject to the direction and coordination of IVS Group S.A., the essential data of which are summarised in Annex 1 to the latest approved financial statements.

Accounting policies

1- Expression of compliance with IFRS

These financial statements have been prepared in accordance with the International Accounting Standards (IAS/IFRS) in force at 31 December 2017 as adopted by the Commission of the European Communities.

The Company has adopted for the first time certain amendments to the standards that are in force for financial years beginning on or after 1 January 2017. The Company has not adopted in advance any other published but not yet effective standards, interpretations or amendments.

The nature and impact of each change are described below:

Disclosure initiative - Amendments to IAS 7

The amendments require an entity to provide additional information about changes in liabilities relating to lending, including both cash flow changes and non-monetary changes (such as, for example, foreign exchange gains and losses).

Recognition of deferred tax assets for unrealized losses - Amendments to IAS 12

The amendments clarify that an entity must consider whether tax regulations limit sources of taxable income against which it could apply deductions related to the transfer of deductible temporary differences. In addition, the amendment provides guidelines on how an entity should determine future taxable income and explains the circumstances in which taxable income could include the recovery of certain assets in an amount greater than their carrying amount. The Company applied these amendments retrospectively. Moreover, their application has not had any effect on the

Company's financial position or results as it does not have deductible temporary differences or assets that fall within the scope of this amendment.

The following are the standards and interpretations which, at the date of preparation of the financial statements, had already been issued but were not yet in force.

IFRS 9 *Financial instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and measurement* and all previous versions of IFRS 9. IFRS 9 combines all three aspects relating to the project for financial instrument accounting: classification and valuation, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018; early application is permitted. With the exception of hedge accounting, retrospective application of the standard is required, but comparative information is not required. With regard to hedge accounting, the standard generally applies prospectively, with some limited exceptions. During 2016, the Company carried out a preliminary assessment of the effects of IFRS 9, which continued and was completed with a more detailed analysis in 2017, without identifying significant impacts except for impairment losses. IFRS 9 requires the Company to record expected credit losses on all portfolio bonds, loans and trade receivables, with reference to either a 12-month period or the entire contractual life of the instrument (e.g. lifetime expected loss). The Company will apply the simplified approach and therefore record the expected losses on all trade receivables based on their residual contractual duration.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and amended in April 2016 and introduces a new five-step model that will apply to revenue from customer contracts. IFRS 15 requires the recognition of revenue for an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer.

The new standard will replace all the current IFRS requirements for revenue recognition. The standard is effective for financial years beginning on or after 1 January 2018, with full retrospective or modified application. Early application is allowed. The Company expects to apply the new standard from the date of mandatory application, using the full retrospective application method. During 2016, the Company carried out a preliminary assessment of the effects of IFRS 15, which continued and was completed with a more detailed analysis in 2017, without identifying significant impacts.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 sets out the standards for recognising, measuring, presenting and disclosing leases and requires lessees to account for all leases in the financial statements on the basis of a single model similar to that used to account for finance leases in accordance with IAS 17. The standard provides two exemptions for the recognition by lessees - leases relating to assets of "low value" (e.g. personal computers) and short-term leases (e.g. contracts due within 12 months or less). At the date of commencement of the lease, the lessee will recognise a liability for the lease payments (i.e. the lease liability) and an asset that represents the right to use the underlying asset for the duration of the contract (i.e. the right to use the asset). Lessees shall account separately for interest expenses on the lease liability and depreciation of the right to use the asset.

Lessees will also have to remeasure the lease liability upon the occurrence of certain events (for example: a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the asset's right of use.

The accounting required by IFRS 16 for lessors is substantially unchanged from today's accounting in accordance with IAS 17. Lessors will continue to classify all leases using the same classification standard as in IAS 17 and distinguishing between two types of leases: operating leases and finance leases.

The table below shows the other amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB, indicating those approved or not approved by the European Union at the date of preparation of these financial statements:

STANDARDS/AMENDMENT	Expected Effective Dates (IASB)	Approved by EU	Expected Effective Dates (EU)
IFRS 14 Regulatory deferral accounts	01 January 2016	NO	N/A
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	Deferred Indefinitely	YES	N/A
Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	01 January 2018	YES	01 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	01 January 2018	YES	01 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	01 January 2018	YES	01 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	1 January 2018/1 January 2017	YES	1 January 2018/1 January 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	01 January 2018	NO	N/A
Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016)	01 January 2018	YES	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	01 January 2019	NO	N/A
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)	01 January 2019	NO	N/A
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)	01 January 2019	NO	N/A
Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)	01 January 2019	NO	N/A
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018)	01 January 2019	NO	N/A

2 - Discretionary valuations and significant accounting estimates

The functional currency is the Euro. The values contained in the financial statements are expressed in Euro, while those contained in the notes are expressed in thousands of Euro, unless otherwise indicated.

With regard to the presentation of the financial statements, the company has made the following choices:

- for the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. Current assets, which include cash and cash equivalents, are those held to be realised, sold or consumed in the company's normal operating cycle; current liabilities are those that are expected to be settled in the company's normal operating cycle or in the twelve months following the end of the period;
- for the income statement, the analysis of costs is carried out on the basis of their nature;
- for the statement of comprehensive income, the company has chosen to present two statements: the first shows the traditional components of the income statement with the result for the period, while the second, starting from this result, shows in detail the other components, previously shown only in the statement of changes in shareholders' equity, such as changes in other components not reclassified in the period result;
- the indirect method is used for the statement of cash flows.

The preparation of the financial statements and related notes, in compliance with international accounting standards, requires management to make estimates that have an impact on the values of assets, liabilities, income and costs, such as depreciation, amortisation and provisions, as well as on the information on contingent assets and liabilities contained in the notes to the financial statements. These estimates are based on assumptions of going concern and are made on the basis of information available at the date of their execution and could therefore differ from what will occur in the future. This is particularly evident in the current context of financial and economic crisis, which could produce different situations from what is currently estimated with consequent adjustments, even significant, but currently unforeseeable, to the book values of the items concerned. Assumptions and estimates are particularly sensitive with regard to the valuation of fixed assets, linked to forecasts of future results and cash flows, provisions for disputes and restructuring and commitments relating to pension plans and other long-term benefits. Assumptions and estimates are subject to periodic reviews and the effect of any changes is immediately reflected in the financial statements.

