FY 2018

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)

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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 2018, prepared in accordance with international accounting standards, show a profit of Euro 504 thousand.

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 debt, 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 revenue, 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 debt, provide information on the economic and financial effects of changes in interest rates.

Description of the company and significant events during the year

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, in particular 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 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 2018 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 2018, the company is still awaiting a hearing at the Court of Cassation.

Operating performance

In 2018, the revenue of S.Italia S.p.A. at the end of the period amounted to Euro 42,052 thousand, of which Euro 10,951 thousand (Euro 10,129 thousand at 31 December 2017) related to revamping, i.e. the refurbishment of vending machines.

(Euro thousands)	31/12/2018	31/12/2017
Revenue from sales and services	30,261	28,903
Other revenue and income	11,791	11,984
Total	**42,052**	**40,887**

(Euro thousands)	31/12/2018	31/12/2017
Value of production	42,052	40,887
Operating costs	(41,392)	(37,677)
EBITDA	660	3,210
% EBITDA/value of production	1.57%	7.85%
Amortisation/depreciation	(57)	(44)
EBIT	603	3,166
% EBIT/production value	1.43%	7.74%

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.
Depreciation, provisions and write-downs totalled Euro 57 thousand, entirely due to the depreciation of tangible fixed assets.

Subsequent events

No significant events to mention occurred after the end of the financial year.

Main asset, financial and income ratios

S.Italia S.p.A. closed FY 2018 with a net profit of Euro 504 thousand and shareholders' equity of Euro 8,377 thousand.

In addition, at 31 December 2018, the company had a positive net financial debt of Euro 17,096 thousand, mainly consisting of a receivable for cash pooling from the parent company IVS Group S.A. of Euro 17,093 thousand.

	S.Italia S.p.A.			
(Euro thousands)	31/12/2018	%	31/12/2017	%
Fixed assets (AI)	364	1.21%	264	1.07%
Current assets (AC)	29,788	98.78%	24,351	98.91%
Liquidity (LQ)	3	0.01%	3	0.01%
Invested Capital (CI)	**30,156**	**100%**	**24,618**	**100%**
Consolidated liabilities (PC)	427	1.42%	431	1.75%
Current liabilities (PCR)	21,351	70.80%	16,319	66.29%
Own funds (MP)	8,377	27.78%	7,868	31.96%
Financing capital (CF)	**30,156**	**100%**	**24,618**	**100%**

	S.Italia S.p.A.	
(Euro thousands)	31/12/2018	31/12/2017
Ind. financial autonomy (MP/CI)	28%	32%
Ind. financial dependency ((PC+PRC)/CI)	72%	68%
Ind. of indebtedness (CI/MP)	360%	313%
Consolidated debt ratio (PC/CI)	1%	2%
Ind. Current debt (PCR/CI)	71%	66%

(Euro thousands)	S.Italia S.p.A. 31/12/2018	31/12/2017
Own funds/Third party funds ((PC+PRC)/MP)	260%	213%
Current assets+Liquidity/Current liabilities	140%	149%
Fixed asset hedging margin	2419%	3144
Structural margin (MP-AI)	8,013	7,604
Net current assets (AC+LQ-PCR)	8,440	8,035

Investments

No significant investments were made in 2018.

Research and development

Given the type of business, the company did not carry out any research and development in 2018.

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 2018 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.

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 ensure 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 2018, the Company had no loans in place with credit institutions or with companies belonging to the IVS Group, while there was a receivable from companies belonging to the IVS Group for cash pooling for a total of Euro 17,093 thousand at a variable rate.

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 2018 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 504,011.

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

Seriate, 18 March 2019

For the Board of Directors
Chairman
Massimo Paravisi

Financial statements

Statement of financial position

		Notes	31/12/2018	31/12/2017
ASSETS				
Non-current assets				
Property, plant and equipment		5	278,835	239,924
Deferred tax assets		15	85,086	24,392
TOTAL NON-CURRENT ASSETS	**A**		**363,921**	**264,316**
Inventories		6	9,582,829	8,948,217
Trade receivables		7	2,199,691	1,175,446
Tax assets		8	111,461	59,952
Other current assets		9	801,108	227,013
Current financial assets			17,093,400	13,940,152
Cash and cash equivalents		10	3,331	3,003
TOTAL CURRENT ASSETS	**B**		**29,791,820**	**24,353,783**
TOTAL ASSETS	**A+B+C**		**30,155,741**	**24,618,099**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		12	120,000	120,000
Other reserves		12	3,707,951	3,702,533
Retained earnings/(losses)		12	4,045,210	1,706,143
Net profit (loss) for the year		12	504,011	2,339,067
SHAREHOLDERS' EQUITY	**D**		**8,377,172**	**7,867,743**
Non-current liabilities				
Employee benefits		13	281,760	287,017
Provisions for risks and charges		14	142,722	142,722
Deferred tax liabilities		15	2,940	1,229
TOTAL NON-CURRENT LIABILITIES	**E**		**427,422**	**430,968**
Current liabilities				
Trade payables		17	10,434,030	10,890,893
Other current liabilities		18	10,917,117	5,428,495
TOTAL CURRENT LIABILITIES	**F**		**21,351,147**	**16,319,388**
TOTAL LIABILITIES	**(H=E+F+G)**		**21,778,569**	**16,750,356**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**D+H**		**30,155,741**	**24,618,099**