Below is a brief list of the main financial statement items that reflect the use of estimates or discretionary valuations:

Impairment of fixed assets
In accordance with the accounting standards of reference, fixed assets are subject to impairment testing to ascertain whether there has been a loss in value, which must be recorded through a write-down, if there are indicators that suggest that it may be difficult to recover the related net book value through use. Verification of the existence of these indicators requires directors to make subjective assessments based on available information from both internal and external sources, as well as past experience. In addition, if it is determined that a potential loss in value may have occurred, it is determined using valuation techniques considered appropriate. The correct identification of the elements indicating the existence of a potential loss of value, as well as the estimates for their determination, depend on subjective evaluations as well as on factors that may vary over time influencing the evaluations and estimates made by management.

Deferred tax assets
Deferred tax assets are recognised on all temporary differences and all tax losses carried forward, to the extent that it is probable that there will be adequate future tax profits against which these temporary differences can be absorbed and these losses can be used. A significant discretionary assessment is required of the directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the likely timing and amount of future taxable profits as well as a planning strategy for future tax.

Other elements subject to estimation
Estimates are also used to record provisions for credit risks, inventory obsolescence, depreciation and amortisation, employee benefits, provisions for risks and expense, and to allocate the acquisition price of recent acquisitions of companies.

3 - General standards and measurement criteria

The accounting standards and measurement criteria adopted for the preparation of the financial statements at 31 December 2017 are set out below:

Business combinations and goodwill
Business combinations are accounted for using the purchase method. This requires the recognition at fair value of the identifiable assets (including previously unrecognised intangible assets) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the acquired company.
According to the revised IFRS 3, the cost of an acquisition is measured as the sum of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, any non-controlling interest in the acquiree must be measured at fair value or in proportion to the non-controlling interest's interest in the acquiree's identifiable net assets. The revised IFRS 3 requires that acquisition costs are considered as expenses in the periods in which these costs are incurred and the services are received.
Goodwill acquired in a business combination is initially recognised at cost, and represents the excess of the cost of the business combination over the acquirer's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.
After initial recognition, goodwill is not subject to amortisation but is reduced by any accumulated impairment losses, determined in the manner described below.
Where the initial recognition of a business combination can only be determined provisionally, adjustments to the attributed values are recognised within twelve months of the date of acquisition.

Goodwill is subject to a recoverability analysis on an annual basis or even more frequently in the event of events or changes in circumstances that could lead to the emergence of any losses in value.
In order to test for impairment, goodwill acquired in a business combination is allocated, at the acquisition date, to the individual cash-generating units of the company or groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Any loss in value is identified through valuations based on the ability of each unit to generate cash flows capable of recovering the portion of goodwill allocated to it, in accordance with the procedures described below in the section on tangible fixed assets. If the recoverable amount of the cash-generating unit is lower than the carrying amount attributed, the related impairment loss is recognised. This impairment loss is not reversed if the reasons for it no longer exist.

At the time of the disposal of part or all of the business previously acquired and from the acquisition of which goodwill emerged, the corresponding residual value of goodwill is taken into account in determining the capital gain or loss on disposal recorded in the income statement.

Conversion of items in foreign currencies
Transactions in foreign currency are initially converted into the functional currency using the exchange rate at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force at the end of the reporting period. The resulting exchange rate differences are recorded in the income statement.
Non-monetary assets and liabilities denominated in foreign currency, valued at cost, are translated at the exchange rate in force on the date of the transaction, while those valued at fair value are translated at the exchange rate on the date on which such value is determined.

Intangible fixed assets
Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets produced internally, with the exception of development costs, are not capitalised and are recognised in the income statement of the year in which they are incurred. The useful life of intangible assets is measured as defined or indefinite.
Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there are indications of a possible loss in value. The amortisation period and method is reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life and in the manner in which the future economic benefits associated with the intangible asset are achieved are recognised by changing the amortisation period or method and treated as changes in accounting estimates.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net proceeds of disposal and the carrying amount of the intangible asset and are recognised in the income statement when the asset is disposed of.

Property, plant and equipment
Property, plant and equipment are recognised at cost, including directly attributable incidental costs necessary to bring the asset into operation for the use for which it was purchased, increased, when relevant and in the presence of current obligations, by the present value of the estimated cost of dismantling and removing the asset. If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Land, whether free from construction or attached to buildings, is not depreciated since it has an unlimited useful life.

Assets subject to revaluation in periods prior to 1 October 2010 are recorded on the basis of the fair value at the date of transition and this value is considered as the deemed cost from that date.

Property, plant and equipment are stated net of accumulated depreciation and any impairment losses determined in accordance with the procedures described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset for the company, which is reviewed annually and any changes, where necessary, are made on a prospective basis.

The useful lives adopted by the company for the main categories of assets are as follows:
- Industrial and commercial equipment: 6-7 years
- Cars and motor vehicles: 4-5 years

The carrying amount of assets is tested for impairment if events or changes in circumstances indicate that the carrying amount cannot be recovered. If there is such an indication and if the book value exceeds the estimated realisable value, the assets are written down to reflect their realisable value. The realisable value of tangible fixed assets is represented by the higher of the net sales price and the value in use.

Impairment losses are recognised in the income statement under amortisation, depreciation and impairment. These impairment losses are reversed if the reasons for them no longer exist.

At the time of sale or when there are no future economic benefits expected from the use of an asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the book value) is recorded in the income statement in the year of such elimination.

The residual value of the asset, its useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each financial year.

Leasing

Financial leasing contracts, which substantially transfer to the company all the risks and rewards of ownership of the leased asset, are capitalised from the start date of the lease at the fair value of the leased asset or, if lower, at the present value of the lease payments. Lease payments are allocated to financial costs and the reduction of the residual liability in order to obtain the application of a constant interest rate on the residual balance of the debt.
The depreciation and subsequent valuation of the asset are consistent with those relating to the fixed assets owned.
Leases in which the lessor retains substantially all the risks and rewards typical of ownership are classified as operating leases. Operating lease instalments are charged to the income statement on a straight-line basis over the term of the contract.