Statement of Income

	Notes	31/12/2018	31/12/2017
Revenue from sales and services	20	30,260,759	28,902,962
Other revenue and income	21	11,791,484	11,984,374
Total revenues		**42,052,243**	**40,887,336**
Cost of raw materials, supplies and consumables	22	(26,515,191)	(24,388,674)
Costs for services	23	(3,393,191)	(3,356,513)
Personnel costs	24	(4,600,922)	(4,470,516)
Other operating income / (expense) net	25	(6,883,030)	(5,461,687)
Current EBITDA		**659,909**	**3,209,946**
Gain/(losses) from disposal of fixed assets, net	26	-	587
EBITDA		**659,909**	**3,210,533**
Depreciation and amortisation		(57,223)	(44,468)
Operating profit/(loss) (EBIT)		**602,686**	**3,166,065**
Financial expense	27	(4,148)	(4,343)
Financial income	27	66,752	74,755
Result		**665,290**	**3,236,477**
Profit/(loss) before tax		**665,290**	**3,236,477**
Current tax	29	(223,615)	(917,695)
Deferred tax	15	62,336	20,285
Net profit/(loss) for the year		**504,011**	**2,339,067**

Statement of Comprehensive Income

	31/12/2018	31/12/2017
Net profit/(loss) for the year	**504,011**	**2,339,067**
Actuarial gains/losses IAS 19	7,129	(1,719)
Tax impact	(1,711)	413
Total comprehensive income for the year	**509,429**	**2,337,761**

Statement of Changes in Shareholders' Equity at 31 December 2018

	01/01/2018	Destination result	Comprehensive result	Share capital increase	Other changes to SE	31/12/2018
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	**3,293,369**	-	5,418	-	-	**3,298,787**
Retained earnings/(losses)	**1,706,143**	2,339,067	-	-	-	**4,045,210**
Net profit (loss) for the year	**2,339,067**	(2,339,067)	504,011	-	-	**504,011**
Total	**7,867,743**	-	**504,429**	-	-	**8,377,172**

Statement of changes in equity as at 31 December 2017

	01/01/2017	Destination result	Comprehensive result	Share capital increase	Other changes to SE	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

		31/12/2018	31/12/2017
A) Cash flow from operating activities			
	Profit (Loss) before tax	665,290	3,236,477
Adjustements for:			
Amortisation, depreciation and impairment		179,743	44,469
(Gains)/losses on disposal of non-current assets		-	-
Change in employee benefits and other provisions		1,711	8,550
Reversal of financial expense		62,604	(70,260)
	Cash flow from operating activities before tax, financial income/expense and change in working capital:	*909,348*	*3,218,649*
Change in working capital		2,360,686	7,809,198
	Cash flow from operating activities before tax and financial income/expense:	*3,270,034*	*11,027,847*
Net financial expense paid		66,752	(47,772)
Tax paid		(87,076)	(181,812)
	Total A)	**3,249,710**	**10,798,263**
B) Cash flow from investing activities:			
Investments in non-current assets:			
Intangible		-	-
Tangible		(96,134)	(116,242)
Payment of Tangible Fixed Assets acquired in previous years		-	-
Business units		-	-
Financial (Equity investments) net of cash acquired		-	-
	Total investments	(96,134)	(116,242)
Proceeds from disposal of net non-current assets		-	587
	Total disinvestments	-	587
Change in financial assets		(3,153,248)	(10,230,821)
	Total B)	**(3,249,382)**	**(10,346,476)**
C) Cash flow from financing activities:			
Change in current financial liabilities		-	-
Repayment of long-term payables		-	-
Change in short-term payables:		-	(452,365)
	Total C)	**-**	**(452,365)**
D) Translation differences and other changes:			
E) Change in cash and cash equivalents (A+B+C+D):		**328**	**(578)**
F) Opening cash and cash equivalents:		3,003	3,581
Closing cash and cash equivalents (E+F+G)		**3,331**	**3,003**

Notes to the financial statements

Company information

The draft financial statements of S.Italia S.p.A. at 31 December 2018 were prepared and approved by the Directors on 18 March 2019. 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 2018 as adopted by the Commission of the European Communities.

Amendments and new standards and interpretations

The following accounting standards have been applied since 1 January 2018 and have had an impact on the Company:

- IFRS 15 Revenue from contracts with customers;
- IFRS 9 Financial instruments

These standards, applied for the first time from 1 January 2018, have not led to changes for the Company.

IFRS 15 Revenue from contracts with customers

The standard, issued by the IASB in May 2014 and amended in April 2016, introduces a general framework for determining whether, when and to what extent revenue is recognised. The standard has replaced the recognition criteria set out in IAS 18 Revenues, IAS 11 Contract work in progress and related interpretations.

In particular, IFRS 15 introduces a new five-step revenue recognition model:

- identification of the contract with the customer;
- identification of contractual obligations;

- determination of the transaction price;
- allocation of the transaction price to the individual contractual obligations;
- recognition of revenue upon fulfilment of contractual obligations.

In the first application of the new standard, the Company opted for the retrospective approach, on the basis of which the comparative values of the previous year are restated in accordance with IFRS 15. The analysis carried out in relation to the effects of the first application of IFRS 15 on the Company's financial statements concluded that there were no differences with respect to what was previously recorded pursuant to IAS 18.

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. 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.

The analysis carried out in relation to the effects of the first application of IFRS 9 on the Company's financial statements concluded that there were no significant differences with respect to what was previously recorded pursuant to IAS 39.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that, in defining the spot exchange rate to be used for the initial recognition of the related asset, expense or revenue (or part of it) on derecognition of a non-monetary asset or a non-monetary liability relating to advances on fees, the date of the transaction is the date on which the entity initially recognises the non-monetary asset or the non-monetary liability relating to advances on fees. In the case of multiple payments or advances, the entity must define the date of the transaction for each payment or advance on fees. This Interpretation has no impact on the financial statements of the Company.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify when an entity should transfer property, including properties under construction or development, within or outside the “investment property” category. The amendment states that a change in use applies when the property satisfies, or ceases to satisfy, the definition of investment property and there is evidence of the change in use. A simple change in management intentions related to the property’s use does not provide evidence of a change in use. These changes have no impact on the Company's financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The IASB has issued amendments to IFRS 2 Share-based Payments covering three main areas: the effects of vesting conditions on the measurement of a share-based payment transaction settled in cash; the classification of a share-based payment transaction settled net of withholding tax obligations; the accounting where a change to the terms and conditions of a share-based payment transaction changes its classification from a cash-settled to an equity-settled transaction.

At the time of adoption, the entities must apply the amendments without restating previous periods, but retrospective application is permitted if all three amendments are chosen and the other criteria are also respected.

The accounting treatment of the Company for cash-settled share-based payments is consistent with the approach explained in the amendments. In addition, the Company has not made any share-based payment transactions with net settlement characteristics for withholding tax obligations and has not made any changes to the terms and conditions of its share-based payment transaction. These amendments have no impact on the Company's financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendments address certain issues arising from the adoption of the new standard on financial instruments, IFRS 9, prior to the adoption of IFRS 17 *Insurance Contracts,* which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption in the application of IFRS 9 and the overlay approach. These amendments are not significant for the Company.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that an entity that is a venture capital organisation or other qualified entity could decide, at the time of initial recognition and with regard to the individual investment, to measure its investments in associates and joint ventures at fair value recognised in the income statement.

If an entity that is not qualified as an investment entity has an investment in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, decide to maintain the fair value measurement applied by that investment entity (whether it is an associate or joint venture) when measuring its investments in associates or joint ventures. This choice shall be made separately for each associate or joint venture that is an investment entity on the latest (in terms of occurrence) of the following dates: (a) initial recognition of the investment in the associate or joint venture that is an investment entity; (b) the date on which the associate or joint venture becomes an investment entity; and (c) the date on which the associate or joint venture that is an investment entity becomes a parent company for the first time. These changes have no impact on the Company's financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

The short-term exemption specified in paragraphs E3-E7 of IFRS1 were cancelled since they fulfilled their purpose. This amendment has no impact on the Company's financial statements.

IFRS16 – Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, 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 principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases using a single accounting model in the financial statements similar to the accounting for finance leases that were governed by IAS 17.

The standard includes two exceptions to recognition for lessees - leasing of "low value" assets (e.g. personal computers) and short-term leases (i.e. leases with a lease period of less than or equal to 12 months). At the inception date of a lease, the lessee will recognise a lease liability and an asset that represents the right to use the underlying asset during the lease term (i.e. the right of use). Lessees will be required to recognise separately interest expense on the lease liability and depreciation on the right of use.

Lessees will also be required to reconsider the amount of the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or in the rate used to determine those payments). The lessee will generally recognise the difference from re-measuring the amount of the lease liability as an adjustment to the right of use.

The method of accounting for the lessor in accordance with IFRS 16 remains substantially unchanged from the current accounting policy under 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.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to provide more extensive disclosures than IAS 17. The Company is in the process of finalising the assessment of the impact of the adoption of the standard on its financial statements.