Financial assets

All financial assets are initially recognised on the trade date at cost, which corresponds to the fair value plus any ancillary expense.
After initial recognition, assets held for trading are classified as current financial assets and measured at fair value; gains or losses arising from this valuation are recognised in the income statement.
Assets held with the intention of being held to maturity are classified as current financial assets, if their maturity is less than one year, and as non-current assets, if their maturity is greater than one year, and are subsequently valued using the amortised cost method. The latter is determined using the effective interest rate method, taking into account any discounts or premiums at the time of purchase and allocating them over the entire period of time until maturity, less any impairment losses.
Other assets are classified as available for sale and measured at fair value. Gains or losses resulting from this valuation are recorded in a separate item of shareholders' equity until they are sold, recovered or otherwise disposed of, or until it is established that they have suffered a loss in value, in which case the gains or losses accumulated up to that time in shareholders' equity are charged to the income statement. If an equity instrument does not have a price quoted on an active market and if its fair value cannot be reliably measured, it is valued at cost.

Impairment of financial assets

The Company assesses at each financial statement or interim reporting date whether a financial asset or group of financial assets has suffered a loss in value.

Assets valued at amortised cost

If there is objective evidence that a loan or receivable recognised at amortised cost has suffered impairment, 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 receivable losses not yet incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at the date of initial recognition). The book value of the asset will be reduced either directly or through the use of a provision. The amount of the loss will be recognised in the income statement.

The Company first assesses the existence of objective indications of impairment at an individual level, for financial assets that are individually significant and, therefore, at an individual or collective level for financial assets that are not. In the absence of objective indications of impairment for a financial asset assessed individually, whether significant or not, this asset is included in a group of financial assets with similar credit risk characteristics and this group is subject to collective impairment testing. Assets measured individually and for which an impairment loss is recognised or continues to be recognised will not be included in a collective valuation.

If, in a subsequent period, the amount of the impairment loss decreases and that reduction can be objectively attributed to an event occurring after the recognition of the impairment loss, the previously reduced amount may be reversed. Any subsequent reversals of impairment losses are recognised in the income statement, to the extent that the carrying amount of the asset does not exceed the amortised cost at the date of the reversal.

Financial assets carried at cost

If there is objective evidence of impairment of an unlisted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Inventories
Inventories are valued at the lower of purchase cost and net realisable value. The purchase cost includes the costs incurred to bring each asset to the place of storage and takes into account write-downs linked to the obsolescence and slow rotation of the same.
The cost of finished products and goods for resale is determined by applying the FIFO method.
Given the type of services offered by the company, values relating to raw materials and semi-finished products are not included in the financial statements.

Trade receivables and other receivables
Trade receivables and other receivables are initially recognised at fair value, increased by transaction costs, and subsequently valued at amortised cost, net of the provision for bad debts, written down at the time of their identification

Cash and cash equivalents
Cash and cash equivalents include cash on hand, bank demand deposits and other cash investments with an original maturity of no more than three months.
The definition of cash and cash equivalents in the statement of cash flows corresponds to that in the balance sheet.

Employee benefits
The company has welfare plans, employee benefit plans and provisions for severance indemnities.

Defined contribution plans
Defined contribution plans are formalised post-employment benefit plans under which the company pays fixed contributions to an insurance company or pension fund and will not have a legal or constructive obligation to pay further contributions if the provision does not have sufficient assets to pay all employee benefits relating to service in the current and prior periods.
These contributions, paid in exchange for the service rendered by employees, are recorded as a cost in the relevant period.

Defined benefit plans
These defined benefit plans are formalised post-employment benefit plans that constitute a future obligation for the company. The company essentially bears the actuarial investment risks relating to the plan. As required by IAS 19, the company uses the projected unit credit method to determine the present value of the obligations and the related current service cost. This actuarial calculation requires the use of objective and compatible actuarial assumptions about demographic variables (mortality rate, staff turnover rate) and financial variables (discount rate, future increases in salary levels and medical benefits).
The provision for employee severance indemnities (TFR) in force in Italy is considered to be similar to the obligation arising from the existence of a defined benefit plan.

Treatment of actuarial gains and losses
Actuarial gains and losses relating to post-employment defined benefit plans may arise either from changes in the actuarial assumptions used for the calculation between two consecutive years or from changes in the value of the obligation or in the fair value of any plan assets in relation to the actuarial assumptions retained at the beginning of the year.
Actuarial gains and losses relating to "Other long-term benefits" and termination benefits are immediately recognised in the period as income or expense.

Past service cost
Changes in liabilities resulting from changes in an existing defined benefit plan are recognised as an expense on a straight-line basis over an average period from the time the benefits are acquired. Costs for benefits immediately acquired as a result of the change in the plan are instead recognised in the income statement for the period.

Reductions and extinctions
Gains or losses on the reduction or extinguishing of a defined benefit plan are recognised in the income statement when the reduction or extinguishing occurs. The amount of profit or loss to be accounted for includes changes in the present

value of the obligation, changes in the fair value of plan assets, actuarial gains and losses and past service cost not previously accounted for.
At the date of the reduction or extinguishing, the obligation and the fair value of the related plan assets are remeasured using current actuarial assumptions.

Liabilities

Trade payables and other liabilities

Trade payables, whose due date is within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value), which represents the fair value at the reference date.

Other liabilities included under both non-current and current liabilities are initially recognised at cost, corresponding to the fair value of the liability, net of transaction costs that are directly attributable to the issue of the liability. Following initial recognition, financial liabilities are measured at amortised cost using the original effective interest rate method.

Loans

All loans are initially recognised at the fair value of the amount received, net of any ancillary loan acquisition costs. After initial recognition, loans are valued at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Provisions for risks and expenses

Provisions for risks and expenses refer to costs and expenses of a specific nature and of certain or probable existence, the amount or date of occurrence of which was uncertain at the end of the reference period. Provisions are recognised when there is a current obligation (legal or implicit) that arises from a past event, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company believes that a provision for risks and expense will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately under assets if, and only if, it is practically certain. In this case, in the income statement the cost of any provision is presented net of the amount recognised for the indemnity.
Provisions are recorded at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the period. If the effect of discounting back the value of money is significant, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects the current market valuation of the cost of money over time. When discounting is performed, the increase in the provision due to the passage of time is recognised as a financial expense.