Description	Expected effective date of the standard (IASB)	Approved at the date of these financial statements	Expected effective date of the standard (EU)

IFRS 17 Insurance Contracts (issued on 18 May 2017)	01 January 2021	No	N/A
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	01 January 2019	Yes	01 January 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)	01 January 2019	Yes	01 January 2019
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)	01 January 2019	Yes	01 January 2019
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
Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	01 January 2020	No	N/A
Amendment to IFRS 3 Business Combinations (issued on 22 October 2018)	01 January 2020	No	N/A
Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018)	01 January 2020	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 the fair value of derivatives;
- 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 2018 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 Instruments: recognition and measurement
A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.
Financial assets
Initial recognition and measurement

Upon initial recognition, financial assets are classified, as the case may be, on the basis of subsequent measurement methods, i.e. at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss.
The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that the Company uses to manage them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied a practical expedient, the Company initially values a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied a practical expedient are valued at the transaction price determined in accordance with IFRS 15.
For a financial asset to be classified and measured at amortised cost or at fair value through OCI, it must generate cash flows that depend solely on the principal and interest on the amount of principal to be repaid (so-called 'solely payments of principal and interest (SPPI)'). This evaluation is referred to as the SPPI test and is performed at the instrument level.
The Company's business model for the management of financial assets refers to the way in which it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will arise from the collection of contractual cash flows, the sale of financial assets or both.
The purchase or sale of a financial asset requiring delivery within the time frame established by regulation or market convention (a 'regular-way trade') is recognised on the trade date, i.e. the date on which the Company has committed to purchase or sell the asset.

Subsequent measurement

Financial assets are classified in four categories for measurement purposes subsequent to initial recognition:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through profit or loss with reclassification of cumulative gains and losses (debt instruments);
- Financial assets at fair value through other comprehensive income without reversal of cumulative gains and losses at the time of derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments) are the most relevant category for the Company. The Company values financial assets at amortised cost if both of the following requirements are met:

- the financial asset is held under the scope of a business model, the aim of which is to hold financial asset with a view to collecting on the contractual cash flows
  and
- the contractual terms of the financial asset envisage on specific dates, cash flows represented purely by payments of principal and interest on the amount of principal to be repaid.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

Impairment of financial assets

The Company recognises an expected credit loss (ECL) write-down for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows payable under the contract and all cash flows expected to be received by the Company, discounted at an approximation of the original effective interest rate. Expected cash flows will include cash flows arising from the enforcement of collateral held or other credit guarantees that are an integral part of the terms of the contract.

Expected losses are recognised in two stages. With regard to credit exposures for which there has been no significant increase in credit risk since the initial recognition, it is necessary to recognise credit losses resulting from the estimate of events of default that are possible within the next 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, expected losses relating to the residual duration of the exposure must be fully recognised, regardless of when the default event is expected to occur ("Lifetime ECL").

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognises the expected loss at each reference date.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified when initially recognised as financial liabilities at fair value through profit or loss, loans and borrowings or derivatives designated as hedging instruments.

All financial liabilities are initially measured at fair value, to which are added, in the case of loans, borrowings and payables, the transaction costs directly attributable to them.

The Company's financial liabilities include trade payables and other payables.

Subsequent measurement

Measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include liabilities held for trading and financial liabilities initially recognised at fair value through profit or loss.

- Loans and receivables

This is the most relevant category for the Company. After the initial recognition, these assets are evaluated on the basis of amortised cost using the effective discount rate. Gains and losses are booked through profit or loss when the liability is extinguished, as well as through the amortisation process.

The amortised cost is calculated by measuring the acquisition discount or premium and fees or costs that are an integral part of the effective interest rate. Amortisation at the effective interest rate is included among financial expenses in the income statement.

This category generally includes interest-bearing loans and receivables.

Derecognition

A financial liability is derecognised when the underlying obligation is extinguished, cancelled or honoured. If an existing financial liability is replaced by another with the same lender, under materially different conditions, or the conditions of an existing liability are materially changed, this replacement or change is accounted for by derecognising the initial liability and recognising a new liability, with any differences in carrying value entered in the income statement.

Offsetting of financial instruments

A financial liability and asset may be offset and the net amount presented in the statement of financial position when there is a present legal right to offset the recognised amounts and there is an intention either to settle the residual net amount, or to realise the assets and extinguish the liabilities simultaneously.

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.

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.

Revenues from contracts with customers
The company operates in the vending sector, i.e. in the sale and supply of goods, food and beverages through automatic and semi-automatic vending machines, in particular 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.
Revenues deriving from contracts with customers are recognised when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for these goods or services. The Group has generally concluded that it acts as the principal for most of the agreements that generate revenue, with the exception of the following services in which it acts as an agent, since it usually controls the goods and services before they are transferred to the customer.

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)	Development costs	Patents and industrial and software rights / use of intellectual property	Concessions, licenses and trademarks	Customer list	Other intangible fixed assets	Total
At 31 December 2017	**-**	**252**	**13**	**-**	**-**	**265**
Purchases	-	-	-	-	-	**0**
Disposals	-	-	-	-	-	**0**
Assets under construction a/c transfer	-	-	-	-	-	**0**
Reclassifications	-	-	-	-	-	**0**
At 31 December 2018	**-**	**252**	**13**	**-**	**-**	**265**
At 31 December 2017	**-**	**(252)**	**(13)**	**-**	**-**	**(265)**
Amortisation/depreciation	-	-	-	-	-	**0**
Disposals	-	-	-	-	-	**0**
Reclassifications	-	-	-	-	-	**0**
At 31 December 2018	**-**	**(252)**	**(13)**	**-**	**-**	**(265)**
Net book value:						
At 31 December 2017	**-**	**-**	**-**	**-**	**-**	**-**
At 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**

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 property

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

(Euro thousands)	Land and buildings	Sales systems	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Total
At 31 December 2017	**-**	**555**	**170**	**150**	**496**	**1**	**1,372**
Purchases	-	-	13	6	76	-	**96**
Disposals	-	-	-	0	-		**-**
Assets under construction a/c transfer	-	-	-	-	-	-	**-**
Reclassifications		(5)	(10)	18	(2)	(1)	**-**
At 31 December 2018	**-**	**550**	**173**	**174**	**570**	**-**	**1,468**
At 31 December 2017	**-**	**(517)**	**(93)**	**(82)**	**(440)**	**-**	**(1,132)**
Amortisation/depreciation		(8)	(6)	(18)	(25)		**(57)**
Disposals	-	-	-	-	-	-	**-**
Reclassifications	-	-	-	-	-	-	**-**
At 31 December 2018	**-**	**(525)**	**(99)**	**(100)**	**(465)**	**-**	**(1,189)**
Net book value:							
At 31 December 2017	**-**	**38**	**77**	**68**	**56**	**1**	**240**
At 31 December 2018	**-**	**25**	**74**	**74**	**106**	**-**	**279**

At 31 December 2018, 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 2018 and 31 December 2017:

(Euro thousands)	31/12/2018	31/12/2017	Variation
Finished products and goods vending machines	8,089	7,309	780
Spare parts and miscellaneous materials	1,494	1,639	(145)
Total warehouse inventories	**9,583**	**8,948**	**635**

The inventories at the end of the financial year amounted to Euro 9,583 thousand (Euro 8,948 thousand at 31 December 2017) and consisted entirely of vending machines, spare parts for new/used vending machines, and miscellaneous materials. During the financial year, a warehouse obsolescence provision was set aside for Euro 185 thousand, equal to half of the book value of a batch of vending machines considered partially obsolete.

7 - Trade receivables

The following table gives a breakdown of trade receivables and related provisions at 31 December 2018 and 31 December 2017:

(Euro thousands)	31/12/2018	31/12/2017	Variation
Customers	2,017	518	1,499
Group companies	220	695	(475)
Parent companies	3	3	0
Provision for doubtful debt	(41)	(41)	0
Total	**2,199**	**1,175**	**1,024**

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. The increase in trade receivables is mainly due to sales of vending machines and revamping activities to third parties in the last quarter of 2018.
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 2018 and 31 December 2017, the following should be noted:

Receivables from customers (Euro thousands)	31/12/2018	% inc.	31/12/2017	% inc.
Not yet due	1,414	70%	175	34%
Past due by 0 to 30 days	194	10%	131	25%
Past due by 30 to 60 days	64	3%	1	0%
Past due by 61 to 90 days	-	0%	-	0%
Past due by more than 91 days	345	17%	212	41%
Total	**2,017**	**100%**	**518**	**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)	31/12/2018	31/12/2017	Variation
IRAP receivable	111	60	51
Total tax liabilities	**111**	**60**	**51**

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 2018 and 31 December 2017:

(Euro thousands)		31/12/2018	31/12/2017	Variation
Other receivables due within 12 months		789	208	581
Accrued income and deferred expenses		0	7	(7)
VAT receivable		12	12	-
	Total	**801**	**227**	**574**
(Euro thousands)		**31/12/2018**	**31/12/2017**	**Variation**
Financial receivables for cash pooling from IVS Group S.A.		17,093	13,940	3,153
Financial payables for cash pooling to IVS Group S.A.		-	-	-
	Total	**17,093**	**13,940**	**3,153**

Other receivables due within 12 months mainly comprise guarantee deposits and the receivable of Euro 590 thousand for costs of finished products and spare parts not pertaining to the financial year. 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 equivalents at 31 December 2018 and 31 December 2017:

(Euro thousands)	31/12/2018	31/12/2017	Variation
Cash at bank and post office	1	1	-
Cash in hand	2	2	-
Total Cash and cash equivalents	**3**	**3**	**-**

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 2018 and 31 December 2017 is as follows:

(Euro thousands)		31/12/2018	31/12/2017
Current financial assets		17,093	13,940
Cash and cash equivalent		3	3
	Liquidity	***17,096***	***13,943***
Short-term loans payable		-	-
Payables to shareholders for loans		-	-
	Current financial debt	***0***	***0***
Medium/long-term loans payable		-	-
Payables to shareholders for loans		-	-
	Non-current financial debt	***-***	***-***
	Net financial position	***17,096***	***13,943***

Net financial position was positive for Euro 17,096 thousand at 31 December 2018, and was mainly due to the cash pooling balance of Euro 17,093 thousand with the parent company IVS Group S.A.

12 - Shareholders' equity

As at 31 December 2018, 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	A,B	86	
Other reserves	3,622	A,B,C		
Profit/loss carried forward	4,045	A,B,C		
Period result	504	A,B,C		
Total shareholders' equity	**8,377**			

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 2017 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 2018.