Revenue and costs

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the sale of goods will flow to the company and the amount can be reliably determined. Revenue is recorded at fair value equal to the amount received or due, taking into account any trade discounts granted and reductions linked to quantities.

Interest

Income and expenses are recognised on an accruals basis on the basis of the interest accrued on the net value of the related financial assets and liabilities using the effective interest rate (which is the rate that makes future cash flows financially equivalent on the basis of the expected life of the financial instrument and the net book value of the financial asset).

Income tax

Current tax assets and liabilities for the current and prior years are valued at the amount expected to be recovered from or paid to the tax authorities in accordance with current legislation. The tax rates and regulations used to calculate the amount are those issued or substantially issued at the financial statements closing date.
Current tax relating to items recognised directly in equity is recognised directly in equity and not in the income statement.

Deferred tax liabilities are calculated using the liability method on the temporary differences at the reporting date between the tax values used as reference for assets and liabilities and the values reported in the financial statements.
Deferred tax liabilities are recorded against all taxable temporary differences, with the exception of:

- when deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effect on either the profit for the year calculated for financial reporting purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised on all deductible temporary differences and tax losses carried forward, to the extent that it is probable that there will be adequate future tax profits that can make the use of these assets applicable, except where:

- deferred tax assets associated with deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will reverse in the immediate future and that there are adequate tax profits against which the temporary differences can be used.

The recoverability of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient tax profits will be available in the future to allow all or part of this credit to be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become probable that the tax profit will be sufficient to allow such deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the year in which the assets are realised or the liabilities settled, taking into account the rates in force and those already issued or provisionally issued at the reporting date.
Deferred tax assets and liabilities relating to items recognised directly in equity are recognised directly in equity and not in the income statement.
Deferred tax assets and deferred tax liabilities are offset, if there is a legal right to offset current tax assets and current tax liabilities, and deferred income tax refer to the same taxable entity and the same tax authority.

Breakdown of the main balance sheet items

4 - Intangible fixed assets

The following table shows the evolution of the historical cost and accumulated amortisation of intangible assets in the period considered:

(Euro thousands)	Patents and industrial and software rights / use of intellectual property	Concessions, licenses and trademarks	Total
At 31 December 2016	**252**	**13**	**265**
Purchases	-	-	-
Disposals	-	-	-
Assets under construction a/c transfer	-	-	-
Reclassifications	-	-	-
At 31 December 2017	**252**	**13**	**265**
At 31 December 2016	**(251)**	**(13)**	**(264)**
Amortisation/depreciation	(1)	-	(1)
Disposals	-	-	-
Reclassifications	-	-	-
At 31 December 2017	**(252)**	**(13)**	**(265)**
Net book value:			
At 31 December 2016	1	-	1
At 31 December 2017	-	-	-

The change in the item intangible fixed assets is due to the amortization recorded in the year for Euro 1 thousand.

The item patent rights and use of intellectual property mainly contains the costs incurred for the implementation of the Navision management programme, the single information system of the IVS Group. This software is amortised on a straight-line basis over three years.

5 - Property, plant and equipment and investment properties

The following tables show the evolution of the historical cost and the accumulated depreciation and the valuations of tangible fixed assets:

(Euro thousands)	Sales systems	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
At 31 December 2016	**534**	**124**	**120**	**476**	**1**	**1,255**
Purchases	18	49	29	20		**116**
Disposals			1			**1**
Assets under construction a/c transfer						**-**
Reclassifications	3	(3)				**-**
At 31 December 2017	**555**	**170**	**150**	**496**	**1**	**1,372**
At 31 December 2016	**(510)**	**(88)**	**(66)**	**(425)**	**-**	**(1,089)**
Amortisation/depreciation	(7)	(5)	(16)	(15)		**(43)**
Disposals						**-**
Reclassifications						**-**
At 31 December 2017	**(517)**	**(93)**	**(82)**	**(440)**	**-**	**(1,132)**
Net book value:						
At 31 December 2016	24	36	54	51	1	166
At 31 December 2017	38	77	68	56	1	240

At 31 December 2017, there were no finance leases or lease agreements in place that fall within the definition of finance leases under international accounting standards.

The category "Other assets" mainly includes multi-year costs on leased buildings, other costs to be depreciated relating to them classified among tangible fixed assets in line with the provisions of IAS 17 and finally costs relating to lifting equipment.

6 - Inventories

The table below gives a breakdown of inventories at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Finished products and goods vending machines	7,309	5,600	1,709
Spare parts and miscellaneous materials	1,639	1,603	36
Total warehouse inventories	**8,948**	**7,203**	**1,745**

The inventories at the end of the financial year amounted to Euro 8,948 thousand (Euro 7,203 thousand at 31 December 2016) and consisted entirely of new and used vending machines, spare parts for new/used vending machines, and miscellaneous materials. No provision has been made for write-downs as the risk of obsolescence is zero, given the high rate of return of goods required by the activity carried out.

7 - Trade receivables

The following table gives a breakdown of trade receivables and related provisions at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Customers	518	421	97
Group companies	695	1,215	(520)
Parent companies	3	3,374	(3,371)
Provision for doubtful debt	(41)	(41)	-
Total	**1,175**	**4,969**	**(3,794)**

It should be noted that the company did not present significant concentrations of credit risk at the reference date. Trade receivables due within one year are normally non-interest bearing and generally have a maturity of 30, 60, 90 and 180 days.
Trade receivables from customers represent the credit accrued for transactions concluded with third parties that are not part of the IVS Group.
Receivables are shown net of a provision for doubtful debt of Euro 41 thousand, and it is considered that this provision is adequate for the estimated realizable value of the receivables. The company's policy is to specifically identify receivables to be written down and therefore the provisions made reflect a specific write-down.

The balance relating to Group companies is mainly attributable to trade receivables for the sale of vending machines and the lease of the vending BU.
For further information on receivables from other Group companies, reference should be made to the section on related party transactions.