(Euro thousands)	31/12/2018	31/12/2017
Previous year's provision	**287**	**273**
Employee severance indemnity acquired from other companies/Employee severance indemnity transferred to other companies	-	8
Service cost	-	-
Interest cost	4	4
Settled/advanced	(2)	-
Actuarial gains/losses	(7)	2
Provision for current year	**282**	**287**

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

Date of calculation	31/12/2018	31/12/2017
Mortality rate	RG48 tables	RG48 tables
Invalidity rates	INPS tables	INPS tables
Staff turnover rate	3.00%	3.00%
Discounting rate	1.57%	1.30%
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 2018.

	Staff turnover rate		Inflation rate		Discounting rate	
(Euro thousands)	1%	-1%	+1/4%	-1/4%	+1/4%	-1/4%
Change in assumptions	281	283	286	278	275	288

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 2018, 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 and prepaid tax

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

(Euro thousands)	Rate	Temporary diff. 31/12/2018	31/12/2017	Increases	Decreases	31/12/2018
Deferred tax liabilities on:						
IAS 19-Severance indemnity	24.00%	8	1	1	-	2
Total deferred tax liabilities			1	1	-	2
of which in the income statement					-	

(Euro thousands)	Rate	Temporary diff. 31/12/2018	31/12/2017	Increases	Decreases	31/12/2018
Deferred tax assets on:						
Provisions for doubtful debt	24.00%	17	4	-	-	4
Maintenance	24.00%	158	20	22	4	38
Write-down of inventories	24.00%	185	-	44	-	44
Total Deferred tax assets			**24**	**66**	**4**	**86**
of which in the income statement				**62**		

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

At 31 December 2018 and in the comparative period there were no financial payables.

In 2018, S.Italia S.p.A. continues to adhere to the cash pooling contract with the parent company IVS Group S.A. In 2018, there was an increase in the receivable for cash pooling, which at 31 December 2018 amounted to Euro 17,093 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 2018, other than those whose book value represents a reasonable approximation of the fair value:

(Euro thousands)		31/12/2018		31/12/2017	
		Fair value	Book value	Fair value	Book value
Receivables for cash pooling from IVS Group S.A.		17,093	17,093	13,940	13,940
	Total	17,093	17,093	13,940	13,940
Payables for cash pooling to IVS Group S.A		-	-	-	-
Due to banks		-	-	-	-
	Total	**-**	**-**	**-**	**-**

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 2018 and 31 December 2017:

(Euro thousands)		31/12/2018	31/12/2017	Variation
Payables to suppliers		9,131	9,715	(584)
Payables to group companies		1,303	1,175	128
	Total	**10,434**	**10,890**	**(456)**

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 the vending BU.

18- Other current liabilities

The following table gives a breakdown of other current liabilities at 31 December 2018 and 31 December 2017:

(Euro thousands)		31/12/2018	31/12/2017	Variation
Other sundry payables		2,218	2,045	173
Payables to social security institutions		279	269	10
Payables to tax authorities		97	94	3
Payables to Parent Company for VAT		4,608	3,020	1,588
Payables to Parent Company for payments on account		3,715	-	3,715
Accrued liabilities and deferred income		-	-	-
	Total	**10,917**	**5,428**	**5,489**

The item other sundry payables is mainly composed of payables to employees (Euro 465 thousand against Euro 378 thousand in 2017) relating to salaries for the month of December 2018, 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 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 2018, the Company is still awaiting a hearing at the Court of Cassation.

Guarantees
S.Italia S.p.A. has issued a guarantee to the sole shareholder IVS Group S.A. for the purposes of the outstanding bond loan of Euro 240 million issued in November 2015 and maturing in 2022 at an interest rate of 4.5%.

Commitments
There are no specific commitments made by the Company as at 31 December 2018.

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)	31/12/2018	31/12/2017	Variation
Sales of new equipment/machinery	1,886	78	1,808
Sales of new equipment/machinery to the Group	28,375	28,825	(450)
Total	**30,261**	**28,903**	**1,358**

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, for Euro 1,008 thousand, to the rental of the vending BU to IVS Italia S.p.A.

(Euro thousands)	31/12/2018	31/12/2017	Variation	% var.
Product sales	126	60	66	110%
Miscellaneous rental income	1,092	1,105	(13)	-1%
Spare parts sales	714	689	25	4%
Rec. prep. and overhaul of VMs Group companies	9,836	10,130	(294)	-3%
Miscellaneous income	23	-	23	0%
	11,791	**11,984**	**(193)**	**-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)	31/12/2018	31/12/2017	Variation	% var.
Purchase of food product	-	-	-	-
Purchase of vending machines	28,903	26,945	1,958	7%
Premiums and discounts	(1,423)	(848)	(575)	68%
Change in inventories Food	-	-	-	-
Change in inventories Vending machines	(965)	(1,708)	743	-44%
Total	**26,515**	**24,389**	**2,126**	**9%**

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. The items increased compared to the previous year mainly due to the increase in supply volumes during the year.