With reference to the ageing of trade receivables at 31 December 2017 and 31 December 2016, the following should be noted:

Receivables from customers (Euro thousands)	31/12/2017	% inc.	31/12/2016	% inc.
Not yet due	175	34%	176	42%
Past due by 0 to 30 days	131	25%	-	-
Past due by 30 to 60 days	-	-	1	-
Past due by 61 to 90 days	-	-	8	2%
Past due by more than 91 days	212	41%	235	56%
Total	**518**	**100%**	**420**	**100%**

8 - Tax assets and liabilities

The table below describes in detail the changes in the items receivables and payables for income tax for the year:

(Euro thousands)	31/12/2017	31/12/2016	Variation
IRES offsetting receivable	-	-	-
IRAP receivable	60	-	60
Total tax assets	**60**	**-**	**60**
(Euro thousands)	**31/12/2017**	**31/12/2016**	**Variation**
IRES payable	-	-	-
IRAP payable	-	143	(143)
Total tax liabilities	**-**	**143**	**(143)**

Income tax payables consist of current tax for the year still to be paid and represent the amounts that the company will have to pay to the tax authorities. These payables are calculated on the basis of the rates currently in force.
Income tax receivables and payables are offset if there is a legal right to offset.

9 - Other current assets

The following tables give a breakdown of other current assets at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Other receivables due within 12 months	208	208	-
Accrued income and deferred expenses	7	198	(191)
VAT receivable	12	12	-
Total	**227**	**418**	**(191)**
(Euro thousands)	**31/12/2017**	**31/12/2016**	**Variation**
Financial receivables for cash pooling from IVS Group SA	13,940	3,709	10,231
Financial payables for cash pooling to IVS Group SA	-	-	-
Total	**13,940**	**3,709**	**10,231**

Other receivables due within 12 months are mainly composed of guarantee deposits and the receivable of Euro 159 thousand due from the depositary Pozzi for the theft of vending machines at their premises. VAT receivables amount to Euro 12 thousand.
Accrued income and deferred expenses refer to costs incurred in advance for bank expense, maintenance fees, utilities, various services, insurance, rents, fees for positioning vending machines, etc.

10 – Cash and cash equivalents

The following table gives a breakdown of Cash and cash equivalentsat 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Cash at bank and post office	1	1	-
Cash on hands	2	3	(1)
Total liquid funds	**3**	**4**	**(1)**

Bank deposits are mainly on demand and are remunerated at a variable rate.

11 - Net financial position

The company's net financial position at 31 December 2017 and 31 December 2016 is as follows:

(Euro thousands)		31/12/2017	31/12/2016
Current financial assets		13,940	3,709
Cash and cash equivalent		3	4
	Liquidity	***13,943***	***3,713***
Short-term loans payable		-	(452)
Payables to shareholders for loans		-	-
	Current financial position	***-***	***(452)***
Medium/long-term loans payable		-	-
Payables to shareholders for loans		-	-
	Non-current financial position	***-***	***-***
	Net financial position	***13,943***	***3,261***

The net financial position of Euro 13,943 thousand at 31 December 2017 is mainly due to the cash pooling with the parent company IVS Group S.A.

12 - Shareholders' equity

As at 31 December 2017, the share capital consisted of 120,000 ordinary shares, fully subscribed and paid up, with no nominal value. No warrants or other ancillary rights have been issued.
The following table summarises the items of shareholders' equity in relation to their origin, possibility of use and distribution:

(Euro thousands)	Amount	Possibility of use	Available portion	Summary of uses made in the last three financial years
Share capital	120			
Legal reserve	86	B	86	
Other reserves	3,616	A,B,C	3,616	
Profit/loss carried forward	1,706	A,B,C	1,706	
Period result	2,339	A,B,C	2,339	
Total shareholders' equity	**7,868**			

Key:
A: to increase capital
B: to cover losses
C: to distribute to shareholders

During the year, the main changes in the items making up shareholders' equity were as follows:

- allocation of 2016 result.

For details of the changes in the items making up the Shareholders' Equity, reference should be made to the relevant table.

13 - Employee benefits

This item includes the provision for employee severance indemnities adjusted in accordance with the criteria established by IAS 19; this liability derives from the actuarial valuation carried out on 31 December 2017.

(Euro thousands)	31/12/2017	31/12/2016
Previous year's provision	**273**	**293**
Employee severance indemnity acquired from other companies/Employee severance indemnity transferred to other companies	8	5

Service cost	-	-
Interest cost	4	4
Settled/advanced	-	(31)
Actuarial gain/losses	2	2
Provision for current year	**287**	**273**

The assumptions used in determining the obligations deriving from long-term benefits are illustrated below:

Date of calculation	31/12/2017	31/12/2016
Mortality rate	RG48 tables	RG48 tables
Invalidity rates	INPS tables	INPS tables
Staff turnover rate	3.00%	3.00%
Discounting rate	1.30%	1.31%
Rate of salary increase Managers	1.00%	1.00%
Rate of salary increase Middle managers	1.00%	1.00%
Rate of salary increase White-collar employees	1.00%	1.00%
Rate of salary increase Blue-collar employees	1.00%	1.00%
Advance rate	2.00%	2.00%
Inflation rate	1.50%	1.50%

Sensitivity analysis

The following is a sensitivity analysis of the main parameters as at 31 December 2017.

	Staff turnover rate		Inflation rate		Discounting rate	
(Euro thousands)	**1%**	**-1%**	**+1/4%**	**-1/4%**	**+1/4%**	**-1/4%**
Change in assumptions	285	289	291	282	280	294

14 - Provisions for risks and charges

The provision for risks and expenses, amounting to Euro 143 thousand, includes estimates and valuations of potential liabilities for certain or probable losses. The provision is unchanged from last year's figures.

On 11 March 2016, a hearing was held before the Lombardy Regional Tax Commission to discuss the tax dispute that arose with the Revenue Agency in 2014 in relation to the offsetting of the 2011 VAT credit. The Commission accepted in part the Revenue Agency's opposition to the first instance decision of the Tax Court (Provincial Tax Commission), which was entirely in favour of S.Italia S.p.A., confirming that VAT was not due, but nevertheless ordered the company to pay only the fine (amounting to Euro 154 thousand).

On 20 October 2016, the Company filed an appeal against Regional Tax Commission's decision with the Italian Supreme Court (Court of Cassation).

As at 31 December 2017, the company is still awaiting a hearing at the Court of Cassation.

At the reporting date, there were no contingent liabilities other than those for which - in consideration of the assessment of the degree of risk - a provision was made in this balance sheet item.