23 - Costs for services

The services refer to:

(Euro thousands)	31/12/2018	31/12/2017	Variation	% var.
Rent	661	696	-35	-5%
Hire	4	8	-4	-50%
Rents paid by business unit	640	640	0	0%
Administrative and technical consultancy	314	332	-18	-5%
Technical services	1,178	1,060	118	11%
Utilities	75	86	-11	-13%
Insurance costs	14	33	-19	-58%
Audit fees	20	21	-1	-5%
Legal and notary	18	12	6	50%
Maintenance and industrial services	128	95	33	35%
Maintenance and repair of machinery and equipment	148	151	-3	-
Transport costs	109	149	-40	-26%
Board of Statutory Auditors	16	15	1	6%
Bank expense - commissions	2	1	1	50%
Other costs for services	66	58	8	14%
Total	**3,393**	**3,357**	**36**	**1%**

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 Vending machine purchase and maintenance BU for Euro 300 thousand invoiced by the parent company IVS Group S.A.;
- rent for the maintenance BU lease passed from Vending System Italia S.p.A. for Euro 637 thousand.

24 - Personnel costs

Total personnel costs amounted to Euro 4,601 thousand (Euro 4,471 thousand at 31 December 2017).

(Euro thousands)	31/12/2018	31/12/2017	Variation	% var.
Wages and salaries and cooperative	3,277	3,199	78	2%
Social security expense	931	874	57	6%
Other personnel costs	393	398	(5)	-1%
Total	**4,601**	**4,471**	**130**	**3%**

As shown in the table below, the number of employees of the company as at 31 December 2018 is as follows:

(Euro thousands)	31/12/2018	31/12/2017	Variation
Middle managers	-	-	-
White-collar employees	6	6	-
Blue-collar employees	110	112	(2)
Apprentices	1	1	-
Total	**117**	**119**	**(2)**

25 - Other operating costs

Other operating expense is broken down as follows:

(Euro thousands)	31/12/2018	31/12/2017	Variation	% var.
Spare parts	6,582	5,430	1,152	21%
Provisions for risks	-	-	-	-
Fuels and lubricants Vans	-	-	-	-
Reversals/Costs of contractual obligations	-	-	-	-
Other provisions	185	-	185	100%
Other costs	116	32	84	262%
	6,883	**5,462**	**1,421**	**26%**

26 - Financial income and expense

The table below provides details of financial income and expense:

(Euro thousands)	31/12/2018		31/12/2017	
	Income	Expense	Income	Expense
Bank interest	-	-	-	-
Leasing interest	-	-	-	-
Interest on cash pooling	63	-	37	-

Other interest	4	-	-	-
Discount for cash	-	-	38	-
IAS 19	-	(4)	-	(4)
Total Income and Expense	**67**	**(4)**	**75**	**(4)**
Net total		**63**		**71**

27 - Value adjustments to assets

No write-downs were applied to fixed assets in 2018.

28 - Income taxes

Current tax is detailed in the following table:

(Euro thousands)	31/12/2018	31/12/2017
IRAP	(32)	(147)
IRES	-	-
Deferred tax liabilities	-	-
Deferred tax assets	62	20
Income/expense from tax consolidation	(191)	(770)
Total	**(161)**	**(897)**

The table below shows the reconciliation of the tax rate:

(in Euro thousands)	2018		2017	
Pre-tax result	**665**		**3,236**	
Theoretical tax (24%)	(160)	24.00%	(777)	24.00%
Permanent differences	(2)	0.36%	2	0.05%
Ace	28	4.21%	21	0.64%
Tax losses	**-**	0.00%	**-**	0.00%
IRAP on deductible personnel costs IRES	3	0.41%	3	0.09%
Super-amortisation	2	0.27%	2	0.06%
IRAP	(32)	**4.81%**	(147)	**4.54%**
Total tax burden	**(161)**	**24.21%**	**(897)**	**27.72%**

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)	31/12/2018	31/12/2017
Financial receivables from parent companies	17,093	13,940
Financial receivables from subsidiaries	-	-
Financial receivables from related parties	-	-
Trade receivables from parent companies	7	7
Trade receivables from subsidiaries	-	-
Trade receivables from related parties	327	728
Other receivables from parent companies	44	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	(3,990)	(207)
Trade payables to subsidiaries	-	-
Trade payables to related parties	(1,213)	(1,047)
Other payables to parent companies	(6,503)	(4,729)
Other payables to associates	-	-
Other payables to related parties	-	-

(Euro thousands)	31/12/2018	31/12/2017
Operating revenue from parent companies	10,339	11,466
Operating revenue from subsidiaries	-	-
Operating revenue from related parties	101	222
Sales of vending machines to parent companies	25,705	26,553

Sales of vending machines to subsidiaries	-	-
Sales of vending machines to related parties	5,776	2,272
Operating costs from parent companies	(1,906)	(2,192)
Operating costs from subsidiaries	-	-
Operating costs from related parties	(5,013)	(2,670)
Purchase of fixed assets from parent companies	-	-
Purchase of fixed assets from subsidiaries	-	-
Purchase of fixed assets from related parties	-	-
Interest from parent companies	63	37
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)	31/12/2018	31/12/2017
Activities of the Board of Statutory Auditors	15	15
Independent auditors' fees	20	20
Total	**35**	**35**

The Directors are not entitled to any compensation.