15 - Deferred taxes

The following tables provide details of the temporary differences that gave rise to deferred and prepaid tax:

(Euro thousands)	Rate	Temporary diff. 31/12/2017	31/12/2016	Increases	Decreases	31/12/2017
Deferred tax liabilities on:						
IAS 19-Severance indemnity	24%	4	2	-	1	1
Total deferred tax liabilities			**2**	**-**	**1**	**1**
of which in the income statement					**-**	

(Euro thousands)	Rate	Temporary diff. 31/12/2017	31/12/2016	Increases	Decreases	31/12/2017
Deferred tax assets on:						
Provisions for doubtful debt	24%	17	4	-	-	4
Maintenance	24%	83	-	20	-	20
Total Deferred tax assets			**4**	**20**	**-**	**24**
of which in the income statement				**20**		

Deferred tax assets are provided for as it is considered probable that they will be recovered on the basis of the forecast prepared by the Directors.

16 - Financial liabilities

The table below shows the financial liabilities by category, broken down into current and non-current portions:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Payables to leasing companies	-	-	-
Payables to other lenders	-	-	-
Total non-current financial payables	-	-	-
Payables to bank current a/c	-	452	452
Payables to leasing companies	-	-	-
Payables to other lenders	-	-	-
Payables for cash pooling to IVS Group S.A.	-	-	-
Total current financial payables	-	*452*	452
Total financial payables	-	452	452

In 2017 S.Italia S.p.A. continues to adhere to the cash pooling contract with the parent company IVS Group S.A. In 2017 there was an increase in the receivable for cash pooling, which at 31 December 2017 amounted to Euro 13,940 thousand.

Value of financial assets and liabilities

Trade receivables and payables are short-term and their book value is a reasonable approximation of their fair value.

Value of financial assets and liabilities

The table below shows the comparison by category of financial assets and liabilities between the book value and the fair value at 31 December 2017, other than those whose book value represents a reasonable approximation of the fair value:

(Euro thousands)		31/12/2017		31/12/2016	
		Fair value	Book value	Fair value	Book value
Receivables for cash pooling from IVS Group S.A.		13,940	13,940	3,709	3,709
	Total	**13,940**	**13,940**	**3,709**	**3,709**
Payables for cash pooling to IVS Group S.A		-	-	-	-
Due to banks		-	-	(452)	(452)
	Total	-	-	**(452)**	**(452)**

Risk management policy

The financial and administrative management of S.Italia S.p.A. provides for the procurement of the sources of financing through a careful and constant analysis of the fluctuations in interest rates for which its financial exposure is linked.

Market risks

- Interest rate risk
  The management of interest rate risk by S.Italia S.p.A. has the dual purpose of minimising the cost of financial procurement and reducing exposure to the risk of interest rate fluctuation.

- Exchange rate risk
  The company is not exposed to any exchange rate risk as all transactions are carried out in euros.

Credit risk

a) Credit risk
   In accordance with the procedures of S.Italia S.p.A., the solvency of customers is monitored by the commercial and administrative management both before and during the life of the credit through the monitoring of balances. The concentration of trade credit risks is with other Group companies. The write-down of trade receivables outstanding at the reporting date relates to positions prior to the lease of the business unit.

b) Counterparty risk
   Interest rate instruments are only traded with highly rated counterparties. Counterparties are selected on the basis of various criteria: the rating given by specialised agencies, the activities and own funds and the nature and timing of the transactions. These are generally first-class domestic banks.
   No financial instrument shall be traded with counterparties located in geographical areas of political or financial risk.

c) Liquidity risk
The objective of S.Italia S.p.A. is to obtain a level of indebtedness capable of ensuring a balance between average loan due dates, flexibility and diversification of supply sources. To this end, S.Italia S.p.A., in addition to the above detailed sources of financing, has negotiated cash facilities with banks.

Exposure to the interest rate risk
Financial receivables refer to the positive balance of the cash pooling with the parent company IVS Group S.A.

17 - Trade payables

The following table gives a breakdown of trade payables at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Payables to suppliers	9,715	5,894	3,821
Payables to group companies	1,175	1,046	129
Total	**10,890**	**6,940**	**3,950**

For an analysis of payables to Group companies, reference should be made to the section on related parties.
Payables to third parties are mainly due to suppliers of vending machines.

18- Other current liabilities

The following table gives a breakdown of other current liabilities at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Other sundry payables	2,139	1,237	902
Payables to social security institutions	269	265	4
Payables to tax authorities	-	95	(95)
Payables to Parent Company for VAT	3,020	1,396	1,624
Payables to Parent Company for participation in tax consolidation	-	-	-
Accrued liabilities and deferred income	-	-	-
Total	**5,428**	**2,993**	**2,435**

The item other sundry payables is mainly composed of payables to employees (Euro 378 thousand against Euro 340 thousand in 2016) relating to salaries for the month of December 2017, payable in the following month, as well as holidays and leave accrued but not taken by employees at the reference dates and payables for expenses not yet paid.
Payables due to social security institutions refer to amounts due to social security institutions for the year.
Other sundry payables also include payables for the group's tax consolidation with the parent company IVS Group S.A.
The item Payables to tax authorities is made up of withholding tax on income from employees.

19 - Risks, commitments and guarantees

Tax risks

During FY 2014, a tax dispute arose with the Revenue Agency.
The dispute concerns the offsetting of the VAT receivable in 2011. The initial request amounts to a total of Euro 761 thousand, including penalties and interest. In June 2014, the Company filed an appeal against the tax return. In June 2015, the Milan Provincial Tax Commission upheld the company's arguments and cancelled the tax bill. In September 2015, the Revenue Agency appealed the decision to the Lombardy Regional Tax Commission. On 11 March 2016, a hearing was held before the Lombardy Regional Tax Commission to discuss the tax dispute that arose with the Revenue Agency in 2014 in relation to the offsetting of the 2011 VAT credit. The Commission accepted in part the Revenue Agency's opposition to the first instance decision of the Tax Court (Provincial Tax Commission), which was entirely in favour of S.Italia S.p.A., confirming that VAT was not due, but nevertheless ordered the company to pay only the fine (amounting to Euro 154 thousand).
On 20 October 2016, the Company filed an appeal against Regional Tax Commission's decision with the Italian Supreme Court (Court of Cassation).
As at 31 December 2017, the company is still awaiting a hearing at the Court of Cassation.