31- Contributions and economic advantages received from public administrations

Article 1, paragraphs 125 and 127 of Law no. 124 of 2017 (Annual Law on the Market and Competition) introduced new informed obligations regarding transparency with regard to subsidies, contributions, paid assignments and, in any case, economic advantages of any kind granted by the Public Administration, by public economic bodies and by publicly-owned companies, received and granted. The reporting criterion to be followed is the "cash criterion".
During the year, the Company benefited from the exemption from INPS contributions, pursuant to Law No. 190/2014, for Euro 63,581 and from the exemption from INPS contributions, pursuant to Law No. 208/2015, for Euro 12,849.

32 - 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, 18 March 2019

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 as at 31 December 2017

(in Euro)

Balance Sheet at 31 December 2017
(in Euro)

	31/12/2017	31/12/2016
ASSETS		
C. Fixed assets		
I. Intangible fixed assets		
2. Concessions, patents, licenses, trademarks and similar rights	4,043,468	4,840,755
4. Intangible assets in progress and payments on account	456,748	133,003
II. Tangible fixed assets		
3. Other plants, instruments and equipment	99,553,446	87,323,270
III. Financial fixed assets		
1. Equity investments in associates	229,009,317	228,593,115
2. Receivables from associates	285,447,856	272,442,251
5. Other securities	-	-
	618,510,835	**593,332,394**
D. Current assets		
II. Receivables		
2. Receivables from associates		
a) due within one year	17,063,826	23,594,225
4. Other receivables		
a) due within one year	12,797,176	15,604,214
III. Investments		
2. Own shares	20,894,832	24,194,722
IV. Liquid funds	5,246,884	4,487,953
	56,002,718	**67,881,114**
E. Accrued income and deferred expenses	**239,816**	**210,820**
	674,753,369	**661,424,328**
Total assets		
LIABILITIES		
A. Capital and reserves		
I. Share capital	363,558	386,892
II. Share premium reserve	332,222,938	336,383,855
IV. Reserves		
1. Legal reserve	38,689	38,689
2. Reserve for own shares	20,894,832	24,194,722
4. Other reserves	-	-
V. Losses carried forward	1,454,224	(7,338,233)
VI. Period profit/loss	5,969,771	9,314,819
	360,944,012	**362,980,744**
B. Provisions		
1. Provisions for employee severance indemnities and similar	360,048	376,666
3. Other provisions	15,226	56,128
	375,275	**432,794**
C. Payables		
1. Non-convertible bonds		
a) due within one year	1,380,000	1,380,000
b) due after one year	240,000,000	240,000,000
2. Payables to banks		
a) due within one year	1,750,000	750,000
b) due after one year	7,500,000	9,250,000
4. Payables to suppliers		
a) due within one year	944,522	628,925
6. Payables to associates		
a) due within one year	58,209,742	40,977,929
b) due after one year	-	-
8. Tax and social security payables		
a) Tax payables	2,112,065	387,480
b) Payables to social security institutions	369,742	342,618
9. Other payables		
a) due within one year	1,131,375	4,220,025
	313,397,446	**297,936,977**
E. Accrued liabilities and deferred income	**36,636**	**73,813**
Total liabilities	**674,753,369**	**661,424,328**

Income statement for the year ended 31 December 2017

(in Euro)

Income statement at 31 December 2017
(in Euro)

	31/12/2017	31/12/2016

1. Revenue	35,661,726	42,554,272
4. Other revenue and income	1,005,113	1,151,708
5. Raw and consumable materials		
a) Raw materials and consumables	-	(540)
b) Other expenses	(3,865,671)	(3,127,918)
6. Personnel costs		
a) Wages and salaries	(4,340,635)	(3,836,450)
b) Social security expense	(1,596,401)	(1,442,357)
c) Other personnel costs	(122,949)	(121,582)
7. Value adjustments		
a) on tangible and intangible fixed assets	(24,395,030)	(23,087,559)
b) on current assets	-	-
8. Other operating costs	(1,472,988)	(1,383,556)
10. Income from other financial fixed assets		
a) group companies	11,441,367	11,528,682
b) interest and sundry expense	-	-
11. Other interest and financial income		
a) group companies		
b) others	1,064,182	18,979
12. Share of the result of companies consolidated using the equity method	-	-
13. Value adjustments arising from securities recorded as financial fixed assets and investments held in current assets	294,262	(85,720)
14. Interest and other financial expense		
a) group companies	(320,548)	(174,421)
b) other interest and expense	(11,358,576)	(11,469,351)
15. Tax	3,975,919	(1,209,368)
16. Result after taxation	5,969,771	9,314,819
17. Other tax	-	-
18. Period profit (loss)	**5,969,771**	**9,314,819**

S.Italia S.p.A.

Financial statements as at 31 December 2018

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

EY S.p.A.
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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 2018, 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 2018, 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.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale Euro 2.525.000,00 i.v.
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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 2018, 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 2018 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 2018 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, 29 April 2019

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.