Guarantees
As at 31 December 2017, the company had not issued any guarantees.

Commitments
There are no specific commitments made by the Company as at 31 December 2017.

Breakdown of the main income statement items

20 - Revenue from sales and services

The company's revenue is mainly generated in Italy.
The company generates its revenue from the sale of equipment and machinery (mainly vending machines), which is for the most part carried out in favour of the other companies of the Group.

(Euro thousands)	31/12/2017	31/12/2016	Variation
Sales of new equipment/machinery	78	65	13
Sales of new equipment/machinery to Group companies	28,825	23,860	4,965
Total	**28,903**	**23,925**	**4,978**

21 - Other revenue and income

The table below gives a breakdown of the item other operating income and revenue generated by revamping activities mainly in favour of IVS Group S.A.
Other revenues mainly refer to the lease of the company to IVS Italia S.p.A. In particular, Euro 1,008 thousand for the active lease of the vending BU to IVS Italia S.p.A.

(Euro thousands)	31/12/2017	31/12/2016	Variation	% var.
Product sales	60	22	38	173%
Miscellaneous rental income	1,105	1,057	48	5%
Spare parts sales	689	695	(6)	-1%
Rec. prep. and overhaul of VMs Group companies	10,130	9,984	146	1%
Miscellaneous income	-	16	(16)	-100%
	11,984	**11,774**	**210**	**2%**

22 - Cost of raw, ancillary and consumable materials and goods for resale

The costs for raw materials and consumables and goods for resale mainly relate to the purchase of vending machines; these costs are broken down as follows:

(Euro thousands)	31/12/2017	31/12/2016	Variation	% var.
Purchase of vending machines	26,945	21,474	5,471	25%
Premiums and discounts	(848)	(2,292)	1,444	-63%
Change in VM inventories	(1,708)	(779)	(929)	119%
Total	**24,389**	**18,403**	**5,986**	**33%**

In particular, the item premiums and discounts refers to price reductions granted by the main suppliers on particular supplies, or on the basis of the achievement of predefined levels of turnover and/or total quantities purchased, contractually agreed, and concern the purchase of new vending machines.

23 - Costs for services

The services refer to:

(Euro thousands)	31/12/2017	31/12/2016	Variation	% var.
Rent	696	661	35	5%
Hire	8	10	(2)	-20%
Rents paid by business unit	640	640	-	-
Administrative and technical consultancy	332	328	4	1%
Technical services	1,060	834	226	27%
Utilities	86	84	2	2%
Insurance costs	33	19	14	74%
Audit fees	21	21	-	-
Legal and notary	12	24	(12)	-50%
Maintenance and industrial services	95	70	25	36%
Maintenance and repair of machinery and equipment	151	23	128	557%
Transport costs	149	95	54	57%

Board of Statutory Auditors		15	15	-	-
Bank expense - commissions		1	2	(1)	-50%
Other costs for services		58	27	31	115%
	Total	**3,357**	**2,853**	**504**	**18%**

The item is essentially composed of:

- rental expense for the revamping BU for Euro 340 thousand invoiced by the subsidiary IVS Italia S.p.A.;
- rental expense for the Vending machine purchase and maintenance BU for Euro 300 thousand invoiced by the parent company IVS Group S.A.;
- rent for the lease of a commercial property for Euro 637 thousand;
- technical services mainly provided by third-party companies for the "revamping" process.

24 - Personnel costs

Total personnel costs amounted to Euro 4,471 thousand (Euro 4,364 thousand at 31 December 2016).

(Euro thousands)		31/12/2017	31/12/2016	Variation	% var.
Wages and salaries and cooperative		3,199	3,097	102	3%
Social security expense		874	861	13	1%
Other personnel costs		398	406	(8)	-2%
	Total	**4,471**	**4,364**	**107**	**2%**

As shown in the table below, the number of employees of the company as at 31 December 2017 is as follows:

(Euro thousands)		31/12/2017	31/12/2016	Variation
Middle managers		-	-	-
White-collar employees		6	6	-
Blue-collar employees		112	111	1
Apprentices		1	1	-
	Total	**119**	**118**	**1**

25 – Other operating expense

Other operating expense is broken down as follows:

(Euro thousands)	31/12/2017	31/12/2016	Variation	% var.
Spare parts	5,430	5,507	(77)	-1%
Other costs	32	56	(24)	-42%
	5,462	**5,563**	**(101)**	**-2%**

26 - Financial income and expense

The table below provides details of financial income and expense:

(Euro thousands)	31/12/2017		31/12/2016	
	Income	Expense	Income	Expense
Interest on cash pooling	37	-	-	(48)
Discount for cash	38	-	122	-
IAS 19	-	(4)	-	(4)
Total Income and Expense	**75**	**(4)**	**122**	**(52)**
Net total		**71**		**70**

27 - Value adjustments to assets

No write-downs were applied to fixed assets in 2017.

28 - Income taxes

Current tax is detailed in the following table:

(Euro thousands)	31/12/2017	31/12/2016
IRAP	(147)	(202)

IRES		-	-
Deferred tax liabilities		-	-
Deferred tax assets		20	(292)
Income/expense from tax consolidation		(770)	(938)
	Total	**(897)**	**(1,432)**

The table below shows the reconciliation of the tax rate:

(in Euro thousands)	**2017**		**2016**	
Pre-tax result	**3,236**		**4,536**	
Theoretical tax (24.00%)	(777)	24.00%	(1,247)	27.50%
Permanent differences	1	0.03%	(13)	-0.29%
Ace	21	0.65%	30	0.66%
Tax losses	-	0.00%	-	0.00%
IRAP on deductible personnel costs IRES	3	0.09%	-	-0.00%
Super-amortisation	2	0.06%	4	13.35%
IRAP	(147)	**-4.54%**	**(206)**	**-5%**
Total tax burden	**(897)**	**-27.72%**	**(1,432)**	**-32%**

Other information

29 - Related party transactions

The data relating to related party transactions and the impact that the transactions have had on the balance sheet, income statement and financial position of the company is detailed in the following tables:

(Euro thousands)	**31/12/2017**	**31/12/2016**
Financial receivables from parent companies	13,940	3,709
Financial receivables from subsidiaries	-	-
Financial receivables from related parties	-	-
Trade receivables from parent companies	7	3,832
Trade receivables from subsidiaries	-	-
Trade receivables from related parties	728	789
Other receivables from parent companies	44	-
Other receivables from associates	-	-
Other receivables from related parties	-	-
Financial payables to parent companies	-	-
Financial payables to subsidiaries	-	-
Financial payables to related parties	-	-
Trade payables to parent companies	(207)	(477)
Trade payables to subsidiaries	-	-
Trade payables to related parties	(1,047)	(569)
Other payables to parent companies	(4,729)	(2,293)
Other payables to associates	-	-
Other payables to related parties	-	-

(Euro thousands)	**31/12/2017**	**31/12/2016**
Operating revenue from parent companies	11,466	10,965
Operating revenue from subsidiaries	-	-
Operating revenue from related parties	222	57
Sales of fixed assets to parent companies	26,553	21,552
Sales of fixed assets to subsidiaries	-	-
Sales of fixed assets to related parties	2,272	2,973
Operating costs from parent companies	(2,192)	(1,708)
Operating costs from subsidiaries	-	-
Operating costs from related parties	(2,670)	(3,546)
Purchase of fixed assets from parent companies	-	-
Purchase of fixed assets from subsidiaries	-	-
Purchase of fixed assets from related parties	-	-
Interest from parent companies	37	47
Interest from subsidiaries	-	-
Interest from related parties	-	-

30 - Remuneration of directors, statutory auditors and the independent auditor

It should also be noted that the following amounts were paid during the year:

(Euro thousands)	**31/12/2017**	**31/12/2016**

Activities of the Board of Statutory Auditors	15	15
Directors' fees	24	10
Independent Auditors' fees	21	21
Total	**60**	**46**

31 - Subsequent events

With reference to events subsequent to the balance sheet date, reference should be made to the specific comment in the report on operations.

Seriate, 22 March 2018

For the Board of Directors
Chairman
Massimo Paravisi

Annex 1

Key data from the latest financial statements of IVS Group S.A. (company exercising management and coordination)

Balance Sheet at 31 December 2016

(in Euro)

	31/12/2016	*31/12/2015*
ASSETS		
C. Fixed assets		
I. Intangible fixed assets		
2. Concessions, patents, licenses, trademarks and similar rights	4,840,755	5,384,342
4. Intangible assets in progress and payments on account	133,003	-
II. Tangible fixed assets		
3. Other plants, instruments and equipment	87,323,270	77,948,230
III. Financial fixed assets		
1. Equity investments in associates	228,593,115	224,290,166
2. Receivables from associates	272,442,251	247,613,103
5. Other securities	-	6,714,450
	593,332,394	**561,950,291**
D. Current assets		
II. Receivables		
2. Receivables from associates		
a) due within one year	23,594,225	25,834,800
4. Other receivables		
a) due within one year	15,604,214	18,105,894
III. Investments		
2. Own shares	24,194,722	24,194,722
IV. Liquid funds	4,487,953	2,096,118
	67,881,114	**70,231,534**
E. Accrued income and deferred expenses	**210,820**	**233,291**
Total assets	**661,424,328**	**632,415,116**
LIABILITIES		
A. Capital and reserves		
I. Share capital	386,892	386,892
II. Share premium reserve	336,383,855	336,383,855
IV. Reserves		
1. Legal reserve	38,689	38,689
2. Reserve for own shares	24,194,722	24,194,722
4. Other reserves	-	-
V. Losses carried forward	(7,338,233)	(12,920,176)
VI. Period profit/loss	9,314,819	5,581,942
	362,980,744	**353,665,924**
B. Provisions		
1. Provisions for employee severance indemnities and similar	376,666	366,527
3. Other provisions	56,128	
	432,794	**366,527**
C. Payables		
1. Non-convertible bonds		
a) due within one year	1,380,000	1,650,000
b) due after one year	240,000,000	240,000,000
2. Payables to banks		
a) due within one year	750,000	-
b) due after one year	9,250,000	-
4. Payables to suppliers		
a) due within one year	628,925	842,671
6. Payables to associates		
a) due within one year	40,977,929	27,549,646
b) due after one year	-	2,030,000
8. Tax and social security payables		
a) Tax payables	387,480	403,392
b) Payables to social security institutions	342,618	303,831
9. Other payables		
a) due within one year	4,220,025	5,603,125
	297,936,977	**278,382,665**
E. Accrued liabilities and deferred income	**73,813**	-
Total liabilities	**661,424,328**	**632,415,116**

Income statement for the year ended 31 December 2016

(in Euro)

	31/12/2016	*31/12/2015*
1. Revenue	42,554,272	24,924,613
4. Other revenue and income	1,151,708	682,242
5.		
a) Raw materials and consumables	(540)	-
b) Other expenses	(3,127,918)	(3,006,562)
6. Personnel costs		
a) Wages and salaries	(3,836,450)	(3,621,346)
b) Social security expense	(1,442,357)	(1,370,395)
c) Other personnel costs	(121,582)	(116,277)
7. Value adjustments		
a) on tangible and intangible fixed assets	(23,087,559)	(11,623,454)
b) on current assets	-	-
8. Other operating costs	(1,383,556)	(1,002,747)
10. Income from other financial fixed assets		
a) group companies	11,528,682	1,975,171
b) interest and sundry expense	-	-
11. Other interest and financial income		
a) group companies	-	-
12. Share of the result of companies consolidated using the equity method	-	-
14. Interest and other financial expense		
a) group companies	(174,421)	(459,250)
b) other interest and expense	(11,469,351)	(1,653,476)
15. Tax	(1,209,368)	1,672,177
16. Result after taxation	9,314,819	5,581,942
17. Other tax		
18. Period profit (loss)	**9,381,560**	**6,400,696**

S.Italia S.p.A.

Financial statements as at 31 December 2017

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
S.Italia S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of S.Italia S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

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

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

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of S.Italia S.p.A. are responsible for the preparation of the Report on Operations of S.Italia S.p.A. as at 31 December 2017, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of S.Italia S.p.A. as at 31 December 2017 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of S.Italia S.p.A. as at 31 December 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bergamo, 30 April 2018
EY S.p.A.
Signed by: Claudio Ferigo, partner

This report has been translated into the English language solely for the convenience of international readers.